HOW DOES POWER CORRUPT?

THE WAY INDIVIDUAL AND INSTITUTIONAL SUPPORT OF SOCIAL

HIERARCHIES INFLUENCES UNETHICAL BEHAVIOR

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ABSTRACT

A universal aspect of human behavior is the tendency to establish and negotiate social hierarchies supporting power and status inequalities. Previous research linked the support of social hierarchies to unethical behavior at the individual and societal levels of analysis. However, factors and processes supporting these associations have not been well understood. In a series of three studies, this dissertation investigates factors and processes supporting the relationship between the individual and institutional support of social hierarchies and unethical behavior. The first study presents a conceptual multilevel process framework grounded in social dominance theory. The framework suggests that the individual support of social hierarchies (i.e., social dominance orientation) is associated with unethical behavior directly, supported by restricted perception and cognition, and mediationally by means of legitimizing rationalizations, ideologies, and logics. The institutional support of social hierarchies is linked to unethical behavior directly, since hierarchies sustain the decoupling of processes and fragmentation of responsibilities, and interactively through person-environment fit processes (e.g., socialization). The second study empirically demonstrates that the individual support of social hierarchies is indirectly related to unethical decision making by means of legitimizing rationalizations that help reduce accountability, responsibility, and self-sanctions. However, the positive relationships between the individual support of social hierarchies, propensity to use legitimizing rationalizations, and unethical decision making are attenuated among individuals with a greater ability to self-regulate. The third study presents and empirically investigates a culture-based model of the relationship between

the support of social hierarchies and unethical decision making. The results of a cross-cultural study involving participants from Australia and the U.S. reveal that individual cultural orientations in the form of social beliefs (e.g., social cynicism) are related to the individual support of social hierarchies and the propensity to use morally disengaging rationalizations. The individual support of social hierarchies and propensity to use morally disengaging rationalizations, in turn, link the individual endorsement of social beliefs to the propensity to make unethical decisions. Societal differences in the support of social hierarchies only partially influence these relationships.

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CHAPTER 1. INTRODUCTION AND BACKGROUND

General Problem

A universal aspect of human behavior is that people establish and negotiate social group-based hierarchies supporting power and status inequalities (Cummins, 2006; Sidanius & Pratto, 1999). Dominance and power have been recognized as fundamental human motives (McClelland, 1975; Winter, 1973). At the same time, support of social hierarchies and associated power and status inequalities has been linked to unethical behavior at the individual (Hing, Bobocel, Zanna, & McBride, 2007), organizational (Brief, Buttram, & Dukerich, 2001; Luo, 2004), and societal levels (Davis & Ruhe, 2003; Husted, 1999; Park, 2003). However, the question of how the support of social hierarchies and the associated power and status inequalities across various levels of analysis is linked with unethical behavior has received little attention.

Prior research on factors influencing unethical behavior has primarily been correlational and exploratory (Tenbrunsel & Smith-Crowe, 2008). In addition, most studies investigated the impact of these factors independently. Several scholars point out the scarcity of conceptual models which explore the dynamics among factors across various levels of analysis and consider the role of processes and systems (e.g., Ashforth, Gioia, Robinson, & Treviño, 2008; Nieuwenboer & Kaptein, 2008; Tenbrunsel & Smith-Crowe, 2008; Treviño, Weaver, & Reynolds, 2006). This dissertation, grounded in social dominance theory (Sidanius & Pratto, 1999), social cognitive theory (Bandura, 1986), and theory of planned behavior (Ajzen, 1991; Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975) conceptually and empirically investigates models of ethical behavior focusing on the processes and factors supporting the relationship of the individual and institutional support of social group-based hierarchies with unethical behavior. These models aim to explain why some individuals get involved with and continuously exercise unethical behavior, how social institutions (e.g., culture) contribute to the initiation and maintenance of unethical behavior, and what factors and processes support the interaction among individuals and institutions.

Research Focus

Awareness and Decision Making Aspects of Unethical Behavior

Broadly defined, unethical behavior includes actions that are illegal or breach moral standards of behavior generally accepted by a larger community (T. Jones, 1991; Treviño et al., 2006). This broad definition allows for liberal consideration of a variety of unethical actions (e.g., organizational corruption, lying, deceit, theft, favoritism, and discrimination). The increasing number of ethical scandals across multiple sectors of various societies has ignited organizational scholars' interest in understanding why and how individuals behave unethically, leading to a significant increase in behavioral ethics research over the last few decades (Kish-Gephart, Harrison, & Treviño, 2010). A great deal of literature on unethical behavior is based on Rest's (1986) four-stage framework distinguishing among four successive steps: awareness, decision making, intent, and behavior (Treviño et al., 2006). Awareness involves an interpretive process wherein an individual recognizes that an ethical issue exists. Decision making involves an actual judgment with regard to the issue. Intention refers to a person's commitment and motivation to take the ethical or unethical course of action. Behavior represents an actual individual involvement in an ethical or unethical act.

This dissertation focuses on the first two stages, awareness and decision making, as they were identified as crucial starting points of the unethical behavior process (Tenbrunsel & Smith-Crowe, 2008). Generally, awareness and decision making are viewed as cognitive processes that precede intention and behavior (Treviño et al., 2006). Embedded in cognitive structures, individual ethical awareness and decision making are most likely to be influenced by distorted perception and information processing associated with the individual support of social hierarchies and most likely to be impacted by institutional socio-cognitive elements such as beliefs, scripts, and rationalizations. According to Herbert Simon (1955), to understand behavior, research should focus on cognitive factors that lead human behavior to deviate from the predictions made by the normative models.

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Individual and Institutional Support of Social Hierarchies

Social hierarchy is defined as a rank order of individuals or groups with respect to a valued social dimension such as power, status, or wealth (Magee & Galinsky, 2008). Group-based social hierarchy entails a rank order of individuals and associated power and status inequalities acquired by virtue of membership in a socially constructed group such as culture, social class, organization, department, or profession (Sidanius & Pratto, 1999).

As described by social dominance theory (Sidanius & Pratto, 1999), individual support of social group-based hierarchies and inequalities, captured by the social dominance orientation construct, expresses an attitudinal orientation towards unequal relations and differential treatment of individuals belonging to dominant and subordinate groups (Pratto, Sidanius, & Levin, 2006). Individuals scoring higher on SDO tend to endorse power and status inequalities, differential resource allocation, hierarchical versus egalitarian intergroup relations, acceptance of the dominance of superior over inferior groups, as well as discrimination and favoritism common in social hierarchies (Sidanius & Pratto, 1999). SDO is rooted in socialization experiences, situational contingencies, and temperament (Sidanius & Pratto, 1999). There is evidence that individual levels of SDO may change as a function of the intergroup hierarchy and social identities salient in a particular social context (Levin, 1996, 2004; Sidanius, Levin, Liu, & Pratto, 2000). For example, research showed that group status is related to SDO (Sidanius & Pratto, 1999), and that SDO may decrease over time as a result of socialization in a hierarchy-attenuating contexts (Sinclair, Sidanius, & Levin, 1998). At the same time, SDO has been found to be relatively stable across time (Pratto, Sidanius, Stallworth, & Malle, 1994) and demonstrated systematic variability across situations. Thus, while the absolute levels of SDO may change as a result of contextual influence, all other factors being equal, individuals with relatively high levels of SDO in one situation are mostly likely to have relatively high levels of SDO in another situation.

Institutional support of hierarchies prevails among hierarchy-enhancing institutions, which normalize the unequal distribution of power and status among different social groups. By using the term institutions this work refers to social structures (e.g., organizations, industries, societies) that provide logics and blueprints for actions

through a web of cultural elements, such as values, beliefs, rules, rationalizations, and ideologies (Barley & Tolbert, 1997; Meyer & Rowan, 1977).

The concepts of individual and institutional support of social hierarchies must be distinguished from the related concepts of power and status. Power often refers to an asymmetric control over resources in social relations (Fiske, 1993; Keltner, Gruenfeld, & Anderson, 2003) or an ability to influence, direct, and control others (Brislin, 2002; French & Raven, 1959). Status is a degree to which a person or a group is favored, esteemed, or admired by others (Magee & Galinsky, 2008). However, it is important to emphasize that power and status are considered the two most important bases of social hierarchies (Magee & Galinsky, 2008; Mannix & Sauer, 2006). Social group-based hierarchies exist as long as there is a differentiation across individuals or groups on the valued dimensions of power and status. Thus, differences in power or status are incumbent of social hierarchies.

Self-regulation and Disengagement Processes

Self-regulation, which is often used interchangeably with the term self-control, is defined as a system of processes by which an individual is able to exercise control over oneself in order to bring the self in line with preferred standards (Vohs & Baumeister, 2004). Self-regulation research includes a number of theoretical streams: control theory (Carver & Scheier, 1981), social cognitive theory (Bandura, 1986), goal-setting theory (Latham & Locke, 1991), self-regulatory strength model (Baumeister & Heatherton, 1996), regulatory focus theory (Higgins, 1998), and self-control theory of crime (Gottfredson & Hirschi, 1990). Although many of these research areas cross-pollinate and tend to view self-regulation as encompassing basic ingredients such as goal-setting, awareness, evaluation, feedback, and control (Zeidner, Boekaertz, & Pintrich, 2000), the research on "self-regulation has not achieved a simple or uniform paradigmatic embodiment" and each of the streams make unique contributions to a variety of disciplines (Karoly, 1993, p. 95).

Accordingly, the goal of this work is not to reconcile the various views, but rather to incorporate the models and constructs that have been studied in relation to social

dominance orientation and unethical behavior. Thus, although this work is rooted in social cognitive theory (Bandura, 1986, 1990, 1991b), arguing that individuals self-direct their moral behavior through self-regulation processes which can be selectively activated and deactivated though a set of cognitive structures and rationalizations (i.e., moral disengagement), it also incorporates other theorizations and research on individual differences in self-regulation and factors influencing the individual ability to self-control.

Research Purpose and Contribution

The broad objectives of this dissertation are: (1) to explain how the individual and institutional support of social group-based hierarchies is associated with unethical behavior, (2) to understand how self-regulation and disengagement processes at the individual level of analysis support the relationship between the individual support of social hierarchies and unethical behavior, and (3) to understand how institutional (i.e., cultural) support of social hierarchies as well as individual cultural orientations influence the relationship between the individual support of social hierarchies and unethical behavior.

The first objective offers an opportunity to move beyond the investigation of static single-level individual and contextual correlates and make a considerable contribution to management and behavioral ethics literature by presenting multilevel and interactive models explicating how individual and contextual factors and processes influence unethical behavior (Ashforth et al., 2008; Tenbrunsel & Smith-Crowe, 2008; Treviño et al., 2006).

By focusing on the individual self-regulation systems as underlying mechanisms, the second objective offers an opportunity to understand factors and processes that can contribute to or inhibit the association between the personal support of social hierarchies and unethical decision making. In addition, this research offers an opportunity to extend the literature on the role of self-regulation in the organizational context. It is important to understand how self-regulation influences organizational behavior and decision-making, since traditional control mechanisms such as rules, procedures, job descriptions and formal appraisal systems only partially control individuals in complex organizational

environments characterized by the division of labor and a variety of job roles (Ashford & Tsui, 1991).

With the third objective this work aspires to contribute to the knowledge on global business ethics. According to Treviño et al. (2006), "the increasing globalization of the business environment makes it imperative that we learn more and, in particular, move beyond merely documenting the existence of cultural differences" in ethics (p. 897). This dissertation intends to present a theoretical framework and empirically investigate how specific cultural aspects (e.g., beliefs and values) influence ethical decision making.

The three objectives aim to contribute to management and ethics research by bridging several research domains (Tenbrunsel & Smith-Crowe, 2008; Treviño et al., 2006). Finally, the findings of this research will be of interest to organizations and managers. Understanding how individual characteristics and social context dynamically interact with unethical behavior, organizations may be better able to structure the workforce and work environment to promote ethical employee behavior.

Dissertation Format

In order to achieve the objectives, the proposed dissertation follows a three-article format consisting of one theoretical article (Chapter 2) and two empirical works utilizing survey-based datasets (Chapters 3 and 4). Chapter 2 presents a multilevel model grounded in social dominance theory (Sidanius & Pratto, 1999), which explains how the support of social group-based hierarchies among individuals and institutions influences individual ethical awareness and by that contributes to the initiation and maintenance of organizational corruption, which is considered to be one form of unethical behavior (Ashforth et al., 2008; Moore, 2008; Nwabuzor, 2005). Chapters 3 and 4 present empirical evidence and further conceptually explore the details of the relationship between the individual and institutional support of hierarchies and unethical decision making. Specifically, Chapter 3, centering on the individual level processes, encompasses a theoretical model and an empirical study examining the role of self-regulation and moral disengagement processes in the relationship between the individual support of

social group-based hierarchies and unethical decision making. Expanding the focus to the institutional (i.e., cultural) support of social hierarchies, Chapter 4 includes a theoretical argument and empirical examination designed to explicate the influence of individual cultural orientation, in the form of individual social beliefs, as well as the differences in societal support of social hierarchies, in the form of the cultural power distance dimension, on the relationship between the individual support of social hierarchies and ethical decision making. Chapter 5 provides a summary of all research findings.

CHAPTER 2. SOCIAL HIERARCHIES, INEQUALITIES, AND ORGANIZATIONAL CORRUPTION

Abstract

This article uses social dominance theory (SDT) to explore the systemic nature of the initiation and maintenance of organizational corruption. Rooted in the definition of organizational corruption as the misuse of power or position for personal or organizational gain, this work suggests that organizational corruption is driven by the individual and institutional tendency to structure societies as group-based social hierarchies. SDT describes a series of factors and processes across multiple levels of analysis that systemically contribute to the initiation and maintenance of social hierarchies and associated power inequalities, favoritism, and discrimination. I posit that the same factors and processes also contribute to individuals' lower awareness of the misuse of power and position within the social hierarchies, leading to the initiation and maintenance of organizational corruption. Specifically, members of the dominant groups supporting group-based hierarchies are likely to be less aware of corruption because of their feeling of entitlement to larger amounts of power and their desire to maintain dominant status, even if that requires exploiting others. Members of the subordinate groups supporting group-based hierarchies are also likely to have lower awareness of corruption if they show more favoritism toward dominant group members in order to enhance their sense of worth and preserve social order. Institutions contribute to lower awareness of corruption by developing and enforcing structures, norms, and practices that promote informational ambiguity and maximize focus on dominance. The coordination among individuals and institutions is ensured through the processes of person-environment fit and legitimizing myths. Understanding how the individual and institutional support of social hierarchies and inequalities contribute to lower ethical awareness, managers may configure organizations in ways that curtail corruption.

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"It certainly wasn't because I thought about it carefully ahead of time. I think I was arrogant enough at the time to believe that I could cut corners, not care about details that were going on and not think about consequences... I didn't think I was going to get caught at all… I refused to deal with the everyday details - …these details were meant for other people, not for me." - Sam Waksal, Ph.D., former CEO of ImClone, convicted of insider trading (Leung, 2004).

Introduction

Many high-profile white-collar criminals like Sam Waksal, Ken Lay, Jeffrey Skilling, Joe Nacchio, Bernard Ebbers, John Rigas, and Dennis Kozlowski deny their intentional involvement in corrupt acts. Many of these individuals hardly fit the profile of hard-core criminals, typically known as bright, hard-working go-getters who care about their families and communities (Anand, Ashforth, & Joshi, 2004). Many of these individuals insist that they were not aware of doing any harm, explaining that they were just doing their jobs (Anand et al., 2004; Darley, 2005; Tenbrunsel & Messick, 2004). In many instances, these individuals were assisted by their subordinates, who eagerly participated and supported the corrupt acts. What factors and processes can explain the lack of awareness of unethical behavior as well as the initiation and maintenance of organizational corruption by individuals in dominant as well as subordinate positions in organizations?

The literature on organizational corruption defines the phenomenon as the misuse of organizational power, position, or authority for personal or collective (e.g., group, organization, or industry) gain (Anand et al., 2004; Ashforth et al., 2008). A variety of power-related constructs, whether in the form of individual characteristics (e.g., social dominance orientation and Machiavellianism) or contextual variables (e.g., position, resource control, social or cultural values), have been linked to unethical behavior (Hing et al., 2007; G. Jones & Kavanagh, 1996; Kipnis, 1972; Kipnis, Castell, Gergen, & Mauch, 1976; Lee-Chai & Bargh, 2001; Verbeke, Ouwerkerk, & Peelen, 1996),

supporting Lord Acton's claim that "power corrupts and absolute power corrupts absolutely."

For example, at the individual level of analysis social dominance orientation, referred to as the support of social group-based hierarchies and associated power and status inequalities (Sidanius & Pratto, 1999), as well as Machiavellianism, a personality characteristic describing people who manipulate others in their own interests (Christie & Geis, 1970), have been linked to unethical decision making (Hing et al., 2007; G. Jones & Kavanagh, 1996; Verbeke et al., 1996). By the same token, placing individuals in supervisory positions and giving them control over resources have been shown to result in devaluation of subordinates and manipulation of the less-powerful in one's self-interests (Kipnis, 1972).

In many cases, additional pressures to become involved in unethical behavior arise from institutional contexts, where organizational and societal structures, ideologies, norms, values, and beliefs often facilitate the wrongdoings (Darley, 1996; Gioia, 1992). Particularly, institutional environments structured as hierarchies promoting power and status inequalities may compel individuals and organizations to get to the top using any means possible, in the process overlooking moral norms and values (Burke, 2009; Martin, Cullen, Johnson, & Parboteeah, 2007). For example, Gray, Frieder, and Clark (2005) pointed out that excessive focus on dominance is among the factors responsible for the widely spread corruption in the mutual funds industry. Osipian (2010) argued that vertical hierarchical social structures are the most conducive to corruption in various public and private sectors of the economies of the former Soviet Bloc. Waite and Allen (2003) discussed the important role of hierarchical, pyramidal bureaucracies in the propagation and sustainability of corruption in educational administration in China, Mexico, and the U.S. Research further shows that cultures endorsing hierarchy and power inequality tend to have higher levels of corruption (Husted, 1999; Licht, Goldschmidt, & Schwartz, 2007).

Although the individual and contextual support of hierarchies, dominance, and social inequalities have been shown to influence the initiation and maintenance of corruption, the underlying processes spanning multiple levels of analysis have not been thoroughly explored (Ashforth et al., 2008; Treviño et al., 2006). As Nieuwenboer and

Kaptein (2008) pointed out, most studies on the antecedents of organizational corruption and unethical behavior consider individual and contextual factors independently. According to Ashforth and colleagues (2008), "the resulting views… are relatively narrow, which has led to a relative neglect of the role of processes and systems (Brass, Butterfield, & Skaggs, 1998) and of the dynamics among multiple levels of analysis (e.g., individual, group, organization, industry, nation) that create the crucible for corruption" (p. 671). The authors called for attempts to investigate the systemic, interactive and multilevel nature of organizational corruption, going beyond individual- and group-level factors, and bridging research domains (Ashforth et al., 2008; Treviño et al., 2006).

Grounding the arguments in social dominance theory (Sidanius & Pratto, 1999), this work aims to answer the question of how the support of social group-based hierarchies across the individual and institutional levels of analysis initiate and sustain organizational corruption by influencing individual ethical awareness of the misuse of power for self or organizational gain. Social dominance theory is based on the observation that humans tend to structure their world around systems of group-based social hierarchies consisting of dominant and subordinate groups (Sidanius & Pratto, 1999). Group-based hierarchy refers to the rank order of "social power, prestige, and privileges that an individual possesses by virtue of his or her ascribed membership in a particular socially constructed group" (Sidanius & Pratto, 1999, p. 32). Dominant groups have access to greater power, authority, higher social status, and other positive social values compared to the subordinate groups.

Social dominance theory outlines several factors and processes across multiple levels of analysis which dynamically contribute to the creation and maintenance of group-based social hierarchies and associated power inequalities, favoritism, and other illicit behaviors (Sidanius & Pratto, 1999). This work proposes that the same factors and processes also contribute to the initiation and maintenance of organizational corruption by reducing individual awareness of the misuse of power in the interest of the individual or organization. Thus, although much of the SDT research has concentrated on the understanding of the nature of stereotypes, power-based favoritism, and discrimination, I posit that it readily extends to the explanation of the persistent nature of organizational

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corruption. Other scholars also noted that "corruption may work in tandem with other forms of repression, such as racism, sexism, and classism" (Waite & Allen, 2003, p. 294).

The article develops a set of propositions. At the individual level, I propose that socially dominant individuals, who believe that they belong to superior groups of people, are likely to be less aware of organizational corruption by feeling that they are more entitled to the use of power at the expense of others in order to get ahead and to maintain their dominant positions. In addition, socially dominant members, who belong to subordinate groups, are also likely to have lower awareness of corruption when they show more favoritism and support for the members of the more powerful groups in order to increase their sense of worth and to preserve social order. At the institutional level, I argue that hierarchy-enhancing institutions reduce members' awareness of corruption by developing and enforcing structures, norms and routines that promote informational ambiguity and maximize organizational focus on dominance and advancement. The dynamic interaction of individual and institutional factors and processes contributing to lower awareness is argued to be reinforced by mechanisms of person-environment fit such as self-selection, institutional selection, and socialization. Finally, the initiation and maintenance of organizational corruption is argued to be coordinated by legitimizing rationalizations, ideologies, logics, scripts, rules, and norms, which are jointly developed by individuals and institutions and mediate the relationship between the individual support of group-based hierarchies and the awareness of organizational corruption. Figure 1 portrays the arguments.

Unlike previous studies focusing on factors involved in the initiation and facilitation of corruption, this work looks at corruption as an integrated system in which factors interact across multiple levels of analysis. Furthermore, this approach is rooted in the very core definition of corruption as the misuse of power, position, or authority, exploring the role of the individual support of power and status inequalities derived from one's position within social hierarchies and by that contributing to the sparse research on social hierarchies in the business context (Magee & Galinsky, 2008). Focusing on the awareness of organizational corruption, this work contributes to sparse literature on one of the most critical stages of unethical behavior (Rest, 1986). This research also helps understand why many involved in organizational corruption deny their awareness of

committing any wrong-doings (Gioia, 1992). In addition, this study bridges several research domains, including social psychology, sociology, organizational behavior, economics, and management.
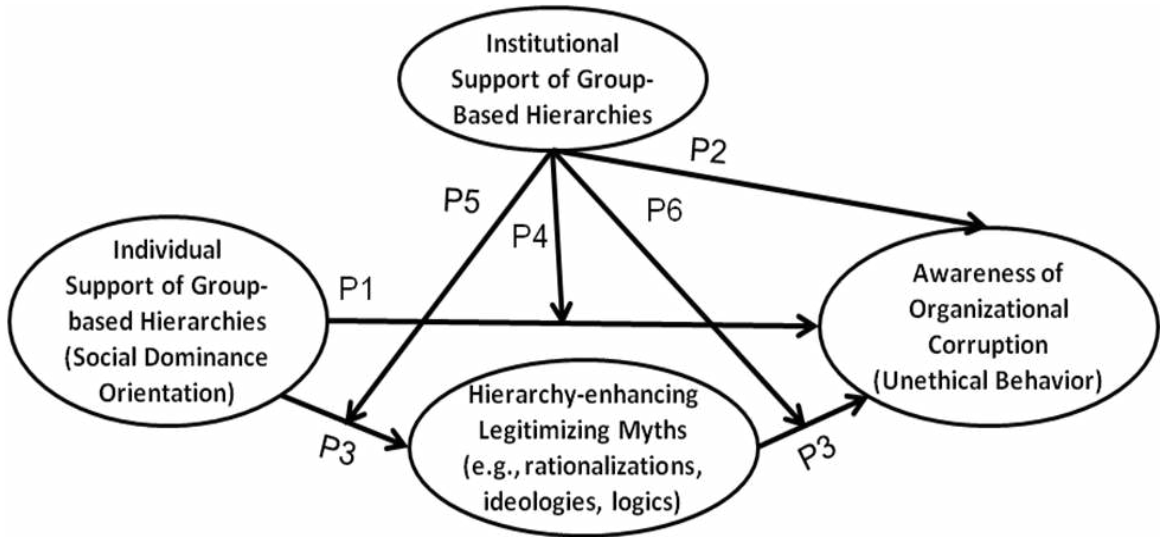
Figure 1. The Model of the Role of Individual and Institutional Support of Social Group-based Hierarchies in Individuals' Awareness of Organizational Corruption

In the following sections, a brief review of the main postulates of social dominance theory is followed by a discussion of the role of individual awareness in the initiation and maintenance of organizational corruption. Subsequently, a set of propositions consider the impact of the factors and processes, which are associated with the individual and institutional support of group-based social hierarchies, on the awareness of organizational corruption. The article concludes with implications for future research and management.

Social Dominance Theory

Social dominance theory, or SDT, (Sidanius & Pratto, 1999) is built on the premise that humans tend to organize collectives into group-based social hierarchies in

which some groups enjoy greater power and social status than other groups. In group-based hierarchies one's power and influence is a function of one's group membership and not simply one's predispositions and abilities. SDT distinguishes among three social stratification systems: age system, gender system, and arbitrary-set systems (e.g., socially constructed groups based on social class, ethnicity, nationality, profession, and any other distinction that individuals are capable of constructing).

Much of the SDT research has linked group-based hierarchies and inequalities to various adverse phenomena, such as stereotyping, discrimination, prejudice, and favoritism (for review see Altemeyer, 1998; Pratto et al., 2006; Sidanius & Pratto, 1999; Sidanius, Pratto, van Laar, & Levin, 2004). The theory was developed to explain how social hierarchies and associated adversities are initiated and maintained. Viewing human societies as systems, SDT argues that group-based hierarchies are driven by several processes across multiple levels of analysis: individual support of hierarchies, institutional support of hierarchies, and collaborative group processes. The interaction across these levels is coordinated through the processes of person-environment fit and legitimizing myths (e.g., rationalizations, ideologies).

An individual's propensity to support group-based hierarchies, discrimination, favoritism, and power inequalities is captured in the social dominance orientation, or SDO, construct (Pratto et al., 1994). People higher in SDO show more support for hierarchy-enhancing beliefs and policies (e.g., sexism, nationalism), have greater propensity to stereotype and discriminate against members of subordinate groups, tend to allocate more resources to dominant groups compared to subordinate groups, choose to associate with the dominants rather than the subordinates regardless of their own group membership, and put in extra effort in maintaining the dominance of their groups (Pratto et al., 2006).

Institutional support of hierarchies prevails among hierarchy-enhancing institutions, which are said to provide blueprints and logics that contribute to normalization of unequal distribution of social resources (e.g., power, status, wealth), such that dominant groups are given more positive social resources than subordinate groups. At the other end of the continuum are hierarchy-attenuating institutions, which include organizations, groups, and societies devoted to egalitarianism and equal

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opportunities. Institutions are particularly influential in the perpetuation of group-based hierarchies because they generally control larger amounts of resources than individuals do, traverse generations and large distances, establish their own norms, practices, logics, ideologies, rules, and procedures, and provide individuals with an opportunity to diffuse personal responsibility (Pratto et al., 2006). According to SDT, institutions may encompass public and private firms, associations, organizations, business groups, industries, societies, and any other types of social collectives.

Coordinated group processes involve "coordinated differences in the behavioral repertoires of dominants and subordinates that produce better outcomes for dominants than for subordinates" and by that contribute to the initiation and maintenance of social hierarchies and associated power and status inequalities (Pratto et al., 2006, p. 279). For example, members of dominant groups may show more preference and share more positive social values with members of their ingroups, the groups with which these individuals identify. Subordinates, on the other hand, may favor dominant groups more than their own ingroups. This type of a group process is known as outgroup favoritism (Tajfel & Turner, 1986). According to SDT, outgroup favoritism and similar behavioral asymmetries allow socially dominant individuals in both dominant and subordinate groups to collaboratively contribute to the proliferation of group-based hierarchies and associated power and status inequalities. Thus, members of subordinate groups are not merely the objects of discrimination and control, but actively participate in their own subordination.

According to SDT, the dynamic interaction across individual and institutional support of hierarchies is coordinated through person-environment fit mechanisms and legitimizing myths (Haley & Sidanius, 2005). Person-environment fit processes, such as self-selection, institutional selection and institutional socialization, ensure congruence of individuals' attitudes, values and beliefs with those of institutions. For example, people placing a greater premium on moneymaking may typically find themselves in profit-maximizing work environments. A growing body of research has shown that hierarchy-enhancing institutional environments are more likely to be occupied by individuals supporting social dominance, while hierarchy-attenuating contexts are more likely to attract individuals holding egalitarian views (Haley & Sidanius, 2005).

Legitimizing myths, consisting of cognitive structures including rationalizations, ideologies, logics, and rules, provide moral and intellectual justification for the social practices within the social systems (Sidanius & Pratto, 1999, p. 45). Just like institutions, legitimizing myths may be classified into hierarchy-enhancing, which promote group-based inequality (e.g., sexism, ethnocentrism), and hierarchy-attenuating, which uphold social equality (e.g., multiculturalism, universalism).

This article focuses on group-based hierarchies and power inequalities in the organizational context. Positions, roles, formalized procedures, and bureaucratic control rooted in hierarchy are salient features of most contemporary organizations (Lange, 2008). According to Scott and Davis (2007), "organizations are collectivities oriented at the pursuit of relatively specific goals and exhibiting relatively highly formalized social structures" (p. 29). Thus, concepts presented in this work are likely to apply to a variety of purposeful social structures, including private and public firms and non-profit organizations, industries, social movements, agencies, governments, economies, and certain forms of societies.

Transaction cost theory, an important anchor for academic research and organizational practice, suggests that organizations exist to internalize market imperfections, such as opportunism, through the exercise of hierarchical controls (Williamson, 1973). Opportunism is defined as an "effort to realize individual gains through a lack of candor or honesty in transactions" (Williamson, 1973, p. 317). However, as suggested by Ghoshal and Moran (1996), control based on hierarchies may not only fail to curtail opportunism, but may have just the opposite effect. A body of literature in economics (for example see Bac, 1996a; 1996b; Kessler, 2000; Khalil & Lawarrée, 1995; Kofman & Lawarrée, 1993; Mishra, 2002, 2006a, 2006b) has contended that "corruption is a hierarchical phenomenon" (Bac, 1996b, p. 277). Research in education posited that corruption prevails in hierarchical structures (Osipian, 2007, 2008, 2009, 2010; Waite & Allen, 2003). This work also argues that the individual and institutional endorsement of social hierarchies and inequalities, as well as the supporting processes, lowers the awareness of opportunism and the misuse of power and position, and thus fuels and sustains organizational corruption.

Awareness and Proliferation of Organizational Corruption

In the management literature, organizational corruption has been said to overlap with the concept of unethical behavior (Ashforth et al., 2008, p. 671; Moore, 2008; Nwabuzor, 2005), broadly referred to as individual behavior that violates generally accepted moral norms (Treviño et al., 2006). Much of the literature on unethical and corrupt behavior is based on Rest's (1986) four-stage framework distinguishing among four successive steps: awareness, decision making, intent, and behavior (Treviño et al., 2006). Awareness involves an interpretive process wherein an individual recognizes that an ethical problem exists (Rest, 1986). It helps initiate ethical decision making, which involves judgment about what is right or wrong in response to ethical dilemmas. According to Rest (1986), awareness, being the first stage of the process, is critical to the initiation and maintenance of unethical behavior. Heidenheimer (1970) stated that corruption is rooted in people's perception. As an interpretive process, awareness largely relies on an individual's perceptions (Fiske & Taylor, 1984; Kahneman, 2003). As affirmed by Herbert Simon (1955), to understand behavior, research should focus on perceptual factors that lead human behavior to deviate from the predictions made by the normative models based on the concepts of rationality and optimality (Payne, Bettman, & Johnson, 1992).

Anand et al. (2004) stated that "one of the most intriguing findings in the white-collar crime literature is that corrupt individuals tend not to view themselves as corrupt" (p. 49). Palmer (2008) further argued that much of the corrupt behavior by organizational members is instigated and performed in an oblivious and mindless manner. Contemplating on the personal involvement in the infamous Ford Pinto fire case, Gioia (1992) concluded:

> Most models of ethical decision making in organizations implicitly
> assume that people recognize and think about a moral or ethical dilemma
> when they are confronted with one… I call this seemingly fundamental
> assumption into question. The unexplored ethical issue for me is the
> arguably prevalent case where organizational representatives are not aware

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that they are dealing with a problem that might have ethical overtones. (p. 388)

Darley (2005) also suggested that many accounts of organizational corruption indicate that many full blown corrupt cases originate from "actions that are not themselves corrupt, or at least not perceived as so by the original actors" (p. 1180). As explained by Gioia (1992), an individual may come into an organization with values and beliefs opposing the misuse of power for self- or organizational interests. However, immersed in an organizational culture of profit maximization and achievement, individuals may unconsciously become involved in the trivial use of their power to achieve their own goals or goals of their organization at the cost of others. Once on this path, these individuals quickly spiral down into corruption by keeping up with their peers, protecting their status, being loyal to their group, following scripts and ideologies, and conforming to norms, beliefs, values, and stereotypes (Gioia, 1992; Nieuwenboer & Kaptein, 2008; Palmer, 2008).

Although the awareness of ethics and corruption is an important step in ethical decision making and behavior, the research investigating factors and processes influencing awareness is sparse (Moore, 2008). This work aims to extend the literature by arguing that the lack of awareness of corruption results largely from the individual and institutional support of group-based hierarchies across multiple levels of analysis.

Individual Support of Hierarchies and Awareness of Organizational Corruption

An individual's support of group-based hierarchies and associated power and status inequalities is captured by the social dominance orientation construct, or SDO (Pratto et al., 1994). Individuals high in SDO believe that they and the group they belong to are superior to others, and that they deserve to have more power, status, and resources than others. High SDO individuals strive to occupy high ranking positions (Hing et al., 2007). In addition, people high in SDO tend to exhibit greater desire for power and less concern for others (Altemeyer, 1998; Duckitt, 2006). Studies report that SDO is positively related to Machiavellianism (Altemeyer, 1998; Goodwin, Gubin, Fiske, &

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Yzerbyt, 2000), known as an individual propensity to exhibit emotional detachment and manipulate others in their self-interests (Christie & Geis, 1970). In addition, high SDO individuals assume that the world is a zero-sum game and that to get ahead they can use others even if winning involves harmful behavior (Pratto et al., 2006).

Previous research provided evidence that differentiations in access to power and status are associated with differences in perception and information processing. For example, a number of studies indicated that, when compared to individuals in subordinate positions, individuals believing that they are occupying dominant positions tend to actively search and rely more on stereotype-consistent information and disregard individuating information (Fiske, 1993; Goodwin et al., 2000; Guinote & Phillips, 2010), attend more to negative stereotype-consistent information in order to justify their dominant position and to maintain the existing social hierarchy (Rodríguez-Bailón, Moya, & Yzerbyt, 2000), show more favoritism to ingroup members, and discriminate more against outgroup members (Guinote & Phillips, 2010). In addition, dominant individuals often fail to recall correct information about individuals in subordinate positions when dealing with tasks characterized by organizational goals (Overbeck & Park, 2001), attend to people who are more useful in achieving their goals regardless of people's personal characteristics (Gruenfeld, Inesi, Magee, & Galinsky, 2008), and show less concern for other people's feelings (Van Kleef, De Dreu, Pietroni, & Manstead, 2006). Furthermore, high SDO individuals tend to exhibit lower awareness of losses associated with their actions (Inesi, 2010), focus more on rewards rather than threats and construe others as means to one's own ends (Keltner et al., 2003).

Thus, individuals scoring high on SDO, who believe that they belong to powerful and high status groups, are less likely to recognize that a situation may involve the misuse of power for personal or organizational gain (i.e., organizational corruption) because they feel entitled to the use of power in order to gain more positive social values for themselves or the organizations to which they belong. They are less sensitive to peripheral cues that may signal a threat or harm to others, while being focused on their own goals and rewards. They are also more likely to pay attention to people and information that is useful in the achievement of their goals and disregard others' feelings and interests.

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For example, looking back at his wrongdoings, during a "60-Minutes" interview, Sam Waksal, the founder and former CEO of ImClone, who partook in an insider trading scandal leading to his and Martha Stewart's convictions, stated that, when advising his relatives and friends to sell company stock, he did not even consider that the Securities and Exchange Commission might audit him as part of routine checks (Leung, 2004). Waksal admitted being too arrogant and egocentric to think about these kinds of details and that "these details were meant for other people," not him (Leung, 2004). Being in a dominant position, Waksal felt entitled to do anything he had to do in order to maintain his power and status.

