DO ETHICS MATTER? A MODERATED MODEL FOR EFFECTS OF ETHICAL CLIMATES ON UNETHICAL BEHAVIOR IN ORGANIZATIONS

by

Kellie Marie Lyn McCorvey

A dissertation submitted to the faculty of
The University of North Carolina at Charlotte
in partial fulfillment of the requirements
for the degree of Doctor of Business Administration

Charlotte

2020

Approved by:

_____
Dr. David Woehr

_____
Dr. Laura Stanley

_____
Dr. Torsten Pieper

_____
Dr. Reginald Silver

ABSTRACT

KELLIE MCCORVEY. Do Ethics Matter? A Moderated Model for Effects of Ethical Climates on Unethical Behavior in Organizations (Under the direction of Dr. DAVID WOEHR)

This research empirically examined the impact of psychological ethical climates on unethical behavior within organizations via a survey-based quantitative study of working adults in U.S. firms. Ethical climate types within an organization were hypothesized to influence individual propensity to engage in unethical behavior as reflected by moral disengagement, ethical judgments, and unethical pro-organizational behavior. The moderating influence of moral identity and situational strength on these relationships was also hypothesized. Results showed that egoism climate was positively correlated and principle climate was negatively correlated with the unethical behaviors in this study. Further, egoism climate was found to have the strongest and most consistent correlations with these behaviors, whereas benevolence climate was found to have no significant correlations with these behaviors. Moral identity internalization, but not moral identity symbolization, was found to have significant correlations with unethical behavior as well as moderating effects on the relationships between ethical climates and unethical behavior. Findings suggest that further study of egoism climates and moral identity internalization is of particular importance for researchers seeking to better understand the individual and contextual factors that influence unethical behavior and for organizations seeking to minimize unethical behavior and maximize desirable outcomes. Theoretical and practical implications and future research directions are discussed.

DEDICATION

This work is dedicated to my mother, Charmaine Johnson, my first inspiration, role model and cheerleader, my husband, Errol McCorvey, my steady rock and forever love, and my daughters, Kai and Asha McCorvey, my sources of joy and light, for their unwavering love, belief, encouragement, support, prayers, patience and sacrifice in helping me to achieve my dream.

ACKNOWLEDGEMENTS

Thank you to my advisor Dr. David Woehr for his guidance, expertise, generosity, creativity, flexibility, encouragement and steadfast ability to keep me focused and to stop me from panicking. His calm demeanor, well-known expertise, mastery of his field, and general excellence in directing research inspired me to deliver my best work. He is truly the ultimate "lion in the cave," a stalwart and fierce advocate and friend. From him I learned many valuable lessons, including "it's not a bias if it's correct". Thanks also to my committee members, Dr. Laura Stanley, Dr. Torsten Pieper, and Dr. Reginald Silver, for incredible insights, feedback and support. I am forever grateful for their generosity with their time, expertise, input, and encouragement. Thank you to the UNC-Charlotte DBA program administrators, Dr. Franz Kellermanns, and Dr. Reginald Silver for constructing a program that was both academically rigorous and practice-relevant, and for taking the time to ensure every student received the very best training and support so that we could each be successful. Thanks to the members of my cohort for the laughs, tears, stimulation, inspiration, friendship, constructive feedback, challenge and encouragement. Special acknowledgments to my daughter Kai McCorvey for her assistance with building my survey on the Qualtrics platform and proofreading services, to my husband Errol and daughter Asha, for making sure I ate and slept regularly, and to my family, friends, colleagues and church for their support, prayers and encouragement. Lastly, thanks to the Thomas L. Reynolds Graduate Student Research Award (GSRA20–0002) and the University of North Carolina at Charlotte for providing financial support for this research.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

CAR	Caring ethical climate
CMD	Cognitive Moral Development
CUB	Composite Unethical Behavior
ECT	Ethical Climate Theory
ECQ	Ethical Climate Questionnaire
EJ	Ethical Judgments
LAW	Law and code ethical climate
IND	Independence ethical climate
INS	Instrumental ethical climate
MD	Moral Disengagement
MII	Moral identity internalization
MIS	Moral identity symbolization
RUL	Rules ethical climate
SS	Situational Strength
UPB	Unethical Pro-organizational Behavior

CHAPTER 1: INTRODUCTION

Unethical behavior, defined as behavior that is inconsistent with societal or moral norms (Treviño, Den Nieuwenboer, & Kish-Gephart, 2014), has been a topic of increased interest among organizational behavior scholars over the last two decades, with corporate scandals such as Enron and Salomon Brothers attributed in large part to unethical behaviors of firm employees (McLean & Elkind, 2013; Prentice, 2002; Schminke, Arnaud, & Kuenzi, 2007; Seeger & Ulmer, 2003; Sims & Brinkmann, 2002, 2003). More recently, research has confirmed that unethical behavior in multiple financial services institutions and rating agencies led to the subprime housing market crisis and contributed to the U.S. 2007-2009 recession, during which unemployment peaked at 10% and the Dow Jones Industrial Average dropped by 50% (Giacalone & Wargo, 2009; McGillivary & Fung, 2013; Rogers, 2013; Schoen, 2017). Over the last few years, unethical behavior in organizations has continued to result in public outcry, loss of shareholder value, and criminal or civil penalties in industries as diverse as pharmaceuticals (Turing Pharmaceuticals), technology (Theranos) and banking (Wells Fargo). In many of these cases, the environments within these firms reportedly failed to constrain the unethical behavior, and in some cases may have permitted or even encouraged it. For example, Wells Fargo employees were found to have engaged in opening unwanted or unauthorized checking, savings and credit card accounts for customers due to distortion of the sales culture, which created unreasonable pressure on employees to sell these products (Wells Fargo, 2017).

A broad review of the social science literature reveals that unethical behavior is influenced by individual characteristics such as cognitive moral development, Machiavellianism, work values, and philosophical orientation (Arciniega, Stanley, Puga-Méndez, Obregón-Schael, & Politi-Salame, 2017; Hegarty & Sims, 1978; Kish-Gephart, Harrison, & Treviño, 2010; Kohlberg & Kramer, 1969), by the moral intensity of an issue (Jones, 1991), and by contextual factors like referent groups, codes of conducts, climate, culture, and rewards or sanctions (Brown & Mitchell, 2010; Newman, Round, Bhattacharya & Roy, 2017; Treviño, 1986; Treviño, Butterfield & McCabe, 1998). This study focused on the impact of ethical[1] context, specifically ethical work climates, on unethical behaviors in organizations, which is of particular importance for several reasons.

First, managers have more control over the work environment than they do over employee traits such as philosophical orientation or values (Treviño, Weaver & Reynolds, 2006). Because manager bring to the workplace a normative framework for dealing with ethical issues that influences the organization's ethical climate (Schminke, Ambrose & Neubaum, 2005), organizations are able to influence employees' ethical behaviors through managerial policies, procedures and practices (Newman et al, 2017). Second, Kohlberg and Kramer's (1969) cognitive moral development theory suggests that most adults make ethical decisions in large part based on external guidance. Organizations are therefore powerful and pervasive sources of potential influences on ethical decision-making (Kish-Gephart et al., 2010; Martin & Cullen, 2006; Treviño et

[1] One should note that the words "moral" and "ethical" commonly appear in the literature interchangeably, and will thus appear this way throughout this document.

al., 2006). Third, social learning theory (Bandura & Walters, 1977) posits that human behavior, and specifically unethical behavior, is responsive to referents like leaders, peers, and social networks (Brass, Butterfield, & Skaggs, 1998; Brown & Mitchell, 2010; Brown, Treviño & Harrison, 2005; Jones & Ryan,1998; Ko, Ma, Bartnik, Haney & Kang, 2018; Moore, Mayer, Chiang, Crossley, Karlesky, & Birtch, 2019). Therefore, employees may make ethical decisions based in part on how referent groups resolve ethical dilemmas in the workplace, which is influenced by ethical climates (Fu & Deshpande, 2012). These seminal theories help explain why ethical context within an organization can influence individual ethical decision making and behaviors (Treviño et al., 2014). Therefore, understanding the impact of ethical context on unethical behavior in firms is of great interest to both academics and practitioners.

Ethical climate is defined as a characteristic of an organization that determines what constitutes ethical behavior at work (Victor & Cullen, 1988) or as the typical organizational practices and procedures that have moral consequences (Martin & Cullen, 2006). The focus of this study was psychological ethical climate, which refers to an "employee's perception of the ethical practices and procedures that have ethical content and the meaning assigned to them in his or her work environment" (Schwepker, 2013, p.391). Ethical Climate Theory was first proposed by Victor and Cullen (1987, 1988) in order to provide a framework and analytical tool for understanding normative components of organizational work climates and how they influence behavior. Ethical Climate Theory conceptualizes a typology of ethical climates based on three classical philosophical approaches. Self-interest guides ethical decisions even to the possible detriment of others in egoism ethical climates, an overarching concern for the well-being

of others guides ethical decisions in benevolence ethical climates, and deeply held, personal moral convictions or a strong, pervasive set of rules, standard, or external codes guides ethical decisions in principle ethical climates (Fritzsche & Becker, 1984; Victor & Cullen, 1987, 1988).

The existence of distinct ethical climate types in organizations as well as their impacts on both affect and behavior has been supported in numerous empirical studies (Martin & Cullen, 2006; Kish-Gephart et al., 2010; Schminke, Arnaud, & Kuenzi, 2007). Specifically, ethical work climates have been shown to predict several unethical behaviors in organizations, with egoism climates generally predictive of higher frequency of unethical behaviors and benevolence and principle climates generally predictive of lower frequency of unethical behaviors (Martin & Cullen, 2006). These unethical behaviors include stealing, lying, disobedience, and being an accomplice (Wimbush, Shephard & Markham, 1997), bribery (Fritzsche, 2000), workplace deviance (Appiah, 2015), pro-social rule breaking (Baskin, Vardaman & Hancock, 2015), bullying (Bulutlar & Oz, 2009), theft (Weber, Kurke & Pentico, 2003), misreporting (Smith, Thompson & Iacovou, 2009), organizational misbehavior (Vardi, 2001), ethical judgments (Shafer, 2008; Shafer, 2015), and other general unethical decisions (Flannery and May, 2000; Fu & Deshpande, 2012; Peterson, 2002; Treviño et al., 1998; Van Gils, Hogg, van Quaquebeke & van Knippenberg, 2017). Additionally, research has shown that ethical climates can also interact with traits, attitudes and behaviors to impact both firm and individual outcomes (Myer, Thoroughgood & Mohammed, 2016; Stewart, Volpone, Avery & McKay, 2011).

Despite the relative abundance of empirical studies, much is still unknown about the impact of ethical climates on certain unethical behaviors in organizations (Newman et al., 2017). Thus, this research examined the extent to which ethical climates impacted unethical behavior as reflected by three less well-researched unethical behaviors: moral disengagement, which refers to the cognitive mechanisms that people employ in order to behave unethically without feeling distress (Moore, Detert, Treviño, Baker & Mayer, 2012); ethical judgments, which refers to an individual's personal evaluation of the degree to which some behavior within an organization is ethical or unethical (Sparks & Pan, 2010) or to decisions made with respect to ethical or moral content (Akaah, 1996); and unethical pro-organizational behavior, which is unethical behavior intended to benefit the organization (Umphress, Bingham & Mitchell, 2010). This study proposed that the type of ethical climate in an organization either encourages or suppresses moral disengagement, ethical judgments and unethical pro-organizational behavior.

Both moral disengagement and unethical pro-organizational behavior involve various types of rationalizations by which individuals justify their actions in order to avoid self-censure and thus become more likely to engage in a variety of unethical behaviors (Moore et al., 2012; Umphress, et al., 2010). In other words, "how individuals process, frame, or understand information relevant to ethically meaningful decisions plays an important role in their ethical and unethical choices" (Moore et al., 2012; p. 2). Thus, a better understanding of how ethical climates impact these processes can contribute to foundational knowledge on how frequently encountered unethical behaviors are enacted. The third behavior in this study, ethical judgments, has been described as an ill-defined "fuzzy" construct in that it represents a broad range of unethical decisions that

an individual might choose to make within an organization and has been operationalized in multiple ways (Mudrack & Mason, 2013, p. 575). The strictness of ethical judgments positively predicts ethical behavioral intentions (Pan & Sparks, 2012). Therefore, understanding the impact of ethical climates on ethical judgments may result in better understanding of the factors that influence a range of unethical behavioral intentions, allowing for conclusions that are applicable more broadly and the identification of more impactful prescriptions for minimizing their frequency.

A useful organizing mechanism for the unethical behaviors in this study is Rest's (1986) four stage ethical decision-making model for enacting moral behavior. Stage one is moral awareness, stage two is moral judgment, stage three is moral motivation and stage four is moral behavior (Rest, 1986). Moral disengagement involves minimizing, justifying, or otherwise distorting the ethical content of an issue or decision, and therefore aligns to the moral awareness stage, which refers to the recognition that a situation has moral implications. Ethical judgments refer to the decisions that an individual must make about the ethical course of action once he or she has identified that a situation has ethical content, and therefore aligns to the moral judgment stage, in which the actor makes a decision about whether an action is moral or not. Lastly, unethical pro-organizational behavior involves the forming of intent to commit unethical behaviors in part because the behavior will benefit the organization, and therefore aligns to the moral motivation stage, in which the actor forms an intention to do what is morally right in consistency with his or her values. Rest's fourth stage, moral behavior, in which an actor elects to do what is morally right, is left for future study, as most empirical studies of enacted behavior appear to involve experimental study design, such as Weber et al.'s (2003) study of theft

in two health care provider firms. Thus, testing of the moral behavior stage was precluded by the non-experimental design of this study. In summary, the present research simultaneously tested the impact of ethical climates across three of four stages in Rest's moral ethical decision-making framework, allowing examination of the correlations across these three stages within different ethical climates.

This study also examined the relationship between moral identity and unethical behavior. Moral identity is defined as a self-conception organized around a set of moral traits (e.g., honesty) that motivates moral action, or the extent to which morality is an important part of an individual's self-conception (Aquino & Reed, 2002; Shao, Aquino, & Freeman, 2008). Moral identity has been shown to influence unethical behaviors as well as to have interaction affects with moral disengagement and other unethical behaviors (Detert, Treviño & Sweitzer, 2008; Reynolds & Ceranic, 2007; Shao et al., 2008). Thus, this study explored whether an individual's moral identity affected his or her propensity to engage in moral disengagement, ethical judgments, and unethical pro-organizational behavior.

This study also investigated the moderating effects of moral identity and situational strength on the relationships between ethical climates and unethical behavior. Moral identity is a construct in which contextual influences can become salient and influence different outcomes (Aquino et al., 2009; Goodman, 2000; Reed, Aquino & Levy, 2007). Therefore, the organizational context, to the extent that it aligns with and reinforces an individual's moral beliefs, may encourage or suppress ethical behavior (Treviño et al., 2014). The prediction that moral intensity moderates the relationship between ethical climates and unethical decisions, including financial reporting, bribery,

cheating, self-interested behavior and unethical pro-organizational behavior, has been supported in multiple studies (Aquino et al., 2009; Birtch & Chiang, 2014; Matherne III & Litchfield, 2012; Reynolds & Ceranic, 2007; van Gils et al., 2017). This study extends the literature by investigating the moderating effect of moral identity on the relationships between ethical climates and moral disengagement, ethical judgments and unethical pro-organizational behavior.

Situational strength theory suggests that high degrees of congruence of individuals' perceptions occurs in strong situations, in which there are unambiguous cues, clear behavioral expectations and rewards for compliance (Beaty et al., 2001; Mischel, 1973; Shin 2012; Smithikrai, 2008). In organizations with strong ethical climates, the norms surrounding ethical behavior are unambiguous and provide clear expectations on what constitutes ethical behavior throughout the organization (Bartels, Harrick, Martell, & Strickland, 1998). Therefore, one would expect the most consistent behavior from employees in strong situations (Schneider, Salvaggio and Subirats, 2002). Thus, this study explored whether situational strength moderated the relationships between ethical climates and unethical behavior such that the relationships became stronger when situational strength was high.

In summary, this study empirically examined the impact of psychological ethical climates on unethical behavior, as reflected by moral disengagement, ethical judgments, and unethical pro-organizational behavior. This research extends the field of knowledge by being among the first studies to empirically test the direct effects of ethical climate type on moral disengagement (Treviño et al., 2014) and unethical pro-organizational behavior (Newman et al, 2017). This study also adds to the limited research on the

impact of ethical climate types on ethical judgments (Mudrack & Mason, 2013). Based on a review of the literature, it appears this is one of the few research studies focused on ethical climates to span three of the four stages in Rest's ethical decision-making framework, which allowed for correlative analysis between the moral awareness, moral judgment and moral motivation stages (Musbah, Cowton & Tyfa, 2016). It also examined the direct effects of moral identity on moral disengagement, ethical judgment and unethical pro-organizational behavior. Lastly, it explored whether situational strength and moral identity moderated the relationships between ethical climate types and moral disengagement, ethical judgments, and unethical pro-organizational behavior, which has been tested in a limited number of studies (Newman et al, 2017; Shin, 2012). This research will improve academic understanding of ethical climate processes and outcomes, and produces useful, practical insights by which organizations can endeavor to actively instill or enhance ethical climates in order to maximize desirable outcomes.

The remainder of this document is organized as follows. First, the theoretical framework and model is introduced and the primary and secondary research questions that this study sought to answer are outlined. The extant literature is then reviewed and the research hypotheses are positioned within the context of the broader body of research. Next, information is provided about the methodological approach to this study, including details on the criteria by which the study participants were identified, operationalization of the measures, data collection practices, and the methods that were used to analyze the data. Lastly, results are summarized, implications for research and practice are outlined, and limitations and areas for future research are discussed.

CHAPTER 2: THEORETICAL FRAMEWORK, LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Theoretical Framework

Ethical climate types as defined by Ethical Climate Theory (Victor & Cullen, 1987) have been shown to impact unethical behavior in different ways. In most empirical studies, egoism climates were predictive of higher unethical behaviors whereas benevolence and principle climates were predictive of more ethical decision-making (Martin & Cullen, 2006; Treviño et al., 2014). For example, principle climates were found to be positively correlated with ethical behavior, lower misreporting and more ethical judgments (Fritzsche, 2000; Peterson, 2002; Smith et al., 2009), and benevolence climates were positively correlated with ethical optimism (i.e., the belief that ethical behavior will lead to career success) as well as with ethical behavior (Deshpande, George & Joseph, 2000; Fritzsche, 2000). In contrast, egoism climates were positively correlated with unethical behaviors, higher misreporting, and lower ethical optimism (Deshpande et al., 2000; Smith et al., 2009; Treviño, Butterfield & McCabe, 1998). These results are confirmed by Kish-Gephart et al.'s (2010) meta-analysis, in which they found that egoism climates increased unethical choices, although the predictive strength was weak, whereas benevolence and principle climates decreased unethical choice, with moderate predictive strength.

The primary research question this study sought to answer is:

> *To what extent do psychological ethical climates impact unethical behavior, as reflected by moral disengagement, ethical judgments, and unethical pro-organizational behavior, in organizations?*

While prior research, as described above, supports a positive relationship between egoism climates and unethical behavior and a negative relationship between benevolence and principle climates and unethical behavior, the literature is largely silent on the impact of ethical climates on moral disengagement (Treviño et al., 2014) and unethical pro-organizational behavior (Newman et al, 2017), and has produced mixed results on the impact of ethical climates on ethical judgments (Mudrack & Mason, 2014). To fill this gap in the literature, this study explored the relationships between ethical climate types and moral disengagement (MD), ethical judgments (EJ) and unethical pro-organizational behavior (UPB), as depicted in the research model presented in Figure 1.

Specifically, this study proposed that egoism climates were positively correlated with MD, EJ and UPB (H1a), whereas benevolence and principle ethical climates were negatively correlated with MD, EJ and UPB (H1b). This study further proposed that moral identity (MI) was negatively correlated to these unethical behaviors (H2), and that MI also moderated the relationships between ethical climate types and unethical behavior, such that a stronger moral identity decreased the magnitude of the positive effect of egoism climates on these behaviors (H3a) and increased the magnitude of the negative effect of benevolence and principle climates on these behaviors (H3b). This study also proposed that situational strength (SS) moderated the relationships between ethical climate types and MD, EJ and UPB, such that the hypothesized relationships were

stronger when situational strength was high as compared to when it was low (H4). Lastly, this study proposed that SS moderated the relationships between MI and these unethical behaviors, such that when situational strength was high, the negative effect of MI on MD, EJ and UPB became stronger in benevolence and principle climates and the positive effect of MI on MD, EJ and UPB in egoism climates became weaker (H5).

In addition to the primary research question, this study also sought to answer the following secondary research questions:

- *How reliable is the Victor and Cullen (1988) Ethical Climate scale (i.e., do the factors load onto the ethical climate types as predicted by prior research)?*
- *Do the correlations across the stages of Rest's ethical decision-making framework (Rest, 1986) vary by ethical climate type?*
- *Does perceived ethical climate vary as a result of individual characteristics (i.e., gender and age)?*

The theoretical model was motivated by positioning it relative to the extant literature. The remainder of this chapter proceeds as follows: literature review comprised of a brief overview of organizational climate theory, discussion of the ethical climate literature, and discussion of unethical behavior with a focus on the literature related to moral disengagement, ethical judgments and unethical pro-organizational behavior, followed by proposal of hypotheses. An overview of the literature review approach is provided in Appendix 1.

2.2 Literature Review

Organizational climate theory. Ethical Climate Theory (ECT) as conceptualized by Victor and Cullen (1987) derives from organizational climate theory, which builds upon postulations from social learning theory that humans acquire new patterns of behavior through both direct experience as well as through observational learning (Bandura, 1977; Bandura, 1991). Differential reinforcement leads to the retention of behaviors that produce favorable effects and to the discarding of behaviors with non-favorable effects. Individual behavior is thus impacted by the environment. Organizational or work climate is conceptualized as a psychologically meaningful, molar construct that is concerned with the meaning that employees attach to the policies, practices, and procedures, both formal and informal, that they experience and to the behaviors they observe being rewarded, supported, and expected (Reichers & Schneider, 1990; Schneider, 1975, Schneider, Ehrhart & Macey, 2013). Kurt Lewin is generally considered to be the first researcher to document what is now known as climate, which he referred to alternatively as "atmosphere", "psychological atmosphere", or "social climates" (Lewin, Lippitt & White, 1939). Over time, researchers came to agree that there is no single type of climate and that multiple types of climates can exist simultaneously in organizations (Schneider, 1975). Kuenzi and Schminke (2009) described four primary facet-specific organizational climates: behavioral guidance (e.g., ethics), involvement (e.g., participation), development (e.g., innovation), and core operations (e.g., service). They also listed several important outcomes of climate, including motivation, job satisfaction, attitude towards the group, innovation and productivity.

An important distinction is made between psychological climate, which is an individual-level construct which reflects an individual's perception of the work environment (Jones & James, 1979), and organizational climate, which is a group-level construct that refers to the shared perceptions among unit employees of procedures, policies and practices that the organization rewards, supports, and expects (Schneider & Reicher, 1983). Psychological climates can vary even when individuals are exposed to the same work context, as "psychological climates scores will reflect individual characteristics involved in the processes of perception and concept formation as well as characteristics of the situation being perceived" (Jones & James, 1979, p. 204). However, when perceptions of the environment are shared across individuals within an organization, individual perceptions may be aggregated to represent organizational climate (Glick, 1985; Glick, 1988; Glisson & James, 2002).

Psychological climate as a construct is rooted in the notion that the environment impacts behavior through the lens of individual perception, and has been extensively studied in the years since Lewin (1951) first formulated behavior as a function of the individual and his or her psychological environment. Research has shown that psychological climate impacts key cognitive and affective states and outcomes, including job satisfaction, commitment and well-being (Carr, Schmidt, Ford, & DeShon, 2003; James & Tetrick, 1986), as well as ethical and unethical decision making and behavior (Martin & Cullen, 2006). Situational strength theory suggests that aspects of psychological climate provide information that influence individual-level variables such as encoding, expectancies, and response pattern generation, and, therefore, affect cognitive and behavioral activities (Mischel, 1973). In order to identify situations that

are more likely to exert more powerful effects on individual behavior, and, conversely, when individual variables are likely to be more influential, Mischel (1973) proposed the following conditions for strong and weak situations:

> Psychological "situations" and "treatments" are powerful to the degree that they lead all persons to construe the particular events the same way, induce *uniform* expectancies regarding the most appropriate response pattern, provide adequate incentives for the performance of that response pattern, and instill the skills necessary for its satisfactory construction and execution. Conversely, situations and treatments are weak to the degree that they are not uniformly encoded, do not generate uniform expectancies concerning the desired behavior, do not offer sufficient incentives for its performance, or fail to provide the learning conditions required for successful construction of the behavior. (p. 276)

In other words, high degrees of congruence of individuals' perceptions occur in strong situations, in which there are unambiguous cues, clear behavioral expectations and rewards for compliance (Beaty et al., 2001; Shin 2012; Smithikrai, 2008). Therefore, one would expect the most consistent behaviors from employees in strong situations (Schneider, Salvaggio and Subirats, 2002).

Climate strength, defined as the degree of agreement about climate within a unit or an organization (Lindell & Brandt, 2000), is a form of situational strength, and therefore should predict situations that are more likely to influence consistent individual behavior. For example, when climate is both positive and strong, one would expect the most consistently positive behavior from employees, and when climate is both negative and strong, one would expect the most consistently negative behaviors (Schneider, Salvaggio

and Subirats, 2002). The prediction that climate strength attenuates the relationship between organizational climate and behaviors has been supported empirically. For example, González-Romá, Peiró and Tordera (2002) found that climate strength moderated the relationships between climate and work satisfaction and between climate and organizational commitments, such that the relationships became stronger as climate strength increased. However, other researchers, such as Lindell and Brandt (2000), have failed to find support for climate strength as a moderator of these types of relationships.

Ethical climate theory. Victor and Cullen (1987, 1988) formulated ECT based on the observation that the ethics of employees result from their own moral characters to some extent, but are also partly derived from an adherence to the prevailing values of the organization. They proposed that organizations and subgroups within organizations develop different normative systems that are known to organizational members and are perceived as a type of work climate (Victor and Cullen, 1987, 1988). The authors noted that "once in an organization, employees learn 'the right way' of behaving through formal and informal socialization'' (Victor & Cullen, 1987). Thus, there exists a perceived work climate which both reflects and defines the ethics of an organization (Shafer, 2008).

Ethical climate is a specific type of work climate in that it is a stable, enduring characteristic of an organization that supports or does not support ethic-related attitudes and behaviors (Treviño et al., 1998; Victor & Cullen, 1987, 1988; Weber & Seger, 2002). Ethical climate is defined as the "prevailing perceptions of typical organizational practices and procedures that have ethical content" and "those aspects of work climate that determine what constitutes ethical behavior at work" (Victor and Cullen, 1988, p.

101), or as a "group of prescriptive climates reflecting the organizational procedures, policies, and practices with moral consequences" (Martin & Cullen, 2006, p. 177). The focus of this study is psychological ethical climate, which refers to an "employee's perception of the ethical practices and procedures that have ethical content and the meaning assigned to them in his or her work environment" (Schwepker, 2013, p. 391). Since psychological ethical climate is reflective of an individual's unique viewpoint, perceptions of ethical climate can vary due to individual characteristics. For example, perceived ethical climates have been found to vary based on age, gender, job tenure, educational level, and role in organization (Buchan, 2009; Deshpande, 1997; Forte, 2004; Goldman & Tabak, 2010; Vardi, 2001).

Broadly speaking, ethical climates emerge in response to three classifications of antecedents: external organization context, organizational form, and strategic orientation (Martin & Cullen, 2006). External organization context is based on the concept of institutional isomorphism, in which organizations that face the same set of environmental conditions become homogenized over time (Dimaggio & Powell, 1983). Through this process, "organizational characteristics are modified in the direction of increasing compatibility with environmental characteristics" (Dimaggio & Powell, 1983, p. 149). Therefore, contexts can become shared across organizations and thus give rise to similar work climates. Limited research has been done on the impact of external organizational context, including industry, on ethical climate (e.g., Deshpande et al., 2000; Sommer, Welsh & Gubman, 2000). In addition, some studies have examined national cultural impacts on ethical context more broadly (Cullen, Parboteeah & Hoegl, 2004; Kuntz, Kuntz, Elenkov & Nabirukhina, 2013; Singhapakdi, Karande, Rao & Vitell, 2011). For

example, Cullen et al. (2004) applied institutional anomie theory to predict the willingness of managers from 28 countries to justify ethically suspect behaviors. They found that the cultural values of universalism and pecuniary materialism and the social institutions of industrialization, family breakdown, and educational attainment explained variance between nations.

Organizational form as an antecedent of ethical climate relies on Ouchi's (1980) theory of markets, bureaucracies, clans, in which market-based economies are determined by prices, bureaucracies are governed by norms, reciprocity and rule structures, and clans enforce values upon group members. These transactional organizational forms have been found to differentially impact perceptions of ethical work climate (Agarwal & Malloy, 1999; Brower & Shrader, 2000; Deshpande, 1996a; Ferrell & Skinner, 1988). Agarwal and Malloy (1999) found that two distinct benevolence climates emerged in their study of a not-for-profit firm, in contrast to the single benevolence climate found by Victor and Cullen in their seminal 1988 study. They also observed the ethical climates that emerged in the not-for-profit firm occupied the individual and cosmopolitan, but not the local, loci of analysis. Brower and Shrader (2000) found that for-profit companies had climates higher in egoism and lower in benevolence factors than did not-for-profit firms. Deshpande (1996a) verified the existence of four ethical climate types (professional, rules, caring, and instrumental) in their study of a not-for-profit firm. They also found that managers in the not-for-profit displayed lower ethical optimism than did the managers in Vitell and Davis's (1990) study of a for-profit firm. Lastly, Ferrell and Skinner (1988) found that bureaucratic structure (i.e., the degree of formalization, centralization and controls) influenced ethical behavior in marketing organizations.

Based on review of the literature, it appears that the most widely studied ethical climate antecedent is strategic and managerial orientation. Research on this topic includes studies of leader characteristics such as ethical and moral development (Demirtas & Akdogan, 2015; Wu, 2017), in which more ethical leaders were found to be positively predictive of more ethical climates. Other research explores the effect of management styles and organizational fit (Ambrose et al., 2008; Parboteeah, Chen, Lin, Chen, Lee & Chung, 2010). Ambrose et al. (2008) found that the degree of fit between a person's moral development and the ethical climate of his or her organization was positively related to job satisfaction and organizational commitment, and negatively related to turnover intentions. Partboteeah et al. (2010) found that empowerment was negatively related to the egoism climate and positively related to benevolence and principle climates, while communication was positively related to principle climates.

Another group of research in this area focuses on the impact of ethical codes and policies on ethical climates (Ferrell & Skinner, 1988; Hunt & Vitell, 1986; Manroop, 2015; McCabe, Treviño, & Butterfield, 1996; Peterson, 2002; Treviño et al., 1998; Weber, 1993). Ferrell and Skinner (1988) found that the existence of an ethical code was positively related to perceived ethical behavior and that enforcement of an ethical code positively predicted ethical behavior of data subcontractors and research firms, but did not predict that of corporate researchers. This result is supported by McCabe et al. (1996) and Peterson (2002), who each found that the presence of a code of ethics was negatively predictive of unethical behavior. Lastly, Treviño et al. (1998) found that ethical culture was most strongly associated with observed unethical behavior in

organizations with a code of ethics, whereas ethical climate was a better predictor of observed unethical behavior in organizations without a code of ethics.

Finally, some research is focused on the relationships between ethical climates and rewards and punishments (Hegarty & Sims, 1979; Manroop, 2015; Weber, 1993). Weber (1993) laid out a research agenda in which he called for empirical investigation into the relationships between codes of ethics and ethical climates (among others), as well as between enforcement mechanisms and ethical climates. Manroop (2015) postulated that human resource systems may support a firm's competitive advantage to the extent that they facilitate the development of ethical climates that align with and support the firm's market position. For example, he proposed that "firms whose market position calls for a caring climate and whose HR systems facilitate the development of such climate by emphasizing behaviors inspired by a concern for the welfare of other organization members will have competitive advantage" (Manroop, 2015, p.194). Hegarty and Sim (1979) provided empirical support that the incidence of unethical decision behavior was higher in the condition when unethical decision behavior was extrinsically rewarded, and that a threat of punishment tended to counterbalance this effect.

Victor and Cullen (1987, 1988) theorized nine types of ethical climate based on a matrix of three philosophical approaches on one axis and three levels of analysis on the other axis. The three philosophical approaches refer to the rationale used when evaluating the ethical content of a decision and correspond to those used in Cognitive Moral Development (CMD) theory (Kohlberg & Kramer, 1969). CMD theory postulates that humans develop through three hierarchical levels of moral development aligned to philosophy's three major classes of ethical theory, in which the individual's moral

judgment grows less dependent on outside influences in each successive level (Kohlberg & Kramer, 1969; Treviño & Youngblood, 1990). In Victor and Cullen's (1987, 1988) ECT framework, the self-interest orientation, or egoism, corresponds to the theory of rights, in which a decision maker is guided by ensuring respect for the rights of individuals, such as the right to free consent (Fritzsche & Becker, 1984). The caring orientation, or benevolence, corresponds to utilitarianism, a teleological theory in which ethical decisions are made by evaluating the potential consequences to various stakeholders, the probability of those consequences, the relative desirability of those consequences across stakeholder groups, and the relative importance of those stakeholder groups to the decision (Fritzsche & Becker, 1984). Lastly, the principle orientation corresponds to the theory of justice, a deontological perspective in which an individual evaluates the ethical behavior based on the inherent rightness or wrongness of the behaviors by comparing them to deontological norms (Fritzsche & Becker, 1984).

To form the other dimension of analysis Victor and Cullen drew on Merton and Merton's (1968) social referent group theory to specify three loci of analysis – individual, which refers to a focus on oneself; local, which refers to a focus on a unit or an organization; and cosmopolitan, which refers to a focus on broader society. These loci of analysis are consistent with CMD theory, which posits that the focus of ethical decisions changes as individuals advance to higher stages of moral cognitive development (Kohlberg & Kramer, 1969). The three loci, when combined with the three philosophical approaches, resulted in a three by three matrix, as depicted in Figure 2, that contained nine theoretical ethical climates representing potential organizational normative structures (Victor & Cullen, 1987, 1988).

