

2016

# Relationship Building and Unethical Behavior in the Hospitality Industry

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# Walden University

College of Management and Technology

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Sharron Koch

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2016

Abstract  
Relationship Building and Unethical Behavior in the Hospitality Industry

by

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MS, Salem International University 2009

BS, Limestone College, 2007

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

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## Abstract

Relationship building is a fundamental component to develop successful businesses, although corrupt purchasing executives pay bribes in excess of \$1.5 trillion dollars annually. The participants for this case study consisted of 10 national sales managers who have successfully implemented strategies to train suppliers in relationship building in a hotel in Greenville, South Carolina. The resource dependence theory grounded the study. The purpose of this single case study was to explore strategies a hotel owner in Greenville, South Carolina used to train managers on relationship building. Collection of data included 8 semi-structured telephone interviews and 2 video interviews that were audio recorded and transcribed verbatim, archived data, and field notes. Using a modified van Kaam method and methodological triangulation, 3 prominent themes were identified that included the appropriateness of relationship building activities to collect data critical to negotiations, the need to clarify unclear expectations, and developing an increased awareness of the gray areas for possible boundary violations between the vendor and the customer. The data from the results indicated the need for increased training to reduce the number of instances of unethical behavior perceived in relationship building activities. The implications for positive social change include the potential to increase the awareness of ethical issues in multicultural business settings on the part of national sales managers, which could decrease the rate of unethical behavior in the hospitality industry.

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## Dedication

I dedicate this study to my husband, Michael. Who encouraged me to go back to school for my Bachelor's degree, then remained my constant support while I reached for my stars. Without you pushing, pulling, prodding, threatening, providing endless hours of listening to the same sentences over and over and giving me reasons to laugh when I wanted to scream, I would never have accomplished this. I love you. You will always be my Captain Koch, but forever more, you must call me Dr. Koch.

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To my family, friends, and co-works, thank you for your patience and support. I want to thank my children for their constant encouragement and for always being my reason to be a better mom, business woman, and a better human being. I know you will all be pleased not to have to talk about this paper at Sunday breakfast anymore.

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## Section 1: Foundation of the Study

### **Introduction**

This study was limited to a special area that researchers neglect in the corruption field, an area that involves the business relationship building process in the hospitality industry. Hospitality provides numerous opportunities for private gain at the expense of the public or the expense of fairness, transparency, and the standards that most people expect in typical business practices (Zhou, Han, & Wang, 2013). Research is available on the value of relationship building in addition to the positive and negative influences such relationship building activities can have on the buyer (Adams, Khoja, & Kauffman, 2012).

### **Background of the Problem**

Regarding large economic influences and the trickle-down effect, the problem of corruption is nowhere more significant than in public procurement (Choudhary, 2013). Economically, corruption drains public funds. Taxpayers pay an estimated 25% of additional costs to the government resulting from bribery, kickbacks, theft, and other behaviors classified as corruption (Schefer & Woldesenbet, 2013).

Not all forms of unethical behavior are as easy to define as corruption or are as deserving of harsh penalties under the Foreign Corrupt Practices Act (Perkins, 2012). Business negotiations have many ambiguous areas. When purchasing agents are negotiating with the Chinese, the agent can experience *guanxi*, a personal hierarchical gift giving the custom to recognize rank (Bedford & Hwang, 2013). This concept brings order and structure to society (Gong, He, & Hsu, 2013). Although the original idea is a genuine

show of respect, purchasing agents can misappropriate the guanxi concept. Refusing a genuine offer of goodwill based on long-held cultural norms could be detrimental to a business relationship.

### **Problem Statement**

Corrupt purchasing executives pay out bribes every year in excess of \$1.5 trillion (Loewen et al., 2013). For example, beginning in the mid-1990s and through 2007, Siemens and its subsidiaries paid approximately \$1.36 billion in bribes (Choudhary, 2013). The general business problem is the financial losses associated with relationship building and unethical behavior in the hospitality industry. The specific business problem was that some business managers have limited strategies to train suppliers in business relationship building to avoid problems regarding unethical behavior.

### **Purpose Statement**

The purpose of this exploratory qualitative single case study was to explore strategies business managers use to train suppliers in business relationship building to avoid problems regarding unethical behavior. The targeted population consisted of current national sales managers who have a working relationship with a hotel in the hospitality industry in Greenville, South Carolina, as that population was appropriate for understanding how to implement successful strategies employed to train suppliers in relationship building to avoid problems regarding unethical behavior. The implication for positive social change includes the potential to create higher levels of value in the global trust of the U.S. business community involving individuals, organizations, and institutions.

### **Nature of the Study**

Three methods for conducting research: qualitative, quantitative, or mixed are commonly found in most research activity (Wahyuni, 2012). He suggested a quantitative approach allows researcher to develop objective, statistical data through predetermined instruments in an effort to disprove the Null Hypotheses or to evaluate the strength of existing relationships. In a qualitative approach, the researcher aims to derive themes from the subjective responses of research participants (Yin, 2014). With a mixed methods approach, a researcher attempts to combine both of these strategies to enhance the meaning of outcomes or study validity (Wayhuni, 2012). I will use a qualitative methodology for this study bounded by a case study. Yin (1994) presented at least four applications for a case study model:

1. To explain complex causal links in real-life interventions,
2. To describe the real-life context in which the intervention has occurred,
3. To describe the intervention itself, and
4. To explore those situations in which the intervention being evaluated has no clear set of outcomes.

According to the research design considerations discussed by Marshall & Rossman (2011), different forms of analysis are acceptable for a doctoral study. These forms of analysis include the phenomenological, the ethnographic, and formal case study designs. A phenomenological study was not selected for this research because it would have concentrated on a common meaning of the phenomenon or lived experience (van

Manen, 1990). An ethnographic study was not selected for this study because it would cause the researcher to focus on a cultural examination of the research topic under consideration, which was not part of my research question (Creswell & Brown, 1992). I selected an exploratory single qualitative case study to explore strategies business managers use to train suppliers in business relationship building to avoid problems regarding unethical behavior. The four applications of a using a case study model are all applicable for me to address my research question because I will need to explore those situations in which the intervention being evaluated has no clear set of outcomes when evaluating the strategies used by managers in business relationship building to avoid problems regarding unethical behavior. The benefit of an exploratory case study is to identify research methods and themes for users in subsequent studies (Yin, 2014).

### **Research Question**

The overarching research question for this study was: What strategies do business managers use to train suppliers to distinguish between business relationship building and unethical behavior? I asked study participants semistructured, open-ended interview questions to explore their experiences with the relationship-building process between buyers and suppliers and awareness of unethical behavior tactics. The interview questions are listed below:

### **Interview Questions**

1. How do you or other individuals in your organization build a quality relationship with a coveted buyer?
2. What strategies do you use as appropriate relationship building activities?

3. What do you care to share with me in your experiences with relationship building within the hospitality industry?
4. What, in your opinion, are the gray areas in relationship building with valued clients?
5. How do you know when you have stepped into a gray area?
6. How have your experiences as a manager in the hospitality industry shaped your beliefs and opinions about relationship building and bribery?
7. Do you believe training programs are necessary to identify issues of bribery? Why or why not?
8. Could you tell me anything else about attempting to build a relationship with buyers and bribery issues that you think is important?

### **Conceptual Framework**

The role the supplier and the buyer each plays in the relationship and the complexity of the nature of the problem, suggests selecting a single conceptual framework. Regarding a firm's resources, an emphasis on a firm's collaborative relationship between its environment and its resources is central to resource dependence theory as developed by Pfeffer & Salanick (1978). The resource dependence theory illustrates that a company is dependent on its environment for its resources and establishes relationships to gain those resources. Furthermore, the company officials should act according to environmental stimuli and engage in ethical business practices (Zhou, Han, & Wang, 2013). The company cannot obtain external resources by itself. For multinational companies, cultivating external relationships is critical. These relationships

are fundamental to gaining access to resources and business opportunities that might otherwise be nonexistent (Dieleman & Boddewyn, 2012). Reliance on external forces is part of the resource dependence theory.

### **Operational Definitions**

The following terms provide clear definitions to prevent ambiguity for the reader:

*Code of conduct:* Code of conduct is a tool; a means for transmitting the organizational culture to its members, conferring on them a sense of common identity as members of a team (Mihai, & Alina, 2013).

*Conflict of interest:* A conflict of interest (COI) is a situation that occurs when an individual or organization is involved in multiple interests, one of which could corrupt motivation (Liao, 2013).

*Hard law:* The hard law is a worldwide legal framework (Williams, 2014).

*Kickbacks:* Kickbacks are a form of negotiated bribery in which a commission is paid to the bribe-taker as a quid pro quo for services rendered (Verschoor, 2014).

*Soft law:* Soft law is when a company chooses to abide by voluntary principles (Williams, 2014).

*The unspoken rule:* Unspoken rules are behavioral constraints not voiced or written that is imposed on organizations or societies. Unspoken rules usually exist in the unspoken and unwritten format because the rule is a part of a logical argument or course of action implied by tacit assumptions (Kahn, 2013).

## **Assumptions, Limitations, and Delimitations**

### **Assumptions**

Assumptions are sufficient conditions that guarantee the validity of subsequent findings, and violations by no means necessarily invalidate those findings (Tsang, 2009). Assumptions are ideas that are unavoidable conditions of a study. The first assumption was that participants would remember experiences accurately to construct a truthful account concerning relationship building and bribery. The second assumption was that I would be able to accurately capture the ideas and themes through the data collection process. A final assumption was that personal beliefs, prejudices, and experiences would be detached from the representation of the information and data collected. The interview results from two participants were not in the final data analysis due to the participants being overly concerned about someone finding out if there had been any instances of unethical behavior attributed to them.

### **Limitations**

Limitations are the weaknesses of an individual study that might influence results and conclusions (Brutus & Duniewicz, 2012). Limitations of the study included previous inadequate literature about relationship building activities and unethical behavior as well as interpretations and accuracy of the information from participants. Writing is predominantly a linear form of communication with a beginning, middle, and end, but much of what case study research reveals is simply not linear. Writing complex streams of thought and emotions from one person's perspective in another person's words can be difficult. When attempting to write about one facet of an issue, a researcher can

unwittingly leave out multiple layers of a story. As of result of extensive member checking, I did my best to capture and reflect the participant's perspectives in my own words.

### **Delimitations**

Delimitations refer to the bounds or the scope of the study in which the researcher has control over, which includes (a) the problem selected for the study, (b) the sample size, (c) the time frame of the study, and (d) the population to be used in the study (Yin, 2014). Loewen et al. (2013) revealed that bribery takes place on a trillion dollar per year basis on a global scale. I chose to focus solely on the hospitality industry, and even more specifically regarding unethical behavior that takes place during the relationship building phase with clients. The study population included sales managers from the hospitality industry from the vendor pool of a hotel in the hospitality industry located in Greenville, South Carolina. The study sample excluded purchasing agents or anyone with fewer than 10 years of hospitality experience.

### **Significance of the Study**

Learning more about how suppliers build and distinguish between collaborative relationship building and unethical behavior is important for managerial practice. The study is of value to the effective practice of business because sales managers have an equal responsibility to maintain ethical standards of, as behavior as do purchasing executives. A foundation of training will be difficult to build until sales managers understand the issues of relationship building and unethical behavior in the hospitality industry.

### **Contribution to Effective Practice of Business**

Relationship building bribery is just a small section of the public procurement bribery issue. The contribution of this study to the effective practice of business is two-fold. First, it is an attempt to contribute to the literature by positing that collaborative activities lead to trust and commitment (Nyaga et al., 2010); and second, that these collaborative activities are ill-defined and made more complex by international business and cultural differences. This complexity can lead to issues of unethical behavior in the scope of relationship building.

Insufficient or inappropriate understanding ethical norms by individuals acting in their environment can lead to unethical behavior (Stonciuviene & Naujokaitiene, 2013). Understanding what is and what is not bribery in relationship building opens a scholarly conversation on how the practice influences good business. Understanding the concepts of relationship building and unethical behavior helps to develop support and justifies new ways of training suppliers to distinguish between business relationship building and unethical behavior.

### **Implications for Social Change**

In acknowledging that social change must start with the individual, this study can increase the awareness of moral and ethical attitudes in multicultural business settings. Every journey must start with the first step, and in this case, the first step is increased awareness and training in the differences between relationship building and unethical behavior activities. The study may result in a civil dialog in which people explore matters

of civic importance and consider the dimensions of decisions of consequence to their lives, communities, and society.

Walden University faculty teach that research can have an operational company influence and community influence. Business relationships and unethical behavior will influence a corporation's moral fiber and increase the strength of the communities' social fabric as well, translating into community actions toward one other in business and social responsibility. Weaving the moral fabric of business into the social fabric of the community strengthens cooperation between businesses and the local community. This intermingling can have unanticipated benefits for the community because local businesses use corporate dollars to fund small and large scale community initiatives, which can give the company a profitable, competitive advantage over competing businesses in the same marketplace. This study is important for social change because it supports the idea of a code of conduct involving ethics education to improve ethical decision-making of future business managers.

### **A Review of the Professional and Academic Literature**

The literature review is the basis for explaining the lack of research conducted on business relationship building and the possible complications of unethical behavior. The purpose of the review is to provide a context and substantiation for the research question: What strategies do business leaders use to train suppliers between business relationship building and unethical behavior?

Seven layers comprise the following literature review. The review begins with a more detailed discussion of my conceptual framework and then covers design and

method selection; as well as a review of legislation with the intent of controlling ethical behavior. Next, there is a review of the topic of the positive influence of relationship building in the interaction of buyers and suppliers. An overview of the organizational roles of sales managers and purchasing executives is important in laying the groundwork for understanding the challenges different positions.

The purpose of the review is to explain why business relationship building is complicated, followed by a section with an emphasis on different cultural behaviors to help identify what strategies business managers use to train suppliers to distinguish between business relationship building and unethical behavior. Finally, researchers show the need for better ethical training at the company level and the influence that training or the lack of training has on the strategies that business managers use. I conclude this section with a review of case studies that involve unethical behavior.

The strategy used in the study included researching various databases using library resources from Walden University. Using the EBSCO host tool, I accessed multidisciplinary databases including Academic Research Complete/Premier, Proquest Central, Science Direct, Expanded Academic ASAP, LexisNexis Academic, SAGE Premier, Business Source Complete, Political Science Complete, and Regional Business News. The search also involved other databases, such as Emerald and Jstor as well as the ProQuest Dissertation database.

Preventing corruption in international business transactions by using increasing levels of punishment upon those who pay bribes or engage in unethical behavior has been ineffective under the FCPA (Klaw, 2012). An early review of the literature established a

context and rationale for the study by spotlighting the gap between relationship building in business and the bridge created for unethical behavior. Topics such as gift giving (Perryer & Tsahuridu, 2013); loyalty (Crane, 2013); and differences in cultures (Gift, Gift, & Zheng, 2013) are elements of research. No researcher has focused on the relationship building activity and the perceptions of unethical behavior by participants.

In my search for material during the literature review process, I did not discover studies based solely on relationship building and the progression of unethical behavior. Preventing corruption in international business transactions by using increasing levels of punishment upon those who pay bribes or engage in unethical behavior has been ineffective under the FCPA (Klaw, 2012). An early review of the literature established a context and rationale for the study by spotlighting the gap between relationship building in business and the bridge created for unethical behavior. Topics such as gift giving (Perryer & Tsahuridu, 2013); loyalty (Crane, 2013); and differences in cultures (Gift, Gift, & Zheng, 2013) are elements of research. No researcher has focused on the relationship building activity and the perceptions of unethical behavior by participants. The lack of studies made the literature review process difficult and forced me to break down the ideas involved in creating a framework for the study. Foundation ideas such as different relationship building techniques are subject to exploration to help create a framework. Ninety-eight total references were in the literature review. Of that number, 92% were had a publishing date within 5 years of expected CAO approval, and 93% of the articles were peer reviewed.

The purpose of this qualitative case study was to explore what strategies business managers use to train suppliers in business relationship building to avoid problems regarding unethical behavior. The literature review starts with a detailed overview of the conceptual framework that supports the study. The review breaks down the purpose of the study, starting with identifying the business managers and their primary duties. I looked at how business leaders train in ethics and strategies they use to avoid problems regarding unethical behavior. Strategies for relationship building is the main focus of the literature review. Relationship building is a valuable activity and individuals from varying cultures view relationship building from different perspectives. Finally, the reviewer highlighted unethical behavior and its prevalence in procurement activities. The examples of unethical behavior allow a deeper understanding of the breadth and depth of the problem, as well as the magnitude of economic influence.

### **Conceptual Framework**

Pfeffer and Salancik (1978) helped to establish the resource dependence theory in which an organization's external environment is composed of other organizations that have their agenda and needs, and these external organizations influence behaviors by controlling resources (Petrou, 2015; Pfeffer, 2013). The resource dependence theory aligns with what strategies that have been used successfully to address my research question what strategies business leaders use to train suppliers to distinguish between business relationship building and unethical behavior. Pfeffer and Salancik argued that organizations be completely self-contained; rather, they are interdependent. According to the resource dependence theory, although organizations face intense pressure to find

scarce resources, their successes are dependent upon acquiring reliable, efficient, skilled, dedicated, and committed resources (Peters, 2014).

Resource dependence theory (RDT) has long been a premier framework for understanding organization-environmental relations. RDT has provided valuable conceptual frameworks for analyzing the link between business relationship building and possible unethical behavior activities. RDT views organizations as coalitions of interests where groups and individuals with different goals come together and engage in exchanges. Zhou et al. (2013) used systems resource theory to illuminate bribery issues in Chinese procurement. Firms might proactively use unethical behavior activities to gain access to better resources.

