Value Congruence and Unethical Decision-Making: The Dark Side of Person-Organization Fit

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VALUE CONGRUENCE AND UNETHICAL DECISION-MAKING: THE DARK SIDE OF PERSON-ORGANIZATION FIT

By

CHAD C. PARSON

A dissertation submitted to the Graduate Faculty in Psychology in partial fulfillment of the requirements for the degree of Doctor of Philosophy, The City University of New York

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Chad C. Parson

This manuscript has been read and accepted for the Graduate Faculty in Psychology in satisfaction of the dissertation requirement for the degree of Doctor of Philosophy.

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ABSTRACT

Value Congruence and Unethical Decision-Making: The Dark Side of Person-Organization Fit

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Unethical decision-making (UDM) in organizations is a topic with a long history in practice and a short history in research. The purpose of this dissertation was to explore whether individual and organizational values interacted to predict Person-Organization Fit (P-O Fit) and UDM. Across two studies I tested the idea that individuals would report better P-O Fit in caring ethical climates to the degree that they reported greater trait empathy, and better P-O Fit in instrumental ethical climates to the degree that they reported greater levels of the Dark Triad traits. I also tested the idea that better P-O Fit would lead to more UDM, and that P-O Fit would mediate the interaction of ethical climate and personality on UDM. Study 1 (n =119) was an experimental study with undergraduate students wherein ethical climate was manipulated and personality was measured. Study 2 was a survey study (n = 83) with organizational employees wherein ethical climate was measured. Study 1 found support for the predicted interaction between climate and trait empathy on P-O fit. However, empathy was related to lower rather than higher UDM in caring climates. Study 2 provided support for the hypothesis that employees high in the Dark Triad would report better P-O fit in instrumental climates compared to caring climates, but P-O Fit remained unrelated to UDM. Further, the observed interaction between climate and Dark Triad held only
for discrete and not continuous measures of climate. Limitations of the current designs and implications for research and practice are discussed.

*Keywords:* unethical decision-making, ethical climate, P-O Fit, personality
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Chapter 1: Introduction

The economic collapse of 2008 and its aftermath shed light on widespread unethical decision-making (UDM) and the “by-any-means-necessary” mentality that is pervasive in many segments of corporate America (United States Senate, 2011). Though the problem of UDM in organizations is not novel by any means, it is one that has received increasing attention in the last decade both in the scientific and popular presses due to how apparent, frequent and excessive the violations have become. As an example, financial institutions such as Countrywide Financial engaged in predatory and deceptive lending practices by enticing consumers to take on risky loans that they could not afford. These practices included using false advertising and “bait and switch” methods wherein guaranteed low interest rates were later fraudulently switched to more expensive adjustable rate mortgages (FCIC, 2011). From the CEOs and executives of banks and mortgage businesses, down to the individual mortgage agents, the push to reap and report profits at any cost fueled a series of events that culminated in what experts have called the worst financial crisis since the Great Depression (Hilsenrath, Ng, & Paletta, 2008; Crotty, 2009; Worstall, 2014) leading the U.S. and the world to near financial ruin (JCHSHU, 2008; FCIC, 2011).

It is an easy and apt solution to blame the individuals who made decisions or committed acts that violated moral, social, and legal codes. In isolation, these acts would seem to support the hypothesis that there was something malevolent or sinister about the character of these individuals that would cause them to engage in such behaviors. However, it has become increasingly apparent that there were systemic forces at play that drove these behaviors in order for them to occur with such frequency, synchrony and magnitude across organizations (FCIC, 2011; Bazerman & Tenbrunsel, 2011; Kroszner & Strahan, 2014). Organizational factors such as
CEOs and executive management being bound to appease shareholder demands for increased share prices and dividends, the golden parachutes and exorbitant bonuses paid for performance in the financial sector, and the lack of accountability for egregious and even illegal behavior all served to foster a climate of greed in organizations that promoted and rewarded behavior that advanced the organization no matter the cost.

The ethical climate of an organization consists of the values, expectations, and formal and informal processes the organization follows regarding ethical issues (Victor & Cullen, 1988; Martin & Cullen, 2006). These characteristics, manifested as an organization’s ethical climate, are derived from top management’s values, beliefs and attitudes about what is expected and accepted in an organization (Schneider, 1987; Schneider, Goldstein, & Smith, 1995) and have been found to influence unethical, deviant, and dysfunctional behavior in organizations (Victor & Cullen, 1988; Martin & Cullen, 2006). However, though it is understood that situational factors such as ethical climate can be strong determinants of behavior (Mischel, 1968), individuals must ultimately decide to engage such behaviors. If both the individual and the organization are culpable and the people do truly make the place (Schneider, 1987), this suggests that a confluence of individual and organizational factors may be at play when people decide to behave unethically.

Person-Organization fit (P-O Fit) is broadly defined as the compatibility between individuals and organizations (Cable & Judge, 1996). The purpose of the current research was to test the idea that personality traits and organizational values can predict P-O Fit in different types of ethical climates, and that P-O Fit can lead to more UDM. To date, no research has linked P-O Fit to UDM or other negative outcomes for individuals or their organizations; rather, researchers have instead focused on the positive benefits of P-O Fit. There has also been no research that has
linked personality traits to perceptions of fit with ethical climates, though recent research has made connections between Big Five traits and fit with different organizational cultures (Gardner, Reithel, Cogliser, Walumbwa, & Foley, 2012).

The idea that better P-O Fit can lead to more UDM is based recent research showing that when individuals strongly identify with an organization and feel that they are protecting or advancing the interests of their organization (Pro-Organizational UDM; Umphress, Bingham, & Mitchell, 2010; Umphress & Bingham, 2011), they are more likely to engage in UDM. Organizational identification is based on social identity theory (Tajfel & Turner, 1986), which holds that individuals’ self-concepts are derived largely from membership within important social groups. According to Umphress and colleagues (2010), individuals who identify strongly with an organization tend to internalize the organization’s successes and failures as their own, and are thus more willing to do whatever it takes to protect and advance the organization’s interests. People with different personalities and who work in different ethical climates may use different rationalizations for their behavior; however, ultimately the behavior is still the same.

The remainder of this dissertation is organized as follows: In Chapter 2, I introduce the framework under which unethical decision-making will be conceptualized and the extant literature linking individual differences to UDM in organizations. In Chapter 3, I define organizational ethical climate, and detail its links to UDM in the existing literature. Chapter 4 reviews the literature surrounding person-organization fit and makes theoretical linkages between 1) personality and P-O Fit and 2) P-O Fit and UDM. Chapter 5 summarizes and integrates each of these theoretical frameworks and provides an overview of the research. Finally, in Chapters 6 and 7, I describe the two studies that were conducted. Chapter 8 provides a
discussion of the findings from Studies 1 and 2 and implications of the research. I also discuss
the strengths and limitations of the current investigation and directions for future research.
Chapter 2: Unethical Decision Making and Personality

UDM is defined as a decision that violates individual, organizational, or societal norms, codes or laws (Jones, 1991). Though a semantic distinction is often raised by some regarding the use of the term “moral” versus “ethical” to discuss such violations, the prevailing convention in the literature is to treat them as interchangeable (Lefkowitz, 2003), and as such the terms will be used synonymously in this dissertation.

Issue Contingent Ethical Decision Making

In the proposed research I used Jones’ (1991) issue contingent model of ethical decision making as the framework for conceptualizing UDM. His framework builds upon previous work by Rest (1986) that defined a four-step process of 1) identifying, 2) deliberating on, 3) deciding and 4) acting on ethical issues. Jones’ model takes this process further and specifies the conditions under which issues are more or less likely to be recognized as an ethical issue. The main principle of Jones’ theory is that the content of issues can vary while still having an ethical component. The flexibility in what comprises the ethical component of an issue relies on its moral intensity (Jones, 1991; Valentine & Hollingworth, 2011). This refers to the potency of six factors that describes how noticeable or apparent an ethical issue is. These factors are: 1) The magnitude of consequences associated with the issue, 2) social consensus on what is considered ethical behavior surrounding the issue, 3) the probability of harm if an unethical action is taken, 4) how immediate any consequences would be, 5) how close or proximal the actor is to anyone impacted by a decision, and 6) how concentrated the effects of an ethical act are.

Each of these factors is proposed to increase recognition that an ethical issue is present (Jones, 1991). As obvious as it may seem, being aware that an ethical issue exists is a critical first step in any ethical action that will be taken (Rest, 1986; Jones, 1991). Of these six factors,
social consensus and magnitude of consequences have been found to consistently increase individual moral awareness (Warren & Smith-Crowe, 2008; Valentine & Hollingworth, 2011). Issues that have a high degree of social consensus or agreement regarding the presence of an ethical component elicit greater moral awareness (e.g. bribery for insider information or fraudulent accounting). Similarly, issues wherein the potential for negative consequences are high are more likely to increase recognition that an ethical issue is present (e.g. dumping toxic chemical waste into a river or lake).

Evidence suggests that ethical issues activate different neural processing pathways depending upon whether the issues are personal or impersonal in nature (Greene, Nystrom, Engell, Darley, & Cohen, 2004; Greene, 2009). Personal ethical issues (e.g. murder or physical harm) raise an initial moral and emotional response that is processed primarily in the emotional centers of the brain (e.g. Amygdala). Alternatively, impersonal ethical issues (e.g. fraudulent financial reporting) invoke an initial emotional response but involve deeper moral deliberation and cognitive processing (e.g. Prefrontal Cortex). For the purposes of the current research, ethical issues will be conceptualized as those having high social consensus and high magnitude of consequences relating to impersonal types of harm (e.g. business decisions). These are the types of decisions that managers and executives are likely to be faced with in day-to-day business dealings.

**Pro-Organizational UDM.** Umphress and Bingham (2011) conceptualize a type of UDM that has been largely overlooked in the literature, which they term *unethical pro-organizational behavior*. This is a cluster of behaviors that benefit the organization but that are generally considered to be unethical. Examples of such behaviors are 1) misrepresenting the truth to make one’s organization look good, 2) withholding negative information about one’s
organization or its products from customers and clients, and 3) doing whatever it takes to help the organization. The authors base their ideas on the social exchange relationships that exist between individuals and their organizations, and the degree of identification that individuals feel with their organization. The authors found that when individuals identified strongly with their organization and held strong positive reciprocity beliefs, they were more likely to engage in pro-organizational unethical behaviors by neutralizing or overlooking the moral content of their actions (Umphress, Bingham, & Mitchell, 2010; Umphress & Bingham, 2011).

**Personality and UDM**

Several personality traits relevant to the current research have been examined as antecedents of UDM. These are trait empathy (Detert, et al., 2008; Brown, et al., 2010), and three traits that comprise the ‘Dark Triad’ of personality (Paulhus & Williams, 2002): subclinical narcissism (Penney & Spector, 2002; Antes, et al., 2007; Brown, et al., 2010), Machiavellianism (Singhapakdi 1993; Tang & Tang, 2010) and subclinical psychopathy (Nathanson, et al., 2006; Boddy, 2010; Stevens, Dueling, & Armenakis, 2012). These two sets of traits (Empathy and the Dark Triad traits) are opposed in how each explains predispositions and motivations for behavior. Individuals who score higher in trait empathy are thought to act out of altruistic motivations that reflect care and concern for others (Batson, et al., 1989; Simmons, 2014). Alternatively, individuals who score higher in Dark Triad traits are thought to act out of egoistic motivations that involve self-serving behaviors (Paulhus & Williams, 2002; Jonason & Webster, 2010; Furnham, Richards, & Paulhus, 2013). Though the two sets of traits are not perfectly negatively correlated, in general, individuals who score higher on trait empathy are less likely to engage in UDM, whereas individuals who score higher on the Dark Triad are more likely to engage in UDM. Supportive findings will be reviewed in greater detail in the following sections.
**Trait Empathy.** Empathy is the ability to recognize and understand the emotional states of others (Batson, et al., 1989). Highly empathic individuals are more aware of others’ emotions and of the impact of their actions on others (Simmons, 2014). They are able to “put themselves in others’ shoes” when considering their behavior and their decisions that might affect others.

Detert and colleagues (2008) conducted a three-wave survey study of 307 undergraduate students examining the influence of trait empathy on UDM. UDM was assessed by asking participants how likely they would be to engage in behaviors described in several hypothetical scenarios (e.g. “Your boss at your summer job asks you to get confidential information about a competitor’s product. You therefore pose as a student doing a research project on the competitor’s company and ask for the information”). In line with the authors’ predictions, participants who scored higher on trait empathy were significantly less likely to endorse UDM on the scenario-based measures.

Brown and colleagues (2010) surveyed 309 undergraduate business students to examine whether the willingness to act ethically depended on self-reported levels of empathy and narcissism. The authors were also interested in whether greater empathy and narcissism were related to the choice of business major (Finance, Management, Marketing, and Accounting). Participants were presented with scenarios representing hypothetical opportunities to engage in UDM (e.g. correcting a billing error in participants’ favor) and were asked to indicate their likelihood of engaging in that behavior. Participants scoring higher in trait empathy were less likely than those scoring lower in trait empathy to endorse UDM. Conversely, participants scoring higher in narcissism were more likely to endorse UDM. Further, participants who scored higher in trait empathy were less likely to be finance majors than all other business majors, whereas participants who scored higher in narcissism were more likely to be finance majors.
These findings imply that there may be certain types of personalities that fit better with certain types of work. However, the authors note that further research needs to be conducted to determine whether trait empathy and narcissism influenced participants’ choice of business major or whether the educational experiences participants encountered altered their personalities over time.

**The Dark Triad of Personality.** The three traits comprising the Dark Triad (subclinical narcissism, Machiavellianism, and subclinical psychopathy) are an inter-related but distinct set of personality variables that share several common features (Paulhus & Williams, 2002; Jonason & Webster, 2010; Furnham, Richards, & Paulhus, 2013). Each of these traits involves a generally malevolent social character in which self-interest consistently overshadows the interests of others. Behaviorally, individuals who score higher one or more of these traits tend to engage in excessive self-promotion and deceptive and aggressive behaviors, and they often appear to be emotionally cold or lacking in empathy.

To examine the distinctiveness of these three traits, Paulhus and Williams (2002) collected survey data from 245 undergraduate students and examined the relationships among the Dark Triad traits. Measures of the Dark Triad traits included the Narcissistic Personality Inventory (NPI; Raskin & Hall, 1979), the Mach-IV inventory (Christie & Geis, 1970), the Self-Report Psychopathy scale (SRP III; Hare, 1985). The authors established that while the three traits overlapped to varying degrees, they are distinct constructs. The strongest relationship was a correlation of .50 between psychopathy and narcissism. The features specific to each of these Dark Triad traits and their relations to UDM will be further examined in the following sections.

**Narcissism.** Subclinical or “normal” narcissism is a personality trait that reflects an individual’s propensity toward having an inflated or grandiose perception of the self, a sense of
entitlement and superiority over others, and a desire for the admiration and recognition of others (Paulhus & Williams, 2002; Penney & Spector, 2002). The NPI (Raskin & Hall, 1979) measures four distinct sub factors of narcissism: exploitiveness/entitlement (the use of manipulation to achieve goals), leadership/authority (preference for being in a leadership role), superiority/arrogance (the belief that one is better than others), and self-absorption/self-admiration (excessive vanity).

As reported earlier, Brown and colleagues (2010) found that narcissistic individuals were more likely to report intentions to engage in UDM than non-narcissistic individuals. These individuals were also more likely to be finance majors than they were to be management, marketing or accounting majors. Penney and Spector (2002) examined the relationship between narcissism and counterproductive work behaviors (CWB) in a sample of working upper-level undergraduate students. Although CWB’s do not automatically imply unethical behaviors, several of the items on the measure that was used (Fox, Spector & Miles, 2001) are reflective of UDM (e.g. stealing from an employer, intentional work sabotage). The authors found that narcissistic individuals were significantly more likely to engage in CWB than non-narcissistic individuals. The authors also found that narcissistic individuals were more likely to experience anger and to perceive constraints to performing their job than were non-narcissistic individuals.

Antes and colleagues (2007) examined the decisions of graduate students regarding the ethical conduct of research, and how those decisions were related to participants’ self-reported levels of narcissism. The authors surveyed 226 graduate students from several science-based degree programs (social, health, biological sciences) about choices they would make when presented with research-based ethical scenarios. The items presented to participants represented four distinct domains of ethical behavior in research: data management (e.g. data massaging and
publication practices), study conduct (e.g. ethical behavior regarding IRB requirements and informed consent), professional practices (e.g. staff or collaborator exploitation and recognition of expertise), and business practices (e.g. conflict of interest and deceptive bid/contractual practices). Participants who scored higher on narcissism (particularly the exploitiveness/entitlement facet) were significantly more likely to endorse UDM across all four ethical domains than were those scoring low on the construct.

**Machiavellianism.** Machiavellianism is a disposition characterized by a duplicitous, cool and detached demeanor with tendencies toward deception and manipulative tactics (Christie & Geis, 1970). It is a personality style that has also been conceptualized as a personal strategy employed by individuals that often involves the manipulation of others for personal gain (Robinson & Shaver, 1973, p. 590). Individuals who score higher on Machiavellianism (termed as Machs in the literature) typically have motivations and ambitions that give high priority to achieving financial success and power. Machs tend to enjoy competitive environments and are often described as amoral (Paulhus & Williams, 2002). They often view others as tools to further their own desires, and have been found to engage in more UDM when the ethical climate is more ambiguous (Singhapkadi, 1993) and when there are less defined ethical expectations (Ross & Robertson, 2003).

Singhapkadi (1993) reanalyzed data from a previous study of 529 marketing professionals (Hunt & Vitell, 1986) to examine the interaction of ethical climate and Machiavellianism on the perception of and reaction to ethical issues. Specifically, he sought to determine a) whether Machs would be less likely to perceive ethical issues than non-Machs and b) how each would act to correct the ethical issues given punitive, non-punitive and “do nothing” courses of action. In Hunt and Vitell’s original study, the authors manipulated the ethical climate
of a fictitious organization to be either high or low (stated code of ethics vs. no stated code of ethics). In Singhapkadi’s reanalysis, Machs were significantly less likely than non-Machs to recognize the presence of an ethical issue, particularly in climates with low ethical expectations. Machs were also less likely to agree with both punitive and non-punitive courses of corrective action (more ethical behavior), and more likely to agree with the “do nothing” (less ethical behavior) approach than were non-Machs.

Tang and Tang (2010) conducted a four-wave panel study to examine the whether the efficacy of ethics interventions used in business school curricula depended on individual factors such as intrinsic religiosity and Machiavellianism. The authors measured the unethical intentions of students both before and after an ethics intervention (lecture and reading on business ethics) and an ethics quiz were given. The ethics quiz was meant to reinforce the learning from the ethics intervention. The authors presented participants with two vignettes representing opportunities to report unethical intentions. The first scenario represented an opportunity for individuals to take advantage of a billing error where they could either report or not report the error that was in their favor. The second scenario presented individuals with an opportunity to either return or not return an addressed envelope that was found that contained one hundred dollars. Individuals who scored lower in Machiavellianism or higher in intrinsic religiosity were less likely to endorse UDM following the ethics intervention. However, the ethics intervention had little effect on those who scored higher in Machiavellianism and/or lower in religiosity. That is, Machs and less intrinsically religious students were more likely than others to endorse UDM both before and after the ethics intervention.

**Psychopathy.** Empirical work examining the prevalence and influence of subclinical psychopathy on behavior in organizations is scant, though the topic has begun to receive greater
attention in recent years (Babiak & Hare, 2006). Also known as “corporate psychopaths” or
“successful psychopaths,” subclinical psychopaths are individuals who are not (like clinical
psychopaths) prone to violent and impulsive behavior, but are able to ruthlessly manipulate and
charm their way up through the corporate ranks largely undetected (Babiak & Hare, 2006;
Boddy, 2010a; Gundmundsson & Southey, 2011). Psychopaths are characterized as self-serving,
opportunistic, egocentric, and ruthless, and they tend to exhibit low empathy for others and a
have high threshold for anxiety (Hare, 1985). Psychopaths are proposed to be able to rise into
positions of organizational power rapidly because they exhibit many of the traits that define
successful leaders -- charisma, confidence, persuasiveness and courage (Andrews & Furniss,
2009). Among psychopaths, however, these positive traits are accompanied by a litany of
negative traits and behaviors that can make the psychopath a dangerously destructive force in
organizations.

