

# An Examination of the Contribution of Dispositional Affect on Ethical Lapses

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**Abstract** The popular press and academic research has focused primarily on the characteristics of corporate leaders. Subordinates have been studied much less frequently than leaders and yet they play a pivotal role in destructive leadership processes. An area holding significant potential to bring clarity to subordinates' ability to withstand (or succumb) to pressures from superiors is dispositional affect. In our exploratory study, we examine how specific affective states influence subordinates' unethical behavior. We performed an experiment with 63 mid-level managers having significant work experience. Participants were given ethical scenarios and asked to assess their intentions to comply with their superiors' requests to engage in unethical conduct. The participants also completed the positive affect negative affect schedule (PANAS) which provides measures of affective states. Our results provide support for theory-based predictions. The findings of our study make important contributions and have implications to both practice and theory. First, we identify certain affective states that encourage subordinates to adopt the behavior of a conformer or colluder and thus be susceptible to their superiors' unethical directives. Second, our results suggest the need for training programs to assist employees in managing affect in the work place and consideration of organizational changes that provide a culture of empowerment of its employees. Third, unlike a large majority of prior research, we measured naturally occurring affective states rather than providing a contrived (and potentially

exaggerated) triggering event to elicit affective states. Fourth, we examined specific affective states rather than examining only general positive and negative valence categories.

**Keywords** Affect · Passive · Active · Unethical behavior · Conformer · Colluder

## Introduction

The plethora of corporate reporting scandals have prompted researchers and professionals alike to seek a better understanding of the factors that influence ethical decision making (Cianci and Bierstaker 2009; Reinstein et al. 2006). Commentators have asked to what extent the businesses, management incentive practices and/or lack of corporate governance share the blame. Much of the popular press and academic research has focused on the characteristics of corporate leaders of companies such as Enron, ESM Government Securities, Parmalat, WorldCom, etc. In each of these and other high profile companies, the CEO and CFO have been scrutinized for making unethical decisions and/or fostering a corporate culture of unethical behavior (Carson 2003; Reinstein et al. 2006).

Subordinates have been studied much less frequently than leaders and yet they play a pivotal role in the destructive leadership process (Hollander 1992; Hollander and Offermann 1990; Lord and Brown 2004; Yukl 2005). The hierarchical nature of the corporate environment is such that superiors evaluate the work of subordinates and wield considerable influence on their career success. Subordinates are subject to a wide variety of environmental pressures that could potentially lead these individuals to conform and/or collude with destructive leaders (see

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Jenkins et al. 2008 for a review). In sentencing an accountant involved with the WorldCom fraud, Judge Barbara S. Jones of the United States District Court stressed the importance of subordinates refusing to collude (Cieslewicz 2010). She stated that while this individual was “among the least culpable members of the conspiracy at WorldCom... had [she] refused to do what she was asked, it’s possible this conspiracy might have been nipped in the bud.” In her defense, the individual spoke about being under pressure, indicating “I felt like if I didn’t make the entries, I wouldn’t be working there” (Associated Press 2005).

Recent research has begun to identify certain factors that may contribute to unethical conduct by subordinates, including: social obedience pressure (Davis et al. 2006; Lord and DeZoort 2001), organizational and professional commitment (Otley and Pierce 1996), referent power (Fedor and Ramsay 2007), and personal characteristics (Donnelly et al. 2003). An area holding significant potential to bring clarity to subordinates’ ability to withstand (or succumb) to pressures from superiors is *dispositional affect*.

Research has shown that to fully understand decision behavior one must jointly consider cognition and affect (Ding and Beaulieu 2009; Kida et al. 2001; LeDoux 1996). In fact, Forgas (1995) argues that the influence of affect is so pervasive that decisions made solely on cognition (and without affect) are the exception rather than the rule. Researchers initially separated affect into orthogonal state categories based on valence; these categories were labeled positive and negative valence states (Cianci and Bierstaker 2009; Stone and Kadous 1997).<sup>1</sup> Affective influences, however, have been found to be very complex; and, research on affect has been beset by mixed results with affective states of the same valence often producing differential behavior. Accordingly, researchers now go beyond the general dichotomous categories of positive and negative valences and are focusing on specific states that may vary on other dimensions such as active versus passive orientation (Druckman and McDermott 2008; Laros and Steenkamp 2005). In our study, we examine how specific dispositional affect states (recognizing both active/passive orientation as well as positive/negative valence) influence subordinates to acquiesce or resist ethical pressures of their superiors.