Resource dependence theory (RDT), consisting of micro and macro resource dependencies, is a central theory for explaining organizational behavior (Pfeffer and Salancik 1978). The theory originated in the 1970s with the publication of *The External Control of Organizations: A Resource Dependence Perspective* by Jeffrey Pfeffer and Gerald R. Salancik. RDT is underpinned by the idea that resources are key to organizational success and that access and control over resources is a basis of power (Pfeffer & Salancik, 1978).

Resource dependence theory stresses the importance of acquiring important inputs for organizational survival (Pfeffer & Salancik, 1978). During some FFE efforts, the buyer could be heavily dependent on the supplier due to its unique capabilities, thus creating power inequality. A critical decision for the buyer is whether to tolerate this

power imbalance or address it (Wowak, Craighead, Ketchen & Hult, 2016). Bribery is one strategy in dealing with being “left out of the game.”

Resource dependence theory (RDT) is the study of how the external resources of organizations affect the behavior of the organization. The procurement of external resources is an important tenet of both the strategic and tactical management of any company. Recent research connects RDT with the actions of new firms and suggests resource dependence play an outcome in exit strategies for the firm (Harkins & Forster-Holt, 2014). The question in the study was whether firms with fewer, or more, micro and macro resource dependencies are more likely to exit through a sale than by firm closure (Harkins & Forster-Holt, 2014). The process of resource accumulation can sustain competitive advantage.

Resource Dependence Theory is also known as Resource Based Theory. RBT suggests that firms can create and sustain competitive advantages through the collection and integration of rare, valuable, inimitable, and non-substitutable resources (Barney, 1991). Two commonly integrated theories are resource advantage theory and transaction cost theory (Hitt, Xu, Carnes, 2015). Resource advantage theory holds that competition is an ongoing process in which firms constantly struggle with rivals to acquire an advantageous marketplace position that in turn can generate superior financial performance (Hunt & Duhan, 2002).

Resource based theory applies to creating strategic alliances (Das & Teng, 2000). The resource-based view suggests that the rationale for alliances is the value-creation potential of firm resources that pool together. Strategic alliances are voluntary

cooperatives aimed at achieving competitive advantage for the partners (Das & Teng, 2000). The resource-based rationale emphasizes value maximization of a firm through pooling and utilizing valuable resources (Das & Teng, 2000).

Jun, Jiang, Li, and Aulakh (2014) highlighted the power imbalance between multinational and local firms using resource dependence theory. They argued that the power dependence relationship between multinational and local firms might affect the multinational firms' practices and cross-border alliances. Jun et al. further stated that from resource dependence theory, a strong host government influence might reduce the power advantage of MNCs to standardize.

Bryant and Davis (2012) used resource dependence theory to explain the actions of the Board of Directors (BOD) during times of government regulation changes. A BOD that can collectively bring to the executive management team environmental linking relationships, knowledge or information that reduces uncertainty, adds power to the organization (Bryant & Davis, 2012). This power can take the form of valuable knowledge or relationships, and the power increases when the resources are not easily replaced (Bryant & Davis, 2012). An example of this power would be a board member's relationship with a unique client or supplier that would be difficult or even costly to replace.

### **Legislation**

The research question for this study is what strategies do business managers use to train suppliers to distinguish between business relationship building and unethical behavior. In relationship to this question, a facilitation payment is a payment made to the

factory as a means of speeding up the production process and ensuring a faster delivery (Follett, 2015; Perkins, 2012). When a good relationship exists between buyer and supplier, a facilitation payment is one method used to improve lead times. While the practice may appear to be a gray area in business, the practice of payment facilitation does not violate the U.S. Foreign Corrupt Practices Act (Perkins, 2012). This act outlines both criminal and civil liability for corporation officers that seek to bribe *foreign officials* (Smith, 2014). While the FCPA pertains to government officials, and government related business entities, the legislation is a guideline for business relationships. In some areas, the FCPA is a “soft law” in bribery compared to the next generation of “hard law,” the 1998 International Bribery Act (Williams, 2014).

The U.S. Congress has provided many justifications for passing the FCPA, prominent among which that bribery is unethical and against moral values and expectations. Bribery erodes confidence in the much-valued free market systems by directing resources to entities unable to compete on price, service, and quality (Unlawful Corporate Payments Act of 1977). When the United Kingdom enacted the Bribery Act of Great Britain in September of 2012, purchasing agents in the U.S. hospitality industry would have been wise to take notice. The Bribery Act of Great Britain was much more stringent than other laws and contained facilitation payments as a criminal act of bribery (Yeoh, 2012).

Most countries have some form of legislation outlawing bribery; however, not all countries are able or willing to enforce such legislation. A potential ethics problem is possible if the problem appears to be deontological, harms someone, or violates an accepted

ethical principle such as the golden rule, human rights, justice, or a *smell test* (de Oliveira, Gouveia, & Nunes, 2014). People will exhibit erratic ethical behavior when no formal agency is overseeing their actions or when cultural norms conflict with ethical decision-making.

The FCPA, which amended the Securities and Exchange Act of 1932, changed how companies might conduct business in foreign countries in two ways. Under the FCPA, companies (a) must maintain transparent accounting methods, and (b) cannot make corrupt bribery payments to foreign officials (Chaykin, 2012; Koehler, 2015). Researchers have incorporated legislative acts into the literature on bribery as a basis for understanding the genesis of the problem. Fry (2013) looked at China's Eighth Amendment to criminal law for encompassing bribery of the foreign government officials and compared it to the U.S. Foreign Corrupt Practices Act.

There have been many attempts, over time, to legislate ethical behavior in an attempt to minimize the bribery. The UK Bribery Act (UKBA) 2010 modernized British anti-corruption laws to mitigate the risk of bribery by UK companies around the world (Lagu, 2014). In addition to criminalizing bribery, the legislation creates a new offense of failing to prevent bribery.

Commercial bribery takes place within the private segment. Commercial bribery involves the disbursement of payments to employees or other agents in return for special treatment. Both parties gather economic incentives from their participation in the bribery arrangement (Boles, 2014). Commercial bribery practice normally occurs in commercial transactions where one company makes confidential payments to an employee of another

company for that employee's personal profit and the employee, in turn, directs business to the bribing company to the exclusion of other companies (Boles, 2014).

In one important study, a researcher found that when an attempted crackdown on bribery in the United States or Pakistan occurs, cases of bribery significantly increase immediately afterward (Banuri & Eckel, 2015). A significant increase of granting business favors occurs after the crackdown is lifted (Banuri & Eckel, 2015). Banuri and Eckel (2015) contended that the results underline the importance of sustainable efforts to minimize bribery.

### **Positive Effects of Relationship Building**

The hospitality industry operates and works 365 days a year and 24 hours a day. Relationships are the base for hospitality, relationship between the hotelier and the customer, the hotelier, and employees as well as employees and third party vendors. Each participant in the relationship, be hotelier, customer or vendor rely on some form of relational benefit. The social benefit can be the customer's personally known in a relationship with the employees of business, and the positive feelings of happiness, comfort, and peace resulting from the social interactions with the employees of the business (Bilgili, Candan, & Bilgili, 2014). These same researchers found in their study that when a relational benefit was present, higher positive perception of quality existed (Bilgili et al., 2014).

The more one learns from customers; the more likely one is to have a personal relationship. The better the relationship, the more the amount of trust increases (Acuff & Wood, 2004). Few know how to build relationships consciously and systematically and

maintain positive business interactions (Acuff & Wood, 2004). Relationships with business partners can triumph over price and can lead to more personal interactions such as becoming involved in weddings, funerals, and children's school events. During a business relationship, the customer will buy more based on listening differently to the conversation (Acuff & Wood, 2004). Collaboration and relationship building are the cornerstone of any successful business, partnership, or relationship (Scott, 2015).

Trust lies at the heart of successful long-term intercultural business relationships (Chua, 2012). Trust develops when partners can navigate difficult issues over time by fostering a candid exchange of idea, issues, and agendas. Chua (2012) discovered that Chinese business associates were more likely to rely on both business acumen trust and personal feelings of trust in their negotiations.

Hadjikhani, Lindh, and Thilenius (2012) asked the question of whether a firm's relationship with a discontinuous nature is different from continuous relationships, and if so, what the diversity entails. The results showed that a firm's behavior in continuous relationships rests on incremental change, in the sense that the relationship elements of trust, commitment, cooperation, and adaptation display sequential and progressive effects (Hadjikhani et al., 2012). The results support the common notion of a gradual strengthening of the business relationship that results in longevity (Hadjikhani et al., 2012).

### **Value Creation**

Relationships are central to buyer-supplier dynamics in procurement. Two primary factors every contract starts with is what product to buy and where to buy it.

Relationship value is the ratio between the benefits and the costs of a business relationship. Scholars are taking an increased interest regarding how, when, and where the value is created, especially when multiple organizations are involved in developing a service or asset. By using communication, learning and adaptation, buyers, and suppliers can create co-value (Lambert & Enz, 2012). However, very little research about how to construct a framework for co-value creation exists (Karpen, Bove, & Lukas, 2012).

Karpen et al. (2012) looked at how companies can bridge the gap between understanding the need for value creation to practice from the perspective of the company's ability to act. Many business owners view value creation from the perspective of increasing value for their customers but also for increasing the value for stakeholders. Understanding what creates value will help managers focus resources and talent on creating the most of the opportunities. For example, if customers value loyalty and their relationship, the company would better serve to focus resources in the relationship building process (Karpen et al., 2012).

### **Customer Relationship Management**

The overarching research question for my study was what strategies do business managers use to train suppliers to distinguish between business relationship building and unethical behavior. Working relationships with customers usually add to the maintenance of a healthy business (Rahimi & Gunlu, 2016; Stein, Smith, & Lancioni, 2013).

Customer retention and competitive advantages are major benefits accruable from customer relationship management (Agbaje, 2014). Customer relations management (CRM) involves a system for managing the company's interactions with existing

customers, and potential customers. The existing literature on CRM has done little to highlight these strategies in the hospitality industry on how to develop closer relationships with customers. Available studies about CRM regarding customer loyalty focus mainly on the banking sector (Melodi, Olufayo, & Gbadamasi, 2012). Commitment to a long-term business relationship will take place when manufacturers believe that service providers are honest, passionate, and care about their businesses (Li, Ford, Zhai, & Xu, 2012).

### **Organizational Roles**

Duties and position in the organizational structure provide a sense of purpose. When everyone in the organization understands roles and the company structure, people are better able to work together, to perform their roles, and to feel secure in the scope and limits of their jobs. Looking at the roles of the purchasing agent and the sales agent separately is important to understand the environment.

**Purchasing agent.** A purchasing agent analyzes multiple factors in a supplier decision. The assumption is present that the cost is always the priority focus. However, quality, delivery, and service can outweigh costs (Parthiban, Zubar, & Katarak, 2013). Buyer power enables a single buyer, or a group of buyers, to effect the terms of trade with upstream suppliers (Ezrachi & Ioannidou, 2014). Buying power enables the buyer to reduce the price the buyer pays a supplier or to impose other more favorable non-price terms (Ezrachi & Ioannidou, 2014). The power might stem from the achievement of a dominant position on the market or, alternatively, the power might stem from strategic advantages enjoyed by the purchaser (Ezrachi & Ioannidou, 2014).

The amount of control a purchasing agent flexes over a vendor can change the duration of the relationship, and whether the vendor is foreign or domestic (Buvik, Andersen, & Gronhaug, 2014). An assumption is that a purchasing agent has the psychological advantage over vendors in the negotiation process (Wei, 2014). Factors such as the size of the company can also play a role.

**Sales manager.** As a stakeholder in the company's success, the supplier has become a more visible liability or asset (Kleyn, Abratt, Chipp, & Goldman, 2012). The sales manager plays an important role in relationship building. Managers perform such tasks as carving up the nation into sales territories, providing the sales force with product information, and supplying leads as well as offering motivation, excitement, and an effective sales message to the sales force (Gordon, Shepherd, Lambert, Ridnour, & Weilbaker 2012). Sales managers have a track- record of rising from the internal ranks of the sales force. Customer relationships and value adding provided by their sales force can define a business (Tan & Newman, 2013)

Kermani, Navidi, and Alborzi (2012) supported the assumption, which when placed in a competitive market, vendors will compete for buyers using pricing structure, and that pricing can play the dominant factor in supplier selection. The predominant role of the sales force is cultivating long-term relationships with a client in addition to influencing attitudes and behaviors to minimize cost restrictions (Daniel & Anca, 2012). Sales managers are coached in a wide variety of contexts as part of their training activities. The frequency, duration, and assessment of training vary widely among organizations (Gordon et. al., 2012)

A major challenge in global sales research is helping managers understand sales ethics across countries. Li and Murphy (2012) looked at how few demographic variables and psychographic variables reduce unethical sales behaviors (USBs) in Canada, Mexico, and the United States. The results reveal that several psychographic variables affect salespeople's tendency to engage in unethical sales behavior differently in each country (Li & Murphy, 2012). These variables include commitment, relationships to their sales managers, and achievement need. Business ethics, individualism, and customer orientation advocacy associated with each country anticipate similarities and differences in unethical sales behavior between countries (Li & Murphy, 2012).

**Motivation.** Many researchers would find questioning the motivation for purchasing agents to accept bribes or engage in unethical behavior reasonable. The secretive nature of corruption makes obtaining trustworthy qualitative data on a subject difficult. A significant correlation exists between performance and propensity to engage in a corrupt activity (Burdea, 2013). The motivation for unethical behavior is linkable to the need to appear unique or special (Feldman, Chao, Farh, & Bardi, 2015). There are risks to purchasing professionals for such engagement including their reputations, careers, and possible jail time, yet the risks of such actions are low. Complex contracts combined with a large range of discretion on the part of the purchasing official make detection of illegal payments and gifts difficult and any potential allegations of bribery hard to prove.

An examination of the U.S. Department of Justice prosecution of violations of the Foreign Corrupt Practices Act showed that officials in less developed countries are the

likely recipients of bribes (Sanyal, 2012). Bribery occurs most often in the capital-intensive industries of energy, construction, telecommunications, and military equipment (Sanyal, 2012). Firms more often tend to use intermediaries and agents to consummate illicit transactions rather than directly paying the intended beneficiary; furthermore, the motivation for bribery is to secure a particular contract (Sanyal, 2012).

Zhou et al. (2013) investigated bribery motivations for firms in China and found that proactive motivation would bring about avoidance of uncertainties and receive rewards for survival. Small firms are more likely to engage in bribery by force while big firms might engage in bribery strategically (Zhou & Peng, 2012). Bribery takes place even when unethical behaviors of suppliers and salespeople affect buyer satisfaction negatively (Kaynak & Sert, 2012). Positive prior history with a supplier has a big influence on purchasing agents and their long-term tendencies to use a supplier (Lui & Ngo, 2012).

In some situations, motivation is simply the norms. Rimskii (2013) found that in Russia, over a quarter of Russian citizens' cultural norms permit bribery in settling problems when other means would be more difficult. They perceive bribery as normal behavior (Rimskii, 2013). Norms regarding acceptable business practices change over time, often in response to political pressures, changing laws, and altering risk (Spahn, 2013). Unethical behavior is not always a black or white, good or bad concept. From an ethical utilitarian perspective, bribery would be acceptable in cases where more winners than losers would exist. For instance, bribing a hostile country to release prisoners of war is acceptable. The motivator is the good outweighing the bad.

## **Multinational and Foreign Firm Complications**

The overarching research question for my study was what strategies do business managers use to train suppliers to distinguish between business relationship building and unethical behavior. Business ethics is a rapidly evolving discipline, the importance of which is growing from unresolved issues of international trade and developing economic globalization. Leadership ethics should be at the core of the business (Eisenbeiß & Brodbeck, 2014). No easy solution is applicable across the board for multinational corporations or international firms. An element of risk is present when working in a multinational arena. Macro risk (e.g., a revolution) affects international companies. Micro risk (e.g., bribery in the agricultural department) affects a particular company or industry. Of the 200 largest companies in the world, 52.5% have a code of conduct implemented, with specific codes for corruption (46%) and fraud (45%) (Kaptein, 2013).

Nike has proved that solutions are not as simple as regulation or codes. The company did engage a newly hired public relations staff to develop a series of regulations for its contractors known as the Code of Conduct and Memorandum of Understanding and attached these as part of its new contracts. However, these measures were not enforced (Mujtaba, Cavico, & Jones, 2011). Researchers find mixed results, even after the code of conduct was implemented. OECD Guidelines for Multinational Corporations and the UN Global Compact Article states that most codes of conduct are applied based on political motivation and not a real desire for compliance. These codes are lightly enforced and instead of detailed regulatory standards, a global corporate code of conduct is implemented and becomes known as “soft law” (Terpan, 2015).

Corruption normally occurs informally with the social structure of informal networks involving purchasing agents, sales agents, and in certain situations, law enforcement. Hernandez and McGee (2013) found that attitudes toward bribe taking, in three large Latin American countries (Argentina, Brazil, and Colombia), varied by country, health factors, age, and gender. Hernandez and McGee found that bribery was most acceptable in Brazil. Women, homemakers, older people, widows, small town people, and Caucasians were significantly more opposed to bribery than were other groups. Moreover, the less religious a person, the less resistant he or she was to bribery. Healthy people were less averse to bribery than were unhealthy people (Hernandez & McGee, 2013).

