Social Accounting and Unethical Behavior: Does Looking Fair Undermine Actually Being Fair?

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Dissertation submitted to the faculty of the Virginia Polytechnic Institute and State University in partial fulfillment of the requirements for the degree of

Doctor of Philosophy
In
Business, Management

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July, 27, 2016
Blacksburg, Virginia

Keywords: Social accounts, fairness, unethical behavior, moral disengagement, moral emotions

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ABSTRACT

In organizations, it is inevitable that some business activities might seem unfair to subordinates. Social accounts—the explanations managers give their subordinates for those decisions—are known to be a useful tool for managing subordinates' fairness concerns. Over three decades of research, we learn that social accounts are effectiveness in improving subordinates' fairness perceptions and reducing their negative reactions. Yet, we have only limited understanding about how social accounts affect the perceptions and behaviors of managers—those who construct and give them. The purpose of this dissertation is to examine the extent to which constructing accounts affects account-givers' perceptions and behaviors.

Drawing on research in social account and behavioral ethics, a model was developed to test the positive effect of constructing accounts on unethical behavior (direct effect) through moral disengagement and guilt (indirect effect). In respect to account types, it was hypothesized that constructing justifications would lead to higher moral disengagement, less guilt, and more unethical behavior, compared with constructing excuses. Account feedback was hypothesized to moderate the indirect effects of justifications and excuses on unethical behaviors such that account acceptance would strengthen moral disengagement and weaken guilt, and in turn, increase unethical behavior.

Two experimental designed studies were conducted to test these hypotheses. In Study 1, utilizing a sample of 128 management students, constructing accounts was found to have a

positive effect on unethical behavior (i.e., nepotism) with guilt but not moral disengagement explaining some of the variances in this relation. In contrast to my hypotheses, constructing excuses was found to increase guilt more than constructing justifications. Using a sample of 136 management students, Study 2 generally replicated the results found in Study 1: constructing accounts was found to increase unethical behavior (i.e., dishonesty) through guilt, with excuses having a greater effect. This dissertation concludes with a discussion on contributions, practical implications, limitations, and the direction for future research on social accounts and behavioral ethics.

ACKNOWLEDGMENT

I am deeply grateful for the many people who have supported me throughout my study in the program and the writing of this dissertation.

First and foremost, I would like to thank my advisor, Dr. Anthony T. Cobb, for his guidance and mentorship on this dissertation. Without his unwavering support and encouragement, I would not have been able to successfully complete the program. I am grateful to him for giving me the flexibility to explore new research area as well as his patience in helping me to become a better writer.

My appreciation also goes to my committee members: Dr. Dianna Stone, Dr. Richard Wokutch, and Dr. Daniel Beal. I am grateful to Dr. Stone, who was a mentor to me even before I joined Virginia Tech. I am constantly inspired by her expertise and passion in research and appreciative of her genuine advice on my research and academic career. I am deeply indebted to Dr. Wokutch for his development and the opportunity to work on research together. He genuinely cares about doctoral students and wants them to succeed. I am thankful to Dr. Beal for his time spent on this dissertation and his thoughtful feedback on data analyses and other areas.

My journey in this program would not have been the same without my fellow Ph.D. students. Many thanks for the laughter we shared over the past five years.

I dedicate this dissertation in memory of my father, Dr. Wen-Hsiung Hong. Your love, dreams, and hopes for me give me the strength to persevere everyday. To my dearest daughter, Ashley, thank you for your love and companionship. You are such a great joy in my life. To my beloved son, Ethan, thank you for brightening up my days with your smiles. You are my sweetest delight. To my husband, Dan, thank you for riding this life roller coaster with me.

Last but not least, I thank God, for being faithful in my life.

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CHAPTER I

INTRODUCTION

In organizations, it is inevitable that some business activities might seem unfair to subordinates. Typically, these disappointed subordinates become very concerned with the fairness of these activities and react negatively if they perceive partial treatments. Despite the fact that managers may not agree with the decision or be involved in these activities, they are often called upon to address employees' concerns (Bies, 2013; Frey & Cobb, 2010). Because fairness is a desirable identity for managers (Greenberg, 1990), social accounts – the statements managers give for explaining disappointing decisions (Scott & Lyman, 1968) – are used for cultivating and protecting their fairness identity. Decades of research has shown that social accounts are effective in improving perceptions of fairness, reducing negative repercussions, and legitimizing disconcerting decisions (Bobocel, Agar, Meyer, & Irving, 1998; Cobb, Stephens, & Watson, 2001; Frey & Cobb, 2010; Shaw, Wild, & Colquitt, 2003).

Despite the fruitful discoveries on the effect of social accounts on subordinates' perceptions and behaviors (e.g., Shaw et al., 2003; Frey & Cobb, 2010), we know very little about the effect of social accounts on managers – those who often construct and give them. Bies and Moag's (1986) seminal piece on interactional justice and Sitkin and Bies' (1993) work have suggested that social accounting may bring with it some serious ethical issues for managers. Empirical work has also shown that constructing accounts elaborates moral perspectives, leading to condoning wrong-doings (Folke & Whang, 2003). More recently, Belliveau (2012) found that the mere opportunity to give social accounts may motivate managers to make gender inequity pay decisions. These studies converged to a view that although social accounts may be

beneficial for organizations when legitimizing disconcerting activities are necessary to keep social order, they may produce other hidden costs such as unethicality.

Account types, and in particular justifications and excuses, have been shown to mitigate retaliation, withdrawal behaviors, and perceptions of unfairness among the recipients (Shaw et al., 2003). A meta-analytical study showed that compare with justifications, excuses are more effective in mitigating negative behaviors, however, it remains unclear whether different accounts types affect account-givers in the same way. The social accounts literature has focused on how social accounts impact account recipients, but has generally ignored how account construction, delivery, and feedback may impact account-givers. This dissertation explores this gap in our knowledge by showing that the process of social accounting, constructing accounts and account feedback, in particular, have implications for account-givers as well as account recipients.

The purpose of this dissertation is to extend the social accounts literature by integrating theory and research from the behavioral ethics literature. It is proposed that constructing accounts to rationalize an unjust decision would shift the account-giver's moral sphere, causing them to morally disengage, feel less guilty/empathetic, and ultimately engage in more unethical behavior. It is also proposed that account feedback – how the recipients respond to the account – can influence the account-givers' moral disengagement and guilt.

In the development of these hypotheses, I draw on the neurocognitive model of ethical decision-making (Reynolds, 2006) to consider how deliberately rationalize unjust business decisions can affect intuitive moral judgments and behaviors. Furthermore, conceptualizing social accounts as a defensive mechanism, I derive predictions for the moderating effect of account feedback. To establish causal relations between social accounting and behaviors, these

hypotheses were tested in two experimentally designed studies, using different measures of unethical behavior.

The remainder of this dissertation is organized as follows: Chapter II includes a review of the literature in organizational justice, behavioral ethics, the neurocognitive model of ethical decision-making, and moral disengagement theory. Based on this review, in Chapter III, I develop a theoretical model tying constructing accounts to ethical behavior, with moral disengagement and guilt as mediating mechanisms. In addition, account feedback is introduced as a moderator in the accounts-unethical behavior relationship. Chapter IV describes the method, procedures, and measures of the two experimental studies that were used to test the hypotheses. Chapter V presents the analyses of the two studies and the results of the eight hypotheses testing. Chapter VI includes a discussion of the contribution, practical implications, and limitations of the studies, and recommendations for future research.

CHAPTER II:

LITERATURE REVIEW

In this chapter, a literature review of social accounts and behavioral ethics is provided. First, this chapter begins with an introduction to the role of social accounts in the organizational justice literature. Second, a discussion of behavioral ethics theories and empirical findings that are relevant to this dissertation is provided.

2.1 Organizational Justice

Organizational justice theory is concerned with people's perceptions of and reactions to fairness in the workplace (Greenberg, 1987). Organizational justice is important to managers because subordinates' perceptions of fairness lead to positive work attitudes and behaviors, while perceptions of unfairness lead to negative outcomes (Greenberg, 2011). Most of the work done regarding organizational justice has focused on three areas: distributive, procedural, and interpersonal justice. Early research in this area focused on distributive justice, a concept influenced by Adams' (1965) equity theory, which maintains that people compare their performance and rewards with relevant others. It was found that their perceptions of fairness depend on the outcome – such as pay, promotion, or other rewards that they receive for the contributions they make, relative to the outcomes of others.

Although the study of distributive justice was fruitful, scholars such as Thibaut and Walker (1975) and Leventhal (1980) recognized the importance of considering the perceived fairness of the processes and procedures used to determine the outcomes one receives. This is called procedural justice. The initial work on procedural justice began with Thibaut and Walker's (1975) research on legal disputes. They found that disputants considered the

procedures to be fair when they were given a meaningful degree of process control (e.g., sufficient time and voice on presenting their arguments), despite the fact that they did not have any outcome control (i.e., verdicts were left to third parties). Leventhal (1980) extended Thibaut and Walker's (1975) concepts to the organizational setting and proposed that fair procedures should be consistent, unbiased, accurate, correctable, representative, and ethical. One of the most important findings of procedural justice research is that it can help mitigate adverse reactions to disappointing distributive outcomes (Brockner & Wiesenfeld, 1996).

The third dimension, interactional justice, was introduced by Bies and Moag (1986). In his study of job candidates' reactions to corporate recruiting procedures, Bies (1985) found that people not only care about the recruiting procedures for determining outcomes but also how these procedures were enacted. He found that people felt the recruiting procedure was fair when they perceived the recruiter's communication to be truthful and respectful. Bies and Moag (1986) termed this type of fairness perception as interactional justice, arguing that interactional justice is conceptually distinct from procedural justice in that procedural justice is concerned with the structural characteristics of outcome allocation procedures, whereas interactional justice focuses on the interpersonal communication and treatment during the enactment of those procedures. In particular, they emphasized the importance of communication and respect in shaping people's perceptions of justice. In other words, people feel more justly treated when they receive adequate explanations for outcomes that are given in a respectful manner (Frey & Cobb, 2010; Lester, Kickul, & Bergmann, 2007; Sitkin & Bies, 1993.) These explanations were labeled social accounts, which is an important instrument for managing organizational justice perceptions.

2.1.1 Social Accounts Defined

The concept of social accounts was first introduced in the sociology literature by Scott and Lyman (1968): a social account is "a statement made to explain untoward behavior and bridge the gap between action and expectations" (p. 46). The social account concept was popularized in the impression management literature, which describes it as a tool used for maintaining a desired social identity (Schlenker & Weigold, 1992; Tetlock & Manstead, 1985). Fairness is a desirable social identity, particularly for managers, because it reaps the benefit of influence and power (Greenberg, 1996). When subordinates consider a manager's behavior as violating norms of fairness, they often feel angry and become "morally outraged" (Bies, 1987). The anticipation of subordinates moral outrage creates a "predicament" for the manager for at least two reasons. First, it threatens the manager's social identity as a fair person, which undermines the subordinates' cooperation of subordinates cooperation necessary for managers to get things done (Bies, 1987; Greenberg, 1990). Second, it can invite subordinates to retaliate (Greenberg, 1990; Aquino et al., 2001).

Bies (1987) integrated the concept of a social account into the justice literature and defined it as "a verbal strategy employed by a person to minimize the apparent severity of the predicament or to convince the audience that the wrongful act is not a fair representation of what the actor is like as a person" (Bies, 1987, p. 294). Because a reputation for fairness is an important asset for managers, social accounts are used to protect it. By integrating Scott and Lyman's (1968) theory with Bies and Moag's (1986) conceptualization of social accounts, social accounts can be defined as *statements made by managers to legitimize disappointing decisions by shaping subordinates' fairness perceptions.*

2.1.2 Social Accounts Typology

Although Bies and other scholars have proposed other kinds of social accounts, the two basic and most commonly studied ones are justifications and excuses (Shaw et al., 2003). In a justification, a person admits responsibility for causing the act, but denies the act was wrong, all things considered (Scott & Lyman, 1968). A justification is also referred to as an ideological account because it attempts to transform the recipient's negative attitude towards the act into a more positive one by pointing to higher-order values that justify the action (Bies, 1987; Schlenker & Weigold, 1992). Justification seeks to exonerate the manager's action by appealing to the duty of sacrificing self-interest for collective interest, arguing that it is morally superior to do so. In an excuse, a person admits the act is wrong but denies full responsibility for it (Scott & Lyman, 1968). Excuses are also referred to as causal accounts because a person attempts to shift the cause of the action to external factors that are outside of the person's control (Bies, 1987; Schlenker & Weigold, 1992). An excuse seeks to exonerate the manager by lessening his or her responsibility for the untoward act, arguing that he or she is not blameworthy because the cause of the act was outside of the manager's control and therefore could not be avoided.

2.1.3 Social Accounting Processes

In organizations, the social accounting process begins with a disappointing decision that may be seen as unjust by subordinates. The decision may or may not directly cause harm or loss to them (i.e., they may either be observers or those actually affected), but it elicits in them a sense of injustice.

Social accounting involves the following three basic activities: accounts construction, delivery, and feedback (Bies, 2013). Accounts construction is the process of constructing social

accounts. In this phase, managers search for explanations by engaging in deliberative processing, in which they consider alternatives, use abstract reasoning, and apply various moral principles. In constructing accounts, managers interpret the event based on what they and others expect and want to be fair by considering the level of harm or loss, the degree to which they can control the event, and any violation of justice norms, termed "would," "could," and "should" considerations, respectively (c.f. fairness theory: Folger & Cropanzano, 2001).

Account delivery is the phase when managers publicly communicate the social accounts to subordinates. Accounts can be delivered face-to-face or electronically through email or phone calls. The final phase is accounts feedback, which is how recipients react to the account – whether they accept or reject the accounts. Accounts are effective when subordinates accept them because this indicates that the disappointing decision is legitimized and the manager's social identity is protected.

2.1.4 Empirical Findings on Social Accounts

Empirical studies have found that social accounts are effective in influencing recipients' attitudes and behaviors. Social accounts are effective in promoting cooperative behaviors and reducing retaliatory or withdrawal behavior of the subordinates (Shaw et al., 2003). Furthermore, social accounts have been found to influence workers attitudes towards unionization (Cobb et al., 2001) and influence lenders' attitudes to approving loans (Sonenshein, Herzenstein, & Dholakia, 2011).

In addition to examining the effect of social accounts on recipients' attitudes and behaviors, studies have also examined the effect of account types, excuses and justifications in particularly, on recipients' behaviors. Although early studies showed mixed results (e.g., Bies

& Moag, 1986; Bies & Shapiro, 1987; Bobocel et al., 1998; Bobocel & Farrell, 1996), Shaw and colleagues' (2003) meta-analysis concluded that excuses are more effective than justifications in improving perceptions of procedural justice, distributive justice, and cooperation, while reducing retaliation and withdrawal behaviors.