Based on our theoretical development, we outline specific hypotheses of how different affective states will interact in the superior-subordinate relationship. Specifically, we predict that individuals with relatively high levels of *passive* affect

irrespective of valence (such as frustration, fear, or happiness) will be more likely to acquiesce to their superiors’ pressures for unethical behavior. Further, we predict that high levels of *active* affect irrespective of valence (such as enthusiasm/arousal and anger) will resist their superiors’ pressures. We also hypothesize that the passive states of frustration and happiness will interact with fear.

To test these predictions, we performed an experiment with 63 mid-level managers with an average age of 30. Participants were given ten brief ethical scenarios and asked to assess their intentions to comply with their superiors’ requests to engage in unethical conduct. Participants also completed the PANAS scale which provides measures of affective states. Results indicate support for theory-based predictions where reliable state measures emerged.

This exploratory study makes several contributions and implications worth noting. First, our study extends prior research by identifying specific affective states that encourage subordinates to adopt the behavior of a *conformer* or *colluder* and thus be susceptible to their superiors’ unethical directives. Second, our results suggest that it may be important for subordinates to be educated on how to manage affect in the workplace. We argue that future research is needed to examine the effectiveness of training programs to raise employee awareness of their affective states and their consequences; and the potential for such training to curtail the deleterious influence of affect. Alternatively, organizations could consider creating a culture of empowerment of its employees which is often counter to the existing culture found in the workplace. Third, our study provides important theoretical and methodological contributions. Unlike a large majority of prior research, our study did not provide a contrived (potentially unrealistic) trigger event to elicit strong affective responses. We measured naturally occurring affective states.<sup>2</sup> We believe that this design consideration enhances the study’s external validity and is less subject to criticism regarding experimental artifacts. In addition, we examine specific affective states (frustration, fear, happiness, enthusiasm/arousal, etc.) rather than examining only positive and negative categories of affect. One reason for examining specific affective states is that prior research has found that not all states within standard categories have similar directional influences (Connelly et al. 2004; Druckman and McDermott 2008).

The remainder of this article is organized as follows. The next section presents the literature review and proposes testable hypotheses. The third section details the

<sup>1</sup> Although the terms positive and negative affect suggest that these states are opposites (i.e., negatively correlated), they have been found to be independent states (Cacioppo et al. 1999; Connelly et al. 2004; Watson and Tellegen 1985).

<sup>2</sup> Our participants’ affect would be considered an outgrowth of various general life experiences and nearly 9 years experience in the business world, primarily as a subordinate.

methodology and overall experimental design. The results are presented in the fourth section. In the last section, we discuss our results and provide important implications from our research.

## Literature Review and Hypotheses Development

### Research on Affect

The term “affect” is used to describe moods and emotions (Forgas and George 2001; Kida et al. 2001). Moods have often been described as being of a relatively long duration, and without a single discrete identifiable antecedent cause (Ding and Beaulieu 2009; Moreno et al. 2002). In contrast, emotions are arguably a product of both pre-existing mood and a triggering event; as such, emotions are characterized as of higher intensity and have a definitive identifiable cause, and potentially a response target (Forgas 1992). The boundaries between moods and emotions are “unsharp” and emotions are conditional upon mood states (Frijda 1986). Accordingly, one can envision affect along a continuum ranging from short-term task-related emotion to more enduring measures of affective mood (Fiske and Taylor 1991; Stone and Kadous 1997).