A primary inhibitor of collaboration between agencies is trusting and commitment. A dominant enabler for commercial organizations is the motivation for improved profits. In areas such as Kenya, although the law already exists, enforcement remains a key gap (Oronje, Rambo, & Odundo, 2013). Many barriers are present that hinder effective development in countries such as Nigeria; they include weak or non-existent law enforcement mechanisms, abuse of shareholders' rights, lack of commitment on the part of boards of directors, lack of adherence to the regulatory framework, weak enforcement, and monitoring systems, and lack of transparency and disclosure (Okpara, 2011).

The offense of bribery in Islam is a huge sin and is unforgivable. Bribery is punishable by lashings, monetary fines, property confiscation, and imprisonment from 6

months to 15 years or life in addition to dismissal from governmental and public occupations and execution in some cases (Mahtabi, Niazi, & Naderi, 2013).

### **Relationship Building Techniques**

This section of the literature review focuses on different cultural ideas and actions about relationship building. Every country has a way of perceiving business relationship building and the proper way to go about it. Some mechanisms are more transparent than others, but each is important to a nation's society.

**Kalabuleism.** In Africa and other parts of the third world, a common practice is for persons to sell goods far above approved (government controlled) prices, reaping vast profits. *Kalabule* means it is not wrong to maximize profits, yet the practice of kalabule is viewed as price gouging in western nations (Schauert, 2014). Ghanaian men and women base business ethics on kalabule mentality. In Ghana, many businesses involve the distribution of goods and services, which is largely, though not exclusively, in the hands of women. The practice is common for women to stand in a line to receive necessities such as soap or canned milk. The women then resell the items at maximized profits to men returning from work. Schauert described kalabule as a form of widespread corruption for Ghana (Schauert, 2014). Kalabule is corruption and also an activity that is damaging to the economy and exploits the public (Hart, 2013). If one is going to purchase goods and services in Ghana, one must understand the business ethics behind kalabule.

**Guanxi.** One definition of *guanxi* is the relationships, and social network of influence people perceive as important to achieving their work-related goals (Bedford &

Hwang, 2013; Zhang, Li, & Harris, 2015; Rose, 2015). The term indicates a carefully constructed and maintained relationship between persons for mutual benefit. Gift giving is an integral part of Guanxi (Tsetsura, 2015). The significance of guanxi is understood by executives but is also recognized by academics. Because guanxi provides particular instead of general access to resources and operates through personal relations rather than formal structures, a tendency exists to associate guanxi with corruption, bribery, and malpractice (Qi, 2013). Work-related goals refer both to the goals consistent with those of the organization as well as those held by an individual that might be more personal, such as promotion or career change. Supervisor-subordinate guanxi is a better construct to translate ethical leadership into enhanced job performance among employees (Liang-Chieh, 2014).

Jing Jing and Sadami (2013) explored the influences of national culture on guanxi actions between China and Japan. The researchers concluded, based on the results, which compared to guanxi actions, that culture is more ingrained and robust; it is difficult to change from a different culture and business environment (Jing Jing & Sadami, 2013). People's behaviors will change if the environment and business ethics change (Jing Jing & Sadami, 2013).

**Nemawashi.** *Nemawashi* means, "to dig around the root of the tree" (Kameda, 2014, p. 104). A part of Japanese decision-making is seeking consensus through informal talks known as *nemawashi*; *nemawashi* is frequently settles differences of opinions before formal meetings (George, 2012; Martinus & Hedgcock, 2015). *Nemawashi* is a gradual introduction and widespread discussion of possible ideas before they are formally

introduced (Nardon, Steers, & Sanchez-Runde, 2011). Managers would use *nemawashi* by unofficially approaching influential people who might object to the idea with the goal of explaining the issue, using persuasion, and obtaining prior consensus before proposing an idea at a conference (Kameda, 2014). *Nemawashi* requires building a relationship before formal talks begin. *Nemawashi* is a strategy that addresses certain aspects of my research question: what strategies do business managers use to train suppliers to distinguish between business relationship building and unethical behavior.

**Jeitinho.** The word *jeitinho* means “a little way,” and can be described as a practice that involves cajoling or seducing to achieve certain outcomes (de Sa, 2015; Torres, Alfinito, De Souza Pinto Galvao, & Chie Yin Tse, 2015). *Jeitinho* is a typically Brazilian method of social navigation where an individual can use emotional resources (appeals to emotion), blackmail, family ties, promises, rewards, or money to obtain favors or to get an advantage (Torres et al., 2015). Torres et al. (2015) indicated that Brazilians regard these practices as core elements of their cultural identity, but also fulfill important strategic roles in twenty-first-century Brazilian society. The concept refers to creative ingenuity in rapidly achieving short-term solutions to problems; this ingenuity might include ways of circumventing bureaucratic rules (Smith, Hai Juan, Harb, & Torres, 2012).

**Wasta.** *Wasta* is an Arabic word that means the use of family or kinship connections to obtain privileges or resources from a third party (Robbins & Jamal, 2016). In Arab countries, *wasta* often obtains employment, resulting in unequal opportunities (Robbins & Jamal, 2016). In other words, *wasta* is a form of favoritism that provides

individuals with advantages, not because of merit or right, but because of whom the individual knows (Smith et al., 2012). The negative side of *wasta* is that in the Arab world, human resource managers perceived *wasta* users as less competent and moral than non-*wasta* users (Smith et al., 2012).

Tlaiss and Kauser (2011) studied *wasta*, used in fostering the career development of individuals and its significance in the career advancement of individuals in the Middle Eastern region. *Wasta* remains traditional in its influence in the career advancement of individuals and business and social life; it is unlikely to diminish shortly, despite the perception that it is an unfair practice (Tlaiss & Kauser, 2011). *Wasta* also displays similarities and differences to networking and mentoring (Tlaiss & Kauser, 2011).

**Gifts.** The *gray* zone between gifts and bribes is a universal phenomenon, whether the gifts are given or received in perceived corrupt nations or those considered clean. A gift intended by the giver as a ritual gesture of gratitude can also be considered a bribe in a legal sense (Akerstrom, 2013). Still, a business dinner with a small accompanying gift might be part of a social occasion instead of a strategic business move meant to soften up a client meeting (Akerstrom, 2013). The gift might be small and harmless with little value, yet the gift is given to strengthen the business relationship and could be as strategic as a bribe (Akerstrom, 2013). The ambiguity in the gift giving meaning can be useful to a business person who wants to stay in the gray zone of bribery. In gift giving, the expectations of reciprocity, size, and value are inherent in the ambiguity of the question of a gift versus a bribe (Akerstrom, 2013).

Informal payments are quite common in many countries, especially developing ones, to facilitate access to public services and ensure the quality of services (Moldovan & Van de Walle, 2013). Many participants suggest vendors offer informal payments or gifts and services because of the belief that in the current state of affairs (low salaries of medical personnel, lack of funds), no other way to obtain needed services was possible (Moldovan & Van de Walle, 2013).

Receiving a gift causes the feeling of gratitude in the receiver, which in turn creates a perceived obligation to reciprocate (Katz, Caplan, & Merz, 2010). To curb the use of gifts as a means of corruption, Malaysia recently enacted a “no gifts” policy (Chong & Ahmad, 2015). Contemporary anti-corruption campaigns have viewed the giving and receiving of gifts with suspicion, as gifts may create conflicts of interest.

**Networking.** Businesspersons understand networking to play a critical role in recruitment, promotions and getting strategic positions (Hossain & Rokis, 2015). Maintaining a good network requires meeting and forming relationships with people; men tend to be better at networking, as they can give more time to the process (Hossain, & Rokis, 2015). Formal business networking has shown to have a positive correlation with growth in small and medium size enterprises (Schoonjans, Cauwenberge, & Bauwhede, 2013). Building relationships are not about transactions but connections (Lederman, 2012). The term networking is simply another way to think about how to start relationships (Lederman, 2012). The more people hear from other people or think about them; the more customers will develop feelings of trust in them and the more their

comfort levels will grow (Lederman, 2012). Purchasing and sales agents know that networking is a proactive activity.

Huang and Rice (2012) found that, in China, firms increased networking and openness tend to occur contemporaneously with frequent bribes and corruption. Individual Chinese firms tended to increase their openness to each other, especially in the form of enhanced business networks and inter-firm collaborations (Huang & Rice, 2012). Huang and Rice (2012) concluded there were considerable positive effects regarding firm openness relating to enhanced engagement in inter-organizational networking and collaboration.

### **Underdeveloped Business Ethics Comprehension**

Education and training in universities help to create an understanding of why ethical conduct is necessary to promote sound government: to prevent corruption and make employees aware of Codes and Laws, but also of the consequences of their actions should good practices not be followed (Thomas, 2011). Blome and Paulraj (2013) found that codes of conduct cannot automatically change the ethical climate of the nature of a company and top-down management; these codes do not change the ethical decision-making of the purchasing department. However, Blome and Paulraj did conclude that ethical climates are fundamental to promoting voluntary purchasing responsibility initiatives often not required by law or regulation.

Companies have always had relationships with their stakeholders, which include shareowners, customers, suppliers, employees, regulators, and local communities. Increased pressure is present on companies and managers to act ethically and in a socially

responsible manner with stakeholders in this time of globalization. Some scholars have argued that while the practice of exchanging favors might be ethically questionable behavior, exchanging favors is nonetheless an efficient behavior from a business standpoint (Nguyen & Cragg, 2012)

Less than one-third of business schools teach business ethics courses at the graduate or undergraduate levels (Floyd, Xu, Atkins, & Caldwell, 2013). How ethics teachings are presented plays a role in their success. Teaching business ethics is likely to be ineffective if teaching is accomplished within a context that lacks a stand-alone ethics course in the curriculum (Tello, Swanson, Floyd, & Caldwell, 2013). Neal, Finlay, Karkoulian, Catana, and Pellegrino (2015) suggested that, when viewed from a Universalist perspective, students in corrupt societies might be more tolerant of corrupt practice than those living in less corrupt countries.

The numbers above substantiate the need for companies to offer to train when the issue comes to unethical behavior and business relationship building. Mujtaba, Tajaddini, and Chen (2011) found that employees with more years of government work and more years of formal education had higher levels of ethical business practices. Northern Illinois University College of Business introduced the (BELIEF) program in 2006. The Program supports two learning objectives: (a) increase students' awareness of ethical issues and (b) strengthen their decision-making abilities regarding these issues (Dzuranin, Shortridge, & Smith, 2013).

Firms need to implement a mixture of good policies, procedures, and training. The best practice regarding bribery is avoidance (Beckett, 2014). Barrientos (2013) showed that standards could have little influence if there were a lack of access to them.

### **Examples of Procurement Bribery**

The overarching research question for my case study is what strategies business managers use to train suppliers to distinguish between business relationship building and unethical behavior. Because of the nature of the action, examples of procurement bribery on every continent in the world exist. While each region has cultural differences in the *how's* and *why's* of relationship bribery, a worldwide consistency of action in procurement bribery can be found. Private business has many resources. At times, it has more than government agencies. Beginning in the mid-1990s and through 2007, Siemens and its subsidiaries paid approximately \$1.36 billion in bribes (Choudhary, 2013). These bribes were to win contracts in Venezuela, China, Israel, Bangladesh, Nigeria, Argentina, Vietnam, Mexico, Greece, Iraq, and Russia (Choudhary, 2013). The culture of bribery was so pervasive that the top leaders had built on budgets of \$40 million to allocate to bribery. From a fall out with Argentina and subsequent investigation, in late 2011, the Department of Justice and the SEC charged nine former Siemens executives and agents with conspiracy to violate the FCPA and the wire fraud statute; money laundering conspiracy, and wire fraud (SEC Charges Seven Former Siemens Executives, 2012).

From a systems perspective, Kenyan taxpayers lost billions of dollars over 20 years through flawed public procurement. Despite significant development in Kenya's procurement system, with the advent of new codes and laws, The Contract Monitoring

Kenya Network (CMKN) cited unethical practices as a major factor contributing toward inefficiencies in procurement in major public institutions in Kenya (Kangogo & Kiptoo, 2013). These unethical practices led to the squandering of public funds through fraud, favoritism, and extravagance (Kangogo & Kiptoo, 2013). The need for policy improvement in Kenya would aid laws for expanding development (Zylberberg, 2013).

In February of 1975, Eh M. Black, the CEO of United Brands Company, jumped from the 44th floor of his New York City office building. Black's jump followed the government's discovery that he authorized a \$1.25 million bribe to Honduran Chief of State General Oswaldo López Arellano to obtain reduced shipment taxes on the exportation of bananas. Four months later, in response to a Honduran investigation, both the Honduran president and Arellano resigned from their positions (Smith, 2014).

The specific business problem was that some business managers have limited strategies to train suppliers in business relationship building to avoid problems regarding unethical behavior. For example, the British military contractor BAE Systems was accused of paying billions of dollars in bribes to the Saudi royal family over a twenty-year period in return for \$80 billion in contracts (Dhooge, 2013). The contracts were to provide Saudi Arabia with fighter jets, including a \$60 billion sale of Typhoon jets in September 2007 (Dhooge, 2013). The investigation grew in controversy concerning national security, terrorism, and the Middle East peace process. BAE reached a settlement with the Serious Fraud Office and the U.S. Department of Justice in March 2010, in which BAE pled guilty to numerous charges including failing to keep accurate accounting records and making false statements to government authorities regarding its

anticorruption program (Dhooge, 2013). BAE was required to pay fines totaling \$400 million as part of the settlement (Dhooge, 2013).

One of the findings from my study found that in 2002, officials announced prison sentences, in the worst local government corruption case since the 1970s. Two senior Labour Party politicians in Doncaster, South Yorkshire, and a property developer were sentenced to 11 years in prison. The politicians were found guilty of taking bribes from the property developer to process a planning application (Thomas, 2011).

Richard Novak, 58, an American citizen, was convicted of violating and conspiring to violate the FCPA and placed on three years' probation and ordered to perform 300 hours of community service. The crime was paying more than \$43,000 to several Liberian government officials to induce officials to issue letters and other documents to represent falsely that certain nonexistent universities were properly accredited by the Liberian government (Sanyal, 2012).

Whether the bribe is taking place on a large scale international stage involving millions of dollars or it is an extravagant dinner held for a major client of a small construction firm in the United States, it has the potential to create confusion, havoc, and ruin lives and business. Bribery in the study focused mainly on the smaller scale, I focused on behaviors meant to strengthen business relationships but could lead to unclear expectations and unethical behavior. These "gray areas" are under review in this study.

### **Transition and Summary**

A review of the literature regarding the importance of the business relationship building and methods around the world revealed a multifaceted problem with a myriad of

definitions and perspectives. Governments have tried multiple tiers of legislation and agency actions to further define and curb bribery and unethical behavior while scholars have attempted to understand different cultural methods of relationship building. Unethical behavior continues to be a problem of enormous magnitude and persists at enormous cost to multinational corporations and individual workers.

No researcher has tried to understand the link between relationship building and possible unethical behavior. The case study problem and purpose statement support exploring how business relationship building activities relate to unethical behavior in hospitality. The resource dependence theory enables to the researcher to evaluate how various factors might create an opportunity to parlay relationship building into unethical activities. Section 2 concludes with the qualitative method and case study design, to cover the study data collection strategies. In Section 3, I present the data collection and analysis of finding as well as application to professional practice and implications for social change. I will also cover recommendations for action and recommendations for further research on this topic. I have also enclosed my personal reflections of the process of meeting requirements in fulfilling all the requirements of Walden DBA program.

## Section 2: The Project

### **Purpose Statement**

The purpose of this research was to identify strategies that managers use to train suppliers in business relationship building to avoid problems regarding unethical behavior. The population for this exploratory case study consisted of current national sales managers who have a working relationship with a hotel in the hospitality industry in Greenville, South Carolina, as that population was appropriate for understanding how to implement successful strategies employed to train suppliers in relationship building to avoid unethical behavior issues. The implication for positive social change includes the potential to create higher levels of value in the global trust of the U.S. business community, consisting of individuals, organizations, and institutions.

### **Role of the Researcher**

A researcher is the center of the study in a case study design while obtaining the foundation of evidence. (Yin, 2014) The qualitative researcher becomes the instrument for data collection and analysis (Yin). As a data collection instrument, I was the primary interpreter of the data (Amerson, 2011). My career started as a purchasing assistant, and over time I worked up to the office of Director of Procurement for two hotel ownership groups. In this capacity, as an investigator, I established a relationship between myself and some of the participants on a professional level during the last 5 years. After IRB approval by Walden University (approval # 12-18-15-0440225), I sent invitations to potential participants in the study using a mix of LinkedIn and other direct business contacts.

Identification of personal biases ensured integrity in the data collection and analysis process. These biases included the belief that (a) a universal need for relationship building within the business framework exists, (b) that purchasing agents and sales agents fundamentally understood business ethics, and (c) that purchasing agents and sales agents cross into gray areas from time to time based on operational goals. A deep relationship exists for me with the topic, having served for over 15 years as a purchasing agent in the hospitality industry.

In the study, I treated participants in an ethical manner and adhered to the Belmont Report Guidelines (United States, 2014) of fairness, beneficence, and justice. The Belmont Report is a statement of basic ethical principles and guidelines to assist in resolving the ethical problems that surround conducting research with human subjects (HHS.gov, 2014). Participants were given assurance of their confidentiality before they signed the release form.

