

## **The Theories of Reasoned Action and Planned Behaviour Applied to Business Decisions: A Selective Annotated Bibliography**

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### **Asbstract**

**Purpose** -This paper provides a selective annotated bibliography that summarises journal articles which have employed either the theory of reasoned action or the theory of planned behaviour to circumstances which are relevant to business activities.

**Design/methodology/approach** – Searches were conducted on the EBSCO Host and ProQuest databases to identify papers that had used either the theory of reasoned action or theory of planned behaviour in their methodology. The bibliography was separated into three categories- financial decision making, strategic decision making, and professional decision making.

**Implications** - The information presented in this paper is intended to assist and facilitate further research by broadening the awareness of the literature and providing examples of the application of the theory as it has been employed in prior research.

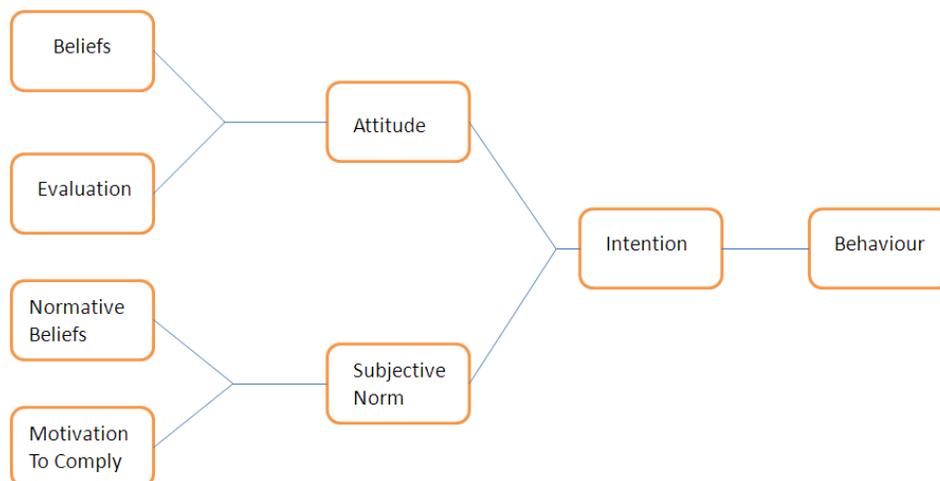
**Keywords:** Theory of reasoned action, theory of planned behaviour, annotated bibliography.

## Introduction

The theory of reasoned action (Ajzen & Fishbein, 1969, 1980) provides a model that has potential benefits for predicting the intention to perform a behaviour based on an individual’s attitudinal and normative beliefs. This model was extended to accommodate developments in the variables and the resulting model was named the theory of planned behaviour (Ajzen, 1991). Whilst these models have been widely used to evaluate a range of consumer behaviours, there is an argument that they are not suitable to use in evaluating decisions in an organisational context because of the dynamic and intricate multiphase, multi-person, multi-departmental and multi-objective nature of the decision processes in organisation (Thompson & Panayiotopoulos, 1999; Johnston & Lewin, 1996). This argument is not as strong or convincing when it comes to small business because by their very nature small business decisions tend to be the domain of a single individual. Consequently, the predictive capacity inherent in the theory of reasoned action and the theory of planned behaviour may well have relevance to evaluating decision making within the small business field.

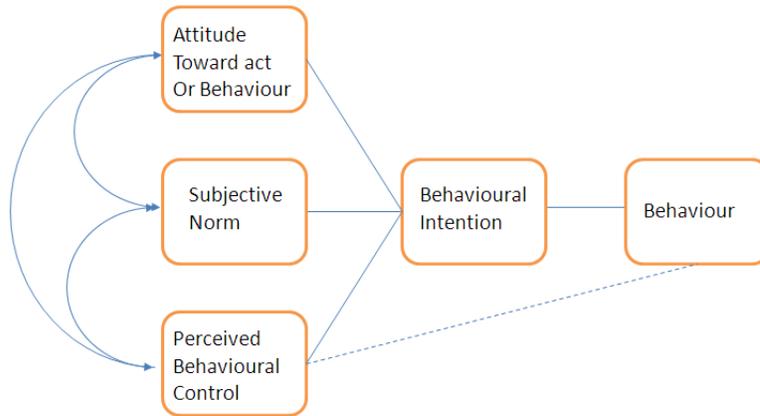
By way of a brief explanation the two theories are aimed at exploring the variables that are presumed to be responsible for decision behaviour by individuals. The theory of reasoned action is presented in Figure 1 and the theory of planned behaviour in Figure 2. The relationship between the variables is such that the testing phase of the research can be conducted using the structural equation modelling technique. This method provides some benefits for interpretation of results and arguably provides a degree of confirmation of the findings.

