Individual Social Preferences of Corporate Decision Makers as a Risk Factor for the Successful Implementation of Corporate Social Responsibility

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LIST OF ABBREVIATIONS

BaER Lab ..... Business and Economic Research Laboratory
CC ..... corporate citizenship
CEO ..... chief executive officer
COC ..... code of conduct
COCs ..... codes of conduct
CSR ..... corporate social responsibility
DSD ..... Deutsche Stiftung Denkmalschutz
IBES ..... Inventar berufsbezogener Einstellungen und Selbsteinschätzungen
MA ..... MANAGER
OW ..... OWNER
PA ..... PLAYER A
PB ..... PLAYER B
PSR ..... purchasing social responsibility
SOEP ..... Sozio-oekonomisches Panel
SOS ..... SOS-Kinderdörfer weltweit
SRB ..... socially responsible buying
T1 ..... Treatment 1
T2 ..... Treatment 2
T3 ..... Treatment 3
T4 ..... Treatment 4

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1. INTRODUCTION AND OVERVIEW

Starting in the 1950s, management science focused its research activities on social responsibility of organizations (Bowen 1953; Carroll 1999; McWilliams et al. 2006; Schwerk 2010). Since that time, many terms for 'social responsibility' were introduced, and even these terms have different definitions. The most common terms in use are 'corporate social responsibility' (CSR), 'corporate citizenship' (CC), 'sustainability', 'sustainable development', 'ethical behavior', and 'philanthropic behavior' which nowadays advanced to omnipresent topics in scholarly research, as well as among practitioners (Garriga and Melé 2004; Sparkes and Cowton 2004; Mohr and Webb 2005; Green and Peloza 2011). Especially CSR is subject of intense research (Lockett et al. 2006). At the beginning, scholars tried to shape a common and suitable definition of CSR; later, attempts were made to harmonize the new-developed understanding of CSR with the traditional economic theory and statements of economist Milton Friedman (Friedman 1970; Carroll 1991; Bénabou and Tirole 2010). Today's research goes a step further and aims for an economic justification by correlating CSR and the financial performance of corporations to design a positive business case. Science is putting a lot of effort in finding business reasons for or against CSR by analyzing the 'big' corporate figures, e.g., stock quotation, revenue, profit; but with the strong focus on identifying a positive business case, research misses a better understanding of the motives underlying social behavior in general and in business organizations (Moskowitz 1972; Ullmann 1985; Andreoni 1989; Maignan and Ferrell 2001; Margolis and Walsh 2001; Hansen and Schrader 2005; Bénabou and Tirole 2006). Understanding the behavior of individuals is crucial to link CSR with business success. Milton Friedman (1975) predicted that corporate executives would rather execute their own social preferences at the shareholders' expense than administrate, as loyal agents (see Jensen and Meckling 1976), the shareholders' wish for profit maximization. According to Stout (2012: p. 105), the underlying assumption is "the idea that [corporations] ought to be run to maximize shareholder value as measured by share price". This one-dimensional approach to measuring management performance is in line with scientific theories (e.g. Jensen 2002), but no law[1] requires managers to solely focus on an increase in corporate profit or share price (Stout 2012). A share price might be an easily set standard to control executive managers' decisions, but in reality, as pointed out by Stout, managers need to balance interests of different stakeholders or different

[1] Stout refers to US law; something comparable applies to the German Stock Corporation Act, described in Appendix 6.1.2.

shareholders. Thus, a manager must not solely focus on the share price and the maximization of shareholder value; in order to address a broader utility function, he needs to consider the social aspirations of shareholders or business owners (Albach 2007). This aspiration needs to be conveyed to managers, e.g. in the form of written behavioral company guidelines like a 'code of conduct' (COC) (Byrne 1988; McCabe et al. 1996; Fisher and Lovell 2006; Knouse et al. 2007). But how do managers act if they are not informed or uncertain about the shareholders' social preferences? Do they use their own social preferences to decide about donations in the company's name? And can a code of conduct govern the manager's behavior by resolving uncertainty? This thesis is going to provide an insight into managers' behavior and their more or less careful administration of donations from company money (shareholders' money) in the context of CSR.

To understand what exactly is lacking in today's research it is necessary to gain an overview of literature's definitions of CSR, the integration of CSR into today's business life to achieve a positive business case, and to give an overview of the psychology of individuals' pro-social behavior. Based on the gained insights, the individual's potential conflict of interest is described. This all is presented in Chapter 2.

Chapter 3 puts Friedman's prediction to the test and discloses how people deal with other people's money. 166 students were invited to participate in a real donation experiment. In a neutrally framed experiment, the participants were asked to donate money out of their own financial property; in a business framed economic experiment, they were asked to donate money out of someone else's financial property. The recipient was the German charity 'SOS-Kinderdörfer weltweit'[2].

The experiment of Chapter 3 is modified in Chapter 4 in order to analyze the usefulness of codes of conduct within organizations. 168 students participated in an experiment in which a code of conduct was designed to govern the donation in favor of the German charity 'Deutsche Stiftung Denkmalschutz'[3].

Overall, this work aims at generating a deeper understanding of the relationship between organizational CSR engagement and the individual behavior of the people who actually form the organization.

[2] SOS Children's Villages International
[3] Unofficial translation: German Foundation for Monument Protection

2. PRO-SOCIAL ACTING WITHIN ORGANIZATIONS AND THE FORGOTTEN INDIVIDUAL PREFERENCES

2.1. INTRODUCTION

In 1953, Bowen introduced the term 'social responsibility' in his work 'Social Responsibilities of the Business'. In his opinion, corporations have the responsibility to align their activities with the society's goals, values, and expectations. From that time on, social responsibility found its way into organizations and business decision making under the term 'corporate social responsibility' (CSR). Not only business focuses its attention on CSR: in management literature, researchers published from 1992 till 2002 around 176 articles with focus on CSR (Lockett et al. 2006).

The evolution of social responsibility in organizations from the 1950s until today is described and discussed by several authors. At the beginning, the debate focused on the question whether companies should take responsibilities beyond their economic obligations (e.g. McGuire 1963). Carroll (1979) was one of the first to develop a highly regarded definition of the term CSR. Further insights into the development in the course of time are provided by Carroll (1999), and a timeline in tabular form by McWilliams and Siegel (2006) and Schwerk (2010).

Today's business cannot be imagined without the terms corporate social responsibility, sustainability, and corporate citizenship. These expressions are often mistakenly used synonymously by business owners and academics. A definition of CSR and a demarcation from the other two concepts is crucial for further research; these topics will be dealt with in the following sections.

2.1.1. Defining Corporate Social Responsibility

Up to now, CSR is part of many approaches and is interpreted in various ways, therefore the term needs to be defined for the thesis on hand. Garriga and Melé (2004: p. 51) wrote: "The Corporate Social Responsibility (CSR) field presents not only a landscape of theories but also proliferation of approaches, which are controversial, complex, and unclear".

A good way to achieve a basic understanding of CSR and to arrive at a suitable definition is to take the responsibilities of a corporation as a starting-point. With

regard to these responsibilities, there are two views: a narrow view and a broad view[4] (Schwalbach and Schwerk 2008; Matthes 2009).

A typical opinion leader representing the narrow view is Friedman (1970). In his opinion, a company's only responsibility is profit maximization – the shareholders are the driving factor. Other authors like Albach (2007) do not support this narrow view with the sole focus on profit maximization. In Albach's opinion, the corporation's utility function should include the fulfilment of human needs. This increased field of responsibilities can be described as the 'broad view', it goes beyond the neoclassical economic responsibility and includes interests of the other stakeholders. McGuire (1963: p. 144), for example, mentioned: "The idea of social responsibilities supposes that the corporation has not only economic and legal obligations, but also certain responsibilities to society which extend beyond these obligations". In 1973, Davis (1973: p. 312) wrote that social responsibility "refers to the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm". Comparable understandings of CSR in recent times were published by McWilliams and Siegel (2001). McWilliams (2006: p. 1) defines CSR as "situations where the firm goes beyond compliance and engages in 'actions that appear to further some social good, beyond interests of the firm and that which is required by law' ". The term 'beyond' is also used by other authors (e.g. Waddock and Graves 1997; Vogel 2005; Calveras et al. 2007).

2.1.2. The Four Responsibility Dimensions of CSR

Based on the general idea of 'beyond', Carroll (1979 and 1991) – "one of the most prestigious scholars in this discipline"[5] (Garriga and Melé 2004: p. 52) – developed four dimensions of responsibilities defining CSR: economic, legal, ethical, and philanthropic.[6] These responsibility dimensions were derived from corporate stakeholders' and society's expectations (Carroll 1979; Maignan et al. 1999). In their quantitative research, Maignan and Ferrell (2003) give support for the selected dimensions by proving that consumers, as one stakeholder group, differentiate between these four dimensions (Matthes 2009). With his responsibility dimensions, Carroll gives guidance in which fields business organizations should take social responsibility. But Carroll insufficiently explains who benefits from the socially

[4] Narrow and broad applied within the context of corporate governance.

[5] Carroll's dimensions were used by many other authors (e.g. Wartick and Cochran 1985; Wood 1991; Swanson 1995).

[6] When introducing the four dimensions in 1979, Carroll called them: economic, legal, ethical, and discretionary. In 1991, Carroll renamed the fourth dimension by the term 'philanthropic'.

responsible actions (Maignan and Ferrell 2003). Clarkson (1995) elaborates that a corporation cannot be responsible for stakeholders who are not under their influence – like the whole society. He argues that a corporation is responsible for the influenceable stakeholders; thus only the local society benefits. Stakeholders have expectations concerning CSR and are beneficiaries at the same time.

Carroll's dimensions are built one on top of the other, with the 'economic' dimension as foundation, followed by the 'legal' dimension; these two responsibilities are fundamental to CSR. "Before anything else, the business institution is the basic economic unit in our society. As such it has a responsibility to produce goods and services that society wants and to sell them at a profit." And these business actions need to be accomplished "within the framework of legal requirements" (Carroll 1979: p. 500). With the following 'ethical' and 'philanthropic' dimensions Carroll takes up the term 'beyond', presents "the new responsibilities of the corporation", and reflects "the new, broader, social contract between business and society" (Carroll and Shabana 2010: p. 90). The core of the 'ethical' dimension is the corporation's obligation to do "what is right, just, and fair, and to avoid or minimize harm to stakeholders (employees, consumers, the environment, and others)" (Carroll and Shabana 2010: p. 90). The CSR pyramid is finalized by the 'philanthropic' dimension, requesting business organizations to be good corporate citizens. "This includes actively engaging in acts or programs to promote human welfare or goodwill" (Carroll 1991: p. 42). The 'philanthropic' dimension can be differentiated from the 'ethical' dimension, as philanthropic acting by organizations need not automatically include ethical or moral aspects. All dimensions are not intended to be mutually exclusive. The dimensions should simultaneously be considered and executed. Carroll (1991: p. 43) summarizes his concept: "the CSR firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen". Figure 1 gives an overview of the dimensions of responsibility with the width of each pyramid layer indicating its importance. Besides Carroll, other authors like McWillams and Siegel (2001) have developed comparable concepts with categories 'beyond' necessary economic and legal obligations; all these concepts have an altruistic or philanthropic dimension.

A summarizing comparison of the authors' interpretations shows that the ethical and philanthropic dimension, i.e. responsibilities beyond economic and legal obligations, constitute the essence of CSR (Kotler and Lee 2005; Mohr and Webb 2005; Carroll and Shabana 2010).

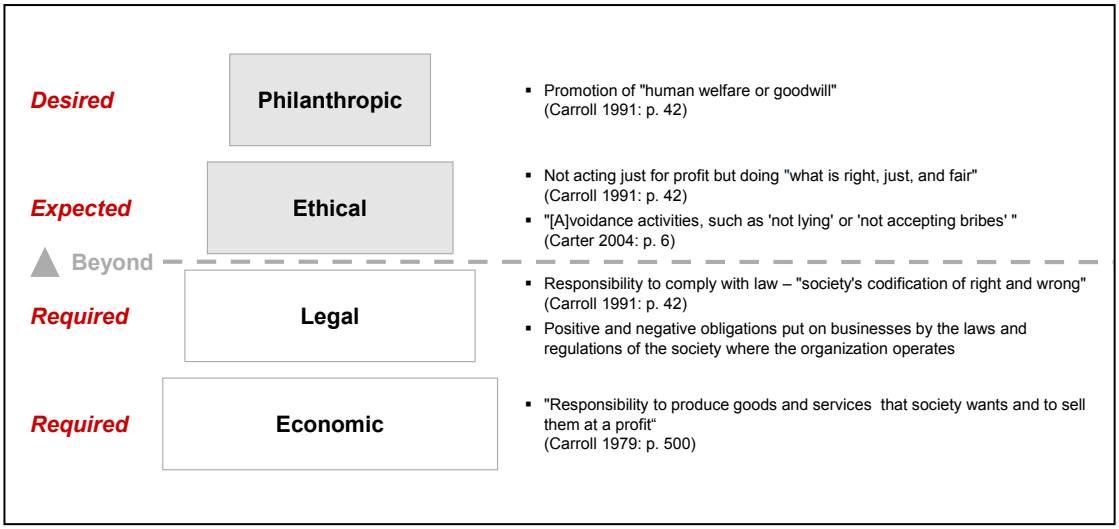


Figure 1: Four dimensions of CSR
(adapted from Carroll 1979 and 1991)

2.1.3. Distinguishing Corporate Social Responsibility

Besides CSR, many other concepts are used to address the new role of corporations. Two main topics are quite often linked with CSR: sustainable development and corporate citizenship.

2.1.3.1. Sustainable Development

The chairman of the World Commission on Environment and Development, Mr. Brundtland, stated: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Brundtland and Khalid 1991: p. 43). That this is not the only available definition is shown by Pezzey (1992). Including the definition of Mr. Brundtland, he identified 50 different definitions and interpretations (Lorson et al. 2014).[7] The sustainable development approach was not designed to fit the corporate level, but rather the macro level – to "help society as a whole" (Loew et al. 2004: p. 13). However, a relevant corporate contribution is necessary to help improve the macro level (Garriga and Melé 2004). This contribution on corporate level can be referred to as corporate sustainability and "requires the integration of social, environmental and economic considerations to make balanced judgments for that long-term" (World Business Council for Sustainable Development 2000: p. 2). To measure and report

[7] See Lorson et al. for a classification into three different clusters: Brundtland-Report, microeconomic application, own definition.

those activities the 'triple bottom line' was introduced: people, planet, profit (Elkington 1997). The difference between CSR and sustainable development is not exclusive of CSR contributions to sustainable development (Loew et al. 2004). See Table 1 for a comparison of CSR and sustainable development.

2.1.3.2. Corporate Citizenship

The differentiation between corporate social responsibility and corporate citizenship (CC) is not even clear to scholars; often, the interpretations of these terms overlap or the terms are interchangeably used (Lorson et al. 2014 based on e.g. Hemphill 2004; Rego et al. 2010). In a comparison of the two terms, Valor (2005) found out that Maignan (1999), for example, used the term CC in 1999 and, in a comparable work, the term CSR in 2002 (Maignan and Ralston 2002). In 1998, Carroll related the explanation of his four dimensions to the term CC, but earlier (1991) and later (1999) he related the dimensions to the term CSR. In an effort to clarify the inconsistent usage of the terms, Matten and Crane (2005) draw a distinction between the 'limited view of CC' and the 'equivalent view of CC'. The 'limited view' corresponds with the philanthropic dimension of CSR defined by Carroll in 1991. In accordance with Carroll's paper of 1998, the 'equivalent view' represents the interchangeability of both terms. The thesis on hand uses Carroll's definition of 1991, typically used by researchers in the Anglo-American area[8], and thus favors the 'limited view of CC'. However, the concepts are very closely linked, as Table 1 presents.

[8] See Lorson et al. for an overview of CSR definitions in the Anglo-American and European area.

	Corporate social responsibility	Sustainable development	Corporate citizenship
Responsible to whom	Stakeholders, community, current generation[9]	· Mankind, whole society[10] · Current and future generations[10] · Intergenerational justice[10]	Identical to CSR[11]
Freedom to act	Voluntary basis[12]	Voluntary activities and involuntary responsibilities[13]	Identical to CSR[11]
Time horizon	React on current social topics; includes also short-term topics[14]	Development of future sustainable concepts (shape proactive)[15]	Identical to CSR[11]
Addressing	· Beyond economic needs and defined by law; focus on ethical and philanthropic actions[16] · Altruistic elements (potential conflict between social expectations & business goals)[17] · Integration of all three dimensions is not a special subject in current literature[18] · Two dimensions: environment, social (EU, German definition)[19] · Focus on social & environment; economic is only a potential result[18]	· Three dimensions: economic, environment, social[20] · Simultaneously, equally and integratively addressing all three dimensions (achieve 'triple-win')[20]	· Philanthropic actions (e.g. financial contributions)[21] · Give something back[21]
Fit to business	Support of core business, but no recommendation to question company's core business activities or business model[22]	Sustainable management as strategy within core business[22]	Identical to CSR[11]

Table 1: Comparison of CSR, sustainable development and corporate citizenship

[9] Carroll (1991 and 1998); Maignan et al. (1999); Commission of the European Communities (2001); Matthes (2009); Carroll and Shabana (2010)
[10] Loew et al. (2004); Bassen et al. (2005)
[11] Lorson et al. (2014)
[12] Commission of the European Communities (2001); Loew et al. (2004)
[13] Loew et al. (2004)
[14] Hansen and Schrader (2005); Müller and Schaltegger (2008)
[15] Müller and Schaltegger (2008)
[16] Section 2.1.2
[17] Müller and Schaltegger (2008); Bénabou and Tirole (2010)
[18] Hansen and Schrader (2005); Müller and Schaltegger (2008); Bénabou and Tirole (2010)
[19] Appendix 6.1.1
[20] World Business Council for Sustainable Development (2000); Loew et al. (2004); Müller and Schaltegger (2008)
[21] Carroll (1991 and 1998)
[22] Müller and Schaltegger (2008)

2.2. CSR WITHIN BUSINESS ORGANIZATIONS

In the previous sections, Carroll's understanding of CSR was presented. Up to now, the theoretical discussion if private for-profit organizations are allowed, from a scientific point of view[23], to introduce CSR in their business activities and the discussion of the underlying organizational motivation for implementing CSR (e.g. strategy, financial benefits) is inconclusive. Business companies are required to put a higher value on ethical and social behavior: company stakeholders[24] like investors want to invest their money in socially acting companies (Sparkes and Cowton 2004), consumers tend to look for products from correctly acting companies (Mohr et al. 2001; Mohr and Webb 2005; Green and Peloza 2011), and employees want to work in a company supporting social aspects (Dawkins 2005).

2.2.1. Stakeholders Requesting Social Responsibility

2.2.1.1. Investors

Most corporations need investors to provide financial resources (see Springer Gabler Verlag: Investor); thus, attracting them is highly important. Investors do no longer evaluate corporations by their financial performance alone. They extend their evaluation criterions by social and reputational aspects. Rating agencies responded by introducing several stock market indices. In 1990, the 'MSCI KLD 400 Social Index'[25] was launched, the 'FTSE4Good Index'[26] in 2001, followed by the 'Corporate Responsibility Index'[27] in 2002, and the 'Calvert Social Index'[28] was reconstituted in 2011. These indices rate companies, among other criteria, with regard to their social responsibility.

[23] Appendix 6.1.2 shows an example that is in accordance with German legislation. The thesis on hand does not include an extended discussion on legal aspects.
[24] Stakeholder definition by Freeman (1984: p. 46): "any group or individual who can affect or is affected by the achievement of organization's objectives".
[25] MSCI (http://www.msci.com/resources/factsheets/index_fact_sheet/msci-kld-400-social-index.pdf; http://www.msci.com/products/indices/esg/socially_responsible/, checked on 5/10/2012)
[26] FTSE The Index Company (http://www.ethicalinvestment.co.uk/FTSE_4_Good.htm; http://www.ftse.com/Indices/FTSE4Good_Index_Series/index.jsp, checked on 5/10/2012)
[27] Business in the Community (http://www.bitc.org.uk/cr_index/, checked on 5/10/2012); Financial Times (http://www.ft.com/cms/s/0/c06400dc-9095-11e0-9531-00144feab49a.html#axzz20zRF7lGQ, checked on 5/10/2012)
[28] Calvert Investments (http://www.calvert.com/sri-index.html, checked on 5/10/2012)

2.2.1.2. Consumers

Depending on the type of business, two types of consumers can be differentiated as the main buyers of a corporation's products: private consumers and professional purchasing managers. This differentiation[29] is based on two types of companies: consumer firms and industrial firms. For both, revenue is needed to achieve profit. For companies acting in the 'business-to-consumer market'[30], private consumers are the – if not the only – revenue driver (see Springer Gabler Verlag: consumer). For companies acting, in particular, in a 'business-to-business market'[31], professional purchasing managers are the ones 'consuming' and driving revenue. In Germany, for example, private consumption in 2006 was 1,347 billion Euro (Räth and Braakmann 2007). In the same year, German purchasers handled a revenue of incoming goods totaling more than 956 billion Euro[32] (Hennchen 2009). These figures illustrate that understanding and addressing these stakeholders is highly important for corporations.

2.2.1.3. Employees

No corporation can work without employees. Today's companies need to compete for the best employees, and employees aspire to work for an employer caring about their social attitudes (Dawkins 2005). The result of the 'Cone Millennial Cause Study' (Cone Communications 2006: p. 4) verifies the socially conscious employee: "69% feel that their company's social and/or environmental activities make them feel loyal to their company"; "79% want to work for a company that cares about how it impacts or contributes to society"[33].

2.2.2. Matching Neoclassical Economic Theory and CSR

Investors, consumers, and employees are only three out of many stakeholders a corporation does not want to annoy in today's highly competitive international market; and corporations are aware of their need to address their stakeholders' requests.

[29] Deshpande and Zaltman (1987) differentiate in a similar way.
[30] See Springer Gabler Verlag (business-to-consumer market) for further explanations.
[31] See Springer Gabler Verlag (business-to-business market) for further explanations.
[32] Processing industry
[33] 1,800 participants between 13 and 25 years old, out of 28% of respondents describing themselves full time employees.

Thus, the implementation of ethical and social behavior is an important topic. But does neoclassical economic theory allow a CSR implementation?

The discussion on this question can be held with regard to business's general mission. A neoclassical view of a firm, and Milton Friedman as a famous representative, state profit maximization as a firm's main mission. Ethical and philanthropic dimensions of CSR leading to a diminution of profit (e.g. Elhauge 2005; Hay et al. 2005; Reinhardt et al. 2008) are, at first sight, counterproductive, and thus CSR has no justification in organizations.

Friedman is often quoted as a representative of neoclassical economic theory and as an opponent of CSR. A closer look at the usually cited article by Friedman (1970) in the New York Times Magazine entitled "The Social Responsibility of Business is to Increase its Profits" reveals that Friedman is not generally against the CSR definition as presented by Carroll. Friedman's (1970: p. 1) statement: "That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to their basic rules of the society, both those embodied in law and those embodied in ethical custom" matches the CSR dimensions: economic, legal, and ethical. Friedman rather questions the motivation of corporate executives for socially responsible acting in the name of the company and implies that managers promote their own social agenda at the expense of company owners or shareholders. This might result in a conflict of interest, as managers spend someone else's money on the basis of their own social preferences, possibly not matching shareholders' profit maximization preferences. But what if shareholders do have social preferences and are willing to sacrifice money for social projects? In this case, corporation executives are obliged to act on behalf of the shareholders, reflect their social preferences, and even implement profit-reducing CSR. Bénabou and Tirole (2010) termed this passing-on of sacrificing profit 'delegated philanthropy'. The shareholder is not driven by profit maximization alone, but rather by value maximization inclusive of social aspects. Furthermore, this is in line with Friedman's (1970) understanding of corporate behavior. A general prohibition of social responsibility in organizations is questionable; thus the door is left open for organizations themselves to determine if they want to allow CSR activities. Besides interpreting the implementation of CSR as the fulfillment of a philanthropic wish, economic science is also trying to match CSR with the traditional economic profit maximization theory. Today's market forces can push corporations to implement CSR to satisfy socially conscious stakeholders like consumers, investors, or employees. A CSR program aims at convincing investors to provide financial resources, consumers to buy products, and employees to work for the CSR company

instead of another firm. With CSR activities beyond today's regulatory compliance level, the company can also be prepared for future regulations and achieve a competitive advantage or protection against future penalties by reducing risks. These profit maximizing and risk reducing features of CSR led different authors (e.g. Baron 2001; McWilliams and Siegel 2001; Porter and Kramer 2006) to understand CSR as part of the business strategy. Baron (2001) introduced the term 'strategic CSR' for a socially responsible, profit maximizing strategy. The two presented forms of CSR – CSR driven by shareholders' social preferences and CSR driven by stakeholders' social preferences – show that there is no reason to exclude CSR from business operations.

Kitzmüller (2008 and 2010) developed a model to conjoin the different fields of CSR usage. In his model, shareholders' and stakeholders'[34] preferences are the main driving forces for the form of CSR. The preferences can be social (value maximization) or neoclassical (profit maximization), generating two shapes of CSR with different effects on the corporation's profit: 'conviction CSR'[35] and 'strategic CSR'[36]. Figure 2 presents the CSR matrix by Kitzmüller with minor adaptions.

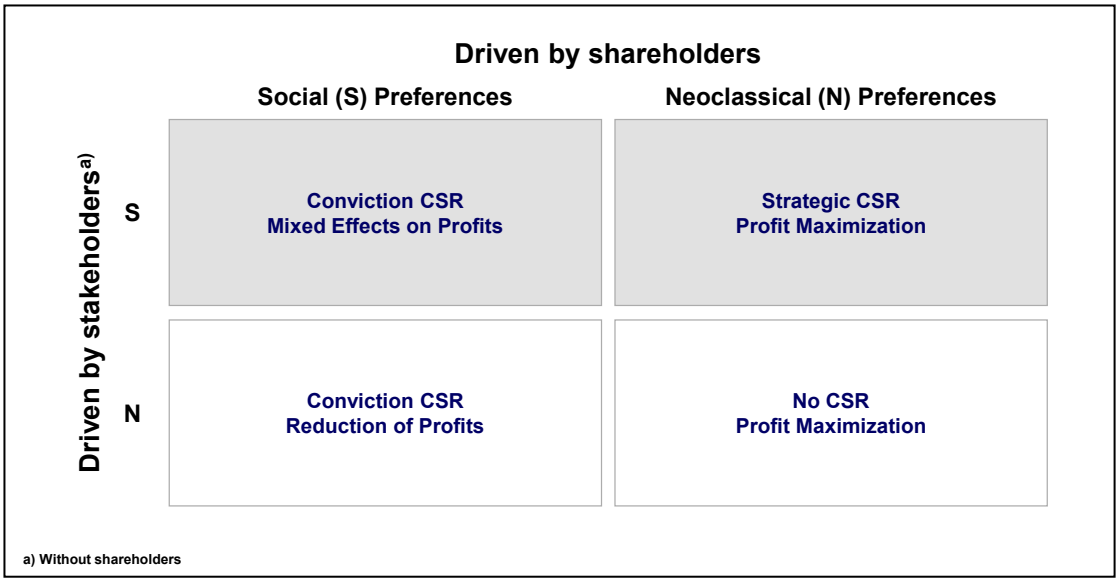


Figure 2: CSR matrix
(adapted from Kitzmüller 2010)

[34] It has to be assumed that Kitzmüller (2010) did not perceive owners and shareholders to be constituents of a superior group 'stakeholders', otherwise his model would be inconsistent. Therefore, the adaptation of Kitzmüller's model for the thesis on hand excludes owners and shareholders from the stakeholder group.

[35] Kitzmüller (2008) used the term 'not for profit CSR'. The wording of the term indicates that profit making is forbidden from the start. Kitzmüller intended to express that profit is not the main driving force, but rather the conviction to act socially responsibly. Baron (2001) differentiated between altruistic CSR and strategic CSR.

[36] As defined by Baron (2001).

When shareholders have social preferences, the corporation will implement conviction CSR. With conviction CSR in place, the company can address stakeholders with social preferences as well as stakeholders with neoclassical preferences, but with different effects on the company's profits. Socially-minded stakeholders can or cannot approve of the company's CSR program. If they approve of the program and, e.g., buy the company's products, total profit can be increased, even if the shareholders are willing to accept a reduction in profit through CSR. The effect on the company's profits can be negative or positive. Stakeholders with neoclassical preferences will probably not approve of a company's CSR activities; as a result, profits will be reduced. Shareholders with neoclassical preferences can implement a strategic CSR program with the goal to address stakeholders with social preferences and to maximize profits. When shareholders and stakeholders have no social interest, no CSR will be implemented.

The CSR matrix summarizes and shows that CSR is in line with traditional economic understanding and its opinion leaders like Friedman; and this opens the way for organizations to think freely about implementing CSR. Organizations will not explicitly distinguish between conviction CSR and strategic CSR, because shareholders normally do not reveal their preferences in every detail; and even if asked, shareholders will possibly not be able to state their social preferences. In addition, a line between the two CSR shapes is not easily drawn. Business will probably implement a mixed form of conviction CSR and strategic CSR – taking into account social and neoclassical preferences.

These thoughts about the matching of economic theory and CSR are merely theoretical; they do not promise that the described effects on profit will occur in real business operations, nor do they guarantee that all social preferences of shareholders can be successfully transferred into a CSR concept to be executed by corporate managers with the aim of addressing stakeholders.

Many researchers (e.g. Alexander and Buchholz 1978; McGuire et al. 1988; Waddock and Graves 1997; McWilliams and Siegel 2000; Loew et al. 2004; Lee 2008; Margolis et al. 2009; Blomgren 2010) focused their work on the monetary benefits and on the explanation of "the tight association between CSR and the financial performance of corporations" with the result of demonstrating "that investment in CSR will eventually pay off" (Lee 2008: pp. 63 & 64). These research results are presented in the next section.

2.2.3. The CSR Business Case

At best, CSR should achieve a win-win situation (Bénabou and Tirole 2010) and result in a positive business case (Carroll and Shabana 2010). Today's researchers wrote several articles to clarify the relationship between CSR and corporate financial performance or economic performance. One of the first authors contributing to this topic is Moskowitz. Already in 1972, he focused on social awareness of corporations and identified a positive link to their economic performance. In the following years, an extensive amount of research followed – with different results. McWilliams et al. (2006) presented an overview of different empirical papers focusing on economic factors in the context of CSR (see comparable analyses by Ullmann 1985; Roman et al. 1999; Maignan and Ferrell 2001; Margolis and Walsh 2001; Hansen and Schrader 2005; Margolis et al. 2009; Matthes 2009; Carroll and Shabana 2010; Schwerk 2010). The identified results range from "showing a negative relation between CSR and firm performance, to showing no relation, to showing a positive relation" (McWilliams et al. 2006: pp. 11 & 12). Roman et al. (1999) showed that non-uniform results in the field of the 'social business case' have a long history by presenting an overview of authors from the 70s, 80s, and 90s with 32 analyses reporting a positive effect, 14 reporting no effect, and five reporting a negative effect. A positive correlation, for example, is described by McGuire et al. (1988) and other authors (Frooman 1997; Griffin and Mahon 1997; Waddock and Graves 1997; Key and Popkin 1998). In contrast, Vance (1975) and Ullmann (1985) identified a negative correlation. A third group could not find evidence for any correlation (Alexander and Buchholz 1978; Aupperle et al. 1985). These findings indicate that research in this field is not yet completed, as the above mentioned papers present no clear picture. The differing results do not clearly support the existence of a positive relation between CSR and a positive business case.

The reasons for the non-uniform research outcomes might be manifold, as the authors

- applied different methodologies (e.g. event study, regression analysis) (McWilliams et al. 2006),
- used different variables (e.g. annual reports, pollution performance index, reputational scales) (Ullmann 1985) and measurements (e.g. operational setting, level of abstraction) (Griffin 2000; based on the insights from Rowley and Berman 2000),

- focused their research on corporations with different business activities (e.g. consumer sector, governments as customers, or other corporations) (Lev et al. 2010).

The predominant problem for most of the analyses are the missing of a generally accepted definition of the terms 'CSR' and 'social' and mixing conviction CSR and strategic CSR (e.g. CSR, corporate social performance, social disclosure) (Ullmann 1985). Hillman and Keim (2001) demand that science needs to differentiate between stakeholder management (strategic CSR) and social issue participation (conviction CSR) to understand the link between CSR and financial performance. With regard to the missing differentiation and to different definitions of CSR and financial performance, it is not surprising to arrive at different results. As a consequence, the thesis on hand follows a strict differentiation between conviction CSR and strategic CSR to ensure unequivocalness for analyses of the CSR business case. In contrast to previous research, the following sections focus on conviction CSR, which entails an increased difficulty in measuring its impact on the business case. While strategic CSR follows a devised strategy with traceable positive effects, conviction CSR is not anything planned and the identified effects on profit are mixed (Kitzmüller 2010). For a successful investigation into the effects of conviction CSR on an organization, the researcher must be fully informed about the CSR action itself and, furthermore, about the motives of the acting person. This kind of research is especially helpful for corporations without a strategic CSR approach to answer the question if conviction CSR can nevertheless positively affect the business case.

In addition, as previous research results are very discordant, science needs to look for other ways to explain a potential payoff for corporations and adjust the typical working assumption that socially responsible activities and every CSR activity are directly linked to a financial benefit (Rowley and Berman 2000). Already in 1985, Aupperle et al. summarized: "Perhaps ... [the] merits [of CSR] simply do not show up on the 'bottom line'; perhaps superior methodologies or qualitative approaches are required" (Aupperle et al. 1985: p. 462). Kurucz et al. (2008) interpreted the idea that CSR does not necessarily show up on the bottom line by separating the standard business case into four modes of value creation: 'cost and risk reduction', 'competitive advantage', 'reputation and legitimacy', 'synergistic value creation'. With these modes they make it transparent that the benefits of CSR may relate to the bottom line (e.g. cost reduction), but do not necessarily correlate directly to financial benefits, and that the positive effects of CSR rather result in an improvement of the organization as a whole (e.g. synergistic value creation for multiple stakeholders).

Furthermore, the interactions between the modes can be very complicated (Kurucz et al. 2008). A reputation improved by CSR can lead to a better brand rating, thus attract new customers, and that again can increase organizational revenue. These complex interactions make it difficult to prove the cause of the positive business case. In order to reduce complexity and to divide the 'CSR business case' question into smaller, analyzable parts, further research should take the lessons of previous publications to heart. To focus analyses, the research purpose should concentrate on one of the above-mentioned modes of value creation. Thus interdisciplinary scholars use a bottom-up approach and focus their activities on building up a picture of specific stakeholder groups and their reaction on CSR measures. Due to the focus on specific groups and the findings on these groups, researchers can concentrate their efforts, achieve more detailed insights, and are able to recommend business managers how to adjust CSR measures to achieve a positive business case in the way that CSR shows up on the bottom line. To improve the bottom line, corporations can reduce costs or increase revenue. The thesis on hand will focus on the revenue side and thus on purchasing activities of private consumers and purchasing managers and on how socially responsible acting can increase the revenue created by these groups with a positive effect on the CSR business case. This proceeding ensures that the desired field of the CSR business case is isolated and only one mode of value creation is addressed: 'competitive advantage'.

If corporations want to increase their revenue by addressing these groups by CSR measures, then it is important for them to understand the behavior of the respective individual decision makers. Only the understanding of the individual psychology of pro-social behavior enables corporations to use CSR for influencing the individual decisions of private consumers and professional purchasers to achieve a competitive advantage. In the next section, the psychology of pro-social behavior will be described to achieve a fundamental understanding of human need for socially responsible acting.

2.3. PSYCHOLOGY OF PRO-SOCIAL BEHAVIOR

Some human activities are less for the actor's benefits, but more for the benefits of others. This pro-social behavior manifests in helping a friend, donating blood or donating money to charity organizations (Bénabou and Tirole 2006). Even if the motivations for pro-social behavior can be manifold, Bénabou and Tirole (2006) identified a variable mix of three components particularly guiding people's behavior: altruistic motivation, material self-interest, and social or self-image concerns.[37]

2.3.1. Motivations for Pro-Social Behavior

Altruistic motivation is driven by the wish to do something good and to help others. This help can be monetary or non-monetary. Donations to charities without any beneficial return are a good example for altruism-driven pro-social behavior. Material self-interest shows when people are more likely to act socially responsibly with material benefits on offer. Taking the donation example again; in this case, the donation to the charity can be driven by an expected tax-deduction or a present from the charity organization. Social or self-image concerns are the cause of individuals' pro-social acting if they want to be seen in a positive light by a third party or even by themselves.[38] People are influenced by their goal to 'shine' as good, responsibly acting persons. Furthermore, social image concerns include the aspect of publicity. To demonstrate this, Lacetera and Macis (2010) among others (Titmuss 1970; Mellström and Johannesson 2008; Ariely et al. 2009) executed a blood donation experiment. In the experiment of Lacetera and Macis 'private' and 'public' rewards (e.g. medals, certificates) for blood donations in Italy were provided. The authors identified a significant positive feedback on the chance of receiving public recognition

[37] In a more recent article (Bénabou and Tirole 2010) the authors rename the different motivations: genuine, intrinsic altruism; material incentives; social and self-esteem concerns. The meaning is identical. The wording from 2006 is chosen due to the fact that the former wording better reflects people's motivation. The latest wording might confuse due to the word 'incentive' which is typically related to a form of lever to influence a person's action.

[38] The third motivation is based on researches showing the great importance of image concerns for the explanation of pro-social behavior. Johansson-Stenman and Martinsson (2006: p. 1), for example, identified by their survey that "most respondents considered their own concern for status when purchasing a car to be minor in comparison with the status concerns of others". The respondents regarded environmental performance as one of the most important criteria when buying a car for themselves, and though, when taking their neighbors into consideration, they revised their ranking and put status criteria near to the top, this result shows that self-image aspects are an important driver for pro-social acting.

as reward. Thus social image concerns are a strong motivator[39] for acting socially responsibly. People motivated by self-image concerns want to be sure that they are good people; they want to value themselves positively, free from outside influence (Bénabou and Tirole 2010 and 2011). Social image concerns are more than a one-way case where individuals aim at increasing their own reputation on the basis of society's recognition, also do "individuals contribute more to public goods when they know that others are also giving" (Bénabou and Tirole 2006: p. 1666).

The description of the three guiding components can be complemented by listing the characteristics and origin of their incentives: intrinsic, extrinsic, and reputational. Intrinsic incentives are present when individual preferences are determined by the will to help others for the sake of the pro-social action itself. Extrinsic incentives exist when pro-social behavior is not so much driven by individual preferences, but rather by monetary or non-monetary material benefits or rewards. In contrast, reputational incentives are not given in the form of material benefits or rewards, but in the form of society's or the public's positive opinion about the person's pro-social behavior.

Altruistic motivation is driven by an intrinsic incentive. Therefore it can be specified by the term 'pure': pure altruistic motivation, as defined by Andreoni (1989). Andreoni differentiated altruistic motivation into a pure and an impure form. The impure form is characterized by the individual's expectation of a potential moral benefit from its own action, phrased by Andreoni as 'warm glow' of giving. The impure form is a more selfish motivation affected by the wish to feel good about oneself (Andreoni 1989; Bénabou and Tirole 2006), but as the side effect of a warm glow, caused by the individual's wish to do something good, is not disclosed to another party, the impure altruistic motivation is intrinsically driven as well.

External monetary or non-monetary benefits address an individual's material self-interest, thus the driving incentive is extrinsic. Extrinsic incentives addressing material self-interest carry the risk of changing the perception of pro-social behavior, as, in the eyes of an observer, the altruistic intent is inauthentic and e.g. money is apparently the primary driver. Providing rewards draws a thin line between improving and reducing pro-social behavior (Bénabou and Tirole 2006).

Reputational incentives drive social or self-image concerns. Society exerts a strong influence on an individual's pro-social action; in this way, the individual is rewarded by an increase of reputation. This incentive encourages pro-social behavior (Bénabou and Tirole 2006).

[39] "The presence of a social signalling motive for giving is also evident in the fact that anonymous donations are both extremely rare – typically, less that 1 percent of the total number – and widely considered to be the most admirable" (Bénabou and Tirole 2006: p. 1653; based on Glazer and Konrad 1996).

2.3.2. Incentive Interdependency and Related Risks

Changing the level of an incentive can affect the related motivation or even a different motivation. Imagine a hospital wants to attract additional blood donors by announcing a monetary reward increase. In this way, the extrinsic incentive for a pro-social behavior is increased. Two effects might result. Firstly, people who did not donate before are now willing to donate to receive the monetary reward. These people show a motivation characterized by material self-interest, as they want to get something in return for their pro-social behavior. Taking into account that these individuals were not willing to donate blood when there was no or a smaller monetary reward, this attitudinal change can disclose these individuals' financial greediness. As the results of a blood donation experiment executed by Titmuss (1970) show, a second result can occur: paying for blood donations can reduce willingness to donate.[40] Some people who were willing to donate blood without receiving any reward are now confronted with an extrinsic incentive incompatible with their pure altruistic motivation. Titmuss argued that individuals might reduce or even stop their donations, as they do not want to be considered greedy or motivated by material self-interest. In general, humans desire to be seen as pro-social, not greedy, "and indeed someone who has a high valuation for money relative to effort and/or public goods is not a very attractive partner in friendship, marriage, hiring to a position of responsibility, electing to office, or other situations where it is difficult to always monitor behavior or write complete contracts" (Bénabou and Tirole 2006: p. 1658). Therefore previous contributors driven by altruistic motivation may be prevented from further blood donations (Bénabou and Tirole 2003 and 2006). Extrinsic incentives can make an altruistic motivation appear questionable, and thus the intrinsically motivated individual may be restrained from presenting its altruistic pro-social behavior. Furthermore, some intrinsically motivated individuals overwrite their intrinsic incentives by extrinsic ones. This phenomenon is called 'overjustification effect' (Tang and Hall 1995; Frey and Jegen 2001).

[40] "[…] individuals' desire for money than about their motivation for the specific task at hand, even a minimal concern about appearing greedy is sufficient to cause a sharply negative response to small incentives and, in the limit, a downward discontinuity in the supply response" (Bénabou and Tirole 2006: p. 1663).

2.4. Making Socially Responsible Decisions for Someone Else

As introduced previously, private consumers are a very important stakeholder group that needs to be addressed by corporations. Private consumers decide whether to buy or not to buy a product. In general, private consumers decide for themselves; they pay for the product out of their own monetary funds, and they are not accountable to anyone. Thus research can focus directly on the decision process of private consumers in the context of CSR; it does not need to take into account potential biases that can occur when purchasing managers have to make the same decisions in an organizational context, i.e. on behalf of the organization and its shareholders or owners. Purchasing managers decide if they buy a product or a service for the company they work for, and they decide whether they buy it from a socially responsibly acting company or not. Unlike private consumers, they are not financially affected themselves,[41] but as they decide about corporate money, they are accountable to the organization. In the following, a brief introduction is given into available research about how private consumers and purchasing managers act and how they can be positively influenced in the context of CSR to achieve a positive business case.

2.4.1. Private Consumers as Decision Makers on Behalf of Themselves

Psychological insights are used by researchers to better understand the pro-social behavior of private consumers and to find out how CSR can increase the consumption of this stakeholder group. Many factors can steer the purchase decisions of private consumers, and CSR can influence some of these factors (see Appendix 6.1.3 for selected studies). Corporations' social acting and the related reputation is more and more appreciated by consumers (Pivato et al. 2008). In general, consumers use two principles to choose between two available products: vertical and horizontal differentiation (McWilliams et al. 2006). In the context of CSR, vertical differentiation is possible when the characteristics of two products are totally equal except for additional CSR elements that are characteristic for only one of the products. If the consumer appreciates the additional benefit he is willing to prioritize the CSR product and even pay a higher price. The additional CSR elements contribute to the reputation of the firm. Horizontal differentiation exists when the

[41] Incentive schemes not considered.

consumer chooses a product on the basis of taste (e.g. color), when CSR elements are missing, and when the consumer is unwilling to pay a higher price. As a result, there is no contribution to the firm's reputation.

It is not easy for consumers to determine if a firm's CSR operations meet their moral and political expectations (McWilliams et al. 2006). CSR-related information is normally distributed by the corporation itself, for example in annual reports, homepages, or advertisement campaigns. But this information can be biased because it is mostly not reviewed by an independent third party and potentially represent a one-sided view of the corporation (McWilliams et al. 2006). Thus consumers have more confidence in the information provided by independent institutions (Pomering and Dolnicar 2009). The corporation needs to find a way to make CSR transparent[42] and, at best, link the pro-social activities to the product.

Based on interviews, Green and Peloza (2011) identified three[43] criteria explaining why private consumers buy from socially responsibly acting companies and thus increase the revenue of those companies: emotional value, social value, and functional value. The first criterion matches the impure form of altruism with its effect of a 'warm glow' when a pro-social attribute is directly linked to the purchased product. The second criterion is driven by reputational social image concerns, as people are judged by others with regard to the CSR activities of the firm manufacturing the product (Green and Peloza 2011; based on Yoon et al. 2006). The 'functional value' can be interpreted as an extrinsic, incentive-driven material self-interest, as it is defined as a product-specific feature like price or quality. From this feature the consumer receives a direct benefit, e.g. a lower price, which is his material incentive to buy a CSR product. The analysis by Green and Peloza (2011) reveals that the functional value is the main criterion steering a purchasing decision. Thus it is important to avoid CSR activities that have a negative effect on the product's functional value, possibly leading to a decrease in revenue (Sen and Bhattacharya 2001; Green and Peloza 2011).

The identified positive effects of CSR on the purchasing behavior of private consumers can lead to an increase in revenue (e.g. by an increase in loyalty as found out by Mohr and Webb 2005 or by Lee et al. 2012, or by a positive effect on the purchasing intent as identified by Mohr and Webb 2005), but in most research articles the benefits of CSR for consumers are linked to securing a company's current

[42] Russell and Russell (2010) identified that a CSR activity is more effective in steering purchasing decisions when the CSR activity is domestic and executed in the home state of the consumers.

[43] The findings match three out of five criteria identified by Sheth (1991): functional value, conditional value, social value, emotional value, epistemic value.

revenue as proven by Mohr et al. (2001). In their opinion, CSR is basic to the prevention of a decrease in revenue, as "consumers are more likely to boycott irresponsible companies than to support responsible companies" (Mohr et al. 2001: p. 69). Other authors conveyed similar findings. Mattila et al. (2010), for example, illustrated that CSR can protect a company against a loss of reputation if headlines show the corporation in a negative light. Brown and Dacin (1997) revealed a positive effect of CSR on the evaluation of a consumer product.

Summarizing, evidence was found that CSR can influence private consumers and has a positive effect on the business top line. Although revenue cannot be increased in every case, it can at least be protected from decreasing. Thus the interaction of CSR and private consumers leads to a positive business case.

2.4.2. Purchasers as Decision Makers on Behalf of Their Organizations

Friedman (1970) stated that society consists of individuals; this statement also applies to organizations and the identified psychological insights are also applicable to professional purchasers, as "similar to consumer behavior, the [professional[44]] buyers often decide on factors other than rational or realistic criteria" (Sheth 1973: p. 56). But professional purchasers are employees of an organization and they act on behalf and for the benefit of this organization. On the other hand, purchasing managers are individuals who might not be able to divest themselves of their own social preferences, and these preferences might bias the buying-decisions to be made on behalf of the company. An understanding of their behavior is particularly of interest, as professional purchasers have more 'CSR power' than private consumers. As mentioned in Section 2.2.1.2, purchasers handle incoming goods with a value of more than 956 billion Euro[45] (Hennchen 2009), whereas private consumption amounts to 1,347 billion Euro (Räth and Braakmann 2007). This considerable market power makes professional purchasers a highly interesting group for, e.g., suppliers, and it makes them an important group for society as well: they can use their influence to promote suppliers' pro-social acting (DesJardins 2007). Private consumption of an individual is less powerful to change suppliers' way of acting.

In the context of purchasing and CSR, two phrases are used: 'purchasing social responsibility' (PSR) (Carter 2004 and 2005) and 'socially responsible buying' (SRB)

[44] Seth uses the term 'industrial' with the same meaning.
[45] Processing industry

(Maignan et al. 2002; Park and Steol 2005). Based on Carroll (1979) and in line with Carter (2004 and 2005), Salam (Salam 2009) defined PSR as "purchasing activities that meet the ethical and discretionary responsibilities expected by the society"[46]. In particular, two research streams using these phrases exist. One of these streams strives to understand if PSR/SRB affects stakeholders and how PSR/SRB is embedded in the whole organization to improve the activities and the perception of CSR (e.g. Drumwright 1994; Crane 2001; Maignan et al. 2002; Carter 2004 and 2005; Maloni and Brown 2006; Salam 2009). The second stream examines the purchasing manager as a decision maker within the buying company (e.g. Sheth 1973; Browning and Zabriskie 1983; Joyner et al. 2002; Park and Steol 2005).

Both streams do not transfer their insights concerning the purchasing organization to the supplier, but several findings indicate that purchasing managers can increase the revenue of their companies by choosing a supplier executing CSR activities. Salam (2009), for example, discovered that consumers value an organization with a socially responsible supply chain, logistics and suppliers included. According to Salam, one task of professional purchasing managers is to ensure that suppliers act in line with the purchase organization's definition of socially responsible acting. That is only possible if this definition is transparent to the professional purchaser. Joyner et al. (2002) found that, in the context of CSR, ethical decisions of purchasing managers need to be guided by clear statements or actions of the owners. From this perspective, the purchasing manager just executes the task entrusted to him by the buying corporation; as a result, the manager might choose an organization executing CSR activities as supplier. This can lead to an increase in the chosen supplier's top line (provided that the supplier would not have been selected without CSR).

Browning and Zabriskie (1983) reveal that professional purchasers, even without guidance, have a high level of ethical belief and ethical behavior. Therefore it can be inferred that CSR activities of the supplier can positively affect professional purchasers and their purchasing decisions, as "attitudes towards ethics and social responsibility directly influence SRB" (Park and Steol 2005: p. 240).

Concluding, there is evidence that CSR can influence decisions made by professional purchasers and has a positive effect on the business top line. Thus CSR and professional purchasing show a positive business case.

[46] Similar definition for SRB: "[…] SRB can be defined as the inclusion in purchasing decisions of the social issues advocated by organizational stakeholders" (Maignan et al. 2002: p. 642).

2.4.3. The Conflict between Managers' and Organizations' Preferences

Purchasing managers can apparently be influenced by CSR activities, but it is questionable if they are driven by their own social preferences or by the social preferences of the shareholders. This vagueness applies not only to purchasing managers, but can be transferred to a higher, more general level: corporate managers. Like purchasing managers, general managers are hired to make decisions as corporate representatives.

General analyses of CSR's effect on financial performance do not imply a wrong or a non-execution of CSR. But as "employee commitment to CSR is a complex and multifaceted phenomenon that will be influenced both by corporate contextual factors and by employee perceptions" (Collier and Esteban 2007: p. 20), it cannot be ensured that employees execute CSR as desired and eventually defined. The execution of CSR is up to the managers, and hopefully they match their shareholders' social preferences, thus acting in line with the corporate owners. But managers who are expected to act socially responsible (conviction CSR) in their organization's name are in an uncertain situation because they cannot achieve full transparency about their shareholders' social preferences. Managers can only act in accordance with the organization's conviction CSR preferences if they receive some kind of information about the social topic to be handled and the amount to be spent for it. Organizations can design and publish rules like a code of conduct (COC)[47] to guide managers and describe, for example, the field of social actions. But codes of conduct cannot govern behavior entirely because they cannot take into account all conceivable business decision scenarios. Thus the field of CSR actions has to be described on a higher level, which is difficult with regard to financial investments. In contrast, a strategic CSR program can be more detailed, as it is designed to achieve a specific goal. Finally, the manager is at least uncertain about the amount of money to be spent for the social purpose. With conviction CSR in place and a full strategic CSR program not in place, the shareholders can only rely on the manager's appropriate financial evaluation. The significance attributed to the social topic and, consequently, the financial evaluation of this topic is influenced by the manager's social preferences. The decision process of managers who determine about company money in the context of CSR on the basis of their own pro-social preferences has not been analyzed by scholars, even though the topic is old. Already

[47] Chapter 4 gives further explanations and analyzes if managers abide by codes of conduct. Science is divided on the effectiveness of a COC, and thus further research is desirable.

in 1970, Friedman concerned himself with this question and feared that managers might promote their own social agenda at the expense of the corporation. This fear is based on Friedman's (1975) personal conviction that "very few people spend other people's money as carefully as they spend their own". Managers can act in accordance with their own social motivations (intrinsic, extrinsic, reputational) without having to consider personal financial consequences. Do managers handle corporate money differently than their own? If this is not the case, then shareholders can trust the managers' 'social compass' enabling them to execute conviction CSR on a suitable financial level. And these managers will not be likely to waste company money for a personal benefit. It is in the interest of science to understand how managers handle corporate money if they, though not financially affected, can have a personal benefit, e.g. a warm glow of giving achieved by a donation out of company money or by buying from a socially responsible supplier. A real donation experiment, designed to deal with this topic, will show if people handle other people's money less carefully than their own, as Friedman predicted.

3. DECISION MAKING WITH OTHER PEOPLE'S MONEY – INSIGHTS FROM A REAL DONATION EXPERIMENT

"Very few people spend other people's money as carefully as they spend their own."

Milton Friedman (1975)

3.1. INTRODUCTION

This chapter puts Friedman's above-mentioned statement to the test and gives insights into people's behavior when deciding on spending other people's money. The findings may be interesting and helpful for future scientific research as well as for business management.

Decisions on the use of one's own monetary income occur on a day-to-day basis to satisfy own preferences, e.g. by purchasing everyday products in stores or, in a social context, by donating money to a charity organization. Today's behavioral economics provide many insights into the decision-making process of individuals deciding on their own money; these insights – in addition to neoclassical economics – strongly suggest the existence of individual preferences like fairness (Fehr and Schmidt 1999), inequity aversion (Fehr and Schmidt 1999; Bolton and Ockenfels 2000), trust (Berg et al. 1995), altruism (Andreoni 1989; Levine 1998), or reciprocity (Falk and Fischbacher 2006). Especially these additional preferences influence the underlying decision processes when it comes to possibly donating money for a good cause. In a private setting, social decisions aiming to satisfy one's own preferences are generally characterized by the consciousness of these preferences and the possibility of deciding on utilizing one's own monetary resources. The setting for social business decisions, especially those to be taken by managers, is different: corporate preferences are not fully disclosed; managers' own preferences might interfere with corporate preferences; and managers decide on the company's monetary funds, not on their own. Especially the responsible handling of corporate money by a company's managers is regarded as critical, as Adam Smith, as early as 1776, expressed in his work 'An Inquiry into the Nature and Causes of the Wealth of Nations'. With regard to joint-stock companies he stated: "The directors [...] being the managers rather of other people's money than their own, it cannot well be expected that they should watch over it with the same anxious vigilance with which the partners in a private copartnery watch over their own" (based on Smith 1827: p. 311).

This relationship of interdependence between a person with the authority to hand over a decision and the decision maker can be attributed to agency theory. Within this principal-agent relationship, the 'principal' delegates the decision-making authority or work to someone else – the 'agent' (Ross 1973; Jensen and Meckling 1976; Eisenhardt 1989). It cannot be guaranteed that the preferences of the principal and the agent are identical, and in the absence of a comprehensive contract[48] between the parties other people's money might be handled differently, as Adam Smith predicts. Milton Friedman takes a similar view contending that "very few people spend other people's money as carefully as they spend their own" (Friedman 1975). Friedman particularly has his reservations about managers' handling of corporate money when they have to make socially responsible decisions in organizations. For socially responsible decisions in the field of conviction CSR there is no strategic alignment that can serve managers as a precise guidance – e.g. a social purpose or the level of monetary investment – to execute their assigned job. A possibility of predetermining the general purpose of the social action could be a contract like a code of conduct[49]. Due to the missing strategic alignment the level of expenditure on the social purpose depends on the manager's evaluation. Friedman (1970) predicts that, especially in such an uncertain situation, managers spending the company's money will promote their own social agenda as they need not spend their own funds. In this case, managers will handle other people's money less carefully and can enjoy a potential benefit, e.g. an increase in reputation or a 'warm glow of giving', by satisfying solely their individual preferences. Achieving a personal benefit by spending company money for a purpose possibly not reflecting the shareholders' interests or preferences could be described as embezzlement.

Not all companies publish rules and regulations or have a comprehensive COC to provide the managers with full CSR guidance. Under such circumstances, managers can only estimate the level of monetary investment which is necessary to realize, for example, the altruistic preferences of their company's shareholders, and the corporation can do nothing but rely on the matching 'altruistic compasses' guiding the corporation's and managers' preferences. In that case it would be desirable to have managers disregarding their own preferences or, at least, using them as a reference point to determine the company's preferences instead of merely guessing what those preferences might be. For the corporation it is helpful to know about the manager's preferences when handling his own money and whether the manager disregards his

[48] Chapter 4 implements a code of conduct as a version of a contract between the principal and the agent.

[49] Chapter 4 gives further explanations of codes of conduct.

preferences (according to Adam Smith and Milton Friedman) when dealing with other people's (company owners', shareholders') money. The results of the research on hand can help to evaluate an individual's personality traits in respect of dealing with other people's money, and they can help to infer if that person will handle someone else's money as carefully as his own. The findings can give business organizations first hints how to deal with managers involved in decisions in a CSR context. With additional information in hand, the organization can judge a decision maker and, if necessary, loosen or tighten the control over this manager.

For an understanding of the pro-social behavior of a manager who deals with other people's money in a CSR scenario with unknown shareholders' preferences it is essential that, at first, the manager's own preferences and the related decision-making processes are disclosed. Subsequently, the investigation has to focus on the influences determining possible changes of the disclosed behavior when the source of money changes. Section 2.2 described the CSR environment corporate managers are supposed to act in and the limitations of available information. The driving factors for pro-social behavior were outlined in Section 2.3. Section 3.2 presents literature treating the handling of other people's money as an issue subordinate to the research focus. In Section 3.3 the experimental approach itself will be explained as well as the reasons for selecting an economic experiment as the most suitable method. An introduction to the questionnaire and the experimental procedure will also be presented. Section 3.4 presents the derived hypotheses in the context of the introduced experiment. The experimental results and their impact on the hypotheses are outlined in Section 3.5. Chapter 3 is rounded off with Section 3.6 including a summary of the major findings, an outlook concerning the feasibility of implementing CSR and the need of further research.

3.2. RELATED LITERATURE

Several authors (Hibbingand Alford 2005; Eriksen and Kvaløy 2010; Hamman et al. 2010; Bartling and Fischbacher 2012; Carlsson et al. 2011; Chakravarty et al. 2011; Makowsky et al. 2014) from various disciplines (e.g. psychology, economics) studied differences in the behavior of individuals in situations when they took decisions having an effect on their own assets compared to situations when they made decisions having an effect on the assets of others. A small but growing number of authors in the realm of behavioral economics deal with that topic, which covers, among other aspects, various degrees of a decision maker's responsibility. The thesis on hand identifies three strands in literature:

Deciding on behalf of someone else

- in a high-responsibility relationship,
- in a medium-responsibility relationship,
- in a low-responsibility relationship.

These clusters have been chosen because the level of responsibility characterizing the relationship between individuals might influence their behavior, i.e. by the feeling of being obliged to decide in favor of an authority. This might be mainly true in a business environment or when incentives are granted for delegation (Aghion and Tirole 1997; Hibbing and Alford 2005; Makowsky et al. 2014). Table 2 gives an overview of the analyzed publications and their assignment[50] to one of the defined clusters. In the following sections, all mentioned publications are described in detail. The three clusters are founded on the experimental instruction given to the participants. A high-responsibility relationship exists when the instructions make it transparent that a decision is to be made on behalf of someone else and a specific frame or wording is used to support a delegated authority. A relationship is characterized by a low-responsibility level when the instructions merely describe the task to be executed, without creating an additional link between the involved parties.

[50] The criteria for defining the clusters and assigning a single publication to one of the clusters are exclusively based on, and confined to, the viewed literature.

	High-responsibility relationship	**Medium**-responsibility relationship	**Low**-responsibility relationship
Description	The experimental instruction states: a) decision on behalf of, or delegated to, someone else b) additional frame / wording supporting the given authority e.g.: "The investor is your client, and your task is to manage his/her money."[51]	The experimental instruction states: a) decision on behalf of, or delegated to, someone else b) no additional frame / wording supporting the given authority e.g.: "Your task is to make a decision on behalf of the other people in this group."[52]	The experimental instruction states: a) decision for someone else b) no additional frame / wording supporting the given authority e.g.: "You decide how much every person in your group (including yourself) has to donate to [...]."[53]
Authors	· Hibbing and Alford (2005) · Eriksen and Kvaløy (2010) · Hamman et al. (2010) · Makowsky et al. (2014)	· Daruvala (2007) · Bartling and Fischbacher (2012) · Kvaløy and Luzuriaga (2014)	· Bolton and Ockenfels (2008) · Carlsson et al. (2011)

Table 2: Differentiation between levels of responsibility

3.2.1. Deciding for Someone Else in a High-Responsibility Relationship

The first cluster comprises authors trying to understand how behavior adapts when decisions are executed by an individual in place of someone else in a relationship characterized by a high responsibility of one party (in most studies referred to as the agent in an agent-principal relationship). Owing to his authority, the principal has the decision power, he can execute the decision by himself or he can delegate the right to make a decision to his agent. In the latter case, the agent can act on behalf of the principal. In business organizations, e.g., a manager can delegate his decision power to an employee of his choice.

Hibbing and Alford (2005: pp. 8 & 12) defined a relationship between the parties (agent and principal) by telling the participants in the experiment that they acted as "representative of another person". The leading idea for the authors was to create an experimental environment in which the "representatives have an attachment to a

[51] Eriksen and Kvaløy (2010): p. 539
[52] Daruvala (2007): p. 271
[53] Carlsson et al. (2011): p. 20

particular principal or group of principals". The authors conducted a standard dictator game[54] and compared a participant's transfers of own money (as dictator) with the transfers made by the same participant as representative of another person. A spin-off result[55] is that 53.8% of the dictators tended to divide their money equally between themselves and their assigned recipient. The proportion increased to 73.3%[56] when a representative unknown to the dictator decided on behalf of this dictator. It should be noticed that this increase is statistically significant on an approximately 13-percent level, which is far from overwhelming. As these percentages are spin-off results they are not further explained by the authors. The findings might indicate that people acting as representatives tend to transfer more money to a recipient, but it is unclear if this result must be traced to a specific aspect of the experiment's design: the representative received a fixed fee, unlike the dictator's endowment, and he might be led to adapt his transfer to his own fee.