To collect data, I conducted 8 telephone and 2 video interviews, and three sets of company policies and procedures were reviewed from the participants and the hotel management company in Greenville, South Carolina. Unbiased interview techniques supported the conducting of the interviews. Interview questions were presented in a neutral manner. Opportunities for participants to respond to each identified interview question to offer additional insights and perspectives on the problem of relationship building and unethical behavior were available as the interviews were taking place.

Records of each session via audio were made to ensure accuracy and reliability. Transcript reviews ensured the accuracy of the information transcribed from the

interviews. None of the participants expressed an interest in reviewing their transcripts. Member checking occurred to help ensure that data saturation took place, that the participants did not have any new information to provide during the interviews. In member checking, Other researchers have conducted initial interviews, interpret what the participant talked about and shared, and share interpretations with the participant for validation (Harper & Cole, 2012).

Researchers are responsible for mitigating and eliminating as much bias as possible, which begins with strong interview questions (DeMassis & Kotler, 2014). The role of the researcher is an objective observer of the qualitative process. As the investigator, my goal was to exhibit objectivity in the data collection process because the ideas and beliefs in this research study are dominant in this profession.

### **Participants**

The eligibility criteria for determining the population of study participants for this qualitative exploratory single case study consisted of current national sales managers who had a working relationship with a hotel management company in the hospitality industry in Greenville, South Carolina, as that population was appropriate for understanding how to implement successful strategies employed to train suppliers in relationship building to avoid unethical behavior issues. The value of the study was to ascertain the strategies training techniques that have been used successfully to assist sales managers creating business relationships while eliminating instances of unethical behavior. To achieve this objective, researchers should be flexible and practical when determining the sample size (O'Reilly & Parker, 2012). I was able to achieve data saturation with 10 participants in

my sample of managers doing business with a hotel management company in the hospitality industry because of purposeful sampling and the use of member checking.

National sales managers, in general, are promoted up from territory managers. A territory manager is an experienced sales professional who concentrates on increasing sales in a particular geographical area connected with a hotel management company in the hospitality industry in Greenville, South Carolina. Building relationships with primary customers are perhaps the most important part of the territory manager's job description. The territorial sales manager must also be able consistently to meet quarterly sales goals as established by the company's vice president of sales or other members of upper-level management. The pressure to meet quarterly goals would prompt territorial managers to be open to incidents of relationship building bribery.

Territory managers report to National Sales Managers; thus, participants were national sales managers who have had the experience of territory managers without feeling pressured to give correct or biased answers. As part of the eligibility criteria, I required participants to have experience supplying goods or services to the hospitality industry. Participants met the eligibility requirements and as such aligned with the overarching research question. Sales managers, within the hospitality industry, with more than 10 years of experience participated. The criteria allowed each participant to answer questions concerning business relationship building and unethical behavior.

Qualitative research features an open process for the selection of participants (Marshall & Rossman, 2011). I, as an investigator, employed purposeful sampling to select participants for the study. Agezo (2013) used purposeful sampling in conducting a

qualitative study of ethical leadership in Ghana for school leaders. The logic and power of purposeful sampling lie in selecting information-rich cases to study in an in-depth fashion (Patton, 2002).

Strategies for gaining access to participants included written email requests to a select group of sales managers who had a direct working relationship with the hotel management company in Greenville, South Carolina. I sent letters explaining the study and eligibility requirements, as well as the consent form, to a pool of 30 potential candidates who have a business relationship with the hotel management company. A group of 10 participants was selected from responses, and I emailed each of them with a copy of the consent form to begin developing a relationship with the participants. As a matter of operations, I interacted with national sales managers in the course of business. Potential participants were culled from a hotel management company in the hospitality industry vendor supply list. Purposeful sampling and then snowball sampling were both used to reach saturation numbers in the study.

The types of information that participants disclose in a research setting depend in part on the nature and quality of their relationship with the investigator. The researcher–participant relationship is decisive and constitutes a major challenge, running the risk of being either too close or too distant (Haahr, Norlyk, & Hall, 2014). Strategies for establishing a working relationship with participants included sharing experiences with unethical purchasing practices. Background self-disclosure through story sharing promotes trusting relationships between researchers and participants that support the collection of high-quality data, particularly when participants might feel especially

vulnerable when sharing sensitive information (Hayman, Wilkes, Jackson, & Halcomb, 2012). Strategies also included maintaining a friendly, open, non-judgmental attitude. I gave participants a consent form. As in other studies, participants could withdraw from the study at any time to assure that the ethical protection of participants was adequate (Elmes & Tinson, 2012). No participants chose to withdraw from the study once the consent form was signed.

### **Research Method and Design**

Research methodology involves the choice of qualitative, quantitative, or mixed methods (Venkatesh, Brown, & Bala, 2013). I selected an exploratory qualitative case study to address the research question of what are effective relationship building strategies that are being used in the hospitality industry in the United States. A quantitative or mixed methods approach would have been appropriate if evaluating the strength of relationships or testing a null hypothesis.

### **Method**

Denzin and Lincoln (2011) argued that in quantitative studies, the emphasis should be on measuring and analyzing the causal relationship between variables because qualitative studies stress the intimate relationship between the researcher and the research problem. Using qualitative research in hospitality was optimal because of the preservation of the study participants' phenomena in the study (Rahman & Majumder, 2014). Thomas and Magilvy (2011) suggested that researchers using a qualitative method lead to a deeper understanding of phenomena through the collection and analysis of rich data. A qualitative method was the preferred method compared to quantitative or mixed

methods, for qualitative methodology permits a more personal exploration of data collected and provides a deeper cognizance of the study (Bailey, 2014; Rhodes, 2014).

### **Research Design**

Yin (2014) noted that there are three basic types of research designs (i.e., exploratory, descriptive, and explanatory) have been analyzed in reviewed papers. The research design used for the study was an exploratory case study to identify strategies that managers use to train suppliers in business relationship building to avoid problems regarding unethical behavior. The case study research involves investigating a contemporary phenomenon in depth and within its real-world context and is described in rich text and thick description (Yin, 2014). The basis of the study was to understand the real world cause for the link between business relationship building and unethical behavior.

Data saturation is the point in research when themes reoccur, and no new information becomes available (Marshall et al., 2013). If new data continue to emerge, and saturation has not occurred after this point, interviews continue with member checking until recurring themes develop, and no new data emerge. Although this process was time-consuming, these procedures enabled me to reach data saturation and provide meaningful data results for the study.

Phenomenological research design normally requires the use of an informal, person-to-person interactive interview method as the primary source of data collection based on the lived experiences of the participant (Moustakas, 1994). In ethnographic research design, researchers rely on the culture, in the field of study, to describe a

phenomenon without considering the empirical evidence of factors that moderate the phenomenon (Marshall & Rossman, 2011).

### **Population and Sampling**

The population for this exploratory case study consisted of current national sales managers who have a working relationship with a hospitality business located in Greenville, South Carolina, as that population was appropriate for understanding how to implement successful strategies employed to train suppliers in relationship building to avoid unethical behavior issues. Criteria for determining the population of study participants were the following: (a) that they were sales managers in the hospitality industry who had a working relationship with a hospitality business in Greenville, South Carolina, and (b) they needed to have at least 10 years of managerial experience with successful strategies to train suppliers in relationship building. The managers' working relationship with a hospitality business and relevant experience in using successful strategies were the primary eligibility criteria that were used for consideration for selecting participants for the study; not race, age, or gender. I made initial contacts with existing colleagues, purposive sampling, and then through snowball sampling by asking for additional referrals. One additional participant was added by using snowball sampling.

Two sampling methods, purposeful criterion and snowball sampling, occurred in this study. The use of purposeful criterion sampling was appropriate because the target population was very specific to sales managers in the hospitality industry. Suri (2011) indicated that a purposeful sampling method is more in-depth than other superficial

sampling methods and could provide a researcher with data rich information, which is specific and targeted to the study. Use of a snowball sampling method permitted more participants to join this study and help to spread information about this study to prospective participants (Sadler, Lee, Lim, & Fullerton, 2010).

Data saturation entails bringing new participants into the study until the data are complete as indicated by redundancy or replication of information (Marshall, Cardon, Poddar, & Fontenot, 2013) or re-interviewing participants through member checking until saturation is achieved.

### **Ethical Research**

Singh (2012) noted that individual researchers through their personal efforts are the greatest catalyst to minimize research dishonesty. I requested approval of the Institutional Review Board (IRB), ensuring compliance with the highest ethical standards that shelter human participants in a study. Formal approval of the plan came from the IRB, which allows the practice of research when the appropriate skills and qualifications meet ethical standards (IRB approval # 12-18-15-0440225).

I receive informed consent from persons who were a part of the case study (see Appendix A). Participants returned the forms within 7 days. I made them aware of the nature of the case study, and their participation solicited through email in my personal database (purposive sampling) and direct contact (snowball sampling). Selection of participants was in an equitable manner not to exclude anyone from the research. Participants were national sales managers in the hospitality industry who had a working relationship with a hotel management company in the hospitality industry in Greenville,

South Carolina and needed to have at least 10 years of managerial experience that would enable them to address the research question by having experience of successfully addressing the research question involving relationship building and how to avoid problems with unethical behavior.

Researchers must minimize the risk of harm to participants with ethical communication and collaboration (Crowther & Lloyd-Williams, 2012). Identification of study participants was Study Participant 1, Study Participant 2, etc. No question allowed a response that would give any indication of the participant's identity. I did not ask questions that compromised participant's personal or professional status. The construction of the research questions allowed participants not to divulge proprietary information. Study participants had the option of not answering a question if they perceived the answer would divulge proprietary information. The informed consent form had words related to nondisclosure of any identifiable data. This study did not include any special protection afforded to vulnerable groups, for no vulnerable groups were targeted in this study.

The participants were enlisted volunteers; for this reason, they received a verbal "thank you" for their time as compensation for their participation. Participants were reminded before their participation that no compensation was given for their time. They were assured of confidentiality. Interaction with the participants came through both the interview process and the use of archival documents provided by the participants, such as company policies.

## **Data Collection**

This subsection includes an overview of the data collection, the data collection instruments, data collections technique, and the data organizational procedures. I gathered, measured, and processed information about business relationship building and links to unethical behavior in an established systematic fashion. This approach enabled me to answer the stated research question, what strategies business leaders use to train suppliers in business relationship building to avoid problems with unethical behavior.

### **Instruments**

Karlsson, Friberg, Wallengren, and Öhlén (2014) noted that researchers are the main instrument in their study and presented an analysis of how to create fieldwork observations to document a patient's end of life care experience. I was the primary data collection instrument for this study. To be a good case study researcher, the investigator must ask good questions, be a good listener, stay adaptive, have a firm grasp of the issue studied, and avoid bias (Yin, 2014). The investigator doing data collection for a case study must understand that this task of data collection is not routine and lacks set parameters, in contrast to laboratory experiments (Yin, 2014).

Data collection methods consisted of interviews and reviews of archival records such as company policies provided by a hotel management company in the hospitality industry and documents provided by two other participants. The interview questions consisted of eight open-ended, semistructured questions to solicit insights in national sales managers' strategies for relationship building to avoid problems of unethical behavior (see Appendix B). The data collection process consisted of 8 semistructured

telephone interviews and 2 video interviews that were audio recorded and transcribed verbatim. During the interview process, I was sensitive to participant comments to ensure participants were not under duress to continue the session. Additionally, there was an endeavor to ensure that the potential for personal discomfort was kept to a minimum during the conduct of the interview. The interviews took place on the telephone or video conferencing. Pre-labeled envelopes allowed me to place any secondary data provided, such as company policies in a safe location. For the purpose of enhancing reliability, written procedures should allow future researchers to follow the same methods used in this study. Participants' names were necessary to complete the consent form, but the folders did not indicate the names of any individuals who participated in the study. To keep the participants' identities confidential, each participant had separate folders designated by his or her assigned number. The folders included the participants' signed informed consent, as well as interview notes, but did not indicate the names of any individuals who participated in the study. A researcher noted that validity is whether the research is believable and true and if the research evaluates what the researcher intended to evaluate (Zohrabi, 2013). Careful selection of participants enhances both reliability and validity (Zohrabi, 2013).

The selection of participants was based on a working relationship with a hotel management company in the hospitality industry and at least 10 years of managerial experience in using strategies to enhance relationship building to avoid unethical behavior. Successfully using strategies for dealing with instances of unethical behavior coupled with experience in the industry determined the participants for this study. Asking

semistructured and open-ended interview questions consistently in the same order also enhanced reliability and validity of a study (Zohrabi, 2013). Weaknesses of semistructured, open-ended questions are that these questions can be too rigid and not allow for a full understanding of the participant's perceptions and interpretation of the situation (Zohrabi, 2013). The interview questions are contained in section 1 of this study and Appendix B.

Because replicability is difficult using interview questions, reliability is centered on consistency and dependability. An audit trail can detail how the data were collected, analyzed, what themes were identified, and what results were obtained in a research study (Zohrabi, 2013). By using mechanically audio recorded verbatim data, reanalysis of the data can be easily implemented. Transcript reviews and member checking were used to ensure that data saturation was reached.

### **Data Collection Technique**

According to Yin (2014), six types of sources are most commonly used to perform case study research. These six sources include documentation, archival records, interviews, direct observations, participant observations, and physical artifacts. Yin (2014) suggested data be organized in chunks to manage the multiple sources of data required for methodological triangulation. According to Marshall and Rossman (2011), sources can also include films, photographs, and videotapes.

Analysis of documents in the form of company policy documents can highlight instances of protocols in relationship building activities. I made a request for documents that had been released to the public or are considered public information. The strength of

using documentation are that the documents are specific, with the exact strategies that managers use to enhance ethical decision-making. Weaknesses of documentation include possible bias in what documentation is shared by the participant.

For case study research, the most important use of documents is to corroborate and augment evidence from other sources (Yin, 2014). My personal laptop was used along with the Microsoft application sound recorder to record interviews verbatim. Strengths of the interview are that an interview provides insightful explanations and rich data as well as personal views. I used member checking to help ensure that data saturation was reached. I also used the information from reviews of company policies and procedures to triangulate the findings.

Observation is the final form of data collection. As in direct observation collection, I monitored two participant's non-verbal behavior by making notes on facial expressions and body language during the interview process via video conference. The strength of participant observation was a lens I used to develop insight into the hospitality sales culture to recognize the difference between someone making a sales pitch and someone giving an honest answer.

### **Data Organization Techniques**

I organized data based on the strategy that allowed me to analyze the data in a clear and concise manner. A coding process was in use to recognize associations and patterns in the data. Coding the data according to specific words allowed themes to emerge. Yin (2014) suggested data be organized in chunks to manage the multiple sources of data required for methodological triangulation. Descriptive notes of

observations during interviews were saved on a digital file format to hold the notes on observations for easy reference.

The qualitative research method requires multiple sources of data to examine the business problem (Marshall & Rossman, 2011). The collection of evidence will strengthen the quality of the study (Yin, 2014). The use of computer-assisted qualitative data analysis software (Atlas.ti) validated findings to five or six relevant themes. I will maintain data collection materials in a locked fireproof safe in my home for 5 years, after which the paper documents will be destroyed, and the memory wiped clean on the zip drive storing of all electronic documents.

### **Data Analysis**

Unlike a quantitative study, the qualitative case study researcher does not rely on the use of statistics for their analysis. Data analysis allowed me to compile the different forms of data collected in rich data and thick description, disassembling the data by applying codes to like words and themes using Atlas.ti software, and reassembling the data by looking for relationships among the codes and patterns. I used Moustakas' modified van Kaam method for data analysis (Moustakas, 1994). This method includes seven steps:

1. Listing and preliminary grouping,
2. Reduction and elimination,
3. Clustering and thematizing the invariant constituents,
4. Final identification of the invariant constituents and themes by application,
5. Construct for each co-researcher an individual textual description (not used),

6. Construct for each co-researcher an individual structural description (not used), and
7. Construct for each research participant to have a textural-structural description of the meaning and essences of the experiences.

Steps 5 and 6 were omitted from the study. Using a software tool helped me merge data from my other sources to validate emergent themes and trends of my interviews. I performed data analysis after data collection and a review of documents from three separate companies. The role of software is important in research. Atlas.ti for Windows allowed me to interrogate the data, make connections, and justify the work. A wide range of tools is available for qualitative analysis. I reviewed the data, looked at plausible rival interpretations, remained on track by focusing on the single research question, and used prior expert knowledge to analyze the data. The key themes that were identified related to my review of the literature and conceptual framework will be discussed in section 3 of the study.

### **Reliability and Validity**

#### **Reliability**

If a researcher can repeat the study, the study is considered reliable. The reliability and data quality are critical in a qualitative research study (Amerson, 2011; DeMassis & Kotlar, 2014). Zohrabi (2013) suggested dependability and credibility can be achieved through an audit trail, choice of participants, conditions surrounding the interview, and methods of data collection. Yin (2014) suggested data be organized in chunks to manage the multiple sources of data required for methodological triangulation.

Houghton, Casey, Shaw, & Murphy (2013) suggested saturation is achieved when there is a lack of any new emerging data. I conducted member checking during the interviews and also did follow-up member checking interviews to interpret participants' responses. I then evaluated this data for consistency and reliability against the information I gleaned from my reviews of policies and procedures. The data proved to be consistent and reliable with the results from my interviews.

