



The impact of corporate culture on ethical perception and unethical behavior

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Abstract

Titel: The impact of corporate culture on ethical perception and unethical behavior

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Unethical decisions have been a part of organizations ever since they were formed. Still, ethical misconduct is often overlooked, not only because individuals are still hesitant to voice ethical concerns, but also because of their susceptibility to external influences in their environment. Corporate culture may reduce unethical behavior in organizations, through its role as a driver of ethical decision-making and its potential influence on whistleblowing intentions. In this thesis, existing research is reviewed, and corporate culture is explored as a factor of influence for unethical behavior and perception, as well as potential dependencies between the two components of the ethical decision-making process. Through an experimental study with a sample of 163 participants, the effects of two contrasting hypothetical corporate cultures were investigated through ethical vignettes. The results, while explicitly hypothetical for behavior, demonstrated a significant influence of corporate culture on unethical behavior, even when controlling for social desirability and ethical orientation. Regarding the influence of the latter, corporate culture seemed to play an even more important role when the ethical orientation of participants was low. In contrast, corporate culture had no significant effect on ethical perception. This thesis sheds light on new potential factors of influence impacting the effect of corporate culture on perception and unethical behavior, contributing to the existing literature of the influences of corporate culture and providing new research approaches.

Keywords: Corporate culture, ethical decision-making, ethical perception, unethical behavior, ethical orientation

Sumário

Título: O impacto da cultura empresarial na percepção ética e no comportamento não ético

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As decisões pouco éticas fazem parte das organizações desde a sua criação. No entanto, a má conduta ética é frequentemente ignorada, não só porque os indivíduos ainda hesitam em expressar preocupações éticas, mas também devido à sua suscetibilidade a influências externas no seu ambiente. A cultura empresarial pode reduzir o comportamento antiético nas organizações, através do seu papel como motor da tomada de decisões éticas e a sua potencial influência nas intenções de denúncia de irregularidades. Nesta tese, a investigação existente é revista e a cultura empresarial é explorada como um fator de influência para o comportamento e a percepção antiéticos, bem como as potenciais dependências entre as duas componentes do processo de tomada de decisões éticas. Através de um estudo experimental com uma amostra de 163 participantes, os efeitos de duas culturas empresariais hipotéticas contrastantes foram investigados através de vinhetas éticas. Os resultados, embora explicitamente hipotéticos para o comportamento, demonstraram uma influência significativa da cultura empresarial no comportamento antiético, mesmo quando se controla a desejabilidade social e a orientação ética. Relativamente à influência desta última, a cultura empresarial pareceu desempenhar um papel ainda mais importante quando a orientação ética dos participantes era baixa. Em contrapartida, a cultura empresarial não teve um efeito significativo na percepção ética. Esta tese lança luz sobre potenciais novos factores que afectam o efeito da cultura empresarial na percepção e no comportamento não ético, contribuindo para a literatura existente sobre as influências da cultura empresarial e fornecendo novas abordagens de investigação.

Palavras-chave: Cultura empresarial, tomada de decisões éticas, percepção ética, comportamento não ético, orientação ética

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Glossary

$\&$	And
ANOVA	Analysis of variance
ANCOVA	Analysis of covariance
b	Regression coefficient
EVM	Experimental vignette methodology
F	F-statistic
H1	Hypothesis one (2-3 respectively)
M	Sample mean
N	Total number of cases
p	p-value
r	Correlation coefficient
SBLM	Supervisor bottom-line mentality
SD	Standard deviation
t	t-statistic
V1	Vignette one (2-4 respectively)

1 Introduction

“Corporate culture matters. How management chooses to treat its people impacts everything for better or for worse.” – Simon Sinek

Corporate culture has the potential to impact ethical decision-making (Schwartz, 2013), and it is precisely this impact that could lead individuals to make decisions that are either ethically questionable or in favor of morality. Once in a while, high-profile business scandals have their hold on society, showing the effects of neglecting a healthy corporate culture, focusing solely on performance and dismissing employee concerns. For example, considering the Wells Fargo scandal, where employees felt such pressure to fulfill their rate that they opened fraudulent accounts (Tayan, 2016) or the Enron scandal, where the focus was heavily laid on delivering impressive financial performance, leading accountants and executives to manipulate financial statements to create the appearance of growth and profitability (McLean & Elkind, 2004). Unfortunately, these are not isolated incidents, as Uber’s workplace culture crisis in 2017 demonstrates. This latter scandal illustrates how a growth-at-all costs mentality executed by upper management lead to a culture of sexual harassment, discrimination, and unethical business practices amongst employees (Conger, 2017).

Having a look through history, with the first known scandals occurring as early as 1711 (the South Sea Company scandal), it is safe to say that unethical decisions have been a part of corporations ever since they were first formed (Jackson et al., 2013). When looking at recent developments, companies are still affected by unethical behavior. According to the Global Business Ethics Survey, 33% of employees in global organizations have observed ethical misconduct such as improper hiring practices or abusive behavior, and 61% reported that they were experiencing retaliation after reporting misconduct (ECI, 2021). As whistleblowing is an important part of curbing unethical behavior in organizations (Zakaria, 2015), a culture that encourages said behavior rather than retaliate it must be fostered.

Cultivating such a corporate culture has become increasingly necessary, especially since only 14% of employees reported a strong and ethical corporate culture in their workplace (ECI, 2021) and in a time where our society is sensitive to ethical considerations, be it the MeToo movement, cancel culture, or the Black Lives Matter initiative.

The importance of this topic is reflected in the number of publications aiming to analyze the effect of corporate culture on ethical decision making. Until now, research has set a strong focus

on sectors like accounting, marketing, and the pharmaceutical industry: analyzing how accountants' ethical judgement was influenced by personal values and perceived organizational culture (Douglas et al., 2001) or by a corporate culture with a strong reward system (Nill & Schibrowsky, 2005). Others provided insights into a more theoretical approach: For example, James (2000) analyzed the impact of organizational structure, with corporate culture being only a small part of the examination. In another example, Bowen (2004) explored organizational factors (e.g., management style) encouraging ethical decision-making in the pharmaceutical industry.

As most of the existing studies were conducted almost a decade ago, with the focus shifting from corporate culture to responsible business and sustainability in recent years, this thesis aims to update the knowledge and provide fresh insights into the evolving dynamics on how corporate culture influences ethical decision-making. This research fills a notable gap by analyzing how contrasting corporate cultures can shape individuals' ethical perception and unethical behavior independent of a specific industry.

1.1 Problem statement

This thesis will investigate how corporate culture influences the ethical decision-making process of individuals put in the employee position with the help of hypothetical scenarios. Especially ethical perception and unethical behavior are of interest to this thesis. While ethical perception describes if an individual recognizes an ethical dilemma (Rest, 1986), unethical behavior not only includes committing unmoral acts but also accepting unethical behavior of others. This thesis will examine how corporate culture affects perception and unethical behavior¹ of individuals in organizations. Therefore, the aim of this thesis is to examine the following research question:

Can corporate culture influence ethical perception and unethical behavior?

To address the identified research gap, the research question was divided into the following sub questions:

RQ1: How does a positive corporate culture impact unethical behavior?

RQ2: How does a negative corporate culture impact unethical behavior?

¹ . It is important to note that at this point, through the hypothetical nature of the research method, what is examined is the hypothetical unethical behavior of participants.

RQ3: Will ethical perception vary between negative and positive corporate cultures?

RQ4: Does a negative corporate culture increase unethical behavior, regardless of its effect on ethical perception?

1.2 Managerial and academic relevance

To answer the research questions, an experimental study was conducted. Participants were randomly assigned to be either exposed to a negative or positive fictitious corporate culture and afterwards asked to give their evaluation on four ethical vignettes. In doing so, this research aims to contribute to the growing research on business ethics and corporate culture by not only providing a direct comparison between the influence of a negative vs. a positive corporate culture, but also by examining the potentially interconnected dynamics of ethical perception and unethical behavior within the same organizational context. This direct comparison aims to provide managers and individuals with more general, non-industry dependent insights helping companies and individuals to understand the actual importance of a positive corporate culture in today's society.

1.3 Structure of the thesis

The introduction has already defined the research questions and the general topic. To justify the research questions and derive hypotheses, Chapter 2 reviews existing literature concerning ethical decision-making and provides insights into existing concepts, biases that may influence this process and possible counter measures against unethical behavior. The second half of this chapter provides more insights into influential parts of corporate culture and its impact on ethical decision-making. Chapter 3 describes the study that was conducted to answer the research questions, explaining the methodology used. Chapter 4 presents the results, and Chapter 5 discusses the findings and points out the limitations of this research. Lastly, the conclusion summarizes the findings of this thesis.

2 Literature Review

2.1 Ethical decision-making

Roozen et al. (2001) categorized the influences of ethical decision-making broadly into sociodemographic, interorganizational, contextual, and extracontextual factors. In this study the focus lays on the interorganizational factor: corporate culture.

Throughout this thesis, the terms moral and ethical are considered synonymous. To better understand an individual's ethical decision-making, it is essential to consider the process an individual goes through when confronted with a moral problem. Since the eighties, there have been many publications on ethical decision-making models (Cottone & Claus, 2000). Rest (1986) firstly proposed the four-component model for an individual's ethical decision-making process, whereby a moral agent must first recognize the moral issue, make a moral judgement, establish a moral intent, and lastly engage in moral behavior. He argued that the successful completion of one step does not guarantee the successful completion of all steps. As the focus of this thesis lays on ethical perception and unethical behavior, a distinction must be made between the two terms.

Before clarifying the terminology of unethical and ethical behavior, it is important to recognize the subjectivity of this concept. Jones (1991) noted the difficulty in providing a clear definition, stating that any definition would be relativistic and imprecise. Yet Trevino et al. (2006) provide several thoughts on how ethical or unethical behavior could be defined. While some researchers defined unethical behavior as lying, cheating, or stealing, ethical behavior can be understood as acts that conform with minimal moral standards such as honesty and obeying the law (Trevino et al., 2006). Still others describe ethical behavior as behaviors such as giving to charity and whistleblowing (Trevino et al., 2006).

While these previous approaches offer legitimate definitions, in this thesis an ethical decision (behavior) will be understood as a decision that is not only legal but of moral nature (Jones, 1991). Ethical or moral behavior is behavior that is judged or accepted by general norms and behavior (Trevino, 2006; Reynolds & Ceranic, 2007). In addition, unethical behavior not only includes committing unmoral acts but also accepting unethical behavior of others. Thus, this means that moral behavior also includes pointing out other's unethical behavior (i.e., whistleblowing) (Trevino et al., 2006). Therefore, ethical, and consequently unethical behavior occur within the context of societal requirements and norms (Reynolds & Ceranic, 2007).

When talking about ethical perception, the term implies to which degree an individual can identify a moral issue. In the decision-making process this refers to the first step: recognize the moral issue (Rest, 1986). Hunt and Vitell (1986) acknowledged that not all ethical problems may be recognized as such. For this they introduce the term “perceived ethical problem” (p.7). Rest (1986) also referred to this first step as ethical sensitivity or awareness, meaning to what extent individuals are sensitive to ethical dilemmas and perceive them as such.

While the individual components of the different models building on Rest’s (1986) work seldom vary, different factors of influence are introduced. To name a few examples, Jones (1991) focused on the nature of the issue by incorporating moral intensity. He described six components for the evaluation of the intensity of a moral issue: Magnitude of consequences, social consensus, probability of effect, temporal immediacy, proximity, and concentration of effect (for more detail, see Appendix A). He stated that moral intensity will affect the recognition of the moral issue (i.e., perception). In simplified terms, moral issues of high intensity are more likely to catch the attention of the decision maker than moral issues of low intensity. Chen et al. (1997) hypothesized that the ability to perceive a moral issue might be more related to corporate culture than to individual attributes, contradicting Trevino’s (1986) implication that moral judgments are moderated by individual factors. Trevino hypothesized that corporate culture may contribute to individuals’ decision making, though this is moderated by individual factors such as their ability to resist social pressure or the perceived control that they have in their workplace.

Ferrell and Gresham (1985) and Hunt and Vitell (1986) stated that the environment, such as social, cultural, and organizational factors, in which the process takes place may influence the outcome (e.g., if an individual perceives an issue and decides to commit an unethical act). As their research indicates that social developments could be a potential factor of influence, the following chapter explores these in anticipation of their role as a potential explanatory factor for the later presented results.

2.1.1 Social trends

When having a look at the current trends running through society, it becomes evident that we have developed to be more sensitive to moral questionable actions. The MeToo movement helped us gain sense of a problem which has been waved off for years (Bhattacharyya, 2018). As sexual conduct has occurred over decades in the business world as well as in private life, it is unsurprising that the movement has emerged as a powerful whistleblower pointing out

incidents that occurred even years ago (Bhattacharyya, 2018). And this is not the only powerful movement that formed in recent years to point out serious shortcomings yet again in society. The Black Lives Matter initiative has proven to be a powerful tool in raising awareness and promoting racial equality and social justice (Belchamber, 2020). By actively promoting inclusion and diversity in the workplace and by giving a platform to those who are affected by racial discrimination, this initiative did its part in sensitizing society to racial considerations (Belchamber, 2020).

