CHARACTER, CONDITIONS, AND COGNITIONS: THE ROLE OF PERSONALITY, CLIMATE, INTENSITY, AND MORAL DISENGAGEMENT IN THE UNETHICAL DECISION-MAKING PROCESS

by

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ABSTRACT

Despite increased attention given to unethical decision-making, few studies have simultaneously examined the multiple influences that may effect this outcome. In addition, few studies have examined the processes through which unethical decision-making may be influenced. Drawing on field theory and the concept of situational strength and social cognitive theory and the concept of moral disengagement, the researcher examined the simultaneous influence of the meta-personality trait core self-evaluation, ethical climate, and moral intensity on ethical decision-making along with the role of moral disengagement as a mediator of the relationship between core self-evaluation and intent to engage in unethical decision-making. In addition, intent to engage in unethical decision-making was explored as a mediator of the relationship between core self-evaluation and unethical behavior. Maximum-likelihood structural equation modeling (SEM) was used to test the main effects of core self-evaluation, ethical climate, and moral intensity as well as the mediating and moderating hypotheses. The study’s implications as well as limitations and directions for future research are discussed.
DEDICATION

This dissertation is dedicated to my family and friends who have provided love and support throughout the process of completing my educational goals. I would like to offer a special dedication to my friend PJ who has seen me through all my educational pursuits and has been the constant in my life.

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# LIST OF ABBREVIATIONS AND SYMBOLS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>α</td>
<td>Cronbach’s Index of Internal Consistency</td>
</tr>
<tr>
<td>N</td>
<td>Sample Size</td>
</tr>
<tr>
<td>$\lambda^2$</td>
<td>Chi Square</td>
</tr>
<tr>
<td>df</td>
<td>Degrees of freedom: Number of values free to vary after certain restrictions have been placed on the data</td>
</tr>
<tr>
<td>CSE</td>
<td>Core Self-Evaluation</td>
</tr>
<tr>
<td>CMV</td>
<td>Common Method Variance</td>
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<tr>
<td>SEM</td>
<td>Structural Equation Modeling</td>
</tr>
<tr>
<td>VIF</td>
<td>Variance Inflation Factor</td>
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<tr>
<td>CFA</td>
<td>Confirmatory Factor Analysis</td>
</tr>
<tr>
<td>CFI</td>
<td>Comparative Fit Index</td>
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<tr>
<td>NNFI</td>
<td>Nonnormed Fit Index</td>
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<tr>
<td>NFI</td>
<td>Normed Fit Index (Tucker Lewis Index)</td>
</tr>
<tr>
<td>RMSEA</td>
<td>Root-Mean-Square Error of Approximation</td>
</tr>
<tr>
<td>SMSR</td>
<td>Standardized Root Mean Square Residual</td>
</tr>
<tr>
<td>AIC</td>
<td>Akaike Information Criterion</td>
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<tr>
<td>BIC</td>
<td>Bayesian Information Criterion</td>
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CHAPTER 1

INTRODUCTION

A man’s ethical behavior should be based effectively on sympathy, education, and social relationships; no religious basis is necessary. Man would indeed be in a poor way if he had to be restrained by fear of punishment and hope of reward after death.

-Albert Einstein, "New York Times Magazine", November 9, 1930

The ethical decision-making and behavior literature has been a rich research stream for organizational scholars. Over the past 30 years, practitioners and academics alike have demonstrated an increased interest in issues related to these topics. It comes as no surprise that the ethical scandals that have plagued businesses over the past two decades have fueled this line of research and made it even more salient to individuals in a number of different industries (Carlson, Kacmar, & Wadsworth, 2002, 2009; O’Fallon & Butterfield, 2005; Tenbrunsel & Smith-Crowe, 2008; Treviño, Weaver, & Reynolds, 2006). Based on this interest, researchers have attempted to determine the predictors of unethical decision-making and behavior in organizations. While this extant research has addressed some key questions, there are other questions that remain unanswered regarding the causes of unethical decision-making and behavior (Carlson & Kacmar, 1997; O’Fallon & Butterfield, 2005; Robertson, 1993; Tenbrunsel & Smith-Crowe, 2008).

In an effort to gain a greater understanding of ethical decision-making and behavior a basic understanding of ethical decision-making processes is necessary. The majority of behavioral ethics research has relied on Rest’s (1986) four-component model of ethical decision-making and behavior (Jones, 1991; Loe, Ferrell, & Mansfield, 2000; O’Fallon & Butterfield, 2005; Treviño et al., 2006). This model suggest that individuals must (1) recognize the moral
issue, *(moral sensitivity)* (2) make a moral judgment, (3) establish moral intent, and (4) act on the moral concerns *(moral character)*. Two important definitions to aid in understanding Rest’s model (1986) are moral issues and ethical decisions. First, moral issues are present when an individual’s actions, when engaged in freely, may cause harm or potentially benefit others (Velasquez & Rostankowski, 1985). Next, according to Jones (1991), ethical decisions are defined as those that meet the criteria of being both legally and morally acceptable to the larger community. However, this definition combining both legality and morality may fall short of capturing the true nature of ethical decisions. Therefore, before proceeding, it is necessary to define ethical decision making as used in this study. This research will accept the definition of ethical behavior as actions engaged in by a member that violates widely accepted (societal) moral norms. This definition is less confounding and is consistent with recent literature (Kaptein, 2008; Treviño et al., 2006).

Much of the research to date has looked at ethical decision-making and behavior using either individual characteristics, situational (organizational) characteristics, or issue-related characteristics. First, researchers have generated an extensive number of studies involving models using individual difference attributes or person-based factors as variables having potential influences on ethical decision-making and behavior (Ford & Richardson, 1994; Loe et al., 2000). These attributes include things such relational demography variables (age, gender, race, and nationality), personality, beliefs, and value related variables (neuroticism, locus of control and machiavellian), and other variables such as education, employment or work experience, and religion. Many of these studies reported non-significant relationships or were inconclusive due to the mixed findings (Ford & Richardson, 1994; Loe et al., 2000; Paolillo & Vitell, 2002).
While research has explored this area somewhat less, the next category of studies involves situational factors as variables influencing ethical decision-making and behavior. While some research has failed to make the distinction between the components of situational factors, this study will delineate between situational (organizational) environment related factors and issue-related factors. The term organizational environment factors suggest that these factors are internal to the organization and thus may be more salient to the individual. As such, a factor such as industry type is not included in this section. Factors that have been examined and shown to have an influence on ethical decision-making include codes of ethics, enforcements of codes through rewards and sanctions, culture and climate, and organizational size (Ford & Richardson, 1994; Loe et al., 2000; Paolillo & Vitell, 2002). The environmental factors may capture more of the shared beliefs, values, and norms that exist in the organization and may be used to guide an individual’s behavior in the organization (Kish-Gephart, Harrison, & Treviño, 2010).

Finally, the third category of studies involves issue-related factors as variables in the models influencing ethical decision-making and behavior. With respect to issue-related factors, a number of studies have focused on characteristics of the ethical issue being faced. The majority of these studies incorporated the moral intensity factor introduced by Jones (1991). Jones suggested that situations in which individuals are involved will often vary in terms of the criticality of the moral dilemma being faced and identified six distinct elements of moral intensity to demonstrate this variation. These elements include (1) magnitude of consequences which is the total harm (benefit) of a particular decision; (2) social consensus which is the extent of social agreement supporting the decision being good or bad; (3) probability of effect or the likelihood that the action will result in harm (benefit); (4) temporal immediacy or the length of time before consequences (either good or bad) are realized; (5) proximity which is the social,
cultural, psychological, or physical distance between the individual decision-maker and those who can be affected; and (6) concentration of effect which is related to the number of people who will be affected by a particular decision. According to Jones (1991), as one of the elements increases, the overall intensity of the situation increases.

In light of all of the extant empirical evidence, researchers have suggested that additional research is needed on ethical decision-making intentions and moral intensity (Loe et al., 2000). Moreover, a recent meta-analysis suggested that there is a need for research that incorporates a complex configuration of the individual or person-related, organizational environment, and moral issue variables (Kish-Gephart et al., 2010). Another area that warrants further investigation by researchers involves the processes that may lead to unethical decision-making (Messick & Bazerman, 1996; Tenbrunsel & Messick, 2004). Although few studies have examined the psychological processes that influence ethical decision-making and behavior (Detert, Treviño, & Sweitzer, 2008; Kurpis, Beqiri, & Helgeson, 2008; Steenhaut & Van Kenhove, 2006), these types of investigations have the potential to yield fruitful information for behavioral ethics researchers.

In this vein, the current dissertation seeks to contribute to knowledge about ethical decision-making in two ways. First, it will develop theory that provides better explanations of unethical behavior by examining the interactive effects of multiple factors on ethical decision-making and behavior using a predictive model. Next, it will examine the explanatory mechanisms through which various factors lead to unethical decision-making. Specifically, it will explore the notion of moral disengagement as the process through which person-related factors influence unethical decision-making and behavior. Moral disengagement is the self-regulatory process through which individuals free themselves from guilt and self-sanctions.
allowing them to engage in unethical conduct. The arguments developed and tested will be
guided by field theory and the concept of situational strength along with social cognitive theory
and the psychological concept of moral disengagement.

Theoretical Background

Field Theory

Why do individuals behave the way they do? This query has eluded yet captivated the
minds of social scientist and other researchers for some time. Various theories and frameworks
have developed over the years, such as the dispositionist perspective (Allport, 1937), the
situationist perspective, (Ross & Nisbett, 1991), the interactionist perspective (Magnusson &
Endler, 1977), and social cognitive theory (Bandura, 1977, 1986, 1990b, 1999; Bandura,
Barbaranelli, Caprara, & Pastorelli, 1996; Mischel, 1973), designed to help answer this question.
However, the variety of explanations offered by these perspectives suggests that the true answer
may still be unknown.

The dispositionist perspective suggests that individuals behave in concert with internal
mechanisms such as traits or dispositions. Early research by Allport and Odbert (1936) found
nearly 18,000 trait names available in Webster’s Dictionary, a fact that supports individual’s
immediate and spontaneous interpretation of behavior based on traits (Winter & Uleman, 1984)
and the fact that individuals have a tendency to explain behavior in terms of traits more often
than in terms of a situation (Miller, 1984; Ross & Penning, 1985). Additionally, this common
sense notion of traits allowed them to have an intuitive appeal among early researchers in the
area (Adorno, Frenkel-Brunswik, Levinson, & Sanford, 1950; Allport, 1937; Allport & Allport,
1921; Cattell, 1950; Hartshorne & May, 1928; Jung, 1933; Newcomb, 1929). While some
support was found for the dispositionist perspective, research findings were suggestive of the
idea that behavior may not be triggered by internal factors such as attitudes and traits (LaPiere,
1934; Mischel, 1968; Peterson, 1968; Wicker, 1969)

The situationist perspective was the immediate resolution to the shortcomings of the
dispositionist perspective. Situationist believed that the situation was indeed the greatest
predictor of individual behavior (Ross & Nisbett, 1991). There were many studies that provided
support for the influence of the situation (Darley & Batson, 1973; Milgram, 1963). While these
studies were able to demonstrate the power of the situation, situational variables often failed to
account for any additional variance in behavior that was accounted for by the dispositionist
approach (Bowers, 1973; Funder & Harris, 1986; Sarason, Smith, & Deiner, 1975). However,
these results suggested that the interaction of the person and situation deserved to be explored in
order to better explain behavior.

Influenced by Gestalt psychology, the Father of social psychology, Kurt Lewin,
developed a theory that individual behavior is a function of both person-related characteristics
and situational characteristics, and in order to adequately understand human behavior both of
these factors needed to be examined simultaneously. Lewin’s field theory (1935, 1936, 1951a
1951b, 1999) proposed that behavior was a result of an interaction between the individual and
his/her environment and provided the basis for the modern interactionist perspective
(Ekehammer, 1974; Endler & Magnusson, 1976; Magnusson & Endler, 1977). While Lewin’s
hope was that research would continue to advance and explore the interactions between person
and situational variables along with their individual influence on behavior, much of the research
continued to focus on either the person or situation. This continued focus was at the heart of a
long standing divide in the social sciences concerning the relative importance of person and situation factors.

Currently, research provides support for both the dispositionist perspective based on personality as well as the situationist perspective. Evidence supports that individual behavior is consistent within context, however inconsistent across context, lending support to the situationist perspective (Magnusson & Endler, 1977; Mischel & Peake, 1982; Mischel & Shoda, 1999; Moskowitz, 1994; Ross & Nisbett, 1991; Shoda, 1999). This perspective is in concert with Bandura’s (1977, 1986) social cognitive theory which suggests that individuals learn appropriate behavior in a given context by attending to what has proven beneficial to themselves and others in previous times (Bandura, 1977, 1986).

While the dispositionists have persisted in their efforts by focusing on between-person individual differences, they have continued to downplay the importance of situational influences. It comes as no surprise that likewise, the situationists have continued to focus on within-person situational differences and downplay the importance of between-person differences. While this divide continues it may be discounting the impact of a much more important issue of how the person-related and situational characteristics interact.

Although the debate has continued some researchers have accepted the validity of exploring both person-related and situational characteristics as determinants of behavior, while also understanding the importance of the interaction between the two (Magnussen & Endler, 1977; Mischel & Peake, 1983). Advancing the interactionist perspective is the current view of most researchers. Under the interactionist perspective person-related factors are viewed as context dependent, suggesting that person-related factors will manifest differently in different types of situations (Mischel, 1977, 2004). According to this perspective, the individual may
possess certain individual traits, however, these traits will be consistent across similar types of
contexts and inconsistent across qualitatively different contexts (Mischel, 1977, 2004). This
interactionist perspective of the context dependency of individual traits, known as situational
strength (Mischel, 2004) is the core of the current social cognitive conception of personality
(Mendoza-Denton, Ayduk, Mischel, Shoda, & Testa, 2001).

Social Cognitive Theory

Bandura’s (1986) social cognitive theory suggests that behaviors of individuals are not
simply a matter of their environment, but are bidirectional (D’Zurilla & Goldfried, 1971). This
bidirectional interaction indicates that the environment provides information that is filtered
through cognitive, biological, and personal factors. The theory suggests that individuals have the
ability to be self-organized, proactive, self-regulated, and self-reflective in order to contribute to
the circumstances in their life (Bandura, 2005).

According to social cognitive theory there are three types of environments that
individuals are exposed to: imposed, selected, and created (Bandura, 2005). Bandura (2002a)
argues that behaviors do not exist in isolation, but are engaged in within various social contexts,
and environments. For example, the imposed environment provides a place where the individual
has little or no control. While the imposed environment does not leave the individual without
power, the individual’s influence in this environment is his/her interpretation and reaction to it
(Bandura, 2002b). The individual’s interpretation of his/her environment may be based on the
acknowledgement of potential rewards or punishments identified (Bandura, 2005). Thus, the
theory states that there are four major points in the self-regulatory system that allows the
separation of moral control from detrimental conduct (Bandura, 1990a, 1990b; Bandura et al.,
1996). This concept is referred to as moral disengagement. Individuals can disengage self-
sanctions by: 1) re-construing the conduct, 2) obscuring the personal causal agency, 3) misrepresenting or disregarding negative consequences, and 4) vilifying victims, or blaming and devaluing them (Bandura, 1990a, 1990b; Bandura et al., 1996).

The concept of moral disengagement (Bandura, 1999) may help explain why individuals elect to engage in unethical decision-making and is an extension of social cognitive theory (Bandura, 1986, 1991). Social cognitive theory provides explanations of human behavior in which individuals are able to control their responses or behavior when they are faced with various stimuli. Bandura’s (1986) social cognitive theory suggests that moral self-regulation and disengagement operate through eight interrelated cognitive mechanisms: moral justification, euphemistic labeling, advantageous comparison, displacement of responsibility, diffusion of responsibility, disregarding or distorting the consequences, dehumanization, and attribution of blame. Three of the mechanisms (moral justification, euphemistic labeling, and advantageous comparison) involve cognitive restructuring of questionable acts or behaviors to make the act appear more acceptable.

Three cognitive mechanisms (displacement of responsibility, diffusion of responsibility, and distortion of consequences) allow individuals to minimize potential harm that could be caused by various behaviors or to distort the true effects of the behaviors. Cognitions that tend to shift responsibility often attribute the blame for an individual’s actions onto powerful others or those in authority. The ability to displace the responsibility onto authority figures or others allows the individuals to deny accountability for the questionable acts.

The final two cognitive mechanisms (dehumanization and attribution of blame) attempt to reduce identification with those who are targets of the questionable behavior. These cognitions attempt to minimize the perception of distress caused by the questionable behavior. Unlike the
first three mechanisms, these are not intended to make the acts appear more acceptable; rather they work by minimizing the consequences that the questionable behavior may have on others.