Early research tended to neglect the highly interdependent nature of affect and cognition (Forgas and George 2001; George and Brief 1992, 1996). As a consequence, a commonly held erroneous belief was that affect could only interfere with rational decision making in an unfavorable manner, i.e., it could only lead to flawed decisions. The emerging view is that affect is an essential component of normal decision making and behavior in a wide variety of real-life contexts and not always dysfunctional (Adolphs and Damasio 2001; Birnberg 2011; Libby et al. 2008). For example, the affective state of fear can often be justified and lead to normative precautionary responses. There is considerable evidence that cognition and affect are actually separate but interacting mental functions (Bhattacharjee and Moreno 2002; LeDoux 1996). Affect serves as an orienting mechanism that guides information processing and informs decision makers which strategies are appropriate in certain circumstances (Stone and Kadous 1997). Emotional reactions also serve as a means to evaluate and react to the outcomes of decisions. Affect has been shown to be one of the primary aspects of organizational behavior and few if any work-related behaviors can be fully understood without taking affect into account (Bhattacharjee and Moreno 2002; Kida et al. 2001; Zajonc 1980).

Historically, affective states were most often grouped based on their positive or negative valence (Chung et al. 2008, 2011; George and Jones 1997). Positive affect is associated with (but not limited to) such *active*

self-descriptive adjectives as enthusiastic, excited, inspired and also such *passive* adjectives as happy, content, pleased, satisfied. Negative affect is typified by feelings of anger (an *active* state) or anxiety, frustration/depression, or fear (*passive* states). In experimental research to date, the direction and intensity of behaviors linked to various states have often been difficult to predict (Bless 2000; Connelly et al. 2004; Lazarus 1991) and reactions are now believed to be potentially task (context) dependent (Au et al. 2003; Cianci and Bierstaker 2009; Creyer and Kozup 2003). In addition, it has been found that it is problematic to categorize all affective states simply as positive or negative affect. For instance, “surprise” is considered a neutral affect and, therefore, does not fit into a purely positive and negative valence (Laros and Steenkamp 2005; Storm and Storm 1987). Further, the negative affect states of anger and fear consistently lead to directionally opposite behaviors in many contexts (Connelly et al. 2004; Druckman and McDermott 2008).

### Affective States

The study of affect in business contexts to date has been limited and may have failed to embrace the full complexity of the phenomenon. Results have been mixed and not always in line with researcher hypotheses (e.g., Chung et al. 2008; Cianci and Bierstaker 2009). Perplexing to some, affective states of the same valence (positive or negative) have been found to influence behavior in opposite directions (Caruso and Shafir 2006; Druckman and McDermott 2008; Laros and Steenkamp 2005). For example, Lerner and Keltner (2000) found that different negative affective states drove different judgments because the negative affect construct indeed consisted of several distinct states. This research indicates that fear led to pessimistic judgments and anger resulted in optimistic judgments, suggesting the negative but passive state of fear was anchored in a belief of lack of control of the future, while the negative but active state of anger was anchored in a belief of some considerable control of the future. Researchers increasingly suggest that it is important to look beyond the general positive and negative valence categories and provide for a more fine-grained analysis of affect (Connelly et al. 2004; Lazarus 1991; Lee and Allen 2002; Lerner and Tiedens 2006). In addition, certain aspects of positive and negative affect may be more salient for different cognitive tasks than others, which may necessitate examining specific affect states (i.e., happiness, frustration, fear, anger, arousal). Moreover, it is important to examine whether the specific affect state is passive or active, as prior research (e.g., Connelly 2000, 2004; Helton 2000) indicates that this aspect of affect can guide understanding and expectations.

## Affect and Unethical Behavior

Unethical corporate behavior tends to thrive with the convergence of destructive leaders and susceptible followers, interacting in a contributing environment (for a synthesis see Padilla et al. 2007). The majority of prior research has been leader-centric in that it has focused primarily on leader characteristics that lead to destructive organizational outcomes. Research in this regard has identified a “dark triad” of personality consisting of narcissism, Machiavellianism, and psychopathy (Amernic and Craig 2010). Narcissistic leaders are unable to behave ethically because they lack a moral identity. These individuals possess an extreme love of self, a strong need for admiration and a grandiose sense of self-importance and entitlement (Duchon and Drake 2009). Machiavellian leaders subscribe to a system of amoral behavior as they aim to do whatever is necessary to advance their own goals without regard for ethics (Cyriac and Dharmaraj 1994; Nelson and Gilbertson 1991). Machiavellians employ aggressive, manipulative, exploiting, and devious tactics in order to achieve personal and organizational objectives (Fraedrich et al. 1989; Rayburn and Rayburn 1996; Tang and Chen 2010). Finally, corporate psychopaths are leaders whose internal controls and emotions are underdeveloped and who lack an underlying conscience (Boddy et al. 2010).