By our use of Instagram, TikTok, and X (formerly known as Twitter), we are constantly faced with the latest developments, be it a new case of racial discrimination or harassment. These trends indicate that the dominant morals in our society have changed. What was perceived as not critical in the past is viewed as unethical today. The reasoning behind this could be the combination of the influence of social media and agenda setting (Köksoy & Demir, 2021). Agenda setting in the context of social media is proven to be a powerful tool to determine and prioritize which issues gain widespread public awareness (Köksoy & Demir, 2021). But awareness always comes with some sort of negative effect. With the rise of cancel culture, this sensitivity turned into a vogue culture of public shaming (Bakhtiari, 2020). These trends highlight how sensitive our society has become to ethical dilemmas and considerations, when even the slightest ethical misconduct can lead to individuals or entire companies being “canceled”.

2.1.2 Biases influencing ethical decision-making

To better understand why ethical behavior can be compromised, biases that influence the decision-making process of individuals, specifically in organizations, are examined. These biases may help explain the influence of corporate culture on unethical behavior and perception.

When individuals face decisions, the solutions to these issues can be influenced by unconscious biases (Oberai & Anand, 2018). Biases are triggered by instinct, which can be influenced by societal and organizational factors (Oberai & Anand, 2018). Unconscious bias can influence individuals’ attitudes and behavior (Noon, 2018). Unconscious biases that may be relevant for ethical perception and behavior include confirmation bias and conformity bias.

Confirmation bias means that individuals seek and interpret information in a way that upholds and confirms their beliefs and behaviors (Oswald & Grosjean, 2004). In other words, people try to confirm their beliefs or behaviors rather than falsify them (Popper, 1959, 1974). In the context of this thesis this means that, assuming individuals decide to act unethically or ignore

unethical behavior, they would, by definition, look for information that would support them in their actions. Thus, confirmation bias can compromise the ethical behavior of individuals in organizations. The bystander effect could further support this argumentation. The effect refers to a phenomenon where the likelihood of individuals to help or act decreases when passive bystanders are present (Latané & Darley, 1970). If a group of passive bystanders (coworkers) ignored an ethical concern, acting as if they do not perceive it, the involved individuals will very much likely assume that the situation is not as critical as they initially thought and not speak up.

When observing ethical behavior of individuals in groups (i.e., organizations), conformity bias plays a particularly important role. Padalia (2014) describes conformity as the tendency of individuals to passively go along with a group and thereby neglect their own interest or values. Even though some level of conformity is necessary to fit into our society (Deutsch & Gerard, 1995), an extreme manifestation can lead to the neglect of moral principles to fit into a group (Padalia, 2014). If an individual is exposed to a negative corporate culture, where the people around are acting unethically, the individual itself would most likely also participate in morally questionable actions for the sake of fitting in (Meglino et al., 1989). Ash (1951, 1956) conducted a series of studies that demonstrated how peer pressure can influence an individual to evaluate an obviously false statement as correct. In subsequent replication experiments, it was found that the larger the size of the instructed majority, the more conformity is produced (Insko et al., 1985). Putting this finding in the context of a larger organization that is likely to have larger groups of employees, conformity can be a serious risk. Assuming said company is characterized by a corporate culture in which employees make morally questionable decisions and are only concerned about their own benefit, this behavior will likely be transferred to others, according to the results of Ash's experiments. Knowing that conformity biases are a natural human tendency, corporate culture plays an even more important role. Cordes et al. (2010) put Ash's findings into the context of individuals adapting to corporate culture. They state that the influence of people's behavior is crucial for maintaining and adapting to a corporate culture. Furthermore, they imply that, due to conformity bias, moral agents are more likely to conform to cooperative and moral behavior when it is modeled and approved by the majority of the group. If individuals are therefore inevitably affected by peer pressure, why not be influenced by moral behavior and ethical decisions promoted by a healthy corporate culture?

2.1.3 Potential preventative measures

Unethical decisions have been a part of organizations ever since they were first formed (Jackson et al., 2013), and therefore measures and strategies have been developed to mitigate or even prevent unethical behavior. These measures vary in effectiveness and entail a range of different approaches, including ethical training and education, and whistleblowing.

Training and educating individuals in ethics could help organizations reduce unethical behavior or even prevent its occurrence. Ethical training in organizations equips individuals with knowledge and skills to deal with complex ethical issues while also having the potential to raise awareness and sensitize for ethical dilemmas (Warren et al., 2014). Furthermore, the integration of ethical education into lectures could achieve a positive impact on ethical behavior by empowering individuals to address and recognize ethical challenges that may arise in their professional roles (O'Leary, 2009). When training and educating individuals, a great remaining challenge is maintaining these ethical standards (O'Leary, 2009).

A different promising approach to mitigate unethical behavior in organizations is giving bystanders a voice and encouraging them to speak up (Zakaria, 2015). Whistleblowing is an important internal mechanism to uncover organizational wrongdoings and to curb unethical behavior (Zakaria, 2015). Some research even indicates that ignoring unethical behavior of others makes individuals susceptible to unethical behavior themselves (Rest, 1986). So how can it be ensured that ethical standards and prior ethical orientation of individuals (Douglas et al., 2001) in organizations are maintained? Corporate culture could present itself as an effective tool in reducing unethical behavior, as it is not only a potential factor in influencing whistleblowing intentions (Zakaria, 2015) but also a driver of ethical decision-making (Nill & Schibrowsky, 2005; the scope was limited to marketing students). Therefore, in the following section, the concept of corporate culture is explored.

2.2 Corporate culture

For an organization to be ethical at all levels, a corporate culture must be cultivated that fosters ethical behavior (Bowen, 2004). Before examining which components of corporate culture may influence ethical decision-making, the terminology of corporate culture is to be clarified. An organizational culture consists, at its core, of shared values and beliefs (James & Harvey, 2000), and is “the way people behave and work within an organization” (Farrell, 2018; p.863). Additionally, Farrell (2018) defined corporate culture as a behavioral pattern that determines the way things are accomplished. This behavioral pattern of an organization can be manifested

through communication patterns, policies, or management procedures (Farrell, 2018). The definition provided by Robbins (1990) is of particular interest in this thesis. He defined corporate culture as “individual initiative, risk tolerance, direction, integration, management support, control, identity, reward system, conflict tolerance, and communication patterns” (p. 439). These dimensions may influence ethical decision-making in organizations.

2.2.1 Importance of corporate culture

Corporate culture is essential for an organization’s success (Molenaar et al., 2002). As it serves as the framework for how individuals work together, it can provide insights into why an organization or department is successful or not (Farrell, 2018). Corporate culture can therefore be an invisible force that holds organizations together or breaks them apart (Farrell, 2018).

Furthermore, corporate culture can have a significant impact on the value that is placed on ethical decision-making, not only for the individual but also for the company (Bowen, 2004). Maintaining a healthy corporate culture, for example having a reputation for ethical behavior, can not only have positive effect on individuals and attract new talent (Whetten & Godfrey, 1999), but it can also contribute to a sustainable competitive advantage (Barney, 1986). This illustrates that corporate culture has a powerful effect on individuals and on performance (Kotter, 2008). How connected performance and ethical behavior really are is revealed by the study of Guiso et al. (2015). By observing firms over a five-year span and assessing corporate culture with a questionnaire, they found that a firm’s performance is stronger when employees perceive corporate culture, especially managers, as ethical and trustworthy. This reflects the importance of corporate culture, as it not only has the potential to influence ethical decision-making, but also increase organizational economic performance (Calori & Sarnin, 1991) at the same time.

2.2.2 Measuring corporate culture

In the past, academic inquiries predominately assessed corporate culture with quantitative studies containing the five-item corporate ethics scale developed by Hunte et al. (1989). Sweeney et al. (2010) and Douglas et al. (2001) used this scale to determine perceived corporate culture and its impact on ethical and unethical behavior. However, this measure is only suitable when a sample of practicing employees in specific fields or companies is examined. To obtain a general overview, a theoretical approach is necessary. Franzoni (2013) introduced a theoretical framework with which corporate culture can be assessed and measured.

Figure 1 illustrates how Franzoni’s (2013) theoretical framework is built and an explanation of it follows: First, internal and external variables that potentially influence corporate culture must be identified. External variables are the social conditions of stakeholders, rules, guidelines, behavioral habits, and attitudes of individuals belonging to the company or its environment. In contrast, internal variables are represented by the values of every individual, management style, hierarchical structure, communication patterns, and other values. Internal and external variables have a direct influence on the ethical and entrepreneurial values of an organization. Depending on the interpretation of these internal and external variables, ethical and entrepreneurial values can exhibit a positive or negative tendency, ultimately defining the overall corporate values of an organization. Target indicators measuring corporate culture are the main instrument to ensure that a positive corporate culture was implemented or designed. Ethical values include respect for others, honesty, or openness to innovation. Corresponding relevant target indicators represent the level of responsibility, transparency in communications or to which degree innovative solutions are implemented and appreciated. Entrepreneurial values are described amongst other components as effectiveness of human resources. Relevant target indicators describe the level of conflict coordination, participation in collaborative exchange, the number of meetings or absentee rate.

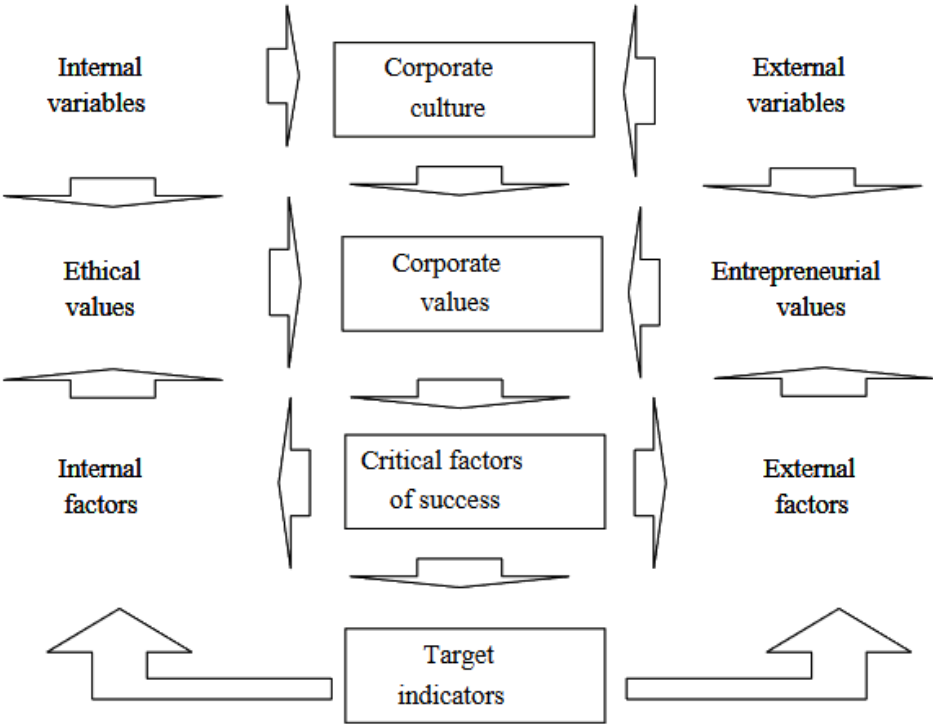


Figure 1: The theoretical framework of Franzoni (2013)

As previously noted, Robbins (1990) described corporate culture amongst other components as communication patterns, reward system, and management support. These components are consistent with what Franzoni (2013) described as internal variables. Internal variables influence individuals every day in their work environment and therefore have a direct impact on individuals (Franzoni, 2013), hence they may have the potential to influence perception and unethical behavior of individuals. Therefore, in the following section, the highly influential components of corporate culture as described by Robbins and Franzoni are covered.

2.2.3 Highly influential components of corporate culture

Communication patterns

Corporate culture and communication are interconnected as corporate culture is not only transmitted through communication, but also shapes a company's communication practices (Bowen, 2004). Communication in particular seems to play an important role when it comes to ethical behavior. The way communication of moral judgement is handled may affect whether ethical considerations are shared again, if they were disregarded in the past (Bowen, 2004). Gruning (1992a, 1992b) introduced two main concepts, authoritarian culture, and participative culture. An authoritarian culture is defined as a power distant relationship between employees and management. A participative culture is an open system where the employee's input is valued (Gruning, 1992a). According to Gruning (1992a), an authoritarian culture fosters asymmetrical communication and ineffectiveness, whereby a participative culture influences both parties to negotiate and to compromise. Bowen (2004) analyzed the corporate culture of a leading pharmaceutical manufacturer through a qualitative case study. Through group discussions and examination of ethical dilemmas, the established participative corporate culture in the examined company encouraged individuals to form moral judgements and ensured that this judgement is accepted and valued by others (Bowen, 2004). These findings strengthen the belief that a participative corporate culture is an aspect of a positive corporate culture and supports ethical judgement and behavior whereas an authoritarian culture diminishes ethical behavior and is therefore part of a negative corporate culture.

Management style

Management style can have an impact on how ethical or, more importantly, unethical behavior in companies is viewed. McGregor's (1960) concepts of theory X and theory Y can encourage or mitigate ethical decision making. When approaching a theory X management style, a strict management hierarchy is perceived as necessary to dominate employees (Robbins, 1990).