Some recent social accounts work has shifted focus from the recipients to the account-givers. Particularly, these studies have shown that constructing accounts affects the account-givers' attitudes and behaviors. For example, Folkes and Whang (2003) found that participants who constructed accounts on behalf of the organization were more likely to condone the practice of using child-labor than those who did not construct them. In examining gender inequity in pay, Belliveau (2012) found that the successful use of social accounts with women may motivate managers to pay them less than men. These studies converge on a view that the use of social accounts may cause the account-giver's ethicality to gradually decline.

2.1.5 Ethical Consequences of Social Accounting

Indeed, Bies (1987) originally stated that social accounts may cause unintended ethical consequences for the account-givers. Because accounts are used to mitigate recipients' negative reactions and protect the account-giver's social image, account-givers may be motivated to distort the "moral truth" of an event in order to achieve these ends. Moreover, the distorted moral truth may be internalized and become the new "truth" for the account-givers (Bies, 1987). Sitkin and Bies (1993) raised similar concerns, suggesting that social accounting may produce adverse ethical consequences for the account-giver.

Due to violating fairness norms, account-givers anticipate punishment or a loss of power. They may try to create a "false peace" by using accounts to deceive others (Sitkin & Bies, 1993).

Thus, a dilemma arises: while social accounts may provide account-givers an effective way to resolve issues of equity, they can draw account-givers, incrementally, to focus on "looking fair" rather than actually being fair (Greenberg, 1990). Perhaps even worse, constructing accounts may change what account-givers previously thought of as unfair to actually become considered fair. In either case, the potential ethical danger is that using social accounts to look fair may motivate account-givers to act unfairly.

2.1.6 Limitations in the Social Accounts Literature

Although recent social accounts literature has begun to examine how accounts affect the account-giver, empirical studies on the account-giver are very limited. In addition, while limited studies suggest that constructing accounts can change the account-giver's ethical attitudes and behaviors, we know very little about the psychological processes through which accounts affect the account-giver. Furthermore, most of these studies have examined the effects of accounts delivery (i.e., the manner in which accounts are given) and overlooked other crucial accounting phases – in particular accounts feedback.

The extent to which social accounts mitigate negative responses and protect managers' social identity depends, in large part, on how subordinates react to them (Bies & Tripp, 1996). It is possible that account acceptance may validate the decision as socially acceptable whereas account rejection threatens it. Given that the social accounts literature suggests ethical behavior may be an important outcome of social accounting, it is appropriate to consider the behavioral ethics literature to understand the antecedents and psychological processes in predicting ethical behavior.

2.2 Behavioral Ethics

2.2.1 Ethical Behavior

The behavioral ethics literature is primarily concerned with ethical[1] behavior and decision making in the workplace (Treviño, den Nieuwenboer, & Kish-Gephart, 2014). Ethical behavior is defined as behaviors and decisions that may impact the interests and welfare of others for good or ill (Trevino et al., 2014). A behavior is considered ethical when it is legally and morally acceptable by the societal norms and unethical when it violates them. For example, in general, deceiving, cheating, and stealing are behaviors that are considered unacceptable by societal norms, whereas honesty and charity are acceptable behaviors that meet or go above and beyond societal norms (Trevino et al., 2014).

Unethical behavior can be intentional (carefully considered) or unintentional (more or less unconscious) depending on situational or personal factors (Gino, 2015). In the presence of a difficult situation, individuals may know the behavior is wrong but still engage in it because the situation or social forces lead them to do so. A classic example would be Milgram's (1974) obedience experiments, in which participants were asked to administer a series of increasingly high voltage electric shocks to another participant (actually a confederate of the experimenters, not a true test subject). More than half of the participants followed orders and delivered electric shocks to participants at the highest voltage, which they believed to be physically harmful. The implications of this study demonstrate that people are more willing in engaging unethical behavior when authority demands obedience. Other situational factors may also motivate unethical behavior. For instance, individuals are more likely to behave unethically when their authorities told them to do so (Smith, Simpson, & Huang, 2007), when similar others are

[1] In this dissertation, "moral" and "morality" are used interchangeably with "ethical" and "ethics," respectively.

behaving unethically (Gino, Ayal, & Ariely, 2009), or in situations where there is high opportunity for personal gain (Kish-Gerphart, Detert, Trevino, Baker, & Martin, 2014).

In the absence of a difficult or extreme situation, individuals may engage in unethical behaviors unintentionally when they are personally unaware that the behavior is wrong. Several theories explain this phenomenon. Two will be mentioned here: bounded ethicality and ego-depletion theory. Bounded ethicality, which refers to situations when people make ethical decisions that are inconsistent with their own beliefs (Chugh, Bazerman, & Moore, 2005), occurs when people are motivated to see what they want to see (e.g., attend to a particular set of information) or when people commit a series of small unethical decisions which cause their ethicality to decline over time.

Ego-depletion theory posits that people have limited cognitive resources necessary for their self-regulation (Baumeister, Bratslavsky, Muraven, & Tice, 1988). When this cognitive resource is unavailable, people are less unlikely to exert self-control and refrain from an unethical choice. Empirical studies have supported the ego-depletion model and found that people are more likely to behave unethically when they lack cognitive resources (Barnes, Schaubroeck, Huth, & Ghumman, 2011; Gino, Schweitzer, Mead, & Ariely, 2011; Mead, Baumeister, Gino, Schweitzer, & Ariely, 2009).

In sum, individuals may engage in unethical behavior intentionally or unintentionally, depending on the interplay of situational and personal factors. Now, I will turn to the behavioral ethics literature that examines the psychological processes that determine unethical behavior.

2.2.2 Psychological Processes of Unethical Behavior

In the literature of behavioral ethics, there has been a long debate over whether individuals' ethical choices are driven by "hot" (i.e., emotional responses) or "cold" (i.e., cognitive reasoning) psychological processes (Moore, Clark, & Kane, 2008). Early research focused on the importance of deliberative or processing thought, which involves higher-order, rule-based, and conscious information processing such as reasoning, as a key determinant of unethical behavior. Much of this line of literature draws on Kohlberg's (1969) cognitive moral development model, which states that individuals differ in terms of their cognitive development. In other words, people who are at a higher stage of cognitive moral development stage are more capable of sophisticated moral reasoning than those who are at a lower stage; thus, they are more likely to make ethical decisions.

In contrast to a focus on deliberative processing, a recent and growing body of literature has begun to look at the role of intuition in predicting ethical behavior. The intuitive perspective argues that a person's moral judgment may not involve deliberative processing; it can be intuitive and automatic. Work in this area is primarily influenced by Haidts (2001). He defines moral intuition as "the sudden appearance in consciousness of a moral judgment, including an affect valence, without any conscious awareness of having gone through the steps of searching, weighing evidence, or inferring a conclusion" (p. 818). This view suggests that people often rely on their emotions (e.g., disgust, anger, guilt) to form moral judgments and react automatically to morally charged events. For example, when people were asked about their attitudes toward eating their family dog if it was killed in front of their house, most people have an immediate feeling of disgust. Thus, the intuition perspective emphasizes the role of emotions in predicting individuals' ethical behaviors, quite apart from higher-order cognitive processing.

Empirical studies highlighting the role of emotion have found emotions to be an important precursor of ethical behavior. For example, anger was found to be a strong stimulus for aggressive action (Averill, 1983), and guilt has been found to be negatively associated with counterproductive work behavior (Cohen, Panter, Turan, 2013), the intent to steal (Tangney, 1994), and cheating (Carpenter, Harding, Finelli, Montgomery, & Passow, 2006), and is positively associated with ethical behavior (Hoffman, 1998).

In sum, unethical behavior involves the dual processes of the deliberative (i.e., moral reasoning) and intuitive (i.e., moral emotion) systems. If only one aspect is considered, this has limited use in explaining how people react to moral situations (Greene & Haidts, 2002; Reynolds, 2006). The neurocognitive model is particularly helpful in theorizing the interplay of deliberative and intuitive processing in explaining ethical behaviors, a point which I will discuss further in the following section.

2.2.3 Neurocognitive Model of Ethical Decision-Making

Reynolds (2006) proposed a neurocognitive model of ethical decision making, which depicts the interplay of the two information processing systems – intuitive and deliberative – and how they operate from first encountering ethical stimuli to engaging in the ethical/unethical behavior. Intuitive processing is similar to Haidt's (2001) concept of moral intuition, relying on existing "moral prototypes" to allow us to make quick moral judgments. These moral prototypes constitute people's moral beliefs used in making moral judgments.

As described by Reynolds (2006), intuitive processing provides us the intuitive reactions for making our daily moral judgments. In novel situations where the intuitive process is insufficient to provide people an intuitive judgment, the deliberative system will be triggered

followed by complex reasoning. Unlike the intuitive system that functions as a matching process (i.e., the congruence of stimuli of the moral event onto moral beliefs), deliberative processing works adaptively to create judgments by applying various moral principles. Once this deliberative processing arrives at a judgment, a new meaning is attached to the object of evaluation (e.g., act, event, or person) and is stored in the structure of moral beliefs.

Thus, the deliberative system not only regulates the intuitive system but also refines it by altering moral beliefs and their associated affective responses within the prototype. From the connectionists' view, the alteration occurs when individuals make active judgments, which refines the association between concepts (e.g., strengthening or weakening the moral beliefs about what is right and wrong). For example, telling a white lie can be rationalized as right (being sensitive) or wrong (deceptive), thus strengthening the association between the behavior (i.e., white lie) and judgment concepts (i.e., right or wrongful).

Refining a moral belief also involves altering its associated affect. In the cognitive process of forging or refining the association between behavior and moral evaluative concepts, the intensity of the emotion is either increased or attenuated. For instance, people who rationalize telling a white lie as wrongful are more likely to experience higher guilt than those who rationalize it as a righteous act. In addition, as stated by Reynolds (2006), the refined moral belief becomes the basis for people to make their future moral judgments. Thus, when people cognitively associate telling white lies to be right or not wrong, they refine their belief that telling a white lie is acceptable, and thus are likely to tell a white lie again.

Hence, the implication of this theory is that deliberative processing also shapes intuitive processing by changing the moral beliefs and intuitive judgments we use to guide our future ethical behaviors.

Haidts (2007) stated that people's intuitive moral beliefs are likely to be overridden in social interactions when others raise new perspectives and arguments that prompt the activation of deliberative processing. Empirical studies suggest that when deliberative processing overrides initial intuitive moral judgment, people may actually tend to behave more unethically. Because moral intuition develops from our moral experiences, it serves as an important moral compass to guide our ethical behaviors. Overriding our intuitive moral judgment may lead to ethical danger. Empirically, Zhong (2011) demonstrated that instructing participants to engage in deliberative decision-making increased their likelihood to deceive others for monetary reward. Similarly, in a field study, Small and his colleagues (2007) found that participants who were primed to think analytically about money were less likely to donate to victims than those who were primed to focus on their feelings toward the victim (Small, Loewenstein, & Slovic, 2007). Thus, the activation of deliberative processing may not only override initial moral judgment provided by intuitive processing, it also may change the moral standards and beliefs for future behaviors and making future judgments.

In sum, the extent to which individuals engage in intentional or unintentional unethical behavior may depend on the activation of their deliberative or intuitive processing. Intentional unethical behavior occurs when individuals are ethically aware but choose to behave unethically by deliberative overrides to their ethical intuition. That is, individuals regulate their thoughts and actions, and if they can rationalize unethical behavior, they tend to engage in that behavior.

Several empirical studies have validated this notion. For example, in an experimental study, Mazar and her colleagues (2008) placed participants in an environment that allowed them to lie to get paid. They found that participants lied to get paid, but only to the extent that they could self-rationalize their behavior. Gino and Ariely (2012) also found that people with a

higher cognitive ability to think divergently are more likely to behave less ethically because they can easily self-rationalize the behavior. Similarly, Shalvi and his colleagues (2011) asked participants to roll a die under a cup and told them that they would receive payment according to the number rolled. Compared with those who were told to roll the die only once, participants who were told to roll the die three times (but only report the first number rolled) were more likely to over-report for payment. They conclude that rolling three times provides participants an opportunity to rationalize (i.e., to claim that they forgot the number of the first roll).

These studies show that although people are aware their behavior may be unethical, the extent to which they engage in that behavior depends on whether or not an explanation is available. At a further remove from the notion of ethics guiding behavior is the situation when people actively rationalize questionable conduct, which is discussed further in the next section.

2.2.4 Moral Disengagement Theory

Bandura's (1999) moral disengagement theory describes various psychological mechanisms that people use to rationalize questionable conduct. Originating from Bandura's (1991) social cognitive theory, moral disengagement theory posits that people self-regulate their moral behaviors under the assumption that they have a strong desire to maintain a positive view of themselves, whether privately or publicly. As such, people refrain from engaging in acts that may violate social or personal standards in order to avoid social- and self-condemnation.

Bandura (1999) proposes eight psychological mechanisms people use to "morally disengage" themselves from their moral control: moral justification, euphemistic labeling, advantageous comparison, displacement of responsibility, diffusion of responsibility, distortion of consequences, dehumanization, and attribution of blame. For example, people may use moral

justification, euphemistic labeling, advantageous comparison, or distortion of consequences to make a detrimental act seem valuable, morally acceptable, or relatively less harmful. People also use displacement or diffusion of responsibility to lessen their responsibility for a detrimental act and use dehumanization or attribution of blame to make the victims appear blameworthy rather than themselves. A commonality across these mechanisms is that they prompt people to reappraise the elements of a negative event (e.g., the act, the actor, or the victim) into a more favorable way such that they free themselves from self-censure and the accompanying guilt that would ensue when they engage in the act.

Empirical studies have found that moral disengagement predicts a variety of negative behaviors. For example, moral disengagement is positively associated with unethical decision-making (Detert, Trevino, & Sweitzer, 2008), corruption (Moore, 2008), dishonesty (Barsky, 2011), bullying (South & Wood, 2006), and aggression (Hartmann & Vorderer, 2010; Paciello, Fida, Tramontano, Lupinetti, & Caprara, 2008). In addition, studies have shown that moral disengagement may lead to an endorsement of highly punitive forms of revenge, such as killing (Aquino, Reed, Thau, & Freeman, 2007) and less extreme antisocial behavior (Hyde, Shaw, & Moilanen, 2010).

Reynolds and his colleagues (2014) identified an important limitation in current empirical studies of moral disengagement. They stated that many have measured moral disengagement as a trait or dispositional factor rather than as a theorized cognitive process. Recent theories and studies have begun to examine moral disengagement as a cognitive process that is influenced by the context in which it operates (e.g., Moore, 2008; Trevino et al., 2014). For example, Kish-Gephart and her colleagues (2014) have shown that moral disengagement can be induced by situations: those characterized by a high level of potential personal gain are positively related to

the use of moral disengagement mechanisms. Shu, Gino, and Bazerman (2011) also showed that people are more likely to use moral disengagement mechanisms in situations where morality is more ambiguous than where it is more defined.

As mentioned earlier, moral disengagement reduces guilt. Thus, it is appropriate to turn to the guilt literature next.

