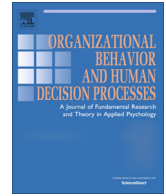




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Hierarchical rank and principled dissent: How holding higher rank suppresses objection to unethical practices



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ABSTRACT

When unethical practices occur in an organization, high-ranking individuals at the top of the hierarchy are expected to stop wrongdoing and redirect the organization to a more honorable path—this is, to engage in *principled dissent*. However, in three studies, we find that holding high-ranking positions makes people *less* likely to engage in principled dissent. Specifically, we find that high-ranking individuals identify more strongly with their organization or group, and therefore see its unethical practices as more ethical than do low-ranking individuals. High-ranking individuals thus engage less in principled dissent because they fail to see unethical practices as being wrong in the first place. Study 1 observed the relation between high-rank and principled dissent in an archival data set involving more than 11,000 employees. Studies 2 and 3 used experimental designs to establish the causal effect of rank and to show that identification is one key mechanism underlying it.

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1. Introduction

It is difficult to maintain ethical behavior in an organization. Many factors common to organizations—including the prevalence of goals, the use of groups to make decisions, and the common emphasis on money—can encourage unethical behavior (Cohen, Gunia, Kim-Jun, & Murnighan, 2009; Kouchaki, Smith-Crowe, Brief, & Sousa, 2013; Moore & Gino, 2013; Pillutla & Chen, 1999; Schweitzer, Ordóñez, & Douma, 2004). Often, unethical behavior proceeds without interruption because people do not perceive ethical problems (Tenbrunsel & Smith-Crowe, 2008; Warren & Smith-Crowe, 2008). For instance, people can be coopted into unethical behavior when it is embedded in organizational routines (Ashforth & Anand, 2003) or ordered by an authority (Milgram, 1963).

High-ranking individuals at the top of organizational hierarchies play an important role in stopping unethical behavior (Mayer, Nurmohamed, Trevino, Shapiro, & Schminke, 2013). The ethical standards they set trickle down to affect others' behavior (Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009). In fact, people across national cultures view those at the top of organizational hierarchies as responsible for ensuring ethical decision-making

among those they oversee (Baumhart, 1961; Brenner & Molander, 1977; Hamilton & Sanders, 1995; Sims, 1992; Sims & Brinkman, 2002).

It is unclear from existing research whether occupying high-ranking positions enables or disables fulfillment of these responsibilities, however. High-ranking positions typically confer both power (i.e., control over resources) and status (i.e., respect and deference from others) (Fragale, Sumanth, Tiedens, & Northcraft, 2012; Tost, 2015; Weber, 1948). The power that accompanies high-ranking positions enables individuals to form confident moral judgments despite the fact that many ethical decisions are ambiguous (Flynn & Wiltermuth, 2010; Wiltermuth & Flynn, 2013). Additionally, powerful individuals are less easily influenced by others and by social situations (Galinsky, Magee, Gruenfeld, Whitson, & Liljenquist, 2008; See, Morrison, Rothman, & Soll, 2011). Therefore, when unethical social influences emerge in organizations, they would seem less likely to lead powerful individuals astray to the same extent as others (Pitesa & Thau, 2013). Similarly, the status that accompanies high-ranking positions often leads to morally upstanding behavior, such as greater fairness (Blader & Chen, 2012). Objecting to unethical practices could be another type of morally upstanding behavior elevated by holding higher rank.

Why, then, do high-ranking individuals at the top of organizational hierarchies so often fail to stop unethical practices in their organizations? History is full of such cases. From accounting fraud (McCullagh, 2006; Patsuris, 2002) and the sale of harmful products

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(Motavalli, 2010), to health-hazardous overwork (Michel, 2011) and pervasive incivility and discrimination (Antilla, 2002), many unethical practices persist unchecked in organizations, even when those in high-ranking positions are likely aware of them.

In the current paper, we attempt to solve this puzzle by studying how occupying a high-ranking position in an organization's hierarchy affects the likelihood of engaging in *principled dissent*, which is an individual's effort to protest or change ethically objectionable practices (Graham, 1986, p. 2). We propose that occupying a position of high rank, ironically, can make individuals *less* likely to oppose unethical practices within the organization, as compared to individuals who occupy positions of lower rank. We propose that this can occur in part because those at the top of the hierarchy identify with the organization more strongly, and identification leads them to view the organization's practices as more ethical. Consequently, although high-ranking individuals are better enabled psychologically and politically to engage in principled dissent, they may fail to do so because they see no problem with their organization's unethical practices in the first place.