Individualistic and innovative traits, as well as group dynamics that encourage ethical analysis, are not highly valued (McGregor, 1960). The theory Y, in turn, includes principles of equality, autonomy, and innovation. Bowen (2004) hypothesized that by applying these concepts to ethical decision making, a theory Y management style is more likely to encourage ethical behavior and discussion than a theory X approach. Through the same qualitative case study as mentioned above, Bowen found that participants felt they were able to be more innovative in their consideration of alternatives through high level management support when it comes to ethical decisions. By training employees in ethics and in the values of the analyzed company, the study showed that ethical behavior was even more encouraged by upper management, supporting the assumption that a theory Y management style encourages ethical behavior, whereas a theory X management style diminishes ethical behavior (Bowen, 2004).

Supervisor bottom-line mentality.

As previously noted, management style impacts ethical decision making. Supervisor bottom-line mentality (SBLM) is no exception. The concept of SBLM suggests that key decision makers focus on securing bottom line outcomes to the neglect of ethical considerations and other priorities (Greenbaum et al., 2020). Previous research suggests that a supervisor's exclusive focus on the bottom line encourages employees to engage in unethical behavior in order to meet their supervisor's bottom line demands (Mitchell et al., 2023). Mitchell et al. (2023) demonstrated through their examinations (three experience sampling method studies), that SBLM not only varies over time, but that it is this variability that disrupts an employee's workflow. The resulting discomfort increases anxiety and exhaustion which motivates employees to become subject to unethical behavior such as coworker undermining. Farasat and Azam (2022) indicate that a high SBLM leads to moral disengagement. In a more comprehensive manner, employees are likely to agree that questionable behavior is acceptable when a supervisor instructed them to do so. These investigations not only demonstrate the impact of a SBLM riddled corporate culture, but also the importance of consistency when it comes to establishing a culture that encourages ethical behavior.

Reward/ retaliation system.

The behavior of individuals can be influenced by organizational rewards and punishment (Nill & Schibrowsky, 2005). The research of Trevino and Nelson (1995) indicates that the reward system of an organization has a significant influence on ethical behavior. More precisely, when individuals are incentivized or rewarded for either ethical or unethical behavior, it influences

their future actions in alignment with the reward system. Nill and Schibrowsky (2005) conducted their own study, analyzing the effect of a corporate culture with a strong reward system on ethical/unethical behavior. Participants were presented with a vignette containing an ethical dilemma. Most participants reported that they would give in to morally questionable behavior if they would not face any consequences. This effect reverses itself when individuals fear that the decision could jeopardize their career. In conclusion, it can be asserted that, when individuals are personally affected by their decision, they are more inclined to engage in ethical behavior (Nill & Schibrowsky, 2005).

2.2.4 The potential influence of corporate culture on ethical perception and unethical behavior

As previously noted, Jones (1991) stated that organizational factors, such as corporate culture primarily influence the final two steps of the decision-making process, which includes moral behavior. In contrast, the perception of a moral issue remains mostly unaffected by this influence, as perception is predominantly influenced by the moral intensity of an issue (Jones, 1991) and individual factors (Trevino, 1986) such as prior ethical orientation. This is supported by the research of O’Leary and Stewart (2007). These authors revealed, through several ethical vignettes manipulating corporate governance factors, that auditors have a sensitivity towards ethical dilemmas regardless of the positive or negative characteristics of corporate governance factors. While corporate governance factors and corporate culture are two distinct concepts, to a small degree, some components overlap. Therefore, based on the previous research, the following hypothesis is elaborated:

H1: There will be almost no deviation in ethical perception between the negative and positive corporate culture.

When analyzing the possible impact of corporate culture on ethical behavior, findings from previous research are of particular interest. Armstrong et al. (2004) studied the impact of the “banality of evil” on ethical decision-making by conducting a descriptive/exploratory study with a sample of 184 Fortune 500 firms. Better defined as “banality of wrong-doing”, the environment created by executive management is meant. This includes unethical behavior and questionable business practices. As the measurement of unethical behavior can be subject to biases when relying on self-reports, the authors chose to operationalize the variable by focusing on citations levied against firms for violations of safety, health, and environment norms. They found that a banal wrong-doing environment (i.e., corporate culture) was related to increased

ethical violations and unethical practices. Sweeney et al. (2010) analyzed the impact of perceived corporate culture and demographics on ethical evaluation with a sample of auditors in Ireland and the US. Consistent with findings from Douglas et al. (2001), who studied the impact of perceived corporate culture on ethical and unethical behavior of practicing accountants in two large accounting firms, the findings suggest that perceived corporate culture could influence ethical decision-making. Douglas et al. (2001) and Sweeney et al. (2010) assessed ethical behavior with the help of vignettes containing ethical dilemmas. The perceived corporate culture was measured with the ethics position questionnaire. Additionally, Douglas et al. (2001) included ethical orientation in their study, recognizing that it could mitigate the influence corporate culture has on unethical/ethical behavior. This is building on Trevino's (1986) theory that both situational and individual factors influence the decision-making process of individuals. Even though these studies focused on the accounting sector and on perceived corporate culture, they can still be used to support the following hypotheses:

H2: A positive corporate culture, in comparison to a negative corporate culture, decreases unethical behavior.

H3: Ethical orientation mitigates the influence of corporate culture on unethical behavior.

3 Methodology

3.1 Research design

To test the proposed hypotheses, a quantitative experimental study was conducted and distributed in form of a survey, using the online survey platform Qualtrics. This was perceived as the best way to collect the required data, as assessing unethical behavior can be socially sensitive.

The purpose of this thesis' study was to evaluate how two distinct corporate cultures, one characterized as negative and the other one as positive, impact ethical decision-making. A particular interest lies in ethical perception and unethical behavior and how they might interact. An eligible way to test this causal relationship is through an experimental study (Malhorta et al., 2017). This relationship is tested by manipulating independent variables and measuring the effect on the dependent variable. By including control variables that might influence the dependent variable, the validity of the experiment is increased.

The experiment consisted of two test groups (negative corporate culture vs. positive corporate culture) to obtain a direct comparison and understand the influence of corporate culture on

perception and unethical behavior. To construct the fictitious corporate cultures, highly influential components (see Section 2.2.3) were used and modified to create either a positive or a negative fictitious environment for the participants to imagine themselves in. Participants were randomly assigned to either group. A between-groups design was used to compare the participants' unethical behavior and perception between the different conditions. To further understand the causal relationship, social desirability (Sweeney et al., 2010) and ethical orientation (Douglas et al., 2001) were included as control variables. To assess unethical behavior and perception, a sequence of vignettes containing ethical dilemmas were used (Douglas et al., 2001; Nill & Schibrowsky, 2005; Sweeney et al., 2010). In total, four scenarios varying in moral intensity and other aspects were included in the experiment. A detailed characterization of the vignettes can be viewed in Appendix C.

3.2 Vignette design

When evaluating ethical decision-making, a commonly used technique is the experimental vignette methodology (EVM; Wason et al., 2002). Most of the existing research contributing to the growing literature of ethical decision-making uses EVM to assess ethical behavior because of its undeniable advantages (Wason et al., 2002). Robertson (1993) states that vignettes provide realism by including situational or contextual factors that are more approximate to real life scenarios. EVM not only increases internal validity (Weber, 1992), saves the time and expenses of studying real ethical business dilemmas, but also enhances participant involvement (Cavanagh & Fritzsche, 1985). In this study, the constant-variable-value vignette method is utilized (Cavanagh & Fritzsche, 1985), where all participants answer the same vignettes but are in different test groups. Vignettes used to assess ethical behavior typically contain an ethical dilemma described as a hypothetical scenario in which participants either play an active role or are asked to give an evaluation.

For this study, four ethical vignettes with different levels of moral intensity (Jones, 1991) and potential personal consequences were designed (lowest to highest moral intensity: V2, V3, V4, V1). The vignettes were constructed to cover a variety of ethical challenging topics that can occur in an organizational context, ranging from sexual harassment to coworker undermining. The scenarios were presented from the bystander or the active participant perspective to be able to analyze the impact of corporate culture not only on the participant's unethical behavior but also on their willingness to accept unethical behavior of others.

In V1, participants were faced with a situation revolving around a flawed product and the decision whether to report it or not. This scenario was adapted from Weeks et al. (2005) flawed product vignette. As group dynamics, more precisely conformity bias, play an important role in organizations, V2 was designed in a way that the decision was made under the influence of group pressure. In this case, the ethical dilemma addresses unethical hiring practices (hiring vignette; Weeks et al., 2005) extended by the group context. V3 covered coworker undermining and V4 sexual harassment from a bystander perspective. These two latter vignettes were inspired by personal experiences, exchange with employees from different companies, and knowledge gained from ethics lectures.

3.3 Participants

Participants were recruited through survey exchange platforms (Pollpool and SurveySwap) social media (Instagram and Reddit), personal connections, and Prolific. Participation was open to everyone with no restrictions, on a voluntary basis and unpaid basis, except for Prolific participants. A total of 235 participants replied to the survey, out of which 173 completed the survey. Ten failed the comprehension check, leaving a total of 163 valid participants (54.60% female, 44.80%, male, 0.60% other). Their age ranged from 17 to 66 years ($M = 34.63$, $SD = 14.85$) and most of the participants had a Bachelor's degree (29.40%), Master's degree (28.80%), or a secondary education (35%). Furthermore, most participants were either studying (36.80%) or employed (46%) and had a European nationality (88.40%), with 58.30% being from Germany and 11.60% being from outside of Europe. For more details on the population statistics, see Appendix E.

3.4 Procedure

After giving consent, participants were asked to answer several demographic questions. These were formulated to be as inclusive as possible. After that, participants were asked to answer the items of the social desirability questionnaire (Strahan & Gerbasi, 1972). Then, participants' level of ethical orientation was measured with the ethics position questionnaire (O'Boyle & Forsyth, 2021). In preparation of the experimental manipulation, participants were randomly assigned to be either exposed to a positive or negative corporate culture. Participants were asked to carefully read the presented scenario and to really put themselves into it, and to what extent it was easy for them to imagine themselves in the given scenario right after reading it. To make sure they really confronted themselves with the provided scenario, a minimum time limit of 15 seconds per page was included that participants had to spend on reading. After completing this

task, participants were presented with four vignettes containing ethical dilemmas. They were instructed to keep the prior scenario in mind when giving their estimation on ethical perception and unethical behavior for each ethical dilemma.

3.5 Main variables

Corporate culture: The independent variable in this experiment is corporate culture which was either positive or negative. To compare the influence of either one on the dependent variables, two hypothetical scenarios were designed. To construct these hypothetical cultures in the most systematic way, Franzoni's (2013) theoretical framework was adopted and aspects of the corporate ethics scale (Hunte et al., 1989; for more details, see Appendix B) were incorporated. The identified influential components (see Section 2.2.3) were used to design the two scenarios. Each scenario outlined the corporate culture of a hypothetical company, including external commitments and internal climate, such as communication, handling of ethical concerns, and decision making. For instance, communication patterns differed among the conditions: "The hierarchical structure of your company is shallow. [...] Your manager encourages everyone to share their thoughts..." displays a positive participative culture, while "The hierarchical structure in your company is strong. [...] Your manager doesn't make room for you and your colleagues to give input..." illustrates a negative authoritarian culture. External variables (Franzoni, 2013) were also incorporated, providing different characterizations for each condition. For example, "Your company has a strong commitment to the community" or "Your company has no commitment to the community". To establish clear indicators for positive and negative corporate cultures, target indicators (Franzoni, 2013) were included within the cultures. For example, presence in meetings was used as an indicator, such as "where management is frequently present" in the positive corporate culture or "where management is mostly absent" in the negative corporate culture. The scenarios were described in a narrative way that gave participants the feeling they were experiencing the situation to achieve the best possible effect.

Unethical behavior: The dependent variable assessed the unethical behavior of participants in various situations (vignettes). To measure said behavior, participants were asked to rate their potential behavior in each situation. An example item reads: "How likely are you to ignore the incident?" (1 = *very unlikely*, 7 = *very likely*). High scores on this scale indicate a participant's tendency to tolerate and participate in unethical behavior. The unethical behavior in all four vignettes was assessed with a 7-point Likert scale following the example of Sweeney et al. (2010) and Weeks et al. (2005). Through the choice of the research method, the unethical

behavior of participants is hypothetical. However, in line with the terminology used by the literature elaborated in this thesis, the term “unethical behavior” is still used.

Ethical perception: The second dependent variable assessed the ethical perception of participants in each situation. For example, they were asked “How do you perceive not reporting the production flaw?” (1 = *very unethical*, 7 = *very ethical*). High scores on this scale indicate low perception of morally questionable situations and actions. Perception in all four vignettes was assessed with a 7-point Likert scale (Sweeney et al., 2010).

3.6 Control Variables

Social desirability: The information gained from self-reports of unethical behavior can be compromised by the social desirability bias (Sweeney et al., 2010; O’Leary, 2009). This bias describes an individual’s tendency to choose answers that are believed to be socially acceptable, resulting in over-reporting of responses that are considered socially acceptable (Grimm, 2010). Wason et al. (2002) listed the social desirability bias as one of the weaknesses of the vignette method, hence, as this study relies on self-reports in an ethical context, it is necessary to control for this bias. The most common scale to control for social desirability bias is the Marlowe-Crowne scale (Crowne & Marlowe, 1960). In this study, a short version with 10 items was used (Strahan & Gerbasi, 1972). Out of the two shorter versions scale M-C 1(10) was selected, as it had a slightly higher reliability. Participants rated whether the statements they read were true or false as it related to them.