Eriksen and Kvaløy (2010) investigated the risk-taking behavior of investment managers handling clients' (=other people's) money. The result of an investment game experiment (lottery) showed investment managers to take higher risks staking their own money and to take lower risks staking other people's money. The authors had informed the participants about the roles to be taken (investment manager and client), and they had defined a relationship characterized by high responsibility[57] between the investment manager and the client. In the frame of this design, the investment manager might be obliged to act in favor of the client which fits Eriksen and Kvaløy's research context but might lead to confounding effects creating behavior distortion undesirable for the research targets of the thesis on hand.

Hamman et al. (2010) analyzed whether decisions on transfers to a third party taken by an agent were characterized by more self-interest and a less pro-social behavior than decisions taken by the principal (dictator) himself. The laboratory experiment of the authors showed that agents shared less of the principal's money with a third participant than the principal did himself. The high responsibility relationship was created in the following manner: the agent was only paid if the principal selected him on the basis of his transfer decisions in previous rounds. The agent was expected to keep the money-transfer level low, as he most probably wished to be selected for

[54] Appendix 6.5 gives an introduction to the dictator game.

[55] With no updated investigation in hand, the results should be considered preliminary. Due to their research focus on political decision making, the authors aimed at understanding political representatives deciding on behalf of constituents known to them.

[56] While in the text a proportion of 73.3% in total is mentioned several times, the table presented in the appendix discriminates between a 5-5 apportionment (70% in total) and a 2-8 apportionment (3.3% in total).

[57] "The investor is your client, and your task is to manage his/her money" (Eriksen and Kvaløy 2010: p. 539).

another round with the opportunity to earn money for himself. The results of the study do not indicate that the agent handles the principal's money more carefully.

In a laboratory economic experiment, Makowsky et al. (2014) examined changes in contributions when these contributions were made on behalf of a group. A first round of a standard public goods game (based on Fischbacher et al. 2001) served as a baseline. In a second round, randomly chosen 'leaders' with a fixed payoff had to "make decisions on behalf of their group – acting as a trustee for the group and its resources – while playing with other trustees" (Makowsky et al. 2014: p. 45). The leader's fixed payoff differed from the other group members' endowment. Makowsky et al. found out that trustees' (leaders') contributions to the public goods game out of their group members' endowment were frequently higher than those out of their own endowment (in the first round). The authors explicitly linked their study to leadership literature and concluded from their findings that "agents acting in leadership roles behave differently from the rest of the group" (Makowsky et al. 2014: p. 45). In their experiment, a high-responsibility relationship is created which possibly exerts an influence on the results. According to Makowsky et al. (2014: p. 51), an officially appointed leader might only be considered to act effectively if he "maximizes overall resources accruing in the game". Additionally, the chosen leader was made known at the end of the experiment, this might lead the respective subjects to strategic decision making.

3.2.2. Deciding for Someone Else in a Medium-Responsibility Relationship

Authors included in the second cluster – medium-responsibility relationship – explicitly transfer authority, but compared to the first cluster, do not frame the instructions to further raise the level of responsibility. An experiment designed by Daruvala (2007) investigated, among other things, how individuals take risk-decisions on behalf of others; especially the decision-making parameters were of interest to him. Two rounds were run. In the first round the participants were asked to choose between two alternatives (risky vs. non-risky). In the second round the same procedure was followed, but the decision had to be taken by an individual for a group. A specific role description to increase the level of responsibility within the relationship was not presented in the experimental instruction[58]. Receiving a fixed

[58] "Your task is to make a decision on behalf of the other people in this group" (Daruvala 2007: p. 271).

payment, the person executing the decision for the group was not affected by the chosen alternative. The experiment revealed that in the second round the decision taker's criterion for determining the alternative to be selected was a combination of his own risk preferences and the averaged assumed risk preferences of the group. The article does not specifically investigate changes in the chosen risk alternative. Chakravarty et al. (2011) might fill this gap. The authors designed two risk experiments (lottery and bid auctions) to get an answer to a question comparable to that of Daruvala. In their experiment Chakravarty et al. delegated a risky decision to an individual and investigated changes in risk taking. The results indicate that delegates are less averse to risks when they decide on other people's money instead of their own.

Bartling and Fischbacher (2012) dealt with the question whether a dictator's delegation of unpopular decisions to a delegee implies a shift of blame to the delegee as a decision maker as well. Their research focused on the punishment behavior of the persons affected by the decisions. The authors designed an experiment based on a dictator game, inclusive of the possibility to delegate decisions and to punish other participants in the experiment by reducing their payoff. It was made transparent to all participants that a decision was delegated[59], but no further wordings were used to increase responsibility level. The dictator could choose freely whether he wanted to take the decision (fair or unfair allocation[60]) himself or delegate it to a third party. Subsequently, the receiver had the option of punishing the principal or the delegee by withdrawing experimental points from the dictator's or delegee's account. As the study focused on the punishment activities, the amount of fair or unfair allocations is not of main interest for the authors. An interpretation of the numeric results that is more suitable for the special focus of the thesis on hand does not evidence a significant difference between unfair and fair allocations by the dictator or the delegee. The treatment with no punishment option shows that 79% of the dictators and 83% of the delegated third parties allocated unfairly. With a punishment option available, 38% of the dictators and 40% of the delegees chose an unfair split. This result is not surprising because the payoff function is identical for the dictator and the potentially chosen delegee, consequently the delegee makes a decision in awareness of the consequences to his own endowment. Therefore the experimental

[59] Medium-responsibility relationship: "Participant A can either choose between allocations 1 and 2 or he/she can delegate this decision to participant B. [...] participant B makes the decision" (Bartling and Fischbacher 2011: p. Appendix II).

[60] Fair = equal split between all parties; unfair = principal and agent receive 90% of the endowment.

results cannot be indicative of how an agent decides for someone else without being affected himself.

Focusing on trust in a delegation setting, Kvaløy and Luzuriaga (2014) carried out an economic experiment. In a baseline treatment, a standard trust game (based on Berg et al. 1995) was executed; a second treatment incorporated the management of other people's money. In this treatment, the standard roles of a trust game (sender, receiver) were supplemented by a third player (client). Each of these three parties was fitted out with an endowment of 100 NOK[61]. The sender decided, in a medium-responsibility relationship[62], on behalf of the client without any effect on his own endowment. The experimental results show that "[s]enders who manage other people's money do not behave significantly different from senders who manage their own money" (Kvaløy and Luzuriaga 2014: p. 623). In the baseline treatment, the senders transferred 65.04 NOK of their own endowment to the receiver; in the second treatment, the transfer amounted to 59.18 NOK, thus being nearly unaltered. There is no significant difference between the treatments (Mann-Whitney test: $z=0.80$ / $p=0.42$). As the authors' focus was on trust, i.e. the behavior of the sender and the receiver, they did not conduct further investigations by, e.g., analyzing data on an individual level.

3.2.3. Deciding for Someone Else in a Low-Responsibility Relationship

Unlike the other clusters, this cluster comprises authors whose research designs were exclusive of additional descriptions of a relationship. Bolton and Ockenfels (2008) published[63] a dictator game-like experiment. The participants were asked to take a binary decision (safe vs. risky option[64]). Bolton and Ockenfels aimed to understand how risk preferences adapt when a new recipient is introduced who is affected by the risk taken by the decision maker[65] ('chooser'), but is not allowed to make any decision himself. In total, fourteen binary-choice problems (safe or risky) were developed to identify adapting risk preferences when problems due to the social

[61] Norwegian krone: at the time of the experiment 6 NOK ≈ 1 USD.
[62] "[...] trustor (sender) who sends money to the trustee (receiver) does this on behalf of a third party [...]" (Kvaløy and Luzuriaga 2014: p. 616).
[63] Based on insights from Bohnet et al. (2008).
[64] Safe = guaranteed payoff for the chooser; risky = 50% chance of getting a higher payback or zero.
[65] Low-responsibility relationship: "You are randomly assigned to another person in this room. One of the two persons is Participant A and the other one is Participant B. [...] Participant A has to choose [...]" (Bolton and Ockenfels 2008: p. 8).

context were introduced. One result of Bolton and Ockenfels' experiment is that the decision taker is more averse to risks if another person is affected by the decision; the chooser restrains his own preferences and tends to choose a lower risk level when an additional party is introduced.

Several interesting characteristics of the experimental design and the achieved results make the study of Carlsson et al. (2011) worth including in this cluster. Carlsson et al. designed a laboratory experiment, based on a standard dictator game, with a dictator (one member of a group totaling four) and a charity as the recipient of a donation. A relationship[66] was not further defined in the experimental instruction and assigned to the participants in this experiment. The authors aimed to find out how a participant's individual donation adapts when he has to dictate[67] a fixed minimum donation binding on all members of the group. At first each participant was asked to decide on the amount of his individual donation to the charity. The outcomes were compared with the decisions taken by the same participant for the other group members. When the dictator prescribed an amount for the group he was also bound to this amount. 64% of the decision makers did not change their individual donation when prescribing an amount for the group, but the mean donation of the whole group dropped significantly from 112 SEK[68] to 99 SEK. In another treatment, the dictator fixing a minimum amount for the other group members was not bound to this amount himself, but was forced to make the predetermined individual donation. The results showed an even greater decrease in donation (52 SEK). The participants were informed about the role assigned to them (dictator or group member) at the time of the payment, i.e. after their donation decision. Due to the experiment's design, the results are not transferable to the thesis on hand, focusing on individual decision making, and neither is the experimental design itself, as confounding effects might occur resulting from the timing of the information about the role assignment.

[66] Low-responsibility relationship: "Your second choice is to decide how much of your endowment of 150 kronor you want to donate to the orangutan project when **everyone** in your group must donate **the same** amount as you" (Carlsson et al. 2011: p. 22).
[67] As in the role of a dictator in a dictator game (compare Appendix 6.5).
[68] Swedish krona: at the time of the experiment 7 SEK ≈ 1 USD.

3.2.4. Overview of Publications and Derivation of Research Suggestions

Especially risk literature has lately put a lot of effort into trying to understand risk preferences when it comes to making decisions on behalf of another person. The results identify risk restraints when other people's money is dealt with; literature investigating monetary-transfer decisions, in contrast, present discordant findings. Results differ across clusters as well as within clusters, mainly due to the fact that the authors' research foci partly vary and the experimental designs fail to concentrate on the basic question how people deal with other people's money. Current experimental designs seem to lead to distorted results. A high-responsibility relationship, for example, might make an agent feel obliged to act as a good agent (who does what is expected), and a participant in an experiment who is not informed of his role prior to his decision might more than habitually restrain himself. At present, no literature appears to be available solely focusing on the management of other people's money in consideration of different responsibility levels concerning the relationship between the involved parties. Up to now, a question almost inevitably arising from Adam Smith and Milton Friedman's concern about possible mishandlings of others' funds remains unanswered: how do people deal with other people's money? Chapter 3 is intended to close this information gap and give first answers to Smith's and Friedman's statements by taking the following guidelines into account:

- Apply an environment that allows control over the mainly influencing parameters and elimination of parameters distracting from the research goal.
- Ensure that the decision made when dealing with other people's money has no fictive, but real effects on the involved parties.
- Address the question 'How do people handle other people's money?' by taking the potential effect of responsibility levels into consideration.
- Create a research design built on a frequently used design with proven results.

On the basis of the viewed literature, an economic laboratory experiment is the most recommendable research method to address the framed guidelines and to derive the necessary data for an analysis.

3.3. LABORATORY EXPERIMENT

Latest economic science makes use of laboratory experiments to investigate human behavior in general and behavioral interactions in particular. The results provide a solid foundation for this chapter to build on. The presented authors carried out experiments because "they can offer clean tests of economic theories by constructing experiments that meet the assumptions of the theories, and observing the outcomes" (Croson 2002: p. 945). To test Friedman's prediction and to analyze how managers act in their companies in the field of conviction CSR, a two-step approach is applied. As a first step, a person's handling of other people's money needs to be extracted. To obtain the necessary empirical data without unwanted external factors biasing the behavior of interest, an environment is needed in which a high level of internal validity is achievable. A controlled human economic experiment[69] in a laboratory environment without any contextual element can ensure internal validity, and if an individual's decision leads to a real disbursement the respective choices of interest can be extracted (Smith 1976; Croson 2002 and 2005). The non-fictive monetary outcome of the individual's decision on other people's money eliminates hypothetical behavior and ensures real effects on the involved parties as requested by the framed guidelines for the thesis on hand.

The exclusion of contextual elements might be risky as regards the laboratory experiment's external validity, as "all forms of thinking and problem solving are context-dependent" (Loewenstein 1999: p. F30). Thus, as a second step, an additional economic experiment is necessary with an amount of context increased to a level where external validity is secured as well (Bachke et al. 2013).

In accordance with the presented literature, an economic laboratory experiment is designed, consisting of two treatments, each of which uses a setting with independent parties to address this chapter's research aim. Based on the studies published within the delegation and risk literature, the dictator game (see Appendix 6.5), a method with robust results of investigations into the management of other people's money, is chosen as the basic design across all treatments of the experiment. Aside from different contextual frames, both treatments use the same experimental structure to allow for a ceteris paribus comparison. The first treatment is neutrally framed (Treatment 1 / T1) with a relationship characterized by a low-responsibility level between the involved parties to reveal undistorted decisions with regard to the handling of other people's money. The second treatment (Treatment 2 / T2) integrates a business scenario – leading inevitably to a high-responsibility

[69] See Croson (2002 and 2005) for insights into the methodology of economic experiments.

relationship – into the design of Treatment 1 to improve external validity. In the following, both treatments will be explained. As they are designed identically the explanation of the business scenario will be limited to the major adaptions.

3.3.1. Treatment 1: Neutral

The experiment must be designed to answer the question how people handle other people's money. More precisely, the experiment should disclose how people adapt their behavior deciding on others' funds in contrast to deciding on their own funds. The dictator game can be considered as a proven foundation to start with. Even if the dictator game has been a point of discussion for many critics (see Engel 2011), it is the first choice for the experimental framework. Using the developed experimental design (which will later be explained in detail) allows critical aspects to be bypassed, because the experiment is designed to identify 'changes' in the individual behavior of subjects. The critical view of dictator game aspects mentioned above results from a faulty interpretation of the reasons for the transfer to a receiver. If dictators are influenced, for example, by their own aversion to inequity, then they are driven by the motivation to achieve equitable outcomes (Forsythe et al. 1994; Fehr and Schmidt 1999). Thus critics argue that a participant in an experiment is driven rather by fairness preferences than by the hypothesized altruism preference. In the economic experiment presented in this chapter the subject's preference is discussed as a ceteris paribus condition, thus the type of preference is unimportant to the subsequent analysis.

The dictator role of the standard dictator game is transferred to the developed experiment, in which, within the neutral treatment, the dictator is named PLAYER A (PA). PLAYER A is endowed with money, and, in Round 1, he is the decision maker. But in today's corporations there are more decision makers and more money owners, so, to increase external validity, the experimental setting might be more appropriately characterized by speaking of a pool of PLAYER As (more than one). With the existence of more money owners, the disposable capital of a PLAYER A group is nearly unlimited, resulting in an increase in external validity. But the benefit of unlimited 'shareholder'-money is counteracted by three factors. Firstly, the experiment is intended to investigate the change in behavior in a ceteris paribus condition, thus it admits only slight changes in the decisions. Due to 'group effects', decisions taken in a group can differ from those taken by a single person, as published by several authors (Bornstein and Yaniv 1998; Kocher and Sutter 2005;

Bosman et al. 2006; Charness and Jackson 2007; Luhan et al. 2009; Feri et al. 2010). Secondly, the experiment should enable the research to be carried out with the simplest design possible. The use of a group of PLAYER As could make it difficult for the subjects to understand the experimental setting and lead to biased results by distracting from the basic question if people can disregard their own preferences. And, thirdly, the use of a single PLAYER A as a dictator, like in the present study, includes the possibility of a comparison with comprehensive literature providing insights into results to be expected (see Appendix 6.5).

The standard dictator game is modified by choosing a charity organization as 'recipient'. Such a substitution of the recipient was made by other authors too, e.g. Eckel and Grossman (1996); Carpenter et al. (2008); Fong and Luttmer (2009). For the thesis on hand the German charity organization 'SOS Kinderdörfer weltweit' (SOS)[70] was selected. Three advantages arise out of the choice of a charity as receiver. Firstly, a charity fits best the context of CSR and pro-social human behavior. The transfer of money from the dictator to the charity equals a real altruistic donation which can be made in a private context as well as in a business context; keeping the design simple leads to an increase in external validity. Secondly, as the research focuses on investigating differences in donations dependent on whether the donator decides for himself alone or decides for another person, it makes sense to increase the chance of higher donations. Unlike lower transfers, potentially higher transfers are more appropriate for detecting behavioral adjustments by promising more room for maneuver. The standard dictator game ends up with a mean allocation of 28.35%[71]. Research results show that, due to a strengthening of the dictator's altruistic motivation, a charity can expect higher monetary transfers (donations) than an anonymous recipient (see Eckel and Grossman 1996; Engel 2011). Bachke et al. (2013) found out that donations in favor of African children are the highest ones. Individuals are especially inclined to donate to health care and education campaigns expected to help children in poor regions like Sub-Saharan Africa. Furthermore, the authors emphasize the preference for 'SOS Kinderdörfer weltweit' receiving 90% of the private donations. Thirdly, a charity as receiver counteracts a possible inequity aversion of the dictator because it is no human being and thus disables the dictator from drawing comparisons with his own payoff.

Additionally, a third-party dictator game as presented by Fehr and Fischbacher (2004) is implemented. The third party takes the role of the 'decider' (deciding on

[70] SOS Children's Villages International

[71] Engel (2011) conducted a meta study and calculated a grand mean of 28.35% from 616 treatments (including different types of recipients).

other people's money) and is called PLAYER B (PB) within the present experiment. The addition of a decider provides the opportunity to have two players at one's disposal: one player deciding on his own money (PLAYER A) and another player deciding on other people's money (PLAYER B).

In each round of participation, PLAYER A and PLAYER B receive an unearned endowment of 155 Taler[72] without being set any additional specific task. In contrast to an earned endowment, unearned money increases the possibility of higher donations to the charity (see Cherry et al. 2002; Carlsson et al. 2010). Other than a very low fixed endowment, e.g. 10 Taler, the selected amount of 155 Taler should give the decision maker more room for maneuver, which is of special importance for the decision taking in Round 2 described below. Authors like Forsythe et al. (1994) and Carpenter et al. (2005) showed that the endowment level has no significant effect on behavior. Additionally, fixing an odd amount of 155 Taler prevents the possibility of a fifty-fifty split; the dictator is compelled to decide on donating more or less than 50% of his endowment (see Bolton et al. 1998 for offering equal and non-equal splits). At the end of the experiment, the Taler amount is converted into Euro by factor 0.087 (1.30 Euro per 15 Taler, totaling around 13.50 Euro for the fixed amount of 155 Taler), and the participant is paid a show-up compensation of 2.50 Euro, irrespective of the decisions taken in the experiment. Each participant can earn 16.00 Euro at most.

The experiment consists of three rounds. Round 1 provides the control scenario, based on the standard dictator game, and serves as a benchmark for the individual preferences. Within this control scenario, PLAYER A decides on his own endowment. Round 1 shows how much of his own funds PLAYER A is willing to donate to the charity, thus revealing his own preferences. In Round 2, PLAYER B (decider) is introduced into the dictator game. In Round 1 all participants act as PLAYER As, while in Round 2 half of the participants are randomly chosen to take the part of PLAYER B (50% of former PLAYER As in Round 1). Each PLAYER A is randomly paired with a PLAYER B. PLAYER B also decides on an amount to be donated to the charity, but, in contrast to Round 1, the money is withdrawn from the funds of PLAYER A. PLAYER B's own endowment is not affected by his decision as it has been fixed at 155 Taler, regardless of the amount donated out of PLAYER A's funds; so there is no incentive for PLAYER B to optimize his personal finances by choosing a particular donation amount (for a decider's fixed payoff see: Hibbing and Alford 2005; Kvaløy and Luzuriaga 2014; Makowsky et al. 2014). Thus the genuine effect of the handling of

[72] Fictitious currency

PLAYER A's money in the absence of distorting influences can be analyzed (see Eriksen and Kvaløy 2010 for a similar reasoning). The set-up of Round 3 is comparable to Round 2, inclusive of the roles of PLAYER A, PLAYER B, and 'SOS Kinderdörfer weltweit'; the amount of 155 Taler allocated to PLAYER A and PLAYER B as a starting-point and the pairing of PLAYER As and PLAYER Bs from Round 2 is not changed either. The roles are not randomly assigned and paired again for two reasons. Firstly, a former PLAYER A of Round 2 might suspect PLAYER B of misspending his endowment and therefore, becoming PLAYER B in Round 3, might want to take revenge. Secondly, a PLAYER A of Round 2 is not paired with a new PLAYER B in Round 3 to prevent inappropriate considerations possibly biasing the results, e.g. 'How much did the former PLAYER B donate?' Again, PLAYER B has to decide how many Taler of PLAYER A's money he wants to donate to the charity, and again, the donation is of no consequence for his own endowment. As a modification of Round 2 PLAYER B is given an additional information prior to his decision: an insight into the amount donated by PLAYER A in Round 1, intended to uncover PLAYER A's preferences as regards donations to a charity. It is interesting to see how the additional information affects PLAYER B's decision on his donation out of PLAYER A's endowment. To receive more feedback with regard to PLAYER B's decision process the strategy method is implemented: PLAYER B is not told a specific amount donated by PLAYER A in Round 1, but is asked to base his own donation on the assumption that PLAYER A donated 0, 5, 10, 15 ... 145, 150, 155 Taler respectively. For each of PLAYER A's 32 possible donations, PLAYER B is requested to commit himself (anonymously and without any consequences to his own endowment) to an amount he would be willing to donate out of PLAYER A's endowment, this additional information taken into consideration. Findings of other experiments (Brandts and Charness 2000; Oxoby and McLeish 2004) show no significant behavioral difference between the applied strategy method and executing a one-shot decision. The instruction presented to the participants is to be found in Appendix 6.2.1.

A crucial difference to other published experiments consists in the chosen design type. Those experiments mainly used a between-subject design. As the researchers did not focus on 'changes' in behavior but rather on a specific behavior due to a specific role, their design was correctly chosen. For an answer to the question how people handle other people's money, an experiment should be designed that addresses individual changes and reveals individual preferences to enable an interpretation of the changes.

Consequently, the present experiment requires different decisions of the same subject. In other words, the participants deciding on their own endowment in Round 1

and the participants deciding on another person's endowment in Round 2 are the same (within-subject design). A huge advantage of this design is the concentration on individual behavior by investigating whether people prioritize their personal preferences in their decision making, or whether they tend to disregard their preferences for other people's sake. Taking different subjects for the decisions on donations in Round 1 and Round 2 and comparing the respective average transfers may reveal changes in the average transfers as such, but information, if different roles lead to a change in behavior, e.g. a restraint of own preferences, can only be obtained on an individual level by comparing decisions made in both rounds by one and the same subject.

A risk of this design is that a change in decision might not be due to a restraint or realization of the participants' preferences, but rather to the sequence of the decisions to be taken (referred to as 'carry-over effects' or 'order effects'): experience and practice gained from Round 1 may influence the decisions in Round 2. In spite of that, the chosen order of the experiment (1. own money; 2. other people's money) has been considered very carefully and potential carry-over or order effects are even on purpose. The participants are meant to understand the basic decision-making process in Round 1 and to be enabled to empathize with the role of PLAYER A. Later, in Round 2 and Round 3, it should be easier for a subject then acting as PLAYER B to think himself into the position of PLAYER A, and he will be aware that his decision is not inconsequential to PLAYER A's funds.

Another negative effect that might result from having the same participant take a decision in each of the three rounds is strategic decision making: participants might not decide independently in Round 1, Round 2, and Round 3, but, knowing about future rounds, they might rather try to optimize their payment. The way of endowing the subjects was meant to counteract such strategic decision making. Firstly, the fixed amount of 155 Taler was chosen to render conversion into real money (EUR) more difficult for the participants, thus they had to deal with 155 Taler and could not project their final payoff at the beginning of the experiment. Secondly, the subjects were informed that only one round was decisive for their payment and that this round would be determined during the payment process by throwing a dice.

Using this design, the experiment can identify and measure each participant's change in his donations individually and the results are not based on averaged information about different groups of subjects.

3.3.2. Treatment 2: Business

In Treatment 2, the neutral Treatment 1 is transferred to a business scenario, a more real-world situation including a relationship characterized by a high responsibility. In the following, only the differences to Treatment 1 will be explained. In Treatment 2, PLAYER A and PLAYER B are denoted business 'OWNER' (OW) and 'MANAGER' (MA) respectively. The receiving charity organization remains the same. The participants, having been informed about the business scenario by the experimental instructions, are asked to identify with the assigned role. In Round 1, the scenario description outlines that the business OWNER (PLAYER A) owns and controls a company called 'Ziegel-STEIN'. The company produces and sells bricks[73], and the OWNER is the leader of his company. As a tax-free income all corporate profits belong to the business OWNER. In Round 1, the total corporate profit of 155 Taler has been transferred to his private account. The story continues with the business OWNER receiving a letter from the charity 'SOS Kinderdörfer weltweit' in which he is asked for a donation out of his private account. Just as in Treatment 1, this decision reveals the individual preferences of the decision maker.

In Round 2 and Round 3, the company 'Ziegel-BAU' is introduced. The set-up and the purpose of the companies 'Ziegel-STEIN' and 'Ziegel-BAU' are identical. The different company names underline that the decisions and payments of Round 1, Round 2, and Round 3 are separated from each other. The business OWNER does not work in his company 'Ziegel-BAU' anymore and has delegated all decision rights concerning all company affairs to a MANAGER. The MANAGER is not required to seek approval for his decisions, nor is he accountable to anybody. The MANAGER's salary of 155 Taler is not affected by his decisions. The MANAGER receives a letter sent to his office by 'SOS Kinderdörfer weltweit' requesting a donation out of company money. The MANAGER (PLAYER B) is aware that a donation out of corporate money will reduce corporate profits and, as all profits belong to the OWNER (PLAYER A), will reduce the OWNER's income as well. The full instruction for the business-context treatment is to be found in Appendix 6.2.2.

The story developed for each round of Treatment 2 corresponds to the neutrally framed design of Treatment 1. Across both treatments, three rounds with two roles at the maximum are carried out to achieve comparable results of Treatment 1 and Treatment 2. To reduce complexity for the participants the story is as simple as possible, thus reducing the risk of receiving biased results. From now on the thesis

[73] See Chapter 4 for an explanation why the company is producing and selling bricks.

on hand will only use the term PLAYER A (designation from T1) instead of T2: OWNER to reduce complexity for the sake of intelligibility, as the terms are interchangeable. The same applies to PLAYER B (designation from T1) and T2: MANAGER.

3.3.3. Subject Pool

The sample totals 166 students of the University of Paderborn. 110 students (female: 57 / male: 53) participated in Treatment 1 and 56 students (female: 28 / male: 28) participated in Treatment 2. Out of a pool of students having shown interest in attending an economic experiment, 1,697 persons[74], randomly chosen by use of the software 'ORSEE' (Greiner 2004), were invited by e-mail. Based on the first-come-first-served principle, 166 students were selected. Table 3 gives an overview of the participants' field of study.

	Field of study	# Students	Percentage
Treatment 1	Business science[75]	57	52%
	Educational science	30	27%
	Others	23	21%
	Total	**110**	**100%**
Treatment 2	Business science[75]	35	63%
	Educational science	16	29%
	Others	5	9%
	Total	**56**	**100%**

Table 3: Fields of study (T1, T2)

3.3.4. Experimental Procedure

The experiment took place in the 'BaER Lab (Business and Economic Research Laboratory)' at the University of Paderborn. The participants were randomly assigned to an experimental session.[76] The subjects were paid a show-up compensation of

[74] Inclusive of the invitations to the investigation presented in Chapter 4.
[75] Comprising business science, international business studies, industrial engineering with business studies, business informatics, economic pedagogy.
[76] T1: two sessions February 8, 2012; two sessions April 25, 2012; T2: two sessions June 21, 2012 - starting at around 9 a.m., 11 a.m., 2 p.m. or 4.30 p.m.

2.50 EUR and an amount depending on their performance in the experiment. On their arrival, the students proved their identity (Figure 3: step 1) and were asked to draw their seat number. Each participant sat in front of a computer with the software z-Tree (Fischbacher 2007) installed. Each place was furnished with visual-protection fences.

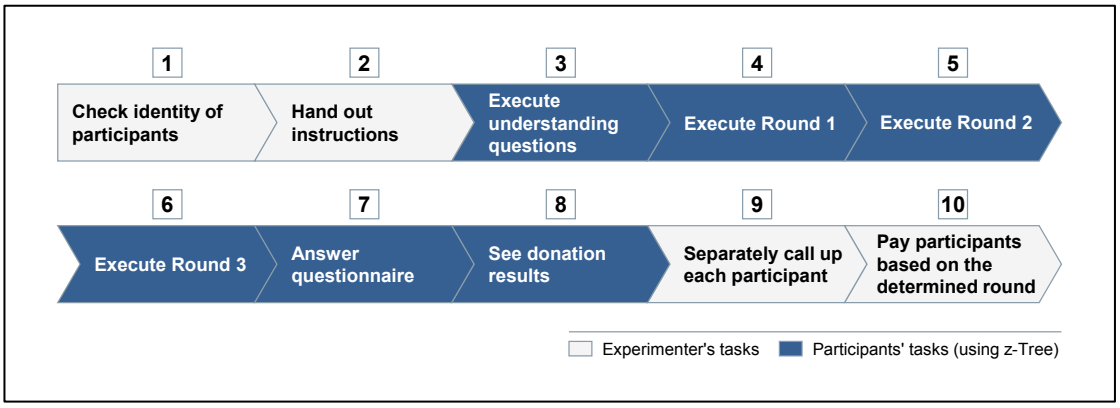


Figure 3: Experimental procedure's process steps (T1, T2)

After all participants took their allocated places, each received the printed instructions (Figure 3: step 2). The original German versions of both instructions are accessible in the appendix (see Appendix 6.2.1 and Appendix 6.2.2). All subjects were given identical instructions, and sufficient time for reading and understanding the instructions was afforded. The instructions provide full information about the experimental procedure (i.e. about Round 1, Round 2, a basic overview of Round 3) and they explain the main experimental rules and the payment modalities. As donations to a charity are an important part of the experiment, the participants need to trust the experimenter to pass any donation on to the charity. Therefore, the instructions made it absolutely clear that all donations made during the experiment would be transferred to the charity's bank account after the experiment had finished. In addition, an official bank statement was published on the 'BaER Lab' homepage within one week after the end of the experiment. Prior to the real experiment the participants had to answer some questions testing their comprehension of the instructions by means of z-Tree (Figure 3: step 3). Only if all questions were answered correctly the participant could start on the experiment.

In Round 1 (Figure 3: step 4 / Figure 4) all participants acted as PLAYER A, each of them endowed with 155 Taler and having to make one personal decision on how many Taler (0 min, 155 max; in steps of five) of his endowment he wanted to donate to the charity 'SOS Kinderdörfer weltweit'. The chosen amount had to be entered in z-Tree and was deducted from PLAYER A's endowment.

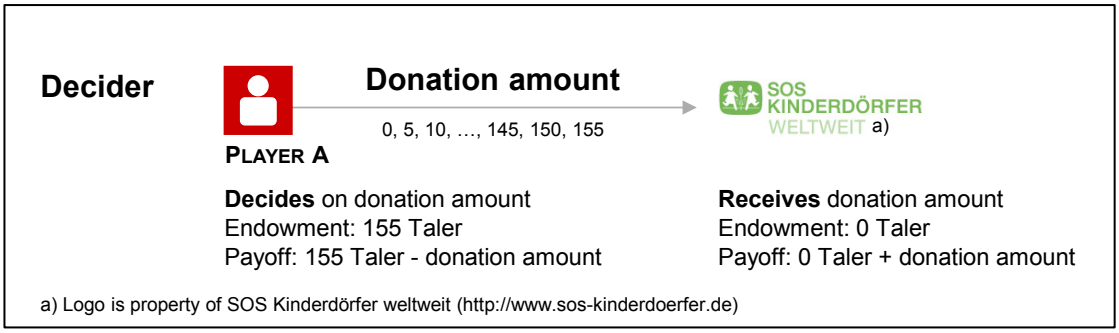


Figure 4: Description of Round 1 (T1, T2)

Round 2 (Figure 3: step 5 / Figure 5) restored everything to the starting-point. Decisions in Round 1 had no effect on the second round. The subject group was halved into PLAYER As and PLAYER Bs, which means that half of the participants in the role of PLAYER A in Round 1 now took the part of PLAYER B, while the other half continued as PLAYER As. The assignment of the respective role was anonymously randomized by z-Tree. Each PLAYER B was paired with one PLAYER A. Z-Tree notified all participants of their assigned role and each PLAYER B was informed that he was linked up with a present PLAYER A. PLAYER A and PLAYER B started with a new endowment of 155 Taler (identical to Round 1).

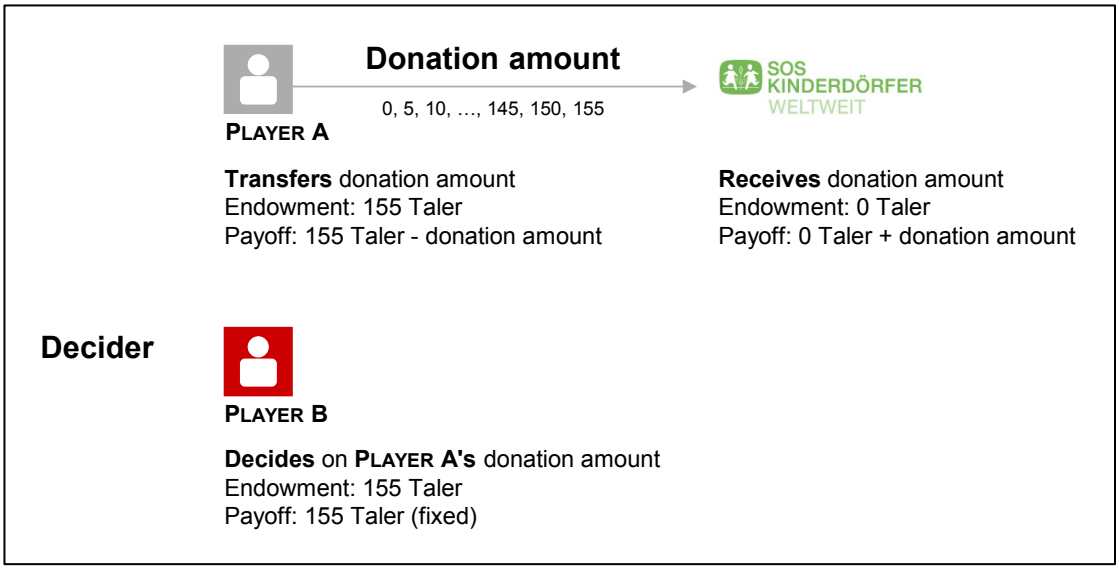


Figure 5: Description of Round 2 (T1, T2)

In Round 2 PLAYER B alone was asked to make a decision by determining anonymously how many Taler of PLAYER A's endowment he wanted to donate. His own endowment was not affected by his decision and PLAYER A had no right to intervene. PLAYER B was in full control of PLAYER A's money and could decide without any restriction or consequential punishment. The chosen donation had to be entered

into z-Tree and PLAYER A's endowment was reduced by this amount. Without being granted any decision authority, PLAYER A was merely asked about the amount he estimated PLAYER B was going to donate (input into z-Tree again).

Round 3 (Figure 3: step 6) restored everything to the starting-point again. Prior to the experiment, only basic information about Round 3 had been given. On the one hand this information was due to the necessity of being frank with the participants; on the other hand it was not intended to be circumstantial to prevent any influences on the subjects' decisions in the previous rounds. At the beginning of Round 3 the instructions for this round were presented in detail on each participant's screen. All players kept their assigned roles of Round 2 and the pairing of PLAYER As and PLAYER Bs made in Round 2 was not changed either.

As Figure 6 demonstrates, PLAYER B had to decide thirty-two times on a donation in Round 3 on the assumption that PLAYER A donated 0, 5, 10, ... 145, 150, 155 Taler in Round 1. For each assumed amount PLAYER B had to determine a donation to be transferred to the charity out of PLAYER A's endowment. Again, it had been made clear that PLAYER B was free to type in any amount from 0 to 155 Taler (in steps of 5 Taler).

	Taler								
Possible donations in Round 1 by PLAYER A	0	5	**10** Real donation by PLAYER A	15	…	140	145	150	155
32 independent donation decisions in Round 3 by PLAYER B	Decision 1	Decision 2	**Decision 3** Transfer to charity in Round 3	Decision 4	…	Decision 29	Decision 30	Decision 31	Decision 32

Figure 6: Description of Round 3 (T1, T2)

All inputs were collected by z-Tree. Comparable to Round 2, PLAYER A was asked about his estimate of each of the 32 donation decisions made by PLAYER B. The participants were informed that the payment out of Round 3 was determined in the following way. The real donation amount of PLAYER A in Round 1 was ascertained (e.g. 10 Taler). On the assumption of exactly this donation (one out of 32 possibilities) PLAYER B had decided in Round 3 on his donation out of PLAYER A's funds (e.g. 25 Taler). Then PLAYER A's endowment was deducted by the amount chosen by PLAYER B (in that case: 25 Taler). After Round 3 the experiment was completed.

Subsequently, the subjects were asked to answer a personality questionnaire (Figure 3: step 7). In the experiment, PLAYER B's decisions affected the endowment of PLAYER A, and as some PLAYER As might be frustrated by the way other people dealt

with their money, the participants were not informed about their earning prior to the questionnaire in order to prevent answers biased by emotions due to the knowledge of PLAYER B's decisions. The questionnaire consists of items concerning personality, experimental decisions, and statistics. A comprehensive explanation of the questionnaire is to be found in Section 3.3.5.

Having responded to the questionnaire the subjects were informed on screen about their earnings for all three rounds (Figure 3: step 8), after which the payment process started. Each participant was individually called up by his specific place number (Figure 3: step 9) and, separated from the other participants, used a dice to determine the round relevant to his own payment (Figure 3: step 10). To counteract strategic decision making during the experiment, only one of three rounds was laid down to be relevant to the payment. Instead of having one subject throw the dice as the representative for everybody else, each participant was asked to throw his own dice, thus indicating that he was the one determining the relevant round, not a person unknown to him. In addition to the payment for the round chosen by the dice, each participant received an attendance fee of 2.50 EUR.

3.3.5. Personality Questionnaire

As interindividual differences between the participants can be held sure, a questionnaire was designed to reveal the different personality patterns, in accordance with Brandstätter (1993: p. 482), who claims that "[e]xperimental economics ... may also profit from including short versions of basic personality scales in their design, in order to find out why people often do not behave as the rational (economic) model would suggest". The questionnaire aims to be helpful to better understand the underlying decision processes and to provide general statistics of the participants. It is structured as follows: personality, experimental decisions, and statistics.

The questionnaire was designed to cover the experiments in Chapter 3 and Chapter 4. The items are identical for both experiments thus increasing the total of answers and, therefore, the validity of the results across both experiments (see Section 5.1). In the present chapter the complete questionnaire is represented, although some selected items are not used in Chapter 3. For the personality measurement, three psychological inventories[77] were employed to achieve a comprehensive overview and get an opportunity to focus on specific aspects: SOEP (Sozio-oekonomisches

[77] A complete list of the used items is to be found in Appendix 6.6.1.

Panel)[78], HEXACO[79] Personality Inventory-Revised, and IBES (Inventar berufsbezogener Einstellungen und Selbsteinschätzungen)[80].

For a comprehensive overview the Big-Five approach, first suggested by McCrae and Costa (1987), was applied. This concept defines personality as a composition of the very broad dimensions *Neuroticism*, *Extraversion*, *Openness*, *Conscientiousness*, and *Agreeableness*. Owing to limitations of time and space, an excerpt of the Big-Five Short Inventory tested by the SOEP was applied in the present study. The SOEP is a representative panel survey of German households (for further information see Wagner et al. 1993). In addition to usual statistical questions, the SOEP consists of general personality items to disclose a person's characteristics. The last-mentioned part presents the respondents with 16 statements beginning 'I am a person who ...'. The respondents decide on their degree of approval on a seven-point Likert-type scale ranging from 1='do not agree at all' to 7='agree completely'.

For a better assessment of the participants' personality traits specific inventories were chosen. The more recent HEXACO Personality Inventory by Lee and Ashton (2006; Ashton and Lee 2007 and 2009) assesses scores for six domain-level scales: *Honesty-Humility*, *Emotionality*, *Extraversion*, *Agreeableness (versus Anger)*, *Conscientiousness*, and *Openness to Experience*. Each of these domains consists of four facet-level scales plus *Altruism* as an interstitial scale with up to 200 items. An advantage of the HEXACO Personality Inventory is that each facet-level scale can be used as a stand-alone scale and thus serve for a focus study. The three scales most promising for the aims of this research are *Fairness*, *Greed Avoidance*, and *Altruism*.

The questionnaire designed for this study was enlarged by integrating the IBES test. The IBES, created by Marcus (2006; Marcus et al. 2007), is a German integrity test to predict behavior in job situations. It consists of two parts – overt and personality-based – with different subscales, one of which was selected for the study on hand: *Trouble Avoidance*. This self-report inventory measures the integrity of applicants with the aim of predicting counter-productive behavior and is the German answer to approaches in the United States where commercial integrity tests are already common human-resource management practice. The IBES consists of 155 items (60 overt and 55 personality-based) evaluated for nine subscales. The overt items are relevant to the scales *General Trust*, *Rationalization of Deviant Behavior*, *Perceived*

[78] Socio-Economic Panel

[79] 'HEXACO' is derived from the personality traits: Honesty-Humility, Emotionality, eXtraversion, Agreeableness (versus Anger), Conscientiousness and Openness to Experience.

[80] Job Related Attitudes and Self-Evaluations Inventory

Counterproductivity Norms, and *Behavioral Intentions* or *Fantasies*; the personality-based items are relevant to the scales *Manipulativeness*, *Stimulus Seeking*, *Trouble Avoidance*, *Reliability*, and *Self-Esteem*.

The subjects have to respond to the items of the HEXACO and the IBES on a five-point Likert-type scale expressing 1='strong disagreement', 2='disagreement', 3='neutral (neither agreement nor disagreement)', 4='agreement', and 5='strong agreement'. Table 4 describes the personality scales selected from the HEXACO and IBES.

HEXACO Scale	**Description (according to Lee and Ashton 2004; http://www.hexaco.org[81])**
Altruism	"The Altruism (versus Antagonism) scale assesses a tendency to be sympathetic and soft-hearted toward others. High scorers avoid causing harm and react with generosity toward those who are weak or in need of help, whereas low scorers are not upset by the prospect of hurting others and may be seen as hard-hearted."
Fairness	"The *Fairness* scale assesses a tendency to avoid fraud and corruption. Low scorers are willing to gain by cheating or stealing, whereas high scorers are unwilling to take advantage of other individuals or of society at large."
Greed Avoidance	"The *Greed Avoidance* scale assesses a tendency to be uninterested in possessing lavish wealth, luxury goods, and signs of high social status. Low scorers want to enjoy and to display wealth and privilege, whereas high scorers are not especially motivated by monetary or social-status considerations."
Sentimentality	"The *Sentimentality* scale assesses a tendency to feel strong emotional bonds with others. Low scorers feel little emotion when saying good-bye or in reaction to the concerns of others, whereas high scorers feel strong emotional attachments and an empathic sensitivity to the feelings of others."
IBES Scale	**Description (according to Marcus 2006)**
Trouble Avoidance	In this context, high scores indicate that the person rather avoids conflicts and strives to find a harmonious solution to problems. Such people do not give offence, nor do they rarely make themselves unpopular, and they avoid behaving in a way which could be set out negatively to them. On the other hand, superiors sometimes feel that the person is missing a specific edge or sufficient assertiveness.[82]

Table 4: Applied personality scales (T1, T2)

[81] Checked on 2/11/2014

[82] Original German wording: "Hier bedeuten hohe Ausprägungen, dass die Person Konflikten eher aus dem Weg geht bzw. eine harmonische Lösung von Problemen anstrebt. Solche Menschen ecken nicht an, machen sich selten unbeliebt und meiden Verhalten, das ihnen negativ ausgelegt werden könnte. Auf der anderen Seite vermissen Vorgesetzte an ihnen manchmal einen gewissen "Biss" oder genügende Durchsetzungsfähigkeit".

The second part of the questionnaire designed for this study consists of specific (partly open) questions about the experimental design. The subjects were asked, for example, if they were able to identify with the assigned roles and which factors motivated their decisions during each round. In the questionnaire's final part[83] the participants were requested to provide some personal information such as their private donation behavior, gender, age, or field of study.

[83] See Appendix 6.6.2 for responses of the subjects.

3.4. HYPOTHESES

The experiment is designed in such a way that one and the same person makes decisions on one and the same matter – an amount donated to a charity – but with changes to the effect on his own payoff. The individual preferences regarding the charity are revealed in Round 1; they are expected to stay the same for the duration of the whole experiment as the same person still decides; only the owner of the financial resources affected by the monetary transfer is exchanged. Adam Smith's and Milton Friedman's above-mentioned statements (see Section 3.1) in connection with the experimental design lead to the first hypothesis. Friedman's presumption is very simple, but it needs to be put to the test. Thus, based on Friedman's (1975) surmise: "Very few people spend other people's money as carefully as they spend their own", or put it the other way round, it is expected that most of the subjects handle other people's money differently than their own. Accordingly, the first hypothesis reads:

H3.1: Subjects handle other people's Taler endowment in Round 2 differently than they handle their own Taler endowment in Round 1.

Regardless of whether the donations in Round 2 are identical, higher, or lower compared to Round 1, it is necessary to understand how participants determine the donation amount in Round 2. Kahneman and Tversky (1979) introduced the conception that people in uncertain situations tend to use their surroundings for setting themselves anchors influencing their decision-making process. As Round 2 does not disclose the preferences of the related PLAYER A, PLAYER B has to decide in an unknown situation as to those preferences. With regard to the experimental design PLAYER B can be expected to use his own donation in Round 1 as an anchor, which leads to the next hypothesis:

H3.2: When PLAYER B has no knowledge of PLAYER A's donation preferences in Round 2, PLAYER B's donation in Round 2 (out of PLAYER A's funds) is correlated with his own donation in Round 1.

Contrariwise, Round 3 discloses PLAYER A's preferences and PLAYER B need not decide in an uncertain situation. According to Kahneman and Tversky PLAYER B is

expected to use PLAYER A's preferences from Round 1 as an anchor to avoid misspending PLAYER A's money in Round 3. PLAYER B is free to accommodate to PLAYER A's preferences and donate a comparable amount in Round 3. With a notified donation in hand PLAYER B is able to contrast PLAYER A's donation amount in Round 1 with his own donation preferences. Fehr and Fischbacher (2004), among others (Kahneman et al. 1986; Turillo et al. 2002), found out that if the monetary transfer decided on by one participant did not meet the distribution norm of another judging subject or was not seen as fair by that subject, the deciding participant was punished with sanctions or the loss of money. The results of Fehr and Fischbacher are quite convincing. Each transfer by the dictator falling short of 50% of his available endowment was punished by roughly 60% of a judging third party. The following hypothesis combines the conception of Kahneman and Tversky, predicting the participants to adjust their donation, and the findings of Fehr and Fischbacher, evidencing punishing responses if one's norm is not matched.

H3.3a: Round 3 reveals different personality types of PLAYER Bs: PLAYER B tending to disregard his own preferences in favor of PLAYER A's donation preferences, and PLAYER B punishing low donations by PLAYER A in Round 1 by donating a high amount in Round 3.

If PLAYER B disregards his own preferences and adjusts to PLAYER A's preferences, the anchor conception of Kahneman and Tversky applies predicting that the subject will search for an anchor to determine the donation amount. The anchor concept strongly suggests an equal behavior of PLAYER B in Round 3 and Round 2. If PLAYER B uses an anchor in Round 3, he is likely to do the same in the uncertain situation of Round 2. The only anchor available to PLAYER B in Round 2 is his own donation in Round 1.

H3.3b: PLAYER B tending to disregard his own preferences in favor of PLAYER A's donation preferences in Round 3 shows a high correlation between the donations in Round 1 and Round 2.

The results of Fehr and Fischbacher show that punishment occurs when a social norm is not met. A social norm characterized by a high donation level is most likely to be found among people who are themselves willing to transfer high amounts to charities.

H3.3c: PLAYER B tending to punish the paired PLAYER A donates higher amounts in Round 1 and Round 2 compared to the other subjects.

In the literature dealing with the standard dictator game the money transfer is regularly traced back to people's preferences, e.g. fairness and altruism. Some researchers, however, take a different view; they point out the participant's awareness that the experiment is not fully anonymous and that their decisions are known to the experimenter. Therefore subjects might adapt their decisions as they do not want to be considered greedy (Hoffman et al. 1994). Making allowance for this point of view, the experiment's questionnaire has been supplemented with the three HEXACO scales *Fairness*, *Altruism*, and *Greed Avoidance*, and the following hypotheses are formulated:

H3.4a: The personality factors Fairness, Altruism, and Greed Avoidance are positively correlated with the donations of PLAYER B in Round 1 and Round 2.

H3.4b: The personality factors Fairness, Altruism, and Greed Avoidance are negatively correlated with the deviation of PLAYER B's donation in Round 1 from his donation in Round 2.

3.5. RESULTS

The experiment was designed to investigate PLAYER B's donation changes and his willingness to disregard his own preferences. For this reason, z-Tree was programmed to divide the subjects into PLAYER As and PLAYER Bs from the beginning, and, prior to the experiment, z-Tree had randomly and anonymously assigned the roles to the subjects and paired PLAYER As with PLAYER Bs, thus making sure that each PLAYER B's donation in Round 1, 2 and 3 could be compared and analyzed on an individual level. The participants were informed of their assigned role (PLAYER A or PLAYER B) at the beginning of Round 2. In the following, these participants will be continually designated as PLAYER B regardless of whether they act in Round 1 or Round 2. The following section will present the results of Treatment 1 and Treatment 2. The underlying z-Tree raw-data files were mainly analyzed and displayed graphically by the statistical software Stata (StataCorp. 2007).

3.5.1. Basic Findings

The mean amount donated by all participants (PLAYER As plus PLAYER Bs) in Round 1 of Treatment 1 is 34.55 Taler (22.29% of their total endowment of 155 Taler) with a standard deviation of 38.77 Taler, the mean amount in Round 1 of Treatment 2 is 31.43 Taler (20.28%) with a standard deviation of 37.14 Taler (see Table 5). There is no significant difference between these two amounts (Mann-Whitney test[84]: z=0.215 / p=0.8299). Table 5 additionally lists the mean donations separately for PLAYER As and PLAYER Bs. As the participants were not informed of their assigned roles until Round 2, a considerable difference between the mean donations of PLAYER As and PLAYER Bs cannot well be expected in Round 1. Consistently, their average donations in Round 1 do not differ significantly (Wilcoxon signed-rank test: T1 z=0.415 / p=0.6781; T2 z=1.1015 / p=0.3102). Figure 7 shows the distribution for both treatments in Round 1.

Treatment (N)	PLAYER As + PLAYER Bs (mean)	PLAYER As (mean)	PLAYER Bs (mean)	Wilcoxon signed-rank test between PLAYER As & Bs
Treatment 1 (110)	34.55 Taler	32.00 Taler	37.09 Taler	z=0.415 / p=0.6781
Treatment 2 (56)	31.43 Taler	24.82 Taler	38.04 Taler	z=1.015 / p=0.3102
Mann-Whitney test between T1 & T2	z=0.215 / p=0.8299	z=0.349 / p=0.7267	z=-0.111 / p=0.9113	-

Table 5: PLAYER As' plus PLAYER Bs' donations in Round 1 (T1, T2)

[84] All tests of significance are run as two-sided tests.

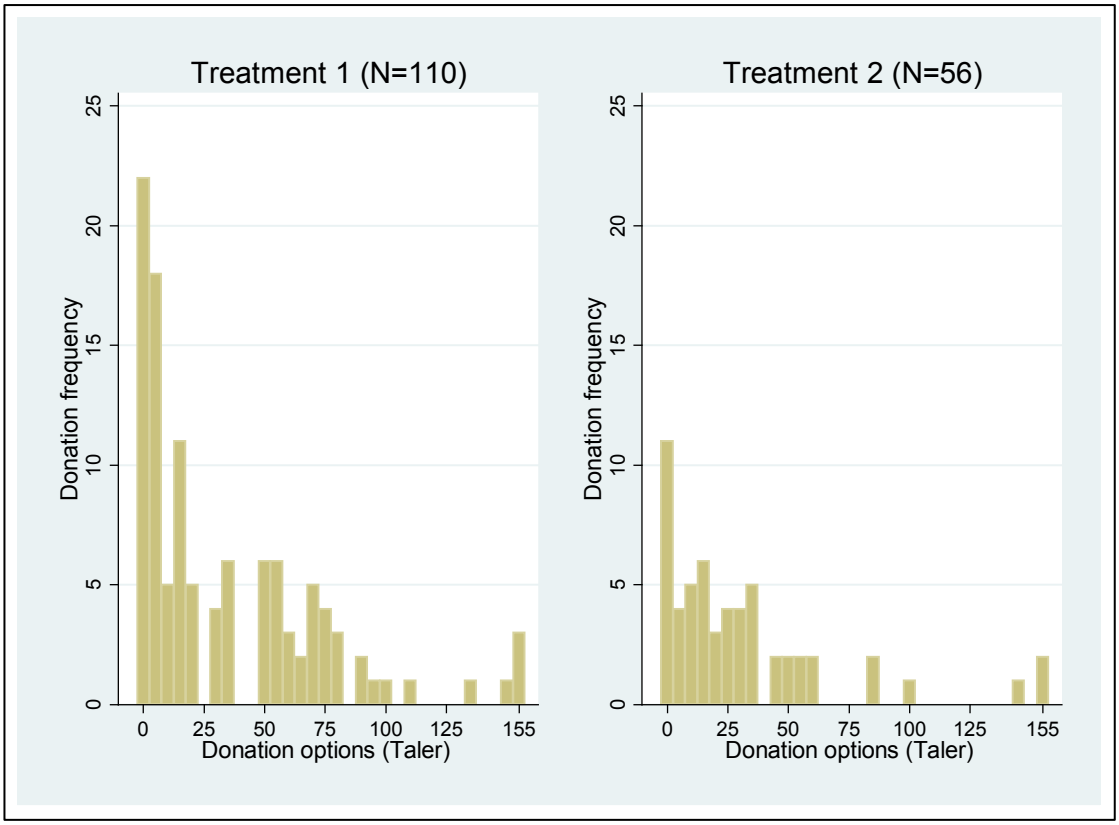


Figure 7: PLAYER AS' plus PLAYER BS' donation distributions in Round 1 (T1, T2)

The hypotheses formulated above focus on PLAYER B, especially on changes in his donations and on the question if, in Round 2 and Round 3, he restrains his own preferences indicated in Round 1.

3.5.2. Hypothesis 3.1: Testing Friedman's Assumption

H3.1 refers to Friedman's statement reflecting his assessment of people's dealing with other people's money. H3.1 was tested by comparing PLAYER B's donation entirely out of his own endowment in Round 1 with the same PLAYER B's donation entirely out of someone else's endowment in Round 2.

Treatment (N)	**Round 1** (mean)	**Round 2** (mean)	**Absolute deviation of Round 2 from Round 1** (mean)	**Wilcoxon signed-rank test between Round 1 & 2**
Treatment 1 (55)	37.09 Taler	59.55 Taler	29.91 Taler	z=-3.772 / p<0.001
Treatment 2 (28)	38.04 Taler	50.54 Taler	13.21 Taler	z=-3.717 / p<0.001
Mann-Whitney test between T1 & T2	z=-0.111 / p=0.9113	z=0.989 / p=0.3226	-	-

Note: Deviation of Round 2 from Round 1 is calculated per subject by Stata

Table 6: PLAYER BS' donations in Round 1 & 2 (T1, T2)

Table 6 illustrates that PLAYER B's mean donation in Treatment 1 rose by 60.56% from 37.09 Taler in Round 1 to 59.55 Taler (SD: 47.02 Taler) in Round 2 (59.55 Taler = 38.42% of the endowment of 155 Taler). In Treatment 2, the increase amounted to 32.86% from 38.04 Taler in Round 1 to 50.54 Taler (SD: 45.26 Taler) in Round 2 (50.54 Taler = 32.61% of the endowment). Figure 8, giving an overview of PLAYER B's donations in Round 1 and Round 2, illustrates the increase in Round 2: the bars shift slightly from left (Round 1: top of Figure 8) to the middle (Round 2: bottom of Figure 8). In both treatments, the difference between Round 1 and Round 2 is highly significant, as Table 6 demonstrates.

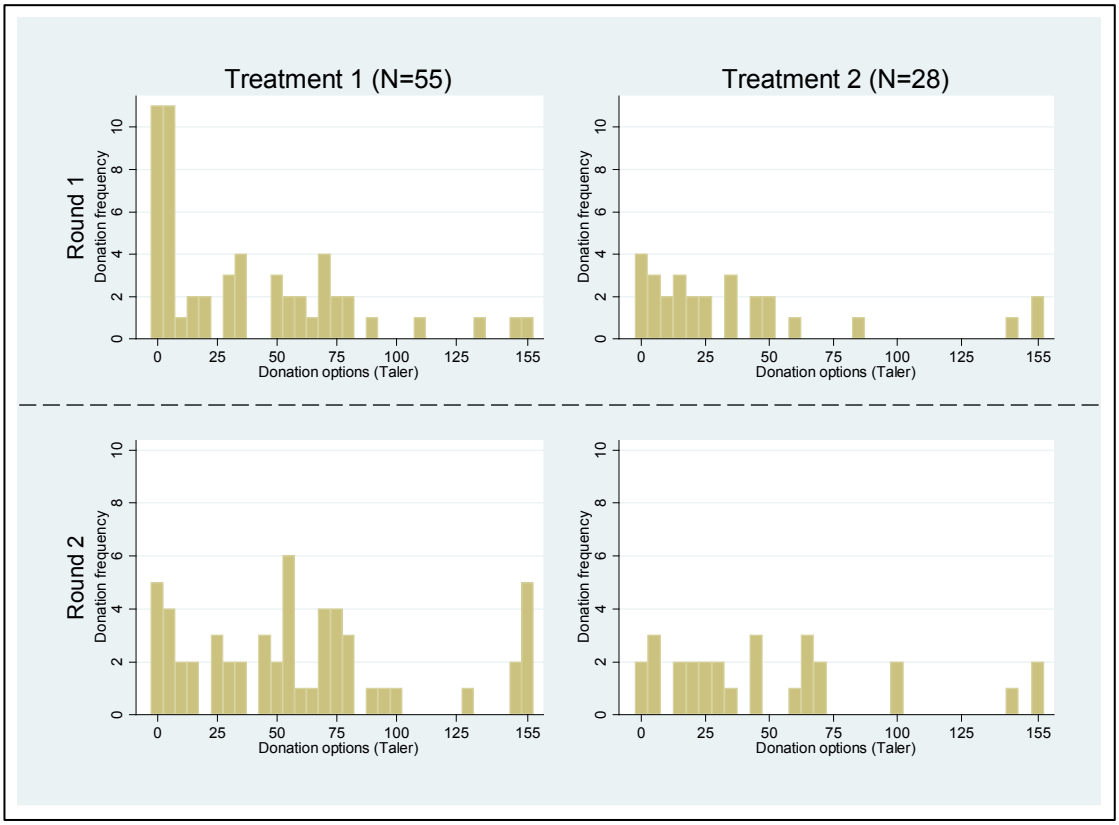


Figure 8: PLAYER Bs' donation distributions in Round 1 & 2 (T1, T2)

PLAYER B's higher donations in Round 2 accord with PLAYER A's expectations. In Round 2, PLAYER A was asked to estimate the amount PLAYER B was willing to donate out of PLAYER A's endowment, i.e. when dealing with other people's money. For Round 2, PLAYER As expected a mean donation of 68.55 Taler (SD: 45.93 Taler) in Treatment 1 and of 60.00 Taler (SD: 48.17 Taler) in Treatment 2, which seems to further support H3.1 and consequently Friedman's hypothesis. But these expected amounts exceed PLAYER B's real mean donation by 15.11% in Treatment 1 and 18.72% in Treatment 2. Figure 9 accumulatively presents the donations by PLAYER B

in Round 1 and Round 2. In Treatment 1, they totaled 2,040 Taler in Round 1 and 3,275 Taler in Round 2; in Treatment 2, the overall donation amounted to 1,065 Taler in Round 1 and 1,415 Taler in Round 2. PLAYER As expected a cumulative donation amount of 3,770 Taler in Treatment 1 and of 1,680 Taler in Treatment 2.

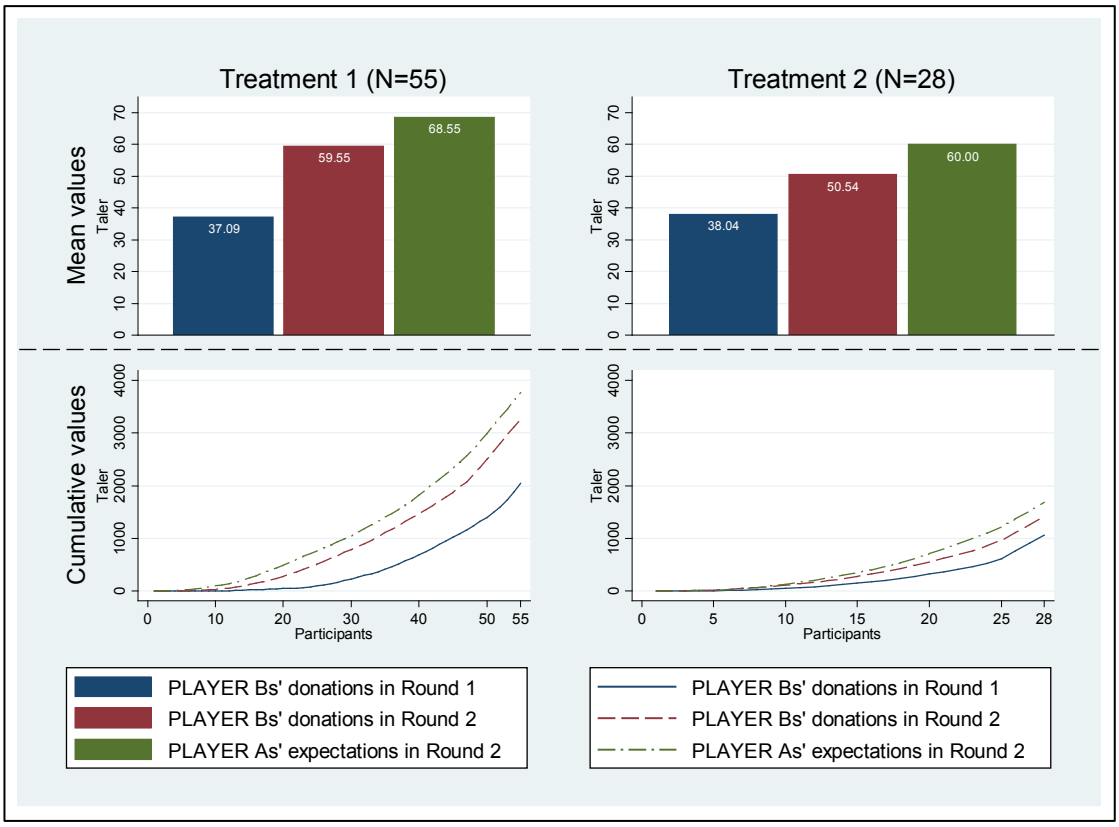


Figure 9: Mean and accumulated donations in Round 1 & 2 (T1, T2)

While H3.1 seems supported by the donations in the aggregate (PLAYER Bs donated more money in Round 2 than in Round 1), a more detailed analysis on the individual level reveals interesting insights. It turns out that, in Treatment 1, 20 out of 55 PLAYER Bs donated the same amount in Round 1 and Round 2, thus sticking to their personal preferences despite the opportunity of acting without affecting their own endowment in Round 2 (T2: 10 out of 28). In Treatment 1, 29 PLAYER Bs donated more and 6 PLAYER Bs less in Round 2 than in Round 1 (T2: 17 more / 1 less). If the donations in Round 2 are extended to a range limited by plus/minus 10 Taler (7% of the endowment) added to/subtracted from the really donated amount, then the portion of the subjects keeping to their donation preferences increases to 58% (32 participants) in Treatment 1 and 64% (18 participants) in Treatment 2. Figure 10 provides further details of the results. Taking into account that in Treatment 2, compared to Treatment 1, 36.36% against 35.71% (0 Taler deviation) or even

58.18% against 64.29% (10 Taler deviation) of the participants do not depart from their donation preferences, H3.1 and Friedman's statement are not evidenced by this experiment's results. As a considerable number of people handle other people's money in the same way they handle their own money H3.1 has to be rejected.