If arguably socially dominant individuals, who believe that their groups are superior to others, are less likely to be aware of corruption and as a result become involved in corrupt acts, why and how do members of subordinate groups initiate and actively support organizational corruption? Social dominance theory argues that cooperative group processes characterized by behavioral asymmetry, such as ingroup and outgroup favoritism, ensure cooperation of the socially dominant members of dominant and subordinate groups in the proliferation of social hierarchies and inequalities (Sidanius & Pratto, 1999).

Ingroup favoritism, or the tendency of social group members to show more approval, support and preferences for one's own group over an outgroup (Tajfel & Turner, 1986), prevails among socially dominant members of dominant groups (Levin, Federico, Sidanius, & Rabinowitz, 2002). Outgroup favoritism is described as a tendency of subordinate group members to display higher levels of favoritism and support toward dominant groups than their own and other subordinate groups (Sidanius & Pratto, 1999). For example, women have been reported to favor male leaders over female leaders, despite their strong preference for having more women in leadership roles (Rudman & Kilianski, 2000). The concept of outgroup favoritism has been explored extensively by system justification theory (Jost & Banaji, 1994) and social identity theory (Tajfel & Turner, 1986). System justification theory argues that people's perceptions, attitudes and behavior reveal the tendency to legitimize and preserve existing social hierarchies even at the expense of personal or ingroup interests (Jost, 2001). Social identity theory explains that members of the low-status groups shun identification with their own low-valued

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group and instead prefer to identify with the members of the high-valued groups to enhance their self-esteem (Tajfel & Turner, 1986). As cultures impose high/low or dominant/subordinate values on groups, members of subordinate groups, especially those who strongly endorse the legitimacy of social hierarchies and inequalities, tend to show more outgroup favoritism and serve the interests of dominant individuals at their own expense (Jost, 2001; Jost, Banaji, & Nosek, 2004; Sidanius & Pratto, 1999).

An instance of outgroup favoritism is depicted by Anand et al. (2004), who quoted Toffler and Reingold's (2003) account of collective corruption at Arthur Andersen. At Arthur Andersen, new recruits were usually hired into low-level positions to work their way up to management. Aspiring to reach the socially dominant executive positions promising large amounts of money, benefits and power, the recruits undertook all activities that the executives required of them in order to show that they were loyal, that they were "a part of the club," and that they could do the job. Raising questions and contemplating would mean denying themselves an opportunity of joining the ranks of the executives in the future. Thus, the subordinates were not likely to challenge but instead actively supported corrupt acts of the Arthur Andersen executives, often without being fully aware of the implications of their actions.

Consequently, members of dominant and subordinate groups who support social hierarchies and associated power and status inequalities, are both likely to exhibit lower awareness of organizational corruption albeit governed by different mechanisms. High SDO members of the dominant groups are likely to focus more on their own self-interests and disregard the interests of others, being limited by biased attention to their own dominance and having little concern for how their actions affect surrounding people. High SDO members of subordinate groups are less likely to be aware of their own or others' misuse of power influenced by outgroup favoritism, preservation of social order and hierarchies, and the prospects of gaining access to power, status, and other positive social values accessible to the dominants.

Proposition 1: Individual social dominance orientation is negatively related to individual awareness of organizational corruption.

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Institutional Support of Hierarchies and Awareness of Organizational Corruption

Social dominance theory argues that institutional support of group-based hierarchies thrives among hierarchy-enhancing institutions. These institutions value group-based dominance and inequality and tend to disproportionally allocate positive social values (e.g., wealth, status, resources, and power) to dominant rather than subordinate groups (Sidanius & Pratto, 1999). At the other end of the spectrum are hierarchy-attenuating institutions that promote egalitarianism and equality.

Institutional theorists view institutions as social structures providing templates for actions (Meyer & Rowan, 1977; Zucker, 1977) as well as "shared rules and typifications that identify categories of social actors and their appropriate activities or relations" (Barley & Tolbert, 1997, p. 96). According to Barley and Tolbert (1997) individuals immersed in institutions are absorbed in a web of cultural elements, such as values, norms, beliefs, rules, ideologies, and assumptions that guide perceptions, cognitions, judgments, and actions. Through these institutional blueprints and logics, institutions have been argued to contribute to the normalization of corruption in some organizations and industries (Misangyi, Weaver, & Elms, 2008).

For example, corruption has been said to be more common in certain industries, such as accounting, mutual funds, insurance, and energy (Misangyi et al., 2008). Reviewing corporate scandals, Gray et al. (2005) pointed out that the widely spread corruption in the mutual fund industry, marked by cases such as the $40 million illegal trading fiasco of Canary Capital Partners, may be attributed to industry practices and structures. During the investigation, former New York Attorney General Spitzer affirmed that practices common to the mutual funds industry, such as "paying for shelf space" and "preferred lists," are particularly instrumental for the pervasion of corruption (Gray et al., 2005). "Paying for shelf space" involves mutual fund companies paying brokerage firms for a spot on "preferred lists." These brokerage firms then have a financial incentive to recommend the mutual funds on the "preferred list" to clients more often than any other funds. By institutionalizing these practices, the industry supports the dominant positioning of the wealthy and more powerful mutual funds that had enough resources to pay for the "preferred list" placement, while taking advantage of the less powerful

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groups, such as individuals contributing money to retirement funds, who often lack information about the funds' and/or market operation.

Institutional support of group-based hierarchies may contribute to lower awareness of organizational corruption in several ways. First, hierarchical structure entails decoupling of processes and division of labor, which lead to fragmentation of information and breakdown in communication (Darley, 1996; Palmer, 2008). Thus, individuals belonging to certain groups may not be aware of the detrimental effects resulting from the use of their status, position, or power to achieve certain goals in their personal or organizational interests (Darley, 1996). An example of miscommunication is evident in the case of NASA's space shuttle Challenger disaster, which is also considered to be one of the most notable white-collar corruption incidents or "state-corporate crimes" (Kramer, 1992, p. 214; Schlegel & Weisburd, 1992). During the preparation phase, NASA test engineers drafted a series of memos to the project manager documenting potential problems with the pressure seal systems. However, the project manager failed to pass this information to subordinate engineers in another unit, who went on to recommend that the shuttle should launch (Darley, 1996; Kramer, 1992). The launch resulted in an explosion and loss of lives.

Furthermore, hierarchical structure may also lead to lower awareness of organizational corruption by providing and supporting practices, routines, rules, schemas, and scripts that lead "participants to focus on matters related to the efficient and effective completion of tasks rather than the end that their performance achieved" (Palmer, 2008, p. 115). An account of how practices, rules, and scripts contribute to organizational corruption was presented by Gioia (1992) in an analysis of the Ford Pinto fires, where Ford failed to acknowledge fatal problems with a fuel gas tank that resulted in numerous losses of citizens' lives. At Ford, the rule, known as the "limit of 2000," guided the decisions and actions of employees involved in the production of the Pinto model. The rule suggested that the car should not cost more than 2000 dollars and weigh no more than 2000 pounds. Following this rule, Ford was hoping to dominate the U.S. small car market, which at that time was intensively challenged by foreign car manufactures. Adherence to this rule superseded many quality- and safety-related concerns, and was

partially responsible for Ford's disregarding an inexpensive repair of eleven dollars per car early in the process that could have prevented many fatalities (Gioia, 1992).

Finally, hierarchical structures may also lead to lower awareness of organizational corruption by playing an active role in the diffusion and normalization of practices and values supporting inequality, dominance, favoritism, and the misuse of power or position. In a seminal work on institutional isomorphism, DiMaggio and Powell (1983) argued that status hierarchies provide a matrix for information flow and normalization of practices across organizations and industries. Organizations that dominate the market, or have been granted high status, are perceived to be more successful by other similar organizations that tend to model operations after the dominants to build up their legitimacy and status. The unearthing of the "preferred lender" list practices in the educational loan industry by another former Attorney General and now the Governor of New York, Andrew Cuomo, provides an example of the pervasiveness and diffusion of practices within institutional structures. Following the footsteps of high status, successful firms such as Citibank and Sally Mae, many financial companies were providing kickbacks, participating in revenue-sharing contracts, and presenting lavish gifts to university officials in at least 60 universities in exchange for being placed on the preferred loan provider lists that would guarantee dominant positioning and greater financial returns compared to the financial firms not on the preferred lists (Basken, 2007a, 2007b; Field, 2007a, 2007b). As Osipian (2009) stated discussing the sustainability of corruption in higher education in the former Soviet Bloc countries, social pressures from high status organizations and individuals play a significant role in the proliferation and sustainability of corruption.

Based on the above accounts, I posit that hierarchy-enhancing institutions are likely to contribute to lower awareness of organizational corruption among their members by providing more fragmented information, associated with decoupling of processes and division of labor, as well as by encouraging and diffusing norms and practices that focus on dominance and competition, rather than on the consequences for the less powerful.

Proposition 2: Institutional support of social hierarchies is negatively related to individual awareness of organizational corruption.

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Legitimizing Myths and Awareness of Organizational Corruption

Social dominance theory suggests that the perpetual nature of social group-based hierarchies, inequalities, and associated illicit practices is coordinated through legitimizing institutional elements, such as rationalizations, logics, beliefs, values, norms, rules, and ideologies. These elements are broadly shared within a social system and guide individual attitudes and behaviors (Pratto et al., 2006). Social dominance theory and institutional theorists refer to these consensually developed and held institutional elements as legitimizing myths (Meyer & Rowan, 1977; Sidanius & Pratto, 1999). Legitimizing myths that support group-based hierarchies and inequalities, referred to as hierarchy-enhancing legitimizing myths, serve to advance a notion that positions occupied by individuals along the hierarchy continuum earn these individuals the right to exercise power and distribute resources in ways that others not occupying these positions cannot. Examples of hierarchy-enhancing legitimizing myths include a notion that minority group members deserve their subordinate social and economic status because they are "lazy," a belief that members of higher status groups are more competent, and a philosophy that certain lifestyles and responsibilities are more appropriate for people with certain demographic characteristics (Tyler, 2005).

According to Meyer and Rowan (1977), individuals create and adopt legitimizing myths to gain legitimacy and most importantly access to resources. These consensually held institutional elements support organizational and institutional structures by identifying organizational purposes and by specifying in a rule-like manner the appropriate ways to pursue them (Meyer & Rowan, 1977). Organizations and their members play an active role in the construction and diffusion of the legitimizing myths and use them to shape the context in which these organizations operate. For example, automobile manufacturers work hard "to create standards in public opinion defining satisfactory cars, to affect judicial rules defining cars adequate enough to avoid manufacturing liability, and to force agents of the collectivity to purchase one of their cars" (Meyer & Rowan, 1977, p. 348).

Social dominance theory argues that legitimizing myths are central to the functioning of all hierarchical institutions because they function as conduits or mediators

of the relationship between the individual desire to establish and maintain group-based hierarchies (i.e., social dominance orientation) and social attitudes and practices that support group-based hierarchies (e.g., discrimination, favoritism, anti-egalitarian attitudes). For example, Sidanius and Pratto (1999) reported that espousal of hierarchy-enhancing ideologies, such as political conservatism, mediates the relationship between an individual's social dominance orientation and opposition to egalitarian social policies, such as affirmative action and government aid to minorities.

Following social dominance theory, I argue that hierarchy-enhancing legitimizing myths mediate the relationship between the individual propensity to support social group-based hierarchies and awareness of organizational corruption. Previous research shows that high SDO individuals are more likely to endorse hierarchy-enhancing legitimizing myths. For instance, Pratto and colleagues (1994) showed that individuals scoring higher on SDO were more likely to endorse cultural elitism, an ideology that the elite class of society has a "culture" that is superior to that of the middle- or working-class people. Similar results have been found in a cross-cultural examination of the relationship between SDO and sexism, an ideology promoting differential behaviors, privileges, and obligations for women and men (Pratto et al., 2000).

Another type of legitimizing myths or rationalizations linked to social dominance orientation include morally disengaging rationalizations (Jackson & Gaertner, 2010), which allow individuals to restructure unethical acts to appear less harmful (Bandura, 1986). Although SDO has been found to be related positively to all examined mechanisms of moral disengagement, SDO showed the strongest link with "dehumanizing" and "blaming the victim" mechanisms. According to Bandura (1986), dehumanization, which turns people into objects (e.g., instead of attracting voters, some politicians collect votes), and blaming the victim, which involves attributing blame to those who are being mistreated, are rationalizations that surface often in organizational and cultural contexts characterized by greater endorsement of hierarchies, dominance, and bureaucratization because these contexts support inequalities, estrangement, and the division of people into ingroups and outgroups.

The endorsement of hierarchy-enhancing beliefs has also been argued to justify illicit attitudes and behaviors, such as prejudice and discrimination (Sidanius & Pratto,

1999). Whitney and Ægisdóttir (2000) reported that the endorsement of traditional gender role beliefs, which justify conventional differential roles and behaviors for men and women, is positively related to the condemnation of lesbians and gay men and mediates the positive relationship between SDO and disapproval of homosexuality. Sidanius and Liu (1992) argued that the support of hierarchy-enhancing ideologies is positively related to the support of war and police brutality and mediates the relationship between SDO and the support of war and police brutality. According to Jackson and Gaertner (2010), morally disengaging rationalizations are positively related to the support of war and mediate the positive relationship between SDO and the support of war.

An example of a legitimizing myth that has been argued to contribute to the pervasiveness of organizational corruption involves the norm of gift-giving within guanxi networks (Steidlmeier, 1999; Yang, 1994). Guanxi, a system of personal relationships involving long-term social obligations and favors, is instrumental for doing business in China (Luo, 1997; Yang, 1994). Gift-giving is one of the guanxi norms that serve to express respect, honor, and gratitude. Chinese culture, heavily rooted in values of paternalism and power distance (Fu, Wu, & Yang, 2008), prescribes that "in dealing with a Chinese delegation, the leader should receive a better gift than subordinates" (Steidlmeier, 1999, p. 124). According to Steidlmeier (1999), these types of cultural scripts and rules may result in organizational corruption and nepotism. Struggling to win contracts, dominate domestic and foreign markets, and gain larger market share, Western companies "are often in danger of overemphasizing the gift-giving and wining-and-dining components of a guanxi relationship, thereby coming dangerously close to crass bribery" (Luo, 1997, p. 47). Taking the above accounts into consideration, I posit:

Proposition 3: Hierarchy-enhancing legitimizing myths are likely to mediate the relationship between individual social dominance orientation and individual awareness of organizational corruption.

Interaction across Levels and Awareness of Organizational Corruption

Social dominance theory argues that factors across multiple levels of analysis dynamically interact to initiate and propagate group-based hierarchies and associated power discrimination (Sidanius & Pratto, 1999). The dynamic interaction across individual and institutional levels is argued to be supported by person-environment fit processes. These processes ensure that hierarchy-enhancing institutions (e.g., teams, organizations, professions, industries), which support inequality and disproportionate allocation of resources, attract high SDO individuals and promote hierarchy-enhancing legitimizing myths, while hierarchy-attenuating institutions, which promote equal opportunities, are populated by low SDO individuals and uphold hierarchy-attenuating legitimizing myths (Sidanius & Pratto, 1999).

Person-environment fit processes rely on mechanisms such as self- and institutional selection and institutional socialization (Sidanius & Pratto, 1999). Socially dominant individuals tend to self-select into teams, organizations, industries, and institutions, where they are joined by others with similar hierarchy-supporting and dominance-oriented interests. Hierarchy-enhancing organizations are also more likely to hire socially dominant individuals (Haley & Sidanius, 2005). For example, an experiment conducted by Pratto, Stallworth, Sidanius, and Siers (1997) demonstrated that individuals whose resumes included hierarchy-enhancing job experiences, such as a job at a prestigious, high-status organization, were more likely to be chosen for hierarchy-enhancing jobs, or occupations where hierarchy and differential resource allocation and treatment of individuals is more legitimized (e.g., business manager, police officer). On the other hand, individuals with resumes that included hierarchy-attenuating job experiences, such as a camp counselor for a kids' program, were more likely to be chosen for hierarchy-attenuating jobs, or professions emphasizing the non-differential treatment of all individuals regardless of a social group they belong to (e.g., social worker, counselor or caretaker). Likewise, Sidanius et al. (2003) reported that students scoring higher on SDO tend to choose more hierarchy-enhancing majors in college (e.g., business administration, accounting, and economics) rather than hierarchy-attenuating majors (e.g., women studies, ethnic studies, and public health). Interestingly, Lampe and Finn

(1992) posit that accounting students show lower moral development compared to their counterparts in other majors. Similarly, economics students have been found to be slightly more unethical than students in other majors (Frank & Schulze, 2000).

Institutional socialization also contributes to person-environment fit and is believed to shape people's attitudes and behaviors through institutional rules, institutional incentives, and peer pressure (Haley & Sidanius, 2005). Several studies have confirmed that after being exposed to a hierarchy-enhancing environment over a period of time, people tend to exhibit attitudes typical of those with higher levels of SDO, while being exposed to a hierarchy-attenuating environment, individuals tend to score lower on attitudes related to SDO (Sidanius, Pratto, Martin, & Stallworth, 1991; Sinclair et al., 1998). Socialization processes have also been described to support the normalization of corruption in organizations (Anand et al., 2004). Gioia (1992) suggested that a partial explanation of Ford's decision not to recall faulty cars lies in the fact that organizational members were not aware of their wrongdoing after being socialized into a competitive culture where success had to be achieved at any cost. Gioia (1992, original italics) contemplated:

> Before I went to Ford I would have argued strongly that Ford had an
> ethical obligation to recall. After I left Ford I now argue and teach that
> Ford had an ethical obligation to recall. But, *while I was there*, I perceived
> no strong obligation to recall and I remember no strong *ethical* overtones
> to the case whatsoever. (p. 388)

Consequently, person-environment fit mechanisms are likely to propagate the interactive effect of individual and institutional support of hierarchies on awareness of organizational corruption. Socially dominant individuals in hierarchy-enhancing institutions are likely to show lower awareness of corruption than socially dominant individuals in hierarchy-attenuating institutions.

Proposition 4: Institutional environments will moderate the negative relationship between individual social dominance orientation and individual awareness of

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organizational corruption such that the relationship will be stronger within institutions supporting social hierarchies to a greater extent.

Previous research has also shown that members of hierarchy-enhancing institutions are more likely to endorse hierarchy-enhancing legitimizing myths. For example, Haley and Sidanius (2005) posited that people endorsing a hierarchy-enhancing belief such as "some groups are better than others" are more likely to have higher levels of SDO and feel more comfortable to join or self-select into hierarchy-enhancing institutions. Guimond and Palmer (1996) reported that, over a two year exposure to hierarchy-enhancing majors (e.g., commerce) and hierarchy-attenuating majors (e.g., humanities or social science), students significantly changed their beliefs about poverty and unemployment such that the commerce students became increasingly likely to attribute poverty and unemployment to internal characteristics (e.g., laziness) whereas the social science students became increasingly likely to attribute these phenomena to external factors (e.g., bad economy). Dambrun, Guimond, and Duarte (2002) found that students in a hierarchy-enhancing major (e.g., law) show significantly higher endorsement of stereotypical beliefs about low-status ethnic groups compared to students in hierarchy-attenuating majors (e.g., psychology). Taking this evidence into account, this work posits:

> Proposition 5: Institutional environments will moderate the positive relationship between individual social dominance orientation and individual endorsement of hierarchy-enhancing legitimizing myths such that the relationship will be stronger within institutions supporting social hierarchies to a greater extent.

Social dominance theory (Sidanius & Pratto, 1999) also argues that the level of support of social hierarchies and inequalities by institutions substantiates the impact of legitimizing myths on outcomes. For example, in hierarchy-enhancing social environments, in which oppression of subordinate group members (e.g., racism) is consensually considered fair and legitimate, the evidence of ingroup favoritism among the dominants and the outgroup favoritism among the subordinates tends to be greater.

According to Sidanius and Pratto (1999), in societies supporting group-based social hierarchies and inequalities to greater extent (e.g., Algeria, Kenya), gender-role-restrictive beliefs and practices prevail, resulting in girls showing higher school dropout rates and lower literacy rates compared to boys. In societies supporting group-based social hierarchies to a lower extent (Sweden, Australia, and Northern Europe), gender-role-restrictive beliefs and practices are less prevalent, and there is little evidence of females experiencing less academic success than males. Thus, this work suggests that:

> Proposition 6: Institutional environments will moderate the negative relationship between individual endorsement of hierarchy-enhancing legitimizing myths and individual awareness of organizational corruption such that the relationship will be stronger within institutions supporting social hierarchies to a greater extent.

Conclusion and Implications for Research and Practice

This article contributes to organizational and business ethics research by presenting a multilevel process model explaining factors and processes by which the individual and institutional support of social hierarchies and inequalities contributes to the initiation and sustainability of organizational corruption. Furthermore, grounding the investigation in the very definition of corruption as the misuse of power, position, or authority for personal or organizational gain, this work aims to add to the literature on how social power rooted in social hierarchies is linked to corruption. In addition to showing that greater dominance is likely to result in higher levels of corruption, this work also investigates how corruption may be initiated and sustained by those in subordinate positions. Moreover, this article outlines factors and processes, such as legitimizing myths and person-environment fit, contributing to the sustainability of corruption across all levels of hierarchies. Finally, this article contributes to the understanding of factors and processes influencing the first and the most important, but not well understood, step in unethical behavior - awareness.

To summarize, socially dominant members of the dominant groups are likely to be less aware of organizational corruption by feeling entitled to the use of power at the

expense of others, by being less sensitive to information that may signal a threat or harm to others, and by being more likely to pay attention to information and people that are useful in achieving their dominance goals while disregarding others' feelings and interests. Socially dominant members of the subordinate groups are less likely to be aware of organizational corruption by being focused on the preservation of social order and by being motivated to enhance their sense of worth and gain access to power, status, and other positive social values accessible to the members of the dominant groups. Institutions are suggested to actively support the initiation and maintenance of organizational corruption as a result of incomplete information associated with division of labor as well as institutionalization and diffusion of scripts, routines, and practices that concentrate on achievement of tasks and goals and take the focus away from the ethical issues. The most important arguments explain the systemic, process-based, and multi-level nature of social hierarchies and unethical behavior. Particularly, legitimizing myths (e.g., rationalizations, ideologies, rules, scripts, practices) are argued to support the link between individual social dominance orientation and the awareness of organizational corruption by mediating the relationship. In addition, the processes of person-environment fit, such as self-selection, institutional selection, and socialization, are suggested to support the interaction of the individual and institutional support of group-based dominance with awareness of corruption. The systemic and reciprocal nature of organizational corruption becomes more apparent when one considers that legitimizing myths are constructed by individuals, but actively supported and diffused by institutions and their members as a result of socialization in order to increase one's legitimacy, gain and maintain access to resources, and control context (Meyer & Rowan, 1977). Thus, greater support of social hierarchies and inequalities among individuals and institutions contribute to both the initiation and sustainability of organizational corruption.

The propositions in this work rooted in the theory of social dominance resonate with research on corruption in economics. Through a series of models grounded in the agency framework and game theory, Bac (1996a, 1996b) demonstrated that corruption prevails among individuals at the top of hierarchies. Supervisors at the higher levels of hierarchies are monitored to a lesser extent, have less to lose, and their direct benefits from monitoring subordinates at the lower levels of hierarchies decrease with each higher

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level, making it easier for the subordinates to bribe them (or offer greater rewards to them). Carrillo (2000) showed that a possibility of promotion within supervised hierarchies also increases the possibility of corruption. Mishra (2006a) added that in hierarchical structures, where a group of subordinates is monitored by a dishonest superior, honest subordinates who may be harassed by the dishonest superiors may find that they are not free from penalty for corruption, while dishonest subordinates may find that they may avoid the penalty by paying a bribe to the superior. This atmosphere advances the number of corrupt subordinates, who may also be promoted to corrupt supervisors, contributing to the persistence of corruption. Even the use of auditing in hierarchies may result in a greater chance of corruption because the increasing cost of being caught for the individuals makes collusion (or bribery) more attractive, raising a question of "whether it is possible to police the police without falling into an infinite regress" (Kofman & Lawarrée, 1993, p. 647; Mishra, 2006a). Thus, in hierarchies, "corruption becomes the social norm" (Mishra, 2006b, p. 349).

This work builds a foundation for future research and theory development. The propositions provide a good starting point for empirical investigations. Some constructs, such as social dominance orientation, are well established with validated instruments (Sidanius & Pratto, 1999). Others, such as awareness of organizational corruption and hierarchy-enhancing institutions may require further development. To assess individual levels of awareness of organizational corruption, scenarios may be used. Scenarios are widely used in empirical business ethics research (Singhapakdi, Vitell, & Kraft, 1996) as they present abstract concepts in concrete examples, helping participants make sense of the concepts and rendering decision-making more real (Brislin, 2009). Reynolds (2006) provided an example of a scenario-based measure of moral awareness. Proxy measures may be employed to measure institutional support of hierarchies and individual endorsement of hierarchy-enhancing myths. For example, Evan (1963) proposed three measures of organizational support of hierarchy: hierarchy of skills (i.e., length of time spent on training by the employees in different levels of the organizational chart), hierarchy of rewards (i.e., pay gap), and hierarchy of authority (i.e., ratio of division managers or department heads to foreman or subordinates; number of levels of authority). Further, societal support of hierarchy and power inequality has been previously measured

by the endorsement of the cultural values of power distance (Hofstede, 1980; House, Hanges, Javidan, Dorfman, & Gupta, 2004) and egalitarianism (Shalom H. Schwartz, 1992).

An interesting theoretical extension of this research would involve the concept of trust. In addition to the misuse of power and position in self-interests, corruption implies an abuse or violation of trust by individuals occupying certain positions entrusted to them (Ashforth et al., 2008; Rose-Ackerman, 2001). In the context of political corruption, the abuse involves trust placed by the public in an official in a public office position, also known as public trust (Heidenheimer & Johnston, 2002). Public office represents a collectivity with a formalized social structure oriented toward a pursuit of goals and thus is a type of an organization (Scott and Davis, 2007). Accordingly, it would be useful to expand the notion of the abuse of public trust to the abuse of organizational trust, or trust placed in an organization or its members by a variety of individuals, groups, organizations, or systems which affect or can be affected by the actions of an organization or its members (e.g., employees, stockholders, owners, customers, partners, distributors, communities, general public, government organizations, etc.). Research in organizational sciences has started to link trust to ethical behavior. For example, discussing trust in connection to organizational theory and philosophical ethics, Hosmer (1995) stated that trust involves "the expectation by one person, group, or firm of ethically justifiable behavior – that is, morally correct decisions and actions based upon ethical principles of analysis – on the part of the other person, group, or firm in a joint endeavor" (p. 399). In connection to the model presented in this paper, previous studies have shown that trust in people and institutions may be related to social and economic equality and egalitarianism, while distrust may be related to inequality (Rothstein & Uslaner, 2005; Uslaner & Brown, 2005). Bond, Leung, Au, Tong, and Chemonges-Nielson (2004a) suggested that cynicism, which refers to a negative view and distrust of humans and social institutions, is likely to be positively associated with social dominance orientation and expectations that human relationships are best organized as hierarchies. Detert, Treviño, and Sweitzer (2008) linked cynicism to moral disengagement and unethical decision making. A number of studies demonstrated that a lack of social trust and acceptance of hierarchies is associated with greater levels of corruption (see

Lambsdorff, 2006, for review). Future studies should investigate the notion of organizational trust in the context of organizational corruption. In addition, it would be useful to explore how trust and distrust of other people, organizations, and institutions may contribute to the relationship between the individual and institutional support of social hierarchies/inequalities and the initiation and sustainability of organizational corruption.

Arguments presented in this paper have important implications for organizations and managers. First, organizations may be able to curtail the initiation and sustainability of organizational corruption by developing selection procedures based on individual differences, such as social dominance orientation, espousal of hierarchy-enhancing legitimizing myths, and awareness of unethical behavior. Special care in selection should be given when hiring individuals for ethically sensitive positions.

Second, managers may curb corruption by influencing organizational structures. Previous research shows that several trigger points contributing to higher levels of SDO and hierarchy in organizations may be identified and controlled for. For example, an increase in the size of the power and status gap between social classes escalates the average social dominance orientation of the groups (Sidanius et al., 2000). In support, Gorodnichenko and Peter (2007) reported that a large private-public sector wage gap in Ukraine is likely to be compensated by bribery taking, which "allows employees in public and private sectors to enjoy similar levels of consumption" (p. 964). Mishra (2002) modeled various incentive schemes and hierarchical structures and concluded that, compared to vertical structures where one supervisor monitors another, horizontal structures, where supervisors compete with one another, tend to induce less corruption. Bac (1996b) argued that corruption is lower in flat hierarchies, where one superior supervises a number of the same level of subordinates, compared to steep multilevel hierarchies. Furthermore, it is more beneficial for the supervisor to monitor subordinates him/herself rather than to use an auditor (Kessler, 2000). Thus, one way to minimize corruption is to have a single honest superior, a "hero," monitoring a number of same level subordinates. According to Bac (1996b), "if a hero is someone who rejects the bribe […] and does not collude with his subordinates, having such a person on top of the minimal one-rank model … may reduce the level of expected bribe incidences …[to] less

than one" (p. 291). Klitgaart (1991) reported the accomplishments of such a hero at the head of the Philippines Bureau of Internal Revenue." Therefore, managers may be able to control the endorsement of group-based inequality and inhibit the initiation and maintenance of corruption by adjusting and controlling organizational hierarchical structures.

CHAPTER 3. HOW POWER CORRUPTS: THE ROLES OF SELF-REGULATION AND MORAL DISENGAGEMENT

Abstract

Although research showed that individual support of social hierarchies and inequalities, or social dominance orientation (SDO), is associated with unethical decision making (UDM), little is known about the mechanisms underlying the relationship. Grounding the research in social dominance theory and social cognitive theory, this study argues that SDO is linked to UDM by means of self-regulation and moral disengagement. Using data from a survey of 204 U.S. graduate business students and alumni with work experience, this study demonstrates that SDO is indirectly linked to UDM by means of moral disengagement, but not self-regulation. Believing that they are superior to others, and feeling entitled to more positive social values, socially dominant individuals are more likely to resort to moral disengagement which allows the cognitive restructuring of one's actions and attitudes to appear less harmful and minimize the sense of guilt and responsibility. A greater propensity to morally disengage is positively linked to one's propensity to make unethical decisions. Supplementary analyses demonstrate that, instead of playing a mediating role, self-regulation moderates the positive relationship between SDO, moral disengagement, and UDM. Socially dominant individuals with greater levels of self-regulation are less likely to use moral disengagement mechanisms and become involved in unethical decisions because they tend to exhibit greater awareness of self and others and have a greater ability to exercise control over their actions in order to bring them in line with preferred standards. Organizations, managers, and educators understanding these processes will become better equipped to design organizational systems and training programs to curtail unethical decision making.

Power tends to corrupt, and absolute power corrupts absolutely. Great men are almost always bad men, even when they exercise influence and not authority: still more when you superadd the tendency or certainty of corruption by full authority.

- Lord Acton, Letter to Bishop Mandell Creighton, 1887.

Introduction

History is replete with cases of dominant individuals crossing moral boundaries and becoming involved in atrocious unethical acts. From corporate executives, such as Dennis Kozlowski of Tyco, Ken Lay and Andrew Fastow of Enron, Gary Winnick of Global Crossings and Sam Waksal of ImClone, who enriched themselves at the expense of their companies and the general public (Horovitz, 2002), to government officials, like the former Illinois Governor Rod Blagojevich and Representative Randy "Duke" Cunningham, who misused their positions of power and authority for self-gain (Thomas, 2005), individuals in high status and power positions have been seen to spiral down the path of corruption (Kipnis, 1972).

Previous research showed that higher levels of dominance and power tend to be associated with a higher propensity to make unethical decisions and to behave unethically (Bargh & Alvarez, 2001; Hing et al., 2007; Kipnis, 1972). Hing et al. (2007) demonstrated that socially dominant individuals tend to support a variety of unethical acts, including production of environmentally dangerous products in less developed countries and marketing drugs with detrimental side effects. Maner and Mead (2010) showed that individuals motivated by dominance are more likely to jeopardize group goals to protect their own power and self-interests.

Although preoccupation with dominance has been linked to unethical reasoning and the pursuit of self-interests at the expense of others, the actual mechanisms underlying the relationship have not been thoroughly explored. This work investigates the processes supporting the association between an individual's social dominance orientation (SDO), defined as an individual attitudinal orientation towards and desire for group-based social hierarchies and power- and status-based inequalities (Pratto et al., 1994), and unethical decision making. In this work, unethical decision making is defined

as a "decision to behave in ways that breach accepted moral norms or standards of behavior" (Detert et al., 2008, p. 375), which includes a wide range of actions such as deceit, theft, lying, bribery, favoritism, and nepotism, among others. The explanation of the processes is grounded in the combination of social dominance theory and social cognitive theory.

Social dominance theory (Sidanius & Pratto, 1999) posits that individuals have a tendency to structure their world into a system of group-based social hierarchies consisting of dominant and subordinate groups. This tendency to support group-based social hierarchies is argued to be positively related to a variety of illicit behaviors (e.g., favoritism, discrimination, and racism). The relationship is posited to be mediated by legitimizing myths, defined as cognitive structures (e.g., rationalizations, ideologies) which provide moral and intellectual justification for one's behavior or practices within social systems. The theory suggests that socially dominant individuals are more likely to subscribe to legitimizing myths to rationalize their entitlement to more positive social resources and legitimize favoritism and discrimination. The endorsement of these legitimizing myths is argued to result in unequal, unfair, and unethical attitudes and actions. Following social dominance theory, the first paper of this dissertation presented a theoretical model which argued that the persistent nature of organizational corruption is coordinated by legitimizing myths, which mediate the relationship between social dominance orientation and the awareness of organizational corruption.

Social cognitive theory (Bandura, 1986, 1991a) argues that moral conduct is managed by an ongoing exercise of self-regulation, which is often used interchangeably with the term self-control and "refers to the exercise of control over oneself, especially with regard to bringing the self into line with preferred (thus, regular) standards" (Vohs & Baumeister, 2004, p. 2). However, self-regulation may be deactivated through processes of moral disengagement (Bandura, 1986, 1991a, 1991b). Moral disengagement is defined as the use of rationalizations (i.e., moral justification, displacement of responsibility, distortion of consequences) that permit individuals faced with ethical dilemmas to get involved in transgressive conduct conflicting with one's moral standards without apparent guilt or self-censure. Individuals may develop and thus differ in their ability to self-regulate and morally disengage (Bandura, 1986). Also, a number of studies

have shown that personal factors, such as dispositions and values, influence one's ability to self-regulate (Tangney, Baumeister, & Boone, 2004) and morally disengage (Detert et al., 2008), suggesting a mediational role of moral disengagement and self-regulation in the relationship between certain personal predispositions and behaviors.

Merging social dominance theory and social cognitive theory, this study proposes and empirically tests a model arguing that social dominance orientation is linked to unethical decision making by means of self-regulation and moral disengagement (see Figure 2). Moral disengagement, encompassing rationalizations and cognitive restructuring, is viewed as a type of legitimizing myth serving to make one's behavior appear acceptable, justifiable, and harmless. Building on social dominance theory, socially dominant individuals are argued to be more prone to moral disengagement which allows them to minimize accountability for immoral actions, avoid self-sanctions, and make one's actions appear acceptable, justifiable, and not damaging. Moral disengagement is argued to be positively related to one's involvement in unethical decision making. Following social cognitive theory, this work suggests that self-regulation manages an individual involvement in unethical conduct; however, greater social dominance orientation is associated with a lower ability to self-regulate behavior due to biased perception, lack of concern for others, and a feeling of entitlement prevalent among the socially dominant. A greater propensity to morally disengage further contributes to lower self-regulation. Lower levels of self-regulation are likely to be associated with a greater propensity to make unethical decisions.