Ethical orientation: Following the example of Douglas et al. (2001), ethical orientation was included as a control variable, as Trevino (1986) stated that while situational factors influence the decision-making process of individuals, but individual factors also do. In an organizational context, it is important to control for ethical orientation as this may mitigate the influence corporate culture has on ethical misconduct. The most commonly used scale to measure ethical orientation is the ethics position questionnaire (EPQ; Forsyth, 1980). The first five items measure the idealism of an individual (avoiding harm to others) and the last five realism (trans-situational rules when making moral judgement). In this study, a shorter 10 item version was used (O’Boyle & Forsyth, 2021). An example item reads: „What is ethical varies from one situation and society to another“(1 = *strongly disagree*; 5 = *strongly agree*). All 10 items were measured with a 5-point Likert scale as proposed by O’Boyle and Forsyth (2021).

Demographics: As sociodemographic aspects are mostly used as control variables in ethical studies (Nill & Schibrowsky, 2005), they were included in this study with the same intention.

In this study the variables gender, age, country of origin, level of education and current employment status were investigated. The meta-analysis of Franke et al. (1997) suggested a significant difference between genders in ethical decision making, with women having a higher perception of moral issues and being less likely to surrender to unethical behavior, though the findings are inconclusive as some researchers have found no significant difference between the genders (Weber & Wasieleski, 2001). The same inconclusive findings apply to the other variables (Loe et. al., 2000; Weber & Wasieleski, 2001).

4 Results

4.1 Scale reliability

Although the scales used to assess unethical behavior and perception have proven to be reliable in past studies (Sweeney et al., 2010; Weeks et al., 2005), a reliability analysis was conducted using Cronbach's α , with $\alpha = .75$ for the unethical behavior scale and $\alpha = .69$ for the ethical perception scale. The scales for the ethics position questionnaire (ethical orientation) have proven to be reliable by O'Boyle and Forsyth (2021), nevertheless another reliability analysis was conducted. The scales for an individual's idealism yielded $\alpha = .75$ and the scales for realism $\alpha = .77$. According to Vale et al. (1997), a Cronbach's α of at least .70 is recommended to ensure internal consistency between the items. Therefore, a satisfactory internal consistency between the items in this study was observed.

4.2 Descriptive statistics

First, descriptive statistics were conducted to provide an overview of the key characteristics of the sample. In the final sample, 47.9% ($N = 78$) of participants were in the positive corporate culture condition and 52.1% ($N = 85$) in the negative condition. When analyzing the ethical orientation, participants' idealism represented a mean of 4.04 ($SD = .66$), and their realism a mean of 2.89 ($SD = 0.80$). The social desirability of participants yielded a mean of 5.90 ($SD = 1.57$). To demonstrate that participants displayed a high ethical perception and low unethical behavior, a series of one sample t-tests against the middle value of the scale (4) were conducted. The results confirmed high ethical perception and low unethical behavior as displayed in Table 1. Furthermore, in the positive condition, it was easy for 80.8% to imagine themselves in the corporate culture scenario (scale scores five to seven). In the negative condition it was slightly less with 64.7%. More detailed results from the descriptive statistics and the outcome of the bivariate analysis can be viewed in Appendix F.

Table 1: Results of the *t*-tests for ethical perception and unethical behavior

	Ethical perception	Unethical behavior
Vignette 1	$t(162) = -26.68, p < .001$	$t(162) = -15.24, p < .001$
Vignette 2	$t(162) = -11.86, p < .001$	$t(162) = -4.41, p < .001$
Vignette 3	$t(162) = -23.13, p < .001$	$t(162) = -8.74, p < .001$
Vignette 4	$t(162) = -24.09, p < .001$	$t(162) = -14.73, p < .001$

4.3 Hypothesis testing ethical perception

4.3.1 The effect of corporate culture on ethical perception

H1 predicted almost no significant difference in ethical perception between positive and negative corporate culture. To analyze the effect of corporate culture on ethical perception, a repeated measures ANOVA was conducted (see Appendix G for the full analyses). For this test, the corporate culture dummy (positive corporate culture = 0, negative corporate culture = 1) was defined as the between-subjects variable and the ethical perception of the four vignettes were defined as the within-subjects variables. The main effect of corporate culture was non-significant, $F(1, 161) = 0.03, p = .862$, meaning that participants were not significantly different in their ethical perception between the positive and negative corporate culture. Therefore, H1 was supported. However, there was a significant main effect of vignette, $F(2.89, 466.65) = 46.06, p < .001$, and no significant interaction between vignette and corporate culture, $F(2.89, 466.65) = 1.25, p = .290$.

To identify significant differences between the vignettes, post hoc analyses with Bonferroni corrections were conducted. The results revealed that V2 displayed the lowest ethical perception, $p < .001$ (vs. all other vignettes), followed by vignette 3, $p < .005$ (vs. V1 and V2), and no difference between V1 and V4, $p = 1$. The mean and standard deviation for all vignettes and each condition can be found in Table 2.

Table 2: Means of ethical perception between the conditions

	Positive corporate culture	Negative corporate culture	Total
Vignette 1	$M = 1.71, SD = 1.42$	$M = 1.46, SD = 0.84$	$M = 1.58, SD = 1.16$
Vignette 2	$M = 2.77, SD = 1.15$	$M = 2.71, SD = 1.63$	$M = 2.74, SD = 1.36$
Vignette 3	$M = 1.87, SD = 1.23$	$M = 2.01, SD = 1.04$	$M = 1.94, SD = 1.13$
Vignette 4	$M = 1.68, SD = 1.16$	$M = 1.75, SD = 1.26$	$M = 1.73, SD = 1.21$

4.3.2 The effect of social desirability and ethical orientation on ethical perception

To control for the effect of social desirability and ethical orientation on ethical perception, a repeated measures ANCOVA was conducted (see Appendix H for the full analyses). Social desirability and ethical orientation (idealism and realism) were included as covariates. The main effect of corporate culture remained non-significant, $F(1, 161) = 0.01, p = .932$, and the main effect of vignette remained significant as well, $F(2.92, 461.45) = 5.06, p = .002$. The differences between the vignettes remained the same as without control variables. Again, no significant interaction between vignette and corporate culture, $F(2.92, 461.45) = 1.20, p = .309$, could be observed. Overall, idealism, $F(1, 161) = 7.84, p = .006$, and realism, $F(1, 161) = 9.19, p = .003$, were significant.

Having a look at the vignette level, in V1 (uncovering a production flaw), realism had a significant positive impact, $b = 0.22, F(1, 161) = 3.90, p = .050$, such that, as realism increased, participants perceived the production flaw as less unethical. Social desirability, $F(1, 161) = 0.39, p = .532$, and idealism, $F(1, 161) = 1.21, p = .274$, did not significantly influence participants' perception of the production flaw. In V2 (unethical hiring practice), idealism, $b = -0.56, F(1, 161) = 14.52, p < .001$, had a significant negative impact, and realism, $b = 0.42, F(1, 161) = 10.62, p < .001$, a significant positive impact. While, as idealism increased, participants perceived the moral dilemma as more unethical (i.e., higher ethical perception), whereas as realism increased, participants perceived the moral dilemma as less unethical (i.e., lower ethical perception). Social desirability, $F(1, 161) = 0.19, p = .658$ was again non-significant. In V3 (colleague undermining), social desirability, $F(1, 161) = 0.50, p = .480$, realism, $F(1, 161) = 1.20, p = .275$, and idealism, $F(1, 161) = 2.98, p = .086$, did not significantly influence participants' ethical perception of colleague undermining. Lastly, in V4 (sexual harassment), realism had a significant and positive effect, such that, as realism increased, participants

perceived the behavior as less unethical, $b = 0.26$, $F(1, 161) = 4.79$, $p = .030$. Social desirability, $F(1, 161) = 0.59$, $p = .444$, and idealism, $F(1, 161) = 1.40$, $p = .238$, did not significantly influence participants' perception.

4.4 Hypotheses testing unethical behavior

4.4.1 The effect of corporate culture on unethical behavior

H2 predicted that a positive corporate culture, in comparison with a negative one, decreases unethical behavior. To analyze their effect on unethical behavior, another repeated measures ANOVA was conducted² (see Appendix G for the full analyses). For this test, the corporate culture dummy (positive corporate culture = 0, negative corporate culture = 1) was defined as the between-subjects variable and the unethical behavior of the four vignettes were defined as the within-subjects variables. A significant main effect of corporate culture could be observed, $F(1, 161) = 36.74$, $p < .001$, meaning that a negative corporate culture increased unethical behavior ($M = 3.17$, $SD = 1.36$), whereas a positive corporate culture decreased unethical behavior ($M = 2.10$, $SD = 0.79$). Therefore, H2 was supported. Additionally, there was also a significant main effect of vignette, $F(2.79, 449.72) = 31.98$, $p < .001$, and no significant interaction between vignette and corporate culture, $F(2.79, 449.72) = 0.53$, $p = .647$.

To identify significant differences between the vignettes, post hoc analyses with Bonferroni corrections were conducted. The results revealed that V2 displayed the highest unethical behavior, $p < .001$ (vs. all other vignettes), followed by V3, $p < .003$ (vs. V1 and V4), and no difference between V1 and V4, $p = 1$. The mean and standard deviation for all vignettes and each condition can be found in Table 3.

Table 3: Means of unethical behavior between the conditions

	Positive corporate culture	Negative corporate culture	Total
Vignette 1	$M = 1.73, SD = 1.15$	$M = 2.67, SD = 1.63$	$M = 2.22, SD = 1.49$
Vignette 2	$M = 2.72, SD = 1.40$	$M = 4.01, SD = 1.78$	$M = 3.40, SD = 1.72$
Vignette 3	$M = 2.23, SD = 1.54$	$M = 3.24, SD = 1.92$	$M = 2.75, SD = 1.82$
Vignette 4	$M = 1.71, SD = 1.09$	$M = 2.76, SD = 1.66$	$M = 2.26, SD = 1.51$

² In all four vignettes, there was much more variation in the negative corporate culture condition than in the positive. Therefore, a ranked ANOVA to test for robustness was conducted for each vignette and the results held.

4.4.2 The effect of social desirability and ethical orientation on unethical behavior

To control for the effect of social desirability and ethical orientation on unethical behavior, another repeated measures ANCOVA was conducted (see Appendix H for the full analyses). In addition to social desirability and ethical orientation (idealism and realism), age was included as a covariate as it correlated significantly with unethical behavior in Vignette 2 to 4 ($r = -.16$, $r = -.32$, $r = -.20$). The main effect of corporate culture remained significant, $F(1, 161) = 38.09$, $p < .001$, meaning that again, a negative corporate culture increased unethical behavior ($M = 3.15$), and a positive corporate culture decreased unethical behavior ($M = 2.12$). However, the main effect of vignette became non-significant, $F(2.79, 439.38) = 2.06$, $p = .109$, meaning that no significant differences between the vignettes could be observed. Furthermore, the interaction between vignette and corporate culture remained non-significant as well, $F(2.79, 439.38) = 0.60$, $p = .603$. Overall, only age, $F(1, 161) = 8.29$, $p = .005$, and idealism, $F(1, 161) = 9.04$, $p = .003$, were significant.

Having a look at the vignette level, in V1 (uncovering a production flaw), idealism had a significant and negative effect, thus, as idealism increased, the unethical behavior of participants decreased, $b = -0.39$, $F(1, 161) = 5.30$, $p = .023$. However, social desirability, $F(1, 161) = 0.17$, $p = .681$, age, $F(1, 161) = 1.92$, $p = .168$, and realism, $F(1, 161) = 1.10$, $p = .296$, did not seem to influence participants' behavior. In V2 (unethical hiring practice), social desirability, $F(1, 161) = 1.26$, $p = .263$, age, $F(1, 161) = 1.68$, $p = .197$, realism, $F(1, 161) = 1.52$, $p = .220$, and idealism, $F(1, 161) = 3.29$, $p = .072$, had non-significant effects. In V3 (colleague undermining), the effect of idealism, $b = -0.49$, $F(1, 161) = 5.99$, $p = .015$, and age, $b = -0.03$, $F(1, 161) = 13.58$, $p < .001$ were significant and negative, thus, while idealism and age increased, the unethical behavior of participants decreased. Social desirability, $F(1, 161) = 0.08$, $p = .773$, and realism, $F(1, 161) = 0.07$, $p = .792$, did not seem to influence participants. Finally, in V4 (sexual harassment), social desirability had a significant and negative impact, such that as social desirability increased, unethical behavior decreased, $b = -0.18$, $F(1, 161) = 6.26$, $p = .013$. The effect of realism, $F(1, 161) = 0.44$, $p = .509$, remained non-significant alongside idealism, $F(1, 161) = 3.64$, $p = .058$, and age, $F(1, 161) = 2.44$, $p = .120$.