This outcome matches findings of Carlsson et al. (2011). In their laboratory experiment, the participants were required to make two decisions on a donation. First they had to fix an amount binding only themselves, afterwards they had to fix an amount obligatory for themselves as well as for all other participants. 64% of the subjects donated the same amount to a charity organization in both experimental conditions.

Figure 10: PLAYER B's donation deviations in Round 2 from Round 1 (T1, T2)

At first sight, the great number of people sticking to their preferences is surprising, as a lower percentage could have been expected in view of the higher mean donation in Round 2 against Round 1. Figure 11 shows the data of a few subjects who donated 0 Taler in Round 1 and 120 to 150 Taler in Round 2. The higher mean donations in Round 2 can be explained by this phenomenon because, in the aggregate, the comparatively steady donations by the subjects holding to their preferences cannot

make up for the extreme differences caused by subjects entirely reversing their donation amount.

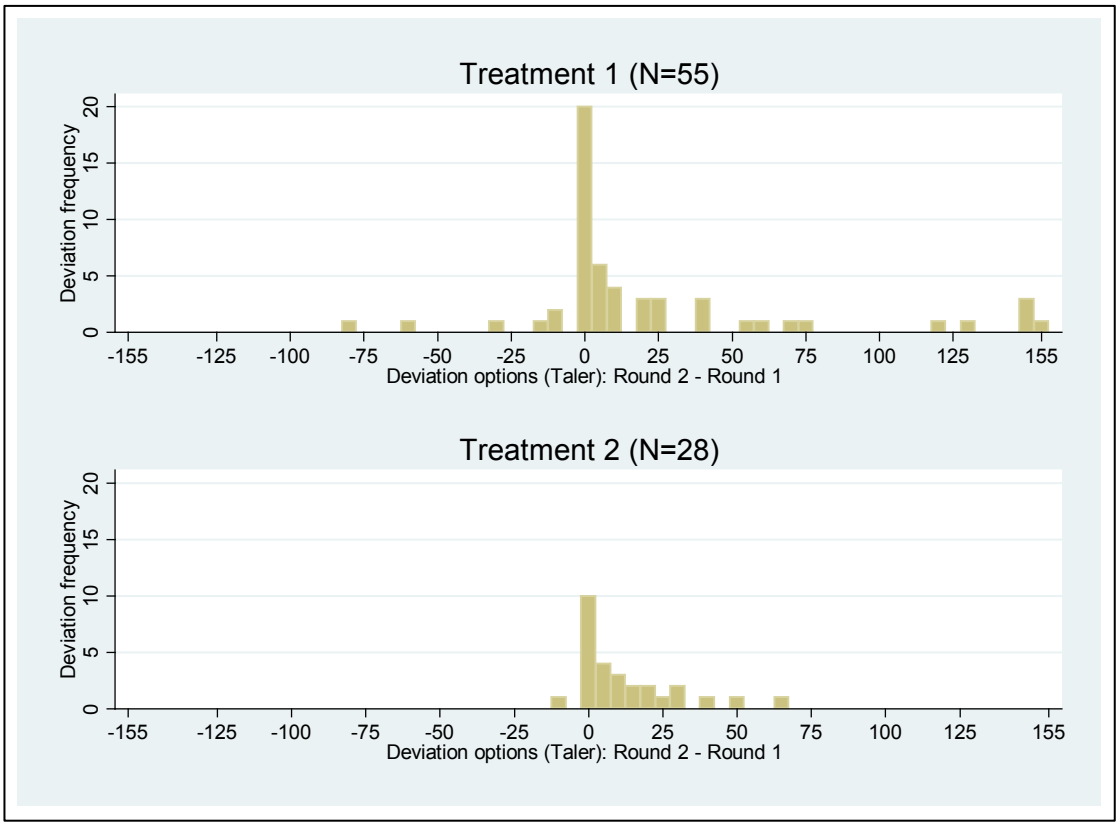


Figure 11: Donation deviations of Round 2 from Round 1 (T1, T2)

Summarizing the discussion of H3.1, it can be stated that many people believe that people do not handle other people's money as carefully as their own, but in reality a significant percentage of people deal with other people's money just as they deal with their own.

3.5.3. Hypothesis 3.2: Understanding Anchor Function of Round 1

H3.2 is based on the findings of Kahneman and Tversky (1979). Although, as the discussion of H3.1 pointed out, a considerable number of participants do not remarkably change their donation of Round 1 in Round 2, both rounds are significantly different, illustrated by correlation coefficients of 0.3653 for Treatment 1 and 0.9264 for Treatment 2. Regression applying Round 2 as the dependent and Round 1 as the independent variable shows support by a regression coefficient of 0.428 (Robust Std. Err.=0.150 / p=0.006) for Treatment 1 and 0.928 (Robust Std. Err.=0.045 / p<0.001) for Treatment 2. The results of both treatments provide a highly

significant support of H3.2. Donations of PLAYER Bs in Round 1 and Round 2 are correlated, thus the preferences shown in Round 1 can help to predict the donations in Round 2.

3.5.4. Hypothesis 3.3a: Revealing Personality Types

The design of Round 3 includes a revelation of PLAYER A's preferences to PLAYER B, thus removing the uncertain situation. While the participants were asked in Round 1 and Round 2 to decide once, they had to make 32 independent decisions in Round 3. PLAYER Bs were presented with 32 possible donations in Round 1 by their paired PLAYER A and the additional information that only one of these was true. Round 3 is highly informative regarding the handling of other people's money by persons who have knowledge of the others' donation preferences.

Figure 12 (T1) and Figure 13 (T2) show the results of Round 3. Each small graph presents the donation decisions by a single PLAYER B (y-axis) for each assumed donation by PLAYER A in Round 1 (x-axis: 0, 5, 10, 15, ..., 145, 150, 155 Taler). An interpretation of the different graphs' characteristics yields three noticeable elements. The first obvious pattern is the flat trend, indicating that subjects did not adjust their donation to that of their counterpart. This group is called 'persisters' as they are uninfluenced by PLAYER A's preferences. Subjects belonging to this group have one donation preference which continually predominates other influencing factors of Round 3. In general, the decision to donate a constant amount has already been reached in Round 2 or even Round 1. One representative participant answered the related questionnaire's item: "As I did not donate so much [in Round 1] the other party can do that [in Round 2 and Round 3]."[85] Other participants acted across all rounds in the same way: "I determined an amount for myself in Round 1 and consequently specified this amount for the paired participants."[86] Another repeating graphic pattern is the increasing trend, indicating that PLAYER B matches his donations to those of the paired PLAYER A. To reach this matching, PLAYER B disregards his own preferences and uses PLAYER A's donation as a guide for his own decision. Subjects showing an increasing trend are called 'adapters' by the author. A descending trend in the left-hand part of a graph is characteristic of the third observable graphic element. PLAYER B seems to punish PLAYER A for donating a too

[85] Original German wording: "Da ich selber nicht so viel gespendet habe, kann das dafür der andere machen."

[86] Original German wording: "Ich habe für mich im Durchlauf 1 einen Betrag festgelegt und auch konsequent diesen bei den zugeordneten Teilnehmern angegeben."

small amount or not complying with a social norm. In spite of being aware that only one experimental round decides on their payment, some subjects use their chance of punishment, as statements in the questionnaire illustrate: "If participant A was reluctant to donate an adequate amount of Taler I 'punished' him by proportionally donating his Taler quota."[87]; "Hard-heartedness should be punished."[88]; "Punishment for a low donation, reward for a high donation."[89] Subjects whose graphs show a descending element in the left-hand part are designated as 'punishers'.

As different personality types are revealed in Round 3, H3.3a is supported, concerning both Treatment 1 and Treatment 2. Using the insights gained in Round 3, a 'personality model for the handling of other people's money' was developed. All kinds of graphs, like those shown by Figure 12 and Figure 13, can be assigned to a category of this three-group model (Figure 14). The effects on Round 1 and Round 2 will be addressed by the review of the following hypotheses.

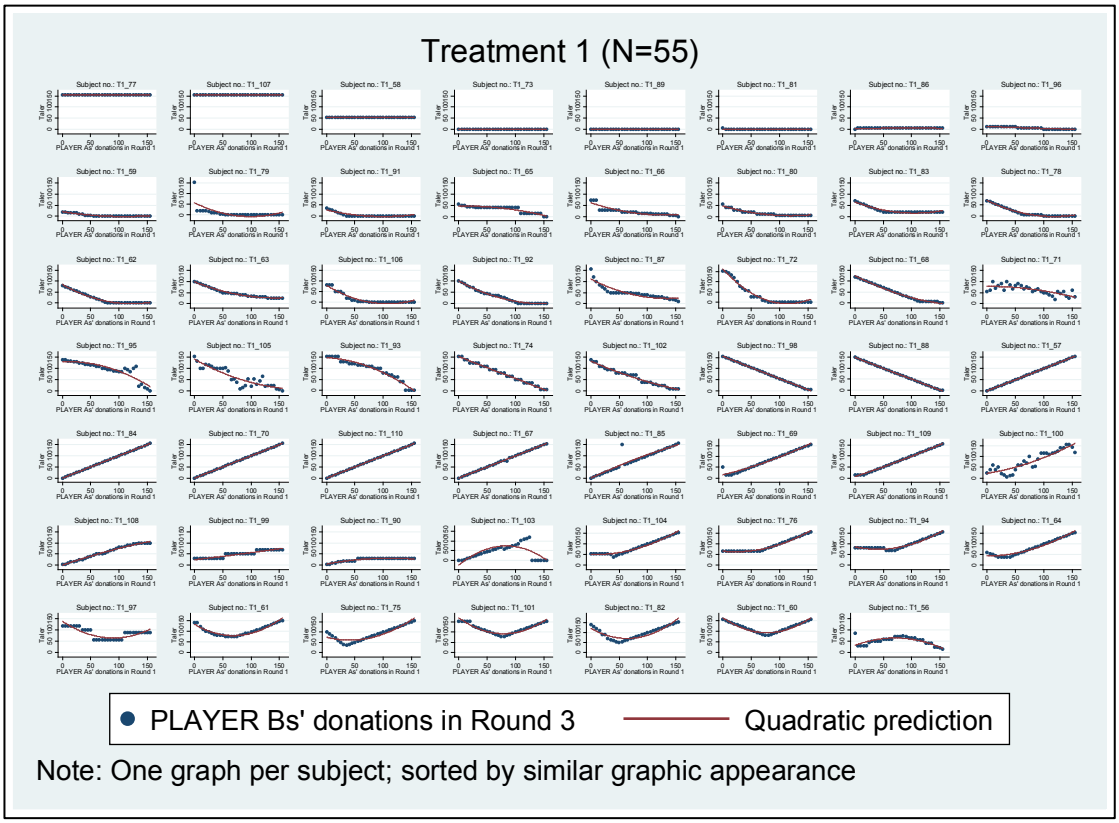


Figure 12: PLAYER Bs' donations in Round 3 (T1)

[87] Original German wording: "Wenn der Teilnehmer A nicht bereit war, seinen Talerbetrag zu spenden, habe ich ihn 'bestraft' und anteilsmäßig die Taler gespendet."
[88] Original German wording: "Hartherzigkeit sollte bestraft werden."
[89] Original German wording: "Strafe für geringe Spende, Belohnung für hohe Spende."

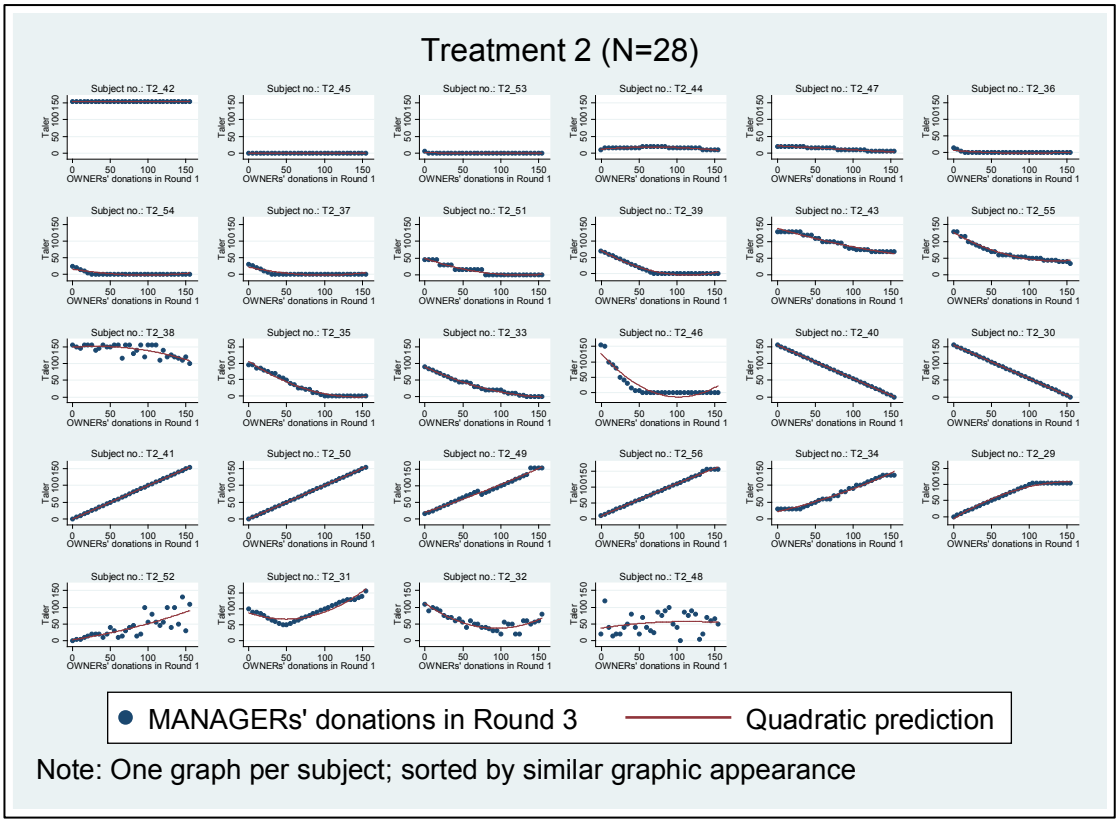


Figure 13: MANAGERS' donations in Round 3 (T2)

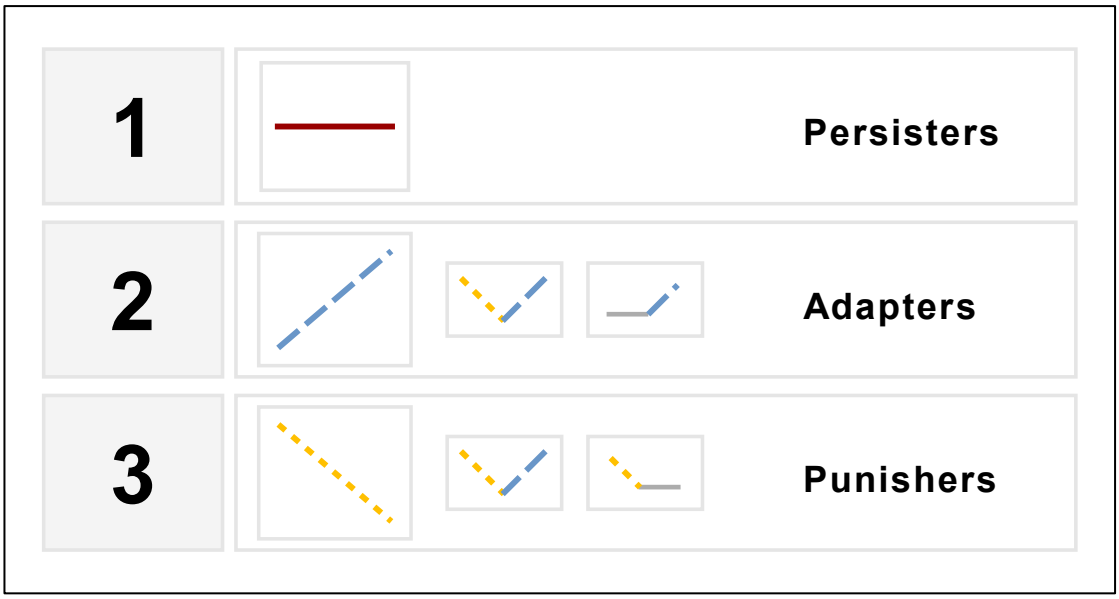


Figure 14: Personality model for the handling of other people's money

3.5.5. Hypothesis 3.3b: Analyzing Adapters

Within the framework of the developed personality model, the different graphs illustrating the donations in Round 3 are assigned to their specific category (see Appendix 6.2.1.3 [T1] and 6.2.2.3 [T2] for a detailed overview). The assignment is based on the visual evaluation of the graphs by the author. Group 1, the 'persisters' group, totals 14 participants (T1: N=8 / T2: N=6). If Treatment 1 and Treatment 2 are combined, Group 2, the 'adapters' group, totals 32 subjects (T1: N=23 / T2: N=9). Group 3, the 'punishers' group, is the largest one consisting of 44 participants (T1: N=30 / T2: N=14). For a review of H3.3b, both treatments were jointly analyzed because of the critically small size of the selected groups. A small number of observations increases the risk of faulty interpretations, and, moreover, the above review of the previous hypothesis has shown that the results of both treatments are identical.

With respect to H3.2, the most interesting value is the mean absolute deviation of the donations in Round 2 from those in Round 1. This value is a measure of how Round 2 adjusts to Round 1 and consequently of the potential of Round 1 to serve as an anchor. A low value will show Round 1 to be a stronger anchor, as the subject did not distinctly vary his donation in Round 2, whereas a higher value shows both rounds to be only weakly connected, or that there is no connection at all. It seems reasonable to assume that adapters have a higher motivation to look for an anchor when they have to determine an amount of their donation. Figure 15 presents the donations' mean deviation of Round 2 from Round 1 for adapters and non-adapters, i.e. all subjects not assigned to the adapters group. The mean deviation of the adapters is 5.43 Taler short of that of the non-adapters. Non-adapters' donations in Round 2 averaged 25% higher than in Round 1, which indicates that non-adapters do not use their own donation of Round 1 as an anchor, whereas the smaller deviation of adapters might be interpreted as a first sign that in an unknown situation adapters do. For a closer examination of the dependency of Round 2 on Round 1 regression was applied. The review of H3.2 by means of regression already showed Round 1 to function as an anchor for the decision process in Round 2. The coefficient is expected to be higher for adapters than for non-adapters. Regression yields a coefficient of 0.675 (Robust Std. Err.=0.164 / $p<0.001$) for adapters and a coefficient of 0.600 (Robust Std. Err.=0.117 / $p<0.001$) for non-adapters. The coefficient is only very slightly higher for adapters, and the Mann-Whitney test reveals no significant difference between the two groups ($z=-0.245$ / $p=0.8065$). The supposition that

adapters are more bound to their donation in Round 1 than non-adapters is not supported by the results of Round 3. Consequently, H3.3b has to be rejected.

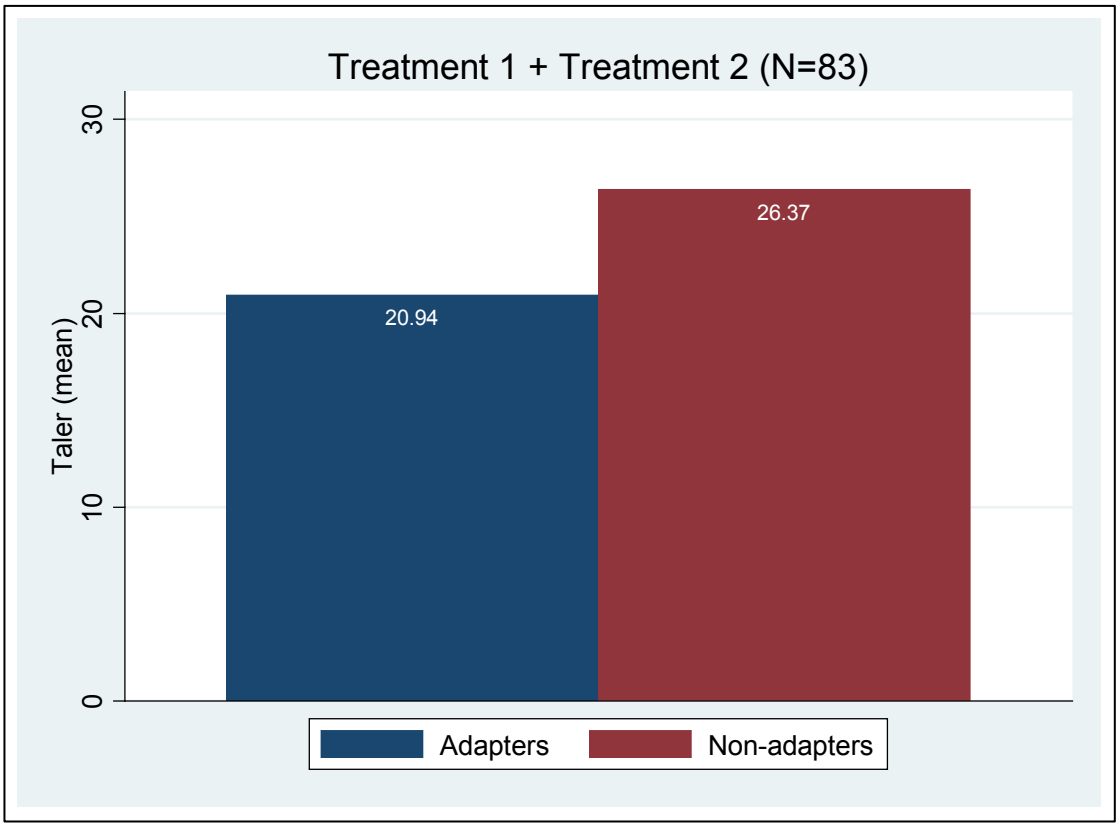


Figure 15: Non-/adapters' donation deviations in Round 2 from Round 1 (T1 + T2)

3.5.6. Hypothesis 3.3c: Analyzing Punishers

Similar to the chart in the section analyzing adapters and non-adapters, Figure 16 presents a comparison of punishers and non-punishers, i.e. all subjects not assigned to the punishers group, for Treatment 1 and Treatment 2 combined. The figure shows a significant difference (Mann-Whitney test: z=2.355 / p=0.0185) between the mean donations of punishers (45.11 Taler) and non-punishers (28.72 Taler). The same applies to the donations in Round 2 (65.11 Taler as opposed to 46.79 Taler; Mann-Whitney test: z=2.372 / p=0.0177). Punishers used to donate higher amounts in Round 1 as well as in Round 2, which points to their higher social norm for donations compared to non-punishers. According to their norm, punishers will expect others to make higher donations too and punish them in Round 3 for failing to reach this norm. Across all rounds, they have a generally stronger preference for donating money to a charity, regardless of the source of investment. Punishers donated nearly 60% more

Taler in Round 1 than non-punishers did and with nearly 40% more Taler only slightly less in Round 2. Consequently, H3.3c can be retained.

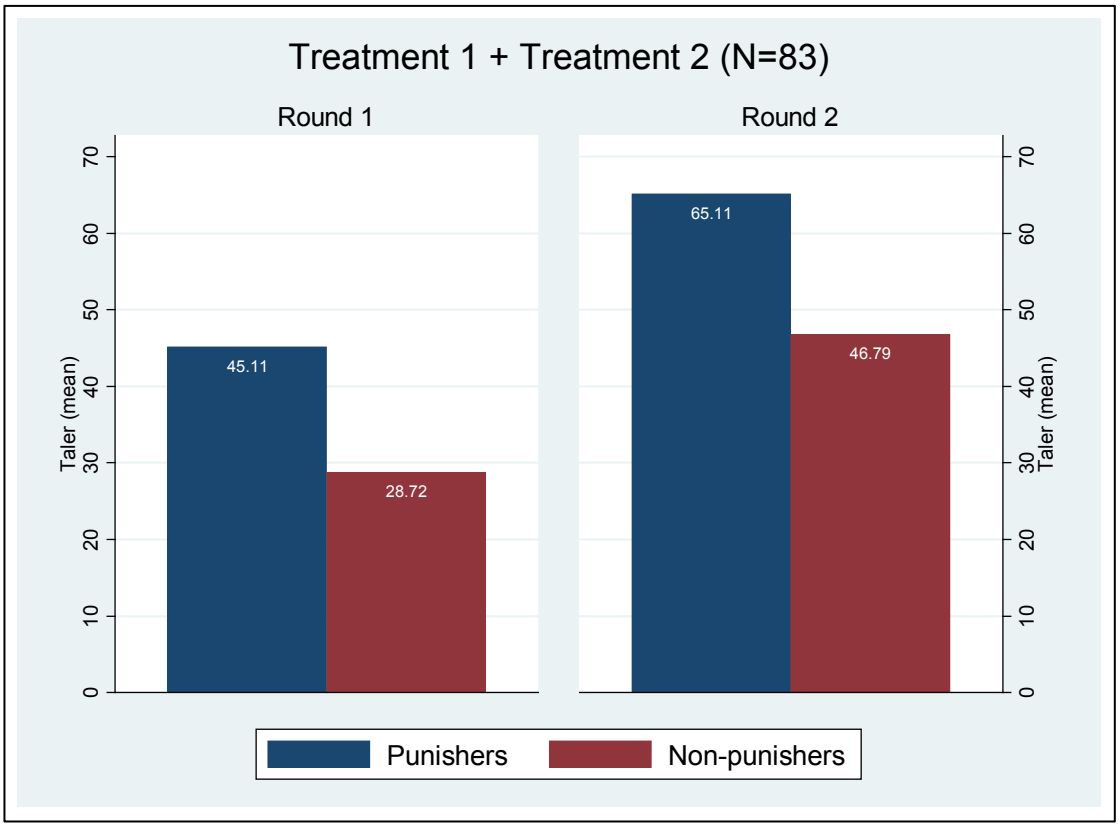


Figure 16: Non-/punishers' donations in Round 1 & 2 (T1 + T2)

3.5.7. Hypothesis 3.4a: Understanding Personality

The inclusion of the HEXACO personality inventory in the questionnaire presented to the subjects after the experiment creates the opportunity to link well-elaborated personality traits with donation behavior. The constructed questionnaire HEXACO-T1+T2[90] used for the experiment is presented in this section; it is composed of the items relevant to the scales Fairness, Greed Avoidance, and Altruism of the HEXACO-200. All items are to be found in Appendix 6.6.1.2. The complete HEXACO-200 questionnaire with all its items was administered to 887 college students. HEXACO-T1+T2 was responded to by 110 participants in Treatment 1 and 56 participants in Treatment 2. For an increase of validity Treatment 1 and Treatment 2 were afresh analyzed jointly in order to come to 166 respondents inclusive of 83 PLAYER Bs. A comparison of the results of HEXACO-T1+T2 with the

[90] HEXACO-T1+T2 uses the HEXACO scales Fairness, Greed Avoidance, and Altruism.

results of HEXACO-200, shown in Table 7, reveals minor differences possibly still explainable by the small size of the group compared to the usually great number of respondents in empirical psychological research.

	HEXACO-200	HEXACO-T1+T2	
Personality scale	**Total (N=887)** M (SD)	**Total (N=166)** M (SD)	**PLAYER Bs (N=83)** M (SD)
HEXACO: Fairness	3.56 (.77)	3.59 (.75)	3.58 (.73)
HEXACO: Greed Avoidance	2.91 (.76)	3.34 (.65)	3.42 (.70)
HEXACO: Altruism	3.97 (.56)	3.74 (.53)	3.71 (.61)

Table 7: Comparison between results of HEXACO-200 and HEXACO-T1+T2

H3.4a was tested by several statistical tests. For an examination of a possible relationship between the donations in Round 1 and the participants' personality scores the Jonckheere Terpstra test and the non-parametric correlation of Spearman and of Kendall were used. As the sample is relatively small, compared to other personality-assessment research, the results should be interpreted carefully, and for further research a greater sample is recommended. Table 8 shows for PLAYER As and PLAYER Bs combined across all statistical methods a significant positive correlation between the personality-assessment scores and the donations in Round 1. The same applies to PLAYER Bs in Round 1 (see left-hand side of Table 9). Higher scores on the scales Fairness, Greed Avoidance, or Altruism correlate significantly with higher donations to 'SOS Kinderdörfer weltweit'. These positive correlations in Round 1 correspond to previous research results (Bolton et al. 1998; Hilbig and Zettler 2009). Consequently, H3.4a is supported for Round 1.

	PLAYER As + PLAYER Bs (N=166)		
Personality scale	**Jonckheere-Terpstra J* (p)**	**Spearman's ρ (p)**	**Kendall's τ-b (p)**
HEXACO: Fairness	3.389 (<0.001)	0.2664 (<0.001)	0.1882 (<0.001)
HEXACO: Greed Avoidance	3.985 (<0.001)	0.3033 (<0.001)	0.2216 (<0.001)
HEXACO: Altruism	4.216 (<0.001)	0.3221 (<0.001)	0.2362 (<0.001)

Table 8: Personality scales and donations in Round 1 (T1 + T2)

	PLAYER Bs (N=83)					
	Round 1			Round 2		
Personality scale	Jonckheere-Terpstra J* (p)	Spearman's ρ (p)	Kendall's τ-b (p)	Jonckheere-Terpstra J* (p)	Spearman's ρ (p)	Kendall's τ-b (p)
HEXACO: Fairness	3.377 (<0.001)	0.3959 (<0.001)	0.2670 (<0.001)	0.612 (0.5403)	0.1764 (0.1106)	0.1153 (0.1406)
HEXACO: Greed Avoidance	2.992 (0.0028)	0.3189 (0.0033)	0.2364 (0.0028)	1.478 (0.1395)	0.0685 (0.5385)	0.0478 (0.5429)
HEXACO: Altruism	3.762 (<0.001)	0.4115 (<0.001)	0.2987 (<0.001)	0.724 (0.4693)	0.0773 (0.4873)	0.0567 (0.4717)

Table 9: Personality scales and donations in Round 1 & 2 (T1 + T2)

In contrast, Table 9 shows no significant results for Round 2, which can be explained by the findings related to H3.2. As Round 1 highly significantly correlates with Round 2, it seems reasonable to perceive Round 1 as the dominating element determining the donations in Round 2 by overruling the personality scales. If Round 1 is added as an independent variable (Table 10), the regression coefficients and p-values for the personality scales change distinctly, even the sign does. The results of the added Round 1 stay significant with a robust coefficient. For Round 2 the personality scales are of little explanatory value and have no measurable significant effects. Consequently, H3.4a has to be rejected for Round 2.

	PLAYER Bs (N=83) Dependent variable: donations in Round 2					
	Individual consideration			Joint consideration		
Independent variable(s):	Coefficient	Robust standard error	p-value	Coefficient	Robust standard error	p-value
HEXACO: Fairness	5.427	5.959	0.365	-4.861	5.844	0.408
and Round 1	-	-	-	0.644	0.093	<0.001
HEXACO: Greed Avoidance	2.725	8.354	0.745	-8.880	8.170	0.280
and Round 1	-	-	-	0.664	0.093	<0.001
HEXACO: Altruism	-0.291	8.482	0.973	-12.820	8.333	0.128
and Round 1	-	-	-	0.672	0.091	<0.001

Table 10: Personality scales and regression based on Round 1 & 2 (T1 + T2)

3.5.8. Hypothesis 3.4b: Understanding Personality

Similarly to the review of H3.4a, Jonckheere Terpstra test and the non-parametric correlations were carried out to review H3.4b. In Table 11, three scales are shown to have a negative coefficient signifying that with increasing values on the personality scales the deviation of Round 2 from Round 1 becomes smaller. The Altruism scale arrives at no significance values. This might be due to the relatively small number of observations. By accepting results for the Fairness and Greed Avoidance scales as a tendency H3.4b can be considered supported.

	PLAYER Bs (N=83)		
Personality scale	**Jonckheere-Terpstra J* (p)**	**Spearman's ρ (p)**	**Kendall's τ-b (p)**
HEXACO: Fairness	-1.793 (0.0729)	-0.1978 (0.0731)	-0.1453 (0.0736)
HEXACO: Greed Avoidance	-1.777 (0.0755)	-0.1868 (0.0909)	-0.1438 (0.0762)
HEXACO: Altruism	-1.236 (0.2165)	-0.1442 (0.1934)	-0.1005 (0.2180)

Note: Deviation = Round 2- Round 1

Table 11: Personality scales and donation deviations of Round 2 from Round 1 (T1 + T2)

3.5.9. Results of the Hypotheses' Review

	Hypotheses	Results
H3.1	Subjects handle other people's Taler endowment in Round 2 differently than they handle their own Taler endowment in Round 1.	not supported
H3.2	When PLAYER B has no knowledge of PLAYER A's donation preferences in Round 2, PLAYER B's donation in Round 2 (out of PLAYER A's funds) is correlated with his own donation in Round 1.	**supported**
H3.3a	Round 3 reveals different personality types of PLAYER Bs: PLAYER B tending to disregard his own preferences in favor of PLAYER A's donation preferences, and PLAYER B punishing low donations by PLAYER A in Round 1 by donating a high amount in Round 3.	**supported**
H3.3b	PLAYER B tending to disregard his own preferences in favor of PLAYER A's donation preferences in Round 3 shows a high correlation between the donations in Round 1 and Round 2.	not supported
H3.3c	PLAYER B tending to punish the paired PLAYER A donates higher amounts in Round 1 and Round 2 compared to the other subjects.	**supported**
H3.4a	The personality factors Fairness, Altruism, and Greed Avoidance are positively correlated with the donations of PLAYER B in Round 1 and Round 2.	**supported** for Round 1
H3.4b	The personality factors Fairness, Altruism, and Greed Avoidance are negatively correlated with the deviation of PLAYER B's donation in Round 1 from his donation in Round 2.	**supported**

Table 12: Results of hypotheses review (H3.1 to H3.4b)

3.5.10. Findings on Further Personality Traits

The questionnaire was designed to cover the hypotheses formulated in Chapters 3 and 4. This purpose apart, it turned out to be a rich source for insights not entirely addressed by the hypotheses. Additional findings from Chapter 3 are presented by Table 13 and Table 14.

	PLAYER As + PLAYER Bs (N=166)		
Personality scale	**Jonckheere-Terpstra J* (p)**	**Spearman's ρ (p)**	**Kendall's τ-b (p)**
HEXACO: Sentimentality	0.752 (0.4518)	0.0587 (0.4522)	0.0419 (0.4527)
SOEP: Agreeableness	1.840 (0.0657)	0.1428 (0.0664)	0.1045 (0.0659)
SOEP: Conscientiousness	1.219 (0.2230)	0.0921 (0.2381)	0.0690 (0.2235)
SOEP: Openness	0.451 (0.6517)	0.0308 (0.6939)	0.0253 (0.6527)
SOEP: Neuroticism	0.921 (0.3570)	0.0692 (0.3757)	0.0517 (0.3577)
SOEP: Extraversion	0.713 (0.4761)	0.0536 (0.4929)	0.0401 (0.4769)
IBES: Trouble Avoidance	0.240 (0.8105)	0.0210 (0.7885)	0.0134 (0.8116)

Table 13: Further personality scales and donations in Round 1 (T1 + T2)

As expected when the hypotheses were formed, Table 13 and the left-hand side of Table 14 (PLAYER B in Round 1) show, across all tests, no personality trait to correlate significantly with all participants' donations in Round 1. The right-hand side of Table 14, presenting correlations of PLAYER B's responses to the questionnaire items and his donation in Round 2, reveals a significant relationship to the Extraversion dimension.

	PLAYER Bs (N=83)					
	Round 1			Round 2		
Personality scale	**Jonckheere-Terpstra J* (p)**	**Spearman's ρ (p)**	**Kendall's τ-b (p)**	**Jonckheere-Terpstra J* (p)**	**Spearman's ρ (p)**	**Kendall's τ-b (p)**
HEXACO: Sentimentality	1.970 (0.0488)	0.2194 (0.0463)	0.1563 (0.0493)	0.514 (0.6072)	0.0561 (0.6141)	0.0403 (0.6100)
SOEP: Agreeableness	0.872 (0.3833)	0.1003 (0.3671)	0.0700 (0.3855)	0.444 (0.6571)	0.0490 (0.6598)	0.0352 (0.6600)
SOEP: Conscientiousness	1.689 (0.0913)	0.1862 (0.0918)	0.1357 (0.0920)	0.825 (0.4095)	0.1043 (0.3479)	0.0655 (0.4117)
SOEP: Openness	0.985 (0.3245)	0.1073 (0.3342)	0.0785 (0.3264)	-0.451 (0.6520)	-0.0414 (0.7102)	-0.0354 (0.6549)
SOEP: Neuroticism	1.851 (0.0641)	0.1926 (0.0810)	0.1471 (0.0647)	0.653 (0.5140)	0.0647 (0.5612)	0.0512 (0.5166)
SOEP: Extraversion	0.286 (0.7747)	0.0309 (0.7817)	0.0229 (0.7777)	-2.241 (0.0251)	-0.2423 (0.0273)	-0.1766 (0.0253)
IBES: Trouble Avoidance	0.370 (0.7117)	0.0323 (0.7716)	0.0294 (0.7147)	-0.491 (0.6237)	-0.0594 (0.5939)	-0.0385 (0.6265)

Table 14: Further personality scales and donations in Round 1 & 2 (T1 + T2)

Individuals with high scores on the Extraversion scale describe themselves egocentric and energetic. Respondents with a low score characterize themselves lacking social dominance or superiority (Costa and McCrae 1992a and 1992b). Consequently, PLAYER Bs scoring high dislike coming off worse and like adhering to their own way of thinking and acting. The coefficients arrived at back up this interpretation by a negative correlation. In Round 2, higher scores on the Extraversion scale lead to lower donations that rather approximate the amounts of Round 1. Regression performed for the review of H3.4a showed the Extraversion scale to be robust enough to withstand the powerful influence of Round 1 (Coef. [Robust Std. Err. / p] donation in Round 1 = 0.601 [0.094 / <0.001]; Extraversion = -9.662 [3.671 / 0.010]; N=83). This distinct effect of Extraversion was somewhat not expected, as all other personality scales do not exert an influence. Overall the interpretation of the additional personality scales support H3.4a.

3.6. CONCLUSION

Studies exclusively investigating, on an individual level, the behavior of people dealing with other people's money are rare. Behavioral aspects are mostly considered as side-issues and the related results are often biased by various factors. But it is indispensable for correctly investigating and understanding people's behavior to eliminate all factors possibly biasing the participants and thereby distorting the results. To close the gap in research, an economic laboratory experiment was designed to exclusively focus on reliably significant variables influencing the handling of other people's money.

Within a variation of the dictator game experiment, a first treatment, in the frame of a neutral environment for decision taking, is intended to grasp the crucial processes of dealing with other people's money in the field of non-strategic CSR (money donations). In a second treatment, the decision-making process is transferred to a simplified real-life setting in an employee-organization environment. An analysis of the results of both treatments reveals if individuals restrain their own (CSR) preferences and adapt their transfers when donating money out of others' or corporate funds, without having to affect their own endowment. In addition, the study pays regard to personality traits influential on individuals' decision taking by making the participants respond to a questionnaire with personality-based items at the end of each experimental session.

The study's results show that Adam Smith's and Milton Friedman's concerns are not entirely spun out of thin air, as, in the aggregate, the donations increase by around 50% when personal preferences can be lived out without any effect on the own endowment (T1 + T2: mean donations in Round 1: 37.41 Taler and in Round 2: 56.51 Taler). But an experimental design enabling an analysis on an individual level allows rejecting Friedman's hypothesis, as 30 out of 83 subjects (almost 40%) donated the same amount in both rounds, regardless of whether they decided on their own or someone else's money; for these participants their former donation served as an anchor for their further decisions. The experiment's outcome disclosed the existence of 'punishers'. In comparison to 'non-punishers', these participants have higher CSR donation preferences and punish others for donating amounts falling short of their expectations. All these findings are enriched by combining them with the HEXACO personality scales Fairness, Altruism, and Greed Avoidance, providing information about an individual's donation preferences and the degree of deviation of handling his own money from handling someone else's money.

The results of the thesis on hand can help to better understand people's dealing with other people's money in a setting with a relationship between the involved parties characterized by a low- and high-responsibility level, which might be of some interest to scientists. Furthermore, they can help to better understand the behavior of managers having to decide on corporate money for CSR activities, which might be of some interest to business owners and top-level managers who want to set up CSR in the realm of their responsibility. One aspect of a CSR framework to decide on can be the question to what extent managers may take and execute decisions on their own responsibility. The thesis on hand demonstrates that, in an absence of clear rules concerning the amount of a CSR investment, a considerable number of managers use the anchor of their own social preferences to determine a corporation's donation. Besides, there are outliers 'wasting' corporate money to live out their own CSR preferences of achieving a 'warm glow of giving'.

The investigation's results imply that, to a certain degree, organizations can trust their employees' decisions on corporate money. There is no urgency to regulate all possibly uncertain conditions relevant to decision making. With an anchor in the form of their own preferences available, many employees will follow their own guidelines preventing them from wasting corporate money. However, the individual's preferences might not match the corporation's, or owner's, or top-level manager's preferences, so corporate owners have to balance an absolute freedom of action against a freedom of action limited by rules to reduce the possibility of uncertainty. This thesis' insights can be helpful for a successful implementation of CSR. Whether CSR rules introduced to diminish uncertainty can be made effective by communicating them to managers will be discussed in the following chapter.

4. PLEASE COMPLY WITH OUR RULES: AN EXPERIMENTAL APPROACH TO THE EFFECTIVNESS OF CODES OF CONDUCT TO GOVERN A PERSON'S PRO-SOCIAL BEHAVIOR

4.1. INTRODUCTION

Business managers often have to act in situations without clear guidance by their organization or its shareholders. Especially in the realm of CSR, managers mostly have no detailed information about their stakeholders' requirements as regards decisions on the scope of investment in CSR-related business practices. On the one hand, as pointed out in Section 2.4.3, it is often difficult for shareholders to phrase their own pro-social preferences and to communicate them to the managers. On the other hand, providing managers with a clear CSR guidance regarding money transfers for social purposes might be of great importance for shareholders, if they want to avoid a waste of their money and a reduction of their monetary and non-monetary profits. A company processing woods, for example, may have shareholders with monetary as well as social preferences. The monetary preferences can be easily met by a high dividend. The social preferences can be manifold, either with a direct link to the business, like e.g. the support of the rainforest protection, or without a direct link to the business, like e.g. the support of the local kindergarten. If shareholders want to make certain of achieving a maximal benefit from their investment, they must ensure a maximization of their 'monetary' and 'non-monetary' profits. The obvious striving for a monetary maximization is somehow traditional, and the striving for a non-monetary maximization is not new either, as the increasing amounts of 'socially responsible investments'[91] demonstrate. In their study, published in 2010, J. P. Morgan Global Research and the Rockefeller Foundation expect socially responsible investments to increase at least tenfold to $400 billion in 2020, yielding a profit of $183 billion or more (J.P. Morgan Global Research and Rockefeller Foundation 2010; Bradley 2011). These figures indicate an obvious demand for such investments relating either to non-specific or specific social purposes. If shareholders want specific pro-social preferences primarily considered (e.g. a specific social purpose), they have to see about properly communicating

[91] Socially responsible investments: Investments that can "proactively create positive social or environmental benefit" (J.P. Morgan Global Research and Rockefeller Foundation 2010: p. 5).

these preferences to the organization's managers and having the managers pay regard to them.

In the previous chapter the MANAGER had to deal with a single pro-social organization with the result of a limited scope for decision making and a reduced chance of misconduct. But if more pro-social commitments are possible, the shareholders have to guide the manager to favor the desired variant. In the context of CSR, such guidance can take the form of a 'code of conduct' (COC). To date, the effectiveness of COCs is still called into question by academics and practitioners. Scholars carried out a number of theoretical as well as empirical studies, but, in the end, they did not arrive at homogeneous results (e.g. Treviño and Victor 1992; Cleek and Leonard 1998; Ethics Research Center 1999; Adams et al. 2001; McKendall et al. 2002). Even though there are studies which suggest a positive effect of corporate codes on the behavior of their addressees (e.g. Hegarty and Sims 1979; Ferrell and Skinner 1988; Treviño and Victor 1992; Adams et al. 2001; Lauer et al. 2008), many researchers link the effectiveness to further supportive measures, such as the successful implementation, communication, and establishment of the codes (e.g. McCabe et al. 1996; Treviño et al. 1998; Stevens 1999; Somers 2001; Stevens 2008). While some scholars found only a limited or no correlation between COCs and employees' behavior (e.g. Laczniak and Inderrieden 1987; Mathews 1987; Cleek and Leonard 1998; Schwartz 2001; McKendall et al. 2002), one study even postulates a negative or harmful effect of codes, as they might provoke unethical behavior (Ethics Research Center 1999). The applied methodologies, COC contents, and results differ; however, there remains evidence that a written corporation statement may at least have the potential to influence people's behavior in a desired way. Nevertheless, none of the available studies used an unbiased laboratory setting and executed an economic experiment with a clear incentive scheme in this surrounding to challenge if a COC with typical CSR-related guidelines can govern the behavior of managers in line with the shareholders' preferences.

A laboratory economic experiment was carried out by Lauer et al. (2008), but it was designed to find out if the probability of cooperative behavior can be increased by a COC. Thus their COC does not focus on CSR or a manager-shareholder relationship. The experiment rather creates a setting of employees who act together, and the COC contains "the explicit expectation to cooperate" (Lauer et al. 2008: p. 187).

Further enlightenment on the effectiveness of a CSR code of conduct in a manager-shareholder relationship is required. Shareholders need to know if a COC is a

reliable and suitable instrument to govern their managers' behavior. Thus, the thesis on hand addresses the following research questions:

> *Is a code of conduct an effective organizational instrument to guide a manager's or employee's behavior in order to prohibit a deviation from the company's desires? Can individuals be induced to comply with a code of conduct and can they, in particular, be induced to act in accordance with communicated shareholders' CSR preferences, even though this will lead them to restrain their personal preferences?*

The thesis on hand is intended to answer these questions by the empirical results of a laboratory experiment. A version of the dictator game[92] with a simplified real-life setting is to cover the substantial roles and institutions of an employee-organization environment. In order to create a design which best reflects the behavioral responses in business reality, the game's setting incorporates a COC typical of a business corporation. The experiment presented in Chapter 3 is extended by two additional treatments: firstly, a baseline treatment to disclose the participants' preferences for a socially responsible organization (Treatment 3), and, secondly, a treatment inclusive of a COC focusing on a specific charity (Treatment 4). The results of these two treatments are meant to reveal if individuals do (or do not) comply with the code and act in accordance with the shareholders' preferences, even if they have to disregard their own preferences. Moreover, the study focuses on individual determinants encouraging a manager's compliance with, or violation of, a COC; hence the participants are requested to respond to a personality-based questionnaire at the end of each experimental session.

For a basic understanding of a COC the following Section 4.2 will give a brief introduction to codes of conduct, inclusive of the historical development. Section 4.3 concentrates on available literature dealing with COCs' effectiveness as a means of preventing undesired behavior and on research's recommendations for designing COCs. In Section 4.4 theory will be put into practice by presenting the treatments' experimental design, the experimental procedure, and the structure of the questionnaire. In Section 4.5 the hypotheses are derived from theory-based suppositions about the subjects' behavior. In Section 4.6 the results of the data analysis are presented and the hypotheses are reviewed. Finally, Section 4.7 contains a discussion of the major findings and some practice-oriented suggestions.

[92] See Appendix 6.5.

4.2. CODE OF CONDUCT

Although CSR is an important and omnipresent topic in today's business organizations, CSR implementation often turns out to be a challenge, as managers have own individual preferences possibly contrary to those of their organization's shareholders. Putting CSR measures into execution is simple when organizational decisions makers' preferences match their shareholders' or company owners' preferences. Difficulties can arise when these preferences differ and managers are expected to disregard their own preferences for the sake of the organization's conceptions.

To guide a manager and prevent him from making detrimental decisions or decisions counteracting an organization's CSR efforts, companies can introduce a COC as an integral part of their CSR framework. These written formal "statements of how employees are required to behave by the company/senior management" (Fisher and Lovell 2006: p. 389) comprise:

> *"Principles, values, standards, or rules of behavior that guide the decisions, procedures and systems of an organization in a way that (a) contributes to the welfare of its key stakeholders, and (b) respect the rights of all constituents affected by its operations" (International Federation of Accountants 2007: p. 6).*

Though the contents of a COC are not legally binding, they undoubtedly show characteristics of an indirect obligation. COCs are especially suited for those CSR elements that are beyond the standard economic and legal obligations, e.g. ethical and philanthropic dimensions, as introduced by Carroll (1979) (for further explanations see Section 2.1.2).

Nowadays, COCs are ubiquitous: 86% of the 200 biggest global public companies have already introduced corporate codes with a strong focus on ethical behavior (KPMG and RSM Erasmus University 2008). In 82% of all US companies and even 96% of the Fortune-500 companies written standards for ethical conduct obtain (Ethics Research Center 2012). Moreover, 63% of the 100 highest-selling German companies deploy a COC (KPMG 2011). After all, COCs are not a novelty. The oldest code dates to the 19th century, when founders of small and rural companies also began to see the potential of a COC. Ever since the growth of their firms and the relocation to urban areas rendered internal communication more difficult, COCs have been considered an instrument for disseminating a company's values (Knouse et al.

2007). Due to public revelations of companies' unethical practices, COCs encountered a wave of popularity in the 1970s and 1990s (Farrell et al. 2002). The term 'codes of conduct', applied to a corporate environment, should not be conceived as totally differing from terms like codes of ethics, business codes, business principles, corporate credos, corporate philosophies, corporate ethic statements, codes of practice, or mission statements (Byrne 1988; McCabe et al. 1996; Adams et al. 2001; Schwartz 2001; Kaptein and Schwartz 2008). A COC, as the thesis on hand understands it, does not only incorporate general virtues, usually found in ethical codes, like honesty or loyalty, but, moreover, is characterized by specific prescriptive or prohibitive instructions how to decide and act as an employee in concrete business situations. This definition of a COC will be used as one parameter in a design of a laboratory experiment investigating the efficacy of a COC that is intended to ensure managers' behavioral compliance with revealed shareholders' preferences.

4.3. Related Literature

4.3.1. The Effectiveness of Codes of Conduct

The initiation of a COC as an external influence can possibly guide employees and managers in uncertain situations to restrain their personal preferences for the sake of the company's preferences. However, the mere existence and internal notification of a COC cannot guarantee that the employees will follow the given guidelines. That even Enron, the paramount example of corporate scandals[93], had a COC admits of doubts about its effectiveness. Consequently, the study on hand aims to answer the question if such written, not legally binding rules are at all suitable to govern the managers' and employees' conduct.

A plethora of investigations examined the effect of COCs on the behavior of employees in an organization without coming to explicit conclusions. The spectrum covers studies identifying a positive correlation between corporate codes and the desired behavior of their addressees (e.g. Hegarty and Sims 1979; Ferrell and Skinner 1988; Treviño and Victor 1992; Adams et al. 2001; Lauer et al. 2008), studies with a limited or no correlation (e.g. Laczniak and Inderrieden 1987; Mathews 1987; Cleek and Leonard 1998; Schwartz 2001; McKendall et al. 2002), and one study that even identified a negative effect (Ethics Research Center 1999). A more detailed overview is given by Kaptein and Schwartz (2008). The authors reviewed 78 empirical studies of the impact of business codes, 35% of which showing a positive effect, 16% a weak relation, 33% no relation, and one proving a negative effect. The differing results might be traced back to different research methods, different research foci, and bias effects. Besides results supporting a positive, neutral, or negative effect of COCs, many researchers identified that the efficacy of a COC is strongly influenced by supporting factors like the successful implementation, communication, and embedment in the 'core of the organization' (e.g. McCabe et al. 1996; Treviño et al. 1998; Stevens 1999; Somers 2001; Stevens 2008). Laboratory experiments solely focusing on the code's effectiveness and trying to design an unbiased environment are rare. This applies especially to incentive-controlled economic experiments.

An early laboratory experiment setting of Hegarty and Sims (1979) evidenced the positive effect of a special company letter. The participants took the role of a sales

[93] "At the heart of the Enron mess is market manipulation, governmental influence peddling, and suspect performance by auditors and analysts" (Sterling 2002: p. vii).

manager and had to decide whether they wanted to pay a kickback bribe to a fictive purchasing agent. In this context, ethical behavior is tied to not paying any kickback, whereas making all kickback payments signifies undesired behavior. A non-payment of the kickback led to a randomly determined reduction of the revenue and to a loss of profit for the sales manager. The participants' loss of profit was only fictive as they did not receive any incentive or payment, neither for their participation nor based on their decision making. All subjects received a letter from the corporate president, but only some of these letters tried to make the manager act in accordance with the corporation's desires. The experimental results show that a code associated with ethical issues can induce the participants to adjust their behavior to the corporate letter's content by making less kickback payments.

Ferrell and Skinner (1988) investigated by means of questionnaires whether the internal bureaucratic structure of a company influences company-internal behavior. The authors related bureaucracy directly to codes that centered on ethical standards. By evaluating self-administered questionnaires, responded to by marketing researchers, they found out that undesired behavior can be prevented by laying down policies like a COC in the respective corporations.

Treviño and Victor (1992) used an experimental classroom scenario to examine a COC which represented role responsibilities by mandating whistleblowing. Their results suggest that COCs are indeed a suitable means to foster a desired conduct, in this case peer reporting on undesired behavior.

The positive effect of a COC was also corroborated by an experiment of Lauer et al. (2008). Exceptionally, the authors conducted an economic laboratory experiment and examined the effectiveness of normative COCs in a business-team context. The subjects, in the role of employees, had to work together as a team made up of four members. Within this public-goods-game setup, each team member received an endowment of 20 tokens that could be invested in the team project to achieve a higher team outcome (1 token lead to 1.6 tokens for the team members jointly) or could be kept for one's own benefit (1 token as benefit). The amount of tokens contributed to the team project are a measure of the team efficiency. At the end of the experiment, each participant's tokens were exchanged for Euro. After the authors had carried out a baseline treatment, they presented a normative COC to the participants: "*Our employees are our most important resource. The cooperation and the commitment of our employees are of vital importance in maintaining our leading market position. Only fair and committed teamwork will secure our operating efficiency in the long run*" (Lauer et al. 2008: p. 189).

The presentation of the COC increased the mean contribution to the team project (and thereby the team efficiency) significantly. The authors found evidence that the introduction of the COC reduced unbridled behavior and added to behavior in line with the corporate preferences. The experimental design of Lauer et al. is the exception rather than the rule by using an economic laboratory setting with a clear incentive scheme.

Studies doubting the suitability of COCs, and thus attributing only a limited or no impact on employees' behavior, mostly use non-laboratory or non-incentive-controlled methodologies. Laczniak and Interrieden (1987) carried out an in-basket experiment. The subjects took the role of a corporate executive and were faced with nine scenarios to react to. The authors cannot confirm a strong effect of a COC on behavior unless it is coupled with sanctions. In a field study, Mathews (1987) investigated the influence of COCs on corporate criminality in major US companies over an 8-year period. He cannot evidence any link between corporate legal behavior and the existence of codes.

Schwartz (2001), who conducted in-person interviews in companies, found that employees' behavior is only seldomly affected by codes, as they are often considered common sense and therefore regarded as an integral part of one's own behavior. In case of being faced with an ethical dilemma, the respondents would rather act in accordance with their own convictions, even if they were contrary to a code.

Cleek and Leonard (1998) had business students respond to a questionnaire, with the result that codes are not a variable significantly determining behavior. This outcome coincides with the evaluation of a questionnaire which another group of researchers (McKendall et al. 2002) sent to employees of 315 large US-based companies. The authors can neither support nor reject the assumption that a COC is an effective preventive measure against activities detrimental to the working-environment, so they suggest that such compliance programs are rather part of a window-dressing strategy.

All of the above-mentioned studies use different research methods, which also applies to the one yielding an alerting result. According to the National Business Ethics Survey (4,544 responses) of the Ethics Research Center (1999), the mere existence of a COC has a harmful impact if supplementary explanations are lacking. The reason is that the COC acquaints employees with possible misbehavior, but does not simultaneously give helpful information about efficient measures to cope with this predicament.

4.3.2. Main Influencing Factors of a Code's Effectiveness

By investigation of codes' usefulness, authors identified factors influential on the suitability of COCs to govern employees' or managers' behavior. Overall, literature (e.g. Ladd 1985; Stevens 1999; Bazerman and Tenbrunsel 2011) suggests three main influential factors: internalization, rewards and punishment, and informal systems.

Firstly, as for the degree of 'internalization': if the written behavioral guidelines correspond exactly, or at least closely, to a person's own perceptions, values, and preferences, then a code is redundant, as the person will act as desired just by acting intuitively (Stevens 1999). On the contrary, persons whose own values do not correspond to the code's content are less likely to act in accordance with a COC, because they will usually be unwilling to deviate from what they believe to be right (Ladd 1985; Schwartz 2001). In reality, corporate values will not always match individual or societal preferences.

Secondly, 'rewards and punishment' are suggested having an important influence on a code's efficacy. In contrast to Laczniak and Interrieden (1987), who found out that sanctions promoted behavior in line with the content of an endorsement letter presented by the CEO, other researchers argue that such organizational attempts may actually provoke a reaction contrary to their intended effects (Fisher and Lovell 2006; Bazerman and Tenbrunsel 2011). Offering rewards for reaching certain aims does not properly consider individual reactions to goal setting. Individuals exclusively striving to achieve an externally set objective are likely to ignore everything else and, in order to reach this goal, will even resort to risk taking and non-compliance (Bazerman and Tenbrunsel 2011). The National Business Ethics Survey revealed that almost one third of the interviewees felt being pressured into misconduct to reach a business goal (Ethics Research Center 1999). Moreover, employees often are exposed to a multitude of goals. As a consequence, they tend to overemphasize those promising the highest rewards (Bazerman and Tenbrunsel 2011). Likewise, the imposition of sanctions or punishments can lead to undesired reactions. If employees were uncertain about a decision to be made in their private life, they would try to find a basis for decision making by putting their personal moral values and beliefs into a balanced state. In a business environment under threat of sanctions by their employer, however, this weighing approach may be replaced by psychological reactance. Employees who feel being restricted may try to regain their freedom of choice and thus may be attracted to forbidden fruit, that is to say non-compliance.

The personal 'COC decision' turns into a normal 'business decision', based on the probability of getting caught and punished (Bazerman and Tenbrunsel 2011).
Thirdly, 'informal systems' in an organization seem to "teach employees what behavior is *really* expected of them" (Bazerman and Tenbrunsel 2011: p. 103). This informal company culture is communicated by well-established signals in the form of the actual conduct of organizational members such as peers or leading managers. Since the company's true attitude towards ethics underlies these signals, formalities, like theoretical codes, rather appear to be a whitewash on the assumption that the actual behavior of the corporate agents is not in line with the code's content. Enron can serve as a textbook example in a negative sense. The company insisted on the distribution of a written code of ethics, but as its content was obviously not compatible with the informal ethical culture, it did not save the company from the misconduct of its employees (Bazerman and Tenbrunsel 2011).

4.3.3. Overview of Publications and Derivation of Research Suggestions

The presented literature apparently shows contradictory results, indicating the complexity bound up with investigations of a code's effectiveness and the involved individual decision-making processes. There is more than one answer to the question why the findings vary widely. On the one hand, there is the non-uniformity of the samples; on the other hand, the topic COC is dealt with in different situations and environments. Some researchers evaluated questionnaires administered to students, others evaluated face-to-face interviews with employees. Some studies base on information given by real employees, others base on information given by students in an artificial employment situation to test if a COC can influence whistleblowing, team efficiency, corporate executives' decision making, or sales managers' decisions on kickbacks.
The available analyses provide but first indications of the factors influential on a COC's efficacy. Further research, which is obviously necessary, should build on these analyses, it should integrate current findings as well as the findings concerning the psychological processes affected by internalization, rewards and punishment, and informal systems. The thesis on hand argues that important insights are revealed by the available literature without being combined and taken into account in one study; consequently, it recommends to incorporate four essentials in a research of a COC's effectiveness:

- Use a setting that allows control over the mainly influencing parameters and elimination of parameters distracting from the research goal.
- Ensure that the decision to comply or not to comply with the COC has no fictive, but real effects on a study's participants, preventing them from giving social / COC desirable responses without having to face own consequences.
- Address nothing but the question whether an explicit, though non-compulsory COC can govern employees' behavior.
- Design a COC which considers the main influencing factors formerly identified by different authors.

Again, a laboratory experiment is the most promising way to meet these demands and to identify the influence of a COC. The experimental design should, on the one hand, correspond to a real-life situation, but should, on the other hand, reduce real-life complexity by focusing on variables relevant to the efficacy of written guidelines on the actual addressees' behavior. Thus the experiment becomes an effective means of ensuring reliability and the right balance between internal and external validity, as described in Section 3.3. The experiment for the study on hand is designed to test a COC's 'governing'-capability by taking the main influencing factors into account and introducing them into the design of the COC. It has to be assumed that the presented influencing factors, correctly considered, influence the behavior of people in general and the behavior of participants in a developed laboratory experiment in particular. The next section comprehensively presents the laboratory experiment as a conceptual approach to investigate the effectiveness of a COC.