The concept of moral disengagement attempts to extend social cognitive theory by providing an explanation as to why certain individuals will engage in unethical behaviors that may be broadly defined as actions engaged in by a member that violates widely accepted (societal) moral norms (Kaptein, 2008; Treviño et al., 2006). In addition, it attempts to explain why these individuals may be able to engage in these behaviors with seemingly little stress or regret (Bandura, 1990a, 1990b, 1999, 2002a). The theory posits that individuals who have high levels of moral disengagement exhibit behaviors that may be a consequence of a de-emphasis of their ethical values resulting from an interruption of the internal and social moral controls (i.e. regulatory processes) asserted by social cognitive theory.

While the knowledge of ethical decision-making has grown over the decades, applying field theory and social cognitive theory to the study may offer a new perspective for researchers. Understanding that individual behaviors do not occur in isolation and that environmental stimuli are ever present and also influence behavior, researchers are able to investigate environmental constraints that contribute to ethical behavior. In addition, while knowledge of the complex mix of factors will aid in understanding ethical decision-making, recognition of the psychological processes and how those processes are activated will aid researchers in understanding which individuals may be more prone to engage in unethical behavior.

Current Study

The purpose of this research is to examine and incorporate multiple sources of influences on ethical behavior by integrating field theory and the situational strength framework. In addition, the study will explore the psychological processes through which ethical behavior may
occur. This will be examined through social cognitive theory and the concept of moral disengagement. In particular, this dissertation will investigate the simultaneous influence of individual characteristics (core self-evaluation), organizational characteristics (ethical climate), and moral issue characteristics (moral intensity) on ethical decision-making intentions and subsequent behavior and the mediating processes that influence ethical decision-making (See Figure 1.1). Specifically, this study will examine whether core-self evaluation influences ethical decision-making intentions and whether this relationship is further influenced by the organizational climate and moral intensity of the issue. In addition, the study will examine the ability of moral disengagement to mediate the relationship between core self-evaluation and ethical decision-making. To accomplish this, the research will address the following questions: (1) Is the meta-personality trait core self-evaluation associated with ethical decision-making intentions? (2) Does the organizational climate moderate the relationship between core-self evaluation and ethical decision-making intention? (3) Does moral intensity moderate the interaction between core-self evaluation and ethical climate on ethical decision-making intentions? (4) Is the meta-personality trait core self-evaluation associated with the concept of moral disengagement? (5) Does the psychological concept of moral disengagement mediate the relationship between core self-evaluation and intent to engage in unethical decision-making? (6) Does intent to engage in unethical decision-making mediate the relationship between core self-evaluation and unethical behavior?

Contributions and Implications

This study will contribute to the ethical decision-making literature in several ways. First, it is among the first to offer a configuration of theoretically driven individual, situational, and
issue-related factors in a single study to understand their relationship with ethical decision-making. Including the multiple influences in the single study helps to explain how the interaction of situations and person may be associated with ethical decision-making and answers the call for research incorporating such factors (Kish-Gephart et al., 2010). Hence, it offers alternative explanations for the notion that individuals, despite an organization’s attempts to stop them from doing so, will choose to engage in unethical conduct. Such explanations offer insight to organizations concerning the influence of espoused and enacted values that are the foundation of the subsequent culture that is created.

Second, while research has explored a number of individual characteristics, including personality factors, this study will introduce the meta-personality trait of core self-evaluation as a

![Figure 1.1 Conceptual Model of Moderated Mediation](image-url)
potential additional explanation for why certain individuals may engage in unethical decision-making and behavior. In addition, whether these individuals are more prone to activate self-regulatory agents within to behave unethically will be explored. Core self-evaluation has been used to predict attitudes such as job satisfaction and behaviors such as performance; however, this study will be the first to link it to a specific behavior such as ethical decision-making intentions.

Third, this research adds to the growing body of literature by testing several theories and concepts associated with ethical decision-making. In doing so, it provides support for the current social cognitive conception of personality (Mischel, 2004; Mendoza-Denton et al., 2001). First, field theory addresses the question of the influence of individual versus situation and how that influences subsequent behavior. This study also incorporates the concept of situational strength to understand and explain why in some situations and not in others individual factors may be the driving force in decision-making (Mischel, 1977). Finally, the study uses social cognitive theory to understand if certain individuals are indeed more prone to activate processes that would allow them to engage in unethical conduct by incorporating the concept of moral disengagement. The notion is that various theoretical mechanisms can be better understood and their influences further supported by providing additional constructs that can either mediate or moderate the effects of the existing variables (i.e. theory deepening) (Perugini & Bagozzi, 2001).

Design of the Dissertation

In the following chapter, I position the current study in the extant literature by providing a selective review of the literature on ethical decision-making, core-self evaluation, ethical climate, and moral intensity. Integrating this literature with the two theories and supporting components described above provides the theoretical foundation for the proposed interactive
model of ethical decision-making. In addition, a review of social cognitive theory and moral disengagement will be undertaken. Theoretical frameworks presented in Chapter Two, will be used as a guide in developing hypotheses and selecting testable variables appropriate to those hypotheses. Chapter Three discusses the methods that will be used to test the proposed model, and Chapter Four will present the results. Discussion and areas for future research will follow in Chapter Five.
CHAPTER 2
LITERATURE REVIEW, MODEL DEVELOPMENT, AND HYPOTHESES

This purpose of this chapter is threefold. First, I will present a detail discussion of some of the current theoretical approaches to understanding the ethical decision-making process and some of the factors that influence the process. Second, each of the variables are defined and the study’s model is developed within a nomological network of related constructs and processes (see Figure 2.5). Third, hypotheses regarding the expected effects of these theoretical relationships are developed and presented. Overall, the chapter presents the theoretical bases for each of the variables, its relationship to other variables in the model, and the expected results of the analysis.

As depicted in Figure 2.5, this dissertation will explore the relationship between core self-evaluation and ethical decision-making intentions and will establish ethical climate and moral intensity as boundary conditions; in addition it will examine moral disengagement as a mediating process between core self-evaluation and ethical decision-making intentions. More specifically, it addresses the following research questions: (1) Is the meta-personality trait core-self evaluation associated with ethical decision-making intentions? (2) Does the organizational climate moderate the relationship between core-self evaluation and ethical decision-making intention? (3) Does moral intensity moderate the interaction between core-self evaluation and ethical climate on ethical decision-making intentions? (4) Is the meta-personality trait core self-evaluation associated with the concept of moral disengagement? (5) Does the psychological concept of moral disengagement mediate the relationship between core self-evaluation and intent to engage in unethical decision-making? (6) Does intent to engage in unethical decision-making mediate the relationship between core self-evaluation and unethical behavior?
This chapter establishes the relationship between individual characteristics, organizational characteristics, and issue characteristics and their relationship to ethical decision-making intention and the processes that mediate ethical decision-making. To accomplish this goal, the chapter is comprised of two major sections: 1) a comprehensive review of research on ethical decision-making and behavior and 2) a review of the relevant literature on field theory and the concept of situational strength along with social cognitive theory and the psychology concept of moral disengagement which will provide the foundation for the model and its hypotheses.

**Ethical Decision-Making**

Decision-making is the process of identifying and selecting a course of action in response to a problem or opportunity (Langley et al., 1995). The chosen course of action is based on the values and preferences of the individual. In order to make the appropriate choice, a person must recognize the opportunity or problem; identify and analyze alternative courses of actions and their effects on the opportunity or problem; choose the course of action; and, implement the chosen course of action (Langley et al., 1995). In ethical decision-making, the individual must make a choice between what may be considered a right or wrong course of action based on some moral standard.

Early ethical decision-making research was based upon the rationalist approaches, which grew out of the field of moral psychology (Haidt, 2001, 2007). The rationalist approaches predominantly dealt with the cognitive processes involved in ethical decision-making and was primarily focused on moral or ethical dilemmas (Hunt & Vitell, 1986, 2006; Jones, 1991; Kohlberg, 1984; Rest, 1986). Two of the most influential rationalist models that have guided research over the past twenty-five years are those developed by Kohlberg (1984) and Rest
(1986). However, much of the contributions of these two theorists can be credited to the work of Piaget (1965).

Piaget began to study the reasoning processes of children at various ages (Piaget, 1965) and developed his theory on the notion of child development. Piaget’s idea was that as the child develops s/he will create different cognitive structures of physical or mental actions, schemes, or networked concepts for understanding and responding to physical experiences in the environment (Piaget, 1965). Piaget further argued that these cognitive structures increase in sophistication with development, from a few innate reflexes to highly complex sets of mental activities. In regards to the relationship between moral judgment and moral behavior, Piaget (1932, 1965) believed that they were able to influence each other, though it may be that the child’s beliefs about morality have no real connection with what s/he does and feels in his/her experiences. Piaget presented four developmental stages through which children progress (Piaget, 1965). The four stages representing how one increases in knowledge and comprehension are shown in Table 2.1.

Much of the work of Kohlberg emanates from the ideas and research of Piaget. Kohlberg believed as did Piaget that there are stages in the development of an individual’s moral judgment (Rest & Narváez, 1994). Kohlberg (1969, 1984) suggested that general moral principles arise from rational processes, and that everyday moral reasoning is a conscious, rational act.

According to Kohlberg’s theory of moral development (1969, 1971, 1976), the developmental hierarchy of moral judgment consists of six stages. Kohlberg believed that individuals move through the stages in the invariant sequence presented in Table 2.2. Furthermore, Kohlberg believed that as the individual advanced through each stage s/he would develop more sophisticated structures for selecting the ethical information to which s/he attuned.
In other words, the stages of moral reasoning operate as filters through which things are perceived, interpreted, and acted upon (Kohlberg, 1984; Kohlberg, Levine, & Hewer, 1983).

Table 2.1

Piaget’s Four Stages of Development

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Referred to as the sensorimotor stage and defined during infancy. During this stage, intelligence takes the form of motor actions.</td>
</tr>
<tr>
<td>II</td>
<td>Referred to as the preoperational stage and defined during toddler and early childhood. During this stage, intelligence is intuitive in nature.</td>
</tr>
<tr>
<td>III</td>
<td>Referred to as the concrete operations stage and defined during elementary and early adolescence. During this stage, intelligence is logical.</td>
</tr>
<tr>
<td>IV</td>
<td>Referred to as the formal operations stage and defined during adolescence and adulthood. During this stage, intelligence involves abstractions.</td>
</tr>
</tbody>
</table>

The stages presented by Kohlberg can be defined by three distinct levels according to the perspective of the individual engaging in the behavior. The progression of the development through each stage represents a change of focus from self-centered to community awareness and social integration. In level one (preconventional), represented by stages one and two, individuals base their moral judgment and reasoning on self interest. In level two, (conventional), represented by stages three and four, the individual’s moral judgment and reasoning is from the perspective of maintaining expectations of the individual’s family or peer group. Finally, in level three, (post conventional) represented by stages five and six, the individual begins to function rationally and morally taking others views into account.

In stage one, the individual’s reasoning for engaging in various behaviors is to avoid punishment. The physical consequences will determine the meaning of the action. Individuals at
stage two base their actions on their ability to satisfy their own needs and occasionally the needs of others. As individuals progress to stage three, there is a tendency to conform to stereotypes of what is considered good behavior. Individuals in stage four base their reasoning on law and order. The behavior at this stage is geared toward authority and rules and consists of doing one’s duty to show respect for authority. Finally, the behavior at stage five is defined in terms of general individual rights and standards which have been examined and agreed upon by society as a whole, and stage six is defined in terms of universal principles of justice, of the reciprocity and equality of human rights, and of respect for the individual.

An alternative Neo-Kohlbergian approach, posits that as individuals develop so do their understanding and ability to deal with complex ethical problems (Bebeau & Thoma, 1999; Rest, 1986; Rest, Bebeau, Narváez, & Thoma, 1999; Rest, Narvaez, Thoma, Bebeau, 2000). After an extensive review and building upon the work of Kohlberg, Rest (1979, 1986) proposed a four component model that identifies a dynamic and interactive relationship between the elements related to moral reasoning and the ethical decision-making process (See Figure 2.1). The model explained the various cognitive stages that individuals progressed through when faced with a moral dilemma.

However, the model is not based on hierarchical transitions, rather highly dynamic interactions of the four elements. The four component model suggests various inner psychological processes, which together give way to observable behavior. Thus, according to Rest’s (1986) conceptualization, each dimension is a psychological process, conceptually distinct, and each must be satisfied for an individual to engage in ethical behavior. Rest proposes that moral failure can occur due to the deficiency in any of the four components. Thus, the four
component model provides not only a structure for understanding ethical research but also a theory of the determinants of ethical behavior (Rest, 1979; Rest & Narváez, 1994).

The first component of the process starts with a recognition that a moral problem or opportunity exists. At this stage, it is imperative that the individual displays sensitivity by being aware not only of the problem that exists but how it can affect the welfare of others. In doing so, the individual must be able to appropriately interpret the situation to understand the possible alternatives, how each alternative will impact important others and how the particular course of action may be viewed by others.

The second component of the model, moral judgment, involves the individual making a judgment concerning which course of action is morally right or wrong. While the basis of this component resides in Kohlberg’s (1969, 1971, 1976) moral development, various other elements or perspectives may be considered such as a utilitarian (i.e., the greater good), care (i.e., protect those you love), or justice (i.e., fairness of process and outcomes) approach (Rest, 1986; Rest & Narváez, 1994).

The third component of the model, moral intention, involves the individual prioritizing choices in response to a given situation. During this stage the individual is faced with their degree of commitment to pursue a moral course of action. Individuals often find that moral values at this stage may conflict with other personal values as a higher value is placed on moral judgment and taking responsibility for moral outcomes (Rest et al., 1999).

The final component, moral character, involves executing and implementing a morally-based course of action. During this stage, individuals carry out their intentions by keeping the
goals and outcomes of their chosen course of action in mind. Individuals must have courage, be able to overcome fatigue and temptations, and implement the course of action that serves the moral goal (Rest et al., 1999).

Table 2.2
Kohlbergs’s Six Stages of Cognitive Moral Development

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Morality is defined in terms of avoiding breaking rules that are backed by punishment. <em>Punishment and Obedience Orientation</em></td>
</tr>
<tr>
<td>II</td>
<td>Morality is defined in terms of instrumental exchange, making deals, and engaging in equal exchanges. <em>Instrument and Relativity Orientation</em></td>
</tr>
<tr>
<td>III</td>
<td>Morality is defined in terms of upholding mutual relationships, fulfilling role expectations, being viewed as a good person, showing concern for others, and caring for others; trust loyalty, respect, and gratitude are important moral values. <em>Interpersonal Concordance Orientation</em></td>
</tr>
<tr>
<td>IV</td>
<td>Morality is defined in terms of maintaining the social systems from which one benefits. <em>Law and Order Orientation</em></td>
</tr>
<tr>
<td>V</td>
<td>Morality is defined in terms of fulfilling the social obligations implicit in social contracts. Individual is aware that others hold a variety of views and opinions and emphasizes fair ways of reaching consensus. <em>Social Contract Orientation</em></td>
</tr>
<tr>
<td>VI</td>
<td>Morality is defined by how rational and impartial people would ideally organize cooperation <em>Universal Ethical Principles Orientation</em></td>
</tr>
</tbody>
</table>


Treviño, (1986) developed a person-situation interactionist model for ethical decision-making in organizations, which is presented in Figure 2.2. Treviño’s model was one of the first to recognize the complexities involved in the ethical decision-making process and to explore the numerous factors that could affect it (Wittmer, 1994). Treviño argues that the individual
will have cognitive reactions to ethical situations in large part based on their level of moral development as presented by Kohlberg. At this point, the individual will begin to make a determination about what is right and wrong. Treviño’s approach attempted to incorporate the effects of individual factors, such as ego strength, field dependence, and locus of control and situational factors, such as job context and organizational culture.

Jones (1991) contributed the most influential and comprehensive work in business ethics (Loe et al., 2000), by expanding upon the Rest (1986) model (See Figure 2.3). Jones’ comprehensive review of the earlier literature suggests that while these researchers were correct, an important factor may have been overlooked. Jones acknowledges that issue contingencies may be a significant factor in the decision-making process which lead to him coining his multidimensional construct of moral intensity. Moral intensity can be defined as the degree of moral relevance an issue holds for the individual decision maker (Jones, 1991). The higher the relevance for the individual, the stronger the reaction (Fang, 2006). In other words, issues of high intensity will be attuned to more often than issues of lower intensity (Leitsch, 2006).