**Dependability.** Dependability is the assumption the researcher can replicate the study (Bernardi, Merseguer, & Petriu, 2012). Onwugbuzie and Byers (2014) suggested mitigating bias and ensuring the wholesomeness of the data. Marshall and Rossman (2011) suggested dependability is a key consideration during the study design phase, and qualitative researchers include mechanisms for ensuring dependability in the design of their studies to ensure the integrity of collected data and findings. Following the recommendation of Yin (2014), member checking and case study protocols were in use to demonstrate case study dependability. This process ensured I covered all questions thoroughly, interpreted the participants' thoughts and ideas correctly in the notes, and offered no new information.

**Credibility.** Identification of researcher bias, using member checking and rich descriptions establish study credibility (Marshall & Rossman, 2011). Denzin and Lincoln (2011) stated that credibility is the qualitative research corollary to internal validity utilized in quantitative research. Researcher bias identification serves as a strategy for ensuring the credibility of the case study. Yin (2014) stated researchers' theories, personal values, or preconceptions might influence the structuring and conduct of their

intended studies. Yin suggested the assessment of rival explanations could help enhance the credibility of a study. In addition to semistructured interviews, there were field notes on two participant observations, and public documentation from three separate companies, including the hotel management company in Greenville, South Carolina. Six types of data are appropriate for accomplishing methodological triangulation (Roy et al., 2015). Checking data from multiple sources of evidence are also appropriate for accomplishing methodical triangulation of at least two data collection sources for a case study data analysis.

### **Validity**

Validity means that the research is believable and true (Zohrabi, 2013). I used member checking during the interview process to increase credibility and validity. Harper and Cole (2012), suggest reaching validity by conducting the initial interviews, interpreting what the participants said in their interviews, and sharing the interpretations with the participants for validation. Transcript reviews involve allowing participants to read the transcription of their interviews to ensure that, and an accurate record exists and is credible (Houghton et al., 2013). No participants requested the opportunity to review their transcripts in this study.

**Transferability.** Transferability refers to whether particular findings can be transferred to a similar context or situation, while still preserving the meanings and inferences from the completed study (Houghton et al., 2013). Transferability is not whether the study includes a representative sample but rather how well the study made it possible for a reader to decide if similar methods could succeed in their setting by understanding in an in-depth fashion how it occurred in the conduct of my research. The

richness and level of the amount of detail about the background and the context of the findings helps the reader make these decisions. Achieving transferability takes place when another researcher decides to follow the same methods that were used in this study whether they found similar or different findings of the phenomenon among similar or different respondents (Boesch, Schwaninger, Weber, & Scholz, 2013). One method to achieve transferability is to assure that the findings included enough thick descriptions for readers to assess the potential transferability appropriateness for their setting (Boesch et al., 2013). Describing the details of the context of the case study and providing rich descriptions help to enhance the transferability for someone to replicate the study (Wahyuni, 2012). I employed transferability to compare the context of the study to determine its applicability through reflective note taking. Study planning helped to confirm that participants understood that the questions and methods of communication were clear, concise, and simple to comprehend.

**Confirmability.** Confirmability refers to the neutrality and accuracy of the data and is achieved through comprehensive notes, and the reflective diary provides the rationale for decisions made (Houghton et al., 2013). Denzin and Lincoln (2011) indicated the concept of confirmability corresponds to the notion of objectivity in quantitative research. The implication is the findings are the result of the study, rather than an outcome of the biases and subjectivity of the researcher. Dependability, credibility, and transferability in qualitative research establish confirmability (Wahyuni, 2012). I kept notes through all phases of my study and referred back to them when I conducted my data analysis.

**Data saturation.** Data saturation is the point in research when no new themes occur, and no new information becomes available (Marshall et al., 2013). If new data continues to emerge, and saturation has not occurred after this point, interviews continue with additional individuals in the target population until recurring themes develop, and no new data emerges. Although this process was time-consuming, these procedures enabled me to reach data saturation and provide meaningful, rich data and thick descriptions for the study.

### **Transition and Summary**

The researcher is the center of the study in a case study design while attaining the foundation of evidence. I identified for the qualitative exploratory case study, a population, the criteria for participants, and a sample size that would achieve saturation and permit a full understanding of the experience. An exploratory qualitative, case study was the selection for the study of relationship building and unethical behavior for identifying successful strategies that managers use to develop relationship building to address unethical behavior in the hospitality industry. Purposive and snowball samplings allowed me to select a small number of participants based on their use of successful strategies regarding relationship building and their working relationship with the hotel management company in Greenville, South Carolina.

I made a request for approval of the Walden IRB, ensuring compliance with the highest ethical standard that shelters human participants in a research study. The investigator is the primary data collection instrument (Marshall & Rossman, 2011). Secondary data collection for methodological triangulation included the reviews of the

following: data sources: interviews and reviews of company handbooks and policies, and the notes from my reflective journal. I compiled the different forms of data collected, disassembling the data by applying codes to similar words and themes by using Atlas.ti software. Finally, I reassembled all of the data by looking for relationships among the codes and patterns.

Section 3 is a comprehensive investigation of the study. The final section reveals the findings and addresses the overarching research question. Section 3 reviews the presentation of findings as well as application to professional practices. I address implications for social change and recommendations for further actions and research.

### Section 3: Application to Professional Practice and Implications for Change

This section includes a presentation of the findings from data collected from national sales managers in the hospitality industry. I collected and analyzed the data using best practices identified in the literature. In addition to presenting my findings, this section includes a discussion of the findings as they may apply to professional practice, implications for social change, recommendations for action, recommendations for future research, and my reflections on this process and study.

#### **Overview of Study**

I selected an exploratory qualitative case study approach for the study of relationship building and unethical behavior in the U.S. hospitality industry. After interviews with 10 national sales managers, two interviews were discarded as having no valuable information that pertained to the study. Transcripts of these interviews, notes from participant observations, and requested documents provided by the organization were part of the study. After reflecting on the data collected from 10 participants during the data analysis process, my innermost thoughts and ideas led me to develop the codes and model of the relationship between the codes, yielding 136 significant quotations supporting significant themes and constructs of the study.

#### **Presentation of the Findings**

The central research question for this study was: What strategies do business leaders use to train suppliers to distinguish between business relationship building and unethical behavior? Three major themes emerged: (a) factors leading to relationship building identified by codes of a sense of quality relationships, gathering data, product

awareness, activities, and networking; (b) factors leading to unclear expectations, identified by codes of spec fees, bribery rebates, expectations, competitor's view, and opportunity. A final theme, coded as (c) factors leading to gray areas or the 'smell test' emerged from this investigation.

### **Emergent Theme: Factors Leading to Relationship Building**

Each participant had strong opinions on the process of relationship building and what was required to make a lasting impression on a client. I reviewed the counts for codes relative to relationship building and identified themes relevant to the research question by selecting codes by minimum code frequency and total count per code. Table 1 breaks down three main codes that morphed during the theme Building Industry Relationships. Building quality relationships, gathering data on what the client needs, and product quality awareness were vital components of this theme.

Table 1  
*Codes Relating to the Themes of Building Industry Relationships*

Participant	# Quality Relationship	+ Gathering Data	+ Product Awareness
P1	2	20	0
P2	5	22	0
P3	1	4	11
P4	6	8	3
P5	4	4	9
P7	13	5	7
P9	5	5	8
P10	1	0	0
P11	3	0	2
P12	9	7	3
Totals	49	65	43

**Gathering data.** Participant 2 thought that building relationships comes from first gathering data and delving into the customer's needs. "When you are trying to get into a relationship with someone, you have something to offer them, and they have something to offer you." Deals materialize when the connection becomes friendly and comfortable. System knowledge, product offerings and strategies that could include connecting with the customer on a personal level are important. Examples are congratulating the client on a sports team win or discussing a particular event in the client's hometown. Participant 2 acknowledged that developing working relationships becomes easier when discussing common interests. "You always want to get that person talking, because everybody is more comfortable when he or she are talking about something they are comfortable with." The more one learns from customers; the more likely one is to have a personal relationship. The better the relationship, the more the amount of trust increases (Acuff & Wood, 2004). Participant 5 has been working in the field for 30 years but suggested it is all about timing. Building relationships simply take time and having quality products. "Some sales cycles take place with inside a week, but the bigger ones usually take years." The results support the common notion of a gradual strengthening of the business relationship that results in longevity (Hadjikhani et al., 2012).

**Quality relationships.** Building relationships can open up the participants to over-sharing. Participant 7 probably reveals too much about himself to clients and is perhaps a little more forward than most people. He humanized himself by sharing his hopes, dreams, and goals for his future. "I reveal a lot of my passions and loves and things. I'm a little more forward than most people." Breaking down barriers, which allow

clients to feel comfortable, offers a more personal connection to the actor. The downside is the process does not always correlate to a steady stream of business. Participant 7 felt the bonding provides the best channel to receive honest or perhaps valuable information from the client, such as what competitor is also bidding on the project or what is the optimal pricing structure required to lock in the contract. “Personally, I don't really talk about work on these types of activities. It's more getting the client to let down their guard, open themselves up, and then seeing each other as real people, as family men or women, just kind of being human together, and not really talking about work.”

Participants used different methods to reach out and build relationships with new clients. Participant 9 acknowledged that referrals are the primary source of introduction to prospective clients, while Participant 5 is recruiting an established top-level national account manager known in the industry where the candidate can immediately bring results: “I want someone at the highest level that has the relationships with the top people in the marketplace” stated Participant 5. Participant 2 believed that his experience took shape when he hired an executive. Participant 2 mentored new executive and advanced the relationship to the point where there was synergy: one voice in which to become the face of the organization and build sustainable working relationships with clients. Participant 1 noted introductions through manufacturing representatives, where established working relationships exist, and provided an excellent opportunity to help advance initial introductions: “If you got a manufacturer rep or somebody that has a relationship there that can kind of introduce you to them, it's a lot easier to do work with them.”

Reaching out to prospective clients requires strong communication skills spanning international regions where sales personnel must find common ground in which to relate to clients. Understanding a client's unique business requirements and possibly international laws or ways of conducting business is important. Selling strategies aimed at businesses operating in the United States could be very different in other markets as stated by Participant 6: "In Abu Dhabi, it was all about the relationship and essentially, like I said earlier, paying somebody to get the business." Trade agreements, manufacturing and transportation requirements, and tax considerations are all aspects of a project proposal that is uniquely subject to a specific demographic explained Participant 9.

Convincing customers that paying a higher price is sometimes necessary to purchase sustainable products made in the United States. Many business owners view value creation from the perspective of increasing value for their customers but also for increasing the value for stakeholders (Lambert & Enz, 2012). However, Participant 2 felt that the term value-added was nothing more than code for unethical behavior: "I think people in some cases they want to feel like-- they use the word value add." Explaining the benefits of making decisions that are sometimes at odds with clients' financial goals could only happen if a sense of mutual trust and respect matures. Time and space have no bounds, and sustaining business relationships can form simply by building a sense of community. Showcasing one's strength is an important step in helping customers understand the underpinnings of product development.

Simply calling customers to arrange meetings is the best strategy to begin the process of establishing business relationships. Making claims that support favorable recommendations are forthcoming is an important step in making a good first impression. Participant 11 stated that relationships are built over a long period, especially being a family-owned business, where a great deal of pride emerges from providing a quality product: “This is my family's business where ethics is really high on our list of values.” Customers are the focus. The staff understands that even the most simplistic tasks, met with vigor, such as returning phone calls promptly and responding to email correspondence are important. What solidifies the relationship is quick problem-solving skills and personalized service. This thought reinforces the existing research that a commitment to a long-term business relationship will take place when customers believe that service providers are honest, passionate, and care about their businesses (Li, Ford, Zhai, & Xu, 2012).

Participant 11 is very open to new strategies on how to build relationships but indicated the topic of the research study is something that has never been even a slight consideration. The notion of determining what steps are necessary to bribe someone eludes the contributor: “It wouldn't even occur to me; I wouldn't even know how to go about trying to bribe somebody, to buy somebody.” Perhaps competition leading to compensation guides what seems to be unethical or questionable behavior in other industries. In the family business where ethics are high and values are strong, bribery is not a consideration. Participant 11 boasted that several large hotel brands seek her company out when the need arises. Her customers are repeat customers because of the

client's reputation, where long-standing relationships are built by providing excellent customer service, competitive pricing, and new product offerings.

**Product Awareness.** All of the participants felt that having a product quality awareness and understanding the customers' needs, seen as data collection, was the strong foundation for beginning any relationship. Participant 1 discussed strategies aimed to gain his customers' loyalty: "I try to find out as much as I can about them, about who they typically buy from, what they currently are looking for and who they currently supply. So after that, I try to go after them with what we have, to try to fit our product into the current buying channels." Participant 2 provided similar evidence that having a clear understanding of the customer's buying strategies is important. Knowing the competitor's tendencies would be the next layer to understand customer expectations, explained Participant 2: "I think the first step is to understanding the needs of the buyer. When you're trying to get into a relationship with someone, you have something to offer them, and they have something to offer you." A good experience for the customer is central to Participant 3's approach to building customer relationships. Educating customers as to what services and products are available, and showcasing the benefits of utilizing cost efficient alternatives, is equally important to rise above the competition.

Participant 4 noted his business is genuinely a relationship built with goals that support customer requirements. "It is a relationship business. It is getting another customer. It is getting to understand what their needs are." The organization is very large, and the contributor felt he is fortunate to offer a diverse product offering, where hard work and ethical interactions established the company as a credible and trustworthy

organization. Understanding customer requirements by defining targets, gathering data, and meeting goals help place the company in a favorable position when establishing new business contacts with high-level executives working in the hospitality industry.

Participant 5 noted that some contracts are finalized quickly while others could take a long time: “There're some sales cycles that take place within-side a week, but the bigger ones usually take years.” The ability to present superior or unique products that would meet the customer’s needs, and being able to demonstrate the company is a viable resource by offering competitive pricing, will help pave the way to gain customer loyalty. Relationship building begins with presenting quality products, but it's not all about quality states Participant 5: “There is a lot of personalities I think that goes into decision-making. It's not just products and price.” What is distinctive about Participant 5’s organization is the company manufactures and sells direct. Understanding that competition is fierce, especially in the textile industry, selling a commodity must be something of value to the customer.

Participant 7 felt that beginning with developing a conceptual design all the way to delivering quality products was the pathway to building quality relationships with clients: “We build quality relationships by delivering quality products and quality support throughout the entire process, from the beginning of conceptual designs, schematic designs, all the way through to finishing the project and turning over to the hotel owner.” Participant 12 stated having a solid proposal, one that meets the customer’s needs must be the first step in building relationships. Solving problems are the value added a component to relationship building: “We try to teach our guys that we're here to solve

issues and create value for the customer, and if you're doing a good job building the relationship, then the customer sees the value in you, so that's a two-way street.” Quality was a major theme for all participants. Parthiban et al. (2013) noted that quality, delivery, and service can outweigh costs. This thought aligns with researchers’ findings in their study that when a relational benefit was present, higher positive perception of quality existed (Bilgili et al., 2014).

In this theme of relationship building that evolved, participants had similar ideas on what it took to build these relationships, and in some cases, differing points of view. However, all participants agreed that building the relationship was crucial to success and profit (Acuff & Wood, 2004). There are many positive effects of relationship building, and this thought aligns with researchers who found that when customers have a feeling of being personally known in a relationship with the employees of a business, it results in the positive feelings of happiness, comfort, and peace (Bilgili et al., 2014). All participants felt that relationship building is the cornerstone of any successful business, partnership, or relationship (Scott, 2015). The more people hear from other people or think about them, the more customers will develop feelings of trust in them and the more their comfort levels will grow (Lederman, 2012). The difficulty arises in sales because customers have the ability, and the obligation, to select from multiple suppliers that can provide the best service at the most optimal cost. Building relationships, therefore, is the best strategy to rise above the rest of the competition.

The findings of this study align closely with the resource dependence theory. The resource dependence theory illustrates that a company is dependent on its environment

for its resources and establishes relationships to gain those resources (Pfeffer & Salancik, 1978). All of the participants agreed that establishing outside relationship was important to the overall company goal of profitability. Relationships are fundamental to gain access to resources and business opportunities that might otherwise be nonexistent (Dieleman & Boddewyn, 2012). Participants used multiple means of reaching out to customers, such as national sales managers, regional managers, referrals, and cold calling. Recruiting established, top-level managers, and even recruiting from competitors, was seen as necessary for success. The advantage of recruiting top level managers from competitors is that it brings relationships, knowledge, or information that reduces uncertainty and add power to the organization (Bryant & Davis, 2012). The sales manager is a visible liability or asset (Kleyn et al., 2012). The sales team is responsible for influencing attitudes and behaviors (Daniel & Anca, 2012). In this instance, the resources needed are both experienced sales managers and new customers.

The second major subsection of codes that presented under the theme of relationship building was shared activities and networking. All of the participants incorporated shared experiences as part of the relationship building process. Informal activities such as dinners were seen just as valuable as more formal activities such as trade shows.

Table 2  
*Codes Relating to the Theme of Building Industry Relationships*

Participant	+Activities	+Networking trade shows
P1	6	17
P2	3	4
P3	3	14
P4	3	13
P5	0	9
P7	2	34
P9	1	10
P10	1	14
P11	4	0
P12	4	12
Totals	27	127

**Networking.** Forming connections seem to be the catalyst that binds clients to the contributor's organizations; yet, establishing relations takes time. Participant 9 suggested that unfortunately, building relationships is not always about quality: "It's all about connections. It's not always about quality, unfortunately." Participant 9 felt that networking events do not seem to be the optimal path to find clients because decision-makers do not attend such exhibits. Trade shows are a better strategy to seek out vendors who manufacture or sell new product offerings. Trade shows are again, the most widely sponsored event to reach a large number of potential customers. Conferences, on the other hand, seem to be the better opportunity to solicit new prospects. Participant 7 does not feel one activity simply sets the stage for building relationships. Rather, working through the struggles together helps form strong alliances: "I wouldn't necessarily call it an activity, but it's just having those trials and tribulations together and being there for the

client if that makes sense.” No project is flawless, from missed deadlines to unexpected project interruptions; hence, maintaining a strong presence helps solidify the customer’s trust in the product, the application, and the company.