4.4. LABORATORY EXPERIMENT

The experimental design is derived from the design introduced in Chapter 3, which included two treatments (T1, T2) and applied a modified version of the 'dictator game' to find out how people deal with other people's money. The dictator game (see Appendix 6.5) research started with Kahneman et al. (1986) and aims at identifying individual preferences. In the particular context of the present chapter, the design of the game is modified in such a way that it focuses on the question whether a COC is a suitable means of influencing individual preferences.

The modified version uses a real-life setting that covers the substantial roles and institutions of a manager-owner-organization environment. The manager of a company is required to decide on company money for a social purpose. As the company belongs to a single owner, the manager indirectly decides on the owner's money.

As the investigation concentrates on the efficacy of a COC, the 'business scenario' treatment of Chapter 3 (T2) needs some specific adjustments. A baseline treatment (Treatment 3 / T3) is to disclose preferences with respect to a socially responsible organization, and a treatment incorporating a COC (Treatment 4 / T4) is to reveal whether individuals respond to a code by withholding their personal preferences for the sake of the corporation's CSR efforts, or whether they deviate from the employer's guideline. An additional focus is on the intraindividual determinants influencing a manager's compliance with, or refusal of, a COC. Therefore, a personality-based questionnaire is conducted at the end of each experimental session.

4.4.1. Adjustment of the Experimental Design of Chapter 3

To increase the external validity of this study, the experimental design provides realistic conditions by adapting the plot of Treatment 2 to two new independent treatments: T3, the 'charity-preference treatment', and T4, the 'COC treatment'. Treatment 4 differs from Treatment 3 in just one aspect, the existence of a COC, otherwise the structures are identical. Treatment 3 is designed to serve as a reference point indicating how individuals act in the absence of a COC. With all other variables remaining constant, the introduction of the COC in Treatment 4 will allow to infer the code's effectiveness, because behavioral differences between both

treatments reveal whether the subjects comply with the code or whether they stick to their own divergent preferences.

The insights of the experiment designed in Chapter 3 are transferred to a setting beneficial to the objective of the present chapter, and though the differences between the handling of one's own (private) money and the handling of other people's (corporate) money are no longer the center of interest, the setting of Chapter 3 is kept for two reasons. Firstly, the setting is a proven instrument, that can also be used to investigate a COC's efficacy, and, secondly, the additional observations can back up the previous findings.

In order to detect possible differences between (a) individuals' decisions and (b) their decision-making process in organizations with a COC in contrast to organizations with no COC, each treatment is made up of two rounds. In Round 1 the subjects have to make a decision on their own behalf, while in Round 2 they have to make the same decision on behalf of another person. The design of Round 3 in Chapter 3 is of no importance for the present chapter, so only the insights of Round 1 and Round 2 will be transferred.

Appendix 6.3.1 provides the original German instructions for Treatment 3 and Treatment 4. T4 differs from T3 in only those two paragraphs that introduce the COC. Section 4.4.2 and Section 4.4.3 recapitulate essential aspects of the experiment in Chapter 3 with the focus on the necessary modifications.

4.4.2. Treatment 3: Charity Preferences

The baseline treatment (Treatment 3) provides the foundation for the experiment and is designed to reveal explicitly each participant's preferences, whereas the COC-scenario treatment, which will be explained later, introduces a code of conduct to test its effectiveness as a guideline. The baseline treatment functions as a preparation and takes the findings of previous studies into consideration. As explained in Section 4.3.2, it is crucial for the usability of a COC to integrate elements which are opposed to a participant's personal values ('negative internalization'), therefore the baseline treatment already includes a contrary element.

In the first round, each subject takes the role of the 'OWNER' of the brick-manufacturing company 'Ziegel-STEIN'. This medium-sized company, which gives work to 80 employees, constructs new buildings and engages in the restoration of monuments. The experimental instructions make it plain that the single OWNER still

works in his company and that the company makes a profit of 155 Taler[94], which is transferred to the OWNER's private account; consequently each subject receives an endowment of 155 Taler. The OWNER gets two letters, sent to his home address, with different calls for a donation: one from 'SOS Kinderdörfer weltweit' (SOS), the other from 'Deutsche Stiftung Denkmalschutz' (DSD)[95].

SOS is mainly active in developing countries. The experimental instructions illustratively inform the subjects about SOS's engagement in Somalia, where a SOS Children's Village Medical Clinic was established in the Badbado Refugee Camp. The organization concentrates on helping children who generally are undernourished and need medical attention. The private foundation DSD sees to the rescue and maintenance of village churches, town walls, castles, and other monuments in Germany which are critically threatened with decay. For instance, DSD currently engages in the renovation of the Glienicke Bridge's colonnades.

Stimulated by Bachke et al. (2013) and the German 'Bilanz des Helfens' (Deutscher Spendenrat e.V. 2012) study, DSD is introduced as the charity organization that represents different social preferences than SOS and is generally far from being that highly esteemed by most of the participants. This is confirmed by the results of the regularly conducted study 'Bilanz des Helfens', which shows that Germans are generally more willing to donate for humanitarian aid (74.2%) than for cultural-heritage conservation (7.5%). That people are less willing to donate money for the preservation of cultural heritages can be traced to the attitude that, since they pay taxes, the government should look after this affair. On account of these findings it can clearly be anticipated that the participants in the present study will show the same preferences and donate more money to SOS than to DSD. Furthermore, the subjects, being students, are younger than the average donor, and it can be assumed that younger people do not care as much about the renovations of memorials as older people do.

In Round 1, the OWNER has to make two sequential decisions. He has to decide if he wants to donate a certain amount of his 'private' money to the charities and, if this is the case, on the apportionment of this amount between the two charities (SOS and DSD). First the subjects can determine a donation amount within the range from 0 Taler (no donation) to 155 Taler (complete donation) in steps of 5 Taler. The experimental instructions emphasize that the donation is non-fictive and has a real

[94] The exchange rate of the fictitious currency 'Taler' is 13.50 EUR for 155 Taler.
[95] Unofficial translation: German Foundation for Monument Protection

effect on the subject's endowment as well as on the charity organization.[96] Subsequently, the subjects have to apportion the chosen amount between SOS and DSD. Six options are available: 100% as opposed to 0%, 80% as opposed to 20%, 60% as opposed to 40%, and vice versa. A 50%-50% split is not possible, since the participants are intended to reveal their personal preferences by determining their preferred charity organization.
Subjects apportioning 100%, 80%, or 60% of their previously determined donation amount to SOS and the remainder to DSD are supposed to attach greater importance to humanitarian issues. Participants who choose the option to donate not more than 40%, 20%, or 0% to SOS obviously sympathize more with the aims of DSD. The design permits these intermediate stages, since an extreme 'all or nothing'-option could make the decision takers feel ill at ease. Even subjects with a clear preference might like to transfer a 'consolation' Taler to the other organization. The intermediate stages take such a way of thinking and acting into consideration.

Round 2 differs from Round 1 in some important aspects. The role of the 'OWNER' is supplemented with the role of the 'MANAGER'. The subject group is halved, one half is randomly and anonymously assigned the role of the OWNER, the other half the role of the MANAGER of another brick-manufacturing company called 'Ziegel-BAU'. Each OWNER is randomly paired with a MANAGER, together they form one group. The instructions specify that the OWNER of 'Ziegel-BAU' no longer works in his company and has delegated all decision rights concerning all company affairs to a MANAGER. The OWNER plays a passive role, he will only be asked to make guesses at his paired MANAGER's action. In Round 2, the MANAGER receives fund-raising letters of SOS and DSD, identical to those in Round 1, and has to decide how much money he is willing to donate as the representative of the company OWNER. The MANAGER's own salary, fixed at 155 Taler (i.e. the endowment of the assigned participant), is unaffected by his decision, but the company's profit of originally 155 Taler, which is due to the OWNER, is reduced by the donation amount determined by the MANAGER. In consequence, the MANAGER's decision has an actual effect on the disbursement to the OWNER and the charity.
Analogous to Chapter 3, but with two charities in existence, a comparison of the donation amounts and the apportionment decisions in Round 1 and Round 2 can clarify whether the MANAGER handles the OWNER's money differently than his own.

[96] Therefore, the participants received a separate handout with relevant information on the organizations. At the end of the experiment, the subjects also had to sign a donation confirmation sheet (see Appendix 6.3.1.3).

With regard to the research question, this treatment constitutes a baseline for the MANAGER's preferences and way of acting in the absence of a COC.

4.4.3. Treatment 4: Code of Conduct

Round 1 of Treatment 4 is identical to Round 1 of Treatment 3. It is again evident to the subjects that SOS and DSD are devoted to entirely different causes; presented fund-raising letters give specific insights into the organizations and their field of social activities by describing current aid projects. Round 1 again aims at revealing each participant's social preferences, which can serve as a basis for the determination of this individual's possible later change in behavior. As an alteration of Round 1, a COC in the form of a circular letter, presented by the company in the name of its OWNER, is introduced in order to find out if it can effectively direct the MANAGER to a behavior in favor of the OWNER's preferences. Round 2 of Treatment 3 and Round 2 of Treatment 4 are identical except for the initiation of the COC in Treatment 4. Therefore, a difference between the results of both treatments can obviously be traced back to the influence of the COC.

Prior to his decision on a donation, the MANAGER receives a COC. The COC as a systematic set of principles and regulations is meant to communicate the OWNER's CSR preferences and to govern the MANAGER's behavior in this direction. Specifically, it sets precise rules how to handle donations on behalf of the company, and it incorporates the findings of Section 4.3.2. However, the COC presented to the MANAGER fixes neither a specific nor a minimum or maximum donation amount. This applies to the donation to SOS as well as to the donation to DSD. The design of the COC refrains from prescribing certain amounts for two reasons. Firstly, the MANAGERs are likely to follow such instructions, as their own fixed salary is not affected by their decisions. Secondly, the COC is intended to contrast with the participants' social preferences; a specific donation amount that meets this requirement is impossible to find. The subjects would not make an economic decision anymore and, in consequence, an important target of the experiment would be missed. Therefore, the COC aims at a donation allocation to a specific charity instead. To ensure an investigation into its real efficacy, the COC needs to contradict the MANAGER's, in this case the subject's, preferences. A code corresponding with the MANAGER's values is unsuitable to reveal whether the MANAGER's behavior is due to the influence of the code or whether it is due to his own convictions. Thus, the baseline treatment and Round 1 of Treatment 4 are designed to prove the

participants' preference for SOS, and the COC is designed to contrast this preference by urging them to prefer DSD. Another recommendation of Section 4.3.2 is an experimental design exclusive of rewards and punishments in order to reduce the risk of biased results regarding the COC's effectiveness; therefore the content of the experiment's code lacks any positive or negative effect on the MANAGER resulting from his decision making. Finally, any form of a corporate culture is excluded from the experimental design. The focus is purely on the efficacy of a sole written statement, thus the study's validity increases and, in consequence, its results show the code's real effectiveness.

The COC was presented to the MANAGERs in the form of a circular letter, distributed by the OWNER and directly addressing the MANAGERs in its salutation. To prevent participants from feeling influenced by the experimenter, the instructions reveal that the OWNERs were involved in the letter's formulation. More precisely, subjects in the role of the OWNER were offered different components of sentences they had to join together. However, they could not alter the major content of the COC: the preference for DSD. To prevent the OWNERs and MANAGERs from calling the content into question, the instructions describe the company as a German brick manufacturer, constructing and restoring buildings. Particularly, the letter states:

> *'As a responsible member of our societal environment we are aware of our social responsibility and feel obliged to support the preservation of momentous historical architecture through donations in kind and in cash to the cultural heritage preservation. On these grounds donations are supposed to be allocated solely to sponsorships for monuments in need.'*[97]

For a company restoring buildings, a donation to DSD is likely to have positive consequences, such as new orders. In Round 2, both players were reminded that an OWNER usually has the company's interests in mind. After having read the COC, presented on screen for three minutes, the MANAGERs had to attest that they had taken notice of the circular letter. The OWNERs had to attest that the letter was distributed on their behalf. This is a realistic approach, since employees in organizations usually commit themselves to certain behavioral instructions when signing employment contracts[98]. Subsequently, the MANAGERs had to make the

[97] The original German wording can be found in Appendix 6.3.1.4.

[98] In some companies, COCs are explicitly trained. An experimental training, however, may provoke experimental demand effects, leading the subjects to concentrate too much on the significance of the COC.

same decision on a donation amount and the apportionment[99] of this amount as in Round 1. The subjects' decisions in Round 2 are highly informative on the code's effectiveness. If subjects in the role of the MANAGER do not comply with the COC, i.e. the OWNER's social preferences, they will consistently stick to their own preferences, revealed in Round 1; otherwise, if the MANAGERs alter their apportionment decision from Round 1 in favor of the OWNER's preferences, the COC has proved itself an effective means to direct the MANAGERs to a behavior in accordance with the OWNER's desires.

4.4.4. Subject Pool

The sample totals 168 students of the University of Paderborn. 84 students (female: 54 / male: 30) participated in Treatment 3, and 84 students (female: 46 / male: 38) participated in Treatment 4. The average age of the subjects was 23. Out of a pool of students having shown interest in attending an economic experiment, 1,697 persons[100], randomly chosen by the software 'ORSEE' (Greiner 2004), were invited by e-mail. Based on a first-come-first-served principle, the participants were selected and assigned to the different experimental sessions. Students who had taken part in topic-related experiments before were not admitted. Table 15 gives an overview of the subjects' field of study.

	Field of study	# Students	Percentage
Treatment 3	Business science[101]	39	46%
	Educational science	30	36%
	Others	15	18%
	Total	**84**	**100%**
Treatment 4	Business science[101]	39	46%
	Educational science	35	42%
	Others	10	12%
	Total	**84**	**100%**

Table 15: Fields of study (T3, T4)

[99] To prevent participants from detecting the investigation target, the code was not displayed immediately before the apportionment decision, but prior to the decision on the donation amount.

[100] Inclusive of the invitations to the investigation presented in Chapter 3.

[101] Comprising business science, international business studies, industrial engineering with business studies, business informatics, economic pedagogy.

4.4.5. Experimental Procedure

The experiment took place in the laboratory environment of the Business and Economic Research Laboratory (BaER Lab) at the University of Paderborn. The participants were randomly assigned to a session.[102] Prior to the experiment, the participants were informed of the BaER-Lab rules and consented to them. The subjects were aware that they were paid an attendance compensation of 2.50 EUR and had the opportunity of receiving additional money depending on their decision making in the experiment.

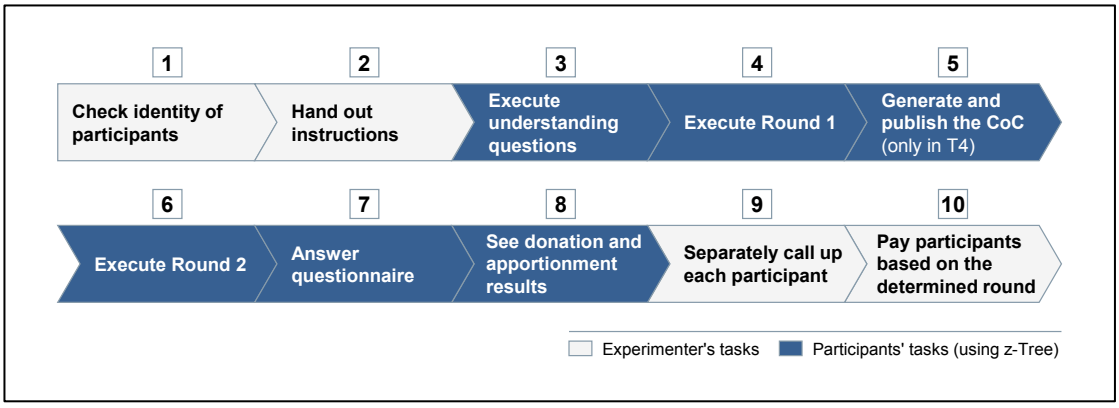


Figure 17: Experimental procedure's process steps (T3, T4)

Figure 17 illustrates that the whole experiment is made up of 9 (Treatment 3) or 10 (Treatment 4) process steps respectively. The fifth step is only executed in Treatment 4. On their arrival, the participants proved their identity and were asked to draw their seat numbers (Figure 17: step 1). Each subject sat in front of a computer with the experimental software z-Tree (Fischbacher 2007) installed. Computerization[103] does not only simplify the execution and evaluation of an experiment, e.g. by automatic data gathering, it also ensures a better control and reduces the number of mistakes.

The procedure of the COC experiment resembles the procedure described in Section 3.3.4 (Figure 17: steps 2 & 3), but incorporates a few, though important, modifications. As the experiment was conducted in a real-life setting, 'PLAYER A' turns into 'OWNER' (OW) and correspondingly 'PLAYER B' into 'MANAGER' (MA) (compare Treatment 2). The participants first entered the donation amount they had decided on and a confirmation of their decision into z-Tree, after which they were asked by a

[102] T3: two sessions June 27, 2012; one session July 4, 2012; T4: one session June 28, 2012: one session June 29, 2012; one session July 4, 2012 - starting at around 9 a.m., 11.30 a.m., or 4.30 p.m.

[103] See Appendix 6.3.1.5 for the screenshots of T3 and T4. The sole difference between T3 and T4 are the screens concerning the introduction of the COC which are highlighted.

new display to decide on their apportionment by selecting one of the six options (Figure 17: step 4 / Figure 18). After this decision the respective round was complete.

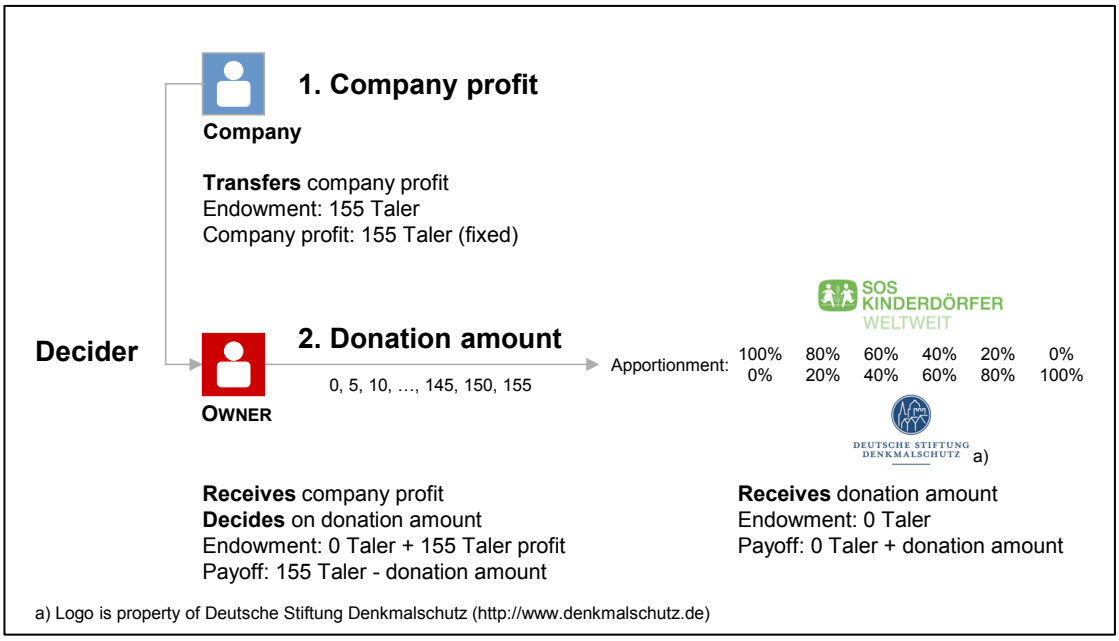


Figure 18: Description of Round 1 (T3, T4)

Following Round 1, the participants were assigned their roles and, only in Treatment 4, the COC was introduced (Figure 17: step 5). The MANAGERs were informed on a waiting-screen that their assigned OWNER was creating a specific COC, based on text blocks, while on the screens of the OWNERs text blocks were shown from which the participants selected those they liked best. After the text blocks were joined together, the originated COC was transmitted to the MANAGER, and both the OWNER and the MANAGER had to confirm the transmission. Then the MANAGERs decided on the donation amount and the apportionment between the charities. The OWNER-MANAGER relationship, after the incorporation of the COC, is presented in Figure 19. In Treatment 3, the interaction is identical except that no COC is presented beforehand. In contrast to the experimental procedure presented in Chapter 3, there is no third round in either of the two treatments.

Following, a personality questionnaire (see Section 4.4.6) was administered to the participants (Figure 17: step 7). The subsequent payment process is identical to that in Chapter 3 except that the subjects had to sign their apportionment between SOS and DSD (Figure 17: steps 9 &10).

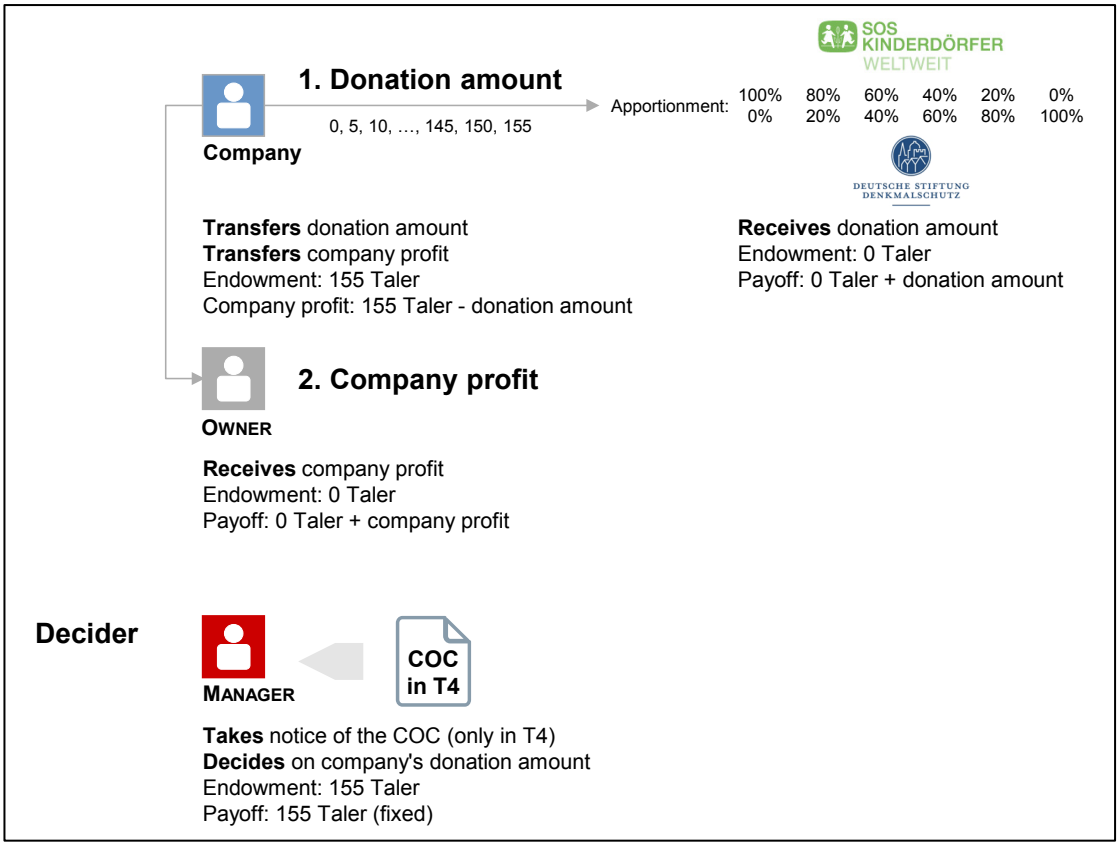


Figure 19: Description of Round 2 (T3, T4)

4.4.6. Personality Questionnaire

After the experiment the students were asked to respond to a questionnaire, the content of which was almost completely identical to that of the questionnaire presented in Section 3.3.5. The first part aims at assessing personality traits determining the participants' disposition to restrain their own preferences in favor of a compliance with the COC. Most of the items are the same as in the experiment in Chapter 3, as the personality inventory proved to be a device for determining selected correlations. Furthermore, using the same questionnaire items promises the opportunity to analyze an even larger pool of consistent data. Following this first part, the participants are questioned about their willingness to donate and their reasons for choosing a specific donation amount and a specific apportionment between the charities. The questionnaire is concluded by requesting general statistical information, e.g. gender and age.

4.5. HYPOTHESES

This section focuses on the experimental hypotheses relative to the behavior of subjects in the role of the MANAGER when a COC is presented which contradicts their own preferences. Section 4.6 presents the related results and reveals whether the hypotheses were supported or had to be rejected.

In Round 1 of the experiment, each participant is fully informed about the decision to make and the effects of this decision. The experimental setting allows 'rational' MANAGERs, who always make decisions to their individual advantage, to act completely in accordance with their own social preferences, especially in Treatment 1 with no COC in existence. Corresponding with the donation preferences identified by Bachke et al. (2013) and the German study 'Bilanz des Helfens' (Deutscher Spendenrat e.V. 2012), it is anticipated that SOS will be the choice recipient of the majority of the participating German students. The developed experiment is expected to show an outcome similar to the 'Bilanz des Helfens' report (humanitarian aid: 74.2%), which leads to the first hypothesis:

> *H4.1: In the first round of both treatments (T3, T4), the participants preponderantly allocate their donation to SOS as the organization representative of humanitarian aid, thereby revealing their personal preference of SOS to DSD.*

In Round 2 of both treatments, the role of the MANAGER is added, whereby the experiment incorporates the standard principal-agent theory, since an agent (the MANAGER) is hired to act on behalf of the principal (the company OWNER). This theory, mainly originated by Jensen and Meckling (1976), is grounded on the premise that a contract between both parties is often incomplete due to an asymmetry of the agent's and the principal's information level. While the agent typically has knowledge of his own behavior, the principal does not have infinite means of ascertaining and controlling the agent's preferences and conduct. A conflict of interests might arise from the agent's realization of own preferences to the principal's cost. The present study's experimental design makes the OWNER reveal his preferences to the MANAGER by a COC, but he cannot control the degree of the MANAGER's compliance and has no opportunity to punish non-compliance. Hence, standard economic theory assumes that the rational MANAGER will not withhold his personal preferences and will decide to ignore the COC.

Behavioral economics researchers support the view that social or moral preferences are material to an individual's decision-making process, which often deviates from the purely rational model (Fehr and Fischbacher 2002). Fairness (Fehr and Schmidt 1999), inequity aversion (Fehr and Schmidt 1999; Bolton and Ockenfels 2000), trust (Berg et al. 1995), altruism (Andreoni 1989; Levine 1998), or reciprocity (Falk and Fischbacher 2006) are typical preferences of this kind, identified by means of experimental settings; thus, as regards the present study, the MANAGERs' personal social preferences can be expected to be not the sole factor influencing decision making. The study's experimental design enables the MANAGER to weigh his own social preferences against the compliance with the OWNER's COC. In view of the results of previous investigations into COCs' effectiveness and the conceptions of behavioral economists, it can be expected that the MANAGERs' social preferences will not dominate their decision making in Round 2 of Treatment 4 and that the MANAGERs will follow the introduced COC. Likewise, the OWNERs can be expected to anticipate this compliant behavior, which leads to the following hypotheses:

H4.2a: In Round 2 of Treatment 4, the MANAGER disregards his own preferences, revealed in Round 1, in favor of the OWNER's preferences for DSD, as communicated by the COC.

H4.2b: In Round 2 of Treatment 4, the OWNER will correctly anticipate the MANAGER's compliance with the COC.

It is true that in each round of this experiment a participant's endowment is reduced by a donation decision, but the subsequent apportionment of the donation has no additional effect on his payoff. Thus, the apportionment decision can considerably be traced to the participant's personality. For a substantiation of the results which are material to H4.1, it is useful to understand which personality traits are responsible for the preference of SOS to DSD. The HEXACO personality inventory (Lee and Ashton 2004 and 2006), introduced in Section 4.4.6 (compare Section 3.3.5), includes personality scales which are suitable in this regard. A closer view at the scales' descriptions shows especially the 'Sentimentality' scale to promise a correlation with behavior. It "assesses a tendency to feel strong emotional bounds with others" (Lee and Ashton 2004: p. 334). People scoring low "feel little emotion when saying good-bye or in reaction to the concern of others, whereas high scorers feel strong emotional attachments and an empathic sensitivity to the feelings of others" (Lee and Ashton 2004: p. 334). Thus, the following hypothesis can be derived:

H4.3: The personality scale Sentimentality is positively correlated with an allocation decision in favor of SOS instead of DSD in Round 1.

According to the general Big-Five approach, further personality traits can, by means of the SOEP, illuminate – in Round 2 of Treatment 4 – individuals' compliance with a COC which contradicts their personal preferences. The descriptions of the traits make use of adjectives, provided by McCrae and John (1992) and Gerlitz and Schupp (2005), which indicate that subjects in the role of the MANAGER with high scores on the scales 'Agreeableness' and 'Conscientiousness' are more likely to restrain their own preferences and to comply with the COC. The Big-Five personality trait Agreeableness is characterized by facets like trust, straightforwardness, altruism, compliance, modesty, and tender-mindedness. Individuals scoring high on the Agreeableness scale are sensitive, sympathetic, and try to avoid trouble, whereas individuals scoring low tend to be demanding, like e.g. show-offs (Costa and McCrae 1992a and 1992b). Consequently, it can be expected that MANAGERs scoring high are more trusting and show a higher level of compliance, whereas low scoring MANAGERs are more stubborn and stick to their own preferences.

H4.4a: The personality scale Agreeableness is positively correlated with an allocation shift from SOS to DSD by the MANAGER in Round 2 of Treatment 4, compared to Round 1 of Treatment 4.

The Conscientiousness dimension comprises, at the high end of the scale, the facets competence, order, dutifulness, achievement-striving, self-discipline, and deliberation. Diametrically opposed to these facets, i.e. at the low end of the scale, is the lack of direction. High scoring individuals are attentive, efficient, organized, and accomplish entrusted tasks in a diligent and reliable manner (Costa and McCrae 1992a and 1992b). MANAGERs with high scores tend to be more thorough and can be rather expected to comply with a COC, whereas those with low scores may be more careless and can rather be expected to stick to their own preferences.

H4.4b: The personality scale Conscientiousness is positively correlated with an allocation shift from SOS to DSD by the MANAGER in Round 2 of Treatment 4, compared to Round 1 of Treatment 4.

The dimension lastly expected to correlate with an allocation shift is 'Openness'. This dimension comprises facets like fantasy, aesthetic, feelings, actions, ideas, and values. Individuals scoring high on this scale are curious, well-read, and broadly interested, whereas those with low scores are less venturesome, less fanciful, and more conventional (Costa and McCrae 1992a and 1992b). In contrast to other dimensions, these characteristics are not obviously linked to an individual's compliance behavior, but facets like feelings and fantasy might interfere with the willingness to comply with a COC. MANAGERs with a high score on the Openness scale will probably rather cling to their personal preferences and will not comply with the code.

H4.4c: The personality scale Openness is negatively correlated with an allocation shift from SOS to DSD by the MANAGER in Round 2 of Treatment 4, compared to Round 1 of Treatment 4.

No hypothesis is framed for the dimension 'Neuroticism', as no specific correlation is expected. Neuroticism comprises facets like anxiety, angry hostility, depression, self-consciousness, impulsiveness, and vulnerability. It runs from emotional instability at the high end to emotional stability at the low end of the scale. Individuals with low scores are more secure, content, and self-confident, whereas individuals with high scores suffer from self-doubt and might fear possible negative consequences of a non-compliance (Costa and McCrae 1992a and 1992b). But as the COC does not incorporate any sanctions, a violation of the rules gives the MANAGERs no reason for fear or insecurity. Consequently, no significant correlation of the decision making with the Neuroticism scale is expected.

But even if the subjects do not have to be afraid of consequences, they might experience an inner conflict which they would like to avoid. Therefore, the integrity test IBES is introduced in order to gain a comprehensive insight into the subjects' motivation. The personality-based subscale 'Trouble Avoidance' was integrated into the questionnaire the participants responded to at the end of each experimental session. Individuals scoring high on this scale shy away from conflicts and aspire to harmonious solutions (Marcus 2006). It is expected that, other than Neuroticism, these characteristics prevent subjects from non-compliance.

H4.4d: The personality scale Trouble Avoidance is negatively correlated with an allocation shift from SOS to DSD by the MANAGER in Round 2 of Treatment 4, compared to Round 1 of Treatment 4.

The remaining Big-Five dimension 'Extraversion' comprises the facets warmth, gregariousness, assertiveness, activity, excitement seeking, and positive emotions. Individuals with high scores describe themselves as enthusiastic and energetic, especially as regards social interactions, whereas individuals with low scores characterize themselves lacking social dominance or superiority (Costa and McCrae 1992a and 1992b). Similar to the Neuroticism trait, the Extraversion facets do not promise to be significantly correlated with the subjects' decision making. Therefore, no specific hypothesis is formulated.

The next section presents general basic findings, a review of all hypotheses, and all major results regarding donations, apportionments, and personality traits.

4.6. RESULTS

4.6.1. Basic Findings

The results of Treatment 3 and Treatment 4 are based on 84 subjects respectively. The gathered z-Tree raw data were mainly analyzed and displayed graphically by the statistical software Stata (StataCorp. 2007).

The experiment was designed to identify MANAGERs' behavioral changes due to restraint of their own preferences after the introduction of a COC. Therefore, z-Tree divided the participants into OWNERs and MANAGERs and paired them randomly and anonymously already in Round 1. Thus, each single MANAGER's decision on the donation amount and its apportionment in Round 1 and Round 2 can be compared on an individual level. The subjects were informed about their assigned role at the beginning of Round 2. As the data analyses exclusively focus on individual decisions, the participants will from now on be continually referred to as MANAGERs, even if they acted as OWNERs in Round 1. This denomination is useful when it comes to comparing the decisions of one and the same subject in different rounds.

The following part presents the general results of the donation decisions in Treatment 3 and Treatment 4, elucidating the participants' donation behavior, which is basic for the later review of the hypotheses. Additionally, the results of Treatment 3 and Treatment 4 have the potentiality to underpin the findings of Treatment 1 and Treatment 2 (see Chapter 3), as the basic experimental designs are comparable.

4.6.1.1. MANAGERs' Donations in Round 1

In both treatments of Round 1, all 168 subjects acted as OWNERs of the company Ziegel-STEIN. They were given identical instructions and had to make decisions within an identical framework. In accordance with typical dictator game results contradicting purely selfish decision making and with the findings presented in Chapter 3, the participants in fact donated a specific amount in Round 1. The mean donation on their own behalf by all participants (OWNERs plus MANAGERs) in T3 and T4 of Round 1 was 29.82 Taler (19.24% of their total endowment of 155 Taler) with a standard deviation of 29.62 Taler. The mean donations of T3 and T4 do not differ significantly (Mann-Whitney test: $z=0.582$ / $p=0.5603$), which points to the unequivocalness of the instructions and the methodical implementation in the laboratory environment.

Table 16 breaks down the mean donations and additionally differentiates between OWNERs and MANAGERs. As the participants were not informed of their assigned roles prior to Round 2, a significant difference of the mean donation by OWNERs and MANAGERs cannot well be expected in Round 1, and is, indeed, not found (Wilcoxon signed-rank test: z=0.639 / p=0.5230), which provides support for the validity of the experimental design. Figure 20, illustrating the donation distribution in Round 1, shows that 34 (20.24%) of 168 subjects kept their whole endowment of 155 Taler, that is to say donated nothing. Only two participants (1.19%) donated their whole endowment.

Treatment (N)	OWNERS + MANAGERS (mean)	OWNERS (mean)	MANAGERS (mean)	Wilcoxon signed-rank test between OWNERS & MANAGERS
Treatment 3 (84)	31.43 Taler	32.38 Taler	30.48 Taler	z=0.370 / p=0.7116
Treatment 4 (84)	28.21 Taler	30.00 Taler	26.43 Taler	z=0.494 / p=0.6210
Treatment 3 + 4 (168)	29.82 Taler	31.19 Taler	28.45 Taler	z=0.639 / p=0.5230
Mann-Whitney test between T3 & T4	z=0.582 / p=0.5603	z=0.409 / p=0.6822	z=0.423 / p=0.6721	-

Table 16: OWNERs' and MANAGERs' donations in Round 1 (T3, T4)

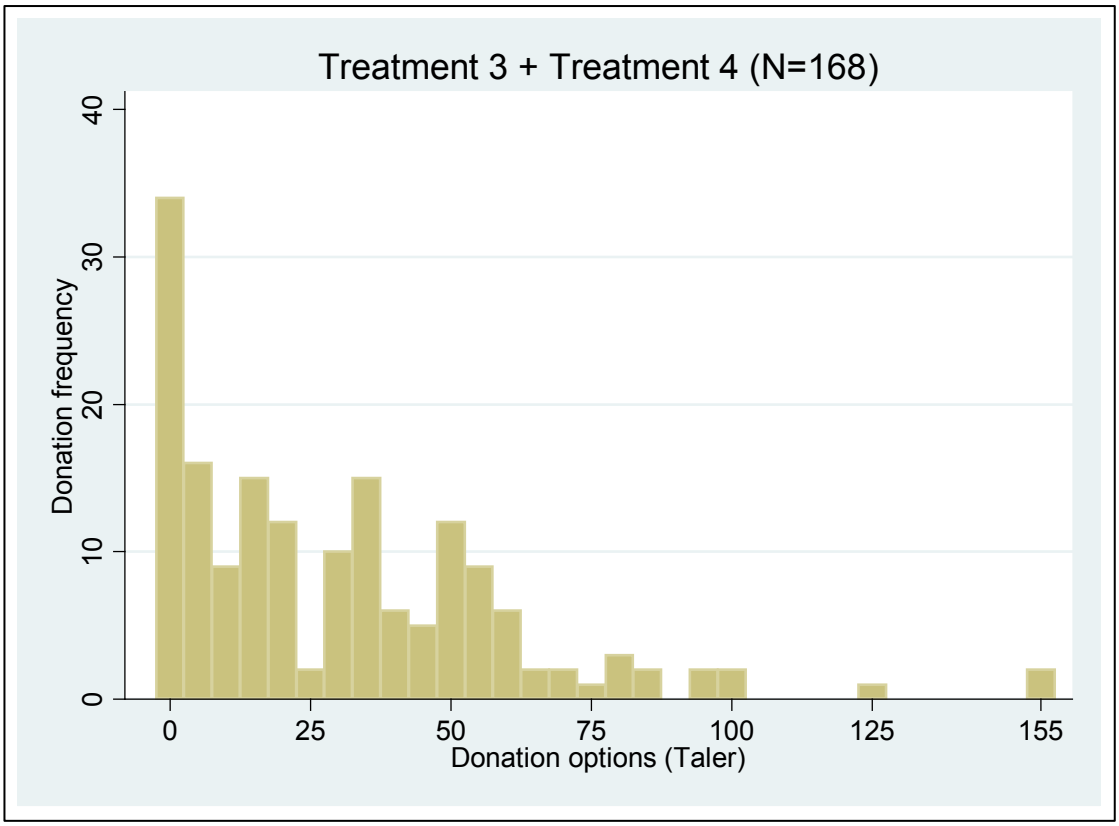


Figure 20: OWNERs' plus MANAGERs' donation distributions in Round 1 (T3 + T4)

4.6.1.2. MANAGERS' Donations in Round 2

In Round 2, half of the participants became MANAGERs and had to decide on behalf of the other half, the OWNERs. Table 17 shows a mean donation by the MANAGER on behalf of the OWNER - in both treatments of Round 2 jointly - of 49.70 Taler (32.06% of the OWNER's total endowment of 155 Taler) with a standard deviation of 38.44 Taler. The mean donation in T4 (54.17 Taler) is slightly higher than in T3 (45.24 Taler), possibly due to the introduction of the COC in T4. Even though the code does not specify a donation amount, the responses to the questionnaire show that it motivated a few subjects acting as MANAGERs in T4 to donate more money. In spite of this, the MANAGERs' donations in Treatment 3 do not differ significantly from those in Treatment 4 (Mann-Whitney test: z=-0.627 / p=0.5304), the same applies to Round 1. As the COC did not include a monetary guideline which the subjects could follow, the donation amounts of both treatments in Round 2 can be evaluated jointly.

Treatment (N)	**Round 1** (mean)	**Round 2** (mean)	**Absolute deviation of Round 2 from Round 1** (mean)	**Wilcoxon signed-rank test between Round 1 & 2**
Treatment 3 (42)	30.48 Taler	45.24 Taler	18.57 Taler	z=-3.776 / p<0.001
Treatment 4 (42)	26.43 Taler	54.17 Taler	30.60 Taler	z=-4.399 / p<0.001
Treatment 3 + 4 (84)	28.45 Taler	49.70 Taler	24.58 Taler	z=-5.765 / p<0.001
Mann-Whitney test between T3 & T4	z=0.423 / p=0.6721	z=-0.627 / p=0.5304	z=-1.843 / p=0.0654	-

Note: Deviation of Round 2 from Round 1 is calculated per subject by Stata

Table 17: MANAGERS' donations in Round 1 & 2 (T3, T4)

Table 17 shows that the MANAGERs (T3 + T4) donated 28.45 Taler in Round 1 and 49.70 Taler in Round 2 on average; the difference is highly significant (Wilcoxon signed-rank test: z=-5.765 / p<0.001). The tendency to higher donations applies to both treatments. Eight of 84 MANAGERs (9.52%) donated nothing of the OWNER's money, whereas three MANAGERs (3.57%) donated the total endowment of 155 Taler. More information about the MANAGERs' donation decisions can be drawn from Figure 21. In Round 1, in which the subjects decided on their own money, donations of 60 Taler or less are preponderant (with a conspicuous quantity of 0-Taler donations), whereas in Round 2, in which the subjects decided on someone else's money, the donations tend to be more evenly distributed across all options.

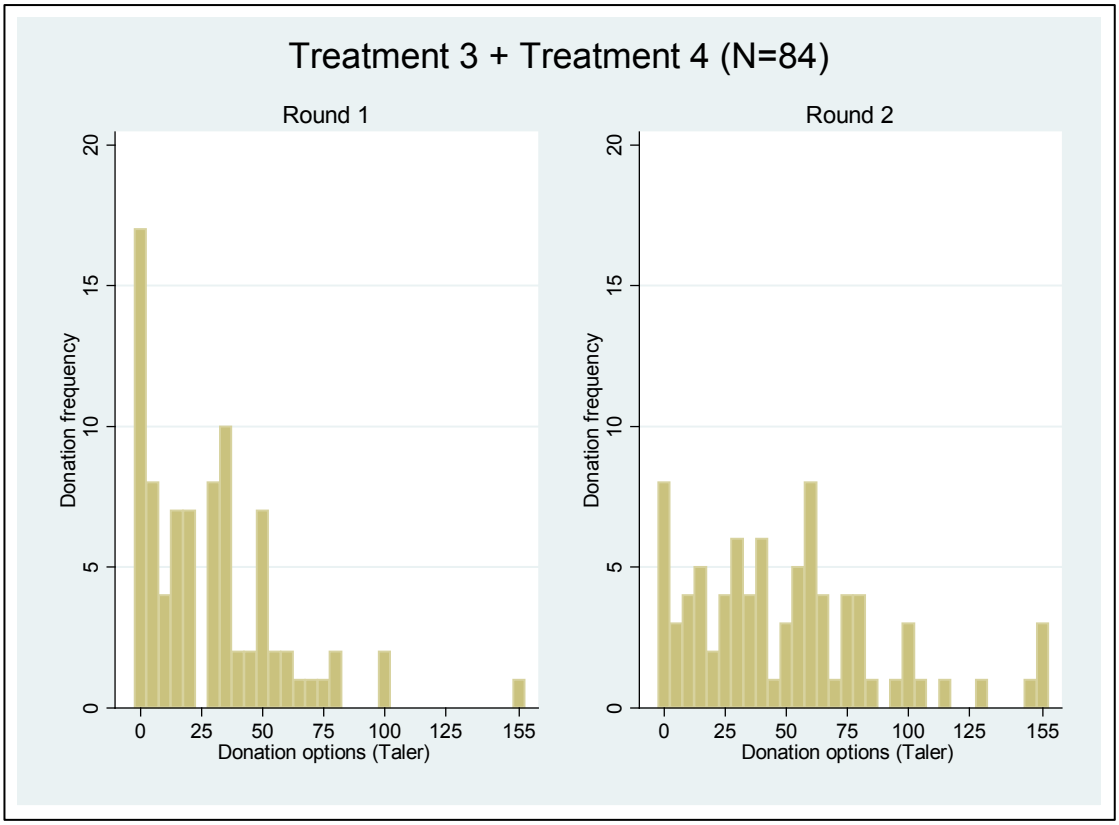


Figure 21: MANAGERS' donation distributions in Round 1 & 2 (T3 + T4)

The donations' mean absolute deviation of Round 2 from Round 1 is 24.58 Taler (standard deviation: 34.21 Taler). Table 17 shows the treatments to differ widely in their deviations (T3: 18.57 / T4: 30.60; Mann-Whitney test: z=-1.843 / p=0.0654). This difference is due to MANAGERs extremely increasing their donation amount in Round 2, that is to say they donated a very small amount or even nothing in Round 1, but a very high amount or even all of the endowment in Round 2, which leads to differences of 100 to 155 Taler between the rounds. A speculation on the cause of this rise could be that subjects donating a certain amount to SOS in Treatment 3 wanted to comply with the code in Treatment 4 by allocating the major part of their donation to DSD, but as they simultaneously did not want their donation to SOS to be short of that in Treatment 3, they kept to the previously chosen amount and thus increased the total donation. But the responses to the questionnaire show that these subjects donated more because they were not personally affected by the donation.

The higher mean donation amount in Round 2 as well as the mean absolute deviation of Round 2 from Round 1 clearly point out the inclination for higher donations if the MANAGER does not have to bear the consequences of his decision. Anyhow, 30 subjects (35.71%) did not at all change their donation decision of

Round 1 in Round 2. And 52.38% in total of 84 MANAGERs chose a donation amount in Round 2 that did not deviate by more than 10 Taler from their donation in Round 1 (see Figure 22). These results further support the rejection of H3.1.

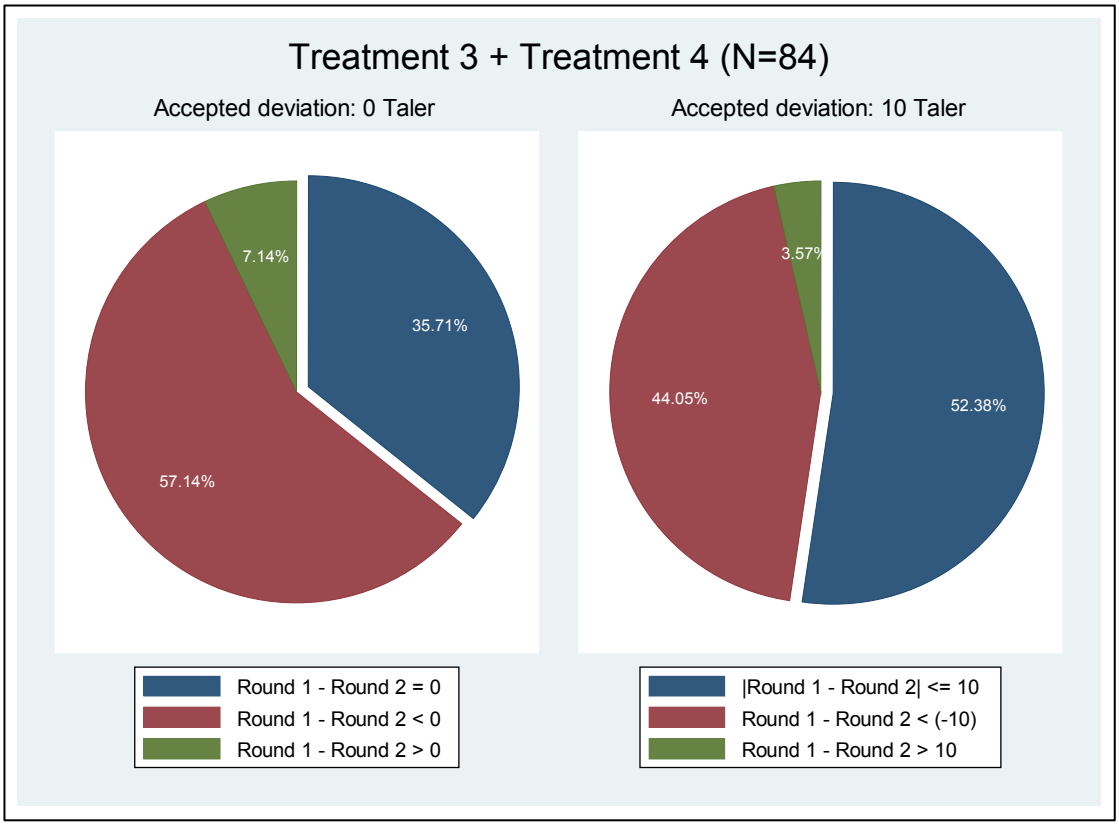


Figure 22: MANAGERS' donation deviations in Round 2 from Round 1 (T3 + T4)

4.6.1.3. OWNERS' Estimations in Round 2

In Round 2, the 84 OWNERS (T3 + T4) were requested to estimate their paired MANAGER's donation. The mean estimation amounted to 52.92 Taler in Treatment 4. Six of the OWNERS (7.14%) expected the MANAGER to donate nothing at all and seven OWNERS (8.33%) expected him to donate the whole endowment. Their mean estimation already shows the OWNERS to give a nearly exact appraisal of the MANAGER's behavior, and the actual donations by the MANAGER do not differ significantly from the OWNER's expectations (Wilcoxon signed-rank test: z=0.540 / p=0.5892). Figure 23 demonstrates the closeness of the estimations to the donations. The graph on the right-hand side shows nearly coinciding curves of the real donations and the expected donations; the estimates are only slightly above the cumulative donations.

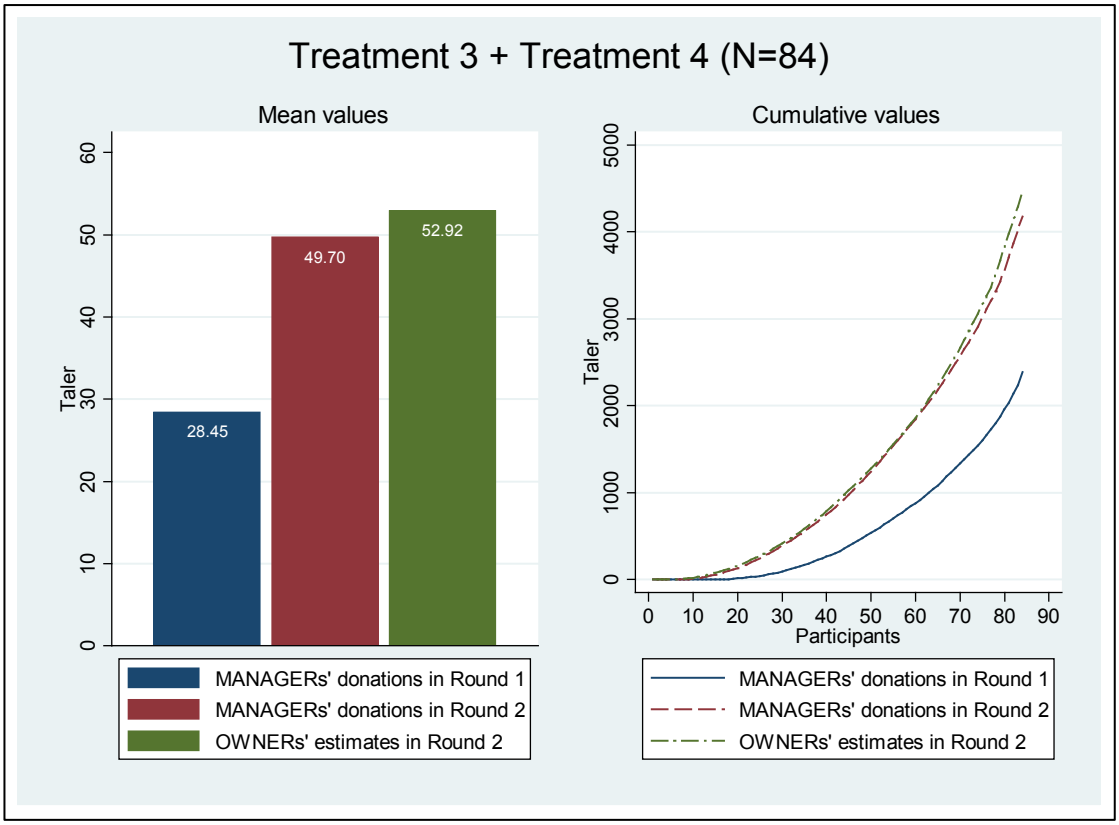


Figure 23: MANAGERS' donations / OWNERS' estimates in Round 1 & 2 (T3 + T4)

This result is all the more remarkable as the OWNER's assessment of the MANAGER's donation in Round 2 differs highly significantly from his own donation in Round 1 (Wilcoxon signed-rank test: z=-4.980 / p<0.001).

4.6.2. Hypothesis 4.1: Revealing Charity Preferences

The subjects' responses to the questionnaire show a marked preference for a particular donation recipient: 93% (T3: 79 out of 84 / T4: 77 out of 84) prefer donations to help children, only 3% (T3: 3 out of 84 / T4: 2 out of 84) prefer donations for monument preservation. Furthermore, a clear geographical preference is visible: 65% (T3: 58 out of 84 / T4: 52 out of 84) would support campaigns in Africa as against 17% (T3: 15 out of 84 / T4: 13 out of 84) who would rather donate for purposes in Germany.

For a review of H4.1, however, it is necessary to scrutinize if these obvious preferences match up with the actual apportionments between SOS and DSD. Figure 24, showing the participants' mean percentage apportionments of each treatment in Round 1, makes it clear that the subjects undoubtedly favored SOS over DSD. The pie diagram demonstrates that more than 70% of the mean donation amount was

transferred to SOS, and the bar charts show the majority of the participants to have allocated 80% or 100% of their donation to SOS.

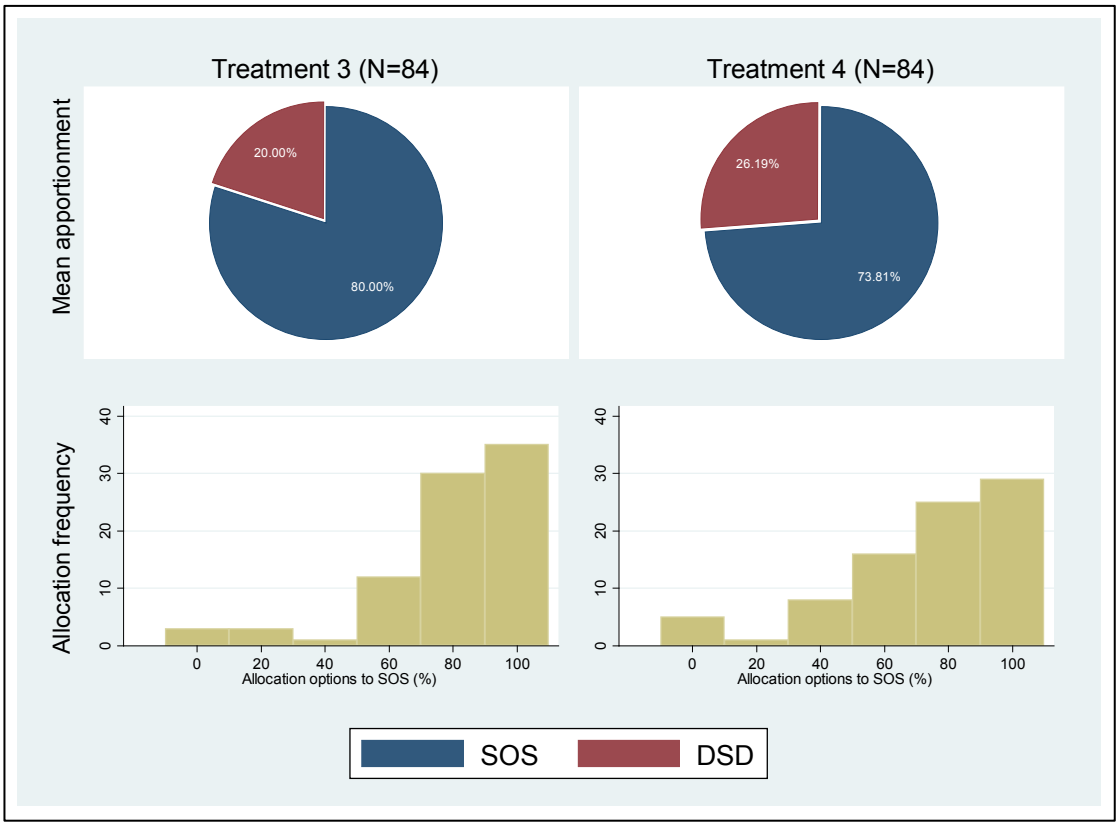


Figure 24: OWNERS' plus MANAGERS' allocations to SOS in Round 1 (T3, T4)

Table 18 presents the results of binomial tests which evaluate the numbers of participants preferring SOS or DSD respectively and, accordingly, the donation amounts allocated to the respective charity in Treatment 3 and Treatment 4. Across both treatments, 147 participants (87.5% of the sample) chose an allocation of 60%, 80%, or 100% to SOS, while 21 participants (12.5% of the sample) allocated 60%, 80%, or 100% of their donation to DSD.

		OWNERS + MANAGERS (N)		
		Treatment 3 + 4 (168)	Treatment 3 (84)	Treatment 4 (84)
Participants allocating ≥ 60% to **SOS**		147	77	70
Participants allocating ≥ 60% to **DSD**		21	7	14
Two-sided binomial test (assumed split)	**50%-50%**	p<0.001	p<0.001	p<0.001
	70%-30%	p<0.001	p<0.001	p=0.0061

Table 18: OWNERS' plus MANAGERS' allocations in Round 1 (T3, T4)

The statistical results reveal a clear preference of the participants for SOS. The binomial test comparing the observed distribution (SOS: 87.5%, DSD: 12.5%) in the sample to an assumed distribution (SOS: 70%, DSD: 30%)[104] in the total population reveals that a number of participants preferring SOS is significantly higher in the sample than in the assumed population. It is evident that the donation amounts allocated to SOS by these participants are significantly higher as well. These results, which are in line with the responses to the questionnaire and the findings of Bachke et al. (2013), demonstrate an overwhelming preference of SOS to DSD. As this is a crucial prerequisite to the systematic execution of the experiment, the proper selection of both charities is corroborated. Hypothesis 4.1 is supported.

4.6.3. Hypothesis 4.2a: Testing COC Compliance

The COC, introduced in Round 2 of Treatment 4, includes the message[105] that donations on behalf of the company meet with the OWNER's approval, but should only be allocated to DSD. The code's impact on the MANAGER can be found out on an individual level by comparing his apportionment between SOS and DSD in Round 1 of Treatment 4 (exclusive of a COC) with that in Round 2 of Treatment 4 (inclusive of a COC); additionally, a comparison of Round 2 of Treatment 3 (exclusive of a COC) with Round 2 of Treatment 4 (inclusive of a COC) can be expected to shed light on the COC's impact. Figure 25 depicts the MANAGERs' allocation decisions of each treatment and round. The bar charts, showing the frequencies of the different allocation decisions in favor of SOS, as well as the pie charts, showing the mean percentage allocations to SOS and DSD, demonstrate that in the baseline treatment (Treatment 3) there are only minimal changes in the MANAGER's behavior in Round 2 (75.24% to SOS) compared to Round 1 (77.14% to SOS). The lack of a significant difference is corroborated by the Wilcoxon signed-rank test (z=1.171 / p=0.2415; see Table 19). Accordingly, the MANAGERs were not led by the idea that the donator, e.g. their employing company, might profit from a donation out of company money to an organization like DSD. The MANAGERs rather clung to their own preferences and let SOS have the far greater portion of their donation.

[104] The choice of a 70%-30% split is based on the 'Bilanz des Helfens' report (Deutscher Spendenrat e.V. 2012): 74.2% of the donations in favor of humanitarian aid.
[105] The complete COC message is presented within Appendix 6.3.1.4.