2.2.5 Guilt

Moral emotion has been found to be an important precursor of ethical behavior (e.g., Vohs, Baumeister, & Loewenstein, 2007; Haidts, 2001). For instance, anger has been found to be a strong stimulus for aggressive action (Averill, 1983), and sympathy increases prosocial behaviors such as helping (Eisenberg, 2000). Early work on moral emotions primarily focused on guilt and sympathy. Increasingly, research on moral emotions has expanded to include other types of moral emotions such as empathy and shame.

Following the framework in Tangney, Stuewig, & Mashek (2007), moral emotions can be broken down into two families of emotions: self-conscious emotions and other-focused moral emotions. Self-conscious emotions provide immediate feedback on our social and moral acceptability. This type of emotion includes guilt and shame. Other-focused moral emotions are emotions experienced by observing the behavior of others. Other-focused moral emotions include anger, contempt, and disgust.

Among the various types of moral emotions, guilt is chosen for this study because guilt arises from the social exchange; people experience guilt when they perceive their actions have caused harm, loss, or other adverse effects to others (Eisenberg, 2000; Tangney et al., 2007). Guilt has been defined in at least two ways. The first type of guilt comes from psychoanalytic

theory, which viewed guilt as a superego response when individuals fail to control their impulses. This type of guilt generally is seen as causing psychological distress and is given less attention in regulating one's moral behavior in the discussion of moral emotion. The more relevant type of guilt refers to regret over wrong-doing, which is defined as "a painful feeling of regret that is aroused when one actually causes, anticipates causing, or is associated with an aversive event" (Ferguson & Stegge, 1998: 20). In addition, guilt can be conceptualized as a trait or a state. Trait-guilt refers to how one feels in general. State-guilt, unlike trait-guilt, refers to how an individual is feeling "in the moment" (Tangney & Dearing, 2002).

According to Eisenberg (2000), guilt and shame are closely related but conceptually distinct. They both involve a sense of responsibility and violation of moral standards. Nevertheless, individuals experiencing guilt feel tension, remorse, and regret and are concerned with a particular behavior without this affecting their identity. Shame, on the other hand, is associated with feeling exposed, inferior, and degraded and is concerned with the self rather than the behavior. Although conceptually distinct, it is possible that a high level of guilt over wrong-doings may turn into shame, causing more harmful feelings about the self (Eisenberg, Morris, & Vaughan, 2009).

Guilt is one of the most important moral emotions in respect to predicting moral behaviors. Empirical studies have shown that guilt is negatively associated with stealing (Tangney et al., 2007), illegal activity (Tibbetts, 2003), and academy dishonesty (Brunell, Staats, Barden, & Hupp, 2010) and is weakly related to aggressive behavior (Baumeister & Boden, 1998). Aside from studies of the effect of guilt on behavior, the most common antecedents to guilt were failing duties, poor self-regulation, dishonesty, and harm to others (Keltner & Buswell, 1996).

Guilt feelings increase the more one perceives personal responsibilities in causing the harm (McGraw, 1987). One's fairness perceptions also seem to be associated with guilt. Weiss, Suckow, and Cropanzno (1999) found that enacted unfair procedures that produce positive outcomes (i.e., benefits the-self) led to guilt whereas unfair procedures that produce negative outcomes (i.e., disadvantages the-self) led to anger. In addition, compared with other moral emotions such as shame, anger, and embarrassments, guilt has not only been the traditional focus in the moral emotion literature, but its empirical linkage to moral behavior is better established (Haidt, 2003).

2.3 Summary

The organizational justice literature informs us that when norms of fairness are violated, social accounts can be a useful tool for improving subordinates' fairness perceptions. Although research in social accounts has yielded fruitful discoveries on how social accounts influence account recipients' attitudes and behaviors, very little is known about the nature and consequence of social accounting on the actual account-giver. As suggested by Bies (1986) and Sitkin and Bies (1993), a social account may bring with it important ethical consequences for the account-giver. For instance, although social accounts may legitimize decisions that are critical for ensuring social order in organizations, the trade-off is that it may promote the account-giver to endorse or enact unfair employment or business practices (Belliveau, 2012; Folke & Whang, 2003).

Recent empirical studies have shed light on these effects, however, there are many questions left unanswered. For instance, if constructing social accounts on behalf of transgressors can lead account-givers to condone questionable behaviors (Folke & Whang,

2003), would they also lead account-givers to actually engage in the behavior and become transgressors themselves? If so, what would be the psychological mechanisms through which this occurs? In addition, the effectiveness of social accounts in large depends on the nature or presence of the subordinates' reactions toward the accounts. To what extent would acceptance or rejection of accounts affect the account-giver's ethical attitudes and behavior?

The behavioral ethics literature provides insights in answering these questions. Recent work has focused on the potential ethical danger when the deliberative system suppresses the intuitive system (Zhong, 2011). Particularly relevant is the fact that the ethicality of some decisions and actions in organizational contexts are difficult to evaluate (Knoll, Lord, Petersen, & Weigelt, 2016), and leaders and managers have greater flexibility in regulating subordinates' moral interpretations.

Moral disengagement theory (Bandura, 1999), the neurocognitive model of ethical decision making (Reynolds, 2006), and several other empirical studies have suggested that the activation of deliberative processing, in the form of rationalization, may override intuitive processing used for making future moral choices. By its nature, social accounting involves deliberately changing the subordinates' understandings of the business activities, those involved, and the moral principles that apply. It is possible that, in so doing, managers' ethical beliefs and understanding will change as well.

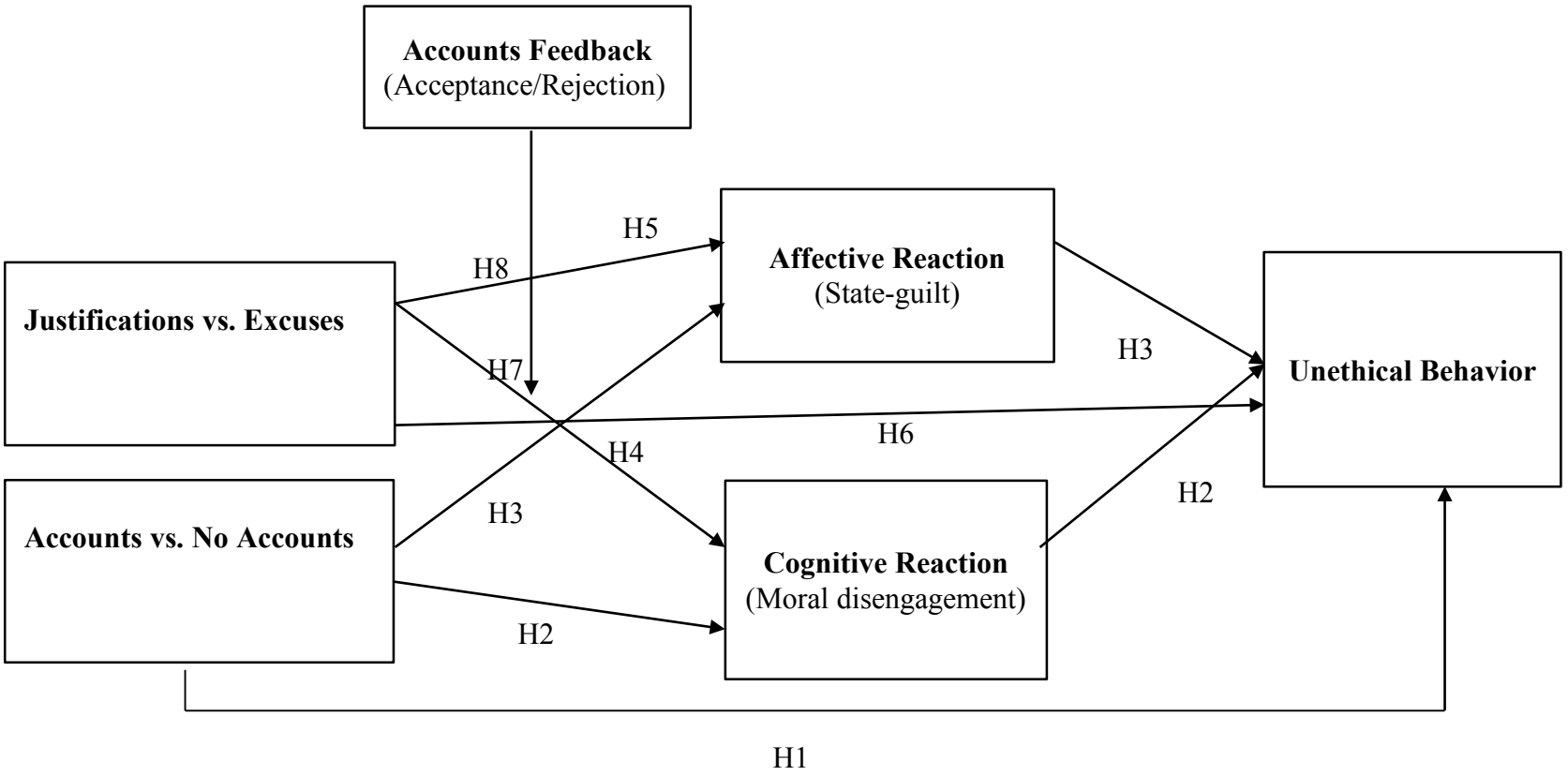
The focus of this dissertation is to investigate the impact of social accounting on the account-giver. Chapter III builds on the theoretical foundations laid in Chapter II to develop a model of how account constructions and feedback affects the account-giver's ethical behavior through moral disengagement and guilt.

CHAPTER III:

CONCEPTUAL MODELS AND HYPOTHESES DEVELOPMENT

A conceptual model linking account-making and unethical behavior is developed based on the literature review above. Organizational justice and behavioral ethics research are integrated, and Bandura's (1999) moral disengagement theory and Reynolds' (2006) neurocognitive ethical decision-making theory are used as the theoretical foundations for this study. Eight hypotheses are tested in this research. I hypothesize that constructing accounts decreases the likelihood of ethical behavior and that account types have differential effects on account-givers' ethical behaviors. I also hypothesize that the effect of constructing accounts on ethical behavior is mediated through dual processes: moral disengagement (i.e. cognitive) and guilt (i.e. affective). Furthermore, I hypothesize that account feedback (i.e. acceptance or rejection by account recipients) will moderate the effect of account construction on unethical behavior, mediated through moral disengagement and guilt. These eight hypotheses are elaborated in the discussion below. The conceptual model is depicted in Figure 1.

FIGURE 1: A CONCEPTUAL MODEL OF SOCIAL ACCOUNTS AND ETHICAL BEHAVIOR



3.1 Constructing Accounts, Account Types, and Ethical Behavior

Social accounts are explanations given to justify or excuse organizational decisions or actions that may be seen as unfavorable (Bies, 1986; Greenberg, 1987). They are a defensive instrument used to convince others that the unfavorable act is not wrongful or a fair representation of what the actor is like as a person (Bies, 1987, p. 294). Social accounting, however, can lead the account-givers to increase their unethical behavior for at least two reasons. First, constructing accounts may shift the account-giver's own moral attitudes, allowing a greater latitude of moral behaviors. Second, constructing accounts may increase the account-giver's ability to explain their future moral behaviors.

Accounts are constructed as an attempt to convince account recipients to take the account-giver's point of view (Cobb, 1999; Frey & Cobb, 2010). Several studies have shown that when individuals actively construct a statement to convince others, their own attitudes can change in accordance to this statement as well. A classic example of this idea is a role-playing study devised by Elms (1966). Individuals who were assigned to the role of a person trying to convince a friend to quit smoking later became more averse towards cigarettes than those who were being convinced. This is because when individuals attempt to convince others, they often tailor the argument to one that they themselves find most compelling. In addition, individuals who construct statements to convince others change their attitude more than those who construct statements to convince themselves because they tend to put more effort into constructing the statement when they are aware that this will be scrutinized (Tetlock, Skita, & Boettger, 1989).

Extending this research into the context of social accounts, when account-givers construct accounts to convince others that the decision is fair, they may induce themselves to bring their own moral attitudes in line with their accounts. For instance, those constructing social accounts

to legitimize the practice of using child labor (e.g., it provides children and their families with needed resources) may end up with the view that using child labor is morally acceptable (Folkes & Whang, 2003). It follows that if individuals view the morally questionable behavior as acceptable, they are likely to engage in that behavior because they would no longer condemn themselves for doing so (Bandura, 1999).

Constructing accounts may increase individuals' ability to justify future behaviors as well. As described by Reynolds (2006), rationalization involves activation of deliberative processing, which invokes changes of the moral prototype that allows quicker ethical decision-making in the next ethical context. This reflects how individuals learn from experiences – those who rationalize more will have more opportunities to refine their prototypes, making them more elaborate and inclusive of their behavior. Similarly, constructing accounts requires the account-giver to deliberately search moral rules to make an event acceptable, leading to refinement of his or her prototype to include the rationales used for constructing the accounts. When facing a similar ethical context, then, the same rationales used to explain away a previous ethical choice become more reflexive and retrievable for current ethical behavior. For instance, if accounts are successful in legitimizing the practice of inequity in pay according to gender, then the same accounts are likely to be used to legitimize similar practices in the future (Belliveau, 2012).

In sum, constructing an account may increase unethical behavior because it can change the account-givers' moral attitudes, leading them to accept and engage in behaviors that are typically seen as unethical. Thus,

Hypothesis 1: Constructing accounts increases unethical behavior compared with not constructing accounts.

3.2 Moral Disengagement as a Mediator

Moral disengagement theory (Bandura, 1999) posits that people use psychological techniques to rationalize an immoral act so that it appears more morally or socially acceptable. The outcome of such rationalization leads them to become "morally disengaged," a cognitive state in which individuals convince themselves that ethical standards do not apply to them in a particular context, allowing them to engage in behaviors that may be generally seen as unethical (Bandura, 1999). Empirically, moral disengagement has been found to predict various unethical behaviors, such as dishonesty, bullying, antisocial behaviors, and aggression (Reynolds et al., 2014).

Moral disengagement is at least one important psychological process by which constructing accounts influences ethical behavior. Constructing accounts facilitates moral disengagement because events that call for social accounts threaten account-givers' desire to maintain their social identity as being fair (Greenberg, 1996), which causes psychological discomfort (e.g., a dissonance between one's behavior and self-view). As such, account-givers are likely to seek ways to reduce such discomfort. One approach to reduce it is to construct accounts that would allow them to modify their moral beliefs to suit situational demands, thus releasing themselves from self-censure as well as social censure (Shu et al., 2011).

Individuals' ethical standards become more loosely connected as they become more morally disengaged. In a morally disengaged psychological state, individuals would allow a broader range of ethical conduct. If constructing accounts facilitates moral disengagement, such a psychological state can influence their subsequent ethical choices, making them more prone to behave less ethically. Welsh and others (2015) found a positive correlation in successive

ethically questionable decision-making within three rounds of problem-solving tasks. They showed that individuals who morally disengaged in a prior round are more likely to morally disengage in subsequent rounds.