Collectively, leaders having these destructive behaviors are not driven by any notion of social responsibility or commitment to employees. To achieve their objectives, they demand conformity and/or collusion among their followers because they make decisions that are ruthlessly in their own interests rather than in the interests of their employees. This leads to a work environment characterized by conflict, lack of fairness, high levels of organizational constraints, low job satisfaction, and higher workloads. It is also these types of destructive leaders that may be the most likely to initiate implicit or explicit requests to employees to engage in unethical behavior.

As compared to the research attention devoted to destructive leaders, the role of *followers* has been examined at a much lesser extent by researchers (Cieslewicz 2010; Graen and Uhi-Bien 1995; Hollander 1992; Hollander and Offermann 1990). The key to understanding follower behavior is determining why certain followers are able (or unable) to resist the demands of abusive or temptations of domineering/destructive leaders. Moreover, it is important to determine which specific affective states influences subordinates (or followers) to acquiesce to their superiors' instructions to carry out unethical behavior. That is, individuals with relatively high levels of *passive (active)* affect are expected to be more likely to succumb (resist) their superiors' pressures for unethical behavior.

Research has at times categorized susceptible subordinates in terms of whether they are *conformers* or *colluders* (Padilla et al. 2007). Each type of individual is motivated by self-interest but has different concerns.

### *Conformers*

Conformers are concerned with the perceived consequences of “not going along” with their leaders' instructions (Higgins 1997). Their vulnerability lies in external locus of control, overall dissatisfaction with their lives, unmet basic needs, and low self-esteem. There is a tendency in these individuals to obey authority figures and to conform to group norms (Padilla et al. 2007).

Individuals who exhibit the *passive* negative affect states of frustration and/or fear may well fit into the role of a conformer. Individuals who are frustrated and depressed are apt to have low satisfaction in their jobs, low esteem and a low quality of life. Employees who feel unfairly treated and/or have poor self-esteem, are particularly vulnerable to destructive leadership (Wells 2001). These individuals are more likely to be willing to be controlled and manipulated by authoritative figures (Padilla et al. 2007). In an experimental study, Kida et al. (2001) provided decision scenarios that created an unfair work environment as a means of eliciting negative feelings of “frustration.” They found that these managers tended to avoid further confrontational situations and to follow choices that appeared to be less threatening. We believe these findings may extend to ethical choices. Within the context of a superior/subordinate relationship, these choices could translate into a conforming unethical behavior to lessen similar negative feelings.

While most individuals experience frustration after a confrontation, those individuals who are fearful do so prior to a confrontation (Lazarus 1991). Individuals with feelings of fear anticipate that confrontations will bring about unpleasant outcomes and feelings (Connelly et al. 2004; Kida et al. 2001; Loewenstein et al. 2001). To prevent these feelings, individuals tend to avoid risky decisions by deferring them (conforming) to their superiors (Birnberg 2011; Dacin 2009; Lerner and Keltner 2000). That is, individuals who are fearful are looking for an “easy way out”, or the alternative that has the least course of resistance (Anderson 2003). Sawers (2005) found that individuals with fear, worry, and nervousness were more apt to avoid the responsibility for making decisions. In addition, Connelly et al. (2004) notes that fear contributes to pessimistic perceptions of the future as individuals view future events as uncontrollable, difficult to cope with, and uncertain. Given these views, fearful individuals are more likely to avoid or defer decisions to their superiors. In sum, “conformers comply with destructive leaders out of fear”

(Padilla et al. 2007). This reasoning leads to the following two hypotheses:

**H1** Individuals with high (low) levels of frustration are predicted to be more (less) likely to acquiesce to their superior's suggestions and thus be complicit in unethical behavior.

**H2** Individuals with high (low) levels of fear are predicted to be more (less) likely to acquiesce to their superior's suggestions and thus be complicit in unethical behavior.