4.4.3 The moderating effect of ethical orientation on corporate culture's impact on unethical behavior

H3 states that ethical orientation mitigates the influence of corporate culture on unethical behavior. To see if the impact of corporate culture on unethical behavior changes based on the

ethical orientation (idealism and realism) of participants, a moderator analysis using PROCESS was conducted (for more details see Appendix H). Starting with idealism, regarding the unethical behavior of participants, the moderation effect was significant in V4, $b = -0.89$, $p = .009$. While the moderation effect was not significant in V2, $p = .347$, and V3, $p = .898$, it was marginal in V1, $b = -0.66$, $p = .052$. For realism, the moderation effect was significant in V2, $b = -1.15$, $p < .001$, and in V4, $b = -0.77$, $p = .006$, and not significant in V1, $p = .227$, and V3, $p = .269$. The findings of this analysis suggest, as displayed in Table 4 and 5, that, for unethical behavior, corporate culture gains importance when individuals exhibit average and lower levels of idealism (for V1 and V4) and realism (for V2 and V4). Therefore, H3 was partially supported.

Table 4: Idealism: conditional effects of the focal predictor at values of the moderator

	Low idealism (3.40)	Mean idealism (4.00)	High idealism (4.80)
Vignette 1	$b = 1.35$, $SE = 0.31$, $p < .001$	$b = 0.96$, $SE = 0.22$, $p < .001$	$b = 0.43$, $SE = 0.34$, $p = .202$
Vignette 4	$b = 1.62$, $SE = 0.30$, $p < .001$	$b = 1.09$, $SE = 0.22$, $p < .001$	$b = 0.38$, $SE = 0.33$, $p = .259$

Table 5: Realism: conditional effects of the focal predictor at values of the moderator

	Low realism (2.20)	Mean realism (2.80)	High realism (3.80)
Vignette 2	$b = 2.08$, $SE = 0.32$, $p < .001$	$b = 1.39$, $SE = 0.24$, $p < .001$	$b = 0.24$, $SE = 0.37$, $p = .511$
Vignette 4	$b = 1.59$, $SE = 0.29$, $p < .001$	$b = 1.14$, $SE = 0.22$, $p < .001$	$b = 0.37$, $SE = 0.33$, $p = .268$

5 Discussion

The aim of this research was to analyze the influence of corporate culture on ethical perception and on unethical behavior. In the current chapter, the results obtained will be discussed and analyzed in more detail and academic and managerial implications will be derived.

H1 proposed no significant difference of ethical perception between the positive and negative corporate culture condition. This hypothesis could be supported, demonstrating that corporate culture appears to have no significant influence on the ethical perception of individuals. Building upon the results of O’Leary and Stewart (2007) that corporate governance factors do not influence the perception of accountants, their findings can, thus, be extended beyond

specific industries (e.g., accounting). This contradicts the consideration of Chen et al. (1997) that the perception of a moral issue is more related to corporate culture than to other factors such as individual attributes. As Trevino (1986) highlights the importance of individual factors and their potential influence on the ethical decision-making process, it is a reasonable consideration that prior ethical orientation of participants would significantly influence their ethical perception. However, ethical orientation (idealism & realism) had, apart from V2 and V1 (realism), no significant influence on ethical perception. Moreover, given the importance of social desirability bias in ethical research (Wason et al., 2002), it was expected that participants would claim higher ethical perception to appear socially conscious. Surprisingly, no statistically significant impact on participant's perception was observed in any of the vignettes.

As previously noted, Jones (1991) stated that the perception of moral dilemmas is primarily influenced by the moral intensity of an issue. Nevertheless, the results illustrate that, even though participants did perceive a moral issue of lower intensity as slightly less unethical than an issue of higher intensity, overall, there was not much deviation in the results for ethical perception across all vignettes and between the conditions.

As corporate culture, moral intensity, ethical orientation, and social desirability were not significant predictors of ethical perception and yet, participants still displayed a high ethical perception, it suggests the impact of an influence that collectively sensitized participants to perceive moral issues even in matters of low moral intensity. At this point, the previously examined social trends and movements (see Subsection 2.1.1) could prove as a potential explanatory factor for the observed results of perception. They could have an impact on the ethical perception of individuals at large and within organizations. The influence of these social trends could have resulted in a widespread public awareness that fostered a collective consciousness, which shapes the ethical perspectives of individuals within organizational settings and in general. This heightened awareness could not only be caused, but also reinforced, by constant exposure through social media platforms (Brünker et al., 2020). These societal developments could potentially explain the results, as they suggest that individuals are now more attuned to potential moral dilemmas and ethical considerations. Thus, it could be argued that, at least individuals in western regions, and therefore the participants in this study, have developed a heightened sensitivity and awareness towards ethical concerns, social injustice, and inequality (Chung et al., 2008), potentially explaining the heightened ethical perception of participants. However, these explanations remain speculative, due to the lack of empirical data dating back a few years to validate these assumptions (more in Section 5.2).

H2 predicted that a positive corporate culture, in comparison to a negative one, would decrease unethical behavior. When having a closer look at the results of participants' hypothetical unethical behavior, the conducted study confirmed that corporate culture indeed has an impact. Participants who were in the negative condition demonstrated on average higher unethical behavior compared to participants who were in the positive condition in all four vignettes. These findings support the research results of Douglas et al. (2001) and Sweeney et al. (2010), who implicated an influence of corporate culture on unethical and ethical behavior. However, this influence was mitigated through the ethical orientation of participants (H3). It was found that when participants exhibited a lower ethical orientation (idealism and realism), corporate culture became more important in mitigating unethical behavior compared to when participants had a higher ethical orientation.

The confirmation of H1 and H2 allows RQ4 to be answered, which raised the question if a negative corporate culture still increased unethical behavior, regardless of a heightened ethical perception. The obtained results regarding perception and unethical behavior confirmed that participants in the negative condition, while having a similarly heightened perception as individuals in the positive condition, still exhibited significantly, on average, higher unethical behavior. This discrepancy suggests a strong impact of corporate culture, as it leads participants towards unethical behavior even in situations where they perceive issues as unethical.

To obtain more detailed insights, the vignettes were categorized based on their moral intensity, personal impact, perspective, and the group context. V1 describes the uncovering of a production flaw and displays high personal consequences and high moral intensity. Nill and Schibrowsky (2005) stated that, when individuals are personally affected by their decision, they are more inclined to engage in ethical behavior. Similar behavior, even though hypothetical, could be observed in this vignette. In the positive condition, participants were not likely to ignore the production flaw. However, for participants in the negative condition, the high personal consequences would result from reporting the production flaw and therefore engaging in ethical behavior. It would have been expected that a logical consequence for participants in the negative condition was to ignore the incident and therefore avoid potential consequences that might jeopardize their career. Still, they were not likely to ignore the production flaw, which could be explained through the high moral intensity of the dilemma.

Next, in V2, unethical hiring practices were addressed. In this vignette, contrasting results could be observed where the moral intensity and potential personal consequences were the lowest.

Participants in both conditions were more likely to engage in unethical behavior compared to the other vignettes, though they were more inclined to act unethical in the negative condition. It could be anticipated that, through the combination of low moral intensity and low gains and personal consequences, participants did not feel as inclined to act ethically as in vignettes with higher intensity and consequences (Nill & Schibrowsky, 2005). The existing group dynamics and resulting conformity (Ash, 1951) in this vignette could further explain the results. Insko et al. (1985) state that more conformity is produced when a larger group is supporting one decision, as in this case all coworkers support one candidate, it is possible that participants felt (hypothetical) pressure to conform with the group decision. Even though participants were more inclined to engage in unethical behavior, it is unclear if the results are solely due to the included group dynamics.

V3 addressed the dilemma of colleague undermining and displayed high gains and low potential personal consequences. It could have been anticipated that, according to Nill and Schibrowsky (2005), participants would be more inclined to engage in unethical behavior as they would profit from it and not face any consequences. However, participants were not as likely to take advantage of their colleague as expected.

Lastly, V4 described a scene of sexual harassment and featured high personal consequences and high moral intensity. Similar to V1, participants were not likely to ignore the unethical behavior. Therefore, the same reasoning for the results is provided by the argumentation of Nill & Schibrowsky (2005). As V4 is described from a bystander perspective, the results could confirm the statement that a positive corporate culture influences whistleblowing intentions (Zakaria, 2015). Not only did a positive corporate culture decreased unethical behavior, but it also increased whistleblowing intentions, as participants in the positive condition were more likely to point out the unethical behavior of their colleague compared to participants in the negative condition.

After analyzing the results on unethical behavior in more detail, it is evident that the combination of moral intensity and potential personal consequences seem to play an important role. The unethical behavior of participants decreased in the vignettes with high moral intensity and high personal consequences and increased in vignettes with low moral intensity and personal consequences. Furthermore, conformity seemed to play an important role, as unethical behavior increased when conformity was produced through the included group dynamics.

5.1 Academic and managerial implications

This research provides valuable implications for both scholars and managers. To start with the academic implications, as most of the existing research dates back almost a decade ago and is mostly concentrated in the finance sector, this research provides scholars with new non-industry-dependent insights and advanced understanding on the influence of corporate culture on perception and unethical behavior. Especially since perception is a part of ethical decision-making that is not often directly assessed in studies, this research contributes to the existing literature in decision-making by examining the interplay between ethical perception and unethical behavior in an organizational context. Through the empirical validation of theoretical implications regarding perception, this research provides academics with evidence that, even though corporate culture seems to demonstrate no significant influence on ethical perception, corporate culture is still crucial. Although individuals may perceive a dilemma as unethical, a negative corporate culture can still influence them to act in a morally compromising way.

Furthermore, by conducting this study outside of a specific industry, this research adds confidence to prior findings that were previously discovered by scholars in the field of business ethics and corporate culture. On the one hand, this study was able to support the argument that corporate culture influences unethical behavior (Douglas et al., 2001; Sweeney et al., 2010). On the other hand, the assumption that ethical orientation mitigates the influence of corporate culture on unethical behavior (Trevino, 1986) could be strengthened.

Several managerial recommendations can be derived from the findings of this research too. First, this research, and particularly the literature review, emphasizes the importance and advantages of a positive corporate culture. Consequently, the aim is to encourage managers to foster a healthy and positive corporate culture. As elaborated in the literature review, a positive corporate culture may not only improve ethical decision-making but also increase organizational economic performance. The findings of this study could confirm the mitigating influence of a positive corporate culture on unethical behavior. Additionally, it can be argued that permitting unethical behavior might have negative economic consequences, such as not hiring the most qualified individual.

While corporate culture contains multiple components that mitigate unethical behavior and they should all be implemented, based on the results, one component seemed dominant and is therefore of particular interest for managers. The results indicate that a strong reward/retaliation system is particularly effective when curbing unethical behavior in organizations as it is directly

affecting individuals (Franzoni, 2013; Nill and Schibrowsky, 2005). Since the unethical behavior of participants seemed to decrease when potential personal consequences were high, managers are therefore advised to implement a strong reward/retaliation system to influence the future acts of individuals in alignment with the reward system towards ethical behavior.

Furthermore, as maintaining a positive corporate culture can be challenging, managers are advised to establish ethical training programs to provide ongoing education for employees about the organization's values and ethical expectations. To implement the dynamic changes of ethical values from employees and their social surroundings, the recommendation for managers is to implement continuous development initiatives, to adapt the corporate culture to the dynamic social needs.

5.2 Limitations and further research

In terms of limitations, the first one is that the results regarding ethical perception and especially unethical behavior were hypothetical. While this research still holds valuable knowledge, it should be applied with a certain amount of caution, as individuals might act differently when confronted with these dilemmas (Collett & Childs, 2011) or not recognize them in real life scenarios. Moreover, as corporate culture occurs in the context of organizations, more specifically in groups, the influence of group dynamics is essential when researching the impact of corporate culture (Cordes et al., 2010). This influence was included in V2 and indirectly through the description of the corporate cultures. Through the hypothetical nature of the scenarios, this study was limited to artificial imagined pressure, therefore it is difficult to evaluate how participants would react in a real-life situation where pressure is directly executed by a group to make a certain choice or indirectly through their work environment. This leaves room for further research. To be able to analyze the impact of group dynamics on the influence of corporate culture on ethical perception and unethical behavior, the experiment should be replicated with real-life scenarios. By doing so, it could be examined whether the results remain consistent or are susceptible for changes.

After all, the unethical behavior of participants was on the lower side in both conditions, even though higher for participants in the negative culture condition. Again, the increasing sensitivity of today's society as a result of social movements could serve as an explanatory factor. Individuals in organizations and in general may now be more aware of the possible consequences of their actions, realizing that even minor shortcomings can be examined in the context of these new societal values. However, it is challenging to make a well-funded

statement without nearly identical data dating back a few years to compare the results with and validate this assumption. As this study was not a replication of a prior experiment, the data cannot be compared with those of prior research due to the differences in parameters and settings. To examine if an increasingly sensitive society really impacts ethical perception and unethical behavior, a prior study, using the same parameters and settings should be replicated to see if it is possible to notice any societal shift.

Another limitation of this study includes the diversity and the size of the sample. As more than half of the participants originated from Germany, it can be argued that the results from this study mostly apply to the German population. Diversifying the sample could therefore lead to more insights. By increasing the sample size, confidence could be added to the proposed hypotheses. Furthermore, the scope of this thesis was limited to the first and last step of the decision-making process. While the results imply a significant influence of corporate culture on unethical behavior, replicating studies should analyze its impact on the other two steps (moral judgement and moral intent), as they may provide more insights into the process of the unethical behavior of participants.