Based on these arguments, moral disengagement is one important psychological mechanism by which constructing accounts leads to less ethical behavior. Constructing accounts facilitates moral disengagement, which increases one's proneness to behave less ethically. Thus,

Hypothesis 2: Moral disengagement mediates the effect of constructing accounts on unethical behavior.

3.3 Guilt as a Mediator

Guilt is a powerful force in motivating and directing behaviors because individuals are motivated to avoid experiencing guilt (Tangney & Dearing, 2002). Studies have found guilt plays a fundamental role in regulating moral behaviors (Eisenberg, 2000; Tangney et al., 2007). Guilt arises when there is a discrepancy between an individual's behaviors and their internalized standards (Eisenberg, 2000). When individuals experience guilt, they are likely to engage in behaviors that reduce their guilt feelings. Guilt may mediate the effects of constructing accounts on ethical behavior, because constructing accounts alleviates guilt by reducing perceived harm or responsibilities and reduced guilt decreases motivation for unethical behavior.

The effect of moral emotion on moral behavior is not a simple causal relation. A moral emotion such as guilt is embedded in one's cognitive processing (Haidt, 2003) and both guilt and cognitive processing operate together to determine moral behavior (Baumeister et al., 2007). That is, the deliberative system may influence experienced emotion and vice versa. Constructing accounts prompts account-givers to reinterpret the attributes of the event in a favorable light,

which can influence the guilt they experience. For example, account-givers legitimizing a salary cut may argue the decision is good because it helps the company's long-term survival (i.e. a justification) or they may argue that the decision is made by the board of directors and is not their responsibility (i.e. an excuse).

Thus, accounts are constructed to either mitigate the harm (i.e. justifications) or personal responsibilities (i.e. excuses) by de-emphasizing negative aspects of the event. Given that guilt is associated with a level of harm and/or responsibility in causing it (Tangney et al., 2007), constructing accounts to reduce perceived harm or personal responsibilities may help account-givers to reduce their own guilt. Consistent with this view is research showing that individuals who shifted blame for negative outcomes to other individuals or groups reduced their feelings of guilt (Rothschild, Landau, Sullivan, & Keefer, 2012).

Theories also suggest that guilt can be a motivational factor in determining one's ethical behavior. Guilt threatens how individuals see themselves. Individuals experiencing guilt are motivated to act ethically in order to validate their positive self-concept (Mazar et al., 2008). The absence of guilt has the opposite effect. Because a lack of guilt does not threaten individuals' ethical self-concepts, they are less motivated to act ethically to validate their self-concept. Empirical studies have shown that people with a lack of empathy (which has a high negative correlation with guilt) towards a tragic event are less likely to donate to the victims (Cameron and Payne, 2011). Similarly, in predicting academic dishonesty, Brunell and colleagues (2011) found that repeated transgressions are facilitated by a lack of guilt.

Thus, guilt mediates the effect of constructing accounts on ethical behavior such that constructing accounts alleviates guilt by reinterpreting the event in more favorable ways that

morally exonerate it. A reduction or lack of guilt, in turn, increases account-givers' motivation to behave unethically.

Hypothesis 3: Guilt mediates the effect of constructing accounts on unethical behavior.

3.4 Account Types, Moral Disengagement, Guilt, and Unethical Behavior

Although constructing accounts may increase unethical behavior, constructing different types of accounts may lead to differentiated levels of unethical behavior because of their disparate effects on moral disengagement. The two most commonly studied social accounts are justifications and excuses (Shaw et al., 2003). Justifications focus on the outcome by reframing the act as a moral one or serving a higher-order purpose. Excuses focus on the actor by shifting responsibility to others or circumstances. For example, managers using child labor may reason that they are providing financial resources for the children's family in order to improve their living conditions (i.e. a justification) or reason that they were ordered to do so by a higher authority (i.e. an excuse). Thus, justifications and excuses are used to enhance different aspects of justice perceptions. Justifications focus on the beliefs and their relationship to one another in a moral rationale for a decision. Excuses focus only on one's own lack of responsibility in its execution.

Constructing justifications should lead to greater moral disengagement than constructing excuses because constructing justifications involves a greater elaboration of one's moral beliefs. In justifications, account-givers rationalize the outcome of the act as serving a moral or higher value purpose, which requires account-givers to deliberately alter or refine their own and the recipients' moral beliefs. The outcome of this alteration may lead to a new elaboration of moral beliefs that may, as well, increase endorsement for other business conduct that falls in the moral

grey zone. For example, if managers use accounts to legitimize nepotism by claiming that such hiring is beneficial because "friends are more trustworthy", they are more likely to believe that favoring members based on personal affinity is a faultless practice.

On the other hand, constructing excuses does not involve re-construing an unfair act into a fair one; rather it simply focuses on lessening one's responsibility for it (Bandura, 1999). In excuses, account-givers concede the possible wrongfulness of the act without deliberately altering or refining the moral properties of the act, and thus their moral beliefs are less likely to be changed or elaborated. Consistent with this argument is Bandura's (1999) theorizing that among all moral disengagement mechanisms, moral justification is the most powerful because it reverses the morality of the outcome. Thus,

Hypothesis 4: Constructing justifications increases moral disengagement more than constructing excuses.

Although constructing excuses may not increase moral disengagement as much as constructing justifications, it may increase guilt more. In justifications, accounts-givers acknowledge personal responsibility in the act, however, because the act is justified, they view the outcome as fairer. Being responsible for a justifiably fair act should lead them to experience reduced guilt or even an absence of guilt. Indeed, Gino and colleagues (2013) found that individuals who cheated to benefit others are more likely to view the cheating as morally acceptable, thereby invoking less guilt.

In constructing excuses, account-givers concede the outcome may be unfair but deny personal responsibility for causing it. They may, nonetheless, experience increased guilt because of their inability to rectify the outcome. For example, when seeing a person being treated

inequitably, individuals may feel guilty or empathetic towards the person by association, even when they are not personally responsible for causing this to happen. Studies on justice and emotions suggest that individuals witnessing unfair treatment by others (i.e., coworkers and customers) experience guilt. Weiss and colleagues (1999) found that individuals who received positive outcomes through unequal procedures felt more guilt than others who did not receive similar outcomes. Spencer and Rupp (2009) also found that witnessing coworkers being treated unreasonably by customers experience guilt because they are powerless to challenge the customers or correct the injustice themselves.

Thus, account-givers initially experience guilt when they perceive unfair treatment. However, their guilt decreases when they justify the act. Their guilt remains the same or increases, however, when merely excusing their actions. Thus,

Hypothesis 5: Constructing justifications decreases guilt more than constructing excuses.

If constructing justifications would lead individuals to become more morally disengaged and reduce guilt more than constructing excuses, then it is reasonable to hypothesize that constructing justifications would lead to more unethical behaviors than constructing excuses. Studies have demonstrated that both justifications and excuses lead to unethical behavior. For example, people cheat more when they can either blame others for cheating (Bersoff, 1999) or justify the behavior as serving an altruistic purpose or benefiting an organization (Gino, Ayal, & Ariely, 2013; Umphress, Bingham, & Mitchell, 2010). Relatively fewer studies have assessed the independent effects of both account types on ethical attitudes or behaviors.

Two studies suggest that justifications would have a greater impact on account-giver's ethical attitudes or behaviors. In a correlational study, Barsky (2011) found that moral

justification was more strongly related to unethical behavior (r=. 34, p<. 01) than the displacement of responsibility (r=. 15, p<. 05). Using a quasi-experiment, Folke and Whang (2003) also found that constructing justifications led account-givers to condone transgressions more than constructing denials or excuses. If constructing justifications results in less guilt, more moral disengagement, and greater unethical behavior than constructing excuses, it is likely that constructing justifications will have a greater effect in promoting unethical behaviors than making excuses. Thus,

Hypothesis 6: Constructing justifications increases unethical behaviors more than constructing excuses.

3.5 Account Feedback as a Moderator

The extent to which accounts legitimize decisions depends on account recipients' reactions. The recipients may simply accept or reject the accounts. How the recipients react to the accounts, termed account feedback, is likely to support or disrupt account-givers' moral disengagement and guilt because such reactions serve to socially validate or devalue the account-givers' moral and social standards.

Social validation is important in a socially interdependent context because individuals rely on others to achieve their desired outcomes. Central to the moral disengagement theory is the assumption that moral disengagement mechanisms are used to free oneself from social condemnation. Account acceptance provides confirmation that account-givers are free from being condemned and, this in turn, morally validates the act and their desirable identity as a fair person (Schlenker et al., 2001). Because account acceptance fulfills the account-givers' desired outcomes, they lack the motivation to deliberately change their moral attitudes or behavior. The

moral disengagement produced by constructing accounts remains unchallenged, not reduced. Account rejection, on the other hand, shows social disapproval, which undermines the account-giver's belief in the rightfulness of the act or invalidates their desirable social identity.

Because account rejection creates a discrepancy between outcome and goal, account-givers are motivated to engage in deliberative processing to minimize such a discrepancy, which ultimately changes their attitudes and behaviors (Bandura, 1989). Given that social accounts are a defensive mechanism, in situations when account-givers lack control of or could not reverse the act (i.e. behaviors cannot be changed and only attitudes can), account rejection may trigger account-givers to react more defensively, leading them to put more effort into moral disengagement (e.g. distort reality or dehumanize recipients, etc.) in order to achieve their desired outcomes.

However, when individuals have control over their behaviors, social invalidation could deter unethical behavior. For instance, Gunia and colleagues (2012) showed individuals' choice to lie or not depends on whether their partners concur with their doing so. In sum, because account-givers could not reverse the act in events that call for social accounting, account rejection can cause account-givers to react defensively, which exacerbates moral disengagement and indirectly increases unethical behavior. Given that constructing justifications was hypothesized to have a greater effect on moral disengagement than constructing excuses (H4), those whose justifications are rejected are likely to be more morally disengaged than those whose excuses are rejected. Thus,

Hypothesis 7: Account rejection strengthens the positive relationship between constructing justifications and moral disengagement (H7a); thus, the positive indirect

effect of constructing justifications on unethical behavior through moral disengagement is stronger for those whose justifications are rejected (H7b).

Account-givers' guilt is likely to vary on the basis of account feedback because account acceptance or rejection signals the extent to which harm and personal responsibility are mitigated. When accounts are accepted by the recipients, they react with less anger and resentment (Bobocel & Zdaniuk, 2005), which signals to the account-givers that the recipients understand the event as they want them to – the event is not as unfair as they thought it to be and/or the account-giver should not be held responsible for it. On the other hand, when accounts are rejected, the recipients respond with heightened anger (Sitkin & Bies, 2003), which indicates to account-givers that the act is unjustified and/or the account-giver is still held accountable. Because guilt is elicited by the degree of harm caused and/or personal responsibilities in causing it, the recipients' verbal and emotional reactions can influence the account-givers' perceptions of harm and their responsibilities in causing it.

The account-giver may feel more guilty as a result of account rejection because it raises his or her awareness of harm (i.e. injustice) and personal responsibility for causing it or not rectifying it, and may subsequently behave more ethically (i.e. treat others more fairly) in order to validate their own self-concept of being a fair person (Mazar, et al., 2008). As previously hypothesized in H5, constructing excuses may lead account-givers to more guilt than constructing justifications. Then, account rejection is likely to intensify the guilt of those constructing excuses more than those constructing justifications.

Hypothesis 8: Account rejection strengthens the positive relationship between constructing excuses and guilt (H8a), thus, the positive indirect effect of constructing

excuses on unethical behavior through guilt is stronger for those whose excuses are rejected (H8b).

3.6 Summary

This chapter explained how constructing accounts may impact the account-giver's moral attitudes and behaviors. Specifically, it has been proposed that constructing accounts will decrease ethical behavior through two mediators – moral disengagement and guilt. In addition, compared with making excuses, it is suggested that constructing justifications will produce greater moral disengagement, less guilt, and less ethical behavior. Lastly, it is expected that account feedback will moderate the effect of constructing accounts on moral disengagement and guilt, which both indirectly affect unethical behavior. The next chapter will describe the methodology used for testing these hypotheses.

CHAPTER IV:

METHODS

Introduction

I conducted 2 experimental designed studies to test the following: 1. the effect of constructing accounts (versus no accounts) on account-givers' unethical behaviors (Hypotheses 1); 2. the mediation effects of moral disengagement and guilt (Hypotheses 2 and 3); 3. the effect of constructing justification versus excuse (Hypotheses 4, 5, and 6); and 4. the moderating role of account feedback on the indirect effect of justifications/excuses on unethical behavior through moral disengagement (Hypotheses 7) and guilt (Hypothesis 8). Study 1 tests all the hypotheses by using a role-playing approach to measure participants' unethical decision-making. Using an anagram task, Study 2 attempts to replicate findings in Study 1 and addresses the potential limitation of the role-playing approach by measuring participants' actual unethical behavior.

4.1 Study 1: Effect of Social Accounting on Unethical Decision-Making

4.1.1 Sample

The first study recruited 139 participants from students enrolled in an introductory management course at Virginia Tech. These participants are members of a business school subject pool, which constitutes approximately 900 students. Participants received course credits and an opportunity to earn up to $5 in return for their participation. A recruitment email was sent to all members listed in the subject pool (see Appendix A for the recruitment email). Among 141 participants, 2 were removed due to incomplete surveys, and 8 who failed the attention check were also removed (see measures below). The final sample consisted of 129 participants, of which 48 were male (36.9%) and 81 were female (62.3%). In terms of ethnicity, 33% were

Asian/Pacific Islander, 4% were African-American, 6% were Hispanic/Latino, 84% were Caucasian, and 2% were others.

Although the use of student samples has received many criticisms, this sample was chosen for several reasons. First, the dependent variable involves unethical decision-making. Research on unethical decision-making suggests that people know right from wrong by their late teens (Gunia et al., 2012). Second, the theorized model examines basic psychological processes based on the assumption that constructing a social account influences people's cognitive processing. Third, recent comparison studies have shown that students and adult samples are more similar than previously assumed (Goodman, Cryder, & Cheema, 2012) and several recently published articles examining ethical decision-making have also used student samples (e.g., Gunia et al., 2012; Yam, 2014). Although student samples raise the question for generalizability, the purpose of this dissertation is to test the causal effects of constructing accounts on unethical behavior rather than seeking generalizability. The use of a student sample, then, is appropriate for the purposes of testing the causal effects explored here.

4.1.2 Design

A 2 (social accounts: justifications or excuses) x 2 (account feedback: acceptance or rejection) with a control group (not construct accounts nor receive feedback) experimental between-subject design was used for testing the hypotheses proposed in Chapter Three. The experiment was conducted in the behavioral laboratory with 12 computers arranged in a cubicle setting located in the Pamplin College of Business at Virginia Tech. This type of experiment is often referred to as *role-playing* experiments (Aronson, Ellesworth, Calrsmith, & Gonzales, 1990), in which participants are given a hypothetical situation and asked how they would react if

they were in the situation. The role-playing experiment has been criticized for lacking realism, however, proponents argue that the role-playing experiment is particularly useful for studying psychological processes that predict attitudes and behaviors, and realism can be enhanced if the experiment is properly designed (Armstrong, 2001; Greenberg & Eskew, 1993). As suggested by Aronson, Wilson, and Brewer (1998), realism can be enhanced by engaging participants to actively participate in the experiment, which increases impacts on them. Thus, this study is designed to increase impacts by having participants undertake a series of tasks, followed by giving them feedbacks on their performance.