Victor and Cullen (1987, 1988) developed and validated a 26-item Ethical Climate Questionnaire (ECQ) scale as a method for assessing ethical climate based on the assumptions that each company has its own ethical climate, that group members know what the ethical climate is, and that group members can describe the climate in an objective way (Cullen, Victor & Stephens, 1989). The authors used the ECQ to assess the ethical climates in four different organizations – a printing company, a manufacturing plant, a savings and loan bank and a telephone company, with the result that they were unable to confirm the existence of all nine theoretical ethical climate types (Cullen et al., 1989, Victor & Cullen, 1988). Instead, five empirically derived climates emerged (Instrumental, Caring, Independence, Rules, Law and Code), as depicted in Figure 3.

Victor and Cullen (1988) found evidence that not only did the organizations in the study have combinations of various ethical climates, but that they each also had distinct and identifiable ethical climates, which the researchers attributed in part to differences in social norms and organizational forms across the firms. The printing company had the highest level of independence climate and the lowest level of rules and law and code climates. In contrast, the savings and loan bank had the greatest emphasis on the rules and law and code climates and the least emphasis on independence climate. The manufacturing plant and the telephone company had climates that were similar to that of the savings and loan bank; however, the plant had lower emphasis on rules climate whereas the telephone company had lower emphasis on law and code climate.

These empirically derived ethical climate types have been confirmed by several studies spanning different industries (Ambrose, Arnauld & Schminke, 2008; Elm & Nichols, 1993; Rothwell & Baldwin, 2007; Wang & Hsieh, 2013) and multiple countries,

including the United States, China, Denmark, Turkey, Nigeria, Russia, Libya, Australia and South Africa (Fu & Deshpande, 2012; Lemmergaard & Lauridsen, 2008; Parboteeah et al., Seriki & Hoegl, 2014; Shacklock, Manning & Hort, 2013). Because these ethical climate types are the ones that have been most researched, a brief explanation of each follows.

Instrumental: Occupies the egoism ethical criteria at the individual and local loci of analysis. Characterized by statements such as "In this company, people protect their own interests above all else" (Victor & Cullen, 1988). Self-interest guides ethical decisions, even to the possible detriment of others. Studies have supported that instrumental climates are the least preferred due to negative effects on desirable organizational outcomes such as organizational commitment and person-organization fit (Cullen et al., 2003, Sims and Keon, 1997).

Caring: Occupies all three loci of analysis for the benevolence ethical criteria, thus corresponding to the utilitarianism philosophy, in which the greatest good drives ethical decision-making processes. Characterized by statements such as "In this company, people look out for each other's good" (Victor & Cullen, 1988). Employees perceive that the organization's policies, practices and strategies support decision-making that is best for others within the organization as well as for broader society. Studies have supported that caring climates are the most preferred (Cullen et al., 2003).

Independence: Occupies the principle ethical criteria and the individual locus of analysis. Characterized by statements such as "In this company, people are expected to follow their own personal and moral beliefs" (Victor & Cullen, 1988).

Individuals who perceive independence climates believe that ethical decisions should be based on deeply held personal moral convictions without substantial regard for outside influence (Elm & Nichols, 1993; Martin & Cullen, 2006).

Rules: Occupies the principle ethical criteria and the local locus of analysis. Characterized by statements such as "Successful people in this company go by the book" (Victor & Cullen, 1988). Ethical decisions are based on a strong, pervasive set of local rules and standards, and organizational policies and procedures are the primary guides for ethical decision making.

Law and Code: Occupies the principle ethical criteria and the cosmopolitan locus of analysis. Characterized by statements such as "In this company, people are expected to strictly follow legal or professional standards" (Victor & Cullen, 1988). Ethical behavior is guided by external codes such as law, professional codes of conduct, or the Bible. Firms that are highly regulated, such as nuclear power, pharmaceuticals, or financial services, may be more likely to manifest law and code climates (Elm & Nichols, 1993).

Although these five ethical climates have been confirmed across multiple studies, several researchers have identified significant variations in climate factor structures. For example, Cullen et al. (1993) derived seven distinct ethical climate types using a modified 36-item ECQ that was later validated by Vaicys, Barnett, and Brown (1996). Five climate types emerged from Wimbush et al.'s (1997) multi-level study of the impacts of ethical climates on unethical behaviors among retail store employees, with the independence, caring, and instrumental climates consistent with those found by Victor and Cullen (1987, 1998). However, a new service climate emerged that centered on

responses to service-related items of the ECQ scale, as well as what they termed a "law and rules climate" that spanned Victor and Cullen's (1987, 1988) law and code and rules climates. The latter result has been replicated across multiple studies (Rothwell & Baldwin, 2006; Vaicys et al., 1996; Yener, Yaldiran and Ergun, 2012). Other notable examples include Ruppel and Harrington (2000), who identified four distinct climates in their survey of IT managers, of which one was an "organizational interests" climate comprised of the benevolence and egoism criteria at the individual loci of analysis that had not been previously identified. Lastly, Cullen et al. (2003) were able to validate eight of the nine theoretical climate types, whereas Treviño et al. (1998) were able to validate seven climate types, including the "efficiency" climate that occupied the egoism criteria at the cosmopolitan locus of analysis.

Many researchers have shown that not only can multiple ethical climates coexist in an organization, but that they also influence employees' behaviors and attitudes in different ways. For example, relationships have been found between ethical climates and organizational commitment, in which instrumental climates generally had negative impacts and benevolence and principle climate generally had positive impacts (Ambrose et al., 2008; Cullen et al., 2003; Huang, You, & Tsai, 2012; Martin & Cullen 2006; Tsai & Huang, 2008). Analogous results have been found for the relationships between ethical climates and job satisfaction (Ambrose et al., 2008; Deshpande 1996b; Elci & Alpkan, 2009; Goldman & Tabak, 2010, Martin & Cullen, 2006; Wang & Hsieh, 2013), turnover intentions (Ambrose et al., 2008; Demirtas & Akdogan, 2015), engagement (Yener, Yaldiran & Ergun, 2012), managerial success (Deshpande, 1996a; Deshpande et

al., 2000), and communication (Rothwell & Baldwin, 2006, 2007; Ruppel & Harrington, 2000; Wang & Hsieh, 2013).

Research has shown that ethical climates also have interaction effects with employee traits, attitudes and behaviors. For example, in an interesting study of Chinese CPA firms, Shafer (2008) found that ethical climate types moderated the relationship between ethical orientation (idealism vs. relativism) and intentions to commit ethically questionable acts. High relativists were significantly influenced by the perceived organizational ethical climate (egoism/local, benevolence/cosmopolitan, principle/cosmopolitan), but low relativists were not similarly influenced. In another study, Barnett and Vaicys (2000) demonstrated that dimensions of benevolence climate moderated the relationship between individual ethical judgments and behavioral intentions, such that as the perception of this climate increased, the relationship between individual ethical judgments and behavioral intentions became weaker. Additionally, studies have examined the moderating effect of ethical climate types on the relationships between other types of work climates and key individual and organizational outcomes. For example, Stewart, Volpone, Avery & McKay (2011) found that ethical climate types moderated the relationship between diversity climate and turnover intentions, such that the diversity climate had a stronger negative relationship to turnover intentions in benevolence or principle climates. In another study, Myer, Thoroughgood and Mohammed (2016) found that ethical climate moderated the relationship between sales climate and firm performance. Specifically, firms that focused on customer needs and expectations (i.e., high service climate) experienced better financial performance when ethical climate was strong and worse financial performance when ethical climate was

weak. However, firms that focused less on customer needs (i.e., low service climate) achieved higher financial performance when ethical climate was weaker.

In addition to moderation effects, ethical climates have also been shown to mediate the relationships between ethical leadership and key individual outcomes, including employee misconduct (Mayer, Kuenzi & Greenbaum, 2010) and organizational citizenship behaviors (Shin, Sung, Choi & Kim, 2015). Mayer, Kuenzi and Greenbaum (2010) found that ethical leadership was positively related to ethical climate and that ethical climate was negatively related to employee misconduct, relationships that had been previously empirically supported (Martin & Cullen, 2006; Schminke et al., 2005). However, they also tested and confirmed that ethical climate mediated the relationship between ethical leadership and employee misconduct. Similarly, Shin, Sung, Choi and Kim (2015) found that top management ethical leadership was positively related to firm-level organizational citizenship behaviors, and that this relationship was fully mediated by ethical climate. However, the authors failed to find support for ethical climate as a mediator between top management ethical leadership and firm performance. Both of these studies contributed to a better understanding of the organizational processes underlying these important relationships.

The present study examined ethical climates as defined by ECT, since it is the most well-developed and used theoretical framework for examining ethical climates (Arnaud, 2010; Fritzsche, 2000). However, based on observations that different clusters of climate types have emerged across studies, several researchers have questioned whether the nine theoretical climate types represent distinct and independent aspects of an ethical climate (Fritzsche, 2000; Peterson, 2002; Treviño et al., 1998; Wimbush et al., 1997). Another

group of ECT critics have focused on the question of whether the model is comprehensive enough to capture the true breadth of the ethical climate construct (Arnaud, 2010). Researchers have proposed several alternative ethical climate frameworks, scales, or typologies that address these criticisms (Arnaud, 2010; Babin, Boles & Robin, 2000; Cohen, 1995; Reidenbach & Robin, 1991; Weber, 1993). A brief summary of the key alternative ethical climate theories is provided in Appendix 2.

Ethical climates and unethical behaviors. One of the most widely cited ethical/unethical behavior models is Treviño's (1986) person-situation interaction model, which proposes that (un)ethical decision-making is predicted by an individual's cognitive moral development and is influenced both by individual characteristics, such as moral identity and ego strength, and by contextual factors, such as organizational climate or culture. Treviño's (1986) person-situation interaction model builds on CMD theory, which, as discussed earlier, proposes that as humans develop through three hierarchical levels of moral development (pre-conventional, conventional and principled), moral judgment becomes less dependent on external influences (Kohlberg & Kramer, 1969). Although an individual's cognitive moral development and other characteristics influences ethical decision making, Treviño (1986) recognized that social context also influences behavior. This led her to conclude that "ethical/unethical behavior in practical situations is not simply a product of fixed individual characteristics, but results from an interaction between the individual and the situation" (Treviño, 1986, p. 610). Extensive empirical evidence for the influence of ethical climates on unethical behavior in organizations has been documented in multiple literature reviews of ethical decision-making studies (Craft, 2013; Ford & Richardson, 1994; Loe, Ferrell & Mansfield, 2000;

O'Fallon & Butterfield, 2005) as well as in two widely-referenced meta-analysis studies (Kish-Gephart et al., 2010; Martin & Cullen, 2006).

Unethical behavior is defined as behavior that is inconsistent with societal or moral norms (Treviño et al., 2014). Unethical behavior in organizations is not synonymous with illegal behavior, as some unethical behaviors, such as lying or cheating, may not break the law, while other unethical behaviors, such as failing to help someone in obvious danger or distress, may be within legal but not moral bounds. Unethical behavior is also distinct from organizational deviance or misbehavior, which refers to intentional actions that are opposed to organizational vs. social norms and values (Treviño et al., 2014; Vardi & Wiener, 1996). Other constructs in this nomological net that are distinct from unethical behavior include counterproductive work behavior, defined as any act by a member of an organization that is obviously likely to do harm and produce no benefit to other members of the organization or the organization as a whole (Marcus, Schuler, Quell & Hümpfner, 2002), and anti-social behavior, defined broadly to include "negative behaviors in organizations" (Robinson & O'Leary-Kelly, 1998, p. 658). Robinson and O'Leary-Kelly (1998) used the latter term to encompass several types of behavior that violate work norms, including deviant behaviors (e.g., sexual harassment), aggressive work behaviors (e.g., anger), and organizational misbehaviors (e.g., lying, unexcused absenteeism). Despite its popularity as a topic of interest for organizational behavior scholars, progress on research on unethical behavior has suffered due to lack of a consistent construct. In fact, only two broad-based measures of unethical behavior in the workplace have been developed to-date: Newstrom and Ruch (1975) developed a widely

used 17-item scale and Kaptein (2008) developed and validated a 37-item scale based on stakeholder theory.

A survey of studies that examine the impacts of ethical climates, as measured by the ECQ (Victor & Cullen, 1987, 1988) on unethical behaviors reveals several key patterns. First, in general terms, egoism climates have been shown to lead to higher unethical behavior whereas benevolence and principle climates have been shown to lead to lower unethical behavior. Second, several studies have disconfirmed these results, and in some cases, have shown the opposite relationships. Lastly, several studies were unable to confirm any relationships between ethical climates on unethical behavior. This may suggest that there are moderating or mediating factors that may alter the outcomes. A summary of the results of 36 empirical studies published between 1993 and 2018 on the effects of ethical climates, as measured by Victor and Cullen's (1987, 1988) Ethical Climate Questionnaire, on unethical behavior is provided in Appendix 3.

Egoism climates have been consistently positively correlated with unethical behaviors such as workplace deviance, pro-social rule breaking, bullying, corruption, mis-reporting, organizational misbehavior, being an accomplice and other unethical conduct (Arnaud & Schminke, 2012; Baskin et al., 2015; Bulutlar & Oz, 2009; Erondu, Sharland, & Okpara, 2004; Flannery and May, 2000; Parboteeah et al., 2014; Peterson, 2002; Shafer, 2008; Shafer, 2015; Smith et al., 2009; Treviño et al., 1998; Van Gils, Hogg, van Quaquebeke, & van Knippenberg, 2017; Wimbush et al., 1997). However, several studies have found no effect of egoism climates on unethical behavior (Ahmad, Yunos, Ahmad & Sanusi, 2014; Barnett & Vaicys, 2000; Buchan, 2005; Deshpande et al., 2000; Forte, 2004; Fritzsche, 2000; Parson & Artistico, 2014; Parson 2016; Rothwell

& Baldwin, 2006), while others have found egoism climates have mixed or opposite results. For example, Shacklock et al. (2013) found that instrumental climate was negatively related to willingness to resist unethical directives but that efficiency climate was positively related to willingness to resist unethical directives. In another example, efficiency climate was significantly positively related to the willingness to report minor violations (Rothwell & Baldwin, 2007).

Principle climates have been found to be negatively related to unethical behaviors such as pro-social rule breaking, bullying, misreporting, being an accomplice, disobedience, stealing, and lying (Baskin et al., 2015; Bulutlar & Oz, 2009; Fritzsche, 2000; Fu & Deshpande, 2012; Smith et al., 2009; Weber, Kurke & Pentico, 2003; Wimbush et al., 1997). Some studies have reported principle climates were positively related to more moral decision making (Shafer, 2008; Shafer, 2015, while others have found no effect of principle climates on unethical behaviors such as the willingness to report misconduct (Deshpande et al., 2000; Forte, 2004; Rothwell & Baldwin, 2016).

Caring climates have been found to be negatively related to unethical behaviors such as workplace deviance, pro-social rule breaking, bullying, organizational misbehavior, (Appiah, 2015; Arnaud & Schminke, 2012; Baskin et al., 2015; Bulutlar & Oz, 2009; Vardi, 2001) and positively related to more moral decisions such as ethical optimism and willingness to report misconduct (Deshpande, 1996a; Deshpande et al., 2000; Rothwell & Baldwin, 2007; Shafer, 2008; Shafer, 2015; Van Gils et al., 2017). Caring climates were found to have no effect on some behaviors such as whistleblowing intentions, unethical pro-organizational behavior, mis-reporting (Ahmad et al., 2014; Fritzsche, 2000; Forte, 2004; Parson & Artistico, 2014; Parson 2016; Smith et al., 2009).

In an interesting study, caring climates were found to moderate the relationship between ethical judgments and behavioral intentions, such that as the perception of this climate increased, the relationship between individual ethical judgments and behavioral intentions became weaker (Barnett & Vaicys, 2000).

As mentioned, several studies were unable to confirm that any ethical climate type was predictive of unethical behavior. DeConinck and Lewis (1997) found that ethical work climate was not a significant predictor of sales managers' intentions to intervene when ethical and unethical sales force behavior was encountered, while Elm and Nichols (1993) found that perceived ethical climate was not related to managers' moral reasoning. Similarly, Musbah et al. (2016) found limited or no significant relationships between four ethical climates (organization interest, social responsibility, personal morality, and law and professional code) and unethical decision-making across three of Rest's four stages. Lastly, in a study of technology firms, Fritzsche (2000) found that there was an even chance of paying or not paying a bribe in all ethical climates.

By contrast, some studies have found that ethical climates impact behavior, but do not isolate differential effects of different climate types. In a survey of high-tech firms in Shanghai, Ning and Zhaoyi (2017) found that organizational ethical climate moderated the mediating effect of organizational disidentification on the relationship between psychological contract breach and employees' unethical behavior. Similarly, all ethical climates were found to predict moral awareness in a study involving seven organizations spanning for-profit, government and non-profit sectors (VanSandt, Shepard, & Zappe, 2006).

Moral disengagement, ethical judgments and unethical pro-organizational behavior. Treviño's (1986) person-situation interaction model relies heavily on CMD theory (Kohlberg & Kramer, 1969), discussed earlier, as does Rest's (1986) ethical decision-making framework. Rest built upon CMD theory to develop a frequently used framework for understanding individual ethical decision-making, which he derived by focusing on the psychological processes involved in making moral judgments (Rest, 1986). Rest's non-linear composite model defines four stages that produce moral behavior. The first stage, moral awareness, refers to the recognition that a situation has moral implications. The second stage is moral judgment, in which the actor makes a decision about whether an action is moral or not. The third stage is moral motivation, in which the actor prioritizes moral values and forms an intention to do what is morally right in consistency with his/her values. The fourth stage is moral behavior, in which sufficient perseverance, ego strength and implementation strength allow an actor to do what is morally right. The three behaviors that are the focus of the present research, moral disengagement, ethical judgments, and unethical pro-organizational behavior, are reflective of unethical behavior across three of Rest's framework stages.

Moral disengagement. The first of the three focal behaviors in this study is moral disengagement, which refers to the cognitive mechanisms that people employ in order to behave unethically without feeling distress (Moore et al., 2012). Moral disengagement is based on seminal work by Bandura (1999), in which he proposed that most people are guided by personal standards of ethical behavior which play a self-regulatory role that helps people act consistently with their personal standards. Bandura suggested that individuals employ various mechanisms to disengage their self-regulatory processes,

which allows them to avoid guilt and therefore engage in behaviors that would normally cause them to self-censure. Moore et al. (2012) refined the moral disengagement construct and suggested that it is operationalized through eight mechanisms: moral justification, euphemistic labelling, advantageous comparison, displacement of responsibility, diffusion of responsibility, distortion of consequences, dehumanization, and attribution of blame. Moral disengagement is related to but distinct from ethical fading, the process by which the moral colors of an ethical decision "fade" and become void of moral implications (Tenbrunsel & Messick, 2004). Examples of ethical fading include use of euphemistic language, a type of moral disengagement, and slippery slope, in which future decisions become easier based on past decision. When individuals engage in moral disengagement, they minimize, justify, or otherwise distort the ethical content of an issue or decision. By not recognizing that a situation has ethical content, the individual is more likely to engage in unethical behaviors. Therefore, moral disengagement aligns with stage one of Rest's framework, the moral awareness stage, which refers to the recognition that a situation has moral implications.

Researchers have found significant correlations between moral disengagement and unethical behaviors, including negative relationships with fraud and self-serving decisions (Detert et al., 2008; Moore et al, 2012). Additionally, moral disengagement has been shown to be correlated with individual traits, such as a positive association with trait cynicism and a negative association with empathy and moral identity. For example, Detert et al. (2008) postulated that people who are high on trait cynicism are more distrustful of other people and more likely to question their motives, and therefore believe everyone is engaged in selfish acts. This influences them to displace responsibility, one

of the mechanisms of moral disengagement. In contrast, individuals who are high in empathy are more likely to be concerned about others' needs and less likely to justify acts that would harm or dehumanize others. Similarly, individuals with a highly self-important moral identity prioritize moral concerns and are therefore more likely to be concerned about the suffering of others and less likely to minimize harm to others.

Moral disengagement has also been shown to mediate the relationship between organizational identification and unethical behavior. Specifically, Chen, Chen and Sheldon (2016) showed that organization identification positively predicted unethical pro-organizational behavior through the mediation of moral disengagement, and the mediation relationship was stronger in the presence of industry competition. Treviño et al. (2014) postulated that unethical behavior may be higher in groups because of moral disengagement, perhaps operating through the diffusion of responsibility mechanism, which allows individuals to "spread the blame" for unethical behaviors across a group of people and thus reduce feelings of guilt that may otherwise inhibit unethical behavior. However, the authors observed that few studies have focused on the contextual influences on the propensity to morally disengage.

Ethical judgments. The second of the three focal behaviors in this study is ethical judgments, which is defined as an individual's personal evaluation of the degree to which certain behavior within an organization is ethical or unethical (Sparks & Pan, 2010), decisions made with respect to ethical or moral content (Akaah, 1996), or individual determinations of the appropriateness of a course of action that could possibly be interpreted as wrong (Reidenbach & Robin 1990; Robin, Reidenbach & Babin, 1997). Ethical judgments has been shown to be strongly positively correlated with behavior

intentions and ethical actions (Mudrack & Mason, 2013); however, researchers have conflicting perspectives on which ethical philosophies individuals enact when making evaluations of what is ethical/unethical, right/wrong, or moral/immoral (Reidenbach & Robin 1990). These results suggest that individuals do not rely upon a defined set of principles in making ethical evaluations, but instead "tend to rely on a broad sense of moral equity dominated by concerns for fairness and justice, tempered by relativistic and social contract dimensions" (Reidenbach & Robin 1990, p. 649). This supports the theoretical rationale for the simultaneous presence of multiple ethical climates. Regardless of the philosophical influences, ethical judgments refers to the decisions that an individual must make about the ethical course of action, once he or she has identified that a situation has ethical content. Therefore, EJ aligns to stage two of Rest's framework, the moral judgment stage, in which the actor makes a decision about whether an action is moral or not.

Research on the relationships between individual and organizational characteristics and ethical judgment is mixed, primarily because the ethical judgments literature does not provide a consistent definition and measure of the construct (Mudrack & Mason, 2013; Sparks & Pan, 2010). Some studies support relationships between ethical judgments and individual characteristics such as Machiavellianism (Verbeke, Ouwerkerk & Peelen, 1996) and ethical ideology (Barnett, Bass & Brown, 1998). Verbeke et al. (1996) found Machiavellianism was negatively correlated with ethical judgments, while Barnett et al. (1988) found that idealism was negatively correlated and that relativism was positively correlated with judgments that the actions in three ethical vignettes were ethical. Additionally, ethical judgments have been shown to vary based

on contextual factors such as organizational rank and role (Akaah & Riordan, 1989). Akaah and Riordan (1989) found that executives disapproved more strongly of two of five scenarios involving unethical/questionable practices than did researchers, whereas researchers disapproved more strongly of a third scenario involving unethical/questionable practices than did executives.

These results are generally supported by Pan and Spark's (2012) meta-analysis, which found that gender, education, income, Machiavellianism, and moral intensity each impacted ethical judgments, but that ethical climate did not. Specifically, the ethical judgments of women were found to be stricter than those of men and ethical judgments became less strict as education and income increased. Additionally, ethical judgments became stricter as idealism, ethical awareness, and the moral intensity of an action increased, and less strict as relativism and Machiavellianism increased. Despite this evidence, Mudrack and Mason (2013) concluded that because ethical judgments is not a well-defined and consistently applied construct, there was little evidence to support many of these findings.

Unethical pro-organizational behavior. The third of the three focal behaviors in this study is unethical pro-organizational behavior, which is unethical behavior intended to benefit the organization (Umphress et al., 2010). In order for an action to qualify as unethical pro-organizational behavior, it must first be unethical; that is, behavior that is outside of social or moral norms. Second, it must be carried out to benefit the organization. The definition of unethical pro-organizational behavior extends to situations in which the unethical behavior is intended to benefit the organization as well as the individual. In other words, self-interest does not disqualify an action from being

considered unethical pro-organizational behavior if it is also intended to help the organization. Lastly, unethical pro-organizational behavior can be acts of commission (e.g., lying to customers) or of omission (e.g., failing to blow the whistle on observed egregious misconduct). Unethical pro-organizational behavior is distinct from pro-social rule breaking, which is the violation of organizational norms, but not social norms, for the benefit of the organization (Vardaman, Gondo & Allen, 2014). Individuals who engage in unethical pro-organizational behavior are forming the intention to commit unethical behaviors in part because they believe the behavior will benefit the organization (as well as themselves, in some cases). Therefore, unethical pro-organizational behavior aligns with stage three of Rest's framework, the moral motivation stage, in which the actor forms an intention to do what is morally right in consistency with his or her values.

Umphress et al. (2010) created and validated a six-item scale and then used it to empirically test whether organizational identification and positive reciprocity beliefs predicted unethical pro-organizational behavior. They found across two studies that organizational identification did not have a significant direct effect on unethical pro-organizational behavior, but that positive reciprocity beliefs moderated the relationship between organizational identification and unethical pro-organizational behavior such that the relationship was positive and stronger when positive reciprocity beliefs were high vs. when they were low. However, other studies have found that individual characteristics such as organizational identification and Machiavellianism greatly increased one's willingness to engage in unethical pro-organizational behavior (Castille, Buckner & Thoroughgood, 2018; Chen et al., 2016). Other predictors of unethical pro-organizational behavior that have been empirically supported include exclusion risk,

unethical behavior beneficiary, and need for inclusion (Thau, Derfler-Rozin, Pitesa, Mitchell & Pillutla, 2015). A few studies have examined the interaction effects of other variables with unethical pro-organizational behavior. For example, Thau et al. (2015) found that exclusion risk was positively related to unethical pro-organizational behavior and lead to more unethical behavior when the beneficiary was the group but not when the beneficiary was the self. They also found that the effect of exclusion risk on pro-group unethical behavior was stronger among those with high need for inclusion vs. those with low need for inclusion. In another study, Parson (2016) failed to show that ethical climate interacted with person-organization fit to predict unethical pro-organizational behavior.

In summary, moral disengagement, ethical judgments, and unethical pro-organizational behavior align to stages one through three of Rest's framework, as depicted in Figure 4, and enable the examination of the correlations across these three stages within different ethical climate types.

2.3 Hypotheses Development

Ethical climates' prediction of moral disengagement, ethical judgments and unethical pro-organizational behavior. Individuals who perceive egoism climates infer that the organizational norms encourage ethical decisions to maximize organizational benefits such as profits and/or personal benefits (Wimbush and Shepard, 1994). Therefore, individuals who perceive an egoism ethical climate are motivated to behave in ways that prioritize their own self-interest and the interests of the organization, even to the detriment of others (Wimbush & Shepard, 1994). Such a climate reflects Kohlberg and Kramer's (1969) pre-conventional level of moral development and maximizes the

interest of the individual and the organization, encouraging behavior that stresses the importance of increasing personal benefits and firm profits (Parboteeah & Kapp, 2008). Victor and Cullen (1987, 1988) proposed that instrumental climates may be more prevalent in market environments, which promote behaviors that maximize self-interest and corporate interest.

Individuals in an egoism climate "tend to ensure that their interests are protected and are expected to engage in behaviors to enhance the success of the organization, regardless of the outcomes" (Baskin et al., 2015, p. 75). Consequently, such individuals are more likely to engage moral disengagement mechanisms that allow them to "override" the self-regulatory processes that produce guilt, and, therefore, engage in behaviors that maximize their own interests without the burden of self-censure. Similarly, such individuals are more likely to engage in unethical pro-organizational behaviors in situations in which they believe that breaking ethical rules will benefit company profit or efficiency (Victor & Cullen, 1988). Lastly, individuals who perceive this climate are more likely to disregard rules, laws and codes (deontological-based decisions) or interests of others (utilitarian-based decisions), and thus are more likely to behave in ethically ambiguous or questionable ways that are self-serving. Therefore, such individuals are more likely to make ethical judgments characterized by greater willingness to engage in unethical behaviors. Prior researchers have found that egoism ethical climates were generally positively correlated with unethical behaviors, as discussed in prior sections. Therefore, the following hypothesis was proposed:

(H1a) The egoism ethical climate is positively correlated with unethical behavior as reflected by moral disengagement, ethical judgments and unethical pro-organizational behavior.

In benevolence ethical climates, ethical decisions are based on an overarching concern for the well-being of others, and decision guidelines focus on achieving overall welfare for the organizational population (Elm & Nichols, 1993). Individuals who perceive benevolence climates are more likely to rely on a utilitarian approach to normative behavior, which encourage individuals to evaluate behavior in light of potential negative consequence to others, and "tend to place importance on the well-being of others in the organization, as well as the organization and society in general" (Baskin et al., 2015, p. 75). Such individuals are expected to be less likely to engage in unethical pro-organizational behavior despite potential benefits to the organization, as these individuals tend to make decisions based on the overall good of society. Similarly, these individuals are less likely to engage in moral disengagement mechanisms that minimize, rationalize, or distort actions that cause potential harm to others. Individuals who perceive benevolence climates are motivated to behave in ways that prioritize an overarching concern for the well-being of others and are less likely to engage in behaviors that would be perceived as unethical because they may have a detrimental effect on others (Elm & Nichols, 1993). Therefore, such individuals are less likely to make ethical judgments that indicate a greater willingness to engage in unethical behaviors.

Individuals who perceive principle climates are more likely to rely on a deontological interpretation of moral norms, such that he or she would choose to subordinate his or her

natural inclinations in favor of adherence to universal principles of right and wrong (Victor & Cullen, 1987, 1988). These principles tend to be fairly inflexible and invariant, and do not take into consideration self-interest or utilitarian considerations (Barnett & Vaicys, 2000). Therefore, when faced with an ethical dilemma, such individuals are motivated to behave in ways that comply with codes, rules, and procedures, which are generally designed to define and enforce what constitutes right vs. wrong behavior (Martin and Cullen, 2006). For example, individuals in professions with strong professional codes, such as medicine or accounting, may be more likely to perceive law and code climates and will defer to external mandates to govern their ethical decision-making. Such individuals are less likely to make unethical decisions break a rule or law (Borry, 2017; Elm & Nichols, 1993). More specifically, in the rules ethical climate, which occupies the principle dimension and the individual locus of control, ethical decisions are based on a strong, pervasive set of local rules and standards, and organizational policies and procedures are the primary guides for ethical decision making (Victor & Cullen, 1988). In the law and code ethical climate, which occupies the principle dimension and the cosmopolitan locus of control (Victor & Cullen, 1988), ethical behavior is guided by external guideposts such as law, professional codes, or religious texts. Therefore, individuals who perceive a principle climate are more likely to make decisions based on norms of right and wrong (Baskin et al., 2015), as codified in organizational codes or rules, professional standards, or legal and religious requirements. Such individuals are less likely to engage in moral disengagement mechanisms that minimize, rationalize, or distort the ethicality of an action. They are also less likely to make ethical judgments that indicate a greater willingness to engage in unethical

behaviors when such actions violate a law, rule or code. Lastly, they are also less likely to engage in unethical pro-organizational behavior that requires violation of laws, rules, or codes, despite potential benefits to the organization.

Prior researchers have found that the benevolence and principle ethical climates were generally negatively related to unethical behaviors, as discussed in prior sections. Based on this discussion, the following hypothesis was proposed:

> (H1b) The benevolence and principle ethical climates are negatively correlated with unethical behavior as reflected by moral disengagement, ethical judgments and unethical pro-organizational behavior.

Moral identity's prediction of moral disengagement, ethical judgments and unethical pro-organizational behavior. Moral identity is defined as a self-conception organized around a set of moral traits (e.g., honest, compassionate) that motivates moral action or the extent to which morality is an important part of an individual's self-conception (Aquino & Reed, 2002; Shao et al., 2008). Moral identity, which has higher self-importance for some people than others, stems from social identity theory (Ashforth & Mael, 1989) as well as social cognitive theory (Bandura, 1991), in that it refers to self-identification and self-regulatory processes. Centrality of moral identity to the self was found to be associated with a more principled (versus expedient) ethical ideology, which implies that moral schema is more accessible for perceiving and processing information and influencing behaviors in individuals with stronger moral identities (McFerran, Aquino & Duffy, 2010). Therefore, employees with high or strong moral identities are "particularly sensitive and reactive to moral and ethical issues" (May, Chang & Shao, 2015, p. 682).

When moral virtues are important to one's identity, individuals are motivated to behave in line with his or her own sense of morality (Hardy, 2006). Therefore, one expects individuals with stronger moral identities to be able to more readily access moral schema, which in turn enables more rapid activation of ethical awareness, judgments and intention processes. This ultimately results in less self-interested and more ethical behavior (DeCelles, DeRue, Margolis & Ceranic, 2012; Hardy & Carlo, 2011). Aquino and Reed (2002) conceptualized two moral identity dimensions: internalization, which reflects the extent to which a set of moral traits is central to one's self-conception, and symbolization, which reflects the degree to which these traits are publicly expressed through action and appearance. Both of these constructs have been found to predict moral behaviors, with internalization generally demonstrating stronger predictive capability relative to symbolization (Aquino & Reed, 2002; Treviño et al., 2014). As a result, several studies measure moral identity using only the internalization dimension (Aquino, Freeman, Reed, Lim & Felps, 2009; Matherne, Ring, & Farmer, 2018).

Moral identity has been empirically shown to influence ethical and unethical decision-making by motivating moral action (Hardy, 2006; Reynolds & Ceranic, 2007; Shao et al. 2008), although at least one study has failed to find support for this relationship (Parson & Artistico, 2014). McFerran et al. (2010) found that high moral identity was associated with the endorsement of a principled rather than an expedient ethical ideology, and that individuals who held a principled ethical ideology were less likely to employ moral disengagement than individuals who endorsed an expedient ideology. Based on this finding, individuals with a high moral identity are expected to be less likely to enact moral disengagement mechanisms. Individuals with high moral

identities have a strong need for their actions to be consistent with their identities (Matherne et al., 2018). Such individuals are therefore less likely to engage in unethical behaviors that violate their strongly held moral beliefs, including unethical pro-organizational behaviors and ethical judgments that indicate a greater willingness to engage in unethical behaviors. This prediction is consistent with prior findings that moral identity was negatively related to unethical pro-organizational behavior (Matherne et al., 2018; May et al., 2015) and to other unethical behaviors such as lying (Aquino et al., 2009). Based on the above discussion, the following hypothesis was proposed:

> (H2) Moral identity is negatively correlated with unethical behavior as reflected by moral disengagement, ethical judgments and unethical pro-organizational behavior.