Participant 1 suggested that as he attends trade show events, he will often invite staff to dinner or lunch, which he feels is an excellent way to show his appreciation for working hard and also provides a pathway to building a professional working relationship: “We do that at typically at all of the major trade shows, we’ll find folks that are coming in, and, if possible, accept if they can make time for us, we’d like to take them out.” Participant 3 felt that attending trade shows and inviting prospective customers to dinner is an excellent way to establish a working relationship. Introductions, impromptu conversations, offering samples, and simple invitations to attend lunch and learn presentations are means by which the participant uses to gather data and assess a customer’s buying power.

**Activities.** Participant 7 felt that activities outside the office, such as lunch or dinners, is an excellent opportunity to solidify working relationships and is the most important part of the relationship-building process: “Lunch, dinner – meals are a great thing. Especially things involving alcohol [chuckles] usually helps clients loosen up a little.” An environment where customers are treated to lunch and learns, dinners, and sporting events or attending a client’s charity function is also appropriate under the guidelines to build strong customer relations on a personal basis. Participant 7 suggested dinners and outside activities, such as whitewater rafting and attending games, is the cost of doing business.

Work is not a topic of conversation during the recreation. Rather, getting to know the customer on a personal level, where open and honest communication could emerge, it helps to see one another as real, family orientated human beings. Participant 7 reiterated that some activities, such as whitewater rafting or attending baseball or football games are more difficult for him to work into his schedule, especially on the weekends, but sanctions the activity as ethical. In particular, activities outside the office were deemed the most valuable in building a relationship states Participant 7: “Outside of the office is the most important part of the relationship-building activity.” Local reps have the flexibility to join in the functions outside of a normal workday, where he is limited to dinners held during the week.

Participant 9 attended both national and local building association forums where different brands of stakeholders meet, such as in the building and hospitality industry. Participant 9 suggested that local events were more fluent to form relationships overall and suggested confirming meetings on a national level with larger firms is more difficult. Gaining access to the decision-makers of a company is equally challenging, simply because of one’s limited availability. Participant 9 would much rather secure a meeting with the decision-maker of a company over dinner or cocktails and have that person return to the business and organize a meeting. Having a good understanding of who the *right* person is in the organization is critical when making the decision to spend money on activities surrounding dinner and entertainment and presenting work solutions. If the one person who can either reject or accept the proposal does not hear the presentation

first hand; years of hard work may be to no avail: “If we get the wrong people, we could waste two years.”

Participant 12 suggested that valuable relationship building activities mostly occur outside of the office. Networking opportunities, dinner, and attending sporting events is commonplace. This idea of networking is very close to the Middle Eastern idea of Wasta (Tlaiss & Kauser, 2011). Closing business deals in bars or restaurants allow people to interact with a more comfortable environment, where the opportunity to connect with an individual on a personal level is more likely to occur: “More deals have been closed at bars and restaurants and events while people are getting to know each other outside of work than could ever be closed in the office rather than out.” A realization surfaced that people behave differently when business dealings develop within the four walls of the organization; rather than in a place where people feel more at ease: “I think if it can peel away the onion and get to know someone, know their family, know their kids, know their hobbies; people tend to see more of as acquaintance than a friend. And once you become a friend, work is secondary, but you have to realize the whole reason you got in this relationship was to move product and make sales and make money for yourself.”

Relationship-building activities also take place in the field, where customers visit sites around the Country to see first-hand building construction and other work products, according to Participant 12: “You may get a different person inside the office than outside the office, and it has nothing to do with anything, but people keeping up with the norms of how you behave in the office versus how you behave outside.” Entertaining at

the site visits is a significant relationship-building strategy supporting the construct of shared experiences. Some vendors are working in larger markets, such as New York, D.C., and Los Angeles, for example, and they tend to award contracts by the numbers, with an expectation of measuring how quickly the vendor can meet specific needs. Salespersons working in the small towns of the Midwest region found that having a true appreciation for the customer's family and extended family goes a long way to building a respectful alliance that could lead to more business opportunities in the future.

Participant 1 and 4 established relationships with large management groups, such as hotel chain executives. Some organizations sponsor semiannual sales presentations and offer social events where invited vendors, distributors, manufacturers and their families have an opportunity to network on a personal level at the gala. Participant 7 worked with a large interior design architecture firm where he was successful in organizing a formal dinner, which created a good experience for the customer.

Sales managers use excellent planning and decision-making strategies to unveil new product offerings at the most cost-efficient price. However, more important, the opportunity provides a platform to present a strong company image that customer's value states Participant 5: "There are other people that are out there that can provide the same thing, so it's sort of trying to separate yourself any way possible in a positive manner to the customer." Staying connected with people in the industry by attending trade shows exhibits and other strategies, such as email and social media, are critical to sustaining partnerships.

Participant 3 prefers the traditional approach to building and sustaining customer relationships. Participant 3 felt there were inherent issues with using out of office activities such as ball games to build business relationships: “I think is an implied quid pro quo. I'm not saying you get to go and have this cool, expensive seats at a baseball game if you send me money but if you don't, then you've failed.” Efficient quoting and responsiveness seem to be the best strategy for Participant 11. Participant 1 still resorts to cold calling; although, that strategy is not always well received. Meeting customers at the office, and perhaps, bringing bagels and cream cheese as an icebreaker resulted in the optimal strategy to spec out and quote product offerings: “Relationship building has as much to do with the willingness of the recipient to develop the relationship more than anything” states Participant 3. Participant 4 also found that meeting customers at the office provided the best opportunity to discuss product offerings and engage with the client.

This theme clearly confirmed what is shown in the literature review: that there are positive effects of relationship building. Building relationships are not about transactions but connections (Lederman, 2012). Researchers found networking to play a critical role in getting strategic positions (Hossain, & Rokis, 2015). However, it was interesting that Participant 9 did not see value in most networking situations: “Going to the networking doesn't really work.” There are some researchers who say increased networking and openness tend to occur contemporaneously with frequent bribes and corruption (Huang & Rice, 2012). Overall, the participants saw value in the shared experience.

### Emergent Theme: Unclear Expectations in Building Relationships

Unclear expectations can cause confusion and frustration in the workplace.

Without expectations or accountability, performance can get lost. The findings of the study supported the idea that among the national sales managers, there is a lack of clear defined expectations from the buyers as to what it would take to close a deal. Table 3 breaks down the major codes that presented on the theme of Unclear Expectations in Relationship Building.

Table 3  
*Codes Relating to the Theme of Unclear Expectations*

Participant	-Spec Fee	- Bribery Rebates	-Expectations	-Competitor's View	- Opportunity
P1	19	0	7	5	0
P2	0	0	0	1	3
P3	0	0	0	2	0
P4	0	0	3	2	0
P5	0	0	1	6	0
P7	7	22	2	2	0
P9	0	5	3	2	1
P10	0	7	5	1	4
P11	0	2	6	3	0
P12	7	10	10	9	1
Totals	33	46	37	31	9

While the code bribery/rebates were the most prominent; it was expectations that were the highest concern for the participants. The competitor's view highlights the participant's knowledge of competitor's actions but unclear if these actions play a dominant role in their own decision-making. The opportunity seemed to be the least of the concerns in this theme.

**Expectations.** Participant 1 wavered when asked if he considered the path to building relationships with his clients was clear. He indicated some courting practices could draw a fine ethical line in business practices, when strategies, outside of a spec fee, include monetary kickbacks: “I’m familiar with other companies that have taken people on trips and paid for various things - gifts if you will - stuff like that to win people’s business.” Arrangements between the salesperson and the customer could, in fact, agree where giving gifts could help formalize a standard practice; thereby, eliminating confusion and setting clear boundaries. Gift giving is seen as a way to influence people (Rose, 2015). Some organizations, however, secure government contracts as a funding source. As part of the agreement, managers must follow policies to coincide with local, state, or Federal regulations regarding compensation, and establish policies and procedures to ensure workers are aware of, and follow stated expectations (Unlawful Corporate Payments Act of 1977). Participant 1 stated that he “would support a plan where commissions were paid to dealers and distributors who depend on monetary rewards to sustain one’s business. It may prove difficult for customers to control: I am not necessarily *carte blanche* on everything, but I am okay with that, like I said, just because that is their livelihood.” Two of the participants provided public documents pertaining to company expectations on relationship building expenditures. These documents outlined what was acceptable to spend during a relationship building activity and confirmed the need for clear expectations.

**Spec fee.** A spec fee is a commission or set percentage of the total dollar paid by an impending dealer or distributor to the sales rep who has an established relationship

with the client and seeks to obtain the customer's pre-arranged pricing structure, such as in a rebate or finder's fee, explained Participant 1. Participant 1 volunteers a spec fee because he is aware the customer has a direct purchasing relationship with his organization where an outside salesperson cannot alter the selling price of the product in which to gain a commission. The fee, therefore, is a commission for approaching the customer, completing the sale, and ultimately bringing the business back to the participant's company. Participant 1 has not been in a position to encounter such blatant misuse of unprincipled business practices, but he is certain the incidents do occur: "That in my opinion that's outside of the gray area, or that's really kind of blurring the lines, because, in my eyes, that's buying the customer."

**Bribery.** Participant 3 reiterated that bribery and other corrupt business practices are not customary in her organization. Selling strategies embody standard principles to win a customer's bid fairly, but she questioned her thought process should her environment change; no one is immune, and no one is perfect: "That's one of the wonderful things about being a human, is that there are gray areas in everything." Participant 5 suggested that leaders work hard to build sustainable relationships, so bribery is not an outward approach one would employ to establish a business connection. When customers decide to accept a competitor's offer, some people imply the choice to sever relationships is because of the appearance of wrongdoing; when in fact, simply a feeling of inequity exists. Making unethical business choices or discrediting a past business associate is the easiest way to ruin one's reputation: "I've had just one time in 30 years where someone insinuated they wanted some money, and again it's just not

something I personally would ever do, or even want the business based on that because your reputation. If that ever gets out your reputation is damaged for life, and it's hard to get away from that.”

Participant 4 suggested some clients might have a project of a personal nature where he can pass along savings from his national suppliers under the guides of established parameters. The appearance of impropriety may exist where some people may question such personal transactions, even if presented by the guides of documented policies: “Sometimes when they've got a personal project, they want to do, or they need maybe some personal use pricing or they want something for themselves to complete a project maybe around their home, we do have some programs with our vendors that we can pass along.” Personal relationships that provide access to resources is what opens the door to accusations of corruption and bribery (Qi, 2013).

**Opportunity.** Participant 2 took on a different view regarding the theme of unclear expectations in building relationships. He equated the construct to not having a good understanding of one's customer, where no defined opportunity surfaces. He believed that much too often salespersons will be in a hurry to simply get in front of a prospective client, that a clear pathway to meeting the needs of his buyer fails. Without conducting in-depth interviews, clients will simply say thanks, but no thanks. The term *value-added* can equate to a sell; however, how much? Many customers will try and save money, and the concept is very natural. Participant 2 noted a time when a customer completed a large deal, and then on the next quote asked for the same discount although

the work was less substantial. Sometimes a business relationship that turns friendly blurs the lines of acceptable and unacceptable expectations: "It's okay to say no."

### **Emergent Theme: Factors Leading to Gray Areas or “Smell Test”**

Most participants judged a “gray area” by the *smell test* (de Oliveira et al., 2014) if it felt questionable or illicit a strong emotion, then it was perceived to be unethical. Making judgments based on personal emotion is not uncommon (Chua, 2012). Those whom had company guidelines on performance were less likely to feel pressure to engage in unethical transactions (Burdea, 2013). Proactive motivation by the company owners seemed to curb desire or need to engage in unethical activities (Zhou et al., 2013). Table 4 reveals the most common factors that lead to unethical behavior or “gray areas.”

Table 4  
*Codes Relating to the theme of Unethical Behavior*

Participant	#Training	# Procedures	#Ethics
P1	2	14	13
P2	1	3	6
P3	7	2	35
P4	8	4	13
P5	0	3	7
P7	4	2	7
P9	1	0	6
P10	4	2	1
P11	2	2	11
P12	1	5	19
Totals	30	37	118

**Ethics.** Participant 3 stated one of the most wonderful things about being human is an understanding there are gray areas in everything! Making ethical decisions and

appearing that decisions are ethical are two constructs, which must be transparent to the observer. A person's inner voice is the best gauge there is something wrong. The moment when an awkward conversation triggers a person's instincts and makes a situation feel uncomfortable as unmistakable when the flow of communication stops abruptly, and silence fills the room: "I think that is it is going to be determined first of all if you started asking yourself, how would somebody else view this? Is somebody else going to think that this is shady or unethical? Then you should not do it." Participant 12 believed that instinct is the origin to understand when one steps into a gray area. A feeling of doubt escalates when meetings become tense or ideas converge towards one direction: "Sometimes, it is hard to tell where you are crossing a line or if you are crossing a line." Having the necessary skill-set to alter a difficult outcome is a sign of a skilled and talented communicator (Gordon et al., 2012).

Participant 5 noted some organizations have strict policies that frame acceptable business practices, where even dinners are forbidden, and other customers expect a lavish meal at the most exclusive restaurant. Dinners in large geographical areas, such as NY or Las Vegas, can run hundreds of dollars. This situation presented a "gray area" for Participant 5: "I don't consider that bribery, per se, but I guess it could be argued, but that goes on through the whole industry where if you're in a nice area, you bring the customer to a nice dinner. I would say it's a very gray area." Dinners could sometimes include the customer's spouse in the hospitality or design architect community, but some clients feel including extended family is not appropriate, explained Participant 7. Customers, therefore, must set boundaries. First encounters with customers could begin by simply

asking of the person is available for lunch because taking a prospective client to a five-star restaurant might predicate future unethical business practices. Participant 11 agreed that offering lunch or dinner is not always a potential path to destruction, but extravagant encounters would be problematic. Either approach is not within the bounds of the company's relationship building strategies because her clients are not local. The contributor does support outside sales personnel taking customers to lunch, dinner, or even local events as a way to build relationships: "I think that's what sales is, a lot of outside sales people are supposed to be doing. Taking people golfing." Participant 11 recounted instances where unethical behavior became an issue: "It's happened two or three times - it's where somebody wanted me to give them a quote that was higher than I was going to charge them so they could charge their buyer more." This practice of inflating the price is similar to the African practice of *Kalabule*, where goods purchased at one price are then inflated to re-sell for maximum profit (Schauert, 2014).

Participant 9 suggested that many customers expect a payoff, and sometimes the notion comes in the 11<sup>th</sup> hour of the bidding process. Customers will indicate that the price is fair and equitable, the product quality is superior, and now the expectation for a kickback surfaces: "Okay, now that you're coming in, you're the best, you've got the best quality, whatever, now we've calculated that we need you to pad \$130,000 into that." The expectation was the same decades ago, but perhaps, with all of the unethical business matters making the way to the national spotlight, suggestions for such bribes are not as common in today's market. Participant 9 suggested that her company is sustainable, in that regard; meaning business dealings are ethical. Transactions that do not meet the

company's ethical standards could not withstand the potential moral and legal ramifications of such risks. Participant 9 noted that bribes sometimes surface when a customer's entity is in a transition of ownership, and sales associates try and try to negotiate larger dividends.

When a company communicates in unclear ways to its employees, then a conflict will occur. Activities for relationship building ranged from lunch and dinners to golf trips, gifts, personal favors, spec fees, and price padding. Many instances of unethical behavior have no common name in the U.S. but are very similar to practices of *Guanxi*, *Wasta*, or *Kalabule* in other parts of the world (Robbins & Jamal, 2016; Rose, 2015; Schauert, 2014). National sales managers must have a specific set of skills to navigate such "gray areas" (Gordon et al., 2012). Gifts as small as bagels and cream cheese, and as large as golf excursion, can look like a bribe in a legal sense (Akerstrom, 2013). If the gift giving creates a perceived obligation to reciprocate, then there is an issue (Katz, Caplan, & Merz, 2010).

Participant 1 recalled a time when his company entered into an offshore business venture where the company set up a satellite office in Abu Dhabi, primarily because an associate working in the corporate office had family in that region. The company paid the employee a spec fee for his support in developing business operations in the country, helping the company cut through layers of red tape by helping our company understand international laws and regulations and eliminating layers of people simply to gain access to foster such an affiliation: "It was all about the relationship and essentially, like I said earlier, paying somebody to get the business." Participant 9 recounted a time when the

belief of meeting the person in charge, the decision-maker, the person who was in the position of power, was critical to securing the contract: "I'm getting the junior librarian, so I want to get right down to the architect." Otherwise, a feeling that lower-level individuals would rather award contracts to friends or other companies with proven working relationships can emerge.

Participant 12 started his career in inside sales but never was in a leadership position or out in the field; therefore, the contributor was not aware that bribery was a factor in selling commodities. He felt compelled to show that hard work and dedication was his chosen path. Later in the participant's 12 career, he learned that some actors within a customer's organization, such as purchasing agents, were receiving kickbacks or awarded contracts to personal friends working for the manufacturer or a direct competitor. Disheartening, to say the least, was that hard work and fair pricing was not the factor to winning the sale. Participant 12 suggested there is a direct correlation between companies that float in the gray area and how clients ultimately view the success of the project: "I'd say the best companies we work for don't do it. I think there's a direct correlation between companies that kind of float in the gray."