4.1.3 Procedures

In the experiment, participants were told that the study examines the effectiveness of students' human resource skills. They were given information of two applicants to the MBA program and asked to evaluate them and choose one to be recommended for admission. The information included education, work experiences, GMAT, GPA, awards and recognition, and a brief summary of information provided during the interview (see Appendix C). As the information shows, one of the two candidates is more qualified than the other, however, the less qualified candidate states that his parents "donate to the university" under the column "voluntary information provided during interview".

After reviewing the information, participants were asked to choose one candidate for admission to the program. After making their choices, participants were told of the admission decision made by the admission office. Recall that this study hypothesizes constructing an account would decrease account-giver's unfair perceptions (i.e. moral disengagement) and guilt, therefore, the study was designed to induce their unfair perceptions and guilt *before* constructing

their account. To induce participants' unfair perceptions, they were told that the university chose the less-qualified candidate for admission following their candidate selection. To induce guilt, I used Batson, Chang, Orr, and Rowland's (2002) approach, in which participants were instructed to "feel the full impact of how the rejected applicant feels" by recalling a previous situation in which they were rejected for school admission, employment, or a sports team and to write a short program describing the rejected applicant's feeling. The unfairness and guilt stimuli were pre-tested to ensure its effectiveness in eliciting unfair perception and guilt. Results of the pre-test are discussed in the next chapter (section 5.1).

Following unfair and empathy stimuli, participants were randomly assigned to one of the three accounts conditions: justifications, excuses, or none. In the justification condition, participants received the following instructions:

> *On behalf of the admission office, please explain to the rejected applicant that you believe the decision was fair – all things considered. When constructing your explanation, you should focus on how the decision would benefit the program or university, or how the pros outweigh the cons.*

In the excuse condition, participants received the following instructions:

> *On behalf of the admission office, please explain to the rejected applicant that you believe the decision was unfair but are more or less forced to agree with it. When constructing your explanation, you should focus on denying your responsibility or shifting responsibilities to others for making the decision.*

To rule out the possibility that the results may be due to cognitive load produced by constructing accounts, participants in the control condition were asked to provide comments on improving their participation in future studies and received the following instructions:

> *Please give us your comments on how we can improve your satisfaction in participating in future studies. Please evaluate the followings: Ease of signing up; information about the study given to you prior to coming to the lab; clarity of the instructions for each task; technologies used in this room; and friendliness of the experimenter.*

There was a minimum word requirement of 200 characters in each condition. Following accounts manipulations, participants were told that the system would use a content analytic algorithm to assess the effectiveness of their explanation by matching key phrases that were found to be effective in a previous study. To make it seem realistic to participants, a javascript was embedded in Qualtrics that displays "please wait while the system is analyzing the information" on participants' screens. After 17 seconds, participants in the justification or excuse conditions were randomly assigned to one of the two account feedback conditions: acceptance or rejection. In the acceptance condition, participants received the following feedback:

> *The results of the analysis show that there is 89.6% chance for the rejected applicant to accept your explanation. This means that your explanation was effective in persuading the rejected applicant to accept an unfavorable decision. The rejected applicant is unlikely to feel angry, offended, or frustrated towards you. They are unlikely to hold you accountable or take actions against you, such as filing complaints to the university.*

In the rejection condition, participants received the following feedback:

> *The results of the analysis show that there is 89.6% chance for the rejected candidate to reject your explanation. This means that your explanation was ineffective in persuading the rejected applicant to accept an unfavorable decision. The rejected applicant is likely to feel angry, offended, or frustrated towards you. They are likely to hold you accountable or take actions against you, such as filing complaints to the university*.

Participants who did not construct an account were automatically assigned to the control condition and received the following feedback:

> *Research shows that the average MBA applicants spent 90 to 140 hours applying to business schools. For full-time MBA students, their post-MBA starting pay was up 50% over pre-MBA pay. Post-MBA starting pay for Finance majors was about $1,000 higher than for Marketing majors.*

After account feedback manipulations, participants were asked to complete the mediating variables, moral disengagement and guilt measures (see Appendix D), followed by the dependent

variable. The dependent variable was measured by using a vignette describing Susan, a human resource manager, who was facing a situation in which she could recruit a candidate based on nepotism or meritocracy (see Appendix E for the vignette). After making their recruitment decisions, participants were asked to provide their demographic information (i.e., gender, age, and ethnicity), debriefed and dismissed.

4.1.4 Measures

Moral Disengagement. Moral disengagement is an 8-item measure based on Moore et al.'s (2011) moral disengagement scale. Following Kish-Gephart's et al. (2014) approach, the appropriate items are selected and rephrased to suit the context of this study. For example, items such as "People should not be accountable for doing questionable things when they were just doing what an authority figure told them to do" has been rephrased to "No one here should be blamed for hurting the rejected applicant because they were just following the instructions."(see Appendix D). Participants were asked to rate the extent to which they agree with each of the statements, on a scale of 7-point scale ranging from 1 (strongly disagree) to 7 (strongly agree). The coefficient alpha of this measure was .57. Removing 3 items (5, 6, and 7) increased internal reliability of the scale to .67.

Guilt. State-guilt was measured by using Marschall, Sanftner, and Tangney's (1994) State of Shame and Guilt Scale (SSGS) in which 4-item are related to measuring state-guilt (see Appendix D). Participants were asked to what extent they feel each of the following towards the rejected applicant right at this moment. Items included ''I feel remorse,'' ''I feel tension about something I have done'' ''I feel like apologizing,'' and ''I feel bad about something I have

done", on a 5-point Likert scale ranging from 1(very slightly or not at all) to 5(very much). The coefficient alpha of this measure was .87.

Unethical Behavior. Unethical decision-making was measured in the context of a vignette. It described Susan, a human resource manager, who was facing a recruitment situation in which she could recruit Chris, a family member, over Don, who is more qualified based on the job description. Nepotism, making preferential employment for relatives, is chosen as the dependent variable because it addresses an ethical issue in human resource management. Nepotism is generally seen as unethical because it is a form of a discriminatory employment practice that violates fairness norms in the workplace. Moreover, nepotism has negative impacts on employees and organizational performance. Employees reported less procedural justice, greater job dissatisfaction, greater fearfulness and distrust in organizations where nepotism is operational (Pearce, 2015). Participants were asked "if you were Susan, who would you choose for the position?" on a 7-point bipolar scale that was anchored with 1 ("Don" the qualified candidate) to 7 ("Chris" the family member). Instead of using a dichotomous scale, the bipolar scale was used to capture the subtle variations of nepotism and the dynamics of ethical decision making. Higher scores indicate more unethical decision-making than lower scores. (See Appendix E)

Control variables. Moral identity (Aquino & Reed, 2002) and gender are measured as the controlled variables. An individual with high moral identity is someone whose moral schema is generally available and easily activated when processing social information (Aquino & Reed, 2002). Therefore, they are less likely to be morally disengaged or be less impacted by cognitive rationalizing. Studies have also shown that gender influence moral disengagement and emotional reactions to morality (e.g., Aquino et al., 2007; Pelton, Gound, Forehand, & Brody,

2004), suggesting that males have a higher tendency to morally disengage than females, and females have higher tendency to experience guilt than males (e.g., Lutwak & Ferrari, 1996).

Attention Checks. Four questions were used as attention checks. Participants were asked to respond "yes", "no", or "I didn't receive this information" on the following questions: "I was instructed to explain the admission decision was fair, all things considered?", "I was instructed to explain that I was more or less forced to agree with the admission decision?", "I was told that my explanation was accepted?", and "I chose the same candidate as the admission office?". Participants who incorrectly answered all four questions would be considered failing attention checks and were removed from the analyses.

Although Study 1 allows me to test the effects of social accounting on unethical decision-making and a vignette-based study has been shown to be useful for training, job interview skills, and psychotherapy, its use as an experimental design has received some criticism (Greenberg & Eskew, 1993). For instance, it has been criticized for its ability to predict only what people say they would do in the role rather than what they actually do (Miller, 1972). Thus, Study 2 was conducted to address this potential limitation by measuring participants' actual unethical behaviors.

4.2 Study 2: Effect of Social Accounting on Unethical Behavior

4.2.1 Sample

The second study recruited 142 participants from students enrolled in an introductory management course at Virginia Tech. The recruitment email used for Study 2 was slightly different than the one used in Study 1 (see Appendix B for the recruitment email). Among 142 participants, 6 failed the attention check and were excluded from the analyses. The final sample

consisted of 136 participants, of which 66 (48.5%) were male and 70 (51.5%) were female. In terms of ethnicity, 15.4% were Asian, 3.7% were African American, 3.7% were Hispanic/Latino, and 77.2% were Caucasian.

4.2.2 Design and Procedures

Study 2 used the same design and procedures as Study 1.

4.2.3 Measures

Moral disengagement. Moral disengagement was measured by using the same 8-item described in Study 1. The coefficient alpha of this measure was .54. After removing items 3, 6, and 7, the coefficient alpha was .60.

Guilt. State-guilt was measured by using the same 5-item described in Study 1. The coefficient alpha of this measure was .89.

Unethical Behavior. Unethical behavior was measured by using the anagram task adapted from Wiltermuth, 2011. This task was designed to detect dishonesty. In this task, participants were asked to solve a list of nine jumbled words, and for each jumbled word they solve, they would receive $0.50. In addition, they were instructed to unscramble the jumbles in order, not proceeding to the next one unless the prior one has been solved. They were also instructed to "use only your mind and eyes to unscramble, and do not write down the answer anywhere using pen or pencil". Unbeknown to participants, the third jumble in the list, "UAVGTT", was unsolvable (see Appendix F for a complete list of jumbles). Participants were given 5 minutes (displayed as a timer on the web page) to solve as many jumbles as possible. After 5 minutes, they were automatically advanced to the next screen which prompted them to

report the number of jumbles they have correctly unscrambled, again being reminded that they should only report the number they were able to solve in order. The amounts of payments were displayed on the next screen, and participants were instructed to complete the receipts, take their payment from the envelopes that were placed on their table, and return the remaining payments to the experimenter. Higher numbers of anagrams reported solved indicate more dishonesty than lower numbers.

Control Variables. Moral identity and gender: same as were used in Study 1.

Attention Checks. The same four items used in Study 1.

CHAPTER V

RESULTS

5.1 Pretest of fairness, guilt, and account manipulations

To ensure the effectiveness of the experimental manipulations before conducting the actual experiment, a pilot study was conducted using the same procedures and measures described in Study 1 from a sample of 157 participants recruited via Amazon Mechanical Turk. The main purpose of this pilot study was to test the effectiveness of unfair and guilt stimuli. Four items were used for measuring unfair perception. Using a 7-point Likert scale anchored with 1= "strongly disagree" and 7= "strongly agree", participants rated the extent to which "you agreed that the decision to admit John is fair", "you believe that Jonathan is more qualified than Paul", "you agree Paul is more qualified than John", and "it is fair for John to be admitted to the program" .

A 5-item empathy scale (Cote, Piff, and Willer, 2013) was used to measure empathy. On a scale of 1= "not at all" to 5 ="very much", participants were asked to indicate the extent to which they felt "compassion", "sympathy", "worried", "upset", and "sad" towards the rejected applicant.

Two items were used to test the effectiveness of the instructions for constructing a justification/excuse. On a scale of 1="not at all" to 5 ="very much", participants were asked the extent to which their explanations suggests the admission decision was made "to serve a higher purpose goal" (i.e. justifications) and "outside of your control" (i.e., excuses).

5.1.1 Unfair Perceptions and Empathy Manipulations

The results of the pre-test showed that among 157 participants, 145 (92.5%) chose the more qualified candidate for admission. In addition, I also compared those who chose the more qualified candidate (MQ) to those who chose the less qualitied candidate (LQ). Participants who chose the more qualified candidate reported higher perception of unfairness with the university's decision? ($M_{\text{fairMQ}} = 4.91$ vs. $M_{fairLQ} = 3.05$, $t(196) = 5.82$, $p = .00$) and higher empathy for the more qualified candidate who was not chosen by the university ($M_{empathyMQ} = 3.27$, vs. $M_{empathyLQ} = 2.65$, $t(182) = 2.61$, $p = .012$). These results suggest the stimuli used to induce unfair perceptions and empathy were effective.

5.1.2 Justification/Excuse Manipulations

Participants in the justification condition (coded as "2", $M = 3.62$, SD = .96) rated their explanations were more oriented towards "serving a higher order goal" than those in the excuse condition (coded as "1", $M = 3.14$, SD = 1.16, $t(152) = -2.81$, $p = .006$). Similarly, participants in the excuse condition ($M = 3.68$, SD = 1.22) reported their explanations were more oriented towards "outside of your control" than those in the justification condition ($M = 2.78$, SD = 1.26, $t(152) = 4.49$, $p = .00$). These results suggest the instructions used for manipulating social accounts were effective.

5.2 Study 1: Hypotheses Testing

Descriptive statistics and correlations are found in Table 1. Missing values were deleted using pairwise deletion. Moral identity and gender were included in the correlation table as control variables. Of the control variables, moral identity was significantly correlated with nepotism ($r = -.20$, $p<.05$), indicating that those who rated high on moral identity rated low on

nepotism. Justification and excuse conditions were the independent variables. There were no significant correlations between the control and independent variables. Moral disengagement and state-guilt were the mediating variables. The excuse condition correlated significantly with guilt ($r = .22$, $p<.05$), suggesting that those constructed excuses reported experiencing higher guilt. In addition, guilt showed a positive correlation with nepotism ($r = .27$, $p<.010$). Thus, the correlation table provides preliminary evidence for the possible indirect effect of constructing excuses on nepotism through guilt.

TABLE 1

Study 1 Descriptive Statistics and Correlations

Variables	Mean	SD	1	2	3	4	5	6	7
1. Moral Identity	3.8	.36	1						
2. Gender[1]	1.6	.49	.13						
3. Justification[2]	.35	.48	.11	.09					
4. Excuse[3]	.28	.45	-.13	-.04	-.47**				
5. Guilt	2.0	1.0	.02	.10	-.04	.22*			
6. Moral Disengagement	3.9	.84	.13	-.08	.14†	-.14	-.10		
7. Account Acceptance[4]	.32	.47	-.02	.08	.31**	.22*	-.13	.01	
8. DV	2.5	1.6	.20*	-.13	.08	.18*	.27**	-.10	.04

N =129; DV = Nepotism; [1] Male = 1; [2]Justification = 1; [3]Excuse = 1; [4]Account acceptance =1 and rejection = 0.
†p <.1; *p < .05; **p<.01

Hypothesis 1, 2, and 3 examine the direct effect of account construction (versus no account construction) on unethical decision-making and the indirect effect through moral disengagement and guilt. Model 4 of the PROCESS macro for SPSS (Hayes, 2013) was used to test these hypotheses. This method was chosen because PROCESS allows testing models with multiple mediator operating in parallels. Also, PROCESS is more powerful than OSL and Sobel test for testing mediation models because it does not assume normality of the sampling distribution, which can produce biased results when the assumption is violated (Hayes, 2013). As shown in the correlation table, moral identity had a significant correlation with nepotism. To ensure that the results are the effect of the experimental manipulations and not of differences in moral identity or gender between these groups, moral identity and gender were included as control variables in the model[2]. Account conditions (i.e., participants who constructed justifications or excuses (both coded as "1") versus the control (coded as "0"), were entered as the independent variable. Moral disengagement and guilt were included as the mediators. Table 2 presents the statistics of the regression results.