Jones identified six elements of a moral issue that can lead to different outcomes for an individual decision maker: magnitude of consequences, social consensus, probability of effect, temporal immediacy, proximity, and concentration of effect. The magnitude of consequences can
be defined as the total harm (benefit) an individual believes will come from a particular act. Social consensus is the extent of social agreement supporting the notion that the act is good or bad. The probability of effect is defined as the likelihood that an action will occur and result in harm. Temporal immediacy is defined as the perceived length of time between the act and its resulting consequences. Proximity is defined as the feelings of closeness the decision maker has

Figure 2.2 Interactionist model of ethical decision making in organizations (Treviño, 1986)
with those who would be affected by the act. Finally, concentration of effect is an inverse function of the number of people the decision maker believes will be affected by the act. According to Jones (1991), as one element of the issue increases, overall intensity of the issue increases.

While each of these approaches has provided researchers with additional information, empirical support still has been inconclusive about the factors that influence ethical decision-making. Results have supported individual factors such as age, gender, and personality factors being related to ethical decision-making. In addition, environmental factors such as codes of ethics also have been shown to be related to ethical decision-making. While this debate continues in the literature, it is clear that additional research is needed to investigate the individual and situational variables that influence ethical decision-making as well as how those factors interact to influence those decisions. Field theory and the component of situational strength along with

![Figure 2.3 Jones’ (1991) Issue Contingent Model](image)

Figure 2.3 Jones’ (1991) Issue Contingent Model
social cognitive theory and the psychological construct of moral disengagement may be one way to understand how these factors influence ethical decision-making and behavior.

THEORETICAL DISCUSSION AND HYPOTHESES DEVELOPMENT

Field Theory

Contrary to the universal idea of theory, Lewin offers field theory as a “method of analyzing causal relations and of building scientific constructs” (Lewin, 1997:201). Field theory views social environments as dynamic fields with numerous interactions. Lewin defines the field as “the totality of co-existing facts which are conceived of as mutually interdependent” (Lewin, 1951a:240). Field theory suggests that human behavior is the function of both the individual and the environment; individuals therefore react based on the force or strain exerted between the individual’s self-perceptions and the environment. This relationship has been expressed simply by the formula, $B\text{e} = f[P,E]$, where $B\text{e}$ refers to the choice of one action from a range of possibilities (Lewin, 1936; Dennison, 1996) and $E$ represents the environment or situation of the individual. While others sometimes disagree with Lewin, he conceptualizes $P$ in structural terms, such as individual goals, barriers, etc. From this perspective, it conveys that the behavior of the individual is interdependent upon the individual and the social situation in which the individual is involved.

Lewin utilized field theory to address such phenomena as frustration, levels of aspiration, and regression (Lewin, 1999). He also used field theory to explain problems of adolescence and child development, linking back to a biological view in sociology (Lewin, 1936). This research will utilize field theory as a practical application to understand the impact of situations on the responses and behaviors of individuals engaging in aberrant behavior.
A fundamental notion of field theory is that the behavior of individuals stems from a collection of all the information for a given situation; in other words, an understanding of the whole story. Thus, individuals must look at and examine a psychological situation in its entirety. This becomes the so-called “subjective” psychological world of the individual and is referred to as the individual’s life space (Lewin, 1936). Therefore, the effects of a particular situation must be viewed from the situation as the individual sees it and the state of the individual at that time. An individual’s life space or total situation can be divided into two distinct levels, general life situation and momentary situation. The general life situation dimension tends to be more constant and serves as the guide for the reactions in momentary situations. However, Lewin calls attention to the magnitude of the momentary situation, in which the individual response takes place over the general life situation.

Situational Strength

While the Lewinian field theory perspective offers a framework to integrate various dimensions in a person-environment interaction study, Mischel’s (1977, 2004) interactionist perspective suggests that an individual’s behavior is controlled by the interactions that are dependent upon the situational limitations or conditions. Individual’s have the ability to constantly differentiate their behavior, and tend to exhibit high levels of reflexivity in dynamic environments. The ability of individuals to constantly adjust their behavior sometimes makes it difficult to predict their responses even in similar situations. Mischel offers the explanation of strong and weak situations to explain individual behavior and responses.

Mischel (1977, 2004) characterizes strong psychological situations as those where most individuals interpret the situation in the same manner, tend to have analogous reactions, and are motivated and able to respond. Strong situations provide an internal incentive to choose the
correct option and most individuals will tend to possess the skills necessary to choose this correct option. Mischel provides a red traffic light as an example of a strong situation. The evidence provided by Mischel is that this situation exerts a strong effect on the behavior of drivers because they are all aware of what the signal means; they are motivated to respond to it by stopping, and they are all capable of doing so when they see it. Therefore, the behaviors exhibited by the drivers are determined by the situation.

On the other hand, Mischel describes situations as weak when they are not uniformly coded or the situations are ambiguous, the appropriate responses are not as clear or fixed, and ability of the individuals to respond tends to vary. Mischel provides a testing situation where blank cards are provided with instructions to create a story about what might be happening. According to Mischel, individual differences play a more significant role in these situations, because there are no clearly defined directions provided by the situation (Mischel, 1977). The individual has greater flexibility in the options of how to respond to the given situation.

Integration of Field Theory-Situational Strength

The frameworks outlined above offer a convergence of thought regarding the response or behaviors of individuals. Field theory suggests that individual behavior is influenced heavily by the momentary situation in which individuals are involved combined with the state of the individual at that time. In other words, an individual’s perception of the current situation has a direct influence on his/her current behavior. Elements of the past or future, such as experience or even future expectations are viewed from the perspective of the present.

Additionally, Mischel’s (1977, 2004) concept of situational strength provides an ideal framework for considering the portfolio of options or response patterns that individuals possess in a given situation. Mischel concluded that a strong situation is one that is interpreted in a
similar manner by most of the individuals, where the responses are similar, and most of the individuals have the ability and are motivated to respond. A weak situation is one in which the individuals may infer the situation differently, the responses tend to vary more, and the individuals may not have the ability or the motivation to respond.

*Person-Related Factors and Ethical Intentions*

Individual differences or person-related characteristics are factors about an individual that may influence his/her ability to recognize ethical issues, to make judgments about those issues, and to choose an appropriate course of action. Research has identified many person-related factors that influence ethical decision-making. Because these factors are inclusive of all factors unique to the individual decision maker, it encompasses factors that are primary and secondary dimensions of diversity. Primary dimension factors include variables such as nationality (Abratt, Nel, & Higgs, 1992; Becker & Fritzscbe, 1987; Hegarty & Sims, 1978, 1979; White & Rhodeback, 1992), gender (Ambrose & Schminke, 1999; Gilligan, 1977; McCabe, Ingram, & Dato-on, 2006; Tenbrunsel & Smith-Crowe, 2008), and age (Kohlberg, 1969; O’Fallon & Butterfield, 2005; Tenbrunsel & Smith-Crowe, 2008; Treviño & Weaver, 2003). Characteristics that compose the secondary dimension are those things that result from individual development, such as personality (Christie & Geis, 1970; Jones, 1992; O’Fallon & Butterfield, 2005; Treviño & Youngblood, 1990), values and attitudes (Dalal, 2005; Judge, Scott, & Illies, 2006), education (Dellaportas, 2006; Rest, 1986; Tenbrunsel & Smith-Crowe, 2008; Thoma & Rest, 1986), religion (McNichols & Zimmerer, 1985; Wimalasiri, Pavri & Jalil, 1996), and employment (Arlow & Ulrich, 1980; Kidwell, Stevens, & Bethke, 1987).

There has been extensive work conducted in the category of personality factors (Christie & Geis, 1970; Jones, 1992; O’Fallon & Butterfield, 2005; Treviño & Youngblood, 1990).
However, values and beliefs, another contributing factor to an individual’s decision to engage in ethical behavior, remain unexplored. Given that values and beliefs may be how one internally views the world in which s/he lives; this is an important area for research. Core self-evaluation (CSE), a concept introduced by Judge, Locke, and Durham (1997), may prove useful in this endeavor. Positioned as a higher order concept, Judge, Van Vianen, and De Pater (2004) define CSE as the fundamental evaluation individual’s make about themselves and their interactions with their environment. The concept of CSE is comprised of four similar, however distinct personality traits including self-esteem, generalized self-efficacy, locus of control, and neuroticism (emotional stability). Research has shown that CSE as a latent concept tends to be more predictive of outcomes than the individual components separately (Judge, 2009).

While previous research has shown core self-evaluation to be a predictor of job satisfaction as it was originally intended (Heller, Judge, & Watson, 2002; Judge & Bono, 2001; Judge, Locke, Durham, & Kluger, 1998), it also has been found to be predictive of various other work-related outcomes such as motivation, goal setting, stress, personal accomplishment, and popularity (Brunborg, 2008; Erez & Judge, 2001; Judge & Bono, 2001; Kammeyer-Mueller, Judge, & Scott, 2009; Scott & Judge, 2009; Yagil, Luria, & Gal, 2008). In addition, core-self evaluation has been linked to job performance (Bono & Judge, 2003; Judge & Bono, 2001; Judge et al., 2004; Judge, 2009). Given the relationship that exists between core self-evaluation and other work variables, such as personal accomplishment and performance, it is plausible that it will predict other behaviors, such as decision-making, as well.

Core self-evaluations are subconscious and fundamental assessments that individuals make about themselves and their functioning in the social environment. These assessments have a direct influence on external evaluations, which is an individual’s perception of others and the
world around them (Bono & Judge, 2003; Judge, Bono, & Locke, 2000; Judge et al., 2004). High CSE individuals are often viewed as well adjusted, positive, self-confident, and efficacious (Judge, Erez, Bono, & Thoresen, 2003). These traits give high-CSE individuals an overall positive view of the world. Thus, high-CSE individuals are more likely to believe that they can accomplish individual and organizational goals through appropriate behaviors. This idea is supported as CSE combines feelings of competence, capability, and the overall belief that things will have positive outcomes, making CSE broader than simply self-worth (Judge, 2009). These arguments suggest that CSE will be predictive of unethical behavior intentions because high-CSE individuals will view their overall situations more positively and be less likely to experience a decrease in moral judgment in an effort to maintain their self-concept.

**Hypothesis 1:** Core self-evaluation will be negatively related to intent to behave unethically.

*Situational (Organizational Environment) Factors and Ethical Intentions*

Situational characteristics are factors about an organization’s environment that may influence an individual’s ability to recognize ethical issues, to make judgments about those issues, and to choose an appropriate course of action. Research has identified a number of organizational environment variables that influence ethical decision-making. These factors are inclusive of the factors that are considered internal to the organization’s functioning. These factors include such variables as culture and climate (Martin & Cullen, 2006; Treviño, Butterfield, & McCabe, 1998; Verbeke, Ouwerkerk, & Peelen, 1996; Wimbush & Shepard, 1994), codes of conduct (Brief, Dukerich, Brown, & Brett, 1996; Cleek & Leonard, 1998; Hegarty & Sims, 1979; Izraeli, 1988; McCabe, Treviño, & Butterfield, 1996; Okpara, 2003; Treviño, et al., 1998), and opportunity, rewards, and sanctions (McCabe et al., 1996; Treviño &
Weaver, 2003). While there is evidence to suggest that the situation is a powerful influence on behaviors such as decision-making, this fact is often overlooked (Ross & Nisbett, 1991).

Previous research suggests that the behavior of referent others in an organization will have an influence on an individual’s decision-making quality (Ferrel & Gresham, 1985; Victor & Cullen, 1988; Posner & Schmidt, 1987; Treviño, 1986). These behaviors and actions of others represent the norms and expectations for the decision maker. These shared values and perceptions concerning procedures and policies and practices of the organization are referred to as an organization’s climate. Climate can be defined as observations that “are psychologically meaningful molar descriptions that people can agree characterize a system’s practices and procedures” (Schneier, 1975:474). Given this idea, it is understandable that a number of different climates will exist in any given organization. While an assortment of climates have been identified, such as innovation (Klein & Sorra, 1996), creativity (Mumford, Scott, Gaddis, & Strange, 2002), and support (Field & Abelson, 1982), an ethical climate is most likely to function as a standard of ethical behavior in an organization (Knouse & Giacalone, 1992).

An ethical climate represents a specific type of climate that provides the members of the organization with procedures, policies, and practices that have ethical or moral consequences (Martin & Cullen, 2006). An ethical climate is influenced by the organization’s environment. When it is created, members of that environment understand that certain types of ethical behavior and decision-making are expected (Cullen, Parboteeah, & Victor, 2003; Victor & Cullen, 1988). Ethical climates are the perceptions of the organization’s members about what reflects the appropriate behavior, or what can be defined as right or wrong in that environment. Thus, the researcher predicts a negative relationship between ethical climate and intent to behave
unethically on the basis that ethical climates represent control mechanisms that guide and direct behaviors for members in a particular environment and have the ability to constrict behavior.

**Hypothesis 2:** Ethical climate will be negatively related to intent to behave unethically.

*Person-Situation Interaction and Ethical Intentions*

One of the most long-standing debates in the social sciences focuses on the relative influence of the person and situation factors on behavior (Mischel, 1977, 2004). However, researchers have begun to question the notion of relative influence of personal and situational factors, and have suggested that behavior may be more easily understood by focusing on the conditions under which specific person factors may influence or predict behavior (Fleeson, 2004). Therefore, the interaction of individuals combined with their interpretation of the situation, agreement about the course of action, motivation and their ability to make the appropriate choice influences behavior.

With field theory and situational strength as the guide, an integration of the concepts of person-situation is viable. A significant component to this successful integration is the understanding that behavior is influenced by the situation and further, the strength of the situation has the ability to constrict the behavior and effect the response of the individual. As a result, we can conclude that when the situation requires it, individuals will act in a similar manner. Applying this idea to the current study, suggests that if the organization has a strong ethical climate, individuals will act ethically. On the other hand, if the situation lacks clues for how one is to behave (i.e., a weak ethical climate), personal characteristics will drive behavior. Thus, those with high CSE will continue to act ethically even if the situation doesn’t tell them to do so. However, those low in CSE may be more likely to engage in thoughts of behaving
unethically as they do not possess the personal characteristic that would lead them to act ethically. Therefore, it is proposed that:

**Hypothesis 3:** Ethical climate will moderate the negative relationship between core self-evaluation and intent to behave unethically, such that the relationship is stronger (weaker) when ethical climate is high (low).

**Issue-Related Factors and Ethical Intentions**

In addition to person-related characteristics and situational characteristics related to the environment, characteristics of the ethical issue also may influence an individual’s ability to make judgments about those issues, and to choose an appropriate course of action. To incorporate this idea, Jones (1991) introduced the concept of moral intensity. Moral intensity has been described in terms of how bad a given act is perceived (Herndon, 1996). Jones (1991) proposed that issues high in moral intensity are more likely to be recognized as a moral issue, have more attention focused on judgments, cause more concern as the decision-maker establishes intent, and lead to more ethical choices. Jones (1991) suggested that moral intensity will reduce an individual’s likelihood of engaging in an unethical course of action.

From a situational perspective, high moral intensity creates a strong situation in which individuals will most likely choose the same course of action. Therefore, when moral intensity is high, individuals in strong ethical climates are more inclined to behave ethically and ethicality for individuals in weak ethical climates will begin to increase. However, if moral intensity is low, resulting in a weak situation, individuals in strong ethical climates will maintain their ethical behavior, and individuals in weak ethical climates, lacking clear signals for how to behave will rely on their individual characteristics to drive behavior. Given, that support has been offered for the generalized moral intensity construct and the dimensions (Carlson et al.,
2002, 2009; May & Pauli, 2002; Nill & Schibrowsky, 2005; Paolillo & Vitell, 2002), it is proposed that:

**Hypothesis 4:** Moral intensity will be negatively related to intent to behave unethically.

**Hypothesis 5:** Moral intensity will moderate the negative relationship between ethical climate and intent to behave unethically, such that the relationship will be weaker (stronger) when moral intensity is low (high)

**Hypothesis 6:** Moral intensity will moderate the interaction between core self evaluation and ethical climate on intent to behave unethically, such that core self-evaluation will have a stronger (weaker) negative relationship with intent to behave unethically when ethical climate is high (low) and moral intensity is high (low).

**Social Cognitive Theory**

Social cognitive theory attempts to offer explanations for how individuals who are engaging in aberrant behavior justify their actions (Bandura, 1977, 1986, 1990a, 1999; Bandura et al., 1996). The theory focuses on the cognitive and affective processes that develop in and are activated by the social environment. Social cognitive processes are relatively situation-specific, and as such, are often considered to be a more valid indicator of behavior than the global conception of traits.