Moral identity as moderator of the relationships between ethical climates and moral disengagement, ethical judgments and unethical pro-organizational behavior. Moral identity is a construct in which contextual influences can become salient and influence different outcomes (Aquino et al., 2009; Goodman, 2000; Reed, Aquino & Levy, 2007). For example, an individual's religious identities may compete with organizationally defined identities that contradict one's own ethical beliefs. Therefore, the organizational context, to the extent that it aligns with and reinforces an individual's moral beliefs, may encourage or suppress ethical behavior (Treviño et al., 2014). Situational factors, such as ethical climate, that activate a self-interested facet of identity such as moral identity should increase the accessibility of this type of identity. In other words, positive ethical climates should influence individuals to more readily access the

moral schema within their self-concept of moral identity, and this easier accessibility should be negatively related to unethical behavior (Aquino et al., 2009).

The prediction that moral identity moderates the relationship between ethical climates and unethical decisions, including financial reporting, bribery, cheating, self-interested behavior and unethical pro-organizational behavior, has been supported in multiple studies (Aquino et al., 2009; Birtch & Chiang, 2014; Matherne III & Litchfield, 2012; Reynolds & Ceranic, 2007; van Gils et al., 2017). Matherne III and Litchfield (2012) found that the relationship between moral identity centrality and unethical prosocial behavior was moderated by a contextual factor they termed Organizational Moral Identity Centrality. The relationship between moral identity centrality and unethical prosocial behavior was negative and significant when Organizational Moral Identity Centrality was weak and not significant when Organizational Moral Identity Centrality was strong. Birtch and Chiang (2014) found in a study of business school students that high moral identity strengthened the negative relationship between ethical climate and unethical behavior. In a notable study, van Gils et al. (2017) found that ethical climate had a positive effect on moral decision making for individuals low in moral identity but no effect for those high in moral identity. Similarly, in a survey of undergraduates, Aquino et al. (2009) found that the impact of moral priming on the relationship between moral identity and unethical behavior was stronger for those with weaker moral identities, such that moral priming had a greater influence on the likelihood to engage in unethical behaviors among those with weaker moral identities vs. those with stronger moral identities. These finding indicated that individuals who had high moral

identities were more likely to make ethical decisions based on an internal strong moral sense and were less susceptible to external context as it relates to ethical decisions.

The interaction effect of moral identity with ethical climates found in these studies is similar to that of other self-referent constructs that have demonstrated this effect. For example, Parson and Artistico (2014) demonstrated that stronger self-construal, defined as divergent views of the self that reflect the degree to which individuals emphasize their connectedness or their separateness from others, was associated with less unethical decision-making in caring (benevolence) climates but not in instrumental (egoism) climates. The authors speculated that this unexpected result could have been due to the experimental manipulation that called for more unethical decision-making. Based on these findings, this study proposed the following hypotheses:

(H3a) Moral identity moderates the relationship between egoism ethical climate and unethical behavior, as reflected by moral disengagement, ethical judgments and unethical pro-organizational behavior, such that the positive relationships between egoism climate and these behaviors become weaker as moral identity increases.

(H3b) Moral identity moderates the relationship between benevolence and principle ethical climates and unethical behavior, as reflected by moral disengagement, ethical judgments and unethical pro-organizational behavior, such that the negative relationships between benevolence and principle ethical climates and these behaviors become stronger as moral identity increases.

Situational strength as moderator of the relationships between ethical climates and moral disengagement, ethical judgments and unethical pro-organizational behavior. Ethical climate perceptions can vary due to individual differences as well as due to organizational structure, position and/or role, and variation across functional departments (Buchan, 2009; Victor & Cullen, 1988; Weber & Seger, 2002). Thus, one can expect that the variation within or between organizations can lead to variability in ethical climate perceptions, and that as a result, some organizations will have more agreement about ethical climate types (i.e., higher situational strength) than others. In organizations with strong ethical climates, the norms surrounding ethical behavior are unambiguous and provide clear expectations on what constitutes ethical behavior throughout the organization (Bartels, Harrick, Martell, & Strickland, 1998). Therefore, one expects lower variance in ethical climate perceptions in strong ethical climates as compared to weak ethical climates, and further, that employee behaviors are more consistent in strong situations (Schneider, Salvaggio and Subirats, 2002).

Therefore, when ethical climate is strong, employees are expected to behave in ways that are more consistent with the perceived ethical climate. This prediction that situational strength with respect to ethical climates impacts unethical behaviors has been supported in a limited number of studies. In one study, a strong ethical climate was negatively related to the seriousness of ethical violations within an organization and positively related to success in dealing with ethical problems (Bartels et al., 1998). Another study demonstrated that ethical climate strength moderated the relationship between ethical climate type and organizational citizenship behavior, such that the relationships were more pronounced when climate strength was high than when it was

low (Shin, 2012). Based on the above discussion, this study proposed the following hypothesis:

> (H4) Situational strength moderates the relationship between ethical climate types and unethical behavior, as reflected by moral disengagement, ethical judgments and unethical pro-organizational behavior, such that the positive relationships between egoism climate and these behaviors and the negative relationships between the benevolence and principle climates and these behaviors become stronger as situational strength increases.

Situational strength as moderator of the relationships between moral identity and moral disengagement, ethical judgments and unethical pro-organizational behavior. Aquino and Freeman (2009) proposed that group norms and role models can support or suppress moral identity, and that moral identity is receptive to priming. As discussed previously, a strong climate presents unambiguous norms and clear expectations with respect to ethical behaviors in organizations (Bartels, Harrick, Martell, & Strickland, 1998). Thus, an individual who perceives a high degree of agreement within an organization on matters of ethical impact (i.e., strong ethical climate) will be more inclined to act in ways that are congruent with his or her moral identity. By contrast, an individual who perceives a lower degree of agreement (i.e., weak ethical climate) will be less inclined to act in ways that are congruent with his or her moral identity. Therefore, when ethical climate is strong, individuals are expected to behave in ways that are more consistent with their moral identities. In support of this prediction, Reynolds and Ceranic (2007) found that moral identity was positively predictive of moral behavior when social consensus about a moral issue was high but had no effect on moral

behavior when social consensus was low. The authors speculated that when social consensus is not high about a topic with ethical content, individuals do not know which behaviors are the moral behaviors and therefore will rely on his or her internal moral compass.

Similar relationships have been empirically supported with other organizational constructs. For example, Aquino et al. (2009) found that situational factors activated a person's moral self-schema and the likelihood that he or she would intend to behave in a prosocial manner. Situational strength is expected to interact with moral identity in a similar way, such that the relationships between moral identity and unethical behaviors will be stronger when ethical climates are strong and weaker when ethical climates are weak. Based on this discussion, this study proposed the following hypothesis:

> (H5) Situational strength moderates the relationship between moral identity and unethical behavior, as reflected by moral disengagement, ethical judgments and unethical pro-organizational behavior, such that the negative relationships between moral identity and these behaviors become stronger in benevolence and principle climates and weaker in egoism climates as situational strength increases.

CHAPTER 3: METHODOLOGY

3.1 Research Design Overview

This study was a cross-sectional, non-experimental design, leveraging quantitative methods (Creswell, 2010) and a survey instrument comprised of 98 items drawn primarily from existing validated scales. The survey instrument was distributed via an email containing a link to the survey housed on the Qualtrics Experience Management (XM)™ platform. All participants were informed that the survey was voluntary, that all responses were anonymous and confidential, and that data would be used for research purposes only. The research study described here-in received Exemption determination from the University of North Carolina at Charlotte Institutional Review Board on May 16, 2019 (Study #19-0139). The rest of this section is organized as follows: Participants, Measures, Procedures, and Analysis.

3.2 Participants

The target population was working adults in firms based in the United States. The APriori Sample Size Calculator for Multiple Regression Power Analysis was used to conduct a power analysis to calculate a minimum sample size of n = 294 for this study, as detailed in Appendix 4. However, general research practice recommends an acceptable sample size to be ten times as many observations as there are variables to be analyzed (Hair, Anderson, Tatham & Black, 1998, p. 99). Since the scale with the largest number of items (the Ethical Climate Scale) has 26 items, this rule of thumb indicated a minimum sample size of 260. Therefore, the target minimum sample size of 294 observations

satisfied this rule of thumb. To ensure an adequate sample size was maintained in the event some of the responses had to be eliminated, 371 completed surveys were obtained.

Because this study sought to understand how employees perceive the ethical climates within their firms, only full-time employees who had been employed by their firms for at least one year were eligible to participate, as full-time employees who had been employed for at least one year were expected to have had sufficient time to form accurate observations about the climates within their firms. Additionally, only individuals who occupied professional, executive, and administrative positions (refer to Appendix 5 for definitions) were eligible to participate, as perceptions about climate were expected to potentially differ between hourly employees and staff employees (Vidaver-Cohen, 1988). Participation was limited to individuals who worked primarily in the United States in order to avoid the introduction of potential confounding effects due to national or cultural differences in ethical climate perceptions.

3.3 Measures

Ethical climate. Ethical climate was measured using the twenty-six item Ethical Climate Questionnaire (ECQ) developed and validated by Victor and Cullen (1987, 1988), as provided in Appendix 5. The section headers (i.e., "Caring") were omitted to avoid potentially biasing the respondents. Answers were assessed on a 6-point Likert Scale: Completely false (1), Mostly false (2), Somewhat false (3), Somewhat true, (4) Mostly true (5), or Completely true (6).

Situational strength. Situational strength was operationalized by measuring ethical climate strength. No existing scale was identified to measure situational strength with respect to ethical climates; therefore, two alternate methods were used. The first method

measured climate strength as within-person agreement, by calculating the variances of the responses to the ECQ items within each of the ethical climate types that emerge from factor analysis (e.g., caring, instrumental). This method is an adaptation of the more common practice of measuring climate strength by calculating the variance in responses across members of a group (Schneider et al., 2002). The second method captured self-report of perceived agreement about climate, using a five item Situational Strength (SS) scale developed by the author, as provided in Appendix 5. These items immediately followed the items from the ECQ. Responses were assessed on a 6-point Likert Scale: Completely false (1), Mostly false (2), Somewhat false (3), Somewhat true, (4) Mostly true (5), or Completely true (6). Note that one of the questions was reverse coded, as indicated; however, the reverse code indicator did not appear in the survey instrument. The average of these scores was used as the measure of situational strength.

Moral disengagement. Moral Disengagement (MD) was measured using the eight-item scale developed and validated by Moore et al. (2012), as provided in Appendix 5. The section headers (i.e., "Moral Justification") were omitted to avoid potentially biasing the respondents. Responses were assessed on a 7-point Likert scale: Strongly disagree (1), Disagree (2), Somewhat disagree (3), Neither agree nor disagree (4), Somewhat agree (5), Agree (6), or Strongly agree (7).

Ethical judgments. Ethical Judgments (EJ) was measured using the seventeen-item scale developed by Akaah (1996), as provided in Appendix 5. The section headers (i.e., "Personal Use") were omitted to avoid potentially biasing the respondents. Answers were assessed on a 7-point Likert Scale (1 = Never; 7 = Frequently).

Unethical Pro-organizational behavior. Unethical Pro-organizational Behavior (UPB) was measured using the six-item scale developed and validated ($\alpha = 0.88$) by Umphress et al. (2010), as provided in Appendix 5. This scale was chosen as it is one of the most widely cited scales used for operationalizing unethical pro-organizational behavior. Responses were assessed on a 7-point Likert Scale: Strongly disagree (1), Disagree (2), Somewhat disagree (3), Neither agree nor disagree (4), Somewhat agree (5), Agree (6), or Strongly agree (7).

Moral identity. Moral Identity (MI) was measured using the ten-item scale developed and validated by Aquino and Reed (2002), as provided in Appendix 5. The section headers (i.e., "Internalization") were omitted. Responses were assessed on a 5-point Likert Scale: Strongly disagree (1), Disagree (2), Neither agree nor disagree (3), Agree (4), or Strongly agree (5). Note that some of the questions were reverse coded, as indicated; however, the reverse code indicator did not appear in the survey instrument.

Social desirability. Social Desirability (SD) was measured using the thirteen-item scale (Form C) developed by Reynolds (1982), which was adapted from the Marlowe-Crowne social desirability scale (Crowne & Marlowe, 1960) and is provided in Appendix 5. Responses options were true or false. The responses that corresponds to a score of one are indicated in parenthesis at the end of each item (T = True; F = False). The opposite responses will receive a score of zero for these items. These indicators did not appear in the survey instrument.

Attention check items. Three attention check items, also referred to as "instructed response" items, were interspersed randomly throughout the survey instrument in order to detect whether respondents were providing careless responses (Meade & Craig, 2012).

These items were adapted from Berinsky, Margolis, and Sances (2014) and are provided in Appendix 5.

3.4 Procedures

The survey was built on the Qualtrics XM™ platform and a pre-pilot study was conducted with a small sample (n=10) of acquaintances. Results from the pre-pilot were used to assess the clarity of survey instructions and items and to estimate the length of time it took to complete the survey. Additional adjustments were made to the instrument as necessary prior to full deployment.

The participants for the full deployment, which took place in third quarter of 2019, were obtained via Qualtrics panel. A one-shot study design was used to collect data (Vanderstoep & Johnston, 2008); therefore, no matching across time periods was required. This enabled anonymity for the participants, who were assured that no personally identifiable information was collected. Therefore, the survey parameters were structured so as to remove all potentially personally identifiable information, including email and/or IP addresses, from the data. However, certain control variables were collected to enable further analysis (see Appendices 5 and 6 for additional details). The individual scales were presented in random order to survey participants.

Qualtrics administered the survey to a panel of qualified participants from a diverse range of industries, including financial services, healthcare, retail, technology, and manufacturing. Qualtrics contacted potential participants via an email, provided in Appendix 7, that contained a link to the survey housed on the Qualtrics XM™ platform. All participants were required to read and acknowledge an informed consent notice (see Appendix 7) in order to complete the survey. Additionally, all participants were required

to meet certain screening criteria in order to complete the survey (see Appendices 5 and 7). If participants did not meet the screening criteria, they were informed by Qualtrics XM™ platform that they were not eligible for the study and were directed to exit the survey. Respondents who failed more than one of the attention check items were also directed to exit the survey.

Pilot. A pilot was conducted in which responses from 30 panelists were obtained. The pilot response collection time took less than one week and the data were provided in a CSV file. Data were cleansed, formatted and checked for errors and missing data. Responses with missing data responses or errors were reviewed and removed from the response population as appropriate. Using IBM SPSS Statistics, version 26, reverse score items were recoded as appropriate, descriptive statistics and frequencies were obtained, and histograms were generated. The reliability of each of the multi-item measures was assessed using Cronbach's alpha, and item total statistics were inspected to identify whether elimination of any items resulted in a higher alpha. Results are provided in Table 1. All scales had generally acceptable reliability as measured by Cronbach's Alpha, with the exception of Situational Strength and Moral Identity Internalization, which were the only scales that contained reverse coded items. Based on analysis of the pilot data, two modifications were made to the survey prior to the full launch, as described below.

The first modification was to the Situational Strength scale. Cronbach's alpha for the Situational Strength scale improved when the reverse score item was omitted but was still low. Therefore, the Situational Strength scale, which initially contained three items for the pilot, was modified prior to the full launch as follows:

- (Modification to Existing Item) People in my company differ in how they perceive the norms and rules in the organization
- (New Addition) Most of my coworkers share my perception of the rules and norms of ethical behavior in my organization
- (New Addition) The rule and norms of ethical behavior are clear to everyone in my organization

The second modification was the establishment of a minimum threshold for survey duration in order to eliminate potential careless responders from the data. When outlier data were removed, the average duration in seconds to complete the survey was 612.86 seconds with a standard deviation of 320.81. The minimum threshold for duration was set equal to the average duration time minus 1 standard deviation, or 292 seconds, which is approximately 5 minutes. During the full launch, respondents who completed the survey in less time than the minimum threshold were eliminated from the sample.

Full launch. During the full launch, survey responses were collected in four additional waves ranging in size from 60 to 90 responses. Qualtrics eliminated respondents who completed the survey in less time than the minimum threshold defined based on the pilot results. When each data collection period ended, Qualtrics provided the data from respondents who successfully completed the entire survey in CSV or Excel format files. The data were analyzed in SPSS after each wave of responses was collected to confirm response quality. The full launch response collection time was approximately four weeks.

In addition to a priori methods employed to identify careless responders (i.e., inclusion of attention check items in the survey instrument and specification of a

minimum survey duration time), a post hoc technique was employed to flag low quality responses. Specifically, response pattern indices were used to identify "persons responding too consistently to items measuring theoretically distinct constructs" (Meade & Craig, 2012, p. 4). Using a variation of Meade and Craig's (2012) method for response pattern identification, the variance for each scale was calculated, as well as the variance for all of the items on each webpage, as some webpages contained multiple scales. Straight line response patterns (i.e., the responder selected the same response to each item in a given scale or webpage) were identified by flagging when variances were equal to zero. Qualtrics was asked to replace several cases that had zero variance for more than half of the scales or zero variance for the webpages that contained multiple scales.

The full data set collected, including the pilot data and subsequent waves, contained 371 valid responses and was provided by Qualtrics as an Excel file. In order to generate this number of valid responses, Qualtrics initially administered the survey to 1158 people, 68% of whom were removed from the dataset for various reasons as detailed in Table 2. Additionally, all of the data, including data from respondents who failed to complete the entire survey, were retrieved from the Qualtrics XM™ platform and downloaded onto a local computer.

Snowball. At the same time that the full launch with Qualtrics was initiated, additional responses were gathered using a snowball sampling technique. The survey link was distributed via email and LinkedIn™ to over 350 personal acquaintances who potentially met the participant requirements. Potential respondents were asked to complete the survey in support of a dissertation research project and to also forward the

survey link to other acquaintances in their personal networks. The email ensured anonymity and confidentiality and is provided in Appendix 7.

The snowball participants completed the same exact survey that Qualtrics panelists completed, and all responses were captured on the Qualtrics XM™ platform with an indicator to distinguish between the snowball responses and the panel responses. The snowball portion of the survey was available for three weeks, to allow sufficient time for the survey request to be forwarded and for participants to respond. A response rate was not calculated for the snowball portion of the survey as it was not possible to determine how many people received the forwarded survey request from the original group of recipients. The snowball responses were retrieved from the Qualtrics XM™ platform. These responses were not used for the present study; however, the data were retained for potential use in future research.

3.5 Analysis

The full dataset was imported into SPSS and the reverse score items were recoded as appropriate. Data were cleansed, formatted and checked for errors and missing data. Descriptive statistics, frequencies, and reliability measures were obtained for the full data set. The inter-item correlation matrices were examined to verify that the items within each scale exhibited the predicted relationships with the other items within that scale. Scale variables were created based on the sum of the items within each scale and Pearson's Correlation coefficients were calculated to determine whether correlations between the independent and dependent variables were significant and in the predicted direction.

Because reliability was observed to improve for the scales with low Cronbach's alpha values when attention check failures were removed from the pilot data (see Table 1), the 68 of the 371 valid responses in the full data set that contained a failed attention check item were removed from the subsequent analysis. Another two responses were removed for completing the survey more quickly than the minimum duration threshold. This resulted in 301 acceptable responses in the sample, which satisfied the minimum required sample size of 294. Characteristics of the sample population are provided in Table 3. Approximately 58% of respondents were between 25 and 44 years old, 82% worked between 36 and 45 hours per week, and about 50% of respondents had less than 5 years of experience in their organization and less than 10 years of experience in their industry. Females comprised 71% of respondents.

Two measures of situational strength were calculated, omitting the pilot data because the pilot data did not contain the modified situational strength items that were added prior to the full launch. The first measure of situational strength, hereinafter referenced as "self-report", was calculated as the mean of the items on the Situational Strength scale. The second measure of situational strength, hereinafter referenced as "variance-based", was calculated as the mean of the variances of each of the ethical climate sub-scales. Correlations between the self-report measure of situational strength and variance-based measures of situational strength were calculated.

A series of maximum likelihood confirmatory factor analysis (CFAs) using R version 3.5.2 were conducted to determine which of the ethical climate factor models provided the best fit to the data. Latent factors were allowed to intercorrelate freely and factor variances were set equal to one. A five-factor model that corresponded to the five-factor

model obtained by Victor and Cullen (1988) and replicated in multiple studies was tested, as depicted in Figure 3. A three-factor model that represented the higher-level egoism, benevolence, and principle ethical climate types as well as a one-factor model that combined all items into a single contextual dimension were also tested. In addition, CFAs were conducted for the three dependent variables in this study (moral disengagement, unethical pro-organizational behavior and ethical judgments) to determine whether a three-factor or a one-factor model fit the data better. Lastly, CFAs were conducted for moral identity to determine whether a two-factor or a one-factor model better fit the data. Model fit was evaluated using multiple goodness-of-fit indices, including Chi-square (χ^2), Comparative Fit Index (CFI), Tucker-Lewis Index (TLI) and Root Mean Square Error of Approximation (RMSEA). The inter-scale correlations were examined and Chi-squared difference tests were used to identify the models that best fit the data.

Hypotheses H1a, H1b and H2 were tested using correlation analysis to evaluate the relationships between ethical climates and unethical behavior and moral identity and unethical behavior. Additionally, multiple linear regression was used as a stronger test of the predictive impact of ethical climates and moral identity on unethical behavior. The regression models used to test hypotheses H1a and H1b included all of the climate types as predictor variables for moral disengagement, ethical judgments, unethical pro-organizational behavior, and a composite unethical behavior measure, respectively. Similarly, to test hypothesis H2, the regression models included both moral identity dimensions as predictor variables for moral disengagement, ethical judgments, unethical pro-organizational behavior, and the composite unethical behavior measure. For each

model, the adjusted R^2 values were examined to assess how much of the variance in the endogenous variables was accounted for by the predictor variables, and the p-values were examined to understand the predictive significance of each model.

Hierarchical multiple linear regression and the composite unethical behavior measure was used to test hypotheses H3a, H3b, H4 and H5. For each model, the adjusted R^2 values were examined to assess how much of the variance in the endogenous variables was accounted for by the predictor variables, the p-values were reviewed to understand the predictive significance of each model, and the R^2 Change values were examined to determine if the addition of interaction terms increased predictive validity of the models.

All regression equations use to test the hypotheses are provided in Appendix 8. All terms were converted to standardized variables prior to calculating interaction terms and running the regression models. Assumptions of normality and homoscedasticity were tested by examining normal predicted probability plots and residual scatter plots. All models met the requirements for normality, homoscedasticity, and absence of collinearity. The variance inflation factor (VIF) for each variable was calculated to test for the presence of multicollinearity. All VIF values were less than 5; therefore, multicollinearity was concluded to be of minimal impact (Hair et al., 1998).

Upon completion of the analysis, the regression equations were re-run with the significantly correlated control variables, including social desirability, added to the first block of each model. The analysis was also re-run with the attention check items included in the dataset.

3.6 Common Method Bias

Common method bias was a potential concern in this study due to the design, in which participants provided responses using self-reported scales at a single point in time (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). The recommended procedural remedy to combat this bias is to obtain measures of the predictor and criterion variables from different sources (Podsakoff et al, 2003). However, this approach was not feasible for this study due to the one-shot design intended to ensure the respondents' anonymity and therefore increase the likelihood of truthful responses. Instead, the measurement of the predictor variables was methodologically separated from the criterion variables by segregating the associated items in different sections of the survey instrument and by introducing new instruction language, including different scale types, for the different sections (Podsakoff et al, 2003).

Common method bias can also be introduced through social desirability bias, defined as "the tendency of some people to respond to items more as a result of their social acceptability than their true feelings" (Podsakoff et al, 2003, p. 882). To control this bias, the survey also included items from Form C of Reynold's (1982) social desirability scale. Respondents were ensured of the anonymity and confidentiality of their responses, informed that there were no right or wrong answers, and provided with explicit instructions that respondents should answer based on how he or she truly feels and not on how he or she would like to feel.

Common method variance was tested using the Harman one-factor method (Podsakoff et al., 2003). Exploratory factor analysis was used to produce a single factor solution using all of the scale items in the study, and the unrotated solution was examined

to determine if a single factor accounted for the majority of the variance in the model. Since a single factor accounted for 25.4% of the variance, which is less than the generally accepted 50% threshold, common method variance was concluded to be of minimal impact.

CHAPTER 4: RESULTS

4.1 Descriptive Statistics and Correlations

Descriptive statistics for all variables are presented in Table 4. With the exception of situational strength, which had a Cronbach's alpha of 0.63, all scales demonstrated adequate reliability and inter-item correlations were in the predicted directions.

4.2 Measurement Model Results

Prior to testing the hypotheses, the measurement models were examined using maximum-likelihood Confirmatory Factor Analysis (CFA) in order to determine which of the models provided the best fit to the data. CFA results are provided in Appendix 9.

A five-factor model composed of instrumental, caring, independence, rules, and law and code (hereinafter referenced as "law") ethical climates was hypothesized based on prior empirical research (Victor & Cullen, 1988). As depicted in Figure 3, the instrumental climate reflects the egoism dimension, the caring climate reflects the benevolence dimension, and the independence, rules, and law and code climates reflect the principle dimension. Overall, results of the model tests supported the hypothesized variable structure. Specifically, ethical climate was best represented as five correlated sub-scales. Results indicated that the five-factor solution was an acceptable fit to the data and that the five-factor model was a better fit than the three-factor model that represented the higher-order egoism, benevolence, and principle ethical climates. Result also supported that the three-factor model was a better fit than the one-factor model that corresponded to ethical climate as a unidimensional construct.

The factor structure for unethical behavior was also examined. Based on prior research (Akaah, 1996; Moore et al., 2012; Umphress et al., 2010), unethical behavior is best represented as three correlated but distinct variables (unethical pro-organizational behavior, ethical judgments, and moral disengagement). Results of the model tests supported the hypothesized variable structure. Specifically, results indicated that the three-factor solution was an acceptable fit to the data, and that the three-factor model was a better fit than the one-factor model that corresponded to unethical behavior as a unidimensional construct. Additionally, based on the high inter-scale correlations among moral disengagement, unethical pro-organizational behavior and ethical judgments, a composite measure of unethical behavior was constructed based on the sum of the standardized values for moral disengagement, unethical pro-organizational behavior and ethical judgments for subsequent use in hypotheses testing.

Lastly, the factor structure for moral identity was evaluated. A two-factor model was hypothesized based on prior research by Aquino and Reed (2002), who conceptualized two moral identity dimensions. The first dimension is moral identity internalization, which reflects the extent to which a set of moral traits is central to one's self-conception, and the second dimension is moral identity symbolization, which reflects the degree to which these traits are publicly expressed through action and appearance (Aquino & Reed, 2002). Results of the model tests supported the hypothesized variable structure. Specifically, moral identity was best represented as two correlated sub-scales as opposed to a unidimensional construct. Results indicated that the two-factor solution was an acceptable fit to the data, and that the two-factor model was a better fit than the one-factor model.

In summary, models providing a good fit are expected to have a TLI value and CFI value of at least 0.90 and a RMSEA value of less than 0.08 (Hair et al., 1998). Although none of the models examined in this study satisfied all of the criteria, the models were reasonably close. Therefore, in general, results of CFA were consistent with hypothesized structures for all measures.

4.3 Hypotheses Tests

Hypothesis H1a predicted that the egoism ethical climate as reflected by the instrumental climate (INS) was positively correlated with unethical behavior as reflected by Moral Disengagement (MD), Ethical Judgments (EJ) and Unethical Pro-organizational Behavior (UPB). In order to test hypothesis H1a, the correlations between the variables were examined, as presented in Table 4. As shown in Table 4, the INS climate had significant positive correlations of 0.40 with MD, 0.33 with UPB, and 0.44 with EJ. These results supported hypothesis H1a by confirming that egoism ethical climate was positively correlated with each of the three unethical behaviors, consistent with predictions.

Hypothesis H1b predicted that the benevolence climate, as reflected by the caring climate (CAR), and the principle ethical climates, as reflected by the independence (IND), rules (RUL), and law and code (LAW) climates, were negatively correlated with MD, EJ and UPB. In order to test hypothesis H1b, the correlations between the variables were examined, as presented in Table 4. The results in Table 4 show that LAW had significant negative correlations of -0.23 with MD, -0.23 with UPB, and -0.25 with EJ, and RUL had significant negative correlations of -0.15 with MD, -0.15 with UPB, and -0.17 with EJ, consistent with the relationships predicted by hypothesis H1b. However,

CAR did not have significant correlations with MD, UPB or EJ, thus failing to support the H1b prediction that the benevolence climate was negatively correlated with unethical behavior. Additionally, IND had significant positive correlations of 0.35 with MD, 0.28 with UPB, and 0.33 with EJ, which was the opposite of the relationship directions predicted by hypothesis H1b. Therefore, hypothesis H1b was supported for some principle climates (LAW, RUL) but was not supported for the benevolence (CAR) and other principle (IND) climates. Together, these results provided partial support for hypothesis H1b by confirming that some principle ethical climates were negatively correlated with unethical behavior. However, hypothesis H1b was not fully supported as the results showed that one of the principle ethical climates was positively correlated with unethical behavior and failed to support the prediction that benevolence climate was negatively correlated with unethical behavior.

Since the ethical climate types had high-intercorrelations based on examination of the CFA results, reliance solely on correlation analysis may have resulted in erroneous conclusions about the relationships being tested. Therefore, multiple linear regression was also used to test hypotheses H1a and H1b with respect to the predicted relationships between ethical climates and unethical behavior. Regression models, as provided in Appendix 8, were used to predict MD, UPB, and EJ, respectively, by regressing each outcome onto all of the ethical climate sub-scales (INS, CAR, IND, RUL, LAW) simultaneously. Regression models were also used to predict Composite Unethical Behavior (CUB), a measure that was constructed as the sum of the standardized values for moral disengagement, unethical pro-organizational behavior and ethical judgments. Results are presented in Table 5. To determine whether the effects predicted by

hypotheses H1a and H1b were supported, both the significance of the models and the sign and significance of the relevant regression coefficients were examined.

All models were significant, with adjusted R^2 values ranging from 0.19 to 0.30. Examination of the beta coefficients revealed that the instrumental climate had significant positive relationships with MD, UPB, EJ and CUB, as predicted. This result provided further support for the hypothesis H1a conclusion presented above, by confirming that egoism ethical climate was positively correlated with each of the three unethical behaviors as well as with the composite unethical behavior measure. Therefore, hypothesis H1a was supported.

The beta coefficients showed that the law climate had significant negative relationships with MD, UPB, EJ and CUB, as predicted. However, the independence climate had significant positive relationships with MD, UPB, EJ and CUB, and the caring climate had significant positive relationships with UPB and CUB. Both of these results were opposite of the predicted relationships. Additionally, the rules climate did not have significant relationships with MD, UPB, EJ and CUB and the caring climate did not have significant relationships with MD and EJ. Together, these results further corroborated the hypothesis H1b conclusion presented above, by confirming that one principle ethical climate, specifically the law climate, was negatively correlated with each of the three unethical behaviors as well as with the composite unethical behavior measure. Additionally, the benevolence climate was not significantly correlated with any of the unethical behavior constructs. Therefore, hypothesis H1b was partially supported.

Hypothesis H2 predicted that moral identity, as reflected by Moral Identity Internalization (MII) and Moral Identity Symbolization (MIS), was negatively correlated

with MD, EJ and UPB. In order to test hypothesis H2, the correlations between the variables were examined, as presented in Table 4. The results in Table 4 show that MII had significant negative correlations of -0.45 with MD, -0.40 with UPB, and -0.46 with EJ, consistent with the relationships predicted by hypothesis H2. However, MIS did not have significant correlations with MD, UPB or EJ, thus failing to provide support for the hypothesis. Therefore, hypothesis H2 was supported for MII but was not supported for MIS. Together, these results provided partial support for hypotheses H2 by confirming that moral identity internalization was negatively correlated with unethical behavior. However, hypothesis H2 was not fully supported as the results failed to support the prediction that moral identity symbolization was negatively correlated with unethical behavior.

In a more robust test of hypothesis H2, multiple linear regression was used to test the predicted relationships between moral identity and unethical behavior. Regression models, as provided in Appendix 8, were used to predict MD, UPB, EJ and CUB, respectively, by regressing each outcome onto both moral identity sub-scales (MII, MIS) simultaneously. Results are presented in Table 6. To determine whether the effects predicted by hypothesis H2 were supported, both the significance of the models and the sign and significance of the relevant regression coefficients were examined.

All models were significant, with adjusted R^2 values ranging from 0.18 to 0.27. Inspection of the beta coefficients showed that moral identity internalization had significant negative relationships with MD, UPB, EJ and CUB, as predicted. However, moral identity symbolization had significant positive relationships with MD, UPB, EJ and CUB, which was the opposite of the predicted relationships. Together, these results

further corroborated the hypothesis H2 conclusion presented above, by confirming that moral identity internalization, but not moral identity symbolization, was negatively correlated with each of the three unethical behaviors as well as with the composite unethical behavior measure. Therefore, hypothesis H2 was partially supported.

Hypothesis H3a predicted that moral identity (MII, MIS) moderated the relationship between egoism ethical climate (INS) and unethical behavior (CUB), such that the positive relationship between egoism climate and unethical behavior became weaker as moral identity increased. Hierarchical multiple linear regression was used to test hypothesis H3a. The regression models are provided in Appendix 8. For each model, ethical climate was added in step 1, moral identity was entered in step 2, and the interaction between ethical climate and moral identity was entered in step 3. Results from the moderated hierarchical regression analysis used to test hypotheses H3a are presented in Table 7. To determine whether the moderation effects predicted by hypothesis H3a were supported, both the significance of the models and the sign and significance of the beta coefficients for the interaction terms were examined.

Consistent with hypothesis H3a, a significant interaction effect was found for MII x INS (Model 12), which explained an additional 8.7% of the variance in unethical behavior above the main effects. The beta coefficient for the interaction term of -0.31 indicated that as MII increased, the dependent variable CUB decreased, which was consistent with the predicted relationship direction. Figure 5 depicts the instrumental climate - unethical behavior relationship for high moral identity internalization (i.e., moral identity internalization above the 50^{th} percentile) and low moral identity internalization (i.e., moral identity internalization below the 50^{th} percentile). This figure

illustrates that the instrumental climate had a stronger correlative relationship with unethical behavior when moral identity internalization was low vs. when moral identity internalization was high.