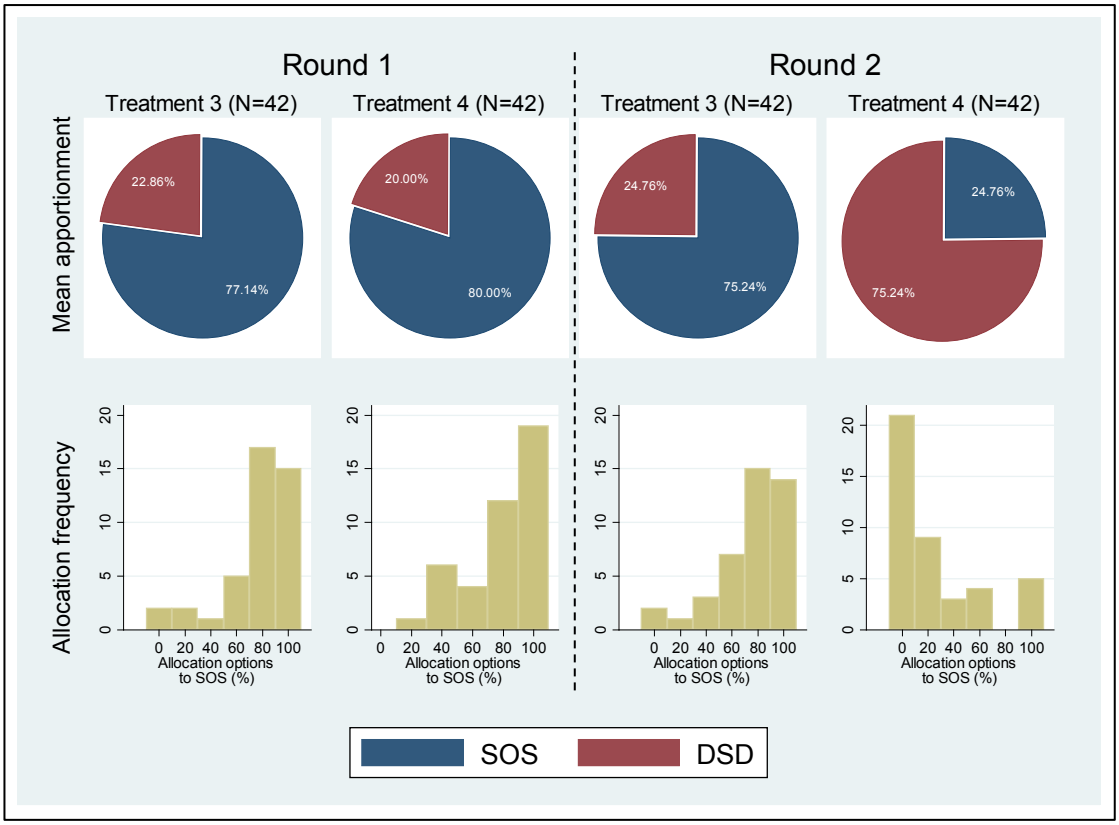


Figure 25: MANAGERS' mean and allocation distributions in Round 1 & 2 (T3, T4)

	Round 1		Round 2			
Treatment (N)	**SOS** (mean)	**DSD** (mean)	**SOS** (mean)	**DSD** (mean)	**Absolute deviation of Round 2 from Round 1** (mean)	**Wilcoxon signed-rank test between Round 1 & 2**
Treatment 3 (42)	77.14%	22.86%	75.24%	24.76%	3.81pp	z=1.171 / p=0.2415
Treatment 4 (42)	80.00%	20.00%	24.76%	75.24%	55.24pp	z=5.539 / p<0.001
Mann-Whitney test between T3 & T4	z=-0.526 / p=0.5988		z=5.594 / p<0.001		-	-

Note: Deviation of Round 2 from Round 1 is calculated per subject by Stata; Wilcoxon signed-rank test and Mann-Whitney test applied to the allocation to SOS; pp = percentage point

Table 19: MANAGERS' apportionments in Round 1 & 2 (T3, T4)

In Treatment 4, the participants behave completely differently in the single rounds. A comparison of the allocations to SOS in Round 1 of Treatment 3 and Treatment 4 shows them to be nearly identical (77.14% and 80.00% respectively; Mann-Whitney test: z=-0.526 / p=0.5988). A comparison of Round 1 with Round 2 in Treatment 4 reveals a reversal of the apportionment among the charities: in Round 1, 80% of the donation amount was allocated to SOS (DSD: 20%), whereas in the second round 75.24% of the donation amount was allocated to DSD (SOS: 24.75%). Round 2 is almost a mirror image of Round 1 (compare pie charts in Figure 25). In Round 1, 19 of 42 subjects donated 0 Taler to DSD, whereas in the second round 21 MANAGERS allocated their whole donation to DSD. Only five participants transferred 100% of

their donation to SOS, i.e. 0% to DSD, in Round 2; and only six of 42 MANAGERs stuck in Round 2 to their preferences revealed in Round 1. Nine subjects totally reversed their allocation to DSD from 0% in Round 1 to 100% in Round 2. On average, the allotment to DSD increased by 55.24 percentage points. All in all, there is a marked difference between the allocations in both rounds of Treatment 4, which is highly significant (Wilcoxon signed-rank test: $z=5.539$ / $p<0.001$). The switch in allocations from SOS to DSD proves that, in Round 2, the MANAGERs restrained their own preferences and acted as desired by the OWNER. Figure 26 presents the cumulative percentage allocations to DSD in Treatment 3 and Treatment 4. The right-hand side, representing Round 2 respectively, reveals a large gap between both treatments showing the accumulation in Treatment 4 to reach a much higher value than in Treatment 3. The difference is statistically highly significant and substantiates the effectiveness of the COC in Round 2 of Treatment 4.

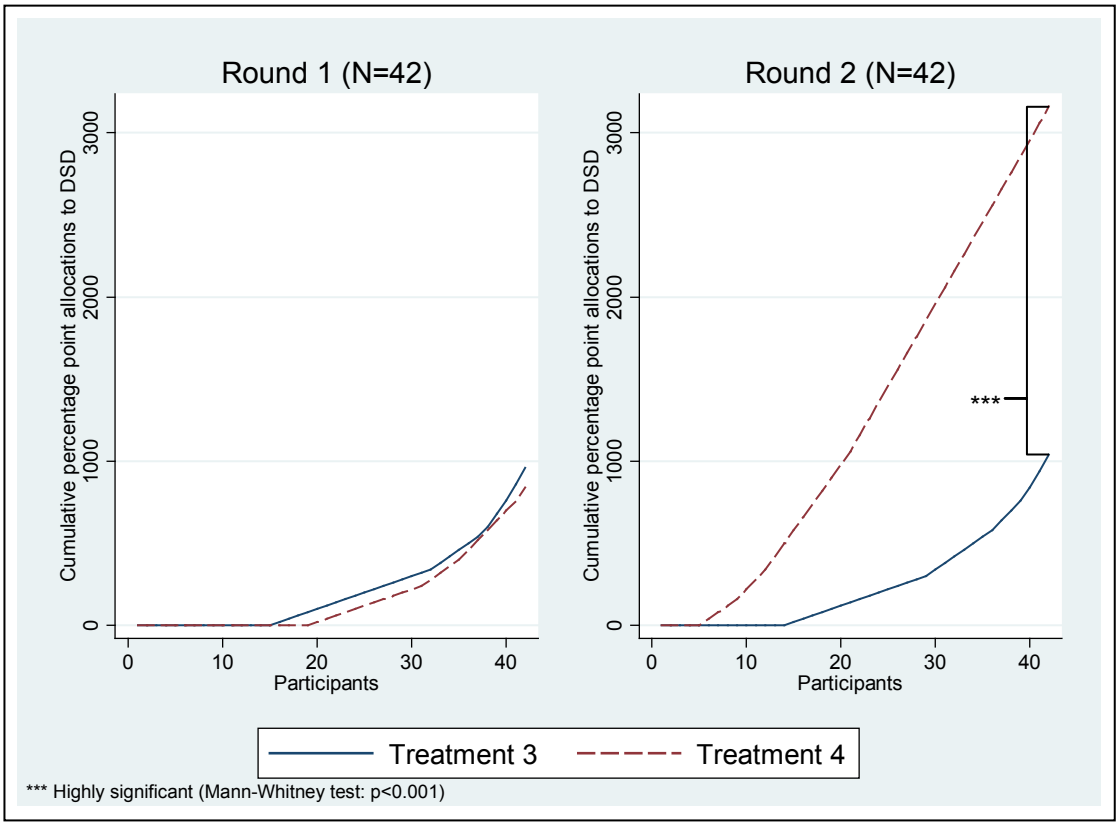


Figure 26: MANAGERS' cumulative allocations to DSD in Round 1 & 2 (T3, T4)

As the results demonstrate, a COC can influence individual decision making and lead MANAGERs to disregard their own preferences in favor of the OWNER's preferences. Consequently, H4.2a can be retained.

4.6.4. Hypothesis 4.2b: Testing COC Compliance

In Round 2 of Treatment 3 and Treatment 4, the OWNER is affected by his MANAGER's decisions, but has no possibility to make decisions himself. He is only asked to make guesses at the MANAGER's action. The extent of correspondence between the MANAGER's decision and the OWNER's estimate can indicate, e.g., to what degree the OWNER is able to anticipate the MANAGER's compliance, or non-compliance, with the COC.

The pie charts in Figure 27 show the OWNERs to estimate the MANAGERs' apportionments completely differently in Round 2 of Treatment 3 than in Round 2 of Treatment 4. In Treatment 3, lacking a COC, they assumed a mean allocation of 23.81% to DSD, while, being aware of the COC, they estimated a mean allocation of 70.95% to DSD in Treatment 4. The difference between the estimates in both treatments is highly significant (Mann-Whitney test: z=-6.319 / p<0.001).

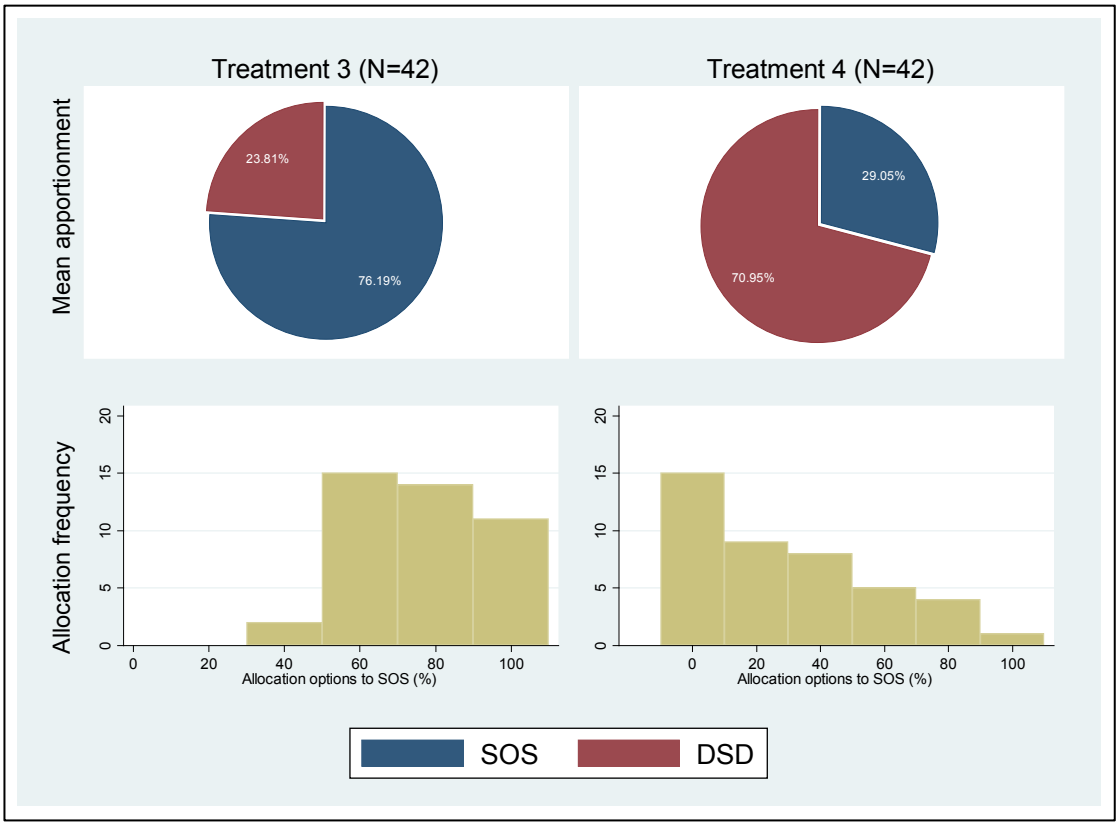


Figure 27: OWNERS' estimates of MANAGERS' apportionments (T3, T4)

The OWNERS' estimates (70.95%) nearly match the MANAGERS' real allocations to DSD (75.24%); consequently, the difference between the two values is statistically not significant (Wilcoxon signed-rank test: z=1.199 / p=0.2305). The OWNERS expect the MANAGERS to abide by the COC by allocating the donations to DSD, and as the

MANAGERs' actual behavior is consistent with this expectation, the OWNERs accurately anticipated that the MANAGERs would restrain their personal preferences and comply with the COC. Consequently, H4.2b can be retained.

The review of H4.1 to H4.2b was based on the percentage apportionments. An analysis of the actual donation amounts was not necessary, but might be useful for gaining a comprehensive insight. Table 20 gives an overview of the MANAGERs' mean donations and the OWNERs' mean expectations in Round 2 in Taler. The donations to the charities were calculated by multiplying the MANAGER's donation amount and his apportionment, the same applies to the OWNER's expectation in Round 2. The calculation is based on a separate evaluation of each single participant's input into z-Tree; Table 20 presents the numerical results of the accumulated values. The figures do not contrast with the findings presented above, this applies to the donation amounts in Round 1 across all treatments and across all charities.

	MANAGERS' donations						OWNERS' estimates		
	Round 1			Round 2			Round 2		
Treatment (N)	Total (mean)	SOS (mean)	DSD (mean)	Total (mean)	SOS (mean)	DSD (mean)	Total (mean)	SOS (mean)	DSD (mean)
Treatment 3 (42)	30.48 Taler	24.41 Taler	6.07 Taler	45.24 Taler	32.14 Taler	13.10 Taler	46.90 Taler	35.28 Taler	11.62 Taler
Treatment 4 (42)	26.43 Taler	19.64 Taler	6.79 Taler	54.17 Taler	18.24 Taler	35.93 Taler	58.93 Taler	18.02 Taler	40.91 Taler
Mann-Whitney test between T3 & T4	z=0.423 / p=0.6721	z=0.611 / p=0.5410	z=0.731 / p=0.4646	z=-0.627 / p=0.5304	z=3.255 / p=0.0011	z=-3.734 / p<0.001	z=-1.335 / p=0.1817	z=3.470 / p<0.001	z= -4.861 / p<0.001

Table 20: MANAGER's donations / OWNERs' estimates and apportionments (T3, T4)

4.6.5. Hypothesis 4.3: Understanding Personality

The numeric results presented in the previous section attest to the effectiveness of a COC, but they yield no information about the personality traits influencing decision making and thus contributing to the participants' compliance, or non-compliance, with a code.

H4.3 postulates that subjects scoring high on the HEXACO Sentimentality scale tend to allocate the majority of their donation to SOS instead of DSD. Table 21 gives an overview of the relationship between the Sentimentality scale and the allocations to SOS. The mean HEXACO-Sentimentality score of all 168 participants was 3.77, which approximates the HEXACO-200 score of 3.76 stated by Ashton and Lee (2007 and 2009; Lee and Ashton 2006). If the subjects are split into two groups, depending on the allocation of the donation majority, the Sentimentality mean score of the respective group turns out to be higher (participants favoring SOS) or lower

(participants favoring DSD) than the mean score of the total subject group. According to Ashton and Lee, higher scores indicate a stronger emotional attachment to the feelings of others, whereas lower scores are linked to less sympathetic reactions to the concern of others. As Table 21 shows, the mean score of the participants allocating the majority of their donation to SOS is 3.83, which is higher than the total subject group's mean score of 3.77. The increase applies to the MANAGERs as well as the OWNERs. In contrast, the mean score of the participants allocating the majority of their donation to DSD is 3.39, which is short of that of the total subject group.

	HEXACO-200	HEXACO-Sentimentality in Round 1		
	Total M (SD)	**OWNERS + MANAGERS** M (SD)	**OWNERS** M (SD)	**MANAGERS** M (SD)
General	N=887 3.76 (.64)	N=168 3.77 (.67)	N=84 3.79 (.67)	N=84 3.76 (.67)
Participants allocating ≥ 60% to **SOS**	- -	N=147 3.83 (0.68)	N=75 3.85 (0.68)	N=72 3.80 (0.68)
Participants allocating ≥ 60% to **DSD**	- -	N=21 3.39 (0.49)	N=9 3.28 (0.30)	N=12 3.48 (0.59)

Table 21: Sentimentality scores and apportionments in Round 1 (T3 + T4)

For a close examination, these findings were scrutinized by means of the Jonckheere Terpstra test for ordered alternatives ($J^*=1.926$ / $p=0.0541$) and Spearman's ($\rho=0.1484$ / $p=0.0549$) and Kendall's (τ-b$=0.1150$ / $p=0.0543$) correlation coefficients. The results underline the descriptive statistics of Table 21, demonstrating that a higher score on the Sentimentality scale is related to an allocation to SOS instead of DSD. Consequently, H4.3 is supported by the experimental results.

4.6.6. Hypotheses 4.4a to 4.4d: Understanding Personality

As Hypotheses 4.4a to 4.4d are uniformly based on the assumption that there is a relationship between personality traits and the shift in allocations away from SOS to DSD in Round 2 of Treatment 4, all four hypotheses will be reviewed in this section. In Round 2 of Treatment 4, it is up to the MANAGER to comply with the COC by restraining his own preferences revealed in Round 1. As Table 19 shows, the MANAGERs indeed act in line with the code. In Round 2, the allocations to DSD increase significantly with a mean absolute deviation of 55.24 percentage points (SD: 34.73) from Round 1. For an investigation of personality traits which are likely to be jointly responsible for this phenomenon, the SOEP was applied. The subjects were

requested to respond to 16 items altogether. Each of the scales Neuroticism, Agreeableness, Conscientiousness, and Extraversion is covered by three, the scale Openness to Experience by four items.[106] As to Hypotheses 4.4a to 4.4d, the scales Neuroticism and Extraversion were not evaluated because a correlation with the MANAGERs' conduct cannot be well expected. Additionally, the IBES subscale Trouble Avoidance, a variable possibly influencing the apportionment decision, was included in the investigation. The Jonckheere Terpstra test examines the experimental data for statistically significant relations between personality scales (Hypotheses 4.4a to 4.4d) and differences between the allocations to DSD in Round 2 and Round 1. Spearman's and Kendall's rank correlation are meant to give further insight into a possible relationship between personality traits and compliance behavior. Table 22 gives an overview of the statistical results.

	MANAGERS (N=42)		
Personality scale	**Jonckheere-Terpstra J* (p)**	**Spearman's ρ (p)**	**Kendall's τ-b (p)**
H4.4a (SOEP: Agreeableness)	1.804 (0.0713)	0.2954 (0.0575)	0.2166 (0.0730)
H4.4b (SOEP: Conscientiousness)	0.690 (0.4901)	0.1195 (0.4508)	0.0823 (0.4971)
H4.4c (SOEP: Openness)	-3.444 (<0.001)	-0.5146 (<0.001)	-0.4045 (<0.001)
H4.4d (IBES: Trouble Avoidance)	0.953 (0.3404)	0.1582 (0.3169)	0.1124 (0.3461)

Note: Deviation = Round 2- Round 1

Table 22: Personality scales and deviation of allocation to DSD of Round 2 from Round 1 (T3 + T4)

H4.4a postulates a positive correlation between the Agreeableness scale and an allocation shift to DSD. The evaluation shows a positive, though rather low significant correlation. Taking into account that only 42 observations were available and only three items are assigned to the Agreeableness scale, the found significance level is tolerable. Trying to avoid trouble, participants with higher scores on the Agreeableness scale comply with the COC. Consequently, H4.4a can be retained.

With regard to the Conscientiousness scale, no significant relationship with the allocation shift was found. H4.4b has to be rejected.

The evaluation of the Openness scale shows highly significant negative correlation coefficients, revealing that high scores on this scale are related to a lower deviation of allocations to DSD in Round 2 from allocations to DSD in Round 1. Subjects

[106] See Appendix 6.6.1.1 for the assignment of the single items to the respective scales.

scoring high tend to restrain their own preferences to a lesser degree, they are more venturesome and thus risk acting contrary to the COC. As high Openness scores are significantly negatively correlated with a lower allocation deviation, H4.4c is supported.

For Hypothesis 4.4d, based on the IBES questionnaire Trouble Avoidance scale, Table 22 shows no significant relationship with the MANAGER's allocation decisions. With regard to the personality-trait description, a significant negative correlation was expected. Perhaps the sample is too small, or the usage of merely one IBES scale is not suitable to achieve interpretable results. H4.4d has to be rejected.

4.6.7. Results of the Hypotheses' Review

	Hypotheses	Results
H4.1	In the first round of both treatments (T3, T4), the participants preponderantly allocate their donation to SOS as the organization representative of humanitarian aid, thereby revealing their personal preference of SOS to DSD.	**supported**
H4.2a	In Round 2 of Treatment 4, the MANAGER disregards his own preferences, revealed in Round 1, in favor of the OWNER's preferences for DSD, as communicated by the COC.	**supported**
H4.2b	In Round 2 of Treatment 4, the OWNER will correctly anticipate the MANAGER's compliance with the COC.	**supported**
H4.3	The personality scale Sentimentality is positively correlated with an allocation decision in favor of SOS instead of DSD in Round 1.	**supported**
H4.4a	The personality scale Agreeableness is positively correlated with an allocation shift from SOS to DSD by the MANAGER in Round 2 of Treatment 4, compared to Round 1 of Treatment 4.	**supported**
H4.4b	The personality scale Conscientiousness is positively correlated with an allocation shift from SOS to DSD by the MANAGER in Round 2 of Treatment 4, compared to Round 1 of Treatment 4.	not supported
H4.4c	The personality scale Openness is negatively correlated with an allocation shift from SOS to DSD by the MANAGER in Round 2 of Treatment 4, compared to Round 1 of Treatment 4.	**supported**
H4.4d	The personality scale Trouble Avoidance is negatively correlated with an allocation shift from SOS to DSD by the MANAGER in Round 2 of Treatment 4, compared to Round 1 of Treatment 4.	not supported

Table 23: Results of hypotheses review (H4.1 to H4.4d)

4.6.8. Findings on Further Personality Traits

The questionnaire used for the personality assessment in Chapter 4 is identical with the one used in Chapter 3, even if, due to the different foci, not all of the analyses of Chapter 3 were repeated in Chapter 4. To increase validation across chapters, the conditions of the decision-making process in Round 1 were designed identically for all treatments, thus making it possible to back up findings of previous sections by subsequent results. This especially applies to personality assessment, for which the size of the sample is often crucial.

The review of H3.4a in Section 3.5.7 has shown that higher scores on the three major HEXACO scales Fairness, Greed Avoidance, and Altruism correlate significantly with higher donations to SOS. It is conceivable that this also applies to Treatment 3 and Treatment 4. On the supposition that subjects voluntarily donating money out of their own endowment to a charity tend to be more altruistic, fairer, and try more to avoid greediness than subjects donating nothing, the data of Round 1 were again analyzed by the Jonckheere Terpstra test and Spearman's and Kendall's correlation coefficients. The results, presented in Table 24, are very explicit for each personality trait and show a positive correlation between higher scores on the respective scale and the donations by OWNERs and MANAGERs in Round 1, which means that the higher the subject's score on a scale, the higher his donation amount is. All results are highly significant. H3.4a, already supported in Section 3.5.7, receives strong support again by the even clearer results presented in Table 24.

	OWNERS + MANAGERS (N=168)		
Personality scale	**Jonckheere-Terpstra J* (p)**	**Spearman's ρ (p)**	**Kendall's τ-b (p)**
HEXACO: Fairness	2.793 (0.0052)	0.2183 (0.0045)	0.1544 (0.0052)
HEXACO: Greed Avoidance	3.699 (<0.001)	0.2739 (<0.001)	0.2044 (<0.001)
HEXACO: Altruism	3.288 (0.0010)	0.2530 (<0.001)	0.1832 (0.0010)

Table 24: Personality scales and donations in Round 1 (T3 + T4)

4.7. CONCLUSION

The present chapter sheds light on a COC's capacity to govern individuals' decision making within the framework of CSR. The laboratory economic experiment of Chapter 3 was supplemented by two business-scenario treatments, designed for a comparison of employees' behavior in settings with or without a COC (Treatment 3 and Treatment 4 respectively). In this context, the formulated code was intended to be in support of the company's continuity and thus desired acting in accordance with the guidelines. Additionally, the influence of selected personality traits, assessed by a questionnaire, was fathomed out. The results of previous research on the usefulness of COCs are far from corresponding and leave a gap, which this chapter is intended to close.

That a COC in the form of a formal and written statement can govern an employee's behavior is clearly supported by the present experimental results. 93% of the participants preferred donations helping children and allocated in Round 1 of both treatments (T3, T4), in the absence of a COC, 76.90% on average of their endowment to SOS. Thus it seems reasonable to assume that, in Round 2 of Treatment 4, they were brought into a loyalty conflict by the introduction of a COC requiring them to disregard their own preferences and to comply with the code's differing objectives. The consequent allocation reversal, replacing 76.90% to SOS by 75.24% to DSD, is statistically highly significant. It points up the MANAGERs' compliance behavior, and it is consistent with the expectations of the OWNERs who formulated and distributed the code. The outcome of the present study is relevant to business owners or top-level managers considering a COC-supported implementation of CSR in their organizations. On the one hand, it is difficult to formulate a comprehensive code with rules applying to all contingencies and all concerned parties; on the other hand, if the code shall serve as an anchor for employees in uncertain situations, its purpose should be laid down as precisely and intelligibly as possible. In practice, the communication of a code becomes increasingly vital and complicated, especially in large-scale enterprises. For the sake of practicability, a code can only cover the main aspects of CSR and will be somewhat incomplete, involving the risk of permitting too much freedom of decision. The establishment of a COC, irrespective of its form, as well as the monitoring of employees' degree of compliance with the code stays a complex process requiring human, monetary, and time resources. The results of the thesis on hand can help to simplify the implementation of a code regulating interactions between 'principals' and 'agents'. A COC providing guidelines and dispensing with possible punishments or

rewards, as successfully tested in this study, could be a less costly, less difficult and less laborious alternative to intensive monitoring; it could be an effective means for the implementation of CSR and a useful supplement to employment contracts.

The conclusions that can be drawn from the present study's outcome imply that organizations should consider the implementation of a COC, even if it is incomplete, to ensure a sufficiently compliant behavior even without thorough supervision. The results point out that a few deviationists can be tolerated, as the vast majority of the participants acted in accordance with the COC by disregarding their own preferences, even without any prospect of punishments or rewards. Thus, organizations can save on expenses and resources by trusting their employees, as compliance with the given rules is to be expected.

5. SUMMARY

5.1. COMBINED RESULTS FOR ALL FOUR TREATMENTS

In total, four treatments were designed for the review of the hypotheses. The treatments build on each other, thus giving the opportunity to achieve results relevant to each single hypothesis and, moreover, to achieve further validity by comparing results across the treatments. All four treatments are designed with a similar basic structure: in Round 1, a participant as a member of a group made up of two subjects decides on a donation out of his own endowment, while in Round 2, the same participant decides on a donation out of the other group member's endowment. The extent and/or the frame of each single treatment were/was designed to serve its respective purpose (see Table 25).

	Chapter	Focus	Scenario	Rounds	Recipient	Participants
Treatment 1	3	Other people's money	None	3	SOS	110
Treatment 2	3	Other people's money	Business	3	SOS	56
Treatment 3	4	Charity preferences	Business	2	SOS / DSD	84
Treatment 4	4	CoC effectiveness	Business	2	SOS / DSD	84
Total	-	-	-	-	-	334

Table 25: General description of all treatments (T1 to T4)

Because of their identical experimental core, Round 1 as well as Round 2 can be considered collectively across all treatments. Table 26 shows that the Jonckheere Terpstra test detects significant differences between PLAYER B's / the MANAGER's donations in the four treatments neither in Round 1 (J*=-0.813 / p=0.4161) nor in Round 2 (J*=-0.668 / p=0.5040). H3.1 and H3.2 were evidenced in Sections 3.5 and 4.6, evaluating all treatments combined gives further support to these hypotheses.

	MANAGERS' donations						OWNERS' estimates		
	Round 1			Round 2			Round 2		
Treatment (N)	**Total** (mean)	**SOS** (mean)	**DSD** (mean)	**Total** (mean)	**SOS** (mean)	**DSD** (mean)	**Total** (mean)	**SOS** (mean)	**DSD** (mean)
Treatment 1-4 (167)	32.90 Taler	-	-	53.08 Taler	-	-	59.25 Taler	-	-
Treatment 1 (55)	37.09 Taler	-	-	59.55 Taler	-	-	68.55 Taler	-	-
Treatment 2 (28)	38.04 Taler	-	-	50.54 Taler	-	-	60.00 Taler	-	-
Treatment 3 (42)	30.48 Taler	24.41 Taler	6.07 Taler	45.24 Taler	32.14 Taler	13.10 Taler	46.90 Taler	35.28 Taler	11.62 Taler
Treatment 4 (42)	26.43 Taler	19.64 Taler	6.79 Taler	54.17 Taler	18.24 Taler	35.93 Taler	58.93 Taler	18.02 Taler	40.91 Taler
Jonckheere-Terpstra test for T1 to T4	J*=-0.813 / p=0.4161	-	-	J*=-0.668 / p=0.5040	-	-	J*=-1.568 p=0.1169	-	-

Table 26: MANAGER's donations / OWNER's estimates in Round 1 & 2 (T1 to T4)

Another way of inspecting H3.1 is offered by Figure 28, showing, separately for Round 1 and Round 2, the donation decisions of PLAYER Bs / the MANAGERs in all four treatments. The histograms illustrate the shift from low amounts in Round 1 to medium amounts in Round 2, with a mean donation across all treatments of 32.90 Taler in Round 1 and 53.08 Taler in Round 2. The donations of all four treatments together seem to show again that PLAYER Bs / the MANAGERs handled other people's money differently than their own; strictly speaking, they tended towards higher donations when the spent money was not their own. Estimating a donation of 59.25 Taler on average (see Table 26), the paired PLAYER A / the OWNER expected these higher donations in Round 2.

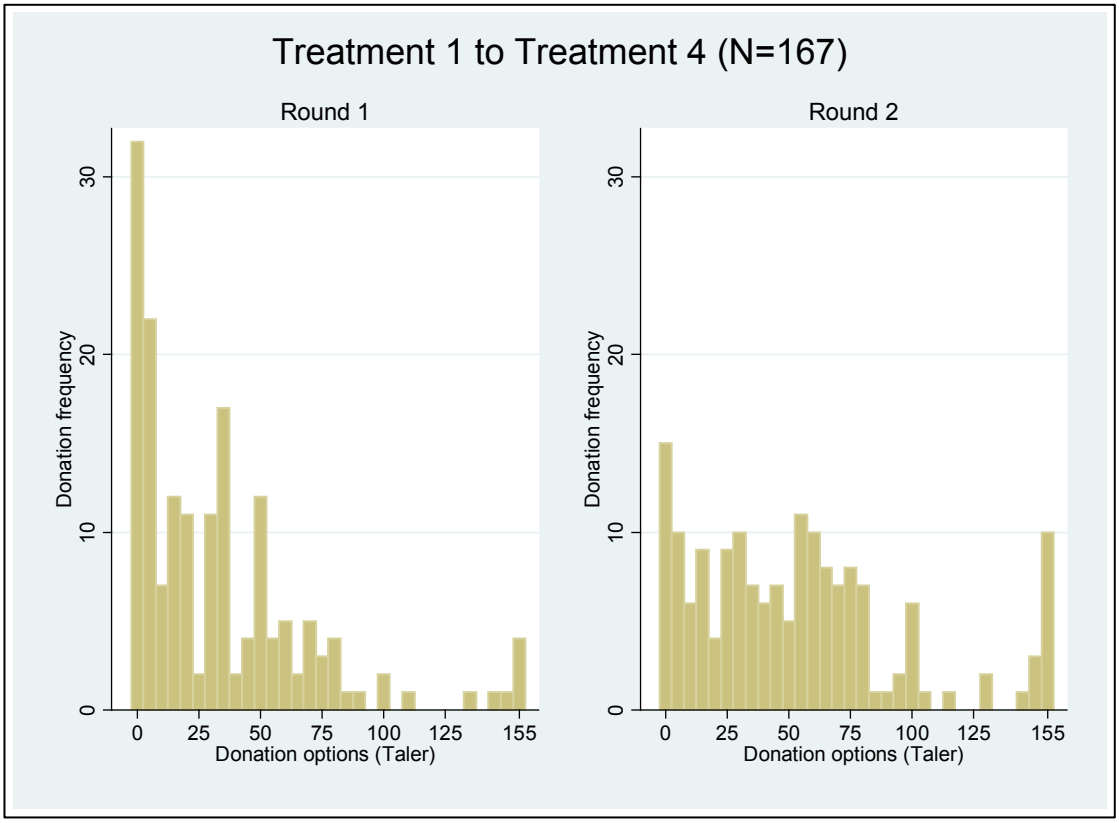


Figure 28: PLAYER Bs' / MANAGERs' donation distributions in Round 1 & 2 (T1 to T4)

On the other hand, nearly 36% of PLAYER Bs / the MANAGERs, across all treatments, chose no different donation amounts, regardless whether they transferred money from their own or from their paired PLAYER A's / the OWNER's endowment. This portion of 36% rises to more than 56%, when the amount difference between the donations in Round 1 and Round 2 is 10 Taler at most (see Figure 29). Consequently, it can be stated that the results of the four treatments as a whole give

support for H3.1 by pointing up that a considerable percentage of individuals do not handle other people's money differently than their own.

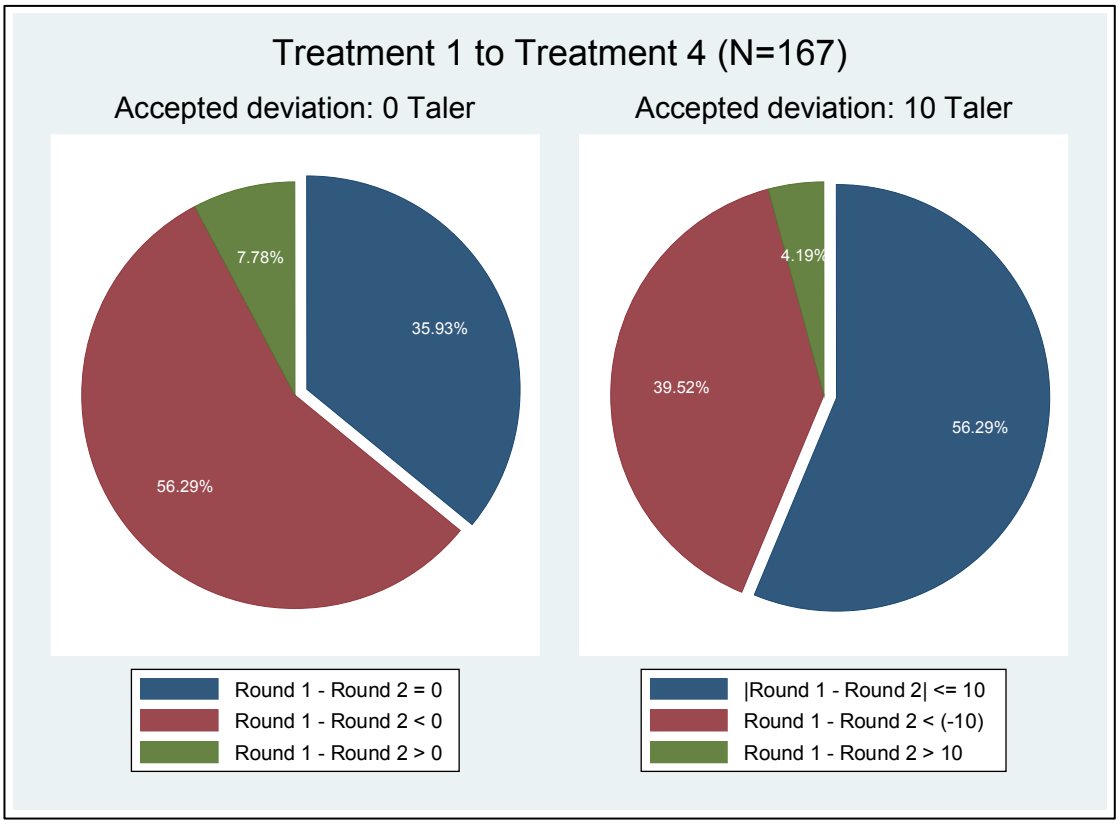


Figure 29: PLAYER Bs' / MANAGERS' donation deviations in Round 2 from Round 1 (T1 to T4)

Furthermore, the fact that 36% of the participants did not change their donation of Round 1 in Round 2 and, additionally, a correlation of 0.5157 between Round 1 and Round 2 across all treatments back up H3.2.

H3.4a and H3.4b were also reviewed across all four treatments. An advantage in combining the treatments is the increase in validity by augmenting the number of observations, which is especially useful for the examination of effects caused by personality traits. Table 27 presents the relationship between three HEXACO personality scales and PLAYER B's / the MANAGER's donation in Round 1. The correlation coefficients without exception are positive and the statistical significance is even higher than that of the findings in Chapter 3, thus H3.4a is even more strongly supported. Appendix 6.4 provides an insight into the relationship between ten personality traits and the donation decisions; as expected, the HEXACO scales Fairness, Greed Avoidance, and Altruism, presented in Table 27, turn out the most influential ones due to the highest statistical significance.

	PLAYER Bs / MANAGERS (N=167)		
Personality scale	**Jonckheere-Terpstra J* (p)**	**Spearman's ρ (p)**	**Kendall's τ-b (p)**
HEXACO: Fairness	3.383 (<0.001)	0.2690 (<0.001)	0.1878 (<0.001)
HEXACO: Greed Avoidance	3.453 (<0.001)	0.2622 (<0.001)	0.1912 (<0.001)
HEXACO: Altruism	3.805 (<0.001)	0.2929 (<0.001)	0.2123 (<0.001)

Table 27: Personality scales and donations in Round 1 (T1 to T4)

Finally, Hypothesis 3.4b is to be reviewed once again. Table 28 presents, across all treatments, the correlation between the personality scales Fairness, Greed Avoidance and Altruism with the deviation of the donations in Round 2 from those in Round 1. Like in Section 3.5.8, the coefficients show negative signs. The significance level is comparable with previous results: while Fairness is significantly correlated, Greed Avoidance only shows a trend towards significance and Altruism a non-significant correlation; thus the hypothesis can be seen strongly supported only with regard to the trait Fairness. As to the Greed Avoidance scale, the significance level is still acceptable to support H3.4b.

	PLAYER Bs / MANAGERS (N=167)		
Personality scale	**Jonckheere-Terpstra J* (p)**	**Spearman's ρ (p)**	**Kendall's τ-b (p)**
HEXACO: Fairness	-2.448 (0.0144)	-0.1908 (0.0135)	-0.1386 (0.0144)
HEXACO: Greed Avoidance	-1.864 (0.0623)	-0.1409 (0.0693)	-0.1053 (0.0625)
HEXACO: Altruism	-1.305 (0.1918)	-0.1040 (0.1810)	-0.0743 (0.1922)

Table 28: Personality scales and donation deviations of Round 2 from Round 1 (T1 to T4)

Reviewing the hypotheses of Chapter 4 across all treatments seems not to be reasonable, as Treatment 1 and Treatment 2 include neither the charity DSD nor a COC and thus are not comparable with Treatment 3 and Treatment 4. Therefore a review of Hypotheses 4.1 to 4.4d across all treatments is left out.

5.2. SYNOPSIS

Taking the following aspects into account, the thesis on hand can support business owners and corporations in a successful implementation of a corporate social responsibility program inclusive of a realistic assessment of its effects on the CSR business case:

- Definition of CSR, presentation of related theoretical concepts and the CSR business case
- Behavior of corporate managers who are required to realize corporate owners' (incl. shareholders') pro-social interests by means of corporate money
- Effectiveness of a COC to induce corporate managers to behave in line with the corporate owners' (incl. shareholders') expectations

Based on available research literature, CSR, with the focus on conviction CSR, is introduced in Chapter 2 to provide an overall picture and to build the basis for further analyses. CSR is differentiated from other comparable concepts, and the utility of CSR within organizations is discussed. Taking these topics into consideration can help business owners to design their CSR program, assist them in pointing out the benefits gained from CSR, and enable them to achieve a positive CSR business case by understanding customers' and professional purchasers' behavior. But CSR is more than a merely organizational matter. As individuals, e.g. professional purchasers, are those who execute CSR-related decisions in a corporation, it is necessary to gain an insight into individuals' way of pro-social thinking and acting. Thus, Chapter 2 takes a closer look at the individual corporate manager's attitude and behavior. Concluding, Chapter 2 sets forth the potential conflict between managers' own preferences and organizational preferences to draw attention to desired further research. When a manager is uncertain about the organization's intended monetary level of CSR investment, he can base his financial decisions solely on his own evaluation. Consequently, business owners can only 'hope' that their social preferences match with those of the managers and that managers' financial decisions do not differ depending on whether they spend corporate money or their own. Taking potential conflicts between owners' and managers' preferences into consideration can be crucial to a successful CSR implementation with regard to the required degree of regulation concerning the managers' behavior.

This is also an important aspect in the context of Chapter 3, which analyzes how people deal with other people's money. Especially Milton Friedman showed himself to have a firm opinion about this topic by stating that "very few people spend other people's money as carefully as they spend their own" (Friedman 1975). Not a few business owners may agree with Friedman, but as his statement is a surmise, it was put to the test by means of a dictator game-based laboratory experiment using a neutral treatment as well as a business-scenario treatment. The experiment refers to the CSR context of Chapter 2 by examining individuals' decisions on donations to a charity. On an aggregated level, the experimental results show the participants to decide on higher donations out of other people's endowment compared to donations out of their own endowment. But a detailed analysis on an individual level reveals that at least one third of the participants did not choose different amounts under either of these conditions. Another experimental result discloses that in an uncertain situation people use their own preferences or their previous behavior as an anchor for their donation decisions on behalf of someone else. Additionally, the data analysis disclosed the existence of a 'punisher' personality which is characteristic for participants whose pro-social standards are well above average and who punish other participants for donations which do not meet these standards.

The experimental design presented in Chapter 4 incorporates a specific form of guideline for the managers' behavior: a code of conduct. Such a code cannot guarantee a situation without any uncertainty about the monetary investment, but it can easily reduce this uncertainty by clearly describing the organization's CSR preferences. Whether managers voluntarily comply with a COC dispensing with penalties has not been fully clarified until now. The experimental design presented in Chapter 4 is based on the design presented in Chapter 3, but is extended by the introduction of a COC trying to induce the participants to behave in a desired way, as a counterproductive or, at least, non-supportive conduct may be disadvantageous to the company. The COC makes it plain that the company has decided to support the charity 'Deutsche Stiftung Denkmalschutz'. The vast majority of people support the objectives of this charity to a far lesser degree than the objectives of the charity 'SOS Kinderdörfer weltweit'; this applies to the participants in the experiment as well. Though dispensing with penalty options, the COC induces the subjects to disregard their own preferences for 'SOS Kinderdörfer weltweit' and preponderantly contribute to 'Deutsche Stiftung Denkmalschutz'. Consequently, business owners can credit a COC as an effective means to govern CSR activities in their organizations.

Even if employees' personality cannot be easily assessed in corporations, the experiment of the thesis on hand was enriched by analyzing the influence of

personality traits for the purpose of achieving a comprehensive insight. The used personality scales were drawn from three different inventories: SOEP, HEXACO, and IBES. Especially the HEXACO scales Fairness, Altruism, and Greed Avoidance are significantly positively correlated with donations out of the participants' own endowment in Chapter 3, and the SOEP scale Agreeableness correlates positively, though only weakly, with the COC-caused donation deviation of Round 2 from Round 1, whereas the scale Openness shows a highly significant negative correlation. Furthermore in Chapter 4, a positive correlation of the trait Sentimentality with the apportionment between SOS and DSD was found.

The thesis on hand shows that individual decision makers in corporations – with or without a COC – can serve to realize the CSR preferences of owners or shareholders.

5.3. OUTLOOK

The encouraging findings of the thesis on hand should motivate future researchers to contribute to the discussion about handling other people's money and the effectiveness of a COC. The experimental design leaves room for alterations and modifications. It largely concentrates on ensuring an appropriate balance between internal and external validity. It would surely be of interest to investigate the effects brought about by an extension of external validity. The experimental conditions permitting the participants to act entirely anonymously could be superseded by a setting in which the subjects are informed about their counterpart. Thus, a model of a business scenario could be created which enables the OWNER to directly trace back an employee's decision to the responsible decision maker. Another modification could consist in an additional party, e.g. a peer worker, who could inform the OWNER about a MANAGER's non-compliance with the code. External validity could also be increased by augmenting the number of dictators, thus creating a 'many shareholders' environment. And finally, the participation of real corporate managers, i.e. purchasing managers, in the experiment could incorporate their business experience. In the present experiment, no sanctioning-options are open to the OWNER. It could be erudite to observe the development of the mean donation's difference of Round 2 from Round 1 under conditions which allow the OWNERs to sanction their counterparts' actions.

Up to now, the effectiveness of a COC and the impact of included goal settings, sanctions, and rewards have been discussed and investigated without homogeneous results. In order to explicitly reveal the effect of a plain written statement without any accompanying measures, the COC used in this study refrains from any connotations. However, the above-mentioned factors, often associated with real-life COCs, are well worth exploring. With regard to the study on hand, for example, a third round with a monitoring-opportunity for the OWNER could be carried out. Deviations from the present experiment's results could reveal if punishments or rewards really affect an employee's compliance, be it positively or negatively. As multinationals operate on markets beyond national borders, it is also recommendable to investigate cultural peculiarities. Especially in non-western countries, individuals may respond differently to organizational ordinances than Europeans. Accordingly, sanctions would be redundant in regions where employees are used to obeying organizational guidelines. Furthermore, testing a COC as an organizational institution motivating to report non-compliant behavior in the context of CSR could contribute materially to the recent and current debate on whistleblowing.

Concluding, it can be considered approved that people who have to decide on other people's money in an uncertain situation take their bearings from their own preferences and that, furthermore, a COC actually can impact on an employee's decision making, even if it contradicts his personal preferences. However, as there is still room for improvement in CSR-related behavior within organizations, further research on this topic is indispensable.

6. APPENDIX

6.1. APPENDIX: CHAPTER 2

6.1.1. CSR Interpretation in Germany

Interpretation of CSR is not only different among scholars, but also across nations. Exemplarily, the interpretation in Germany is presented in the following.

Based on the CSR definition by the European Commission in 2001[107], the National CSR Forum (2010) recommended a CSR definition to the German government. The 'Recommendations Report' states (National CSR Forum 2010: pp. Chapters I & II): "When everyone shoulders their responsibility, economic, social and environmental goals can be cross-linked to the benefit of all. This is the fundamental idea behind corporate social responsibility. The National CSR Forum is committed to this objective. […] Corporate social responsibility (CSR) refers to a company's assumption of social responsibility above and beyond what is required by law. CSR is a **byword for the practice of sustainable** corporate governance in a company's core business. This practice is embedded in its business strategy. CSR is voluntary but not arbitrary" [original text not bold]. In a latest statement federal minister Ursula von der Leyen[108] said: "Of this I am certain: Economic, social and environmental objectives pay off, they go hand in hand with one another and they benefit everyone. And precisely this constitutes the strength and appeal of corporate social responsibility" (Bundesministerium für Arbeit und Soziales 2011).

In Germany, CSR understanding is strongly related or even identical to sustainable development, as adumbrated by the statement: 'CSR is a byword for the practice of sustainable corporate governance [...]'. There is a strong tendency to mix CSR with 'sustainability'. CSR is seen as an instrument to improve two out three dimensions of sustainability: social and environmental (Loew et al. 2004). The English word 'social' is often translated into the German word 'sozial' (comparable pronunciation, different meaning) (Loew et al. 2004). The meaning of the German word 'sozial' is, for example, related to caring for disadvantaged people within society.

[107] Commission of the European Communities (2001: p. 6): "[…] a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. […] Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing "more" into human capital, the environment and the relations with stakeholders."

[108] In 2012 responsible minister for the German governmental department 'Federal Ministry of Labour and Social Affairs'.

Schwalbach (2008) (also Schwenk 2010) sees CSR as a kind of management to solve social (with the meaning of 'sozial') and ecological problems.

6.1.2. German Stock Corporation Act

> *German Stock Corporation Act § 76, Management of the Stock Corporation, Para. 1: "The management board shall have direct responsibility for the management of the company"* [109] *[original text not italic] (Schneider and Heidenhain 2000: p. 85).*

The predominant opinion concerning the management board is described within the German Stock Corporation Act (interpretation of § 76 para. 1), stating that the board is not committed to orient its actions towards the shareholders' interests. In individual cases, the management board is authorized to execute its responsibility to favor the interests of non-shareholders even at the expense of shareholders. The board is obligated to focus its business administration on achieving a profit that ensures a substantial maintenance of the company's earning power. It is at the discretion of the management board to burden the shareholders with an appropriate amount for the consideration of social needs (Empt 2004).

[109] Original wording: "Der Vorstand hat unter eigener Verantwortung die Gesellschaft zu leiten" Hirte (2014: § 76 Abs. 1 AktG), translation by Schneider and Heidenhain (2000: p. 85).

6.1.3. Corporate Social Responsibility and Consumers

Authors	Findings
Becker-Olsen et al. 2006	Consumer attitudes towards the corporation can be improved by proactive and high-fit CSR initiatives.
Brown and Dacin 1997	Positive effect of CSR on product perception.
Brunk and Blümelhuber 2011	Negative effect of CSR if organizations do not meet consumers' level of CSR expectations; no positive effect if expectations are exceeded.
Green and Peloza 2011	CSR can increase or decrease product attributes and thus enhance or diminish the overall value proposition for consumers.
Lee et al. 2012	Increase in loyalty through CSR.
Mattila et al. 2010	CSR can mitigate negative corporate news and create a positive attitude towards the organization.
Mohr and Webb 2005	CSR generates a positive evaluation of the company and affects buying intention.
Sen and Bhattacharya 2001: p. 238	"Consumers' company evaluations are more sensitive to negative CSR information than positive CSR information".

Appendix 1: Selected studies of the effects of CSR on consumer behavior

6.2. APPENDIX: CHAPTER 3

6.2.1. Treatment 1: Neutral

6.2.1.1. Handout: Experimental Instructions

Experiment-Instruktionen

Genereller Überblick:

- Das Experiment besteht aus **drei Experimentdurchläufen**, die jeweils einmal nacheinander stattfinden.
    - **Durchlauf Nr. 1:** Es existiert die **Rolle A**
    - **Durchlauf Nr. 2:** Es existieren die **Rollen A und B**
    - **Durchlauf Nr. 3:** Es existieren die **Rollen A und B**
- Es spielen im **ersten Durchlauf** alle anwesenden Teilnehmer die Rolle A. Im **zweiten** und **dritten Durchlauf** spielen jeweils zwei Teilnehmer Rolle A und Rolle B in einer Gruppe zusammen. Jeder **Teilnehmer hat in der Gruppe genau eine Rolle**.
- Ob Sie Teilnehmer A oder Teilnehmer B sind und zu welcher Gruppe Sie zugeordnet werden, wird zufällig **vor dem Durchlauf Nr. 2** bestimmt und Ihnen auf dem Bildschirm mitgeteilt. Die Rollenzuordnung gilt für **alle** folgenden Durchläufe (Nr. 2 und Nr. 3). Die Mitglieder einer Gruppe bleiben anonym, Sie werden also nie erfahren, wer Ihnen zugeordnet ist.
- Pro Durchlauf ist von Teilnehmer A oder Teilnehmer B **genau eine Entscheidung** zu treffen.
- Im Experiment werden alle Beträge in der **fiktiven Währung "Taler"** angegeben.
    - **Teilnehmer A** erhält in jedem Durchlauf (1, 2, 3) eine Ausstattung von **155 Talern**.
    - **Teilnehmer B** erhält ebenfalls in jedem Durchlauf (2, 3) eine Ausstattung von **155 Talern**.
- Bevor der erste Durchlauf beginnt werden Ihnen noch ein paar **Verständnisfragen** gestellt, um sicher zu stellen, dass die Instruktionen verständlich waren.
- Zum Ende des Experiments werden Sie gebeten noch einige Fragen zu beantworten. Die vollständige und ehrliche Beantwortung der Fragen ist sehr wichtig für die anschließende Auswertung des Experiments. Die Beantwortung der Fragen erfolgt selbstverständlich anonym und die Fragen werden nur für wissenschaftliche Zwecke ausgewertet. **Ihre Antworten haben keine Auswirkungen auf Ihre Auszahlung.**

1

Appendix 2: T1 – Instruction (PA, PB) [1/5]

Durchlauf Nr. 1:

- **Teilnehmer A trifft die Entscheidung**, wie viele Taler von **seiner Taler-Ausstattung** an die real existierende wohltätige Organisation **„SOS-Kinderdörfer weltweit“** gespendet werden.
- **„SOS-Kinderdörfer weltweit“** (www.sos-kinderdoerfer.de) gehört zu „SOS-Kinderdorf“. „SOS-Kinderdorf“ fokussiert seine Aktivitäten auf Deutschland. „SOS-Kinderdörfer weltweit“ ist vorwiegend in Entwicklungs- und Schwellenländern aktiv. „SOS-Kinderdörfer weltweit“ ist Träger des anerkannten DZI Spenden-Siegels. Beispielhafte Hilfsprojekte von „SOS-Kinderdörfer weltweit“ z.B. in Afrika sind lt. der Homepage: *„[...] in Somalia leiden noch immer 450.000 Kinder an Unterernährung. Die SOS-Mitarbeiter setzen weiterhin ihr Leben aufs Spiel, den Opfern der Hungerkatastrophe zu helfen. In der SOS-Feldklinik des Flüchtlingscamps Badbado nahe der Hauptstadt Mogadischu erhalten monatlich 4.000 kleine und große Patienten lebensrettende Behandlungen und spezielle Aufbaunahrung.“* In Kenia sind die *„meisten Rinder und Ziegen während der langen Dürrezeit verdurstet; die Ackerbauern zögern noch mit der Aussaat ihres knappen Saatgutes, weil sie sich über die Wetterentwicklung unsicher sind. Seither geben SOS-Mitarbeiter in fünf Grundschulen täglich warme Mahlzeiten wie Mais und Bohnen an rund 3.100 hungrige Kinder aus. Der Schulbesuch trägt zu einem geregelten Alltag inmitten der Not bei.“*
- Am PC kann **Teilnehmer A** einen beliebigen Spendenbetrag zwischen 0 und 155 Talern (in Schritten von 5 Talern) eingeben. Der eingegebene Betrag wird von der **Taler-Ausstattung von Teilnehmer A** abgezogen und an „SOS-Kinderdörfer weltweit“ gespendet.
- Die folgende Grafik soll Ihnen die Auswirkung auf Ihre Auszahlung verdeutlichen.

2

Appendix 3: T1 – Instruction (PA, PB) [2/5]

Durchlauf Nr. 2:

- Durchlauf Nr. 2 ist unabhängig von Durchlauf Nr. 1.
- Per Zufall wird entschieden, ob Sie Teilnehmer A oder Teilnehmer B sind (dies wird Ihnen auf dem PC-Bildschirm mitgeteilt).
- Unabhängig von Durchlauf Nr. 1 wird per Zufall **jedem Teilnehmer A** genau **ein Teilnehmer B** zugeordnet.
- **Teilnehmer B trifft die Entscheidung**, wie viele Taler von der **Taler-Ausstattung von** seinem zugeordneten **Teilnehmer A** an „SOS-Kinderdörfer weltweit" gespendet werden. Am PC kann **Teilnehmer B** einen beliebigen Spendenbetrag zwischen 0 und 155 Talern (in Schritten von 5 Talern) eingeben. Der eingegebene Betrag wird von der **Taler-Ausstattung von Teilnehmer A** abgezogen und an „SOS-Kinderdörfer weltweit" gespendet. Die **Spendenentscheidung von Teilnehmer B** hat **keine Auswirkung** auf **die eigene Taler-Ausstattung von Teilnehmer B**. Teilnehmer B behält somit unabhängig von der Spendenentscheidung seine komplette Taler-Ausstattung.
- Teilnehmer A erhält keine Informationen über den von Teilnehmer B gewählten Spendenbetrag und hat auch keinen Einfluss auf die Spendenentscheidung.
- Die folgende Grafik soll Ihnen die Auswirkung auf die Auszahlung verdeutlichen.

Durchlauf Nr. 3:

- Durchlauf Nr. 3 ist unabhängig von Durchlauf Nr. 1 und Nr. 2.
- Die vollständigen Instruktionen erhalten Sie nach Durchlauf Nr. 2 auf Ihrem PC-Bildschirm angezeigt. Hier erhalten Sie vorerst nur Basisinformationen.

Appendix 4: T1 – Instruction (PA, PB) [3/5]

- Die **Rollenzuteilung** und die **Gruppenmitglieder** aus Durchlauf Nr. 2 bleiben erhalten. Dies bedeutet, dass die identischen A und B Teilnehmer aus Durchlauf Nr. 2 wieder zusammenspielen. Weiterhin gilt, dass alle Vorgänge anonym sind.
- Auch in Durchlauf Nr. 3 **trifft Teilnehmer B wieder die Entscheidung**. Diese ist vergleichbar mit Durchlauf Nr. 2. Die Taler-Ausstattung von Teilnehmer B ist wieder nicht von der Spendenentscheidung beeinflusst.
- Teilnehmer A erhält keine Informationen über den von Teilnehmer B gewählten Spendenbetrag und hat auch keinen Einfluss auf die Spendenentscheidung.

Auszahlungsmodalitäten für alle drei Durchläufe:

- Jeder Durchgang kann Auswirkungen auf Ihre Auszahlung haben. **Nur ein zufällig ausgewählter Durchlauf** wird tatsächlich ausgezahlt – unabhängig von der Rolle, die Sie eingenommen haben.
- Die möglichen Taler-Auszahlungsbeträge pro Durchlauf werden jedem Teilnehmer individuell und anonym **nach dem Fragebogen** auf dem Bildschirm angezeigt. Jeder Teilnehmer **sieht nur seine eigenen Auszahlungsbeträge**.
- Sie bestimmen selbst durch Würfeln nach dem Experiment welcher der drei Durchläufe für Ihre Auszahlung und für die Spende an „SOS-Kinderdörfer weltweit“ relevant ist.
    - Durchlauf Nr. 1 (Würfelaugen: 1, 2)
    - Durchlauf Nr. 2 (Würfelaugen: 3, 4)
    - Durchlauf Nr. 3 (Würfelaugen: 5, 6)
- Am Ende des Experiments wird Ihre Taler-Auszahlung zu einem Wechselkurs von 1,30 Euro pro 15 Talern umgetauscht und zusammen mit einer Show-Up Fee von 2,50 Euro bar an Sie ausbezahlt.
- **„SOS-Kinderdörfer weltweit“** erhält den Spendenbetrag aus dem Durchlauf ausgezahlt, den Sie ausgewürfelt haben. Der entsprechende Taler-Spendenbetrag aus diesem Durchlauf wird in EUR umgetauscht und an „SOS-Kinderdörfer weltweit“ per Banküberweisung überwiesen.

Appendix 5: T1 – Instruction (PA, PB) [4/5]

- Die Spendenbeträge an die **„SOS-Kinderdörfer weltweit“** werden als eine Gesamtsumme in EUR per Banküberweisung auf das Konto von „SOS-Kinderdörfer weltweit“ (Konto 22222 00000, BLZ 430 609 67) überwiesen. Die zu überweisende Summe wird auch noch einmal durch Prof. Fahr kontrolliert. Die Überweisungsbestätigung und die Kontrollbestätigung von Prof. Fahr finden Sie eine Woche nach dem Experiment auf der Homepage des Lehrstuhls von Prof. Fahr. Falls Sie die Bestätigungen auch per E-Mail erhalten wollen, dann tragen Sie sich bitte am Ende des Experiments auf der ausliegenden Liste ein.
- Mit den Instruktionen erhalten Sie einen Zettel mit den Internetadressen zu Informationen und den Bankdaten von „SOS-Kinderdörfern weltweit“ und zur Homepage vom BaER-Lab.

Bitte beachten Sie:

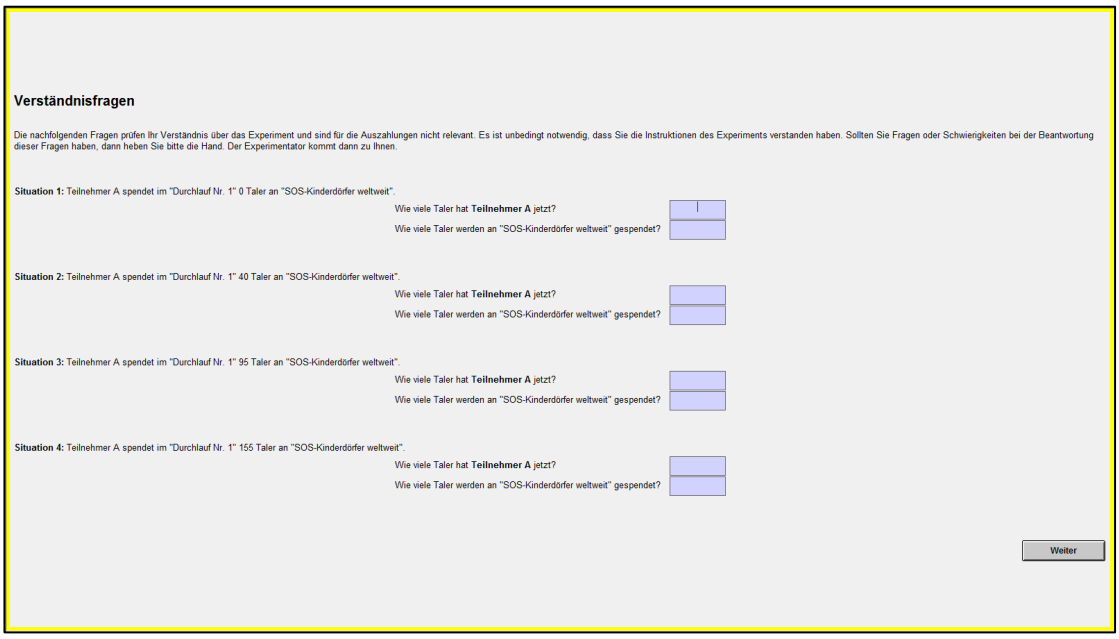
- Während des gesamten Experiments ist keine Kommunikation gestattet.
- Mobiltelefone müssen während der kompletten Experimentdauer ausgeschaltet sein.
- Wenn Sie eine Frage haben, bleiben Sie bitte an Ihrem Platz sitzen und heben die Hand. Stellen Sie bitte Ihre Frage so, dass kein anderer Teilnehmer Ihre Frage mithören kann.
- Sämtliche Entscheidungen, die Sie im Rahmen dieses Experiments treffen, erfolgen anonym, d.h. keiner der anderen Teilnehmer erfährt die Identität desjenigen, der eine bestimmte Entscheidung getroffen hat.
- Auch die Auszahlung erfolgt anonym, d.h. kein Teilnehmer erfährt, wie hoch die Auszahlung eines anderen Teilnehmers ist.
- Bitte bleiben Sie bis zur Auszahlung an Ihrem Platz sitzen. Sie werden zur Auszahlung mittels der Ihnen zugeordneten Platznummer aufgerufen.

Viel Erfolg und vielen Dank für die Teilnahme an unserem Experiment!