Participant 2 reverted to strong communication skills and applied the concept to ethics. First and foremost, participant 2 suggested not to embarrass the customer because the outcome could tarnish a long-standing relationship: "You're teetering on that line of trying not to embarrass the person, but also trying to say, there is a line, and I can see it on the floor." Making deals and saving money is on the minds of many. The process by which this occurs, however, is at the cornerstone of the ethical intention of the request.

Conducting unethical business practices is a bad investment states Participant 3: “Take out the morality, take out the ethics, it's a bad investment because if you bribed somebody, you need to - if somebody is bribable, if you can buy somebody, they're not going to stay bought unless you keep throwing money at them.” Bribing someone or having a reputation for taking bribes will only sustain a formidable future. Making deals and offering *rebates* was a way of doing business, especially in construction (Sanyal, 2012). Fortunately, Participant 4 does not experience such negative undertones in the hospitality industry, where customers either elicit or accept the unscrupulous behavior. His company focuses on relationship building by providing solutions to a customer's problem. Lack of integrity, morality, or unethical behavior will not uphold a good investment. More important, what does this type of dealing say about one's confidence in the product or service asks Participant 3: “If you can't do business without paying for it, then what does that say about your confidence in your product, in your service?”

Participant 5 thought that sometimes understanding a clear line of ethics is difficult depending on the circumstances because one could not always determine if a customer purchased a competitor's product based on established business relationships or if there is a clear judgment error on the part of the buyer: “There're accounts that you swear there's something going on, but you can't prove it.” Participant 5 once tested a theory where a quote at cost was still not accepted by the customer. Participant 5 does not advocate the practice of escalating the offer to a higher level of authority because the result is rarely successful, but there are times when the sale is important enough to take the risk.

Participant 7 recounted an experience when a very influential customer required a deal that included profit sharing on awarded projects: “He did introduce me to a client that yielded a lot of money to the company and was very successful, and he was trying to bully me into some sort of profit sharing on the projects that I was being awarded.” Participant 7 sought advice from other vendors in the industry because his organization did not have standards in place that illustrated ways to handle such transactions. His intent was to understand if the request was customary. Some vendors were shocked when presented with the situation and one vendor, in particular, suggested that both men operate a transparent relationship where each one would help one another, and share information supporting a framework built on trust, not kickbacks.

Participant 7 noted that he would not consider people who ask for monetary compensation a friend. These individuals may be considered business associates, formed by working together over a long period or having a strong appreciation of the work performed, but the relationship is not built on trust where quality relationships occur: “I’ll do the work and will do a good job, but I wouldn’t necessarily consider them a friend.” People asking or expecting a monetary contribution is not loyal to any one person. The goal is simple: to receive a substantial paycheck. The customer may be a long-term client of the company, but at no point would Participant 7 consider the person a trustworthy friend.

Participant 11 noted a time that shaped her opinion of ethics. One experience, in particular, occurred where the value of being honest and fair, even at the expense of potentially losing a contract, was empowering. The importance of keeping promises and

quickly resolving problems were the cornerstones of sustaining a solid, long-term relationship. What I found most compelling during the interview process was the indication where Participant 12 questioned an example of ethics. Most cases of bribery occur when a purchasing agent, or a stakeholder within the company, acts on his or her interest to elicit a bribe for personal gain or to feel unique (Feldman et al., 2015).

Participant 12 asked if the gray area includes transactions where friends are responsible for another friend landing the sale. Do only transactions yielding kickbacks or fancy dinners constitute bribery? “They're doing it because I'm friends, but I'm not giving them any money. I'm not giving them any fancy dinners or anything like that.” Participant 12 questioned at what point in the relationship building process moves a person from stepping into the gray area, such as sharing in financial gains, power, or trips, to crossing the line? Participant 12 also questioned a scenario in which two owners, the client and the vendor, were the deciding factors in determining if the choice to enter a fraudulent arrangement was unethical or just simply a gray area. The scenario, by any standard, was a clear distinction of ethics, yet the participant struggled to make a moral judgment of it. What is more problematic, as noted in my observation of the contributors' view, is that Participant 12 described blatant acts of corruption as *gray areas*.

**Procedures.** Participant 1 noted he operated under a check and balance system where he is accountable to his manager for profit margins and promises made to customers in exchange for the client's business, which mitigates the probability of offering questionable dealings. Participant 1 noted he feels more confident in the relationship building component of his position because parameters are in place: “I

answer to a boss who approves pretty much everything that I do, it's really not something that I step into very often.” The framework allows participant 1 to have a good understanding of his limitations and rules of engagement with the client. Therefore, not having the approval to purchase expensive sporting event tickets where the customer tries to equate a sale with attending a game is not an issue because the customer soon understands the participant’s bounds. Participant 11 also suggested that some clients have strict guidelines on acceptable relationship building activities as to what is and are not appropriate, so it is very important to stay within the bounds of the customer’s policies: “We do Marriott a lot with people at Marriott. They've got real strict guidelines about what they can and cannot accept.”

When Participant 2 felt when he steps into a questionable situation, he reflects back on the customer’s request and carefully considers what he anticipates being an optimal response. Restating the customer’s request, to ensure he has a full and accurate understanding of the facts and suggesting he will bring the matter to others who are in a position to approve, will allow the customer to feel heard: “Never be in a hurry, because your knee-jerk reaction is not likely to be good.” Straightforward communication and swift problem-solving skills could move the conversation towards a favorable resolution without harming customer relations.

Participant 1 reiterated the structured environment in which the company operates does not afford him the opportunity to conduct business outside of the stated guidelines. Participant 1 does not have the authority or the capital to facilitate or take part in enticement schemes. A sophisticated computer system monitors spec fees and flags

transactions out of the norm to ensure accepted accounting practices, current laws, and regulations, and company policy parameters are in place: “If I was trying to bribe somebody on a project by offering them a large kickback or a spec fee that's out of the norm, the computer system catches it, and it goes through accounting.”

Participant 2 mirrored the sentiment of the first participant by suggesting the company operates on a check and balance system where he is accountable for presenting potential transactions to a higher level manager for approval: “I think that the biggest guideline is that there's a cap on everything.” Taking a client out to lunch or dinner, or sending product samples does not constitute a condition of unethical behavior. Budgets aimed to build relationships are usually higher in metropolitan areas compared to Middle America. If customers in small towns have an expectation that activities will be more elaborate, Participant 12 noted his company leaders will be sure to produce such events. Meeting a client’s demands is the first step in providing value-added service and an excellent opportunity in which to surpass the competition: “There're customers where we're getting millions of dollars’ worth of business, and if they're going out, it can be justified using the numbers that there's a certain percentage that we're willing to accept.”

Taking a step back to consider all options is a good strategy to adopt, especially if an applied quid pro quo arrangement is in view, such as providing expensive baseball tickets in correlation to a sale. Participant 7 defined bribery as money changing hands: “I'm going to put you on this project, but when you quote it I expect you to bill a little something in for me.” Participant 5 has not encountered a situation where a customer insinuated that a monetary or quid pro quo exchange was necessary, but suggested deals

of that nature could only damage a person's reputation: "That's the quickest way out of the game is if you ever get caught doing something like that because again, I think word would travel fast and would give your company a pretty big black eye."

Participant 4 continues to support the theme of accountability where he sets the tone in dealing with his customers by being honest and forthright when discussing what is and is not allowable under the terms of his company's policies. Some customers might request, for example, donations for political or charity events whereas charity events are acceptable and political contributions are improper: "There's a line of how many things we really can do and what makes sense for us: The political stuff would probably be the things we would worry about the most." An example the participant gave was a donation aimed to benefit a commissioner or congressional representative who might have ties to his client.

Participant 5 also has a process where employees must submit expense reports so any potential misuse of company funds or the appearance of corruption would surface: "They couldn't just all of a sudden spend \$3,000 on something and put it in expense report; it would get rejected." She has not encountered a situation where an employee asked for special considerations or where an employee elected to spend money without first gaining approval. Should that occur, however, employees understand such dealings are not allowable.

Participant 7 noted in building relationships, people could become caught up in some gray areas. The hospitality industry, for example, is notorious for consuming alcohol or having parties that include marijuana, so individuals must ask, where should I

draw the line? “It's one thing if you're drinking beer, but if you're smoking pot together, that could be a gray area. In some locations of the country, that's illegal, so it's done you want people to know that you were doing that.” Drinking beer with a client is quite different from consuming drugs, but will do so put the relationship in a gray area or solidify the relationship? Participant 7 has had direct experience dealing with what he called bribery requests, both from vendors and other sales personnel. “I've had vendors that would be similar to me selling to clients who have asked for money, and then I've also had clients that I sell to that have advised me that they would like to have something “billed in” which is typically is around 10% of the project cost.” Participant 11 has been in situations where clients requested an inflated quote only to pass that rate hike to customers so the salesperson would receive a kickback: “It’s where somebody wanted me to give them a quote that was higher than I was really going to charge them so they could charge their buyer more. I told her I wouldn't do that. That seems pretty black and white wrong to me.”

Participant 7 does not consider the situation a *gray area* because the practice seems to be prevalent in the industry: “Do you consider it a gray area if it's something that is fairly common?” Coming up from the old school where people work hard or suffer the consequences by losing business is Participant 7's ideology, where the reward is to make the project successful and not let the customer down. His integrity is at stake. Advancing a product in an unethical manner is not an acceptable business practice, which is also supported by his leaders, as both would rather lose the sale. One way of ensuring all monetary aspects are accounted for properly is the 1099 tax code where every dollar is

going to leave a trail: “They're going to get a 1099. If you want the money, it's going to leave a trail. It's not going to be a cash envelope.”

Participant 9 suggested that instincts led to a feeling of stepping into an unethical situation, such as when a customer is not willing to consider fair proposals that do not include kickbacks or when a customer is not open to signing a basic confidentiality agreement: “If the client has any qualms about signing a confidentiality clause, the more the customer dances around the problem, the more I know I have a problem,” states Participant 9. Transparency is a central element in establishing ethical relationships. Having the financial awareness to know true costs, including overhead, materials, and costs associated with any unplanned production delays, allows sales personnel to offer a competitive bid and still make a profit.

Participant 12 noted that keeping business relationships separate from developing intimate relationships in the industry is very important. Some competitors, however, benefit financially when the relationships cross the line: “I personally don't do any dating within the industry. I know companies have gotten upper hands by the designer dating the owner, or even the manufacturer's rep dating the designer of some sort, monetarily speaking.” Participant 12 ensures that any financial transaction that appears to be outside of normal pricing structure, especially when spec fees are a component of the deal, has the client's owner's written approval. Spec fees or commissions are normally low for purchasing agents, so if the owner of the company approves the deal, that stakeholder is responsible for the integrity of the transaction. Participant 12 does not announce or pursue such deals; yet, some long-standing customers will make a request for

consideration. An example occurred in 2015 when a project manager requested a hefty personal contribution or kickback in exchange for a record deal: “We did a record deal where one of the project managers took our rep aside and demanded, not asked, a hefty contribution to their personal account for making the deal happen, and that was something that we red flagged immediately and discussed with the owner. The guy ended up not getting fired but, at least, the owner of this company knew the project manager was reaching out under the table.” Participant 12 noted spec fees are a normal part of the designing and manufacturing industries; especially, and the understanding of who pays the costs are legendary. Spec fees are built into pricing configurations, so Participant 12 concluded the application is industry dependent. Participant 12 runs a good-sized family business where working within margins is paramount; thus, paying spec fees is not in his interest because margin and profit dollars are traditionally low.

Participant 12 does not have policies or procedures in place to illustrate the organization’s stance on ethics. Paying for health insurance and salaries gives the company better control of employees because people tend to work harder when a steady paycheck is a norm. Sales personnel will request approval for expenditures over a certain dollar amount, but in larger markets, the expectation to spend money to make money is apparent. International trips provide an example demonstrating when high expenses are a cause for such excessive expenditures. Offering trips and extracurricular activities, when clients view manufacturing plant designs before committing to a sale, are allowable. A review of expenses after the fact sometimes leads to doubts, but when managers review the entire financial picture of the sales expenses seem to be justifiable: “There are times

where we looked at the customer and said, ‘Was this right thing to do?’ Probably not, and then we look at a year later, and it turns out that it was financially justifiable.”

**Training.** Training is a vital activity to ensure an employee’s success, whether the employee is newly hired or promoted within the company. Training on sales techniques and understanding the company’s written policies, which detail employee conduct, for example, is important to protect the company’s image, stated Participant 1. Participant 1 noted the structured environment in which his company operates where management must provide approval, and employees are held accountable to secure that approval, for activities that include engagement with clients: “I know what I can do and what I can’t do, so I have to basically try to get them to buy our product without all the extracurricular stuff.” Appropriate expenditures are detailed in policies which show how recreational activities with clients would be at the employee’s expense whereas a business lunch would be acceptable.

Participant 2 felt that role-playing is an extremely valuable practice to help not just new salespersons, but also seasoned employees: “Sometimes it is having the experiences, and role playing the potential experiences, I think is extremely valuable to a junior sales person or a new sales person, because role-playing is something you can do at any time, and it's something that you can continue to refresh on.” Sales training initiatives that present real issues could help prepare workers to respond appropriately when faced with similar requests. The training could also help people understand the company’s policies and procedures, such as discount caps and approval levels.

Training is a very important element in any business, but all too often, training on ethical behavior only happens when troubles arise. Participant 3 does not have a high tolerance for inappropriate conduct and has a firm belief that hiring decisions must encompass offering positions to candidates with high integrity and appreciation for the company's core values. Otherwise, swift separation would be the appropriate response versus training initiatives to correct unwanted behavior: "Frankly, if I found somebody in my organization was offering bribes, I probably would just fire them and then not go back training anybody else all things being equal."

Employee handbooks are a good place to document acceptable business practices for all employees to follow states Participant 3. Participant 3 also acknowledged the checks and balances that are in place, such as monitoring employee expense reports, where she analyzes line-by-line transactions to uncover any potentially questionable expenses. The future is unpredictable, every person is different, and it is hard to forecast how every business transaction will take shape. Construction projects, for example, bring in millions of dollars in contracts, which is comparatively different from the financial prospects available to Participant 3's organization so that the potential ethical violations could grow.

Customers also comment on compliance and ethics training: "I think it's just common sense," states Participant 4. "I think our people are pretty well trained on that. We've got a big position in the industry. We've been well-schooled on ethics and compliance, and that's a big part of our culture." Advanced technology provided a pathway to help leaders uncover unwanted business practices where now, such

sophisticated companies transformed corrupt business practices. Participant 4 continued to explain that policies and procedures are in place that details his organization's code of conduct in which all employees must read and acknowledge upon hire. Online compliance ethics testing is also a requirement each year. The contributor, nonetheless, has a strong belief in the integrity of the people hired into his company; workers who have a strong sense of right and wrong. Not to be naive, unethical behavior does exist, especially in some industries, such as construction, but Participant 4 does not have any concerns regarding his co-workers or clients.

Participant 5 noted that working for a smaller company does not always offer structured training courses or seminars, but acknowledged larger organizations do require employee's complete training on ethics and acceptable business practices. Her employees offer gifts to clients, especially around the holidays, which because of the small dollar value; she does not think the exchange rises to the definition of bribery for offering cookies or gift cards: "The most somebody did here was you know we gave a gift card for a dinner but I mean \$50." Some potential extravagant gifts could become formable when attending trade shows in exclusive markets, such as Las Vegas or New York, but does not equate to a prospective customer dinner with bribery. Separating oneself from the norm by developing good business relationships is more important.

Participant 7 noted that training programs help employees understand the issues of bribery. His company, however, does not have any formal procedures or training programs that help employees understand the company's view on addressing unethical business transactions, which is unfortunate because the value of the projects is

substantial. Walking away from a million dollar contract is not easy, so the practice of reporting all dollars on government forms is one way to legitimize the transaction, effectively avoiding the potential for unethical behavior (Beckett, 2014). The customer will then have a better appreciation for the personal risk involved when knowing the transaction will have a paper trail.

A company's policy will provide guidelines as to how employees must handle situations and also indicate who in the organization has the responsibility to approve such requests. In triangulating my data, two of the participants provided public documents pertaining to company expectations on relationship building expenditures. These documents outlined what was acceptable to spend during a relationship building activity and confirmed the need for clear expectations.

Conflicts arise, however, when one leader has a differing view from another as to how to handle a given problem: "Get the contracts at all cost ... or walk away" explains Participant 7. Training programs, therefore, are only as good as the people who set the guidelines.

Participant 11, however, has a thorough training program. Instruction includes expected ethical business practices, including being truthful and realistic while administering bids and interacting with customers. Participant 9 recalled a training seminar that presented a case where a powerful time-share resort company was in the midst of another organizational change. An American sales manager who was tracking the parent company released information to news outlets indicating the companies was penniless. Twelve separate company configurations became visible with lawsuits filed by

97% of the stakeholders. The training helped participant 9 gain a holistic perspective on how unfair business situations arise both within and outside of International borders.

Participant 12 thought employees should attend training courses where different scenarios illuminate situations, which could pose a sense of uncertainty in the field. Training could bring awareness of how parties enter agreements, where good communication, product advantage, and having a solid reputation may not be enough to secure a sale. Losing a deal, unfortunately, might cause one to seek to train to understand the dynamics that precipitated the setback. Training initiatives could help new sales personnel become aware of potential gray areas, and identify best practices when faced with unethical requests.