**Figure 1.**  
*Theory of Reasoned Action*



Source: Ajzen & Fishbein, 1969, 1980

**Figure 2.**  
*Theory of planned Behaviour*



Source: Ajzen, 1991

The literature is replete with research in which the theory of reasoned action and the theory of planned behaviour have been used to empirically evaluate decision behaviour of individuals. However, there is a gap in the literature with regards to the possible applications of these theories to small business. This paper is aimed at addressing this gap by providing a review of those areas of past research that are potentially most suited to future research thereby providing direction for future research.

**Method**

Analysis of the literature has revealed a number of characteristics that for the purpose of business decisions provide a useful basis for delineation of the applications for which the theories of reasoned action and planned behaviour. For the purpose of this bibliography the papers were divided into three categories: financial decision making, strategic decision making, and professional decision making. These categories were considered to best represent the particular aspects of the research conducted. The articles are presented in alphabetical order of the first author’s surname and are categorised according to the topics identified in Table 1.

**Table 1**  
*Categories of research articles*

Topic	Number of journal articles
Financial decision making	4
Strategic decision making	3
Professional decision making	5

These categories were selected on the basis that they are consistent with the expected decisions facing business including small to medium sized enterprises. The abstracts have been annotated to provide basic details on the focus of the study and the subsequent application of the theory to the research.

## Financial Decision Making

The evaluation of financial decision making is an area of concern which has involved a variety of methods and theories to research the behaviour of individuals. For the most part research has been focused on the economic theory of rational decision making as expressed by the expected utility theory (Schoemaker, 1982). Alternative explanations have emerged to deal with the phenomena, such as Prospect Theory (Kahneman & Tversky, 1979), Image Theory (Beach, 1990), Mental Accounting (Thaler, 1999). The theory of reasoned action and the theory of planned behaviour offer alternatives to the traditional method for research and this aspect has only received limited attention. The papers which provide examples of the potential approach are summarised in the following list.

Bagozzi R. P. (2000). The Poverty of Economic Explanations of Consumption and an Action Theory Alternative, *Managerial and Decision Economics*, 21: 95-109.

**Focus** – critiqued economic conceptualization of consumer behaviour and provide an alternative model.

**Application** – an extrapolation on the theory of reasoned action with additional variables leading to an action theory model of consumption.

East R. (1993). Investment decisions and the theory of planned behaviour, *Journal of Economic Psychology*, 14: 337-375.

**Focus** – on the behaviour of individuals in relationship to applications for shares in companies.

**Application** – employed the theory of reasoned action and planned behaviour to test the influence of the variables in predicting investor behaviour.

Tuten, T.L. & Urban, D.J. (1999). Specific Responses to Unmet Expectations: the Value of Linking Fishbein's Theory of Reasoned Action and Rusbult's Investment Model, *International Journal of Management*, 16(4): 484-489.

**Focus** – on behavioural implications of employee expectations and dissatisfaction in the work place.

**Application** – combined the theory of reasoned action with Rusbult's investment model to develop a more comprehensive model of behavioural responses referred to as the 'full circle' model.

Solocombe T.E. (1999). Applying the theory of reasoned action to the analysis of an individual's polychronicity, *Journal of Managerial Psychology*, 14: 313-322.