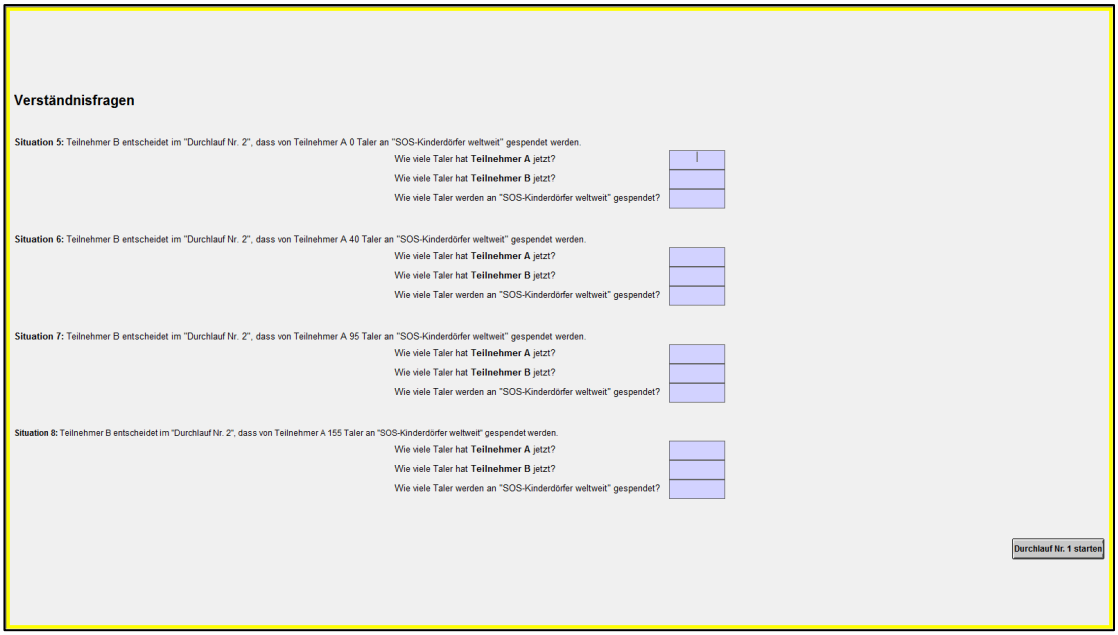
Appendix 6: T1 – Instruction (PA, PB) [5/5]

6.2.1.2. Z-Tree Screenshots

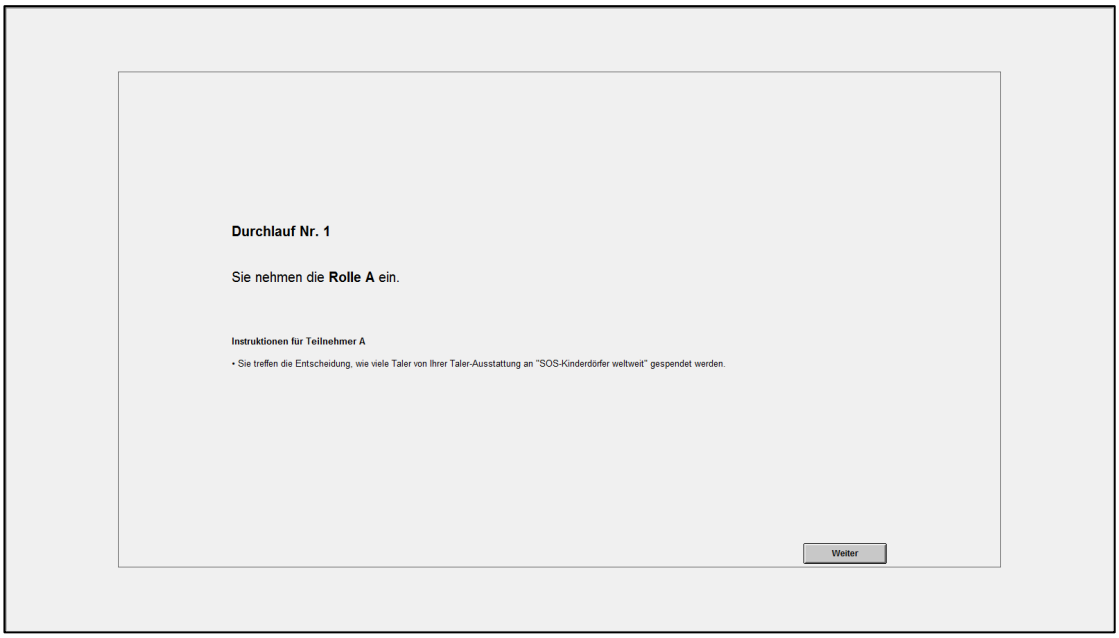
Appendix 7: T1 – Welcome z-Tree screen (PA, PB)



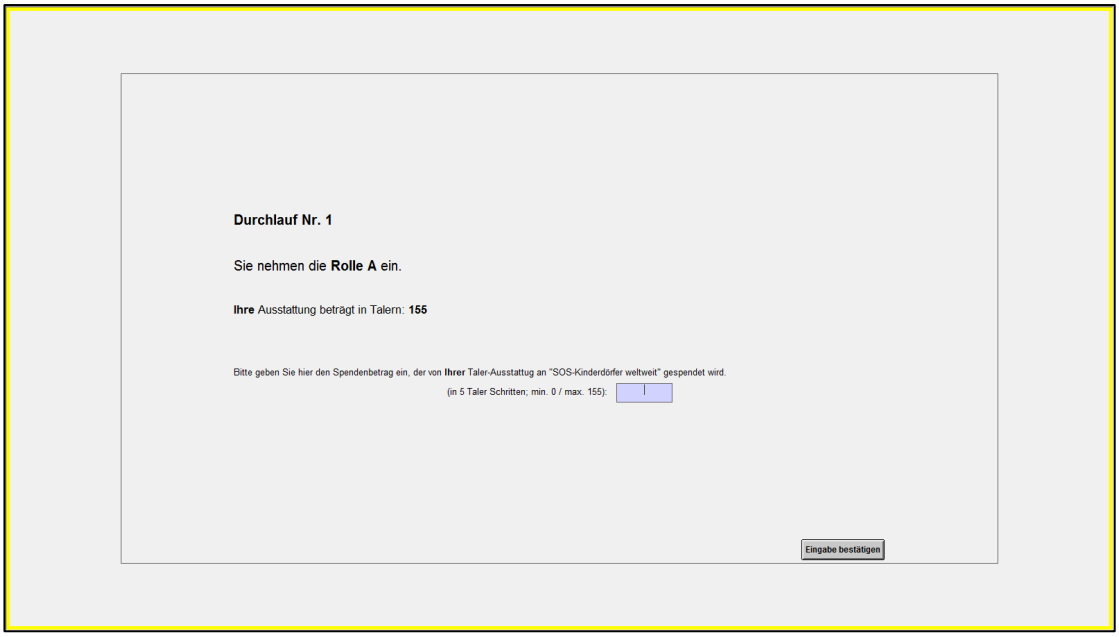
Appendix 8: T1 – Comprehension questions z-Tree screen (PA, PB) [1/2]



Appendix 9: T1 – Comprehension questions z-Tree screen (PA, PB) [2/2]

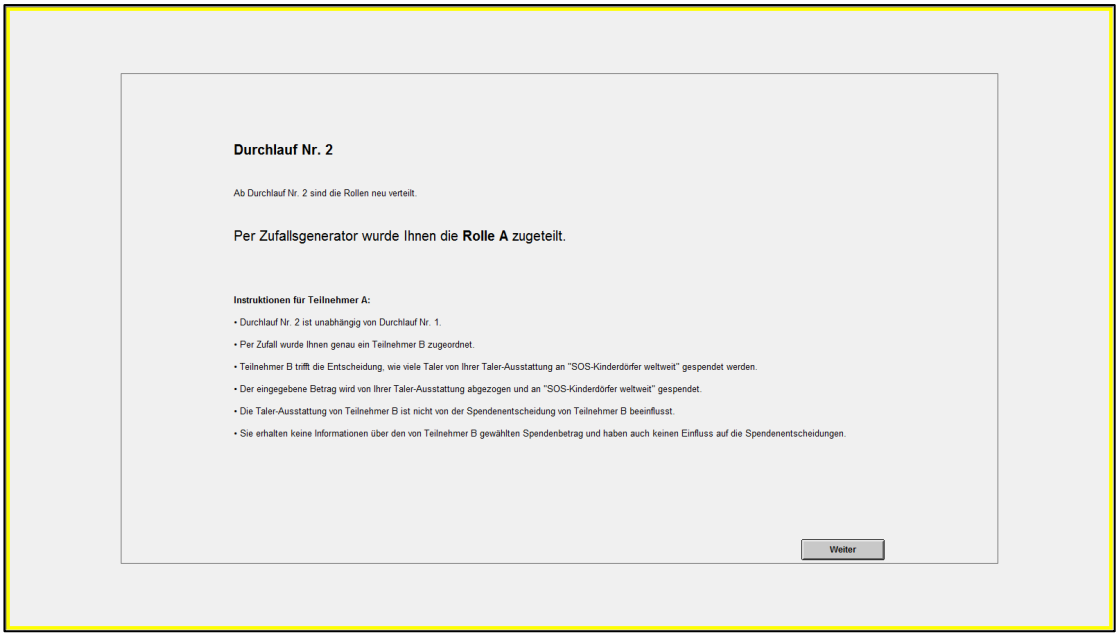


Appendix 10: T1 – Round 1 role assignment z-Tree screen (PA, PB)

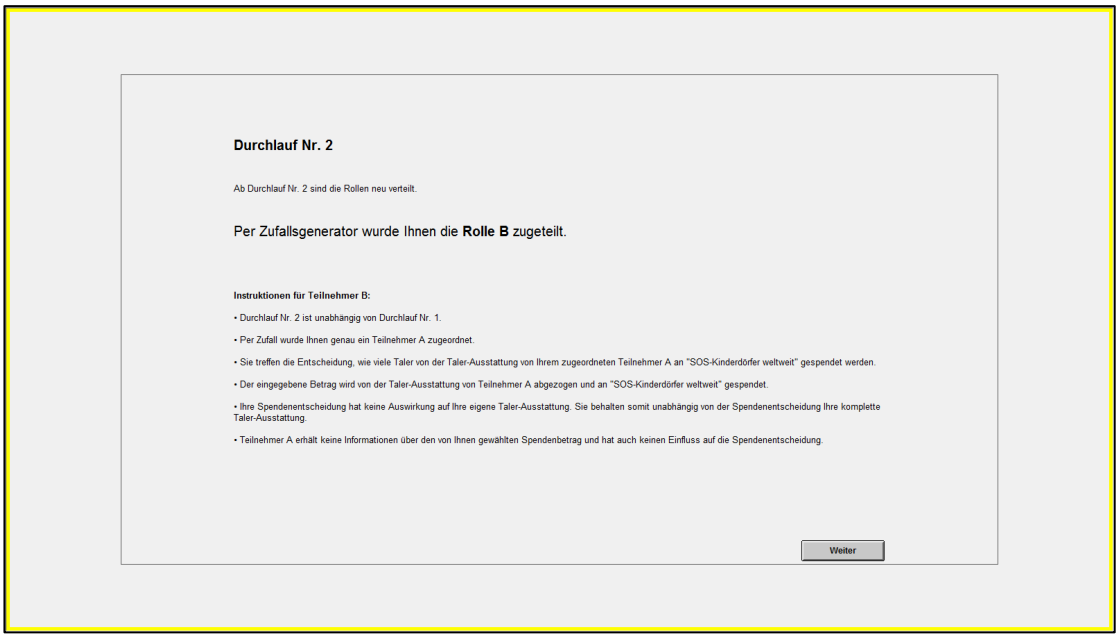


Appendix 11: T1 – Round 1 donation z-Tree screen (PA, PB)

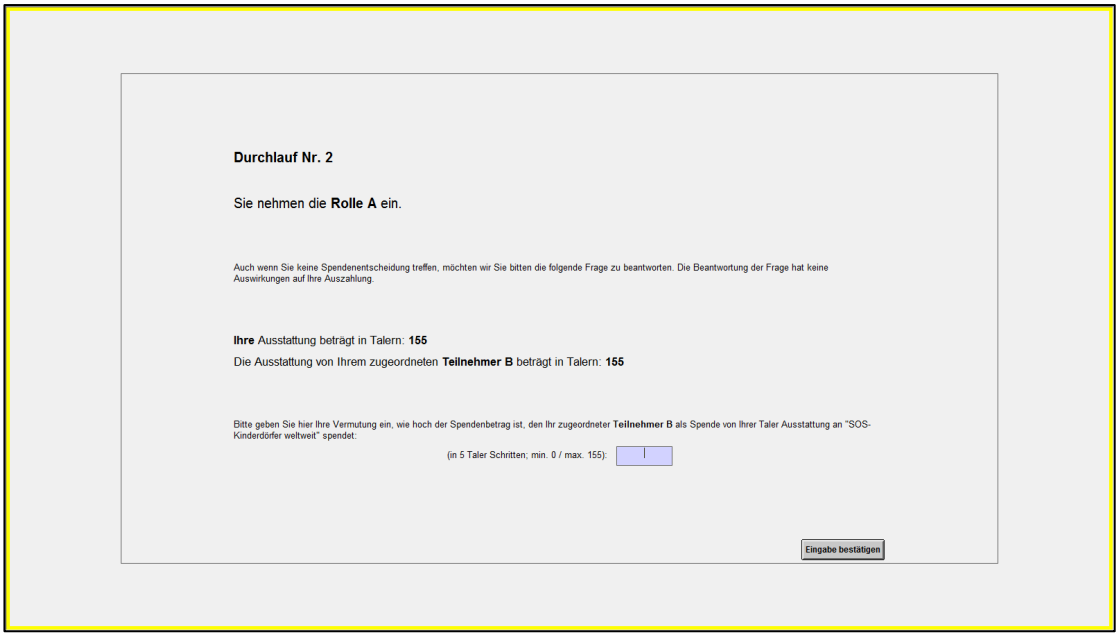
Appendix 12: T1 – Round 1 finish z-Tree screen (PA, PB)



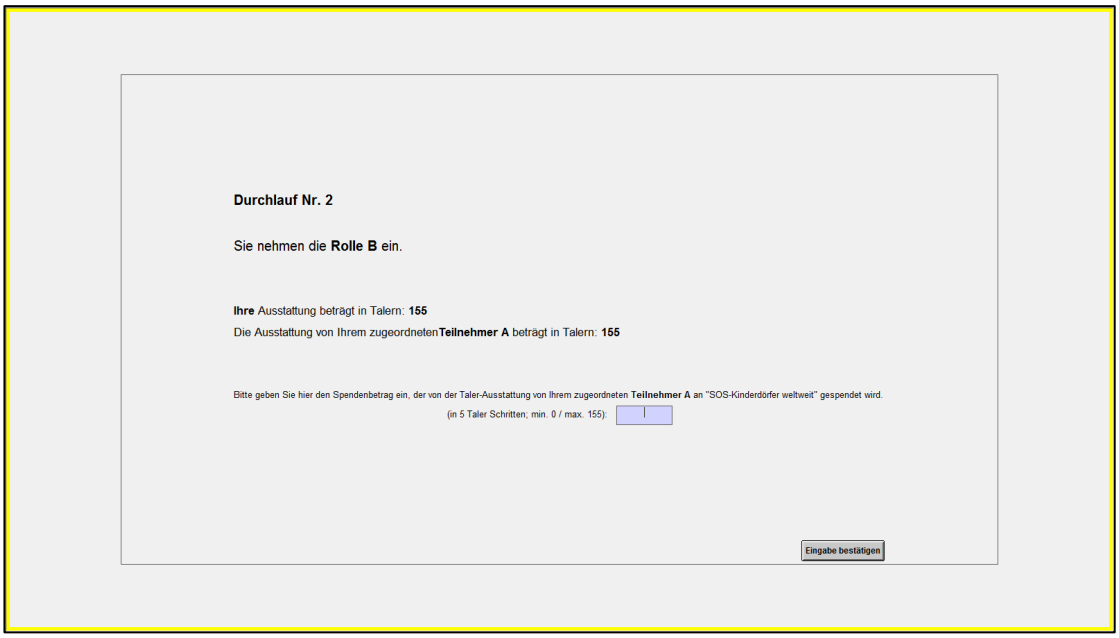
Appendix 13: T1 – Round 2 role assignment z-Tree screen (PA)



Appendix 14: T1 – Round 2 role assignment z-Tree screen (PB)



Appendix 15: T1 – Round 2 donation z-Tree screen (PA)



Appendix 16: T1 – Round 2 donation z-Tree screen (PB)

Appendix 17: T1 – Round 2 finish z-Tree screen (PA, PB)

Appendix 18: T1 – Round 3 instruction z-Tree screen (PA)

Durchlauf Nr. 3

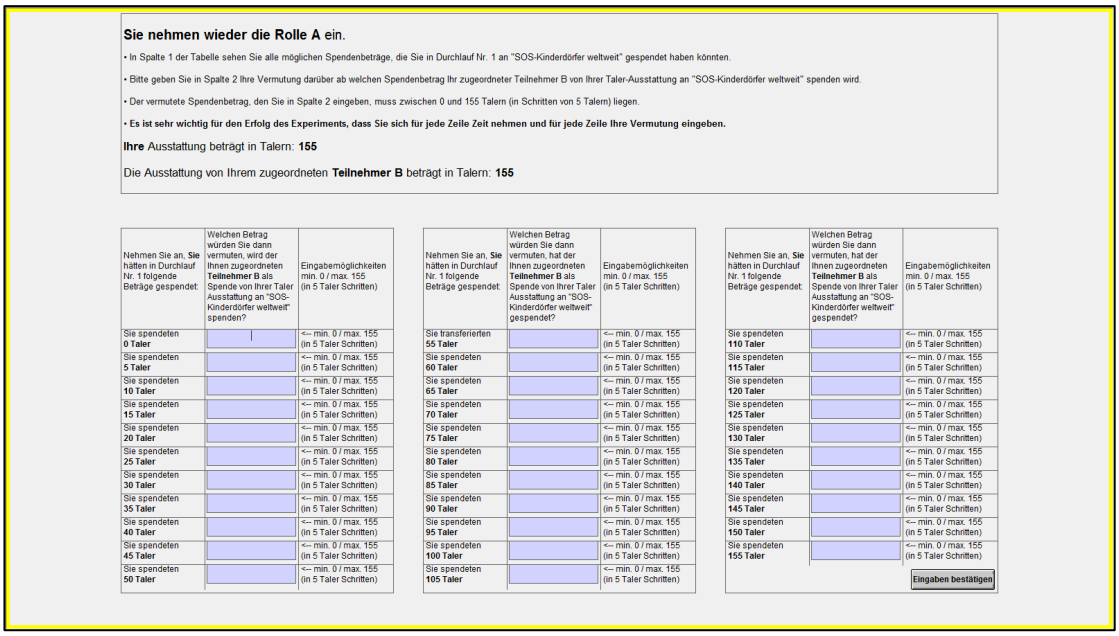
Sie nehmen wieder die **Rolle B** ein.

Instruktionen für Teilnehmer B:

- Durchlauf Nr. 3 ist unabhängig von Durchlauf Nr. 1 und Nr. 2.
- Durchlauf Nr. 3 ist von der **Entscheidung vergleichbar mit Durchlauf Nr. 2**.
- Auf der nächsten Seite sehen Sie als Eingabemaske eine Tabelle, die aus Gründen der Lesbarkeit in drei Teile aufgeteilt ist.
- Die Zeilen der Tabelle stehen für alle möglichen Spendenbeträge, die der Ihnen zugeordnete Teilnehmer A in Durchlauf Nr. 1 an "SOS-Kinderdörfer weltweit" gespendet haben könnte.
- **In jeder Zeile** der Tabelle werden Sie um folgende Entscheidung gebeten:
  - Sie treffen die Entscheidung, wie viele Taler von der Taler-Ausstattung von Ihrem zugeordneten Teilnehmer A an "SOS-Kinderdörfer weltweit" gespendet werden, unter der Annahme, dass Teilnehmer A den Spendenbetrag aus Spalte 1 wirklich in Durchlauf Nr. 1 an "SOS-Kinderdörfer weltweit" gespendet hat.
  - Geben Sie bitte in Spalte 2 einen beliebigen Spendenbetrag zwischen 0 und 155 Talern (in Schritten von 5 Talern) ein.
  - Der eingegebene Betrag wird von der Taler Ausstattung von Ihrem zugeordneten Teilnehmer A abgezogen und an "SOS-Kinderdörfer weltweit" gespendet.
  - Sie treffen somit **32-mal eine voneinander unabhängige** Spendenentscheidung.
  - Ihre Entscheidung hat keine Auswirkung auf Ihre eigene Taler-Ausstattung. Sie behalten somit unabhängig von der Spendenentscheidung Ihre komplette Taler-Ausstattung.
- Der Auszahlungsbetrag für Ihren zugeordneten Teilnehmer A in Durchlauf Nr. 3 ergibt sich wie folgt:
  - Für die Bestimmung des Auszahlungsbetrags aus Durchlauf Nr. 3 ist nur eine Zeile der Tabelle relevant.
  - Nach dem vollständigen Ausfüllen der gesamten Tabelle wird für Ihren zugeordneten Teilnehmer A nur die Zeile der Tabelle auszahlungsrelevant, die mit seinem realen Spendenbetrag aus Durchlauf Nr. 1 übereinstimmt.
  - Der von Ihnen in Spalte 2 eingegebene Spendenbetrag wird dann von der Taler-Ausstattung von Teilnehmer A abgezogen und an "SOS-Kinderdörfer weltweit" gespendet.
- Teilnehmer A erhält keine Informationen über den von Ihnen gewählten Spendenbetrag und hat auch keinen Einfluss auf Ihre Spendenentscheidungen.
- **Es ist sehr wichtig für das Experiment, dass Sie sich für jede Zeile Zeit nehmen und für jede Zeile eine unabhängige Spendenentscheidung abgeben.**

Weiter

Appendix 19: T1 – Round 3 instruction z-Tree screen (PB)



Sie nehmen wieder die Rolle A ein.

- In Spalte 1 der Tabelle sehen Sie alle möglichen Spendenbeträge, die Sie in Durchlauf Nr. 1 an "SOS-Kinderdörfer weltweit" gespendet haben könnten.
- Bitte geben Sie in Spalte 2 Ihre Vermutung darüber ab welchen Spendenbetrag Ihr zugeordneter Teilnehmer B von Ihrer Taler-Ausstattung an "SOS-Kinderdörfer weltweit" spenden wird.
- Der vermutete Spendenbetrag, den Sie in Spalte 2 eingeben, muss zwischen 0 und 155 Talern (in Schritten von 5 Talern) liegen.
- **Es ist sehr wichtig für den Erfolg des Experiments, dass Sie sich für jede Zeile Zeit nehmen und für jede Zeile Ihre Vermutung eingeben.**

Ihre Ausstattung beträgt in Talern: **155**

Die Ausstattung von Ihrem zugeordneten **Teilnehmer B** beträgt in Talern: **155**

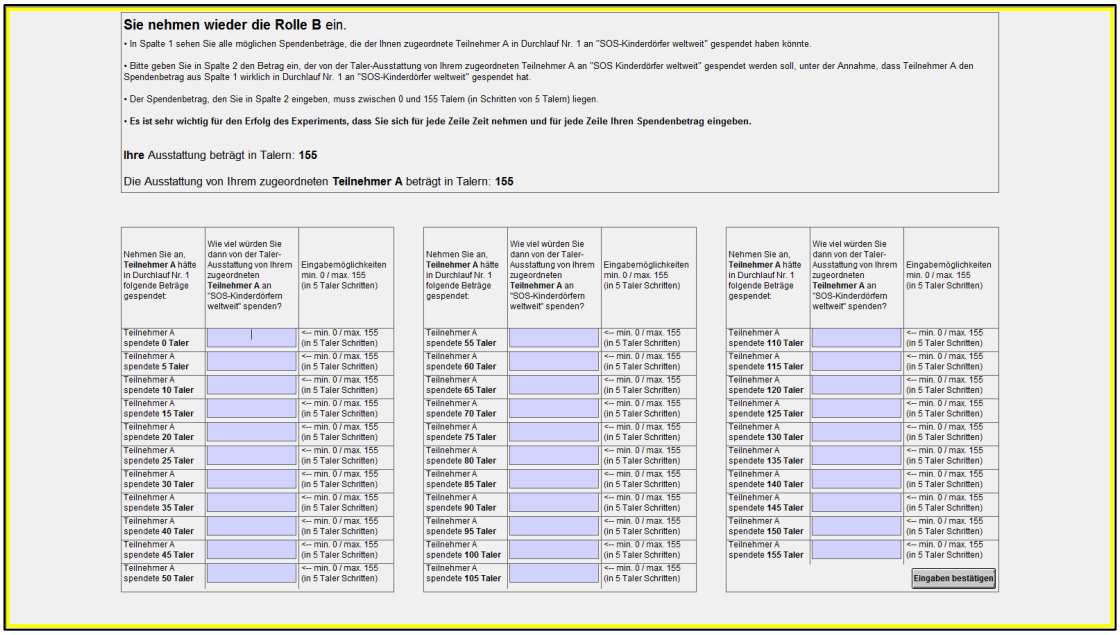
Nehmen Sie an, **Sie** hätten in Durchlauf Nr. 1 folgende Beträge gespendet:	Welchen Betrag würden Sie dann vermuten, wird der Ihnen zugeordneten **Teilnehmer B** als Spende von Ihrer Taler Ausstattung an "SOS-Kinderdörfer weltweit" spenden?	Eingabemöglichkeiten min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **0 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **5 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **10 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **15 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **20 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **25 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **30 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **35 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **40 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **45 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **50 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)

Nehmen Sie an, **Sie** hätten in Durchlauf Nr. 1 folgende Beträge gespendet:	Welchen Betrag würden Sie dann vermuten, hat der Ihnen zugeordneten **Teilnehmer B** als Spende von Ihrer Taler Ausstattung an "SOS-Kinderdörfer weltweit" gespendet?	Eingabemöglichkeiten min. 0 / max. 155 (in 5 Taler Schritten)
Sie transferierten **55 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **60 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **65 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **70 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **75 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **80 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **85 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **90 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **95 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **100 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **105 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)

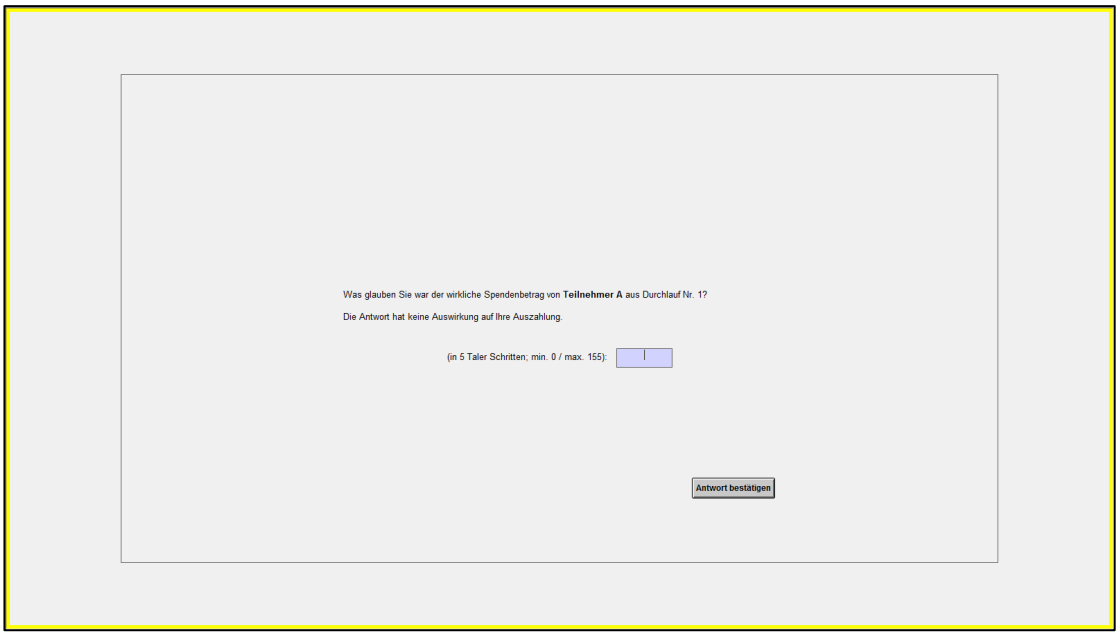
Nehmen Sie an, **Sie** hätten in Durchlauf Nr. 1 folgende Beträge gespendet:	Welchen Betrag würden Sie dann vermuten, hat der Ihnen zugeordneten **Teilnehmer B** als Spende von Ihrer Taler Ausstattung an "SOS-Kinderdörfer weltweit" gespendet?	Eingabemöglichkeiten min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **110 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **115 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **120 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **125 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **130 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **135 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **140 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **145 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **150 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)
Sie spendeten **155 Taler**		<-- min. 0 / max. 155 (in 5 Taler Schritten)

Eingaben bestätigen

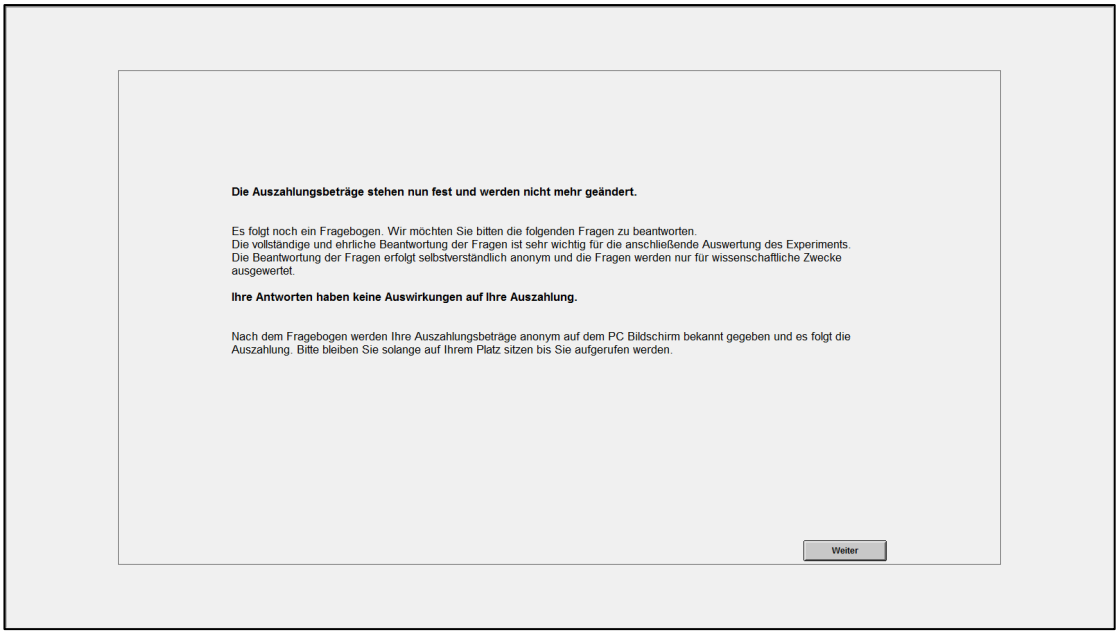
Appendix 20: T1 – Round 3 donation z-Tree screen (PA)



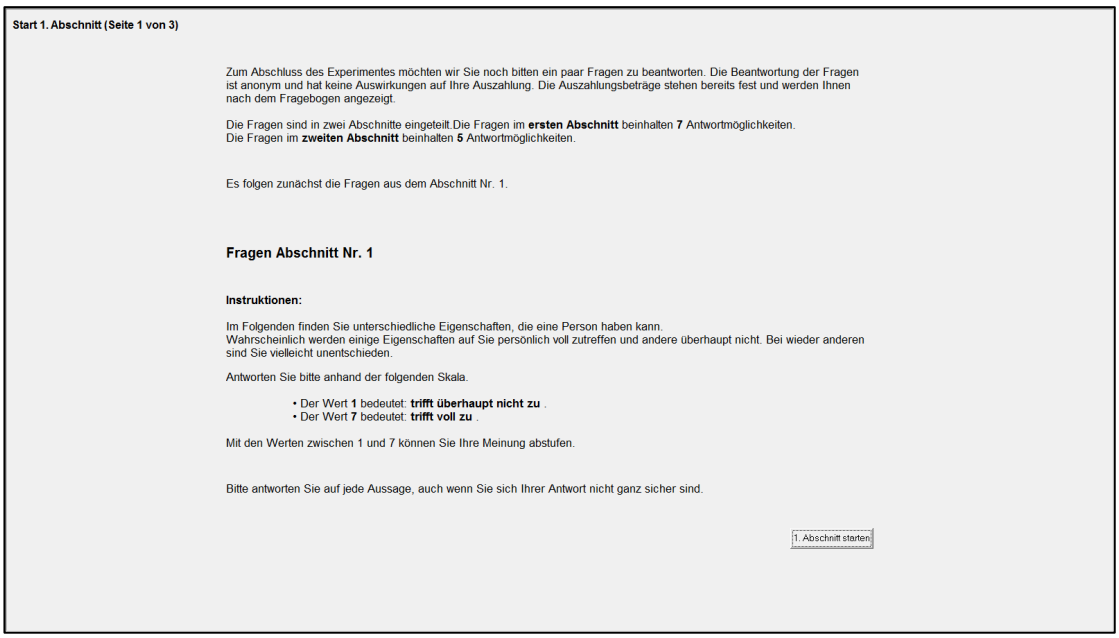
Appendix 21: T1 – Round 3 donation z-Tree screen (PB)



Appendix 22: T1 – Round 3 expectation z-Tree screen (PB)



Appendix 23: T1 – Payoffs fixed z-Tree screen (PA, PB)

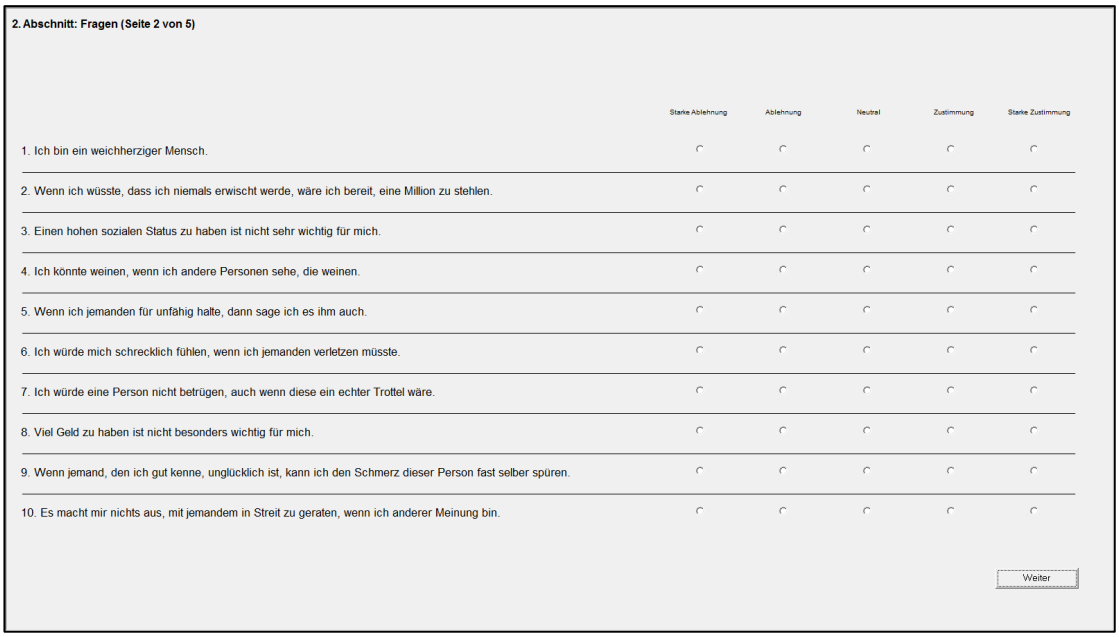


Appendix 24: T1 – SOEP introduction z-Tree screen (PA, PB)

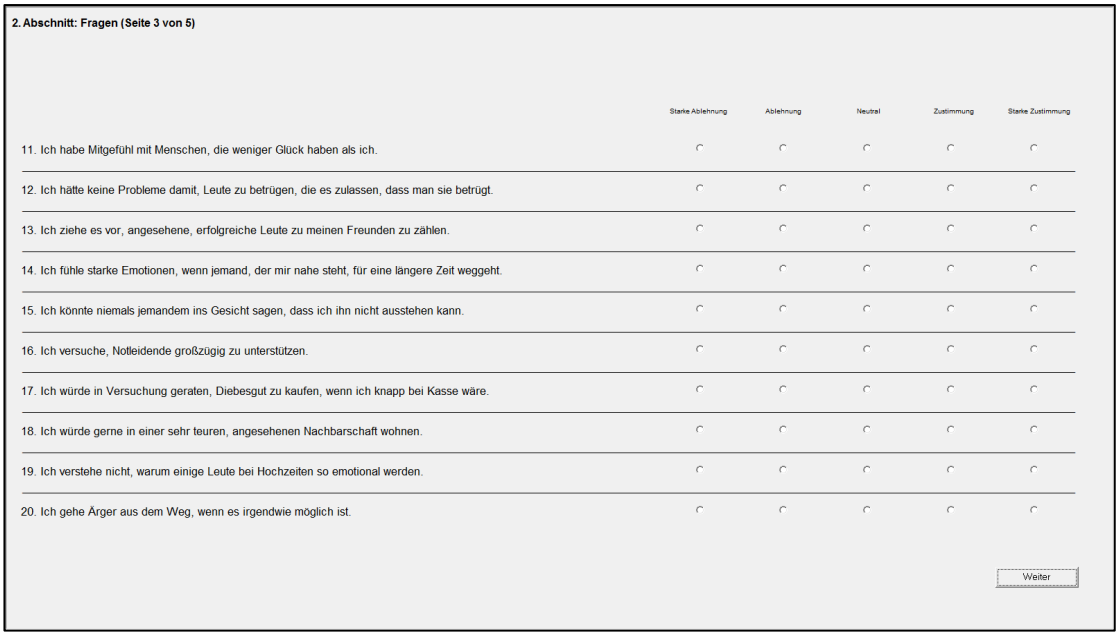
Appendix 25: T1 – SOEP items z-Tree screen (PA, PB) [1/2]

Appendix 26: T1 – SOEP items z-Tree screen (PA, PB) [2/2]

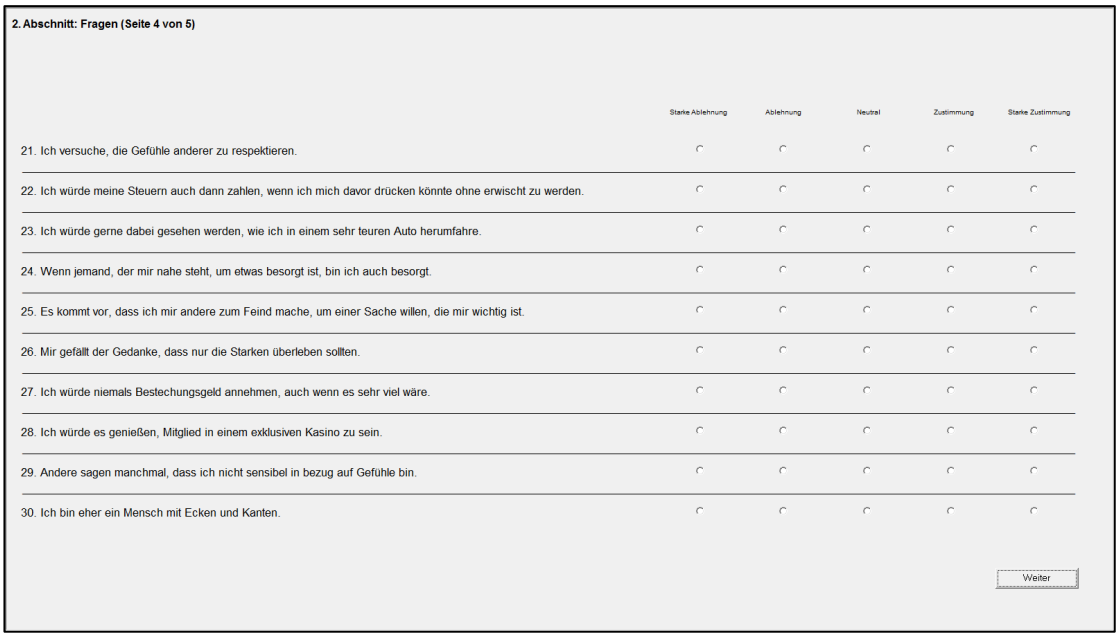
Appendix 27: T1 – HEXACO instruction z-Tree screen (PA, PB)



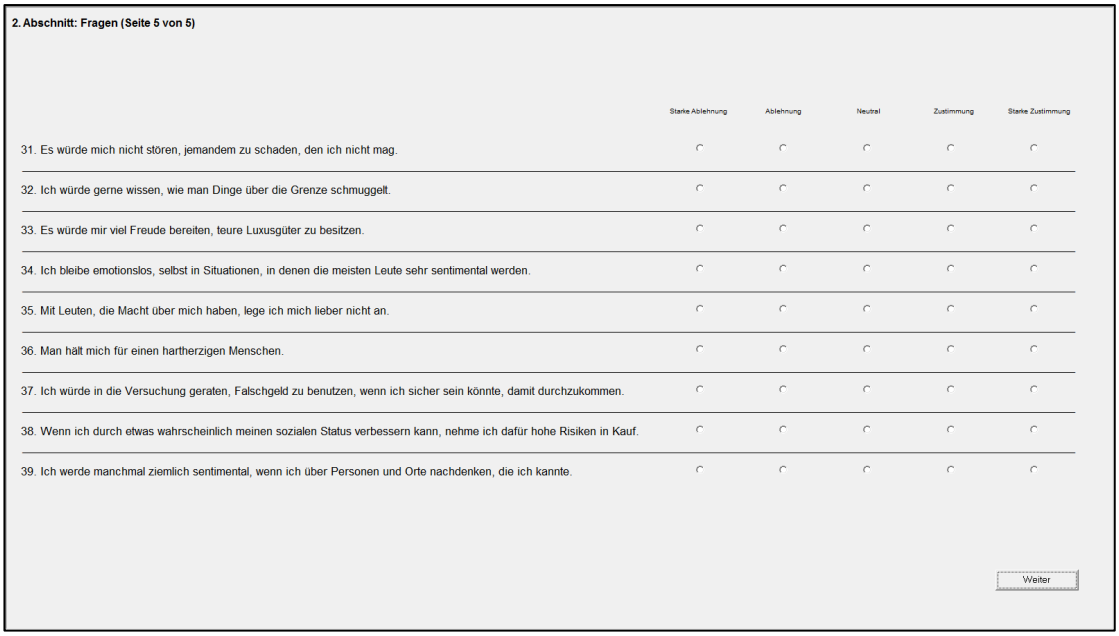
Appendix 28: T1 – HEXACO items z-Tree screen (PA, PB) [1/4]



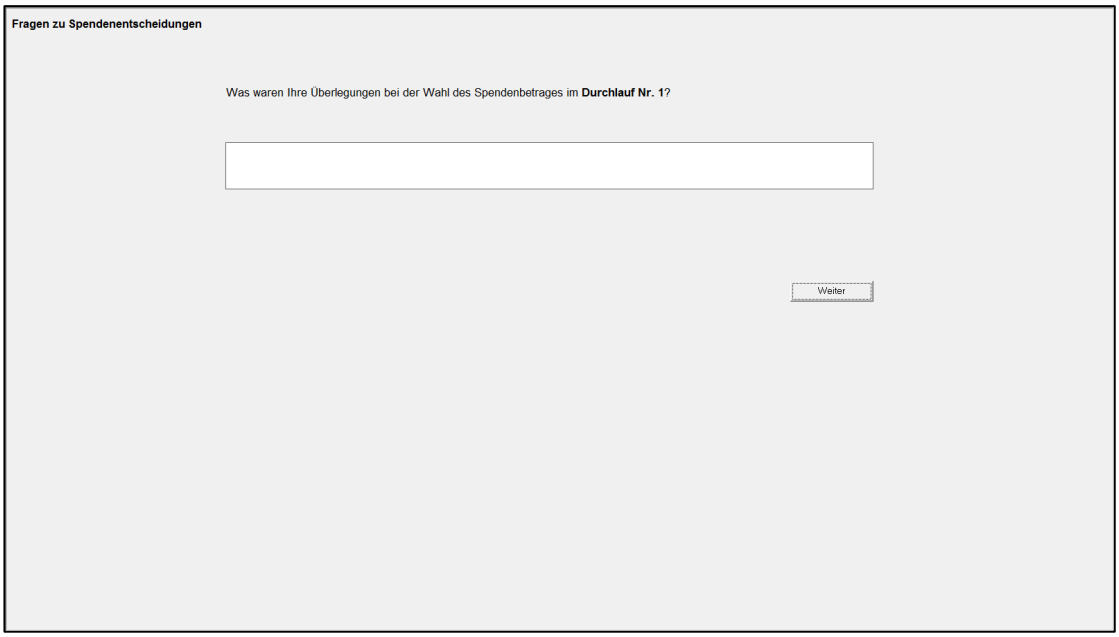
Appendix 29: T1 – HEXACO items z-Tree screen (PA, PB) [2/4]



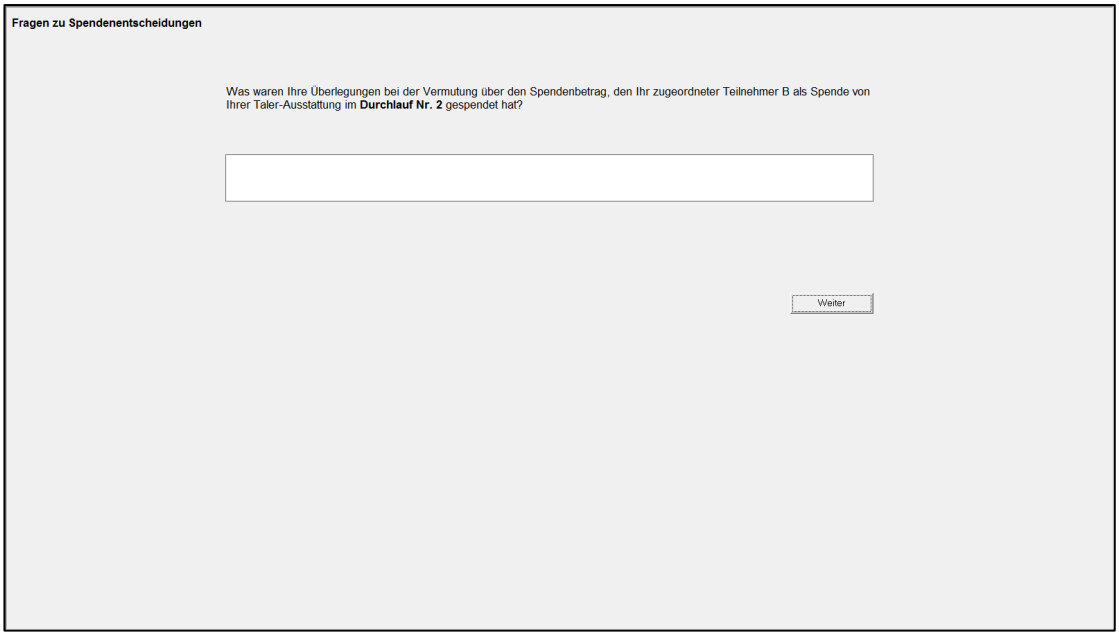
Appendix 30: T1 – HEXACO items z-Tree screen (PA, PB) [3/4]



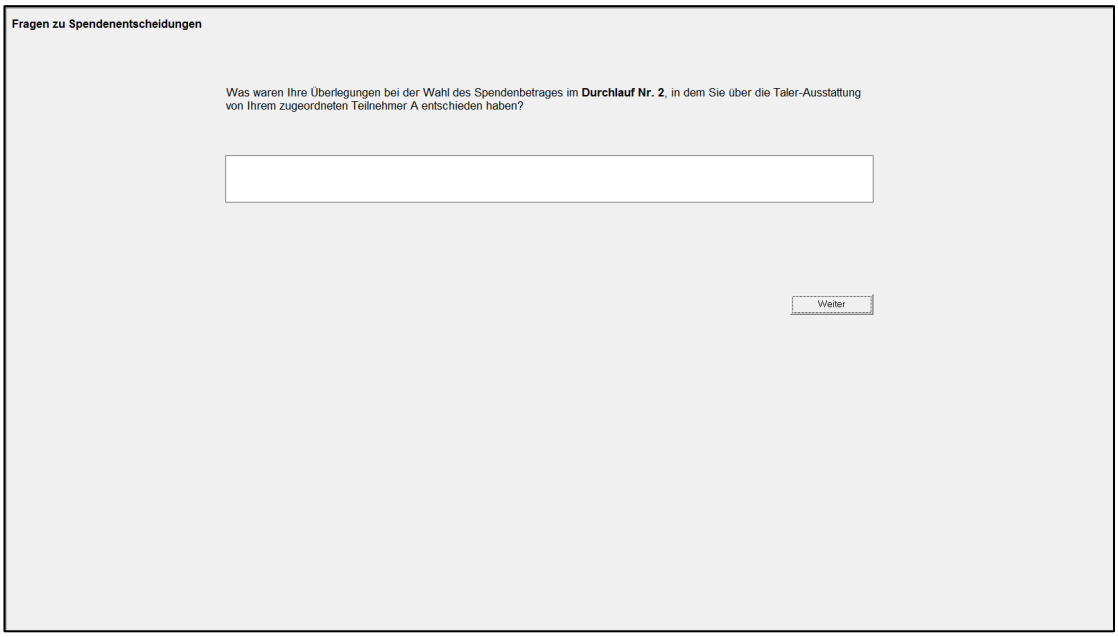
Appendix 31: T1 – HEXACO items z-Tree screen (PA, PB) [4/4]



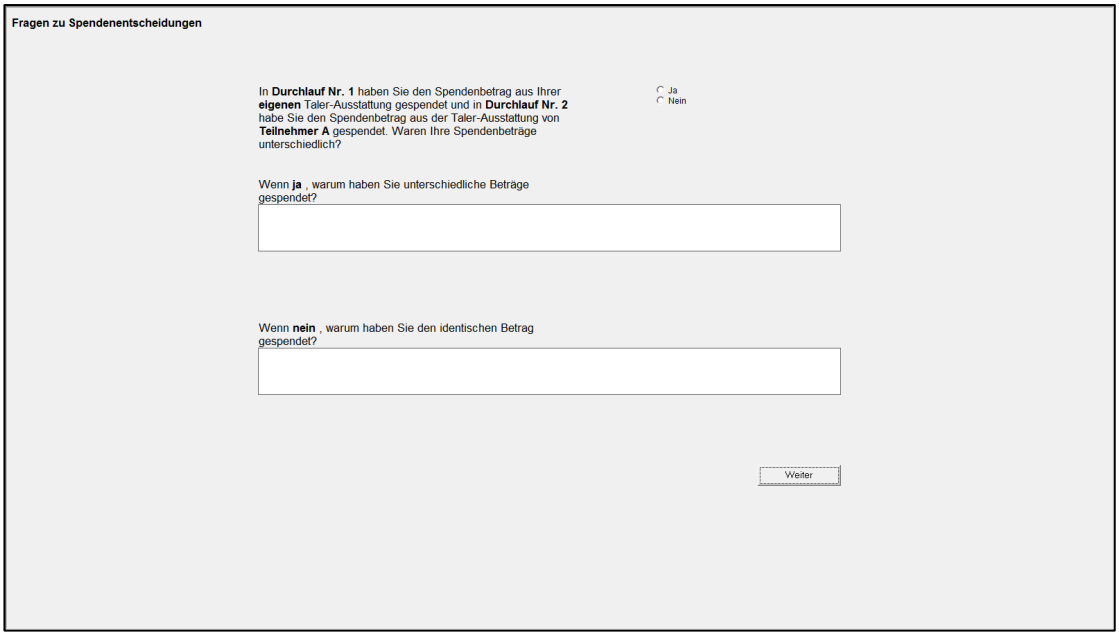
Appendix 32: T1 – Round 1 questions z-Tree screen (PA, PB)



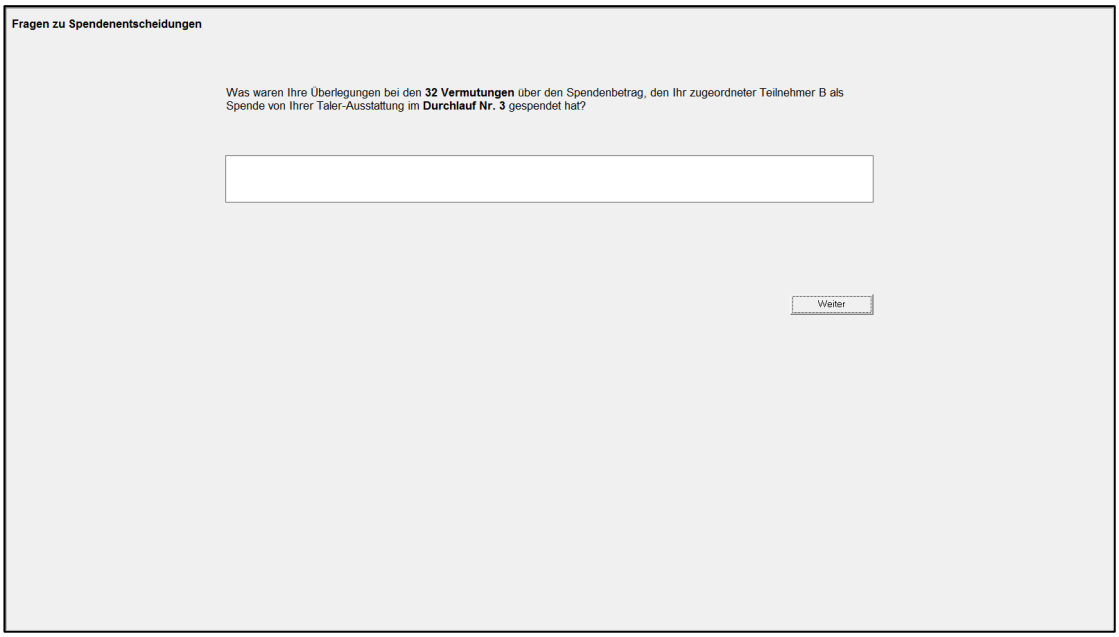
Appendix 33: T1 – Round 2 questions z-Tree screen (PA)



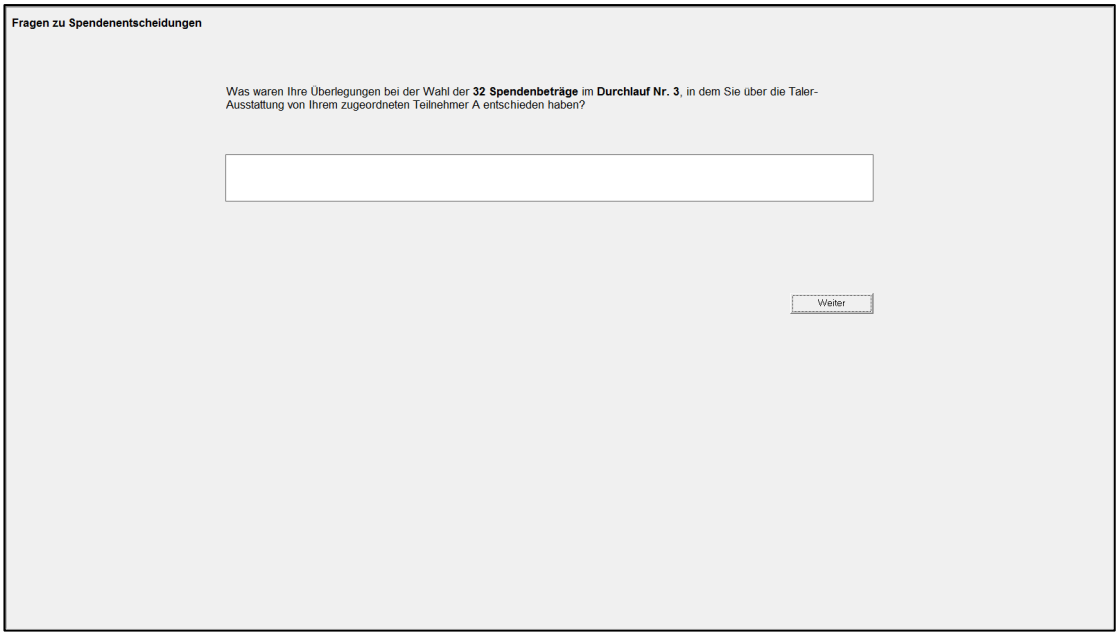
Appendix 34: T1 – Round 2 questions z-Tree screen (PB)



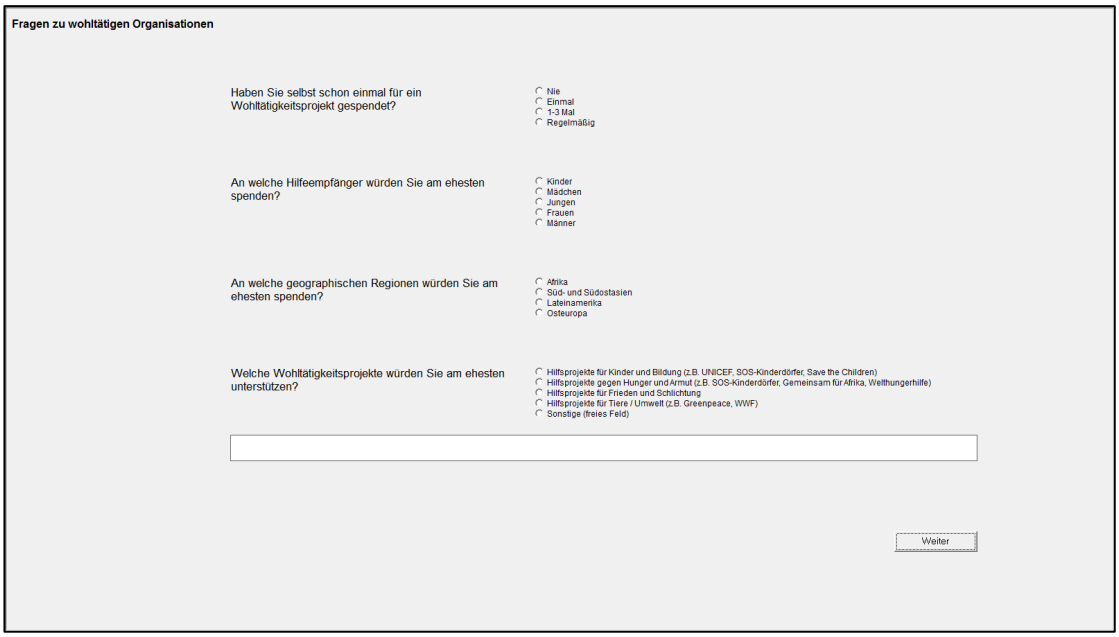
Appendix 35: T1 – Round 1 & 2 deviation questions z-Tree screen (PB)



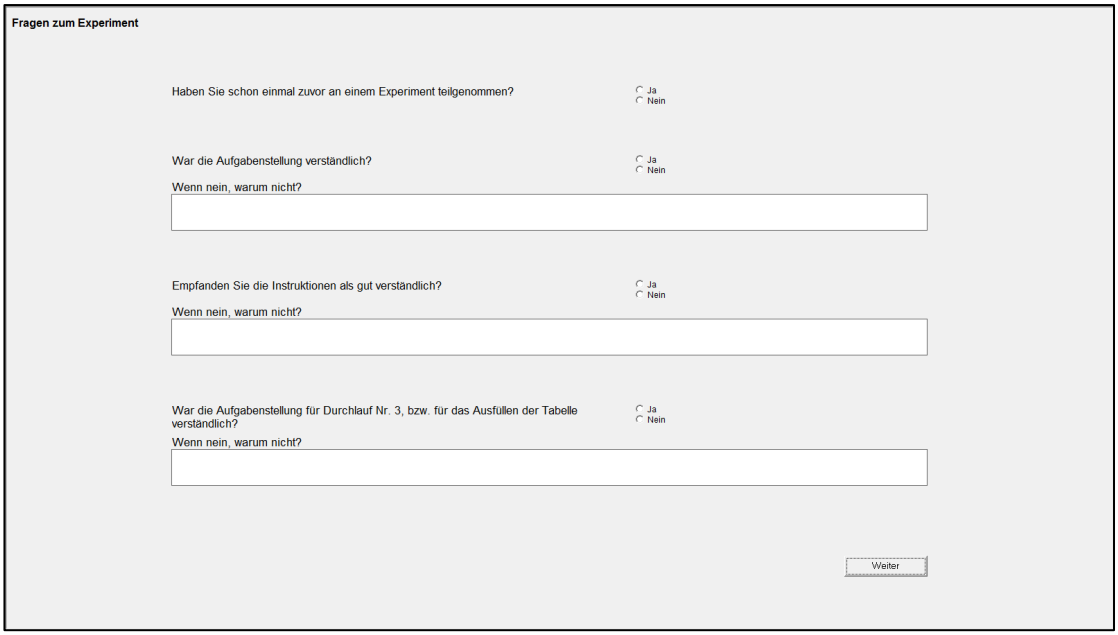
Appendix 36: T1 – Round 3 questions z-Tree screen (PA)



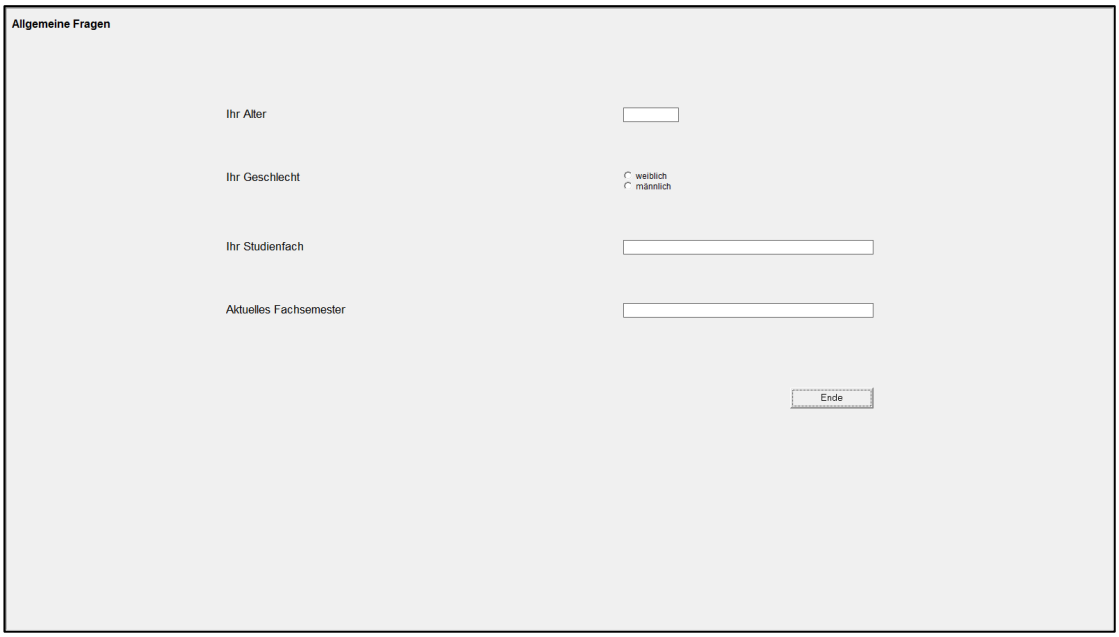
Appendix 37: T1 – Round 3 questions z-Tree screen (PB)