Also consistent with hypothesis H3a, a significant interaction effect was found for MIS x INS (Model 17), which explained an additional 5.6% of the variance in unethical behavior above the main effects. However, the beta coefficient for the interaction term of 0.23 indicated that as MIS increased, the dependent variable CUB increased, which was the opposite of the predicted relationship direction. Figure 6 depicts the instrumental climate - unethical behavior relationship for high moral identity symbolization (i.e., moral identity symbolization above the 50th percentile) and low moral identity symbolization (i.e., moral identity symbolization below the 50th percentile). This figure illustrates that the instrumental climate had a stronger correlative relationship with unethical behavior when moral identity symbolization was high vs. when moral identity symbolization was low.

These results indicated that both moral identity internalization and moral identity symbolization had a significant moderating effect on the relationship between the egoism climate and unethical behavior. As predicted by hypothesis H3a, the positive correlation between egoism climate and unethical behavior (established by the tests of hypotheses H1a) became weaker as moral identity internalization increased. However, the positive correlation between egoism climate and unethical behavior became stronger as moral identity symbolization increased, which indicated that the moderating effect of moral identity symbolization was in the opposite of the direction predicted by hypothesis H3a. Together, these results provided partial support for Hypothesis 3a in that moral identity

internalization was shown to moderate the positive relationship between egoism climate and unethical behavior such that the relationship became weaker as moral identity increased. However, hypothesis H3a was not fully supported, as the results showed that moral identity symbolization had a moderating effect that was opposite of the predicted impact on the relationship between egoism climate and unethical behavior.

Hypothesis H3b predicted that moral identity (MII, MIS) moderated the relationship between benevolence (CAR) and principle (IND, RUL, LAW) ethical climates and unethical behavior (CUB), such that the negative relationships between benevolence and principle ethical climates and unethical behavior became stronger as moral identity increased. Hierarchical multiple linear regression was used to test hypothesis H3b, using the regression models provided in Appendix 8. For each model, ethical climate was added in step 1, moral identity was entered in step 2, and the interaction between ethical climate and moral identity was entered in step 3. Results from the moderated hierarchical regression analysis used to test hypothesis H3b are presented in Table 7. To determine whether the moderation effects predicted by hypothesis H3b were supported, both the significance of the models and the sign and significance of the beta coefficients for the interaction terms were examined.

Consistent with hypothesis H3b predictions with respect to benevolence climates, a significant interaction effect was found for MII x CAR (Model 9), which explained an additional 4.2% of the variance in unethical behavior above the main effects. The beta coefficient for the interaction term of -0.22 indicated that as MII increased, the dependent variable CUB decreased, which was consistent with the predicted relationship direction. Figure 7 depicts the caring climate - unethical behavior relationship for high moral

identity internalization and low moral identity internalization, which illustrates that the caring climate had a stronger correlative relationship with unethical behavior when moral identity internalization was low vs. when moral identity internalization was high. However, no support was found that moral identity symbolization moderated the relationship between the caring climate and unethical behavior, as Model 14, which contained the MIS x CAR interaction term, was not found to be significant. Together, these results provided partial support for hypothesis H3b with respect to benevolence climates in that moral identity internalization, but not moral identity symbolization, was shown to moderate the relationship between benevolence climate and unethical behavior such that the relationship became stronger and more negative as moral identity increases.

Consistent with hypothesis H3b predictions with respect to principle climates, a significant interaction was found for MII x IND (Model 13), which explained an additional 8.3% of the variance in unethical behavior above the main effects. The beta coefficient for the interaction term of -0.28 indicated that as MII increased, the dependent variable CUB decreased, which was consistent with the predicted relationship direction. Figure 8 depicts the independence climate - unethical behavior relationship for high moral identity internalization and low moral identity internalization, which illustrates that the independence climate had a stronger correlation with unethical behavior when moral identity internalization was low vs. when moral identity internalization was high. Additionally, a significant interaction effect was found for MIS x IND (Model 18), which explained an additional 1.6% of the variance in unethical behavior above the main effects. The beta coefficient for the interaction term of 0.11 indicated that as MIS increased, the dependent variable CUB increased, which was the opposite of the

predicted relationship direction. Figure 9 depicts the independence climate - unethical behavior relationship for high moral identity symbolization and low moral identity symbolization, which illustrates that the independence climate had a stronger correlation with unethical behavior when moral identity symbolization was high vs. when moral identity symbolization was low. No support was found that either dimension of moral identity moderated the relationships between the remaining principle ethical climates (RUL, LAW) and unethical behavior, as the MII x RUL (Model 10), MII x LAW (Model 11), MIS x RUL (Model 15) and MIS x LAW (Model 16) interaction terms were not found to be significant.

These results indicated that both moral identity internalization and moral identity symbolization had a significant moderating effect on the relationship between one of the principle ethical climates, specifically the independence climate, and unethical behavior. The relationship between independence climate and unethical behavior became more negative as moral identity internalization increased, as predicted by hypothesis H3b. However, the relationship between independence climate and unethical behavior became more positive as moral identity symbolization increased, which was the opposite of the direction predicted by hypothesis H3b. These results provided partial support for hypothesis H3b with respect to the principle climate, in that moral identity internalization, but not moral identity symbolization, was shown to moderate the relationship between principle climate and unethical behavior such that the relationship became more negative as moral identity internalization increased. However, hypothesis H3b was not fully supported for principle climates as the results showed that moral

identity symbolization had a significant moderating effect that was opposite of the predicted impact on the relationship between principle climate and unethical behavior.

In summary, this study provided evidence that moral identity internalization moderated the relationships between the benevolence and principle ethical climates and unethical behavior, such that these relationships became more negative as moral identity internalization increased, as predicted by hypothesis H3b. However, the moderating effect of moral identity symbolization on the relationship between ethical climates and unethical behavior was not significant for the benevolence climate and was opposite of the predicted direction for the principle climate. Thus, Hypothesis 3b was partially supported for benevolence and principle ethical climates.

Hypothesis H4 predicted that situational strength moderated the relationship between ethical climate types and unethical behavior (CUB), such that the positive relationship between egoism climate (INS) and these behaviors and the negative relationships between benevolence (CAR) and principle (IND, RUL, LAW) climates and these behaviors became stronger as situational strength increases. Two measures of situational strength were developed for this study. The self-report measure of situational strength was calculated as the mean of the items on the Situational Strength scale. The variance-based measure of situational strength was calculated as the mean of the variances of each of the ethical climate sub-scales. The self-report measure of situational strength was not significantly correlated with the variance-based measures of situational strength, indicating that these alternate measures of situational strength were not tapping the same underlying construct. Combined with the previously noted Situational Strength

alpha of 0.63, these results implied that the self-report measure of situational strength designed for this study did not have adequate reliability.

Hierarchical multiple linear regression was used to test hypothesis H4, using the regression models provided in Appendix 8. For each model, ethical climate was added in step 1, situational strength was entered in step 2, and the interaction between ethical climate and situational strength was entered in step 3. Both the self-report measures of situational strength (SS) and the variance-based measures of situational strength (CARVAR, RULVAR, LAWVAR, INSVAR, INDVAR) were used in the regression models. Results from the moderated hierarchical regression analysis used to test hypothesis H4 are presented in Table 8. To determine whether the moderation effects predicted by hypothesis H4 were supported, both the significance of the models and the sign and significance of the interaction terms were examined.

Consistent with hypothesis H4 predictions with respect to egoism climates, a significant interaction was found for INS x SS (Model 22), which explained an additional 3.8% of the variance in unethical behavior above the main effects. The beta coefficient for the interaction term of 0.19 indicated that as situational strength (SS) increased, the dependent variable CUB increased, which was consistent with the predicted relationship direction. Figure 10 depicts the instrumental climate - unethical behavior relationship for high situational strength (i.e., situational strength above the 50^{th} percentile) and low situational strength (i.e., situational strength below the 50^{th} percentile). This figure illustrates that the instrumental climate had a stronger correlation with unethical behavior when situational strength was high vs. when situational strength was low. In contrast, the INS x INSVAR (Model 27) interaction term was not found to be significant. These

results provided support for hypothesis H4 with respect to the egoism climate, in that situational strength was shown to moderate the relationship between egoism climate and unethical behavior such that the relationship became stronger as situational strength increased.

Consistent with hypothesis H4 predictions with respect to principle climates, a significant interaction was found for LAW x LAWVAR (Model 26), which explained an additional 1.2% of the variance in unethical behavior above the main effects. The beta coefficient for the interaction term of 0.12 indicated that as situational strength (SS) increased, the dependent variable CUB increased, which was opposite of the predicted relationship direction. Figure 11 depicts the law climate - unethical behavior relationship for high situational strength and low situational strength, which illustrates that the law climate had a stronger correlation with unethical behavior when situational strength was low vs. when situational strength was high. In contrast, the LAW x SS (Model 21) interaction term was not found to be significant. Additionally, no support was found that situational strength moderated the relationship between the remaining principle climates (IND, RUL) and unethical behavior, as the RUL x SS (Model 20), IND x SS (Model 23), RUL x RULVAR (Model 25) and IND x INDVAR (Model 28) interaction terms were not found to be significant. Therefore, hypothesis H4 was not supported with respect to principle ethical climates. Additionally, no support was found that situational strength moderated the relationship between the benevolence climate and unethical behavior, as the CAR x SS (Model 19) and CAR x CARVAR (Model 24) interaction terms were not found to be significant. Therefore, hypothesis H4 was not supported with respect to benevolence ethical climates.

In summary, this study found support for hypothesis H4, which predicted that situational strength had a significant moderating effect on the relationships between the ethical climates and unethical behavior, and that these relationships became stronger as situational strength increases. Specifically, situational strength was found to moderate the relationship between the egoism climate and unethical behavior. The moderation effect was in the predicted direction such that the effect of the egoism climates on unethical behavior became stronger as situational strength increased. No support was found for the moderating effect of situational strength on the relationships between the principle and benevolence climates and unethical behavior. Together, these results provided partial support for Hypothesis H4 for egoism ethical climates only.

Hypothesis H5 predicted that situational strength moderated the relationship between moral identity (MII, MIS) and unethical behavior (CUB), such that the negative relationship between moral identity and these behaviors became stronger in benevolence (CAR) and principle (IND, RUL, LAW) climates and weaker in egoism climates (INS) as situational strength increased. Hierarchical multiple linear regression was used to test hypothesis H5, using the regression models provided in Appendix 8. For each model, moral identity and ethical climate type was added in step 1, situational strength was entered in step 2, and the interaction between moral identity and situational strength was entered in step 3. Only the variance-based measures of situational strength (CARVAR, RULVAR, LAWVAR, INSVAR, INDVAR) were used in the hypothesis tests for H5. Results from the moderated hierarchical regression analysis used to test hypothesis H5 are presented in Table 9. To determine whether the moderation effects predicted by

hypothesis H5 were supported, both the significance of the models and the sign and significance of the interaction terms were examined.

Consistent with hypothesis H5 predictions with respect to benevolence climates, a significant interaction was found for MII x CARVAR (Model 29), which explained an additional 5.4% of the variance in unethical behavior above the main effects. However, the beta coefficient for the interaction term of 0.23 indicated that as situational strength (CARVAR) increased, the dependent variable CUB increased, which was the opposite of the predicted relationship direction. Figure 12 depicts the moral identity internalization - unethical behavior relationship for high situational strength and low situational strength, which illustrates that moral identity internalization had a stronger correlation with unethical behavior when situational strength was high vs. when situational strength was low. Additionally, no support was found that situational strength moderated the relationship between moral identity symbolization and unethical behavior in benevolence climate, as the MIS x CARVAR (Model 34) interaction term was not found to be significant. Therefore, hypothesis H5 was not supported with respect to benevolence ethical climates.

No support was found that situational strength moderated the relationship between moral identity and unethical behavior in the egoism (INS) climate, as the MII x INSVAR (Model 32) and MIS x INSVAR (Model 37) interaction terms were not found to be significant. Therefore, hypothesis H5 was not supported with respect to egoism ethical climates. Similarly, no support was found that situational strength moderated the relationship between moral identity and unethical behavior in principle (RUL, LAW, IND) climates, as the MII x RULVAR (Model 30), MIS x RULVAR (Model 35), MII x

LAWVAR (Model 31), MIS x LAWVAR (Model 36), MII x INDVAR (Model 33) and MIS x INDVAR (Model 38) interaction terms were not found to be significant. Therefore, hypothesis H5 was not supported with respect to principle ethical climates.

In summary, this study failed to provide support for hypothesis H5, which predicted that situational strength had a significant moderating effect on the relationships between ethical climates and unethical behavior, and that these relationships became stronger as situational strength increases. Although the results showed that situational strength moderated the relationship between moral identity internalization and unethical behavior in benevolence climates, the relationship became more positive as situational strength increased, which was the opposite of the relationship predicted by hypothesis H5. In addition, no support was found for the moderating effect of situational strength on the relationships between moral identity and unethical behavior in the egoism or principle climates, as predicted by hypothesis H5. Therefore, hypothesis H5 was not supported for any of the ethical climates (benevolence, egoism, principle).

To recap the study results, full support was found for hypothesis H1a, partial support was found for hypotheses H1b, H2, H3a, H3b and H4, and no support was found for hypothesis H5. A summary of the findings for all hypotheses is provided in Appendix 10. Inclusion of control variables in the models did not result in changes to the

hypotheses conclusions[2]. In addition, the analysis was rerun with cases with failed attention checks included in the dataset, with minimal impact to results[3].

4.4 Additional Research Questions

This study also sought to answer additional research questions. The first research question was "Do the correlations across the stages of Rest's ethical decision-making framework (Rest, 1986) vary by ethical climate type?" As a reminder, moral disengagement (MD) corresponds to moral awareness, the first stage of Rest's framework, ethical judgments (EJ) corresponds to moral judgment, the second stage, and unethical pro-organizational behavior (UPB) corresponds to moral motivation, the third stage. The mean score for each ethical climate type was calculated as the average of the items that comprise each ethical climate sub-scale. The ethical climate with the highest mean score for each case was designated as the dominant ethical climate, and cases in which two or more ethical climates had equivalent mean scores were eliminated. The

---

[2] Examination of the correlations between the control variables and the dependent variables reveals that only four control variables (role in organization, gender, social desirability, hours worked per week) have significant correlations with unethical behavior. These control variables were entered into Block 1 for all regression models listed in Appendix 8. Most models did not change, with the exception of models 9 and 19. The interaction terms for models 9 and 18 are no longer significant when the control variables are added, as denoted in Table 7. These changes do not impact any of the hypotheses' findings.

[3] Scale reliabilities and correlations were consistent between the original analysis and the revised analysis, and the hypotheses findings for H1a, H1b, H2, H3a, H3b and H4 were unaffected by the inclusion of cases with failed attention check items. In the revised analysis, the interaction terms involving MIS become significant for the models used to test H5, thus providing partial support for H5 for benevolence and principle ethical climates.

cases were categorized by dominant ethical climate and the correlations between MD, EJ and UPB were found within each dominant ethical climate category.

Results are presented in Table 11 and Figure 13. The MD ↔ EJ, EJ ↔ UPB, and MD ↔ UPB correlations were significant in the instrumental, law, and rules climates. The MD ↔ EJ and MD ↔ UPB correlations were significant in the caring climate but the EJ ↔ UPB correlation was not. The strongest correlations occurred in the rules climate and range from 0.760 to 0.837, which are considered to be strong correlations (Salkind, 2014, p.94). Correlations across the stages in the law and instrumental climates were smaller than those found in the rules climate, and range from 0.533 to 0.736, which are considered to be moderate to strong correlations (Salkind, 2014, p.94). The weakest correlations occurred in the caring climate and range from 0.518 to 0.577, which are considered to be moderate correlations (Salkind, 2014, p.94). The MD ↔ EJ, EJ ↔ UPB, and MD ↔ UPB correlations were not found to be significant in the independence climate. These results indicated that correlations across the stages of Rest's ethical decision-making framework varied by ethical climate type, thus answering the first research question.

The second research question was "Does perceived ethical climate vary as a result of individual characteristics (i.e., gender and age)?" One-way analysis of variance was conducted to compare the means of perceived dominant ethical climates by age and by gender. Results are provided in Table 12 for age and in Table 13 for gender. Age had a significant effect on perception of the independence climate as the dominant climate but not for any other climate type. Gender was not shown to have a significant effect on perceived dominant climate for any climate type. These results implied that perceived

ethical climate varied by age for certain ethical climates but did not vary by gender, thus answering the second research question.

CHAPTER 5: DISCUSSION

5.1 General Discussion

The main goal of this study was to empirically examine the impact of psychological ethical climate on three less studied kinds of unethical behavior: moral disengagement, ethical judgments, and unethical pro-organizational behavior. Using a survey approach, this study explored whether and how ethical climate types correlated with unethical behavior in organizations. In addition, this study investigated whether moral identity also correlated with unethical behavior, and whether moral identity and situational strength moderated the relationships between ethical climates and unethical behavior. The relationships confirmed in this study offer several contributions to the literature.

First, the models investigated extend extant theory related to the relationships between ethical climate and unethical behavior. Although substantial empirical evidence confirms that ethical climates predict various unethical behaviors such as stealing, lying, bribery, workplace deviance, pro-social rule breaking, bullying, and mis-reporting (Appiah, 2015; Fritzsche, 2000; Smith et al., 2009; Weber et al., 2003; Wimbush et al., 1997), research is limited into the effects of ethical climate on moral disengagement (Treviño et al., 2014), unethical pro-organizational behavior (Newman et al, 2017) and ethical judgments (Mudrack & Mason). This study confirmed propositions from previous literature (Kish-Gephart et al., 2010; Martin & Cullen, 2006) by finding that egoism ethical climate was positively correlated with unethical behavior and that principle ethical climate, specifically the law and code climate, was negatively correlated with unethical behavior. Additionally, this study extended these propositions by confirming these

relationships were maintained with respect to moral disengagement, ethical judgments, and unethical pro-organizational behavior. The correlations between egoism climate and these unethical behaviors were observed to be the strongest, followed by the correlations between the principle climates and these behaviors. The correlations between the benevolence climate and unethical behaviors were not significant. The study's findings that egoism climates were correlated with higher frequency of unethical behaviors and that principle climates were correlated with lower frequency of unethical behaviors are consistent with the results of Martin and Cullen's (2006) meta-analysis and Kish-Gephart et al.'s (2010) meta-analysis.

Additionally, the findings presented here extend previous theory that suggests that moral identity influences various unethical behaviors (Aquino et al., 2009; Matherne et al., 2018; May et al., 2015). This study supports a link between an individual's moral identity and his or her propensity to engage in moral disengagement, ethical judgments, and unethical pro-organizational behavior. Specifically, this study provided evidence that moral identity was negatively related to moral disengagement, ethical judgments, and unethical pro-organizational behavior, such that individuals with stronger moral identities had a lower propensity to exhibit these unethical behaviors. These relationships were observed to be significant and in the predicted direction for moral identity internalization but not for moral identity symbolization. Thus, this study also extends prior research into the differential effects of the moral identity dimensions, which has shown that moral identity internalization was a better predictor of unethical behavior than was moral identity symbolization (Aquino & Reed, 2002; Treviño et al., 2014).

This study also indicated boundary conditions that influence the strength of the relationships between ethical climates and unethical behavior. The first boundary condition investigated was moral identity. Extant literature provides evidence that moral identity moderates the relationship between ethical climates and certain unethical behaviors, including financial reporting, bribery, cheating, self-interested behavior and unethical pro-organizational behavior (Aquino et al., 2009; Birtch & Chiang, 2014; Matherne III & Litchfield, 2012; Reynolds & Ceranic, 2007; van Gils et al., 2017). This study builds on prior theory by providing evidence that stronger moral identity decreased the magnitude of the positive effect of egoism climates on moral disengagement, ethical judgments, and unethical pro-organizational behavior, and increased the magnitude of the negative effects of benevolence and principle climates on these unethical behaviors. Similar to the direct relationships between moral identity and unethical behaviors, these interaction effects were shown to be significant and in the predicted direction only for the moral identity internalization dimension. Interaction effects involving the moral identity symbolization dimension were either not significant or affected the relationships in the opposite of the predicted direction.

The second boundary condition investigated was situational strength. Although many researchers have documented organizational and personal factors that impact the relationships between ethical climates and unethical behavior (Myer et al., 2016; Stewart et al., 2011), only a few have explored the moderating effect of situational strength on these relationships (Bartels et al., 1998). This study adds to the situational strength and ethical climates literatures by providing evidence that situational strength moderated the relationships between the egoism and principle ethical climates and unethical behavior,

such that these relationships became stronger as situational strength increases. However, this interaction effect was not observed for benevolence climates. Additionally, situational strength was not found to have a significant moderating effect on the relationships between moral identity and unethical behavior in the predicted direction.

In summary, the research presented here makes several contributions to the ethics and organizational climate literatures.

5.2 Implications for Theory

Results of this study offer insights into how ethical climate and moral identity affects key organizational outcomes, including the propensity to engage in moral disengagement, ethical judgments, and unethical pro-organizational behavior. The models used to generate these insights have several implications for theory, and all of the ideas proposed herein may be further theoretically developed and tested.

The relationships between ethical climates and unethical behaviors. Results of this study confirmed the role that ethical climates play in predicting unethical behavior, by finding that egoism ethical climates were positively correlated with moral disengagement, ethical judgments, and unethical pro-organizational behavior, and that principle ethical climates were negatively correlated with moral disengagement, ethical judgments, and unethical pro-organizational behavior, as hypothesized. As previously noted, the correlations between the egoism climates and unethical behaviors in this study were found to be significant and in the predicted direction, as were the correlations between one of the principle climates, specifically the law and code climate, and unethical behaviors. However, no significant correlations between the benevolence, rules, and law and code climates and unethical behaviors were found. These results are

consistent with some of the results of Kish-Gephart et al.'s (2010) meta-analysis, which found that egoism climates increased unethical choices, although the predictive strength was weak, and that principle climates decreased unethical choices with moderate predictive strength. However, this study's results contrast with the results obtained by Kish-Gephart et al. (2010) with respect to benevolence climates, which they found decreased unethical choices with moderate predictive strength, as well as with the results obtained by Martin and Cullen (2006), who found a significant negative correlation between the law and code climate and dysfunctional behavior and a weak negative correlation between the rules climate and dysfunctional behavior. This result may be caused by the influence of unspecified boundary conditions in the present study, and suggests that a broader conceptualization of the organizational ethical context may be needed. For example, Arnaud and Schminke (2012) found that collective moral emotion and collective ethical efficacy moderated the relationship between ethical climate and ethical behavior.

In addition, this study found that the correlation between the independence climate and unethical behavior was significant and positive, which was the opposite direction of the predicted relationship. Individuals who perceive independence climates base ethical decisions on deeply held personal moral convictions without substantial regard for outside influence (Elm & Nichols, 1993). This makes predictions about the effect of independence climates on outcomes and behaviors difficult to make, and, therefore, this result is not entirely surprising.

This study also failed to find evidence that an increased perception of benevolence climate was correlated with less willingness to engage to engage in moral disengagement,

unethical pro-organizational behavior and ethical judgments, as hypothesized. This unexpected finding may result from several potential causes. Elm and Nichols (1993) predicted that ethical decisions in a benevolence ethical climate are based on an overarching concern for the well-being of others, and that decision guidelines focus on achieving overall welfare for the organizational population. Therefore, individuals who perceive a benevolence ethical climate may not be less likely to engage in unethical pro-organizational behavior because their guiding focus is on securing potential benefits to the organization. Second, individuals who perceive a benevolence ethical climate may not be less likely to engage in moral disengagement, potentially because they are willing to engage mechanisms that minimize, rationalize, or distort actions in service of their goal of achieving the best outcome for others. Lastly, individuals who perceive benevolence climates may not be less likely to engage in ethical judgments, perhaps because they perceive that these behaviors, such as stealing, do not have a detrimental effect on others.

Together, these results suggest that the influence of climate on unethical behaviors is greatest at the climate extremes (i.e. egoism and principle climates), which is consistent with the results of Schminke et al. (2005). However, the finding that benevolence climate was not significantly correlated with unethical behavior contradicts prior studies that suggest that caring climates are the most preferred (Cullen et al, 2003). These findings imply that additional boundary effects, including the type of unethical behavior, may be a salient factor in the direction and strength of the relationships between unethical behaviors and ethical climate types. Future research should examine the potential moderating effects of different types of unethical behaviors with respect to different

ethical climates. Additionally, future research should simultaneously test the relationships of benevolence climates with unethical behavior alongside other more desirable individual outcomes, such as turnover intention, organizational citizenship behavior and psychological well-being.

The relationships between moral identity and unethical behaviors. This study builds on a stream of research on the effects of moral identity on unethical behavior. Multiple researchers have empirically demonstrated a link between moral identity and unethical decision-making (Hardy, 2006; Reynolds & Ceranic, 2007; Shao et al. 2008). This study provided empirical evidence that moral identity was negatively correlated with moral disengagement, ethical judgments, and unethical pro-organizational behavior, and also confirmed that the moral identity internalization dimension was a significant predictor of unethical behavior whereas moral identity symbolization was not. This observation has at least three key implications. First, this result confirms that moral identity internalization and moral identity symbolization are distinct constructs, as suggested by the CFA results, and that these dimensions effect individual outcomes in different ways, consistent with prior research (Aquino & Reed, 2002; Treviño et al., 2014). Second, this result suggests that moral disengagement, ethical judgments, and unethical pro-organizational behavior are conceptually related more to outcomes or measures that do not have a self-presentational or public dimension that is associated more with moral identity symbolization (Aquino & Reed, 2002). Third, this result also suggests that unethical behaviors that have a more salient self-presentational or public dimension may be more sensitive to moral identity symbolization as well as to social desirability bias. Additional research should examine whether the type of unethical

behavior moderates the relationship between moral identity dimensions and unethical behavior. Additionally, future research should explore whether social desirability bias attenuates the relationship between the moral identity dimensions and unethical behaviors, and whether the strength of this interaction effect varies based on the type of unethical behavior.

Moderating effect of moral identity on the relationships between ethical climates and unethical behaviors. Results of this study highlighted the importance of moral identity in the processes by which ethical climates relate to unethical behaviors. Results indicated that moral identity internalization had a significant moderating effect on the relationship between egoism, benevolence and principle ethical climates and unethical behavior, such that these climates had stronger relationships with unethical behavior when moral identity internalization was low versus when moral identity internalization was high. These findings suggest that individuals who have high moral identity internalization are more likely to make ethical decisions based on a strong internal moral sense and are less susceptible to the external context as it relates to ethical decision-making. Prior research has found that ethical climate had a positive effect on moral decision making for individuals low in moral identity but no effect for those high in moral identity (van Gils et al., 2017), and that moral priming had a greater influence on the likelihood to engage in unethical behaviors among those with weaker moral identities as compared to those with stronger moral identities (Aquino et al., 2009). This study extends this research by providing support for the existence of significant interaction effects between moral identity internalization and unethical behavior specifically with

respect to moral disengagement, ethical judgments, and unethical pro-organizational behavior.

Results also indicated that moral identity symbolization had a significant moderating effect on the relationship between the egoism climate and unethical behavior, such that the egoism climate had a stronger correlation with unethical behavior when moral identity symbolization was high as compared to when moral identity symbolization was low. This unexpected result may be rooted in the observation that individuals who perceive egoism climates are more likely to prioritize self-interest above other considerations when making ethical decisions, as suggested by ethical climate theory (Martin & Cullen, 1988). Such individuals may be more conscious of self-image and therefore may be more sensitive to the symbolization dimension of moral identity, which "taps a more general sensitivity to the moral self as a social object whose actions in the world can convey that one has these characteristics" (Aquino & Reed, 2002, p. 1426). Therefore, the ethical behaviors of individuals with high moral identity symbolization may be more sensitive to the influence of egoism ethical climates because such individuals may be more concerned with presenting the appearance of ethical behavior as compared to actually behaving ethically.

A similar result was found for principle ethical climates; that is, moral identity symbolization had a significant moderating effect on the relationship between the principle climate and unethical behavior, such that climate had a stronger predictive effect on unethical behavior when moral identity symbolization was high as compared to when moral identity symbolization was low. This result is surprising. One would expect individuals who perceive independence climates, which is characterized by the belief that

ethical decisions should not be based on outside influence (Elm & Nichols, 1993), would be relatively indifferent to the effects of moral identity symbolization, which focuses on external representation of internally held beliefs. These findings suggest that the moderating effect of moral identity on the relationship between ethical climates and unethical behaviors may vary based on the type of unethical behavior as well as on the type of ethical climate. As an example, moral identity internalization may have a greater impact on certain unethical behaviors in benevolence climates as compared to moral identity symbolization. Research to explore whether similar unethical behaviors exhibit similar interaction effects across both moral identity dimensions is warranted. For example, unethical behaviors can be categorized based on how they align to the stages of Rest's (1986) framework. Future research should evaluate the moderating effect of moral identity on the relationships between ethical climates and unethical behavior to determine whether the effects differ based on the framework stage to which the unethical behaviors align.

Moderating effect of situational strength on the relationships between ethical climates and unethical behaviors and moral identity and unethical behaviors. Situational strength has been found to moderate the relationships between ethical climates and unethical behaviors in a limited number of studies, such that the relationships were stronger when situational strength was higher (Bartels et al., 1998; Shin, 2012). Several key findings emerged from this study with respect to the moderating effect of situational strength on the relationships between ethical climates and unethical behaviors. First, this study extends theory by finding evidence that the positive effects of egoism climate on moral disengagement, unethical pro-organizational behavior

and ethical judgments became stronger as situational strength increased. Second, this study found no evidence that situational strength moderated the relationship between the principle and benevolence climates and unethical behavior. Lastly, this study failed to find evidence that situational strength moderated the relationship between moral identity and unethical behavior. The latter results could be due to the lack of a robust operationalization of the situational strength measure, as suggested by the relatively low alpha for situational strength discussed in the prior chapter. Together, these observations suggest that additional research is needed to develop a valid and reliable situational strength direct-measure scale for use in studies in which it is not possible to measure between-person agreement, the more commonly used measure of situational strength.

Correlations across stages of Rest's framework. This study explored the effects of ethical climate type on the correlations across three of four stages in Rest's (1986) moral ethical decision-making framework, specifically the moral awareness, moral judgment and moral motivation stages. This study found that the strongest correlations across the stages occurred within the rules and law climates. Individuals who perceive a rules climate are more likely to make decisions based on norms of right and wrong (Baskin et al., 2015), as codified in organizational codes or rules. Individuals who perceive law climates are motivated to behave in ways that comply with codes, rules, and procedures, which are generally designed to define and enforce what constitutes right vs. wrong behavior (Martin and Cullen, 2006). These finding suggests that such individuals may have relatively consistent propensities to participate in unethical behaviors, regardless of the decision-making stage to which the unethical behaviors align, so long as the behaviors are linked to the breaking of a code, rule or law. This study found evidence of

similar patterns within the instrumental climate, which demonstrated smaller but still significant correlations across the stages. This result is not surprising, as individuals who perceive an egoism ethical climate are motivated to behave in ways that prioritize their own self-interest and the interests of the organization (Wimbush & Shepard, 1994). With self-interest as a dominant and consistent motivator, such individuals are expected to demonstrate relatively consistent response patterns when confronted with ethical decisions. Thus, significant correlations between different types of unethical behaviors in egoism climates is to be expected.

The weakest correlations across the stages were observed in the caring climate. These findings suggest that individuals who perceive caring climates, which encourage individuals to evaluate behavior in light of potential consequence to others (Baskin et al., 2015), may exhibit more flexible approaches and consider a wider range of factors when determining whether to engage in unethical behavior. Such individuals may make ethical decisions based on what is good for others, and therefore may have wider variances in their propensity to engage in unethical behavior in response to the context, including the moral intensity of the issue. No significant correlations across the stages were found in the independence climate, suggesting that people who perceive independence climates, who tend to follow a strict set of personal standards, do not exhibit consistent response patterns to unethical behaviors. Instead, these individuals may make bespoke, case-by-case decisions on whether to engage in unethical behaviors depending on the degree to which the unethical behavior does or does not align with his or her personal values and beliefs.

Thus, this study contributes to the limited research stream on this topic, with only one study on the correlations across Rest's decision-making stages (Musbah et al., 2016) identified through extensive literature search. Future research should explore the relationships across all four of Rest's stages, to include the moral action stage in addition to the three stages investigated as part of this study. Additionally, research should investigate the processes by which the unethical behaviors are linked to each other, and whether the correlation strengths vary across the stages based on the specific unethical behaviors being studied.

Methodological contributions. This study contributes to the methods literature in a few ways. First, this study compared two alternate methods for measuring situational strength: self-report (developed by the author) and variance-based (Schneider et al., 2002). The self-report measure of situational strength did not have acceptable reliability and was not significantly correlated with the variance-based measure of situational strength, which reflected within-person agreement. The reliability of a six-item situational strength scale constructed with the five variance-based measures and the single self-report measure of situational strength improved when the self-report item was deleted, indicating that the variance-based measure was a better operationalization of situational strength than the self-report measure developed for this study. In addition to the development of a situational strength direct-measure scale as mentioned above, future research should further explore the reliability and validity of within-person agreement as an acceptable measure of situational strength.

The second contribution to the methods literature is the use of CFA to confirm the reliability of the Ethical Climate Questionnaire (ECQ). The results of the CFA suggest

that the five-factor model identified by Victor and Cullen (1988) and confirmed by multiple other researchers provided a reasonable fit to the data and was a better fit than the three-factor and one-factor models tested. This study also uses CFA to confirm that moral disengagement, ethical judgments, and unethical pro-organizational behavior are distinct constructs, although highly correlated. Future research should explore the boundary conditions in which these behaviors are more highly correlated, as well as the paths by which they are related.

5.3 Implications for Practice

This study provides useful insights for managers and other practitioners about the relationships between ethical climates and unethical behavior and between moral identity and unethical behavior to enable them to take targeted, research-based actions in order to minimize negative organizational outcomes. First, this study found that a significant percentage of the variances in moral disengagement, unethical pro-organizational behavior, and ethical judgments could be attributed to ethical climates. Thus, an organization's ethical climate was a powerful predictor of unethical behaviors. Across all of the models tested in this study, egoism climate had the strongest and most consistent positive relationship with unethical behavior, while principle climate had the most consistent negative relationship with unethical behavior. Therefore, organizations should consider employing methods to systematically discourage egoism climates and promote principle climates in order to reduce the propensity of organizational members to engage in unethical behavior.