This study contributes to the behavioral ethics and organizational behavior literature by conceptually and empirically exploring factors and processes involved in work-related ethical decision making. Following numerous research calls (e.g., Tenbrunsel & Smith-Crowe, 2008; Treviño et al., 2006), this study provides an opportunity to move beyond the investigation of individual and contextual correlates of ethical decision making by presenting a process model explicating how individual characteristics are linked to unethical decision making. Unpacking how individual character strengths, such as self-regulation, work in concert with negative inclinations, such as moral disengagement, this study uncovers new ways to promote ethical and curtail unethical behaviors in organizations (Kish-Gephart et al., 2010; Sekerka, Bagozzi,

& Charnigo, 2009). In addition, this knowledge contributes to the development of effective ethics education programs. Furthermore, Tsui and Ashford (1994) suggested that it is imperative to understand the role of individual self-regulation processes in organizational behavior since traditional control mechanism (e.g., procedures, codes, job descriptions) only partially regulate individuals in complex organizational environments. Finally, this study contributes to the underrepresented research on social dominance orientation in the organizational behavior literature. Social dominance orientation deserves attention given the fact that organizations are often central sites for the initiation and maintenance of social hierarchies, power and status based inequalities, and professional and interpersonal dominance.
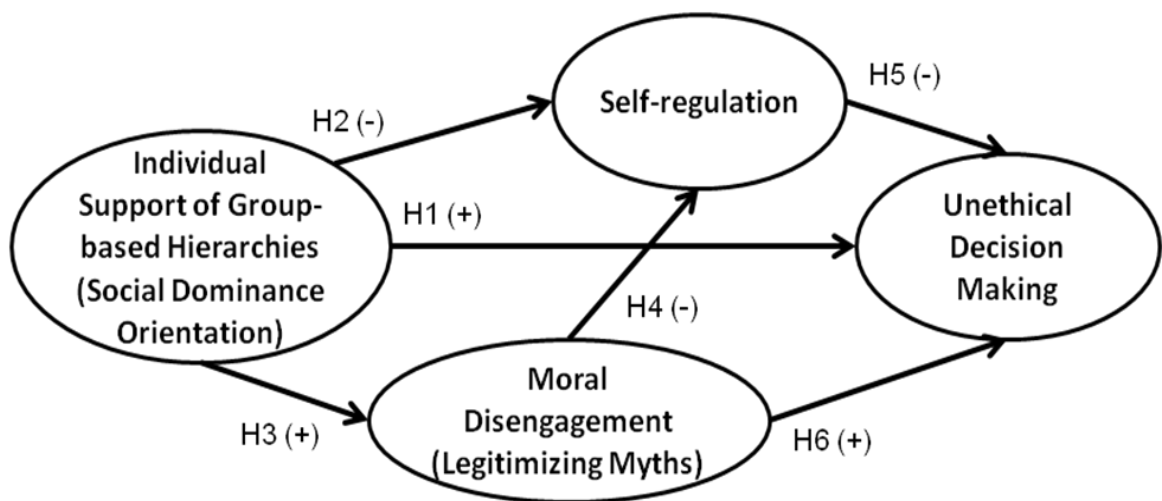
Figure 2. The Model of the Role of Self-regulation and Moral Disengagement in the Relationship between the Individual Support of Social Group-based Hierarchies and Unethical Decision Making.

The following sections describe the factors and develop hypotheses explaining the role of self-regulation and moral disengagement in the relationship between social dominance orientation and unethical decision making.

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Social Dominance Orientation and Unethical Decision Making

One of the universal features of human existence is the tendency to structure societies into group-based hierarchies of dominance, status, and power (Sidanius & Pratto, 1999). The pervasiveness of social hierarchies may be explained by two main functions: (a) the establishment and coordination of social order and (b) the motivation of individuals (Magee & Galinsky, 2008). Hierarchies help individuals divide labor and responsibilities, prescribe differentiated roles and behaviors among superiors and subordinates, and outline flows of communication and exchange of resources. In addition, hierarchical structures motivate individuals to climb to higher social positions and to gain more power and greater access to resources. However, social hierarchies have also been argued to create conditions that institutionalize negative social outcomes including racism, stereotyping, immoral reasoning, and corruption (Brief et al., 2001; Operario & Fiske, 2004; Sidanius & Pratto, 1999).

Individuals differ in their propensity to support social hierarchies (Sidanius, Liu, Shaw, & Pratto, 1994). Social dominance orientation, or SDO, is an attitudinal orientation that describes an individual preference for group dominance based on gender, ethnicity, class, organizational position, profession, and the like (Sidanius & Pratto, 1999). Individuals high in SDO believe that they and the groups they belong to are superior to others and deserve more positive social resources (e.g., power, status and money) than others (Pratto et al., 2006). High SDO individuals vie for and are more likely to obtain leadership positions (Hing et al., 2007). SDO has been shown to be related positively to Machiavellianism (Altemeyer, 1998), known as an individual propensity to influence, control, and manipulate others in self interests (Christie & Geis, 1970). In addition, people higher in SDO tend to show more desire for and use of power, as well as less concern for others, compared to people lower in SDO (Altemeyer, 1998; Duckitt, 2006). Furthermore, high SDO individuals tend to believe that the world is a zero-sum game, meaning that if they do not obtain dominant positions others will. Thus, for high SDO individuals it is important to obtain dominant positions at all costs, even though they may use or harm someone in the process.

Research showed that the preoccupation of socially dominant individuals with excess power, control and status leads to a higher propensity to stereotype and to discriminate against others (Guimond, Dambrun, Michinov, & Duarte, 2003). For example, in hiring and promotion decisions, individuals high in SDO tend to show more favoritism toward other members of the dominant groups than members of subordinate groups (Haley & Sidanius, 2005). Because they feel entitled to the use of power in order to gain more positive social values for themselves and the groups and organizations they belong to, high SDO individuals are more likely to participate in unethical acts to further self and organizational interests, even if that means hurting and taking advantage of others in the process. Hing et al. (2007) report that people high in SDO are more likely to make unethical decisions such as polluting the environment, exploiting workers in a less developed nation to save money, and falsely marketing a harmful pharmaceutical to make greater profit. Taking the above conceptual and empirical evidence into account, this work posits that:

Hypothesis 1: Social dominance orientation is positively related to unethical decision making.

Social Dominance Orientation and Self-Regulation

Self-regulation is defined as an individual ability to exercise control over one's goal- or standard-oriented activities over time and across contexts in order to bring the self into line with preferred standards (Karoly, 1993; Vohs & Baumeister, 2004). Research on self-regulation distinguishes between conscious and automatic self-regulation (Fitzsimons & Bargh, 2004). This work views "self-regulation as primarily a matter of controlled processes as opposed to automatic processes" (Baumeister & Newman, 1994, p. 4) and suggests that conscious cognitive self-regulation may be constrained or distorted by other cognitive processes as described below. Following Vohs and Baumeister (2004), this work uses the terms "self-regulation" and "self-control" interchangeably to broadly describe conscious self-control of thoughts, emotions, impulses, and performance.

According to social cognitive theory, people are agents of their existence and instead of blindly responding to the environmental and social stimuli "like weathervanes constantly shifting direction to conform to whatever momentary influence happened to impinge upon them," people self-regulate their responses to stimuli (Bandura, 1986, p. 335). Bandura (1991b) argued that the individual self-regulation function may be conceived in terms of three mechanisms: self-monitoring, judgment, and reaction.

Self-monitoring or self-observation is an information collection phase of the self-regulation function during which individuals gather and interpret contextual cues pertaining to their actions through previously acquired cognitive structures or mental tools, such as values, beliefs, scripts, schemata, or self-construals. Cognitive structures are largely responsible for which cues individuals pay attention to, observe, or perceive (Fiske & Taylor, 1984). For example, individual or cultural values, beliefs, or attitudes influence how and where individuals focus their attention. Goodwin and colleagues (2000) reported that people with dominance-oriented attitudes are more likely to pay attention to category-based characteristics (e.g., ethnicity, gender, stereotypes) than individuating characteristics when considering job applicants.

As people perceive various stimuli, they make choices about whether and how to act on them. This second step of the self-regulation system is described as the judgmental subfunction (Bandura, 1986). The judgmental process also involves cognitive structures in the evaluation of options and gaps (Bandura, 1986; Nisbett & Ross, 1980). Individual and cultural values, norms, and beliefs influence individual attitudes, which in turn affect individual judgments of self and others and intentions to act (Fishbein & Ajzen, 1975; Triandis, 1980). For example, if individuals value power and hierarchies they are more likely to choose an action that would support their ability to acquire and maintain a powerful position rather than a subordinate position in a hierarchy (Sidanius & Pratto, 1999).

The third step of self-regulation involves individuals self-reacting to their behaviors, either by imposing self-sanctions and inhibiting a certain action, or by encouraging and rewarding oneself through intrinsic or extrinsic means (Fitzsimons & Bargh, 2004). Cognitive structures also play a significant role in self-reaction processes. People tend to pursue actions that are more likely to produce positive self-reaction and

minimize negative self-sanctions (Bandura, 1986). Thus, they are more likely to act in ways that conform to standards, values, and norms that they or the institution they belong to desire and approve.

Individuals differ in their ability to self-regulate. People scoring higher in self-regulation display a range of desirable qualities such as the ability to delay gratification, the capacity to control self-destructive impulsive behavior, better performance, greater conscientiousness, superior perspective-taking and the ability to maintain healthy relationships with others because these individuals tend to be more aware of their own and others' thoughts and actions, the impact of these thoughts and actions on themselves and others, and their own and others reactions to these actions (Tangney et al., 2004). The wide array of benefits associated with greater individual ability to self-regulate indicates that self-regulation is an all-purpose device that allows people to manage a wide variety of life domains (Baumeister & Vohs, 2004).

Reviewing self-regulation systems, Karoly (1993) reported that self-regulation is grounded in people's preexisting perception and cognition and, as a result, it is prone to influence by a number of personal factors including self-conceptions, values, beliefs, dispositions, and attitudes that influence perception and cognition. Previous research showed that an individual's dominance, power and position in a social hierarchy may bias his or her social perception and cognition (S. Chen, Lee-Chai, & Bargh, 2001; S. Chen, Ybarra, & Kiefer, 2004; Dépret & Fiske, 1999; Fiske, 1993; Fiske & Dépret, 1996; Guinote, 2007a, 2007b, 2007c; Overbeck & Park, 2001). For example, a number of studies conducted by Fiske and colleagues (for review see Fiske & Dépret, 1996) demonstrated that individuals in dominant positions are less likely to focus on subordinates and to stereotype them as "not intelligent." Guinote (2007a, 2007b, 2007c) further showed that having power and control narrows attention on activated goals and leads to the neglect of peripheral information. Thus, it is likely that the self-monitoring function of self-regulation may be somewhat limited among socially dominant individuals as a result of excessive self-focus and biased perception.

Excessive preoccupation with dominance may also impair the judgmental function of self-regulation. Goodwin, Operario, and Fiske (1998) found that dominant individuals rely more on stereotypes in the evaluation of subordinates. Overbeck and

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Park (2001) reported that individuals in dominant positions often fail to recall correct information about individuals in subordinate positions when dealing with task-oriented goals. Inesi (2010) demonstrated that dominant individuals tend to exhibit lower awareness of losses associated with their actions. Levin and colleges (2002) found that individuals scoring high on SDO show more ingroup bias in their judgments.

Finally, social dominance orientation may also impact the self-reaction function of self-regulation. According to Brislin (1991), dominant individuals are not keen on receiving negative feedback or information, since it might get in the way of their "pleasurable intoxication" (p. 46). Keltner et al. (2003) argued that having greater power is coupled with attention to rewards, rather than consequences or the surrounding context.

McClelland (1987) argued that people with power may have different motives which influence their choices and actions. Some individuals tend to espouse "personalized power" motives associated with a desire to control and direct others in order to fulfill personal goals and self-interests, while others espouse "socialized power" motives encompassing an individual desire to empower, inspire, and serve others. Nell and Strumpfer (1978) linked the personalized power motive to lower individual ability to resist temptation and maladaptive behavior. On the other hand, Lee-Chai, Chen, and Chartrand (2001) discussed that greater power in the hands of socially and communally oriented individuals are less likely to corrupt. Social dominance orientation, encompassing greater concern about self-interests, "dog-eat-dog" mentality, and lower concern for others, has been used as a proxy for personalized power (Torelli & Shavitt, 2010).

The above evidence suggests that higher levels of social dominance orientation are likely to be associated with biased, narrow and self-focused self-observation, prejudiced and self-serving judgments, and self-enhancing self-reactions. This argument might explain the behavior of Enron traders, who had the power to artificially manipulate California's electrical grid in order to boost energy prices following the company's goal to make money "by any means necessary" (Gibney, 2005). Having caused a state-wide black out, the traders seemed to have no concern for the people of the state and the consequences of the black-out. In fact, some traders were joking about "ripping off Grandma Millie" and cheering on the fires caused by the power lines (Gibney, 2005). It

did not even occur to the traders that due to their unethical behavior, people in California lost their loved ones, lost their savings, and Orange County of California became bankrupt. Therefore, in pursuit of their self-enhancing goals, socially dominant individuals are less likely to monitor and regulate their involvement in behavior to make it fit the preferred standards.

Hypothesis 2: Social dominance orientation is negatively related to self-regulation.

Self-Regulation and Unethical Decision Making

Following social cognitive theory (Bandura, 1986, 1991a), this work posits that people exercise control over their ethical decision making and behavior through self-regulation. One's ability to self-regulate governs an individual's moral agency through self-monitoring of decisions and conduct, judgment of thoughts and behaviors in accordance with goals and moral standards, and self-reaction in terms of inhibition or support of decisions or acts. According to social cognitive theory, moral standards, which people develop by interacting and observing the people and environment around them, serve a prominent role in self-regulation. Noticing discrepancies between moral standards and certain decisions or behaviors, people try to close gaps by altering their thoughts or behaviors. Behaving in ways that do not meet the moral standards may result in self-censure.

This capacity to exercise control over one's decision making, motivation, feelings and behavior has been documented to play an important role in the development and pursuit of socially valued behavior (Bandura, Caprara, Barbaranelli, Pastorelli, & Regalia, 2001). Previous research showed that self-regulation assists in controlling prejudiced responses (Monteith, 1993). Furthermore, self-regulation has been found to prevent the involvement in transgressive behavior (Bandura et al., 2001). In contrast, lower levels of self-regulation have been found to be associated with dishonesty (Mead, Baumeister, Gino, Schweitzer, & Ariely, 2009), crime, and violence (Baumeister & Heatherton, 1996). Gottfredson and Hirschi (1990) argue that low self-control is among

the most important individual characteristics responsible for involvement in criminal and immoral behavior.

Taking previous theoretical and empirical evidence into consideration, this study proposes that self-regulation is negatively related to unethical decision making. In other words, individuals with a greater ability to self-regulate are less likely to make unethical decisions.

Hypothesis 3: Self-regulation is negatively related to unethical decision making.

Social Dominance Orientation and Moral Disengagement

Social cognitive theory argues that self-regulation may be deactivated through a psychological maneuver known as moral disengagement (Bandura, 1986, 1991a, 1991b). Moral disengagement hinders the control of one's thoughts, emotions, impulses, and actions aimed at curtailing undesired behavior by allowing individuals to rationalize or cognitively restructure one's actions to appear less damaging, minimize accountability for one's immoral actions, avoid self-sanctions, and suppress the perception of harm one causes others (Moore, 2008). In some contexts, moral disengagement may function as a form of psychological state when invoked by certain conditions in an environment. However, individuals also acquire a stable capability to morally disengage, and moral disengagement may function as an individual predisposition (Bandura, 1999). This work explores the stable predisposition to morally disengage.

Bandura (1991a) described eight cognitive mechanisms of moral disengagement. According to Moore (2008, italics original), "three of these mechanisms (moral justification, euphemistic labeling, and advantageous comparison) facilitate the cognitive restructuring of inhumane acts to appear less harmful to the individual occupied in them" (p. 130). Moral justification involves construal of one's actions as personally and socially acceptable, moral, and ethical (Bandura, 1999). For instance, through moral justification of transgressive behavior, individuals may view themselves as fighting for the survival or success of their organization or defending the financial stability of their family. Euphemistic labeling is used to represent unethical and harmful acts as acceptable. For

example, quoting Safire (1979), Bandura (1986) points out that "teaching business students how to lie in competitive transactions, some instructors speak euphemistically of strategic misrepresentation" (p. 378). Advantageous comparison involves weighing unethical behavior such as bribing against a more serious violation such as murder to make the transgression look relatively less unethical.

Another two moral disengagement mechanisms, known as displacement of responsibility and diffusion of responsibility, "*minimize the role of the individual* in the harm that is caused by an individual's action" (Moore, 2008, p. 130, italics original). Displacing responsibility, individuals explain their unethical behavior as something that they had no choice over, something that they were told to do by an authority, or something that they had to do because of given circumstances. Milgram (1974) showed that under the legitimacy of authority some individuals may continue to hurt victims while knowing that the victims were experiencing excruciating pain. Diffusion of responsibility involves distribution of accountability among several members of a group or society, as well as routinization of detrimental or disadvantageous behavior (e.g., polluting the environment with carbon dioxide while driving one's car).

The final three moral disengagement mechanisms, encompassing distortion of consequences, attribution of blame, and dehumanization, "*reframe the effects of one's actions*, either by minimizing the outcomes of those actions or by minimizing the perception of distress those actions can cause" (Moore, 2008, p. 130, italics original). Distortion of consequences encompasses selective inattention or misrepresentation of the outcomes of the events brought on by one's unethical actions. As pointed out by Bandura (1986), it is easy to hurt others when one does not see their suffering. Milgram (1974) reported that people tend to hurt a victim less when the victim is in the same room and the victim's suffering becomes more vivid. Attribution of blame involves ascribing the blame to the victim. For example, one can blame people for buying houses that they cannot pay for, rather than the banks or the system that gave these people mortgages, or vice versa. Dehumanization turns humans into objects. Although it sounds extreme, dehumanization is actually fairly common in hierarchical and bureaucratic environments. For example, politicians try to get more votes (not people who vote for them) and

business people pursue greater market share (not people who buy and use their products and services).

This work proposes that social dominance orientation is positively related to the individual propensity to use moral disengagement mechanisms. Bandura (1986) posited that people in high-power and dominant positions are likely to engage in dehumanization. Previous research shows that individuals in dominant positions are less likely to pay attention to individual factors and tend to stereotype more (Fiske, 1993). Kipnis (1972) showed that dominant individuals are likely to devalue their subordinates.

In addition, dominant people may be more prone to displace responsibility by blaming their subordinates. For instance, in the aftermath of the Enron corruption scandal, Ken Lay, the former CEO, said "I don't think I'm a criminal… Am I a fool? I don't think I'm a fool. But I think I sure was fooled," suggesting that he was not responsible for Enron's corrupt activities, and accusing his subordinates of manipulating him (Leung, 2005).

Furthermore, as forms of rationalization, moral disengagement mechanisms can be represented as legitimizing myths, defined by social dominance theory as cognitive structures that provide moral and intellectual justification for social practices (Sidanius & Pratto, 1999). Hierarchy-enhancing legitimizing myths serve to preserve social group-based hierarchies and associated power and status inequalities, uphold superiority of the dominant groups, and justify favoritism and discrimination. According to Bandura (1986), a number of moral disengagement mechanisms are fairly common in hierarchical social contexts because they underscore the ingroup and outgroup categorization of people, inequalities, and estrangement. For example, the moral disengagement mechanisms of dehumanization and blaming the victim accentuate the dominant position of the offender and downplay the significance of the injured party. Previous research showed that social dominance orientation is positively related to the espousal of hierarchy-enhancing legitimizing myths (Pratto et al., 1994).

Following previous empirical and conceptual evidence, this study posits that socially dominant individuals are more likely to exhibit greater propensity to use morally disengaging rationalizations to make their actions appear less damaging, minimize

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accountability and self-sanctions, and suppress the feeling of guilt associated with their actions that may harm others.

Hypothesis 4: Social dominance orientation is positively related to moral disengagement.

Moral Disengagement and Self-Regulation

Over time and often without recognizing the changes, people may bolster their propensity to morally disengage (Bandura, 1999). Bandura explained that initially, individuals may perform small unethical acts which they can tolerate with some discomfort by resorting to moral disengagement. However, through repeated practice of smaller unethical acts and moral disengagement, their self-censure may decrease, while the level of harm may increase, and the acts that originally seemed as corrupt can now be performed with little self-censure. Thus, the disposition to morally disengage may differ for an individual over time as well as among individuals depending on their experiences.

Similarly, social cognitive theory argues that self-regulation is not an invariant control mechanism within a person and can be "weakened or nullified by psychological mechanisms that disengage moral thought from action" (Bandura, 1986, p. 498). Specifically, greater individual propensity to morally disengage is likely to be associated with lower individual ability to self-sanction or ultimately self-regulate one's thoughts, emotions, impulses, and actions by allowing individuals to restructure their behavior to appear more in line with their moral standards, by suppressing the harmful effects of their behavior, and by minimizing or diffusing the responsibility for their behavior.

Hypothesis 5: Moral disengagement is negatively related to self-regulation.

Moral Disengagement and Unethical Decision Making

Previous studies argued and demonstrated that moral disengagement is associated with individual involvement in transgressive behavior (Bandura et al., 2001), large-scale

perpetration of inhumanities (Bandura, 1999), and terrorism (Bandura, 1990). Detert et al. (2008) showed that moral disengagement is linked positively to unethical decision making and mediates the relationship between unethical decision making and individual personal characteristics such as empathy, cynicism, locus of control and moral identity. Further, Moore (2008) argued that moral disengagement is involved in the initiation and facilitation of corruption in organizations.

Explaining collective organizational corruption, Anand et al. (2004) described that rationalization tactics that encompass the elements of moral disengagement - denial of responsibility, denial of victim, denial of injury, appeal to higher loyalties, social weighting and balancing the ledger - are often used by organization members to become involved in unethical activities while believing that they are moral and ethical. The rationalization tactics and moral disengagement may help explain why many of the organizational corruption and unethical behavior cases involve individuals which seemingly do not fit the profile of hard-core criminals, and typically represent highly reputable, respected and thriving members of society (Anand et al., 2004). Most of these individuals also tend to deny their involvement in corrupt activities, explaining that they were just trying to do their job, reach company goals, and make everyone happy (Palmer, 2008).

Following Bandura (1991a, 1999), Moore (2008), and Detert et al. (2008), this research posits that individuals exhibiting greater propensity to morally disengage are more likely to make unethical decisions because morally disengaging rationalizations allow these individuals to justify their actions, minimize the perception of harm and guilt, and avoid self-sanctions.

Hypothesis 6: Moral disengagement is positively related to unethical decision making.

Self-Regulation and Moral Disengagement as Mediators

As argued previously, individual social dominance orientation, moral disengagement, and self-regulation, have independent influences on unethical decision

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making. That is, individuals scoring higher on social dominance orientation and propensity to morally disengage are more likely to make unethical decisions, whereas those with a greater ability to self-regulate are less likely to make unethical decisions. In addition, this work argues that self-regulation, being grounded in people's preexisting cognitive structures, is likely to be attenuated among socially dominant individuals and individuals showing greater tendency to morally disengage. Thus, it is plausible that individual self-regulation ability mediates the relationship between one's social dominance orientation, propensity to morally disengage, and unethical decision making. Specifically, individuals who are more socially dominant and show greater ability to morally disengage are more likely to demonstrate inferior self-regulation ability, and lower self-regulation is more likely to result in a greater likelihood to make unethical decisions.

This view is theoretically grounded in social cognitive theory (Bandura, 1986) which suggests that "human functioning is explained in terms of a model of triadic reciprocality in which behavior, cognitive and other personal factors, and environmental events all operate as interacting determinants of each other" (p. 18) Social cognitive theory further posits that "self-regulatory systems lie at the very heart of causal processes" (Bandura, 1991b, p. 248). Along with social and environmental factors, personal characteristics and dispositions such as one's social dominance orientation or propensity to morally disengage may influence individual cognitive processes, such as awareness, attention, information processing, and evaluation (Fiske & Taylor, 1984). These cognitive processes make up the crust of the individual self-regulation function (Bandura, 1986), which plays an important part in supporting moral thought and action (Bandura, 1991a).

Thus, following social cognitive theory and the arguments presented in the earlier section, this work posits that:

Hypothesis 7: Self-regulation mediates the relationship between social dominance orientation and unethical decision making, such that greater social dominance orientation is likely to be associated with a lower ability to self-regulate, and lower ability to self-regulate is likely to be associated with a greater propensity to make unethical decisions.

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Hypothesis 8: Self-regulation mediates the relationship between moral disengagement and unethical decision making, such that greater propensity to morally disengage is likely to be associated with a lower ability to self-regulate, and lower ability to self-regulate is likely to be associated with a greater propensity to make unethical decisions.

Following social cognitive theory, this study also posits that moral disengagement mediates the relationship between social dominance orientation and self-regulation. "Development of self-regulatory capabilities does not create an invariant control mechanism within a person" and there are many factors that influence self-regulation and its disengagement (Bandura, 1986, p. 375). As discussed in the previous sections, greater social dominance orientation is likely to be associated with a greater propensity to morally disengage. The level of one's ability to morally disengage, which may be gradually developed over time, is likely to be negatively related to the monitoring, judgmental, and self-reaction functions of self-regulation because moral disengagement helps one diminish the discomfort and self-censure associated with thoughts or actions not meeting one's personal or social standards. Thus, the direct negative relationship between social dominance and self-regulation may also be mediated by an individual propensity to morally disengage.

Hypothesis 9: Moral disengagement negatively mediates the relationship between social dominance orientation and self-regulation, such that greater social dominance orientation is likely to be associated with a greater propensity to morally disengage, and greater propensity to morally disengage is likely to be associated with a lower ability to self-regulate.

Furthermore, this work argues that moral disengagement mediates the relationship between SDO and unethical decision making. The underlying logic for the mediating role of moral disengagement in this relationship comes from social dominance theory (Sidanius & Pratto, 1999). Social dominance theory argues that the relationship of the

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individual support of group-based hierarchies, or SDO, with unethical attitudes and practices, such as racism and discrimination, is mediated by legitimizing myths or rationalizations (Pratto et al., 2006). Moral disengagement encompassing rationalizations and cognitive restructuring may be viewed as a type of legitimizing myth serving to make one's behavior appear acceptable, justifiable, and harmless. A study by Jackson and Gaertner (2010) demonstrated that moral disengagement mediated a relationship between SDO and the support of war. Thus, this work predicts that:

Hypothesis 10: Moral disengagement mediates the relationship between social dominance orientation and unethical decision making, such that greater social dominance orientation is likely to be associated with a greater propensity to morally disengage, and greater propensity to morally disengage is likely to be related to a greater propensity to make unethical decisions.

In summary, this work explores the mechanisms underlying the relationship between individual social dominance orientation and unethical decision making. Adapting social cognitive theory (Bandura, 1986) and social dominance theory (Sidanius & Pratto, 1999), this study posits that social dominance orientation and unethical decision making are interrelated directly and indirectly by means of moral disengagement and self-regulation. Specifically, SDO is argued to be negatively related to self-regulation and positively related to unethical decision making and an individual's propensity to morally disengage. Moral disengagement is believed to impede the individual ability to self-regulate and by that contributes to unethical decision making. On the other hand, self-regulation is posited to be negatively associated with unethical decision making.

Method

Sample and Procedures

Data were collected via an online survey. An email invitation with a link to the online survey was sent to 435 alumni and current full-time, part-time, and executive

MBA students from the University of Hawai'i. Participation was voluntary. All participants were assured of confidentiality and anonymity of their responses. A reminder email was sent approximately two weeks after the initial invitation.

A total of 204 questionnaires were collected, representing a 47% response rate. On average participants were 32.6 years old and had 11.8 years of work experience and 4.94 years of supervisory experience. Of the participants, 66.2% worked full-time, 12.3% worked part-time, and 21.6% were full-time students at the time of the survey. Participants had been employed in a variety of industries and occupations, including managers, administrators, engineers, accountants, and educators. 49% were female. In terms of ethnicity, 45% reported being of "Asian" ethnicity, 35% were "White/Caucasian," 8% were "Pacific Islander," and 12% were of "Other" ethnic origin.

Measures

Unless otherwise noted, respondents answered all items on a 5-point scale (1 = strongly disagree and 5 = strongly agree). All scales and associated items are shown in the Appendix.

Social dominance orientation. SDO was assessed using an established and validated 14-item SDO scale (Pratto et al., 1994) measuring the individual propensity to support social group-based hierarchies and inequality, differential treatment and entitlement for people in different social groups, and the use of others to get ahead. Example items are "Some people are just more worthy than others," "It is not a problem if some people have more of a chance in life than others," and "To get ahead in life, it is sometimes necessary to step on others." Cronbach's alpha was 0.85.

Moral disengagement. Moral disengagement was assessed using a previously validated 24-item instrument (Detert et al., 2008). The scale utilizes three items to measure each of the eight types of moral disengagement mechanisms: (1) moral justification (e.g., "It's OK to steal to take care of your family's need"), (2) euphemistic labeling (e.g., "Sharing exam questions is just a way of helping your friends"), (3) advantageous comparison (e.g., "Damaging some property is no big deal if you consider that others are beating up people"), (4) displacement of responsibility (e.g., "People

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cannot be blamed for misbehaving if their friends pressured them to do it"), (5) diffusion of responsibility (e.g., "You can't blame a person who plays only a small part in the harm caused by a group"), (6) distortion of consequences (e.g., "People do not mind being teased because it shows interest in them"), (7) attribution of blame (e.g., "People are not at fault for misbehaving at work if their managers mistreat them"), and (8) dehumanization (e.g., "Some people deserve to be treated like animals"). The eight types of moral disengagement mechanisms make up three categories: (a) cognitive restructuring of unethical actions, encompassing moral justification, euphemistic labeling, and advantageous comparison; (b) minimization of accountability, encompassing displacement of responsibility and diffusion of responsibility; and (c) reframing of outcomes, encompassing distortion of consequences, attribution of blame, and dehumanization. Cronbach's alpha of the 24-item scale was 0.91

Self-regulation. Self-regulation was measured using a validated 13-item version of the dispositional self-control scale (Tangney et al., 2004) assessing individual awareness and control of thoughts, emotions, impulses, and actions. Example items are "I am good at resisting temptations," "I have hard time breaking bad habits" (reverse-scored item), and "I often act without thinking through all the alternatives" (reverse-scored item). Cronbach's alpha was 0.84.

Unethical decision making. Unethical decision making was assessed using a modified version of a 15-item measure adapted from Tang and colleagues (Y. Chen & Tang, 2006; Luna-Arocas & Tang, 2004; Tang & Chiu, 2003; Tang & Tang, 2010). The measure asked individuals to evaluate hypothetical work-related activities as ethical or unethical along three dimensions: (a) abuse of resources (e.g., "Use office supplies [paper, pen], Xerox machine, and stamps for personal purposes"); (b) abuse of power or position (e.g., "Accept gifts or money from clients for doing one's work"); and (c) not blowing the whistle (e.g., "Let the fraudulent practices within one's company go unnoticed"). Cronbach's alpha of the 15-item scale was 0.92.

Control variables. This study controlled for social desirability, gender, age, religious affiliation, ethnicity, number of years of work experience, number of years of supervisory experience, current employment, and work satisfaction because these variables have been found to influence individual ethical decision making (O'Fallon &

Butterfield, 2005) and some of these variables have been shown to explain variance in social dominance orientation (Sidanius & Pratto, 1999; Pratto et al., 2006), self-regulation (Tangney et al., 2004), and moral disengagement (Detert et al., 2006). To measure social desirability, this study used a short ten-item scale of impression management (Steenkamp, de Jong, & Baumgartner, 2010) adapted from Paulhus (1986). Impression management measures the degree to which respondents over-report socially desirable behaviors and under-report socially undesirable behaviors systematically and consciously. An example item is "I never cover up my mistakes." Cronbach's alpha was 0.75. Gender was coded as a binary variable (1 = females and 0 = males). Since a majority of the respondents indicated their ethnicity as either Asian (45%) or White/Caucasian (35%), ethnicity was represented as a binary variable (0 = non-Asian; 1=Asian). Religious affiliation was also assessed as a binary variable denoting whether participants are affiliated with a religion or not (0 = no affiliation with religion and 1 = affiliation with a religion). To assess work satisfaction, participants were asked to respond to the question "In general, how satisfied are you with your job?" on a five-point scale (1 = very dissatisfied and 5 = very satisfied).

Based on previous studies, the following relationships are expected between control variables and the constructs of interests. With regard to unethical decision making, a number of studies found that individuals with a greater propensity to over-report socially desirable behaviors also tend to over-report their involvement in ethical behaviors and under-report their unethical behavior (Randall & Fernandes, 1991); thus, social desirability is expected to be associated negatively with unethical decision making. A majority of studies investigating the association between gender and unethical decision making reported no significant gender differences (Kish-Gephart et al., 2010); however, some studies found females to make more ethical choices than males (Loe, Ferrell, & Mansfield, 2000; O'Fallon & Butterfield, 2005) leading to expect that females will be less likely to make unethical decisions compared to males. Reviewing the studies on ethical decision making, O'Fallon and Butterfield (2005) reported that the research on the association of age with ethical decision making has produced mixed results, including positive, negative, and non-significant findings. However, given that age has been empirically linked to cognitive moral development (Kohlberg, 1969), it is expected that

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age will be related negatively to unethical decision making. Because a number of studies found religious affiliation to be negatively related to unethical decision making (O'Fallon & Butterfield, 2006), a similar association is expected in this study. In addition, following a study that found significant differences in unethical decision making across members of different ethnic groups, attributing differences to different cultural and socioeconomic backgrounds and socialization experiences (McCuddy & Peery, 1996), this work expects members of Asian and Caucasian ethnic groups to differ in ethical decision making. However, due to the lack of evidence on differences in ethical decision making among members of Asian and Caucasian ethnicities, the direction of the relationship between ethnicity and unethical decision making cannot be predicted. The findings on the relationships of unethical decision making with work and supervisory experience are of mixed nature, but a number of studies demonstrated positive relationships (Henthorne, Robin, & Reidenbach, 1992; Kidwell, Stevens, & Bethke, 1987; Larkin, 2000; Weeks, Moore, McKinney, & Longenecker, 1999). Presumably, the awareness of ethical norms increases with experience; thus, in this work, negative associations are expected between work experience, supervisory experience, current employment status, and unethical decision making. Furthermore, the results of the recent meta-analysis (Kish-Gephart et al., 2010) indicated that job satisfaction is negatively related to unethical behavior. Grounding the explanation for this relationship in equity theory (Adams, 1963), Kish-Gephart et al. suggested that dissatisfied individuals may be more likely to compensate for the imbalance in their input/output ratios relative to the ratio of others by partaking in unethical conduct. Thus, a negative relationship is expected between job satisfaction and unethical decision making in this work.

Self-regulation is expected to be related positively to social desirability based on the findings of Tangney et al. (2004) who explained the positive association by the fact that individuals who claim to have good self-control may want to look good and conform to social norms, or actually do more things that are socially desirable. Social cognitive perspective suggests that individuals develop self-regulation with experience (Bandura, 1986); thus, it is expected that age, work experience, and supervisory experience will be positively related to self-regulation. In addition, individual ability to self-regulate has been found to be associated with better individual achievement, task performance,

psychological adjustment, and interpersonal relationships (Tangney et al., 2004), which may translate into a greater tendency to be employed and do well in one job, leading to presume a positive relationship of self-regulation with current employment and work satisfaction. In addition, religion has been argued to promote self-regulation (McCullough & Willoughby, 2009); thus, a positive relationship is expected between religious affiliation and self-regulation.

Concerning moral disengagement, based on the findings of South and Wood (2006), social desirability is expected to be related negatively to moral disengagement. South and Wood explained that some individuals who show a greater propensity to morally disengage may be less concerned with providing socially desirable responses, while others may show a greater propensity to provide favorable responses to the survey questions by indicating a lower propensity to morally disengage in order to maintain a favorable image. In addition, previous studies reported that females demonstrated lower propensity to morally disengage compared to males (Detert et al., 2008; McAlister, 2001; Paciello, Fida, Tramontano, Lupinetti, & Caprara, 2008) attributing the gender differentiation to differences in socialization and the resultant decision rules that males and females use to make unethical decision. Galbraith and Stephenson (1993) reported that when making ethical decisions females tend to take utilitarian approach and focus on the interests of others, whereas males tend to focus on self-interests. In addition, this work expects moral disengagement to be related negatively with age, work experience, and supervisory experience. As individuals progress to higher levels of moral development and self-regulation with greater age and experience (Bandura, 1986; Kohlberg, 1969), they are more likely to take responsibility for their own actions and develop greater awareness of the effects of their actions on themselves and others, presumably leading to a lower propensity to morally disengage. Paciello and colleagues (2008) demonstrated that the tendency to morally disengage decreases with age as individuals mature, learn from social experience the values of different behaviors, and develop greater social adjustment. Furthermore, Bandura (1986) argued that socialization and cultural experiences shape the individual propensity to morally disengage; therefore, differences in moral disengagement are expected among members of different ethnic groups. Due to the lack of previous empirical and conceptual evidence, the direction of

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the relationship between ethnicity and moral disengagement is not specified. Finally, Claybourn (2011) found that moral disengagement was negatively associated with job satisfaction suggesting that satisfied individuals were less likely to encounter participation in illicit behaviors toward others that would inspire the use of moral disengagement; thus, moral disengagement is expected to be associated negatively with job satisfaction.