Recent estimates of the prevalence of psychopaths in organizations suggests that as many
as 3.5% of senior managers and executives, 2-3% of middle managers, and 1% of junior
managers meet the criteria for subclinical psychopathy (Babiak & Hare, 2006; Boddy, 2009).
Boddy (2010a) asked a sample of 346 white-collar workers from various industries about the
behaviors of their management colleagues using the Psychopathy Measure – Management
Research Version (PM-MRV; Boddy, 2010b). Results indicated that 32.1% of the sample had
previously worked with a manager who could be classified as a psychopath, with 5.75%
reporting still working with such a manager. Boddy (2010a) was also interested in whether
psychopaths were more prevalent in certain industries than in others. He found that the public
sector and finance industries demonstrated the greatest proportions of participants who reported
having worked with a psychopath in comparison to the retail, wholesale, manufacturing, agriculture, health, and business services industries (Boddy, 2010a).

Nathanson, Paulhus and Williams (2006) examined undergraduate students’ propensities to cheat on in-class exams. In the first study, participants completed a battery of personality tests that included the Dark Triad traits (SRP-III, NPI, Mach-IV) and completed five in-class exams over the course of the semester. For each of these exams, the researchers identified cheating behavior by using software designed to detect pairs of students who exhibited overlapping errors on the exams. These overlapping errors were then compared against seating locations of the identified cheating pairs. Flagged pairs of students who were seated adjacent to each other represented near certain instances of cheating. Though each of the Dark Triad traits was significantly correlated with cheating, psychopathy emerged as the only significant predictor of cheating behavior when regressing cheating behavior on all three traits simultaneously. In order to rule out low cognitive ability as an alternate explanation for more cheating behaviors by individuals with higher psychopathy scores, the authors incorporated cognitive ability tests of verbal ability and prior knowledge into a second study and found similar results. Again, psychopathy independently predicted cheating behaviors better than both the other Dark Triad traits and cognitive ability, though verbal ability also emerged as a significant but weaker predictor of cheating.

Stevens and colleagues (2012) conducted a two-wave study examining the relationships among psychopathy, moral disengagement (MD; Bandura, 1999) and UDM. MD is a set of eight self-regulatory mechanisms conceptualized by Bandura (1999) that allow individuals to shift blame and responsibility off of themselves and onto, for example, the target of UDM (e.g. blaming the victim) or onto an authority figure (displacement of responsibility). In phase one,
participants completed the SRP-III, which assesses the four domains of psychopathy (e.g. high impulsivity, high thrill-seeking, low empathy, and low anxiety; Hare, 1985). In phase two, participants were presented with four scenarios representing different types of UDM (e.g. cutting corners to meet deadlines, disclosing errors on a financial report). For each scenario, participants were asked to respond to measures that tapped into both MD (Bandura, 1999) and organizational UDM. Specifically, participants were presented with an unethical decision in response to each of the four scenarios (e.g., “It’s okay for Ray to focus on deadlines at the expense of quality because…” and were then asked to rate their approval of eight justifications for that unethical decision (e.g., “He needs to take care of his own company first and foremost.”) on a scale from 1 (I strongly disapprove) to 7 (I strongly approve). Approval ratings were averaged to provide an overall measure of MD. UDM was assessed with one additional item in each scenario asking participants to rate their overall approval of the prompted unethical decision (e.g. “It is never okay to focus on deadlines at the expense of quality.’’) on a scale from 1 (I strongly disapprove) to 7 (I strongly disapprove). Stevens and his colleagues found that psychopathy significantly predicted UDM, and this effect was fully mediated by moral disengagement (Bandura, 1999).

Recently, a shortened measure of The Dark Triad has been developed and validated that reduces the number of items required to measure each of the individual traits and the Dark Triad as a whole by 87%, from 91 items to 12 items (Jonason & Webster, 2010). Across four studies, the authors examined the structural reliability, convergent and discriminant validity, and test-retest reliability of the 12-item measure (termed “The Dirty Dozen”). Results revealed that psychopathy, narcissism, and Machiavellianism were highly correlated with each other but still represent distinct constructs. Jonason and Webster (2010) concluded that The Dirty Dozen
allows researchers the flexibility to create a composite Dark Triad score while retaining the ability to examine each trait independently.

**Organizations and UDM**

Though personality is a generally stable predictor of behavior, Mischel (1968) argues that research psychologists must study personality in conjunction with the environment in which people operate. He argues that situational strength is key to determining how individuals will behave in their environments, and whether personality or the situation will explain more variance in behavior. Organizations provide powerful environmental cues for what behavior is expected and accepted within an organization (Mischel, 1968; Victor & Cullen, 1988; Schneider & Smith, 2004; Schminke, Arnaud, & Kuenzi, 2007). As such, several studies have examined how organizational cues influence ethical and unethical behavior (Baumhart, 1961; Zey-Ferrell, Weaver & Ferrell, 1979; Barnett, Cochran & Taylor, 1993; McCabe, Trevino & Butterfield, 1996; Martin & Cullen, 2006). In the following chapter, I review literature that has examined the influence of ethical climate on UDM.
Chapter 3: Organizational Ethical Climate

The ethical climate of an organization is a type of work climate that is based on employees’ shared perceptions of how the organization values ethical norms and rewards ethical conduct (Victor & Cullen, 1988; Martin & Cullen, 2006). Ethical climates provide cues as to what individuals can do and what they ought to do based upon shared perceptions of conventions, processes and formal rewards and sanctions. Simply having a code of ethics in an organization has been shown to increase moral awareness and the reporting of ethical issues (Trevino & Youngblood, 1990; Barnett, Cochran, & Taylor, 1993) and it is positively related to better ethical conduct (McCabe, Trevino & Butterfield, 1996). However, ethical codes must be enforced in order for them to be effective and predictive of a more ethical work climate (Allen & Davis, 1993; Martin & Cullen, 2006). Thus, it is the ethical reality of the organization rather than the rhetoric that determines an organization’s ethical climate.

Baumhart (1961) surveyed 1531 business executives and found that industry practices (climate) influenced the reported likelihood of engaging in UDM. When asked to rank the top five influences of ethical and unethical behavior, executives’ top two responses were “The behaviors of a man’s superiors in the company” and “Ethical climate of the industry.” Further, four out of five executives responded that their industries had generally accepted practices that they considered unethical. Baumhart also noted differences in what executives said they would do and what they said that the average executive would do when faced with ethical dilemmas. Executives reported themselves to be much less likely to engage in UDM than “the average businessman.” However, these executives also reported that they would be more likely to engage in UDM to help a friend or colleague than a stranger.
Zey-Ferrell and colleagues (1979) surveyed 280 marketing managers to determine which organizational factors exerted the greatest influence on UDM. The authors found that “knowing what their peers do” and “having the personal opportunity for deviant or opportunistic behavior” both significantly increased marketing managers’ likelihoods of engaging in UDM. Barnett, Cochran, and Taylor (1993) surveyed 300 human resource executives from organizations with and without formal internal disclosure policies/procedures (IDPP). These policies are meant to provide internal channels for individuals to confidentially report knowledge of ethical and illegal acts that occur in the organization. The authors found that having IDPP’s in place significantly increased internal reporting of ethical issues and decreased external reporting (e.g. to regulatory agencies, media).

McCabe, Trevino and Butterfield (1996) surveyed 318 graduate alumni from two colleges: one with a formal ethics code (n=160), and one with no formal ethics code (n=158). Participants were asked about the existence of a formal code of ethics in their current workplace, how embedded the code was (defined as the degree to which the code was integrated into the culture of the organization) and the strength of the code (defined as the consistency of the organization’s attempt to communicate the code to employees). Participants were also asked to respond to several hypothetical scenarios assessing their willingness to engage in UDM. No significant differences were found between participants whose college did and did not have a code of ethics. In the workplace, however, the existence of an ethical code, its strength, and its embeddedness were each significant predictors of UDM. Individuals who worked for organizations that had strongly communicated and culturally embedded codes were much less likely to engage in UDM than were individuals who worked for organizations that had no code or whose organizations did not strongly communicate or embed their ethical values in its culture.
Martin and Cullen (2006) conducted a meta-analysis synthesizing ethical climate research from 1987 to 2005, utilizing Victor and Cullen’s (1988) Ethical Climate Theory (ECT) framework. The authors found that “instrumental” ethical climates (promoting the maximization of self- and organizational- interests) were more prone to instances of UDM or deviant work behavior. Conversely, “caring” climates (promoting care for others and more socially responsible practices) were less prone to instances of UDM. Caring climates also facilitated greater moral awareness in its employees. It is this framework of ECT (Victor & Cullen, 1988; Martin & Cullen, 2006) that provided the lens through which organizational ethical climate was be conceptualized in the current research.

**Model for Studying Ethical Climate**

The core of Victor and Cullen’s (1988) ECT is based on Kohlberg’s (1969) cognitive moral development (CMD) theory in which organizational ethical climates are defined as egoistic, benevolent, or principled. Each represents a different perspective from which ethical decisions are derived. Ethical climates based on egoistic values promote ethical decision-making that maximizes self- and organizational- interests. Ethical climates based on benevolent values promote ethical decision-making that involves the consideration of others and of the aggregate good. Both of these ethical climate frameworks are consequentialist in nature, as the good of a decision is derived from its consequences rather than from the acts. As such, in these climates decision-makers must determine what acts they are willing to engage in to justify their desired outcome. Principled ethical climates, on the other hand, represent a deontological or rule-based view of deriving ethical decisions where the acts themselves are more important than the outcome (Kohlberg, 1969). Deontologically-based ethical climates have rules, duties and
obligations that are absolute, and they provide specific guidance for behaviors that are intrinsically right or wrong.

To complete their matrix of ethical climates, Victor and Cullen (1988) overlaid Merton’s (1957) theory of social structure, specifically his conceptualization of reference groups that reside at different levels of society. Merton proposed that these groups serve as comparators against which individuals to evaluate themselves and their behaviors. Applied to ECT, these reference points delineate individual, local, and cosmopolitan levels of reference for ethical decision-making. At the individual level the individuals themselves are the comparators for ethical decisions. Individuals must consider their own beliefs, values, and attitudes in order to come to an ethical decision. At the local level, the group or company is the point of comparison for ethical decisions. Company rules and procedures provide guidance to employees in what is expected of them concerning ethical behavior. The cosmopolitan level prescribes that societal norms, rules, and laws govern ethical decision-making and conduct.

The resulting 3 X 3 matrix (see Figure 1) comprises nine theoretical climate types that Victor and Cullen (1988) proposed to exist in organizations. At the Egoistic level of moral concern are Self-Interest, Company Profit, and Efficiency ethical climates. At the Benevolence level of moral concern are Friendship, Team Interest, and Social Responsibility ethical climates. At the Principled level of moral concern are Personal Morality, Company Rules and Procedure, and Laws and Professional Codes ethical climates. Each of these climate subtypes will be briefly reviewed. See Figure 1.

**Egoistic Climates.** The first subset of climate types are those driven by egoistic concerns meant to capitalize on opportunities to maximize financial gains regardless of the cost to others. The ethos in Self-Interest ethical climates is driven by what is best for the individuals. Ethical
decision-making reflects maximizing personal interests regardless of the harm or potential harm to others. Ethical decision-making in Company Profit ethical climates is driven by what is best for the company and efforts to maximize company interests. Similar to self-interest climates, decisions with ethical consequences are derived with little to no concern for their impact on others. Efficiency climates are driven by ethical decision-making that makes the organization run most efficiently regardless of the effect on others internal or external to the organization.

**Benevolence Climates.** The next subset of climate types involves those driven by utilitarian or benevolence ideals at each point of reference. Friendship climates derive ethical decision-making at the local level. Concern for the welfare of friends or close others drives ethical decision-making to maximize good and minimize harm to those individuals. In Team Interest climates, the team or the workgroup is the focus. These types of organizations place importance on making ethical decisions that promote the internal welfare of the group and company above the needs of individuals. Social Responsibility climates place importance on their customer and societal impact when considering ethical decisions. The ethos here is derived specifically from “doing right” by customers and clients.

**Rules-Based Climates.** Rule-based climates are driven by different reference points of rules, codes, or laws. Ethical decision-making in Personal Morality climates is driven by each person’s own personal values, beliefs, and morality. These organizations allow decision-making to reflect each person’s own set of values and rules. In Company Rules and Procedures climates, organizations have a strong set of internally established rules that are enforced and relied upon when making ethical decisions. In Laws and Professional Codes organizations, ethical expectations are set externally by professional organizations and society-at-large. These types of
organizations often have professional groups that define and enforce codes of ethics for their specific profession, or that are regulated by government or by societal laws.

Though Victor and Cullen (1988) theorized nine types of ethical climates to exist, five primary ethical climate types have been noted in the literature to typically emerge across different organizations and industries (Figure 2; Martin & Cullen, 2006). The individual and local reference points collapse on both the Egoism and Benevolence levels to derive Instrumental and Caring ethical climates respectively. At the Principled level each of the three loci of reference remains distinct to derive climates of Independence, Rules, and Laws and Code. See Figure 2.

For the purposes of the proposed research, I will focus on Instrumental and Caring ethical climates. Each allows flexibility in how desired outcomes are achieved because the acts themselves are secondary. In other words, in each of these climates, the ends justify the means. Further, the basic characteristics of these two climates are in direct opposition to one another. Egoistically-based climates are concerned with maximizing individual and organizational interests without concern for harm. Benevolence-based are concerned with promoting caring and collective interests. Lastly, these two climate types are the most commonly occurring ethical climates across both public and private sector organizations (Martin & Cullen, 2006).

**Instrumental Climates.** Organizations with instrumental climates promote decision-making that maximizes individual interests through the pursuit organizational goals, even when the pursuit of those goals could involve harm to others (Martin & Cullen, 2006). By advancing the organization’s interests, individuals are advancing their own interests. Moral awareness is typically attenuated in Instrumental climates, and individuals tend to engage in more deviant and dysfunctional behavior (Peterson, 2002). Instrumental organizations also tend to have less active
support systems for the airing and resolution of ethical problems (Martin & Cullen, 2006). These organizations may have ethical policies that are pronounced but largely unenforced, leading to more instances of UDM. Murphy and Free (2016) surveyed auditors who were investigating fraudulent accounting practices in organizations, and found that 39% of auditors agreed that an instrumental climate was present in the organizations where the fraud occurred.

**Caring Climates.** In direct contrast to instrumental climates, caring climates promote ethical decision-making from a perspective that seeks to minimize harm to individuals in the pursuit of organizational goals (Martin & Cullen, 2006). These organizations are not profit-averse, but they attempt to achieve financial goals in an ethically responsible manner. These organizations promote values that support the “greater good,” and typically have more formalized and accessible systems of support for the airing and resolution of ethical problems. Individuals who work in caring climates tend to exhibit greater moral awareness, and to engage in less unethical, deviant or dysfunctional behaviors (Peterson, 2002; Martin & Cullen, 2006).

In the following chapter, I integrate the previously reviewed personality predictors of UDM and ECT and discuss how the two may interact to predict greater fit between people and their organizations, and how greater P-O Fit in turn may lead to greater UDM.
Chapter 4: Person-Organization Fit

P-O Fit refers to the degree of congruence between individuals’ values, beliefs, and attitudes and the values and characteristics of the organization (Chatman, 1989, 1991; Cable & Judge, 1996). It is a subset of person-environment fit (P-E fit) that also includes the domains of person-job (P-J fit), person-group (P-G fit), and person-supervisor fit (P-S fit; Kristoff-Brown, Zimmerman, & Johnson, 2005). Each of these types of fit focuses on a different level of analysis of individuals’ perceived fit within a specific domain. P-E fit is the degree of perceived fit between an individual and his or her environment. P-E fit can but does not necessarily need to include organizational factors (e.g. job demands; Cable & Edwards, 2004). P-J fit is the degree of fit that an individual perceives with the requirements of the job. P-G fit is the degree of fit that an individual perceives with his or her colleagues. P-S fit is the degree of fit that an individual perceives with the superiors in the chain of command. The main focus of this dissertation is on person-organization fit, which specifically addresses individuals’ perceptions of fit with the prevailing goals, values and characteristics of the organization for which they work (Cable & Judge, 1996).

P-O Fit, Ethical Climate, and Job Attitudes

Evidence suggests that the ethical climate of organizations is related to P-O Fit. Sims and Kroeck (1994) surveyed 66 hospital employees in five departments about the type of ethical climate they work in (described climate), the type of ethical climate they want to work in (preferred climate), and their organizational commitment, job satisfaction and turnover intentions. The authors used Victor and Cullen’s (1988) ethical climate dimensions (i.e. Instrumental; Caring; Independence, Rules, Laws and Code) to assess the degree of difference between participants’ described and preferred work climates (referred to as absolute differences). The authors found that most participants worked within the type of ethical climate they
preferred. The authors also found that tenure in the organization was negatively related to absolute differences (longer tenure predicted better fit) for all climate types except for the instrumental climate, where longer tenure predicted lower fit. Smaller absolute differences (or higher degrees of fit) were associated with greater affective commitment (emotional attachment to the organization) in caring and independence climates. In instrumental climates, however, higher fit was associated with lower levels of continuance commitment (losses versus gains perceived by staying with an organization). In general, individuals who worked in instrumental climates were more likely to perceive losses or high costs associated with staying with their organizations, even though leaving their organization would entail loss of benefits such as social ties.

Valentine, Godkin, and Lucero (2002) surveyed 304 college employees and employed students about their perceptions of the ethical values of the organizations for which they worked, their P-O Fit, and their organizational commitment. The authors found significant, positive relationships among all three variables, wherein stronger perceptions of positive ethical values were related to better P-O Fit and organizational commitment. Kristoff-Brown and her colleagues (2005) conducted a meta-analysis of 110 studies examining the relationships between different types of fit (P-J, P-O, P-G, P-S) and job attitudes, performance, withdrawal behaviors, and tenure. After eliminating one study that had an inordinate amount of influence due to its sample size, the authors found that P-O Fit demonstrated strong relationships with job satisfaction (.50) and organizational commitment (.65), and a slightly attenuated relationship with turnover intentions (.47). The authors found much smaller relationships between P-O Fit and overall job performance (.07) and task performance (.13), and a moderate relationship with
contextual performance (.27). Overall, the authors conclude that while P-O Fit is a consistent predictor of job attitudes, it is less consistently related to actual job performance.

**P-O Fit and Personality**

Chatman (1989, 1991) argues that values are the basis of P-O Fit because they are enduring characteristics inherent to both individuals and organizations. This view has dominated the field of P-O Fit research for the past two decades. Personal values are defined as learned adaptations or beliefs about how individuals prefer to act or to be (Olver & Mooradian, 2003). These beliefs serve as guiding principles in how individuals operate within their environments (Schwartz, 1994; Costa & McCrae, 2001) as well as their organizations (Suar & Khuntia, 2010). Recently, however, researchers have begun to move beyond attitudes, values and beliefs as sole predictors of P-O Fit, and have begun examining how personality can predict fit within an organization (Zhang & Gowan, 2011; Gardner, et al., 2012). Though personality and personal values are distinct concepts, they are interrelated inasmuch as personality can be considered an “endogenous basic tendency” and values as the “concrete manifestations of basic tendencies” due to the interaction of the individual and the environment (McCrae & Costa, 1996, p. 67-69).

The deviation from the values-oriented path in the P-O Fit literature toward personality has begun at least in part due to the increasing use of P-O Fit as a tool for employee selection, whether P-O Fit is formally or informally incorporated into the selection process (Rynes & Gerhart, 1990; Kristoff-Brown, 2000; Arthur, et al., 2006; Sekiguchi & Huber, 2011). It is well understood in the literature that personality measures (e.g. The Big Five) can provide incremental validity in the selection process in multi-hurdle selection scenarios, and personality measures are now commonly included as an additional point of data about candidates during selection (Barrick & Mount, 1991; Costa & McRae, 1992; Ones, Dilchert, Viswesvaran, &
There is also emerging evidence that P-O Fit can provide incremental validity beyond the Big Five for predictions of job performance and job attitudes (Tsai, Chen, & Chen, 2012).

Gardner and colleagues (2012) used a mixed model design to predict P-O Fit based on the Five Factor Model of personality (FFM; McCrae & Costa, 1997) and organizational culture (Cameron & Quinn, 2011). The authors first measured participants’ personalities with the FFM. The authors then manipulated whether participants received a realistic job preview (RJP) consisting of both positive or negative information about the organization versus a traditional recruiting strategy meant to “sell” participants with only positive information about the organization (recruitment strategy). Gardner and colleagues also manipulated the type of organizational culture participants were exposed to using the competing values model (CVM; Cameron & Quinn, 2011). This model of organizational culture conceptualizes culture into four quadrants: internal/flexible (clan – extended family dynamic), external/flexible (adhocracy – dynamic and entrepreneurial), internal/stable (hierarchy – structure and control), and external/stable (market – results oriented). The authors then measured participants’ perceived P-O Fit with the organization to which they were assigned. The type of recruitment strategy (positive versus negative information) had no influence on P-O Fit. However, the authors found that individuals higher in agreeableness and extraversion reported better fit with clan cultures, whereas individuals higher in conscientious and lower in openness to experience reported better fit with hierarchical cultures. No significant findings were reported for adhocracy and market-based cultures.

