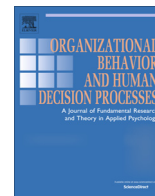




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Cheating to get ahead or to avoid falling behind? The effect of potential negative versus positive status change on unethical behavior



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ABSTRACT

This research examines how being faced with a potential negative versus positive status change influences peoples' willingness to ethically transgress to avoid or achieve these respective outcomes. Across four studies people were consistently more likely to cheat to prevent a negative status change than to realize a positive change. We argue that what accounts for these results is the enhanced value placed on retaining one's status in the face of a potential negative change. Taken together, these findings offer a dynamic perspective to the study of status and ethics and contribute to knowledge of the situational factors that promote unethical behavior.

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1. Introduction

Thirty Wells Fargo employees were fired in 2013 for forging client signatures, opening unneeded accounts, and ordering credit cards without customers' permission in order to increase their sales numbers (Morran, 2013). Despite prior claims that ethical conduct is a top priority in ethics training programs, Wells Fargo is currently fraught with a mass of lawsuits over these instances of employee misconduct.

Was this the result of several overzealous employees who were otherwise secure in their position but got lost in their desire to rise in the 'corporate ranks?' Or, did Wells Fargo unknowingly hire a few 'bad apples?' Follow-up interviews with these former employees point to another possibility. Specifically, those interviewed commonly indicated that their misdeeds were not triggered by a drive to ascend the ranks or a bigger bonus check, but instead by worries about being cast in a negative light and losing their standing in the eyes of others should they not perform well (Morran, 2013). That is, these employees attributed their behavior more to concerns about maintaining their current standing in the organization than to greed or ambitions for upward mobility.

Putting aside whether these employees are able to accurately report on their intentions after-the-fact or not, speculation about their motives raises important questions for managers concerned with reducing the potential for ethical misconduct in their organizations. People are obviously concerned with how they are seen and treated by their coworkers (e.g., Blader & Chen, 2011; Neeley, 2013), and while a singular focus on improving these outcomes by ascending the ranks (e.g., Anderson & Kilduff, 2009; Barkow, 1975) has long been considered a temptation to cheat (e.g., Konrad, 2000; Krakel, 2007; Lazear, 1989), one's status has the potential to change both positively and negatively. Accordingly, whether employees are more likely to cheat in the service of 'getting ahead,' or to avoid 'falling behind,' remains an open question and the focus of the current research. Specifically, we ask whether people will be more likely to cheat to maintain their status when faced with a potential negative status change, or instead if cheating is more likely when doing so allows people to capitalize on the potential for positive status change. That is, we consider how a potential negative versus positive status change influences peoples' likelihood of transgressing to avoid or achieve these respective outcomes.

Prior research on social hierarchies and ethics in organizations has focused primarily on third party observers' willingness to forgive versus punish others' transgressions depending on the transgressors' status (Fragale, Rosen, Xu, & Merideth, 2009; Polman, Pettit, & Wiesenfeld, 2013), or how power affects the likelihood of behaving anti-socially and perhaps even unethically (Hirsh, Galinsky, & Zhong, 2011; van Kleef et al., 2007; Williams, 2014).

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By examining potential status changes and their influence on (un)ethical behavior we add to both the emerging literature on the dynamic nature of social hierarchy (e.g., Brion & Anderson, 2013; Marr & Thau, 2014; Pettit, Sivanathan, Gladstone, & Marr, 2013; Pettit, Yong, & Spataro, 2010) and contribute to research on the contextual factors that influence ethical decision-making (e.g., Bohns, Roghanizad, & Xu, 2014; Cameron & Miller, 2009; Duffy, Scott, Shaw, Tepper, & Aquino, 2012; Gino, Ayal, & Ariely, 2009; Kern & Chugh, 2009).

1.1. Dynamic status hierarchy

Status differences—or, differences in the amount of respect, prestige, and admiration that a person is granted relative to others (e.g., Anderson, John, Keltner, & Krings, 2001; Gould, 2002; Willer, 2009)—are a common feature of organizational settings. A person's relative status is consensually understood and accurately perceived (Anderson, Srivastava, Beer, Spataro, & Chatman, 2006), and it is argued that there are multiple mechanisms that reinforce status differences and contribute to hierarchical stability (Magee & Galinsky, 2008; Sidanius & Pratto, 1999).

As such, status has typically been examined at single snapshots in time and thus implicitly treated as a static feature of organizational life (e.g., Blader & Chen, 2011; Bunderson, 2003; Halevy, Chou, Galinsky, & Murnighan, 2012). However, a hierarchy that appears outwardly 'stable' to a third party observer might be experienced as dynamic and contested by the actors who compose it. Despite the self-reinforcing nature of hierarchy, people are unlikely to passively accept their current status or see it as immutable. In fact, the notion that status is contested—with actors exerting personal agency in the status conferral process to affect (or prevent) change—has long been considered an inherent feature of hierarchies (e.g. Berger, Conner, & Fiske, 1974; Goffman, 1969; Owens & Sutton, 2001). Thus, whether status change occurs frequently or not, the *potential* for status change is likely a common experience.