According to social cognitive theory, individuals will refrain from engaging in behaviors that may violate their moral standards (Bandura, 1990a, 1999; Bandura et al., 1996). Moral reasoning is translated into actions through what Bandura coined self-regulatory mechanisms, through which moral agency is exercised (Bandura, 1990a, 1990b, 1999; Bandura et al., 1996). The theory states that there are four major points in the self-regulatory system that allows the separation of moral control from detrimental conduct (See Figure 2.5) (Bandura, 1990a, 1990b;
Bandura et al., 1996). This concept is referred to as moral disengagement. Individuals can disengage self-sanctions for engaging in unethical or inappropriate actions by: 1) re-construing the conduct, 2) obscuring the personal causal agency, 3) misrepresenting or disregarding negative consequences, and 4) vilifying victims, or blaming and devaluing them (Bandura, 1990a, 1990b; Bandura et al., 1996).

People do not usually engage in reprehensible conduct unless they have provided justification of the acts as right or moral to themselves (Bandura, 1990a, 1990b, 1999; Bandura et al., 1996). Moral justifications allow the individual to engage in unethical conduct by reasoning that it is either personally or socially acceptable. Individuals will often reinterpret their otherwise immoral behavior in terms of a higher social or moral purpose (Bandura, 1990a, 1990b, 1999; Bandura et al., 1996). Language also plays a major role in an individual’s choice to engage in reprehensible conduct. This method of dissociating the reprehensible conduct from the individual’s moral principle is termed euphemistic labeling. This method can allow the individual to view their conduct as more respectable (Bandura, 1990a, 1990b, 1999; Bandura et al., 1996). Reprehensible conduct also can be justified through the use of advantageous comparisons. The advantageous or palliative comparisons allow the individual to avoid self-contempt for the behavior by comparing it to the more heinous or injurious behavior of others (Bandura, 1990a, 1990b, 1999; Bandura et al., 1996).

Another mechanism in which individual’s might engage is displacement of responsibility, the act of distorting the relationship between the individual’s actions and the consequences of the actions (Bandura, 1990a, 1990b, 1999; Bandura et al., 1996). Through displacement of responsibility people may engage in reprehensible conduct and violate their moral standards by attributing the responsibility to others. Individuals who engage in this type of action often view
their behavior as a result of some external force such as social pressure and therefore, they are not responsible (Bandura, 1990a, 1990b, 1999; Bandura et al., 1996). Individuals are able to assert that the circumstances are the reason for which they engage in the behavior and not accept personal blame (Bandura, 1990a, 1990b, 1999; Bandura et al., 1996). A related mechanism is diffusion of responsibility (Bandura, 1990a, 1990b, 1999; Bandura et al, 1996). Through this mechanism the reprehensible conduct becomes easier to engage in and live with as others are behaving in a similar manner.

Individuals also may minimize responsibility through a disregard or distortion of the consequences (Bandura, 1990a, 1990b, 1999; Bandura et al., 1996). Individuals are able to lessen the feelings of guilt by ignoring the detrimental consequences of an action. In other words, individuals often will attempt to minimize the harm that would be caused by their behavior.

The last set of disengagement mechanisms focus on those who would be affected by or are recipients of the harmful or questionable behavior. Dehumanization is one way an individual may avoid the consequences of his/her actions. Engaging in reprehensible behavior is made easier when those affected are dehumanized. This process attempts to view the recipient of the act as sub-human, and void of feelings (Bandura, 1990a, 1990b, 1999; Bandura et al., 1996). Another way individuals will try to justify their behavior is claiming it was caused by another individual’s actions. Individuals who disengage in this manner often view themselves as victims who were provoked. Oftentimes the individual will view their actions as defensive and the recipient of the act is blamed for bringing the harm or bad act upon him or herself (Bandura, 1990a, 1990b, 1999; Bandura et al., 1996)

*Person-Related Factors and Moral Disengagement*
Individual differences or person-related characteristics are factors about an individual that may influence his/her ability to recognize ethical issues, make judgment about those issues, and choose an appropriate course of action. Social cognitive theory suggests that individuals have the ability to be self-regulating. Furthermore, the idea of moral disengagement explains how individuals engage in self-regulatory behaviors and switch off sanctions against questionable behavior. Given that research has suggested that moral disengagement was an antecedent to ethical behavior (Barsky, 2008; Moore, 2008; Osofsky, Bandura, & Zimbardo, 2005), it may be necessary to understand and identify person-related factors that may influence or make individual’s more prone to moral disengagement. Previous research has identified a number of different individual factors that are related to ethical reasoning and judgment (Anderson & Bateman, 1997; Aquino & Reed, 2002; Miller & Eisenberg, 1988; Treviño & Youngblood, 1990). Such differences may predispose individuals to view themselves and the world around them in a manner that makes moral disengagement more or less likely.
Given that values and beliefs may be how one internally views the world in which s/he lives, core self-evaluation (CSE) (Judge, Locke, and Durham, 1997) may be a useful tool to explore this relationship. This research proposes that CSE will facilitate moral disengagement because CSE is reflective of how individuals view themselves and the world around them. Social cognitive theory suggests that individuals are able to control their behavior based on various stimuli and activate self-regulatory mechanisms. Given this, high CSE individuals will likely attune to his/her environmental stimuli differently, thereby enacting different mechanisms. First, given that individuals who are high CSE tend to have a more positive view about the situations in their lives and would not assert that others are acting in unethical manner, they are less likely to enact mechanisms such as diffusion of responsibility. These positive views of self also align with individuals who possess strong moral identities that contribute to their self-concept (Aquino & Reed, 2002). In addition, high CSE individuals are stable individuals who have a strong belief that they can accomplish things and are less likely to enact mechanisms such as displacement of responsibility. High CSE individuals would be less likely to morally disengage because it would reduce their sense of self-worth and the conduct would bring self-censure. High CSE individuals will attempt to maintain their emotional well-being and self-concept. Furthermore, high CSE individuals will tend to view themselves as having control over the things in their lives and accepting responsibilities for those actions (Treviño, 1986). Thus, in line with social cognitive theory, individuals will selectively activate regulatory mechanisms as a response to the environment, thus, high CSE individuals are more likely to activate a moral agent and less likely to consider engaging in reprehensible conduct. Therefore, this research proposes that:

**Hypothesis 7:** Core self-evaluation will be negatively related to moral disengagement.

*CSE, Moral Disengagement, and Ethical Intentions*
Consistent with previous research, individuals who tend to experience negative emotions, such as anxiety and anger, are more likely to engage in unethical behavior (Connelly, Helton-Fauth, & Mumford, 2004; Gaudine & Thorne, 2001; Forgas, 1995). Also several studies have found support that individuals who hold strong beliefs about their abilities to control their situations and who take responsibility for his/her actions are less likely to engage in unethical behavior (Hegarty & Sims, 1978; Reiss & Mitra, 1998; Treviño & Youngblood, 1990). Finally, individuals attempting to maintain their positive self-concepts are more likely to behave ethically. Such individuals are more likely to take responsibility for their actions and less likely to blame others who may be potential victims. Individuals with more positive outlooks on themselves and others are less likely to activate moral cognitions, less prone to morally disengaged reasoning, and therefore less likely to engage in unethical decision-making. Thus, this research proposes that high CSE individuals are less likely to engage in unethical decision-making in part due to their reduced use of moral disengagement mechanisms.

Hypothesis 8: Moral disengagement mediates the relationship between core self-evaluation and intent to behave unethically.

CSE, Ethical Intentions, and Ethical Behavior

Understanding the influences on unethical decision-making is a major objective of the current research; however, the arguments presented up to this point show the relationship between various factors and intention to engage in unethical behavior. Although several studies have used intention as a proxy for behavior (O’Fallon & Butterfield, 2005; Weber, 1992; Weber & Gillespie, 1998), intention to behave is conceptually distinct from behavior. This distinction is important as it influences theory and methodology (Kish-Gephart et al., 2010). To understand these relationships completely, it may be more appropriate to consider intentions as an
antecedent to behavior. This reasoning is in line with the argument presented by Fishbein and Ajzen (1975) who suggest that intention precedes behavior (Ajzen, 1991), and is supported through the theory of planned behavior (Ajzen, 1985). That is, intent to engage in unethical behavior represents the mechanism through which core self-evaluation influences unethical behavior. According to the theory of planned behavior (Ajzen, 1985), because high core self-evaluation individuals will have a positive attitude about the world around them they are not likely to engage in unethical behavior. This positive view of the world combined with the fact that high CSE individuals will feel that others would want them to behave properly also would provide support for not engaging in unethical behavior. Finally, high CSE individuals perceive themselves to have control over their actions and outcomes which would suggest that they are less likely to engage in unethical behavior. Together, these arguments about the influence of the meta-personality trait CSE on unethical behavior and the linkage between intention to engage in unethical behavior and unethical behavior suggest the following hypothesis.

**Hypothesis 9:** Intent to engage in unethical behavior mediates the relationship between core self-evaluation and unethical behavior.
Figure 2.5 Hypothesized Model of Moderated Mediation
CHAPTER 3

METHODS

In order to test the proposed model and hypotheses presented in Chapter 2, an empirical study was designed and executed such that the questions of interest related to the model could be tested. The purpose of the current chapter is to present the research methodology that was used to test the study’s hypotheses. Information is presented with respect to the participants, data collection procedures, measures, and analysis used in the study.

Sample and Data Collection Procedures

Sample

The sample for this study was comprised of undergraduate students (N = 1083) enrolled in multiple sections of upper-class business courses at a large southeastern university located in the United States. This sample was deemed appropriate as this context provides a realistic opportunity for students to engage in unethical behavior. Students enrolled in these courses were given multiple exams throughout the semester. One of the exams was an announced take home exam. While students were reminded of the honor code of the university and instructed not to utilize any additional resources, the opportunity to engage in inappropriate behavior was still available.

Procedure

Data collection procedures were approved by the university’s Institutional Review Boards (IRB) prior to beginning (see Appendix H and I). The first step in data collection was an introductory email sent to all students enrolled in the courses and their instructor by the investigator. The introductory email provided a description of the study, how the information would be collected and reported including grades from their instructors, assurances of
respondents’ confidentiality, how the results of the survey would be used, and a request for their voluntary participation in the study. Students had an opportunity to review these materials prior to the first meeting with the investigator. Students and instructors were provided with information regarding their informed consent during the first several days of class.

During the introductory email and initial dissemination of informed consent, no students declined to participate, however, 22 students were enrolled in dual courses that were selected and 3 students had participated in a pilot study, allowing for a potential sample of 1058 respondents. Data were collected from the students at five points in time as well as from their instructor. Participants completed the first measurement during the first week of class between August 24 and August 26, 2010. Eight hundred and sixty-four surveys were submitted, for an initial response rate of 82%. The second collection period was between September 3 and September 9, 2010. In the second round, 808 surveys were returned, for a retention rate from Time 1 of 94%. The third collection period was between September 13 and September 23. In the third round, 753 surveys were returned (from the same 808 participants as in Time 2), for a retention rate from Time 2 of 93%. The fourth collection period took place before the distribution of the take-home exam and an extended period after the previous exam between September 23 and October 7, 2010, in an effort to reduce the impact of transient mood state that can be potentially produced by the instructor at the distribution of the take home exam (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). In the fourth round, 695 surveys were returned (from the same 753 participants as in Time 3), for retention rate from Time 3 of 92%. The fifth collection period took place at the conclusion of the take home exam between October 13 and October 21, 2010, as participants returned the take-home exams. In the fifth round, 616 surveys were returned (from the same 695 participants in Time 4), for a retention rate from Time 4 of 89% and a final
overall response rate of 58%. The demographic make-up of the sample was 58% male, 83% Caucasian, with an average age of 21.5 years (SD = 2.26).

**Measures**

Unless otherwise noted, all of the survey items were responded to on seven-point Likert scales anchored at 1 = *strongly disagree* and 7 = *strongly agree*. Scale scores and multiple-item parcels (Hall, Snell, & Foust, 1999) were used as indicators of latent constructs. Items were coded such that higher values represent higher levels of the constructs.

**Demographic characteristics.** Participants’ race was collected by the researcher and coded as 1 = *White*, 2 = *Black*, 3 = *other*. Given the majority of the respondents were white, race was recoded into 1 = *White*, 0 = *other*. Participants provided self-report data about their gender, which was be coded as 0 = *female*, 1 = *male*. Participants also were asked to report their age and major.

**Independent Variables**

**Time 1 Measures from Students**

**Control variables.** To minimize potential alternative explanations for the relationships hypothesized in this study, a number of control variables were included. Because various demographic variables have been shown to explain variance in ethical behavior, they were included as control variables. Specifically, gender has been shown to be a predictor of ethical behavior (Borkowski & Ugras, 1998; Franke, Crown, & Spake, 1997; Kish-Gephart et al., 2010; Tenbrunsel & Smith-Crowe, 2008). Research suggests that females behave more ethically than males (Latham & Perlow, 1996). Additionally, although in some cases inconsistent, age has been shown to be a predictor of ethical behavior (Henle, Giacalone, & Jurkiewicz, 2005; Kish-Gephart et al., 2010; Lasson & Bass, 1997; O’Fallon & Butterfield, 2005; Singhapakdi, 1999; Tenbrunsel
Many researchers suggest that older individuals may, through higher levels of moral reasoning, engage in fewer unethical behaviors (Treviño & Weaver, 2003).

**Core self-evaluation.** Core self-evaluations are overall positive feelings or conclusions that people hold of themselves and their relationship with other people and things. The researcher measured core self-evaluation with an established 12-item ($\alpha = .83$) scale (Judge, Erez, Bono, & Thorensen, 2003). The items are provided in Appendix A.

**Time 2 Measures from Students**

**Ethical climate.** Ethical climate is one’s perceptions with respect to the ethicality of practices and procedures present in the environment. The researcher measured ethical climate using 8-items ($\alpha = .82$) from an established scale (Victor & Cullen, 1987, 1988). The items were chosen by the researcher to make sure that they appropriately reflected the current context. The items are provided in Appendix B.

**Moral intensity.** Moral intensity are reflections of the characteristics of ethical issues that allow individuals to recognize them, make judgments, and behave ethically (Ng, White, Lee, & Monetta, 2009; Sweeney & Costello, 2009; Wasieleski & Hayibor, 2008). The researcher measured moral intensity with an established 10-item ($\alpha = .81$) scale (Frey 2000a, 2000b). The items are provided in Appendix C.

**Dependent Variables**

**Time 3 Measures from students**

**Moral disengagement.** Moral disengagement explains why individuals are able to engage in unethical behavior without apparent guilt or self-censure. The researcher measured moral disengagement using 28-items ($\alpha = .96$) from an established scale (Detert et al., 2008). The items are provided in Appendix F.
Ethical behavioral intentions. Ethical behavioral intentions are the degree to which individuals believe they will act ethically in a given situation. The researcher measured ethical behavioral intentions using 4 items ($\alpha = .92$) created for this study. The items were responded to using a Likert scale anchored at 1 = *not at all* and 5 = *very much*. The items are provided in Appendix D.

Unethical behavior. Unethical behavior is the degree to which the actions engaged in by a member can be deemed to violate widely accepted (societal) moral norms. The researcher measured unethical behavior using 3 items ($\alpha = .89$) created for this study. The items were responded to using a Likert scale anchored at 1 = *not at all* and 5 = *to a very large extent*. The items are provided in Appendix E.

Analysis Approach

Prior to testing the hypotheses, the researcher evaluated the discriminant properties of the measures with confirmatory factor analysis (CFA), using Mplus 6.0 (Muthén & Muthén, 1998, 2010). To test the hypotheses proposed in this study, the researcher used maximum-likelihood structural equation modeling (SEM), using Mplus 6.0 (Muthén & Muthén, 1998, 2010). This approach was deemed appropriate as SEM allows for estimation of multiple associations, simultaneously incorporates observed and latent constructs in these associations, and accounts for the biasing effects of random measurement error in the constructs (Maruyama, 1998; Shook, Ketchen, Hult, & Kacmar, 2004). The hypothesized model included both mediated and moderated hypothesized relationships. Generally, structural models have been limited to linear
relationship; however, researchers have presented several approaches for testing interactions and non-linear modeling (Rigdon, Schumacker, & Wothke, 1998).

In order to test the moderating effects of ethical climate and moral intensity on unethical behavior intentions, the researcher followed Muthén’s (2004) recommendation and first examined the mediated structural models in which core self-evaluation influences unethical behavior through its impact on unethical intentions and a model in which core self-evaluation influences unethical behavior intentions through its impact on moral disengagement. First, a fully mediated hypothesized structural model was assessed for model fit; additionally significance of the path coefficients was assessed. After this analysis, an alternative partially mediated model was assessed for potential mediation effects. To begin, a direct path from core self-evaluation to unethical behavior was freely estimated and the path was assessed for model fit. Finally, comparisons of the adjacent nested models using a chi-square difference test was done to determine if adding the path resulted in significant improvement in model fit, allowing the researcher to conclude if unethical behavior intentions partially or fully mediates the effects of core self-evaluation on unethical behavior.