Hypothesis 1 predicted a positive relation between constructing accounts and unethical decision-making. As shown in Model 3, constructing accounts had a positive and significant effect on nepotism ($b = .67$, $p < .05$), suggesting that those constructing accounts were more likely to make unethical decisions. Thus, Hypothesis 1 is supported.

Hypothesis 2 predicted that moral disengagement mediates the effect of constructing accounts on unethical decision-making. Model 1 showed that moral disengagement had a non-

[2] Excluding the control variables still reveal a significant effect on the direct effect ($b = .68$, $p < .05$) and the indirect effect through guilt ($b = .37$, $p = .05$).

significant effect on nepotism (b = .03, p >.05). A bootstrap analysis testing the indirect effect showed that the 95% biased-corrected confidence interval included 0, indicating the effect of constructing accounts on nepotism was not mediated through moral disengagement. Thus, Hypothesis 2 is not supported.

Hypothesis 3 predicted that guilt mediates the effect of constructing accounts on unethical decision-making. Model 2 showed that guilt had a positive and marginally significant effect on nepotism (b = .35, p =.06). Despite a marginal significance, the bootstrap analysis showed that the 95% biased-corrected confidence interval excluded zero (b = .14, SE = .09, BCCI = [.003, .36]), suggesting a significant indirect effect mediation through guilt. Thus, Hypothesis 3 is supported.

Figure 2 shows the path analysis of H1 to H3 without the control variables. As can be seen in Figure 2, the regression coefficient of the direct effect and indirect effect through guilt are significant.

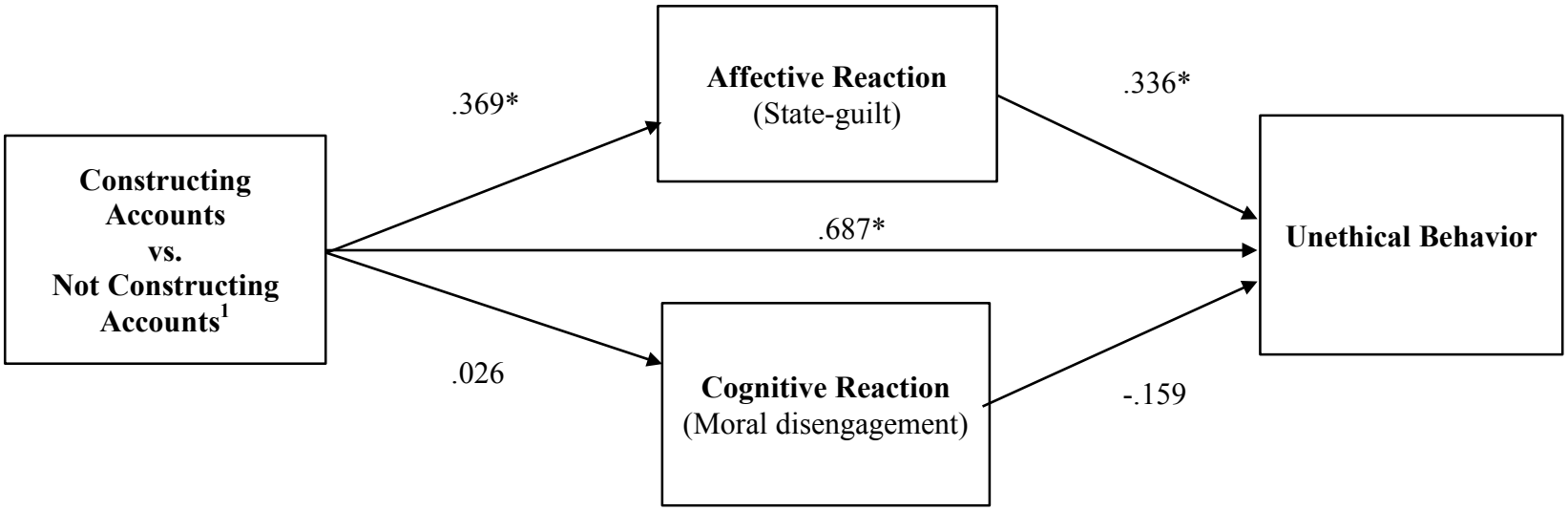
TABLE 2

Regression Results Testing Constructing Accounts on Nepotism (H1) via Moral Disengagement (H2) and Guilt (H3)

Variables	**Model 1** Moral Disengagement	**Model 2** Guilt	**Model 3** Nepotism
Moral Identity	.33	.02	-.76*
Gender	-.16	.22	-.50†
Accounts[1]	.03	.35†	.67*
Guilt			.39**
Moral Disengagement			-.14
$\mathbf{R^2}$	.02	.04	.19**

N = 128. Unstandardized coefficient are reported. [1]Accounts = 1 and control = 0.
†p <.1; *p <.05; **p <.01

FIGURE 2: STUDY 1: UNSTANDARDIZED PATH COEFFICIENTS FOR H1, H2, AND H3



[1]Constructing accounts = 1 and not constructing accounts = 0.
*p<.05.

Hypotheses 4, 5, and 6 assess the effect of account types (i.e., justifications and excuses) on moral disengagement, guilt, and unethical decision-making. The PROCESS macro (Hayes, 2013, model 4) was used to test theses hypotheses. Because the independent variable was manipulated at three categorical levels, a dummy code variable was created with justification coded as "-1", control coded as "0", and excuse coded as "1" to allow multi-categorical comparisons. The dummy variable was entered as the independent variables. Moral disengagement and guilt were used as the mediators. Nepotism was entered as the dependent variable. Gender and moral identity were added as covariates. Table 3 resents the results of these analyses.

Hypothesis 4 predicted that constructing justifications increases moral disengagement more than constructing excuses. As shown in Model 1, constructing justifications relative to constructing excuses had a negative effect on moral disengagement, suggesting that constructing justifications increases moral disengagement more than constructing excuses, however, the difference was not statistically significant ($b = -.31$, $p = .10$). Thus, Hypothesis 4 is not supported. A possible explanation for the insignificant finding may be due to the low internal reliability of the moral disengagement scale. A follow-up analysis was conducted to test this hypothesis after removing 3 items (5, 6, and 7) which increased internal reliability of the scale to 0.67. However, the result of the analysis showed similar insignificant results ($b = -.40$, $p > .05$).

Hypothesis 5 stated that constructing excuses increases guilt more than constructing justifications. As shown in Model 2, constructing justifications relative to constructing excuses had a positive and significant effect on guilt ($b = .47$, $p < .05$), indicating that constructing excuses increases guilt more than constructing justifications. Thus, Hypothesis 5 is supported.

Hypothesis 6 stated that constructing justifications increases unethical decision-making more than constructing excuses. As shown in Model 3, the coefficient of constructing justifications relative to constructing excuses is negative and insignificant ($b = -.03$, $p > .05$), suggesting that although those constructed justifications made more unethical decisions than those constructed excuses, the difference was not statistically significant. Thus, Hypothesis 6 is not supported.

TABLE 3

Regression Results Testing Justifications and Excuses on Moral Disengagement, Guilt, and Nepotism (H4, 5, and 6)

Variables	Model 1 Moral Disengagement	Model 2 Guilt	Model 3 Nepotism
Moral Identity	.28	.08	-.77*
Gender	-.17	.25	-.50†
Justification vs. Excuse[1]	-.31†	.47*	-.03
$\mathbf{R^2}$	.05	.07†	.15**

N = 128. Unstandardized coefficients are reported. [1]Justifications = 0 and excuses = 1.
†p <.10; *p <.05; ** p<.01

Hypothesis 7 and 8 examine the moderation of account feedback on the indirect effect through moral disengagement (H7) and guilt (H8). The moderation was hypothesized to take place between independent variables and mediators (i.e., first-stage moderated-mediation). Because account feedback was manipulated in the accounts condition, the control group was removed prior to using PROCESS to test the hypotheses, leaving a sample size of 81. Justifications were coded as "1" and excuses as "0". Moral disengagement and guilt were included as mediators, and gender and moral identity were added as covariates. Account feedback, entered as the moderator, was coded "1" for account acceptance and "0" for rejection. The bootstrap analysis of 95% bias-corrected confidence interval based on 1,000 sample was used to test the significance of the moderated-mediation. Tables 4 and 5 show the result of the analyses.

Hypotheses 7 stated that account rejection strengthen the positive relation between constructing justifications and moral disengagement (H7a); thus, the positive indirect effect of constructing justifications on unethical behavior via moral disengagement is stronger for those whose justifications are rejected (H7b). As stated by Hayes (2013), a significant indirect effect moderation would be indicated by 1). A significant interaction between justifications vs. excuses and account rejections predicting moral disengagement, and 2). the exclusion of zero in the 95% biased-corrected bootstrapped confidence interval. As shown in Model 1 of Table 4, the interaction between justifications vs. excuses and account feedback predicting moral disengagement ($b = -.08$, $p > .10$) was not significant, suggesting those whose justifications were rejected were not more morally disengaged than those whose excuses were rejected. Thus, H7a was not supported. The bootstrapped confidence interval also shown an inclusion of 0 ($b = -.01$, BCBI = [-.36, .13]), meaning that the indirect effect of constructing justifications vs. excuses

through moral disengagement on nepotism did not vary on the basis of account feedback, thus failing to support H7b.

H8 stated that account rejection strengthens the positive relation between constructing excuses and guilt (H8a); thus, the negative indirect effect of constructing excuses on unethical behavior via guilt is stronger for those whose excuses are rejected (H8b). Model 2 of Table 4 show that the interaction between justifications vs. excuses and accounts feedback predicting guilt was not significant ($b = .73$, $p > .10$), suggesting the level of guilt experienced by those whose justifications were rejected was not significantly different than those whose excuses were rejected. The bootstrapped confidence interval also show an inclusion of zero ($b = .38$, BCCI = [-.06, 1.24]), suggesting that the indirect effect of justifications vs. excuses on nepotism through guilt did not vary on the basis of account feedback. Thus, H8a and H8b are not supported.

Although PROCESS provides a preliminary test for an indirect effect moderation, it does not allow multi-categorical comparisons. To fully leverage the sample size (without dropping the control group) and further examine the indirect effect, a path analysis (excluding the control variables) was conducted to examine the indirect effect at the two levels of account feedback. As shown in Figure 3, the path analysis reveals that the coefficient between accounts and guilt was significant different at the two levels of account feedback. When accounts are accepted, participants reported experiencing similar level of guilt, regardless of the types of account they constructed ($b = .09$, $p > .05$), however, when accounts are rejected, those constructed excuses experience a significantly higher level of guilt than those constructed justifications ($b = .86$, $p < .05$), suggesting that account rejection amplifies the effect of excuses (relative to justifications) on guilt. Thus, H8a is supported. Next, I examined the significance of the indirect effect of constructing justifications vs. excuses on unethical behavior through guilt. The significance of

the indirect effect is indicated by the exclusion of 0 from the 95% unstandardized CI. Results of the bootstrap analysis shows the CI included 0 (BCBI = [.-.21, .28]), showing that despite the significance both of the effect of account types on guilt and the effect of guilt on unethical behavior, the indirect effect linking account type to unethical behavior through guilt did not reach conventional levels of significance. Therefore, H8b is not supported.

TABLE 4

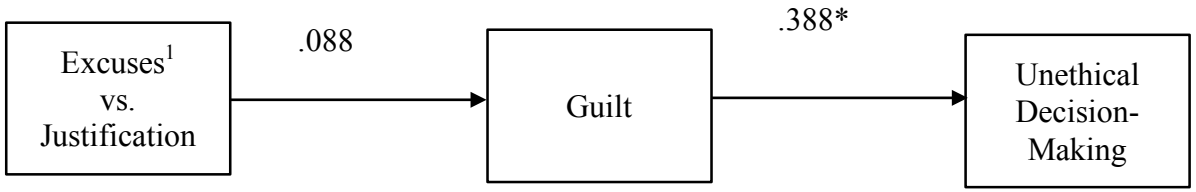
Regression Results for the Indirect Effect of Justifications vs. Excuses on Nepotism via Moral Disengagement (H7a) and Guilt (H8a)

	Model 1 Moral Disengagement	**Model 2** Guilt	**Model 3** Nepotism
Moral Identity	.12	-.01	-.49
Gender	-.18	.36	-.40
Justifications vs. Excuses[1]	.37	-.83*	.16
Account Feedback[2]	.04	-1.11**	.14
Justification vs. Excuses x Account Feedback	-.08	.73	-.41
Moral Disengagement			.11
Guilt			.52**
R^2	.05	.16*	.16†

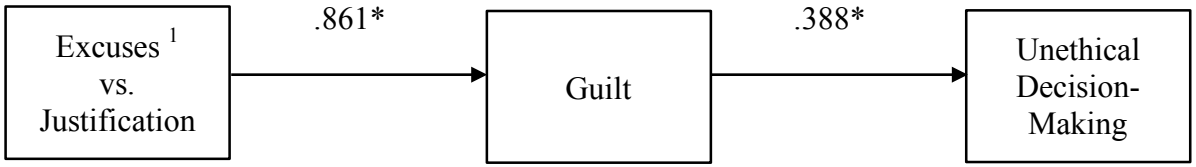
N = 81. Unstandardized coefficients are reported. [1] Justification s= 1 and excuses = 0. [2] Acceptance = 1 and rejection =0.
†p <.10; *p <.05; **p <.01

FIGURE 3: UNSTANDARDIZED PATH COEFFICIENT FOR H7 AND H8

Account Acceptance



Account Rejection



N = 128. [1] Excuses = 1 and justifications = 0.
*p <.05.

5.3 Study 2: Hypotheses Testing

Descriptive statistics are presented in Table 5. All the variables included in the correlation table are the same as those in Study 1. As the table showed, the control variables were not significant with the independent or dependent variables, however, gender and moral identity were significantly correlated ($r = .28$, $p < .01$), indicating that females reported higher moral identity than males. Moral identity and guilt had a positive and significant correlation ($r = .23$, $p < .01$), which is consistent with the theory that people who perceived morality as important self-identity experienced higher guilt. Gender and guilt were significantly correlated ($r = .17$, $p < .05$); showing that females experienced higher guilt than males. Of independent variables, guilt had a significant correlation with excuses ($r = .22$, $p < .05$) and with dishonesty ($r = .19$, $p < .05$), providing preliminary evidence for an indirect effect of constructing excuses on dishonesty through guilt. Moral disengagement and guilt were significantly correlated ($r = -.20$, $p < .05$), showing that individuals who were more morally disengaged experienced lower guilt.