To test these hypotheses, we conducted three studies. Based on previous recommendations (Chatman & Flynn, 2005), we wanted to test the key relation between hierarchical rank and principled dissent in both field and laboratory settings. However, studying principled dissent in the field introduces numerous challenges. It requires an adequately sized sample of people who have observed unethical behavior, a context in which people will talk openly about their response to the unethical activity that transpired, and because we are interested in high-ranking individuals at the top of organizational hierarchies, a clear index of hierarchical position. Fortunately, we obtained access to an archival data set that met these conditions. Study 1 examines the relation between hierarchical position and principled dissent in a field setting of over 11,000 U.S. federal government agency employees. Study 2 then uses an experimental design to replicate the finding from Study 1, establish the causal role of hierarchical rank, and test identification as one possible psychological mechanism. In Study 3, we manipulated the conditions that would enable (or impede) the effects of rank on identification. Specifically, we created conditions under which participants were unlikely to identify with their group. In these conditions, we expected rank not to affect principled dissent. Additionally, the third study tests whether higher rank changes ethical views, preventing high-ranking individuals from detecting ethical problems. Together, our studies describe why and when holding a high-ranking position leads to less principled dissent. Our designs thus complement one another, in that Study 1 tests whether the key relation emerges in the real world, and later studies ensure that hierarchical rank is the causal variable and establish identification as one important intervening psychological processes.

Graham (1986) noted that principled dissent can take a variety of forms, including constructive criticism, protest expressed to others within the organization, reports to audiences outside the organization, blocking actions, and resignation accompanied by an explanation. Our studies thus operationalize principled dissent in two ways. Study 1 examines the reporting of unethical practices. Studies 2, 3, and 4 assess whether individuals express disagreement with their group's unethical decision. Both dependent measures represent an effort to change a morally objectionable pattern of behavior going on in a group and thus are forms of principled dissent.

Our research makes at least three important theoretical contributions. First, we examine how hierarchical rank affects principled dissent. By doing so, we test a seminal idea from Graham's (1986) influential and widely cited theoretical statement on principled dissent. In contrast to our hypothesis, she predicted that holding a higher level in the organizational hierarchy would *increase*, not

decrease, principled dissent. We elaborate on her position below. To date, this idea has not been directly tested. Second, we provide a rare empirical test of the idea that identification promotes acceptance of unethical behavior, as proposed in prior theoretical work (Dukerich, Kramer, & Parks, 1998). Like other scholars (e.g., Smith-Crowe & Warren, 2014), we focus on situations where unethical practices already exist in an organization. We are interested in whether high-ranking people oppose versus accept unethical practices. Third, we examine the effects of hierarchical rank on identification with the group or organization – a relationship that has received little empirical attention (for an exception, see Willer, 2009).

1.1. Hierarchical rank

Our primary aim in this research was to understand why individuals at the top of organizational hierarchies fail to stop unethical practices as often as they do. Accordingly, our focus throughout the paper is on rank in an organizational or group hierarchy. Higher rank is structural (Tost, 2015) and it typically involves greater power, or control over resources (Emerson, 1962), as well as higher social status, or respect and admiration (Weber, 1948). For instance, higher-ranking individuals typically have more control over valued resources such as budgets, the ability to hire and promote others, and discretion over key decisions. Additionally, higher-ranking people are prominent and typically well-respected. Others seek them out for advice, admire them, and attend closely to their opinions, for example. Consequently, high-ranking individuals typically wield a great deal of influence (Tost, Gino, & Larrick, 2013).

Scholars have rightly pointed out that different components of hierarchical rank, such as power and status, are separate constructs that can be distinguished conceptually and empirically (Magee & Galinsky, 2008). For example, sometimes people with a high level of power might not have high status in the eyes of others (cf. Anicich, Fast, Halevy, & Galinsky, 2015; Fast, Halevy, & Galinsky, 2012), and sometimes people with a high level of status might not possess a great deal of power (cf. Fragale, Overbeck, & Neale, 2011). However, hierarchical rank in most organizations and groups includes both power and status (Tost, 2015), and the two variables correlate with each other very highly (Bales, Strodtbeck, Mills, & Roseborough, 1951). Accordingly, our conception and operationalization of hierarchical rank includes power and status.

1.2. Principled dissent

Graham (1986, p. 2) introduced the construct of principled dissent, defining it as any effort individuals make to protest and/or change the organizational status quo because of their conscientious objection to currently policy or practice. By the term “conscientious objection,” she means, fundamentally, moral objection, as illustrated by her review of the moral judgment literature and her claim that principled dissent arises in response to the perception of moral wrongs in the workplace. In one sense, the original definition seems to imply that an actor's psychological state defines what is or is not principled dissent. However, Graham (1986, p. 2) states that “the term *principled* applies to the issue at stake, e.g., one which violates a standard of justice, honesty, or economy: it does not necessarily describe the ultimate motive of the person who raises it.” To clarify this point but remain true to her conceptualization of the construct, we define principled dissent as an individual's effort to protest or change morally objectionable practices.

Principled dissent is the first step toward improving ethical behavior in an organization (Brief, Buttram, & Dukerich, 2001; Nemeth & Staw, 1989). It is a type of political action (Cavanaugh,

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