Broadly speaking, ethical climates emerge in response to three classifications of antecedents: external organization context, organizational form, and strategic orientation

(Martin & Cullen, 2006). Most organizations cannot readily change the external organization context nor the organizational form, and therefore should focus their efforts on strategic and managerial orientation in order to influence the ethical climate. Multiple empirical studies provide evidence that several antecedents predict the development of positive ethical climates, including hiring and training leaders to be more ethical (Demirtas & Akdogan, 2015; Wu, 2017), implementing ethical codes (Ferrell & Skinner, 1988; McCabe et al., 1996; Peterson, 2002; Treviño et al., 1998), and strategically using rewards and punishments (Hegarty & Sim, 1979). Future research should further investigate specific interventions, such as training, incentives, rewards and punishments, value statements, and codes of ethics, in order to provide targeted prescriptions to managers on the most effective actions they should consider implementing in order to promote the desired ethical climates within their organizations. Organizations should also consider use of the Ethical Climate Questionnaire as a diagnostic tool to identify specific areas of the organization more prone to negative ethical climates in order to effectively focus investments in interventions.

Additionally, this study found that a significant percentage of the variances in moral disengagement, unethical pro-organizational behavior, and ethical judgments could be attributed to moral identity. Based on Attraction-Selection-Attrition theory (Schneider, 1987), organizations hire and retain individuals that share certain traits and attitudes. Managers can implement the findings from this study by focusing screening, hiring, developing, promoting and retention efforts on employees with stronger moral identity internalization. Attraction-Selection-Attrition theory (Schneider, 1987) predicts that these organizations will attract others with similar moral identity profiles, which

conceptually will eventually result in a plurality of employees who have high moral identity internalization. Achieving a critical mass of individuals with similar moral identity profiles will lead to more between-person agreement about what constitutes ethical behavior at work, resulting in higher situational strength, which this study found moderates the relationship between ethical climate and unethical behavior. Therefore, organizations should further evaluate whether staffing strategies that consider the moral identity profile of potential and current employees can help to build an organization consisting of individuals who are less likely to engage in unethical behavior, both through the direct effect of moral identity on unethical behavior as well as through the interaction effect between ethical climate and situational strength. Future research should examine the stability of moral identity as a self-conception and whether its relationship with the propensity to engage in unethical behavior is consistent over time. Additionally, researchers should examine whether a minimum threshold exists above which organizations can be considered to have a critical mass of high moral identity employees.

Most of the control variables failed to emerge as having significant correlations with unethical behavior. The exceptions were role in organization, gender, social desirability, and hours worked per week. Inclusion of these control variables in the regression models did not significantly increase the predictive power of most of the models, and did not change the findings of the hypotheses tests. Therefore, this study found no evidence that organizations can potentially improve positive ethical climates by enacting staffing strategies that consider age, gender, years of experience, or other similar individual and organizational factors.

5.4 Limitations and Future Direction

Several limitations should be noted regarding the conclusions of this study. First, common factor variance was introduced due to the study design, in which responses for both predictor and criterion variables were collected using a single, survey-based method (Podsakoff et al., 2003). Although this bias was partially mitigated by separating the measurement of the predictor variables from the criterion variables, the recommended procedure to combat this bias is to obtain measures of the predictor and criterion variables from different sources and using different methods (Podsakoff et al., 2003). Since the study design did not allow implementation of this approach, common factor bias may inflate the observed relationships (Peterson, 2002). The study design also introduced another limitation, the inability to test for causal relationships, as the data was collected in a cross-sectional fashion. Additionally, since the topic of this study is a set of behaviors generally regarded as undesirable, the study's reliance on self-report data introduced social desirability bias. To counteract this bias, respondents were informed that their responses were anonymous and confidential, and responses to Reynold's (1982) social desirability scale were collected and used as a control variable. Nonetheless, reliability of the results may have been impacted by the tendency of some people to respond to items more as a result of their social acceptability than their true feelings (Podsakoff et al., 2003). Future research should employ a longitudinal study design that uses various methods (survey, interview, etc.) and collect data points from multiple stakeholders (employees, managers, etc.) over time. This would help minimize many of the sources of common method bias and allow for the collection of observations over time in order to potentially establish a causal linkage between ethical climates and unethical behavior.

Another factor that may limit validity and reliability of the study's findings is the sourcing of participants through Qualtrics. Use of third-party panels can result in low quality responses and/or an inappropriate respondent population. This risk was partially controlled in several ways, including the use of a robust screening process, inclusion of multiple attention check items in the survey, and establishing a minimum duration threshold for completion of the survey instrument. However, this risk was not fully mitigated, as evidenced by the need to request Qualtrics to replace samples containing low quality responses, which were identified using a post hoc analysis technique. Another limitation is the inability to aggregate the individual responses in order to derive unit-level conclusions, because the respondents came from a range of companies and industries. The final limitation is the failure to obtain a valid measure of situational strength, which limited the ability to test hypotheses related to situational strength as a moderator of the relationships between ethical climates and unethical behavior and between moral identity and unethical behavior. Future research should involve partnership with organizations that will allow respondents to be drawn from a relatively homogeneous population. This will enable the computation of between-person variance as a measure of situational strength, as well as allow aggregation of data in order to test propositions involving unit-level data. Such research will be valuable to both researchers and organizations that seek to understand whether individual-level variables can be aggregated to unit-level variables, and whether unit-level variables are correlated with organization-level outcomes.

5.5 Conclusion

Over the past two decades, unethical behaviors in organizations have resulted in negative outcomes, including financial impacts such as decreased shareholder value and profitability as well as non-financial impacts such as poor employee morale and reputation. The implications and consequences can be quite significant. For example, Enron collapsed (McLean & Elkind, 2013), Salomon Brothers declared bankruptcy (Sims & Brinkman, 2002), and Wells Fargo paid more than $1B in regulatory fines related to unethical practices in home loans, auto loans and account opening (Bureau of Consumer Financial Protection, 2016, 2018). Thus, the ability to better understand, predict and manage unethical behaviors is of great importance to organizations.

This quantitative survey-based study identified linkages between psychological ethical climates and unethical behavior, as reflected by moral disengagement, ethical judgments, and unethical pro-organizational behaviors. This study found evidence that principle ethical climates reduced the propensity to engage in these unethical behaviors, whereas egoism ethical climates increased it. This study also found evidence that moral identity had a direct effect on moral disengagement, ethical judgment and unethical pro-organizational behavior, such that a person with higher moral identity had a lower propensity to engage in these behaviors. Lastly, this study provided evidence that moral identity moderated the relationships between ethical climate types and these unethical behaviors, such that the positive relationship between egoism climate and unethical behavior became weaker and the negative relationships between benevolence and principle climates and unethical behavior became stronger when moral identity internalization was high.

This research improves academic understanding of ethical climate outcomes with respect to three less-researched unethical behaviors and generates several implications for theory, all of which may be further developed and tested. Additionally, this study produces useful insights by which organizations can endeavor to actively instill or enhance ethical climates in order to maximize desirable outcomes.

REFERENCES

Agarwal, J., & Malloy, D. C. (1999). Ethical work climate dimensions in a not-for-profit organization: An empirical study. *Journal of Business Ethics*, *20*(1), 1-14.

Ahmad, S. A., Yunos, R. M., Ahmad, R. A. R., & Sanusi, Z. M. (2014). Whistleblowing behaviour: The influence of ethical climates theory. *Procedia-Social and Behavioral Sciences*, *164*(C), 445-450.

Akaah, I. P. (1996). The influence of organizational rank and role on marketing professionals' ethical judgments. *Journal of Business Ethics*, *15*(6), 605-613.

Akaah, I. P., & Riordan, E. A. (1989). Judgments of marketing professionals about ethical issues in marketing research: A replication and extension. *Journal of Marketing Research*, *26*(1), 112-120.

Ambrose, M. L., Arnaud, A., & Schminke, M. (2008). Individual moral development and ethical climate: The influence of person–organization fit on job attitudes. *Journal of Business Ethics*, *77*(3), 323-333.

Ameen, E. C., Guffey, D. M., & McMillan, J. J. (1996). Gender differences in determining the ethical sensitivity of future accounting professionals. *Journal of Business Ethics*, *15*(5), 591-597.

Appiah, M. A. (2015). The relationship between perceived organizational support, ethical climate and workplace deviance (Doctoral dissertation). Retrieved from http://ugspace.ug.edu.gh/handle/123456789/8632

Aquino, K. & Freeman, D. (2009). Moral identity in business situations: a social-cognitive framework for understanding moral functioning. In Narváez, D., & Lapsley, D. K. (Eds.), *Personality, identity, and character: Explorations in moral psychology* (pp. 375-395). New York. Cambridge University Press.

Aquino, K., Freeman, D., Reed, I. I., Lim, V. K., & Felps, W. (2009). Testing a social-cognitive model of moral behavior: the interactive influence of situations and moral identity centrality. *Journal of Personality and Social Psychology*, *97*(1), 123-141.

Aquino, K., Reed, A., & Aquino, K. (2002). The self-importance of moral identity. *Journal of Personality and Social Psychology*, *83*(6), 1423–1440.

Arciniega, L. M., Stanley, L. J., Puga-Méndez, D., Obregón-Schael, D., & Politi-Salame, I. (2017). The relationship between individual work values and unethical decision-making and behavior at work. *Journal of Business Ethics*, *158*(4), 1133-1148.

Arnaud, A. (2006). A new theory and measure of ethical work climate: The psychological process model (PPM) and the ethical climate index (ECI). Retrieved from http://commons.erau.edu/db-management/11/

Arnaud, A. (2010). Conceptualizing and measuring ethical work climate: Development and validation of the ethical climate index. *Business & Society*, *49*(2), 345-358.

Arnaud, A., & Schminke, M. (2012). The ethical climate and context of organizations: A comprehensive model. *Organization Science*, *23*(6), 1767-1780.

Ashforth, B. E., & Mael, F. (1989). Social identity theory and the organization. *Academy of Management Review*, *14*(1), 20-39.

Babin, B. J., Boles, J. S., & Robin, D. P. (2000). Representing the perceived ethical work climate among marketing employees. *Journal of the Academy of Marketing Science*, *28*(3), 345-358.

Bandura, A. (1977). Self-efficacy: toward a unifying theory of behavioral change. *Psychological Review*, *84*(2), 191-215.

Bandura, A. (1991). Social cognitive theory of self-regulation. *Organizational Behavior and Human Decision Processes*, *50*(2), 248-287.

Bandura, A. (1999). Moral disengagement in the perpetration of inhumanities. *Personality and Social Psychology Review*, *3*(3), 193-209.

Bandura, A., & Walters, R. H. (1977). *Social learning theory* (Vol. 1). Englewood Cliffs, NJ: Prentice-Hall.

Barnett, T., Bass, K., Brown, G., & Hebert, F. J. (1998). Ethical ideology and the ethical judgments of marketing professionals. *Journal of Business Ethics*, *17*(7), 715-723.

Barnett, T., & Vaicys, C. (2000). The moderating effect of individuals' perceptions of ethical work climate on ethical judgments and behavioral intentions. *Journal of Business Ethics*, *27*(4), 351-362.

Bartels, K. K., Harrick, E., Martell, K., & Strickland, D. (1998). The relationship between ethical climate and ethical problems within human resource management. *Journal of Business Ethics*, *17*(7), 799-804.

Baskin, M. E. B., Vardaman, J. M., & Hancock, J. I. (2015). The role of ethical climate and moral disengagement in well-intended employee rule breaking. *Journal of Behavioral and Applied Management*, *16*(2), 71-90.

Beaty Jr, J. C., Cleveland, J. N., & Murphy, K. R. (2001). The relation between personality and contextual performance in" strong" versus" weak" situations. *Human Performance*, *14*(2), 125-148.

Berinsky, A. J., Margolis, M. F., & Sances, M. W. (2014). Separating the shirkers from the workers? Making sure respondents pay attention on self-administered surveys. *American Journal of Political Science*, *58*(3), 739-753.

Birtch, T. A., & Chiang, F. F. (2014). The influence of business school's ethical climate on students' unethical behavior. *Journal of Business Ethics*, *123*(2), 283-294.

Borry, E. L. (2017). Ethical climate and rule bending: How organizational norms contribute to unintended rule consequences. *Public Administration*, *95*(1), 78-96.

Brass, D. J., Butterfield, K. D., & Skaggs, B. C. (1998). Relationships and unethical behavior: A social network perspective. *Academy of Management Review*, *23*(1), 14-31.

Brower, H. H., & Shrader, C. B. (2000). Moral reasoning and ethical climate: Not-for-profit vs. for-profit boards of directors. *Journal of Business Ethics*, *26*(2), 147-167.

Brown, K. G., & Kozlowski, S. W. J. (1999, April). Dispersion theory: Moving beyond a dichotomous conceptualization of emergent organizational phenomena. In *14th annual meeting of the Society of Industrial and Organizational Psychology, Atlanta, GA* (Vol. 30).

Brown, M. E., & Mitchell, M. S. (2010). Ethical and unethical leadership: Exploring new avenues for future research. *Business Ethics Quarterly*, *20*(4), 583-616.

Brown, M. E., Treviño, L. K., & Harrison, D. A. (2005). Ethical leadership: A social learning perspective for construct development and testing. *Organizational Behavior and Human Decision Processes*, *97*(2), 117-134.

Browning, J., & Zabriskie, N. B. (1983). How ethical are industrial buyers? *Industrial Marketing Management*, *12*(4), 219-224.

Buchan, H. F. (2005). Ethical decision making in the public accounting profession: An extension of Ajzen's theory of planned behavior. *Journal of Business Ethics*, *61*(2), 165-181.

Buchan, H. (2009). Public accountants' perceptions of ethical work climate: An exploratory study of the difference between partners and employees within the instrumental dimension. *The Open Ethics Journal*, *3*(1), 1-7.

Bulutlar, F., & Öz, E. Ü. (2009). The effects of ethical climates on bullying behaviour in the workplace. *Journal of Business Ethics*, *86*(3), 273-295.

Bureau of Consumer Financial Protection. (2016, September 8). *Consumer Financial Protection Bureau Fines Wells Fargo $100 Million for Widespread Illegal Practice of Secretly Opening Unauthorized Accounts*. Retrieved from https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-

protection-bureau-fines-wells-fargo-100-million-widespread-illegal-practice-secretly-opening-unauthorized-accounts/

Bureau of Consumer Financial Protection. (2018, April 20). *Bureau of Consumer Financial Protection Announces Settlement With Wells Fargo For Auto-Loan Administration and Mortgage Practices*. Retrieved from https://www.consumerfinance.gov/about-us/newsroom/bureau-consumer-financial-protection-announces-settlement-wells-fargo-auto-loan-administration-and-mortgage-practices/

Carney, J. (2009, February 3). *America Lost $10.2 Trillion In 2008*. Retrieved from https://www.businessinsider.com/2009/2/america-lost-102-trillion-of-wealth-in-2008

Carr, J. Z., Schmidt, A. M., Ford, J. K., & DeShon, R. P. (2003). Climate perceptions matter: A meta-analytic path analysis relating molar climate, cognitive and affective states, and individual level work outcomes. *Journal of Applied Psychology*, *88*(4), 605-619.

Castille, C. M., Buckner, J. E., & Thoroughgood, C. N. (2018). Prosocial citizens without a moral compass? Examining the relationship between Machiavellianism and unethical pro-organizational behavior. *Journal of Business Ethics*, *149*(4), 919-930.

Chan, D. (1998). Functional relations among constructs in the same content domain at different levels of analysis: A typology of composition models. *Journal of Applied Psychology*, *83*(2), 234-246.

Chavez, G. A., Wiggins, R. A., & Yolas, M. (2001). The impact of membership in the ethics officer association. *Journal of Business Ethics*, *34*(1), 39-56.

Chen, M., Chen, C. C., & Sheldon, O. J. (2016). Relaxing moral reasoning to win: How organizational identification relates to unethical pro-organizational behavior. *Journal of Applied Psychology*, *101*(8), 1082-1096.

Chonko, L. B., & Hunt, S. D. (1985). Ethics and marketing management: An empirical examination. *Journal of Business Research, 13*(4), 339-359.

Craft, J. L. (2013). A review of the empirical ethical decision-making literature: 2004–2011. *Journal of Business Ethics*, *117*(2), 221-259.

Creswell, J. W. (2010). Mapping the developing landscape of mixed methods research. *SAGE Handbook of Mixed Methods in Social & Behavioral Research*, *2*, 45-68.

Crowne, D. P., & Marlowe, D. (1960). A new scale of social desirability independent of psychopathology. *Journal of Consulting Psychology*, *24*(4), 349-354.

Cullen, J. B., Parboteeah, K. P., & Hoegl, M. (2004). Cross-national differences in managers' willingness to justify ethically suspect behaviors: A test of institutional anomie theory. *Academy of Management Journal*, *47*(3), 411-421.

Cullen, J. B., Parboteeah, K. P., & Victor, B. (2003). The effects of ethical climates on organizational commitment: A two-study analysis. *Journal of Business Ethics*, *46*(2), 127-141.

Cullen, J. B., Victor, B., & Bronson, J. W. (1993). The ethical climate questionnaire: An assessment of its development and validity. *Psychological Reports, 73*(2), 667-674.

Cullen, J. B., Victor, B., & Stephens, C. (1989). An ethical weather report: Assessing the organization's ethical climate. *Organizational Dynamics*, *18*(2), 50-62.

DeCelles, K. A., DeRue D. S., Margolis, J. D., & Ceranic, T. L. (2012). Does power corrupt or enable? When and why power facilitates self-interested behavior. *Journal of Applied Psychology*, *97*(3), 681-689.

DeConinck, J. B., & Lewis, W. F. (1997). The influence of deontological and teleological considerations and ethical climate on sales managers' intentions to reward or punish sales force behavior. *Journal of Business Ethics*, *16*(5), 497-506.

Delaney, J. T., & Sockell, D. (1992). Do company ethics training programs make a difference? An empirical analysis. *Journal of Business Ethics*, *11*(9), 719-727.

Demirtas, O., & Akdogan, A. A. (2015). The effect of ethical leadership behavior on ethical climate, turnover intention, and affective commitment. *Journal of Business Ethics*, *130*(1), 59-67.

Deshpande, S. P. (1996a). Ethical climate and the link between success and ethical behavior: An empirical investigation of a non-profit organization. *Journal of Business Ethics*, *15*(3), 315-320.

Deshpande, S. P. (1996b). The impact of ethical climate types on facets of job satisfaction: An empirical investigation. *Journal of Business Ethics*, *15*(6), 655-660.

Deshpande, S. P. (1997). Managers' perception of proper ethical conduct: The effect of sex, age, and level of education. *Journal of Business Ethics*, *16*(1), 79-85.

Deshpande, S. P., George, E., & Joseph, J. (2000). Ethical climates and managerial success in Russian organizations. *Journal of Business Ethics*, *23*(2), 211-217.

Detert, J. R., Treviño, L. K., & Sweitzer, V. L. (2008). Moral disengagement in ethical decision making: a study of antecedents and outcomes. *Journal of Applied Psychology*, *93*(2), 374-391.

DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review, (48)*2,147-160.

Dubinsky, A. J., & Loken, B. (1989). Analyzing ethical decision making in marketing. *Journal of Business Research*, *19*(2), 83-107.

Elçi, M., & Alpkan, L. (2009). The impact of perceived organizational ethical climate on work satisfaction. *Journal of Business Ethics*, *84*(3), 297-311.

Elm, D. R., & Nichols, M. L. (1993). An investigation of the moral reasoning of managers. *Journal of Business Ethics*, *12*(11), 817-833.

Eynon, G., Hills, N. T., & Stevens, K. T. (1997). Factors that influence the moral reasoning abilities of accountants: Implications for universities and the profession. *Journal of Business Ethics*, *16*(12-13), 1297-1309.

Ferrell, O. C., & Skinner, S. J. (1988). Ethical behavior and bureaucratic structure in marketing research organizations. *Journal of Marketing Research*, *25*(1), 103-109.

Flannery, B. L., & May, D. R. (2000). Environmental ethical decision making in the US metal-finishing industry. *Academy of Management Journal*, *43*(4), 642-662.

Ford, R. C., & Richardson, W. D. (1994). Ethical decision making: A review of the empirical literature. *Journal of Business Ethics*, *13*(3), 205-221.

Forte, A. (2004). Business ethics: A study of the moral reasoning of selected business managers and the influence of organizational ethical climate. *Journal of Business Ethics*, *51*(2), 167-173.

Fritzsche, D. J. (2000). Ethical climates and the ethical dimension of decision making. *Journal of Business Ethics*, *24*(2), 125-140.

Fritzsche, D. J., & Becker, H. (1984). Linking management behavior to ethical philosophy—An empirical investigation. *Academy of Management Journal*, *27*(1), 166-175.

Fu, W., & Deshpande, S. P. (2012). Factors impacting ethical behavior in a Chinese state-owned steel company. *Journal of Business Ethics*, *105*(2), 231-237.

Giacalone, R. A., & Wargo, D. T. (2009). The Roots of the Global Financial Crisis Are in Our Business Schools. *Journal of Business Ethics Education, 6,* 147-168.

Glick, W. H. (1985). Conceptualizing and measuring organizational and psychological climate: Pitfalls in multilevel research. *Academy of Management Review*, *10*(3), 601-616.

Glick, W. H. (1988). Response: Organizations are not central tendencies: Shadowboxing in the dark, round 2. *Academy of Management Review*, *13*(1), 133-137.

Glisson, C., & James, L. R. (2002). The cross-level effects of culture and climate in human service teams. *Journal of Organizational Behavior: The International Journal of Industrial, Occupational and Organizational Psychology and Behavior*, *23*(6), 767-794.

Glover, S. H., Bumpus, M. A., Logan, J. E., & Ciesla, J. R. (1997). Re-examining the influence of individual values on ethical decision making. In *From the universities to the marketplace: the business ethics journey* (pp. 109-119). Springer, Dordrecht.

Goldman, A., & Tabak, N. (2010). Perception of ethical climate and its relationship to nurses' demographic characteristics and job satisfaction. *Nursing Ethics*, *17*(2), 233-246.

González-Romá, V., Peiró, J. M., & Tordera, N. (2002). An examination of the antecedents and moderator influences of climate strength. *Journal of Applied Psychology*, *87*(3), 465-473.

Goodman, J. F. (2000). Moral education in early childhood: The limits of constructivism. *Early Education and Development*, *11*(1), 37-54.

Hair Jr, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. (1998). *Multivariate data analysis* (5th ed.). Englewood Cliffs, N.: Prentice Hall.

Hardy, S. A. (2006). Identity, reasoning, and emotion: An empirical comparison of three sources of moral motivation. *Motivation and Emotion*, *30*(3), 205-213.

Hardy, S. A., & Carlo, G. (2011). Moral identity: What is it, how does it develop, and is it linked to moral action? *Child Development Perspectives*, *5*(3), 212-218.

Hegarty, W. H., & Sims, H. P. (1978). Some determinants of unethical decision behavior: An experiment. *Journal of Applied Psychology*, *63*(4), 451-457.

Hsieh, H. H., & Wang, Y. D. (2016). Linking perceived ethical climate to organizational deviance: The cognitive, affective, and attitudinal mechanisms. *Journal of Business Research*, *69*(9), 3600-3608.

Huang, C. C., You, C. S., & Tsai, M. T. (2012). A multidimensional analysis of ethical climate, job satisfaction, organizational commitment, and organizational citizenship behaviors. *Nursing Ethics*, *19*(4), 513-529.

Hunt, S. D., & Vitell, S. (1986). A general theory of marketing ethics. *Journal of Macromarketing*, *6*(1), 5-16.

Izraeli, D. (1988). Ethical beliefs and behavior among managers: A cross-cultural perspective. *Journal of Business Ethics*, *7*(4), 263-271.

James, L. R., & Tetrick, L. E. (1986). Confirmatory analytic tests of three causal models relating job perceptions to job satisfaction. *Journal of Applied Psychology*, *71*(1), 77-82.

Jones, T. M. (1991). Ethical decision making by individuals in organizations: An issue-contingent model. *Academy of Management Review*, *16*(2), 366-395.

Jones, A. P., & James, L. R. (1979). Psychological climate: Dimensions and relationships of individual and aggregated work environment perceptions. *Organizational Behavior and Human Performance*, *23*(2), 201-250.

Jones, T. M., & Ryan, L. V. (1998). The effect of organizational forces on individual morality: Judgment, moral approbation, and behavior. *Business Ethics Quarterly*, *8*(3), 431-445.

Kaptein, M. (2008). Developing a measure of unethical behavior in the workplace: A stakeholder perspective. *Journal of Management*, *34*(5), 978-1008.

Kish-Gephart, J. J., Harrison, D. A., & Treviño, L. K. (2010). Bad apples, bad cases, and bad barrels: meta-analytic evidence about sources of unethical decisions at work. *Journal of Applied Psychology*, *95*(1), 1-31.

Ko, C., Ma, J., Bartnik, R., Haney, M. H., & Kang, M. (2018). Ethical leadership: An integrative review and future research agenda. *Ethics & Behavior*, *28*(2), 104-132.

Kohlberg, L., & Kramer, R. (1969). Continuities and discontinuities in childhood and adult moral development. *Human Development*, *12*(2), 93-120.

Kuntz, J. R. C., Kuntz, J. R., Elenkov, D., & Nabirukhina, A. (2013). Characterizing ethical cases: A cross-cultural investigation of individual differences, organisational climate, and leadership on ethical decision-making. *Journal of Business Ethics*, *113*(2), 317-331.

Kuenzi, M., & Schminke, M. (2009). Assembling fragments into a lens: A review, critique, and proposed research agenda for the organizational work climate literature. *Journal of Management*, *35*(3), 634-717.

Lemmergaard, J., & Lauridsen, J. (2008). The ethical climate of Danish firms: A discussion and enhancement of the ethical-climate model. *Journal of Business Ethics*, *80*(4), 653-675

Lewin, K. (1951). Field theory in social science (D. Cartwright, Ed.). *New York*, *165*.

Lewin, K., Lippitt, R., & White, R. K. (1939). Patterns of aggressive behavior in experimentally created "social climates". *The Journal of Social Psychology*, *10*(2), 269-299.

Lindell, M. K., & Brandt, C. J. (2000). Climate quality and climate consensus as mediators of the relationship between organizational antecedents and outcomes. *Journal of Applied Psychology*, *85*(3), 331-348.

Loe, T. W., Ferrell, L., & Mansfield, P. (2000). A review of empirical studies assessing ethical decision making in business. *Journal of Business Ethics*, *25*(3), 185-204.

Lu, C. S., & Lin, C. C. (2014). The effects of ethical leadership and ethical climate on employee ethical behavior in the international port context. *Journal of Business Ethics*, *124*(2), 209-223.

Lund, D. B. (2000). An empirical examination of marketing professionals' ethical behavior in differing situations. *Journal of Business Ethics*, *24*(4), 331-342.

Malinowski, C., & Berger, K. A. (1996). Undergraduate student attitudes about hypothetical marketing dilemmas. *Journal of Business Ethics*, *15*(5), 525-535.

Manroop, L. (2015). Human resource systems and competitive advantage: an ethical climate perspective. *Business Ethics: A European Review*, *24*(2), 186-204.

Marcus, B., Schuler, H., Quell, P., & Hümpfner, G. (2002). Measuring counterproductivity: Development and initial validation of a German self-report questionnaire. *International Journal of Selection and Assessment*, *10*(1-2), 18-35.

Martin, K. D., & Cullen, J. B. (2006). Continuities and extensions of ethical climate theory: A meta-analytic review. *Journal of Business Ethics*, *69*(2), 175-194.

Matherne III, C. F., & Litchfield, S. R. (2012). Investigating the relationship between affective commitment and unethical pro-organizational behaviors: The role of moral identity. *Journal of Leadership, Accountability and Ethics*, *9*(5), 35-46.

Matherne, C. F., Ring, J. K., & Farmer, S. (2018). Organizational Moral Identity Centrality: Relationships with Citizenship Behaviors and Unethical Prosocial Behaviors. *Journal of Business and Psychology*, *33*(6), 711-726.

May, D. R., Chang, Y. K., & Shao, R. (2015). Does ethical membership matter? Moral identification and its organizational implications. *Journal of Applied Psychology*, *100*(3), 681-694.

Mayer, D. M., Aquino, K., Greenbaum, R. L., & Kuenzi, M. (2012). Who displays ethical leadership, and why does it matter? An examination of antecedents and consequences of ethical leadership. *Academy of Management Journal*, *55*(1), 151-171.

Mayer, D. M., Kuenzi, M., & Greenbaum, R. L. (2010). Examining the link between ethical leadership and employee misconduct: The mediating role of ethical climate. *Journal of Business Ethics*, *95*(1), 7-16.

McCabe, D. L., Treviño, L. K., & Butterfield, K. D. (1996). The influence of collegiate and corporate codes of conduct on ethics-related behavior in the workplace. *Business Ethics Quarterly, (6)*4, 461-476.

McFerran, B., Aquino, K., & Duffy, M. (2010). How personality and moral identity relate to individuals' ethical ideology. *Business Ethics Quarterly*, *20*(1), 35-56.

McGillivary, J., & Fung, H. G. (2013). The Need for Ethical Reform in the US Financial Industry. *International Review of Accounting, Banking & Finance*, *5*(1), 18-46.

McLean, B., & Elkind, P. (2013). *The smartest guys in the room: The amazing rise and scandalous fall of Enron*. New York: Portfolio.

McNichols, C. W., & Zimmerer, T. W. (1985). Situational ethics: An empirical study of differentiators of student attitudes. *Journal of Business Ethics*, *4*(3), 175-180.

Meade, A. W., & Craig, S. B. (2012). Identifying careless responses in survey data. *Psychological Methods*, *17*(3), 437-455.

Merton, R. K., & Merton, R. C. (1968). *Social theory and social structure*. Simon and Schuster.

Mischel, W. (1973). Toward a cognitive social learning reconceptualization of personality. *Psychological Review*, *80*(4), 252-283.

Moore, C., Detert, J. R., Klebe Treviño, L., Baker, V. L., & Mayer, D. M. (2012). Why employees do bad things: Moral disengagement and unethical organizational behavior. *Personnel Psychology*, *65*(1), 1-48.

Moore, C., Mayer, D. M., Chiang, F. F., Crossley, C., Karlesky, M. J., & Birtch, T. A. (2019). Leaders matter morally: The role of ethical leadership in shaping employee moral cognition and misconduct. *Journal of Applied Psychology*, *104*(1), 123-145.

Mudrack, P. E., & Mason, E. S. (2013). Ethical judgments: What do we know, where do we go? *Journal of Business Ethics*, *115*(3), 575-597.

Murphy, P. R., Smith, J. E., & Daley, J. M. (1992). Executive attitudes, organizational size and ethical issues: Perspectives on a service industry. *Journal of Business Ethics*, *11*(1), 11-19.

Musbah, A., Cowton, C. J., & Tyfa, D. (2016). The role of individual variables, organizational variables and moral intensity dimensions in Libyan management accountants' ethical decision making. *Journal of Business Ethics*, *134*(3), 335-358.

Myer, A. T., Thoroughgood, C. N., & Mohammed, S. (2016). Complementary or competing climates? Examining the interactive effect of service and ethical climates on company-level financial performance. *Journal of Applied Psychology*, *101*(8), 1178-1190.

Neubaum, D., Mitchell, M., & Schminke, M. (2004). Firm newness, entrepreneurial orientation, and ethical climate. *Journal of Business Ethics*, *52*(4), 335-347.

Newman, A., Round, H., Bhattacharya, S., & Roy, A. (2017). Ethical climates in organizations: A review and research agenda. *Business Ethics Quarterly*, *27*(4), 475-512.

Newstrom, J. W., & Ruch, W. A. (1975). Ethics of management and management of ethics. *MSU Business Topics*, *23*(1), 29-37.

Ning, N., & Zhaoyi, L. (2017). Psychological contract breach, organizational disidentification, and employees' unethical behavior: Organizational ethical climate as moderator. *Social Behavior and Personality: An International Journal*, *45*(9), 1409-1424.

O'Fallon, M. J., & Butterfield, K. D. (2005). A review of the empirical ethical decision-making literature: 1996–2003. *Journal of Business Ethics*, *59*(4), 375-413.

Ouchi, W. G. (1980). Markets, bureaucracies, and clans. *Administrative Science Quarterly*, *(25)*1, 129-141.

Pan, Y., & Sparks, J. R. (2012). Predictors, consequence, and measurement of ethical judgments: Review and meta-analysis. *Journal of Business Research*, *65*(1), 84-91.

Parboteeah, K. P., Chen, H. C., Lin, Y. T., Chen, I. H., Lee, A. Y., & Chung, A. (2010). Establishing organizational ethical climates: how do managerial practices work? *Journal of Business Ethics*, *97*(4), 599-611.

Parboteeah, K. P., & Kapp, E. A. (2008). Ethical climates and workplace safety behaviors: An empirical investigation. *Journal of Business Ethics*, *80*(3), 515-529.

Parboteeah, K. P., Seriki, H. T., & Hoegl, M. (2014). Ethnic diversity, corruption and ethical climates in sub-Saharan Africa: Recognizing the significance of human resource management. *The International Journal of Human Resource Management*, *25*(7), 979-1001.

Parson, C., & Artistico, D. (2014). Self-Construal, Ethical Climate and Unethical Decision Making: Whether "I Am I" or "I Am We" Matters. *Journal of Organizational Psychology*, *14*(1), 26-39.

Parson, C. C. (2016). *Value congruence and unethical decision-making: The dark side of person-organization fit* (Doctoral dissertation). Retrieved from https://academicworks.cuny.edu/cgi/viewcontent.cgi?referer=https://scholar.google.com/&httpsredir=1&article=2590&context=gc_etds

Peterson, D. K. (2002). The relationship between unethical behavior and the dimensions of the ethical climate questionnaire. *Journal of Business Ethics*, *41*(4), 313-326.

Peterson, D., Rhoads, A., & Vaught, B. C. (2001). Ethical beliefs of business professionals: A study of gender, age and external factors. *Journal of Business Ethics*, *31*(3), 225-232.

Podsakoff, P. M., MacKenzie, S. B., Lee, J. Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology*, *88*(5), 879-903.

Posner, B. Z., & Schmidt, W. H. (1987). Ethics in American companies: A managerial perspective. *Journal of Business Ethics*, *6*(5), 383-391.