We reason that individuals who have both low frustration and low fear have a relatively stronger posture in their dealings with a superior. Therefore, we would expect these individuals to be the least likely to consent to their superior's suggestions regarding unethical behavior. That is, either high frustration or high fear are adequate in and of themselves to foster compliance and only the lack of both will associate with non-compliance.

**H3** Individuals with low levels of frustration and low levels of fear are predicted to be the least likely to acquiesce to their superior's pressures to be complicit in unethical behavior.

While frustration and fear are passive negative affective states, anger is an *active* negative affective state, and as such may be expected to elicit an opposite reaction. Individuals with a passive negative affective state are likely to feel anxious from uncertainty and believe that they have little control of the future (Druckman and McDermott 2008). Conversely, individuals with an active negative affective state such as anger have confidence in their abilities and perceive that they can directly control future outcomes (Connelly et al. 2004; Lerner and Tiedens 2006; Peters et al. 2006). These individuals are apt to trust their judgments and beliefs and act upon them (Harmon-Jones et al. 2003; Mackie et al. 2000). This disposition enables subordinates with feelings of anger to be able to act ethically in spite of instructions to do otherwise. That is, angry subordinates are more apt to "push back" against leaders and *not conform* to their unethical directives. Accordingly, hypothesis four predicts a directionally opposite effect from the passive negative affective states of fear and frustration:

**H4** Individuals with high (low) levels of anger are predicted to be less (more) likely to acquiesce to their superior's suggestions and be complicit in unethical behavior.

### *Colluders*

Colluders are enticed by up-side personal gain through their association with destructive leaders (Higgins 1997). That is, colluders participate and implement their leaders'

destructive plans with the intention of benefiting themselves. Colluders are inclined to be happy but still ambitious for more, and most of all, opportunistic. These individuals may be willing to engage in exploitive behavior and follow coercive policies if it advances their personal agendas. The recent example of the collapse of Enron demonstrates that when there are opportunities to profit, ambitious colluders can be easy to recruit (Kellerman 2004; McLean and Elkind 2005).

We contend that individuals who have high levels of happiness (a passive positive-affective state) fit the role of a colluder. These are individuals who are happy (many being highly, and arguably significantly over-paid) and prone to rationalize that things will work out for the best for others as well as for themselves. Their ambitions enable them to set ethics aside and be complicit in fraud to further their own interests. In addition, their passive tendencies may cause them to be somewhat weak and to lack the strength and determination to attain leadership positions on their own. That is, they owe their happiness to a guardian/leader; they are more than willing to be "coat-riders." As subordinates, these individuals seek to ingratiate themselves with their leaders and welcome opportunities to exhibit their loyalty. Individuals in a happy state are generally motivated to do what is necessary to maintain this state (Caruso and Shafir 2006; Chung et al. 2008; Connelly et al. 2004). Subordinates who are content have much to lose and are likely to put forth significant effort to protect their interests.<sup>3</sup> This is consistent with the concept of mood maintenance whereby individuals in a happy state are motivated to do what is necessary to maintain this state (Chung et al. 2008).

**H5** Individuals with high levels of happiness are predicted to be more likely to acquiesce to their superior's suggestions and thus be complicit in unethical behavior.

In H3, we predicted an interaction between the passive negative affective states of frustration and fear. Here, we similarly propose an interaction between the passive positive affective state of happiness and the passive negative affective state of fear. We reason that individuals who have both low happiness (happiness being a construct independent of frustration) and low fear have a relatively stronger posture in their dealings with a superior. Therefore, we would expect these individuals to be least likely to consent to their superior's suggestions regarding unethical behavior. That is, either high happiness or high fear are adequate

<sup>3</sup> WorldCom management often asked their employees to misstate accounts. Given that these individuals risked their current salaries and bonuses by not succumbing to these demands, they acquiesced and stayed with the firm (Reinstein et al. 2006).

in and of themselves to foster compliance and only the lack of both will associate with non-compliance.

**H6** Individuals with low levels of happiness and low levels of fear are predicted to be the least likely to acquiesce to their superior's pressures to be complicit in unethical behavior.