Participant 12 noted he has not received a proposition in writing and suggested the unethical practice, no matter how the assertion developed, hurts relationship building. He suggested communication styles had an influence on unethical behavior: "I think emails curb the bribery aspect of the situation, but 100%, it hurts relationships." Email is not the strategy of choice to forge an alliance; rather, being present, demonstrating initiative, and exhibiting a genuine concern for the customer's process is the best practice.

Few business persons know how to build relationships consciously and systematically and maintain positive business interactions (Acuff & Wood, 2004). Less than one-third of businesses schools teach business ethics courses (Floyd et al., 2013). Training seems to be the key missing element for all participants. Sales managers are coached in a wide variety of contexts as part of their training activities. The frequency,

duration, and assessment of training vary widely among organizations (Gordon et. al., 2012). Researchers have shown the best practice to avoid bribery is avoidance (Beckett, 2014). A few participants had training material on ethical behavior; however, this training material can have little influence if there is not sufficient access to it (Barrientos, 2013).

The research topic illuminates Pfeffer and Salanick's (1978) resource dependence theory where successes are dependent upon acquiring reliable, efficient, skilled, dedicated, and committed resources (Peters, 2014). Organizations depend on resources, and often the resources needed are in the hands of other organizations. In the case of training, National Sales Managers must rely upon their organization to provide the educational tools they need to work in an effective and ethical manner.

When there is a reward system, it provides incentives to take the risk (Ferrell & Fraedrich, 2016). What motivates a person to engage in unethical behavior is complicated, with many factors such as the desire to feel special (Feldman et al., 2015). Whether it is a small family owned by or a large corporation, all businesses engage in bribery differently (Zhou & Peng, 2012). Even when there is a negative response to the unethical behavior, such as loss of reputation, the behavior still occurs (Kaynak & Sert, 2012). The resource dependence theory enables examining how various factors might create an opportunity to parlay relationship building into bribery. These relationships are fundamental to gain access to resources and business opportunities that might otherwise be nonexistent (Dieleman & Boddewyn, 2012).

### **Applications to Professional Practice**

The findings of this study were important to business leaders who seek to enhance more ethical business practices and improve their understanding of the relationship building process between sales managers and purchasing agents. These findings helped illustrate the perceptions of unethical behavior in 10 national sales managers, all with ties to the hospitality industry. The application should include (a) formalizing policy to include relationship building activities and (b) incorporation of elements into future sales leaders training in developing a code of conduct to address instances of unethical behavior.

This study helps managers find solutions to the applicable problem of the lack of training techniques needed to aid sales executives creating business relationships while eliminating instances of bribery. Leaders must first understand how important the business relationship is, and how this relationship directly impacts the buyers' feelings towards the company and the quality of the product (Bilgili et al., 2014). The business relationship between a sales manager and purchasing agent can increase trust and triumph over pricing (Acuff & Wood, 2004). The importance of facilitating these relations cannot be understated. What is critical is teaching sales managers the strategies that have been used to build these relationships and maintain positive ethical interactions. If customers value the relationship, then the business needs to use its resources wisely to build that relationship (Karpen et al., 2012).

Business managers who seek to increase ethical decision-making among its sales managers will find the results of this study informative as participants freely commented

on their experiences and struggle to build relationships and maintain personal feelings of ethical decision-making with little to no guidance from their company. The stronger the relationship between a sales manager and their leadership, the less temptation to engage in unethical behavior exists (Li & Murphy, 2012).

This study will also be important to educators who seek to provide increased business ethic training to emerging leaders (Floyd et al., 2013). As studies have shown that higher education leads to higher ethical decision-making (Chen, 2011). This study highlights not only the importance of the business relationship but how that process is complicated by cultural norms that seep into the decision-making.

### **Implications for Social Change**

Businesses are the most important organizing force of human activity and, as such, have an obligation to improve the lives of their employees and the societies within which they operate. The implication for positive social change includes the potential to create higher levels of value in the global trust of the U.S. business community. By helping business leaders adopt policies for relationship building activities, this study has the potential to produce tangible improvements to individuals, businesses, and communities. My hope is that the study will result in a dialog in which people explore matters of business importance and consider all the dimensions of the decisions making process and of the consequence to their lives, communities, and society.

### **Recommendations for Action**

Business leaders and policy makers are the relevant audience for the results of this study and I, as an agent of social change, am fully committed to ensuring the distribution

of these results through proper channels. Proper channels include the executive summary provided to the hospitality Human Resource Managers and management conferences I will also make myself available to leaders who seek clarification or understanding of these results.

Future business policy will benefit from the incorporation of the results of this study. Organizations should focus on providing clear, written policies regarding business relationship building strategies to any team member directly involved in sales or purchasing. In addition, it will be important for businesses to provide training on how managers should implement such policies. These policies would be able to reduce the amount of “gray areas” perceived in relationship building activities and thus minimize unethical decision-making based solely on the moral compass.

### **Recommendations for Further Study**

My study appears to be the first, where researchers are looking at a correlation between relationship building activities and unethical behavior. Recommendations for further study are to break down the population of the study into smaller groups, such as territories, gender, or age. An opportunity exists to break the study down into specific hospitality-related industries, such as tangible goods sales leaders versus services sales leaders.

Based on my findings of this study, an opportunity exists to duplicate the study using regional sales managers versus national sales managers. Regional sales managers tend to be more commission driven and thus more susceptible to suggestions of impropriety. National sales managers tended to have larger discretionary funds for

entertainment, yet most were salaried and less dependent on commissions. An opportunity exists to broaden the study to sales managers who work strictly in the international markets.

Researcher in future studies should use other data collection techniques such as anonymous surveys conducted online. One of the limitations of this study was that it was dependent on participants being truthful with their experiences. Anonymous surveys conducted online might increase the participants' feelings of safeness and lead them to be more open with their own experiences with unethical behavior.

### **Reflections**

I studied the topic of business relationship building and correlation to unethical behavior for over three years. However, I have been a buyer in the industry of hospitality for almost 20 years. Based solely on my own lived experience with relationship building and unethical behavior, I had very definitive ideas coming into this study. My thoughts on the subject ebbed and flowed through the process and I learned more about legislation, cultural differences, and ethics training available at the university level. Based on my own experiences, I will say that my biases have not changed over the course of the study. Still, I do feel that companies are making ethics a bigger part of their operating standards. I feel manufacturing in the hospitality industry has room to improve when it comes to techniques used to secure the deal. Whether it be alcohol, drugs, parties, trips, or even cash that is used to solidify a relationship, both parties hold a responsibility to themselves, their company, and their community.

I was very surprised by the candor of some participants who willingly shared their experiences with questionable practices or “gray areas”. I was just as frustrated by those participants responded that they had never seen or heard of unethical behavior in the industry; this was either a blatant lie or very rose-colored glasses. Almost all participants had first-hand knowledge of unethical behavior or knew of someone who had experienced questionable practices, yet only a few were willing to question their own moral compass when it came to making the sell.

### **Summary and Study Conclusions**

Leaders, who are interested in beginning ethics training programs related to relationship building techniques, should be informed by this study. The findings of this study are applicable to professional practice and have implications for affecting positive social change. I provided a number of recommendations for action in this study. Additionally, the findings of this study may serve as a strong foundation for additional research on the topic of relationship building and unethical behavior.

Three major themes emerged: (a) factors leading to relationship building, (b) factors leading to unclear expectations, and the third theme of (c) gray areas. The theme of unclear expectations was the most surprising of the study and showed the need for consistent and clear strategies and guidelines to be used by sales managers. These themes are generally in alignment with previous research on the topics of relationship building and ethics. These themes were also in alignment with the resource dependence theory as well as general systems theory. The practical recommendations resulting from this study include the application of (a) formalizing policy to include relationship building activities

and (b) incorporation of elements and successful strategies for relationship building activities and examples of unethical behavior in future sales manager training programs.

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## Appendix A: Study Participant Invitation and Informed Consent Form

Dear

You are invited to take part in a research study that examines what strategies do business leaders need to train suppliers between business relationship building and bribery. I am inviting hospitality industry leaders to participate. This study is completely separate from my professional role as Director of Special Projects. The form is part of a process called “informed consent” that will allow you to understand this study prior to deciding whether to participate. Sharron Koch, Director of Special Projects at JHM Hotels, who is a doctoral student at Walden University, is conducting this study.

### **Background Information**

The purpose of this exploratory qualitative case study was to explore strategies business managers use to train suppliers in business relationship building to avoid problems regarding unethical behavior. Criteria for determining the population of study participants was that they were sales executives in the hospitality industry with more than 10 years of sales experience and with national sales and management responsibilities in business relationship building to avoid unethical behavior. The targeted population will consist of sales leaders from the hospitality industry with U.S. based sales.

### **Procedures**

If you agree to be in this study, you will be asked to:

- Answer questions during one 20 minutes to one 30 minute session with the researcher.
- Provide any publically available documents that pertain only to sales relationship building activities. Example: Media releases
- Review a copy of the transcript of your interview and provide feedback on its accuracy should you request.

- Review any field notes and interpretations that the researcher makes as a result of the interview.

The one on one interview will focus on strategies of sales managers for business relationship building and how relationship building can lead to bribery. Here are some sample questions:

1. How do you or other individuals in your organization build a quality relationship with a coveted buyer?
2. What strategies do you use as appropriate relationship building activities?
3. What do you care to share with me in your experiences with relationship building within the hospitality industry?

### **Voluntary Nature of the Study**

This study is voluntary. Everyone will respect your decision if you choose to participate in the study or opt out. No organization or researcher will treat you differently if you decide to opt out of the study. If you decide to join the study now, you can still change your mind later. You may stop at any time. Declining or discontinuing will not negatively impact the participant's relationship with the researcher or the participant's access to services.

### **Risks and Benefits of Being in the Study**

Participating in this type of study does not involve any risk of discomfort other than those associated with the discussion of a challenging and thought provoking topic.

However, you will contribute to the body of knowledge that is used to help the leader improve their decisions and skills in an effort to ensure corporate social responsibility.

If the information you provide during the interview reveals evidence of abuse or criminal activity, I am obligated to report such evidence to relevant law enforcement authorities.

### **Privacy**

I will keep any information you provide confidential. I will not use your personal information for any purposes outside of the research project. Also, I will not include your name or anything else that could identify you or your organization in the study reports. I will keep data secure in a locked, fireproof safe in the researcher's home. I will keep data for a period of at least 5 years as required by Walden University.

### **Contacts and Questions:**

You may ask any questions you have now or in the future. You may contact the researcher by cellular phone at [REDACTED]. If you have questions about your rights as a participant, you have the option to contact a Walden University representative at 1-800-925-3368 or Research Participant Advocate (1-800-925-3368 ext. 3121210# from within the USA, 001-612-312-1210 from outside the USA, or email address irb@waldenu.edu).

The researcher will give you a copy of this form to keep.

Please email or call me with your willingness to participate. You can reach me via email at [REDACTED] or you can call me at [REDACTED]. I very much look forward to working with you.

**Payment**

No payment is associated with participation.

**Statement of Consent**

I have read the above information, and I feel I understand the study well enough to make a decision about my involvement. By signing below or replying to this email with the words, "I consent," I understand that I agree to the terms.

Printed Name of Participant \_\_\_\_\_

Date of consent \_\_\_\_\_

Participant's Signature \_\_\_\_\_

Researcher's Signature \_\_\_\_\_

Please email or call me with your willingness to participate. You can reach me via email at [REDACTED] or you can call me at [REDACTED]. I very much look forward to working with you.

Sincerely,

Sharron Koch

## Appendix B: Interview Questions

The central research question of this study is what strategies do business leaders need properly to train suppliers between business relationship building and unethical behavior? The interview questions will allow the collection of data needed to answer the central research question.

1. How do you or other individuals in your organization build a quality relationship with a coveted buyer?
2. What strategies do you use as appropriate relationship building activities?
3. What do you care to share with me in your experiences with relationship building within the hospitality industry?
4. What, in your opinion, are the gray areas in relationship building with valued clients?
5. How do you know when you have stepped into a gray area?
6. How have your experiences as a manager in the hospitality industry shaped your beliefs and opinions about relationship building and bribery?
7. Do you believe training programs are necessary to identify issues of bribery? Why or why not?

8. Could you tell me anything else about attempting to build a relationship with buyers and bribery issues that you think is important?

## Appendix C: Email Participation Invite

Address Line:

Subject Line: Research Participation Invitation:

Email Message Body:

Dear,

Walden University Institutional Review Board (IRB) has approved the following study:

Relationship Building and Unethical Behavior in the Hospitality Industry

You are invited to take part in a research study that examines what strategies do business leaders need to train suppliers between business relationship building and bribery. The purpose of this study is to assess the strategies business leaders use to train suppliers between business relationship building and unethical behavior. Criteria are that you must be a sales executives in the hospitality industry with more than 10 years of successful sales experience and with national sales and management responsibilities in business relationship building.

This study is voluntary. Everyone will respect your decision if you choose to participate in the study or opt out. I will keep any information you provide confidential. I will not use your personal information for any purposes outside of the research project. Also, I will not include your name or anything else that could identify you or your organization in the study reports. I will keep data secure in a locked, fireproof safe in the researcher's home. I will keep data for a period of at least 5 years as required by Walden University.

I want to assure you of confidentiality, complete control over the interview process as well as no coercion to participate. I hope you will consider participating in this valuable study to the hospitality industry. If you have any questions about your participation, you may reach out to the Research Participant Advocate? (1-800-925-3368 ext. 3121210# from within the USA, 001-612-312-1210 from outside the USA, or email address [irb@waldenu.edu](mailto:irb@waldenu.edu)).

Please email or call me with your willingness to participate. You can reach me via email at [REDACTED] or you can call me at [REDACTED]. I very much look forward to working with you.

Sincerely,

Sharron Koch

## Appendix D: Case Management Interview Protocol

### A. Data Collection Procedures (Semistructured Interviews)

1. Contact via email potential participants from a list of known national sales managers.
2. Send these potential interview participants an initial contact email (Appendix C).
3. Semistructured interview participants will meet the following criteria: (a) Have over 10 years of National Sales Manager responsibility in the hospitality industry, (b) do not belong to any protected class, (c) available for a twenty-minute interview, and (d) no physical or mental handicap.
4. If these individuals agree to participate in the study, they will receive an informed consent form (Appendix A), which they will be asked to sign and return via email.
5. Create a folder for each participant (folder to include informed consent, interview questions, and template for recording answers).
6. Schedule a time and place, at the convenience of the participants, for the interviews to take place. Explain to the participants that the interview will not last longer than twenty minutes.
7. Be available 20 minutes before the start of the interview to answer any concerns or questions.
8. Data collected from the semistructured interviews will come from a preplanned set of questions intended to obtain their opinions about relationship building in the hospitality industry and bribery.
9. Review the objectives of the study with participants and remind them that the interview will be digitally audio recorded using a laptop application called Sound Recorder, to allow for transcription later.
10. Ensure participants have signed the informed consent form.
11. Assign a number to each participant.
14. Provide privacy and comfort of the participant
15. Reinforce that participant can stop at any time, information is confidential, and if a participant does not understand the question, the participant can ask for clarification
16. Begin discussion with participants, using preselected interview questions.
17. Take notes of the conversation.
18. Transcribe notes with LiveScribe Echo pen.
19. At the time of interview ask them to validate the interpretation of interview conversation.
20. Place participant's consent and hand copy transcript in participants' folder.
21. Enter data into software.
22. Save all hard copy data for 5 years in a secure location in a fireproof safe and electronic data in a password protected with encryption software in a laptop.
23. Destroy all data after a 5-year period.

### B. Data collection tools

1. Interview questions

2. Laptop application called Sound Recorder for digitally recording the conversation
5. LiveScribe Echo pen to transcribe the conversation
6. Researcher field notes
7. Case study (folders)
8. Atlas.ti software
9. Microsoft word

#### C. Outline of Case Study Report Contents

1. Overview of study
2. Presentation of the findings
3. Applications to professional practice
4. Implications for social change
5. Recommendations for action
6. Recommendations for further study
7. Reflections
8. Summary and study conclusions

## Appendix E: Confidentiality Agreement

***CONFIDENTIALITY AGREEMENT*****Name of Signer:**

During the course of my activity in collecting data for this research: Relationship Building and Unethical Behavior in the Hospitality Industry, I will have access to information, which is confidential and should not be disclosed. I acknowledge that the information must remain confidential and that improper disclosure of confidential information can be damaging to the participant.

***By signing this Confidentiality Agreement I acknowledge and agree that:***

1. I will not disclose or discuss any confidential information with others, including friends or family.
2. I will not in any way divulge, copy, release, sell, loan, alter or destroy any confidential information except as properly authorized.
3. I will not discuss confidential information where others can overhear the conversation. I understand that it is not acceptable to discuss confidential information even if the participant's name is not used.
4. I will not make any unauthorized transmissions, inquiries, modification or purging of confidential information.
5. I agree that my obligations under this agreement will continue after termination of the job that I will perform.
6. I understand that violation of this agreement will have legal implications.
7. I will only access or use systems or devices I am officially authorized to access, and I will not demonstrate the operation or function of systems or devices to unauthorized individuals.

***Signing this document, I acknowledge that I have read the agreement and I agree to comply with all the terms and conditions stated above.***

**Signature:****Date:**