Furthermore, the influence of the social desirability bias was limited in this study. The only significant result was observed for unethical behavior in V4. Given that this vignette addressed sexual harassment, it is possible that participants' responses were influenced by the heightened social attention the MeToo movement got, potentially answering in a way to align with social expectations. Future studies should explore in more detail if participants only show signs of social desirability to ethical dilemmas that are currently trending in society, as the results of this study suggest, or if other factors influenced the results in this study.

6 Conclusion

Corporate culture has become an important tool in supporting ethical decision-making in organizations. Despite corporate culture being heavily researched in the past decades, the findings of this research contributed new insights into its influence on ethical perception and unethical behavior. Through the dynamic environment in which corporate culture occurs and the ever-changing ethical requirements of society, perfecting and implementing a positive corporate culture in the most effective way to support ethical decision-making remains a challenge and leaves room for further research as suggested in this thesis.

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Appendix A: Components of moral intensity

- 1. Magnitude of Consequences:** The magnitude of consequences of the moral issue is defined as the sum of the harms (or benefits) done to victims (or beneficiaries) of the moral act in question.
- 2. Social Consensus:** The social consensus of the moral issue is defined as the degree of social agreement that a proposed act is evil (or good).
- 3. Probability of Effect:** The probability of effect of the moral act in question is a joint function of the probability that the act in question will actually take place and the act in question will actually cause the harm (benefit) predicted.
- 4. Temporal Immediacy:** The temporal immediacy of the moral issue is the length of time between the present and the onset of consequences of the moral act in question (shorter length of time implies greater immediacy).
- 5. Proximity:** The proximity of the moral issue is the feeling of nearness (social, cultural, psychological, or physical) that the moral agent has for victims (beneficiaries) of the evil (beneficial) act in question.
- 6. Concentration of Effect:** The concentration of effect of the moral act is an inverse function of the number of people affected by an act of given magnitude.

Appendix B: Corporate Ethics Scale

1. Managers in my firm often engage in behaviors that I consider to be unethical.
2. In order to succeed in my firm, it is often necessary to compromise one's ethics.
3. Top management in my firm has let it be known in no uncertain terms that unethical behaviors will not be tolerated.
4. If a manager in my firm is discovered to have engaged in unethical behavior that results primarily in personal gain (rather than firm gain), he or she will be promptly disciplined.
5. If a manager in my firm is discovered to have engaged in unethical behavior that results primarily in firm gain (rather than personal gain), he or she will be promptly disciplined.

Appendix C: Categorized Vignettes

Vignette	Moral Intensity	Personal impact	Observer and environment	Group context
1: Uncovering a production flaw	High organizational harm, low proximity, low to moderate temporal immediacy	High consequences, low gains	New in the company, active participant	No group context
2: Unethical hiring practice	Low to moderate harm, low proximity, moderate to high immediacy	Low consequences, low gains	Active participant, moral disengagement of colleagues	In-group context
3: Colleague undermining	High harm, moderate to high proximity, high immediacy	Low consequences, high gains	Active participant	No group context
4: Sexual harassment	High harm, high proximity, moderate immediacy	Moderate to high consequences, low gains	Bystander perspective	Group context

Appendix E: Population Statistics

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	73	44,8	44,8	44,8
	Female	89	54,6	54,6	99,4
	Other	1	,6	,6	100,0
	Total	163	100,0	100,0	

Country of origin

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Austria	8	4,9	4,9	4,9
	Belgium	5	3,1	3,1	8,0
	Denmark	1	,6	,6	8,6
	France	5	3,1	3,1	11,7
	Germany	95	58,3	58,3	69,9
	Greece	1	,6	,6	70,6
	Hungary	3	1,8	1,8	72,4
	Italy	2	1,2	1,2	73,6
	Norway	3	1,8	1,8	75,5
	Poland	2	1,2	1,2	76,7
	Portugal	8	4,9	4,9	81,6
	South Africa	10	6,1	6,1	87,7
	Spain	2	1,2	1,2	89,0
	Sweden	3	1,8	1,8	90,8
	Switzerland	1	,6	,6	91,4
	Ukraine	1	,6	,6	92,0
	United Kingdom	4	2,5	2,5	94,5
	United States of America	9	5,5	5,5	100,0
	Total		163	100,0	100,0

Highest level of education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Secondary education	57	35,0	35,0	35,0
	Bachelor's degree	48	29,4	29,4	64,4
	Master's degree	47	28,8	28,8	93,3
	Doctoral degree	4	2,5	2,5	95,7
	Other	7	4,3	4,3	100,0
	Total		163	100,0	100,0

Current employment status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	60	36,8	36,8	36,8
	Unemployed	3	1,8	1,8	38,7
	Employed	75	46,0	46,0	84,7
	Part time employed	9	5,5	5,5	90,2
	Freelancer	10	6,1	6,1	96,3
	Retired	3	1,8	1,8	98,2
	Other	3	1,8	1,8	100,0
	Total	163	100,0	100,0	

Age

N	Valid	163
	Missing	0
Mean		34,63
Std. Deviation		14,852
Minimum		17
Maximum		66

Appendix D: Survey Questions

Welcome and thank you for taking part in this study as part of my Dissertation at Católica Lisbon School of Business and Management. The purpose of this study is to examine ethical decision making in an organizational context. You will be asked to make several ethical decisions under different conditions.

The survey will take you around **7-10 minutes** to complete. Your participation is voluntary. You have the right to withdraw at any point. All answers are strictly anonymous and confidential, which means that your identity remains unknown at all times and cannot be linked to your responses. The collected data will be used for research purposes only. I therefore kindly ask you to answer all the questions as honestly as you can. If you have any questions or doubts regarding the study, please contact me: s-akratz@ucp.pt

By continuing you are giving your consent to participate.

Thank you!

End of Block: Welcome

Start of Block: Demographics

What is your gender?

- Male
 - Female
 - Other _____
 - Prefer not to say
-



How old are you?

Which country are you from?

▼ Afghanistan (1) ... Zimbabwe (195)

What is the highest level of education that you have?

- Primary education
 - Secondary education
 - Bachelor's degree
 - Master's degree
 - Doctoral degree
 - Other _____
-

What is your current employment status?

- Student
- Unemployed
- Employed
- Part time employed
- Freelancer
- Retired
- Other _____

End of Block: Demographics

Start of Block: Social desirability

Below is a list of general statements concerning your personal attitude. Please read each item carefully and decide whether, for you, each statement is true or false. There are no right or wrong answers!

	False	True
I'm always willing to admit it when I make a mistake.	<input type="radio"/>	<input type="radio"/>
I always try to practice what I preach.	<input type="radio"/>	<input type="radio"/>
I never resent being asked to return a favor.	<input type="radio"/>	<input type="radio"/>
I have never been annoyed when people expressed ideas very different from my own.	<input type="radio"/>	<input type="radio"/>
I have never deliberately said something that hurt someone's feelings.	<input type="radio"/>	<input type="radio"/>
I like to gossip at times.	<input type="radio"/>	<input type="radio"/>
There have been occasions when I took advantage of someone.	<input type="radio"/>	<input type="radio"/>
I sometimes try to get even rather than forgive and forget.	<input type="radio"/>	<input type="radio"/>
At times I have really insisted on having things my own way.	<input type="radio"/>	<input type="radio"/>
There have been occasions when I felt like smashing things.	<input type="radio"/>	<input type="radio"/>

End of Block: Social desirability

Start of Block: Ethical orientation

Below is a list of general statements. Please read each item carefully and indicate the extent to which you agree or disagree. There are no right or wrong answers!

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
A person should make certain that their actions never intentionally harm another even to a small degree.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The existence of potential harm to others is always wrong, irrespective of the benefits to be gained.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
One should never psychologically or physically harm another person.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
One should not perform an action which might in any way threaten the dignity and welfare of another individual.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If an action could harm an innocent other, then it should not be done.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
What is ethical varies from one situation and society to another.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Moral standards should be seen as being individualistic; what one person considers to be moral may be judged to be immoral by another person.

Questions of what is ethical for everyone can never be resolved since what is moral or immoral is up to the individual.

Moral standards are simply personal rules that indicate how a person should behave and are not to be applied in making judgments of others.

Ethical considerations in interpersonal relations are so complex that individuals should be allowed to formulate their own individual codes.

End of Block: Ethical orientation

Start of Block: Positive corporate culture

Please read the provided text very carefully and really try to put yourself into the presented scenario.

You are working in a company. Your company has a strong commitment to the community and the environment they operate in. When new suppliers are hired, your company doesn't always choose the ones that offer the lowest price. There are rules and guidelines that every supplier (even if it's

just the office material that you use) or stakeholder in general must meet, and a system that evaluates the stakeholders' ethical and environmental conditions. It is important for your company to sell products and services that meet the highest ethical and environmental standards, costs efficiency comes second.

The hierarchical structure in your company is shallow. Management delegates most of the decisions. Your team holds weekly meetings, where upper management is frequently present. Your manager encourages everyone to share their thoughts, concerns, and ideas and so colleagues from all levels actively engage in discussions concerning difficult topics and dilemmas. These meetings give you a feeling of inclusivity as everyone's input and estimation on issues appear to be highly appreciated and valued.

In general, you really like your manager. He gives you the freedom to manage your own work and it is highly appreciated if you find innovative solutions when you are faced with a hard decision or to discuss issues with your colleagues. You have seen your colleagues taking ownership for their projects and demonstrate high levels of accountability.

Management made it clear that meeting the performance targets is always the second priority. Your company really cares how you get your work done. It is not appreciated that you deliver your assigned work by any means, management sees it as a sign of competence if you ask for help when you are struggling. You and your colleagues always try to help each other out and discuss problems and concerns openly.

You think back to a meeting where a new colleague raised an ethical concern. Your manager addressed the issue transparently, committed to find a solution. Altogether, when your manager makes decisions that could possibly affect others, his solutions always benefit everyone not just himself. You notice that your colleagues start to make decisions that benefit others as well, always considering the potential harm to others or the company.

Your company has a system in place where concerns are anonymized and then investigated. You know from some colleagues that went to management to express concerns about issues that they have experienced or observed, that they were acknowledged and taken seriously and so you know that management will try to help resolve any issue that you might have. Your company really values ethical behavior, so ethical performance gets honored with bonuses and awards. This leads you and your colleagues to be highly motivated and not hesitant to voice concerns.

Regarding the scenario you just read, please indicate whether the statement below is true or false.

	False	True
The overall climate in your company is positive.	<input type="radio"/>	<input type="radio"/>

To which extent was is easy for you to imagine yourself in the scenario?

- Not at all 1
- 2
- 3
- 4
- 5
- 6
- To a very great extent 7

End of Block: Positive corporate culture

Start of Block: Negative corporate culture

Please read the provided text very carefully and really try to put yourself into the presented scenario.

You are working in a company. Your company has no commitment to the community and the environment they operate in. When new suppliers are hired, your company always chooses the ones that offer the lowest price. There are no rules and guidelines that every supplier (even if it's just the office material that you use) or stakeholder in general must meet, and no system that evaluates the stakeholders' ethical and environmental conditions. It isn't important for your company to sell products and services that meet the highest ethical and environmental standards, costs efficiency comes first.

The hierarchical structure in your company is strong. Management makes all the decisions. Your team holds weekly meetings, but upper management is mostly absent. Your manager doesn't make room for you and your colleagues to give input and feedback and so only the most senior members actively engage in discussions concerning difficult topics and dilemmas. These meetings don't give you a feeling of inclusivity as everyone's input and estimation on issues appear to be ignored and not appreciated.

In general, you don't really like your manager. He gives you no autonomy to manage your own work and it is not appreciated if you find innovative solutions when you are faced with a hard decision or to discuss issues with your colleagues. You have never seen your colleagues taking ownership for their projects and demonstrate high levels of accountability.

Management made it clear that meeting the performance targets is always the first priority. Your company doesn't care how you get your work done. It is expected that you deliver your assigned

work by any means, management sees it as a sign of incompetence if you ask for help when you are struggling. You and your colleagues always try to outperform each other and withhold important information.

You think back to a meeting where a new colleague raised an ethical concern. Your manager brushed the topic off, not committed to find a solution. Altogether, when your manager makes decisions that could possibly affect others, his solutions always benefit himself rather than everyone. You notice that your colleagues start to make decisions that only benefit themselves, not considering the potential harm to others or the company.

Your company doesn't have a system in place where concerns are anonymized and then investigated. You know from some colleagues that went to management to express concerns about issues that they have experienced or observed, that they were disregarded and not taken seriously and so you know that management will not try to help resolve any issue that you might have. Your company doesn't really value ethical behavior, so ethical performance is not rewarded and celebrated. This leads you and your colleagues to be hesitant to voice concerns as you fear it may impact your job security.

Regarding the scenario you just read, please indicate whether the statement below is true or false.

	False (1)	True (2)
The overall climate in your company is negative. (1)	<input type="radio"/>	<input type="radio"/>

To which extent was is easy for you to imagine yourself in the scenario?

- Not at all 1
- 2
- 3
- 4
- 5
- 6
- To a very great extent 7

End of Block: Negative corporate culture

Start of Block: Vignettes

Next you will be reading four situations: Please answer to the following questions keeping in mind what you just read about your company. Again, there are no right or wrong answers!