Prentice, R. (2002). Enron: A brief behavioral autopsy. *American Business Law Journal*, *40*(2), 417-444.

Radtke, R. R. (2000). The effects of gender and setting on accountants' ethically sensitive decisions. *Journal of Business Ethics*, *24*(4), 299-312.

Reed, A., Aquino, K., & Levy, E. (2007). Moral identity and judgments of charitable behaviors. *Journal of Marketing*, *71*(1), 178-193.

Reichers, A. E., & Schneider, B. (1990). Climate and culture: An evolution of constructs. In B. Schneider (Ed.), Organizational climate and culture (pp. 5-39). San Francisco: Jossey-Bass.

Reidenbach, R. E., & Robin, D. P. (1988). Some initial steps toward improving the measurement of ethical evaluations of marketing activities. *Journal of Business Ethics*, *7*(11), 871-879.

Reidenbach, R. E., & Robin, D. P. (1990). Toward the development of a multidimensional scale for improving evaluations of business ethics. *Journal of Business Ethics*, *9*(8), 639-653.

Reidenbach, R. E., & Robin, D. P. (1991). A conceptual model of corporate moral development. *Journal of Business Ethics*, *10*(4), 273-284.

Rest, J. R. (1986). Moral development: Advances in research and theory. New York: Praeger.

Reynolds, W. M. (1982). Development of reliable and valid short forms of the Marlowe-Crowne Social Desirability Scale. *Journal of Clinical Psychology*, *38*(1), 119-125.

Reynolds, S. J., & Ceranic, T. L. (2007). The effects of moral judgment and moral identity on moral behavior: an empirical examination of the moral individual. *Journal of Applied Psychology*, *92*(6), 1610-1624.

Robin, D. P., Reidenbach, R. E., & Babin, B. J. (1997). The nature, measurement, and stability of ethical judgments in the workplace. *Psychological Reports, 80*(2)*,* 563–580.

Robinson, S. L., & O'Leary-Kelly, A. M. (1998). Monkey see, monkey do: The influence of work groups on the antisocial behavior of employees. *Academy of Management Journal*, *41*(6), 658-672.

Rogers R. (2013, November 22). The Great Recession. *Federal Reserve History.* Retrieved from https://www.federalreservehistory.org/essays/great_recession_of_200709

Roozen, I., De Pelsmacker, P., & Bostyn, F. (2001). The ethical dimensions of decision processes of employees. *Journal of Business Ethics*, *33*(2), 87-99.

Ross, W. T., & Robertson, D. C. (2003). A typology of situational factors: Impact on salesperson decision-making about ethical issues. *Journal of Business Ethics*, *46*(3), 213-234.

Rothwell, G. R., & Baldwin, J. N. (2006). Ethical climates and contextual predictors of whistle-blowing. *Review of Public Personnel Administration*, *26*(3), 216-244.

Rothwell, G. R., & Baldwin, J. N. (2007). Ethical climate theory, whistle-blowing, and the code of silence in police agencies in the state of Georgia. *Journal of Business Ethics*, *70*(4), 341-361.

Ruegger, D., & King, E. W. (1992). A study of the effect of age and gender upon student business ethics. *Journal of Business Ethics*, *11*(3), 179-186.

Ruppel, C. P., & Harrington, S. J. (2000). The relationship of communication, ethical work climate, and trust to commitment and innovation. *Journal of Business Ethics*, *25*(4), 313-328.

Salkind, N. J. (2014). *100 questions (and answers) about statistics* (Vol. 3). SAGE Publications.

Schneider, B., & Reichers, A. E. (1983). On the etiology of climates. *Personnel Psychology*, *36*(1), 19-39.

Schneider, B., Salvaggio, A. N., & Subirats, M. (2002). Climate strength: a new direction for climate research. *Journal of Applied Psychology*, *87*(2), 220-229.

Schminke, M., Ambrose, M. L., & Neubaum, D. O. (2005). The effect of leader moral development on ethical climate and employee attitudes. *Organizational Behavior and Human Decision Processes*, *97*(2), 135-151.

Schminke, M., Arnaud, A., & Kuenzi, M. (2007). The power of ethical work climates. *Organizational Dynamics, 36*(2), 171-186.

Schneider, B. (1975). Organizational climates: An essay 1. *Personnel Psychology*, *28*(4), 447-479.

Schneider, B. (1987). The people make the place. *Personnel Psychology*, *40*(3), 437-453.

Schneider, B., Ehrhart, M. G., & Macey, W. H. (2013). Organizational climate and culture. *Annual Review of Psychology*, *64*, 361-388.

Schoen, E. J. (2017). The 2007–2009 Financial Crisis: An Erosion of Ethics: A Case Study. *Journal of Business Ethics, 146*(4), 805-830.

Schwepker Jr, C. H. (2013). Improving sales performance through commitment to superior customer value: The role of psychological ethical climate. *Journal of Personal Selling & Sales Management*, *33*(4), 389-402.

Seeger, M. W., & Ulmer, R. R. (2003). Explaining Enron: Communication and responsible leadership. *Management Communication Quarterly*, *17*(1), 58-84.

Serwinek, P. J. (1992). Demographic & related differences in ethical views among small businesses. *Journal of Business Ethics*, *11*(7), 555-566.

Shao, R., Aquino, K., & Freeman, D. (2008). Beyond moral reasoning: A review of moral identity research and its implications for business ethics. *Business Ethics Quarterly*, *18*(4), 513-540.

Shacklock, A., Manning, M., & Hort, L. (2013). Self-efficacy as an intervening variable between ethical work climate and decision making. *e-Journal of Social & Behavioural Research in Business*, *4*(2), 1-13.

Shafer, W. E. (2008). Ethical climate in Chinese CPA firms. *Accounting, Organizations and Society*, *33*(7-8), 825-835.

Shafer, W. E. (2015). Ethical climate, social responsibility, and earnings management. *Journal of Business Ethics*, *126*(1), 43-60.

Shafer, W. E., & Wang, Z. (2010). Effects of ethical context on conflict and commitment among Chinese accountants. *Managerial Auditing Journal*, *25*(4), 377-400.

Shin, Y. (2012). CEO ethical leadership, ethical climate, climate strength, and collective organizational citizenship behavior. *Journal of Business Ethics*, *108*(3), 299-312.

Shin, Y., Sung, S. Y., Choi, J. N., & Kim, M. S. (2015). Top management ethical leadership and firm performance: Mediating role of ethical and procedural justice climate. *Journal of Business Ethics*, *129*(1), 43-57.

Sims, R. R., & Brinkman, J. (2002). Leaders as moral role models: The case of John Gutfreund at Salomon Brothers. *Journal of Business Ethics*, *35*(4), 327-339.

Sims, R. R., & Brinkmann, J. (2003). Enron ethics (Or: Culture matters more than codes). *Journal of Business Ethics*, *45*(3), 243-256.

Sims, R. L., & Keon, T. L. (1997). Ethical work climate as a factor in the development of person-organization fit. *Journal of Business Ethics*, *16*(11), 1095-1105.

Singhapakdi, A., Karande, K., Rao, C. P., & Vitell, S. J. (2001). How important are ethics and social responsibility? A multinational study of marketing professionals. *European Journal of Marketing*, *35*(1/2), 133-153.

Smith, H. J., Thompson, R., & Iacovou, C. (2009). The impact of ethical climate on project status misreporting. *Journal of Business Ethics*, *90*(4), 577-591.

Smith-Crowe, K., Tenbrunsel, A., Chan-Serafin, S., Brief, A., Umphress, E., & Joseph, J. (2015). The ethics "fix": When formal systems make a difference. *Journal of Business Ethics, 131*(4), 791–801.

Smithikrai, C. (2008). Moderating effect of situational strength on the relationship between personality traits and counterproductive work behaviour. *Asian Journal of Social Psychology*, *11*(4), 253-263.

Sommer, S., Welsh, D., & Gubman, B. (2000). The ethical orientation of Russian entrepreneurs. *Applied Psychology*, *49*(4), 688-708.

Sparks, J. R., & Pan, Y. (2010). Ethical judgments in business ethics research: Definition, and research agenda. *Journal of Business Ethics*, *91*(3), 405-418.

Stewart, R., Volpone, S. D., Avery, D. R., & McKay, P. (2011). You support diversity, but are you ethical? Examining the interactive effects of diversity and ethical climate perceptions on turnover intentions. *Journal of Business Ethics*, *100*(4), 581-593.

Sweeney, B., Arnold, D., & Pierce, B. (2010). The impact of perceived ethical culture of the firm and demographic variables on auditors' ethical evaluation and intention to act decisions. *Journal of Business Ethics*, *93*(4), 531-551.

Tenbrunsel, A. E., & Messick, D. M. (2004). Ethical fading: The role of self-deception in unethical behavior. *Social Justice Research*, *17*(2), 223-236.

Thau, S., Derfler-Rozin, R., Pitesa, M., Mitchell, M. S., & Pillutla, M. M. (2015). Unethical for the sake of the group: Risk of social exclusion and pro-group unethical behavior. *Journal of Applied Psychology*, *100*(1), 98-113.

Treviño, L. K. (1986). Ethical decision making in organizations: A person-situation interactionist model. *Academy of Management Review*, *11*(3), 601-617.

Treviño, L. K., Butterfield, K. D., & McCabe, D. L. (1998). The ethical context in organizations: Influences on employee attitudes and behaviors. *Business Ethics Quarterly*, *8*(3), 447-476.

Treviño, L. K., Den Nieuwenboer, N. A., & Kish-Gephart, J. J. (2014). (Un) ethical behavior in organizations. *Annual Review of Psychology*, *65*, 635-660.

Treviño, L. K., Weaver, G. R., & Reynolds, S. J. (2006). Behavioral ethics in organizations: A review. *Journal of Management*, *32*(6), 951-990.

Treviño, L. K., & Youngblood, S. A. (1990). Bad apples in bad barrels: A causal analysis of ethical decision-making behavior. *Journal of Applied Psychology*, *75*(4), 378-385.

Tsai, M. T., & Huang, C. C. (2008). The relationship among ethical climate types, facets of job satisfaction, and the three components of organizational commitment: A study of nurses in Taiwan. *Journal of Business Ethics*, *80*(3), 565-581.

Umphress, E. E., Bingham, J. B., & Mitchell, M. S. (2010). Unethical behavior in the name of the company: The moderating effect of organizational identification and positive reciprocity beliefs on unethical pro-organizational behavior. *Journal of Applied Psychology*, *95*(4), 769-780.

Vaicys, C., Barnett, T., & Brown, G. (1996). An analysis of the factor structure of the ethical climate questionnaire. *Psychological Reports*, *79*(1), 115-120.

Valentine, S. R., & Rittenburg, T. L. (2007). The ethical decision making of men and women executives in international business situations. *Journal of Business Ethics*, *71*(2), 125-134.

van Gils, S., Hogg, M. A., Van Quaquebeke, N., & van Knippenberg, D. (2017). When organizational identification elicits moral decision-making: A matter of the right climate. *Journal of Business Ethics*, *142*(1), 155-168.

Vanderstoep, S. W., & Johnson, D. D. (2008). *Research methods for everyday life: Blending qualitative and quantitative approaches* (Vol. 32). John Wiley & Sons.

VanSandt, C. V., Shepard, J. M., & Zappe, S. M. (2006). An examination of the relationship between ethical work climate and moral awareness. *Journal of Business Ethics*, *68*(4), 409-432.

Vardi, Y. (2001). The effects of organizational and ethical climates on misconduct at work. *Journal of Business ethics*, *29*(4), 325-337.

Vardi, Y., & Wiener, Y. (1996). Misbehavior in organizations: A motivational framework. *Organization Science*, *7*(2), 151-165.

Vardaman, J. M., Gondo, M. B., & Allen, D. G. (2014). Ethical climate and pro-social rule breaking in the workplace. *Human Resource Management Review*, *24*(1), 108-118.

Verbeke, W., Ouwerkerk, C., & Peelen, E. (1996). Exploring the contextual and individual factors on ethical decision making of salespeople. *Journal of Business Ethics*, *15*(11), 1175-1187.

Victor, B., & Cullen, J. B. (1987). A theory and measure of ethical climate in organizations. *Research in Corporate Social Performance and Policy*, *9*(1), 51-71.

Victor, B., & Cullen, J. B. (1988). The organizational bases of ethical work climates. *Administrative Science Quarterly, 33*(1), 101-125.

Vidaver-Cohen, D. (1998). Moral climate in business firms: A conceptual framework for analysis and change. *Journal of Business Ethics*, *17*(11), 1211-1226.

Vitell, S. J., & Davis, D. L. (1990). Ethical beliefs of MIS professionals: The frequency and opportunity for unethical behavior. *Journal of Business Ethics*, *9*(1), 63-70.

Vitell, S. J., & Festervand, T. A. (1987). Business ethics: Conflicts, practices and beliefs of industrial executives. *Journal of Business Ethics*, *6*(2), 111-122.

Wang, Y. D., & Hsieh, H. H. (2013). Organizational ethical climate, perceived organizational support, and employee silence: A cross-level investigation. *Human Relations*, *66*(6), 783-802.

Weber, J. (1993). Institutionalizing ethics into business organizations: A model and research agenda. *Business Ethics Quarterly, (3)*4, 419-436.

Weber, J., Kurke, L. B., & Pentico, D. W. (2003). Why do employees steal? Assessing differences in ethical and unethical employee behavior using ethical work climates. *Business & Society*, *42*(3), 359-380.

Weber, J., & Seger, J. E. (2002). Influences upon organizational ethical subclimates: A replication study of a single firm at two points in time. *Journal of Business Ethics*, *41*(1-2), 69-84.

Weeks, W. A., Moore, C. W., McKinney, J. A., & Longenecker, J. G. (1999). The effects of gender and career stage on ethical judgment. *Journal of Business Ethics*, *20*(4), 301-313.

Wells Fargo & Company (April 10, 2017). Independent Directors of the Board of Wells Fargo & Company Sales Practices Investigation Report. Retrieved from https://www08.wellsfargomedia.com/assets/pdf/about/investor-relations/presentations/2017/board-report.pdf

Wimbush, J. C. (1999). The effect of cognitive moral development and supervisory influence on subordinates' ethical behavior. *Journal of Business Ethics*, *18*(4), 383-395.

Wimbush, J. C., & Shepard, J. M. (1994). Toward an understanding of ethical climate: Its relationship to ethical behavior and supervisory influence. *Journal of Business Ethics*, *13*(8), 637-647.

Wimbush, J. C., Shepard, J. M., & Markham, S. E. (1997). An empirical examination of the relationship between ethical climate and ethical behavior from multiple levels of analysis. *Journal of Business Ethics*, *16*(16), 1705-1716.

Wu, C. F. (2003). A study of the adjustment of ethical recognition and ethical decision-making of managers-to-be across the Taiwan strait before and after receiving a business ethics education. *Journal of Business Ethics*, *45*(4), 291-307.

Wu, Y. C. (2017). Mechanisms linking ethical leadership to ethical sales behavior. *Psychological Reports*, *120*(3), 537-560.

Yener, M., Yaldıran, M., & Ergun, S. (2012). The effect of ethical climate on work engagement. *Procedia-Social and Behavioral Sciences*, *58*, 724-733.

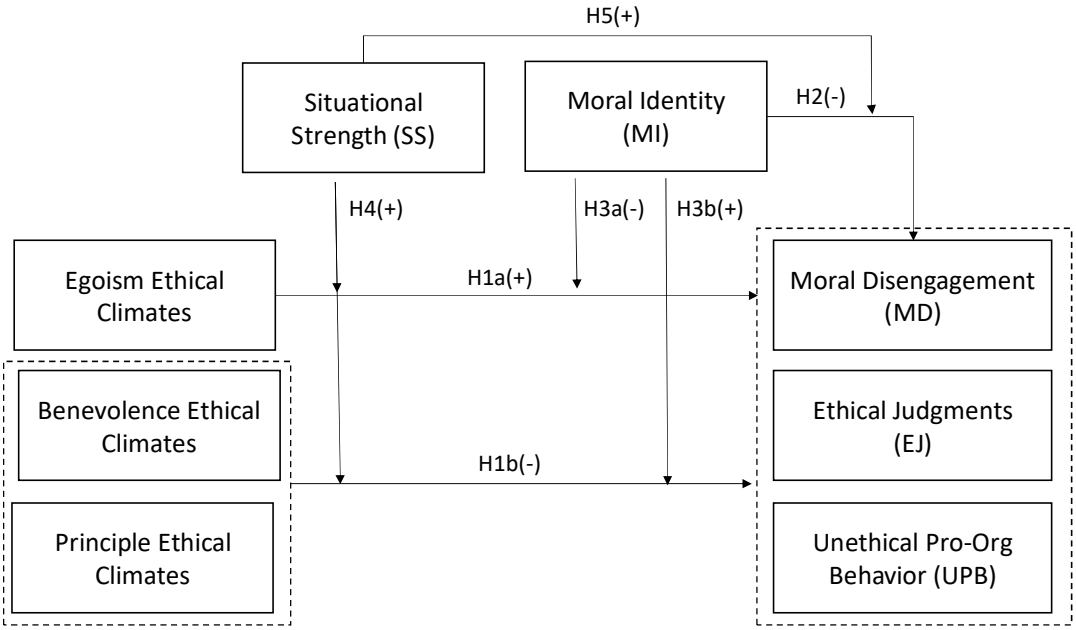


Figure 1. Moderated Model for Ethical Climate Effects on Unethical Behavior

Ethical Philosophy	Locus of Analysis		
	Individual	*Local*	*Cosmopolitan*
Egoism	Self-interest	Company profit	Efficiency
Benevolence	Friendship	Team interest	Social responsibility
Principle	Personal morality	Rules and procedures	Laws and professional codes

Figure 2. Theoretical Ethical Climate Types (adapted from Victor & Cullen, 1988)

Ethical Philosophy	Locus of Analysis		
	Individual	*Local*	*Cosmopolitan*
Egoism	Instrumental		
Benevolence	Caring		
Principle	Independence	Rules	Law and Code

Figure 3. Empirically Derived Ethical Climate Types (adapted from Victor and Cullen, 1988)

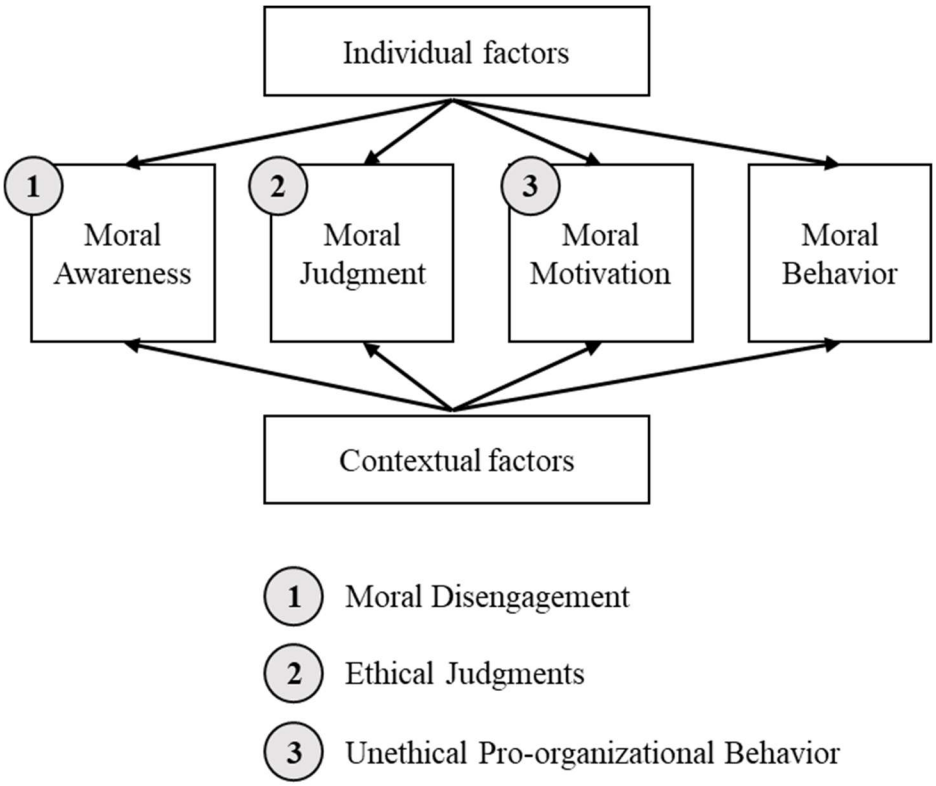


Figure 4: Unethical Behavior Alignment with Rest's Model of Ethical Decision-Making Model

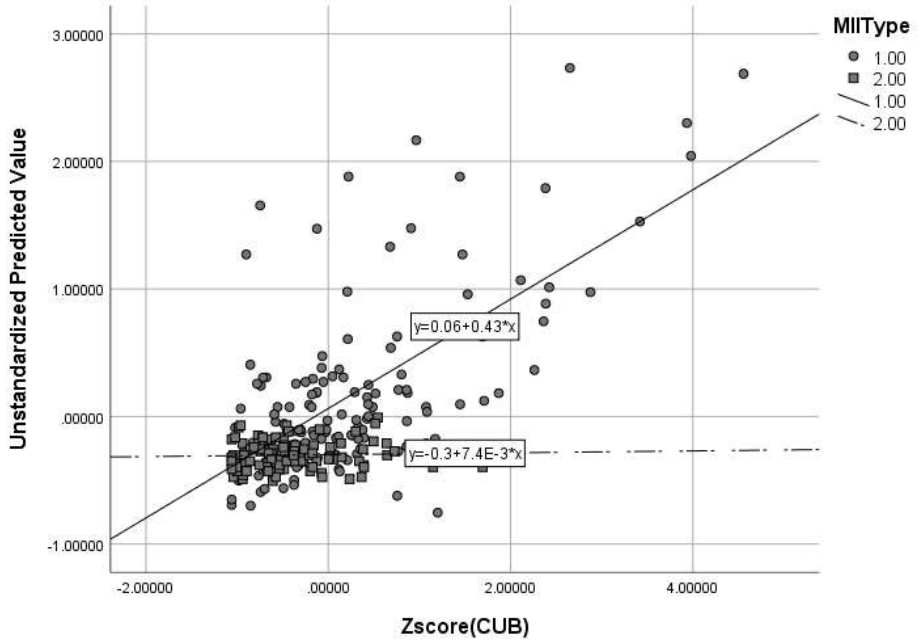


Figure 5: Moderation Effect of Moral Identity Internalization on Instrumental Climate Relationship with Unethical Behavior (Model 12)

1 = Low moral identity internalization (i.e., moral identity internalization below the 50th percentile)

2 = High moral identity internalization (i.e., moral identity internalization above the 50th percentile)

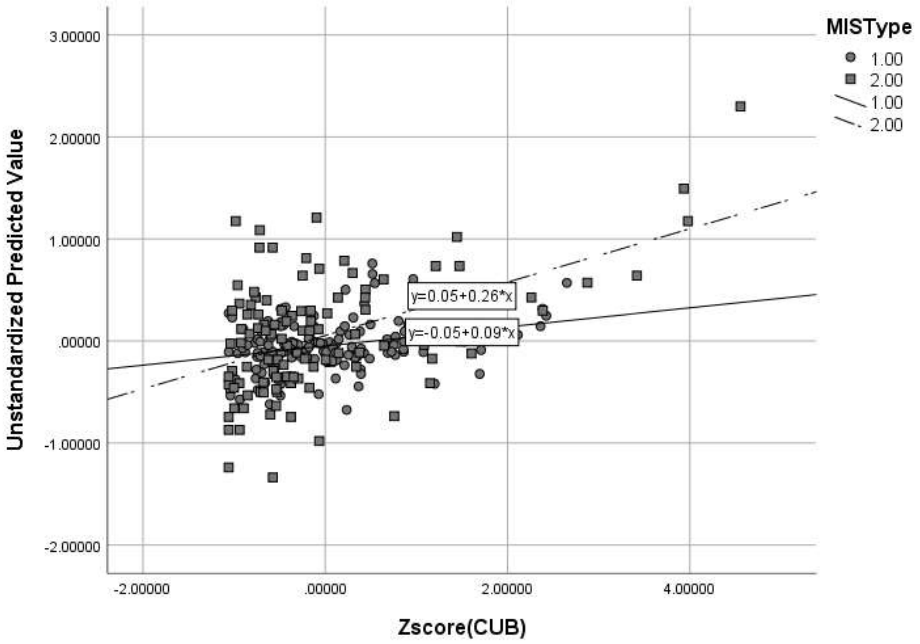


Figure 6: Moderation Effect of Moral Identity Symbolization on Instrumental Climate Relationship with Unethical Behavior (Model 17)

1 = Low moral identity symbolization (i.e., moral identity symbolization below the 50th percentile)

2 = High moral identity symbolization (i.e., moral identity symbolization above the 50th percentile)

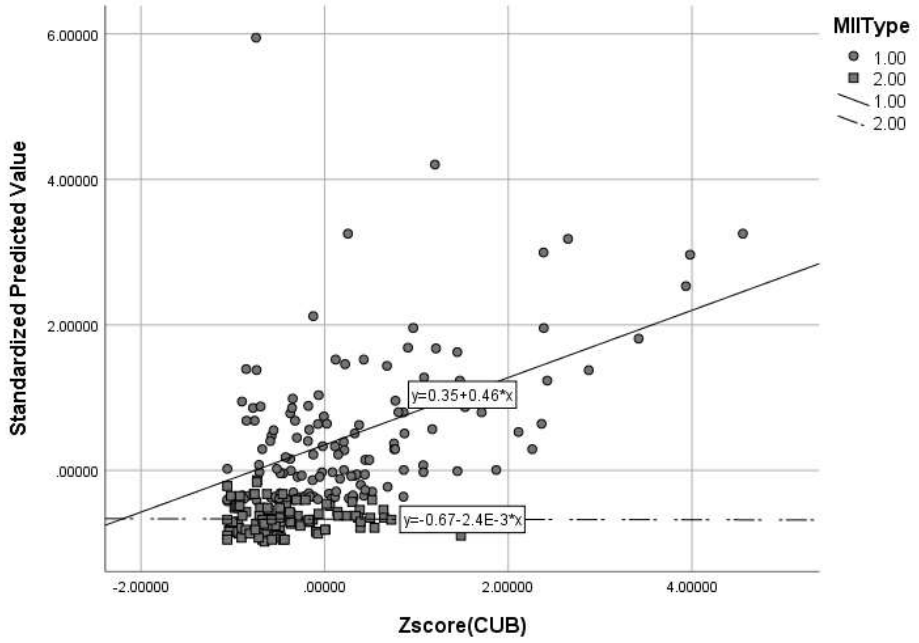


Figure 7: Moderation Effect of Moral Identity Internalization on Caring Climate Relationship with Unethical Behavior (Model 9)

1 = Low moral identity internalization (i.e., moral identity internalization below the 50th percentile)

2 = High moral identity internalization (i.e., moral identity internalization above the 50th percentile)

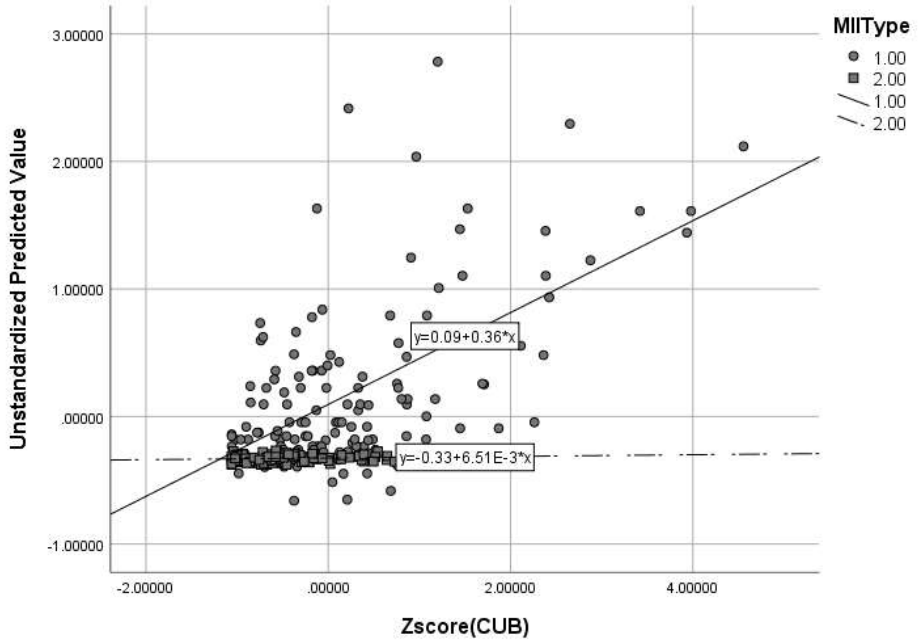


Figure 8: Moderation Effect of Moral Identity Internalization on Independence Climate Relationship with Unethical Behavior (Model 13)

1 = Low moral identity internalization (i.e., moral identity internalization below the 50th percentile)

2 = High moral identity internalization (i.e., moral identity internalization above the 50th percentile)

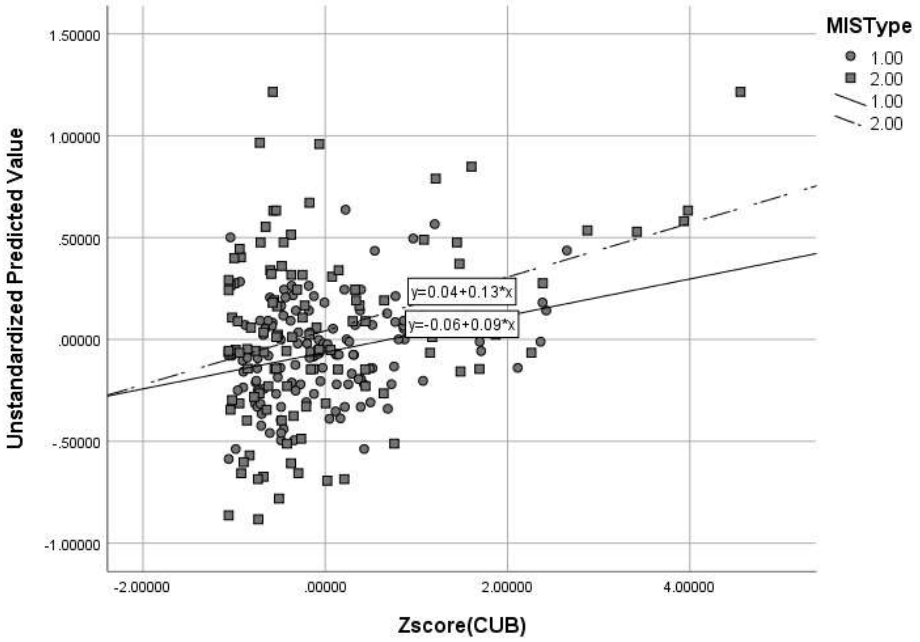


Figure 9: Moderation Effect of Moral Identity Symbolization on Independence Climate Relationship with Unethical Behavior (Model 18)

1 = Low moral identity symbolization (i.e., moral identity symbolization below the 50th percentile)

2 = High moral identity symbolization (i.e., moral identity symbolization above the 50th percentile)

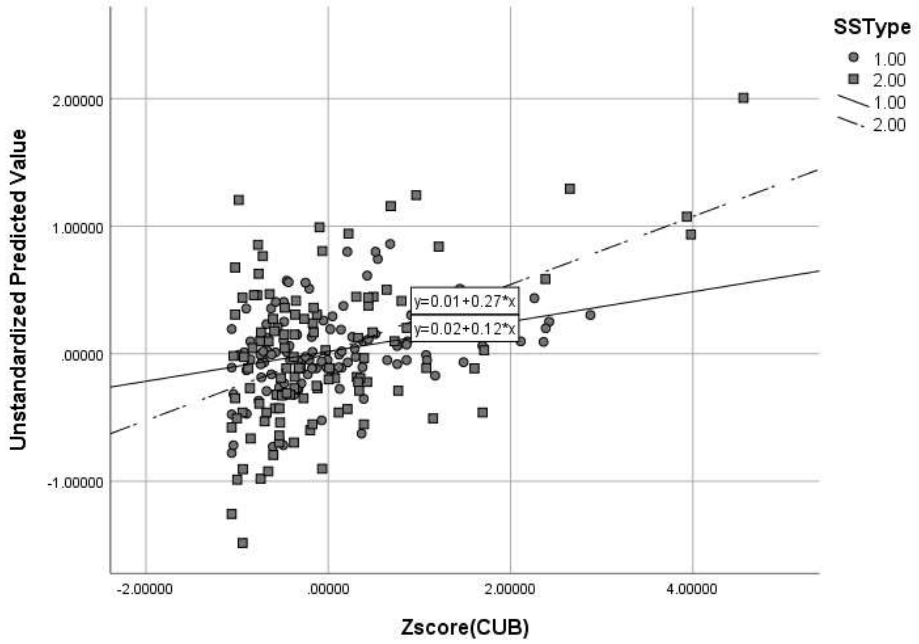


Figure 10: Moderation Effect of Situational Strength on Instrumental Climate Relationship with Unethical Behavior (Model 22)

1 = Low situational strength (i.e., situational strength below the 50th percentile)

2 = High situational strength (i.e., situational strength above the 50th percentile)

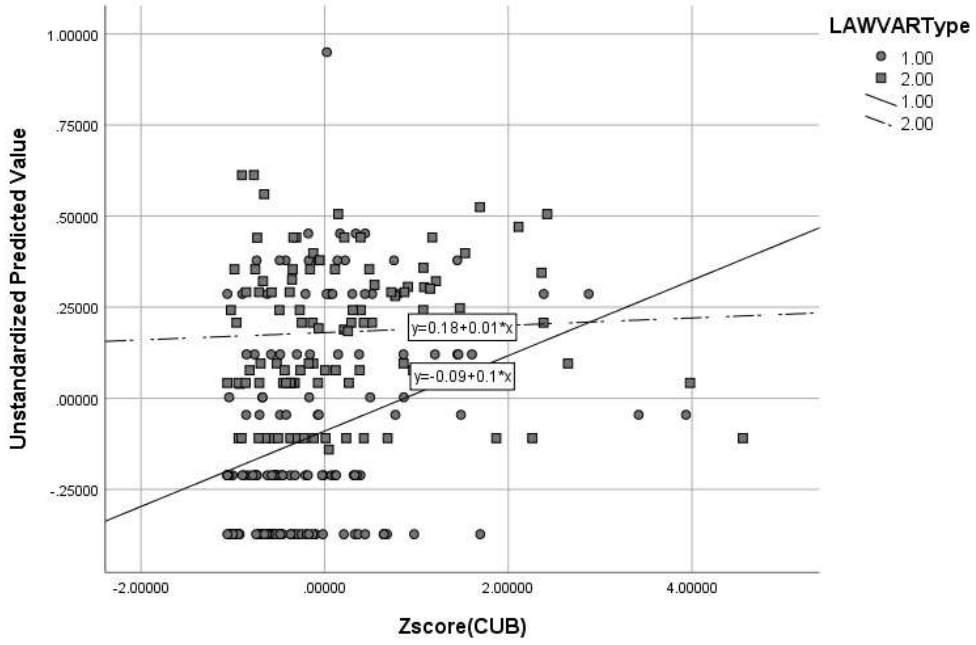


Figure 11: Moderation Effect of Situational Strength on Law Climate Relationship with Unethical Behavior (Model 26)