Zhang and Gowan (2012) conducted two survey studies to examine whether Machiavellianism moderated the relationships between corporate social responsibility (CSR)
policies that reflected different levels of economic, legal, and ethical performance and
perceptions of P-O Fit. Overall, individuals were more attracted to organizations that exhibited
better CSR practices, defined as higher levels of performance on each of the CSR dimensions.
This effect was moderated by Machiavellianism. Machs tended to prefer organizations with more
loosely defined rules and regulations, and they were less attracted to organizations with high
ethical and legal performance.

Arthur and colleagues (2006) conducted a meta-analysis examining the criterion-related
validity of P-O Fit as a predictor of job performance and turnover. The authors found that there
were stronger relationships between P-O Fit and job attitudes and turnover than there were
between P-O Fit and actual job performance. Consistent with Kristoff-Brown and colleagues
(2005), Arthur and his colleagues concluded that the literature examining relationships between
P-O Fit, job performance, and turnover up to that time did not support its use as a selection
instrument.

Recently, however, researchers have demonstrated that P-O Fit has incremental validity
beyond traditional personality measures used in selection (Tsai, Chen, & Chen, 2012). Tsai and
colleagues (2012) conducted a validation study examining the incremental validity of P-O Fit
beyond the Big Five as a predictor of organizational and supervisory commitment, task
performance and organizational citizenship behaviors (OCB). Using hierarchical regression
analyses, the authors found that P-O Fit accounted for an additional 2% of the variance in
OCB’s, and an additional 5-6% of the variance in organizational and supervisory commitment.
P-O Fit did not explain any incremental variance in task performance. These findings, while
tentative, point to the value of examining P-O Fit as a formal predictor of job performance in
addition to job attitudes.
The Role of P-O Fit in UDM

Despite the potential utility of P-O Fit for understanding a wide variety of organizational phenomena, and its increased use in domains outside of job attitudes, scholars have largely ignored the relevance of P-O Fit when attempting to predict the circumstances under which individuals will behave unethically within their organizations. When individuals feel a strong sense of value congruence between themselves and the organization, their feelings of identification, commitment and loyalty to the organization tend to increase along with task and extra role performances (Sims & Kroeck, 1994; Valentine, Godkin, & Lucero, 2002; Kristoff-Brown, Zimmerman, & Johnson, 2005; Tsai, Chen, & Chen, 2012) and organizational citizenship behaviors (Ruiz-Palomino & Martinez-Canas, 2014). Individuals who experience greater levels of fit are more willing to “go the extra mile” for the organization, and may be more willing to engage in unethical behaviors that advance or protect their own interests and those of the organization (Uphress, Bingham, & Mitchell, 2010; Uphress & Bingham, 2011).

In the following chapter, I integrate each of the previous discussions of personality, ethical climate, and P-O Fit in order to clarify how fit is expected to lead to more UDM, even in climates that are more caring and benevolent.
Chapter 5: Integration and Summary

The present research used a combination of experimental and correlational methods to test two overarching propositions related to P-O Fit and UDM. First, I sought to determine whether individual differences in trait empathy and the Dark Triad (subclinical narcissism, Machiavellianism, and subclinical psychopathy) drove perceptions of fit with caring and instrumental ethical climates, respectively. Trait empathy and the Dark Triad share several common attributes with the values inherent to caring and instrumental ethical climates, respectively, making them ideal as a means to determine whether personality can predict fit. Specifically, empathy is characterized by the ability to understand the needs and motivations of others and having a sense of caring and even altruism for others (Batson et al., 1989; Simmons, 2014). These values are in line with the characteristics of caring climates where care for the welfare of others is a salient objective of the organization (Victor & Cullen, 1988; Martin & Cullen, 2006). Thus I proposed that individuals scoring higher on trait empathy would report better fit in caring climates than in instrumental climates.

The Dark Triad shares common attributes of a lack of concern for the welfare of others, and a desire to maximize individual goals regardless of the impact on others (Paulhus & Williams, 2002; Jonason & Webster, 2010; Furnham, Richards, & Paulhus, 2013). These characteristics are in line with the values of instrumental climates where the imperative is maximizing individual and organizational goals with little consideration of others (Victor & Cullen, 1988; Martin & Cullen, 2006). Thus I proposed that individuals scoring higher on the Dark Triad traits would report better fit in instrumental climates than in caring climates.

Second, I sought to determine whether perceptions of fit drove how individuals respond to ethical issues encountered in organizations. Regardless of the type of climate, I suggested that
better P-O Fit would lead to an increase in UDM. Individuals who reported fit in instrumental climates were proposed to be more prone to UDM due to the congruence of values (high Dark Triad) that speak to the greater acceptance and expectation of unethical behaviors that advance the organization’s and the individual’s interests (Victor & Cullen, 1988; Martin & Cullen, 2006). These individuals work in organizations where the goal is maximizing the organization’s financial interests regardless of the cost to others. When an unethical decision will advance their own interests and those of the organization, individuals who report better fit in instrumental climates may engage in UDM out of a sense of reciprocity to the organization for allowing them to do what it takes achieve their own financial goals, or out of a sense of identification with the organization because of shared values and characteristics, and common ambition regarding achieving financial goals.

Individuals who reported fit in caring climates were also proposed to be more prone to UDM due to a sense of reciprocity and identification that (Umphress, et al., 2010; Umphress & Bingham, 2011). The proposed link between fit within caring climates and UDM is a truly novel aspect of this research. Past research (Detert, et al., 2008; Brown, et al., 2010) has revealed a negative relationship between trait empathy and the propensity to behave unethically. I argue that when faced with ethical dilemmas in which an unethical decision will advance or protect the interests of the organization, individuals who reported greater P-O Fit in caring climates would “go the extra mile” for their organizations, and hence would be more likely to engage in UDM as an attempt to make the organization look good or to protect it from harm.

In order to test these ideas, I conducted two studies utilizing multiple operationalizations of P-O Fit. Study 1 was an experimental study using a sample of college students, and Study 2 was a correlational study using a sample of organizational employees. Across these studies, I
proposed that a match between personality traits and climate type would predict higher levels of P-O Fit, such that individuals who scored higher on trait empathy would report better fit in caring climates, and individuals who scored higher the Dark Triad traits would report better fit in instrumental climates. I further proposed that higher levels of fit would predict greater willingness to behave unethically on the part of the organization. In the following two chapters, I detail the specific hypotheses and methods used to test these hypotheses. See Figures 3 and 4.
Chapter 6: Study One

The purpose of Study 1 was to test whether personality traits moderated the relationship between ethical climate type and P-O Fit, and whether P-O Fit predicted participants’ willingness to engage in UDM. Study 1 was a controlled laboratory experiment in which the type of ethical climate to which participants were exposed was manipulated within an organizational simulation. Undergraduate participants varying in trait empathy and the Dark Triad traits were randomly assigned to imagine working in an organization that represented either a caring or an instrumental ethical climate. Participants completed an in-basket exercise in which several of the decisions they were asked to make contained an ethical component. P-O Fit and UDM were measured as mediating and dependent variables, respectively. The following hypotheses were proposed:

Hypothesis 1a: Trait empathy will moderate the relationship between ethical climate type and perceptions of P-O Fit. Specifically, individuals who report higher levels of trait empathy will report better P-O Fit in caring climates than in instrumental climates.

Hypothesis 1b: The Dark Triad traits will moderate the relationship between ethical climate type and perceptions of P-O Fit. Specifically, individuals who report higher levels of the Dark Triad traits will report better P-O Fit in instrumental climates than in caring climates.

Hypothesis 2: P-O Fit will be positively related to UDM, such that individuals reporting better P-O Fit will be more likely to engage in UDM than individuals who report worse P-O Fit.
Hypothesis 3a: Trait empathy will moderate the relationship between ethical climate type and UDM. Specifically, individuals who report higher levels of trait empathy will report more willingness to engage in UDM in caring climates than in instrumental climates.

Hypothesis 3b: The Dark Triad traits will moderate the relationship between ethical climate type and UDM. Specifically, individuals who report higher levels of the Dark Triad traits will report more willingness to engage in UDM in instrumental climates than in caring climates.

Hypothesis 4: P-O Fit will mediate the interactive effects of ethical climate and trait empathy on UDM.

Hypothesis 5: P-O Fit will mediate the interactive effects of ethical climate and the Dark Triad traits on UDM.

Participants

One hundred and thirty-four undergraduate students from Baruch College (54 women and 80 men) ranging in age from 18 to 58 years (\(M = 21.88\) years, \(SD = 4.75\) years) volunteered to participate in this experiment. Of those participants, 15 (11%) identified themselves as Black or African American, 13 (9.6%) as Hispanic or Latino, 71 (52.2%) as Asian, 28 (20.6%) as White or Caucasian, and 7 (5.1%) as Other. Given the disproportionate number of Asian participants in Study 1’s sample, a preliminary examination of the main study variables was conducted and revealed no significant differences between Asian participants and the second largest demographic group of White or Caucasian participants. I will discuss potential implications of my demographics in Study 1’s discussion. All participants were enrolled in either a required introductory Psychology or Management course and were given course credit for their participation. Participants were informed that the study would occur in two phases at least one
week apart. Thirteen participants did not return for the second phase of the study, three participants were dropped for random or careless responding, and one participant did not correctly indicate the ethical climate that they were randomly assigned to, leaving 119 subjects whose data were available for analysis.

**Design**

Participants were randomly assigned to either the caring (n = 59) or instrumental (n = 60) ethical climate condition. The personality traits of trait empathy and the Dark Triad (subclinical Narcissism, Machiavellianism, and subclinical Psychopathy) were measured as independent predictors, with the Dark Triad treated as a composite variable as is the convention in the literature (Paulhaus & Williams, 2002; Jonason & Webster, 2012). Additionally, the personality variables of subclinical Narcissism (Ames, Paul & Anderson, 2006), Machiavellianism (Christie & Geis, 1970), and subclinical Psychopathy (Levenson, Kiehl, & Fitzpatrick, 1995) were measured independently for the purposes of exploratory analyses. P-O Fit was measured as a mediating variable, and UDM was the dependent variable.

**Phase One**

**Materials and Measures.** The materials in Phase 1 included short descriptions and mission statements that depicted two fictitious companies. One description represented the values and characteristics of a caring ethical climate, and one description represented the values and characteristics of an instrumental ethical climate. These materials were presented online using Qualtrics survey software. The purpose of presenting these ethical climate types during Phase 1 was to provide preliminary evidence prior to collecting Phase 2 data that 1) participants recognized the characteristics of each climate type, 2) individuals who scored higher on trait empathy preferred to work in caring climates ethical climates, and 3) individuals who scored
high on the Dark Triad preferred to work in instrumental ethical climates. The full list of materials and measures presented in Phase 1 can be found in Appendix A.

**P-O Fit.** Participants completed a three-item measure of P-O Fit for each ethical climate description. One item was drawn from Cable and Judge (1996), wherein participants were asked to respond to the statement “The values and ‘personality’ of this organization reflect my own values and personality” and indicated their responses along 5-pt scales ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The remaining two items were developed and validated by Grogan and Young (2011) as part of a larger survey examining P-O, P-J, and P-G fit (no previous reliabilities reported). These two items were modified to fit within the framework of the present study. An example of an item is “I am a good match for this organization.” Participants indicated their responses along the same 5-point Likert type scale from 1 (Strongly Disagree) to 5 (Strongly Agree). The three item scale demonstrated reliabilities of $\alpha = .88$ and $\alpha = .91$ for caring and instrumental Climates respectively.

**Climate Characteristics Measure.** In order to assess participants’ awareness of the characteristics of each of the organizations presented in the Phase 1 Climate materials, participants were asked to rate their agreement with four statements representing the characteristics of caring and instrumental Climates. These items were grounded in ECT (Victor & Cullen, 1988) and were presented on Likert-type scale from 1 (Strongly Disagree) to 6 (Strongly Agree) as is the convention in the ECT literature. An example of an item based on instrumental ethical climates is “This company is mainly concerned with doing whatever needs to be done in order to make a profit.” An example of an item based on caring ethical climates is “This company is concerned with doing right by the customers and the public.”
**Trait Empathy.** Trait Empathy was measured using the 10-item measure from the International Personality Item Pool (IPIP; Goldberg, 2001). The items were designed to measure individuals’ ability to understand the emotional perspective of others. The instrument is a 7-point Likert-type scale ranging from 1 (*strongly disagree*) to 7 (*strongly agree*), and demonstrated a reliability of $\alpha = .87$ in the current study. An example of an item that was presented from this scale is “I feel others' emotions.”

**The Dark Triad.** The Dark Triad traits, consisting of subclinical Narcissism, Machiavellianism, and subclinical Psychopathy, were measured with a 12-item measure entitled *The Dirty Dozen* (Jonason & Webster, 2010). The Dark Triad traits represent a set of tendencies whereby individuals exhibit a generally malevolent social character. Individuals who score high on these traits tend to be prone to aggression, deceit, and the manipulation of others. Each trait is assessed using four items, and responses to each item are indicated along a 9-point Likert-type scale ranging from 1 (*strongly disagree*) to 9 (*strongly agree*). The 12 items are typically averaged to provide a composite Dark Triad score. Prior research (Jonason & Webster, 2010) has established high internal consistency among items for each of the three individual traits ($\alpha$ ranging from .77 to .84) and the composite Dark Triad measure ($\alpha = .86$). In the current research the Dark Triad demonstrated a reliability of $\alpha = .86$.

**Narcissism.** Subclinical narcissism was measured using the Narcissism Personality Inventory-16 (NPI-16; Ames, Paul & Anderson, 2006). The NPI-16 is a short measure of narcissism using a forced choice format where respondents must choose which of two statements is most like them. Participants were presented with 16 item pairs ($\alpha = .67$) to derive an overall narcissism score. An example item pair is “I really like to be the center of attention” and “It makes me uncomfortable to be the center of attention.”
**Psychopathy.** Subclinical psychopathy was measured with the Self-Report Psychopathy Scale (SRPS; Levenson, Kiehl, & Fitzpatrick, 1995). The SRPS is a 26-item inventory designed to measure respondents’ lack of empathy, antisocial behavior and disinhibition. An example of an item from this scale is “Making a lot of money is my most important goal.” The instrument is a Likert-type instrument ranging from 1 (strongly disagree) to 5 (strongly agree), and demonstrated a reliability of $\alpha = .75$ in the current study.

**Machiavellianism.** Machiavellianism was measured with the Mach-IV Inventory (Christie & Geis, 1970). The Mach-IV is a 20-item inventory designed to measure respondents’ tendencies to manipulate others and use deceit to achieve their goals. An example of an item from this scale is “It is wise to flatter important people.” The instrument is a Likert-type instrument ranging from 1 (strongly disagree) to 5 (strongly agree), and demonstrated a reliability of $\alpha = .61$ in the current study.

**Procedures.** Phase 1 data were collected in a large computer lab. To ensure that data would remain anonymous, participants were given a unique code in order to match up their responses from Phases 1 and 2. Phase 1 was completed using Qualtrics online survey software to present the ethical climate materials and each of the measures. Participants were first presented with descriptions of two fictitious organizations, generically named “Organization A” and “Organization B.” One description was representative of a caring ethical climate, and one was representative of an instrumental ethical climate. The order of presentation was randomized to avoid potential order effects. Participants were given time to read over the descriptions of each company and were asked to rate how well they perceived that they fit with each organization. Participants were then asked to complete the measures of Trait Empathy (Goldberg, 2001) and the Dirty Dozen (Jonason & Webster, 2010), and asked to answer demographic questions. The
experimenter reminded each participant of their scheduled time and day to return for Phase 2 before dismissing them.

**Phase Two**

**Materials and Measures.** The materials in Phase 2 consisted of an in-basket exercise with background materials that provided detailed descriptions of a fictitious organization. The descriptions presented the organization as having *either* a caring or instrumental climate. Each set of materials included mission and culture statements, memos, and internal directives. Organizational charts that described departments and reporting relationships were also included in order to aid in participants’ immersion into the fictitious organization. The ethical climate materials were identical for each condition except for the descriptors that defined the organizations as either caring or instrumental. The full list of materials and measures presented in Phase 2 can be found in Appendix B.

In order to reinforce the ethical climate manipulation, the materials in Phase 2 were printed and physically provided to participants with instructions to refer to them over the course of the in-basket in order to complete the exercise properly. The exercise itself and all measures were completed online, and consisted of eight total scenarios, four of which had ethical implications. The remaining four scenarios consisted of work-related issues that had no ethical component. These served as “filler” tasks to detract from the true purpose of the study. All of the items in the exercise were presented in the form of emails, memorandums corporate directives, and descriptions of interactions with clients and personnel.

**P-O Fit.** Participants completed the same three-item measure of perceived fit (Appendix B; Cable & Judge, 1996; Grogan & Youngs, 2011) used in Phase 1 (α = .93). They completed...
this measure with respect to the Climate to which they were randomly assigned and indicated their responses along 5-pt scales ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

**Rationalizations.** Several items were included as exploratory measures in order to potentially provide additional explanations as to why participants engaged in more or less UDM. These items were developed out of discussions with my faculty advisory committee, and encompass *reciprocity, affiliation, identification, and personal gain.*

**Reciprocity.** Reciprocity entails individuals a sense of equitable exchange with the company that they imagined working for in the simulation. This was measured with a two-item scale ($\alpha = .74$) on a Likert-type instrument ranging from 1 (strongly disagree) to 5 (strongly agree). An example of an item from this scale is “This company takes care of me so I want to take care of it.”

**Affiliation.** Affiliation entails individuals a sense of connection to the company that they imagined working for in the simulation. This was measured with a two-item scale ($\alpha = .66$) on a Likert-type instrument ranging from 1 (strongly disagree) to 5 (strongly agree). An example of an item from this scale is “I feel closely connected to this company.”

**Identification.** Identification entails individuals sharing a common sense of identity with the company that they imagined working for in the simulation. This was measured with a two-item scale ($\alpha = .71$) on a Likert-type instrument ranging from 1 (strongly disagree) to 5 (strongly agree). An example of an item from this scale is “This organization is an important part of my identity.”

**Personal Gain.** Personal gain entails individuals holding their own needs and goals more important than those of the company that they imagined working for in the simulation. This was measured with a two-item scale ($\alpha = .58$) on a Likert-type instrument ranging from 1 (strongly
disagree) to 5 (strongly agree). An example of an item from this scale is “The most important thing for me is to get ahead.”

**UDM.** UDM was measured by presenting participants with four ethical scenarios and asking them to report how likely they would be to engage in the stated behavior. Participants report their behavioral intentions along Likert-type scales ranging from 1 (very unlikely) to 7 (very likely). As a composite measure, UDM demonstrated a reliability of $\alpha = .70$. The four ethical items were based on previously used ethical scenarios (Brief, 1996; Connelly, et al., 2004; Elango, et al., 2010; Parson, et al., 2012) and were adapted for use in the present study.

**Procedures.** Participants returned for their second scheduled appointment a minimum of a week after completing Phase 1. The experimenter randomly assigned participants to imagine working in either the caring or instrumental organization. Participants were given an envelope containing instructions on how to complete the in-basket exercise, and materials representative of the ethical climate to which they were assigned. The in-basket simulation was presented to participants as a task for which they were to imagine working in a fictitious lighting products company called Advanced Illumination Technologies (AIT). The experimenter informed participants that they had five minutes to familiarize themselves with the instructions and background materials before beginning the exercise. The experimenter also told participants that they would need to refer to the materials over the course of the task.

At the end of five minutes, participants were asked to complete the P-O Fit and rationalization measures described above. Participants then began the in-basket exercise, which involved a series of tasks requiring participants to report on decisions they made while imagining working in the organization. Participants were asked to provide open-ended responses to the non-ethical items, which were presented as distractor items to minimize participants’ suspicion of the
ethical items. Qualtrics was set up to randomize the order in which the UDM and non-UDM items were presented in order to control for any potential order effects. Upon completion of the in-basket, participants were debriefed and dismissed.

Results

Means and standard deviations for all study variables are reported in Table 1. Correlations among all study variables are reported in Table 2.

Phase 1. Preferences for each climate’s characteristics were examined to provide evidence that participants recognized and demonstrated a preference for either the caring or instrumental climate types presented in Phase 1.