Finally, previous studies of social dominance orientation (Sidanius & Pratto, 1999) reported that males and members of the dominant groups demonstrate greater levels of SDO compared to women and members of subordinate groups. In this sample, Asian ethnicity was overrepresented (45%) compared to White/Caucasian (35%) and other ethnicities. This is reflective of the overall ethnic makeup of the population of Hawaii, where the study was conducted. In Hawaii, ethnicities traditionally perceived as "minorities" in the U.S. represent the dominant 75 percent of the population. Asians make up 55 percent of the total population, which is the largest percentage in the U.S. Thus, it is expected that females and members of non-Asian ethnicity are likely to exhibit lower levels of SDO.

Data Analysis

To test the hypothesized relationships between the constructs, structural equation modeling (SEM) procedures based on the analysis of covariance structures were conducted using the AMOS 17.0 program. Since social dominance orientation, self-regulation, moral disengagement, and unethical decision making are latent variables, SEM is the appropriate technique to use.

The model structure was specified a priori based on previous theoretical and empirical research and as such confirmatory approach with maximum likelihood estimation was used to analyze the data. Prior to conducting SEM, the data should be screened for issues that may jeopardize the results such as outliers, multicollinearity, nonnormality, and missing data (Kline, 2011). Thus, preliminary data analysis was carried out to screen the data and examine the tenability of the assumptions.

As suggested by Anderson and Gerbing (1988), a two-step approach to structural equation modeling was used. First, a measurement model was established using confirmatory factor analyses (CFA) to validate the scales. Following the establishment of the measurement model, the data were fitted to the hypothesized model and assessed for goodness-of-fit. The assessment of the model fit was based on multiple criteria. First, the Normed Chi-square ($\chi2$ / *df*) was used for which a value of 2.0 or less indicates good fit (Arbuckle, 2007). Next, a number of comparative indices were used, including the Comparative Fit Index (CFI), Tucker-Lewis Index (TLI), and the Incremental Fit Index (IFI). For these comparative indices values may range from 0 to 1.0 and values above .90 are indicative of acceptable fit (Bentler, 1990, 1992; Brown, 2006) whereas values above 0.95 indicate good fit (Hu & Bentler, 1999). Finally, the Root Mean Square Error of Approximation (RMSEA) was used for which values close to 0.05 indicate good fit (Hu & Bentler, 1999).

Path analyses were used to test hypotheses one through six. The bias-corrected bootstrap estimation procedure in AMOS with 1000 bootstrap samples and 95 percent bootstrapping confidence intervals (Cheung & Lau, 2008) was performed to test the significance of the indirect or mediated effects in hypotheses seven through ten. Structural equation modeling with a bias-corrected bootstrap estimation procedure is recommended for examining the mediation effects with latent variables to control for the effects of the measurement errors and the non-normal sampling distribution of the indirect effect. Bootstrapping is a non-parametric approach involving multiple samples being drawn with replacement from the original data set and the model being re-estimated on each sample. This approach allows estimation of confidence intervals providing a range of plausible population values for the mediation effects. Since both self-regulation and moral disengagement were posited to mediate the effect of social dominance orientation on unethical decision making, to test the mediated effect of self-regulation in hypothesis seven, the path between social dominance orientation and moral disengagement was set to zero. To test the mediated effect of moral disengagement in hypothesis ten, the path between social dominance orientation and self-regulation was set to zero.

Results

Preliminary Analysis

Prior to conducting structural equation modeling, the data were screened for outliers, multicollinearity, missing data, and multivariate normality. Outliers are cases whose scores are substantially different from the rest in a dataset. Multivariate outliers have extreme scores on two or more variables or the pattern of the scores appears atypical in the sample. A common method for detecting multivariate outliers, which is also available as an option in AMOS 17.0, is based on the calculation of the Mahalanobis distance (D^2) statistic for each case. The outlying cases will have D^2 statistics that are distinctively different from all the other cases and have a low *p*-value leading to a rejection of the null hypothesis that these cases come from the same population (a recommended conservative level is p < 0.001) (Kline, 2011). The examination of the Mahalanobis D^2 and associated *p*-values in AMOS indicated that there were six cases that have D^2 values that stand distinctively apart and have *p*-values lower than 0.001. However, when these values were deleted from the dataset, the results remained practically unchanged from the results reported below. The scores were examined in detail and for the most part were found plausible in the context of the survey. Thus, the scores were retained in the dataset.

Multicollinearity may occur when one or more predictor variables exhibit very strong correlations with one another. The variance inflation factor (VIF) statistic may be used to test for multicollinearity. According to Kline (2011), VIF greater than 10 signifies that the variable may be redundant. A VIF option in the regression procedure in SAS 6.2 was used to assess multicollinearity. First, the scores for the five latent constructs were averaged to obtain a single indicator to be used in the regression analysis along with eight single indicators representing control variables. The average ethical decision making score, or the dependent variable, was regressed on the twelve predictor variables. The results indicated that none of the variables exceeded the recommended VIF value of 10. The VIF values for all but three variables were below 1.61, while age had the VIF value

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of 5.04, work experience 5.81, and supervisory experience 2.61. Additional analyses involving the removal of age and work experience variables from structural equation modeling analyses did not significantly change the results reported below. Thus, multicollinearity did not appear to be a problem in this dataset.

The assumption of multivariate normality was assessed using the test for normality option in AMOS 17.0 which provides a measure of the Mardia's coefficient of multivariate kurtosis as well as univariate normality statistics such as skewness and kurtosis for each variable. Kline (2011) stated that the Mardia's test is limited by the fact that trivial departures from normality may be statistically significant in larger samples and suggests that multivariate nonnormality is detectable through a careful evaluation of univariate distributions. According to Kline (2011) standardized skew index values between -3.0 and +3.0 and standardized kurtosis index of -10.0 to +10.0 may be considered roughly normal. The results demonstrated that none of the variables indicated the existence of skewness and kurtosis in the data.

The survey was designed to control for missing data by reminding the participants to provide an answer for the questions they might have missed. Thus, no missing observations were found in this dataset. Table 1 provides descriptive statistics and zero-order correlations.

Measurement Model

The recursive measurement model was estimated using confirmatory factor analysis with AMOS 17.0. To form the measurement model with an adequate sample-size-to-parameter ratio, the items were assigned to three item parcels for each latent construct (Bentler & Chou, 1988). The items were assigned to three parcels to meet the minimum of at least two indicators per latent construct requirement (Bollen, 1989).

Table 1. Means, Standard Deviations, and Zero-Order Correlations.

Variable	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12
1. Social Dominance Orientation	2.37	0.61												
2. Self-regulation	3.06	0.63	-0.07											
3. Moral Disengagement	1.96	0.48	**0.41***	**-0.30***										
4. Unethical Decision Making	1.80	0.54	**0.31***	**-0.23***	**0.69***									
5. Social Desirability	2.91	0.60	-0.10	**0.52***	**-0.32***	**-0.31***								
6. Female [a]	0.49	0.50	**-0.20***	0.06	**-0.33***	**-0.20***	0.07							
7. Age	32.62	7.86	-0.04	**0.17***	**-0.17***	**-0.15***	0.09	-0.02						
8. Religious affiliation [b]	0.57	0.50	0.04	0.04	**-0.15***	-0.06	**0.17***	0.02	0.07					
9. Ethnicity [c]	0.45	0.50	**0.24***	-0.06	**0.15***	0.02	-0.03	0.09	-0.08	-0.04				
10. Currently Employed [d]	0.78	0.41	-0.03	**0.24***	-0.09	-0.03	0.13	0.06	0.12	-0.10	-0.05			
11. Work Experience (Years)	11.82	8.89	-0.03	**0.18***	**-0.14***	-0.10	0.11	0.04	**0.88***	0.10	-0.10	**0.16***		
12. Supervisory Experience (Years)	4.94	6.55	-0.01	**0.17***	-0.06	0.01	**0.16***	-0.10	**0.73***	0.13	-0.09	0.11	**0.76***	
13. Work Satisfaction	3.60	1.02	-0.13	**0.32***	-0.10	**-0.14***	**0.24***	0.03	0.01	-0.02	0.01	**0.23***	-0.08	0.01

Note: $N = 204$;
* Significant at least at $p < .05$;
[a] Binary variable (0 = male, 1 = female);
[b] Binary variable (0 = no affiliation with religion, 1 = affiliation with a religion);
[c] Binary variable (0 = African American, White, Pacific Islander or other non-Asian ethnicity, 1 = Asian);
[d] Binary variable (0 = currently not employed, 1 = currently employed full time or part time).

For the constructs of social dominance orientation, self-regulation, and social desirability, the items were randomly assigned to three item parcels and then averaged to form three manifest indicators. The three-indicator measures of social dominance orientation (Cronbach's alpha = 0.85), self-regulation (Cronbach's alpha = 0.83), and social desirability (Cronbach's alpha = 0.71) showed acceptable reliabilities. For the moral disengagement construct, items measuring the three categories of moral disengagement were averaged to make up three indicators: cognitive restructuring (9 items, Cronbach's alpha = 0.81), minimization of accountability (6 items, Cronbach's alpha = 0.76), and reframing of outcomes (9 items, Cronbach's alpha = 0.82). The three-indicator measure of moral disengagement showed acceptable reliability (Cronbach's alpha = 0.82). Also, items measuring the three dimensions of ethical decision making were averaged to make up three indicators: the abuse of resources (6 items, Cronbach's alpha = 0.87), the abuse of power and position (6 items, Cronbach's alpha = 0.85), and not blowing the whistle (3 items, Cronbach's alpha = 0.87). Cronbach's alpha of the scale with three averaged indicators was 0.83.

Overall, the measurement models consisted of five latent constructs representing all of the main constructs of interest and one of the control variables: social dominance orientation (3 indicators), moral disengagement (3 indicators), unethical decision making (3 indicators), self-regulation (3 indicators), and social desirability (3 indicators). In addition, the model included 8 single indicators representing the rest of the control variables (i.e., age, gender, ethnicity, religious affiliation, work experience, supervisory experience, work satisfaction, current employment). Each indicator had a nonzero loading on the construct it was designed to measure and zero loadings on any other constructs. Following the basic CFA condition of every latent variable having some type of a scale, the direct effects of one of the indicators for each of the latent construct was fixed to 1.0 and the unstandardized residual coefficients for the indicators associated with the latent variables were also fixed at 1.0. All the error terms associated with the indicators were uncorrelated. All latent constructs and single indicators representing the control variables were correlated. The measurement model demonstrated good fit to the data ($\chi2/df$ = 1.51, CFI = .96, TLI = .94, IFI = .96, and RMSEA = 0.05). All standardized item loadings were significant and ranged from 0.51 to 0.91 (see Table 2).

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Table 2. Results of the Confirmatory Factor Analysis (Measurement Model).

Model Paths	Standardized Item Loadings
Social Dominance Orientation	
Social Dominance Orientation Parcel 1	0.79***
Social Dominance Orientation Parcel 2	0.89***
Social Dominance Orientation Parcel 3	0.77***
Self-regulation	
Self-regulation Parcel 1	0.69***
Self-regulation Parcel 2	0.80***
Self-regulation Parcel 3	0.91***
Moral Disengagement	
Cognitive Restructuring	0.89***
Minimization of Responsibility	0.63***
Reframing of Outcomes	0.77***
Unethical Decision Making	
Abuse of Resources	0.84***
Abuse of Power or Position	0.78***
Not whistle-blowing	0.73***
Social Desirability (control variable)	
Social Desirability Parcel 1	0.51***
Social Desirability Parcel 2	0.84***
Social Desirability Parcel 3	0.66***

Note$:$ $N = 204$;
*** Significant at least at $p < .0001$.

SEM Analysis and Hypotheses Testing

The structural model consisted of five latent constructs and eight single indicators as described previously in the measurement model section. Following the basic CFA assumptions (Brown, 2006), all indicators were loaded only on one latent construct, all error terms associated with the latent constructs' indicators were uncorrelated, and every latent construct was scaled by fixing the direct effect of one of the three indicators to 1.0 and by setting the unstandardized residual coefficient for all indicators associated with latent constructs to 1.0.

The hypothesized structural model, as represented in Figure 2, provided good fit to the data ($\chi 2$/df = 1.54; CFI = .96; TLI = .93; IFI = .96; RMSEA = .05). Overall, it is estimated that all predictors of unethical decision making explain 76.50 percent of its variance. Figure 3 presents the results of the path analysis with standardized parameter estimates. For ease of presentation, only those control variables that are significantly related to the constructs of interest are depicted in the figure. Table 3 summarizes the direct and indirect effects.

Control variables. Being female was associated with a significantly lower level of social dominance orientation (standardized effect estimate = - 0.22, p < 0.002), while being of Asian ethnicity was positively related to social dominance orientation (standardized effect estimate = 0.27, p < 0.0001). In addition, age (standardized effect estimate = - 0.35, p < 0.006), being female (standardized effect estimate = - 0.29, p < 0.0001), and social desirability (standardized effect estimate = - 0.43, p < 0.0001) were negatively related with the individual propensity to morally disengage. Both social desirability (standardized effect estimate = 0.62, p < 0.0001) and current employment (standardized effect estimate = 0.19, p < 0.005) were related positively to the individual ability to self-regulate. Finally, being female was associated positively with unethical decision making (standardized effect estimate = 0.16, p < 0.01).

Hypotheses testing. This section summarizes the results of the path and mediation analyses. A detailed discussion of the results is presented in the discussion section. Social dominance orientation was not directly related to unethical decision making (hypothesis 1 is not supported) and self-regulation (hypothesis 2 is not

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supported). Self-regulation was not associated with unethical decision making (hypothesis 3 is not supported). On the other hand, social dominance orientation was positively related to moral disengagement (standardized effect estimate = 0.37, $p <$ 0.0001), providing support for hypothesis 4. Moral disengagement was also positively related to unethical decision making (standardized effect estimate = 0.92, $p < 0.0001$), consistent with hypothesis 6. However, moral disengagement was not directly linked to self-regulation (hypothesis 5 is not supported).

The results of the mediation analysis indicate that the effect of social dominance orientation on unethical decision making is mediated by moral disengagement (standardized indirect effect estimate = 0.34, $p < 0.005$), supporting hypothesis 10. However, there was no evidence of moral disengagement mediating the relationship between social dominance orientation and self-regulation (hypothesis 9 is not supported). In addition, self-regulation did not mediate the link between social dominance orientation and unethical decision making (hypothesis 7 is not supported). Furthermore, self-regulation did not mediate the relationship between moral disengagement and unethical decision making (hypothesis 8 is not supported).

Common Method Variance

In studies where data for the predictors and criterion variables are collected from a single source using a single instrument, common method variance (CMV) may be an issue. To provide a level of assurance that the statistical and practical significance of the results has not been influenced by CMV, this study conducted two statistical procedures recommended by Podsakoff and colleagues (2003). First, a Harman Single Factor Test was used which involved loading all fifteen indicators for the five latent constructs in the study on a single latent factor in a confirmatory factor analysis. The results showed poor data fit ($\chi 2/df$ = 4.59, CFI = .64, TLI = .55, IFI=.65, RMSEA = 0.13), suggesting that a single common method factor does not account for the majority of the covariance among the measures. Second, a partial correlation procedure of including a marker variable, which is expected to be theoretically unrelated to all constructs in the study, was conducted. A variable assessing an individual attitude toward "dressing in style," which

was measured by the item "A person should dress in style" on a five-point scale (1 = strongly agree and 5 = strongly disagree), was included in the model. It was not found to be significantly related to any of the other variables, while the fit of the model and the significance and the estimates associated with the structural paths remained practically unchanged, providing further support for the lack of common method variance.
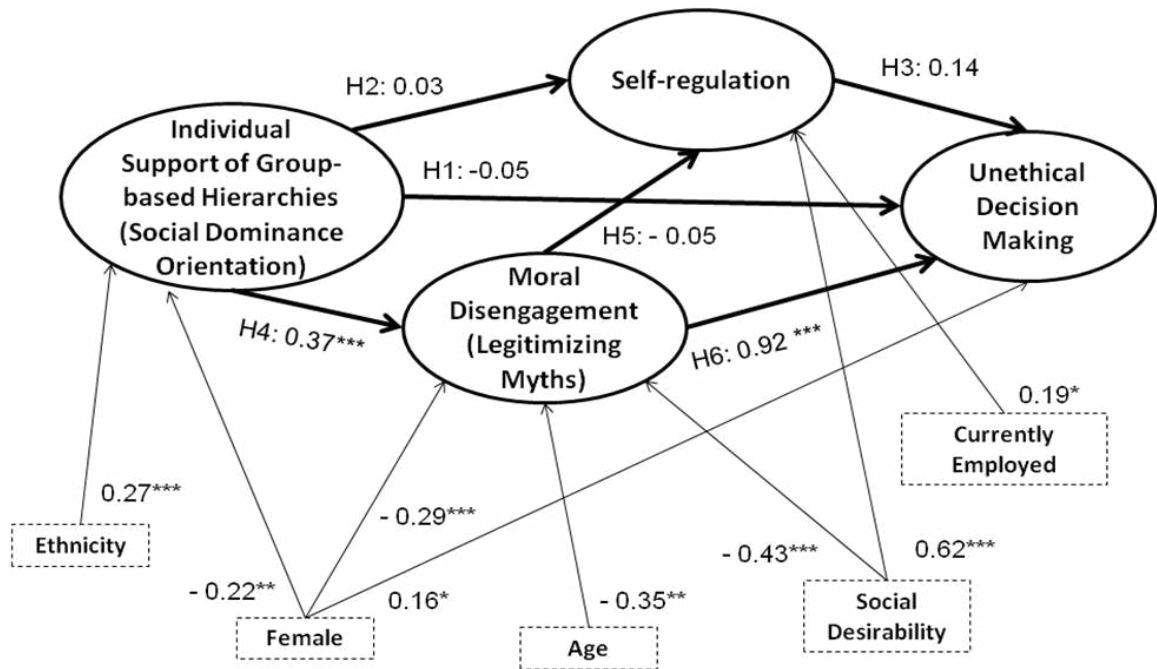
Figure 3. Results of the Structural Equation Modeling Analysis with Standardized Parameter Estimates.

Note: The study controlled for the effects of social desirability, gender, age, religious affiliation, ethnicity, current employment, years of work experience, years of supervisory experience, and work satisfaction. Only those control variables that are significantly associated with the constructs of interested are depicted for the ease of presentation.

$N = 204$; † significant at least at $p < 0.05$; * $p < 0.01$; ** $p < 0.001$; *** $p < 0.0001$.

Table 3. Standardized Direct and Indirect Effects, Standard Errors, and p-values.

Model Paths	Hypotheses	Standardized Estimate	Unstandardized Estimate	Standard Error
Direct Effects				
Social Dominance Orientation → Unethical Decision Making	H1	- 0.05	- 0.05	0.06
Social Dominance Orientation → Self-Regulation	H2	0.03	0.03	0.09
Self-Regulation → Unethical Decision Making	H3	0.14	0.10	0.07
Social Dominance Orientation →Moral Disengagement	H4	0.37***	0.30***	0.06
Moral Disengagement → Self-Regulation	H5	- 0.05	- 0.06	0.16
Moral Disengagement → Unethical Decision Making	H6	0.92***	0.90***	0.12
Control Variables [a]				
Social Desirability → Moral Disengagement		- 0.43***	- 0.33***	0.07
Social Desirability → Self-Regulation		0.62***	0.63***	0.11
Female [b] → Social Dominance Orientation		- 0.22**	- 0.28**	0.09
Female [b] → Moral Disengagement		- 0.29***	- 0.30***	0.06
Female [b] → Unethical Decision Making		0.16*	0.17*	0.07
Age → Moral Disengagement		- 0.35**	- 0.02**	0.01
Ethnicity [d] → Social Dominance Orientation		0.27***	0.34***	0.09
Currently Employed [c] → Self-Regulation		0.19**	0.31**	0.11

Table 3 (Continued). Standardized Direct and Indirect Effects, Standard Errors, and p-values.

Model Paths	Hypotheses	Standardized Estimate	Unstandardized Estimate	Standard Error
Indirect Effects				
Social Dominance Orientation → Unethical Decision Making (mediated by Self-Regulation)	H7	0.01	0.01	0.02
Moral Disengagement → Unethical Decision Making (mediated by Self-Regulation)	H8	- 0.01	- 0.01	0.10
Social Dominance Orientation → Self-Regulation (mediated by Moral Disengagement)	H9	- 0.01	- 0.01	0.05
Social Dominance Orientation → Unethical Decision Making (mediated by Moral Disengagement)	H10	0.34**	0.27**	0.09

Note: $N = 204$; * significant at least at $p < .01$; ** $p < .001$; *** $p < .0001$;
[a] Only significant direct effects are reported for the control variables;
[b] Binary variable (0 = male, 1 = female);
[c] Binary variable (0 = currently not employed, 1 = currently employed full time or part time);
[d] Binary variable (0 = African American, White, Pacific Islander or other non-Asian ethnicity, 1 = Asian).

Supplementary Analysis

Although the results of the structural equation modeling did not show evidence of significant mediation effects of self-regulation in the relationships between social dominance orientation, moral disengagement, and unethical decision making, some conceptual and empirical evidence suggests that instead of mediating the association between social dominance orientation, moral disengagement, and unethical behavior, self-regulation may moderate the relationship.

According to Baron and Kenny (1986), a mediator is a variable which represents a mechanism through which an independent variable in the study influences a dependent variable. It specifies how the effect of the independent variable on the dependent variable occurs. A variable may function as a mediator if: (a) variability in the independent variable significantly accounts for the variability in the mediator variable, (b) variability in the mediator variable significantly accounts for the variability in the dependent variable, (c) when the effect of the independent variable on the mediator variable and the effect of the mediator variable on the dependent variable are controlled for, the previously significant association between the independent variable and the dependent variable is no longer significant. A moderator, on the other hand, is a variable that influences the strengths and/or the direction of the relationship between the independent variable and the dependent variable in the study. It partitions the independent variable into "subgroups that establish its domain of maximal effectiveness" in regard to the dependent variable (Baron & Kenny, 1986, p. 1173). A variable may function as a moderator when the effect of the interaction or product of the independent variable with the moderator on the dependent variable is significant.

In the previous section, grounding the arguments in social cognitive theory, it was posited that self-regulation functioned as a mediator in the relationships between social dominance orientation and unethical decision making and between moral disengagement and unethical decision making. However, that prediction was not supported. Alternatively, general theory of crime (Gottfredson & Hirschi, 1990) posits that the individual propensity to become involved in criminal activities varies across different levels of self-control. Specifically, individuals with a lower ability to self-regulate their

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actions are more likely to partake in criminal activities compared to individuals with a greater ability to self-regulate (Gottfredson & Hirschi, 1990). In support of this view, self-control has been found to moderate the effect of anger on deviant behavior such that the positive association between anger and deviant behavior was weaker among individuals with greater levels of self-control and stronger among individuals with lower levels of self-control (Restubog, Garcia, Wang, & Cheng, 2010).

Self-regulation may exert its influence on the relationship between social dominance orientation, moral disengagement, and unethical decision making in a number of ways. People with greater self-regulation ability tend to be more aware of self and others and have a superior capacity to interrupt undesirable behavioral tendencies to meet socially desirable standards. As a result, those with greater self-regulation have been reported to show lower levels of malevolent intention and aggression, be more empathetic toward others, experience more shame and guilt, be aware of long-term consequences for self and others, and have greater ability to forgive others (Tangney et al., 2004). Consequently, a greater ability to self-regulate may mitigate the negative outcomes of social dominance orientation, such as the lack of concern for others and a "winning at all cost" mentality, and attenuate one's propensity to morally disengage and make unethical decisions. In addition, self-regulation may buffer the guilt and shame minimizing effects of moral disengagement on unethical decision making. Thus, this work posits that greater individual awareness, greater control over one's actions and greater capacity to reduce the gap between the self and preferred social standards associated with higher levels of self-regulation is likely to weaken the mediating role of moral disengagement in the relationship between social dominance orientation and moral disengagement.

Hypothesis 11: Self-regulation moderates the relationship between social dominance orientation, moral disengagement, and unethical decision making such that the relationship will be weaker for individuals with greater self-regulation.

Figure 4 presents a modified model of the role of self-regulation and moral disengagement in the relationship between social dominance orientation and unethical

decision making. The model was tested using the same sample and procedures as described above. First, the modified model was fit to the whole sample. Second, the moderation effect of self-regulation was tested using the multi-group structural equation modeling.
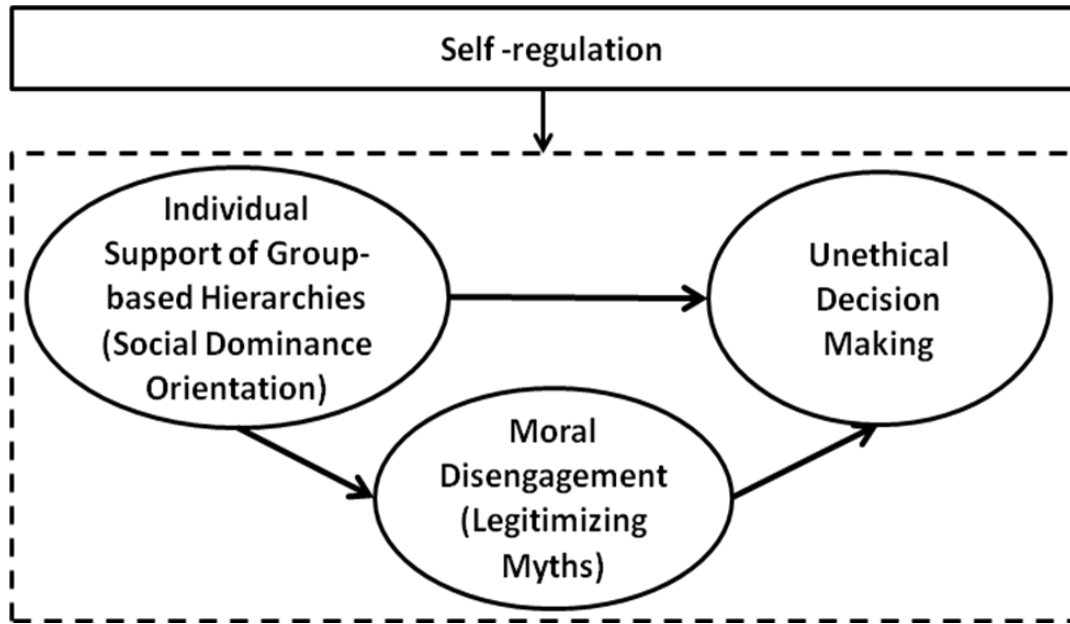
Figure 4. A Modified Model of the Relationship between Social Dominance Orientation, Moral Disengagement, Unethical Decision Making, and Self-Regulation.
Note: For the ease of presentation, control variables and paths from the nine control variables to all other constructs are omitted.

The results of structural equation modeling based on the analysis of covariance showed that the modified model provided an acceptable fit to the data ($\chi2/df = 1.50$; CFI = .97; TLI = .94; IFI = .97; RMSEA = .05). Overall, it is estimated that all predictors of unethical decision making explain 75.50 percent of its variance. Figure 5 presents the results of the path analysis with standardized parameter estimates (for ease of presentation, control variables are not depicted in the figure). Table 4 summarizes the direct and indirect effects.

Low Self-regulation: - 0.20
High Self-regulation: 0.05

Individual Support of Group-based Hierarchies (Social Dominance Orientation)

-0.04

Unethical Decision Making

0.37***

Moral Disengagement (Legitimizing Myths)

0.91***

Low Self-regulation: 0.61***
High Self-regulation: 0.17

Low Self-regulation: 1.09***
High Self-regulation: 0.57***
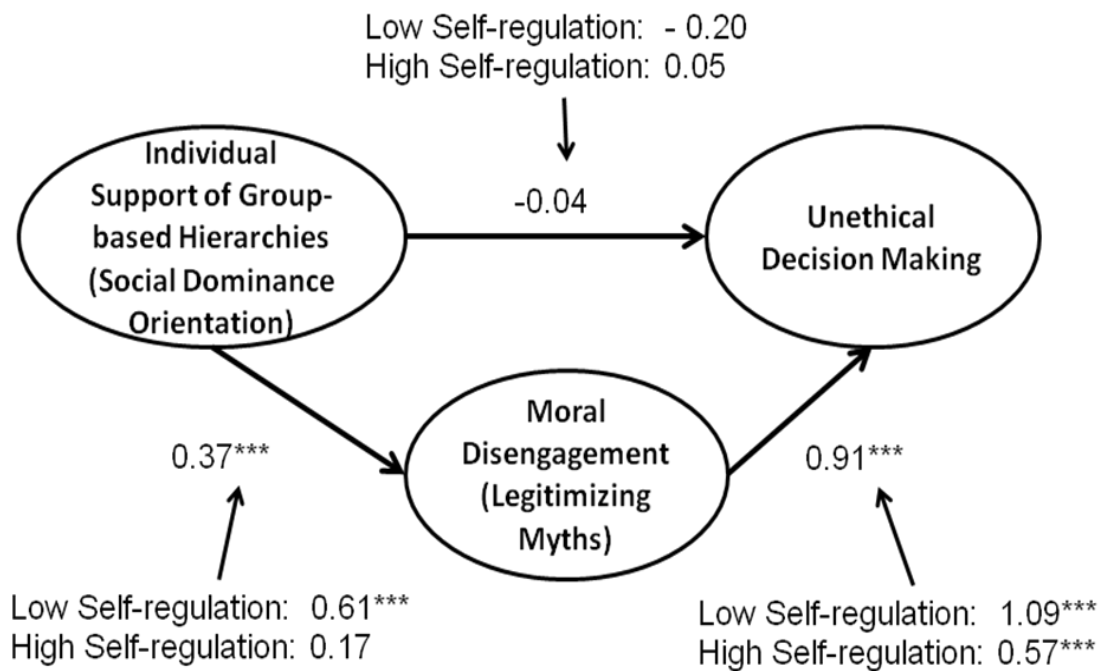
Figure 5. Results of the Structural Equation Modeling Analysis of the Modified Model with Standardized Parameter Estimates.

Note: Although the model does not depict this for the ease of presentation, the study controlled for the effects of social desirability, gender, age, religious affiliation, ethnicity, current employment, years of work experience, years of supervisory experience, and work satisfaction.

$N = 204$; *** significant at least at $p < 0.001$.

The results of the path analyses and bootstrap estimation procedure of the modified model closely resemble the results based on the original model. As in the original model, the positive effect of social dominance orientation on ethical decision making was fully mediated by moral disengagement. The estimates of the direct and indirect effects remained practically unchanged aside from one additional effect: being of

Asian ethnicity was negatively related to unethical decision making (standardized effect estimate = - 0.11, $p < 0.05$).

The moderating role of self-regulation in hypothesis 11 was assessed using the multi-group structural equation modeling procedure (Kline, 2011). The sample was split at the mean ($M = 3.06$) into a low self-regulation group ($n = 101$, $M = 2.55$, $SD = 0.33$) and a high self-regulation group ($n = 103$, $M = 3.58$, $SD = 0.39$). There was a significant difference in the self-regulation scores for the low and high self-regulation groups ($t_{(197)} = 20.46$, $p < 0.0001$). Subsequently, a hierarchical set of multi-group comparisons using the chi-square difference test was performed to assess conceptual, metric, and structural model invariance across the low and high self-regulation groups. The conceptual invariance ensures that the observed measures of social dominance orientation, moral disengagement, and unethical decision making represent the same factor structures and thus the conceptually similar constructs across high and low self-regulation groups. It was assessed by fitting the same model to two different groups and examining the model fit indices. Poor model fit would indicate lack of conceptual invariance. The metric invariance tests the equality of scaling units across groups. It was assessed by imposing cross-group equality constraints on item loadings and examining the chi-square change between the constrained and unconstrained multi-group structural equation model. A significant chi-square change would indicate lack of metric invariance. Structural invariance tested the moderation effect. Structural invariance was assessed by imposing cross-group equality constraints on structural path loadings in low and high self-regulation groups. A significant chi-square change between the model with paths and item loadings constrained and the model with just the item loadings constrained would indicate the moderation effect.

The test of conceptual invariance showed an acceptable fit of the data in the high and low self-regulation groups ($\chi2/df = 1.36$, CFI = .95, TLI = .92, IFI = .95, and RMSEA = 0.04), indicating that both groups exhibited the same simple factor structure and the same baseline model can be used for each group. Next, metric invariance of the model was assessed by setting all item loadings for the two groups to be equal. The model with equal item loadings across two groups produced an acceptable fit ($\chi2/df = 1.34$, CFI = .95, TLI = .92, IFI = .96, and RMSEA = 0.04) and there was no significant

difference in chi-square values between the model with item loadings constrained and the unconstrained model ($\Delta\chi^2 = 5.16$, $\Delta df = 8$, not significant).

Following the establishment of conceptual and metric invariance, the structural invariance test was conducted to test the moderation effect of self-regulation by imposing cross-group equality constraints on structural path loadings in low and high self-regulation groups. The model with equal structural path loadings and equal item loadings across the two groups produced an acceptable fit ($\chi^2/df = 1.41$, CFI = .94, TLI = .90, IFI = .95, and RMSEA = 0.05); however, the chi-square difference test showed a significant difference between the model encompassing the constrained structural path loadings and constrained item loadings and the model encompassing only the constrained item loadings ($\Delta\chi^2 = 25.24$, $\Delta df = 11$, $p < 0.008$). This lack of structural model invariance provides support for hypothesis 11 that self-regulation moderates the relationship between SDO, moral disengagement, and unethical decision making.

As expected, social dominance orientation was strongly associated with moral disengagement for individuals with low self-regulation (standardized effect estimate = 0.61, $p < 0.0001$), but not for those with high self-regulation (standardized effect estimate = 0.17, not significant). In addition, the relationship between moral disengagement and unethical decision making was stronger for individuals with low self-regulation (standardized effect estimate = 1.09, $p < 0.0001$) compared to individuals with high self-regulation (standardized effect estimate = 0.57, $p < 0.0001$). In both groups the relationship between SDO and unethical decision making was not significant.

Table 4. Standardized Direct and Indirect Effects, Standard Errors, and p-values for the Modified Model.

Model Paths	Standardized Estimate	Unstandardized Estimate	Standard Error
Direct Effects			
Social Dominance Orientation → Unethical Decision Making	- 0.04	- 0.03	0.06
Social Dominance Orientation →Moral Disengagement	0.37***	0.30***	0.06
Moral Disengagement → Unethical Decision Making	0.91***	0.90***	0.12
Control Variables [a]			
Social Desirability → Moral Disengagement	- 0.41***	- 0.31***	0.06
Female [b] → Social Dominance Orientation	- 0.22**	- 0.28**	0.08
Female [b] → Moral Disengagement	- 0.29***	- 0.30***	0.06
Female [b] → Unethical Decision Making	0.16*	0.17*	0.07
Age → Moral Disengagement	- 0.34*	- 0.02**	0.01
Ethnicity [c] → Social Dominance Orientation	0.27***	0.34***	0.09
Ethnicity [c] → Unethical Decision Making	- 0.11†	- 0.11†	0.06
Indirect Effects			
Social Dominance Orientation → Unethical Decision Making (mediated by Moral Disengagement)	0.33**	0.27**	0.09

Note: $N = 204$; † significant at least at $p < .05$; * $p < .01$; ** $p < .001$; *** $p < .0001$;
[a] Only significant direct effects are reported for the control variables;
[b] Binary variable (0 = male, 1 = female);
[c] Binary variable (0 = African American, White, Pacific Islander or other non-Asian ethnicity, 1 = Asian).

Discussion

Unethical decision making and behavior remain a persistent problem for organizations, industries, and societies, and considerable effort has focused on identifying their correlates. However, according to the recent reviews of behavioral ethics, ethical decision making, and organizational corruption literature (Ashforth et al., 2008; O'Fallon & Butterfield, 2005; Tenbrunsel & Smith-Crowe, 2008; Treviño et al., 2006), studies exemplifying how individual characteristics, such as social dominance orientation, are related to unethical decision making and behavior are less common. The resulting view of unethical decision making and behavior is relatively narrow and neglects the role of supporting processes (Brass et al., 1998). Furthermore, much of the behavioral ethics research focused on understanding the role of dysfunctional individual characteristics, such as moral disengagement, and overlooked the role of positive individual characteristics, such as self-regulation, which may provide improved ways to encourage ethical decision making and behavior (Sekerka et al., 2009). Finally, although social hierarchies are prevalent in organizations, the research on the impact of the individual support of social hierarchies on individual behavior in organizations is scarce. This works attempts to address these gaps by presenting a process-based model explicating the role of moral disengagement and self-regulation in the relationship between the individual support of social hierarchies and inequalities and unethical decision making.

