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Reaching the top and avoiding the bottom: How ranking motivates unethical intentions and behavior ☆

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ABSTRACT

Across six studies we explore when, why, and how an individual's rank position affects their unethical intentions and behavior. We first demonstrate that competing to attain top ranks leads to more unethical intentions (Study 1) and behaviors (Study 2) than competing to attain intermediate or avoid bottom ranks – even when competing in ranks close to top and bottom ranks (Study 3). We then demonstrate that adding additional extrinsic value to top and bottom ranks (via rewards and punishments) increases unethical intentions for bottom ranks (Study 4), such that competing to attain top and avoid bottom ranks elicits more unethical intentions (Studies 4 and 6) and unethical behaviors (Study 5) than competing to attain intermediate ranks. Finally, we demonstrate that elevated perceptions of power and increases in moral rationalizations mediate these effects for top and bottom ranks respectively (Study 6). We discuss the theoretical and practical implications of these findings.

1. Introduction

> *"Martin Winterkorn, Volkswagen's chief executive [...], was in the midst of a plan to more than triple [Volkswagen's] sales in the United States in just a decade – setting it on a course to sweep by Toyota to become the world's largest automaker. [...] Volkswagen's unbridled ambition is suddenly central to what is shaping up as one of the great corporate scandals of the age, [as] Volkswagen said it had installed software in 11 million diesel cars that cheated on emissions tests, allowing the vehicles to spew far more deadly pollutants than regulations allowed. [...] On Mr. Winterkorn's watch, Volkswagen did become the largest automaker in the world, surpassing Toyota in July. He had two months to savor it."*
>
> [Hakim, Kessler, & Ewing, 2015, September 26.]

Rankings, defined as lists in which persons or groups are ordered according to their performance on a relevant dimension, are used as a key mechanism to guide important decisions in organizations, such as investments or divestments, promotions or demotions, and various other types of rewards or punishments (Garcia, Tor, & Gonzalez, 2006). Despite their importance and pervasiveness, however, rankings have been associated with recent high-profile scandals, such as the emission-scandal at Volkswagen, the fuel-economy-scandal at Mitsubishi Motors, the National Football League's 'Deflategate', and doping usage in the Tour de France. These scandals seem to suggest that rankings have the potential to motivate undesirable unethical behaviors, defined as conduct that is "either illegal or morally unacceptable to the larger community" (Jones, 1991, p. 367) and that violates pre-set rules to attain opportunistic gains at others' expense (Lewicki, 1983). Through such unethical behaviors, competitors may illegitimately enhance their performance, thereby allowing an unfair advantage that they would not have had had they played by the 'rules of the game' (cf. Barsky, 2008; Ordóñez, Schweitzer, Galinsky, & Bazerman, 2009; Schweitzer, Ordóñez, & Douma, 2004). Unethical behaviors in a ranking context, therefore, circumvent the legitimate performance basis on which rankings are based (i.e., a rank order of actual *performance* on a relevant dimension), and thereby undermine the legitimacy of important ranking-based decisions made within achievement-oriented organizations. Given its potentially detrimental effects, it is crucial to understand the relationship between rankings and unethical behavior.

Drawing from ranking theory (Garcia et al., 2006), we argue that the desirability of specific ranks, as a function of their intrinsic and extrinsic value, motivates competitors' willingness to engage in

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unethical conduct at various points of the ranking spectrum. First, we argue that top ranks have a stronger intrinsic value than intermediate and bottom ranks, and demonstrate that competing to attain top ranks elicits more unethical intentions (Study 1) and behaviors (Study 2) than competing to attain intermediate or avoid bottom ranks - even when competing within the proximity of these ranks (i.e., close to the top or bottom; Study 3). These studies demonstrate that top ranks have a strong intrinsic value that motivates unethical conduct in and of themselves. Second, we argue that when top and bottom ranks are supplemented with additional extrinsic value through the promise of rewards or punishments, bottom ranks also elicit higher unethical intentions (Studies 4 and 6) and behaviors (Study 5) compared to competing to attain intermediate ranks, with bottom ranks even exceeding top ranks in unethicality (Studies 4 and 6). These studies demonstrate that certain ranks (e.g., the bottom rank) only elicit unethical intentions and behavior when supplemented with additional extrinsic value. Finally, we argue and demonstrate that elevated perceptions of power (Keltner, Gruenfeld, & Anderson, 2003) serve as a driver of unethical intentions to attain top ranks, whereas increases in moral rationalizations (Bandura, 1990; Bandura, Barbaranelli, Caprara, & Pastorelli, 1996; Moore, Detert, Treviño, Baker, & Mayer, 2012) serve as a driver of unethical intentions to avoid bottom ranks (Study 6).