Climate Characteristics. A paired samples t-test was conducted to gauge participants’ awareness of the characteristics of each ethical climate organization as presented in Phase 1. Participants rated the caring climate organization as significantly more caring ($M = 5.22$, $SD = .75$) than instrumental ($M = 2.45$, $SD = .99$), $paired t(118)= 23.80$, $p < .001$. Participants also rated the instrumental climate organization as significantly more instrumental ($M = 5.14$, $SD = .79$) than caring ($M = 2.68$, $SD = 1.07$), $paired t(118) = 19.135$, $p < .001$. These findings provided support for the use of the ethical climate materials in Phase 2.

Preferred Fit. Consistent with expectations, individuals scoring higher in Trait Empathy tended to report stronger fit with caring ethical climates ($r = .192$, $p < .05$) and were more averse to instrumental climates ($r = -.262$, $p < .01$). Those scoring higher on the Dark Triad reported slightly but not significantly better fit with the instrumental climates ($r = .163$, $p = .06$) and were more averse to caring climates ($r = -.226$, $p < .05$). Overall, the findings support the patterns of relationships expected regarding personality and P-O Fit, though the stronger negative
relationships with opposing climate types seem to indicate more of an aversion to the opposing climates than a preference for climates that match personal values and characteristics.

**Phase 2.** The main study hypotheses were tested in Phase 2. A preliminary examination of the intercorrelations among the main study variables revealed significant relationships between the Dark Triad traits and UDM ($r = .237, p < .01$) and P-O Fit and UDM ($r = .291, p < .01$).

**Analytical approach.** The model through which ethical climate and personality exert their influence on UDM in this study is referred to as conditional process modeling, where the influences of both conditional direct and indirect (mediated) effects are assessed. In my proposed model, the influence of ethical climate (X) on UDM (Y) is moderated by personality (W), the product of which is carried through the intervening variable of P-O Fit (M) (Hayes, 2009, 2013).

Conditional process analyses using a bootstrapping approach were used to test all main study hypotheses (PROCESS; Hayes, 2012). This statistical technique allows for the integration of mediation and moderation, estimates unstandardized model coefficients, standard errors, t-values, p-values, and confidence intervals on continuous outcomes using OLS regression. It does not require assumptions about the shape of the sampling distribution of the indirect effect as the Sobel test does (Sobel, 1982); nor does it require multiple iterations of regression analyses to meet Baron and Kenny’s (1986) criteria for establishing mediation.

Conditional process analysis uses bootstrapping to generate an empirical representation of the sampling distribution by repeatedly resampling the population $k$ number of times (Hayes, 2009, 2013). Hayes recommends at least 1,000 to 5,000 iterations of resampling in order to make accurate inferences about both the existence and size of indirect effects. This estimate is made through the generation of confidence intervals, which are examined to determine whether zero is
between the lower and upper bounds. If zero is not within the CI the claim can be made that the effect is not zero with ci% confidence. This is conceptually the same as rejecting the null hypothesis. See Figure 5.

**Trait Empathy Hypotheses.** I predicted that among participants assigned to imagine working in caring climates, higher levels of Trait Empathy would predict greater P-O Fit (H1a), and that P-O Fit would be positively related to UDM (H2). I also predicted that ethical climate and personality would interact such that individuals scoring higher in Trait Empathy would report greater willingness to engage in UDM in caring climates than in instrumental climates (H3a), and that P-O Fit would mediate the relationship between the interaction of Trait Empathy and ethical climate on UDM (H4).

Ethical climate (dummy coded 1 vs. 2 for caring and instrumental climates respectively) was entered as the IV (X), P-O Fit was entered as the mediator (M), UDM was entered as the DV (Y), centered Trait Empathy was entered as the moderating variable (W), and centered Dark Triad was entered as a control variable (C). See Tables 3 and 4 for all results. Consistent with H1a, results revealed a significant interaction between ethical climate and trait empathy on P-O Fit (path $a_3 = -.302$, $p = .036$). An examination of Figure 6 suggests that this pattern was somewhat different than expected, however. Paralleling the findings from Phase 1, higher levels of trait empathy predicted worse P-O Fit in instrumental climates rather than better P-O Fit in caring climates. See Figure 6.

In support of H2, higher levels of P-O Fit predicted greater UDM, $B = .436$, $t(117) = 3.294$, $p = .001$. In order to test H3a, a multiple regression analysis was conducted with UDM entered as the dependent variable; ethical climate and trait empathy were entered in Step 1, and the interaction term of ethical climate and trait empathy were entered in Step 2. The interaction
of ethical climate and trait empathy was not significantly related to UDM, $B = .338$, $t(115) = 1.581$, $p = .117$. This suggests that higher levels of trait empathy do not predict more UDM in either caring or instrumental climates, however, with a larger sample size this effect may have reached significance. Thus, support was not found for H3a. See Figure 7.

Despite the absence of a significant interaction between ethical climate and trait empathy on UDM, I proceeded with testing for mediation via P-O Fit because of its marginal significance and because a total effect of the IVs on the DV is not necessary for mediation to be operating (Hayes, 2013). For H4, confidence intervals associated with the index of moderated mediation were examined to determine whether P-O Fit explained any of the relationship between ethical climate and trait empathy on UDM. The results, appearing in Table 4, revealed that the test of moderated mediation was significant, index = -.139 (.090) CI [-.364: -.005]. For individuals low in empathy (-1 SD below the mean) to average in empathy, perceptions of fit did not explain any variance in the relationship between climate and UDM. (Zero was within the confidence intervals.) For individuals high in empathy (+1 SD above the mean), perceived fit significantly mediated the association between ethical climate and UDM. ($LLCI = -.641$, $ULCI = -.005$) This means that among individuals reporting higher levels of trait empathy, better P-O Fit (with caring climates) led to less UDM, and lower P-O Fit (with instrumental climates) led to higher UDM. Thus, even though some statistical support was found for H4 regarding the mediating role of fit, the overall pattern of findings was inconsistent with that which was predicted. Greater levels of trait empathy and P-O Fit were associated with less rather than more UDM in caring climates.

**Dark Triad Hypotheses.** I predicted similar patterns of interactions between the Dark Triad and ethical climate for P-O Fit and UDM. I predicted that among individuals assigned to
imagine working in instrumental climates, higher levels of the Dark Triad traits would predict greater P-O Fit (H1b), and that P-O Fit would be positively related to UDM (H2, previously noted as supported). I also predicted that ethical climate and personality would interact such that individuals scoring higher on the Dark Triad would report greater willingness to engage in UDM in instrumental climates than in caring climates (H3b), and that P-O Fit would mediate the relationship between the interaction of the Dark Triad and ethical climate on UDM (H5).

Ethical climate was again entered as the IV (X), P-O Fit was entered as the mediator (M), UDM was entered as the DV (Y), centered Dark Triad was entered as the moderating variable (W), and centered Trait Empathy was entered as a control variable (C). See Tables 5 and 6 for all results.

The interaction of ethical climate and the Dark Triad was not significantly related to P-O Fit (path a3 = .029, p = .855). Thus no support was found for H1b. H2 was supported as noted in the previous set of analyses where greater P-O Fit predicted more UDM, B = .436, t(117) = 3.294, p = .001. A separate multiple regression analysis revealed no significant interaction between climate and the Dark Triad on UDM, B = -.290, t(115) = -1.262, p = .210, failing to support H3b.

H5 could not be supported as I found no significant interaction between ethical climate and the Dark Triad on P-O Fit.

**Exploratory Analyses.** The rationalizations of reciprocity, affiliation, identification, and personal gain were explored as possible mediators of UDM. Additionally, in order to assess any potential limitations of the shortened versions of psychopathy (Levenson, Kiehl, & Fitzpatrick, 1995), Machiavellianism (Christie & Geis, 1970), and narcissism (Ames, Paul & Anderson, 2006) as measured in the Dark Triad (Jonason & Webster, 2010), full versions of the original scales for each were examined in multiple regression analyses.
Intercorrelations between Rationalizations and UDM. Intercorrelations among the rationalizations, and UDM revealed several significant relationships. Reciprocity, identification, and personal gain were significantly related to UDM (significant r’s range from .18 to .29, all p’s < .05), with affiliation showing the only non-significant relationship. The three more positively-valenced rationalizations (reciprocity, affiliation, and identification) were all significantly intercorrelated with each other (r’s ranging from .64 to .73, all p’s <.01.)

Rationalization Analyses. Bootstrapping and multiple regression analyses similar to the main study analyses were conducted to determine whether one or more of the four rationalizations mediated the relationships between ethical climate and trait empathy or Dark Triad on UDM. Initially, multiple regression analyses were conducted to determine whether ethical climate and either of the personality traits were related to the rationalization measures. In instances where this evidence was present, those rationalizations were entered as the mediating variable (M), ethical climate was entered as the IV (X), UDM was entered as the DV (Y), and the appropriate personality variable was entered as the moderator (W).

Only the rationalizations of reciprocity and identification showed significant or near significant relationships with ethical climate, personality, or their interaction and will be reported here. Tests of the relationships between ethical climate, personality, and their interaction on personal gain and affiliation were non-significant (all t’s < 1.96; all p’s > .10) and no further testing was conducted for those rationalizations.

Reciprocity and Trait Empathy. A significant main effect was found for ethical climate on reciprocity, $B = -.338, t(116) = -2.764, p = .007$, indicating that participants were more likely to report reciprocity in caring climates than in instrumental climates. No significant effect was found for trait empathy on reciprocity, $B = .009, t(116) = .155, p = .877$, nor was there an
interaction between ethical climate and trait empathy on reciprocity, $B = .015$, $t(115) = .138$, $p = .890$. A multiple regression analysis further confirmed the relationship between reciprocity and UDM, $B = .378$, $t(117) = 2.217$, $p = .029$. Because only main effects were found for ethical climate on reciprocity, and reciprocity on UDM, a simple mediation analysis using bootstrapping procedures was conducted with ethical climate entered as the independent variable ($X$), reciprocity entered as the mediating variable ($M$), and UDM entered as the dependent variable ($Y$). Results showed a significant indirect effect of ethical climate on UDM, as zero was not within the confidence intervals, index = -.145 (.088) CI [-.378: -.018] indicating that reciprocity mediated that relationship. This indicated that participants felt a stronger need to reciprocate the company's good will in caring compared to instrumental climates, and the need to reciprocate in turn predicted higher levels of UDM, a finding that is in line with the general tenets of this dissertation.

Reciprocity and the Dark Triad. Results showed no significant interaction between ethical climate and the Dark Triad on reciprocity, $B = -.019$, $t(115) = -.159$, $p = .874$. Since reciprocity has already been established as mediating the relationship between ethical climate and UDM, no further analyses were conducted.

Identification and Trait Empathy. Results showed a near significant main effect between ethical climate and identification, $B = -.255$, $t(116) = -1.797$, $p = .075$. However, similar to the results found for the rationalization of reciprocity, there was no significant interaction between ethical climate and trait empathy on identification, $B = -.115$, $t(116) = -.891$, $p = .375$. Since identification was significantly related to UDM, $B = .341$, $t(117) = 2.273$, $p = .025$, I proceeded with further testing to determine if mediation was operating using bootstrapping analyses. Ethical climate was entered as the independent variable ($X$), identification was entered as the
mediating variable \((M)\), and UDM entered as the dependent variable \((Y)\). Results showed a significant indirect effect of ethical climate on UDM as zero was not within the confidence intervals, index = -.094 (.066) CI [-.272: -.001] indicating that reciprocity mediated that relationship.

Identification and the Dark Triad. Results showed no significant interaction between ethical climate and the Dark Triad on identification, \(B = -.051, t(116) = -.362, p = .718\). Since identification has already been established as mediating the relationship between ethical climate and UDM, no further analyses were conducted.

Because both reciprocity and identification mediated the relationship between ethical climate and UDM, a parallel mediation test was conducted to determine whether both of these rationalizations exerted independent effects, or whether one mechanism was driving the observed effects. As before, ethical climate was entered as the independent variable \((X)\), both reciprocity and identification were entered as mediating variables \((M_1, M_2)\), and UDM was entered as the dependent variable \((Y)\). With both reciprocity and identification entered as mediators, the independent effects of each variable did not remain. Zero was within the confidence intervals for reciprocity, index = -.089 (.089) CI [-.306: .048]; and for identification, index = -.053 (.061) CI [-.251: .022]. However, the total mediation effect remained, index = -.142 (.089) CI [-.373: -.006] indicating that reciprocity and identification were both explaining the same variance in the relationship between ethical climate and UDM.

Trait Intercorrelations. Intercorrelations among the full measurements of each of the Dark Triad traits, P-O Fit and UDM revealed significant relationships between narcissism and UDM \((r = .227, p < .05)\), psychoticism and UDM \((r = .333, p < .001)\) and Machiavellianism and UDM \((r = .195, p < .05)\). Only psychoticism was significantly related to P-O Fit \((r = .185, p <
Additionally, each of the exploratory traits was significantly related to each other. As these traits share many similar characteristics, these findings correspond with previous studies examining construct overlap of the three traits (Paulhaus & Williams, 2002; Jonason & Webster, 2010).

**Trait Regression Analyses.** For each of the additional personality traits, multiple regression analyses were used to probe the same general hypotheses as were examined in the main study analyses to determine whether further conditional process analyses were warranted. H2 concerning the relationship between P-O Fit and UDM will not be reexamined here as I have already established in previous sections that P-O Fit is significantly related to UDM.

**Narcissism.** The interaction of ethical climate and narcissism was not significantly related to P-O Fit or to UDM (all $p$s > .10). This indicates that individuals reporting greater narcissism did not report greater fit, and were also not more willing to engage in UDM in instrumental climates than in caring climates.

**Machiavellianism.** Ethical climate and Machiavellianism did not interact to predict better P-O Fit, $B = .668$, $t(115) = 1.500$, $p = .136$. Ethical climate and Machiavellianism did interact to predict differences in UDM, but the relationship was in the direction opposite to my predictions, $B = -1.769$, $t(115) = -2.739$, $p = .007$. Individuals reporting greater Machiavellianism reported more willingness to engage in UDM in caring climates, $B = 1.727$, $t(57) = 3.659$, $p = .001$, but there was no difference in willingness to engage in UDM for individuals regardless of reported Machiavellianism in instrumental climates, $B = -.042$, $t(58) = -.097$, $p = .923$. See Figure 8. As the interaction of ethical climate and Machiavellianism was not significantly related to P-O Fit, no further analyses were conducted. See Figure 8.
Psychoticism. Ethical climate and psychoticism did not interact to predict better P-O Fit, 
\( B = -.196, t(115) = -.471, p = .638 \). Ethical climate and psychoticism did interact to predict 
UDM, \( B = -1.445, t(115) = -2.487, p = .014 \). Individuals reporting greater psychoticism were 
more likely to express willingness to engage in UDM in caring climates, \( B = 2.505, t(58) = 
4.631, p = .000 \). However, this relationship was only approaching significance in instrumental 
climates, \( B = .605, t(58) = 1.675, p = .099 \). See Figure 9. As in the previous analyses, because the 
interaction between ethical climate and psychoticism was not significantly related to P-O Fit, no 
further analyses were conducted. See Figure 9.

Study 1 Discussion

Overall, I found very little support for my study’s hypotheses. Hypothesis 1a examining 
the interaction of trait empathy and ethical climate on P-O Fit was not supported, showing 
instead that greater trait empathy led to worse P-O Fit in instrumental climates rather than better 
P-O Fit in caring climates. Hypothesis 1b examining the interaction of the Dark Triad traits and 
ethical climate on P-O Fit received no support. Hypothesis 2 examining the relationship between 
P-O Fit and UDM was supported, showing that greater P-O Fit did lead to more UDM. Neither 
hypotheses 3a or 3b examining the interactions of trait empathy or the Dark Triad traits on UDM 
were supported. Hypothesis 4 examining P-O Fit as a mediator of the interactive effects of trait 
empathy and ethical climate on UDM was not supported, though there was a partial effect in the 
opposite direction that was predicted. It is possible that a suppression effect was operating, 
however, as I found positive direct and negative indirect effects of the climate and trait empathy 
interaction on UDM. Hypothesis 5 examining P-O Fit as a mediator of the interactive effects of 
the Dark Triad traits and ethical climate on UDM was not supported. Extensive exploratory 
analyses that I conducted did not provide any further explanations that were in line with my 
predictions.
The findings from Study 1 suggest that better P-O Fit on its own may predict more UDM. However, when considering P-O Fit as a mediator of the relationships between organizational climate and personality on UDM, its influence is less clear and somewhat contradictory to the study’s proposed hypotheses. Individuals scoring higher on trait empathy reported worse P-O Fit in instrumental and slightly better P-O Fit in caring climates, which was generally consistent with predictions. However, there was no evidence of those individuals engaging in more UDM in caring climates. In fact, I found evidence that higher reported levels of trait empathy were associated with a lower likelihood of behaving unethically, and that this relationship was mediated by higher perceptions of fit. Though these findings are contrary to my proposed hypotheses, they are in line with extant research showing that individuals who report greater empathy tend to engage in less UDM (Detert, et al., 2008; Brown, et al., 2010). It is possible that the emphasis on ethical behavior in the caring climate simulation materials is partly responsible for this effect, and led participants to be more aware of their fit with the organization to which they were assigned. I will discuss this finding in greater detail in the General Discussion chapter.

There was no evidence of an interaction between ethical climate and the Dark Triad traits on P-O Fit or UDM, although the Dark Triad traits on their own were positively related to UDM. This indicates that regardless of ethical climate, individuals reporting higher levels of the Dark Triad traits were more willing to engage in UDM than those who reported lower levels of the traits. Ethical climate also interacted with both Machiavellianism and psychoticism to explain variance in UDM. The nature of this interaction was contrary to what was predicted, however. As shown in Figures 8 and 9, individuals reporting higher levels of Machiavellianism and psychoticism were more likely to act unethically in caring climates than in instrumental climates. Put another way, people high in Machiavellianism and psychoticism were more inclined to
behave in contrast to the norms found in caring climates than they were to act in congruence with the norms of instrumental climates.

There were a disproportionate number of Asian participants in Study 1’s sample, which could have overly influenced the data and outcomes for Study 1. Because of cultural differences in conformity and compliance with norms, Asian participants may have been more acquiescent to the expectations of whichever ethical climate they were assigned to and engaged in more UDM in instrumental climates, and less UDM in caring climates as a result. These concerns are based largely on previous evidence of differences in emotional experience, cognitive processes, motivation and behavior between individuals from collectivistic and individualistic cultures wherein Asian individuals tend to behave in ways that promote social harmony (Trafimow, Triandis & Goto, 1991; Stapel & Koomen, 2001; Triandis, 2001). As noted earlier in the chapter, however, an examination of participants’ scores on the study variables showed no notable differences between the populations of Asian and White or Caucasian ethnic groups.

Lastly, though three of the rationalizations (reciprocity, identification, and personal gain) were significantly and positively related to UDM, I found no evidence that they mediated the interactions between traits and ethical climate on UDM. Reciprocity and identification on their own did mediate the relationship between ethical climate and UDM, however their independent effects did not remain when examined in parallel mediation analyses. Given the strong intercorrelation noted between these two rationalization measures ($r = .71^{**}$), it makes sense that the independent effects would wash out as they share 50% of the variance with each other. As the rationalization measures were developed specifically for this research, it is possible that further testing and refinement is required to ensure they are valid measures of the intended constructs and can be adequately differentiated from each other.
Chapter 7: Study Two

The purpose of Study 2 was to test the same ideas as in Study 1 using a non-experimental design with a sample of organizational employees. I examined whether personality traits moderated the relationship between ethical climate type and P-O Fit, and whether P-O Fit predicted participants’ willingness to engage in UDM. The following hypotheses were tested:

Hypothesis 1a: Trait empathy will moderate the relationship between ethical climate type and perceptions of P-O Fit. Specifically, individuals who report higher levels of trait empathy will report better P-O Fit in caring climates than in instrumental climates.

Hypothesis 1b: The Dark Triad traits will moderate the relationship between ethical climate type and perceptions of P-O Fit. Specifically, individuals who report higher levels of the Dark Triad traits will report better P-O Fit in instrumental climates than in caring climates.

Hypothesis 2: P-O Fit will be positively related to UDM, such that individuals reporting better P-O Fit will be more likely to engage in UDM than individuals who report worse P-O Fit.

Hypothesis 3a: Trait empathy will moderate the relationship between ethical climate type and UDM. Specifically, individuals who report higher levels of trait empathy will report more willingness to engage in UDM in caring climates than in instrumental climates.