The results of this study demonstrate the key mediating role of the individual propensity to morally disengage in the relationship between SDO and unethical decision making. In the presence of mediating capacity to morally disengage, SDO was not directly related to unethical decision making. These results support the social dominance theory perspective (Sidanius and Pratto, 1999). Believing that they are superior to others and deserve greater control, status and access to power and resources, high SDO individuals are more likely to resort to morally disengaging rationalizations. Morally disengaging rationalization, in turn, allow them to legitimize unfair distribution and misuse of resources and power through the diffusion and displacement of responsibility, making their actions appear less damaging, and suppressing the perception of harm associated with their actions.

Against expectations, individual self-regulation ability was not found to mediate the relationship between individual social dominance orientation and unethical decision making when controlling for the direct associations between social dominance orientation, moral disengagement, self-regulation, and unethical decision making. The results showed no significant relationship between individual social dominance orientation and self-regulation ability suggesting that individual self-regulation ability is independent of one's propensity to support social hierarchies. This finding may be explained by the research of Baumeister and colleagues (1994; 2011; 2004) who view self-regulation as a capability whose strength may be increased or depleted through exercise. A number of laboratory studies demonstrated that deliberate practice of self-regulation through exercises such as using the nondominant hand, modifying speaking manner, tracking food eaten, improving posture, and participating in regular physical exercise contributed to the development of greater ability to self-regulate judgments and behaviors over time (Bauer & Baumeister, 2011). Thus, by deliberately exercising their self-regulation ability, individuals may develop an ability to control their judgments and actions independent of their level of support of social hierarchies, resulting in a possibility of both self-regulation and social dominance orientation influencing one's propensity to make unethical decisions independently and interactively.

The alternative hypothesis positing that self-regulation interacts with one's social dominance orientation and propensity to morally disengage in influencing unethical decision making was tested in the supplementary analysis of this work. The results supported the argument and showed that the relationships between social dominance orientation, propensity to morally disengage, and unethical decision making were stronger among individuals with lower than average ability to self-regulate. On the other hand, the support of social hierarchies was unrelated to the propensity to morally disengage and the connection between the propensity to morally disengage and unethical decision making was much weaker among individuals who scored higher than average on the ability to self-regulate. This finding is theoretically supported by Baumeister and colleagues who argue that self-control is a capability that can be developed (for review see Bauer & Baumeister, 2011). The finding is also consistent with Gottfredson and Hirschi's (1990) general theory of crime which argues that "high self-control effectively

reduces the possibility of crime – that is, those possessing it will be substantially less likely at all periods of life to engage in criminal acts" (p. 89). Thus, socially dominant individuals will typically show greater predisposition to morally disengage and ultimately make unethical decisions because they tend to be more focused on self-interests, show less concern for others, strive to obtain dominant positions to gain access to more resources, and believe that to get to dominant positions they may have to use or harm others. However, the tendency to morally disengage and make unethical decisions will decline among socially dominant individuals with greater self-regulation abilities because they may have developed greater awareness of preferred societal or organizational standards, greater attention to others, longer-term focus, and superior awareness of the consequences their actions may have on others.

In addition to revealing that moral disengagement mediates the relationship between social dominance orientation and unethical decision making, the results showed that a number of control variables are associated with the constructs of interest. As expected, females scored lower on social dominance orientation than males, while individuals of Asian ethnicity scored higher on social dominance orientation compared to those of non-Asian ethnicity. Furthermore, females, older respondents, and those who scored higher on social desirability demonstrated a lower propensity to morally disengage. Finally, individuals who were employed at the time of the study and scored higher on social desirability indicated a greater ability to self-regulate. Contrary to the expectations, being female was associated positively with unethical decision making. Most of the studies on ethical decision making in business reported either a lack of significant relationship between gender and unethical decision making or males having a greater propensity to make unethical decisions than females (Loe et al., 2000; O'Fallon & Butterfield, 2005). A small number of studies, such as one conducted by Weeks and colleagues (1999), reported that men and women tend to make ethical decision differently depending on a situation. In some situations, males made more ethical decisions, while in others females did. A plausible explanation may be found in the moral development theories. Early research based on Kohlberg's stages of moral development suggested that men typically develop higher moral reasoning compared to women (for review see Walker, 2008). These claims were opposed by Gilligan (1977) who argued that men and

women tend to utilize entirely different frames for moral reasoning: women being more care-oriented and men being more justice-oriented. However, the results of a number of reviews and meta-analytical studies provided little evidence for a meaningful relationship between gender, moral stage development, and moral orientations (Walker, 2008). Walker suggested that the type of moral orientation females and males utilize and associated moral reasoning may depend on the nature of a situation. However, how situations may influence moral reasoning across genders requires further investigation and explanation.

Theoretical Implications

By exploring the processes supporting the relationship between social dominance orientation and unethical decision making, this work makes four major theoretical contributions. First, this work attempts to shed light into the black box of the relationship between the individual support of social hierarchies and unethical decision making. The results suggest that the individual propensity to morally disengage mediates the positive relationship between the individual support of social hierarchies and unethical decision making. In other words, individuals who are more socially dominant are more likely to utilize morally disengaging rationalizations. Greater propensity to morally disengage, which allows people to minimize accountability, responsibility, and the feeling of guilt or dissonance, is associated with a greater tendency to make decisions that breach accepted moral norms and standards of behavior. This finding extends the work of Hing and colleagues (2007), who found that the individual propensity to make unethical decisions increases with greater levels of social dominance orientation.

Second, this work bridges research rooted in social cognitive theory and social dominance theory by representing morally disengaging rationalizations as a type of legitimizing myth and showing the central role of moral disengagement in explaining the association between social dominance orientation and unethical decision making. This finding is important in explaining the persistent nature of unethical behavior in organizations, industries, and societies. According to social dominance theory, the perpetual nature of social hierarchies, inequalities, and associated illicit practices

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promoting inequality (e.g., discrimination, favoritism, and racism) is coordinated through legitimizing myths, which function as a mediator between the individual social dominance orientation and practices supporting inequality. Legitimizing myths encompass cognitive structures, which are constructed by individuals and maintained by institutions (e.g., norms, values, logics, scripts, ideologies, and rationalizations), serving to legitimize and guide individual attitudes and behavior. Social dominance theory research posits that legitimizing myths such as sexism, which refers to a belief that males and females should have different roles in societies, support the on-going gender-based discrimination. Studies demonstrated that sexism mediates the relationship between social dominance orientation and gender-based discrimination (Sidanius & Pratto, 1999). Following social dominance theory, this work suggests that socially dominant individuals are more likely to endorse morally disengaging rationalizations which support differential treatment of individuals and allow individuals to become involved in unethical decision making and practices without any feeling of guilt. Arguably, these unethical judgments and practices (e.g., bribery, favoritism, cronyism, nepotism, and the use of company resources for personal gain) further promote social inequality and social dominance orientation and therefore help maintain the vicious cycle of corruption.

Third, this research goes beyond exploring the role of dysfunctional characteristics and processes, such as moral disengagement, to study the role of positive functions, such as self-regulation ability, in the relationship between the support of social hierarchies and unethical decision making. Kish-Gephart and colleagues (2010) pointed out the need for understanding how self-regulation may attenuate unethical conduct. Tsui and Ashford (1994) argued that it is important to understand the role of individual self-regulation processes in organizational behavior since traditional organizational control mechanism (e.g., procedures, codes, job descriptions) only partially regulate individuals in complex organizational environments. The results of this study corroborate Gottfredson and Hirschi's (1990) general theory of crime, which argues that poor ability to self-regulate one's actions is among the most important individual characteristics responsible for the individual involvement in criminal activities, and extend its application to explain unethical decision making in the organizational context. In addition, this study augments previous findings on the moderating role of self-control in

the relationship between individual characteristics and illicit outcomes, such as workplace deviance (Restubog et al., 2010).

Finally, this work contributes to the limited research on the role of the support of social hierarchies in organizational behavior and management literature (Magee & Galinsky, 2008). Studies focusing on the support of social hierarchies are prevalent in the fields of social psychology and mainly focus on the topics of discrimination, racism, and group inequality. However, organizations are often comprised of social group-based hierarchies, but the level and the endorsement of social hierarchies may differ among the organizations and the individuals within these organizations. By understanding how the individual and organizational support of social hierarchies influences individual behavior, organizations may be able to promote and discourage certain organizational behaviors (e.g., unethical decision making, helping behavior, stewardship, social loafing) and by that increase organizational performance.

Implications for Practice

The results of this study are useful for organizations and managers who seek ways to curtail unethical decision making. First, this study demonstrates that individuals who endorse social hierarchies and inequalities and show greater propensity to morally disengage are more likely to engage in unethical decision making. On the other hand, greater ability to self-regulate one's behavior is negatively associated with unethical decision making. By developing selection procedures involving screening for the levels of individual self-regulation, moral disengagement, and social dominance orientation, organizations may avoid hiring employees who may be predisposed to making unethical decisions. Special care in selection should be given when hiring individuals for ethically sensitive positions. However, when utilizing selection and screening procedures based on the individual differences, organizations must be careful to comply with the Civil Rights Act which specifies a number of characteristics that are illegal to discriminate on (e.g., gender, age).

Second, understanding the process of unethical decision making and the role of morally disengaging rationalizations and self-regulation, organizations may develop

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training modules designed to prevent and curtail unethical decision making and behavior. Through training, organizations may help individuals uncover the most common ways to distort and restructure one's attributions and actions and by that justify unethical behavior in specific contexts. In addition, organizations may design interventions directed at developing individual self-regulation abilities. Previous studies demonstrated that individual self-regulation may be enhanced (Demetriou, 2000). An example of an approach to ethics training that builds on individual self-regulation abilities and is designed to strengthen moral muscles and courage in the organizational setting was described by Sekerka and Godwin (2010).

Third, since the support of group-based hierarchies and inequalities is shown to be associated with unethical decision making, managers might focus on designing organizational structures that undermine the individual support of social dominance and inequality. Bandura (1986) argued that moral disengagement is especially likely in organizations characterized by hierarchical structures because these types of organizations provide support for moral disengagement mechanisms such as diffusion and displacement of responsibility, dehumanization, and disregard or distortion of consequences. Social dominance theory research suggests that after being exposed to hierarchical environments individuals are likely to develop higher levels of social dominance orientation (Sidanius & Pratto, 1999). By shaping the structure and culture of the organization, managers may be able to have some bearing on individual attitudes, predispositions, and propensities to get involved in unethical conduct.

Limitations and Future Research

The results of this study and its limitations build a foundation for future research. First, in the context of this study, self-regulation was conceptualized and operationalized as a single factor representing a general ability to be aware of and exercise control over one's thoughts, emotions, impulses, and actions. However, self-regulation may also be represented as a more complex system. For instance, Higgins' (1998) conceptualized self-regulation as a system consisting of two co-existing processes: (a) promotion-focused self-regulation concerned with the achievement and advancement of one's ideals,

goals, and aspirations, and (b) prevention-focused self-regulation concerned with attending to oughts, duties, and responsibilities and avoiding undesired states. An alternative explanation for the failure of self-regulation to mediate the relationship between social dominance orientation and unethical decision making may lie in Higgins' (1998) conceptualization of self-regulation. Although both promotion- and prevention-focused self-regulation involve monitoring and control of one's actions and behavior in order to attain a desired standard or state, the approaches encompass different sets of strategies and tactics. Promotion-based self-regulation is typically associated with eagerness to seize all opportunities, taking risk, and persistence in the face of failure, while prevention-based self-regulation is focused on avoiding failure and mistakes, conservative actions, and avoiding risk. Depending on a variety of individual and situational characteristics, individuals may develop greater promotion-focused or prevention focused self-regulation abilities. For example, Keltner and colleagues (2003) demonstrated that greater access to power was associated with promotion-focused self-regulation because power promotes freedom and greater access to rewards, whereas reduced access to power was associated with prevention-focused self-regulation because less powerful individuals perceive greater amounts of social constraints and threats. Gino and Margolis (2011) found that promotion-focused self-regulation, rooted in risk-seeking behavior, resulted in a greater likelihood of becoming involved in unethical behavior, whereas prevention-focused self-regulation, grounded in risk-avoidance, resulted in a lower propensity to behave unethically. Presumably, socially dominant individuals with greater access to power are more likely to develop and utilize promotion-focused self-regulation leading to their greater involvement in unethical decision making, whereas socially dominant individuals with reduced access to power are more likely to develop and utilize prevention-focused self-regulation resulting in a lower propensity to make unethical decisions. Future research should explore the relationship between social dominance orientation, access to power, promotion- and prevention-based self-regulation focus, and unethical decision making.

Second, in exploring the supporting mechanisms in the relationship between social dominance orientation and unethical decision making, this study conceptualized legitimizing myths as morally disengaging rationalizations. However, other types of

cognitive structures, including beliefs, values, ideologies, and logics, may also serve as legitimizing myths and mediate the relationship between social dominance orientation and unethical decision making. For example, reviewing the research on political conservatism, Jost and colleagues (2003) point out that the support of social group based hierarchies predicts one's endorsement of political conservatism, which in turn predicts the individual endorsement of inequalities and resistance to change. The authors present political conservatism as a social cognition motivated by a need for order and structure, self-interest, group dominance, system justification, fear, and threat. It is plausible then that socially dominant individuals who endorse political conservatism are more likely to make unethical decisions and shift their responsibility for them onto others through system justification. Further research is needed to explore the mediating role of political conservatism and other legitimizing myths in the relationship between the support of social hierarchies and unethical decision making.

Third, although the use of hypothetical situations or scenarios to measure unethical decision making is widely supported in ethics research (Weber, 1992), they only allow simulation of ethical decision making and limit the generalizability of the findings. Future studies may test the model presented in this work using alternative procedures, such as experimental exercises (Greenberg, 2002) or computer simulations (Street & Street, 2006).

Fourth, future studies should investigate the role of peers, teams, and organizational context as a moderator of the relationship between social dominance orientation, moral disengagement, and unethical decision making. Earlier research by Siegel and Siegel (1957) demonstrated that individual attitudes toward high status orientation change overtime as a function of the group identification, including identification with the current membership group as well as identification with a reference group in which an individual aspires to attain or maintain membership. According to social dominance theory (Haley & Sidanius, 2005; Sidanius & Pratto, 1999), individuals are likely to exhibit as well as develop greater levels of social dominance orientation in environments supporting social hierarchies. In addition, Bandura (1986) argued that moral disengagement is likely to prevail in environments characterized by greater hierarchies and power inequalities. Thus, those surrounded by

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others supporting social hierarchies and those immersed in highly hierarchical environments may be more likely to show greater levels of social dominance orientation and engage in unethical decision making by resorting to morally disengaging rationalizations.

Fifth, future studies should explore whether or not the same processes and factors influence the relationship between social dominance orientation and unethical decision making in different cultures. According to social cognitive theory (Bandura, 1986), there is a reciprocal influence between personal characteristics, context, and individual behavior. Social dominance theory (Sidanius & Pratto, 1999) argues that institutional contexts dynamically interact with the individual tendency to support hierarchies, jointly contributing to the perpetuation of unjust and destructive attitudes and behaviors such as prejudice, discrimination, and favoritism. Bandura (1986) posited that individual and societal values and beliefs, as well as various aspects of social context, may influence an individual propensity to morally disengage. Growing diversity and globalization make it imperative to understand how social values and beliefs influence the relationship between social dominance orientation and unethical decision making and whether the relationship is structurally equivalent in various cultural contexts.

Furthermore, this study utilized a sample comprised of graduate students and alumni. Although Detert et al. (2008) argued that student samples may be functional for studying ethical decision making and behavior because students may not be fully socialized into a particular organization or industry and have lower concern for negative work-related consequences, future studies are encouraged to test whether the proposed factors and processes influence the decision making of employees in various organizations in the same way. Also, it is important to investigate the model among employees of different types of organizations and industries since cultures and structures of various organizations and industries may influence individual attitudes and behaviors. In addition, future studies should also test the model among students of other majors and individuals from a variety of professions, because studies showed that individuals scoring higher on SDO tend to self-select into hierarchy-enhancing majors such as business administration and hierarchy-enhancing professions and organizations (Haley & Sidanius, 2005; Sidanius et al., 2003).

Finally, future studies are encouraged to investigate the role of other positive personal characteristics (e.g., mindfulness, optimism, and humility) in attenuating moral disengagement and unethical decision making. In addition, future research should explore the role of social dominance orientation, moral disengagement, and self-regulation in positive organizational behaviors (e.g., helpfulness, stewardship, voicing of concerns).

Conclusion

This work attempts to address gaps in behavioral ethics literature by presenting a process-based model explicating the role of moral disengagement and self-regulation in the relationship between the individual support of social hierarchies and unethical decision making. The research combines a number of various research streams and points out the role of dysfunctional as well as positive individual characteristics. The key finding of this study is that individuals who support social hierarchies and inequalities demonstrate a greater propensity to use morally disengaging rationalizations and ultimately make unethical decisions when their level of self-regulation is low. Thus, the development of greater self-regulation is important for prevention of unethical decision making especially among those who support social hierarchies and inequalities. Future research should extend the results of this work by investigating other mechanisms and processes supporting unethical decision making. Furthermore, future studies should examine the influence of contextual factors in ethical decision making processes.

CHAPTER 4. HOW POWER CORRUPTS: A CULTURE-BASED MODEL

Abstract

Although theoretical models of business ethics have recognized the impact of culture in ethical decision making, few have conceptually and empirically examined how culture influences unethical decision making across individual and societal levels. This paper presents a multilevel cross-cultural model, grounded in the theory of planned behavior and social dominance theory, examining the role of individual cultural orientations, in the form of social beliefs, and the role of the societal level cultural dimension of power distance on the relationships between the individual support of social hierarchies and unethical decision making. Using survey results from 432 graduate business students and alumni with work experience from Australia and the U.S., this study found that individual social beliefs are associated with the individual propensity to make unethical decisions indirectly through their connection to the individual attitudes toward the support of social hierarchies and inequalities and the individual predisposition to use morally disengaging rationalizations to justify and legitimize unethical conduct. Greater endorsement of social cynicism and fate control beliefs were associated with greater individual support of social hierarchies and a greater propensity to morally disengage and make unethical decisions. On the contrary, greater endorsement of social complexity and reward for application beliefs were related to lower individual social dominance orientation and a lower propensity to morally disengage and make unethical decisions. Societal differences in the support of power and status inequalities and hierarchies, captured by the power distance cultural dimension, moderated only one of thirteen relationships among the constructs of interest in the proposed model. In particular, the relationship between the individual propensity to morally disengage and unethical decision making was stronger in the U.S. which scored higher on power distance compared to Australia.

Introduction

Understanding how individual and contextual factors influence unethical decision making has been a topic of growing interest among social science researchers (Tenbrunsel & Smith-Crowe, 2008). Unethical decision making is typically defined as a "decision to behave in ways that breach accepted moral norms or standards of behavior" (Detert et al., 2008, p. 375) and includes a wide range of actions such as the misuse of power and resources for personal gain, deceit, theft, lying, bribery, and favoritism. Corroborating Lord Acton's aphorism that "power tends to corrupt and absolute power corrupts absolutely," research suggests that greater individual support of social hierarchies and power and status inequalities, captured by the social dominance orientation (SDO) construct, is associated with a greater propensity to make unethical decisions (Hing et al., 2007). In addition, studies reported that greater societal endorsement of social hierarchies and inequalities is related to greater levels of corruption (Husted, 1999; Licht et al., 2007). The first study of this dissertation argues that both individual and institutional support of social hierarchies interactively influence unethical behavior; however, empirically these relationships have not been explored.

Growing workforce diversity and the globalization of business underscore the importance of understanding how societal differences impact unethical decision making (Robertson & Fadil, 1999). Previous research showed that, in certain societies, people may tolerate unethical practices to a greater degree than others (Husted, 2000; Sanchez, Gomez, & Wated, 2008). Likewise, motivated by different cultural orientations and contexts, people in different societies have been found to support social hierarchies, dominance, and power inequalities to different extent (Duriez, Van Hiel, & Kossowska, 2005; Hofstede, 1980; Pratto et al., 2000; Shalom H. Schwartz, 1992). Theory of planned behavior (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975) posits that individual cultural orientations, such as beliefs and values, play an important role in shaping individual attitudes, decisions, and behaviors. Social dominance theory (Sidanius & Pratto, 1999) argues that institutional contexts dynamically interact with individual beliefs and attitudes toward social hierarchies, jointly contributing to the perpetuation of unjust and destructive attitudes and behaviors such as discrimination and favoritism. Yet,

recent reviews of the cross-cultural literature (Gelfand, Erez, & Aycan, 2007; Tsui, Nifadkar, & Ou, 2007) indicate that the examination of the interactive influence of cultural orientations across multiple levels of analysis – individual and societal – remains an open area of research.

This work presents a multilevel cross-cultural model explicating the role of individual cultural orientations, in the form of social beliefs, and cultural contexts, in the form of the societal support of social hierarchies and inequalities, on the relationship between individual social dominance orientation and unethical decision making (see Figure 6). Building on the findings of the second paper of this dissertation grounded in social dominance theory (Sidanius & Pratto, 1999) and social cognitive theory (Bandura, 1986, 1991a), the relationship between social dominance orientation and unethical decision making is expected to be mediated by moral disengagement. Moral disengagement is defined as an individual propensity to use legitimizing rationalizations which allow cognitive restructuring of actions and/or consequences to appear acceptable, justifiable, and harmless. Drawing from the theory of planned behavior (Ajzen, 1991; Ajzen & Fishbein, 1980), the cross-cultural model presented in this paper aims to investigate how individual social beliefs are related to the individual endorsement of social hierarchies and propensity to morally disengage, and how these two constructs mediate the relationship between social beliefs and unethical decision making. Social beliefs are defined as generalized expectancies delineating a connection between phenomena (e.g., "power and status make people arrogant," "competition brings about progress"). These generalized expectancies are extracted from experiences across a variety of social contexts and function as cognitive maps shaping and guiding individual attitudes and predispositions (Bar-Tal, 1990; Bem, 1970; Leung & Bond, 2004). Finally, utilizing social dominance theory (Sidanius & Pratto, 1999), the model explores how the societal support of social hierarchies and inequalities moderates the relationship between individual social dominance orientation, moral disengagement, unethical decision making, and social beliefs.

This study attempts to provide four extensions to behavioral ethics, organizational behavior, cross-cultural management, and cross-cultural psychology research. First, this research presents a multilevel process model of cultural influence on ethical decision

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making. While culture has been argued to play an important role in unethical decision making (Vitell, Nwachukwu, & Barnes, 1993), little is known about how culture is linked to unethical judgment (Husted & Allen, 2008; Robertson & Fadil, 1999). Many studies on cross-cultural differences in ethical decision making have been descriptive and fail to include cultural difference factors into conceptual frameworks (Lu, Rose, & Blodgett, 1999). Several notable inquiries pointed out the lack of culture-based process models of ethical decision making (Bommer, Gratto, Gravander, & Tuttle, 1987; Husted & Allen, 2008; Robertson & Fadil, 1999).
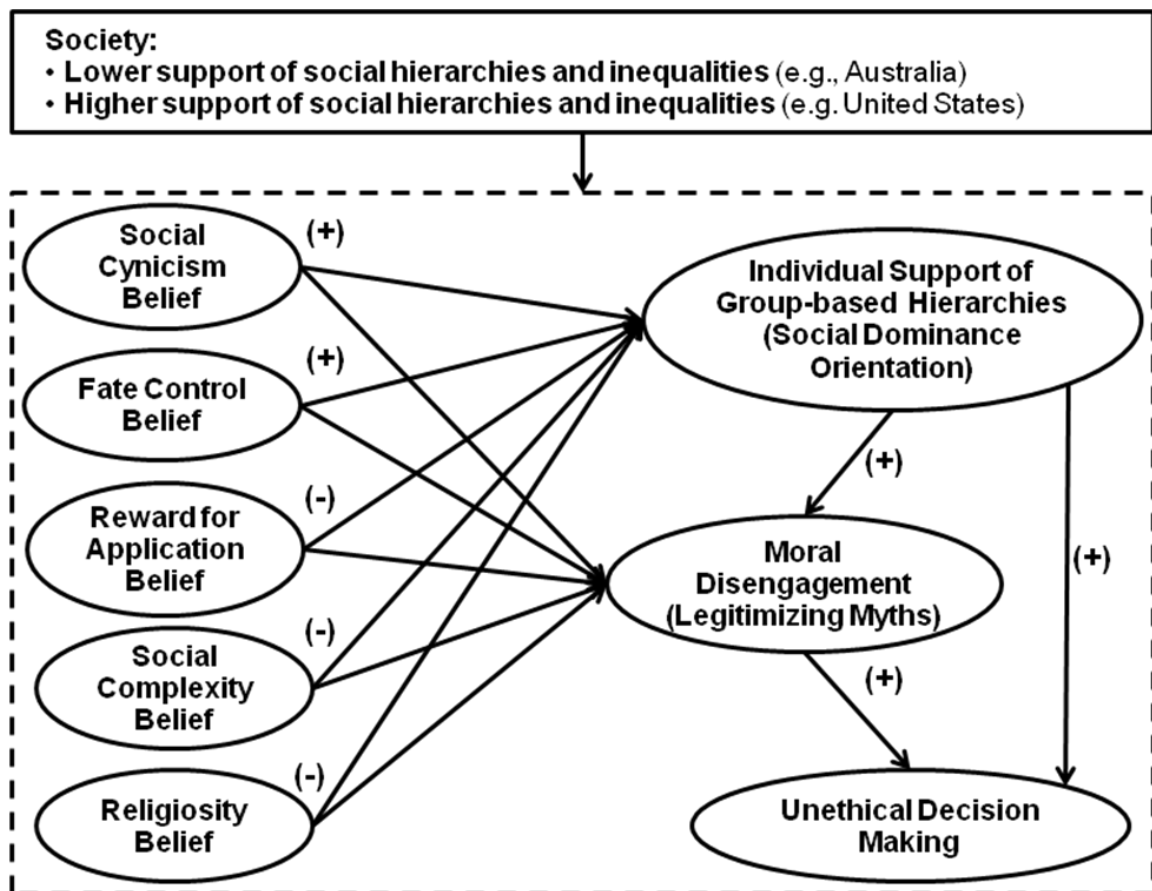
Figure 6. The Model of the Role of Social Beliefs and Societal Context in the Relationship between Social Dominance Orientation, Moral Disengagement and Unethical Decision Making.

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Second, this study is the first to investigate the role of social beliefs in the ethical decision making processes. A majority of the studies investigating the relationship of culture and ethical decision making tend to focus on cultural values (e.g., Husted & Allen, 2008; Robertson & Fadil, 1999; Vitell et al., 1993). However, values represent only a part of subjective culture, which also encompasses beliefs, norms, roles, and assumptions (Triandis, 1994). Scholars argue that beliefs may be linked with attitudes, actions, and evaluations more directly than values because unlike values, which serve as general transcendental standards, beliefs signify an individual perception of reality specific to an endeavor or environment (Fu et al., 2004).

Third, this study explores whether the relationship between social beliefs, social dominance orientation, moral disengagement and unethical decision making is structurally equivalent in culturally diverse contexts. Reviewing the empirical literature incorporating cultural value frameworks, Kirkman, Lowe, and Gibson (2006) pointed out the lack of studies examining the structural uniformity of the effects of individual cultural orientations on attitudes and behaviors across countries.

Fourth, this paper contributes to the knowledge of the individual factors associated with social dominance orientation and moral disengagement. Pratto et al. (2006) underscored the importance of understanding how social context and individual differences are linked to the individual propensity to support social hierarchies. Detert et al (2008) suggested that more research is necessary to understand the individual and contextual factors that are linked to the individual propensity to morally disengage self-regulation mechanisms which normally inhibit unethical decision making and behavior.

The following sections review the relationship between social dominance orientation and unethical decision making, underscoring the mediating role of morally disengaging rationalizations. Then, a set of hypotheses is introduced outlining the role of social beliefs on social dominance orientation and moral disengagement.

Theory and Hypotheses

Social Dominance Orientation, Moral Disengagement, and Unethical Decision Making

Previously, studies demonstrated that greater support of social hierarchies and inequalities at the individual or societal levels of analyses is associated with greater involvement in unethical behavior (Hing et al., 2007; Husted, 1999; Licht et al., 2007). However, the processes underlying the relationship were not clear and most of the studies were conducted at a single level of analysis – individual or societal.

Grounding arguments in social dominance theory (Sidanius & Pratto, 1999), the first paper of this dissertation outlined the factors and processes supporting the interactive relationship between the individual and institutional support of social hierarchies and awareness of organizational corruption. The individual support of social hierarchies and inequalities, also known as social dominance orientation, refers to the individual attitudinal orientation towards and desire for inequality, dominant-subordinate relations, and differential allocation of power, status, and resources prescribed by the membership in a socially constructed group, such as social class, race, gender, age, rank, or profession (Sidanius & Pratto, 1999). Organizational corruption is a type of unethical behavior that involves a misuse of power, position, or authority in the interest of the individual or organizations (Ashforth et al., 2008). Awareness is the first, and one of the most important stages of the unethical behavior process which encompasses an interpretative process wherein an individual recognizes that an ethical issue exists (Rest, 1986).

According to the framework presented in the first paper, greater individual support of social hierarchies and inequalities is linked to lower awareness of organizational corruption by means of legitimizing myths. Legitimizing myths encompass rationalizations, norms, ideologies, rules, and logics that legitimize and guide individual behavior (Sidanius & Pratto, 1999). Individuals who support social hierarchies and inequalities tend to believe that resources and power are distributed unequally among members of dominant and subordinate groups and, in order to gain more resources and power, one has to be associated with a dominant group at all costs, even if that requires

using or harming others. Legitimizing myths, such as morally disengaging rationalizations described by Bandura (1986) as part of social cognitive theory, help individuals use or hurt others in self-interests without any apparent feelings of guilt.

Bandura outlined eight types of morally disengaging rationalizations. The first three - moral justification, euphemistic labeling, and advantageous comparison - facilitate the cognitive restructuring of unethical activities to appear more morally and socially acceptable and less harmful (Moore, 2008). For example, when paying a bribe, individuals may justify their behavior by the fact that everyone around them also pays bribes to get thing done because this is how the world works (Wated & Sanchez, 2005). The next three - displacement of responsibility, diffusion of responsibility, and distortion of consequences – serve to minimize or distort the person's responsibility or the negative consequences caused by the individual's actions (Bandura, 1986). For example, an individual may explain his or her unethical acts as a direct result of authoritative orders (e.g., "my boss told me to do that"). The final two - dehumanization and attribution of blame – reframe the outcomes of one's unethical actions by reducing identification with the victims or blaming the victim (Bandura, 1986). For example, individuals may hold the organization responsible for the negative outcomes of their unethical behavior (e.g., "if the organization paid me enough I would not have to steal the inventory").

The second paper of this dissertation provided empirical evidence for the mediating role of morally disengaging rationalizations as a type of legitimizing myth in the relationship between the individual support of social hierarchies and unethical decision making. The results indicated that the association between the individual support of social hierarchies and unethical decision making was not significant when the effect of the individual support of social hierarchies on the propensity to morally disengage and the effect of the propensity to morally disengage on unethical decision making were controlled for. Unethical decision making is the second step of the unethical behavior process as defined by Rest (1986) and has been extensively utilized in empirical behavioral ethics studies given a wider availability of validated measures compared to the measures of unethical intent or actual unethical behavior (O'Fallon & Butterfield, 2005). Grounding the explanation in social dominance theory (Sidanius & Pratto, 1999) and social cognitive theory (Bandura, 1986), the second paper explained that socially

dominant individuals are more likely to engage in cognitive restructuring of their actions and outcomes to appear more ethical and harmless in order to enhance their social status, boost their image in others' and their own eyes, and gain greater access to resources. At the same time, these individuals are more likely to dehumanize, attribute blame to subordinates and displace the responsibility to victims because they tend to devalue members of subordinate groups and discriminate against them. In turn, the propensity to utilize morally disengaging rationalizations helps individuals minimize the gap between their moral standards and unethical behavior and by that uphold their involvement in unethical decision making without any feelings of guilt and distress.

Based on the findings of the first and the second paper of this dissertation, this work assumes that moral disengagement mediates the relationship between individual social dominance orientation and unethical decision making. The following section outlines the main hypotheses with regards to the role of individual social beliefs and societal support of social hierarchies in the relationship between social dominance orientation, moral disengagement, and unethical decision making.

The Role of Social Beliefs

According to Leung and Bond (2004), dealing with similar problems, people across cultures form similar beliefs instrumental in their everyday functioning. However, depending on a variety of historical, social, political, economic, and environmental factors, individuals endorse these beliefs to different extents. Based on empirical results from more than 40 societies, Leung and colleagues (2002) established a five-factor structure of general social beliefs, also known as social axioms, comprised of social cynicism, fate control, social complexity, reward for application, and religiosity. Unlike values that guide the general evaluation of different phenomena (e.g., "power is good"), and norms that prescribe the proper course of action (e.g., "subordinates must fulfill the orders of their superiors"), social axioms act as basic premises defining specific relationships between entities, such as "powerful people tend to exploit others" (Leung & Bond, 2004: 129-130). The five social axioms are said to represent people's cognitive maps of their social environment and help individuals understand interpersonal

exchanges and personal outcomes (Leung & Bond, 2009a). As a form of cognitive structure, social beliefs are argued to influence the individual propensities to endorse social hierarchies and morally disengage.

The theory of planned behavior (Ajzen, 1991; Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975) argues that social beliefs shape individual attitudes, which then affect individual behavioral intentions and actual behavior. Attitudes are referred to as learned predispositions "to respond in a consistently favorable or unfavorable manner with respect to a given object" (Fishbein & Ajzen, 1975, p. 6). The construct of social dominance orientation was introduced by Pratto and colleagues (1994) as "a general attitudinal orientation toward intergroup relations, reflecting whether one generally prefers such relations to be equal vs. hierarchical" (p. 742). According to Duckitt (2001), social dominance orientation expresses a social attitude which is made chronically salient for people by their social beliefs. Duckitt argued that social dominance orientation is a product of the belief that the world is competitive vs. cooperative. Adapting the theory of planned behavior, this work expects the five social beliefs to be connected to the individual level of social dominance orientation.

According to Bandura (1999), over time people may develop a greater predisposition to morally disengage. Initially, individuals may become involved in small unethical acts experiencing some distress. However, with repeated practice of moral disengagement, individual self-censure decreases while the level of malevolence and unethicality increases. Individual social beliefs may also impact the individual disposition to morally disengage. Social beliefs represent a type of individual cognitive structure (Leung & Bond, 2004), which may influence individual rationalizations used to guide decisions and behaviors (Fiske & Taylor, 1984). According to Bandura (1986), cultural orientation influences the extent to which individuals use moral disengagement. For example, following Malamuth and Donnerstein (1984), Bandura (1986) stated that, in cultures where ideologies and practices attach prestige to male dominance, individuals are more likely to belittle the role of women and dehumanize them. Consequently, social beliefs are anticipated to be associated with the individual predisposition to morally disengage.

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The following sections explain how five social beliefs are linked to the individual endorsement of social hierarchies and propensity to morally disengage.

Social cynicism. Social cynicism is a belief that encompasses a negative view and distrust of humans and institutions (Leung & Bond, 2004). It is built on the view of people as generally unreliable, impulsive, and biased; social institutions as unfair and corrupt; authorities and powerful people as arrogant and taking advantage of others; kind-hearted people as weak and taken advantage of; and social service as a nuisance. Socially dominant individuals, endorsing differential treatment of the members of dominant and subordinate groups, have been argued to have a negative view of people belonging to subordinate groups, discriminate against individuals who they perceive as inferior, and have little trust in others (Heaven & Bucci, 2001; Pratto et al., 2006). Tracing back the developmental sequence of social dominance orientation, Duckitt (2001) argued that greater social dominance orientation is a product of cold and unaffectionate child-rearing and the belief that the world is a competitive (vs. egalitarian and supportive), "dog-eat-dog" kind of place. According to Leung and Bond (2004), individuals with a negative and cynical view of the world might be more predisposed toward greater self-absorption and lower concern over humankind. Distrusting others and having a negative view of others, these individuals are more likely to be motivated by self-interests, superiority, and dominance associated with a greater propensity to support social hierarchies and inequalities.

Hypothesis 1: Social cynicism is related positively to social dominance orientation.