Next, to test the mediating effects of moral disengagement on the relationship between core self-evaluation and unethical behavior intentions, the researcher used the procedures outlined above suggested by Muthén (2004). First, the fully mediated hypothesized structural model was assessed for model fit and significance of the path coefficients also were assessed. Next, the researcher assessed a partially mediated model by adding a direct path from core self-evaluation to unethical behavior intentions. Finally, comparisons of the adjacent nested models were made. These results allowed the researcher to conclude if moral disengagement partially or fully mediated the effects of core self-evaluation on unethical behavior intentions.
Next, the researcher examined ethical climate as a moderator. The researcher assessed if the interaction term between core self-evaluation and ethical climate was significant. Next, the researcher examined moral intensity as a moderator. The researcher assessed if the interaction terms between core self-evaluation and moral intensity and the interaction term between ethical climate and moral intensity were significant. In the final structural model test, both moderators were added to the model to assess the overall model.

Next, the researcher tested the significance of the mediated effect with two different statistical tests. First, the Sobel (1982) test was computed in order to identify whether the indirect effect of the independent variable on the criterion variable through the mediator variable was significantly different from zero. In essence, Sobel’s test examines whether the estimate associated with the influence on the independent variable on the criterion drops significantly once introducing the mediator. However, the Sobel Test has been recently criticized as being a problematic statistical test and its assumptions have been challenged in the statistical literature (Mackinnon, Lockwood, Hoffman, West, & Sheets, 2002; Preacher & Hayes, 2004). Therefore, an alternative test, which involved bootstrapping the sampling distribution of the mediated effect, was run (Efron & Tibshirani, 1993; MacKinnon, Lockwood, & Williams, 2004).

To interpret the nature of the interactions, procedures outlined by Aiken and West (1991) were used to graphically depict the interaction terms using unstandardized path coefficients. Two levels of the moderator variables were plotted: at 1.0 standard deviation above the mean, and at 1.0 standard deviation below the mean. In order to determine the significance of the slope of the lines in the graphs, the researcher conducted a simple slope test. The simple slope of the equations was evaluated to determine if it differed from zero. In addition, the researcher
conducted a slope difference test for the three-way interactions using procedures suggested by Dawson and Richter (2006).

Finally, the existence of multi-collinearity was assessed via two commonly used indices: tolerance and variance inflation factor (VIF). Miles and Shelvin (2003) suggest that the commonly accepted standards for using these indicants include tolerance values close to one and VIF scores less than two to denote lack of collinearity.
CHAPTER 4

RESULTS

Initial Analyses

Pilot Study

An issue with the existing literature examining ethical decision-making is the lack of suitable measures to examine unethical behavior intentions and unethical behavior, thus items were developed for this study for these constructs. Specifically, through a series of open-ended questionnaires and interviews, five items were generated to assess unethical behavior intentions (See Table 4.1) and six items on unethical behavior also were created (See Table 4.2). Each employed a five-point Likert scale.

Because these measures were new, the researcher conducted an exploratory factor analysis (EFA) using Mplus 6.0 (Muthén & Muthén, 1998, 2010) on each of the sets of items using a maximum likelihood estimator with an oblimin rotation. To determine the appropriate factor structure using Mplus, the chi-square statistic must be examined. A factor solution that returns a significant chi-square statistic suggests that additional factors are necessary. First, the items for unethical behavior intentions were entered. Results of a one factor solution revealed a non significant chi-square, indicating that the null hypothesis that the model fit the data could not be rejected. Next, the items for unethical behavior were examined. Results of a one factor solution also revealed a non significant chi-square, indicating that the null hypothesis that the model fit the data could not be rejected for the unethical behavior scale also. Therefore, both scales were accepted as unidimensional scales. However, given the chi-square test is sensitive to sample size, the Root Mean Square Error of Approximation (RMSEA) statistic also was observed. According to Hu and Bentler (1999) and Browne and Cudeck (1993), the RMSEA
value should be close to .06 or below to indicate relatively good fit. The RMSEA for the unethical behavior intention scale was .00 and .04 for the unethical behavior scale, providing additional support of the chi-square statistic. To provide additional support for the decision to accept each of the factor analysis results, factor determinacies were calculated. Factor determinacies are the proportion of variance in each factor that is explained by the observed variables. High proportions of variance explained indicate good fit. The factor determinacy for the two scales were .96 and .95 respectively.

To reach the final solution, the researcher adopted guidelines set by Hair et al. (2006). According to Hair et al. (2006) a measure that can be used to quantify the degree of intercorrelations among the items and the appropriateness of the factor analysis is the measure of sampling adequacy (MSA). The index ranges from 0 to 1, reaching 1 when each item is perfectly predicted without error by the other items. Guidelines for interpretation are set forth by Hair et al. (2006) suggesting that MSA values must exceed .50 for the overall test and each individual item and items with values less than .50 should be omitted from the factor analysis one at a time. During an examination of the correlations of the unethical behavior intention items, one item failed to have the minimum criteria and was removed from further analysis. Three items were removed for unethical behavior scale (item 6, item 5, and item 1) during this analysis. These items had correlations that ranged from minimum .005 to a maximum of .39. After this analysis was complete, the researcher examined the factor loadings for the remaining items. Based on a sample size of 89, significant loadings were judged as values that were greater than .50. Any items not loading greater than ±.50 would be deleted and considered insignificant. The results shown in Table 4.1, illustrates that the primary loadings exceeded .50 for each of the remaining unethical behavior intention items and all loaded on a single factor. As shown in Table 4.2, the
primary loadings for the three remaining unethical behavior items also exceeded .50. The
retained unethical behavior items also loaded on a single factor. Adequate reliability (\(\alpha = .86\) and
\(\alpha = .89\); Nunnally, 1978) was achieved for each of the scales of interest, unethical behavior
intentions and unethical behavior respectively.

Table 4.1

Rotated Factor and Item Loadings for the Unethical Behavior Intention Scale

<table>
<thead>
<tr>
<th>Item</th>
<th>Factor 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unethical Behavior Intentions (\alpha = .86)</td>
<td></td>
</tr>
<tr>
<td>I intend to cheat on the take home exam</td>
<td></td>
</tr>
<tr>
<td>I will cheat on exams in the future</td>
<td>0.901</td>
</tr>
<tr>
<td>If I run out of time, I will cheat on an exam</td>
<td>0.921</td>
</tr>
<tr>
<td>Since others will cheat on the exam, I intend to cheat on the exam</td>
<td>0.536</td>
</tr>
<tr>
<td>In order to raise my grade, I plan to cheat on the exam</td>
<td>0.577</td>
</tr>
</tbody>
</table>

N = 89

Table 4.2

Rotated Factor and Item Loadings for the Unethical Behavior Scale

<table>
<thead>
<tr>
<th>Item</th>
<th>Factor 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unethical Behavior (\alpha = .89)</td>
<td></td>
</tr>
<tr>
<td>I utilized materials while taking the exam</td>
<td></td>
</tr>
<tr>
<td>I worked with others to complete the exam</td>
<td>0.805</td>
</tr>
<tr>
<td>I asked someone for help</td>
<td>0.889</td>
</tr>
<tr>
<td>I discussed the questions on the exam with others</td>
<td>0.850</td>
</tr>
<tr>
<td>It is okay to by-pass established policies in order to get an &quot;A&quot;</td>
<td></td>
</tr>
<tr>
<td>I cheated on the exam</td>
<td></td>
</tr>
</tbody>
</table>

N = 89

Although the researcher followed the recommendations set forth by Hair et al. (2006) for
determining appropriate sample size, exploratory factor analysis is a large sample procedure.

While empirical justification suggesting the sample size was suitable for EFA was achieved with
the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (.753), which should be greater than .5
and Bartlett’s Test of Sphericity (p = .000), another measure of sampling adequacy indicating the
correlation matrix is not an identity matrix, generalizable results may be unlikely due to greater fluctuations in between variable correlations and the results are prone to Type II errors (Costello & Osborne, 2005). Thus to confirm support for the factor structure, the researcher conducted an EFA using a holdout sample from a larger sample. Results from this analysis confirm the results of the pilot study. These results can be obtained upon request.

Measurement Model

Prior to testing the hypothesis in the study, confirmatory factor analysis (CFA) was used to evaluate the factor structure, reliability, and discriminant validity of all constructs. The researcher began the analysis at the item level; however, post hoc examination revealed strong evidence of correlated indicator residuals. Although common, post hoc modifications using a step-wise procedure have recently been criticized and researchers have suggested creating item-parcels to deal with the problem of correlated indicator residuals (Landis, Edwards, & Cortina, 2009). Thus, scale scores from sub-dimensions and multiple-item parcels (Hall, Snell, & Foust, 1999) were used as indicators of latent constructs where each item loading was restricted to it’s a priori construct and each latent construct was allowed to correlate with all other constructs. This strategy has been shown to provide more stable parameter estimates and improve fit of the CFA model (Bagozzi & Heatherton, 1994; Bagozzi & Edwards, 1998; Bandalos & Finney, 2001; Little, Cunningham, Shahar, & Widaman, 2002; MacCallum, Widaman, Zhang, & Hong, 1999). Thus, given the complex nature of the model, item parcels were appropriate for the CFA as they minimize the number of parameters that need to be estimated in the subsequent structural model and allows for a simplified examination of interactive effects (Ahearne, Mathieu, & Rapp, 2005). All of the scales used in the analyses have been established in the literature and through previous analysis; therefore, CFA was the appropriate technique to utilize. Mplus 6.0 (Muthén & Muthén,
1998, 2010) was used to estimate the 6-factor measurement model. A covariance matrix of the self-report data from the students (core self-evaluation, ethical climate, moral intensity, moral disengagement, unethical behavior intentions, and unethical behavior) were input into the model.

The six-factor measurement model was tested using the technique proposed by Anderson and Gerbing (1988), comparing a series of alternative models through sequential chi-square difference tests. The use of the chi-square statistic has been used in comparison of any two nested models (Bentler & Bonett, 1980; Medsker, Williams, & Holahan, 1994). Comparisons were made between the six-factor hypothesized model and the most likely constrained alternatives (Anderson & Gerbing, 1988).

Specifically, the researcher examined the hypothesized six-factor model with item-parcels loaded on their respective scales: core self-evaluation, moral disengagement, ethical climate, moral intensity, unethical behavioral intentions, and unethical behavior. The six-factor model was then compared with tenable alternative nested models, including (a) a five-factor model with core self-evaluation combined with moral intensity to form a factor and ethical climate, moral disengagement, unethical behavior intentions and unethical behavior each representing an individual factor, $\Delta \chi^2(5, N = 616) = 851.09$; (b) a second five-factor model with ethical climate and moral intensity combined to form a factor and core self-evaluation, moral disengagement, unethical behavior intentions, and unethical behavior all representing individual factors, $\Delta \chi^2(5, N = 616) = 190.12$; (c) a third five-factor model with unethical behavior intention and unethical behavior combined to form a factor and core self-evaluation, ethical climate, moral intensity, and moral disengagement reflecting individual factors, $\Delta \chi^2(5, N = 616) = 1013.73$; (d) a four-factor model with core self-evaluation, ethical climate, and moral intensity combined to create a factor and moral disengagement, unethical behavior intentions, and unethical behavior
representing individual factors, $\Delta \chi^2(9, N = 616) = 1037.62$; (e) a three-factor model with core self-evaluation, ethical climate, and moral intensity combined to create a factor and unethical behavior intentions and unethical behavior combined to create a second factor and moral disengagement representing the final factor, $\Delta \chi^2(12, N = 616) = 2046.72$; (f) a two-factor model with core self-evaluation, ethical climate, moral intensity, and moral disengagement combined to form a factor and unethical behavior intentions and unethical behavior combined to form the second factor, $\Delta \chi^2(14, N = 616) = 2923.44$; and (g) a one-factor model, with core self-evaluation, moral disengagement, ethical climate, moral intensity, unethical behavioral intentions, and unethical behavior reflected in a single factor, $\Delta \chi^2(15, N = 616) = 4639.90$.

Unethical behavior intentions and unethical behavior were combined to create a single factor as previous research has suggested that intention precedes behavior but that it can be substituted for behavior (Ajzen, 1991; Fishbein & Ajzen, 1975). Several studies have used intention as a proxy for behavior (O’Fallon & Butterfield, 2005; Weber, 1992; Weber & Gillespie, 1998). Ethical climate and moral intensity were combined to create a factor as both constructs are reflective of situational variables that may influence ethical decision-making. Core self-evaluation, ethical climate, moral intensity, and moral disengagement were combined to create factors as these constructs also have been argued to be individual characteristics.

The researcher used multiple fit indices to indicate model fit. First, the chi-square goodness of fit test was assessed for the models. Next, the normed chi-square statistic was calculated. While there is no consensus regarding a specific value for this statistic, ratios ranging from 2:1 to 5:1 have been suggested as upper limits for acceptable fit (Arbuckle, 1997). For this study, good model fit was inferred when $\chi^2/df$ falls below the 3:1 threshold. Additionally, the comparative fit index (CFI; Bentler, 1990), and the normed fit index (NFI; Tucker & Lewis,
1973) \textit{(Tucker Lewis index)} was assessed and inferred as good model fit when they rose above .90. These criteria are generally accepted (Bagozzi & Yi, 1988; Bollen, 1989; Fornell & Larcker, 1981; Hu & Bentler, 1999; Kline, 1998; Lance, Woehr, & Meade, 2007). Researchers have suggested that the CFI is the most important index as it accounts for the sample size (Bentler, 1990; Byrne, 1994). The standardized root mean square residual (SRMR; Bentler, 1995) and the root-mean-square error of approximation (RMSEA; Steiger, 1990) also were assessed to determine acceptable model fit. These indices were interpreted as follows: Greater than .10 is poor fit, .08 to .10 is mediocre fit, .05 to .08 is reasonable fit, and less than .05 is good fit (Browne & Cudeck, 1993). Finally, the Akaike Information Criterion (AIC; Akaike, 1973) and Bayesian Information Criterion (BIC; Swartz, 1978) were computed to assess fit of the models. The AIC and BIC are indices computed from the likelihood of seeing a model given the data rewarded by goodness of fit and penalized for lack of parsimony (Burnham & Anderson, 2004). The model with the smallest AIC and BIC values is considered the optimal choice among the alternatives. As shown in Table 4.3, the results of the overall model-to-data fit are AIC = 33671.23; BIC = 34069.32; \( \chi^2 \) (260, N = 616) = 589.52, \( p = .000; \chi^2/df = 2.27; \text{CFI} = .96; \text{TLI} = .96; \text{RMSEA} = .05; \text{SRMR} = .03."

In an effort to provide more evidence for discriminant validity, the procedures outlined by Fornell and Larcker (1981) were employed. First, the researcher calculated the average variance extracted and then the square root of the average variance extracted for each of the scales of interest in the study. This value, present on the diagonal in Table 4.4, represents the variance accounted for by the items that compose the scales. Discriminant validity can be concluded when the square root of the average variance extracted exceeds the corresponding latent variable correlations in the same row and column. If this condition is met, then there is
support that the variance shared between any two constructs (i.e., the correlation) is less than the average variance explained by the items that compose the scale. As shown in Table 4.4 this condition is met for the scales used in the current study.

The descriptive statistics and zero-order correlations for the major variables of interest in the study can be found in Table 4.4. Overall, these zero-order correlations support the proposed models. Core self-evaluation was significantly correlated with unethical behavior intentions and moral disengagement ($r = -0.18$, $p < .001$, and $r = -0.21$, $p < .001$ respectively). Further, the correlation between unethical behavior intentions and unethical behavior was significant ($r = 0.22$, $p < .001$) as was the correlation between unethical behavior intentions and moral disengagement ($r = 0.41$, $p < .001$). These results suggest that core self-evaluation is a factor inherent in both unethical behavior intentions and moral disengagement. Moreover, moral disengagement is related to unethical behavior intentions and unethical behavior. Finally, gender and age were explored as control variables and significant intercorrelations were found among them. However, the inclusion of these controls did not alter the results of any statistical tests.

Additionally before testing the hypotheses, the researcher examined the levels of core self-evaluation ($mean = 5.15$, $sd = .77$), ethical climate ($mean = 5.18$, $sd = .80$), moral intensity ($mean = 2.91$, $sd = .86$), moral disengagement ($mean = 2.64$, $sd = .95$), unethical behavior intentions ($mean = 1.30$, $sd = .58$), and unethical behavior ($mean = 1.61$, $sd = .86$) for the sample. Given the 1-7 scale for core self-evaluation, ethical climate, moral intensity and moral disengagement and the 1-5 scale for unethical behavior intentions and unethical behavior, and the small standard deviations across the variables, the researcher concluded the members of the current sample were operating at moderately high levels of core self-evaluation and ethical climates. Moral intensity and moral disengagement were relatively low for the sample suggesting
that individuals did not see cheating as severe and most of the respondents are not prone to moral disengagement. Likewise, unethical behavior intentions and unethical behavior both have relatively low means and standard deviations suggesting that most respondents did not intend to behave unethically nor did they report behaving unethically. These results suggest that unethical behavior intentions and unethical behavior are both reflective of low base rate phenomenon.