Hypothesis 3b: The Dark Triad traits will moderate the relationship between ethical climate type and UDM. Specifically, individuals who report higher levels of the Dark Triad traits will report more willingness to engage in UDM in instrumental climates than in caring climates.
Hypothesis 4: P-O Fit will mediate the interactive effects of ethical climate and trait empathy on UDM.

Hypothesis 5: P-O Fit will mediate the interactive effects of ethical climate and the Dark Triad traits on UDM.

Participants

Participants were 124 organizational employees (48 women and 76 men) ranging in age from 18 to 67 years \((M = 32.21 \text{ years}, \ SD = 9.88 \text{ years})\). They were recruited through Amazon Mechanical Turk (MTurk). Six participants (4.8%) identified as Black or African American, 5 (4.0%) as Hispanic or Latino, 9 (7.3%) as Asian, 2 (1.6%) as Native Hawaiian or Other Pacific Islander, 1 (.8%) as American Indian or Alaskan Native, 100 (80.6%) as White or Caucasian, and 1 (.8%) as Other. MTurk is an online “crowdsourcing marketplace” where researchers are able to qualify participants for social science studies (among other Human Intelligence Tasks or HITs) based on qualification criteria determined by the researcher. Participants were required to be at least 18 years of age at the time of their participation, and participants must have been working in their current job in the United States for no more than two years at the time of their participation. This is an important qualification as P-O Fit tends to increase the longer individuals are with an organization (Sims & Kroeuk, 1994; Kristoff-Brown, et al., 2005). Thirty-three participants were removed from analysis due to reporting more than 2 years of tenure in their current job. Eight participants were dropped for random, careless or extreme responding, leaving 83 participants whose data were available for analysis. As compensation, all participants received $2 through MTurk.
Design

Unlike the experimental design of Study 1 where participants were randomly assigned to either a caring or instrumental climate, Study 2 used a non-experimental design where factor scores determined how caring or instrumental participants perceived their organization’s ethical climate to be. The personality variables of trait empathy and the Dark Triad were again measured as independent predictors, though the longer forms of the trait scales for Narcissism, Psychopathy and Machiavellianism were not administered in Study 2 in order to lessen the burden on the recruited organizational employees.

Measures

**Personality.** Participants completed measures of Trait Empathy (IPIP; Goldberg, 2001) and The Dark Triad (Jonason & Webster, 2010). These scales and their properties were previously described for Study 1 and are included in Appendix B. Cronbach’s alphas (α) in the current study were .89 for trait empathy and .88 for the Dark Triad.

**Ethical Climate.** Participants completed the Ethical Climate Questionnaire, which measures the degree to which participants’ ethical climates were perceived as caring or instrumental (ECQ; Victor & Cullen, 1987, 1988). The scale consists of 36 items that measure nine theoretical climate types. All 36 items were administered, though only items measuring caring and instrumental climates were examined for the purposes of the current research. The instrument is a six-point Likert-type scale from 1 (completely false) to 6 (completely true) with reliabilities of \( \alpha = .80 \) and \( \alpha = .71 \) for the Caring and Instrumental scales respectively (Victor & Cullen, 1988). See Appendix C for the full list of items. An example of a Caring item is “The most important concern is the good of all the people in the company.” An example of an
Instrumental item is “People in this company are very concerned about what is best for themselves.”

**P-O Fit.** P-O Fit was measured with the same three-item measure as in Study 1 (Cable & Judge, 1996; Grogan & Youngs, 2011). Cronbach’s alpha in the current study was $\alpha = .95$. The full list of items can be found in Appendix B.

**Rationalizations.** Participants were asked to rate their agreement with statements that represented the same four rationalization dimensions from Study 1 (reciprocity, affiliation, identification, and personal gain). These were each measured on a scale from 1 (Strongly disagree) to 5 (Strongly agree). Cronbach’s alphas for each of the scales are as follows: Reciprocity ($\alpha = .87$), affiliation ($\alpha = .78$), identification ($\alpha = .86$), and personal gain ($\alpha = .71$). The statements were modified from Study 1 to reflect responses directed toward perceptions of their own organization (e.g. “I feel closely connected to my organization”). See Appendix C.

**UDM.** Participants were presented with four vignettes describing ethical dilemmas that might be encountered in the workplace ($\alpha = .81$; see Appendix C). These ethical scenarios were similar to the items that were presented to participants in Study 1 but were modified such that participants were asked to imagine them occurring in the company for which they work. Participants rated their likelihood of endorsing UDM in each of the scenarios on a Likert-type scale from 1 (Very unlikely) to 7 (Very likely).

**Non-UDM Items.** Participants were presented with four non-UDM items as filler items in order to distract them from the study’s actual purpose. These items were similar to the in-basket Non-UDM items from Study 1 but were modified (as the UDM items were) to reflect participants being asked to imagine them occurring in their company. Participants provided short open-ended responses for each scenario.
Procedures

Participants were told that the purpose of the study was to examine how people make decisions on day-to-day tasks in organizations. Participants initially completed the measures of Trait Empathy, the Dark Triad, and perceived ethical climate. In order to reduce the potential for demand characteristics, a word scramble filler task was presented to participants to work on for five minutes after completing the trait measures (See Appendix C). After five minutes passed, participants completed the P-O Fit and rationalization measures. Participants were then instructed to answer the next set of questions (UDM and non-UDM items) as if the scenarios were occurring in the organization for which they currently work. As in Study 1, the UDM and non-UDM items were randomly presented to participants via Qualtrics. Finally, participants completed the demographic measures.

Results

Means and standard deviations for all study variables are reported in Table 7. Correlations among all study variables are reported in Table 8.

Ethical Climate. Previous literature examining ethical climate factor structure shows some variability in how specific items tend to load across the ethical climate factors (Cullen, 1993; Vaicys, Barnett & Brown, 1996; Argawal & Mallow, 1999; Fritzche, 2000; Martin & Cullen, 2006; Bulutar & Oz, 2009; Parboteeah, et al., 2010). As such, a Principal Components factor analysis was conducted using a Varimax rotation using only the individual and local level caring and instrumental climate items in order to explore the underlying factor structure in the current sample. Decision rules were put in place to drive item selection. Items that demonstrated loading coefficients of at least .500 on a factor with no cross loadings exceeding .300 were kept for further analysis (Victor & Cullen, 1993; Fritzche, 2000). See Table 9 for factor loadings.
All of the caring climate items loaded onto one caring climate factor with no cross loadings approaching .300, providing strong evidence for retaining all 8 of the caring items as one factor. Two factors emerged for the instrumental climate items. The first instrumental factor consisted of all four local level instrumental items with one additional individual level item also loading onto that factor. The second instrumental factor consisted of 3 individual level items, one of which had a cross loading with the first instrumental factor in excess of .300 leading to that item being excluded. The final instrumental factor consisted of the four local and one individual level items. See Table 9 for all factor loadings. The final items that comprise caring and instrumental climates that were retained for analysis can be found in Appendix C and are italicized for reference.

Standardized average scores from the final items were derived for both the caring climates and instrumental climates. Following Fritzche’s (2000) recommended procedures, participants were classified into either caring or instrumental climates based on their higher average score from the final item scales. Forty-four participants were classified into caring climates and thirty-nine participants were classified into instrumental climates, leaving 83 participants’ data for hypothesis testing.

**Analytical Approach.** The analytical approach for Study 2 was identical to the approach used in Study 1 where the influence of ethical climate (X) on UDM (Y) is moderated by personality (W), the product of which is carried through the intervening variable of P-O Fit (M) (Hayes, 2009, 2013). Bootstrapping and multiple regression analyses were used to test all hypotheses. See Figure 10.

**Trait Empathy Hypotheses.** I predicted that participants would report stronger perceptions of fit if they worked in a caring (compared to instrumental) climate to the extent that
they are high compared to low in trait empathy (H1a), and that P-O Fit would be positively related to UDM (H2). I also predicted that ethical climate and personality would interact such that individuals scoring higher in trait empathy would report greater willingness to engage in UDM in caring climates than in instrumental climates (H3a), and that P-O Fit would mediate the relationship between the interaction of trait empathy and ethical climate on UDM (H4).

Ethical climate (dummy coded 1 vs. 2 for caring and instrumental climates respectively) was entered as the IV (X), P-O Fit was entered as the mediator (M), UDM was entered as the DV (Y), centered Trait Empathy was entered as the moderating variable (W), and centered Dark Triad was entered as a control variable (C). See Table 10 for all results. Results showed no significant interaction between ethical climate and trait empathy on P-O Fit (path a3 = -.100, p = .542). Thus, no support was found for H1a.

Higher levels of P-O Fit did not predict greater UDM, B = .059, t(81) = .409, p = .684, so no support was found for H2. In order to test H3a, a multiple regression analysis was conducted with UDM entered as the dependent variable. Ethical climate and trait empathy were entered in Step 1, and the interaction terms of ethical climate and trait empathy were entered in Step 2. Results revealed no significant interaction between ethical climate and trait empathy on UDM, B = -.326, t(79) = -1.265, p = .209, thus H3a was not supported. As no support was found for H2, which proposed that greater P-O Fit would predict greater UDM, H4 regarding mediation cannot be supported. Though bootstrapping analyses allow for more flexibility in testing for mediation than do traditional regression analyses, the proposed mediator must still show an effect on the DV in order to proceed with those tests. Because no relationship was observed between P-O Fit and UDM, further tests for mediation using bootstrapping analyses are not warranted for either the trait empathy or Dark Triad hypotheses.
**Dark Triad Hypotheses.** I predicted similar patterns of interactions between the Dark Triad and ethical climate on P-O Fit and UDM. I predicted that among individuals working in instrumental climates, higher levels of the Dark Triad traits would predict greater P-O Fit (H1b), and that P-O Fit would be positively related to UDM (H2, previously noted as not supported). I also predicted that ethical climate and personality would interact such that individuals scoring higher on the Dark Triad would report greater willingness to engage in UDM in instrumental climates than in caring climates (H3b), and that P-O Fit would mediate the relationship between the interaction of the Dark Triad and ethical climate on UDM (H5).

Ethical climate was entered as the IV (X), P-O Fit was entered as the mediator (M), UDM was entered as the DV (Y), centered Dark Triad was entered as the moderating variable (W), and centered Trait Empathy was entered as a control variable (C). See Table 11 for all results. Ethical climate and the Dark Triad interacted significantly to predict P-O Fit (path $a_3 = .540$, $p = .006$) indicating that higher scores on the Dark Triad indicated greater P-O Fit in instrumental climates than in caring climates. See Figure 11.

As this finding is in the direction of my predictions, support was found for H1b. H2 was not supported as noted in the previous set of analyses ($B = .059$, $t(81) = .409$, $p = .684$). The interaction of ethical climate and the Dark Triad were not significantly related to UDM ($B = .225$, $t(79) = .749$, $p = .456$), thus no support was found for H3b. As H2 was not supported, I did not proceed with testing for mediation for H5.

**Alternative Ethical Climate Approach.** A different approach to classifying ethical climate was also tested to determine whether differentiating perceptions of ethical climate on a continuum versus dichotomously would provide further insight into the findings reported above (Barnett & Brown, 1996, Parboteeah, et al., 2010). The standardized scores obtained for each
participant’s perception of their organization’s ethical climate were entered as continuous predictors into Step 1, along with trait empathy and the Dark Triad. The interactions of caring ethical climate scores and trait empathy, caring ethical climate scores and the Dark Triad, instrumental climate scores and trait empathy, and instrumental climate scores and the Dark Triad were entered into independent analyses in Step 2. Dependent measures included both PO fit and UDM.

Results showed main effects for caring climate, $B = .674$, $t(78) = 8.021$, $p = .000$, and for instrumental climate, $B = -.247$, $t(78) = -2.940$, $p = .004$ on P-O Fit, indicating better perceptions of P-O Fit to the degree that participants perceived they worked in caring climates, and worse perceptions of P-O Fit to the degree they perceived they worked in instrumental climates. These findings are in line with the literature on ethical climate, wherein caring climates are typically preferred over instrumental climates by employees (Martin & Cullen, 2006). No significant main effect was found for trait empathy on P-O Fit, $B = -.080$, $t(78) = -1.223$, $p = .225$, but a main effect was observed for the Dark Triad on P-O Fit, $B = .172$, $t(78) = 2.204$, $p = .030$ suggesting that higher scores on the Dark Triad lead to better perceptions of P-O Fit. None of the interactions were significantly related to P-O Fit, all $p$’s $>.10$.

Results for UDM showed no main effects for caring climate, $B = -.005$, $t(78) = -.032$, $p = .975$, or for instrumental climate, $B = .000$, $t(78) = .003$ $p = .998$, indicating no difference in willingness to engage in UDM regardless of the degree to which participants perceived they worked in a caring or an instrumental climate. Significant main effects on UDM were found for the Dark Triad, $B = .427$, $t(78) = 2.843$, $p = .006$, but not for trait empathy, $B = .043$, $t(78) = 342$, $p = .733$. This suggests that higher scores on the Dark Triad indicate greater willingness to engage in UDM. Only the interaction of caring climate scores and trait empathy were
significantly related to UDM, $B = .263$, $t(78) = 2.111$, $p = .038$. This indicated that participants who reported more trait empathy and who worked in more caring climates reported greater willingness to engage in UDM. Conversely, participants who reported more trait empathy and who worked in less caring climates were reported less willingness to engage in UDM. See Figure 12. This finding is aligned with H3a, though as P-O Fit has already been established as not significantly related to UDM, no further analyses were conducted. See Figure 12.

**Intercorrelations between Rationalizations and UDM.** Intercorrelations revealed no significant relationships between the rationalizations of reciprocity, affiliation, identification, and personal gain and UDM. The three more positively oriented rationalizations (reciprocity, affiliation, and identification) were all significantly intercorrelated with each other with $r$’s ranging from .78 to .81, all $p$’s <.001, though because there were no significant relationships found between the rationalizations and UDM, no further analyses were conducted.

**Study 2 Discussion**

In this section I will first discuss the findings for the dichotomous operationalization of ethical climate, followed by discussion of findings for the continuous operationalization of ethical climate. Overall, I found very little support for the hypotheses for Study 2 regardless of which operationalization of ethical climate was being examined.

**Dichotomous Ethical Climate.** For Hypothesis 1a, I examined the interaction of trait empathy and ethical climate on P-O Fit. This hypothesis was not supported as there were no significant differences in P-O Fit as a function of trait empathy or the climate in which they worked. For Hypothesis 1b, I examined the interaction of the Dark Triad and ethical climate on P-O Fit. This hypothesis was supported as participants scoring higher in the Dark Triad traits reported greater P-O fit in instrumental climates than in caring climates. Hypothesis 2 predicting
a positive relationship between P-O Fit and UDM was not supported. Neither Hypotheses 3a nor 3b regarding the interactions of trait empathy or the Dark Triad traits on UDM were supported. Hypotheses 4 and 5 could not be supported because there was no significant relationship between the proposed mediator of P-O Fit and UDM.

**Continuous Ethical Climate.** I conducted the same hypothesis tests after replacing the dichotomous climate measure with standardized ethical climate scale scores. Participants’ perceptions of ethical climate were considered along a continuum for each of the caring and instrumental climates. These exploratory analyses yielded some significant findings that were in line with my hypotheses, though again the findings were sparse.

I found main effects for both instrumental and caring climates on P-O Fit, wherein participants who reported working in more instrumental climates reported worse P-O Fit, and participants who reported working in more caring climates reported better P-O Fit. I also found that higher compared to lower reported levels of the Dark Triad led both to better P-O Fit and greater willingness to engage in UDM. However, the interaction between ethical climate and the Dark Triad on P-O Fit was not replicated with the continuous conceptualization of ethical climate. The significant crossover interaction between trait empathy and caring climate on UDM was in line with my study’s main hypotheses. Participants who reported greater levels of trait empathy and reported working in a more caring climate were more willing to engage in UDM than individuals reporting less trait empathy and who reported working in less caring climates. Lastly, none of the rationalizations were related to UDM, making any further exploratory tests of mediation unnecessary.

The findings from Study 2, though somewhat in line with the extant literature on P-O Fit, ethical climate and UDM, did not support my general thesis that congruence between personal
characteristics and the characteristics of ethical climate lead to better fit, nor did better fit lead to more UDM. It is possible that the sample obtained through Amazon’s Mechanical Turk was not representative of a typical homogenous group of workers in the U.S., or that the mTurk participants did not complete the tasks carefully or honestly, either of which could have led to the generally null and inconsistent results found in Study 2. However, there is evidence that Amazon’s population of “workers” on mTurk is not substantially different from other research populations, nor is the quality of participants' “work” for the purposes of research studies considered deficient (Buhrmester, Kwang, & Gosling, 2011; Casler, Bickel, & Hackett, 2013).

It is possible that the connection between participants’ own organizations and the exercise they were asked to complete as part of Study 2 was not salient enough to influence systematic differences in UDM. The instructions to complete the in-basket exercise as if the scenarios were occurring within participants’ own organization were embedded within a complex and lengthy set of materials and may not have been salient enough to recall when participants were completing the exercise. The only significant finding that I noted for UDM in Study 2 was when examining the interaction of ethical climate and trait empathy on the continuous conceptualization of ethical climate.

It is also possible that restricting my sample to participants with two years or less of tenure in their current organization may have altered the data. I explored this idea by re-including those 33 individuals who did not follow recruitment instructions and completed the study anyway. The inclusion of these individuals did not alter the pattern of findings in any notable way. It is also possible that restricting my sample to participants with two years or less of tenure in their current organization may have altered the data. I explored this idea by re-including those 33 individuals who did not follow recruitment instructions and completed the study anyway. The inclusion of these individuals did not alter the pattern of findings in any notable way. It is also possible that restricting my sample to participants with two years or less of tenure in their current organization may have altered the data. I explored this idea by re-including those 33 individuals who did not follow recruitment instructions and completed the study anyway. The inclusion of these individuals did not alter the pattern of findings in any notable way. 

1All main study analyses were conducted again with those 33 individuals included. Results yielded only minor differences in significance levels, and all directional patterns held. H1b
in this sample P-O Fit was attenuated slightly with these individuals included in the overall sample. Nevertheless, there is the possibility that individuals, particularly early career workers, with less than 2 years of tenure do not have the experience to truly understand what it means to “fit” with an organization, and may not understand how working in one ethical climate may differ from another. Allowing, and perhaps even recruiting, individuals with more tenure might lead to more accurate ratings of P-O Fit given the broader perspective these individuals are likely to have.

The inconsistent findings for UDM between the dichotomous and continuous climate conceptualizations may have been more due to artifacts in how participants’ ethical climates were derived in Study 2 rather than any actual differences in the ethical climates in which participants worked. The decision rules that I followed in the sorting for dichotomous ethical climate in Study 2 were not very conservative, particularly for participants who had close scores on both climate measures. Only participants with tie scores on both measures were not sorted into one climate or the other, which may have led to participants being sorted into climates inaccurately. The continuous climate analyses accounted for participant responses on both of the instrumental and caring climates measures simultaneously rather than sorting participants into one climate or another, and may have allowed for more accurate estimations of the type of ethical climate in which participants worked. I will explore these and other potential explanations for the inconsistent findings in greater detail in the General Discussion chapter.

(dichotomous) and H3a (continuous) were no longer significant, and H3a (dichotomous) was marginally significant.
Chapter 8: General Discussion

Greater understanding of the personal and organizational influences on UDM is important for researchers and organizational leaders alike. As organizations continue to become increasingly global, and advances in technology allow for instantaneous communication and transfer of information around the world, the impact of UDM at an institutional level as seen in the events leading up to the economic collapse of 2008 can quickly ripple far beyond the borders of the United States (Hilsenrath, Ng, & Paletta, 2008; Crotty, 2009; Worstall, 2014). The economic impact of the United States’ financial meltdown shook the bedrock of the world economy, underscoring the importance of understanding and preventing (or at least minimizing) unethical acts from happening in the future.

In the current investigation, I proposed the idea that strong Person-Organization Fit could lead to more UDM. I hypothesized that a congruence of values between individuals and their organizations could lead to more rather than less UDM. Across two studies I tested the idea that individuals would report better P-O Fit in caring climates to the degree that they reported greater trait empathy, and better P-O Fit in instrumental climates to the degree that they reported greater levels of the Dark Triad traits. I also tested the hypothesis that better P-O Fit would lead to more UDM. In the following sections, I summarize my findings and discuss the potential implications for organizational leaders. I conclude with a discussion of the strengths and limitations of the current research and future directions for research.