It is only in recent years, however, that organizational scholars have begun to empirically examine these dynamics in the form of status conflicts, competitions, and the "jockeying" for position that occurs in organizations (e.g., Bendersky & Hays, 2012; Cho, Overbeck, & Carnevale, 2011; Groysberg, Polzer, & Elfenbein, 2011; Overbeck, Correll, & Park, 2005; Porath, Overbeck, & Pearson, 2008; Spataro, Pettit, Sauer, & Lount, 2014). At the core of these dynamics is the recognition that both positive and negative status change can occur (Marr & Thau, 2014; Neeley, 2013; Neeley & Dumas, *in press*; Pettit et al., 2010).

In terms of a potential positive status change, the numerous benefits of status (e.g., deference, positive attention [e.g., Berger, Rosenholtz, & Zelditch, 1980]) make achieving greater status an attractive potential. Indeed, status is considered a top employee motivation (e.g., Parker & Kushmir, 1991) and has been argued to be an even greater incentive than financial compensation (e.g., Barkow, 1975; Homan, 1951). However, just as status striving can result in positive status change, negative change can occur as well (e.g., Bendersky & Shah, 2013; Neeley, 2013). Status is contested and challenged, and such contests involve both winners and losers (e.g., Loch, Huberman, & Stout, 2000; Overbeck et al., 2005; Owens & Sutton, 2001). The experience of a negative status change elicits negative affect (Kemper, 1991), job performance anxiety (Neeley, 2013), and can even impair subsequent task performance (Marr & Thau, 2014). Such findings suggest that negative status change is an aversive state that people seek to avoid (Pettit & Lount, 2010; Pettit et al., 2010; Scheepers & Ellemers, 2005; Zink et al., 2008).

1.2. The experience of status

The motives behind seeking a positive status change and avoiding a negative change come with good reason. A person's status can affect both their tangible downstream outcomes—such as the subsequent acquisition of resources and power (Magee & Galinsky, 2008; Thye, 2000)—and more proximal social, psychological, and even physiological experiences (Anderson, Kraus, Galinsky, & Keltner, 2012; Marmot, 2004). For instance, beyond the multiple social rewards, the subjective experience of higher status—whether it is based on where one stands in a team (Anderson et al., 2012), organization (Akinola & Mendes, 2014; Sherman et al., 2012), or in society more broadly (Sapolsky, 2005)—has consistently been associated with a range of improved psychological and physiological health outcomes (e.g., Singh-Manoux, Marmot, & Adler, 2005).

Given the above, some have argued that status is a resource in and of itself, and holds a value separate from the ancillary tangible benefits that it may afford (e.g., Barkow, 1975; Frank, 1985). Aligned with this reasoning, Huberman, Loch, and Onculer (2004) found that participants playing an allocation game made a monetary trade-off to achieve status that offered no tangible future benefits. The willingness to make this trade-off is believed to come from the positive psychological experience of greater status alone (Kemper, 1991). Although status is intangible and socially constructed, these findings suggest that status, even in the absence of its tangible benefits, is pursued and experienced as a desired social object.

1.3. Ethical consequences of potential status change

With the possibility of status change, and motives both for positive change and against negative change, a critical question becomes how far will people go to achieve or avoid these respective ends? We argue that the possibility of positive and negative status change inherent in social hierarchies offer two potent social motivators—the desire to 'get ahead' and to avoid 'falling behind'—that may differentially affect people's willingness to cross ethical boundaries in the service of each.

Given the many benefits of having greater status, one might assume that people will cheat more to realize a positive status change than to prevent a negative status change. Striving for status has become taken for granted as a fundamental human motive with a strong evolutionary basis (Anderson & Kilduff, 2009; Barkow, 1975; Cheng, Tracy, & Henrich, 2010; Kim & Pettit, 2015; Pinker, 2002). As such, any opportunity for greater status is likely to tap into an evolved drive toward the top. With this instinctive drive activated, people may modify or even abandon their moral principles to attain greater heights. Further, the tangible benefits associated with status have been argued to accrue exponentially as one ascends the ranks (Frank & Cook, 1995), and therefore any gain in status should be accompanied by an even larger gain in its rewards. Such potential outcomes are likely strong motivators to act self-interestedly and even cheat to seize the opportunity for more status.

At the same time, a different line of reasoning—one based on our assertion that status is a social object that people pursue and possess—underlies the possibility that a potential negative status change will elicit even greater cheating in the service of preventing such an outcome. When an object is in one's possession, the value attached to it is reliably greater than the value assigned to it by others (e.g., Carmon & Ariely, 2000; Kahneman, Knetsch, & Thaler, 1990; Thaler, 1980). This is especially true when the object is highly relevant to the self (Beggan, 1992), as is argued to be the case for status (Barkow, 1975; Sivanathan & Pettit, 2010; Tajfel & Turner, 1986). It follows then that a given status position should be valued more by a person who holds this position than by

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