Finally, given the way the data were collected, one of the concerns of the researcher was the effect of common method variance. While the impact of common method variance has been touted as a potential myth (Vandenberg, 2006), common method variance may have the ability to cause measurement error and bias the true relationships in the study. Therefore, because of the possibility that method variance can inflate or deflate the necessary relationships between the constructs and cause either a Type I or Type II error, it was necessary to examine this possibility (Doty & Glick, 1988, 1998; Podsakoff et al., 2003).

According to Spector (2006), if the survey using self-report information introduces this bias, a baseline level of correlation should exist among all variables. Lindell and Brandt (2000) suggest that the strength of common method bias can be assessed through a post hoc marker variable approach under which a method factor is assumed to have a constant correlation with all similarly measured items (Malhotra, Kim, & Patil, 2006). Lindell and Whitney (2001) propose that the smallest correlation among the manifest variables provides a reasonable proxy for common method variance. To empirically investigate the extent to which CMV was a concern in the current study, the researcher examined the lowest (0.01) and second lowest (0.15) inter-factor correlations as a range estimate for the potential influence of common method bias. Given the
Table 4.3
Confirmatory Factor Analysis Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Description</th>
<th>AIC</th>
<th>BIC</th>
<th>CFI</th>
<th>TLI</th>
<th>$\chi^2$</th>
<th>$df$</th>
<th>$\chi^2/df$</th>
<th>RMSEA</th>
<th>SRMR</th>
<th>$\Delta\chi^2$</th>
<th>$\Delta df$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>6-Factor</td>
<td>33671.23</td>
<td>34069.32</td>
<td>0.96</td>
<td>0.96</td>
<td>589.52</td>
<td>260</td>
<td>2.27</td>
<td>0.05</td>
<td>0.03</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>5-Factor $^a$</td>
<td>34512.32</td>
<td>34888.29</td>
<td>0.87</td>
<td>0.85</td>
<td>1440.60</td>
<td>265</td>
<td>5.43</td>
<td>0.09</td>
<td>0.07</td>
<td>851.09</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>5-Factor $^b$</td>
<td>33581.35</td>
<td>342247.33</td>
<td>0.94</td>
<td>0.94</td>
<td>779.64</td>
<td>265</td>
<td>2.94</td>
<td>0.06</td>
<td>0.04</td>
<td>190.12</td>
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</tr>
<tr>
<td>4</td>
<td>5-Factor $^c$</td>
<td>34674.96</td>
<td>35050.94</td>
<td>0.85</td>
<td>0.83</td>
<td>1603.25</td>
<td>265</td>
<td>6.05</td>
<td>0.09</td>
<td>0.07</td>
<td>1013.73</td>
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</tr>
<tr>
<td>5</td>
<td>4-Factor</td>
<td>34960.85</td>
<td>35049.14</td>
<td>0.85</td>
<td>0.83</td>
<td>1627.14</td>
<td>269</td>
<td>6.05</td>
<td>0.09</td>
<td>0.08</td>
<td>1037.62</td>
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<td>6</td>
<td>3-Factor</td>
<td>35693.95</td>
<td>36038.96</td>
<td>0.74</td>
<td>0.71</td>
<td>2636.23</td>
<td>272</td>
<td>9.69</td>
<td>0.12</td>
<td>0.10</td>
<td>2046.72</td>
<td>12</td>
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<tr>
<td>7</td>
<td>2-Factor</td>
<td>36566.57</td>
<td>36902.74</td>
<td>0.64</td>
<td>0.61</td>
<td>3512.86</td>
<td>274</td>
<td>12.82</td>
<td>0.14</td>
<td>0.12</td>
<td>2923.34</td>
<td>14</td>
</tr>
<tr>
<td>8</td>
<td>1-Factor</td>
<td>38281.13</td>
<td>38612.87</td>
<td>0.45</td>
<td>0.40</td>
<td>5229.41</td>
<td>275</td>
<td>19.02</td>
<td>0.17</td>
<td>0.14</td>
<td>4639.9</td>
<td>15</td>
</tr>
</tbody>
</table>

Change from Model 1

Note. All $\chi^2_{diff}$ test are significant at $p < .001$.

$^a$ Core Self-Evaluation and Moral Intensity on a single factor; $^b$ Ethical Climate and Moral Intensity on a single factor; $^c$ Unethical Behavior Intentions and Unethical Behavior on a single factor; $^d$ Core Self-Evaluation, Ethical Climate, and Moral Intensity on a single factor; $^e$ Core Self-Evaluation Ethical Climate, and Moral Intensity on a single factor and Unethical Behavior Intentions and Unethical Behavior on a single factor; $^f$ Core Self-Evaluation, Ethical Climate, Moral Intensity, and Moral Disengagement on a single factor and Unethical Behavior Intentions and Unethical Behavior on a single factor.

AIC = Akaike Information Criterion; BIC = Bayesian Information Criterion; CFI = Comparative Fit Index; TLI = Tucker-Lewis Index; RMSEA = Root Mean Square Error of Approximation; SRMR = Standardized Root-Mean Square Residual
Table 4.4
Zero-Order Correlations and Descriptive Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std Dev</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Age</td>
<td>21.55</td>
<td>2.26</td>
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<td></td>
<td></td>
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<tr>
<td>2. Gender</td>
<td>1.42</td>
<td>0.49</td>
<td>-0.09*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Core Self-Evaluation</td>
<td>5.15</td>
<td>0.77</td>
<td>-0.10*</td>
<td>-0.03</td>
<td>0.75</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Ethical Climate</td>
<td>5.18</td>
<td>0.80</td>
<td>0.05</td>
<td>0.12**</td>
<td>0.16***</td>
<td>0.77</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Moral Intensity</td>
<td>2.91</td>
<td>0.86</td>
<td>-0.08*</td>
<td>-0.17***</td>
<td>-0.19***</td>
<td>-0.39***</td>
<td>0.71</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Moral Disengagement</td>
<td>2.64</td>
<td>0.95</td>
<td>-0.06</td>
<td>-0.28***</td>
<td>-0.21***</td>
<td>-0.26***</td>
<td>0.41***</td>
<td>0.80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Unethical Behavior Intentions</td>
<td>1.30</td>
<td>0.58</td>
<td>-0.02</td>
<td>-0.12**</td>
<td>-0.18***</td>
<td>-0.16***</td>
<td>0.31***</td>
<td>0.43***</td>
<td>0.89</td>
<td></td>
</tr>
<tr>
<td>8. Unethical Behavior</td>
<td>1.61</td>
<td>0.86</td>
<td>-0.06</td>
<td>-0.10*</td>
<td>-0.01</td>
<td>-0.14***</td>
<td>0.15***</td>
<td>0.18***</td>
<td>0.24***</td>
<td>0.86</td>
</tr>
</tbody>
</table>

Note: Values on the diagonal are the square root of the average variance explained which must be larger than all zero-order correlations in the row and column in which they appear to demonstrate discriminant validity (Fornell & Larcker, 1981).

N = 610
*(p<.05); **(p<.01); ***(p<.001)
fact that the data were collected using a time lag over five separate periods, it was unlikely that bias in this range was a significant factor (Malhotra et al., 2006).

Hypotheses Testing

Given the complexity of the proposed research model in this study, the researcher tested the hypotheses by examining four nested models: (a) a mediation model in which unethical behavior intentions was specified as mediating the relationship between core self-evaluation and unethical behavior and moral disengagement was specified as mediating the relationship between core self-evaluation and unethical behavior intentions (See Figure 4.1a); (b) a model in which ethical climate moderates the direct effects of core self-evaluation on unethical behavior intentions (See Figure 4.1b); (c) a model in which moral intensity moderates the direct effects of ethical climate on unethical behavior intentions (See Figure 4.1c); and (d) the hypothesized moderated-mediation model in which ethical climate and moral intensity moderate the direct and indirect effects of core self-evaluation on unethical behavior intentions and unethical behavior (See Figure 4.1d).

Hypothesis 1

Hypothesis 1 stated that core self-evaluation would be negatively related to unethical behavior intentions. As shown in Table 4.5, results indicate that core self-evaluation was significantly related to unethical behavior intentions ($b = -0.079, SE = 0.031, t = -2.523, p = 0.006$). These results provide support for Hypothesis 1.

Hypothesis 2

Hypothesis 2 predicted that ethical climate will have a negative relationship with unethical behavior intentions. As shown in Table 4.5, results from the statistical test indicate that
ethical climate was not significantly related to unethical behavior intentions (b = -.040, SE = .036, t = -1.115, p = .133). Thus, no support was found for Hypothesis 2.

**Hypothesis 3**

Hypothesis 3 proposed that ethical climate and core self-evaluation would interact to predict unethical behavior intentions. Consistent with the expectations, the researcher found support for a significant two-way interaction on unethical behavior intentions (b = .138, SE = .061, t = 2.274, p = .012). To confirm that the form of the interaction was as predicted, I graphed the significant interaction.

A procedure outlined by Stone and Hollenbeck (1989) was used to graphically depict the form of the relationships. Two levels of ethical climate were plotted: at 1.0 standard deviation above the mean, and at 1.0 standard deviation below the mean. Figure 4.2 contains plots for unethical behavior intentions. Results shown in Figure 4.2 indicate that the negative relationship between core self-evaluation and unethical behavior intentions becomes stronger when ethical climate is perceived as low. In order to determine the significance of the graphs plotted in Figure 4.2, the researcher conducted a simple slope test. The simple slopes of the equations were evaluated to determine if they differed from zero. Results indicate that the slope for the high ethical climate line was not significantly different from zero (b = -.059, SE = .040, t = -1.483, p = .138), while the slope for the low ethical climate line was significantly different from zero (b = -.190, SE = .041, t = -4.682, p = .000). Results of the simple slope test provide only partial support for Hypothesis 3.
Figure 4.1a Hypothesized Person-Related Mediated Model

Figure 4.1b Hypothesized Environment-Related Moderated-Mediated Model
Figure 4.1c Hypothesized Issue-Related Moderated Mediation Model

Figure 4.1d Hypothesized PIE Moderated Mediation Model
Hypothesis 4

The fourth hypothesis proposed a negative relationship between moral intensity and unethical behavior intentions. Consistent with the researcher’s expectations, moral intensity was significantly related to unethical behavior intentions ($b = .113$, $SE = .030$, $t = 3.751$, $p = .000$). However, the direction of the significant relationship is not consistent with the expectations. Thus, Hypothesis 4 is not supported.

Hypothesis 5

In Hypothesis 5, it was proposed that moral intensity moderated the ethical climate-unethical behavior intentions relationship. Contrary to the researcher’s expectations, moral intensity did not moderate this relationship ($b = -.044$, $SE = .058$, $t = -.760$, $p = .224$), providing no support for the Hypothesis 5.

Figure 4.2 The Interactive Effects of Core Self Evaluation and Ethical Climate on Unethical Behavior Intentions. Only scores ± one standard deviation from the mean scores are plotted.
Hypothesis 6

Hypothesis 6 proposed that moral intensity would moderate the interaction between core self-evaluation and ethical climate to influence unethical behavior intentions (See Figure 4.1d). Results reveal that, as expected, moral intensity influenced the interaction with ethical climate and core self-evaluation to predict unethical behavior intentions ($b = .161$, $SE = .094$, $t = 1.717$, $p = .043$). In order to confirm support for Hypothesis 6, the researcher had to graphically depict the three-way interactions to ensure that the form of the relationships were as predicted.

Figure 4.3 graphically illustrates the three-way interaction influence on unethical behavior intentions. The graph was constructed by plotting the relations between core self-evaluation and unethical behavior intentions at high and low levels of ethical climate and moral intensity (Aiken & West, 1991; Jaccard & Turrisi, 2003). Results indicate the negative relationship between core self-evaluation and unethical behavior intentions is strongest when ethical climates are perceived as low and moral intensity is high.

In order to determine the significance of the graphs plotted in Figure 4.3, the researcher conducted two tests. First, a slope difference test was performed according to the procedures outlined by Dawson and Richter (2006) for probing three way interactions. The slope difference test was evaluated to determine if the lines differed from each other and not from zero. By conducting this test, the researcher could determine the relative strength of the slopes. Results indicate that the slope of the line for high ethical climate/high moral intensity was not significantly different from the line for high ethical climate/low moral intensity ($t = -1.618$, $p = .106$). Similar results were found for the line for high ethical climate/high moral intensity compared to the line for low ethical climate/low moral intensity ($t = -1.391$, $p = .165$); and the line for high ethical climate/low moral intensity compared to the line for low ethical climate/low
moral intensity \( (t = -0.351, p = .726) \). Further analyses reveal that the slope of the line for high ethical climates/high moral intensity was significantly different from the line for low ethical climates/high moral intensity \( (t = 2.043, p = .041) \). Similar results are found for high ethical climate/low moral intensity versus low ethical climate/high moral intensity \( (t = 3.901, p = .000) \); and low ethical climate/high moral intensity versus low ethical climate/low moral intensity \( (t = -3.484, p = .001) \). Next, as a final confirmation, the researcher conducted a simple slope test. The simple slopes of the equations were evaluated to determine if they differed from zero. Results indicate that the slope for the low intensity/low climate line was not significantly different from zero \( (b = .062, SE = .082, t = .756, p = .450) \), additionally, the slope for the low intensity/high climate line also was not significantly different from zero \( (b = .01, SE = .050, t = .199, p = .842) \). Finally, the slope for the high intensity/high climate line was not significantly different from zero \( (b = -.086, SE = .073, t = -1.186, p = .236) \), while the slope for the high intensity/low ethical climate line was significantly different from zero \( (b = -.29, SE = .058, t = -5.007, p = .000) \). Because the researcher predicted the strongest effect would be when intensity was high and ethical climate was high and the results of the slope difference test in concert with the simple slope test do not show this, it is concluded Hypothesis 6 is not supported.

Hypothesis 7

Hypothesis 7 proposed a negative relationship between core self-evaluation and moral disengagement. Consistent with the hypothesis, core self-evaluation was significantly related to moral disengagement \( (b = -.299, SE = .058, t = -5.164, p = .000) \), providing support for Hypothesis 7.
Figure 4.3 Unethical Behavior Intentions predicted by the three-way interaction of core self-evaluation, ethical climate, and moral intensity.

**Hypothesis 8**

Hypothesis 8 proposed that moral disengagement will mediate the relationship between core self-evaluation and unethical behavior intention. In comparisons of full or partially mediated models, evidence of mediation is established when a partially mediated model does not provide a significant improvement in fit over the more parsimonious fully mediated model (Kelloway, 1995), and parsimonious models are used as the theoretical baselines because they are the easiest to reject (James, Mulaik, & Brett, 2006; Mulaik, 2002). Given that the partial mediation model is nested within the full mediation model, the significance test of the additional linkage is based on a difference chi-square statistic (Maruyama, 1998). The goodness-of-fit indices used to compare the models are the comparative fit index (CFI ≥ .90), and the Tucker-Lewis index (TLI) ≥ .90). These criteria are the generally accepted (Bagozzi & Yi, 1988; Bollen, 1989; Fornell & Larcker, 1981; Hu & Bentler, 1999; Kline, 1998; Lance, Woehr, & Meade, 2007). The root-mean-square error of approximation (RMSEA; Steiger, 1990) and the
standardized root mean square residual (SRMR; Bentler, 1995) also were assessed to determine acceptable model fit. These indices were interpreted as follows: Greater than .10 is poor fit, .08 to .10 is mediocre fit, .05 to .08 is reasonable fit, and less than .05 is good fit (Browne & Cudeck, 1993).

The full mediation model was found to have an overall good fit ($\chi^2 = 327.444, df = 88, p = .00; \text{CFI} = .962; \text{TLI} = .955; \text{RMSEA} = .066; \text{SRMR} = .037$). Results of the partial mediation model with the additional path from core self-evaluation to unethical behavior intentions, also provided good fit ($\chi^2 = 321.027, df = 87, p = .00; \text{CFI} = .963; \text{TLI} = .955; \text{RMSEA} = .066; \text{SRMR} = .029$). Furthermore, the significance of difference in fit between the full mediation model and the partial mediation model is significant ($\Delta \chi^2 = 6.417, \Delta df = 1, p = .0113$).