Having a negative opinion of others, viewing kind-hearted people as weak, distrusting authorities, and believing that social institutions are biased are also likely to be associated with a greater propensity to morally disengage by dehumanizing others, attributing blame and displacing responsibility onto others, and justifying one's behavior as ethical. Chen, Cheung, Bond, and Leung (2005) showed that the belief in social cynicism is associated positively with emotional rumination, because social cynicism heightens people's sensitivity to threats. Bandura et al. (2001) linked rumination to moral

disengagement explaining that rumination distorts thinking and predisposes people to inappropriate conduct. In addition, belief in social cynicism has been related to greater external locus of control, because individuals endorsing social cynicism have a negative view of self and feel helpless in the face of what they view as an evil world (S. Chen, Fok, Bond, & Matsumoto, 2006b; Hui & Hui, 2009). External locus of control has also been found to be associated positively with moral disengagement, since individuals with higher levels of external locus of control are more likely to perceive that the responsibility for outcomes comes from outside the self (Detert et al., 2008). Thus, this work suggests that:

> Hypothesis 2: Social cynicism is related positively to moral disengagement.

Fate control. Fate control represents a belief that events in life are wholly predetermined by external forces, such as fate or luck, and may be predicted (Leung & Bond, 2004). Fate control also encompasses a view that fate or luck determines individual successes and failures, and that individual characteristics affect one's fate or luck. Social belief in fate control is positively related but is conceptually distinct from the personal belief in external locus of control (Singelis, Hubbard, Her, & An, 2003). The social belief in fate control describes how the world works, whereas the personal belief in external locus of control describes how the self responds to the outside world. A greater endorsement of the fate control belief was found to be associated with a greater espousal of the value of vertical collectivism (S. Chen et al., 2006b), which places emphasis on status, hierarchy, and inequality (Triandis & Bhawuk, 1997), and the value of tradition (Leung et al., 2007), which underscores the importance of preservation of institutions (Shalom Schwartz, 1996). Those who believe in the power of fate and luck to predetermine life events tend to value hierarchies, inequality, and preservation of social systems because they are more likely to show greater conformity to what has been predestined, follow structured rituals, and demonstrate less openness. This work expects that people who believe that fate or luck determines life events, successes, and failures will show greater endorsement of social hierarchies and inequalities because they

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presume that individual membership in a group-based hierarchy has been predetermined and that one is entitled to power, privileges, and resources based on their position in the hierarchy.

Hypothesis 3: Fate control is related positively to social dominance orientation.

Belief in fate control was found to be positively correlated with personal belief in external locus of control (Singelis et al., 2003). Fate control was also reported to be positively associated with emotional rumination presumably because people who believe in fate control may experience more threat and stress from the fact that they do not have full control over what happens in their lives (S. Chen et al., 2005). Both personal belief in external locus of control and emotional rumination have been linked to moral disengagement (Bandura et al., 2001; Detert et al., 2008). Consequently, believing that critical factors and outcomes are outside of people's control and to minimize the experience of threat and stress associated with the lack of full control, individuals may be more likely to displace or diffuse responsibility for their actions, blame others, or morally justify their actions.

Hypothesis 4: Fate control is associated positively with moral disengagement.

Reward for application. Reward for application is a belief that hard work, knowledge, careful planning, and investment of resources may bring about positive results and help avoid negative outcomes (Leung & Bond, 2004). In addition, reward for application encompasses a belief in the positive outcomes associated with the individual agentic control and self-efficacy, premised on the trust that humans are responsive and fair (Hui & Hui, 2009). Because of this positive view of others, individuals believing in reward for application have been shown to espouse pro-social values and display pro-relationship attitudes and behaviors. For example, reward for application was found to be associated positively with the self-transcendence value orientation and agreeableness personality type (Bond et al., 2004a; S. Chen et al., 2006b). Social dominance orientation,

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on the other hand, entails a negative view of subordinate social groups and has been reported to be related negatively with the self-transcendence value dimension and the agreeableness personality type (Duriez & Van Hiel, 2002; Ekehammar, Akrami, Gylje, & Zakrisson, 2004). In addition, driven by pro-social worldviews as well as the respect and acknowledgement of others' interests, people high in reward for application have been shown to support egalitarianism and equal allocation of resources (Hui & Hui, 2009; Keung & Bond, 2002), which is disavowed by socially dominant individuals (Sidanius & Pratto, 1999). Thus, this work expects that, believing that everyone should work hard to achieve results and earn success, individuals believing in reward for application will be less predisposed to a socially dominant attitude that positive outcomes are determined by one's membership in social hierarchies.

Hypothesis 5: Reward for application is related negatively to social dominance orientation.

In addition, being associated with pro-social values, attitudes, and behaviors as well as greater concern for others (Bond et al., 2004a), reward for application is likely to be related negatively to the propensity to morally disengage, which encompasses blaming others for one's unethical conduct, displacing the responsibility onto others, dehumanizing, and distorting the consequences one's immoral actions may have on others (Bandura et al., 2001; Caprara & Capanna, 2005).

Hypothesis 6: Reward for application is associated negatively with moral disengagement.

Social complexity. Social complexity is a belief that the social world is complex. It encompasses notions that there are multiple solutions to the same problem, that threats may become opportunities, and that individual attitudes, thoughts and behaviors may change from time to time and context to context (Leung & Bond, 2004). Reviewing the literature on the five universally endorsed social beliefs, Hui and Hui (2009) reported that social complexity serves as an active facilitator of egalitarian political attitudes

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presumably because it is associated with the notions of variation and choice in human behavior and the lack of rigid rules and structures. In addition, embracing the openness to multiple perspectives, social complexity has been found to be associated with pro-social attitudes and behaviors, including collaborative conflict resolution, responsibility, acceptance of diversity, and divergent thinking (Bond et al., 2004a; S. Chen, Bond, & Cheung, 2006a). On the contrary, socially dominant individuals prefer inequality and hierarchy to egalitarianism (Pratto et al., 1994) and tend to have ethnocentric views discounting diversity and discriminating against those who do not belong to the dominant social groups. Thus, individuals who believe in social complexity are likely to exhibit lower social dominance orientation.

Hypothesis 7: Social complexity is related negatively to social dominance orientation.

Since the belief in social complexity has been linked to pro-social values and behavior, it also is less likely to be related to the individual propensity to morally disengage. Pro-socialness is likely to inhibit moral disengagement because pro-social individuals are more likely to be concerned about the effects of their actions on others and are less likely to dehumanize others, displace responsibilities onto others, and blame the victims.

Hypothesis 8: Social complexity is associated negatively with moral disengagement.

Religiosity. Religiosity is a belief in the existence of supreme powers or a supreme being controlling the universe and the positive functions of religious institutions (Leung & Bond, 2004). It embraces a notion that religious beliefs contribute to good mental health, greater moral standards, better understanding of the meaning of life, and make people good citizens. Reviewing the research on the five social beliefs, Hui and Hui (2009) suggested that religiosity represents a positive belief leading to a variety of positive outcomes. For example, the religiosity belief was found to be associated

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positively with the espousal of the values of benevolence (Leung et al., 2007) and self-transcendence (Bond et al., 2004a) and negatively with the endorsement of the values of self-direction, hedonism, power, achievement, and self-enhancement. These associations are plausible because religious beliefs provide a sense of shared purpose and integrative social communities (Leung et al., 2002). Social dominance orientation, on the other hand, was shown to be related negatively to the value of benevolence and positively to the values of power, achievement, and hedonism (Duriez & Van Hiel, 2002) presumably because socially dominant individuals have lower concern for others and greater concern for superiority and self-regard. Thus, being guided by the sense of a shared purpose and integration, pro-social attitudes toward others, and greater concern for others, individuals believing in religiosity are expected to exhibit a lower predisposition for dominance, superiority, and self-interests associated with social dominance orientation.

Hypothesis 9: Religiosity is related negatively to social dominance orientation.

Reflecting the "good force" (Hui & Hui, 2009), the religiosity belief is also likely to be associated negatively with the individual propensity to morally disengage. According to Hui and Hui (2009), individuals subscribing to the positive functions of religion are more likely to exhibit greater levels of self-restraint and norm-adherence associated with membership in religious institutions. Having a greater sense of integrated community, people who believe in religiosity are also more likely to consider the well-being of others in their decisions and actions (Leung et al., 2002). Being more concerned about the needs and feelings of others' and being less focused on self-interests and self-gain, individuals endorsing the religiosity belief are less likely to dehumanize others, blame others for something that they have not done, distort the consequences their actions may have on others, and displace their responsibility onto others. Consequently, individual belief in religiosity is posited to be associated negatively to the propensity to morally disengage.

Hypothesis 10: Religiosity is associated negatively with moral disengagement.

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Social dominance orientation as a mediator. Since social axioms deal with an individual's beliefs in relation to social institutions and interpersonal relations, this work argues that social dominance orientation, encompassing an individual attitude toward institutions and members of other groups, facilitates the relationships between social axioms and moral disengagement. The role of social dominance orientation as a mediator can be explained in part by the theory of planned behavior (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975), which argues that individual attitudes mediate the relationships between beliefs and behavioral intentions. It can also be explained by the dual-process cognitive motivational theory (Duckitt, 2001), which argues that, as a social attitude, SDO mediates the relationship between individual beliefs and an individual's attitudes and actions toward others. The argument is based on the fact that social dominance orientation, which has been shown to predict prejudice and ethnocentrism, is a product of a belief that the world is a competitive jungle where "dog eats dog," which typically results from an unaffectionate socialization and upbringing. In support, previous sections established conceptual links between 1) social beliefs and moral disengagement, 2) social beliefs and SDO, and 3) SDO and moral disengagement, further contributing to this study's proposition that SDO mediates the link between social beliefs and moral disengagement. Consequently, this work predicts that:

> Hypothesis 11: Social dominance orientation mediates the relationship
> between the social beliefs of a) social cynicism, b) fate control, c) reward
> for application, d) social complexity, and e) religiosity and moral
> disengagement.

Indirect effect of social beliefs on unethical decision making. Integrating previous arguments grounded in the theory of planned behavior (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975), dual-process cognitive motivation theory (Duckitt, 2001), and social dominance theory (Sidanius & Pratto, 1999), this work posits that social dominance orientation and moral disengagement mediate the relationship between the individual social beliefs and unethical decision making. The theory of planned behavior

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argues that social beliefs predict individual attitudes and predispositions, which in turn predict individual intentions and behavior (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975). Dual-process cognitive theory posits that, as an attitudinal orientation, social dominance orientation mediates the link between the individual social beliefs and other social attitudes and actions such as discrimination and ethnocentrism (Duckitt, 2001). Social dominance theory (Sidanius & Pratto, 1999) argues that the link between social dominance orientation and other social attitudes and actions is mediated by legitimizing rationalizations such as moral disengagement. Bringing all three perspectives together, this work argues that five universally endorsed social beliefs are related to individual social dominance orientation and the predisposition to morally disengage, which are in turn associated with the individual propensity to make unethical decisions.

> Hypothesis 12: Both social dominance orientation and moral disengagement mediate the relationship between the social beliefs of a) social cynicism, b) fate control, c) reward for application, d) social complexity, and e) religiosity and unethical decision making.

The Role of the Societal Support of Social Hierarchies

Social dominance theory (Sidanius & Pratto, 1999) argues that the normalization of social inequalities, favoritism, and discrimination results from the interactive support of social hierarchies across individuals and institutions. Socially dominant individuals tend to support social group-based hierarchies and inequalities by espousing social beliefs and attitudes legitimizing unequal distribution of resources and by participating in acts entailing favoritism of the dominant groups and discrimination against the subordinate groups. Institutions contribute to the perpetuation of social group-based hierarchies and inequalities by providing blueprints, maintaining structures, and supporting beliefs, values, practices and rules that uphold unequal distribution of social resources among the dominant and subordinate group members.

According to social dominance theory, the dynamic interaction across the individual and institutional support of social hierarchies is coordinated though person-

environment fit processes. Person-environment fit processes, which rely on mechanisms such as self-selection, institutional selection, and institutional socialization, ensure that hierarchy-enhancing contexts attract and nurture more socially dominant individuals, while hierarchy-attenuating contexts draw and support individuals endorsing egalitarianism and universalism. For example, Pratto and colleagues (1997) demonstrated that hierarchy-enhancing organizations tend to hire individuals who have had more experience at high-power organizations or jobs. Similarly, Sidanius and colleagues (2003) reported that students who score higher on SDO tend to choose hierarchy-enhancing majors (e.g., business and economics) more so than hierarchy-attenuating majors (e.g., public health and social counseling). Through socialization processes individuals may change their outlooks under the influence of institutional structure and logics. Specifically, after being exposed to hierarchy-enhancing environments for a period of time, people are likely to exhibit greater social dominance orientation and greater propensity to endorse ideologies supporting social hierarchies and inequalities, and vise versa (Sidanius et al., 1991). For example, after being exposed to a more egalitarian university environment, students reported lower levels of social dominance orientation and group-based anti-egalitarianism (Sinclair et al., 1998).

Institutional beliefs and ideologies have been argued to contribute to the normalization of unethical behavior in some social groups more so than in others (Misangyi et al., 2008). For example, societies endorsing the cultural value dimension of power distance have been shown to have higher levels of corruption (Husted, 1999; Licht et al., 2007). Power distance "reflects the extent to which a community accepts and endorses authority, power differences, and status privileges" (Carl, Gupta, & Javidan, 2004, p. 513). Various societies support the value of power distance to different extents (Hofstede, 1980; House et al., 2004). According to Carl and colleagues (2004), high power distance societies (e.g., Russia, Brazil) tend to have more social classes in their social hierarchies, show limited upward mobility, provide limited equal opportunities for various social groups, and view power and hierarchies as a means of social order and stability (Carl et al., 2004). Low-power distance societies (e.g., Denmark, Netherlands) typically have a large middle class, transient and sharable bases of power, high upward mobility, and parity in opportunities among social groups. Using social dominance theory

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terminology, high power distance societies represent hierarchy-enhancing institutions that help initiate and maintain group-based hierarchies and inequality, whereas low power distance societies epitomize hierarchy-attenuating institutions that promote universalism and egalitarianism.

Following social dominance theory, the first paper of this dissertation proposed that institutional environments will moderate the relationship between social dominance orientation, legitimizing myths (e.g., morally disengaging rationalizations), and unethical behavior (e.g., organizational corruption) by making it stronger within institutions that support social hierarchies and inequalities and weaker within institutions that support egalitarianism. However, given that currently there is insufficient theoretical groundwork to make a priori predictions regarding the cross-cultural differences in the relationships of social axioms with social dominance orientation and moral disengagement, this study examines the impact of societal power distance orientation on the relationships in an exploratory manner.

Research Question 1: Are the relationships between social beliefs, social dominance orientation, moral disengagement and unethical decision making equivalent across cultural contexts differing on the cultural dimension of power distance?

In summary, this work investigates the role of social beliefs and cultural contexts in the relationship between social dominance orientation, moral disengagement and unethical decision making. The beliefs in social cynicism and fate control are argued to be associated positively with social dominance orientation and moral disengagement. The beliefs in reward for application, religiosity, and social complexity are proposed to be related negatively to social dominance orientation and moral disengagement. Following social cognitive theory (Bandura, 1986), moral disengagement is posited to mediate the link between SDO and unethical decision making. Based on the theory of planned behavior (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975), social dominance orientation is proposed to facilitate the relationship between social beliefs and moral disengagement. Further, the study explores the role of the societal endorsement of power

distance in the relationship between social axioms, social dominance orientation, moral disengagement, and unethical decision making.

Method

Sample and Procedures

To test the hypotheses, a study was conducted among graduate business students and alumni in the U.S. and Australia. The choice of countries was based on the previously found differences on the power distance scores. Although generally the U.S. and Australia are viewed as low or moderate power distance cultures, Australia generally scores lower on power distance than the U.S (Hofstede, 2001; House et al., 2004). In this work, there was a significant difference in the average power distance scores among the U.S. and Australian graduate business students (Mean Difference = 0.55, $t_{(416.05)}$ = 6.77, p < 0.0001). The average power distance scores, which were assessed on a scale of 1 to 5 (1 = low power distance; 5 = high power distance) were: 2.19 for the sample of Australian graduate business students (N = 228) and 2.73 for the U.S. graduate business students (N = 204).

Data for this study were collected using an online survey. The survey was conducted in English using previously validated scales. Researchers in the U.S. and Australia were asked to review the survey and confirmed that culture-specific items or language were not of concern. The survey was distributed via email. Prospective participants received an email invitation from their current or former instructors with a link to the online survey. Participation was voluntary and all participants were assured of confidentiality and anonymity of their responses. A reminder email was sent approximately two weeks after the initial invitation. In Australia, participants who completed the survey received a small credit toward their class participation grade.

Participants in the U.S. consisted of current full-time, part-time, and executive MBA students and alumni from the University of Hawai'i. Of 435 potential participants who received an email, 204 completed the survey (a 47% response rate). All participants had previous work experience and reported to have an average of 11.8 years of work

experience and 4.94 years of supervisory experience. At the time of the survey, 66.2% worked full-time, 12.3% worked part-time, and 21.6% were full-time students. Participants were or have been employed in a variety of industries and occupations, including managers, administrators, engineers, accountants, and educators. On average the U.S. participants were 32.6 years old. 49% were female. In terms of ethnicity, 45% reported being of "Asian" ethnicity, 8% were "Pacific Islander," 35% were "White/Caucasian," and 12% were of "Other" ethnic origin.

Participants in Australia consisted of full-time MBA students from the University of Sydney. Of 358 potential respondents, 228 completed the survey, resulting in a 63.7% response rate. On average the Australian participants were 26.7 years old and reported to have an average of 3.01 years of work experience and 1.09 years of supervisory experience. Of the Australian participants, 10.5% worked full-time, 21.1% worked part-time, and 68.4% were full-time students at the time of the survey. Similar to the U.S. participants, the Australian participants were or have been employed in a variety of industries and occupations. Of the participants, 58.3% were female, 63.6% reported being of "Asian" ethnicity, 25.9% were "White/Caucasian," 8% were "Hispanic" and 10.5% were of "Other" ethnic origin.

The U.S. and Australian samples were similar in terms of the ethnic makeup and gender. However, the U.S. respondents were older and reported to have had a considerably greater number of years of work and supervisory experience. Thus, the study will control for all of the above mentioned demographic variables.

According to Detert et al. (2008), a student sample may be useful for testing ethics-related hypotheses because students may not be fully socialized into a particular organizational or industry culture and their answers may be less distorted out of concern for potential negative work-related consequences. Reviews of behavioral ethics research indicate that student samples are used in roughly 40% of empirical studies (O'Fallon & Butterfield, 2005). Common concerns with the use of student samples are the lack of work experience and limited generalizability. However, all of the participants in this study have work experience. In addition, in a critical assessment of business ethics research, Randall and Gibson (1990) argue that student samples may be employed without a major threat to generalizability in research examining the ethical decision

making process, because "studies focusing on decision making have found considerable similarities in the decisions and assumed behavior of student and nonstudent samples" (p. 463). Furthermore, according to Bello et al. (2009), the use of student samples is suitable if a study is grounded in a well-defined theory and makes specific predictions.

Measures

Unless otherwise specified, all items were assessed on 5-point Likert-type scales (1 = strongly disagree and 5 = strongly agree). All scales and associated items are shown in the Appendix. Cross-cultural measurement invariance is discussed in the following sections.

Social axioms. The five social axioms were assessed using a 39-item scale consisting of items which were previously validated and identified as top-loading in the factor analysis across 40 societies by Leung and Bond (2004). In this study, the five measures of social beliefs showed comparable reliabilities to previous studies of social beliefs (e.g., Ismail, 2009; Leung & Bond, 2004; Singelis et al., 2009).

The measure of social cynicism belief consisted of 11 items assessing individual beliefs concerning the corrosiveness of authority and power, vulnerability of kindness, biased and unreliable human nature, partiality of institutions, orientation toward self-absorption, and pessimistic world view (sample items are "Powerful people tend to exploit others" and "Kind-hearted people are easily bullied"). Cronbach's alpha for the Australian sample was 0.74 and for the U.S. sample was 0.77.

The measure of the fate control belief consisted of 6 items assessing the beliefs in fate or luck predetermining life events and predictability of important outcomes of one's life (sample items are "Fate determines one's successes and failures" and "There are many ways for people to predict what will happen in the future"). Cronbach's alpha for the Australian sample was 0.68 and for the U.S. sample was 0.73.

Religiosity belief was measured using 7 items assessing the extent to which people believe in the positive functions of religion and the existence of a supreme being (sample items are "There is a supreme being controlling the universe" and "Belief in

religion makes people good citizens"). Cronbach's alpha for the Australian sample was 0.71 and for the U.S. sample was 0.85.

Reward for application belief was assessed using 9 items measuring individual beliefs in the role of hard work, persistent effort, knowledge, care, and caution in the resolution of challenges and attainment of success (sample items are "One will succeed if he/she really tries" and "Adversity can be overcome by effort"). Cronbach's alpha for the Australian sample was 0.70 and for the U.S. sample was 0.68.

Social complexity belief was measured with 6 items that focus on the fact that people and the world in general are complex, that there are multiple outcomes for the same problem, and that individual behavior and attitudes may change depending on time and context (sample items are "People may have different behavior on different occasions" and "One has to deal with matters according to specific circumstances"). Cronbach's alpha for the Australian sample was 0.71 and for the U.S. sample was 0.72.

Social dominance orientation. SDO was assessed using an established and validated 14-item SDO scale (Pratto et al., 1994) measuring the individual propensity to support social group-based hierarchies and inequality, differential treatment of and entitlement for people in different social groups, and the use of others to get ahead (sample items are "Some people are just more worthy than others," "It is not a problem if some people have more of a chance in life than others," and "To get ahead in life, it is sometimes necessary to step on others"). The scale has previously been validated across samples in a number of different countries (Pratto et al., 2000). Cronbach's alpha of the 14-item scale for the Australian sample was 0.80 and for the U.S. sample was 0.85.

Moral disengagement. Moral disengagement was assessed using a previously validated 24-item instrument (Detert et al., 2008). The scale uses three items to measure eight types of morally disengaging rationalizations: (1) moral justification (e.g., "It's OK to steal to take care of your family's need"), (2) euphemistic labeling (e.g., "Sharing exam questions is just a way of helping your friends"), (3) advantageous comparison (e.g., "Damaging some property is no big deal when you consider that others are beating up people"), (4) displacement of responsibility (e.g., "People cannot be blamed for misbehaving if their friends pressured them to do it"), (5) diffusion of responsibility (e.g., "You can't blame a person who plays only a small part in the harm caused by a group"),

(6) distortion of consequences (e.g., "People do not mind being teased because it shows interest in them"), (7) attribution of blame (e.g., "People are not at fault for misbehaving at work if their managers mistreat them"), and (8) dehumanization (e.g., "Some people deserve to be treated like animals"). The eight types of moral disengagement mechanisms make up three categories: (a) cognitive restructuring of unethical actions encompassing moral justification, euphemistic labeling, and advantageous comparison; (b) minimization of accountability comprising displacement of responsibility and diffusion of responsibility; and (c) reframing of outcomes consisting of distortion of consequences, attribution of blame, and dehumanization. Cronbach's alpha of the 24-item scale was 0.90 for the Australian sample and 0.91 for the U.S. sample.

Unethical decision making. Unethical decision making was assessed using a modified version of a 15-item measure adapted from Tang and colleagues (Y. Chen & Tang, 2006; Luna-Arocas & Tang, 2004; Tang & Chiu, 2003; Tang & Tang, 2010). Respondents were asked to evaluate hypothetical work-related activities as ethical or unethical. The construct was measured along three dimensions: (a) abuse of resources (6 items; a sample item is "Use office supplies [paper, pen], Xerox machine, and stamps for personal purposes"), (b) abuse of power or position (6 items, a sample item is "Accept gifts or money from clients for doing one's work"), and (c) not blowing the whistle (3 items; a sample item is "Let the fraudulent practices within one's company go unnoticed"). A shorter 11-item version of this scale has previously demonstrated conceptual and metric invariance in samples comprised of employees across thirteen societies (Tang & Tang, 2003). Considering the issue of social desirability, just prior to evaluating the scenarios respondents were reminded that "There are no "incorrect" answers. This survey will have value only if you provide truthful responses, not those that might seem to be more desirable." Throughout the survey, the respondents were also assured that their "answers are strictly anonymous and confidential." Cronbach's alpha of the 15-item scale for the Australian sample was 0.91 and 0.92 for the U.S. sample.

Control variables. This study controlled for social desirability, gender, age, religious affiliation, ethnicity, current employment, number of years of work experience, number of years of supervisory experience, country of birth, and societal power distance because these variables have been found to influence ethical decision making (O'Fallon

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& Butterfield, 2005) and some of these variables have been shown to explain variance in social dominance orientation (Sidanius & Pratto, 1999; Pratto et al., 2006), moral disengagement (Detert et al., 2006), and social beliefs (Leung & Bond, 2009b).

Social desirability was measured using a short ten-item scale of impression management (Steenkamp et al., 2010) adapted from Paulhus (1986) which measures the degree to which respondents over-report socially desirable behaviors and under-report socially undesirable behaviors systematically and consciously. Example items are "I always obey laws, even if I am unlikely to get caught" and "I have done things that I don't tell other people about" (reverse-scored). This scale has been validated by Steenkamp and colleagues in 26 countries. Cronbach's alphas for this scale were 0.65 in the Australian sample and 0.76 in the U.S. sample, which are comparable to those reported in other studies (Steenkamp et al., 2010).

Gender was represented as a binary variable (1 = female and 0 = male). Since in both samples a majority of the respondents indicated their ethnicity as either Asian or White/Caucasian, ethnicity was represented as a binary variable (0 = non-Asian; 1=Asian). Religious affiliation was also assessed as a binary variable denoting whether participants are affiliated with a religion or not. To assess work satisfaction, participants were asked to respond to the question "In general, how satisfied are you with your job?" on a five-point scale (1 = very dissatisfied and 5 = very satisfied). To verify and control for the cultural-level differences on the power-distance value dimension, a 2-item societal-level measure of power distance practices developed by House and colleagues (2004) was used (a sample item is "In this society, followers are expected to: 1 = obey their leader without question, 5 = question their leader when in disagreement").

In addition, the study controlled for the country of birth. Although 92% of the respondents in the U.S. sample indicated the U.S. as their country of birth, the Australian sample proved to be more multicultural with only 15% of the respondents indicating Australia as their country of birth. An increasing number of immigrants and foreign-exchange students enrolled in the Australian graduate business programs is a plausible explanation. To control for possible effects of the country of birth on the relationship between the constructs of interest, a binary variable was used in each sample (1 = the

U.S. being the country of birth in the U.S. sample and Australia being the country of birth in the Australian sample, 0 = other).

The expectations of how control variables influence unethical decision making, social dominance, and moral disengagement are described in the methods section of the previous chapter, or Study 2 of this dissertation. A number of control variables are also expected to be associated with the five social beliefs as described below.

According to Leung and Bond (2004a), social beliefs are shaped by individual experiences and the endorsement of different social beliefs may vary as a function of experiences resulting from one's gender, education level, age, religion, social class, or work experience. Since the research on social axioms is still fairly new, it is difficult to set expectations for the strength and direction of the association of social beliefs with many of the demographic variables specific to the U.S. and Australian samples. However, some expectations are drawn to the best ability based on previous research.

Social desirability was found to be negatively related to social cynicism and fate control and positively to reward for application among students in the U.S. (Singelis et al., 2003); similar relationships are expected in this work. Singelis et al. (2009) and Ismail (2009) found significant differences in social axioms among members of different ethnic groups in the U.S. and suggest to control for ethnicity in the studies of social axioms. Ismail also found significant differences in social cynicism and fate control among males and females in Malaysia, leading to the expectation of differences in the endorsement of social axioms among males and females in the U.S. and Australian samples. Differences in religious affiliation were found to be related to differences in the endorsement of social cynicism, fate control, and religiosity beliefs (Safdar, Lewis, Greenglass, & Daneshpour, 2009), suggesting to control for religious orientation in this study. In addition, previous studies linked the endorsement of social axioms to achievement (Zhou, Leung, & Bond, 2009), enjoyment of hard work, and job satisfaction (Leung & Bond, 2004), leading to the expectation of significant associations between social beliefs and current employment, work experience, supervisory experience, and job satisfaction.

Data Analysis

To test the hypothesized relationships between the constructs, structural equation modeling (SEM) procedures based on the analysis of covariance structures were conducted using the AMOS 17.0 program. SEM is the appropriate technique to use because social beliefs, social dominance orientation, moral disengagement, and unethical decision making are latent variables. Since the model structure was specified a-priori based on previous theoretical and empirical research (see Figure 6), confirmatory factor analyses with maximum likelihood estimation were used. Prior to conducting SEM, preliminary data analysis was carried out to screen the data for issues that may adversely affect the results such as outliers, multicollinearity, nonnormality, and missing data (Kline, 2011).

A two-step approach to SEM recommended by Anderson and Gerbing (1988), which involves the establishment of a measurement model prior to testing the structural model, was used. The measurement model was initially established in the Australian and the U.S. samples using confirmatory factor analyses (CFA) to validate the scales. In the establishment of the measurement model, an initial baseline model was determined first for each sample separately. Next, the validity of the baseline model was established in both samples simultaneously using measurement invariance methods discussed by Steenkamp and Baumgartner (1998) and Vandenberg and Lance (2000).

According to Schaffer and Riordan (2003) and Tsui et al. (2007), it is important for cross-cultural studies to ensure conceptual and metric invariance before testing theoretical relationships. Conceptual invariance refers to the degree to which individuals in different cultures use the same conceptual or cognitive frame of reference when responding to survey items. Metric invariance refers to a degree to which individuals in different cultures use the same response sets (e.g., tendency to use extreme vs. neutral responses). According to Steenkamp and Baumgartner (1998), if the purpose of the study is to compare the relationships between constructs of interest in a nomological net across different samples, at least full conceptual and partial metric invariance is requisite. In addition, when the study aims to examine differences in standardized measures of association (e.g., standardized regression coefficients) across countries, it is essential to

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demonstrate at least partial error and factor variance invariance to ensure that individuals respond equally reliably across different cultural groups.

Following the procedural recommendations outlined by Vandenberg and Lance (2000), a hierarchical set of multi-group comparisons using the chi-square difference test was performed to determine the conceptual, metric, error variance, and factor variance invariance across the Australian and the U.S. samples. First, the conceptual invariance was assessed by fitting the same model to the Australian and the U.S. samples simultaneously and examining the model fit. Second, the metric invariance was assessed by imposing cross-group equality constraints on item loadings and examining the chi-square change between the constrained and unconstrained multi-group models. Third, the invariance of error variances was assessed by imposing cross-group equality constraints on error variances and examining the chi-square change between the constrained and unconstrained models. Finally, the invariance of factor variances was determined by constraining factor variances to be equal across the two samples and investigating the chi-square change between the constrained and the unconstrained models.

If the chi-square difference between any of the constrained and the unconstrained models is significant, parameters responsible for the significant difference were identified using the critical ratio difference method in AMOS recommended by Byrne (2001). The method provides a listing of critical ratios for the pairwise differences among the parameter estimates. According to Byrne, with samples where $N > 100$, the critical ratio difference method can be compared to a table of the standard normal distribution, testing whether the two parameters in question are equal. Critical ratio values of 1.96 or greater indicate that the hypothesis of the two parameters being equal could be rejected. The equality constraints on the parameters with critical ratio values exceeding 1.96 could be relaxed to test partial structural invariance. According to Steenkamp and Baumgartner (1998), partial metric invariance with at least two items constrained to be equal per construct is required when the purpose of the study is to relate the constructs in a nomological net. Vandenberg and Lance (2000) suggest a more strict requirement for a minority of construct indicators to be invariant.

Following the establishment of the measurement model invariance, structural model invariance was assessed across the Australian and U.S. samples using multi-group

structural equation modeling (Byrne, 2001). To establish structural model invariance, cross-group equality constraints were imposed on path loadings in addition to the constrained item loadings and error variances. A significant chi-square change between the constrained model and the unconstrained model indicates significant differences in path loading across the Australian and the U.S. samples. To determine which path estimates are different across the two samples, the critical ratio difference method as described in the previous paragraph was used. The equality constraints on the path loadings with critical ratio values exceeding 1.96 could be relaxed to test the partial invariance. Lack of full structural model invariance signifies the moderating effect of societal context, specifically the power distance value, as described in research question 1. On the other hand, full structural model invariance indicates that the direct effects between the constructs of interests are equivalent across both samples.

Following the test of structural invariance, hypotheses 1 through 10 were assessed using path analyses. The bias-corrected bootstrap estimation procedure in AMOS with 95% bootstrapping confidence intervals (Cheung & Lau, 2008) was performed to test the significance of the mediated effects in hypotheses 11 and 12. The bias-corrected bootstrap estimation procedure in structural equation modeling is a non-parametric approach involving multiple samples being drawn with replacement from the original data set and the model being re-estimated on each sample, allowing estimation of confidence intervals providing a range of plausible population values for the mediation effects. This approach is recommended for examining the mediation effects with latent variables to control for the effects of the measurement errors and the non-normal sampling distribution of the indirect effect.

Throughout the analyses, the fit of the model was assessed based on multiple criteria: (a) the Normed Chi-square ($\chi2 / df$) for which a value of 2.0 or less indicates good fit (Arbuckle, 2007); (b) comparative fit indices, including the Comparative Fit Index (CFI) and the Incremental Fit Index (IFI), for which values may range from 0 to 1.0 and values above .90 are indicative of acceptable fit (Bentler, 1990, 1992; Brown, 2006) whereas values above 0.95 indicate good fit (Hu & Bentler, 1999); and (c) the Root Mean Square Error of Approximation (RMSEA) for which values close to 0.05 indicate good fit (Hu & Bentler, 1999).

<center>**Results**</center>

Preliminary Analysis

Prior to conducting structural equation modeling, the data were checked for outliers, multicollinearity, multivariate normality, and missing data.

Multivariate outlier cases have scores that are substantially different from the rest on two or more indicators, or the pattern of the scores in a case appears atypical compared to the rest of the sample. One of the common statistical methods for detecting multivariate outliers is the Mahalanobis distance (D^2), which is available in AMOS 17.0. The outliers will have a distinctively different D^2 statistics from the rest of the cases in the sample. In addition, the p-value associated with the D^2 statistics will be low, leading to the rejection of the null hypothesis that the case comes from the same population. A recommended conservative level is $p < 0.001$ (Kline, 2011).

The examination of the Mahalanobis D^2 and associated p-values found eight cases that appeared to be quite different from the rest in the Australian sample and six cases in the U.S. sample. When these cases were deleted from the datasets, the fit of the measurement and structural models was improved; however, the results concerning the relationships between the constructs remained practically unchanged from the results reported below. Upon further detailed examination, the cases were not found to be implausible in the context of the study. Thus, there was no reason to remove the cases from the datasets.

Multicollinearity may occur when one or more constructs predicting another construct are strongly correlated. A common statistic used to test for multicollinearity is the Variance Inflation Factor (VIF). As a rule of thumb, Kline (2011) suggested that VIF values greater than 10 indicate that a variable may be redundant. To examine the VIF values for the constructs of interest in this study, the VIF option in the regression procedure in SAS 6.2 was used. The scores for the nine latent constructs were averaged in both data samples to obtain a single indicator to be used in the regression analyses along with nine single indicators representing control variables. The average ethical decision making score, or the dependent variable, was regressed on the seventeen

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predictor variables in both data samples. In the Australian sample, the results showed that the VIF values for all but three variables were below 1.82, while age had the VIF value of 4.84, work experience 6.54, and supervisory experience 2.42. In the U.S. sample, the VIF values for all but three variables were below 1.84, while age had the VIF value of 5.20, work experience 5.89, and supervisory experience 2.86. None of these values exceeded the recommended value of 10. An additional test, which involved removing age and work experience variables from the structural equation modeling analyses, did not result in significantly different results in both samples. Thus, multicollinearity was not an issue in these datasets.