TABLE 5

Study 2 Descriptive Statistics and Correlations

Variables	Mean	SD	1	2	3	4	5	6	7
1. Moral Identity	3.76	.45	1						
2. Gender[1]	1.51	.50	.28**	1					
3. Justification	.43	.50	-.07	-.06	1				
4. Excuse	.35	.48	.01	.12	-.63**	1			
5. Guilt	2.22	1.1	.23**	.17*	.11	.22*	1		
6. Moral Disengagement	3.68	.76	.06	-.03	-.06	-.14	-.20*	1	
7. Account Acceptance[2]	.45	.50	-.11	.20*	.22*	.22*	-.01	.13	1
8. Dishonesty	3.33	1.6	-.11	-.13	.19*	.18*	.19*	-.04	.11

N = 136; [1] Male = 1; [2]Account acceptance =1 and rejection = 0
*p < .05; **p<.01

The PROCESS macro for SPSS (Hayes, 2013, Model 4) was used to test Hypotheses 1, 2, and 3. Similar to Study 1, moral identity and gender were entered as control variables and accounts, which was coded "1" for justifications or excuses groups and the control group coded as "0", were entered as independent variables in the model. For testing the mediation models, moral disengagement was included in Model 1 and guilt in Model 2. The dependent variable, dishonesty, was the numbers of jumbles reported. Table 6 displays the regression results.

Hypothesis 1 stated that account construction (versus no account construction) will lead to more unethical behavior. As Model 3 showed, there was a positive and significant relation between constructing accounts and numbers of jumbles reported ($b = .74$, $p < .05$), suggesting that those constructing accounts engaged in more dishonest behavior than those who did not construct one. Thus, Hypothesis 1 is supported.

Hypothesis 2 and 3 predicted that moral disengagement and guilt mediate the effect of constructing accounts on unethical behavior. Model 1 of Table 6 showed that the regression coefficient of constructing accounts on moral disengagement was not significant ($b = .17$, $p > .10$). A 95% bootstrapped confidence interval for the indirect effect was above zero ($b = -.01$, $SE = .04$, BCCI = [-.14, .05]), indicating that moral disengagement was not a significant mediator. Thus, Hypothesis 2 was not supported. Model 2 of Table 6 showed that guilt had a significant positive and significant effect on dishonesty ($b = .50$, $p < .05$), and the bootstrap confidence interval for the indirect effect also shown an exclusion of zero ($b = .13$, $SE = .08$, BCCI = [.01, .38]), suggesting a significant mediation effect of constructing accounts on unethical behavior through guilt. Thus, Hypothesis 3 is supported.

TABLE 6

Regression Results FOR the Direct Effect of Constructing Accounts on Dishonesty (H1) and the Indirect Effect Through Moral Disengagement (H2) and Guilt (H3)

Variables	**Model 1** Moral Disengagement	**Model 2** Guilt	**Model 3** Dishonesty
Moral Identity	-.07	.53*	-.62†
Gender	-.03	.20	.43
Accounts[1]	.17	.50*	.74*
Guilt			.25†
Moral Disengagement			-.06
R^2	.01	.04	.11

N = 136. Unstandardized coefficient are reported. [1]Accounts = 1 and control = 0.
†p <.1; *p<.05; **p<.01

Hypotheses 4, 5, and 6 examine the effect of account types on unethical behavior. The PROCESS macro for SPSS (Hayes, 2013, Model 4) was used to test these hypotheses. For the independent variable, a dummy variable was created for each categorical groups (i.e., justification was coded as "-1"; control was coded as "0"; and excuse was coded as "1") in order to allow multi-categorical comparisons. In Model 1, 2, and 3, the independent variable was regressed on moral disengagement, guilt, and unethical behavior, respectively. Results of the analyses are displayed in Table 7.

Hypothesis 4 predicted that constructing justifications increases moral disengagement more than constructing excuses. As Model 1 showed, constructing justifications vs. excuses predicting moral disengagement was negative but not significant ($b = -.18$, $p > .10$), suggesting that the level of moral disengagement between those constructed justifications and those constructed excuses were not significantly different. Thus, Hypothesis 4 is not supported.

Hypothesis 5 predicted that constructing excuses increases guilt more than constructing justifications. Model 2 showed that the coefficient of constructing justifications relative to excuses predicting guilt was positive but not significant ($b = .05$, $p > .05$), meaning that those constructed excuses did not report feeling more guilty than those constructed justifications. Thus, Hypothesis 5 is not supported.

Hypothesis 6 stated that constructing justifications increases unethical behavior more than constructing excuses. As shown in Model 3, the coefficient of justifications relative to excuses in predicting dishonesty was positive but not significant ($b = .32$, $p > .10$), suggesting that although those constructed excuses reported solving more anagrams than those constructed justifications, the difference was not significant. Thus, Hypothesis 6 is not supported.

Although the levels of moral disengagement, guilt, and unethical behaviors between constructing justifications and excuses were not found to be significantly different, it appears that the levels of guilt and unethical behaviors were different between constructing justifications and control. As shown in Table 7, the coefficient of justifications relative to control predicting guilt ($b = -.48$, $p < .05$) and unethical behavior ($b = -.59$, $p = .09$) are negative and (marginally) significant, suggesting that those constructing justifications reported feeling more guilty and subsequently tend to report solving more anagrams than those who did not construct any accounts.

TABLE 7

Regression Results Testing Account Types on Dishonesty (H4, 5, and 6)

Variables	Model 1 Moral Disengagement	Model 2 Guilt	Model 3 Dishonesty
Moral Identity	-.07	.53*	-.63†
Gender	-.02	.20	.40
Justifications vs. Control[1] (D1)	-.25	-.48*	-.59†
Justification vs. Excuse[2] (D2)	-.18	.05	.32
Moral Disengagement			-.04
Guilt			.25†
R^2	.02	.11	.12

N = 136. Unstandardized coefficient are reported. [1]Justifications = 0 and control = 1. [2]Justifications = 0 and excuses = 1.
†p <.10; *p <.05; ** p<.01

Hypotheses 7 and 8 predicted account feedback moderates the indirect effect through moral disengagement (H7) and guilt (H8). The moderation is hypothesized to operate on the first stage of the indirect relationship (i.e., between account construction and guilt and between account construction and moral disengagement), therefore, I used the PROCESS macro (Hayes, 2013, Model 8) to test the statistical significance of the indirect effect, using 95% bias corrected bootstrapped confidence intervals based on 1,000 samples to avoid concerns of inflated Type I error. Evidence of the moderated-mediation would be indicated by 1). A significance of the interaction between constructing justifications vs. excuses and account feedback, and 2). An exclusion of zero in the bootstrapped confidence interval. Before conducting the analyses, the control group was removed from the sample because account feedback was manipulated in the justification or excuse conditions. A dummy variable named "account" was created with justifications coded as "1" and excuses as "0". Account was entered as the independent variable , and moral identity and gender were included as covariates. Account feedback (acceptance coded "1" and rejection coded "0") was entered as the moderator. Moral disengagement and guilt were included as mediators operating in parallel. The dependent variable, dishonesty, was the numbers of jumbles reported. Table 8 presents the results of the analyses.

Hypothesis 7 stated that account rejection strengthens the positive relation between constructing justifications and moral disengagement (H7a); thus, the positive indirect effect of justifications on unethical behavior through moral disengagement is stronger when justifications are rejected (H7b). As Model 1 of table 8 showed, the interaction between constructing justifications vs. excuses and account acceptance predicting moral disengagement was not significant ($b = .01$, $p > .10$). Account feedback was not found to moderate the relation between constructing justifications vs. excuses and moral disengagement. In addition, the indirect effect

was not significant as the bootstrap confidence interval included 0 (b = .00, BCCI = [-.18, .22]), indicating that constructing justifications vs. excuses on unethical behavior through moral disengagement did not vary on the basis of accounts feedback. A follow-up analysis was conducted to estimate the moderation model on the direct effect (i.e., without including moral disengagement as the mediator). Using Model 1 of PROCESS macro, the regression results showed that the interaction between these variables predicting dishonesty was not significant (b = -.98, p >.10). Thus, account feedback was not found to moderate the direct or the indirect effect of constructing justifications on unethical behavior through moral disengagement, failing to support H7a and H7b.

Hypotheses 8 stated that account rejection strengthens the positive relation between constructing excuses and guilt (H8a); thus the positive indirect effect of constructing excuses on unethical behavior through guilt is stronger when excuses are rejected. As Model 2 of Table 8 showed, the interaction between justifications vs. excuses and account feedback predicting guilt was not significant (b = -.52, p >.10), thus, failing to support H8a. The indirect effect was not significant as the bootstrap CI included zero (b = .22, SE = .20, BCCI = [-.02, .78]), suggesting that the effect of constructing justifications relative to excuses on dishonesty through guilt did not vary on the basis of account feedback. Therefore, H8b is not supported.

As suggested by Edward and Lambert (2007), I tested alternative models (i.e., direct effect moderation and second-stage indirect effect), however, no significant effect was found for direct effect moderation or second-stage moderation. A path analysis also revealed similar results. Table 9 presents a summary of the results pertaining to the hypotheses in both studies.

TABLE 8

Regression Results Testing the Indirect Effect of Constructing Accounts on Dishonesty Through Moral Disengagement (H7) and Guilt (H8)

	Model 1 Moral Disengagement	**Model 2** Guilt	**Model 3** Dishonesty
Moral Identity	-.18	.59*	-.66
Gender	.03	.08	.55
Justification	.17	.24	.17
Account Feedback[1]	-.09	.03	.33
Justifications vs. Excuses x Account Feedback[2]	.01	-.52	-.88
Moral Disengagement			.14
Guilt			.21
R^2	.03	.08	.07

N = 105. Unstandardized coefficients are reported. [1] Acceptance = 1 and rejection =0. [2]Justifications = 1 and excuses = 0.
†p <.10; *p <.05; **p <.01

TABLE 9

A Summary of Analysis Results

H1	Constructing accounts increases unethical behavior more than not constructing accounts.	Supported
H2	Moral disengagement mediates the effect of constructing accounts on unethical behavior.	Not supported
H3	Guilt mediates the effect of constructing accounts on unethical behavior.	Supported
H4	Constructing justifications increases moral disengagement more than constructing excuses.	Not supported
H5	Constructing excuses increases guilt more than constructing justifications.	Supported
H6	Constructing justifications increases unethical behavior more than constructing excuses.	Not supported
H7	Account rejection strengthens the positive relation between constructing justifications and moral disengagement (H7a), thus, the positive indirect effect of constructing justifications on unethical behavior through moral disengagement is stronger for those whose justifications are rejected (H7b).	Not supported
H8	Account rejection strengthens the positive relation between constructing excuses and guilt (H8a), thus, the positive indirect effect of constructing excuses on unethical behavior through guilt is stronger for those whose guilt are rejected (H8b).	H8a is supported

CHAPTER VI

DISCUSSION

6.1 General Discussion

Organizational justice and behavioral ethics are important topics in organizational studies. However, scholarly work in integrating these two fields is scant (Cropazano & Stein, 2009). This dissertation seeks to incorporate the insights from these two lines of literature and to understand how using social accounts to manage organizational justice may affect the ethics of those managers who do so. Two experimental studies, using different measures of unethical behavior, were conducted to investigated how constructing accounts and constructing different types of accounts – justifications vs. excuses – affects unethical behavior directly, and as mediated by moral disengagement, and guilt. In addition, this study tested whether account feedback moderates these effects. Overall, it was found that constructing accounts produces unethical behavior, with excuses having a greater effect than justifications. The effect of constructing account on unethical behavior was found to be mediated through guilt. The results from each study are discussed in order.

Extending previous correlational studies (e.g. Folkes & Whang, 2003, Welsh et al., 2015), the results of this study show that constructing accounts can cause account-givers to become more susceptible to unethical behavior. The study showed that individuals who constructed accounts to address an unfair decision were more likely to make nepotistic decisions than those who did not construct them. This study also found that compared with those constructed justifications, those who constructed excuses reported experiencing higher guilt, and subsequently, were more inclined to make nepotistic decisions. Consistent with the

neurocognitive processing theory, these findings suggest that the cognitive processes of constructing accounts can actually modify individuals' moral attitudes and lead them to endorse unethical practices.

In addition, these findings support and extend recent theories in behavioral ethics. For example, the opportunity to give accounts may establish an individual's credentials as a fair person, making them more willing to make unethical decisions (c.f. moral self-licensing: Merritt, Effron, & Monin, 2010). Constructing accounts can also increase individuals' cognitive abilities to explain away future questionable behaviors, making them more likely to engage in those behaviors (Reynolds, 2006). Moreover, the stronger effect of excuses on unethical behaviors found in this study may be because of the prevalence of excuses in our everyday lives. Excuses are the most common form of accounts used in social transgressions (Cody, 2007), and individuals have little difficulty recalling excuses used in the past (Weiner, Figueroa-Munoz, & Kakihara, 1991). Thus, constructing excuses may easily reinforce unethical behavior because we know they can be easily used again, even in other contexts.

Second, results indicate that constructing accounts affected unethical decision-making indirectly via guilt; but those effects were contrary to predictions. Excuses produced greater guilt, yet that guilt preceded more unethical behavior, rather than less. The study showed that among individuals who constructed accounts, those who constructed excuses reported greater guilt and were more prone to making nepotistic decisions. Contrary to the hypotheses and to an empirical study of guilt (i.e. Tangney et al., 2007), this study found a positive relationship between guilt and unethical behavior.

This unexpected result may be attributable to the possibility raised by (Eisenberg et al., 2009) that a high level of guilt may turn into a feeling of shame, causing one to be less likely to

disapprove of behaviors such as lying or false promises (Cohen, 2010) and more likely to engage in risky behaviors (Stuewig & Tangney, 2007). The self-regulation framework of guilt suggests that individuals experiencing guilt are less likely to behave unethically because guilt prompts reparative behaviors that avoid or reduce guilt, however, it only applies to situations when reparation is feasible. It is possible that individuals may experience shame, rather than guilt, when they cannot revert the harm or take any reparative actions. Future studies can examine this situational factor in transforming guilt into shame and its effect on unethical behavior.

Third, account feedback was not found to have a significant moderating effect on unethical behavior and decision-making as mediated by either guilt or moral disengagement. However, it was found that account rejection had a significant impact on guilt. Although not a hypothesized outcome in this study, this finding contributes to the literature by showing that account rejection can cause emotional distress, in the form of heightened guilt, to the account-givers and ultimately increases their unethical behavior.