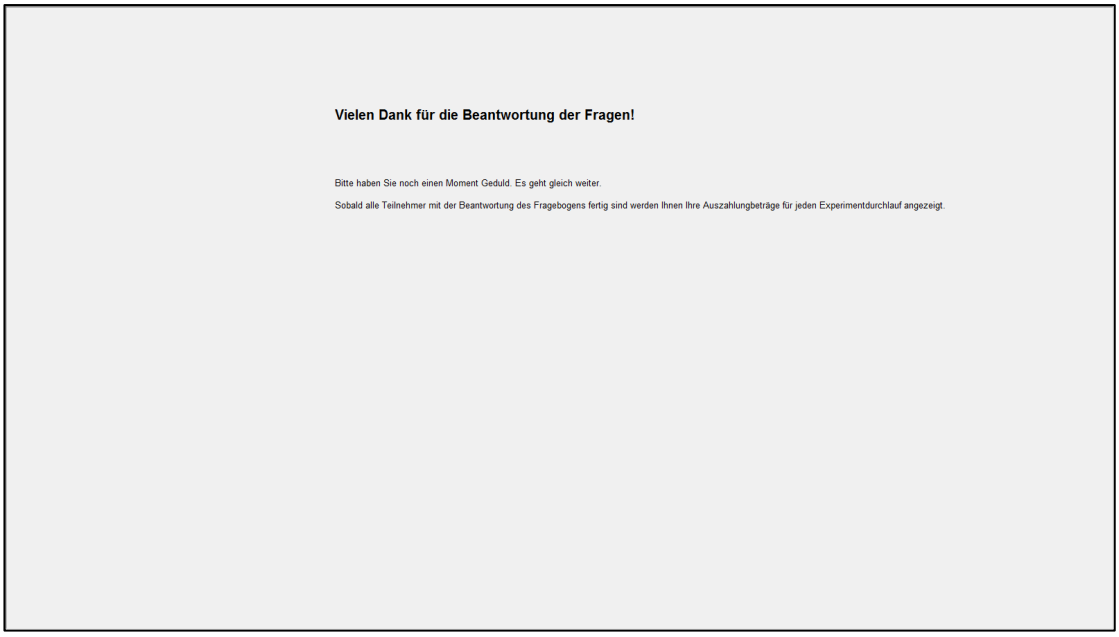
Appendix 38: T1 – Donation preferences z-Tree screen (PA, PB)



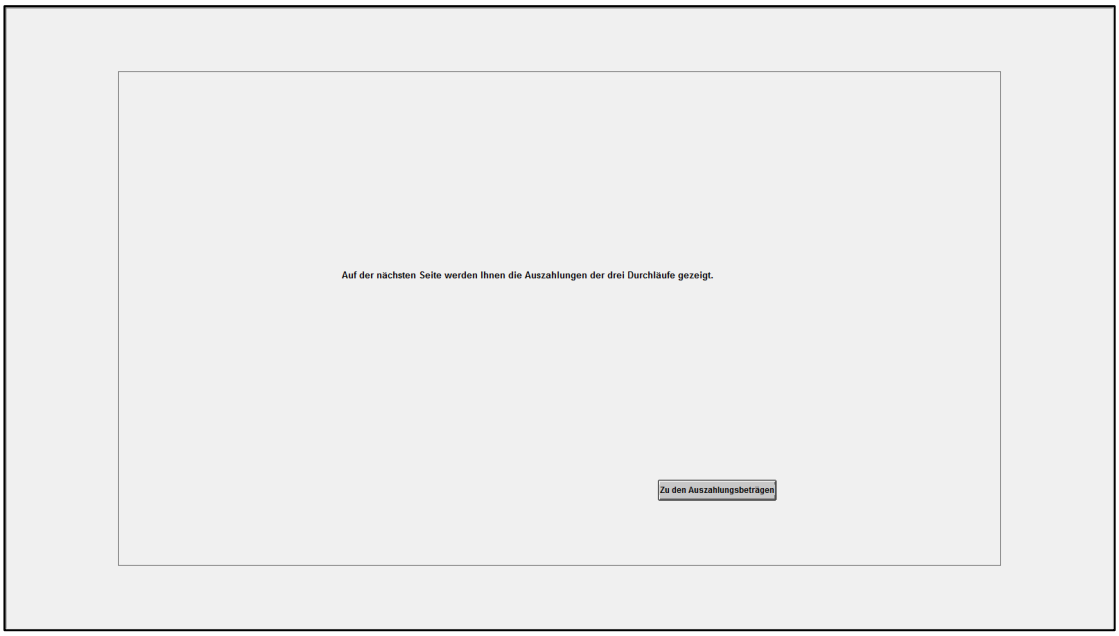
Appendix 39: T1 – Experiment experience z-Tree screen (PA, PB)



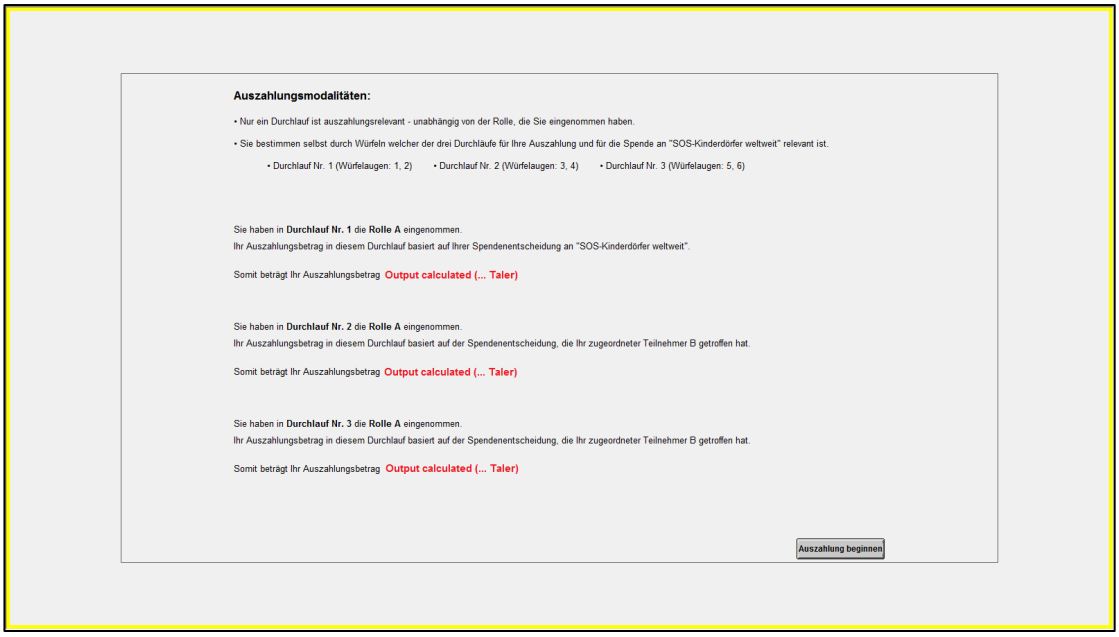
Appendix 40: T1 – Demographic questions z-Tree screen (PA, PB)



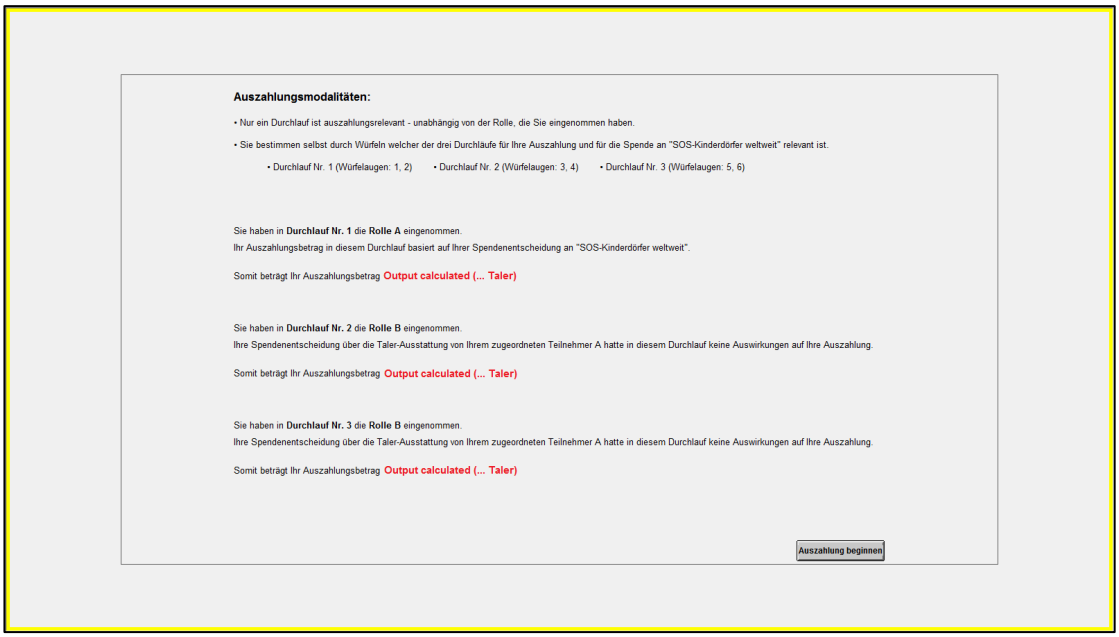
Appendix 41: T1 – Questionnaire finish z-Tree screen (PA, PB)



Appendix 42: T1 – Prior to payoff z-Tree screen (PA, PB)



Appendix 43: T1 – Payoff results z-Tree screen (PA)



Appendix 44: T1 – Payoff results z-Tree screen (PB)

Appendix 45: T1 – Final z-Tree screen (PA, PB)

6.2.1.3. Assignment to the Personality Model

PLAYER Bs by subject number (N=55 / no. 56-110)

Persisters	Adapters		Punishers		Not assigned
Flat	Decreasing & inreasing	Increasing	Decreasing & inreasing	Decreasing	Increasing & decreasing
58	60	57	60	59	56
73	61	67	61	62	
77	64	69	64	63	
81	75	70	75	65	
86	82	76	82	66	
89	97	84	97	68	
96	101	85	101	71	
107		90		72	
		94		74	
		99		78	
		100		79	
		103		80	
		104		83	
		108		87	
		109		88	
		110		91	
				92	
				93	
				95	
				98	
				102	
				105	
				106	

Appendix 46: T1 – Subject graphs' assignment to the personality model (PB)

6.2.2. Treatment 2: Business

6.2.2.1. Handout: Experimental Instructions

Experiment-Instruktionen

Genereller Überblick:

- Das Experiment besteht aus **drei Experimentdurchläufen**, die jeweils einmal nacheinander stattfinden.
  - **Durchlauf Nr. 1:** Es existiert die Rolle des Unternehmens**eigentümers** der Firma **„Ziegel-STEIN“**
  - **Durchlauf Nr. 2:** Es existieren die Rollen des Unternehmens**eigentümers** und des Unternehmens**geschäftsführers** der Firma **„Ziegel-BAU“**
  - **Durchlauf Nr. 3:** Es existieren die Rollen des Unternehmens**eigentümers** und des Unternehmens**geschäftsführers** der Firma **„Ziegel-BAU“**
- Es spielen im **ersten Durchlauf** alle anwesenden Teilnehmer den Unternehmens**eigentümer** von „Ziegel-STEIN“. Im **zweiten** und **dritten Durchlauf** spielen jeweils zwei Teilnehmer als Unternehmens**eigentümer** und Unternehmens**geschäftsführer** von „Ziegel-BAU“ in einer Gruppe zusammen. **Jeder Teilnehmer hat in der Gruppe genau eine Rolle,** die im weiteren Verlauf der Instruktionen erklärt wird.
- Ob Sie Eigentümer oder Geschäftsführer sind und zu welcher Gruppe Sie zugeordnet werden, wird zufällig **vor dem Durchlauf Nr. 2** bestimmt und Ihnen auf dem Bildschirm mitgeteilt. Die Rollenzuordnung gilt für **alle** folgenden Durchläufe (Nr. 2 und Nr. 3). Die Mitglieder einer Gruppe bleiben anonym. Sie werden also nie erfahren, wer Ihnen zugeordnet ist.
- Pro Durchlauf treffen Sie als Eigentümer oder als Geschäftsführer **genau eine Entscheidung**.

1

Appendix 47: T2 – Instruction (OW, MA) [1/8]

- Im Experiment werden alle Beträge in der **fiktiven Währung "Taler"** angegeben.
    - Der Unternehmens**eigentümer** besitzt in jedem Durchlauf (1, 2, 3) ein **Unternehmen** mit einem **Gewinn** von **155 Talern** und ein **privates Vermögen** von **0 Talern**.
        - Falls keine Unternehmenseinnahmen oder -ausgaben stattfinden, erhält der Eigentümer ein privates Vermögen von 155 Talern. Der Unternehmensgewinn wird folglich in jedem Durchlauf einmal in das private Vermögen des Eigentümers übertragen.
        - Es erfolgt **keine Aufsummierung** über die einzelnen Durchläufe.
    - Der Unternehmens**geschäftsführer** erhält in jedem Durchlauf (2, 3) ein festes Gehalt von **155 Talern**.
- Bevor der erste Durchlauf beginnt, werden Ihnen **Verständnisfragen** gestellt, um sicher zu stellen, dass die Instruktionen verständlich waren.
- Zum Ende des Experiments werden Sie gebeten noch einige Fragen zu beantworten. Die vollständige und ehrliche Beantwortung der Fragen ist sehr wichtig für die anschließende Auswertung des Experiments. Die Beantwortung der Fragen erfolgt selbstverständlich anonym und die Fragen werden nur für wissenschaftliche Zwecke ausgewertet. **Ihre Antworten haben keine Auswirkungen auf Ihre Auszahlung.**

Durchlauf Nr. 1:

- Stellen Sie sich ein mittelständisches Unternehmen vor, in dem 80 Mitarbeiter beschäftigt sind: die Firma **„Ziegel-STEIN"**. Das Unternehmen produziert Ziegelsteine und vertreibt diese in Deutschland. Zu den Kunden zählen Baumärkte, Privatleute und Unternehmen, die Großprojekte (Neubauten, Restaurationen) durchführen. Der Sitz des Unternehmens befindet sich in Deutschland.
- Das Unternehmen ist im Besitz von nur **einem** Eigentümer. Dies bedeutet in einer vereinfachten Welt (ohne Steuern, etc.), dass alle finanziellen Mittel des Unternehmens (Unternehmensgewinn) dem Eigentümer zustehen und somit sämtliche Unternehmenseinnahmen und -ausgaben direkten Einfluss auf das Privatvermögen des Eigentümers haben.

Appendix 48: T2 – Instruction (OW, MA) [2/8]

- Der Eigentümer **arbeitet** in dem von ihm gegründeten Unternehmen und hat die Entscheidungsbefugnis über alle Unternehmensbelange.
- Der Gewinn des Unternehmens hat sich nicht verändert und der Taler-Wert von 155 Talern wird zu diesem Zeitpunkt in Durchlauf Nr. 1 in das Privatvermögen des Eigentümers übertragen. Daraus ergibt sich ein aktueller **Unternehmensgewinn von 0 Talern** und ein **privates Vermögen von 155 Talern**.
- Der Eigentümer ist zu Hause und erhält seine **private** Post. Darunter ist unter anderem ein Brief der wohltätigen Organisation „SOS-Kinderdörfer weltweit". Der Eigentümer öffnet den Brief und erfährt, dass sich die Organisation über eine Spende aus dem **privaten Vermögen** des Eigentümers freuen würde.
    - **„SOS-Kinderdörfer weltweit"** (www.sos-kinderdoerfer.de) gehört zu „SOS-Kinderdorf". „SOS-Kinderdorf" fokussiert seine Aktivitäten auf Deutschland. „SOS-Kinderdörfer weltweit" ist vorwiegend in Entwicklungs- und Schwellenländern aktiv. „SOS-Kinderdörfer weltweit" ist Träger des anerkannten DZI Spenden-Siegels. Beispielhafte Hilfsprojekte von „SOS-Kinderdörfer weltweit" z.B. in Afrika sind lt. der Homepage: *„[…] in Somalia leiden noch immer 450.000 Kinder an Unterernährung. Die SOS-Mitarbeiter setzen weiterhin ihr Leben aufs Spiel, den Opfern der Hungerkatastrophe zu helfen. In der SOS-Feldklinik des Flüchtlingscamps Badbado nahe der Hauptstadt Mogadischu erhalten monatlich 4.000 kleine und große Patienten lebensrettende Behandlungen und spezielle Aufbaunahrung."* In Kenia sind die *„meisten Rinder und Ziegen während der langen Dürrezeit verdurstet; die Ackerbauern zögern noch mit der Aussaat ihres knappen Saatgutes, weil sie sich über die Wetterentwicklung unsicher sind. Seither geben SOS-Mitarbeiter in fünf Grundschulen täglich warme Mahlzeiten wie Mais und Bohnen an rund 3.100 hungrige Kinder aus. Der Schulbesuch trägt zu einem geregelten Alltag inmitten der Not bei."*
- Der Unternehmens**eigentümer trifft die Entscheidung**, wie viele Taler von seinem **privaten Taler-Vermögen** an die real existierende wohltätige Organisation **„SOS-Kinderdörfer weltweit"** gespendet werden.
- Am PC kann der **Eigentümer** einen beliebigen Spendenbetrag zwischen 0 und 155 Talern (in Schritten von 5 Talern) eingeben. Der eingegebene Betrag wird von dem privaten **Taler-Vermögen des Eigentümers** abgezogen an „SOS-Kinderdörfer weltweit" gespendet.

Appendix 49: T2 – Instruction (OW, MA) [3/8]

- **Bitte berücksichtigen Sie in Ihrer Spendenentscheidung keine evtl. privaten Steuervergünstigungen für den Eigentümer!**
- Die folgende Grafik soll Ihnen die Auswirkung auf Ihre Auszahlung verdeutlichen.

Durchlauf Nr. 2:

- Durchlauf Nr. 2 ist unabhängig von Durchlauf Nr. 1. Bitte beachten Sie, dass ein **neues Szenario** beschrieben wird.
- Stellen Sie sich ein **anderes** mittelständisches Unternehmen vor, in dem 80 Mitarbeiter beschäftigt sind: die Firma **„Ziegel-BAU“**. Das Unternehmen produziert Ziegelsteine und vertreibt diese in Deutschland. Zu den Kunden zählen Baumärkte, Privatleute und Unternehmen, die Großprojekte (Neubauten, Restaurationen) durchführen. Der Sitz des Unternehmens befindet sich in Deutschland.
- Das Unternehmen ist im Besitz von nur **einem** Eigentümer. Dies bedeutet in einer vereinfachten Welt (ohne Steuern, etc.), dass alle finanziellen Mittel des Unternehmens (Unternehmensgewinn) dem Eigentümer zustehen und somit sämtliche Unternehmenseinnahmen und -ausgaben direkten Einfluss auf das Privatvermögen des Eigentümers haben.
- Der Eigentümer hat sich aus dem Tagesgeschäft zurückgezogen und **arbeitet nicht mehr** in dem von ihm gegründeten Unternehmen. Der Eigentümer hat die Entscheidungsbefugnis über alle Unternehmensbelange einem **Geschäftsführer** übertragen. Dieser Geschäftsführer kann ohne Einschränkungen und ohne Rücksprache mit dem Eigentümer oder anderen Mitarbeitern Entscheidungen in allen Unternehmensbereichen treffen (z.B. Mitarbeiter einstellen, Verträge mit Kunden abschließen, über finanzielle Ausgaben entscheiden).
- Per Zufall wird entschieden, ob Sie Eigentümer oder Geschäftsführer dieses Unternehmens sind (dies wird Ihnen auf dem PC-Bildschirm mitgeteilt).

Appendix 50: T2 – Instruction (OW, MA) [4/8]

- Unabhängig von Durchlauf Nr. 1 wird per Zufall **jedem** Unternehmens**eigentümer** genau **ein** Unternehmens**geschäftsführer** zugeordnet.
- Der Gewinn des Unternehmens hat sich nicht verändert. Daraus ergeben sich ein aktueller **Unternehmensgewinn von 155 Talern** und ein **privates Vermögen von 0 Talern**. Erst **nach** der Entscheidung des Geschäftsführers in Durchlauf Nr. 2 wird der verbliebene Taler-Unternehmensgewinn in das Privatvermögen des Eigentümers übertragen.
- Der Geschäftsführer erhält wie jeden Morgen die Briefe, die an das Unternehmen gerichtet sind. Darunter ist unter anderem ein Brief der wohltätigen Organisation „SOS-Kinderdörfer weltweit“. Der Geschäftsführer öffnet den Brief und erfährt, dass sich die Organisation über eine Spende aus dem **Unternehmensgewinn** freuen würde.
- Dem Geschäftsführer bleibt die Entscheidung frei überlassen **Unternehmens-Taler** für wohltätige Zwecke zu spenden.
- **Der Geschäftsführer trifft die Entscheidung**, wie viele Taler als Unternehmensausgabe von dem aktuellen **Taler-Gewinn des Unternehmens** und folglich von dem Privatvermögen seines zugeordneten **Eigentümers** an „SOS-Kinderdörfer weltweit“ gespendet werden.
- Am PC kann der **Geschäftsführer** einen beliebigen Spendenbetrag zwischen 0 und 155 Talern (in Schritten von 5 Talern) eingeben. Der eingegebene Betrag wird von dem **Unternehmensgewinn** und folglich von dem **Privatvermögen des zugeordneten Eigentümers** abgezogen und an „SOS-Kinderdörfer weltweit“ gespendet. Die **Spendenentscheidung des Geschäftsführers** hat **keine Auswirkung** auf das **feste Taler-Gehalt des Geschäftsführers**. Der Geschäftsführer behält somit unabhängig von der Spendenentscheidung sein komplettes Gehalt von 155 Talern.
- **Bitte berücksichtigen Sie in Ihrer Spendenentscheidung keine evtl. Steuervergünstigungen für das Unternehmen oder den Eigentümer!**
- Da der Geschäftsführer volle Entscheidungsbefugnis besitzt, erhält der Unternehmenseigentümer keine Informationen über den vom Geschäftsführer gewählten Spendenbetrag und hat auch keinen Einfluss auf diese Entscheidung.

Appendix 51: T2 – Instruction (OW, MA) [5/8]

- Die folgende Grafik soll Ihnen die Auswirkung auf die Auszahlung verdeutlichen.

Durchlauf Nr. 3:

- Durchlauf Nr. 3 ist unabhängig von Durchlauf Nr. 1 und Nr. 2.
- Die vollständigen Instruktionen erhalten Sie nach Durchlauf Nr. 2 auf Ihrem PC-Bildschirm angezeigt. Hier erhalten Sie vorerst nur Basisinformationen.
- Die **Rollenzuteilung** und die **Gruppenmitglieder** aus Durchlauf Nr. 2 bleiben erhalten. Dies bedeutet, dass die identischen Unternehmenseigentümer und Unternehmensgeschäftsführer aus Durchlauf Nr. 2 wieder zusammenspielen. Weiterhin gilt, dass alle Vorgänge anonym sind.
- Auch in Durchlauf Nr. 3 **trifft der Unternehmensgeschäftsführer wieder die Entscheidung**. Diese ist vergleichbar mit Durchlauf Nr. 2. Das Taler-Gehalt des Geschäftsführers ist wieder nicht von der Spendenentscheidung beeinflusst.
- Da der Geschäftsführer volle Entscheidungsbefugnis besitzt, erhält der Unternehmenseigentümer keine Informationen über den vom Geschäftsführer gewählten Spendenbetrag und hat auch keinen Einfluss auf diese Entscheidung.

Appendix 52: T2 – Instruction (OW, MA) [6/8]

Auszahlungsmodalitäten für alle drei Durchläufe:

- Auszahlungsrelevant ist je nach eingenommener Rolle und Durchlauf das verbliebene **private Vermögen des Eigentümers** oder das **feste Gehalt des Geschäftsführers**.
- Jeder Durchlauf kann Auswirkungen auf Ihre Auszahlung haben. Nur **ein zufällig ausgewählter Durchlauf** wird tatsächlich ausgezahlt – unabhängig von der Rolle, die Sie eingenommen haben.
- Die möglichen Taler-Auszahlungsbeträge pro Durchlauf werden jedem Teilnehmer individuell und anonym **nach dem Fragebogen** auf dem Bildschirm angezeigt. Jeder Teilnehmer sieht nur seine **eigenen Auszahlungsbeträge**.
- Sie bestimmen selbst durch Würfeln nach dem Experiment, welcher der drei Durchläufe für Ihre Auszahlung und die Spende an „SOS-Kinderdörfer weltweit“ relevant ist.
    - Durchlauf Nr. 1 (Würfelaugen: 1, 2)
    - Durchlauf Nr. 2 (Würfelaugen: 3, 4)
    - Durchlauf Nr. 3 (Würfelaugen: 5, 6)
- Am Ende des Experiments wird Ihre Taler-Auszahlung zu einem Wechselkurs von 1,30 Euro pro 15 Talern umgetauscht und zusammen mit einer Show-Up Fee von 2,50 Euro bar an Sie ausbezahlt.
- **„SOS-Kinderdörfer weltweit“** erhält den Spendenbetrag aus dem Durchlauf ausgezahlt, den Sie ausgewürfelt haben. Der entsprechende Taler-Spendenbetrag aus diesem Durchlauf wird in EUR umgetauscht und als eine Gesamtsumme in EUR per Banküberweisung auf das Konto von „SOS-Kinderdörfer weltweit“ (Konto 22222 00000, BLZ 430 609 67) überwiesen. Die Überweisungs- und Kontrollbestätigungen von Prof. Fahr finden Sie eine Woche nach dem Experiment auf der Homepage des BaER-Labs. Falls Sie die Bestätigungen außerdem per E-Mail erhalten möchten, tragen Sie sich bitte am Ende des Experiments auf der ausliegenden Liste ein.
- Zu den Instruktionen erhalten Sie einen Zettel mit den Internetadressen für Informationen und den Bankdaten von „SOS-Kinderdörfer weltweit“ sowie zur Homepage des BaER-Labs.

Appendix 53: T2 – Instruction (OW, MA) [7/8]

Bitte beachten Sie:

- Während des gesamten Experiments ist keine Kommunikation gestattet.
- Mobiltelefone müssen während der kompletten Experimentdauer ausgeschaltet sein.
- Wenn Sie eine Frage haben, bleiben Sie bitte an Ihrem Platz sitzen und heben die Hand. Stellen Sie Ihre Frage bitte so, dass kein anderer Teilnehmer Ihre Frage mithören kann.
- Sämtliche Entscheidungen, die Sie im Rahmen dieses Experiments treffen, erfolgen anonym, d.h. keiner der anderen Teilnehmer erfährt die Identität desjenigen, der eine bestimmte Entscheidung getroffen hat.
- Auch die Auszahlung erfolgt anonym, d.h. kein Teilnehmer erfährt, wie hoch die Auszahlung eines anderen Teilnehmers ist.
- Bitte bleiben Sie bis zur Auszahlung an Ihrem Platz sitzen. Sie werden zur Auszahlung mittels der Ihnen zugeordneten Platznummer aufgerufen.

Viel Erfolg und vielen Dank für die Teilnahme an unserem Experiment!

Appendix 54: T2 – Instruction (OW, MA) [8/8]

6.2.2.2. Z-Tree Screenshots

Screenshots of Treatment 2 are comparable to screenshots of Treatment 1 without the business scenario wording (see Appendix 6.2.1.2). The related business scenario wording is comparable to Appendix 6.3.1.5.

6.2.2.3. Assignment to the Personality Model

MANAGERS by subject number (N=28 / no. 29-56)

Persisters	Adapters		Punishers		Not assigned
Flat	Decreasing & inreasing	Increasing	Decreasing & inreasing	Decreasing	Increasing & decreasing
36	31	29	31	30	48
42	32	34	32	33	
44		41		35	
45		49		37	
47		50		38	
53		52		39	
		56		40	
				43	
				46	
				51	
				54	
				55	

Appendix 55: T2 – Subject graphs' assignment to the personality model (MA)

6.2.3. Treatment 1 & 2: Handouts across Treatments

6.2.3.1. Handout: Additional Information about the Charity


Nähere Informationen zu *„SOS-Kinderdörfern weltweit“* und dem Spendenkonto finden Sie unter:
http://www.sos-kinderdoerfer.de

http://www.sos-kinderdoerfer.de/Helfen/Spenden/Pages/Spendenkonten.aspx

Die Bestätigung über den Spendenbetrag finden Sie innerhalb der nächsten Woche auf der BaER-Lab Homepage unter:
http://www.baer-lab.de

BaER Lab

SOS KINDERDÖRFER WELTWEIT

Appendix 56: T1, T2 – Information about BaER Lab and SOS (PA, PB)

6.2.3.2. Handout: Donation Confirmation Sheet


Spendenbestätigung

Der folgende Betrag meiner Auszahlung wird einbehalten und an *„SOS-Kinderdörfer weltweit“* gespendet:

Spendenbetrag (in EUR) _____

Unterschrift Teilnehmer/in _____

BaER Lab

SOS KINDERDÖRFER WELTWEIT

Appendix 57: T1, T2 – Donation confirmation sheet (PA, PB)

6.3. APPENDIX: CHAPTER 4

6.3.1. Treatment 3 & 4: Charity Preferences and Code of Conduct

6.3.1.1. Handout: Experimental Instructions

Experiment-Instruktionen

Genereller Überblick:

- Das Experiment besteht aus **zwei Experimentdurchläufen**, die jeweils einmal nacheinander stattfinden.
  - **Durchlauf Nr. 1:** Es existiert die Rolle des Unternehmens**eigentümers** der Firma **„Ziegel-STEIN“**
  - **Durchlauf Nr. 2:** Es existieren die Rollen des Unternehmens**eigentümers** und des Unternehmens**geschäftsführers** der Firma **„Ziegel-BAU“**
- Es spielen im **ersten Durchlauf** alle anwesenden Teilnehmer den Unternehmens**eigentümer** von „Ziegel-STEIN“. Im **zweiten Durchlauf** spielen jeweils zwei Teilnehmer als Unternehmens**eigentümer** und Unternehmens**geschäftsführer** von „Ziegel-BAU“ in einer Gruppe zusammen. **Jeder Teilnehmer hat in der Gruppe genau eine Rolle,** die im weiteren Verlauf der Instruktionen erklärt wird.
- Ob Sie Eigentümer oder Geschäftsführer sind und zu welcher Gruppe Sie zugeordnet werden, wird zufällig **vor dem Durchlauf Nr. 2** bestimmt und Ihnen auf dem Bildschirm mitgeteilt. Die Rollenzuordnung gilt für den folgenden Durchlauf Nr. 2. Die Mitglieder einer Gruppe bleiben anonym. Sie werden also nie erfahren, wer Ihnen zugeordnet ist.
- Pro Durchlauf treffen Sie als Eigentümer oder als Geschäftsführer **genau eine Entscheidung**.
- Im Experiment werden alle Beträge in der **fiktiven Währung “Taler”** angegeben.
  - Der Unternehmens**eigentümer** besitzt in jedem Durchlauf (1, 2) ein **Unternehmen** mit einem **Gewinn** von **155 Talern** und ein **privates Vermögen** von **0 Talern**.
    - Falls keine Unternehmenseinnahmen oder -ausgaben stattfinden, erhält der Eigentümer ein privates Vermögen von 155 Talern. Der Unternehmensgewinn wird folglich in jedem Durchlauf einmal in das private Vermögen des Eigentümers übertragen.
    - Es erfolgt **keine Aufsummierung** über die einzelnen Durchläufe.
  - Der Unternehmens**geschäftsführer** erhält in Durchlauf Nr. 2 ein festes Gehalt von **155 Talern**.

1

Appendix 58: T3, T4 – Instruction (OW, MA) [1/8]

- Bevor der erste Durchlauf beginnt, werden Ihnen **Verständnisfragen** gestellt, um sicher zu stellen, dass die Instruktionen verständlich waren.
- Zum Ende des Experiments werden Sie gebeten noch einige Fragen zu beantworten. Die vollständige und ehrliche Beantwortung der Fragen ist sehr wichtig für die anschließende Auswertung des Experiments. Die Beantwortung der Fragen erfolgt selbstverständlich anonym und die Fragen werden nur für wissenschaftliche Zwecke ausgewertet. **Ihre Antworten haben keine Auswirkungen auf Ihre Auszahlung.**

Durchlauf Nr. 1:

- Stellen Sie sich ein mittelständisches Unternehmen vor, in dem 80 Mitarbeiter beschäftigt sind: die Firma **„Ziegel-STEIN“**. Das Unternehmen produziert Ziegelsteine und vertreibt diese in Deutschland. Zu den Kunden zählen Baumärkte, Privatleute und Unternehmen, die Großprojekte (Neubauten, Restaurationen) durchführen. Der Sitz des Unternehmens befindet sich in Deutschland.
- Das Unternehmen ist im Besitz von nur **einem** Eigentümer. Dies bedeutet in einer vereinfachten Welt (ohne Steuern, etc.), dass alle finanziellen Mittel des Unternehmens (Unternehmensgewinn) dem Eigentümer zustehen und somit sämtliche Unternehmenseinnahmen und -ausgaben direkten Einfluss auf das Privatvermögen des Eigentümers haben.
- Der Eigentümer **arbeitet** in dem von ihm gegründeten Unternehmen und hat die Entscheidungsbefugnis über alle Unternehmensbelange.
- Der Gewinn des Unternehmens hat sich nicht verändert und der Taler-Wert von 155 Talern wird zu diesem Zeitpunkt in Durchlauf Nr. 1 in das Privatvermögen des Eigentümers übertragen. Daraus ergibt sich ein aktueller **Unternehmensgewinn von 0 Talern** und ein **privates Vermögen von 155 Talern**.
- Der Eigentümer ist zu Hause und erhält seine **private** Post. Darunter sind unter anderem zwei Briefe von den wohltätigen Organisationen „SOS-Kinderdörfer weltweit“ und „Deutsche Stiftung Denkmalschutz“. Der Eigentümer öffnet die Briefe und erfährt, dass sich die beiden Organisationen jeweils über eine Spende aus dem **privaten Vermögen** des Eigentümers freuen würden.

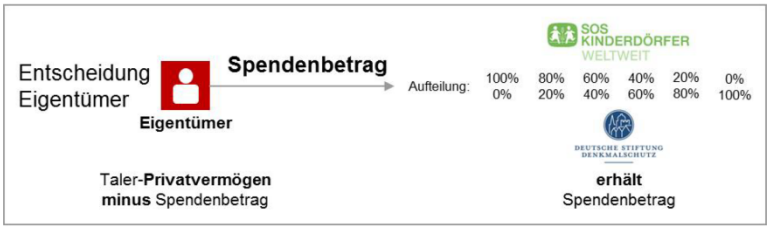
Appendix 59: T3, T4 – Instruction (OW, MA) [2/8]

- **„SOS-Kinderdörfer weltweit“** (www.sos-kinderdoerfer.de) gehört zu „SOS-Kinderdorf“. „SOS-Kinderdorf“ fokussiert seine Aktivitäten auf Deutschland. „SOS-Kinderdörfer weltweit“ ist vorwiegend in Entwicklungs- und Schwellenländern aktiv. „SOS-Kinderdörfer weltweit“ ist Träger des anerkannten DZI Spenden-Siegels. Beispielhafte Hilfsprojekte von „SOS-Kinderdörfer weltweit“ z.B. in Afrika sind lt. der Homepage: *„[…] in Somalia leiden noch immer 450.000 Kinder an Unterernährung. Die SOS-Mitarbeiter setzen weiterhin ihr Leben aufs Spiel, den Opfern der Hungerkatastrophe zu helfen. In der SOS-Feldklinik des Flüchtlingscamps Badbado nahe der Hauptstadt Mogadischu erhalten monatlich 4.000 kleine und große Patienten lebensrettende Behandlungen und spezielle Aufbaunahrung.“*
- Die private **„Deutsche Stiftung Denkmalschutz“** (www.denkmalschutz.de) ist die größte Bürgerinitiative Deutschlands, die sich seit fast 30 Jahren für die Rettung und Instandhaltung bedrohter Dorfkirchen, Stadtmauern, Schlösser und weiterer gesetzlich anerkannter Baudenkmale einsetzt. Sie wird dann aktiv, wenn keine ausreichende staatliche Finanzierung zur Verfügung steht und konnte somit über 3600 Denkmale bewahren. Ein aktuelles Bauwerk in Not ist die Glieniker Brücke in Potsdam, deren Kolonnaden vom Verfall bedroht sind. Weiterhin engagiert sich die Stiftung durch Kulturveranstaltungen, der Zeitschrift *„Monumente“*, Reisen und der ZDF-Sendereihe *"Bürger, rettet Eure Städte"* für die Sensibilisierung des Denkmalschutzes innerhalb der Bevölkerung.

- Der Unternehmens**eigentümer trifft die Entscheidung**, wie viele Taler von seinem **privaten Taler-Vermögen** an die real existierenden wohltätigen Organisationen **„SOS-Kinderdörfer weltweit“** und/oder an **„Deutsche Stiftung Denkmalschutz“** gespendet werden. Zusätzlich trifft der Eigentümer die Entscheidung über die **Aufteilung des Spendenbetrages**.

Appendix 60: T3, T4 – Instruction (OW, MA) [3/8]

- Am PC kann der **Eigentümer** einen beliebigen Spendenbetrag zwischen 0 und 155 Talern (in Schritten von 5 Talern) eingeben. Zusätzlich wählt der Eigentümer am PC aus, an welche wohltätige Organisation der Spendenbetrag gehen soll. Es stehen dem Eigentümer – unabhängig von der Höhe der Spende (0 bis 155 Taler) – sechs Aufteilungsoptionen für den eingegebenen Spendenbetrag zur Verfügung:
    - **100%** an SOS und **0%** an den Denkmalschutz
    - **80%** an SOS und **20%** an den Denkmalschutz
    - **60%** an SOS und **40%** an den Denkmalschutz
    - **40%** an SOS und **60%** an den Denkmalschutz
    - **20%** an SOS und **80%** an den Denkmalschutz
    - **0%** an SOS und **100%** an den Denkmalschutz
- Der eingegebene Betrag wird von dem privaten **Taler-Vermögen des Eigentümers** abgezogen und entsprechend der ausgewählten Aufteilung an „SOS-Kinderdörfer weltweit“ und/oder an „Deutsche Stiftung Denkmalschutz“ gespendet.
- **Bitte berücksichtigen Sie in Ihrer Spendenentscheidung keine evtl. privaten Steuervergünstigungen für den Eigentümer!**
- Die folgende Grafik soll Ihnen die Auswirkung auf Ihre Auszahlung verdeutlichen.



Durchlauf Nr. 2:

- Durchlauf Nr. 2 ist unabhängig von Durchlauf Nr. 1. Bitte beachten Sie, dass ein **neues Szenario** beschrieben wird.
- Stellen Sie sich ein **anderes** mittelständisches Unternehmen vor, in dem 80 Mitarbeiter beschäftigt sind: die Firma **„Ziegel-BAU“**. Das Unternehmen produziert Ziegelsteine und vertreibt diese in Deutschland. Zu den Kunden zählen Baumärkte, Privatleute und

Appendix 61: T3, T4 – Instruction (OW, MA) [4/8]

Unternehmen, die Großprojekte (Neubauten, Restaurationen) durchführen. Der Sitz des Unternehmens befindet sich in Deutschland.

- Das Unternehmen ist im Besitz von nur **einem** Eigentümer. Dies bedeutet in einer vereinfachten Welt (ohne Steuern, etc.), dass alle finanziellen Mittel des Unternehmens (Unternehmensgewinn) dem Eigentümer zustehen und somit sämtliche Unternehmenseinnahmen und -ausgaben direkten Einfluss auf das Privatvermögen des Eigentümers haben.
- Der Eigentümer hat sich aus dem Tagesgeschäft zurückgezogen und **arbeitet nicht mehr** in dem von ihm gegründeten Unternehmen. Der Eigentümer hat die Entscheidungsbefugnis über alle Unternehmensbelange einem **Geschäftsführer** übertragen. Dieser Geschäftsführer kann ohne Einschränkungen und ohne Rücksprache mit dem Eigentümer oder anderen Mitarbeitern Entscheidungen in allen Unternehmensbereichen treffen (z.B. Mitarbeiter einstellen, Verträge mit Kunden abschließen, über finanzielle Ausgaben entscheiden).

Only included in T4 experimental instruction

- Der Eigentümer des Unternehmens erstellt und verteilt ein Rundschreiben, das an den Geschäftsführer und sämtliche Mitarbeiter gerichtet ist.
- Am PC-Bildschirm werden dem Eigentümer verschiedene Textbausteine zur Erstellung des Rundschreibens angezeigt. Aus diesen Textbausteinen kann der Eigentümer diejenigen auswählen, welche anschließend dem Geschäftsführer am PC als ein zusammenhängendes Rundschreiben angezeigt werden sollen.
- Per Zufall wird entschieden, ob Sie Eigentümer oder Geschäftsführer dieses Unternehmens sind (dies wird Ihnen auf dem PC-Bildschirm mitgeteilt).
- Unabhängig von Durchlauf Nr. 1 wird per Zufall **jedem** Unternehmens**eigentümer** genau **ein** Unternehmens**geschäftsführer** zugeordnet.
- Der Gewinn des Unternehmens hat sich nicht verändert. Daraus ergeben sich ein aktueller **Unternehmensgewinn von 155 Talern** und ein **privates Vermögen von 0 Talern**. Erst **nach** der Entscheidung des Geschäftsführers in Durchlauf Nr. 2 wird der verbliebene Taler-Unternehmensgewinn in das Privatvermögen des Eigentümers übertragen.

Appendix 62: T3, T4 – Instruction (OW, MA) [5/8]

- Der Geschäftsführer erhält wie jeden Morgen die Briefe, die an das Unternehmen gerichtet sind. Darunter sind unter anderem zwei Briefe von den wohltätigen Organisationen „SOS-Kinderdörfer weltweit“ und „Deutsche Stiftung Denkmalschutz“. Der Geschäftsführer öffnet die Briefe und erfährt, dass sich die beiden Organisationen jeweils über eine Spende aus dem **Unternehmensgewinn** freuen würden.
- Dem Geschäftsführer bleibt die Entscheidung frei überlassen, **Unternehmens-Taler** für wohltätige Zwecke zu spenden.
- **Der Geschäftsführer trifft die Entscheidung**, wie viele Taler als Unternehmensausgabe von dem aktuellen **Taler-Gewinn des Unternehmens** und folglich von dem Privatvermögen seines zugeordneten **Eigentümers** an „SOS-Kinderdörfer weltweit“ und/oder die „Deutsche Stiftung Denkmalschutz“ gespendet werden. Zusätzlich trifft der Geschäftsführer die Entscheidung über die **Aufteilung des Spendenbetrages**.
- Am PC kann der **Geschäftsführer** einen beliebigen Spendenbetrag zwischen 0 und 155 Talern (in Schritten von 5 Talern) eingeben. Zusätzlich wählt der Geschäftsführer am PC aus, an welche wohltätige Organisation der Spendenbetrag gehen soll. Es stehen dem Geschäftsführer – unabhängig von der Höhe der Spende (0 bis 155 Taler) – sechs Aufteilungsoptionen für den eingegebenen Spendenbetrag zur Verfügung:
    - **100%** an SOS und **0%** an den Denkmalschutz
    - **80%** an SOS und **20%** an den Denkmalschutz
    - **60%** an SOS und **40%** an den Denkmalschutz
    - **40%** an SOS und **60%** an den Denkmalschutz
    - **20%** an SOS und **80%** an den Denkmalschutz
    - **0%** an SOS und **100%** an den Denkmalschutz
- Der eingegebene Betrag wird von dem **Unternehmensgewinn** und folglich von dem **Privatvermögen des zugeordneten Eigentümers** abgezogen und entsprechend der ausgewählten Aufteilung an „SOS-Kinderdörfer weltweit“ und/oder an „Deutsche Stiftung Denkmalschutz“ gespendet. Die **Spendenentscheidung des Geschäftsführers** hat **keine Auswirkung** auf das **feste Taler-Gehalt des Geschäftsführers**. Der Geschäftsführer behält somit unabhängig von der Spendenentscheidung sein komplettes Gehalt von 155 Talern.

Appendix 63: T3, T4 – Instruction (OW, MA) [6/8]

- **Bitte berücksichtigen Sie in Ihrer Spendenentscheidung keine evtl. Steuervergünstigungen für das Unternehmen oder den Eigentümer!**
- Da der Geschäftsführer volle Entscheidungsbefugnis besitzt, erhält der Unternehmenseigentümer keine Informationen über den vom Geschäftsführer gewählten Spendenbetrag und dessen Aufteilungsentscheidung. Der Eigentümer hat auch keinen Einfluss auf diese beiden Entscheidungen.
- Die folgende Grafik soll Ihnen die Auswirkung auf die Auszahlung verdeutlichen.

Auszahlungsmodalitäten für beide Durchläufe:

- Auszahlungsrelevant ist je nach eingenommener Rolle und Durchlauf das verbliebene **private Vermögen des Eigentümers** oder das **feste Gehalt des Geschäftsführers**.
- Jeder Durchgang kann Auswirkungen auf Ihre Auszahlung haben. Nur **ein zufällig ausgewählter Durchlauf** wird tatsächlich ausgezahlt – unabhängig von der Rolle, die Sie eingenommen haben.
- Die möglichen Taler-Auszahlungsbeträge pro Durchlauf werden jedem Teilnehmer individuell und anonym **nach dem Fragebogen** auf dem Bildschirm angezeigt. Jeder Teilnehmer sieht nur seine **eigenen Auszahlungsbeträge**.
- Sie bestimmen selbst durch Würfeln nach dem Experiment, welcher der zwei Durchläufe für Ihre Auszahlung und die Spende an „SOS-Kinderdörfer weltweit“ und/oder an „Deutsche Stiftung Denkmalschutz“ relevant ist.
    - Durchlauf Nr. 1 (Würfelaugen: 1, 2, 3)
    - Durchlauf Nr. 2 (Würfelaugen: 4, 5, 6)

Appendix 64: T3, T4 – Instruction (OW, MA) [7/8]

- Am Ende des Experiments wird Ihre Taler-Auszahlung zu einem Wechselkurs von 1,30 Euro pro 15 Talern umgetauscht und zusammen mit einer Show-Up Fee von 2,50 Euro bar an Sie ausbezahlt.
- **„SOS-Kinderdörfer weltweit“** und/oder die **„Deutsche Stiftung Denkmalschutz“** erhalten den Spendenbetrag aus dem Durchlauf ausgezahlt, den Sie ausgewürfelt haben. Der entsprechende Taler-Spendenbetrag aus diesem Durchlauf wird in EUR umgetauscht und als eine Gesamtsumme in EUR per Banküberweisung auf das Konto von „SOS-Kinderdörfer weltweit“ (Konto 22222 00000, BLZ 430 609 67) und/oder auf das Konto von „Deutsche Stiftung Denkmalschutz“ (Konto 305 555 500, BLZ 380 400 07) überwiesen. Die Überweisungs- und Kontrollbestätigungen von Prof. Fahr finden Sie eine Woche nach dem Experiment auf der Homepage des BaER-Labs. Falls Sie die Bestätigungen außerdem per E-Mail erhalten möchten, tragen Sie sich bitte am Ende des Experiments auf der ausliegenden Liste ein.
- Zu den Instruktionen erhalten Sie einen Zettel mit den Internetadressen zu Informationen und den Bankdaten von „SOS-Kinderdörfer weltweit“ und „Deutsche Stiftung Denkmalschutz“ sowie zur Homepage des BaER-Labs.

Bitte beachten Sie:

- Während des gesamten Experiments ist keine Kommunikation gestattet.
- Mobiltelefone müssen während der kompletten Experimentdauer ausgeschaltet sein.
- Wenn Sie eine Frage haben, bleiben Sie bitte an Ihrem Platz sitzen und heben die Hand. Stellen Sie Ihre Frage bitte so, dass kein anderer Teilnehmer Ihre Frage mithören kann.
- Sämtliche Entscheidungen, die Sie im Rahmen dieses Experiments treffen, erfolgen anonym, d.h. keiner der anderen Teilnehmer erfährt die Identität desjenigen, der eine bestimmte Entscheidung getroffen hat.
- Auch die Auszahlung erfolgt anonym, d.h. kein Teilnehmer erfährt, wie hoch die Auszahlung eines anderen Teilnehmers ist.
- Bitte bleiben Sie bis zur Auszahlung an Ihrem Platz sitzen. Sie werden zur Auszahlung mittels der Ihnen zugeordneten Platznummer aufgerufen.

Viel Erfolg und vielen Dank für die Teilnahme an unserem Experiment!

Appendix 65: T3, T4 – Instruction (OW, MA) [8/8]

6.3.1.2. Handout: Additional Information about the Charities

Nähere Informationen zu *„SOS-Kinderdörfern weltweit“* und *„Deutsche Stiftung Denkmalschutz“* sowie den Spendenkonten finden Sie unter:

http://www.sos-kinderdoerfer.de

http://www.sos-kinderdoerfer.de/Helfen/Spenden/Pages/Spendenkonten.aspx

http://www.denkmalschutz.de/

http://www.denkmalschutz.de/spenden-helfen/spenden.html

Die Bestätigung über den Spendenbetrag finden Sie innerhalb der nächsten Woche auf der BaER-Lab Homepage unter: http://www.baer-lab.de

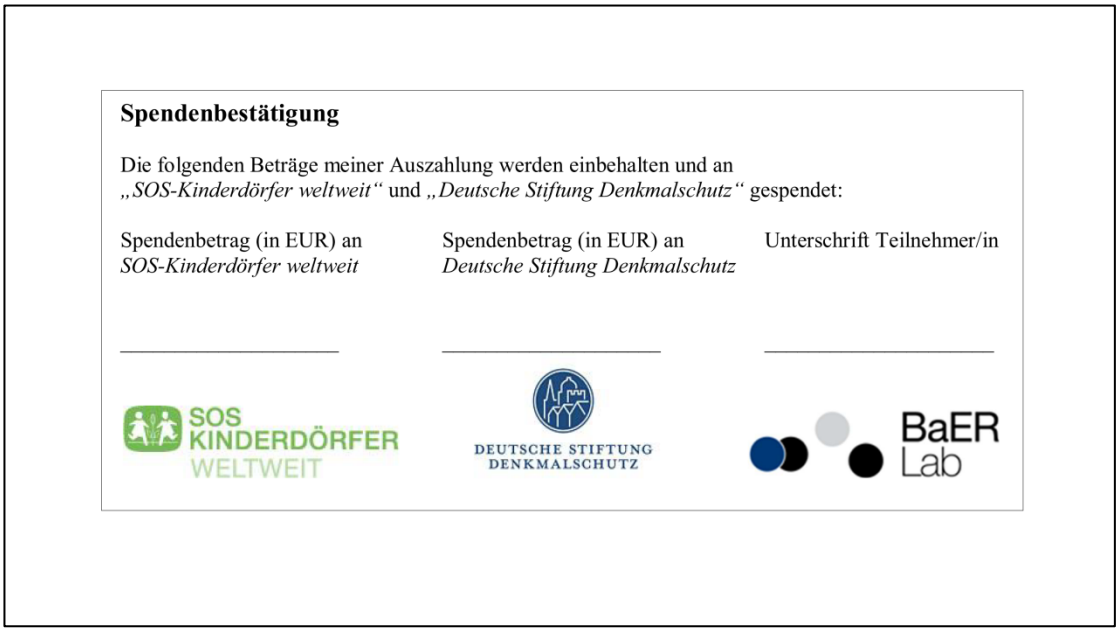
SOS KINDERDÖRFER WELTWEIT

DEUTSCHE STIFTUNG DENKMALSCHUTZ

BaER Lab

Appendix 66: T3, T4 – Information about BaER Lab, SOS and DSD (OW, MA)

6.3.1.3. Handout: Donation Confirmation Sheet



Spendenbestätigung

Die folgenden Beträge meiner Auszahlung werden einbehalten und an *„SOS-Kinderdörfer weltweit“* und *„Deutsche Stiftung Denkmalschutz“* gespendet:

Spendenbetrag (in EUR) an *SOS-Kinderdörfer weltweit*	Spendenbetrag (in EUR) an *Deutsche Stiftung Denkmalschutz*	Unterschrift Teilnehmer/in
_____	_____	_____

SOS KINDERDÖRFER WELTWEIT

DEUTSCHE STIFTUNG DENKMALSCHUTZ

BaER Lab

Appendix 67: T3, T4 – Donation confirmation sheet (OW, MA)

6.3.1.4. Presented Code of Conduct

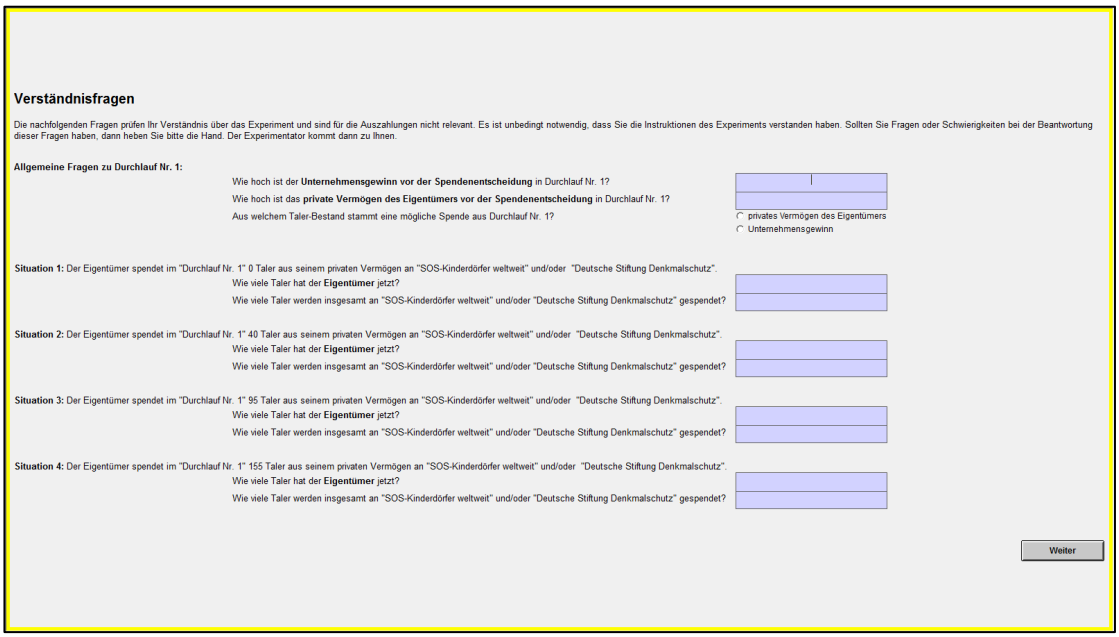
In the following, the original German wording of the code of conduct, introduced in Treatment 4 of the experiment by z-Tree (Appendix 77 to Appendix 82), is presented. Words highlighted in red are interchangeably selectable by the OWNER.

'Liebe Geschäftsführung, liebe Mitarbeiterinnen und Mitarbeiter,
der Erfolg des Unternehmens hängt maßgeblich von einer effizienten Zusammenarbeit mit Ihnen, den Mitarbeitern als unsere wichtigste [Ressource / Quelle], ab. Wir vertrauen darauf, dass Sie in Entscheidungssituationen stets die unternehmerischen Eigentümerinteressen als oberste Priorität berücksichtigen. Unsere Grundsätze, die sich in den folgenden Werten manifestieren, sollen Ihnen hierbei einen Wegweiser bieten.