Therefore, the direct path from core self-evaluation to unethical behavior intentions is supported and the partial mediation model is accepted in favor of the full mediation model, providing support for Hypothesis 8.

Next, the Sobel (1982) test was computed in order to identify whether the indirect effect of the independent variable (in this case core self-evaluation) on the criterion variable (unethical behavior intention) through the mediator variable (moral disengagement) was significantly different from zero. In essence, Sobel’s test examines whether the estimate associated with the influence on the independent variable on the criterion drops significantly once introducing the mediator. In addition to assessing the indirect effects, the Sobel Test provides a better balance between Type I and Type II errors (Mackinnon, Lockwood, Hoffman, West, & Sheets, 2002). Results from the Sobel tests indicate that the indirect effect of core self-evaluation on unethical behavior intentions ($z = -4.57, p = .00$) is statistically significant.
However, the Sobel Test can be a problematic statistical test and its assumptions have been challenged in the statistical literature and researchers have suggested the bootstrapping technique (MacKinnon et al., 2002; Preacher & Hayes, 2004). Bootstrapping is a computer-based method for assigning measures of accuracy to sample estimates (Efron & Tibshirani 1993). Therefore, as a final confirmation step, the researcher conducted the bootstrapping test as it offers an alternative that imposes no distributional assumptions and involves bootstrapping the sampling distribution of the mediated effect (Efron & Tibshirani, 1993; MacKinnon, Lockwood, & Williams, 2004; Preacher & Hayes, 2004). When applying this test to the current study, the size of the mediated (indirect) effect using bootstrapped standard errors was found to be significant \( b = -0.074, SE = 0.016, t = -4.704, p = 0.000 \). The results of this test, in concert with the Sobel test, suggest that there is partial mediation at \( p < 0.001 \), providing support for Hypothesis 8.

**Hypothesis 9**

Hypothesis 9 proposed that unethical behavior intentions will mediate the relationship between core self-evaluation and unethical behavior. The full mediation model was found to have an overall good fit (\( \chi^2 = 116.330, df = 42, p = 0.00; CFI = 0.982; TLI = 0.977; RMSEA = 0.054; SRMR = 0.027 \)). Results of the partial mediation model with the additional path from core self-evaluation to unethical behavior also provided good fit (\( \chi^2 = 115.458, df = 41, p = 0.00; CFI = 0.982; TLI = 0.976; RMSEA = 0.054; SRMR = 0.025 \)). However, the significance of difference in fit between the full mediation model and the partial mediation model is nonsignificant (\( \Delta \chi^2 = 0.872, \Delta df = 1, p = 0.3504 \)). Therefore, the direct path from core self-evaluation to unethical behavior is not supported and the partial mediation model is rejected in favor of the full mediation model, providing support for Hypothesis 9. Although, the traditional method for assessing mediation
over the past two decades has been the approach advocated by Baron and Kenny (1986), recent research has concluded that mediation can be established without significant direct relationships between the independent (core self-evaluation) and dependent (unethical behavior) variables (MacKinnon et al., 2002; Shrout & Bolger, 2002). To complete the test of the mediation hypotheses, the researcher conducted the Sobel test (Sobel, 1982). Results from the Sobel tests indicate that the indirect effect of core self-evaluation on unethical behavior ($z = -2.11, p = .02$) is statistically significant.

Finally, the researcher conducted an alternative test, which involves bootstrapping the sampling distribution of the mediated effect (Efron & Tibshirani, 1993; MacKinnon, Lockwood, & Williams, 2004). When applying this test to the current study, the size of the mediated effect using bootstrapped standard errors was found to be significant ($b = -0.060, SE = 0.016, t = -3.665, p = .000$). The results of this test, in concert with the Sobel test, suggest that there is full mediation at $p < .050$, providing support for Hypothesis 9.

In terms of multi-collinearity, this phenomenon was assessed via two commonly used indices: tolerance and variance inflation factor (VIF). Miles and Shelvin (2003) suggest that the commonly accepted standards for using these indicants include tolerance values close to one and VIF scores less than two to denote lack of collinearity. Upon examination of the collinearity diagnostics presented in Table 4.6, no evidence of collinearity exists in the results (Hair et al., 2006; Miles & Shelvin, 2003).
Table 4.5

Structural Equation Modeling Results

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Unethical Behavior Intentions</th>
<th>Unethical Behavior</th>
<th>Moral Disengagement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>SE</td>
<td>t</td>
</tr>
<tr>
<td>Core Self-Evaluation</td>
<td>-0.079</td>
<td>0.031</td>
<td>-2.523</td>
</tr>
<tr>
<td>Ethical Climate</td>
<td>-0.040</td>
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<tr>
<td>Moral Intensity</td>
<td>0.113</td>
<td>0.030</td>
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<tr>
<td>Moral Disengagement</td>
<td>0.248</td>
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</tr>
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<td>Core Self-Evaluation x Ethical Climate</td>
<td>0.138</td>
<td>0.061</td>
<td>2.274</td>
</tr>
<tr>
<td>Core Self-Evaluation x Moral Intensity</td>
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<td>Moral Intensity x Ethical Climate</td>
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<td>-0.760</td>
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<tr>
<td>Core Self-Evaluation x Ethical Climate x Moral Intensity</td>
<td>0.161</td>
<td>0.094</td>
<td>1.717</td>
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Table 4.6

Results of Multicollinearity Test

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<thead>
<tr>
<th>Variable</th>
<th>Tolerance</th>
<th>VIF</th>
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</thead>
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<td>Core Self-Evaluation</td>
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<td>Ethical Climate</td>
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</tr>
<tr>
<td>Moral Intensity</td>
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<td>1.243</td>
</tr>
<tr>
<td>Core Self-Evaluation x Ethical Climate</td>
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<td>1.257</td>
</tr>
<tr>
<td>Core Self-Evaluation x Moral Intensity</td>
<td>0.803</td>
<td>1.246</td>
</tr>
<tr>
<td>Moral Intensity x Ethical Climate</td>
<td>0.877</td>
<td>1.140</td>
</tr>
<tr>
<td>Core Self-Evaluation x Ethical Climate x Moral Intensity</td>
<td>0.759</td>
<td>1.318</td>
</tr>
</tbody>
</table>

Summary of Results

In this section, the proposed hypotheses of this research were examined closely in reference to the data in Tables 4.1 – 4.6 and reported in the previous portion of this research study. Also included in this section is Table 4.7, which summarizes the findings examined in this study.
<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Support</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Supported</td>
<td>Core self-evaluation will be negatively related to intent to behave unethically.</td>
</tr>
<tr>
<td>2</td>
<td>Not Supported</td>
<td>Ethical climate will be negatively related to intent to behave unethically.</td>
</tr>
<tr>
<td>3</td>
<td>Partially Supported</td>
<td>Ethical climate will moderate the negative relationship between core self-evaluation and intent to behave unethically, such that the relationship is stronger (weaker) when ethical climate is high (low).</td>
</tr>
<tr>
<td>4</td>
<td>Not Supported</td>
<td>Moral intensity will be negatively related to intent to behave unethically.</td>
</tr>
<tr>
<td>5</td>
<td>Not Supported</td>
<td>Moral intensity will moderate the negative relationship between ethical climate and intent to behave unethically, such that the relationship will be weaker (stronger) when moral intensity is low (high).</td>
</tr>
<tr>
<td>6</td>
<td>Not Supported</td>
<td>Moral intensity will moderate the interaction between core self-evaluation and ethical climate on intent to behave unethically, such that core self-evaluation will have a stronger (weaker) negative relationship with intent to behave unethically when ethical climate is high (low) and moral intensity is high (low).</td>
</tr>
<tr>
<td>7</td>
<td>Supported</td>
<td>Core self-evaluation will be negatively related to moral disengagement.</td>
</tr>
<tr>
<td>8</td>
<td>Supported</td>
<td>Moral disengagement mediates the relationship between core self-evaluation and intent to behave unethically.</td>
</tr>
<tr>
<td>9</td>
<td>Supported</td>
<td>Intent to engage in unethical behavior mediates the relationship between core self-evaluation and unethical behavior.</td>
</tr>
</tbody>
</table>
Alternative Models

Previous research has suggested that unethical behavior intentions and unethical behavior can be substituted for each other (Ajzen, 1991; Fishbein & Ajzen, 1975). Moreover, current research has even sought to combine the two into a single construct representing ethical choice (Kish-Gephart et al., 2010). In order to ensure that the hypothesized model was the best depiction of the relationships examined, I compared it to three alternative models. In each of the models, unethical behavior intentions and unethical behavior are combined to create a single construct of unethical choice. Additionally, unethical behavior is measured using the frequency in which the individuals reported engaging in unethical behavior. Table 4.7 provides the results from these analyses. In the first alternative model, the researcher presents a moderated-mediation model in which ethical climate and moral intensity moderate the direct and indirect effects of core self-evaluation on unethical choice. Given that the alternative models presented are non-nested models, simple fit indices will not provide sufficient evidence (Vandenberg & Grelle, 2009). Therefore, I use AIC (Akaike, 1973) and BIC (Swartz, 1978). The results of two information criterions suggest that this model does not provide better fit than the hypothesized model.

Next, given the concerns about the strength of dispositional, situational and environmental factors, the researcher tested a moderated-mediation model in which core self-evaluation and moral intensity moderates the direct and indirect of effects of ethical climate on unethical choice to explore if this was a better representation of the data. Results of this test suggest that this alternative model also was not a better representation of the data as the information criterion for the alternative model was greater than the information criterion for the hypothesized model.
Finally, the researcher tested a moderated-mediation model in which core self-evaluation and ethical climate moderates the direct and indirect effects of moral intensity on unethical choice to determine if this was a better representation of the data. Results from this test also suggest that this alternative model was not a better representation of the data as the information criterion for the final alternative model was greater than the information criterion calculated for the hypothesized model.

Table 4.8

Results of Alternative Model Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Akaike (AIC)</th>
<th>Bayesian (BIC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesized Model</td>
<td>33880.05</td>
<td>34291.41</td>
</tr>
<tr>
<td>Alternative Model 1</td>
<td>44881.54</td>
<td>45253.09</td>
</tr>
<tr>
<td>Alternative Model 2</td>
<td>44859.82</td>
<td>45231.38</td>
</tr>
<tr>
<td>Alternative Model 3</td>
<td>44787.89</td>
<td>45159.44</td>
</tr>
</tbody>
</table>
Throughout the last two decades researchers and scholars have proposed a number of models to explicate ethical decision-making and behavior (Jones, 1991; Kohlberg, 1984; Rest, 1986, Trevino, 1986). These models have sought to define the factors that influence the process that leads to engaging in unethical behavior. The models have used individual, environmental, and issue-related factors in this endeavor (Kish-Gephart et al., 2010). However, most scholars have included only one of the factors in their explanation; at times two have been included. Furthermore, it has been suggested that an undersocialized view of individuals acting in isolation nor an oversocialized view of individuals being obedient to some standards or organizational culture would be sufficient to explain these behaviors (Granovetter, 1992). According to Brass, Butterfield, and Skaggs (1998), an anonymous reviewer once proclaimed “Some people in most instances and most people in some instances behave ethically.” Fueled by rampant scandals in modern organizations, the question becomes “Can we get most people in most cases behaving ethically?”

Thus, the primary purpose of the current research was development of theory that provides an explanation of individual ethical behavior. The foundation of this theory development is a response to a suggestion offered by Kish-Gephart and her colleagues (2010) to explore the impact of person-related (P), issue-related (I), and environment-related (E) factors and their simultaneous influence on ethical behavior. Towards this end, the research proposed a configurational theory, (P-I-E Theory) to explain unethical decision making and behavior. To test the proposed theory, a model was developed to describe the relationships among the latent
variables of core self-evaluation (person-related factor), moral intensity (issue-related factor), ethical climate (environment-related factor), unethical behavioral intentions, and unethical behavior. More specifically, the researcher attempted to determine if there were interactive effects present for the person-related, issue-related, and environment-related factors on an individual’s expression of intent to engage in unethical behavior and subsequent engagement in such behavior. A secondary purpose of this research was to provide additional explanatory mechanisms through which unethical behavior intentions and subsequent behavior may be influenced. To accomplish this, the role of moral disengagement was examined.

In some aspects, the results of this study are both stimulating and theoretically unexpected. The main area of contribution for this research is the establishment of the PIE model to explain unethical behavior. In concert with the recommendations of Kish-Gephart and her colleagues (2010), this research found that person-related, issue-related, and environment-related factors combined in a complex form to explain an individual’s intent to engage in aberrant or inappropriate behavior. Evidence suggests that moderate levels of intensity combined with perceptions of climate that were mid-range in ethicality combined with an individual’s personal characteristics may have an impact on intentions to engage in unethical behavior.

**General Findings**

The hypotheses associated with the theoretical model found mixed results. Support was found for several of the study’s hypothesis, however, some hypothesis and relationships were not supported as predicted. Each of the hypotheses presented below were supported by the data and therefore accepted.

Hypothesis 1 stated core self-evaluation (person-related factor) will be negatively related to intent to behave unethically. These results were promising as previous research has found core
self-evaluation to be a predictor of the affective component of attitudes, specifically, job satisfaction as it was intended (Heller, Judge, & Watson, 2002; Judge & Bono, 2001; Judge, Locke, Durham, & Kluger, 1998). However, this research provides support for core self-evaluation, a person-related factor, as a predictor of the behavior component of attitudes as well, specifically one’s intent to engage in aberrant behavior. The negative relationship uncovered in this project suggests that individuals who can be categorized as high CSE report lower intentions to engage in such behavior. These individuals have been described as positive, well adjusted, and self confident, therefore, they may feel that they can accomplish whatever task is set before them and feel they would not have to engage in such behavior. However, further research may consider if these individuals are more likely to want to maintain their self-image and thus simply report a lower likelihood of engaging in inappropriate behaviors. In other words, high core self-evaluators may attempt to disassociate themselves from the negative connotations of unethical behavior intentions by underreporting it. Thus, future research will need to explore more extensive relationships between core self-evaluation and actual unethical behaviors.

Hypothesis 3 stated ethical climate (environment-related factor) will moderate the negative relationship between core self-evaluation (person-related factor) and intent to behave unethically, such that the relationship is stronger when ethical climate is strong (high). Hypothesis 3 was partially supported with the data as the results of the simple slope tests suggested only the low climate slope was significantly different from zero. The results of this hypothesis provide additional evidence for applying the interactionist perspective to unethical behavior, as person-related and environment-related factors interacted to influence unethical behavior intentions. Situational strength (Mischel, 1977, 2004) can be used to understand these results. Situations that offer individual’s specific cues for behavior (i.e., high ethical climates)
will result in similar behavior among the members. However, situations that lack a series of cues about how an individual should behave (i.e., weak climates) will force individual’s to depend on personal characteristics to determine behavior.

Hypothesis 7 stated core self-evaluation will be negatively related to moral disengagement. Given the nature and disposition of individuals who are characterized as high CSE, the results were as anticipated. High CSE individuals see themselves as being confident and tend to have an overall positive outlook on themselves and the environment around them. Thus, high CSE individuals would be less likely to engage in conduct that would lead them to question their self-concept.

Hypothesis 8 stated moral disengagement mediates the relationship between core self-evaluation and intent to behave unethically. These results were consistent with previous research examining the mediating effects of moral disengagement on intentions and behavior (Boardley & Kavussanu, 2010; Detert et al., 2008; Paharia & Deshpandé, 2009). Moreover, the current research extends research by showing that individuals who tend to have more positive emotions and those who have strong beliefs about themselves are less likely to deactivate their moral compass and engage in unethical behavior (Connelly, Helton-Fauth, & Mumford, 2004; Gaudine & Thorne, 2001; Forgas, 1995; Hegarty & Sims, 1978; Reiss & Mitra, 1998; Treviño & Youngblood, 1990). High core-self individuals, who are constantly trying to maintain their positive self concept, are less likely to selectively activate reasoning that will lead to unethical decision-making.

Finally, Hypothesis 9 stated intent to engage in unethical behavior mediates the relationship between core self-evaluation and unethical behavior. These results provide additional support that intentions precedes behavior (Ajzen, 1985).
Although support for the study’s hypotheses is limited to those above, there are additional interesting significant results in the study. Specifically, Hypothesis 4 stated moral intensity will be negatively related to intent to behave unethically. Results indicated that there was a relationship between moral intensity and intent to behave unethically. Jones (1991) suggested that moral intensity would reduce the likelihood that an individual would engage in inappropriate behavior. Contrary to the *a priori* hypothesis, as moral intensity increased so did an individual’s intent to engage in inappropriate behavior.