Finally, we anticipate that individuals exhibiting higher levels of enthusiasm (or arousal) (a simultaneously active and positive-affective state) will be less likely to defer to their superior's requests. These individuals are relatively confident in their abilities to fashion the future (Druckman and McDermott 2008). They are not weak or dependent on a guardian/leader but exhibit enhanced strength and determination in pursuing an independent high road course of action. Similar to the active (though negative) state of anger, their strength enables them to act on their intentions rather than suppressing them (Gaudine and Thorne 2001). In fact, they may show some leadership characteristics themselves even though their current role is that of a follower (Padilla et al. 2007). We surmise that these individuals would be considered non-colluders. This leads to our final hypothesis:

**H7** Individuals with high (low) levels of enthusiasm/arousal are predicted to be less (more) likely to acquiesce to their superior's suggestions and be complicit in unethical behavior.

We summarize our expectations related to the role of the conformer and colluder, the corresponding affect states, and the hypothesized relationships to ethical (or unethical) behavior in Table 1.

## Method

### Participants

Participants consisted of 73 working professionals who were enrolled in Masters of Business Administration (MBA) programs at two major universities in the United

States. The gender of the participants was equally divided in our sample. The average age of participants was 29.6 years. Ten participants did not fully complete the case instrument and were excluded from further analysis. Therefore, our analysis is based on 63 participants.

### Experimental Materials

The case instrument was provided to participants during regular class time. The instrument consisted of (1) the PANAS scale, (2) the MacDonald tolerance for ambiguity scale, (3) ten ethical scenarios, and (4) demographical questions (see the Appendices).

### Ethical Scenarios

The scenarios were constructed based on various ethical situations that business professionals encounter in the workplace. Input from academics from all business disciplines was elicited and used to develop these scenarios. Several rounds of pilot testing were performed to refine each of these scenarios as appropriate for our study. An example of one of these scenarios is as follows:

In response to a call from corporate headquarters asking for more profits, the head of production (your direct boss) asks you to schedule overtime in shipping to push out extra product and hold the records open for an extra 12 h after year end (that is, back date shipping logs showing shipments for the first 12 h of the new year as shipments of the current year).

In these ten scenarios, participants were asked by their superiors to perform certain actions that have ethical consequences. Participants responded to each scenario using a five-point scale: (1) "I absolutely would not agree to do this", (2) "I probably would not agree to do this", (3) "Uncertain", (4) "I probably would agree to do this", and (5) "I absolutely would agree to do this." Higher scores reflect an intention to carry out unethical behavior. Factor analysis was performed on these ten ethical scenarios to determine if they reflected a similar underlying ethical

**Table 1** Overview of hypotheses

Subordinate behavior	Valence	Intensity	State	Expected behavior	Hypotheses
Conformers	Negative	Passive	Frustration	Unethical	H1
	Negative	Passive	Fear	Unethical	H2
	Negative	Passive	Frustration/fear	Unethical	H3
	Negative	Active	Anger	Ethical	H4
Colluders	Positive	Passive	Happiness	Unethical	H5
	Positive/negative	Passive/passive	Happiness/fear	Unethical	H6
	Positive	Active	Enthusiasm	Ethical	H7

superior/subordinate dilemma. Principle components analysis was utilized; varimax rotation was attempted but the initial solution could not be rotated. Variables with eigenvalues greater than 1.0 and factor loadings greater than .50 were retained (Bernard 1998). This analysis yielded a single overall factor (Action Index). This factor explained 44.08 percent of the variance for the ethical scenarios.<sup>4</sup>

#### *Positive Affect Negative Affect Schedule*

The positive affect negative affect schedule (PANAS) is a psychometric scale developed to measure the independent constructs of positive and negative affective state categories and components therein. The PANAS scale is based on the model set forth in Watson and Tellegen (1985). This scale has been shown to be internally consistent, reliable and stable over time (Crawford and Henry 2004; Russell and Carroll 1999; Watson et al. 1988).