1 = Low situational strength (i.e., situational strength below the 50th percentile)

2 = High situational strength (i.e., situational strength above the 50th percentile)

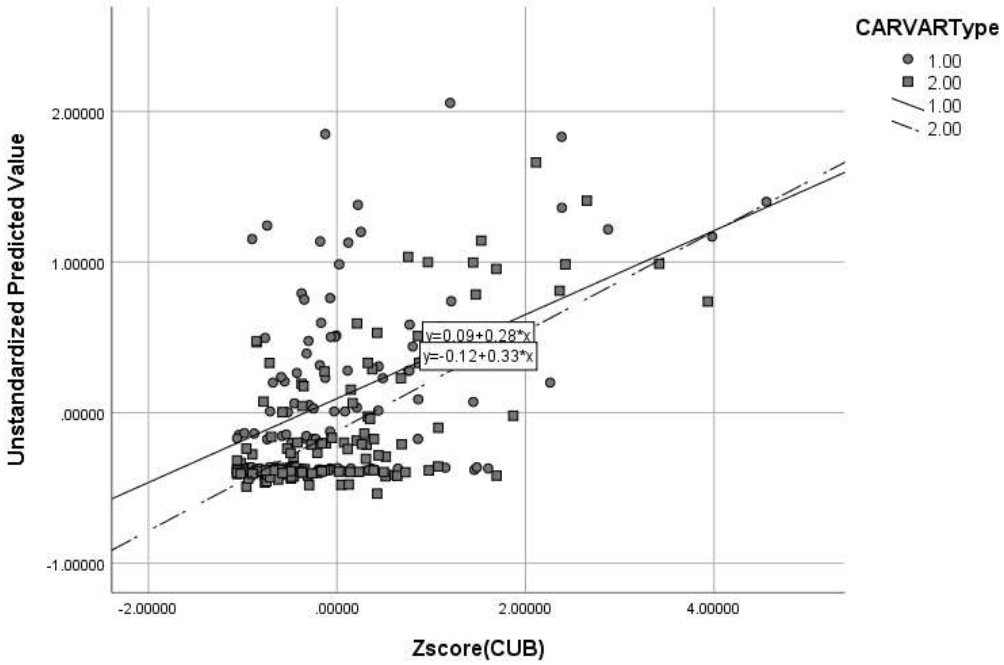


Figure 12: Moderation Effect of Situational Strength on Moral Identity Internalization Relationship with Unethical Behavior (Model 29)

1 = Low situational strength (i.e., situational strength below the 50th percentile)

2 = High situational strength (i.e., situational strength above the 50th percentile)

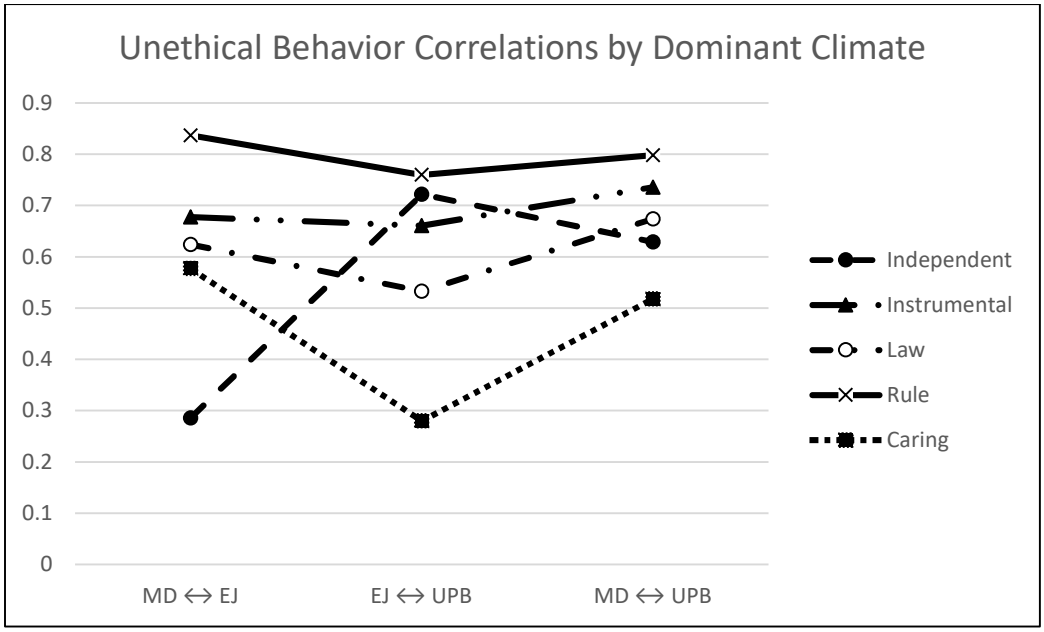


Figure 13: Unethical Behavior Correlations by Perceived Dominant Climate Type

Table 1: Pilot Scale Reliabilities

	Cronbach's Alpha	
	Includes responses with failed attention check item	*Excludes responses with failed attention check item*
ECQ-Caring	0.888	0.872
ECQ-LawCode	0.888	0.874
ECQ-Rules	0.85	0.836
ECQ-Instrumental	0.92	0.855
ECQ-Independence	0.89	0.864
Situational Strength	0.121	0.270
Moral Disengagement	0.941	0.877
Unethical ProOrg Behavior	0.945	0.894
Ethical Judgments	0.985	0.953
Moral Identity _Internalization	0.669	0.78
Moral Identity _Symbolization	0.877	0.862
Social Desirability	0.794	0.8244

Table 2: Sample Acquisition Data

	Number	Percent
Total Attempted Responses collected by Qualtrics	1158	100%
Refused Consent	(57)	5%
Failed Screener Question	(416)	36%
Speeder (survey duration < minimum threshold)	(24)	2%
Quota full	(70)	6%
Abandoned survey	(60)	5%
Failed 2 attention check items	(162)	14%
Total Eliminated by Qualtrics	(789)	68%
Total Valid Responses Initially Provided by Qualtrics	369	100%
Straight line responses flagged & requested to be replaced	(35)	9%
Replacement responses provided by Qualtrics	37	
Total Valid Responses After Replacement	371	100%
Failed 1 attention check item	(68)	18.5%
Additional speeder removals	(2)	0.5%
Total Responses Used in Final Analysis	301	81%

Table 3: Sample Characteristics

Variable	Demographics	Number	Valid Percent
Gender	Male	88	29.2
	Female	213	70.8
Age	18-24	18	6.0
	25-34	91	30.2
	35-44	84	27.9
	45-54	54	17.9
	55-64	48	15.9
	65-74	5	1.7
	75-84	1	0.3
Average Hours Worked per Week	36-45	248	82.4
	46-55	37	12.3
	56-65	12	4.0
	66+	4	1.3
Number of Years Worked in Organization	1 – 3	76	25.2
	3 – 5	67	22.3
	5 – 8	54	17.9
	8 – 10	28	9.3
	10+	76	25.2
Total Years of Industry Experience	0 – 5	66	21.9
	5 – 10	87	28.9
	10 – 15	51	16.9
	15 – 20	33	11.0
	20 – 25	28	9.3
	25 – 30	15	5.0
	30+	21	7.0

Variable	Demographics	Number	Valid Percent
Role in Organization	Senior Executive / Manager	57	18.9
	Mid-Level Manager	48	15.9
	Lower-level Manager / Supervisor	55	18.3
	Individual Contributor	123	40.9
	Other	15	5.0
	Unsure	3	1.0
Number of Levels to CEO	Less than 1 level	26	8.6
	1	39	13.0
	2	46	15.3
	3	51	16.9
	4	26	8.6
	5	24	8.0
	6	21	7.0
	7 or more levels	30	10.0
	Unsure	38	12.6
Total Employees in Organization	Less than 100	75	24.9
	Between 100 and 1000	94	31.2
	Between 1000 and 10,000	70	23.3
	Between 10,000 and 100,00	28	9.3
	More than 100,000	24	8.0
	Unsure	10	3.3

Table 4: Summary Statistics, Zero-Order Correlations and Scale Reliabilities

Scale	Mean	Std. Dev	N	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1. Ethical climate - Caring	29.937	6.188	301	(0.831)																
2. Ethical climate - Law	20.252	3.483	301	.453**	(0.85)															
3. Ethical climate - Rules	19.040	3.632	301	.554**	.659**	(0.827)														
4. Ethical climate - Instrumental	22.073	6.958	301	-.257**	-.237**	-.255**	(0.842)													
5. Ethical climate - Independence	12.635	4.422	301	.278**	-0.03	.119*	.165**	(0.836)												
6. Situational Strength (direct measure)	17.433	2.998	282	.381**	.306**	.338**	-.124*	.284**	(0.627)											
7. Moral Disengagement	17.030	8.373	301	-0.01	-.226**	-.148*	.398**	.347**	0.04	(0.874)										
8. Unethical Pro-organizational Behavior	13.435	8.115	301	0.02	-.231**	-.147*	.328**	.279**	-0.03	.709**	(0.923)									
9. Ethical Judgments	31.684	17.639	301	-0.03	-.252**	-.172**	.441**	.331**	0.00	.713**	.622**	(0.954)								
10. Moral Identity Internalization	22.694	3.119	301	0.09	.313**	.130*	-.311**	-.275**	.119*	-.478**	-.394**	-.457**	(0.779)							
11. Moral Identity Symbolization	17.571	3.747	301	.301**	0.11	.160**	-0.02	.182**	.246**	0.02	0.09	0.09	.191**	(0.789)						
12. Social Desirability	7.927	3.051	301	.222**	.156**	.235**	-.206**	-0.05	0.05	-.308**	-.253**	-.346**	.148**	.179**	(0.756)					
13. Caring Ethical Climate Variance	1.111	1.028	301	-.317**	.176**	0.04	0.09	-.339**	-0.04	-.186**	-.162**	-.136*	.114*	-0.11	-0.01	(N/A)				
14. Law Ethical Climate Variance	0.491	0.804	301	-.152**	-.430**	-.169**	.118*	0.04	-0.01	0.11	.114*	0.09	-0.08	-0.05	-.162**	0.04	(N/A)			
15. Rule Ethical Climate Variance	0.749	1.168	301	-.204**	-0.06	-.328**	.226**	-.217**	-.162**	-0.02	-0.04	0.01	.119*	-0.08	-.212**	.238**	.234**	(N/A)		
16. Instrumental Ethical Climate Variance	1.237	1.156	301	-0.01	.136*	.149**	0.04	-.188**	0.05	-.118*	-.168**	-.119*	.117*	0.11	.134*	.291**	0.05	0.10	(N/A)	
17. Independence Ethical Climate Variance	0.846	1.068	301	.116*	.172**	.153**	-.152**	0.04	0.05	-0.09	-.117*	-0.10	0.07	0.03	0.08	.143*	0.01	-0.01	.238**	(N/A)

* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).
Cronbach's alpha values are provided on the diagonal in parentheses

Table 5: Results of Regression Models for Ethical Climate Effects on Unethical Behavior

	Dependent Variables											
	1. Moral Disengagement			2. Unethical Pro-organizational Behavior			3. Ethical Judgments			4. Composite Unethical Behavior		
Independent Variables	b	SE	Sig	b	SE	Sig	b	SE	Sig	b	SE	Sig
Constant	6.18E-16	0.05	1.000	3.105E-16	0.052	1.000	1.852E-16	0.049	1.000	1.409E-16	0.048	1.000
Caring Ethical Climate	0.095	0.064	0.142	0.161	0.067	0.017	0.099	0.063	0.120	0.137	0.062	0.028
Law Ethical Climate	-0.152	0.068	0.027	-0.192	0.071	0.007	-0.170	0.067	0.012	-0.195	0.066	0.003
Rules Ethical Climate	-0.049	0.072	0.503	-0.063	0.075	0.407	-0.049	0.071	0.491	-0.061	0.070	0.384
Instrumental Ethical Climate	0.33	0.054	0.000	0.276	0.056	0.000	0.374	0.053	0.000	0.363	0.052	0.000
Independence Ethical Climate	0.268	0.055	0.000	0.191	0.057	0.001	0.243	0.054	0.000	0.259	0.053	0.000
Adjusted R^2	0.252			0.187			0.281			0.299		
df	5			5			5			5		
F	21.248**			14.811**			24.469**			26.559**		

* Significant at 0.05; ** Significant at 0.01 ; *** Significant at 0.001

All regression coefficients presented are unstandardized.

Table 6: Results of Regression Models for Moral Identity Effects on Unethical Behavior

	Dependent Variables											
	5. Moral Disengagement			6. Unethical Pro-organizational Behavior			7. Ethical Judgments			8. Composite Unethical Behavior		
Independent Variables	b	SE	Sig	b	SE	Sig	b	SE	Sig	b	SE	Sig
Constant	3.05E-15	0.05033869	1.000	2.570E-15	0.052	1.000	2.921E-15	0.050	1.000	2.908E-15	0.049	1.000
Moral Identity Internalization	-0.501	0.0513682	0.000	-0.426	0.053	0.000	-0.492	0.051	0.000	-0.528	0.050	0.000
Moral Identity Symbolization	0.121	0.0513682	0.020	0.167	0.053	0.002	0.184	0.051	0.000	0.178	0.050	0.000
Adjusted R^2	0.237			0.177			0.236			0.270		
df	2			2			2			2		
F	47.662**			33.229**			47.380**			56.442**		

* Significant at 0.05; ** Significant at 0.01 ; *** Significant at 0.001

All regression coefficients presented are unstandardized.

Table 7: Results of Moderated Regression Models for Climate and Moral Identity Interaction Effects on Composite Unethical Behavior

Model	Step 1	Step 2	Step 3	Step 3 Term b (SE)	Adjusted R^2	R^2 Change	F	F Change
9[a]	Caring	Internalization	Caring x Internalization	**-0.222*** (0.053)**	0.280	0.042	39.975***	**17.420***
10	Rules	Internalization	Rules x Internalization	-0.072 (0.052)	0.254	0.005	35.052***	1.926
11	Law	Internalization	Law x Internalization	0.009 (0.050)	0.251	0.000	34.424***	0.031
12	Instrumental	Internalization	Instrumental x Internalization	**-0.307*** (0.046)**	0.411	0.087	70.924***	**44.522***
13	Independence	Internalization	Independence x Internalization	**-0.281*** (0.045)**	0.373	0.083	60.393***	**39.537***
14	Caring	Symbolization	Caring x Symbolization	0.010 (0.053)	-0.003	0.000	0.694	0.035
15	Rules	Symbolization	Rules x Symbolization	0.039 (0.05)	0.034	0.002	4.502**	0.505
16	Law	Symbolization	Law x Symbolization	-0.040 (0.057)	0.074	0.002	9.014***	0.497
17	Instrumental	Symbolization	Instrumental x Symbolization	**0.228*** (0.049)**	0.242	0.056	32.883***	**22.005***
18[b]	Independence	Symbolization	Independence x Symbolization	**0.112* (0.047)**	0.134	0.016	16.455***	**5.600***

All regression coefficients presented are unstandardized.

* Significant at 0.05; ** Significant at 0.01 ; *** Significant at 0.001

Bold font denotes significant interaction effects

[a] When control variables are added to step 1, F Change = 3.755; Significance of F Change = 0.054

[b] When control variables are added to step 1, F Change = 1.586; Significance of F Change = 0.209

Table 8: Results of Moderated Regression Models for Climate and Situational Strength Interaction Effects on Composite Unethical Behavior

Model	Step 1	Step 2	Step 3	Step 3 Term b (SE)	Adjusted R^2	R^2 Change	F	F Change
19	Caring	Situational Strength	Caring x Situational Strength	-0.027 (0.051)	-0.01	0.001	0.092	0.273
20	Rules	Situational Strength	Rules x Situational Strength	-0.069 (0.054)	0.03	0.006	3.943^{**}	1.66
21	Law	Situational Strength	Law x Situational Strength	-0.091 (0.055)	0.082	0.009	9.366^{***}	2.784
22	Instrumental	Situational Strength	Instrumental x Situational Strength	**0.189*** (0.051)**	0.243	0.038	31.051^{***}	**13.926***
23	Independence	Situational Strength	Independence x Situational Strength	0.015 (0.052)	0.119	0.000	13.696^{***}	0.084
24	Caring	Caring Variance	Caring x Caring Variance	0.004 (0.057)	0.028	0.000	3.863^{*}	0.005
25	Rules	Rules Variance	Rules x Rules Variance	0.056 (0.073)	0.030	0.002	4.102^{**}	0.584
26	Law	Law Variance	Law x Law Variance	**0.123* (0.062)**	0.073	0.012	8.911^{***}	**3.885***
27	Instrumental	Instrumental Variance	Instrumental x Instrumental Variance	-0.127 (0.068)	0.218	0.009	28.898^{***}	3.514
28	Independence	Independent Variance	Independence x Independent Variance	-0.009 (0.063)	0.135	0.000	16.624^{***}	0.019

All regression coefficients presented are unstandardized.

* Significant at 0.05; ** Significant at 0.01; *** Significant at 0.001

Bold font denotes significant interaction effects

Table 9: Results of Moderated Regression Models for Moral Identity and Situational Strength Interaction Effects on Composite Unethical Behavior

Model	Step 1	Step 2	Step 3	Step 3 Term b (SE)	Adjusted R^2	R^2 Change	F	F Change
29	Internalization Caring	Caring Variance	Internalization x Caring Variance	**0.233*** (0.048)**	0.305	0.054	33.954***	**23.449*****
30	Internalization Rules	Rules Variance	Internalization x Rules Variance	-0.118 (0.102)	0.250	0.003	26.012***	1.352
31	Internalization Law	Law Variance	Internalization x Law Variance	-0.064 (0.060)	0.252	0.003	26.256***	1.161
32	Internalization Instrumental	Instrumental Variance	Internalization x Instrumental Variance	0.074 (0.055)	0.340	0.004	39.683***	1.772
33	Internalization Independence	Independence Variance	Internalization x Independence Variance	0.088 (0.054)	0.303	0.006	33.594***	2.683
34	Symbolization Caring	Caring Variance	Symbolization x Caring Variance	-0.053 (0.045)	0.035	0.004	3.744**	1.36
35	Symbolization Rules	Rules Variance	Symbolization x Rules Variance	-0.041 (0.053)	0.038	0.002	3.947**	0.605
36	Symbolization Law	Law Variance	Symbolization x Law Variance	-0.034 (0.053)	0.071	0.001	6.717***	0.411
37	Symbolization Instrumental	Instrumental Variance	Symbolization x Instrumental Variance	-0.050 (0.048)	0.220	0.003	22.153***	1.114
38	Symbolization Independence	Independence Variance	Symbolization x Independence Variance	-0.025 (0.050)	0.133	0.001	12.516***	0.245

All regression coefficients presented are unstandardized.

* Significant at 0.05; ** Significant at 0.01; *** Significant at 0.001

Bold font denotes significant interaction effects

Table 10: Control Variable Correlations with Dependent Variables

Control Variable	Mean	Std. Dev	N	MD	UPB	EJ
Age	4.14	1.244	301	-0.044	-0.071	-0.016
Average Hours Worked per Week	4.24	0.587	301	.149**	.178**	.179**
Years in Organization	3.87	1.525	301	0.055	0.064	0.025
Total Employees in Organization	2.54	1.348	301	0.056	-0.037	0.002
Levels to CEO	4.81	2.567	301	0.009	-0.101	0.031
Role in Organization	3.00	1.273	301	-.170**	-.245**	-.201**
Total Years Experience in Industry	3.00	1.795	301	-0.068	-0.063	-0.079
Gender	1.71	0.456	301	-.207**	-.219**	-.174**
Social Desirability	7.9269	3.05090	301	-.308**	-.253**	-.346**

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Table 11: Unethical Behavior Correlations by Perceived Dominant Climate Type

Climate Type	MD ↔ EJ	EJ ↔ UPB	MD ↔ UPB
Independence	0.286	0.722	0.629
Instrumental	**0.678****	**0.661****	**0.736****
Law	**0.624****	**0.533****	**0.674****
Rule	**0.837****	**0.760****	**0.798****
Caring	**0.577****	0.28	**0.518***

* Significant at 0.05; ** Significant at 0.01; *** Significant at 0.001

Bold font denotes significant interaction effects

Table 12: Perceived Dominant Climate by Age

		Sum of Squares	df	Mean Square	F	Sig.
CARMAX	Between Groups	0.173	6	0.029	0.393	0.883
	Within Groups	17.341	236	0.073		
	Total	17.514	242			
RULMAX	Between Groups	0.785	6	0.131	0.721	0.633
	Within Groups	42.845	236	0.182		
	Total	43.630	242			
LAWMAX	Between Groups	1.476	6	0.246	1.026	0.409
	Within Groups	56.598	236	0.240		
	Total	58.074	242			
INSMAX	Between Groups	0.097	6	0.016	0.291	0.941
	Within Groups	13.096	236	0.055		
	Total	13.193	242			
INDMAX	Between Groups	1.038	6	0.173	8.483	0.000
	Within Groups	4.814	236	0.020		
	Total	5.852	242			

Table 13: Perceived Dominant Climate by Gender

		Sum of Squares	df	Mean Square	F	Sig.
CARMAX	Between Groups	0.006	1	0.006	0.083	0.773
	Within Groups	17.508	241	0.073		
	Total	17.514	242			
RULMAX	Between Groups	0.109	1	0.109	0.606	0.437
	Within Groups	43.520	241	0.181		
	Total	43.630	242			
LAWMAX	Between Groups	0.018	1	0.018	0.075	0.785
	Within Groups	58.056	241	0.241		
	Total	58.074	242			
INSMAX	Between Groups	0.024	1	0.024	0.433	0.511
	Within Groups	13.170	241	0.055		
	Total	13.193	242			
INDMAX	Between Groups	0.001	1	0.001	0.050	0.823
	Within Groups	5.851	241	0.024		
	Total	5.852	242			

Appendix 1: Literature Review Approach Overview

In order to identify studies that utilize ECT as defined by Victor and Cullen (1987, 1988), a reverse citation search was conducted in order to locate all studies referencing the original Victor and Cullen (1987, 1988) articles using Google Scholar, supplemented by searches in ABI/Inform and Business Source Complete. A search within these results was conducted for articles, book chapters, dissertations, and working papers that contained the terms "Ethical Climate", "Unethical Behavior", "Moral Identity", "Unethical Pro-organization Behavior", "Moral Disengagement", "Ethical Judgment", and "Climate Strength". Additionally, cross-references were obtained from four literature reviews of the ethical decision-making literature, an ethical behaviors meta-analysis, and a literature review of the ethical climate literature to identify additional sources. Titles and short descriptions of the approximately 480 references initially found were reviewed, and abstracts were read in order to identify those that specifically discuss ethical climates and impacts to unethical behaviors in organizations. This review narrowed the population to approximately 230 documents.

Approximately 85% of the papers identified are quantitative and empirical; and the remaining 15% are qualitative or theoretical. The identified research studies encompass several different industries, including healthcare, finance, manufacturing, education, professional services and retail trade, among others. Although much of the research focuses on the U.S., studies were identified that cover most of the major regions of the world, including Africa, Australia, Asia and Europe, illustrating the universal importance of this topic. Literature spanning the years 1951 to 2019 was included in this review.

Appendix 2: Key Alternative Ethical Climate Theories

Reidenbach and Robin

Reidenbach and Robin (1991) propose a conceptual model of corporate moral development based on organizational display of specific behaviors. The five levels are:

- Amoral, in which corporates seek to maximize profitability at all costs
- Legalistic, in which organizations equate what is ethical with what is legal
- Responsive, in which organizations exhibit socially responsible behavior and endeavor to help local communities
- Emerging Ethical, in which corporations seek to balance ethics and profit
- Developed Ethical, in which organizational decisions are driven by carefully thought-out ethical and moral principles

Weber

Weber (1993) proposed an alternative ethical climate structure that builds on Victor and Cullen's framework but expresses it as a normative construct that can be used to understand how ethical climates result in employee ethical behaviors. Weber's multi-component model consists of organizational ethical culture, code of ethics, employee ethics training, and organizational enforcement mechanisms. Weber felt it was important to reflect ethical climates in a framework that contains consistent categories, recognize the inter-relationships of the components, and focuses on behavior as the key outcome.

Vidaver-Cohen

Another alternative to the Victor and Cullen framework is the unidimensional moral climate continuum model (Cohen, 1995; Vidaver-Cohen, 1988). The positive moral climate, or ethical climate, lies at one end of the continuum and at the other end lies the negative moral climate, or unethical climate. In ethical climates, organizational norms always facilitate behavior that merits the trust of organizational stakeholders, while unethical climates never support such behavior. It is proposed that this continuum can be assessed by five dimensions of work climates, including:

- goal emphasis
- means emphasis
- reward orientation
- task support
- socioemotional support

Babin, Boles and Robin

Babin, Boles and Robin (2000) produced an ethical climate scale that was geared towards marketing professionals, defined as those involved in sales or service activities. Their index was comprised of four dimensions: trust/responsibility, the perceived ethicalness of peers' behavior, the perceived consequences of violating ethical norms, and the nature of selling practices as communicated by the firm. This ethical climate scale allows more precise understanding of ethical perceptions of boundary-spanning employees and related consequences.

Arnaud

Most recently, Arnaud (2006, 2010) developed and validated an Ethical Climate Inventory (ECI) as a broader theoretical measurement of ethical work climates that is founded on Rest's (1984) four-component model. The ECI contains four factors: collective moral sensitivity, collective moral judgment, collective moral motivation, and collective moral character. Arnaud contends that the ECI addresses the criticisms of the ECT in that it addresses more than just a single element of ethical work climates (shared moral reasoning), and is, therefore, potentially a superior predictor of ethical behavior (Arnaud, 2010).

APPENDIX 3: Summary of Empirical Studies of Ethical Climate Effects on Unethical Behaviors, 1993 – 2018

Short Citation	Sample	Measure	Key Findings
Ahmad, Yunos, Ahmad & Sanusi, 2014	Members of Institute of Internal Auditors of Malaysia	ECQ-based vignettes	Principled, but not egoism or benevolence, climate was significant in predicting internal auditors' internal whistleblowing intentions
Appiah, 2015	3 organization in Accra, Ghana	ECQ - 22 items	Caring climates negatively related to workplace deviance and instrumental climates positively related to workplace deviance
Arnaud & Schminke, 2012	103 organizations spanning for-profit, government and non-profit	ECQ – 16 items	Egoistic climates negatively predict ethical behaviors; benevolence climates do not. Ethical climate interacts with collective empathy and collective efficacy
Barnett & Vaicys, 2000	Members of American Marketing Association	ECQ – 36 items	Ethical climate did not have significant direct effects on behavior intentions. Caring ethical climates moderate relationship between ethical judgments and behavioral intentions
Baskin, Vardaman & Hancock, 2016	Working adults	ECQ – 22 items	Instrumental climate perceptions are positively associated with Pro-Social Rule Breaking (PSRB). The interaction of moral disengagement and independence climate positively impacts PSRB. Rules and caring climates are negatively associated with PSRB
Buchan, 2005	Public accountants	ECQ – 7 items	Path linking instrumental climate and ethical intentions was not significant, but the direction was as anticipated

APPENDIX 3: Summary of Empirical Studies of Ethical Climate Effects on Unethical Behaviors, 1993 – 2018

Short Citation	Sample	Measure	Key Findings
Bulutlar & Oz, 2009	Various firms in Instanbul, Turkey	ECQ – 26 items	Instrumental climate positively predicts all types of bullying behavior, while rules, law and code, caring, and independence climates were negatively predictive of some aspects of bullying behavior
DeConinck & Lewis, 1997	Sales managers in various industries	ECQ – 26 items	Ethical work climate was not a significant predictor of sales managers' intentions to intervene when ethical and unethical sales force behavior was encountered
Deshpande, 1996a	Large, non-profit org	ECQ – 6 items	Those in caring climates perceived a strong positive link between success and ethical behavior. Those in instrumental climates perceived a strong negative link between success and ethical behavior
Deshpande, George & Joseph, 2000	Managers; Russia	ECQ – 6 items	Caring climates positively correlate with ethical optimism and instrumental climates negatively correlate with ethical optimism Independent, professionalism, rules, and efficiency climates have non-significant impacts on ethical optimism
Elm & Nichols, 1993	Middle managers from 4 manufacturing firms	ECQ – 26 items	Perceived ethical climate is not related to managers' moral reasoning

APPENDIX 3: Summary of Empirical Studies of Ethical Climate Effects on Unethical Behaviors, 1993 – 2018

Short Citation	Sample	Measure	Key Findings
Erondu, Sharland, & Okpara, 2004	Nigerian banks	ECQ – 26 items	Some dimensions of principled climates lead to higher propensity to engage in unethical behavior while other dimensions have the opposite effect
Flannery & May, 2000	Metal Finishing firms	ECQ - 7 items	Instrumental climate contributed marginally to the variance in decision intentions (release of toxic waste into environment)
Forte, 2004	Fortune 500 firms managers and executives	ECQ – 26 items	No significant relationships found between the five perceived ethical climate types to the moral reasoning ability of individual managers
Fritzsche, 2000	Technology Firm	ECQ – 26 items	Those who perceived rules and procedures, law and codes, and independent climates are less likely to engage in unethical behavior. Caring and efficiency climates had non-significant impacts on unethical behavior. In all climates, there was an even chance of paying or not paying a bribe
Fu & Deshpande, 2012	Chinese Steel Company	ECQ – 6 items	Rules climate had significant impact on ethical behavior, but not other climates

APPENDIX 3: Summary of Empirical Studies of Ethical Climate Effects on Unethical Behaviors, 1993 – 2018

Short Citation	Sample	Measure	Key Findings
Hsieh & Wang, 2016	7 electronic firms in Taiwan	ECQ – 26 items	Perceived ethical climate has a negative influence on organizational deviance through the direct mediation of job satisfaction and the indirect mediation of perceive organizational support and positive affect
Lu & Lin, 2014	Employees of TIPC in Taiwan (port authority)	ECQ – 17 items	Ethical leadership had a positive direct effect on ethical climate, ethical climate had a direct positive effect on ethical behavior and ethical leadership had an indirect effect on ethical behavior
Musbah, Cowton & Tyfa, 2016	Libyan accounting firms	ECQ – 26 items	Found limited or no significant relationships across three of four Rest's stages in 4 ethical climates (organization interest, social responsibility, personal morality, and law and professional code)
Ning & Zhaoyi, 2017	High-tech firms in Shanghai	ECQ – 5 items	Organizational ethical climate moderated the relationship between psychological contract breach and employees' unethical behavior by weakening the mediating role of organizational dis-identification
Parboteeah, Seriki & Hoegl, 2014	2 South African and 3 Nigerian firms	Interview instrument based on ECQ	Benevolent climates were most common. Egoistic climates were positively correlated with corruption
Parson, 2016	Undergraduates	Modified ECQ	Caring and instrumental ethical climates did not interact with person-organization fit to predict Unethical Pro-organizational Behavior

APPENDIX 3: Summary of Empirical Studies of Ethical Climate Effects on Unethical Behaviors, 1993 – 2018

Short Citation	Sample	Measure	Key Findings
Parson & Artistico, 2014	Undergraduates	Modified ECQ	Caring and instrumental ethical climates did not predict unethical behavior
Peterson, 2002	Alumni of large mid-western university	ECQ – 36 items	Unethical behavior occurred more frequently in organizations without a code of ethics. Frequency of unethical behavior was higher in the egoism climate than in the other two climates, with no differences in unethical behavior between the benevolent and principled climates
Rothwell & Baldwin, 2006	Georgia state, county and city employees	ECQ – 26 items	No effects of law and code and independence climates on whistleblowing were found
Rothwell & Baldwin, 2007	Georgia police officers	ECQ – 36 items	Company profit significantly related to willingness to report minor violations; friendship and social responsibility climates are significantly related to willingness to report misconduct; No climates were significant related to willingness to report major felonies
Shacklock, Manning & Hort, 2013	Australia Human Resource Professionals	ECQ – 26 items	Instrumental was negatively related and efficiency climate was positively related to willingness to resist unethical directives

APPENDIX 3: Summary of Empirical Studies of Ethical Climate Effects on Unethical Behaviors, 1993 – 2018

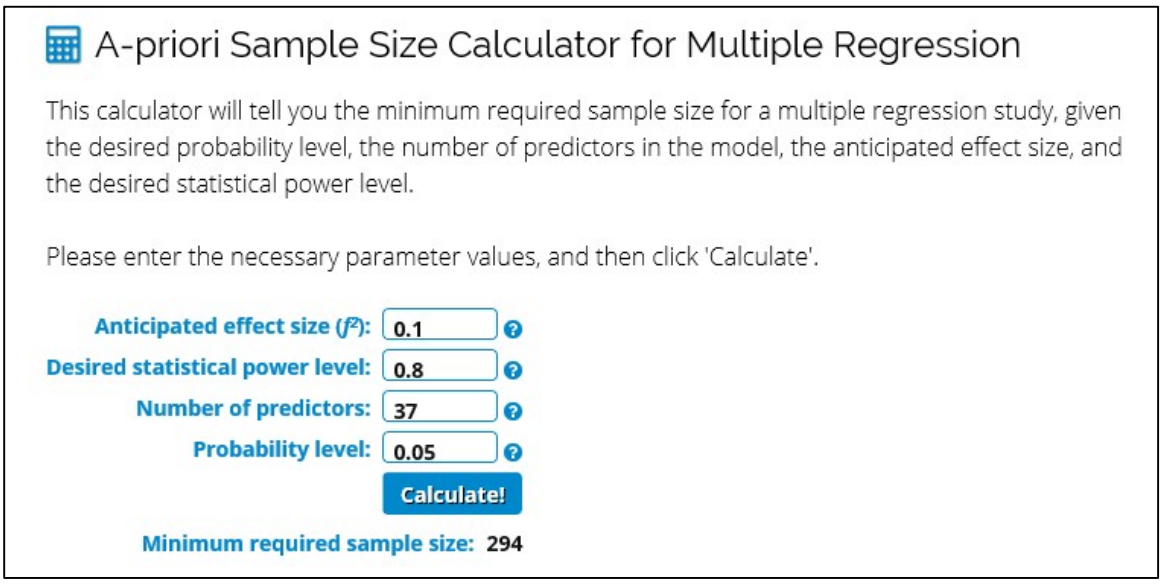
Short Citation	Sample	Measure	Key Findings
Shafer, 2008	Public accounting firms in China	ECQ – 36 items	Confirmed three climates: (egoistic/local, benevolent/cosmopolitan, principle/cosmopolitan). Egoistic climate were more likely to express an intention to engage in ethically questionable actions, while benevolent and principle climates reduced the likelihood of such actions. Similarly, the significant effects of the three ethical climate factors on behavioral intentions were present only for high relativists
Shafer, 2015	Accounting departments of firms in China	ECQ – 16 items	Strong instrumental climates were associated with lower assessments of the importance of corporate ethics and social responsibility, while benevolent and principled climates were associated with higher assessments of the importance of ethics and social responsibility
Smith, Thompson & Iacovou, 2009	Team members in U.S. state governmental projects	ECQ – 36 items	Rules and code climate led to less misreporting and self-interest climates are associated with higher levels of misreporting. Caring climate had no effect
Treviño, Butterfield, & McCabe, 1998	Alumni of two private colleges located in the northeastern United States	ECQ – 36 items	In code organizations, self-interest was significant and positively associated with unethical conduct

APPENDIX 3: Summary of Empirical Studies of Ethical Climate Effects on Unethical Behaviors, 1993 – 2018

Short Citation	Sample	Measure	Key Findings
Van Gils, Hogg, van Quaquebeke, & van Knippenberg, 2017	Online panels – U.S. and U.K.	ECQ – 6 items	Benevolent climates correlate with more moral decision-making compared to self-interested climates. Climate interacts with organizational identification. Climate has positive effect on moral decision making for those low in moral identity; no effect for those high in moral identity
VanSandt, Shepard, & Zappe, 2006	7 orgs spanning for-profit, government and non-profit	ECQ – 36 items	Ethical climates predict moral awareness
Vardi, 2001	Israeli metal production plan employees	ECQ – 26 items	Reward and support climates negatively correlate with organizational misbehavior
Weber, Kurke & Pentico, 2005	Two matched health care providers	ECQ – 26 items	Found significantly different levels of caring and law and professional code climates between theft and non-theft organizations, where higher caring and law and professional code climates were present in the non-theft organization
Wimbush, Shephard, & Markham, 1997	4400 retail store employees (jewelry)	ECQ – 36 items	Emergence of five cultures: independence and caring climate was negatively related to being an accomplice, disobedience, and lying. Law and code climate was negatively related to disobedience, stealing, and lying. Service climate was negatively related to lying and stealing. Positive significant relationship was found between instrumental climate and being an accomplice

Appendix 4: Power Analysis Results

The APriori Sample Size Calculator for Multiple Regression Power Analysis (https://www.danielsoper.com/statcalc/calculator.aspx?id=1) was used to calculate the minimum sample size for this study. The regression models that were tested have a total of 7 predictors and 30 interaction terms. To be able to detect a moderate effect size of 0.20 with a probability of 0.05, a statistical power level of 80%, and 37 total predictor and interaction terms, the minimum required sample size is 162. For the same parameters, but to detect a smaller effect size of 0.1, the minimum required sample size is 294. Because interaction effects are typically smaller than main effects, a minimum of 294 samples will be collected in order to ensure adequate power.