The assumption of multivariate normality was assessed in AMOS 17.0 using a test for normality which produces a measure of the Mardia's coefficient of multivariate kurtosis and the univariate normality statistics, including skewness and kurtosis, for each variable. According to Kline (2011), the Mardia's test is limited by the fact that small departures from normality may be statistically significant in larger samples. He suggested that a careful evaluation of univariate distributions is effective in detection of multivariate nonnormality. Kline recommended that standardized skewness index values between -3.0 and +3.0 and standardized kurtosis index of -10.0 to +10.0 may be considered roughly normal. In the Australian sample, the test showed that two indicators representing control variables, age and supervisory experience, deviated from the normality due to skewness (standardized skewness index for age = 3.25 and supervisory experience = 4.99) and kurtosis (standardized kurtosis index for age = 13.93 and supervisory experience = 29.66). In the U.S. sample, only one indicator for the country of origin control variable deviated from the normality due to skewness (standardized skewness index = - 3.12). According to Brown (2006), the multivariate normal distribution assumption applies only to the indicators of latent factors. Thus, the skewness and kurtosis associated with the control variables of age, supervisory experience, and country of origin should not pose a problem for the analysis. To confirm this, age and supervisory experience variables were removed from the models to test if the results will improve in the Australian sample. Although the measurement model and the structural model demonstrated a slightly inferior fit compared to the results reported below, the results concerning the relationships among the constructs were practically unchanged. A similar picture

unfolded in the U.S. sample. Upon removing the country of origin variable from the models, the fit of the measurement and structural models slightly improved, but the results concerning the relationships among the constructs were practically unchanged. Thus, all three variables were included in the subsequent analyses.

This data set did not have missing observations because the survey was designed to control for the missing data by reminding the respondents to answer questions that they might have missed. Table 5 provides descriptive statistics. Tables 6 and 7 show zero-order correlations for the Australian and the U.S. samples respectively.

Measurement Model

The recursive measurement model was estimated using confirmatory factor analysis with AMOS 17.0 for both the Australian and U.S. samples. To form the measurement model with an adequate sample-size-to-parameter ratio, the items were assigned to three item parcels for each latent construct (Bentler & Chou, 1988). The ratio of the three parcels per latent construct was chosen following Bollen's (1989) suggestion of having at least two indicators per latent construct. Three parcels of items were randomly created for the five positive social belief constructs (i.e., social cynicism, fate control, religiosity, reward for application, and social complexity), social dominance orientation, and social desirability. Items measuring the three categories of moral disengagement were averaged to make up the three indicators of moral disengagement: cognitive restructuring (Cronbach's alpha in the Australian sample is 0.81 and the U.S. sample is 0.83), minimization of accountability (Cronbach's alpha in the Australian sample is 0.74 and the U.S. sample is 0.81), and reframing of outcomes (Cronbach's alpha in the Australian sample is 0.82 and the U.S. sample is 0.83). Items assessing the three categories of unethical decision making were averaged to make up the three indicators of unethical decision making: abuse of resources (Cronbach's alpha in the Australian sample is 0.87 and the U.S. sample is 0.85), abuse of power or position (Cronbach's alpha in the Australian sample is 0.85 and the U.S. sample is 0.83), and not whistle-blowing (Cronbach's alpha in the Australian sample is 0.88 and the U.S. sample is 0.90).

Table 5. Means and Standard Deviations for the Australian and the U.S. samples.

Variable	Australia		U.S.	
	Mean	S.D.	Mean	S.D.
1. Social Cynicism	2.97	0.52	2.83	0.56
2. Social Complexity	4.19	0.42	4.24	0.46
3. Religiosity	3.07	0.60	3.09	0.83
4. Reward for Application	3.73	0.47	3.70	0.50
5. Fate Control Belief	2.80	0.65	2.60	0.68
6. SDO [a]	2.45	0.52	2.37	0.61
7. Moral Disengagement	2.22	0.54	1.96	0.48
8. Unethical Decision Making	1.98	0.53	1.80	0.54
9. Social Desirability	3.03	0.48	2.91	0.60
10. Female [b]	0.58	0.49	0.49	0.50
11. Age	26.75	4.66	32.62	7.86
12. Religious Affiliation [c]	0.42	0.49	0.57	0.50
13. Ethnicity [d]	0.64	0.48	0.45	0.50
14. Currently Employed [e]	0.32	0.47	0.78	0.41
15. Work Experience	3.01	4.76	11.82	8.89
16. Supervisory Experience	1.09	2.99	4.94	6.55
17. Societal Power Distance	2.19	0.81	2.73	0.87
18. Country of Birth [f]	0.15	0.35	0.92	0.27

Note*: N (AUS) = 228; N (US) = 204;*
[a] Social Dominance Orientation
[b] Binary variable (0 = Male, 1 = Female);
[c] Binary variable (0 = not affiliated with religion, 1 = affiliated with a
   religion);
[d] Binary variable (0 = African American, White, Pacific Islander or other
   non-Asian ethnicity, 1 = Asian);
[e] Binary variable (0 = currently not employed, 1 = currently employed full-
   time or part-time);
[f] Binary variable (0 = other, 1 = U.S. for the U.S. respondents and Australia
   for Australian respondents).

Table 6. Zero-Order Correlations for the Australian Sample.

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1.Social Cynicism																	
2.Social Complexity	-0.01																
3.Religiosity	0.10	-0.03															
4.Reward for Application	**0.14***	**0.16***	**0.16***														
5.Fate Control Belief	**0.21***	**-0.18***	**0.26***	**0.14***													
6.SDO [a]	**0.14***	**-0.27***	-0.07	**-0.13***	**0.26***												
7.Moral Disengagement	**0.26***	**-0.32***	**0.14***	-0.06	**0.33***	**0.42***											
8.Unethical Decision Making	0.02	-0.11	0.01	**-0.15***	0.07	**0.26***	**0.53***										
9.Social Desirability	-0.03	-0.02	0.02	0.01	0.07	-0.08	**-0.25***	**-0.23***									
10.Female [b]	**-0.14***	0.02	**0.13***	0.01	0.11	-0.04	-0.11	-0.04	0.12								
11.Age	-0.02	-0.02	**0.13***	0.03	-0.01	-0.05	**-0.16***	-0.12	0.09	-0.03							
12.Religious Affiliation [c]	-0.06	0.11	**0.31***	**0.13***	-0.04	**-0.23***	**-0.14***	-0.12	-0.11	**-0.18***	**0.19***						
13.Ethnicity [d]	**0.20***	**-0.17***	**0.24***	0.08	**0.37***	**0.36***	**0.36***	**0.20***	0.09	**0.23***	**-0.13***	**-0.30***					
14.Currently Employed [e]	-0.10	-0.02	-0.07	-0.05	-0.11	-0.04	**-0.17***	**-0.22***	-0.01	0.02	0.07	0.07	**-0.21***				
15.Work Experience	-0.03	-0.01	0.03	-0.01	-0.07	-0.07	**-0.23***	**-0.17***	0.05	-0.09	**0.86***	**0.20***	**-0.30***	**0.22***			
16.Supervisory Experience	-0.07	-0.01	0.04	-0.03	0.01	0.03	**-0.15***	-0.09	0.01	-0.04	**0.70***	0.12	**-0.15***	0.09	**0.75***		
17.Societal Power Distance	0.10	**-0.16***	0.04	-0.04	0.01	0.10	**0.17***	**0.19***	0.03	0.04	0.01	-0.10	0.06	0.06	-0.03	-0.01	
18.Country of Birth [f]	-0.06	0.01	-0.09	-0.08	**-0.15***	**-0.16***	**-0.17***	-0.10	-0.06	**-0.18***	**0.25***	**0.21***	**-0.28***	**0.20***	**0.42***	**0.29***	-0.04

Note: N = 228;
* Significant at least at $p < .05$;
[a] Social Dominance Orientation
[b] Binary variable (0 = Male, 1 = Female);
[c] Binary variable (0 = not affiliated with religion, 1 = affiliated with a religion);
[d] Binary variable (0 = African American, White, Pacific Islander or other non-Asian ethnicity, 1 = Asian);
[e] Binary variable (0 = currently not employed, 1 = currently employed full-time or part-time);
[f] Binary variable (0 = other, 1 = U.S. for the U.S. respondents and Australia for Australian respondents).

Table 7. Zero-Order Correlations for the U.S. Sample.

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1.Social Cynicism																	
2.Social Complexity	0.01																
3.Religiosity	**-0.15***	**-0.14***															
4.Reward for Application	0.03	0.01	**0.24***														
5.Fate Control Belief	0.13	**-0.16***	**0.20***	0.11													
6.SDO [a]	**0.20***	**-0.17***	0.01	-0.13	**0.16***												
7.Moral Disengagement	**0.30***	**-0.17***	**-0.17***	**-0.16***	**0.25***	**0.41***											
8.Unethical Decision Making	**0.17***	**-0.23***	-0.11	**-0.15***	**0.24***	**0.31***	**0.69***										
9.Social Desirability	-0.09	-0.03	**0.16***	-0.01	-0.11	-0.10	**-0.32***	**-0.31***									
10.Female [b]	-0.06	-0.07	0.02	0.03	0.11	**-0.20***	**-0.33***	**-0.20***	0.07								
11.Age	**-0.25***	-0.01	**0.14***	0.02	-0.06	-0.04	**-0.17***	**-0.15***	0.09	-0.02							
12.Religious Affiliation [c]	-0.08	-0.11	**0.55***	0.13	0.08	0.04	**-0.15***	-0.06	**0.17***	0.02	0.07						
13.Ethnicity [d]	0.08	-0.02	0.04	0.06	0.14	**0.24***	**0.15***	0.02	-0.03	0.09	-0.08	-0.04					
14.Currently Employed [e]	-0.07	-0.10	0.01	0.05	-0.07	-0.03	-0.09	-0.03	0.13	0.06	0.12	-0.10	-0.05				
15.Work Experience	**-0.24***	-0.04	**0.16***	-0.04	-0.02	-0.03	**-0.14***	-0.10	0.11	0.04	**0.88***	0.10	-0.10	**0.16***			
16.Supervisory Experience	-0.08	-0.04	**0.22***	0.09	0.08	-0.01	-0.06	0.01	**0.16***	-0.10	**0.73***	0.13	-0.09	0.11	**0.76***		
17.Societal Power Distance	**0.18***	-0.05	0.03	-0.04	-0.02	0.10	0.07	0.01	0.04	-0.04	**-0.19***	0.11	0.06	-0.02	-0.14	-0.09	
18.Country of Birth [f]	-0.11	-0.01	-0.02	-0.02	0.03	-0.01	0.02	0.08	**-0.15***	0.10	0.10	**-0.14***	0.05	**0.16***	**0.17***	0.07	**-0.43***

Note: $N = 204$;
* Significant at least at $p < .05$;
[a] Social Dominance Orientation
[b] Binary variable (0 = Male, 1 = Female);
[c] Binary variable (0 = not affiliated with religion, 1 = affiliated with a religion);
[d] Binary variable (0 = African American, White, Pacific Islander or other non-Asian ethnicity, 1 = Asian);
[e] Binary variable (0 = currently not employed, 1 = currently employed full-time or part-time);
[f] Binary variable (0 = other, 1 = U.S. for the U.S. respondents and Australia for Australian respondents).

Overall, the measurement models consisted of nine latent constructs representing all of the main constructs of interest and one of the control variables: social dominance orientation (3 indicators), moral disengagement (3 indicators), unethical decision making (3 indicators), social cynicism belief (3 indicators), fate control belief (3 indicators), religiosity belief (3 indicators), reward for application belief (3 indicators), social complexity belief (3 indicators), and social desirability (3 indicators). In addition, the model included nine single indicators representing the rest of the control variables (i.e., age, gender, ethnicity, religious orientation, work experience, supervisory experience, current employment, societal power distance, and country of origin). Following the basic CFA assumptions (Brown, 2006), each indicator was loaded only on one latent construct, and every latent construct was scaled by fixing the direct effect of one of the three indicators to 1.0 and by setting the unstandardized residual coefficient for all indicators associated with latent constructs to 1.0. In addition, all error terms associated with the latent constructs' indicators were uncorrelated.

The hypothesized measurement models demonstrated acceptable fit to the Australian data ($\chi2/df$ = 1.56, CFI = .91, IFI = .91, and RMSEA = 0.05) and the U.S. data ($\chi2/df$ = 1.56, CFI = .91, IFI = .92, and RMSEA = 0.05). All standard item loadings were significant (see Table 8).

Measurement Invariance

Following the procedures and recommendations outlined by Vandenberg and Lance (2000), this study used the confirmatory factor analysis framework described in the previous section on data analysis to evaluate the conceptual, metric, factor variance, and error variance invariance. Table 9 summarizes the results of the invariance tests.

The test of the conceptual invariance (Model 1 in Table 9), which was assessed by fitting the same model to the Australian and U.S. samples simultaneously, showed an acceptable fit ($\chi2/df$ = 1.57, CFI = .91, IFI = .92, and RMSEA = 0.04), indicating that both groups exhibit the same simple factor structure and the same baseline model can be used for each group.

Table 8. Results of the Confirmatory Factor Analysis (Measurement Model).

Model Paths	Standardized Item Loadings	
	Australia	US
Social Cynicism Belief		
Social Cynicism Parcel 1	0.67***	0.59***
Social Cynicism Parcel 2	0.76***	0.66***
Social Cynicism Parcel 3	0.68***	0.82***
Fate Control Belief		
Fate Control Parcel 1	0.71***	0.71***
Fate Control Parcel 2	0.56***	0.59***
Fate Control Parcel 3	0.73***	0.81***
Religiosity Belief		
Religiosity Parcel 1	0.67***	0.82***
Religiosity Parcel 2	0.70***	0.88***
Religiosity Parcel 3	0.71***	0.76***
Reward for Application Belief		
Reward for Application Parcel 1	0.80***	0.62***
Reward for Application Parcel 2	0.62***	0.71***
Reward for Application Parcel 3	0.60***	0.64***
Social Complexity Belief		
Social Complexity Parcel 1	0.81***	0.60***
Social Complexity Parcel 2	0.62***	0.60***
Social Complexity Parcel 3	0.63***	0.79***
Social Dominance Orientation		
Social Dominance Orientation Parcel 1	0.69***	0.80***
Social Dominance Orientation Parcel 2	0.96***	0.89***
Social Dominance Orientation Parcel 3	0.68***	0.79***
Moral Disengagement		
Cognitive Restructuring	0.73***	0.89***
Minimization of Responsibility	0.69***	0.63***
Reframing of Outcomes	0.88***	0.77***
Unethical Decision Making		
Abuse of Resources	0.77***	0.85***
Abuse of Power or Position	0.78***	0.77***
Not whistle-blowing	0.74***	0.74***
Social Desirability (control variable)		
Social Desirability Parcel 1	0.72***	0.48***
Social Desirability Parcel 2	0.58***	0.84***
Social Desirability Parcel 3	0.52***	0.68***

Note*: N* (AUS) = 228; *N (US)* = 204.
*** Significant at least at *p* < .0001.

Next, all corresponding item loadings for the two samples were set to be equal to test the metric invariance. The model with equal item loadings across the two samples produced an acceptable fit ($\chi2/df$ = 1.59, CFI = .91, IFI = .91, and RMSEA = 0.04), but there was a significant difference in chi-square values ($\Delta\chi2$ = 45.66, Δdf =18, p < 0.0001) between the constrained (Model 2) and the unconstrained (Model 1) models. Examination of the critical ratios for the differences in item loadings showed that the following parameters were significantly different in the Australian and the U.S. sample: one of the indicators associated with the religiosity belief construct, one of the indicators of the social desirability construct, one of the indicators of the social dominance orientation construct, and the cognitive restructuring indicator of the moral disengagement construct.

Since only one of the three indicators in the above-mentioned constructs was significantly different, partial metric invariance can be established in line with Steenkamp and Baumgartner's (1998) recommendation of requiring at least two items per construct to be equivalent and a more strict requirement from Vandenberg and Lance (2000) for a minority of indicators to be invariant. To test partial metric invariance, the equality constraints on the significantly different indicators were relaxed and the model fit was assessed. The partial metric invariance model showed an acceptable fit ($\chi2/df$ = 1.56, CFI = .91, IFI = .91, and RMSEA = 0.04) and did not show significant difference from the unconstrained model ($\Delta\chi2$ = 19.02, Δdf =14, not significant).

Next, the error variance invariance was evaluated by constraining all error variances to be equal across both samples while controlling for partial metric invariance. The model with equal error variances and partially equal item loadings across the two samples produced an acceptable fit ($\chi2/df$ = 1.60, CFI = .90, IFI = .91, and RMSEA = 0.04); however, there was a significant difference in chi-square values between the constrained model and the unconstrained model ($\Delta\chi2$ = 97.84, Δdf =41, p < 0.0001). Examination of the critical ratios across the two samples revealed significantly different error variances for one of the indicators in the following constructs: reward for application belief, social complexity belief, social cynicism belief, social desirability construct, and the indicator representing the cognitive restructuring aspect of the moral disengagement construct. The equality constraints on these parameters were relaxed to test for partial error variance invariance. The fit of the partial error variance and metric

invariance model showed an acceptable fit ($\chi2/df = 1.56$, CFI = .91, IFI = .91, and RMSEA = 0.04) and did not show significant difference from the unconstrained model ($\Delta\chi2 = 45.90$, $\Delta df =36$, not significant).

Finally, the factor variance invariance was evaluated by constraining all factor variances to be equal across the two samples, while controlling for partial metric invariance and partial equality of error variances. The model with all factor variances constrained showed an acceptable fit ($\chi2/df = 1.59$, CFI = .90, IFI = .91, and RMSEA = 0.04), but there was a significant chi-square difference between the more constrained and less constrained models ($\Delta\chi2 = 93.82$, $\Delta df =45$, $p < 0.0001$). Assessment of the critical ratios showed that there were significant differences in variances of the latent factors of social desirability and religiosity belief. Following the removal of the equality constraints from these two parameters, the partial factor variance invariance model demonstrated an improved fit ($\chi2/df = 1.56$, CFI = .91, IFI = .91, and RMSEA = 0.04) and no significant differences between the constrained and the unconstrained model ($\Delta\chi2 = 58.53$, $\Delta df =43$, not significant). An examination of the reliabilities for the religiosity belief construct (Cronbach alpha in Australia = 0.71 and in the U.S. = 0.85) and social desirability construct (Cronbach alpha in Australia = 0.65 and in the U.S. = 0.76) confirm the results of the critical ratio difference test showing that the reliabilities of the religiosity belief and social desirability constructs being higher in Australia compared to the U.S. However, the reliabilities are within the acceptable range in both countries according to DeVellis (2003) who suggested that the reliability range of .65 to .70 is minimally acceptable and the range of .70 to .80 is respectable.

Table 9. Summary of Models and Goodness-of-fit Tests Assessing Measurement Invariance.

Model description	$\chi2/df$	CFI	IFI	RMSEA	$\Delta\chi2/\Delta df$	p-value
Model 1: Unconstrained (Conceptual Invariance)	1.57	0.91	0.92	0.04		
Model 2: Equal item loadings (Full metric invariance)	1.59	0.91	0.91	0.04	45.66/18	0.0001
Model 2a: Partially equal item loadings (Partial metric invariance)	1.56	0.91	0.91	0.04	19.02/14	0.164
Model 3: Equal error variance (Full error variance invariance)	1.60	0.90	0.91	0.04	97.84/41	0.0001
Model 3a: Partially equal error variance (Partial error variance invariance)	1.56	0.91	0.91	0.04	45.89/36	0.125
Model 4: Equal factor variance (Full factor variance invariance)	1.59	0.90	0.91	0.04	93.82/45	0.0001
Model 4a: Partially equal factor variance (Partial factor variance invariance)	1.56	0.91	0.91	0.04	58.53/43	0.057

SEM Analysis and Hypotheses Testing

Following the establishment of the measurement invariance, structural model invariance was assessed by imposing cross-group equality constraints on structural path loadings among the nine constructs of interest as well as between the control variables and the constructs of interest in the Australian and U.S. samples. Each structural model consisted of nine latent constructs and nine single indicators as described previously in the measurement model section. To follow the basic CFA assumptions (Brown, 2006), all indicators were loaded only on one latent construct, all error terms associated with the latent constructs' indicators were uncorrelated, and every latent construct was scaled by fixing the direct effect of one of the three indicators to 1.0 and by setting the unstandardized residual coefficient for all indicators associated with the latent constructs to 1.0. Since the five social belief constructs were a part of the same scale, the error terms associated with these constructs were correlated.

Table 10 summarizes the results. Following Steenkamp and Baumgartner (1998) and Vandenberg and Lance (2000), conceptual, metric, and error variance invariance was established prior to establishing the structural model invariance. The test of conceptual invariance showed an acceptable fit of the data in the Australian and U.S. samples ($\chi 2/df$ = 1.57, CFI = .91, IFI = .91, and RMSEA = 0.04), indicating that the same structural equation model can be used for each group. Next, the metric invariance and error variance invariance tests were conducted sequentially using the same procedures as described in the previous section on measurement invariance. As in the measurement invariance test, the full metric and error variance invariance were not achieved. The critical ratio difference test identified the same parameters to be different across the two samples. The equality constraints on these parameters were relaxed to test partial metric and partial error variance invariance respectively. The fit of the partial metric invariance model showed an acceptable fit ($\chi 2/df$ = 1.57, CFI = .91, IFI = .91, and RMSEA = 0.04) and did not show significant difference from the unconstrained model ($\Delta\chi 2$ = 18.82, Δdf =14, not significant). The fit of the partial error variance invariance and metric invariance model showed an acceptable fit ($\chi 2/df$ = 1.56, CFI = .91, IFI = .91, and RMSEA = 0.04)

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and did not show significant difference from the unconstrained model ($\Delta\chi2 = 46.70$, Δdf =36, not significant).

Finally, the test of structural invariance showed an acceptable fit of the data in the Australian and U.S. samples ($\chi2/df = 1.55$, CFI = .90, IFI = .90, and RMSEA = 0.04), but there was a significant difference in chi-square values between the model with structural paths loadings, error variance, and item loadings constrained and the unconstrained model ($\Delta\chi2 = 184.44$, $\Delta df = 129$, $p < 0.0001$). Examination of the critical ratios for the differences in path loadings showed that, among the constructs of interests, moral disengagement was a stronger predictor of unethical decision making for individuals in the U.S., where the societal level power distance score is also greater. There were no significant differences in structural path loadings for the relationships between the five social beliefs, social dominance orientation, and moral disengagement. In both groups the relationship between SDO and unethical decision making was not significant. Among control variables, being of Asian ethnicity was significantly related to social cynicism, social complexity, and religiosity beliefs in Australia and not in the U.S. Social desirability was significantly related to fate control in the U.S. and not in Australia. Religious affiliation had a stronger association with religiosity belief in the U.S. than in Australia. Years of work experience was significantly associated with social cynicism belief in Australia and not the U.S. Being currently employed was significantly related to unethical decision making in Australia and not the U.S.

The equality constraints on the structural path loadings that showed significant differences across the Australian and the U.S. samples were relaxed to test for partial structural invariance. The fit of the partial structural invariance model showed an acceptable fit ($\chi2/df = 1.51$, CFI = .91, IFI = .91, and RMSEA = 0.04) and did not show significant difference from the unconstrained model ($\Delta\chi2 = 126.56$, $\Delta df = 119$, not significant).

Table 10. Summary of Models and Goodness-of-fit Tests Assessing Structural Invariance.

Model description	$\chi 2/df$	CFI	IFI	RMSEA	$\Delta\chi 2/ \Delta df$	p-value
Model 1: Unconstrained (Conceptual Invariance)	1.57	0.91	0.91	0.04		
Model 2: Equal item loadings (Full metric invariance)	1.59	0.90	0.91	0.04	43.72/18	0.0001
Model 2a: Partially equal item loadings (Partial metric invariance)	1.57	0.91	0.91	0.04	18.82/14	0.172
Model 3: Equal error variance (Full error variance invariance)	1.60	0.90	0.90	0.04	95.94/41	0.0001
Model 3a: Partially equal error variance (Partial error variance invariance)	1.56	0.91	0.91	0.04	46.70/36	0.109
Model 4: Equal path loadings (Full structural invariance)	1.55	0.90	0.90	0.04	184.44/129	0.0001
Model 4a: Partially equal path loadings (Partial structural invariance)	1.51	0.91	0.91	0.03	126.56/119	0.300

Table 11 presents standardized direct estimates for the paths analyses. Overall, it is estimated that all predictors of unethical decision making explained 41.8 percent of its variance in the Australian sample and 76.2 percent in the U.S. sample. As expected based on the previous results of the second paper of this dissertation, social dominance orientation is positively associated with moral disengagement in both Australia (standardized effect estimate = 0.17, $p < 0.0001$) and the U.S. (standardized effect estimate = 0.21, $p < 0.001$). In addition, moral disengagement was related positively to unethical decision making in Australia (standardized effect estimate = 0.64, $p < 0.0001$) and the U.S. (standardized effect estimate = 0.87, $p < 0.0001$). Similarly, in both samples the relationship between social dominance orientation and unethical decision making was not significant; however, there was evidence of the mediation effect of moral disengagement in the relationship between social dominance orientation and unethical decision making in Australia (standardized indirect effect estimate = 0.11, $p < 0.001$) and the U.S. (standardized indirect effect estimate = 0.18, $p < 0.001$).

As predicted by hypothesis 1, there was a significant positive link between social cynicism and social dominance orientation in Australia (standardized effect estimate = 0.13, $p < 0.05$) and the U.S. (standardized effect estimate = 0.13, $p < 0.05$). Also, the association between social cynicism and moral disengagement was significant and positive in Australia (standardized effect estimate = 0.12, $p < 0.05$) and the U.S. (standardized effect estimate = 0.14, $p < 0.01$) providing support for hypothesis 2.

In line with hypothesis 3, fate control belief was significantly and positively related to social dominance orientation in Australia (standardized effect estimate = 0.20, $p < 0.01$) and the U.S. (standardized effect estimate = 0.17, $p < 0.01$). In addition, fate control belief was significantly and positively associated with moral disengagement in Australia (standardized effect estimate = 0.20, $p < 0.0001$) and the U.S. (standardized effect estimate = 0.22, $p < 0.0001$), fully supporting hypothesis 4.

Table 11. Results of the Structural Equation Model Analysis (Structural Path Invariance Model).

Model Paths	Hypotheses	Standardized Estimates [a]	
		Australia	US
Direct Effects			
Social Cynicism → Social Dominance Orientation	H1	0.13†	0.13†
Social Cynicism → Moral Disengagement	H2	0.12†	0.14*
Fate Control → Social Dominance Orientation	H3	0.20*	0.17**
Fate Control → Moral Disengagement	H4	0.20***	0.22***
Reward for Application → Social Dominance Orientation	H5	- 0.20**	- 0.19**
Reward for Application → Moral Disengagement	H6	- 0.16**	- 0.18**
Social Complexity → Social Dominance Orientation	H7	- 0.19**	- 0.18**
Social Complexity → Moral Disengagement	H8	- 0.20***	- 0.23***
Religiosity → Social Dominance Orientation	H9	0.09	0.11
Religiosity → Moral Disengagement	H10	- 0.03	- 0.05
Social Dominance Orientation → Unethical Decision Making		- 0.02	- 0.02
Social Dominance Orientation → Moral Disengagement		0.17***	0.21***
Moral Disengagement → Unethical Decision Making		0.64***	0.87***
Control Variables [b]			
Social Desirability → Moral Disengagement		- 0.22***	- 0.38***
Social Desirability → Fate Control			- 0.19†
Female → Social Cynicism		- 0.14†	- 0.13†
Female → Social Dominance Orientation		- 0.14*	- 0.13*
Female → Moral Disengagement		- 0.23***	- 0.25***
Female → Unethical Decision Making		0.12*	0.11*
Age → Fate Control		- 0.20†	- 0.34†
Age → Social Cynicism		- 0.18†	- 0.27†
Religious Affiliation [d] → Religiosity		0.48***	0.55***
Religious Affiliation [d] → Reward for Application		0.19**	0.19**
Ethnicity [c] → Social Cynicism		0.28***	
Ethnicity [c] → Social Complexity		- 0.25*	
Ethnicity [c] → Fate Control		0.45***	0.16†
Ethnicity [c] → Religiosity		0.40***	
Ethnicity [c] → Social Dominance Orientation		0.27***	0.25***
Ethnicity [c] → Moral Disengagement		0.12*	0.13*
Ethnicity [c] → Unethical Decision Making		- 0.10†	- 0.10†
Currently Employed → Unethical Decision Making		- 0.18*	
Work Experience → Social Cynicism		0.34†	
Work Experience → Reward for Application		- 0.19†	- 0.34†
Supervisory Experience → Social Cynicism			0.31*
Supervisory Experience → Fate Control		0.13*	0.29*
Supervisory Experience → Unethical Decision Making		0.07†	0.16†
Societal Power Distance → Social Cynicism		0.13†	0.13†
Societal Power Distance → Social Complexity		- 0.14†	- 0.14†

Table 11 (Continued). Results of the Structural Equation Model Analysis (Structural Path Invariance Model).

Model Paths	Hypotheses	Standardized Estimates [a]	
		Australia	US
Indirect Effects			
Social Dominance Orientation → Unethical Decision Making [e]		0.11**	0.18*
Social Cynicism → Moral Disengagement [e]	H11a	0.02†	0.03†
Fate Control → Moral Disengagement [e]	H11b	0.04†	0.04†
Reward for Application → Moral Disengagement [e]	H11c	- 0.04*	- 0.04*
Social Complexity → Moral Disengagement [e]	H11d	- 0.03*	- 0.04*
Religiosity → Moral Disengagement [e]	H11e	0.02	0.02
Social Cynicism → Unethical Decision Making [f]	H12a	0.09†	0.14†
Fate Control → Unethical Decision Making [f]	H12b	0.15*	0.22*
Reward for Application → Unethical Decision Making [f]	H12c	- 0.12*	- 0.19*
Social Complexity → Unethical Decision Making [f]	H12d	- 0.15*	- 0.23*
Religiosity → Unethical Decision Making [f]	H12e	0.01	0.02

Note*: N* (AUS) = 228; N *(US)* = 204;
† significant at least at $p < .05$; * $p < .01$; ** $p < .001$; *** $p < .0001$;
[a] results based on the structural equation model analysis with partially constrained item loadings, error variances, and structural paths;
[b] only significant direct effects are reported for the control variables;
[c] binary variable (0 = non-Asian ethnicity, 1 = Asian ethnicity);
[d] binary variable (0 = no affiliation with religion, 1 = affiliation with a religion);
[e] mediated by Social Dominance Orientation;
[f] mediated by Social Dominance Orientation and Moral Disengagement;

As hypothesis 5 predicted, there was a significant negative association between the belief in reward for application and social dominance orientation in Australia (standardized effect estimate = - 0.20, $p < 0.001$) and the U.S. (standardized effect estimate = - 0.19, $p < 0.001$). Furthermore, reward for application belief was negatively associated with moral disengagement in Australia (standardized effect estimate = - 0.16, $p < 0.001$) and the U.S. (standardized effect estimate = - 0.18, $p < 0.001$), supporting hypothesis 6.

In accordance with hypothesis 7, social complexity belief was significantly and negatively related to social dominance orientation in Australia (standardized effect estimate = - 0.19, $p < 0.001$) and the U.S. (standardized effect estimate = - 0.18, $p < 0.001$). Also, social complexity was significantly and negatively associated with moral disengagement in Australia (standardized effect estimate = - 0.20, $p < 0.0001$) and the U.S. (standardized effect estimate = - 0.23, $p < 0.0001$), providing support for hypothesis 8.

Against the predictions of hypotheses 9 and 10, religiosity belief was not significantly related to social dominance orientation or moral disengagement in both samples.

The results also provide partial support for hypothesis 11. Social dominance was found to mediate the relationship between: social cynicism belief and moral disengagement in Australia (standardized indirect effect estimate = 0.02, $p < 0.05$) and the U.S. (standardized indirect effect estimate = 0.03, $p < 0.05$); fate control belief and moral disengagement in Australia (standardized indirect effect estimate = 0.04, $p < 0.05$) and the U.S. (standardized indirect effect estimate = 0.04, $p < 0.05$); reward for application belief and moral disengagement in Australia (standardized indirect effect estimate = - 0.04, $p < 0.01$) and the U.S. (standardized indirect effect estimate = - 0.04, $p < 0.01$); and social complexity belief and moral disengagement in Australia (standardized indirect effect estimate = - 0.03, $p < 0.01$) and the U.S. (standardized indirect effect estimate = - 0.04, $p < 0.01$). There was no evidence of the mediation effect of social dominance orientation in the relationships between religiosity belief and moral disengagement in both samples.

Furthermore, the findings partially support hypothesis 12. Both social dominance orientation and moral disengagement mediate the relationship between: social cynicism belief and unethical decision making in Australia (standardized indirect effect estimate = 0.09, $p < 0.05$) and the U.S. (standardized effect estimate = 0.14, $p < 0.05$); fate control belief and unethical decision making in Australia (standardized indirect effect estimate = 0.15, $p < 0.01$) and the U.S. (standardized indirect effect estimate = 0.22, $p < 0.01$); reward for application belief and unethical decision making in Australia (standardized indirect effect estimate = - 0.12, $p < 0.01$) and the U.S. (standardized indirect effect estimate = - 0.19, $p < 0.01$); and social complexity belief and unethical decision making in Australia (standardized indirect effect estimate = - 0.15, $p < 0.01$) and the U.S. (standardized indirect effect estimate = - 0.23, $p < 0.01$). Social dominance orientation and moral disengagement were not found to mediate the effect of the religiosity belief on unethical decision making in both samples.

The lack of full structural model invariance provides partial support for research question 1 that the societal power distance moderates the relationships between the constructs in the model. Specifically, among the nine main constructs of interest, societal power distance influenced the relationship between moral disengagement and unethical decision making such that the relationship was stronger in the U.S. where the respondents indicated greater levels of power distance compared to Australia.

As expected a number of control variables were significantly related to the constructs of interest in this study. In addition, a number of the relationships between the control variables and social beliefs varied across cultures. To mention a few, social desirability was negatively related to fate control in the U.S. but not in Australia, work experience was associated with the endorsement of social cynicism in Australia but not in the U.S, and ethnicity was significantly associated with social cynicism, social complexity, and religiosity beliefs in Australia but not in the U.S. These findings support Leung and Bond's (2004) claim that the endorsement of social beliefs may differ as a function of socialization experiences in different demographic groups which may also vary across different social and cultural contexts. However, a number of the relationships between demographic variables and social beliefs were equivalent in the U.S. and Australian samples. Among others, being female was negatively related to the

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endorsement of social cynicism in the U.S. and Australia, and age was negatively associated with fate control and social cynicism in both samples. What stands out the most is the equivalent positive relationship between being female and unethical decision making in the U.S. and Australia. As explained in the previous chapter, or Study 2, of this dissertation, this positive relationship may be a function of the interaction between differences in moral reasoning among males and females and the nature of ethical situations presented to the respondents in this work. The equivalent relationships among the control variables and the constructs of interest in the model may result from a smaller distance on a number of cultural dimensions as well as similar political and economic systems in the U.S. and Australia (House et al., 2004).

Common Method Variance

Common method variance may be an issue in studies where data for the dependent and independent variables were collected from a single instrument. Following the recommendations of Podsakoff and colleagues (2003), a number of statistical procedures were conducted to provide a level of assurance that the statistical and practical significance of the results is intact. First, a Harman Single Factor Test, which involved loading all thirty six indicators in the study on a single latent factor in a confirmatory analysis, was performed. The results in the Australian sample (χ^2/df = 3.42, CFI = .52, IFI=.53, RMSEA = 0.10), and the U.S. sample (χ^2/df = 3.66, CFI = .48, IFI=.50, RMSEA = 0.12) displayed poor fit suggesting that a single common method factor did not account for the majority of the covariance among the indicators. Second, a partial correlation procedure, involving the inclusion of a marker variable theoretically unrelated to other constructs, was conducted. The marker variable chosen for this study assessed the individual attitude toward "dressing in style." It was measured by the item "A person should dress in style" on a five-point scale (1 = strongly agree and 5 = strongly disagree). The inclusion of the marker variable in the structural equation modeling analyses resulted in a small reduction of the model fit in both the Australian and the U.S. samples; however, the estimates associated with the structural paths remained statistically and practically unchanged.

Discussion

Recent reviews of behavioral ethics literature (Kish-Gephart et al., 2010; O'Fallon & Butterfield, 2005; Treviño et al., 2006) have all concluded that, although considerable progress has been achieved in assessing factors associated with ethical behavior, much of the research has been descriptive and correlational. The reviews call for models that explain the interaction among factors and the role of processes in ethical decision making across different levels of analysis. With regards to cross-cultural research in behavioral ethics, Treviño et al. (2006) advocated to move beyond the identification and documentation of differences in ethical attitudes and behaviors across cultures to develop models and theories that explain the role of culture in matters such as the influence of cognitive disengagement and bias on ethical behavior and the role of social practices in normalizing and rationalizing unethical behavior. Husted and Allen (2008) added that it is important to examine the role of cultural differences at the individual and institutional (e.g., societal) levels to understand the extent to which the influence of individual cultural orientations, such as beliefs and values, generalize across culturally different contexts.