Summary of findings

Across Studies 1 and 2, I found few consistent relationships that were in line with my predictions. The significant relationships I did find, however, were generally consistent with the extant literature. In Study 1, I found little evidence that ethical climate and personality interacted
to predict better P-O Fit. In Study 2, however, participants who reported working in more instrumental climates and who reported greater levels of the Dark Triad traits reported better P-O Fit than participants who reported working in less instrumental climates or who reported lesser levels of the Dark Triad traits. This congruence of values as reflected in Study 2 could speak to the convergence of organizational and personal characteristics as predictors of how well a person may perceive that they fit within an organization (Edwards & Cable, 2009). However, my ability to make that inference is limited due to the lack of replication in Study 1. One possible reason for the lack of similar findings across Studies 1 and 2 could be that participants in Study 1 may have had difficulty imagining how they would fit in a contrived ethical climate (Aguinis & Bradley, 2014), whereas participants in Study 2 were responding about their actual perceptions of fit in the organizations in which they worked. There is also recent evidence that MTurk participants can tend to respond differently than other samples when experimental conditions or participation requirements are complex (Krupnikov & Levine, 2014), which may have been an additional factor that led to the lack of replication across studies.

Consistent with predictions, participants in Study 1 who reported better P-O Fit reported more willingness to engage in UDM. This finding could speak to phenomenon described by Umphress and colleagues (Umphress, Bingham, & Mitchell, 2010; Umphress & Bingham, 2011), wherein individuals who strongly identify with an organization or feel that they are protecting or advancing the interests of their organization may engage in UDM in the service of that organization. Further, Vadera and Pratt (2013) proposed that workplace identification, particularly workplace over-identification, or being too “wrapped up” in the organization can lead to a greater propensity for individuals to engage in what the researchers term pro-organizational workplace crimes such as fraudulent reporting or other unethical behaviors meant
to be in the service of the organization. Though the concepts of P-O Fit and workplace identification are distinct concepts, they have been shown to lead to similar work outcomes, and may be complementary predictors in further research (Merecz & Andysz, 2014).

Unfortunately, this conclusion is also somewhat tempered by the failure to replicate the link between P-O fit and UDM in Study 2. When replying about how they would respond to ethical scenarios in their own organization, participants in Study 2 may have been more prone to invoke their moral imagination and moral identity rather than be influence by their fit with the ethical climate they worked in (Caldwell, & Moburg, 2007; Whitaker & Godwin, 2013). It is also possible that participants’ perceptions of P-O Fit in Study 1 may have been more salient than it was to participants in Study 2, as participants in Study 1 were likely to be actively considering their ethical climate and their fit within the climate when answering the UDM measures. Consistent with the literature, participants in Study 2 who reported greater trait empathy were generally less likely to report willingness to engage in UDM (Detert, et al., 2008; Brown, et al., 2010), whereas individuals reporting greater levels of the Dark Triad traits were generally more likely report willingness to engage in UDM (Nathanson, Paulhaus and Williams, 2006; Agnihotri & Krush, 2015; Murphy & Free, 2016).

The predicted interaction between trait empathy and ethical climate on perceptions of fit was supported in Study 1, although the pattern deviated somewhat from what was expected. I found that individuals reporting greater trait empathy reported worse fit in instrumental climates rather than better fit in caring climates. It may be that the characteristics of instrumental climates were more salient for more empathic individuals than were the characteristics of caring climates. This is consistent with the literature demonstrating that instrumental climates are typically less preferred (Martin & Cullen, 2006; Domino, Wingreen & Blanton, 2015). The dissonance
between the characteristics of instrumental climates and the values and beliefs associated with empathy led to a stronger disliking of the instrumental climate than a liking for the caring climate. As trait empathy has been found to be associated with how absorbed into a story, or how transported individuals can become (Green & Brock, 2000, 2002; Hall & Bracken, 2011), it is possible that individuals who reported greater trait empathy were more absorbed into the environment they were asked to imagine themselves in and that dissonance negatively impacted their perceptions of P-O Fit.

Though P-O fit was associated with greater UDM overall in Study 1, in caring climates highly empathic individuals reported worse P-O Fit in instrumental climates and slightly better fit in caring climates. These individuals also reported less likelihood of endorsing UDM, a finding which is contrary to my hypotheses, but that is in line with the literature on trait empathy and UDM (Detert, et al., 2008; Brown, et al., 2010). As noted in the Discussion for Study 1, it is possible that emphasizing the ethical nature of the caring climate throughout the simulation materials is partly responsible for this effect. Highly empathic participants in Study 1 may have been more attuned to their fit with the organization to which they were instructed to imagine themselves working in, which may have led to participants invoking their moral imaginations and moral identities in reference to their fit with the caring climate more so than in the instrumental climate (Caldwell, & Moburg, 2007; Whitaker & Godwin, 2013). However, these findings were not replicated in Study 2. It is also possible that a suppression effect was operating for the climate and trait empathy interaction on UDM. I found significant positive direct and negative indirect effects for the climate and trait empathy interaction on UDM. These competing relationships effectively washed out the total effect, making the true nature of these relationships difficult to interpret and generalize.
In the exploratory analyses for Study 1, the rationalizations of reciprocity, identification and personal gain were each significantly and positively related to UDM. Reciprocity and identification each singly mediated the relationship between ethical climate and UDM, where individuals asked to imagine working in caring compared to instrumental climates reported greater levels of reciprocity and identification, and were more likely to report willingness to engage in UDM. The independent effects of each rationalization washed out, however, when examined in parallel, likely due to the high degree of intercorrelation between the two measures. This finding, however, may speak again to the ideas of pro-organizational unethical behavior (Umphress, Bingham, & Mitchell, 2010; Umphress & Bingham, 2011) and to organizational identification and workplace crimes (Vadera & Pratt, 2013). The more a person identifies with an organization or the more a person feels the need to reciprocate the organization's good will, the more likely he or she may be to engage in behaviors that are unethical but that benefit the organization. These findings are in opposition to highly empathic individuals engaging in less UDM in caring climates (rather than more as I hypothesized), and seem contradictory. As noted previously, however, it is likely that a suppression effect was operating for the climate and trait empathy interaction on UDM, which makes those effects difficult to interpret. Given that none of these effects were replicated in Study 2, my ability to provide further interpretation or generalization beyond Study 1’s experimental sample is limited.

Implications

The implications of this research are somewhat unclear. One novel implication concerns individuals who work for organizations whose ethical climates are more caring. In caring climates, the tendency for individuals to feel a sense of identification or need for reciprocity could lead them to engage in unethical behavior that is meant to be in the service of the
organization (Umphress, Bingham, & Mitchell, 2010; Umphress & Bingham, 2011; Vadera & Pratt, 2013). Managers at all levels of organizations in which caring climates are present may wish to be watchful for individuals who identify too strongly or exhibit a strong sense of reciprocity for the organization. Study 1’s findings of P-O Fit leading to more UDM, and Study 2’s findings that highly empathic individuals in caring climates tended to engage in more UDM both speak to this potential area for concern.

The remaining findings that were significant speak to the implications of how personality traits known in the literature to lead to more (the Dark Triad) or less (trait empathy) UDM. Using personality measures for employment decisions can be a dangerous area for organizations to wade into. However, understanding the types of personality profiles that “fit” within a particular organization or job(s) and using personality indicators as an additional piece of information in combination with other indicators can help to mitigate that danger while leading to better job performance (Barrick & Mount, 1991; Hurtz & Donovan, 2000; Witt, et al., 2002; O’Boyle, et al., 2012; Vidyarthi, Anand & Liden, 2014).

It is unlikely that organizations would base employment decisions on something as tangentially job related as trait empathy or the Dark Triad (or any of the subscale measures of Machiavellianism, Narcissism, or Psychopathy), even with extensive research confirming their relationships with UDM, due to stringent legal requirements in the United States regarding the job relatedness of any assessment administered where an employment decision is at stake (EEOC, 1978; Guion, 1998; SIOP, 2003). From a developmental standpoint, however, organizations could potentially benefit from employing measures such as these to identify areas to watch for, or as opportunities for development. Not only are more empathic individuals less likely to engage in UDM, as Vidyarthi and colleagues (2014) noted, but more emotionally
perceptive leaders tend to inspire higher employee job performance as well. Similarly, not only are individuals who report greater levels of the Dark Triad more likely to engage in UDM, they are also more likely to have lower job performance quality, and are more likely to engage in counterproductive work behaviors (O’Boyle, et al., 2012). Learning and Organizational Development professionals may wish to employ one of many “work-oriented” personality instruments (often referred to as “works styles”) that tap into these types of traits as part of employees’ developmental programs. Personality is considered a sign of potential behavior, but it is not a sample of actual behavior (Silzer, 2012), and as such is only a partial determinant of how persons will actually behave in any given situation (Mischel, 1968).

**Strengths**

Despite the inconsistencies in findings, the present research had several strengths. Multiple steps were taken across studies execute research with a high degree of internal validity in Study 1 and external validity in Study 2. Study 1 employed an experimental design in which participants were randomly assigned to imagine working in either a caring or an instrumental ethical climate, allowing for greater control of confounding and other extraneous variables, and the manipulation of independent variables to establish causal relationships. Participants completed the study in two phases at least one week apart in order to reduce the influence of any carryover or priming effects from the personality measures or ethical climate materials. Study 2 employed a non-experimental design where the recruited sample consisted of working individuals who were asked to report on the ethical climate of the organization they currently worked in. The use of nearly identical experimental and non-experimental designs and measures provided a balance of internal validity in Study 1, and external validity in Study 2. Both studies
employed established and published methods and measures, lending additional strength to their
design.

**Limitations**

As discussed in each of the individual study chapters, some limitations were also operating. The artificiality of the experimental design in Study 1 may have contributed to behavior that does not reflect how participants would act in real life situations. This limits the generalization of any findings from Study 1 to actual work situations. The use of a student sample in Study 1 also may limit the generalizability of my findings due to student samples generally not being considered as representative of working populations.

It is also possible that the sample recruited through Amazon’s MTurk in Study 2 was not representative of the overall working population, though there is an emerging body of research that suggests MTurk participants tend to be more diverse than student samples, tend to pay more attention to experimental instructions and survey questions than other groups of participants, and generally respond to experimental stimuli consistent with previous research (Berkinksky, Huber & Lenz, 2012). Krupnikov and Levine (2014) note, however, that the results they obtained from their MTurk sample were at odds with other sample groups they obtained, particularly for experiments where more reading was required of participants or the experimental procedures were more complex. The researchers did not offer theory to explain these differences other than to call out the conditions under which they occurred. It is possible that the lack of replication I found across Studies 1 and 2 is due to some yet undetermined characteristic of MTurk participants who reacted differently than participants in Study 1 when faced with the large volume of reading and complex procedures involved in my study.
Most of the measures used in the study were established and tested instruments, however, the rationalization measures were developed specifically for this research. As such, they may be in need of further refinement and testing before conclusive interpretations can be made from their findings. The high degree of intercorrelations among reciprocity, identification, and affiliation across both studies speaks to the likelihood that the measures may not seem to be distinct enough to participants, leading to artifacts when reporting on their relationships between each other and other variables. The high degree of intercorrelation between the three positive rationalizations may also speak to a higher level, superordinate factor operating.

Study 1’s materials also may have unduly influenced participants’ willingness to endorse engaging in unethical behavior in caring climates. The climate description materials for Study 1 were written with a short but specific reference to the degree of ethicality the organization valued. Future iterations of these and other materials presented to participants should be more carefully developed and screened for such demand characteristics that may give away the purpose of the research. It is also possible that the volume and level of detail in the materials presented to participants may have diluted the impact of the ethical climate manipulation, or simply was too overwhelming for participants. Future work using this or other similar in-basket style tasks may wish to lessen the cognitive load on participants by slimming down the tasks, simplifying the materials, and limiting the number of measures presented to participants.

It is also possible that the framing of ethical issues in Study 1 as business decisions may have influenced participants’ behavior, particularly in the instrumental climate condition. One of the key characteristics of instrumental climates is less awareness of ethical issues when they arise. Thus, when presented with the study materials for the instrumental climate, participants may have exhibited less awareness that issues contained an ethical component (Martin & Cullen,
In post-study debriefings with participants, however, many participants specifically noted to the experimenter that they were aware of the ethical nature of several of the items in the study. One participant noted that participating in the study made them “feel dirty” due to the nature of the decisions they were asked to make. Though I did not capture formal ratings of moral awareness in either study, I was able to capture informal evidence that participants in Study 1 were aware of the moral implications of those items.

**Future Directions**

In addition to seeking out more representative populations and further refining measures and materials, there are some promising directions for future research that would extend the findings of the current research. Though Victor and Cullen’s (1988) and Martin and Cullen’s (2006) typology of ethical climates is one of the more prominent models of ethical climate, there are other avenues for assessing or manipulating ethical climate that may be fruitful in future research. Asking participants about whether a formal ethical code exists in their organization could provide a more simple and direct assessment of workers’ ethical climates, allowing participants to provide a simple yes or no answer rather than requiring them to complete a lengthy survey (McCabe, Trevino & Butterfield, 1996). Similarly in an experimental design, manipulating the presence or absence of an ethical code, rather than presenting multiple documents that infer characteristics of an ethical code as I did in Study 1, might lessen the potential for diluting or clouding the manipulation with materials that participants are required to assimilate. Another option for a more simple manipulation of ethical climate along the lines of an ethical code would be to manipulate the presence or absence of a Corporate Social Responsibility program in materials presented to participants. Simplifying the ethical climate operationalization
would not only reduce the cognitive load on participants, but would also greatly simplify analytical procedures and make for a much more clear-cut distinction of climate.

Examining different types of fit within an organization may also provide future researchers with opportunities to learn more about the personal and organizational factors that lead to different types of fit, and how different types of fit may lead to UDM. In the current research I examined factors surrounding P-O Fit, but P-S or P-G Fit could be more proximal factors that influence UDM. The relationship that employees have with their supervisors has been shown to have an influence on behavior in the workplace. Kim and Kim (2013) found that leaders’ moral competency was positively related to more employee organizational citizenship behaviors, and this finding was moderated by P-S fit. P-G fit also has been found to influence behavior and performance in the workplace. Park, Hong and Shin (2015) found that better P-G fit led to more social cohesion, and higher group performance. There is little research examining outcomes of UDM or CWB as a function of P-S or P-G Fit, making those constructs potentially ripe for researchers to expand upon. Additionally, future researchers may wish to examine how the moral competence of supervisors may interact with the moral competence of employees to influence P-S and P-G Fit, and how P-S and P-G Fit may then influence UDM.

Reducing the severity of the unethical behaviors asked of participants may also lead to a greater likelihood of reported willingness to engage in UDM. In the current research, most of the unethical behaviors could be considered actual crimes, if not simply highly deplorable behaviors. Bribery, fraudulent reporting, and theft may have been too transparent or too egregious for many participants to report willingness to engage in, or may have raised concerns of impression management leading participants to not respond honestly (Phipps, Prieto, & Deis, 2015). If the unethical behaviors were more mundane or less obvious while still being clearly unethical, it is
possible that participants would display more willingness to engage in them. It may also be fruitful for future researchers to make the UDM items more consistently benefit either the organization rather than the individual. Two of the four UDM items did show clear benefit to the organization, though there was also direct benefit to the individual as well. The other two UDM items were clearly more beneficial to the individual than to the organization. Providing more clear and consistent benefit statements about whether UDM would be of greater benefit to the individual or the organization may be an avenue that can help tie UDM responses more proximally to caring or instrumental climates.

In conclusion, though the current research did not consistently bear out my hypotheses, there were small takeaways that contribute to the literature. I was able to provide further evidence that individuals reporting greater trait empathy tend to engage in less UDM, and that individuals reporting greater levels of the Dark Triad tend to engage in more UDM. I also provided tentative evidence that P-O Fit bears complex relationships to UDM that are moderated by individuals' reported levels of trait empathy and the climates in which they work. Further investigation into more nuanced aspects of P-O Fit and under what conditions fit may lead to more or less UDM may be a productive area for researchers to focus their future efforts.
Table 1

*Study 1 means and standard deviations*

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<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
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<td>.68</td>
</tr>
<tr>
<td>Org B Awareness (Phase 1)</td>
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<td>.73</td>
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<tr>
<td>Org A Fit (Phase 1)</td>
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Table 2

Study 1 correlation table

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<tr>
<td>12. Pers. Gain</td>
<td>.05</td>
<td>.05</td>
<td>.15</td>
<td>.16</td>
<td>-.04</td>
<td>.25**</td>
<td>.03</td>
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<td>.10</td>
<td>.11</td>
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<td></td>
</tr>
<tr>
<td>13. P-O Fit</td>
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<td>-.11</td>
<td>.14</td>
<td>.11</td>
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<td>.13</td>
<td>-.10</td>
<td>.19*</td>
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<td>.43**</td>
<td>.41**</td>
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<tr>
<td>14. UDM</td>
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<td>-.11</td>
<td>.23*</td>
<td>.20*</td>
<td>.33**</td>
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<td>.16</td>
<td>.21*</td>
<td>.18*</td>
<td>.29**</td>
<td>1</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed); * Correlation is significant at the 0.05 level (2-tailed).

Ethical Climate is coded 1=Caring Climate, 2=Instrumental Climate.
Table 3
Study 1 model coefficients for trait empathy hypotheses

<table>
<thead>
<tr>
<th>Antecedent</th>
<th>M (P-O Fit)</th>
<th>Y (UDM)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coeff.</td>
<td>SE</td>
</tr>
<tr>
<td>X (Ethical Climate)</td>
<td>$a_1$</td>
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<tr>
<td>M (P-O Fit)</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>W (Trait Empathy)</td>
<td>$a_2$</td>
<td>.389</td>
</tr>
<tr>
<td>X x W</td>
<td>$a_3$</td>
<td>-.302</td>
</tr>
<tr>
<td>C₁ (Dark Triad)</td>
<td>$f_1$</td>
<td>.107</td>
</tr>
<tr>
<td>Constant</td>
<td>$i_1$</td>
<td>4.123</td>
</tr>
</tbody>
</table>

$R^2 = .074$  \hspace{2cm} $R^2 = .168$

$F (4,114) = 2.291, p = .064$  \hspace{2cm} $F (5,113) = 4.553, p < .001$
Table 4
Indirect effects of climate on UDM at three levels of trait empathy (-1SD, mean, and +1 SD)

<table>
<thead>
<tr>
<th>Trait Empathy</th>
<th>Effect</th>
<th>SE</th>
<th>Lower limit for 95% CI</th>
<th>Upper limit for 95% CI</th>
<th>Index of moderated mediation (SE) [LLCI: ULCI]</th>
</tr>
</thead>
<tbody>
<tr>
<td>-1.120</td>
<td>-.063</td>
<td>.103</td>
<td>-.104</td>
<td>.319</td>
<td>-.139 (.090) [-.364: -.005]</td>
</tr>
<tr>
<td>-.012</td>
<td>-.091</td>
<td>.088</td>
<td>-.355</td>
<td>.026</td>
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</tr>
<tr>
<td>1.095</td>
<td>-.246</td>
<td>.158</td>
<td>-.641</td>
<td>-.005</td>
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</table>
Table 5
Study 1 model coefficients for Dark Triad hypotheses

<table>
<thead>
<tr>
<th>Antecedent</th>
<th>Coeff.</th>
<th>SE</th>
<th>p</th>
<th>Coeff.</th>
<th>SE</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>X (Ethical Climate)</td>
<td>$a_1$</td>
<td>-.193</td>
<td>.158</td>
<td>.224</td>
<td>c</td>
<td>.241</td>
</tr>
<tr>
<td>M (P-O Fit)</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>b</td>
<td>.413</td>
<td>.132</td>
</tr>
<tr>
<td>W (Dark Triad)</td>
<td>$a_2$</td>
<td>.039</td>
<td>.259</td>
<td>.881</td>
<td>$c_2'$</td>
<td>.685</td>
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<td>X x W</td>
<td>$a_3$</td>
<td>.029</td>
<td>.159</td>
<td>.855</td>
<td>$c_3'$</td>
<td>-.278</td>
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<td>C₁ (Trait Empathy)</td>
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<td>$g_1$</td>
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<td>Constant</td>
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<td>.250</td>
<td>.000</td>
<td>$i_2$</td>
<td>2.197</td>
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</table>

$R^2 = .038$ \hspace{2cm} $R^2 = .150$

$F (4,114) = 1.126, p = .348$ \hspace{2cm} $F (5,113) = 3.994, p = .002$
Table 6
*Indirect effects of climate on UDM at three levels of the Dark Triad (-1SD, mean, and +1 SD)*