While this positive relationship was not originally theorized, perhaps these results may suggest that although individuals are able to identify a situation as bad or good, other factors not captured by this study may have stronger influences on their decision-making. For example, the desire to get ahead or succeed, reduced penalties for cheating, and just simply opportunity have been reported as reasons why individuals engage in inappropriate behavior (Simkin & McLeod, 2009). Another reason for these results may be the fact that cheating in college is rampant and although it may be considered bad it may be deemed necessary by those engaging in these acts (Klien, Levenburg, McKendall & Mothersell, 2007; McCabe, Butterfied, & Treviño, 2006; Rokovski & Levy, 2007; Whitley, 1998). Another potential explanation may be the issue of cheating may not have been viewed as bad by some respondents. Future research will need to pre-test the issue presented to ensure that the individuals may see it as containing some moral imperative.

In addition, Hypothesis 6 stated moral intensity will moderate the interaction between core self-evaluation and ethical climate on intent to behave unethically, such that core self-evaluation will have a stronger (weaker) negative relationship with intent to behave unethically when ethical climate is high (low) and moral intensity is high (low). Although the study did find
a significant three-way interaction among the person-related, issue-related, and environment-related factors, the results were not as predicted. Further analysis revealed that high and moderate levels of intensity interacted with low to moderate climates to influence the relationship between core self-evaluation and unethical behavior intentions. These results suggest that in high climate/high intensity situations and low climate/low intensity situation individuals will most likely rely on the cues of the environment and their personal characteristics to make decisions about behavior. Therefore, intensity has a powerful role in situations where issue is moderately to extremely severe and the cues for how one should behave are not clearly defined.

Finally, Hypothesis 2 stated ethical climate will be negatively related to intent to behave unethically and Hypothesis 5 stated that moral intensity would moderate the negative relationship between ethical climate and intent to behave unethically. Surprisingly, the most curious result from this study was the lack of a significant relationship between ethical climate and intent to behave unethically. However, this supports the notion that the oversocialized view, individuals obedient to the rules, would not be sufficient to explain behavior. Thus, the effects of the environment-related factors were part of a complex interaction. In order to explain the lack of a significant effect, it should be noted that ethical climate may represent a construct that individuals in the current sample find as a distal construct and unrelated to their current roles.

Given the regard that students place on cheating and the manner in which they describe the process, one would conclude that they view this behavior as one not related to ethics at all. Accordingly, students may not feel any violations of ethical standards by engaging in behaviors they view as collaborative in nature. As stated earlier, if winning or getting ahead are the primary
drivers, then cheating may be viewed as simply a tool to reach that goal and not related to ethics (Simkin & McLeod, 2009).

**Strengths**

This study contains a number of strengths worthy of highlighting. First, the study variables, although coming from a single source, were collected using time lagged collection procedures, which helped to minimize the concerns related to common method variance (Podsakoff et al., 2003). In addition, using the time lagged method allows the researcher to reduce alternative explanations for the observed relationships and to draw more definitive causal inferences. Second, the study investigated the influence of core self-evaluation on the behavioral component of attitudes, an outcome that has received less attention which helps contribute to the field by building a better understanding of how various personality characteristics influence important outcomes. Third, given the limited empirical support found for the antecedents of moral disengagement, the study investigated the role moral disengagement plays in determining an individual’s intent to engage in unethical behaviors based on various personality characteristics. Further, the study found additional support for the intention preceding behavior arguments by measuring actual behavior and actual behavioral intentions (Ajzen, 1985). Moreover, this study is one of few to capture measures of intentions and behavior in a single study without using an experimental design; therefore, it fills a blatant gap in the ethics research. Finally, although not according to predictions, greater insight was revealed through a significant three-way interaction, lending support to the idea of a configuration theory of unethical behavior. These results are notable given the difficulty of finding significant three-way interactions (Duffy, Ganster & Shaw, 1998)
Limitations

Although this study makes a number of contributions to the extant literature, there are limitations that need to be acknowledged. First, investigating unethical behavior is a sensitive topic, one that is exacerbated with students and the subject of cheating. Thus, given this sample an obvious concern is the use of voluntary and self-reported data concerning behavioral intention (Sheppard, Hartwick, & Warshaw, 1988). Interestingly, research has shown a sharp increase in students self-reports of cheating while in college (McCabe & Bowers, 1994; Ogilby, 1995). Although the researcher guaranteed the respondents anonymity in their responses the low-base rate reporting of unethical behavior intentions and unethical behavior may be a factor of individual’s not self-reporting code of conduct violations. Second, the study was conducted using students in various sections of classes at one university located in a single department, thus this may limit the study's generalizability. Another limitation is the use of a take-home exam, which may be viewed in a unique way by students as opposed to an in-class exam. For example, students may view take-home exams as an opportunity to collaborate. Also, students may feel compelled to engage in behaviors in the privacy of their homes or other venues that they may not feel comfortable engaging in while surrounded by others. Next, the study was conducted using students who were enrolled in required courses for their major. Students may be motivated differently to engage in cheating behaviors in courses that are not required for their degree. Finally, students were enrolled in multiple sections of the courses with multiple instructors; the type of climate that was created may be questionable. An issue of concern is whether the instructors in the courses reward and reinforce ethical standards and role model ethical behavior therefore creating an appropriate climate.
Suggestions for Future Research

Due to the aforementioned limitations as well as unanswered questions related to the results of this study, I see a number of different avenues for future research. First, there is a need for replication with other samples as the respondents in this study came from the same university and the same department, which may have unique characteristics not found in other schools or in other departments. Although, some degree of difficulty may be experienced, this study should be replicated in different industries, such as accounting and insurance. These two industries would be appropriate as the wave of corporate scandals found a higher concentration in these two arenas. This study may be conducted by interviewing individuals in organizations in these industries who were part of some type of corporate scandal. Despite the potential downfall of recall bias, this would add a major contribution to the literature on unethical behavior.

Furthermore, future studies would benefit from a longitudinal design. Organizational members should be followed for a period of time from the onboarding process to a period of seasoned employment to fully capture the nature of changes in climate and intensity and how those changes influence behavior and to pinpoint at what point employees begin to consider engaging in unethical acts in the workplace. Additionally, this study was conducted using a take-home exam. As a result, there is a need to examine unethical behavior in a different context, potentially using an experimental design and an in-class exam to determine the generalizability of the results. It is possible that students will evaluate intensity differently based on the environment. Such a study would require the use of a confederate to record actual behaviors. Next, although not considered a major limitation, the study used item-parcels to represent the latent constructs of interest. Although the researcher thinks the results would be similar if all items were used, there is a need to test this to increase the confidence in the study’s findings. Additionally, a more fine
grained analysis using individual components of core self-evaluation, ethical climate, moral intensity, and moral disengagement could be undertaken to see if the subcomponents interact to influence unethical behavior intentions in different ways.

Another future research direction may be to examine the multiple roles of moral disengagement in the core self-evaluation and unethical intent relationship. While many research studies often show relationships between variables, there may be other explanations for the relationships that exist. Thus, simply knowing that core self-evaluation has a negative relationship with intent to behave unethically may not offer much enlightenment. Because the links among core self-evaluation and unethical intentions may be complex, it may be necessary to specify multiple underlying pathways, or processes by which core self-evaluation may lead to unethical choices. Specifically, in the direct-effects pathway, both core self-evaluation and moral disengagement influence unethical intent. Next, in the moderator-effects pathway, moral disengagement may alter the nature of the relationship that exist between core self-evaluation and unethical behavior intentions. Finally, the mediation-effect pathway, the influence of core self-evaluation on unethical behavior intentions is mediated through the propensity to morally disengage. The use of a strong inference approach may help to determine the best explanation for the relationship that exist between core self-evaluation and unethical behavior intentions. Similarly, future research may wish to examine the multiple roles of unethical behavior intentions as well.

Finally, there may be additional explanatory mechanisms that may be linked with unethical behavior intentions. Moral disengagement represents only one such variable. Specifically, future research could explore the influence of regulatory orientation, as regulatory focus has been found to be related to deviant behavior (Neubert, Kacmar, Carlson & Chonko,
As a person-related factor, individuals may be predisposed to one orientation over another (Higgins, Roney, Crowe, & Hymes, 1994), therefore, regulatory focus should be considered as different emotional experiences that may lead to different behavioral reactions. Furthermore, individuals who are primarily promotion focused are usually more concerned with accomplishments and aspirations and may act unethically to get ahead. Per contra, individuals who are primarily prevention focused tend to be more concerned with duties and obligations and may be more inclined to follow the rules and act in an ethical manner. In addition, exploring the boundary conditions in the regulatory focus and unethical behavior intentions relationship may be fruitful as situational cues also may enact one orientation as opposed to the other (Crowe & Higgins, 1997). Therefore, regulatory orientation should be examined with other environment and issue-related factors to explore potential configurations that may exist.

Implications for Practice

There is a perpetual downturn trend in ethical behavior in modern organizations, thus, given the strong relationships between cheating in college and unethical behavior in the workplace (Nonis & Smith, 2001; Sims, 1993), the results of this study have practical applications for leaders. First, managers and organizations can use the results of this study to design and maintain climates that are aimed at reducing the likelihood of encouraging individuals to do things over which they feel they have no control or choice. The findings provide evidence that the environment as well as the severity of a given situation combined with personality characteristics to influence an individual’s choice to engage in unethical behavior lending support to the configurational theory (P-I-E) of unethical behavior. These findings show that the complex configuration of individual or person-related, organization or environment-related, and moral issue factors should be explored in greater depth as they may have the potential to influence
other important outcomes at the organizational level (Kish-Gephart et al., 2010). One possible solution for organizations is to constantly review programs to ensure that stated goals are realistic and attainable. Additionally, managers should be concerned with creating environments where they are constantly rewarding appropriate behavior and appropriately role modeling such. Establishment of a code of ethics should be the foundation; however, leaders and managers should provide ongoing training and development to its members. Furthermore, leaders and managers must provide consistent, prompt, and fair discipline to those individuals who engage in unethical acts or are in violation of the code, regardless of their position.

**Conclusions**

The current study examined how core-self evaluation, ethical climate, moral intensity, and moral disengagement relate to each other as well as to behavioral intentions and actual behavior. This study found that this complex configuration of factors had a significant influence on an individual’s behavioral intentions bringing quantitative empirical contributions to the literature. In addition, the support for the link between behavioral intentions and actual behavior is valuable as few studies have used actual behaviors to establish this association. Although this study attempted to answer a number of questions and make valuable contributions to the extant literature, future research should extend these findings and uncover other potential configurations that may exist.
REFERENCES


Appendix A

The Core Self-Evaluations Scale (CSES)

1. I am confident I get the success I deserve in life.
2. Sometimes I feel depressed. (r)
3. When I try, I generally succeed.
4. Sometimes when I fail I feel worthless. (r)
5. I complete tasks successfully.
6. Sometimes, I do not feel in control of my work. (r)
7. Overall, I am satisfied with myself.
8. I am filled with doubts about my competence. (r)
9. I determine what will happen in my life.
10. I do not feel in control of my success in my ______. (r)
11. I am capable of coping with most of my problems.
12. There are times when things look pretty bleak and hopeless to me. (r)

Appendix B

Ethical Climate Questionnaire

1. It is very important to follow strictly the class’ rules and procedures.
2. The first consideration is whether a decision violates any law.
3. People are expected to comply with the law and professional standards over and above other considerations.
4. Everyone is expected to stick by class rules and procedures.
5. Successful people in this class go by the book.
6. In this class, people are expected to strictly follow legal or professional standards.
7. Successful people in this class strictly obey the class policies.
8. In this class, the law or ethical code of their profession is the major consideration.


Appendix C

**Moral Intensity Scale**

1. The harm done (if any) as a result of cheating on a test would be very small.
2. The negative consequences (if any) of cheating on a test would be very serious.
3. Most people seem to agree that cheating on a test would be wrong.
4. Most people in this position would cheat on a test.
5. The chance that cheating on a test would actually cause harm is very small.
6. Cheating on a test is like to cause at least some harm.
7. Cheating on a test would not cause any harm *in the immediate future*.
8. The negative effects (if any) of cheating on a test would be felt very quickly.
9. The harmful effects (if any) of cheating on a test might affect people who are close to you.
10. You are unlikely to be close to anyone who might be negatively affected by cheating on a test.


Appendix D

Unethical Behavioral Intentions

1. I will cheat on exams in the future.
2. If I run out of time, I will cheat on an exam.
3. Since others will cheat on the exam, I intend to cheat on the exam.
4. In order to raise my grade, I plan to cheat on the exam.
Appendix E

Unethical Behavior

1. I worked with others to complete the exam.
2. I asked someone for help.
3. I discussed the questions on the exam with others.
Moral Disengagement

1. Sharing test questions is just a way of helping your friends.
2. Talking about people behind their backs is just part of the game.
3. Looking at a friend’s homework without permission is just “borrowing it.”
4. It is not bad to “get high” once in a while.
5. Damaging some property is no big deal when you consider that others are beating up people.
6. Stealing some money is not too serious compared to those who steal a lot of money.
7. Not working very hard in school is really no big deal when you consider that other people are probably cheating.
8. Compared to other illegal things people do, taking some things from a store without paying for them is not very serious.
9. If people are living under bad conditions, they cannot be blamed for behaving aggressively.
10. If the professor doesn’t discipline cheaters, students should not be blamed for cheating.
11. If someone is pressured into doing something, they shouldn’t be blamed for it.
12. People cannot be blamed for misbehaving if their friends pressured them to do it.
13. A member of a group or team should not be blamed for trouble the team caused.
14. A student who only suggests breaking the rules should not be blamed if other students go ahead and do it.
15. If a group decides together to do something harmful, it is unfair to blame any one member of the group for it.
16. You can’t blame a person who plays only a small part in the harm caused by a group.
17. It is ok to tell small lies because they don’t really do any harm.
18. People don’t mind being teased because it shows interest in them.
19. Teasing someone does not really hurt them.
20. Insults don’t really hurt anyone.
21. If students misbehave in class, it’s their teacher’s fault.
22. If someone leaves something lying around, it’s their own fault if it get’s stolen.
23. People who are mistreated have usually done things to deserve it.
24. People are not a fault for misbehaving at work if their managers mistreat them.
25. Some people deserve to be treated like animals.
26. It is ok to treat badly someone who behave like a “worm”
27. Someone who is obnoxious does not deserve to be treated like a human being.
28. Some people have to be treated roughly because they lack feelings that can be hurt.

Appendix G

Demographic

My CWID is: __________________________
My present age is: ___________________
My gender is: Male ________ Female ______
My race is: White _________ Black _________ Other _____________
My college major is: ___________________
My current classification is: Freshman ____________ Sophomore ________________
                             Junior _______________ Senior ________________
Appendix H

Human Subjects Approval

July 7, 2010

C. Justice Tillman
Department of Management & Marketing
College of Commerce & Business Administration
The University of Alabama

Re: IRB # 10-OR-220 “Effects of Personality, Climate, and Intensity: Testing an Interactive Model of Ethical Decision-Making”

Dear Mr. Tillman:

The University of Alabama Institutional Review Board has granted approval for your proposed research.

Your application has been given expedited approval according to 45 CFR part 46. Approval has been given under expedited review category 7 as outlined below:

(7) Research on individual or group characteristics or behavior (including, but not limited to, research on perception, cognition, motivation, identity, language, communication, cultural beliefs or practices, and social behavior) or research employing survey, interview, oral history, focus group, program evaluation, human factors evaluation, or quality assurance methodologies.

Your application will expire on July 6, 2011. If your research will continue beyond this date, complete the relevant portions of Continuing Review and Closure Form. If you wish to modify the application, complete the Modification of an Approved Protocol Form. When the study closes, complete the appropriate portions of FORM: Continuing Review and Closure.

Please use reproductions of the IRB approved informed consent form to obtain consent from your participants.

Should you need to submit any further correspondence regarding this proposal, please include the above application number.

Good luck with your research.

Sincerely,

Carpetta T. Myles, MSM, CIM
Director & Research Compliance Officer
Office for Research Compliance
The University of Alabama
Appendix I

Human Subjects Approval - Revision

August 17, 2010

C. Justice Tillman
Department of Management
C&BA
Box 870225

Re: IRB # 10-OR-220 (Revision) “Character, Conditions and Cognitions: The Role of Personality, Climate, Intensity and Moral Disengagement in the Unethical Decision-Making Process”

Dear Mr. Tillman:

The University of Alabama Institutional Review Board has reviewed the revision to your previously approved expedited protocol. The board has approved the change in your protocol.

Please remember that your approval period expires one year from the date of your original approval, 7/7/2010 not the date of this revision approval.

Should you need to submit any further correspondence regarding this proposal, please include the assigned IRB application number.

Good luck with your research.

Sincerely,

Carparrito T. Mykle, MSM, CIM
Director & Research Compliance Officer
Office of Research Compliance
The University of Alabama