This work attempts to incorporate these calls in answering the question of how individual cultural orientations and societal contexts influence the relationship between the individual support of social hierarchies and unethical decision making. The study developed and empirically tested a culture-based model explicating the role of individual social beliefs and the societal support of social hierarchies and inequalities, also known as the cultural dimension of power distance, in the relationship between the individual support of social group-based hierarchies and unethical decision making. The results of this study revealed that both individual cultural orientations and societal contexts are connected to unethical decision making. At the individual level of analysis, four out of five universally endorsed social beliefs were indirectly related to the individual propensity to make unethical decisions by means of the individual attitudes toward the support of social group-based hierarchies and the individual predisposition to rationalize unethical actions through moral disengagement mechanisms. At the societal level of analysis, power distance moderated the relationship between the individual predisposition

to rationalize unethical actions and the individual tendency to make unethical decisions in the Australian and the U.S. samples. However, all other relationships between the individual social beliefs, social dominance orientation, and moral disengagement demonstrated to be equivalent, providing only partial support for the interactive effect of the individual and societal support of social hierarchies on unethical decision making. The results of this study provide a number of implications for theory and practice.

Theoretical Implications

A number of cross-cultural studies point out the lack of attention to understanding how culture affects individual ethical decision making (Husted & Allen, 2008; Thorne & Saunders, 2002). This work demonstrated that, in line with the theory of planned behavior (Ajzen, 1991; Ajzen & Fishbein, 1980), which argues that beliefs influence attitudes and predispositions which in turn influence one's actions, individual cultural orientations in the form of social beliefs are associated with individual attitudes toward hierarchies and inequalities and predisposition to morally disengage, which are in turn associated with the individual tendency to make unethical decisions. Specifically, the results showed that four out of five social beliefs, which were found to be universally endorsed by people across 40 different cultures (Leung & Bond, 2004), had a direct effect on the individual attitudes toward social hierarchies and inequalities as well as the individual predisposition to morally disengage. The individual support of social hierarchies was indirectly linked to unethical decision making by means of the individual propensity to morally disengage. The beliefs in social cynicism and fate control were found to be related positively to social dominance orientation, moral disengagement, and unethical decision making, whereas the beliefs in reward for application and social complexity were found to be associated negatively with social dominance orientation, moral disengagement, and unethical decision making. The results extend previous works that utilized the theory of planned behavior to explain how individual cultural differences impact organizational behavior, such as the managerial tolerance of bribery (Sanchez et al., 2008), intention to discipline employees who accepted bribes (Wated & Sanchez, 2005), and influence strategies (Fu et al., 2004).

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This study also answers the call to move beyond values, especially the values of individualism and collectivism, to explain cultural differences in attitudes and behavior (Gelfand et al., 2007). To the author's knowledge, no attempt has been made at using the universal social beliefs framework (Leung & Bond, 2004; Leung et al., 2002) to address the role of culture in ethical decision making, individual tendency to endorse social hierarchies and inequalities, and propensity to morally disengage. A majority of the results support the hypotheses, demonstrating that four out of five social beliefs identified by Leung and colleagues (2002) are directly related to the individual social dominance orientation and propensity to morally disengage, and are indirectly associated with the individual tendency to make unethical decisions.

Social cynicism was found to be associated positively with individual social dominance orientation and propensity to morally disengage. According to Hui and Hui (2009), social cynicism, which in the context of the social belief framework encompasses a negative view of humankind and social institutions, represents the "dark force" associated with the individual predisposition toward greater self-absorption and lower concern over humanity. The "active ingredients" of social cynicism focus on the ability of those in power to manipulate others, vulnerability of kind-heartedness, corrosiveness of social systems, and pessimistic view of life. This work shows that these worldviews are associated with greater individual social dominance orientation, which encompasses motivation to associate with dominant groups at all costs and the propensity to mistreat members of subordinate groups in order to gain greater access to positive resources. These worldviews are also related to a greater propensity to use morally disengaging rationalizations in order to justify and legitimize one's mistreatment of others, displace responsibility onto others, and distort consequences one's actions may have on others. The findings of this work extend the results of Fu and colleagues (2004) who argued that social cynicism belief reflects an assumption that the social environment is responsive to displays of social power and predicts the use of assertive tactics (e.g., demands, threats, upward appeal to authorities) to influence others. The results also contribute to numerous empirical findings that connect social cynicism to a variety of negative psychological outcomes (e.g., lower self-esteem and life satisfaction, greater stress and loneliness, and

lower interpersonal trust) and paint a gloomy picture for those high in social cynicism (for review see Hui & Hui, 2009).

Fate control, encompassing the belief that external forces such as luck and fate determine life events, was also found to be associated positively with social dominance orientation and moral disengagement. The results suggest that individuals believing in fate control show greater support for social hierarchies and inequalities most likely because they believe that people have little control over how social structures are determined and resources are distributed. In addition, it is plausible that the notion that external forces are responsible for life events and their outcomes may have allowed individuals to displace responsibility for their actions, blame others, and justify their actions by referring to external forces. The results of this work extend previous findings that connected the belief of fate control to a number of negative psychological outcomes, such as lower work ethic and job satisfaction, and adverse social outcomes, such as lower life expectancy, lower environmental sustainability, less human rights observance, lower status of women, and lower human development (Leung & Bond, 2004).

This work found that the belief in reward for application is negatively associated with individual social dominance orientation and moral disengagement. Reward for application encompasses notions that effort, knowledge, cautious planning, and struggle are prerequisites of success and progress. It is important to mention that the reward for application belief does not assess the level of personal self-efficacy or control, but rather the individual assumption about the connection between human agency and environmental responsiveness (Leung & Bond, 2004). The results suggest that believing that humans are agents of their existence and actions, individuals are less likely to conform to social hierarchies and impositions that hierarchies place on individual attitudes and actions. They may also be less disposed to displace their responsibility or blame others for their actions. The findings of this study augment the results of the previous studies that linked the reward for application belief to pro-social and pro-relationship values and behaviors, such as greater sociability and a stronger performance motive that takes into account other's performance (Leung & Bond, 2004), egalitarian political attitudes (Keung & Bond, 2002), and preference for compromising, accommodating and collaborative behaviors in conflict resolution (Bond et al., 2004a).

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Social complexity belief was also found to be related negatively to social dominance orientation and moral disengagement. Social complexity entails a view that the social world and humans are complex, that people may exhibit different behaviors, feelings, and attitudes on different occasions, and that an issue may have a number of solutions. Presumably, this complex view of the world makes it more difficult for people high in social complexity to support social hierarchies which typically prescribe roles, actions, and distribution of resources for people in different social groups. It also appears that the assumption that individuals make their own choices in attitudes and actions may make it hard to displace the responsibility for actions or blame others, while greater acceptance of diversity and complexity of individuals may make it difficult to dehumanize them. The findings of this study corroborate the results of previous works connecting social complexity to egalitarian political attitudes (Keung & Bond, 2002) and a collaborative conflict resolution style (Bond et al., 2004a).

Against predictions, this work did not find religiosity belief to be associated with individual social dominance orientation or propensity to morally disengage. It is important to point out that the items measuring the belief in religiosity did not assess one's affiliation with a religious institution, but only one's perception of the existence of a supreme being and the positive functions of religion. Perhaps the relationship of the religiosity belief with social dominance orientation and moral disengagement depends on the individual religious affiliation. Van de Vijver and colleagues (2009) demonstrated that religious affiliation influenced the endorsement of the religiosity belief at the societal level. Specifically, two "active ingredients" of the religiosity belief - a notion that religion makes people good citizens and the concept that a supreme being controls the universe - were shown to be endorsed more in countries where Islam and Buddhism are dominant religions compared to predominantly Protestant and Catholic countries. In this study, 42% of the respondents in the Australian sample and 57% of the respondents in the U.S. sample indicated to be affiliated with a religion. Of those affiliated with a religion in Australia, 17% indicated to be Catholic, 12% Buddhist, and 8% Protestant. In the U.S., on the other hand, Protestants made up the larger portion of those affiliated with a religion (19%), followed by Catholic (12%) and Buddhist (10%). Perhaps, at the individual level of analysis, the effects of the religiosity belief on the levels of social

dominance orientation and moral disengagement also depend on the individual religious affiliation. Future studies should explore the interactive effect of the individual religious affiliation and religiosity belief on social dominance orientation, moral disengagement, and unethical decision making.

There is also another explanation for the lack of significant association between the belief in religiosity and social dominance orientation. Some argue that religiosity is related to dogmatism, or close-minded and structured system of beliefs about absolute authority which legitimizes intolerance or qualified tolerance of others (Swindell & L'Abate, 1970). Since social dominance reflects an individual preference for hierarchies and has been argued to predict intolerance and prejudice, it is plausible that the belief in religiosity, encompassing a belief in a supreme being and positive functions of religious institutions, may also be related positively to social dominance orientation. However, a number of studies suggest that social dominance orientation is not associated with religious fundamentalism (Altemeyer, 1998). In fact, it was found to be related positively to disaffirmation of religious realms (Duriez & Van Hiel, 2002). Research suggests that, in addition to social dominance orientation, authoritarianism also predicts a conservative world-view, dogmatism, and close-mindedness (Altemeyer, 1998). Authoritarianism is another social attitude dimension that encompasses submission to established authorities, conventionalism, and support of aggression against the targets of authorities. Recent research argues that authoritarianism and social dominance orientation work in concert to predict conservative beliefs, support of hierarchies, unequal treatment, and intolerance, but do so through different motivational mechanisms (Duckitt, 2006). Authoritarianism is motivated by conformity driven by fear and threat associated with a view that the world is a dangerous place; thus, authoritarian intolerance is targeted at those who may challenge or undermine conventional norms and social order. Social dominance orientation, on the other hand, is motivated by competition, dominance, and a view the world is a competitive jungle; consequently, intolerance associated with SDO is targeted at low status groups that may challenge the dominants' status. Accordingly, authoritarianism, but not SDO, had been linked to religiosity and affirmation of religious realms (Altemeyer, 1998; Duriez & Van Hiel, 2002). According to Altemeyer (1998), unlike authoritarians, socially dominant individuals are "principle challenged" (p. 82),

show low propensity to conform, may view religion as strictly utilitarian and useful in achieving self-interest; thus only a few socially dominant individuals appear religious.

As expected, the results of the study demonstrated that social dominance orientation mediates the relationship between four of the five examined social beliefs and the individual propensity to morally disengage. These findings support the dual-process cognitive theory (Duckitt, 2001) which argues that social dominance orientation mediates the link between the individual beliefs in the world as a harsh and competitive (vs. cooperative) place and anti-social intergroup attitudes and actions such as prejudice and racism. According to Duckitt (2001), the individual belief that the world is harsh and competitive emerges from an unaffectionate and hard-hearted upbringing and socialization. Along the same lines, Leung and Bond (2004) argued that fate control and social cynicism beliefs may emerge as a survival and adaptation mechanism in response to a 'hard life" and "difficult" experiences such as deceit. Presumably, being exposed to deceit, a lack of trustworthiness, and other "difficult" social experiences, individuals are more likely to distrust others and social institutions and adopt a passive style in dealing with life events and outcomes, resulting in a greater support of social hierarchies and inequalities and a greater propensity to morally disengage. On the other hand, positive experiences and socialization grounded in authenticity and openness may support individual beliefs in reward for application and social complexity, ultimately contributing to lower levels of social dominance orientation and propensity to morally disengage.

The findings also showed that both social dominance orientation and moral disengagement mediate the relationship between four out of five social beliefs and unethical decision making. By integrating conceptualizations from the theory of planned behavior (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975), dual-process cognitive motivation theory (Duckitt, 2001), and social dominance theory (Sidanius & Pratto, 1999), this work answered calls for moving beyond the identification and documentation of cultural differences to develop models that explain how cultural orientations influence unethical decision making (Husted & Allen, 2008; Robertson & Fadil, 1999; Treviño et al., 2006).

Finally, this study sheds light on the role of the societal level cultural orientation of power distance in the relationships between the individual social beliefs, support of

social hierarchies and inequalities, propensity to morally disengage, and unethical decision making. Against expectations, all except one association were found to be equivalent across the Australian and the U.S. samples. Only the link between the individual propensity to morally disengage and unethical decision making was found to be stronger in the U.S. sample, which was also ranked higher by the respondents on the societal level power distance compared to the Australian sample. Morally disengaging rationalizations represent legitimizing mechanisms that are constructed by individuals but normalized and diffused by institutions. The finding of this work corroborates one of the premises of social dominance theory (Sidanius & Pratto, 1999) positing that greater support of hierarchy-enhancing rationalizations, such as morally disengaging rationalizations, within hierarchy-supporting institutions is likely to result in a greater individual involvement in illicit behaviors that further promote inequality such as discrimination, racism, and in the case of this work, unethical decision making. Because the associations between social beliefs and individual social dominance orientation and moral disengagement did not differ across the two countries, this study supports the underlying theoretical mechanisms of the theory of planned behavior (Ajzen, 1991; Ajzen & Fishbein, 1980) in explaining the relationships between social beliefs, individual attitudes and predispositions, and unethical decision making. Similarly, significant effects between the individual support of social hierarchies, moral disengagement, and unethical decision making found in the two countries substantiate the underlying theoretical mechanisms of social dominance theory (Sidanius & Pratto, 1999) in explaining the relationship between the individual support of social hierarchies and unethical decision making. The lack of societal differences in the relationship between social beliefs, social dominance orientation, and moral disengagement calls for more attention to understanding the role of individual-level cultural orientations in predicting individual attitudes and behaviors.

Implications for Practice

The results of this study offer a number of practical implications for organizations and managers in multicultural environments. The importance of ethical behavior and the

detrimental effects of unethical conduct on organizational performance have become more apparent in recent years in light of multiple scandals that brought down formerly acclaimed and reputable multinational organizations such Enron and Arthur Andersen. Stakeholders, including local communities, governments, global trade and regulatory agencies, customers, partners, and stockholders, are putting more pressure on multinational organizations to promote ethical behavior. Understanding how individual and cultural factors and processes contribute to unethical decision making may assist organizations and managers in selecting employees, providing tools and training, and instilling organizational processes and culture promoting ethical behavior and curtailing unethical conduct in organizations spanning national boundaries.

The study demonstrated that the individual support of social hierarchies and inequalities is associated with a greater propensity to morally disengage and make unethical decisions in Australia and the U.S. These results suggest that organizations in different cultural contexts should consider the role of the support of status and power differentiation among employees. Specifically, when hiring individuals into ethically-sensitive positions, managers should consider to what extent the candidates are concerned with being dominant and having greater power and status than others. Managers should also consider to what extent individuals take responsibility and accountability for their own actions or tend to justify their actions by displacing the responsibility onto others and/or the circumstance. It is important to mention that this work does not state that having a desire for greater power and status will always corrupt. In fact, it may have certain advantages because it may motivate performance. However, when a greater desire for dominance is associated with a desire to succeed at all cost and a lack of respect for members of subordinate social groups (e.g., individuals in lower organizational ranks, members of departments within organizations that have lower status and power, members of stakeholder groups that have lower status and power), as is the case of socially dominant individuals, the propensity to get involved in unethical activity will be greater.

Furthermore, organizations are encouraged to develop ethical training and education programs that explicate the role of individual and cultural factors and processes in unethical decision making. Understanding how one's propensity to rationalize

unethical actions leads to the involvement in unethical acts may increase one's awareness and ability to curtail one's propensity to morally disengage.

Finally, despite the fact that the U.S. scored higher on power distance compared to Australia, participants in both countries indicated different attitudes to the support of social group-based hierarchies and different propensities to morally disengage on the basis of their individual cultural orientations in the form of social beliefs. The implication here is that rather than treating all individuals in a society similarly, managers should pay more attention to individual-level cultural orientation differences. As Kirkman, Chen, Farh, Chen, and Lowe (2009) noted, "the age-old 'When in Rome …' advice (i.e., lead individuals according to their country-level culture) perhaps should be modified to 'When in Rome, get to know Romans as individuals' (i.e., lead individuals differently, depending on their individual cultural orientations)" (p. 757). Selecting individuals who demonstrate a greater endorsement of social complexity and reward for application beliefs and lower espousal of social cynicism and fate control beliefs for ethically sensitive positions may help curtain unethical behavior in organizations because these individuals will be less focused on attaining power and dominance at all cost and will be less likely to morally disengage.

Limitations and Future Research

This study has a number of limitations that provide avenues for future research. Examining the role of individual cultural orientations on the relationships between social dominance orientation, moral disengagement, and unethical decision making, this work focused on the five universally endorsed social beliefs. Social beliefs represent only a part of subjective culture which also encompasses norms and values. Previous studies already demonstrated that individual values are associated with unethical decision making (Finegan, 1994; Fritzsche & Oz, 2007; Karacaer, Gohar, Aygün, & Sayin, 2009). Drawing on expectancy value theory (Fishbein & Ajzen, 1975), Bond and colleagues (2004a) argued that a combination of social beliefs and individual values predict social behaviors significantly better than the use of values or beliefs alone. In predicting behaviors, social beliefs encompass generalized expectancies for various outcomes

painting a picture of how the world works (e.g., "power and status make people arrogant"), while values depict outcome valences (e.g., "arrogance is bad"). Using hierarchical regression analyses, Bond and colleagues demonstrated that the five universally endorsed social beliefs predict vocational choices, conflict resolution styles, and coping styles above and beyond the values of self-enhancement, self-transcendence, conservation, and openness to change. Rosenblatt (2010) argued that both social beliefs and values predict individual reward allocation preferences. Future research should explore the role of both individual social beliefs and values in the relationships between social dominance orientation, moral disengagement, and unethical decision making. Because previous studies demonstrated that beliefs, such as social cynicism, were significantly related to values, such as self-enhancement (Bond et al., 2004a; Leung et al., 2007), in addition to exploring the independent predictive powers of beliefs and values, researchers should investigate whether beliefs and values influence unethical decision making interactively.

This study demonstrates that in the Australian and the U.S. samples, fate control belief was correlated positively with religiosity belief and negatively with social complexity belief. These results support the findings of Fu and colleagues (2004), who demonstrated a positive correlation between fate control and religiosity beliefs in a study involving respondents from 12 countries. Singelis and colleagues (2003) point to a small overlap between fate control and religiosity beliefs regarding the role of external forces in determining life events and outcomes, but also demonstrate the distinction between the two constructs suggesting that fate control mostly encompasses beliefs in nontraditional supernatural forces and precognition, whereas religiosity encompasses traditional beliefs in a supreme being. These findings lead to speculation about whether social beliefs may interactively predict social behavior. For example, the correlational analysis in this work revealed that both religiosity and fate control beliefs are related positively to the individual propensity to morally disengage. Are those who believe in fate and luck predetermining life events as well as the positive functions of religious institutions more likely to morally disengage than those who believe in fate control but do not endorse the positive functions of religion? Future studies should investigate whether social beliefs interactively predict social behaviors.

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In this work, the role of social beliefs in the relationships between the individual support of social hierarchies, moral disengagement, and unethical decision making was examined at the individual level of analysis. Social beliefs conceptualized at the societal level may also present a useful variable in research investigating ethical decision making. A study by Bond et al. (2004b) involving participants from 41 cultural groups found that two social beliefs emerge at the societal level: social cynicism and dynamic externality. Societal social cynicism reflects the notion that interactions with others are not likely to bring desired outcomes because of the corrosiveness and lack of trustworthiness of individuals and institutions. Societal dynamic externality encompasses proactivity in dealing with externally imposed constraints. Plausibly, individuals who personally endorse social cynicism are more likely to support social hierarchies and morally disengage in societies where citizens generally believe that others cannot be trusted compared to societies scoring lower on social cynicism. Future research should empirically investigate whether individual social beliefs interact with societal social beliefs in influencing individual attitudes and behavior.

Finally, this work examined the relationships between social beliefs, social dominance orientation, moral disengagement, and unethical decision making only in two societies. Although this study demonstrated a difference in the endorsement of power distance in Australia and the U.S., these two countries are typically represented as Western, developed societies. Thus, future research should examine the model presented in this work in a larger, more balanced set of societies including less developed countries and countries from the non-Western world. In addition, this work demonstrated only partial differences in the relationships among the constructs in the proposed model, which may be the artifact of relatively similar cultural orientations as well as political and economic systems in the U.S. and Australia. Future studies should test the model in samples from countries that show extreme differences on the power distance dimension, such as South Korea and South Africa. Furthermore, the samples used in this study were ethnically and culturally diverse coming from Hawaii and Sydney, which are known for their multicultural and ethnically diverse populations. Future studies should attempt to conduct studies in regions where populations are more homogenous and/or are representative of the ethnic makeup of the societies. In addition to examining the

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equivalency of the model in societies differing on the power distance cultural dimension, future research should consider the influence of other cultural dimensions such as uncertainty avoidance.

Conclusion

This study addresses calls in behavioral ethics literature for developing culture-based models explicating how individual and societal cultural orientations may influence individual ethical decision making. One key finding of this study is that individual-level cultural orientations, specifically social beliefs, are associated with unethical decision making, albeit indirectly, and individual attitudes and predispositions, such as social dominance orientation and propensity to morally disengage, play an integral part in the ethical decision making process. Another key finding is that despite recording societal differences in the level of support of social hierarchies in Australia and the U.S., the study did not find many differences in the ethical decision making process among the participants from both countries. In fact, all but one of the thirteen relationships among the constructs of interest in the proposed model was found to be equivalent in two societies. Thus, managers should pay more attention to individual differences when working with employees in different cultural contexts. Future research should examine the proposed model in a larger more balanced set of societies including non-Western and less developed countries.

CHAPTER 5. CONCLUSION

This dissertation makes a number of contributions to behavioral ethics and cross-cultural management research. Specifically, it outlines processes and factors across different levels of analysis that influence the awareness and judgment aspects of individual unethical behavior. In addition, it investigates how the individual and institutional support of social hierarchies and inequalities is linked to the awareness and judgment phases of unethical behavior. Furthermore, it investigates how culture, across individual and societal levels of analysis, influences the unethical decision making process.

The objective of the first paper of this dissertation was to conceptually analyze and explain how the individual and institutional support of social hierarchies and inequalities contributes to unethical behavior in the organizational context. The paper focused on the first phase of the unethical behavior process, awareness (Rest, 1986), and a type of unethical behavior common in the organizational context, organizational corruption, which is defined as the misuse of power or position for personal or organizational interests (Ashforth et al., 2008). Grounding the analysis in social dominance theory (Sidanius & Pratto, 1999), the study argued that the same factors and processes that contribute to the establishment and perpetual nature of social group-based hierarchies also contribute to the initiation and maintenance of organizational corruption by reducing the individual awareness of the misuse of power in the interest of the individual or organization. Specifically, the individual support of social hierarchies and inequalities, or social dominance orientation, directly contributes to lower awareness of organizational corruption, because socially dominant individuals tend to feel entitled to attain greater status, power, and resources at all cost regardless if they hurt or harm others. Individual social dominance orientation also contributes to lower awareness indirectly by means of the mediating legitimizing myths, which may encompass rationalizations, practices, and norms that legitimize and normalize favoritism and differential treatment of people, minimize responsibility, or provide justification for one's actions. The institutional support of social hierarchies and inequalities contributes to lower awareness by promoting the division of responsibility and accountability, greater

ambiguity, and focus on dominance rather than ethics. In addition, the institutional support of social hierarchies moderates the relationship between the individual support of social hierarchies, use of legitimizing myths, and lower awareness of organizational corruption, by making it stronger through the processes of person-environment fit (e.g., socialization).

This work answers a number of calls in behavioral ethics and management literature for models outlining the processes across multiple levels of analysis contributing to unethical behavior (Ashforth et al., 2008; Treviño et al., 2006). In addition, focusing the analysis on a type of unethical behavior that encompasses the misuse of power and position for personal or organization interests (i.e., organizational corruption), this study adds to the literature on the role of social power or dominance in the misuse of power. By integrating research streams from social psychology, behavioral ethics, and management, this model and the associated set of propositions build a foundation for future empirical research and theoretical extensions. In addition, the results of this work may be of interest to organizations, who are often considered the champions of hierarchies. Specifically, the study suggests that managers may curb unethical behavior by structuring organizations and processes in a way that minimizes the "dominance at all cost" syndrome at the individual and organizational levels.

The objective of the second paper was to empirically investigate at the individual level of analysis the relationship between the support of social hierarchies and inequalities and the second stage of the unethical behavior process, unethical decision making, by considering the role of both dysfunctional and positive psychological processes (i.e., moral disengagement and self-regulation). Using the survey-based data from 204 U.S. graduate business students and alumni with work experience, the study found that the relationship was mediated by moral disengagement, which encompasses an individual ability to legitimize and rationalize one's actions to appear less damaging, deflect responsibility, and avoid self-sanctions. Socially dominant individuals were more likely to demonstrate a greater propensity to morally disengage, while a greater propensity to morally disengage was associated with a greater tendency to make unethical decisions. An individual ability to self-regulate behavior was found to moderate the relationship. Specifically, socially dominant individuals with a greater ability to self-

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regulate demonstrated a lower propensity to use morally disengaging rationalizations and make unethical decisions, possibly because they tend to have a greater awareness of self and others and a greater ability to exercise control over their actions in order to bring them in line with preferred standards.

By focusing on the factors and processes influencing ethical decision making, this study answers the call to move beyond the exploration of correlates of ethical decision making by presenting and empirically testing a process model (Tenbrunsel & Smith-Crowe, 2008; Treviño et al., 2006). Specifically, the study uncovers the factors and processes by which the individual support of social hierarchies may or may not contribute to the unethical decision making process. Demonstrating the mediating role of morally disengaging rationalizations in the relationship between the individual support of social hierarchies and unethical decision making, this research provides support for the social dominance theory perspective which sees legitimizing myths and rationalizations as key facilitators of illicit outcomes associated with social inequalities. Revealing the moderating role of the individual character strength of self-regulation, this work goes beyond exploring the role of dysfunctional factors and processes contributing to unethical behavior to studying relatively neglected positive factors and processes that may help curtail unethical behavior (Sekerka et al., 2009). The study also contributes to the literature on the role of individual self-regulation in the organizational context (Tsui & Ashford, 1994). Managers and organizations are encouraged to consider individual characteristics when hiring individuals for ethically sensitive positions and develop training programs to increase individual awareness about individual factors and processes that may help avoid unethical decision making.

The objective of the third paper was to empirically investigate how individual and societal cultural orientations influence the relationships between the individual support of social hierarchies, moral disengagement, and unethical decision making. The study presented a culture-based model grounded in theory of planned behavior arguing that individual cultural orientations in the form of social beliefs are indirectly related to unethical decision making by means of the individual support of social hierarchies and inequalities and the individual propensity to morally disengage. The model was tested using a survey-based study among 432 graduate business students and alumni with work

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experience from Australia and the U.S. The study found that greater endorsement of the social cynicism and fate control beliefs was associated with greater individual support of social hierarchies and inequalities, greater propensity to morally disengage, and ultimately greater unethical decision making. On the other hand, greater endorsement of the reward for application and social complexity beliefs was related to lower individual support of social hierarchies and inequalities, lower propensity to morally disengage, and lower unethical decision making. Societal differences in the support of social hierarchies and inequalities, captured by the power distance cultural dimension, moderated only one of thirteen relationships among the constructs of interest in the proposed model. Specifically, the association between individual moral disengagement and unethical decision making was stronger in the U.S. which scored higher on power distance compared to Australia.

By conceptualizing and empirically testing a multilevel culture-based model of unethical decision making, the third paper goes beyond the descriptive and explorative studies of cultural differences in unethical behavior by investigating how culture influences unethical decision making across individual and societal levels of analysis (Husted & Allen, 2008; Lu et al., 1999). In addition, in studying the role of cultural orientations, this study moves beyond values which have received considerable attention and, to the author's knowledge, is the first to investigate the role of the universally endorsed social beliefs (Leung & Bond, 2004) in the ethical decision making process. Lastly, the study accentuates the importance of individual cultural orientations in unethical decision making and calls for managers to pay more attention to individual differences when working with employees in different cultural contexts.

Overall, by uncovering how the individual and institutional support of social hierarchies and inequalities is associated with aspects of unethical behavior in the organizational context, this study contributes to a number of research streams, including organizational behavior, ethics, psychology, and international management, and provides useful implications for organizations and future research.

APPENDIX. MEASURES

Social Dominance Orientation Scale (Pratto et al., 1994)

Instructions: Please indicate your level of <u>Disagreement</u> or <u>Agreement</u> with the following statements.

1. Some groups of people are simply not the equals of others.
2. I support increased economic equality.*
3. Some people are just more worthy than others.
4. Increased social equality is important. *
5. This country would be better off if we cared less about how equal all people were.
6. I approve of equality. *
7. Some people are just more deserving than others.
8. If people were treated more equally we would have fewer problems in this country. *
9. It is not a problem if some people have more of a chance in life than others.
10. In an ideal world, all nations would be equal. *
11. Some people are just inferior to others.
12. To get ahead in life, it is sometimes necessary to step on others.
13. It is important to treat other countries as equals. *
14. We should try to treat one another as equals as much as possible. (All humans should be treated equally.) *

   * reverse-scored items.

Self Regulation Scale (Tangney et al., 2004)

Instructions: Please indicate your level of <u>Disagreement</u> or <u>Agreement</u> with how much each of the following statements reflects how you typically are.

1. I am good at resisting temptation.
2. I have a hard time breaking bad habits.*
3. I am lazy. *
4. I say inappropriate things. *
5. I do certain things that are bad for me, if they are fun.*
6. I refuse things that are bad for me.
7. I wish I had more self-discipline. *
8. People would say that I have iron self- discipline.
9. Pleasure and fun sometimes keep me from getting work done. *
10. I have trouble concentrating. *
11. I am able to work effectively toward long-term goals.
12. Sometimes I can't stop myself from doing something, even if I know it is wrong. *
13. I often act without thinking through all the alternatives. *

* reverse-scored items.

Moral Disengagement Scale (Detert et al., 2008)

Instructions: Please indicate your level of <u>Disagreement</u> or <u>Agreement</u> with the following statements.

Cognitive restructuring:

1. It is alright to fight to protect your friends. [MJ]
2. It's ok to steal to take care of your family's needs. [MJ]
3. It's ok to attack someone who threatens your family's honor. [MJ]
4. Sharing exam questions is just a way of helping your friends. [EL]
5. Talking about people behind their backs is just part of the game. [EL]
6. Looking at a friend's homework without permission is just "borrowing it." [EL]
7. Damaging some property is no big deal when you consider that others are beating up people. [AC]
8. Stealing some money is not too serious compared to those who steal a lot of money. [AC]
9. Compared to other illegal things people do, taking some things from a store without paying for them is not very serious. [AC]

Minimization of accountability:

10. If people are living under bad conditions, they cannot be blamed for behaving aggressively. [DISR]
11. If someone is pressured into doing something, they shouldn't be blamed for it. [DISR]
12. People cannot be blamed for misbehaving if their friends pressured them to do it. [DISR]
13. A member of a group or team should not be blamed for the trouble the team caused. [DIFR]
14. If a group decides together to do something harmful, it is unfair to blame any one member of the group for it. [DIFR]
15. You can't blame a person who plays only a small part in the harm caused by a group. [DIFR]

Reframing of outcomes:

16. People don't mind being teased because it shows interest in them. [DC]

17. Teasing someone does not really hurt them. [DC]

18. Insults don't really hurt anyone. [DC]

19. If someone leaves something lying around, it's their own fault if it gets stolen. [AB]

20. People who are mistreated have usually done things to deserve it. [AB]

21. People are not at fault for misbehaving at work if their managers mistreat them. [AB]

22. Some people deserve to be treated like animals. [DEH]

23. It is ok to treat badly someone who behaved like an "idiot." [DEH]

24. Someone who is obnoxious does not deserve to be treated like a human being. [DEH]

Notes: MJ - moral justification; EL - euphemistic labeling; AC – advantageous comparison; DISR - displacement of responsibility; DIFR - diffusion of responsibility; DC - distortion of consequences; AB - attribution of blame; DEH - dehumanization.

Unethical Decision Making Scale adapted from Tang and colleagues (Y. Chen & Tang, 2006; Luna-Arocas & Tang, 2004; Tang & Chiu, 2003; Tang & Tang, 2010)

Instructions: "The following section describes several hypothetical scenarios for activities at work. In your opinion are the scenarios ethical? Please use the five-point scale 1=Very Unethical and 5 = Very Ethical to indicate your best answer. IMPORTANT: There are no incorrect responses. The survey will only have value if you give truthful responses and not those that might be more desirable or appropriate."

Abuse of Resources:

1. Use office supplies (paper, pen), Xerox machine, and stamps for personal purposes.
2. Make personal long-distance (mobile phone) calls at work.
3. Waste company time surfing on the Internet, playing computer games, and socializing.
4. Use company funds to pay for a dinner at an expensive restaurant with a friend and write it off as a sales meeting in the accounting books.
5. Borrow money from a cash register overnight without asking.
6. Take merchandise home and write it off as a promotion expense.

Abuse of Power or Position

7. Give expensive gifts to government officials to win a big contract.
8. Accept gifts or money from clients for doing one's work.
9. Lay off a large number of employees to save the company money and increase one's personal bonus.
10. Overcharge customers to increase sales and to earn higher bonus.
11. Make more money by deliberately not letting clients know about their benefits.
12. Reveal company secrets (proprietary information) in return for personal gain.

Not Whistle-Blowing

13. Take no action against shoplifting by customers.
14. Take no action against employees who steal cash/merchandise.
15. Let the fraudulent practices within one's company go unnoticed.

Instructions: The following sentences are statements related to social beliefs. Please read each statement carefully and choose the answer that most closely reflects your opinion.

Social Cynicism

1. Young people are impulsive and unreliable.
2. It is rare to see a happy ending in real life.
3. Old people are usually stubborn and biased.
4. Power and status make people arrogant.
5. Powerful people tend to exploit others.
6. People will stop working hard after they secure a comfortable life.
7. The various social institutions in society are biased towards the rich.
8. Kind-hearted people are easily bullied.
9. People deeply in love are usually blind.
10. Kind-hearted people usually suffer losses.
11. To care about societal affairs only brings trouble for yourself.

Fate Control

12. Good luck follows if one survives a disaster.
13. Fate determines one's successes and failures.
14. Individual characteristics, such as appearance and birthday, affect one's fate.
15. Most disasters can be predicted.
16. There are certain ways to help us improve our luck and avoid unlucky things.
17. There are many ways for people to predict what will happen in the future.

Reward for Application

18. Caution helps avoid mistakes.
19. One who does not know how to plan his or her future will eventually fail.
20. Knowledge is necessary for success.
21. Adversity can be overcome by effort.
22. Every problem has a solution.
23. Competition brings about progress.

24. One will succeed if he/she really tries.

25. Failure is the beginning of success.

26. Hard working people will achieve more in the end.

Religiosity

27. Religious faith contributes to good mental health.

28. Religion makes people escape from reality.*

29. Religious people are more likely to maintain moral standards.

30. There is a supreme being controlling the universe.

31. Religious beliefs lead to unscientific thinking.*

32. Belief in a religion helps one understand the meaning of life.

33. Belief in a religion makes people good citizens.

Social Complexity

34. Human behavior changes with the social context.

35. People may have opposite behavior on different occasions.

36. One has to deal with matters according to the specific circumstances.

37. There is usually only one way to solve a problem.*

38. One's behaviors may be contrary to his or her true feelings.

39. Current losses are not necessarily bad for one's long-term future.

* reverse-scored items.

Societal Power Distance Scale (House et al., 2004)

Society Practices (As Is):

1. In this society, followers are expected to: *

   Obey their   Question their
   leader without   leader when in
   question   disagreement

      1   2   3   4   5

2. In this society, power is: *

   Concentrated   Shared throughout
   at the top   the society

      1   2   3   4   5

* Reverse-scored items.

Impression Management (Social Desirability) Scale (Steenkamp et al., 2010)

Instructions: Please read each statement carefully and choose the answer that most closely reflects your opinion. There are no right or wrong answers.

1. I sometimes tell lies if I have to.*
2. I never cover up my mistakes.
3. I always obey laws, even if I am unlikely to get caught.
4. I have said something bad about a friend behind his or her back.*
5. When I hear people talking privately, I avoid listening.
6. I have received too much change from a salesperson without telling him or her.*
7. When I was young I sometimes stole things.*
8. I have done things that I don't tell other people about.*
9. I never take things that don't belong to me.
10. I don't gossip about other people's business.

* reverse-scored items.

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