<table>
<thead>
<tr>
<th>Dark Triad</th>
<th>Effect</th>
<th>SE</th>
<th>Lower limit for 95% CI</th>
<th>Upper limit for 95% CI</th>
<th>Index of moderated mediation (SE) [LLCI: ULCI]</th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.997</td>
<td>-0.092</td>
<td>0.118</td>
<td>-0.432</td>
<td>0.081</td>
<td>-0.012 (0.083) [-0.160: 0.175]</td>
</tr>
<tr>
<td>0.006</td>
<td>-0.080</td>
<td>0.081</td>
<td>-0.316</td>
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<tr>
<td>1.010</td>
<td>-0.067</td>
<td>0.114</td>
<td>-0.388</td>
<td>0.083</td>
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Table 7
*Study 2 means and standard deviations*

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
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<tbody>
<tr>
<td>Trait Empathy</td>
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<td>Affiliation</td>
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<td>Identify</td>
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<td>Pers. Gain</td>
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<td>P-O Fit</td>
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<td>Instr. Climate</td>
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Table 8

*Study 2 correlation table*

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<td>3. Reciprocity</td>
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<td>.69**</td>
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<tr>
<td>10. Instr. Climate</td>
<td>-.09</td>
<td>.06</td>
<td>-.39**</td>
<td>-.31**</td>
<td>-.28**</td>
<td>.42**</td>
<td>-.38**</td>
<td>.05</td>
<td>-.30**</td>
<td>1</td>
</tr>
</tbody>
</table>

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

* Correlation is significant at the 0.05 level (2-tailed).
Table 9

*Factor loadings for exploratory factor analysis with Varimax rotation of ethical climate scales*

<table>
<thead>
<tr>
<th>Scale</th>
<th>Caring</th>
<th>Instrumental</th>
<th>Egoistic Individual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benevolent, Individual_1</td>
<td>.72</td>
<td>-.24</td>
<td>-.29</td>
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<tr>
<td>Benevolent, Individual_2</td>
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<td>.02</td>
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<td>Benevolent, Local_1</td>
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<tr>
<td>Benevolent, Local_2</td>
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<td>.02</td>
<td>-.14</td>
</tr>
<tr>
<td>Benevolent, Local_3</td>
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<td>-.18</td>
<td>-.14</td>
</tr>
<tr>
<td>Benevolent, Local_4</td>
<td>.83</td>
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<td>.00</td>
</tr>
<tr>
<td>Egoistic, Individual_1</td>
<td>-.38</td>
<td>.38</td>
<td>.64</td>
</tr>
<tr>
<td>Egoistic, Individual_2</td>
<td>-.38</td>
<td>.66</td>
<td>.11</td>
</tr>
<tr>
<td>Egoistic, Individual_3</td>
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<td>.16</td>
<td>.83</td>
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<td>Egoistic, Individual_4</td>
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<td>.19</td>
<td>.79</td>
</tr>
<tr>
<td>Egoistic, Local_1</td>
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<td>Egoistic, Local_2</td>
<td>-.22</td>
<td>.56</td>
<td>.21</td>
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<td>Egoistic, Local_3</td>
<td>-.01</td>
<td>.79</td>
<td>.00</td>
</tr>
<tr>
<td>Egoistic, Local_4</td>
<td>-.11</td>
<td>.56</td>
<td>.33</td>
</tr>
</tbody>
</table>

*Note.* Factor loadings > .50 and final retained items are in boldface. Cross loadings in excess of .30 are in italics.
Table 10
Study 2 model coefficients for trait empathy hypotheses

<table>
<thead>
<tr>
<th>Antecedent</th>
<th>Coeff.</th>
<th>SE</th>
<th>p</th>
<th>Coeff.</th>
<th>SE</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>X (Ethical Climate)</td>
<td>$a_1$</td>
<td>-1.226</td>
<td>.193</td>
<td>.000</td>
<td>$c_1'$</td>
<td>.333</td>
</tr>
<tr>
<td>M (P-O Fit)</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>$b$</td>
<td>.097</td>
<td>.172</td>
</tr>
<tr>
<td>W (Trait Empathy)</td>
<td>$a_2$</td>
<td>.138</td>
<td>.266</td>
<td>.606</td>
<td>$c_2'$</td>
<td>.527</td>
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<tr>
<td>X x W</td>
<td>$a_3$</td>
<td>-.100</td>
<td>.164</td>
<td>.542</td>
<td>$c_3'$</td>
<td>-.314</td>
</tr>
<tr>
<td>C_1 (Dark Triad)</td>
<td>$f_1$</td>
<td>.234</td>
<td>.098</td>
<td>.020</td>
<td>$g_1$</td>
<td>.386</td>
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<tr>
<td>Constant</td>
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<td>5.313</td>
<td>.298</td>
<td>.000</td>
<td>$i_2$</td>
<td>2.943</td>
</tr>
</tbody>
</table>

$R^2 = .357$  
$R^2 = .127$  
$F (4,78) = 10.806, p = .000$  
$F (5,77) = 2.240, p = .059$
Table 11
*Study 2 model coefficients for Dark Triad hypotheses*

<table>
<thead>
<tr>
<th>Antecedent</th>
<th>Coeff.</th>
<th>SE</th>
<th>p</th>
<th>Coeff.</th>
<th>SE</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>X (Ethical Climate)</strong></td>
<td>$a_1$</td>
<td>-1.264</td>
<td>.184</td>
<td>.000</td>
<td>$c$</td>
<td>.336</td>
</tr>
<tr>
<td><strong>M (P-O Fit)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$W$ (Dark Triad)</td>
<td>$a_2$</td>
<td>-.525</td>
<td>.283</td>
<td>.067</td>
<td>$c_2'$</td>
<td>.131</td>
</tr>
<tr>
<td>$X \times W$</td>
<td>$a_3$</td>
<td>.540</td>
<td>.190</td>
<td>.006</td>
<td>$c_3'$</td>
<td>.185</td>
</tr>
<tr>
<td><strong>C_1 (Trait Empathy)</strong></td>
<td>$f_1$</td>
<td>-.011</td>
<td>.078</td>
<td>.889</td>
<td>$g_1$</td>
<td>.045</td>
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<tr>
<td><strong>Constant</strong></td>
<td>$i_1$</td>
<td>5.332</td>
<td>.283</td>
<td>.000</td>
<td>$i_2$</td>
<td>2.983</td>
</tr>
</tbody>
</table>

$R^2 = .414 \quad R^2 = .113$

$F (4,78) = 13.793, p = .000 \quad F (5,77) = 1.959, p = .094$
**Figures**

<table>
<thead>
<tr>
<th>Principle</th>
<th>Individual</th>
<th>Local</th>
<th>Cosmopolitan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egoism</td>
<td>Self Interest</td>
<td>Company Profit</td>
<td>Efficiency</td>
</tr>
<tr>
<td>Benevolence</td>
<td>Friendship</td>
<td>Team Interest</td>
<td>Social Responsibility</td>
</tr>
<tr>
<td>Principle</td>
<td>Personal Morality</td>
<td>Company Rules and Procedures</td>
<td>Laws and Professional Codes</td>
</tr>
</tbody>
</table>

Figure 1. 3 x 3 ethical climate framework organized by ethical philosophy and reference group (Victor & Cullen, 1987).
Figure 2. Five common ethical climate types in organizations (Martin & Cullen, 2006).
Figure 3. Predicted interactions between trait empathy and climate type on P-O Fit (Hypothesis 1a) and UDM (Hypothesis 2a). P-O Fit = person-organization fit. UDM = unethical decision-making.
Figure 4. Predicted interactions between the Dark Triad and climate type on P-O Fit (Hypothesis 1b) and UDM (Hypothesis 3b). P-O Fit = person-organization fit. UDM = unethical decision-making.
Figure 5. Study 1 PROCESS model coefficients. $X =$ ethical climate, $W =$ personality, $XW =$ ethical climate x personality, $M =$ P-O Fit, $Y =$ UDM, TE = trait empathy hypotheses, DT = Dark Triad hypotheses, * = $p<.05$, ** = $p<.01$. 
Figure 6. Study 1 interaction plot of trait empathy and ethical climate on person-organization fit (test of Hypothesis 1a).
Figure 7. Study 1 interaction plot of total effect of trait empathy and ethical climate on UDM (test of Hypothesis 3a).
Figure 8. Study 1 interaction plot of total effect of Machiavellianism and ethical climate on UDM (exploratory analysis).
Figure 9. Study 1 interaction plot of total effect of Psychoticism and ethical climate on UDM (exploratory analysis).
Figure 10. Study 2 PROCESS model coefficients. \( X \) = ethical climate, \( W \) = personality, \( XW \) = ethical climate x personality, \( M \) = P-O Fit, \( Y \) = UDM, \( TE \) = trait empathy hypotheses, \( DT \) = Dark Triad hypotheses, * = \( p < .05 \), ** = \( p < .01 \).
Figure 11. Study 2 interaction plot of the Dark Triad and ethical climate on person-organization fit (test of Hypothesis 1b).
Figure 12. Study 2 interaction plot of trait empathy and continuous ethical climate on UDM (continuous climate conceptualization test of h3a).
Appendix A

Study 1, Phase 1 materials

Organization A Mission Statement (Caring Climate)

“Organization A will strive to develop mutually rewarding relationships with our employees, partners, and suppliers. Corporate activities will be conducted to the highest ethical and professional standards. Philanthropy supports the social responsibility cornerstone of Organization A’s mission: To live up to our responsibilities to serve each other, and enhance the communities in which we work and live, and the society on which we depend.”

Organization B Mission Statement (Instrumental Climate)

“Organization B’s purpose is to earn money for shareholders and increase the value of their investment. We will do that through aggressively growing the company, controlling assets, and properly structuring the balance sheet, thereby increasing earnings per share, cash flow, and superior return on invested capital.”
Study 1, Phase 1 Measures

Climate Awareness Measure. Items rated on a six-point Likert-type scale (1=strongly disagree to 6= strongly agree).

Instrumental Items

1. This company is mainly concerned with doing whatever needs to be done in order to make a profit.
2. In this company people would have to protect their own interests.

Caring Items

1. This company is concerned with doing right by its customers and the public.
2. In this company people look out for one another.

P-O Fit (Items 1 and 3, Cable & Judge, 1996; Item 2, Grogan & Youngs, 2011). Items rated on a 5-point Likert-type scale from 1 (Strongly Disagree) to 5 (Strongly Agree).

1. The values and ‘personality’ of this organization reflect my own values and personality.”
2. I am a good match for this organization.
3. My values match those of current employees in this organization.

IPIP Empathy (Goldberg, 2001). Items rated on a 7-point Likert-type scale (1=strongly disagree to 7=strongly agree).

1. I feel others' emotions.
2. I suffer from others' sorrows.
3. I am deeply moved by others' misfortunes.
4. I am easily moved to tears.
5. I cry easily.
6. I experience my emotions intensely.
7. I feel spiritually connected to other people.
8. I don't understand people who get emotional.
9. I am not interested in other people's problems.
10. I seldom get emotional.

The Dark Triad (Jonason & Webster, 2010). Items rated on a 9-point Likert-type scale (1=strongly disagree to 9=strongly agree).

1. I tend to manipulate others to get my way.
2. I have used deceit or lied to get my way.
3. I have use flattery to get my way.
4. I tend to exploit others towards my own end.
5. I tend to lack remorse.
6. I tend to be unconcerned with the morality of my actions.
7. I tend to be callous or insensitive.
8. I tend to be cynical.
9. I tend to want others to admire me.
10. I tend to want others to pay attention to me.
11. I tend to seek prestige or status.
12. I tend to expect special favors from others.

**Narcissism Personality Inventory 16 (NPI 16; Ames, Rose & Anderson, 2006).**

Read each pair of statements below and place an “X” by the one that comes closest to describing your feelings and beliefs about yourself. You may feel that neither statement describes you well, but pick the one that comes closest. Please complete all pairs.

1. **I really like to be the center of attention**
   It makes me uncomfortable to be the center of attention

2. **I am no better or no worse than most people**
   I think I am a special person

3. **Everybody likes to hear my stories**
   Sometimes I tell good stories

4. **I usually get the respect that I deserve**
   I insist upon getting the respect that is due me

5. **I don't mind following orders**
   I like having authority over people

6. **I am going to be a great person**
   I hope I am going to be successful

7. **People sometimes believe what I tell them**
   I can make anybody believe anything I want them to

8. **I expect a great deal from other people**
   I like to do things for other people

9. **I like to be the center of attention**
   I prefer to blend in with the crowd

10. **I am much like everybody else**
    I am an extraordinary person
11. I always know what I am doing  
   Sometimes I am not sure of what I am doing

12. I don't like it when I find myself manipulating people  
   I find it easy to manipulate people

13. Being an authority doesn't mean that much to me  
   People always seem to recognize my authority

14. I know that I am good because everybody keeps telling me so  
   When people compliment me I sometimes get embarrassed

15. I try not to be a show off  
   I am apt to show off if I get the chance

16. I am more capable than other people  
   There is a lot that I can learn from other people

**Self-Report Psychopathy Scale** (Levenson, Kiehl, & Fitzpatrick, 1995). Items rated on a 5-point Likert-type scale (1=strongly disagree to 5=strongly agree).

1. Success is based on survival of the fittest; I am not concerned about the losers.
2. I find myself in the same kinds of trouble, time after time.
3. For me, what's right is whatever I can get away with.
4. I am often bored.
5. In today's world, I feel justified in doing anything I can get away with to succeed.
6. I find that I am able to pursue one goal for a long time.
7. My main purpose in life is getting as many goodies as I can.
8. I don't plan anything very far in advance.
9. Making a lot of money is my most important goal.
10. I quickly lose interest in tasks I start.
11. I let others worry about higher values; my main concern is with the bottom line.
12. Most of my problems are due to the fact that other people just don't understand me.
13. People who are stupid enough to get ripped off usually deserve it.
14. Before I do anything, I carefully consider the possible consequences.
15. Looking out for myself is my top priority.
16. I have been in a lot of shouting matches with other people.
17. I tell other people what they want to hear so that they will do what I want them to do.
18. When I get frustrated, I often "let off steam" by blowing my top.
19. I would be upset if my success came at someone else's expense.
20. Love is overrated.
21. I often admire a really clever scam.
22. I make a point of trying not to hurt others in pursuit of my goals.
23. I enjoy manipulating other people's feelings.
24. I feel bad if my words or actions cause someone else to feel emotional pain.
25 Even if I were trying very hard to sell something, I wouldn't lie about it.
26 Cheating is not justified because it is unfair to others.

**MACH-IV Machiavellianism Inventory** (Christie & Geis, 1970). Items rated on a 5-point Likert-type scale (1=strongly disagree to 5=strongly agree).

1 Never tell anyone the real reason you did something unless it is useful to do so.
2 The best way to handle people is to tell them what they want to hear.
3 One should take action only when sure it is morally right.
4 Most people are basically good and kind.
5 It is safest to assume that all people have a vicious streak and it will come out when they are given a chance.
6 Honesty is the best policy in all cases.
7 There is no excuse for lying to someone else.
8 Generally speaking, people won't work hard unless they're forced to do so.
9 All in all, it is better to be humble and honest than to be important and dishonest.
10 When you ask someone to do something for you, it is best to give the real reasons for wanting it rather than giving reasons which carry more weight.
11 Most people who get ahead in the world lead clean, moral lives.
12 Anyone who completely trusts anyone else is asking for trouble.
13 The biggest difference between most criminals and other people is that the criminals are stupid enough to get caught.
14 Most people are brave.
15 It is wise to flatter important people.
16 It is possible to be good in all respects.
17 P.T. Barnum was wrong when he said that there's a sucker born every minute.
18 It is hard to get ahead without cutting corners here and there.
19 People suffering from incurable diseases should have the choice of being put painlessly to death.
20 Most people forget more easily the death of their parents than the loss of their property.

**Demographic Questions**

1. What is your gender?

Male/Female

2. How old are you?

3. Which best describes your ethnicity?

American Indian or Alaskan Native
Black or African American
Hispanic
Native Hawaiian or other Pacific Islander
Asian
White or Caucasian
Other

Please indicate your declared college major or the major that you intend to declare:

Psychology
Business
Finance
Accounting
Management
Other
Appendix B

Study 1, Phase 2 measures

**P-O Fit** (Items 1 and 3, Cable & Judge, 1996; Item 2, Grogan & Youngs, 2011). Items rated on a 5-point Likert-type scale from 1 (Strongly Disagree) to 5 (Strongly Agree).

1. The values and ‘personality’ of this organization reflect my own values and personality.”
2. I am a good match for this organization.
3. My values match those of current employees in this organization.

**Rationalizations.** Five items rated on a five-point Likert-types scale from 1 (Strongly disagree) to 5 (Strongly agree).

Reciprocity

1. This company takes care of me so I want to take care of it.
2. Achieving this company’s goals will help me achieve my goals.

Affiliation

1. I feel closely connected to this company.
2. I would participate in work and social activities sponsored by this company.

Identification

1. This organization is an important part of my identity.
2. This organization’s successes are my successes.

Personal Gain

1. I want to achieve my goals above all else.
2. The most important thing is for me to get ahead.
Study 1, Phase Two In-Basket Instructions and Materials

INTRODUCTION

This study is designed to provide you with some experience with job assessment centers, which are intended to examine managerial potential. The exercises you will be doing today replicate some of the assessment center exercises other organizations use in selecting and placing recent college graduates for managerial positions. Given the costs of hiring and training new managers, it is important to thoroughly screen applicants before they go into a training program. This initial screening enables an organization to be more confident about:

1) The likelihood that an individual will be a successful manager
2) The likelihood that an individual will stay with the organization
3) The probability that an individual will be a "good match" with the organization.

During your participation, you will be asked to complete exercises reflecting activities that a manager would have to do on any given day. Some of these tasks will involve providing written responses to questions, and some tasks will involve rating the likelihood of a specific decision that you would make.

On the questions where you are asked to provide a written response, please keep your answers short and do not overthink your responses. Here is an example of an appropriate answer:

**Issue:** You must have some expensive repair work conducted on a very important machine: the office copier. You have an ample relief fund, which is money set aside for maintenance but does not specifically cover major repair work. Alternatively, if you wait for your requisition for payment you must go without a copier for up to two weeks, which would be a serious inconvenience. You would be able to replace the money to the relief fund in two weeks once the requisition went through.

1. Given the available resources, how will you get the copier fixed?
   - Use the relief fund to fix the copier and send a requisition afterward with the receipt.

Please imagine that you are working in the organization and approach each task as if it were occurring as part of your job. In other words, we would like you to imagine that each scenario is being encountered as part of your workday.
The In-Basket Exercise

For this exercise, you are asked to assume the role of a Regional Manager (RM) for a lighting company called Advanced Illumination Technology (AIT). You will be doing work that is representative of a Regional Manager’s job. Assessment centers refer to this exercise as the ‘in-basket’ task. The term ‘in-basket’ refers to a desk container in which memos, reports, letters, etc. are placed to come to the attention of the manager. This in-basket also contains voice mail and e-mail.

AIT is a well-established publically traded lighting organization that appears to be performing competitively with other companies in the market. They manufacture and sell a variety of lighting products including household light bulbs, lamps, and florescent lighting systems for office buildings and car lights, among others. Presently, this company is targeted mainly at commercial/industrial markets; however, it has begun making inroads in certain consumer markets. AIT has several plants scattered throughout the United States and has recently expanded into international markets. As Pat Carlton, you are the Regional Manager for Region B in the Consumer Division.

You have been given information about AIT’s organizational structure, culture, and policies to aid you with the in-basket exercises. This information includes an organizational chart, a description of the corporate culture, its mission statement, and a memo from the CEO.

Read through this information and use it in making your decisions and responding to the in-basket questions. All work should be done individually, as if you are Pat Carlton performing the job of Regional Manager.

Please keep the following in mind as you complete the exercises:
- The Consumer Division is responsible for selling products to distributors, who in turn sell them to customers such as food stores, hardware stores, and automobile industries.
- As Pat Carlton you are responsible for supervising a large sales force and for overseeing administrative and manufacturing operations in Region B.
- Your immediate supervisor is Terry Childs, vice President of the Consumer Division.
- Familiarize yourself with the organizational chart.
- Carefully read the description of Corporate Culture, and use it in making your decisions.
Differences between conditions for all materials are reflected in italics:

**AIT Mission Statement (Caring Climate)**

“Advanced Illumination Technologies will produce superior financial returns for shareowners by being the leading global innovator, developer and provider of lighting fixtures and services. *We will strive to develop mutually rewarding relationships with our employees, partners, and suppliers. Corporate activities will be conducted to the highest ethical and professional standards. Philanthropy supports the social responsibility cornerstone of Advanced Illumination Technologies’ mission: To live up to our responsibilities to serve each other, and enhance the communities in which we work and live, and the society on which we depend.*”

**AIT Mission Statement (Instrumental Climate)**

“Advanced Illumination Technologies’ will produce superior financial returns for shareowners by being the leading global innovator, developer and provider of lighting fixtures and services. *Our purpose is to earn money for shareholders and increase the value of their investment. We will do that through aggressively growing the company, controlling assets, and properly structuring the balance sheet, thereby increasing earnings per share, cash flow, and superior return on invested capital.*”
Corporate Culture Statement (Caring Climate)

AIT has a moderately informal organizational structure. People are expected to fill their assigned roles where levels of authority reflect some distance between managers and subordinates. There is a formal chain of command, however, it is not strictly enforced and sometimes people do not adhere to it. Typically, there is interaction among managers and subordinates. Decisions are sometimes handed down from top levels with little employee input, while other times they are made only after relevant suggestions and input from all levels are considered.

