



UNIVERSITÀ
DEGLI STUDI
DI BERGAMO

Dipartimento
di Ingegneria Gestionale,
dell'Informazione e della Produzione

Networking Seminars Series A.Y. 2023-2024 2nd Term

March, 6th 2024, 1:00-2:00 pm (CET)
Room C001, Via Pasubio 7/B, Dalmine (BG)
Online on Microsoft Teams ([Link](#))

Presenter:

Xenophon Koufteros

Professor

Fellow of the Decision Sciences Institute

Editor-in-Chief, *Decision Sciences Journal*

Jenna & Calvin R. Guest Professor in Business Administration

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TITLE – “Supply Management & Ethical Decision Making: Behavioral Experiments” & a talk on *Decision Sciences Journal*

Supply managers and executives are under direct pressure to perform. Top management and external constituents expect supply management to reduce spend in order to bolster profitability. Thus, they may institute a compensation structure that motivates supply managers and executives to contain spend. To exacerbate the situation, supply managers and executives may get tempted to stray from ethical behavior due to the large amount of money they handle and due to lucrative but often unethical actions by sales personnel. This research uses a lab experiment approach to examine whether the reward structure (i.e., beneficiary – Mazar et al. 2008; Umphress et al. 2010; Gino et al. 2013, and timing – O’Donoghue & Rabin 2000; Strathman et al., 1994; Loewenstein & Prelec, 1992) and other salient factors (such as context, motivation, and personal characteristics) have an effect on ethical behavior. Specifically, we posit that the beneficiary of a bonus (the individual who undertakes the decision, or the group/organization), the timing (in the near future – next paycheck, or in about a year – at the anniversary of contract), and the safety of the product (low, or high probability of failure that can result in injury or even death) may impact ethical behavior. The participants included thousands subjects that completed the lab assignment on two different administrations, spread one week apart. Results suggest that 47% of the subjects acted ethically and did not share the lowest bid information with the supplier. About 19% of the subjects shared the correct lowest bid information while almost 34% of the subjects reported bid information which was below the lowest bid and thus were deceitful. There were clear cultural as well as gender differences amongst other explanatory variables. More detailed results will be discussed regarding this experiment, tests for robustness as well as a longitudinal experiment which monitored behavior over 10 episodes spread over 10 weeks. This latter experiment reveals the dynamic nature of subject behavior, which is characterized by a rather switching behavior.

For further information please refer to: wavelab@unibg.it