Account rejection was found to amplify the effect of excuses (relative to justifications) on account-giver's guilt. As the study shows, those whose accounts were accepted did not experience a significantly higher level of guilt regardless of the account types they constructed, however, those whose excuses were rejected reported experiencing a significantly higher level of guilt than those whose justifications were rejected. Despite the significance both of the effect of account type on guilt and the effect of guilt on unethical behavior, the indirect effect linking account type to unethical behavior through guilt did not reach conventional levels of significance.

Study 2 generally replicated the results from Study 1 with respect to the relationship between account constructions and unethical behavior, with guilt playing a mediating role.

Constructing excuses was found to increase guilt more than constructing justifications. Account feedback was not found to have significant impacts on unethical behavior through moral disengagement or guilt.

Using an anagram task, Study 2 had the benefit of examining individuals' actual unethical behavior. This allowed us to detect the significant effect of constructing accounts on unethical behaviors that operate beyond the ethical domain of employment practice. As the results of Study 2 showed, individuals who constructed accounts reported solving more anagrams compared with those who did not construct one. This finding shows a causal link between account construction and unethical behavior such as dishonesty.

In addition, this effect was found to be mediated through guilt such that those who constructed accounts experienced a higher level of guilt yet subsequently engaged in more dishonest behavior. Those who constructed excuses reported greater guilt than those who constructed justifications. Together these findings provide empirical evidence that the effect of account construction is not limited to unethical decision-making; it also affects individuals' actual unethical behavior, even in different ethical contexts.

6.2 Contributions

This dissertation makes several contributions to the study of organizational justice and behavioral ethics. Although studies have shown that account construction increases individuals' instances of condoning wrong-doing (Folkes & Whang, 2003), it was not clear whether this condoning effect extends to individuals actually undertaking unethical behaviors. By examining unethical behaviors as an outcome of social accounting, this study not only expands the social

account literature but also answers the call for studies examining the potential downsides of social accounting (e.g. Belliveau, 2012; Folke & Whang, 2003; Frey & Cobb, 2010).

In addition, despite its importance, the role of account feedback has often been overlooked in the social accounting literature. The model in this dissertation examines the moderating role of account feedback and found that account rejection strengthens the effect of constructing accounts on guilt, providing an important first step in research exploring the social cognitive aspect of social accounting.

Second, despite scholars having urged the need to integrate the organizational justice and behavioral ethics literature (Crawshaw et al., 2013; Cropanzano & Stein, 2009), empirical work linking these two lines of literature remains scant. In addition, much of this type of work has focused on employee outcomes (except more recently Jacob, Belschak, & Den Hartog, 2014; Johnson, Lanaj, & Barnes, 2014), neglecting the possibility that managing justice may also affect managers themselves. This dissertation adds to this body of work by providing empirical evidence that managing interaction justice, in the form of social accounts, may produce unintended negative consequences for managers.

Further, recent work in behavioral ethics has increased interest in examining the role of explanations on ethical behaviors (e.g. Gunia et al., 2012; Shalvi et al., 2011). This line of literature has generally assumed that explanations take place privately which raised difficulty in establishing any causal relationship between explanations and behaviors. Using an experimental design, this dissertation establishes causality by manipulating social accounts. Not only does it show that social account-giving (regardless of whether accounting for self or others) is causally linked to ethical behaviors, but also that constructing different types of accounts (excuses or justifications) has different effects on unethical behavior. Thus, this dissertation contributes to

the behavioral ethics literature by broadening the perspective of the impact of account types on unethical behavior.

6.3 Practical Implications

Because actions and decisions made by organizational decision-makers are often subject to fairness evaluations, social accounts become a popular instrument for managing subordinates' justice perceptions (Bies, 2005; Greenberg 2011). Although social accounts have been found to mitigate negative reactions to activities/decisions seen as unjust, constructing them is not without it downside. The proposed model suggests that social accounting can increase the potential for the account-givers (i.e. managers) to behave unethically, even when they are not involved in the activity or making the decision.

As demonstrated across the two studies in this dissertation, the very act of constructing accounts can lead to behaviors that are detrimental to organizations. Thus, organizational decision-makers should be aware that while constructing and using social accounts can mitigate negative reactions, they can also lead to suboptimal ethical decision-making. It is important for organizational decision-makers to abide by rules, adhere to a code of conduct, and consider all aspects of actual as well as perceived justice (i.e. procedural, distributive, and interpersonal) and minimize the effort to merely "look fair" when making organizational decisions.

The effect of social accounting on unethical behavior may be far worse in situations when managers disagree with the decisions (e.g. view them as unfair) but are put in the position where they must "make them look fair". Constructing some kinds of accounts can heighten the account-giver's guilt, which can increase emotional distress, leading to job dissatisfaction and ultimately voluntary staff turnover. Thus, even though social accounting may be constructive

(e.g. it may make a victim feel better, protect the organization's reputation or legitimize decisions), the trade-off is that it can cause adverse individual and organizational outcomes.

Because people learn what is considered acceptable conduct at work by watching their leaders (according to social learning theory, Bandura,1991), employees who see their leaders valuing "looking fair" instead of actually "being fair" may see simply "looking fair" as appropriate and engage in similar conduct. Although social accounting can be a valuable tool for managers, they should be aware of its dark side and guard against moral slippage when engaging in it.

Further, the role of account feedback has practical significance for management. Although my findings showed that account rejections may heighten the account-giver's guilt, it is not suggested that account recipients should refrain from speaking up against injustice. Account-givers should be aware that account rejection may cause them to experience heightened guilt and affect their ethical judgments.

6.4 Limitation and Future Studies

Studies using student samples have received many criticisms such as the fact that they lack generalizability (e.g., Barr & Hitt, 1986). However, there are several reasons why the use of student subjects may be deemed as appropriate in this study. First, in regards to ethics, studies have shown that students and managers share similar ethical sensitivity (Loe, Ferrell, & Mansfield, 2000). In an ethical dilemma, it is unlikely that students would react differently than managers. Second, the research question examines fundamental psychological processes, thus, using student samples should not be a concern. There is no theory or evidence to suggest that these psychological processes operate differently for students and for managers. Third, using

student samples may increase internal validity because they represent a homogeneous group (i.e. similar in age, work experiences, levels of education, and so forth), which allows a smaller error variances when it comes to statistical analysis. A smaller error term can increase statistical power and decrease the probability of failing to reject the null hypothesis. To fully investigate the external validity of the results obtained in this dissertation, future studies can test the model using a field sample.

There are many types of social accounts, but only two of them are examined in this dissertation. Therefore, we do not know how other types of accounts may influence ethical behaviors. However, justifications and excuses are the two most commonly used accounts in organizations. Examining them allows us to explore the extent to which account types affect unethical behaviors and the causal linkages involved. The findings of this dissertation provide preliminary support that constructing different types of accounts affects unethical behavior at different magnitudes. To further advance our understanding, future studies can expand the scope of the model in this dissertation by examining how other types of accounts (e.g. apologies, denials) affect unethical behaviors.

Another limitation stems from the low internal reliability of the moral disengagement scale. Despite results of the pilot test that showed high internal reliability, it was low across the two experimental studies. One possible reason for this may be systematic errors introduced in the lab setting. Thus, the moral disengagement scale developed in this dissertation should be used with caution. To fully capture moral disengagement as a cognitive process, future studies can develop an implicit measure of the moral disengagement scale.

In this dissertation, guilt was found to have a positive and significant effect on unethical behavior, which is contrary to the extant empirical findings. Various levels of guilt may operate

differently on unethical behavior. For instance, a low or moderate level of guilt may be better in deterring unethical behaviors, whereas a high level of guilt may turn into feeling of shame which is less useful in deterring unethical behaviors.

The guilt measured in this dissertation is not shame-free, thus, using a shame-free guilt measure may yield more precise or robust results. Future studies should investigate the extent to which different levels of guilt are associated with shame and test the differential effects of guilt vis-à-vis shame-free guilt on unethical behaviors.

6.5 Conclusion

The giving of social accounts is a common approach for legitimizing decisions, which has been found useful in maintaining social order in organizations. While social accounts yield many benefits for organizational decision-makers, they may cause unintended consequences for the individuals who construct and give them. The purpose of this dissertation was to explore the downside of social accounting by examining ethical behaviors as their outcome.

Even though managers may not be involved in making the decision or agree with the decision outcome, constructing accounts of it may increase their own unethical behaviors. In addition, constructing accounts may cause emotional distress (i.e. heighten guilt) which, as shown here, can negatively affect managers' ability or willingness to behave ethically. The findings also point to the role of account rejection, which can further adversely impact managers' emotional distress and increase unethical behavior.

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APPENDIX A: PARTICIPANTS RECRUITMENT EMAIL IN STUDY 1

The purpose of this study is to understand the role of explanations in the recruitment process. The study will be conducted in PAM3005 on <dates>.

In this study, you will be asked to evaluate two MBA applicants and choose one to be recommended for admission. Then, you will be asked to explain the decision to the rejected applicant and complete several other measures. The last task involves reading a vignette and making a recruitment decision. Instructions for each task will be presented on the computer screens. The total duration of the study is approximately 45 minutes (10 minutes entry survey and 35 minutes lab study). All students enrolled in MGT 3304 will be invited to participate in this study. This study is eligible for earning <number of credits> points towards your final grade.

Please note that your participation is completely voluntary, and you have the option to end your participation at anytime. All information you provided will kept strictly confidential. Your instructors will not have access to the data collected in this study. If you are agree to participate, please click on the survey link to complete an entry survey and sign up for the lab study.

<Survey link>

Sincerely,

Michelle Hong
Pamplin College of Business, Virginia Tech

APPENDIX B: PARTICIPANTS RECRUITMENT EMAIL IN STUDY 2

The purpose of this study is to understand the role of explanations in the recruitment process. The study will be conducted in PAM3005 on <dates>.

In this study, you will be asked to evaluate two MBA applicants and choose one to be recommended for admission. Then, you will be asked to explain the decision to the rejected applicant and complete several other measures. The last tasks involve solving anagrams. For each anagram correctly solve, you will receive $.50. Instructions for the tasks will be presented on the computer screens. The total duration of the study is approximately 45 minutes (10 minutes entry survey and 35 minutes lab study). All students enrolled in MGT 3304 will be invited to participate in this study. This study is eligible for earning <number of credits> points towards your final grade and an opportunity to earn up to $5.

Please note that your participation is completely voluntary, and you have the option to end your participation at anytime. All information you provided will kept strictly confidential. Your instructors will not have access to the data collected in this study. If you are agree to participate, please click on the survey link to complete an entry survey and sign up for the lab study.

<Survey link>

Sincerely,

Michelle Hong
Pamplin College of Business, Virginia Tech

APPENDIX C: COVER STORY

We are interested in understanding our human resource skills. The system will randomly select and display the information of two applicants for the MBA program. Please review these candidates' information and choose one for admission to the program.

Paul Logan

Education	B.A. in Management, Virginia Tech
Work Experiences	2 years as a Junior Analyst at Deloitte Consulting, LLP
GMAT	690
GPA	3.90
Awards and Recognitions	Global Leadership Award Merit Scholarship $5000
Why MBA?	"I seek to gain new knowledge and skills for better future career opportunities."
Others (voluntary information provided during the interview)	"I have struggled with the way I speak in my entire life, starting with a speech delay, which later turned into a speech disorder. It was difficult for me while growing up because people teased me and made fun of me all the time. However, I don't feel discouraged by my disorder. It reminds me that I need to work harder than everyone else."

John Heath

Education	B.A. in Economics, Radford University
Work Experiences	Summer Internship at Schwab Advisor Services
GMAT	580
GPA	3.35
Awards and Recognitions	Participated in regional business case competition
Why MBA?	"To make good business connections."
Others (voluntary information provided during the interview)	"I believe social connections determine how you advance in life. My parents graduated from the MBA program twenty-five years ago. While in the program, they had made some valuable business connections, which later helped their business succeed. Each year, they donate to the university to support its education."

APPENDIX D: MEASURES OF MEDIATING VARIABLES

Moral Disengagement

Please rate the extent to which you agree with the following statements:

1	2	3	4	5	6	7
Strongly disagree	Somewhat disagree	Disagree	Neither agree or disagree	Agree	Somewhat disagree	Strongly disagree

1. The admission decision was fair because the accepted applicant can contribute more to the university or to students in the program.
2. The admission decision was fair because gifts to universities is a vital source that creates opportunity for students.
3. Compare to other felonies, making an unjust decision is hardly a crime.
4. No one here should be blamed for rejecting the applicant if he or she feels hurt because they were just following the instructions.
5. It does not matter whether the decision was fair or not because the admission office is the one making the final decision.
6. The rejected applicant is over-qualified for the program. He can find a better program else where.
7. The admission office should state the admission criteria more precisely if the accepted applicant ended up not performing well.
8. If the rejected applicant think the decision was not right, he/she must be a bookworm and deserves to be rejected.

Guilt

Please indicate to which extent you feel towards the rejected applicant right at this moment:

1	2	3	4	5
Very slightly or not at all	A little	Moderately	Quite a bit	Very much

1. I feel remorse.
2. I feel regret.
3. I feel tension about something I have done.
4. I feel like apologizing.
5. I feel bad about something I have done.

APPENDIX E: DEPENDENT VARIABLE IN STUDY 1

Susan is the Human Resource Manager of a growing professional service company. As the company expands, Susan is asked by the company's CEO to recruit a senior manager. The qualifications on the recruitment advertisement is listed as follows:

1. Prior experience in corporate restructuring is required.
2. A minimum of 5 years of work experiences in the service industry.
3. A Master degree in Operation Management or related field.

To attract good candidates, the company is offering a lucrative salary that is 30% above the industry average. The CEO has asked Susan to review all the applications and forward one candidate for his further consideration. While reviewing the applications, Susan is surprised to see Chris, her cousin, has applied for the position.

Susan has shortlisted two candidates, Chris and Don, but is facing difficulty in making her final decision. Chris does not have prior corporate restructuring experiences and may not be qualified for the position, but she has a good relationship with him and knows that he is a good person. Don, on the other hand, has demonstrated many successes in his previous corporate restructuring experiences. Although Susan does not know him personally, she knows that Don is well-qualified for the position.

From her past experiences, Susan knows that the CEO will hire the person she recommends. If you were Susan, who are you likely to recommend to the CEO?

Don Chris

☐ ☐ ☐ ☐ ☐ ☐ ☐

APPENDIX F: DEPENDENT VARIABLE IN STUDY 2

In the next task, you will be given a series of jumble to unscramble. Each humble has one correct answer, and you must solve the jumble in order. As a token of appreciation, you will receive $0.50 for each jumble you solve. If you solve all jumbles, you will receive $5.

Please do not use other tools to solve the jumble. You do not need to write down or type out the anagram you solved. Remember, it is important to solve the jumble in order. That is, when you successfully solve the first one, you can work on the second one and so forth.

You have 5 minutes to solve the jumbles (the timer will be displayed on your screen). When the time is up, the system will ask you to report the number of jumbles you solve and calculate your earnings for you.

UNHTED
EOSHU
UAVGTT
YTHOIRD
DLARC
JNIPMUG
HGITWE
CLASLOU
YOMSEEVLD