Successful managers have traditionally come from many different backgrounds, and have usually been college graduates. Since AIT is always looking for management potential, people that work hard and do their work well should expect to advance in this organization. Good performance and innovative ideas are rewarded with bonuses and/or promotions. Top management positions are filled by promoting employees from within up through the executive ranks when possible.

Here at AIT we encourage that employees develop their skills and abilities. There are opportunities for personal growth within the company and outside the company through local colleges and vocational schools. Employees in the past have taken advantage of these courses to earn graduate degrees or to further develop their skills. AIT sponsors a tuition reimbursement program that will help employees pay for these courses, as we are committed to helping employees develop themselves. Further, we do provide information on which courses may be useful and help employees create individual developmental plans. Additionally, at various times throughout the year (non-peak times) work schedules can be adjusted to accommodate employees’ needs.

AIT has proudly developed a reputation as a good company to work for that takes care of its own and the community in which we live. We believe that a strong sense of family and social responsibility are keys to a healthy work environment and a strong company. We look for managers and executives who are interested in more than just their own financial interests, and who are committed to personal and professional development through socially responsible and ethical business practices. We are not a company that is for everyone, but for individuals who want to be part of something greater we offer great opportunity for growth.
Corporate Culture Statement (Instrumental Climate)

AIT has a moderately informal organizational structure. People are expected to fill their assigned roles where levels of authority reflect some distance between managers and subordinates. There is a formal chain of command, however, it is not strictly enforced and sometimes people do not adhere to it. Typically, there is interaction among managers and subordinates. Decisions are sometimes handed down from top levels with little employee input, while other times they are made only after relevant suggestions and input from all levels are considered.

Successful managers have traditionally come from many different backgrounds, and have usually been college graduates. Since AIT is always looking for management potential, people that work hard and do their work well should expect to advance in this organization. Good performance and innovative ideas are rewarded with bonuses and/or promotions. Top management positions are filled by promoting employees from within and by selecting executives from outside the company.

Here at AIT we encourage that employees develop their skills and abilities. There are opportunities for professional growth within the company and outside the company through local colleges and vocational schools. Employees in the past have taken advantage of these courses to earn graduate degrees or to further develop their skills. Although AIT will not pay for any of these courses we do provide information on which courses may be useful and help employees create individual developmental plans. Additionally, at various times throughout the year (non-peak times) work schedules can be adjusted to accommodate employees’ needs.

AIT has proudly developed a reputation as a high performance company that strives to be number one in every market that it competes in. We believe that a strong sense of competition is key to a healthy balance sheet and a strong company. We look for managers and executives who are interested in furthering their own professional and financial interests by furthering the financial interests and goals of AIT. We are not a company that is for everyone, but for individuals who are willing to do what it takes to achieve their goals we offer great opportunity for growth.
Memorandum (Caring Climate)

To: Executive Officers and Regional Managers

From: Lee Welch, CEO

RE: CEO’s absence from office

As you know, I will be in Geneva, Switzerland for the next three weeks in my capacity as an honorary Director for the International Association for Better Business Ethics. While this may create some "communications problems" while I am gone, you all know I believe this is time well spent.

LW

Memorandum (Instrumental Climate)

To: Executive Officers and Regional Managers

From: Lee Welch, CEO

RE: CEO’s absence from office

As you know, I will be in Geneva, Switzerland for the next three weeks in my capacity as an honorary Director for the International Association for Lighting Technology Manufacturers and Marketers. While this may create some "communications problems" while I am gone, you all know I believe this is time well spent.

LW
In-Basket exercise items:

Item 1 (Ethical Decision-Making Item)

Inter-Office Memo

To: Pat Carlton, Regional Manager
From: James Walters, S.V.P. Real Estate
Re: Manufacturing Plant Sale
Date: December 20, 2010

I'd like to give you an update on my meeting with John McFarland late last week regarding the sale of our north Seattle plant and land (Unit 91). As you know, we've been negotiating the sale of this unit for almost six months now. This is the case even though the initial offer Artsense, Inc. approached us with was too good to ignore. It's hard to believe the location is so important to them, but the numbers they are talking about would give us a nice boost to earnings via the gain we would report on the sale. It appears our parcel is one of the last few they need to build a retail and commercial complex.

The problem is the deal isn't quite completed; however, John is pushing real hard to recognize the gain in this year. Artsense Inc. is uncomfortable with a few minor aspects of the arrangements but, in my judgment, they will not be cleared up by year end. However, John feels that the gain rightly belongs in current year earnings because (1) most of the negotiations took place during this year and (2) he is very sure the deal will go through. And as you know, arguing with the boss, especially John is not easy. Recording the gain this year would make the company’s financials look much better at the end of a somewhat bad year.

How likely are you to recommend that Jim record the gain for this year?

Item rated on 7-point Likert-type scales (1=very unlikely to 7=very likely).

Item 2 (Ethical Decision-Making Item)

A.I.T. is being systematically outbid on large state government contracts by an aggressive and larger lighting firm. The State of New York has recently requested bids from you and several other companies for the lighting contract in a new office and industrial complex in Albany. As regional manager the responsibility for obtaining these contracts falls into your lap, and the CEO has recently expressed his concern at the lack of revenue in this area. One of your former trusted assistants now works for the aggressive firm and has access to their bid before it is sent to the government liaison. Getting this bid would ensure that your company could secure the contract, and will bring in substantial revenues to help the organization.
How likely are you to pay a secretary of the larger firm for a copy of their bid?

Item rated on 7-point Likert-type scales (1=very unlikely to 7=very likely).

**Item 3 (Ethical Decision-Making Item)**

**REGION B - 4TH QUARTER SALES SUMMARY**

<table>
<thead>
<tr>
<th></th>
<th>EXPECTED SALES</th>
<th>SALES</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELI</td>
<td>95,000</td>
<td>80,000</td>
</tr>
<tr>
<td>JAMES</td>
<td>55,500</td>
<td>36,500</td>
</tr>
<tr>
<td>KEP</td>
<td>103,000</td>
<td>85,000</td>
</tr>
<tr>
<td>PETERS</td>
<td>90,000</td>
<td>83,500</td>
</tr>
<tr>
<td>RICHARDSON</td>
<td>80,000</td>
<td>70,000</td>
</tr>
<tr>
<td>THOMPSON</td>
<td>117,500</td>
<td>110,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>541,000</td>
<td>465,000</td>
</tr>
</tbody>
</table>

**Issue:** In looking over quarterly sales figures, you notice that sales in your region have not reached expected sales levels. Regardless of the reasons, this reflects poorly on you as regional manager. You are up for a raise next quarter, and there is a high probability you will not get it if sales do not go up. One solution you know from your days as a sales rep, is to report more products as broken or defective. If a rep does this, he/she is not accountable for bringing in money for these supposedly broken products, and the money will be deducted from his or her expected sales. This makes sales volume appear to be higher and will make the company look more profitable.

How likely are you to encourage your sales reps to do this for the next quarter?

Item rated on 7-point Likert-type scales (1=very unlikely to 7=very likely).
**Item 4** (Ethical Decision-Making Item)

**Issue:** As Regional Manager, you are responsible for figuring out the regional budget and reporting it to the Vice President, Terry Childs, for inclusion in the overall budget. Expenses in your region were higher than normal this quarter. You are aware that presentation of expenses is very important in how the budget is figured out and how money is allocated each quarter. In the past, you know other managers have made a few adjustments to the account balances to make expenses look lower. If you do not make the adjustments, your region's budget will get cut and it will likely affect the company’s overall growth.

How likely are you to make the adjustments?

Item rated on 7-point Likert-type scales (1=very unlikely to 7=very likely).
Non-UDM Items (to be randomly interspersed among the UDM items)

Item 5 (Non-Ethical Decision-Making Item)

**Issue:** You were supposed to return a call to a client of yours, Mr. Kuhn. He is often very difficult and hard to deal with, even though his account is not very significant. Sometimes, you have your administrative assistant take the calls, and then blame the assistant for failing to give you the message.

1. What information do you need to handle this situation and why?

Item 6 (Non-Ethical Decision-Making Item)

**Issue:** Corporate has contacted you concerning a possible reorganization plan. As an advisor to this committee you have discovered two routes here: One is to drastically reduce the sales force. A manpower shortage will occur since the sales reps will have larger account loads resulting in less customer service. The alternative is to retain the sales reps, and increase the quality and price of service.

How will you handle this situation?

Item 7 (Non-Ethical Decision-Making Item)

**Issue:** Legislation is being considered by Congress that would allow your market to be flooded with foreign lighting products. Your state’s representative has asked AIT for a recommendation on what to do. You are head of the committee at AIT that is studying the issue. This committee is split. One side argues that foreign competition will not be a problem because they will target an area not previously pursued by AIT. The other side opposes the entry of foreign competition. They are concerned that foreign companies could establish a toehold and threaten AIT’s market share if they expand into product lines that AIT currently carries.

1. What would your recommendation be?
Item 8 (Non-Ethical Decision-Making Item)

Issue: Two reps in the office are not speaking to each other. You find out that it is a disagreement over a new account AIT has just signed. Thompson claims he made the initial contact and that he should be handling the account. Peters has done most of the work and thinks that he should get the account. Thompson will probably sell more if put on this account.

1. How will you decide which person to pick for the account?
Appendix C

Survey materials for Study 2

Ethical Climate Questionnaire (Victor & Cullen, 1988). Items rated on a 6-point Likert-type scale (1= Completely false to 6= Completely true). E= Egoistic B= Benevolence; I= Individual L= Local C= Cosmopolitan. *Italics indicated final analysis items*

<table>
<thead>
<tr>
<th>Climate Dimension &amp; Item Number</th>
<th>Item Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>BC 1</td>
<td>It is expected that you will always do what is right for the customer and public.</td>
</tr>
<tr>
<td>BC 2</td>
<td>People in this organization have a strong sense of responsibility to the outside community.</td>
</tr>
<tr>
<td>BC 3</td>
<td>People in this organization are actively concerned about the customer's, and the public's interest.</td>
</tr>
<tr>
<td>BC 4</td>
<td>The effect of decisions on the customer and the public are a primary concern in this organization.</td>
</tr>
<tr>
<td>BI 1</td>
<td><em>In this organization, people look out for each other's good. (Caring)</em></td>
</tr>
<tr>
<td>BI 2</td>
<td><em>In this organization, our major concern is always what is best for the other person. (Caring)</em></td>
</tr>
<tr>
<td>BI 3</td>
<td><em>What is best for each individual is a primary concern in this organization. (Caring)</em></td>
</tr>
<tr>
<td>BI 4</td>
<td><em>It is expected that each individual is cared for when making decisions here. (Caring)</em></td>
</tr>
<tr>
<td>BL 1</td>
<td><em>The most important concern is the good of all the people in the organization. (Caring)</em></td>
</tr>
<tr>
<td>BL 2</td>
<td><em>Our major consideration is what is best for everyone in the organization. (Caring)</em></td>
</tr>
<tr>
<td>BL 3</td>
<td><em>People in this organization view team spirit as important. (Caring)</em></td>
</tr>
<tr>
<td>BL 4</td>
<td><em>People are very concerned about what is generally best for employees in the organization. (Caring)</em></td>
</tr>
<tr>
<td>EC 1</td>
<td>The major responsibility for people in this organization is to consider efficiency first.</td>
</tr>
<tr>
<td>EC 2</td>
<td>The most efficient way is always the right way, in this organization.</td>
</tr>
<tr>
<td>EC 3</td>
<td>In this organization, each person is expected, above all, to work efficiently.</td>
</tr>
<tr>
<td>EC 4</td>
<td>Efficient solutions to problems are always sought here.</td>
</tr>
<tr>
<td>EI 1</td>
<td>In this organization, people are mostly out for themselves.</td>
</tr>
</tbody>
</table>
There is no room for one's own personal morals or ethics in this organization. (Instrumental)

In this organization, people protect their own interest above other considerations.

People in this organization are very concerned about what is best for themselves.

People are expected to do anything to further the organization's interests. (Instrumental)

Work is considered sub-standard only when it hurts the organization's interests. (Instrumental)

People are concerned with the organization's interests to the exclusion of all else. (Instrumental)

Decisions here are primarily viewed in terms of contribution to profit. (Instrumental)

The first consideration is whether a decision violates any law.

People are expected to comply with the law and professional standards over and above other considerations.

In this organization, people are expected to strictly follow legal or professional standards.

In this organization, the law or ethical code of their profession is the major consideration.

In this organization, people are expected to follow their own personal and moral beliefs.

Each person in this organization decides for himself what is right and wrong.

The most important consideration in this organization is each person's sense of right and wrong.

In this organization, people are guided by their own personal ethics.

It is very important to follow strictly the organization's rules and procedures here.

Everyone is expected to stick by organization rules and procedures.

Successful people in this organization go by the book.

Successful people in this organization strictly obey the organization policies.
**P-O Fit** (Cable & Judge, 1996). Items rated on a 5-point Likert-type scale (1= Strongly Disagree to 5= Strongly Agree).

1. The values and ‘personality’ of this organization reflect my own values and personality.
2. My values ‘match’ or fit this organization and the current employees in this organization.
3. My values match those of current employees in this organization.
Filler Task

We would like you to take a short break from completing questionnaires. Please spend the next five minutes trying to create as many words as possible from the following sets of letters:

A E D B K U G
O E L B J A M
INTRODUCTION

This study is designed to provide you with some experience with job assessment centers, which are intended to examine managerial potential. The exercises you will be doing today replicate some of the assessment center exercises other organizations use in selecting and placing job applicants into managerial positions. Given the costs of hiring and training new managers, it is important to thoroughly screen applicants before they go into a training program. This initial screening enables an organization to be more confident about:

1) The likelihood that an individual will be a successful manager
2) The likelihood that an individual will stay with the organization
3) The probability that an individual will be a "good match" with the organization.

During your participation, you will be asked to complete exercises reflecting activities that a manager would have to do on any given day. Some of these tasks will involve providing written responses to questions, and some tasks will involve rating the likelihood of a specific decision that you would make.

On the questions where you are asked to provide a written response, please keep your answers short and do not overthink your responses. Here is an example of an appropriate answer:

**Issue:** You must have some expensive repair work conducted on a very important machine: the office copier. You have an ample relief fund, which is money set aside for maintenance but does not specifically cover major repair work. Alternatively, if you wait for your requisition for payment you must go without a copier for up to two weeks, which would be a serious inconvenience. You would be able to replace the money to the relief fund in two weeks once the requisition went through.

1. Given the available resources, how will you get the copier fixed?
   - Use the relief fund to fix the copier and send a requisition afterward with the receipt.

Please complete each task as if it were occurring in your company as part of your job. In other words, we would like you to imagine that each scenario is being encountered as part of your work day.
Unethical decision-making. Items rated on 7-point Likert-type scales (1=very unlikely to 7=very likely).

**Item 1 (Ethical Decision-Making Item)**

The following scenario pertains to the sale of a manufacturing plant and land that your company owns. Imagine that you have been involved in negotiating the sale of this unit for almost six months now, and the initial offer the buyer approached with was too good to ignore. You have a hard time believing the location is so important to them, but the numbers they are talking about would give the company a nice boost to earnings via the gain the company would report on the sale. It appears that your company’s parcel is one of the last few the buyer needs to build a retail and commercial complex.

The problem is the deal isn't quite completed; however, your boss is pushing really hard to recognize the gain in this year. The buyer is uncomfortable with a few minor aspects of the arrangements but, in your judgment, they will not be cleared up by year end. However, your boss feels that the gain rightly belongs in current year earnings because (1) most of the negotiations took place during this year and (2) he is very sure the deal will go through. Recording the gain this year would make the company’s financials look much better at the end of a somewhat bad year.

How likely are you to recommend recording the gain for this year?

Item rated on 7-point Likert-type scales (1=very unlikely to 7=very likely).

**Item 2 (Ethical Decision-Making Item)**

Imagine that your company is being systematically outbid on large state government contracts by an aggressive and larger firm. The State of New York has recently requested bids from you and several other companies for the contracts in a new office and industrial complex in Albany. The responsibility for obtaining these contracts falls into your lap, and the CEO has recently expressed his concern at the lack of revenue in this area. One of your former trusted assistants now works for the aggressive firm and has access to their bid before it is sent to the government liaison. Getting this bid would ensure that your company could secure the contract, and will bring in substantial revenues to help the organization.

How likely are you to pay a secretary of the larger firm for a copy of their bid?

Item rated on 7-point Likert-type scales (1=very unlikely to 7=very likely).
**Item 3 (Ethical Decision-Making Item)**

In looking over quarterly sales figures, imagine that you notice that sales in your region have not reached expected sales levels. You know that the company has been struggling in the sluggish economy and you don’t want to report poor numbers. One solution you know is to report more products as broken or defective. If a sales rep does this, he/she is not accountable for bringing in money for these supposedly broken products, and the money will be deducted from his or her expected sales. This makes sales volume appear to be higher and will make the company look more profitable.

How likely are you to encourage your sales reps to do this for next quarter?

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**Item 4 (Ethical Decision-Making Item)**

Imagine that you are responsible for figuring out the regional budget and reporting it to the Vice President for inclusion in the overall budget. Expenses in your region were higher than normal this quarter. You are aware that presentation of expenses is very important in how the budget is figured out and how money is allocated each quarter. In the past, you know other managers have made a few adjustments to the account balances to make expenses look lower. If you do not make the adjustments, your region's budget will get cut and it will likely affect the company’s overall growth.

How likely are you to make the adjustments?

Item rated on 7-point Likert-type scales (1=very unlikely to 7=very likely).
Non-UDM Items (to be randomly interspersed among the UDM items)

Item 5 (Non-Ethical Decision-Making Item)

Issue: Imagine that you were supposed to return a call to a client of yours. This client is often very difficult and hard to deal with, even though his account is not very significant. Sometimes, you have your administrative assistant take the calls, and then blame the assistant for failing to give you the message.

1. How do you plan to handle this situation without losing the account?

Item 6 (Non-Ethical Decision-Making Item)

Issue: Imagine that corporate has contacted you concerning a possible reorganization plan. As an advisor to this committee you have discovered two routes here: One is to drastically reduce the sales force. A manpower shortage will occur since the sales reps will have larger account loads resulting in less customer service. The alternative is to retain the sales reps, and increase the quality and price of service.

How will you handle this situation?

Item 7 (Non-Ethical Decision-Making Item)

Issue: Imagine that legislation is being considered by Congress that would allow your market to be flooded with foreign products. Your state’s representative has asked your organization for a recommendation on what to do. Imagine that you are head of the committee for your organization that is studying the issue, and the committee is split. One side argues that foreign competition will not be a problem because they will target an area not previously pursued by your company. The other side opposes the entry of foreign competition. They are concerned that foreign companies could establish a toehold and threaten your organization’s market share if they expand into product lines that your company currently carries.

1. What would your recommendation be?
Item 8 (Non-Ethical Decision-Making Item)

Issue: Imagine that two employees whom you supervise in your office are not speaking to each other. You find out that it is a disagreement over a new account that your company has just signed. One of the employees claims that he made the initial contact and that he should be handling the account. The other employee has done most of the work and thinks that he should get the account. The first employee will probably sell more if put on this account.

1. How will you decide which person to pick for the account?
Demographic Questions

1. What is your gender?
   Male/Female

2. How old are you?

3. Which best describes your ethnicity?
   American Indian or Alaskan Native
   Black or African American
   Hispanic
   Native Hawaiian or other Pacific Islander
   Asian
   White or Caucasian
   Other

4. How long have you been employed in your current organization?

5. Has your organization gone through a merger while you have been employed there?
References


Cable, D., Edwards, J. (2004). Complementary and supplementary fit: A theoretical and


Zey-Ferrell, M., Weaver, M., & Ferrell O. (1979). Predicting unethical behavior among