You just started a new project in your company. By coincidence you came across a document that indicates that a product from your company has a production flaw that could harm customers. Reporting the issue would mean that your company must pay a huge sum to correct the flaw.

How do you perceive not reporting the production flaw?

- Very unethical 1
 - 2
 - 3
 - 4
 - 5
 - 6
 - Very ethical 7
-

How likely are you **to ignore** the incident?

- Very unlikely 1
 - 2
 - 3
 - 4
 - 5
 - 6
 - Very likely 7
-

The HR department is hiring for a new position in your team. Most of the other employees of the team share the same cultural background and ethnic group. Two candidates made the final cut: Candidate one who has the same cultural background as you and your colleagues, and candidate two who has a migration background and is better qualified for the job. Your colleagues all want to hire candidate one because they think he/she would be a better fit for the company. You are asked for your opinion.

How do you perceive the choice of candidate one over candidate two?

- Very unethical 1 (1)
 - 2 (2)
 - 3 (3)
 - 4 (4)
 - 5 (5)
 - 6 (6)
 - Very ethical 7 (7)
-

How likely are you to choose **candidate one**, who shares the same cultural background as the rest of the team?

- Very unlikely 1
 - 2
 - 3
 - 4
 - 5
 - 6
 - Very likely 7
-

Please answer to the following questions keeping in mind what you just read about your company. Again, there are no right or wrong answers!

There is a promotion coming up in your company that you are really determined to get. The final decision is between you and your colleague. For the final interview, both of you must prepare a short presentation. You are informed about this in an email two days before the interview. You notice that your colleague is not on the distributor list. No one seems to have noticed this error.

How do you perceive not informing your colleague?

- Very unethical 1
- 2
- 3
- 4
- 5
- 6
- Very ethical 7

How likely are you to **not inform** your colleague?

- Very unlikely 1
 - 2
 - 3
 - 4
 - 5
 - 6
 - Very likely 7
-

A colleague in your company always comments on the appearance of your female coworkers. He is making comments such as “that skirt of yours just made my whole day better” and other critical remarks referring to their appearance and femininity. Your female coworkers are noticeably uncomfortable and avoid being alone or in the same room with him. You bring this up to another colleague and he said it’s not a big deal as he is just being funny.

How do you perceive the comments of your colleague?

- Very unethical 1
 - 2
 - 3
 - 4
 - 5
 - 6
 - Very ethical 7
-

How likely are you **to ignore** this behavior?

- Very unlikely 1
- 2
- 3
- 4
- 5
- 6
- Very likely 7

Appendix F: Descriptive statistics and bivariate analysis

Ethical orientation

	N	Minimum	Maximum	Mean	Std. Deviation
A person should make certain that their actions never intentionally harm another even to a small degree.	163	1	5	4,07	,900
The existence of potential harm to others is always wrong, irrespective of the benefits to be gained.	163	1	5	3,53	1,068
One should never psychologically or physically harm another person.	163	1	5	4,39	,765
One should not perform an action which might in any way threaten the dignity and welfare of another individual.	163	1	5	4,27	,802
If an action could harm an innocent other, then it should not be done.	163	1	5	3,92	1,036
What is ethical varies from one situation and society to another.	163	1	5	3,78	1,025
Moral standards should be seen as being individualistic; what one person considers to be moral may be judged to be immoral by another person.	163	1	5	2,86	1,159
Questions of what is ethical for everyone can never be resolved since what is moral or immoral is up to the individual.	163	1	5	2,66	1,108
Moral standards are simply personal rules that indicate how a person should behave and are not to be applied in making judgments of others.	163	1	5	2,62	1,073

Ethical considerations in interpersonal relations are so complex that individuals should be allowed to formulate their own individual codes.	163	1	5	2,53	1,177
Valid N (listwise)	163				

Social desirability

		Count	Column Valid N %
I'm always willing to admit it when I make a mistake.	False	61	37,4%
	True	102	62,6%
I always try to practice what I preach.	False	11	6,7%
	True	152	93,3%
I never resent being asked to return a favor.	False	67	41,6%
	True	94	58,4%
I have never been annoyed when people expressed ideas very different from my own.	False	111	68,1%
	True	52	31,9%
I have never deliberately said something that hurt someone's feelings.	False	94	57,7%
	True	69	42,3%
I like to gossip at times.	False	51	31,3%
	True	112	68,7%
There have been occasions when I took advantage of someone.	False	78	47,9%
	True	85	52,1%
I sometimes try to get even rather than forgive and forget.	False	103	63,2%
	True	60	36,8%
At times I have really insisted on having things my own way.	False	28	17,2%
	True	135	82,8%
There have been occasions when I felt like smashing things.	False	63	38,7%
	True	100	61,3%

N	Minimum	Maximum	Mean	Std. Deviation
---	---------	---------	------	----------------

Total ethical orientation / idealism	163	1,40	5,00	4,0368	,65517
Total ethical orientation / realism	163	1,00	5,00	2,8896	,80650
Social desirability	163	2,00	10,00	5,8957	1,56983
Valid N (listwise)	163				

To which extent was it easy for you to imagine yourself in the scenario? – Positive condition

	N	Minimum	Maximum	Mean	Std. Deviation
To which extent was is easy for you to imagine yourself in the scenario?	78	2	7	5,49	1,214
Valid N (listwise)	78				

To which extent was it easy for you to imagine yourself in the scenario? – Negative condition

	N	Minimum	Maximum	Mean	Std. Deviation
To which extent was is easy for you to imagine yourself in the scenario?	85	1	7	4,65	1,837
Valid N (listwise)	85				

One-Sample Test for perception

	t	df	Test Value = 4 Significance		Mean Difference
			One-Sided p	Two-Sided p	
Perception uncovering a production flaw	-26,683	162	<,001	<,001	-2,423
Perception unethical hiring practice	-11,864	162	<,001	<,001	-1,264
Perception colleague undermining	-23,129	162	<,001	<,001	-2,055
Perception sexual harassment	-24,089	162	<,001	<,001	-2,282

One-Sample Test for unethical behavior

	t	df	Test Value = 4 Significance		Mean Difference
			One-Sided p	Two-Sided p	
Unethical behavior uncovering a production flaw	-15,236	162	<,001	<,001	-1,779
Unethical behavior unethical hiring practice	-4,408	162	<,001	<,001	-,595
Unethical behavior colleague undermining	-8,740	162	<,001	<,001	-1,245
Unethical behavior sexual harassment	-14,735	162	<,001	<,001	-1,742

Correlations

		Gender	Age	Country	Education	Employment	Total ethical orientation / idealism	Total ethical orientation / realism	Social desirability	Unethical behavior uncovering a production flaw	Unethical behavior unethical hiring practice	Unethical behavior colleague undermining	Unethical behavior sexual harassment
Gender	Pearson Correlation	1	-.100	-.131	-.065	.023	-.206**	-.011	-.003	.082	.111	.040	.092
	Sig. (2-tailed)		.204	.096	.413	.769	.008	.886	.969	.298	.159	.610	.244
	N	163	163	163	163	163	163	163	163	163	163	163	163
Age	Pearson Correlation	-.100	1	-.234**	.477**	.542**	.147	.041	.242**	-.140	-.156*	-.322**	-.200*
	Sig. (2-tailed)	.204		.003	<.001	<.001	.062	.604	.002	.074	.046	<.001	.010
	N	163	163	163	163	163	163	163	163	163	163	163	163
Country	Pearson Correlation	-.131	-.234**	1	-.200*	-.196*	-.020	.067	.046	.005	.041	.074	-.052
	Sig. (2-tailed)	.096	.003		.010	.012	.803	.393	.564	.947	.605	.348	.511
	N	163	163	163	163	163	163	163	163	163	163	163	163
Education	Pearson Correlation	-.065	.477**	-.200*	1	.384**	.133	-.053	.223**	.019	-.063	-.213**	-.131
	Sig. (2-tailed)	.413	<.001	.010		<.001	.091	.502	.004	.811	.422	.006	.095
	N	163	163	163	163	163	163	163	163	163	163	163	163
Employment	Pearson Correlation	.023	.542**	-.196*	.384**	1	.082	-.014	.182*	-.069	-.071	-.227**	-.117
	Sig. (2-tailed)	.769	<.001	.012	<.001		.299	.857	.020	.383	.368	.004	.136
	N	163	163	163	163	163	163	163	163	163	163	163	163
Total ethical orientation / idealism	Pearson Correlation	-.206**	.147	-.020	.133	.082	1	.136	-.012	-.184*	-.141	-.225**	-.153
	Sig. (2-tailed)	.008	.062	.803	.091	.299		.083	.881	.019	.072	.004	.051
	N	163	163	163	163	163	163	163	163	163	163	163	163
Total ethical orientation / realism	Pearson Correlation	-.011	.041	.067	-.053	-.014	.136	1	.089	.039	.044	-.088	-.008
	Sig. (2-tailed)	.886	.604	.393	.502	.857	.083		.257	.622	.578	.387	.920
	N	163	163	163	163	163	163	163	163	163	163	163	163
Social desirability	Pearson Correlation	-.003	.242**	.046	.223**	.182*	-.012	.089	1	.005	-.110	-.095	-.218**
	Sig. (2-tailed)	.969	.002	.564	.004	.020	.881	.257		.953	.163	.225	.005
	N	163	163	163	163	163	163	163	163	163	163	163	163
Unethical behavior uncovering a production flaw	Pearson Correlation	.082	-.140	.005	.019	-.069	-.184*	.039	.005	1	.405**	.391**	.402**
	Sig. (2-tailed)	.298	.074	.947	.811	.383	.184*	.039	.005		<.001	<.001	<.001
	N	163	163	163	163	163	163	163	163	163	163	163	163
Unethical behavior unethical hiring practice	Pearson Correlation	.111	-.156*	.041	-.063	-.071	-.141	.044	-.110	.405**	1	.349**	.515**
	Sig. (2-tailed)	.159	.046	.605	.422	.368	.072	.578	.163	<.001		<.001	<.001
	N	163	163	163	163	163	163	163	163	163	163	163	163
Unethical behavior colleague undermining	Pearson Correlation	.040	-.322**	.074	-.213**	-.227**	-.225**	-.068	-.095	.391**	.349**	1	.547**
	Sig. (2-tailed)	.610	<.001	.348	.006	.004	.004	.387	.225	<.001	<.001		<.001
	N	163	163	163	163	163	163	163	163	163	163	163	163
Unethical behavior sexual harassment	Pearson Correlation	.092	-.200*	-.052	-.131	-.117	-.153	-.008	-.218**	.402**	.515**	.547**	1
	Sig. (2-tailed)	.244	.010	.511	.095	.136	.051	.920	.005	<.001	<.001	<.001	
	N	163	163	163	163	163	163	163	163	163	163	163	163

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

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

Correlations

		Gender	Age	Country	Education	Employment	Total ethical orientation / idealism	Total ethical orientation / realism	Social desirability	Perception uncovering a production flaw	Perception unethical hiring practice	Perception colleague undermining	Perception sexual harassment
Gender	Pearson Correlation	1	-.100	-.131	-.065	.023	-.206**	-.011	-.003	.106	.139	-.076	.119
	Sig. (2-tailed)		.204	.096	.413	.769	.008	.886	.969	.179	.077	.335	.131
	N	163	163	163	163	163	163	163	163	163	163	163	163
Age	Pearson Correlation	-.100	1	-.234**	.477**	.542**	.147	.041	.242**	.070	-.164*	-.140	.075
	Sig. (2-tailed)	.204		.003	<.001	<.001	.062	.604	.002	.376	.036	.074	.342
	N	163	163	163	163	163	163	163	163	163	163	163	163
Country	Pearson Correlation	-.131	-.234**	1	-.200*	-.196*	-.020	.067	.046	-.067	.081	.041	-.139
	Sig. (2-tailed)	.096	.003		.010	.012	.803	.393	.564	.397	.303	.602	.077
	N	163	163	163	163	163	163	163	163	163	163	163	163
Education	Pearson Correlation	-.065	.477**	-.200*	1	.384**	.133	-.053	.223**	.121	-.047	-.010	.195*
	Sig. (2-tailed)	.413	<.001	.010		<.001	.091	.502	.004	.123	.550	.899	.013
	N	163	163	163	163	163	163	163	163	163	163	163	163
Employment	Pearson Correlation	.023	.542**	-.196*	.384**	1	.082	-.014	.182*	.045	-.118	-.083	.040
	Sig. (2-tailed)	.769	<.001	.012	<.001		.299	.857	.020	.570	.135	.290	.608
	N	163	163	163	163	163	163	163	163	163	163	163	163
Total ethical orientation / idealism	Pearson Correlation	-.206**	.147	-.020	.133	.082	1	.136	-.012	-.064	-.252**	-.125	-.071
	Sig. (2-tailed)	.008	.062	.803	.091	.299		.083	.881	.418	.001	.111	.368
	N	163	163	163	163	163	163	163	163	163	163	163	163
Total ethical orientation / realism	Pearson Correlation	-.011	.041	.067	-.053	-.014	.136	1	.089	.153	.205**	.061	.164*
	Sig. (2-tailed)	.886	.604	.393	.502	.857	.083		.257	.051	.009	.441	.036
	N	163	163	163	163	163	163	163	163	163	163	163	163
Social desirability	Pearson Correlation	-.003	.242**	.046	.223**	.182*	-.012	.089	1	.067	-.007	.292**	.442**
	Sig. (2-tailed)	.969	.002	.564	.004	.020	.881	.257		.394	<.001	<.001	<.001
	N	163	163	163	163	163	163	163	163	163	163	163	163
Perception uncovering a production flaw	Pearson Correlation	.106	.070	-.067	.121	.045	-.064	.153	.067	1	.328**	.292**	.442**
	Sig. (2-tailed)	.179	.376	.397	.123	.570	.418	.051	.394		<.001	<.001	<.001
	N	163	163	163	163	163	163	163	163	163	163	163	163
Perception unethical hiring practice	Pearson Correlation	.139	-.164*	.081	-.047	-.118	-.252**	.205**	-.007	.328**	1	.339**	.375**
	Sig. (2-tailed)	.077	.036	.303	.550	.135	.001	.009	.927	<.001	<.001	<.001	<.001
	N	163	163	163	163	163	163	163	163	163	163	163	163
Perception colleague undermining	Pearson Correlation	-.076	-.140	.041	-.010	-.083	-.125	.061	-.048	.292**	.339**	1	.420**
	Sig. (2-tailed)	.335	.074	.602	.899	.290	.111	.441	.540	<.001	<.001	<.001	<.001
	N	163	163	163	163	163	163	163	163	163	163	163	163
Perception sexual harassment	Pearson Correlation	.119	.075	-.139	.195*	.040	-.071	.164*	.075	.442**	.375**	.420**	1
	Sig. (2-tailed)	.131	.342	.077	.013	.608	.368	.036	.339	<.001	<.001	<.001	<.001
	N	163	163	163	163	163	163	163	163	163	163	163	163