Appendix 5: Instructions and Scales

Instructions: We would like to ask you some questions about the general climate in your company. Please answer the following questions in terms of how it really is in your company, not how you would prefer it to be. There are no right or wrong answers. Please be as candid as possible; remember, all responses will remain strictly anonymous and confidential. Please select only one response to each statement from the following choices: Completely false (0), Mostly false (1), Somewhat false (2), Somewhat true, (3) Mostly true (4), or Completely true (5).

ETHICAL CLIMATE QUESTIONNAIRE (VICTOR AND CULLEN, 1987, 1988)

CARING

1. What is best for everyone in the company is the major consideration here
2. The most important concern is the good of all the people in the company as a whole
3. Our major concern is always what is best for the other person
4. In this company, people look out for each other's good
5. In this company, it is expected that you will always do what is right for the customers and public
6. The most efficient way is always the right way in this company
7. In this company, each person is expected above all to work efficiently

LAW AND CODE

8. People are expected to comply with the law and professional standards over and above other considerations
9. In this company, the law or ethical code of their profession is the major consideration
10. In this company, people are expected to strictly follow legal or professional standards
11. In this company, the first consideration is whether a decision violates any law

RULES

12. It is very important to follow the company's rules and procedures here

13. Everyone is expected to stick by company rules and procedures
14. Successful people in this company go by the book
15. People in this company strictly obey the company policies

INSTRUMENTAL

16. In this company, people protect their own interests above all else
17. In this company, people are mostly out for themselves
18. There is no room for one's own personal morals or ethics in this company
19. People are expected to do anything to further the company's interests, regardless of the consequences
20. People here are concerned with the company's interests -to the exclusion of all else
21. Work is considered substandard only when it hurts the company's interests
22. The major responsibility of people in this company is to control costs

INDEPENDENCE

23. In this company, people are expected to follow their own personal and moral beliefs
24. Each person in this company decides for themselves what is right and wrong
25. The most important concern in this company is each person's own sense of right and wrong
26. In this company, people are guided by their own personal ethics

CLIMATE STRENGTH (AUTHOR)

1. Many people in my company share my opinions about the climate within our company
2. People in my company differ in how they perceive the rules and norms of ethical behavior (reverse code)
3. My coworkers and I generally agree about the climate within our company
4. Most of my coworkers share a similar view of workplace ethical behavior.
5. The rules and norms pertaining to ethical behavior are clear to everyone in my organization

Instructions: We would like to ask you some questions about your opinions and attitudes. Please answer the following in terms of how you really feel, not how you would prefer your feelings to be. There are no right or wrong answers. Please be as candid as possible; remember, all responses will remain strictly anonymous and confidential. Please select only one response to each statement from the following choices: Strongly disagree (1), Disagree (2), Somewhat disagree (3), Neither agree or disagree (4), Somewhat agree (5), Agree (6), or Strongly agree (7).

MORAL DISENGAGEMENT (MOORE, DETERT, TREVIÑO, BAKER AND MAYER, 2012)

MORAL JUSTIFICATION

1. It is okay to spread rumors to defend those you care about

EUPHEMISTIC LABELLING

2. Taking something without the owner's permission is okay as long you're just borrowing

ADVANTAGEOUS COMPARISON

3. Considering the ways people grossly misrepresent themselves, it's hardly a sin to inflate your own credentials a bit

DISPLACEMENT OF RESPONSIBILITY

4. People shouldn't be held accountable for doing questionable things when they were just doing what an authority figure told them to do

DIFFUSION OF RESPONSIBILITY

5. People can't be blamed for doing things that are technically wrong when all their friends are doing it too

DISTORTION OF CONSEQUENCES

6. Taking personal credit for ideas that were not your own is no big deal

DEHUMANIZATION

7. Some people have to be treated roughly because they lack feelings that can be hurt

ATTRIBUTION OF BLAME

8. People who get mistreated have usually done something to bring it on themselves

Instructions: We would like to ask you some questions about your opinions and attitudes. Please answer the following in terms of how you really feel, not how you would prefer your feelings to be. There are no right or wrong answers. Please be as candid as possible; remember, all responses will remain strictly anonymous and confidential. Please select only one response to each statement from the following choices: Strongly disagree (1), Disagree (2), Somewhat disagree (3), Neither agree or disagree (4), Somewhat agree (5), Agree (6), or Strongly agree (7).

UNETHICAL PRO-ORGANIZATIONAL BEHAVIOR (UMPHRESS, BINGHAM AND MITCHELL, 2010)

1. If it would help my organization, I would misrepresent the truth to make my organization look good
2. If it would benefit my organization, I would withhold negative information about my company or its products from customers and clients
3. If it would help my organization, I would exaggerate the truth about my company's products or services to customers and clients
4. If my organization needed me to, I would give a good recommendation on the behalf of an incompetent employee in the hope that the person will become another organization's problem instead of my own
5. If my organization needed me to, I would withhold issuing a refund to a customer or client accidentally overcharged
6. If needed, I would conceal information from the public that could be damaging to my organization

Instructions: We would like to ask you some questions about your extent to which you have engaged in the practices listed below. There are no right or wrong answers. Please be as candid as possible; remember, all responses will remain strictly anonymous and confidential. Please provide only one response to each statement, with responses ranging from 1 = Never to 7 = Frequently.

ETHICAL JUDGMENTS (AKAAH 1996)

PERSONAL USE

1. Using company services for personal use
2. Doing personal business on company time
3. Pilfering company materials and supplies
4. Taking extra personal time (lunch hour, breaks, early departure)

PASSING BLAME

5. Concealing one's errors
6. Passing blame for errors to an innocent co-worker
7. Claiming credit for someone else's work

BRIBERY

8. Giving gifts/favors in exchange for preferential treatment
9. Accepting gifts/favors in exchange for preferential treatment

FALSIFICATION

10. Falsifying time/quality/quantity reports
11. Calling in sick to take a day off
12. Authorizing a subordinate to violate company rules

PADDING EXPENSES

13. Padding an expense account up to 10%
14. Padding an expense account more than 10%

DECEPTION

15. Taking longer than necessary to do a job

16. Divulging confidential information
17. Not reporting others' violations of company policies and rules

Instructions: For the following items, please review the below list of some characteristics that may describe a person:

Caring, compassionate, fair, friendly, generous, hardworking, helpful, honest, kind

The person with these characteristics could be you or it could be someone else. For a moment, visualize in your mind the kind of person who has these characteristics. Imagine how that person would think, feel, and act. When you have a clear image of what this person would be like, answer the following questions. Please be as candid as possible; remember, all responses will remain strictly anonymous and confidential. Please select only one response to each statement from the following choices: Strongly disagree (1), Disagree (2), Neither agree or disagree (3), Agree (4), or Strongly agree (5).

MORAL IDENTITY (AQUINO AND REED, 2002)

INTERNALIZATION

1. It would make me feel good to be a person who has these characteristics
2. Being someone who has these characteristics is an important part of who I am
3. I would be ashamed to a be a person who has these characteristics (reverse code)
4. Having these characteristics is not really important to me (reverse code)
5. I strongly desire to have these characteristics

SYMBOLIZATION

6. I often wear clothes that identify me as having these characteristics
7. The types of things I do in my spare time (e.g., hobbies) clearly identify me as having these characteristics

8. The kinds of books and magazines that I read identify me as having these characteristics
9. The fact that I have these characteristics is communicated to others by my membership in certain organizations
10. I am actively involved in activities that communicate to others that I have these characteristics

Instructions: Listed below are a number of statements concerning personal attitudes and traits. Read each item and decide whether the statement is *true* or *false* as it pertains to you personally. There are no right or wrong answers. Please be as candid as possible; remember, all responses will remain strictly anonymous and confidential. Please provide only one response to each statement.

SOCIAL DESIRABILITY - FORM C (REYNOLDS, 1982)

1. It is sometimes hard for me to go on with my work if I am not encouraged (F)
2. I sometimes feel resentful when I don't get my way (F)
3. On a few occasions, I have given up doing something because I thought too little of my ability (F)
4. There have been times when I felt like rebelling against people in authority even though I knew they were right (F)
5. No matter who I'm talking to, I'm always a good listener (T)
6. There have been occasions when I took advantage of someone (F)
7. I'm always willing to admit it when I make a mistake (T)
8. I sometimes try to get even rather than forgive and forget (F)
9. I am always courteous, even to people who are disagreeable (T)
10. I have never been irked when people expressed ideas very different from my own (T)
11. There have been times when I was quite jealous of the good fortune of others (F)
12. I am sometimes irritated by people who seek favors of me (F)
13. I have never deliberately said something that hurt someone's feelings (T)

Instructions: This section contains information about you and the organization and/or industry in which you work. Please answer these questions as accurately as possible, and provide only one response to each question. All answers are anonymous and confidential.

CONTROL AND SCREENING VARIABLES (AUTHOR)

QUESTIONS	VARIABLE TYPE	RESPONSE OPTIONS
1. What is your current age?	Screening; control	Drop-down menu with following options: 18 – 24; 25 – 34; 35 – 44; 45 – 54; 55 – 64; 65 – 74; and 75 – 84
2. In an average week, how many hours do you work?	Screening	Drop-down menu with following options: 36 – 45 hours; 46 – 55 hours; 56 – 65 hours; and 66 hours or more
3. How many years have you worked at your current firm and/or organization? (if you've worked more than one time for your current organization, only include the time since you joined most recently.)	Screening; control	Drop-down menu with following options: 1 to 3 years; 3 to 5 years; 5 to 8 years; 8 to 10 years; and more than 10 years
4. How you worked primarily in the united states for at least the past twelve months?	Screening	Drop-down menu with "yes", "no" and "don't know"
5. How would you classify your current job?	Screening	Drop-down menu with following options: • Executive - primary duty is managing the enterprise, or managing a customarily

		recognized department or subdivision of the enterprise • Administrative - primary duty is performance of office or non-manual work directly related to general business operations • Professional - primary duty is the performance of work requiring advanced knowledge, defined as work which is predominantly intellectual in character • Other • Unsure
6. How many total employees work for your firm or organization?	Control	Drop-down menu with following options: less than 100 employees; more than 100 but less than 1,000 employees; more than 1,000 but less than 10,000 employees; more than 10,000 but less than 100,000 employees; more than 100,000 employees; and unsure
7. How many levels are between you and the CEO or president? ("0" means you are the CEO or president, "1" means you directly report to the CEO or president, etc.)	Control	Drop-down menu with following options: less than 1 level; 1 level; 2 levels; 3 levels; 4 levels; 5 levels; 6 levels; 7 or more levels; and unsure
8. What is your role in your firm or organization?	Control	Drop-down menu with following options: senior executive / manager, mid-level manager, lower-level manager / supervisor, individual contributor (no one directly reports to me), other, and unsure
9. How many total years of experience do you have in your current industry?	Control	Drop-down menu with following options: 0 to 5 years; 5 to 10 years; 10 to 15 years; 15 to 20 years; 20 to 25 years; 25 to 30 years; and 30+ years
10. What is your gender?	Control	Drop-down menu with following options: male, female, binary/gender non-conforming/other, and prefer not to answer

The following attention check item were interspersed at random throughout the survey.

ATTENTION CHECK ITEMS (ADAPTED FROM BERINSKY, MARGOLIS & SANCES, 2014)

1. Differences in how people feel, their previous knowledge and experience, and their environment can affect choices. To help us understand how people make decisions, we are interested in whether you actually take the time to read the directions. To show that you have read the instructions, please select "1" as your response.
2. Most modern theories of decision making recognize that decisions do not take place in a vacuum. Individual preferences and knowledge along with situational variables can greatly impact the decision process. To demonstrate that you've read this much, please select "4" as your response.
3. People are very busy these days and many do not have time to follow what goes on in the workplace. Some do pay attention but do not read questions carefully. To show that you've read this much, please select "7" as your response.

Appendix 6: Rationale for Control Variables

The rationale for the control variables that were collected is provided below.

Organization Size

Ethical and moral judgment and reasoning has been found to be related to the size of the organization (Browning & Zabriskie, 1983; Murphy, Smith & Daley, 1992). Browning and Zabriskie (1983) found that respondents from larger firms were more accepting of questionable gifts, while Murphy et al (1992) showed that larger firms and smaller firms avoid unethical issues in different areas of the firm. Vitell and Festervand (1987) found smaller firms perceived unethical practices were more common in their industry, while Bartels, Harrick, Martell and Strickland (1998) concluded that large organizations tend to have more serous ethical problems. In contrast, Chavez, Wiggins and Yolas (2001) found that firm size is positively related to ethical decision-making Interestingly, Neubaum, Mitchell and Schminke (2004) found that the size of the organization was related to the perception of Caring, Rules, and Law and Code ethical climates, such that the larger the organization the lower the perceived ethical climate. Therefore, this study controls for organization size.

Gender

Gender has been shown to impact ethical decision making in multiple empirical studies. The literature shows mixed results on the impact of gender on ethical decision-making, but on average, females are reported to be more ethical than males. There are differences between the ethical decisions made by males and females when faced with different scenarios (Lund, 2000; Malinowski & Berger, 1996; Radtke, 2000). Some

studies find that men were more likely to have committed unethical behaviors than women (Ameen, 1996), while others found women prioritize ethics and make more ethical decision than men (Glover, Bumpus, Logan & Ciesla, 1997; Ross & Robertson, 2003; Ruegger & King, 1992). By contrast, several studies find no significant differences based on gender (Browning & Zabriskie, 1983; Dubinsky & Levy, 1985; Hegarty & Sims, 1978; Kish-Gephart, Harrison, & Treviño, 2010; McNichols & Zimmerer, 1985; Serwinek, 1992). Therefore, this study controls for gender.

Age

Studies have had mixed results when investigating the impact of age on ethical decisions. Some find that younger individuals or teams make more unethical decisions (Deshpande, 1997; Peterson, Rhoads & Vaught, 2001) and that higher age is positively correlated with ethical standards or decision making (Ruegger & King, 1992; Serwinek, 1992). Other studies have found that younger managers act more ethically than older managers, and that individuals become less ethical as they age (Browning & Zabriskie, 1983; Eynon, Hills & Stevens, 1997; Roozen, De Pelsmacker, & Bostyn, 2001). Another group of studies report no significant findings or mixed findings (Kish-Gephart, Harrison, & Treviño, 2010; Singhapakdi, Karande, Rao & Vitell, 2001). Therefore, this study controls for age.

Seniority and Role

Level and role in the organization has mixed results in empirical studies, with several studies finding no significant effects of organizational level (Akaah & Riordan, 1989; Izraeli, 1988), while other studies found that level of hierarchy influences the

likelihood to see ethical problems (Akaah, 1996; Chonko & Hunt, 1985; Posner & Schmidt, 1987). Delaney and Sockell (1992) documented that lower level managers believed they had to be more unethical to get ahead, while Chavez, Wiggins and Yolas (2001)) found that CEO tenure negatively related to ethical decision-making. Overall the literature suggests that as employee's level in the organization increases, the employees' ethical beliefs and decision-making behavior decreases (Ford & Richardson, 1994). Therefore, this study controls for seniority and role.

Tenure and Years of Experience

Research supports the impact of tenure and experience on ethical decision making, but with mixed results. Some studies indicate that more experience is associated with increased ethical judgment, ethical orientation, and ethical intentions (Valentine & Rittenburg, 2007; Weeks, Moore, McKinney & Longenecker, 1999). However, some studies have found more complex relationships between experience and ethical decision making or no statistical relationship at all (Sweeney, Arnold & Pierce, 2010; Wu, 2003). Therefore, this study controls for tenure and years of experience.

Appendix 7: Cover Letters and Informed Consent Notification

The survey instrument was distributed via an email containing a cover letter and a link to the survey housed on the Qualtrics Experience Management (XM)™ platform.

Cover Letter 1

Emails sent by Qualtrics to panelists they identify and solicit to complete the survey contained the following message:

> *This information is being gathered by Kellie McCorvey in support of a dissertation research project for the Belk College of Business at the University of North Carolina at Charlotte. Participation is voluntary, and all responses are strictly anonymous and confidential. This study was approved by the University of North Carolina at Charlotte Institutional Review Board on May 16, 2019 (Study #: 19-0139). No personally identifiable information will be collected, and all data collected will be used strictly for research purposes.*
>
> *Please click on this link to access the survey.*
>
> http://survey.qualtrics.com/jfe/form/SV_3eh3oFAvQA8eGWh
>
> *Thank you for your participation. If you have any questions, please contact the researcher directly at kmccorve@uncc.edu.*

Cover Letter 2

Emails sent by the author to the author's personal acquaintances to solicit survey participants contained the following message:

> *Hello All. This is Kellie McCorvey. As you may know, I am working on a Doctorate in Business Administration degree from University of North Carolina at Charlotte. I have completed all of my coursework and am now working on my dissertation. My research interest is in employee's perception of ethics in businesses and how these perceptions may impact behaviors. This study was approved by the University of North Carolina at Charlotte Institutional Review Board on May 16, 2019 (Study #: 19-0139).*
>
> *I am writing to ask for your participation in a survey, which is about 90 questions long and should take no more than 15 to 20 minutes. The survey is voluntary, all answers are strictly confidential and anonymous, no personally identifiable information will be collected, and all data collected will be used strictly for research purposes. The survey will be available from September 25 to October 16, 2019.*
>
> *Please click on this link to access the survey.*
>
> http://survey.qualtrics.com/jfe/form/SV_3eh3oFAvQA8eGWh
>
> *I also respectfully request that you forward this email to your acquaintances and ask that they complete the survey as well. Thanks in advance for your help with this request! If you have any questions or if you want to be removed from this distribution, please contact me directly at kmccorve@uncc.edu.*

Consent to Participate in a Research Study

Once a potential participant clicks on the link in the email, he or she was directed to a Qualtrics™ landing page and was provided with the below consent notification, which he or she must have acknowledged prior to being allowed to respond to the survey.

You are invited to participate in a research study. Participation in this research study is voluntary. The information provided is to give you key information to help you decide whether or not to participate.

- *The purpose of this study is to examine how perceptions of ethics in the workplace may motivate different types of behavior.*
- *You must be age 18 or older to participate in this study.*
- *You must be a working adult employed full-time (>35 hours/week) in an administrative, professional or executive capacity, and have been employed with your firm for at least 1 year*
- *You must have worked in the United Sates for the previous 12 months, at minimum*
- *You are asked to complete a survey asking a series of questions about your perceptions of ethics, your beliefs, and your potential behaviors.*
- *It will take you approximately 15 to 20 minutes to complete the survey.*
- *We do not believe that you will experience any risk from participating in this study.*

- *No benefits are extended in exchange for your participation in this study, beyond any contractually due payments from Qualtrics™.*

Your privacy will be protected and confidentiality will be maintained to the extent possible. Your responses will be treated as confidential and will not be linked to your identity. We might use the survey data for future research studies and we might share the non-identifiable survey data with other researchers for future research studies without additional consent from you.

Participation is voluntary. You may choose not to take part in the study. You may start participating and change your mind and stop participation at any time.

If you have questions concerning the study, contact the principal investigator, Kellie McCorvey, at kmccorve@uncc.edu or her faculty advisor, Dr. David Woehr, at dwoehr@uncc.edu. If you have further questions or concerns about your rights as a participant in this study, contact the Office of Research Compliance at (704) 687-1871 or uncc-irb@uncc.edu.

You may print a copy of this form. If you are 18 years of age or older, have read and understand the information provided and freely consent to participate in the study, you may proceed to the survey.

To continue please select "I Agree".

Appendix 8: Regression Models

H1a "The egoism ethical climate (INS) is positively correlated with unethical behaviors as reflected by Moral Disengagement (MD), Ethical Judgments (EJ) and Unethical Pro-organizational Behavior (UPB)"

H1b "The benevolence (CAR) and principle ethical climates (IND, RUL, LAW) are negatively correlated with unethical behavior as reflected by Moral Disengagement (MD), Ethical Judgments (EJ) and Unethical Pro-organizational Behavior (UPB)."

Regression Equations

(1) MD = IND + CAR + INS + LAW + RUL
(2) UPB = IND + CAR + INS + LAW + RUL
(3) EJ = IND + CAR + INS + LAW + RUL
(4) CUB = IND + CAR + INS + LAW + RUL

H2 "Moral Identity (MII, MIS) is negatively correlated with unethical behavior as reflected by Moral Disengagement (MD), Ethical Judgments (EJ) and Unethical Pro-organizational Behavior (UPB)."

Regression Equations

(5) MD = MII + MIS
(6) UPB = MII + MIS
(7) EJ = MII + MIS
(8) CUB = MII + MIS

H3a "Moral Identity (MII, MIS) moderates the relationship between egoism ethical climate (INS) and unethical behavior (CUB), such that the positive relationships between egoism climate and these behaviors become weaker as moral identity increases"

H3b "Moral Identity (MII, MIS) moderates the relationship between benevolence (CAR) and principle (IND, RUL, LAW) ethical climates and unethical behavior (CUB), such that the negative relationships between the benevolence and principle ethical climates and these behaviors become stronger as moral identity increases"

Regression Equations

(9) CUB = CAR + MII + (CAR * MII)
(10) CUB = RUL + MII + (RUL * MII)
(11) CUB = LAW + MII + (LAW * MII)
(12) CUB = INS + MII + (INS * MII)
(13) CUB = IND + MII + (IND * MII)
(14) CUB = CAR + MIS + (CAR * MIS)

(15) CUB = RUL + MIS + (RUL * MIS)
(16) CUB = LAW + MIS + (LAW * MIS)
(17) CUB = INS + MIS + (INS * MIS)
(18) CUB = IND + MIS + (IND * MIS)

H4 "Situational strength (SS and Climate Variance) moderates the relationship between ethical climate types and unethical behavior (CUB), such that the positive relationships between egoism climate (INS) and these behaviors and the negative relationships between the benevolence (CAR) and principle (IND, RUL, LAW) climates and these behaviors become stronger as situational strength increases"

Regression Equations

(19) CUB = CAR + SS + (CAR * SS)
(20) CUB = RUL + SS + (RUL * SS)
(21) CUB = LAW + SS + (LAW * SS)
(22) CUB = INS + SS + (INS * SS)
(23) CUB = IND + SS + (IND * SS)
(24) CUB = CAR + CARVAR + (CAR * CARVAR)
(25) CUB = RUL + RULVAR + (RUL * RULVAR)
(26) CUB = LAW + LAWVAR + (LAW * LAWVAR)
(27) CUB = INS + INSVAR + (INS * INSVAR)
(28) CUB = IND + INDVAR + (IND * INDVAR)

H5 "Situational strength (Climate Variance) moderates the relationship between moral identity (MII, MIS) and unethical behavior (CUB), such that the negative relationships between moral identity and these behaviors become stronger in benevolence (CAR) and principle (IND, RUL, LAW) climates and weaker in egoism climates (INS) as situational strength increases"

Regression Equations

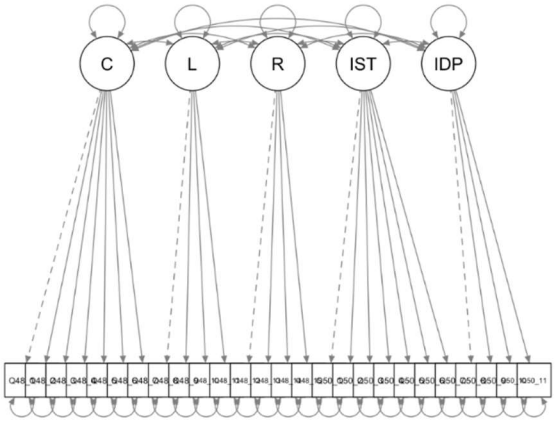
(29) CUB = MII + CAR + CARVAR + (MII * CARVAR)
(30) CUB = MII + RUL + RULVAR + (MII * RULVAR)
(31) CUB = MII + LAW + LAWVAR + (MII * LAWVAR)
(32) CUB = MII + INS + INSVAR + (MII * INSVAR)
(33) CUB = MII + IND + INDVAR + (MII * INDVAR)
(34) CUB = MIS + CAR + CARVAR + (MIS * CARVAR)
(35) CUB = MIS + RUL + RULVAR + (MIS * RULVAR)
(36) CUB = MIS + LAW + LAWVAR + (MIS * LAWVAR)
(37) CUB = MIS + INS + INSVAR + (MIS * INSVAR)
(38) CUB = MIS + IND + INDVAR + (MIS * INDVAR)

Key:

INS	Sum of the scores of the items that load onto Instrumental climate factor
CAR	Sum of the scores of the items that load onto Caring climate factor
IND	Sum of the scores of the items that load onto Independence climate factor
LAW	Sum of the scores of the items that load onto Law and Code climate factor
RUL	Sum of the scores of the items that load onto Rules climate factor
UPB	Sum of the scores of Unethical Pro-organizational Behavior scale items
MD	Sum of the scores of Moral Disengagement scale items
EJ	Sum of the score of Ethical Judgements scale items
SS	Sum of the scores of Situational Strength direct measure items
CUB	Composite measure of unethical behavior; sum of MD, EJ and SS
INSVAR	Variance of the Instrumental climate items
CARVAR	Variance of the Caring climate items
INDVAR	Variance of the Independence climate items
LAWVAR	Variance of the Law climate items
RULVAR	Variance of the Rule climate items
MII	Sum of the scores of the Moral Identity Internalization scale items
MIS	Sum of the scores of the Moral Identity Symbolization scale items
SD	Sum of the scores of Social Desirability scale items

Appendix 9: Confirmatory Factor Analysis Results

Five-Factor Ethical Climates Model



Ethical Climates CFA Results

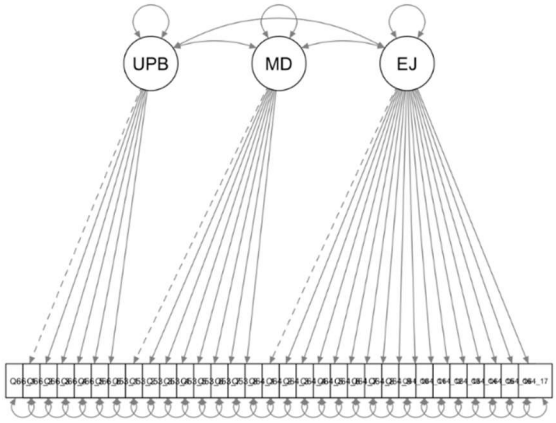
Model	χ^2	df	p value	CFI	TLI	RMSEA	χ^2 Δ	df Δ	Pr(>χ2)
Five-Factor	992.45	289	0.00	0.82	0.79	0.09			
Three-Factor	1577.59	296	0.00	0.66	0.63	0.12	585.14	7	< 2.2e-16 ***
One-Factor	2428.84	299	0.00	0.44	0.39	0.15	851.25	3	< 2.2e-16 ***

*** Significant at 0.001; ** Significant at 0.01; * Significant at 0.05

Ethical Climates Estimated Correlations Matrix

	C	L	R	IST	IDP
C	1.000				
L	0.484	1.000			
R	0.549	0.820	1.000		
IST	-0.376	-0.280	-0.272	1.000	
IDP	0.316	-0.033	0.028	0.196	1.000

Three-Factor Unethical Behaviors Model



Unethical Behavior CFA Results

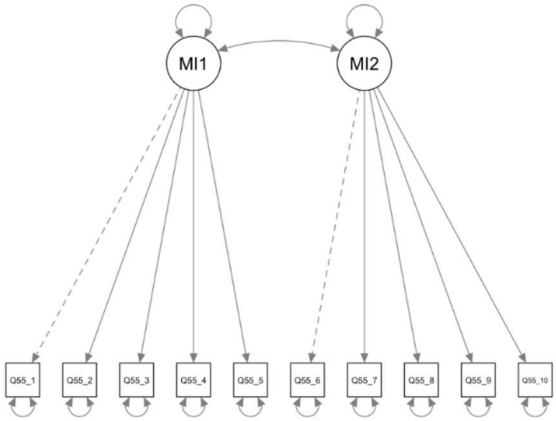
Model	χ^2	df	pvalue	CFI	TLI	RMSEA	χ^2 Δ	df Δ	Pr(>χ2)
Three-Factor	1683.63	431	0.00	0.84	0.83	0.10			
One-Factor	2713.86	434	0.00	0.71	0.39	0.13	1020.20	3	< 2.2e-16 ***

*** Significant at 0.001; ** Significant at 0.01; * Significant at 0.05

Unethical Behaviors Estimated Correlations Matrix

	UPB	MD	EJ
UPB	1.000		
MD	0.780	1.000	
EJ	0.652	0.776	1.000

Two-Factor Moral Identity Model



Moral Identity CFA Results

Model	χ^2	df	pvalue	CFI	TLI	RMSEA	χ^2 Δ	df Δ	Pr(>χ2)
Two-Factor	195.50	34	0.00	0.84	0.78	0.13			
One-Factor	504.24	35	0.00	0.53	0.39	0.21	308.75	1	< 2.2e-16 ***

*** Significant at 0.001; ** Significant at 0.01; * Significant at 0.05

Moral Identity Estimated Correlations Matrix

	MII	MIS
MII	1.000	
MIS	0.347	1.000

Appendix 10: Summary of Findings by Hypothesis

Hyp	Re-statement	Result	Comments
H1a	The egoism ethical climate is positively correlated with unethical behaviors	Supported	
H1b	The benevolence and principle ethical climates are negatively correlated with unethical behavior	Partially Supported	Supported for some principle climates; not supported for benevolence climates
H2	Moral identity is negatively correlated with unethical behavior	Partially Supported	Supported for moral identity internalization; not supported for moral identity symbolization
H3a	Moral identity moderates the relationship between egoism ethical climate and unethical behavior, such that the positive relationships between egoism climate and these behaviors become weaker as moral identity increases	Partially Supported	Supported for moral identity internalization; not supported for moral identity symbolization
H3b	Moral identity moderates the relationships between benevolence and principle ethical climates and unethical behavior such that the negative relationships between benevolence and principle ethical climates and these behaviors become stronger as moral identity increases	Partially Supported	Supported for moral identity internalization; not supported for moral identity symbolization
H4	Situational strength moderates the relationships between ethical climate types and unethical behavior, such that the positive relationships between egoism climate and these behaviors and the negative relationships between benevolence and principle climates and these behaviors become stronger as situational strength increases	Partially Supported	Supported for egoism ethical climates; not supported for benevolence and principle climates
H5	Situational strength moderates the relationship between moral identity and unethical behavior, such that the negative relationships between moral identity and these behaviors become stronger in benevolence and principle climates and weaker in egoism climates as situational strength increases	Not Supported	