**Focus** – analysed the polychronicity at the level of an individual member of the culture.

**Application** – the theory of reasoned action was used to examine questions about an individual's polychronicity.

## Strategic Decision Making

The evaluation of strategic decision making has received wide attention in the literature with two prominent journals dedicated to the publishing of the research, the *Strategic Management Journal* and the *International Review of Strategic Management*. A search of these journals provided a limited number of papers that had employed the theory of reasoned action and the theory of planned behaviour in their research. The details of the papers are addressed in the following list.

Branzei, O., Ursacki-Bryant, T.J., Vertinsky, I. & Zhang, W. (2004). The Formation of Green Strategies in Chinese Firms: Matching Corporate Environmental Responses and Individual Principles, *Strategic Management Journal*, 25: 1075-1095.

**Focus** – on explaining how leaders' cognitions shape the formation of novel responses to the value-laden issue of corporate greening.

**Application** – combined various aspects from control theory, escalation of commitment and goal theory.

Carpenter, M.A., Pollock, T.G. & Leary, M.M. (2003). Testing a Model of Reasoned Risk-taking: Governance, the Experience of Principals and Agents, and Global Strategy in High-technology IPO Firms, *Strategic Management Journal*, 24: 803–820

**Focus** – on the governance of risky ventures as characterised by initial public offerings (IPOs) of high technology firms. Primarily concerned with the relationship between governance mechanisms and firm performance.

**Application** – integrated agency and behavioural perspectives to develop a theory of 'reasoned risk-taking'.

Cordano, M. & Frieze, I.H. (2000). Pollution Reduction Preferences of U.S. Environmental Managers: Applying Ajzen's Theory of Planned Behaviour, *Academy of Management Journal*, 43(4): 627–641.

**Focus** – on environmental managers pollution prevention attitudes and their perceptions of norms for environmental regulation.

**Application** – developed a modified version of the theory of planned behaviour to address the issues concerning managers attitudes and beliefs when making environmentally sensitive decisions.

Mykytyn P. P. (1993). The Application of the Theory of Reasoned Action to Senior Management and Strategic Information Systems, *Information Resources Management Journal*, 6: 15-26.

**Focus** – critiqued economic conceptualization of consumer behaviour and provide an alternative model.

**Application** – an extrapolation on the theory of reasoned action with additional variables leading to an action theory model of consumption.

## Professional Decision Making

The theory of reasoned action and the theory of planned behaviour have been embraced by the marketing discipline for evaluating consumer behaviour however, it has been the accounting discipline which has used the method to evaluate decision making within boundary of the accounting profession. Papers which provide examples of the potential approach are summarised in the following list.

Felton S., Dimnik T. & Northey M. (1995). A Theory of Reasoned Action model of the Chartered Accountant Career Choice, *Journal of Accounting Education*, 13(1): 1-19.

**Focus**– on attitudes of accounting students towards becoming a Chartered Accountant.

**Application** – employed the theory of reasoned action to develop a model to examine attitudes relating to career choice.

Gibson A. M. & Frakes A.H. (1997). Truth or Consequences: A Study of Critical Issues and Decision Making in Accounting, *Journal of Business Ethics*, 16: 161-171.

**Focus** – on the attitudes of individuals towards reporting unethical decision making behaviour.

**Application** – A model was developed based on the theory of reasoned action which indicated that the intention to behave unethically was a function of attitude toward the behaviour, social pressure, and beliefs regarding the two constructs.

Godin G., Conner M. & Sheeran P. (2005). Bridging the intention-behaviour ‘gap’: The role of moral norm, *British Journal of Social Psychology*, 44: 497-512.

**Focus** – on whether the intentions of individuals was aligned with their moral norms.

**Application** – Employed the theory of planned behaviour as the model to examine the intentions to behave unethically.

Marquardt N. & Hoeger R. (2009). The Effect of Implicit Moral Attitudes on Managerial Decision-Making: An Implicit Social Cognitive Approach, *Journal of Business Ethics*, 85: 157-171.

**Focus** – on the implicit moral cognitions and decisions in the realm of business ethics.

**Application** – combined the theory of planned behaviour with the implicit attitude measure to test the effect of implicit moral attitudes.

Stevens, J.M., Steensma, H.K., Harrison, D.A. & Cochran, P.L. (2005). Symbolic or Substantive Document? The Influence of Ethics Codes on Financial Executives’ Decisions, *Strategic Management Journal*, 26: 181-195.