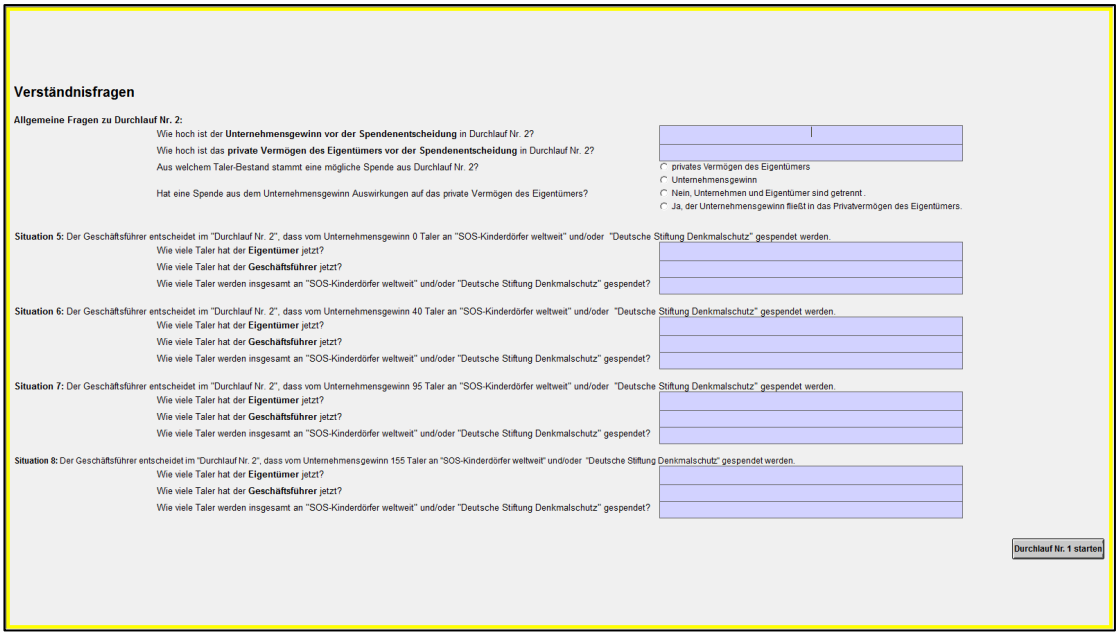
- ***Umgang mit Unternehmensvermögen**: Unsere Unternehmensziele setzen die Einhaltung [jeglicher Gesetze, organisatorischen Regelungen und Prozesse / organisatorischen Regelungen, Prozesse und jeglicher Gesetze] voraus. Die Nutzung von [Unternehmensgegenständen und -eigentum / Unternehmenseigentum und -gegenständen] ist ausschließlich für Unternehmenszwecke vorgesehen. Als [verantwortungsvolles Mitglied / verantwortungsvoller Teil] unserer sozialen Umwelt sind wir uns unserer gesellschaftlichen Verantwortung bewusst und fühlen uns dazu verpflichtet durch [Sach- und Geldspenden / Geld- und Sachspenden] an die Denkmalpflege den Erhalt bedeutsamer historischer Architektur zu unterstützen. Aus diesem Grund sollen Spenden ausschließlich in Förderprojekte für Denkmäler in Not fließen.'*

6.3.1.5. Z-Tree Screenshots

Appendix 68: T3, T4 – Welcome z-Tree screen (OW, MA)

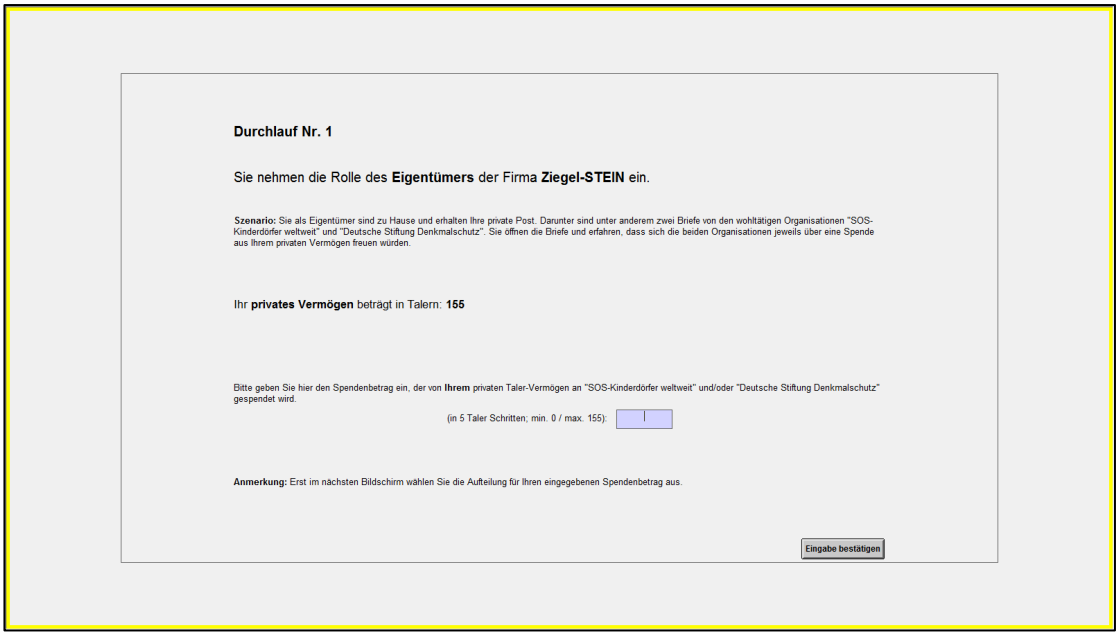


Appendix 69: T3, T4 – Comprehension questions z-Tree screen (OW, MA) [1/2]

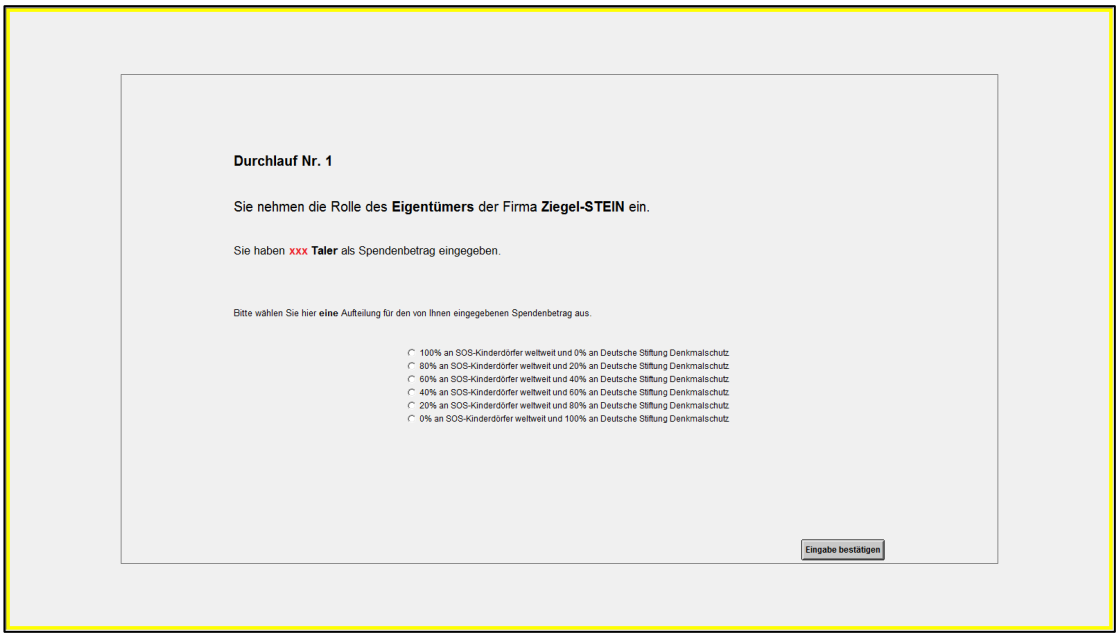


Appendix 70: T3, T4 – Comprehension questions z-Tree screen (OW, MA) [2/2]

Appendix 71: T3, T4 – Round 1 role assignment z-Tree screen (OW, MA)

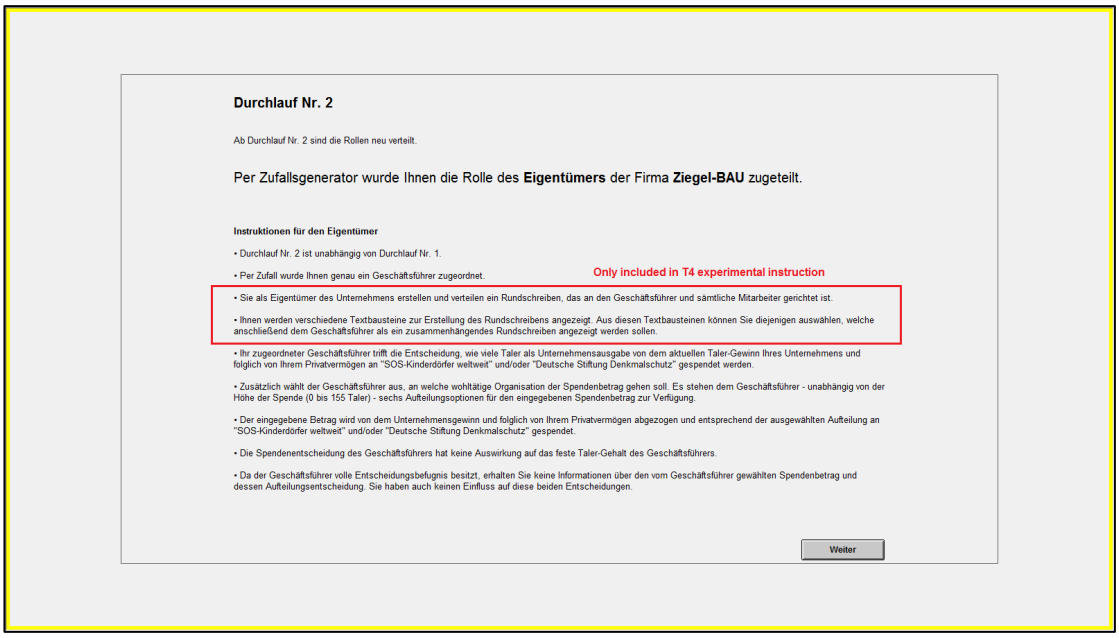


Appendix 72: T3, T4 – Round 1 donation z-Tree screen (OW, MA)

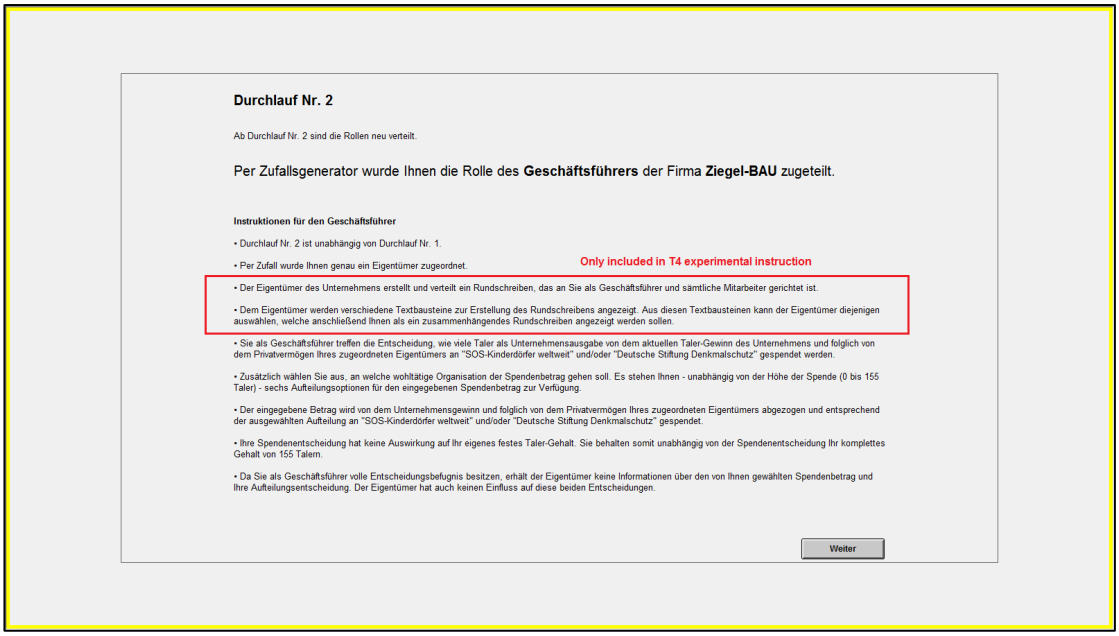


Appendix 73: T3, T4 – Round 1 apportionment z-Tree screen (OW, MA)

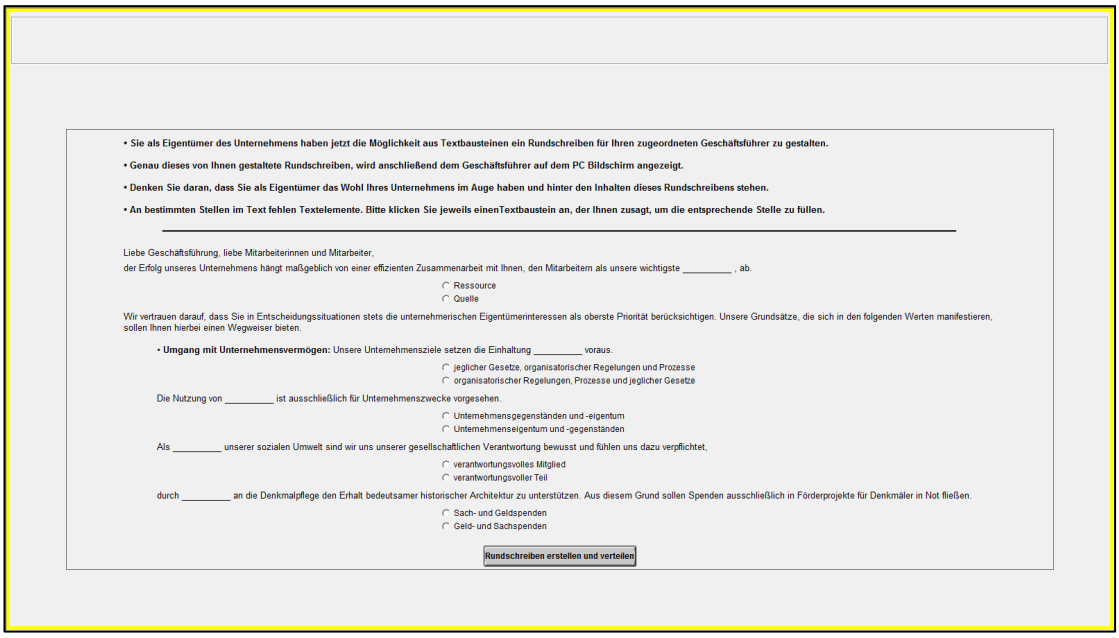
Appendix 74: T3, T4 – Round 1 finish z-Tree screen (OW, MA)



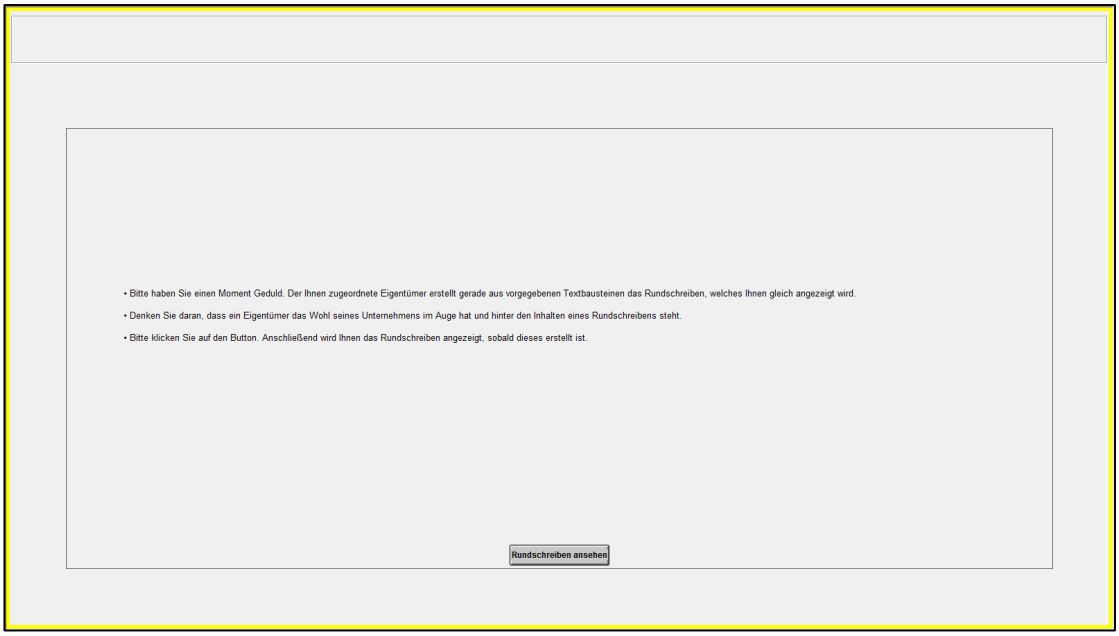
Appendix 75: T3, T4 – Round 2 role assignment z-Tree screen (OW)



Appendix 76: T3, T4 – Round 2 role assignment z-Tree screen (MA)



Appendix 77: T4 – Round 2 COC creation z-Tree screen (OW)

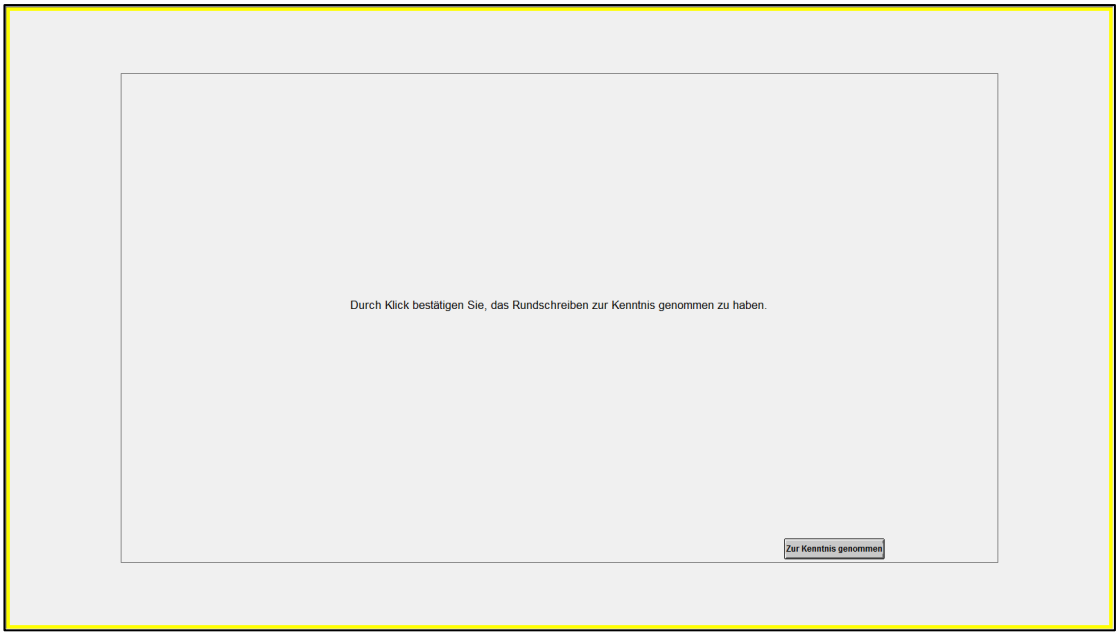


Appendix 78: T4 – Round 2 COC waiting-z-Tree screen (MA)

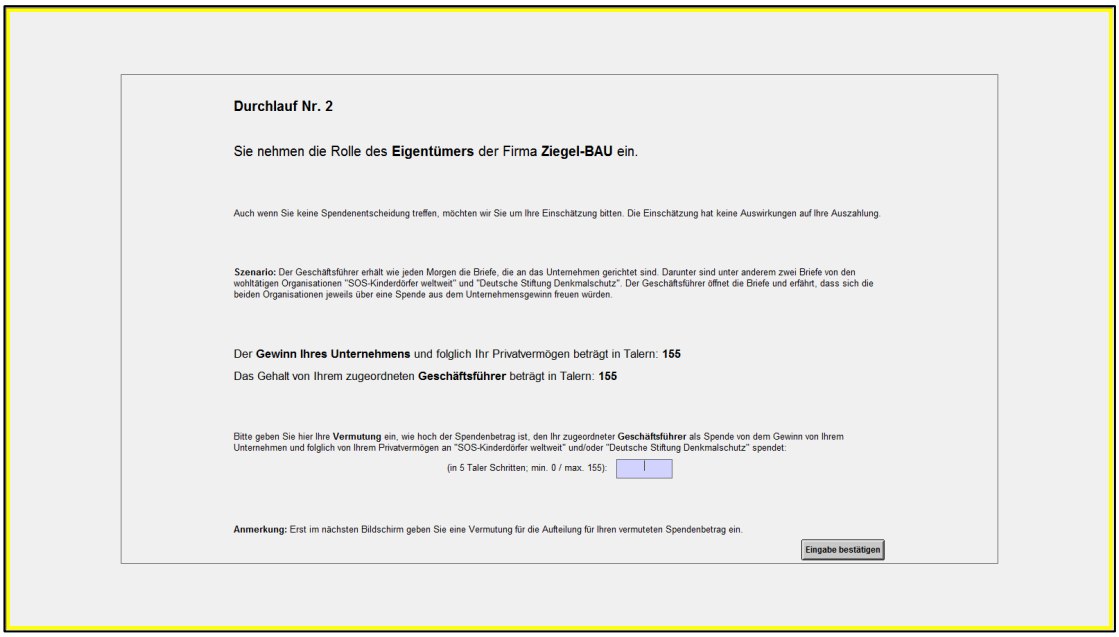
Appendix 79: T4 – Round 2 COC presentation z-Tree screen (OW)

Appendix 80: T4 – Round 2 COC presentation z-Tree screen (MA)

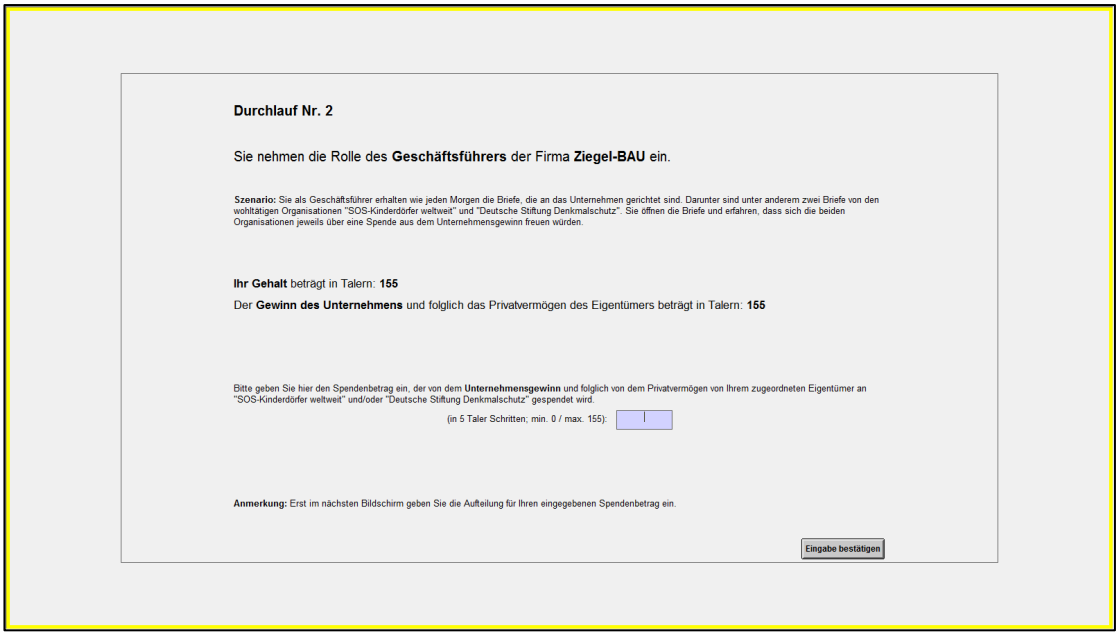
Appendix 81: T4 – Round 2 COC transmission z-Tree screen (OW)



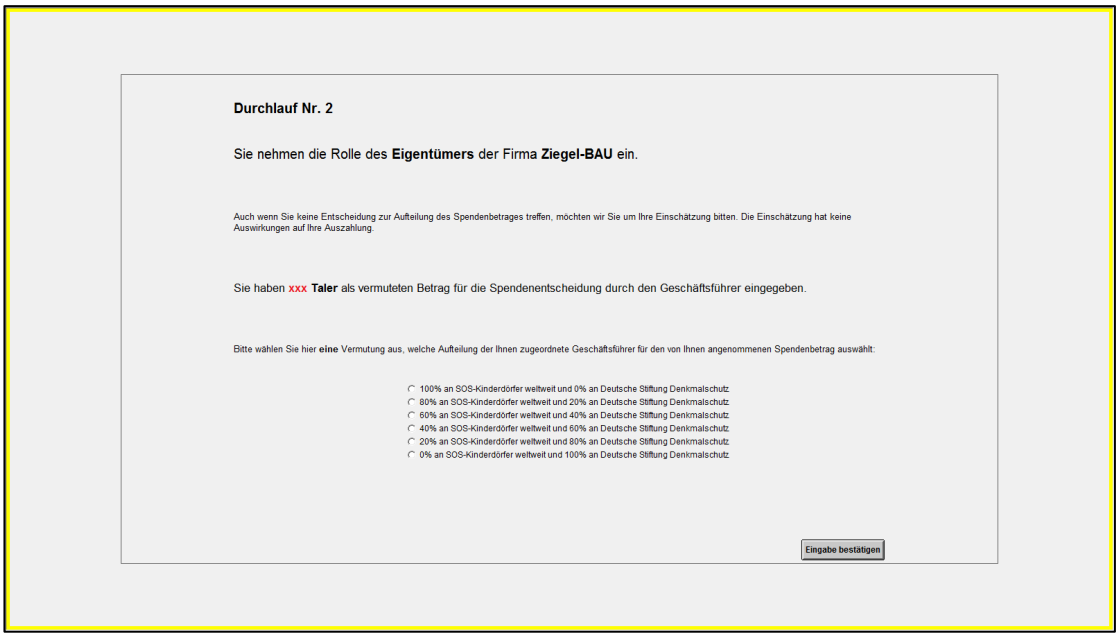
Appendix 82: T4 – Round 2 COC transmission z-Tree screen (MA)



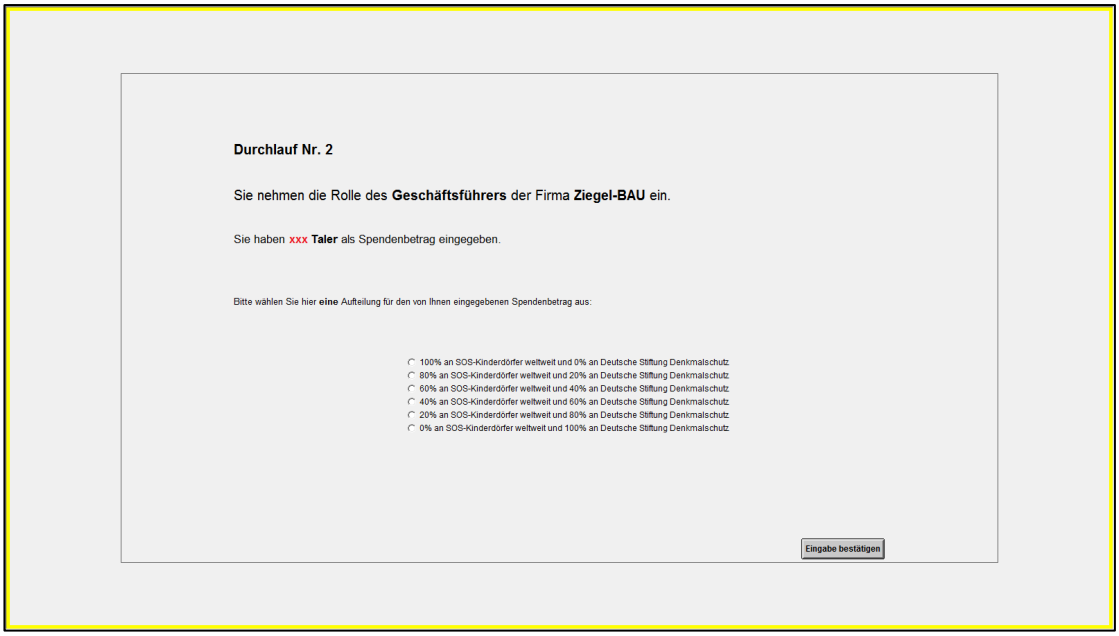
Appendix 83: T3, T4 – Round 2 donation z-Tree screen (OW)



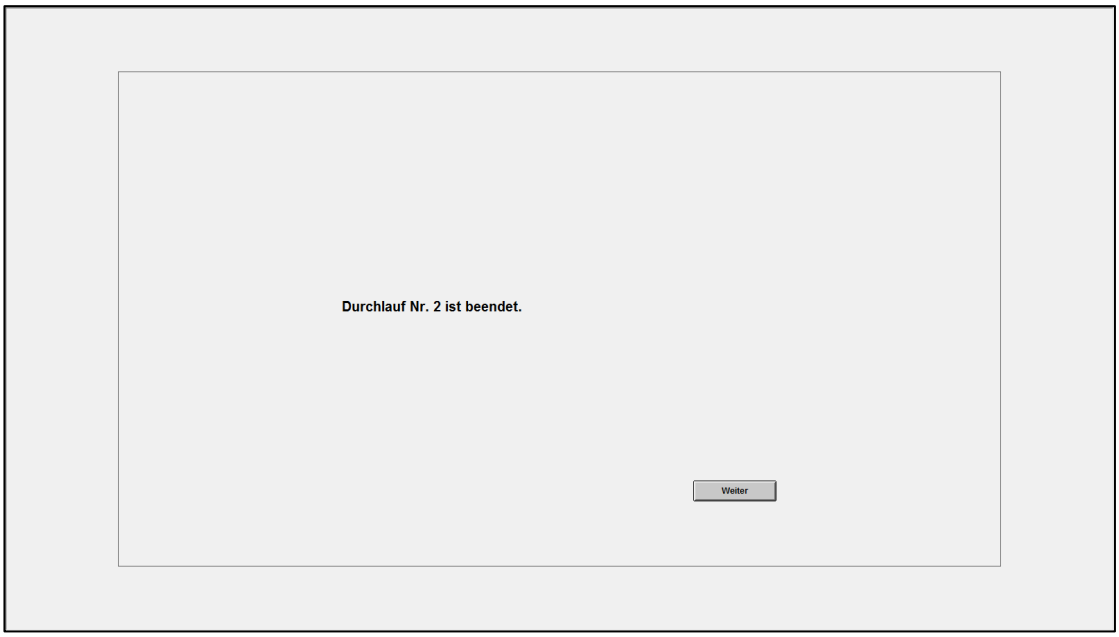
Appendix 84: T3, T4 – Round 2 donation z-Tree screen (MA)



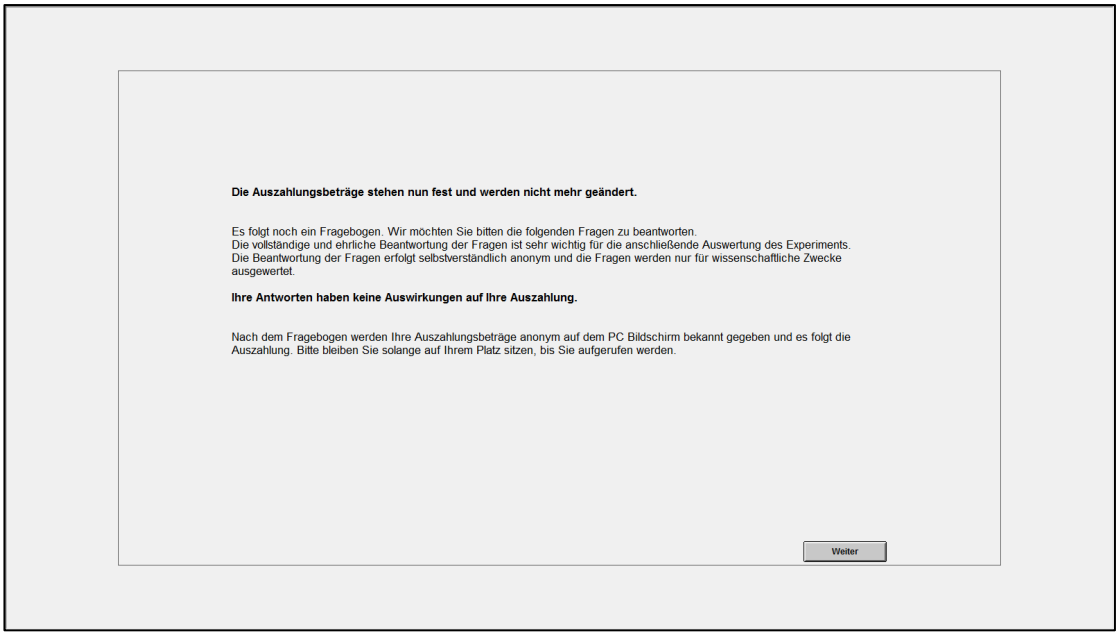
Appendix 85: T3, T4 – Round 2 apportionment z-Tree screen (OW)



Appendix 86: T3, T4 – Round 2 apportionment z-Tree screen (MA)

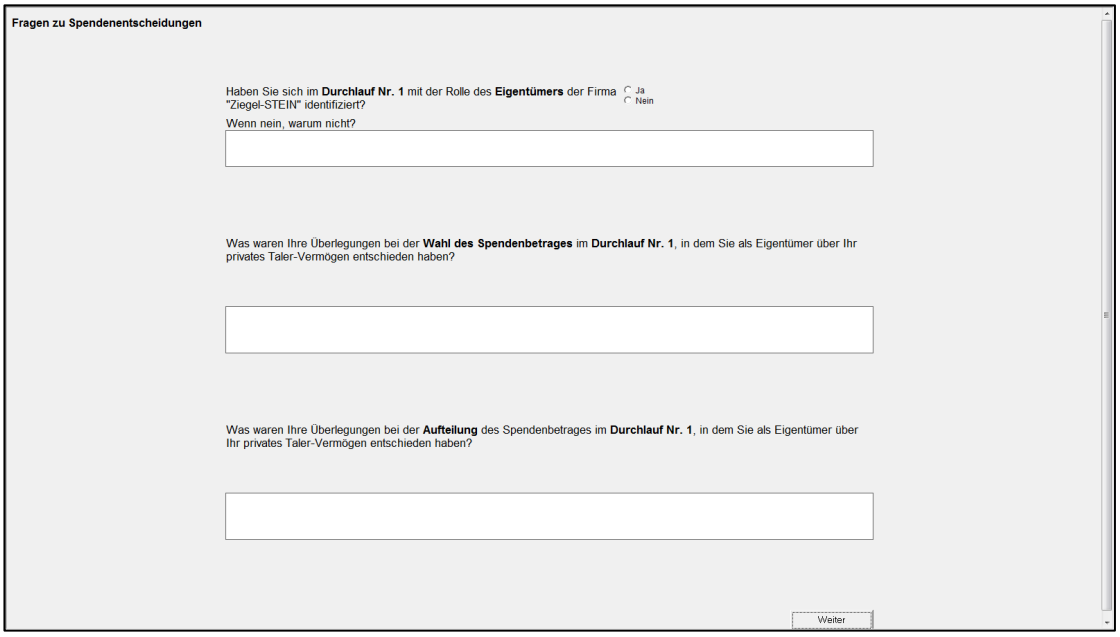


Appendix 87: T3, T4 – Round 2 finish screen (OW, MA)

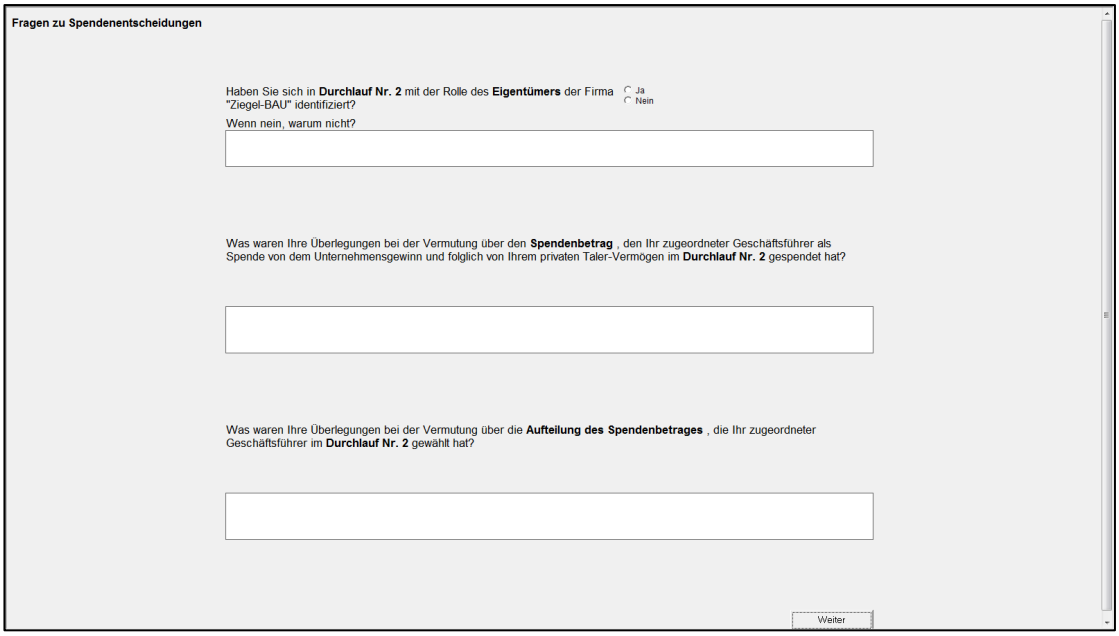


Appendix 88: T3, T4 – Payoffs fixed z-Tree screen (OW, MA)

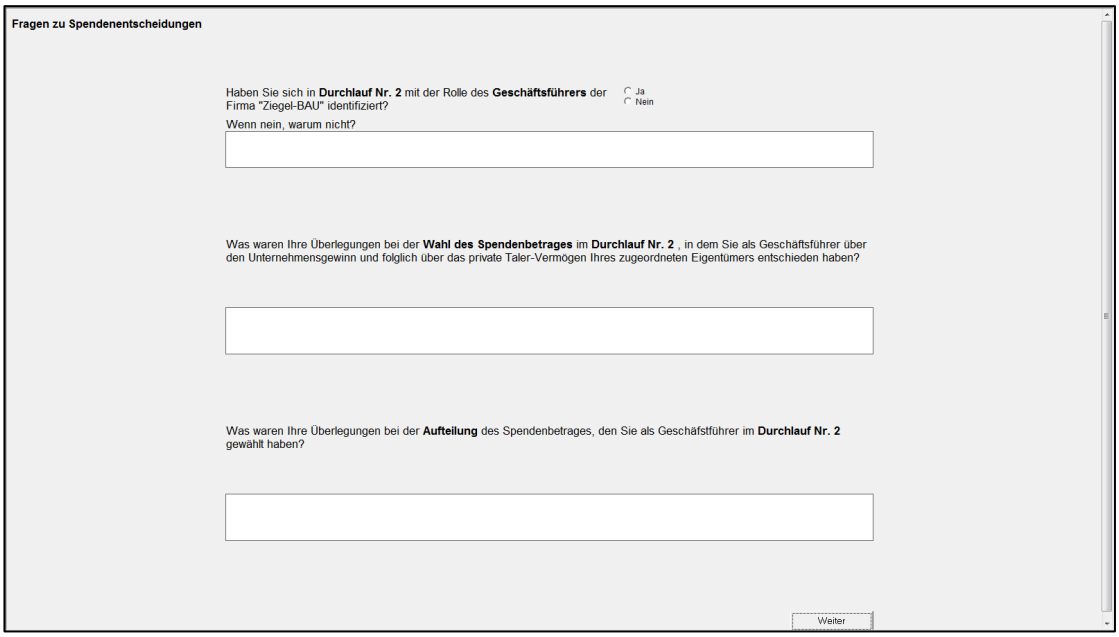
The z-Tree screenshots of the questionnaire administered in Treatments 1 to 4 are identical to those presented in Appendix 24 to Appendix 31 and Appendix 38 to Appendix 41, therefore, in the following, only new screenshots of Treatment 3 and Treatment 4 are presented.



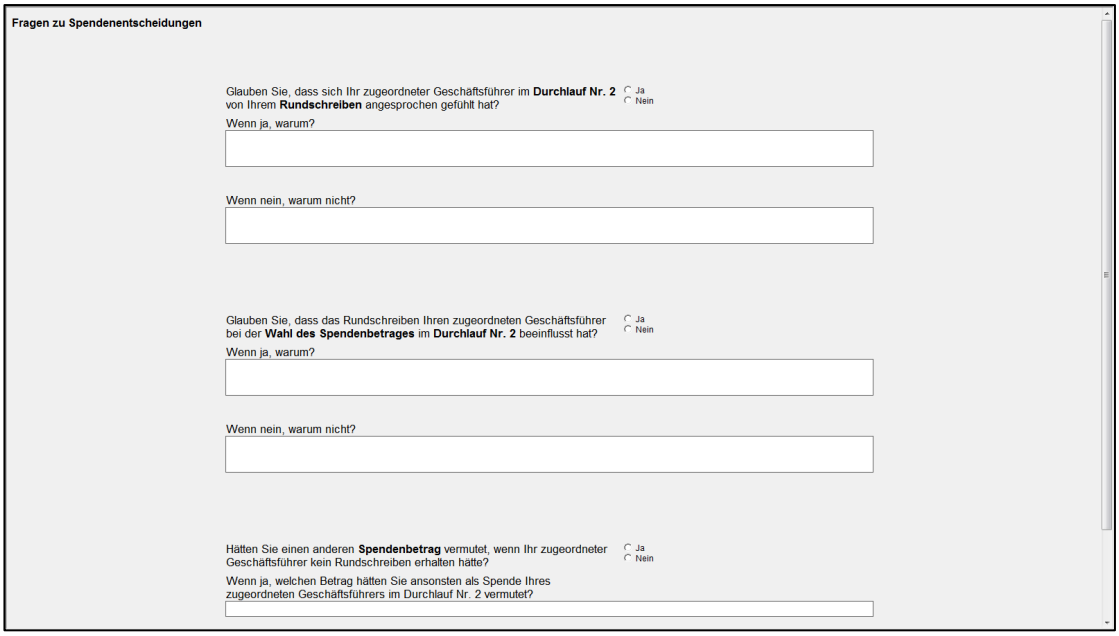
Appendix 89: T3, T4 – Round 1 questions z-Tree screen (OW, MA)



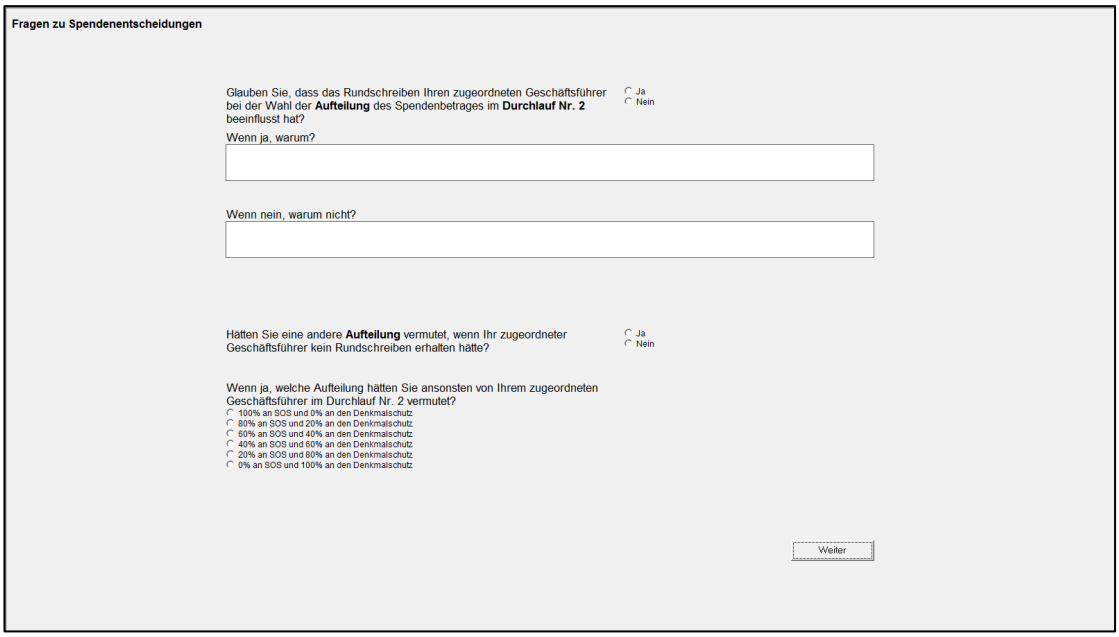
Appendix 90: T3, T4 – Round 2 questions z-Tree screen (OW)



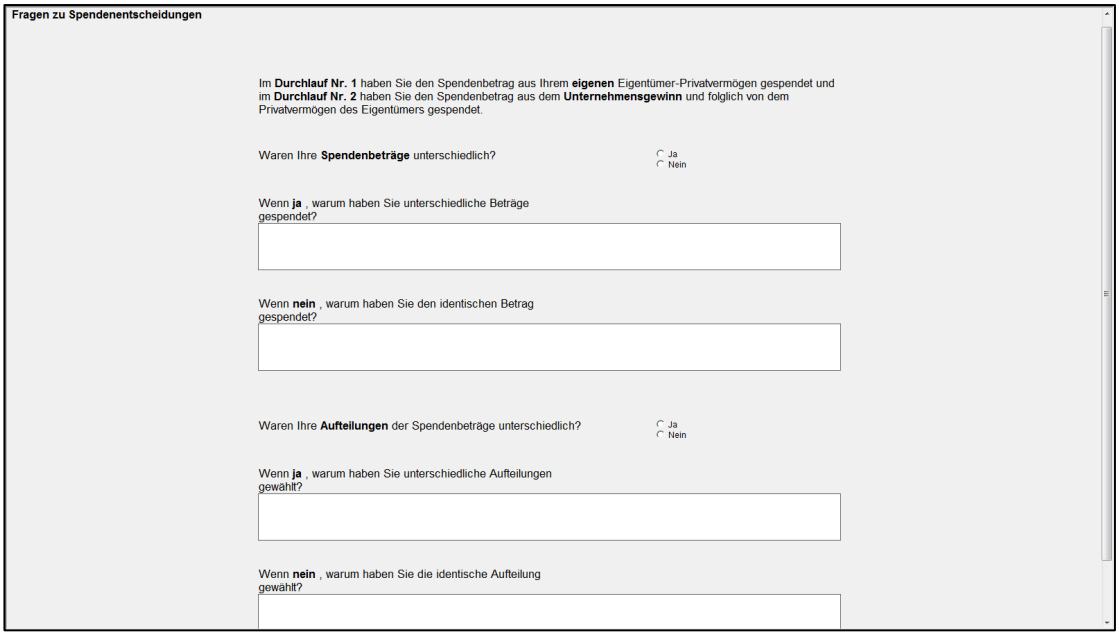
Appendix 91: T3, T4 – Round 2 questions z-Tree screen (MA)



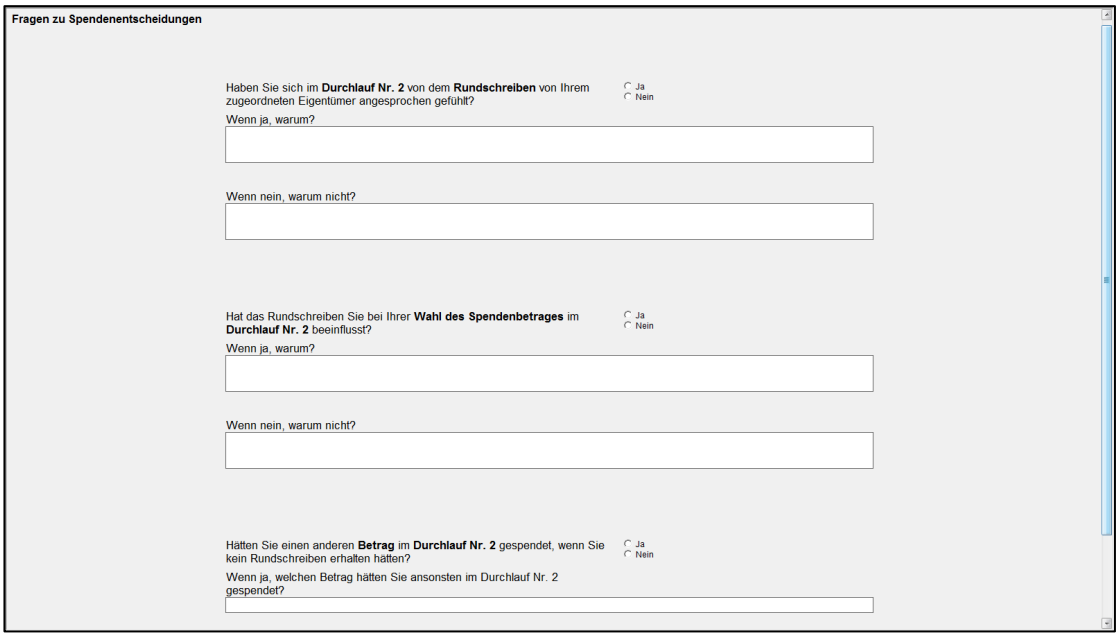
Appendix 92: T4 – COC questions z-Tree screen (OW) [1/2]



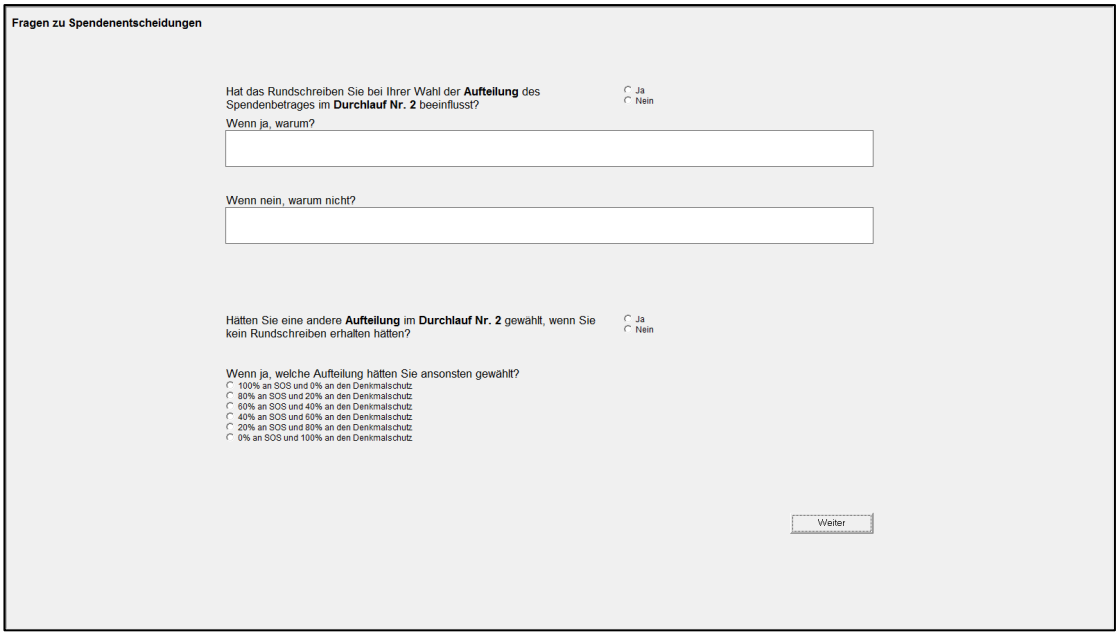
Appendix 93: T4 – COC questions z-Tree screen (OW) [2/2]



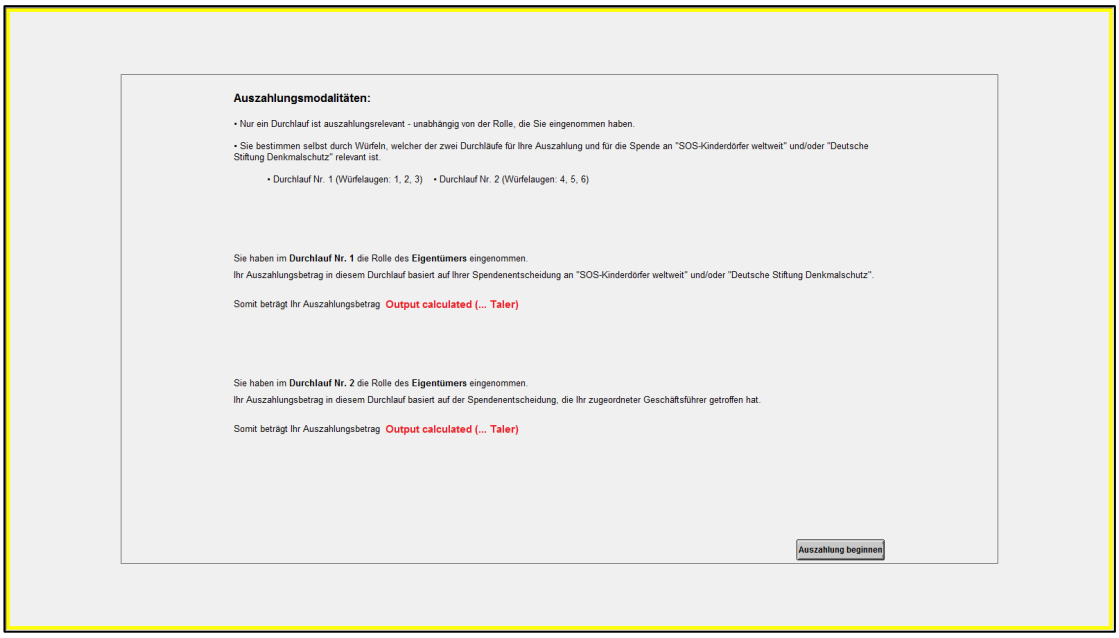
Appendix 94: T4 – Round 1 and 2 deviation questions z-Tree screen (MA)



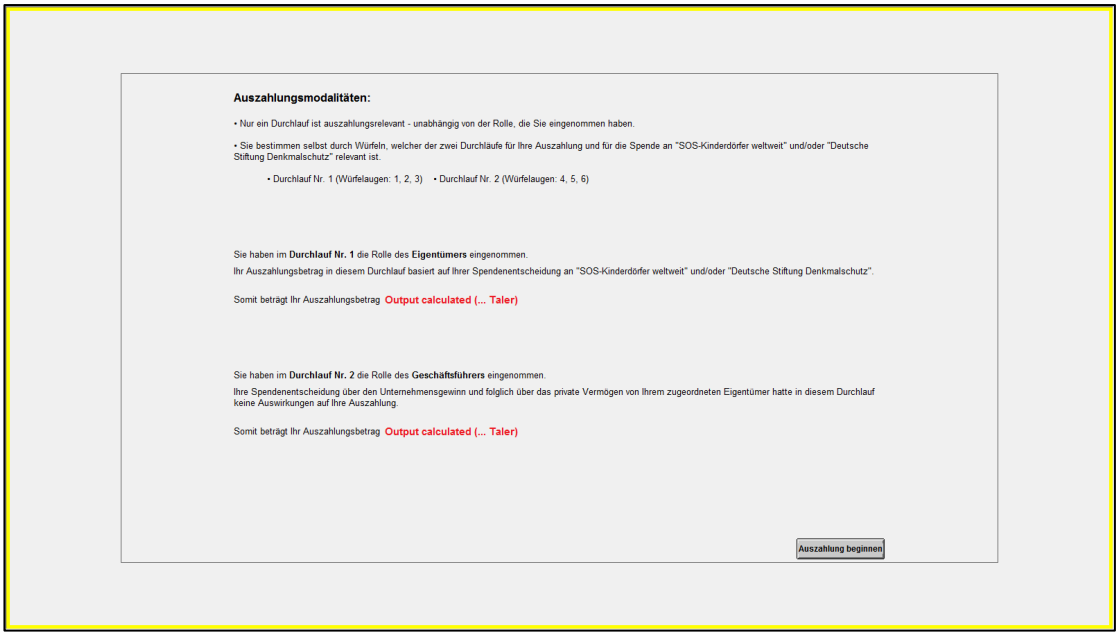
Appendix 95: T4 – COC questions z-Tree screen (MA) [1/2]



Appendix 96: T4 – COC questions z-Tree screen (MA) [2/2]



Appendix 97: T3, T4 – Payoff results screen (OW)



Appendix 98: T3, T4 – Payoff results z-Tree screen (MA)

Appendix 99: T3, T4 – Final z-Tree screen (OW, MA)

6.4. APPENDIX: CHAPTER 5

	PLAYER Bs / MANAGERS (N=167)					
	Round 1			Round 2		
Personality scale	Jonckheere-Terpstra J* (p)	Spearman's ρ (p)	Kendall's τ-b (p)	Jonckheere-Terpstra J* (p)	Spearman's ρ (p)	Kendall's τ-b (p)
HEXACO: Fairness	3.383 (<0.001)	0.2690 (<0.001)	0.1878 (<0.001)	0.493 (0.6219)	0.0383 (0.6230)	0.0269 (0.6228)
HEXACO: Greed Avoidance	3.453 (<0.001)	0.2622 (<0.001)	0.1912 (<0.001)	0.415 (0.6780)	0.0340 (0.6628)	0.0226 (0.6790)
HEXACO: Altruism	3.805 (<0.001)	0.2929 (<0.001)	0.2123 (<0.001)	0.541 (0.5886)	0.0428 (0.5830)	0.0297 (0.5895)
HEXACO: Sentimentality	2.311 (0.0208)	0.1783 (0.0211)	0.1283 (0.0209)	-0.246 (0.8058)	-0.0207 (0.7902)	-0.0134 (0.8068)
SOEP: Agreeableness	1.726 (0.0843)	0.1337 (0.0851)	0.0978 (0.0845)	-0.011 (0.9911)	-0.0041 (0.9583)	-0.0006 (0.9922)
SOEP: Conscientiousness	2.093 (0.0363)	0.1633 (0.0350)	0.1181 (0.0364)	-0.329 (0.7422)	-0.0179 (0.8188)	-0.0182 (0.7433)
SOEP: Openness	1.814 (0.0697)	0.1463 (0.0591)	0.1012 (0.0699)	0.310 (0.7566)	0.0244 (0.7541)	0.0170 (0.7576)
SOEP: Neuroticism	0.711 (0.4770)	0.0550 (0.4802)	0.0397 (0.4779)	0.127 (0.8993)	0.0036 (0.9634)	0.0069 (0.9004)
SOEP: Extraversion	1.205 (0.2284)	0.0958 (0.2179)	0.0674 (0.2289)	-0.836 (0.4032)	-0.0695 (0.3719)	-0.0460 (0.4040)
IBES: Trouble Avoidance	0.574 (0.5659)	0.0391 (0.6156)	0.0320 (0.5668)	-0.555 (0.5791)	-0.0469 (0.5476)	-0.0304 (0.5800)

Appendix 100: Further personality scales and donations in Round 1 & 2 (T1 to T4)

6.5. APPENDIX: DICTATOR GAME

Psychology and psychological research methods like experiments found a way into economics in the form of behavioral economics. According to a common opinion, economics is a non-experimental science. This view is reflected by a statement of Samuelson and Nordhaus (1985: p. 8): "Economists ... cannot perform the controlled experiments of chemists or biologists because they cannot easily control other important factors. Like astronomers or meteorologists, they generally must be content largely to observe".

But "today's research increasingly relies on new data from laboratory experiments rather than on more traditional field data, that is, data obtained from observations of real economies" (The Royal Swedish Academy of Science 2002: p. 1). In 2002, the Economics Nobel Prize winners Daniel Kahneman (experimental psychologist) and Vernon L. Smith (experimental economist) were the main impellents[110] for economics' transformation from a non-experimental science into a science using experiments as a well-accepted methodology. Smith (1976) provided one of the first guidelines on the design of an economic laboratory experiment.[111]

Economic experiments are very suitable to analyze human behavior (Camerer 2003). Led by the conviction that people do not only strive to maximize the monetary outcome of their actions (e.g. Kahneman and Tversky 1979; Rabin 1993), many researchers executed experiments and used the results for a review of their hypotheses. Besides other standard experimental games (e.g. Ultimatum Game by Güth et al. 1982), the dictator game is a simple, but very effective experimental design, especially when individual preferences are concerned. The initiation of the dictator game research was a publication by Kahneman et al. (1986), followed by more than 129 contributions until today (Engel 2011). As detailed by Forsythe et al. (1994) and Bolton et al. (1998), the dictator game experiment is used to investigate in a two-player scenario how individual preferences influence the handling of one's own money by nominating a 'dictator' (money owner and sole decision maker) and a 'recipient' (money recipient). In the standard dictator game, the dictator is endowed with USD 10, the recipient with USD 0. The dictator is requested to propose an apportionment of his USD 10 between himself and a recipient unknown to him. The recipient has no possibility of influencing the dictator's decision, he can only accept

[110] Independent and simultaneous work by Edward Chamberlin, Ausin Hoggatt, Heinz Sauermann and Reinhard Selten, Martin Shubik, Sidney Siegel and Lawrence Fouraker, Jeffrey Friedman as identified by Smith (1989).

[111] See also Smith (1994 and 1989); more recent insights into experimental methodology in economics are provided by Croson (2002 and 2005).

the potential money transfer. Many experiments show the participants in a standard dictator game to share their given money with an unknown stranger or a charity. Based on 616 treatments, Engel (2011) found that dictators transferred a grand mean of 28.35% of their money to the recipient. This result contrasts with neoclassical economic theories predicting that the dictator will strive to maximize his own monetary outcome and thus deny sharing his money. The attempts to explain this phenomenon are multifarious and its cause has been controversially discussed in experimental literature. The overall outcome of this debate is that profit maximization is not solely based on monetary criteria; humans have further preferences (e.g. altruism, fairness) opposed to the propensity for materialism (Forsythe et al. 1994; Hoffman et al. 1996; for an overview see Camerer 2003 and Engel 2011). More than hundred papers dealing with studies based on the dictator game show that this experiment has become a widely used and accepted methodology (Engel 2011).

6.6. QUESTIONNAIRE

6.6.1. Applied Personality Inventories

This section presents the original German wording as used within the personality questionnaire.

6.6.1.1. SOEP Items

Im Folgenden finden Sie unterschiedliche Eigenschaften, die eine Person haben kann. Wahrscheinlich werden einige Eigenschaften auf Sie persönlich voll zutreffen und andere überhaupt nicht. Bei wieder anderen sind Sie vielleicht unentschieden. Antworten Sie bitte anhand der folgenden Skala.
Der Wert 1 bedeutet: trifft überhaupt nicht zu. Der Wert 7 bedeutet: trifft voll zu. Mit den Werten zwischen 1 und 7 können Sie Ihre Meinung abstufen.

Ich bin jemand,…
1. der gründlich arbeitet. *[Conscientiousness]*[112]
2. der kommunikativ, gesprächig ist. *[Extraversion]*
3. der manchmal etwas grob zu anderen ist. *[Agreeableness]* (-)[113]
4. der originell ist, neue Ideen einbringt. *[Openness]*
5. der sich oft Sorgen macht. *[Neuroticism]*
6. der verzeihen kann. *[Agreeableness]*
7. der eher faul ist. *[Conscientiousness]* (-)
8. der aus sich herausgehen kann, gesellig ist. *[Extraversion]*
9. der künstlerische, ästhetische Erfahrungen schätzt. *[Openness]*
10. der leicht nervös wird. *[Neuroticism]*
11. der Aufgaben wirksam und effizient erledigt. *[Conscientiousness]*
12. der zurückhaltend ist. *[Extraversion]* (-)
13. der rücksichtsvoll und freundlich mit anderen umgeht. *[Agreeableness]*
14. der eine lebhafte Phantasie, Vorstellung hat. *[Openness]*
15. der entspannt ist, mit Stress gut umgehen kann. *[Neuroticism]* (-)
16. der wissbegierig ist. *[Openness]*

[112] Matching of SOEP and Big-Five based on Gerlitz and Schupp (2005); not transparent within the questionnaire.
[113] (-) indicates reverse-keyed items; not transparent within the questionnaire.

6.6.1.2. HEXACO Items

6.6.1.2.1. HEXACO and IBES Instructions

Im Folgenden finden Sie eine Reihe von Aussagen, die mehr oder weniger auf Sie zutreffen können. Es gibt keine richtigen oder falschen Antworten. Bitte geben Sie an, wie sehr Sie den einzelnen Aussagen zustimmen oder sie ablehnen. Dafür stehen Ihnen die folgenden Antwortmöglichkeiten zur Verfügung:

Starke Ablehnung - Ablehnung - Neutral - Zustimmung - Starke Zustimmung

Bitte antworten Sie auf jede Aussage, auch wenn Sie sich Ihrer Antwort nicht ganz sicher sind.

6.6.1.2.2. HEXACO: Altruism

1. Ich bin ein weichherziger Mensch.
2. Ich würde mich schrecklich fühlen, wenn ich jemanden verletzen müsste.
3. Ich habe Mitgefühl mit Menschen, die weniger Glück haben als ich.
4. Ich versuche, Notleidende großzügig zu unterstützen.
5. Ich versuche, die Gefühle anderer zu respektieren.
6. Mir gefällt der Gedanke, dass nur die Starken überleben sollten. (-)
7. Es würde mich nicht stören, jemandem zu schaden, den ich nicht mag. (-)
8. Man hält mich für einen hartherzigen Menschen. (-)

6.6.1.2.3. HEXACO: Fairness

1. Wenn ich wüsste, dass ich niemals erwischt werde, wäre ich bereit, eine Million zu stehlen. (-)
2. Ich würde eine Person nicht betrügen, auch wenn diese ein echter Trottel wäre.
3. Ich hätte keine Probleme damit, Leute zu betrügen, die es zulassen, dass man sie betrügt. (-)
4. Ich würde in Versuchung geraten, Diebesgut zu kaufen, wenn ich knapp bei Kasse wäre. (-)
5. Ich würde meine Steuern auch dann zahlen, wenn ich mich davor drücken könnte ohne erwischt zu werden.
6. Ich würde niemals Bestechungsgeld annehmen, auch wenn es sehr viel wäre.

7. Ich würde gerne wissen, wie man Dinge über die Grenze schmuggelt. (-)
8. Ich würde in die Versuchung geraten, Falschgeld zu benutzen, wenn ich sicher sein könnte, damit durchzukommen. (-)

6.6.1.2.4. HEXACO: Greed Avoidance

1. Einen hohen sozialen Status zu haben ist nicht sehr wichtig für mich.
2. Viel Geld zu haben ist nicht besonders wichtig für mich.
3. Ich ziehe es vor, angesehene, erfolgreiche Leute zu meinen Freunden zu zählen. (-)
4. Ich würde gerne in einer sehr teuren, angesehenen Nachbarschaft wohnen. (-)
5. Ich würde gerne dabei gesehen werden, wie ich in einem sehr teuren Auto herumfahre. (-)
6. Ich würde es genießen, Mitglied in einem exklusiven Kasino zu sein. (-)
7. Es würde mir viel Freude bereiten, teure Luxusgüter zu besitzen. (-)
8. Wenn ich durch etwas wahrscheinlich meinen sozialen Status verbessern kann, nehme ich dafür hohe Risiken in Kauf. (-)

6.6.1.2.5. HEXACO: Sentimentality

1. Ich könnte weinen, wenn ich andere Personen sehe, die weinen.
2. Wenn jemand, den ich gut kenne, unglücklich ist, kann ich den Schmerz dieser Person fast selber spüren.
3. Ich fühle starke Emotionen, wenn jemand, der mir nahe steht, für eine längere Zeit weggeht.
4. Ich verstehe nicht, warum einige Leute bei Hochzeiten so emotional werden. (-)
5. Wenn jemand, der mir nahe steht, um etwas besorgt ist, bin ich auch besorgt.
6. Andere sagen manchmal, dass ich nicht sensibel in Bezug auf Gefühle bin. (-)
7. Ich bleibe emotionslos, selbst in Situationen, in denen die meisten Leute sehr sentimental werden. (-)
8. Ich werde manchmal ziemlich sentimental, wenn ich über Personen und Orte nachdenke, die ich kannte.

6.6.1.3. IBES Item: Trouble Avoidance

1. Wenn ich jemanden für unfähig halte, dann sage ich es ihm auch. (-)
2. Es macht mir nichts aus, mit jemandem in Streit zu geraten, wenn ich anderer Meinung bin. (-)
3. Ich könnte niemals jemandem ins Gesicht sagen, dass ich ihn nicht ausstehen kann.
4. Ich gehe Ärger aus dem Weg, wenn es irgendwie möglich ist.
5. Es kommt vor, dass ich mir andere zum Feind mache, um einer Sache willen, die mir wichtig ist. (-)
6. Ich bin eher ein Mensch mit Ecken und Kanten. (-)
7. Mit Leuten, die Macht über mich haben, lege ich mich lieber nicht an.

6.6.2. Insights into Experimental Participants

	Participants (number)	**Age** (min-max, avg.)	**Gender** (number)	**Semester** (min-max, avg.)
Treatment 1	110	19-34 (Ø 22.56)	Female: 57 Male: 53	1-17 (Ø 4.27)
Treatment 2	56	18-37 (Ø 23.66)	Female: 28 Male: 28	1-12 (Ø 4.45)
Treatment 3	84	19-42 (Ø 22.81)	Female: 54 Male: 30	1-12 (Ø 4.04)
Treatment 4	84	18-34 (Ø 22.88)	Female: 46 Male: 38	1-16 (Ø 4.20)

Appendix 101: Demographic information about participants (T1 to T4)

Have you ever donated to a charity?

Responses

Options	Frequency
1-3 times	148 (44%)
Once	77 (23%)
Never	65 (19%)
Regularly	44 (13%)
Total	**334 (100%)**

Which aid recipient do you prefer?

Responses

Options	Frequency
Children	313 (94%)
Girls	6 (2%)
Boys	2 (1%)
Women	5 (1%)
Men	3 (1%)
Cultural heritage	5 (1%)
Total	**334 (100%)**

Which region do you prefer for your donation?

Responses

Options	Frequency
Africa	220 (66%)
Germany	41 (12%)
Latin America	32 (10%)
South & Southeast Asia	26 (8%)
East Europe	15 (4%)
Total	**334 (100%)**

Which aid projects do you prefer?

Responses

Options	Frequency
Against hunger & poverty	143 (43%)
For children & education	124 (37%)
For animals / environment	27 (8%)
For others	21 (6%)
For peace and conciliation	16 (5%)
For cultural heritage	3 (1%)
Total	**334 (100%)**

Appendix 102: Donation preferences of participants (T1 to T4)

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