This research contributes to the literature on ranking, ethics, and power in several ways. First, we contribute to the literature on ranking theory (Garcia et al., 2006) by demonstrating that top ranks have an intrinsic value that elicits unethical conduct, and that bottom ranks can elicit unethical conduct when extrinsic value is added to them. This expands our knowledge by demonstrating that rankings not only motivate competitive and cooperative behaviors (e.g., Chen, Myers, Kopelman, & Garcia, 2012; Garcia, Song, & Tesser, 2010; Garcia & Tor, 2007; Garcia et al., 2006; Pettit, Sivanathan, Gladstone, & Marr, 2013; Poortvliet, Janssen, Van Yperen, & Van de Vliert, 2009), but also motivate illegitimate unethical behaviors. Although there is research that has demonstrated that rankings may spark interpersonally-harmful behaviors (Poortvliet, 2013), these behaviors were considered to be legitimate in that specific context and are therefore not unethical (e.g., Jones, 1991; Lewicki, 1983). A second related implication is that the present results demonstrate that unethical behaviors are not solely a function of competition (cf. Pierce, Kilduff, Galinsky, & Sivanathan, 2013), which can be perceived across the entirety of the ranking spectrum, but rather a function of specific ranks that competitors are proximal to. Third, our search for the mechanisms behind these ranking effects leads us to integrate literature on ranking theory (Garcia et al., 2006) with insights from that on power (Anderson & Galinsky, 2006; Galinsky, Gruenfeld, & Magee, 2003; Jordan, Sivanathan, & Galinsky, 2011; Keltner et al., 2003) and moral rationalizations (Bandura, 1990; Bandura et al., 1996; Moore et al., 2012) in order to explain *why* those in top and bottom ranks are more likely than those in intermediate ranks to act unethically. We do so by demonstrating that elevated perceptions of power psychologically release those at the top ranks to engage in unethical behaviors, whereas those at the bottom ranks harness moral rationalizations to justify acting unethically in their disadvantaged position. In sum, the current investigation demonstrates that while unethical behavior is more prevalent at the top and the bottom than in the middle, the reason behind these effects are not uniform across the ranking spectrum.

1.1. The unidirectional drive upward and proximity to valuable standards

According to ranking theory, there are two primary motivators that determine the motivational effectiveness of rankings (Garcia et al., 2006). First, ranking theory uses a social comparison perspective (Festinger, 1954) to propose that individuals constantly compare their own performance on the relevant ability-laden dimension with the performance of their commensurate rivals. Through these comparisons, individuals assess whether their commensurate rivals are or are close to outperforming them. Being outperformed by a commensurate rival on a valued dimension is a threatening experience that drives individuals to attempt to (re)establish their superiority over their rival. Hence, these social comparisons motivate a *unidirectional drive upward*: a need to outcompete all commensurate rivals on the valued, ability-laden dimension until the top of the competition is achieved (Garcia et al., 2006).

Second, in addition to these social comparison processes, ranking theory states that this unidirectional drive upward is conditional upon the *proximity* to certain valuable ranks, where value is either determined by natural characteristics of that rank (i.e., intrinsic value), or by additional consequences that may be associated with that rank (i.e., extrinsic value). In terms of intrinsic value, one of the most notable intrinsically-valuable ranks is the top rank (e.g., being in first place), because this rank signifies that the possessor of that rank has the highest performance and is therefore the best. This inherent characteristic makes top ranks very valuable and motivates a unidirectional drive upward to attain these top ranks. In contrast, other ranks, such as intermediate ranks (e.g., being in middle place), which signify that an individual is performing at an average level, or bottom ranks (e.g., being in last place), which signify that an individual has the lowest performance of all competitors, are typically considered to be less intrinsically valuable and therefore spark lesser motivation to attain or avoid these ranks. The higher intrinsic value possessed by top ranks, therefore, means that individuals are generally more motivated to attain top ranks than they are to attain intermediate or to avoid bottom ranks.

1.2. Rankings and unethical behavior

Research on rankings has investigated various behavioral responses to ranks of different values (Garcia, Tor, & Schiff, 2013). For example, in a single study, Poortvliet (2013) demonstrated that when combined with one's achievement goal (i.e., mastery or performance), rankings affected individuals' engagement in interpersonally-harmful behavior – that is, sending another person an undesirable noise blast. Specifically, the author found that individuals with a mastery goal orientation who occupied increasingly higher ranks, displayed more interpersonally-harmful behavior, whereas individuals with a performance goal orientation engaged in more harmful behavior when in low or high rather than intermediate ranks. Additionally, while not looking at ranking but rather competition, in general, research by Pierce et al. (2013) found that in situations engendering competition (but not cooperation), perspective-taking of one's competitor actually increased unethical behavior towards that competitor. When told that the situation was competitive, people were more likely to report unethical intentions and engage in unethical behaviors (e.g., sending deceptive messages in a social interaction or cheating in an anagram task) when asked to imagine the mindset of one's competitor.

These key contributions considered, both the Poortvliet (2013) and Pierce et al. (2013) studies leave some important questions unanswered. Specifically, neither study investigated the relationship between ranking and unethical behavior, nor did it find a main effect of competition on unethical behavior. That is, even Pierce et al. did not find that competition in and of itself elicited unethical behavior. We propose that this is likely because the direct relationship between competition in and of itself and unethical behavior