**Focus** – on the extent to which ethics codes are actually used by executives when making strategic choices as opposed to being merely symbolic artifacts.

**Application** – combined the theory of planned behaviour and stakeholder management theory.

## Summary

The limited number of papers that have applied either the theory of reasoned action or the theory of planned behaviour to research of business decision making indicates that there may well be opportunities for future research. Using the framework from these theories to model decision behaviour in small to medium sized enterprises is an avenue that has received little attention in the current literature. The three categories employed in this paper are intended to provide a general guidance on the present state of the literature and also draw attention to the gaps which future research may address.

While there is a larger body of literature which addresses the theories and their application in a research context this paper has simply been concerned with identifying papers that were considered to be related to business decision making. This selective approach was intended to provide a narrow perspective and in no way should be understood to represent the breadth of coverage that these theories encompass. Rather than present an extensive list of published research this paper provides a general overview and it is recommended that before considering or embarking on a research project that the literature explaining the theories be consulted.

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The theory of planned behavior applied to young people's use of social networking web sites. *CyberPsychology & Behavior*, 12(6), 755-759. <https://doi.org/10.1089/cpb.2009.0109>. Rhodes, R., Beauchamp, M., Conner, M., de Bruijn, G., Kaushal, N., & Latimer-Cheung, A. (2015). Southey, G. (2011). The theories of reasoned action and planned behaviour applied to business decisions: A selective annotated bibliography. *Journal of New Business Ideas & Trends*, 9(1), 43-50. Spence, M., Stancu, V., Elliott, C., & Dean, M. (2018). The Theory of Planned Behaviour (TPB) is an extension of the Theory of Reasoned Action (TRA) (Fishbein & Ajzen 1975, Ajzen & Fishbein 1980). Both models are based on the premise that individuals make logical, reasoned decisions to engage in specific behaviours by evaluating the information available to them. Theory of Planned Behavior. The TPB is also a widely applied behavioral model. It helps us understand how the behavior of people can change. According to the theories of reasoned action and planned behavior, if I believe that important people in my life would disapprove if I smoked cigarettes, I should be less likely to intend to smoke cigarettes and subsequently less likely to actually smoke cigarettes. Background: Statistical reviews of the theories of reasoned action (TRA) and planned behavior (TPB) applied to exercise are limited by methodological issues including insufficient sample size and data to examine some moderator associations. Methods: We conducted a meta-analytic review of 111 TRA/TPB and exercise studies and examined the influences of five moderator variables. @article{Downs2005TheTO, title={The Theories of Reasoned Action and Planned Behavior Applied to Exercise:A Meta-analytic Update}, author={D. S. Downs and H. Hausenblas}, journal={Journal of Physical Activity and Health}, year={2005}, volume={2}, pages={76-97} }. D. S. Downs, H. Hausenblas. Published 2005. Psychology. Journal of Physical Activity and Health. Terms in this set (9). Theory of Reasoned Action and Theory of Planned Behavior. relationship between individuals attitudes and behaviors focuses on rational, cognitive decision-making processes intention is necessary for behavior change to occur. Theory of Reasoned Action (TRA). designed to explain volitional behavior intention is the primary determinate of behavior. volitional behavior. behavior that is under the control of the person. intention is a function of. attitude toward performing the behavior and perception of the social pressure to perform the behavior. Value Expectancy Theory. The theories of reasoned action and planned behaviour applied to business decisions: A selective annotated bibliography. *Journal of New Business Ideas & Trends*, 9(1), 43-50. Google Scholar. Sterev, N., Kisimov, V., Stoyanova, T., & Andonov, V. (2018a). Multidimensional framework for crosscorporate business social network (BSN), Proceedings of 11th IADIS International Conference on Information Systems (IS 2018). Google Scholar. Sterev, N., Kisimov, V., Stoyanova, T., & Andonov, V. (2018b). Industry 4.0 Needs of Business Social Network (BSN). Proceedings of International Conference for Entrepreneurship, Innovations and Regional Development, ICEIRD. Google Scholar.