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

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

Appendix G: Hypotheses testing

Tests of Within-Subjects for perception

Tests of Within-Subjects Effects

Measure: Perception

Source		Type III Sum of Squares	df	Mean Square	F	Sig.
Vignettesperc	Sphericity Assumed	130,571	3	43,524	46,056	<,001
	Greenhouse-Geisser	130,571	2,898	45,049	46,056	<,001
	Huynh-Feldt	130,571	2,976	43,881	46,056	<,001
	Lower-bound	130,571	1,000	130,571	46,056	<,001
Vignettesperc * corpcult	Sphericity Assumed	3,553	3	1,184	1,253	,290
	Greenhouse-Geisser	3,553	2,898	1,226	1,253	,290
	Huynh-Feldt	3,553	2,976	1,194	1,253	,290
	Lower-bound	3,553	1,000	3,553	1,253	,265
Error(Vignettesperc)	Sphericity Assumed	456,441	483	,945		
	Greenhouse-Geisser	456,441	466,646	,978		
	Huynh-Feldt	456,441	479,067	,953		
	Lower-bound	456,441	161,000	2,835		

Tests of Between-Subjects Effects for perception

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Konstanter Term	2588,585	1	2588,585	828,749	<,001
corpcult	,094	1	,094	,030	,862
Error	502,881	161	3,123		

Pairwise Comparisons for perception

(I) Vignettesperc	(J) Vignettesperc	Mean Difference (I-J)	Std. Error	Sig.
1	2	-1,156*	,115	<,001
	3	-,360*	,106	,005
	4	-,134	,098	1,000
2	1	1,156*	,115	<,001
	3	,796*	,113	<,001
	4	1,021*	,113	<,001
3	1	,360*	,106	,005
	2	-,796*	,113	<,001
	4	,226	,099	,147
4	1	,134	,098	1,000
	2	-1,021*	,113	<,001
	3	-,226	,099	,147

Based on estimated marginal means

*. The mean difference is significant at the ,05 level.

Tests of within-subjects for unethical behavior

Tests of Within-Subjects Effects

Measure: Behavior

Source		Type III Sum of Squares	df	Mean Square	F	Sig.
Vignettesbeha	Sphericity Assumed	148,035	3	49,345	31,978	<,001
	Greenhouse-Geisser	148,035	2,793	52,996	31,978	<,001
	Huynh-Feldt	148,035	2,865	51,665	31,978	<,001
	Lower-bound	148,035	1,000	148,035	31,978	<,001
Vignettesbeha * corpcult	Sphericity Assumed	2,465	3	,822	,532	,660
	Greenhouse-Geisser	2,465	2,793	,882	,532	,647
	Huynh-Feldt	2,465	2,865	,860	,532	,652
	Lower-bound	2,465	1,000	2,465	,532	,467
Error(Vignettesbeha)	Sphericity Assumed	745,311	483	1,543		
	Greenhouse-Geisser	745,311	449,724	1,657		
	Huynh-Feldt	745,311	461,315	1,616		
	Lower-bound	745,311	161,000	4,629		

Tests of Between-Subjects Effects for unethical behavior

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Konstanter Term	4524,041	1	4524,041	895,548	<,001
corpcult	185,587	1	185,587	36,738	<,001
Error	813,324	161	5,052		

Estimates for unethical behavior

positive= 0, negative= 1	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
0	2,103	,127	1,851	2,354
1	3,171	,122	2,930	3,411

Pairwise Comparisons for unethical behavior

(I) Vignettesunethbeh	(J) Vignettesunethbeh	Mean Difference (I-J)	Std. Error	Sig.b
1	2	-1,177*	,138	<,001
	3	-,532*	,145	,002
	4	-,034	,129	1,000
2	1	1,177*	,138	<,001

	3	,645*	,159	<,001
	4	1,143*	,126	<,001
3	1	,532*	,145	,002
	2	-,645*	,159	<,001
	4	,498*	,126	<,001
4	1	,034	,129	1,000
	2	-1,143*	,126	<,001
	3	-,498*	,126	<,001

Means between the conditions

positive corporate culture = 0, negative corporate culture = 1

	0			1		
	Count	Mean	Standard Deviation	Count	Mean	Standard Deviation
Perception uncovering a production flaw	78	1,71	1,424	85	1,46	,839
Unethical behavior uncovering a production flaw	78	1,73	1,147	85	2,67	1,629
Perception unethical hiring practice	78	2,77	1,459	85	2,71	1,271
Unethical behavior unethical hiring practice	78	2,74	1,400	85	4,01	1,776
Perception colleague undermining	78	1,87	1,231	85	2,01	1,041
Unethical behavior colleague undermining	78	2,23	1,545	85	3,24	1,925
Perception sexual harassment	78	1,68	1,157	85	1,75	1,262
Unethical behavior sexual harassment	78	1,71	1,094	85	2,76	1,659

Appendix H: Control variable testing

Tests of Between-Subjects Effects for perception

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Konstanter Term	62,712	1	62,712	21,592	<,001
idealism	22,782	1	22,782	7,844	,006
realism	26,713	1	26,713	9,197	,003
Social_desirability	,018	1	,018	,006	,937
corpcult	,021	1	,021	,007	,932

Error	458,908	158	2,904		
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Parameter Estimates for perception

Parameter Estimates

Dependent Variable	Parameter	B	Std. Error	t	Sig.
Perception uncovering a production flaw	Intercept	1,222	,698	1,750	,082
	Ethical_orientation_idealism	-,153	,139	-1,098	,274
	Ethical_orientation_realism	,224	,114	1,974	,050
	Social_desirability	,036	,058	,627	,532
	[corpcult=0]	,230	,180	1,273	,205
	[corpcult=1]	0 ^a	.	.	.
Perception unethical hiring practice	Intercept	4,083	,784	5,208	<,001
	Ethical_orientation_idealism	-,595	,156	-3,810	<,001
	Ethical_orientation_realism	,415	,127	3,259	,001
	Social_desirability	-,029	,065	-,443	,658
	[corpcult=0]	,049	,202	,242	,809
	[corpcult=1]	0 ^a	.	.	.
Perception colleague undermining	Intercept	2,849	,688	4,139	<,001
	Ethical_orientation_idealism	-,237	,137	-1,726	,086
	Ethical_orientation_realism	,123	,112	1,096	,275
	Social_desirability	-,040	,057	-,707	,480
	[corpcult=0]	-,140	,178	-,785	,434
	[corpcult=1]	0 ^a	.	.	.
Perception sexual harassment	Intercept	1,433	,729	1,965	,051
	Ethical_orientation_idealism	-,172	,145	-1,184	,238
	Ethical_orientation_realism	,260	,119	2,190	,030
	Social_desirability	,046	,060	,768	,444
	[corpcult=0]	-,093	,188	-,496	,620
	[corpcult=1]	0 ^a	.	.	.

a. This parameter is set to zero because it is redundant.

Tests of Between-Subjects Effects for unethical behavior

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Konstanter Term	260,616	1	260,616	58,025	<,001
idealism	40,616	1	40,616	9,043	,003
realism	3,781	1	3,781	,842	,360
Social_desirability	6,517	1	6,517	1,451	,230
Age	37,266	1	37,266	8,297	,005
corpcult	171,087	1	171,087	38,092	<,001
Error	705,158	157	4,491		

Estimates for unethical behavior

positive= 0, negative= 1	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
0	2,123 ^a	,120	1,886	2,361
1	3,152 ^a	,115	2,924	3,379

a. Covariates appearing in the model are evaluated at the following values: Total ethical orientation / idealism = 4,0368, Total ethical orientation / realism = 2,8896, Social desirability = 5,8957, Age = 34,63.

Parameter Estimates for unethical behavior

Dependent Variable	Parameter	B	Std. Error	t	Sig.
Unethical behavior uncovering a production flaw	Intercept	4,031	,852	4,734	<,001
	Ethical_orientation_idealism	-,394	,171	-2,303	,023
	Ethical_orientation_realism	,145	,138	1,049	,296
	Social_desirability	,030	,072	,412	,681
	Age	-,011	,008	-1,385	,168
	[corpcult=0]	-,925	,220	-4,208	<,001
	[corpcult=1]	0 ^a	.	.	.
Unethical behavior unethical hiring practice	Intercept	5,801	,966	6,008	<,001
	Ethical_orientation_idealism	-,352	,194	-1,813	,072
	Ethical_orientation_realism	,193	,157	1,232	,220
	Social_desirability	-,092	,082	-1,123	,263
	Age	-,011	,009	-1,295	,197
	[corpcult=0]	-1,244	,249	-4,992	<,001
	[corpcult=1]	0 ^a	.	.	.
Unethical behavior colleague undermining	Intercept	6,631	1,006	6,594	<,001
	Ethical_orientation_idealism	-,495	,202	-2,449	,015
	Ethical_orientation_realism	-,043	,163	-,264	,792
	Social_desirability	-,025	,086	-,289	,773
	Age	-,034	,009	-3,686	<,001
	[corpcult=0]	-,926	,260	-3,567	<,001
	[corpcult=1]	0 ^a	.	.	.
Unethical behavior sexual harassment	Intercept	5,235	,834	6,278	<,001
	Ethical_orientation_idealism	-,320	,168	-1,909	,058
	Ethical_orientation_realism	,090	,135	,662	,509
	Social_desirability	-,178	,071	-2,502	,013
	Age	-,012	,008	-1,563	,120
	[corpcult=0]	-1,019	,215	-4,735	<,001
	[corpcult=1]	0 ^a	.	.	.

a. This parameter is set to zero because it is redundant.

PROCESS moderator analysis with ethical orientation

Unethical behavior – Uncovering a production flaw

Idealism

Term	b	SE	p
Contant	1.86	1.04	.074
Corporate culture	3.59	1.37	.009
Ethical orientation	-0.30	0.25	.898
Interaction term	-0.66	0.33	.052

Realism

Term	b	SE	p
Contant	0.86	0.65	.182
Corporate culture	1.93	0.84	.023
Ethical orientation	0.29	0.21	.167
Interaction term	-0.34	0.28	.227

Unethical behavior – Unethical hiring practice

Idealism

Term	b	SE	p
Contant	3.34	1.19	.006
Corporate culture	2.73	1.58	.086
Ethical orientation	-0.15	0.29	.613
Interaction term	-0.36	0.39	.347

Realism

Term	b	SE	p
Contant	0.42	0.70	.555
Corporate culture	4.60	0.92	<.001
Ethical orientation	0.79	0.23	<.001
Interaction term	-1.15	0.30	<.001

Unethical behavior – Colleague undermining

Idealism

Term	b	SE	p
Contant	4.56	1.28	<.001
Corporate culture	1.21	1.70	.479
Ethical orientation	-0.58	0.31	.065
Interaction term	-0.05	0.41	.898

Realism

Term	b	SE	p
Contant	1.95	0.79	.016
Corporate culture	2.11	1.04	.045
Ethical orientation	0.09	0.26	.714
Interaction term	-0.38	0.35	.269

Unethical behavior – Sexual harassment

Idealism

Term	b	SE	p
Contant	1.04	1.03	.314
Corporate culture	4.63	1.36	<.001
Ethical orientation	0.16	0.25	.516
Interaction term	-0.88	0.33	.009

Realism

Term	b	SE	p
Contant	0.36	0.63	.572
Corporate culture	3.28	0.83	<.001
Ethical orientation	0.46	0.21	.029
Interaction term	-0.77	0.27	.006