The positive and negative scores are orthogonal/uncorrelated; that is, their names are potentially misleading to many as they are not two ends of one scale. The modified PANAS scale consists of 14 adjectives related to positive affect of which some states are passive (e.g., happy, content, satisfied) and others are active (e.g., enthusiasm, determined, inspired). The scale also contains 18 adjectives of negative affect, including some passive states (e.g., frustrated, worried, fearful) and some active states (e.g., angry). The scale requires participants to indicate their feelings on a five-point scale: (1) "Very slightly or not at all", (2) "A little", (3) "Moderately", (4) "Quite a bit", and (5) "Extremely."

Consistent with prior literature, we sought to identify the factors from the PANAS scale that would be utilized in measuring various positive/negative and active/passive affective states. Participant responses to the PANAS scale were factor-analyzed using principal components analysis to determine the degree of correspondence between scale questions and the positive and negative affect factors. As before, Varimax rotation was used with the selection criteria to retain variables being eigenvalues greater than 1.0 and factor loadings greater than .50.

The principal components analysis for the positive affect questions yielded two interpretable factors. Seven positive attributes (enthusiastic, strong, active, inspired, proud, excited, and determined) loaded onto a factor which we label "Enthusiastic/Aroused." Four other positive attributes (happy, pleased, optimistic, and content) loaded onto a factor which we call "Happiness". Collectively, these two factors explained 61.35% of the variance for the positive affect questions. Cronbach's alpha was computed

for each factor representing the attributes that loaded onto the respective principle components. The Alpha coefficient for Enthusiasm was .897; the alpha coefficient for Happiness was .912. These alpha levels indicate reasonable levels of scale reliability (Iacobucci and Duhachek 2003; Nunnally and Bernstein 1994). It is important to note that in the analysis and as presented in the tables, the principal components scores are standardized with a mean of 0 and a standard deviation of 1.

Likewise, a principal components analysis for the negative affect questions yielded two interpretable factors. Seven negative attributes (frustrated, upset, jittery, irritated, unhappy, hostile, and angry) loaded onto a factor which we label "Frustrated". Four additional negative attributes (nervous, afraid, worried, and scared) loaded onto a factor which we call "Fear". Together, these two factors explain 61.52 percent of the variance for the negative affect questions. The attributes representing these two factors had Cronbach alphas of .917 and .855.

Contrary to expectations, the factor analysis did not provide a distinct factor for anger (or hostility).

#### *Independent and Dependent Measures*

Given that we examine the relative effects of different affective states on ethical decision making, we split each of the affective factors at the median into dichotomous measures. In our analysis, each factor is described in terms of being "high" or "low" on that specific affective states (e.g., high and low fear). These four factors served as the independent measures for this study. The dependent measure was the Action Index. This was the single overall factor that we obtained from factor analysis of the ten ethical scenarios.

#### *Covariates*

Cohen et al. (1993, 1995) suggest that individuals' tolerance for ambiguity may influence their ethical decision making. Those individuals with a lower tolerance for ambiguity may be less likely to break rules even when doing so would be in the best interests of the company. To ensure that individuals' tolerance for ambiguity is a separate construct from our affect measures, we utilize tolerance of ambiguity as a covariate in our analyses. We measured this variable using the MacDonald (1970) instrument which consists of 16 questions with a seven-point scale to assess individuals' agreement with each question. Further, it was our intention to control for demographic characteristics. Of these variables, only age was significantly correlated with the dependent measure and thus served as a covariate.

<sup>4</sup> Similar results were obtained using an unweighted scale.

## Results

### Descriptive Statistics

For each of the ethical scenarios, participants were asked by superiors to perform certain actions that have ethical consequences. The gravity of some of the supervisors' requests was intentionally greater than others; we did not want all requests to be egregious and thus invite strong demand effects. In aggregate, participants provided scores that reflected ethical norms of behavior. The overall mean response to the ten ethical scenarios was 2.2 (on a 1–5 scale) (see Table 2). However, a sizable number of participants (21.2%) indicated that they would either probably (or absolutely) agree to do the arguably unethical behavior, with the range being from 4.1 to 43.9% depending on the individual ethical scenario. Further, our participants' responses arguably might be somewhat understated given the potentially greater salience of supervisor pressures in the real world.

We also examined whether individuals were able to withstand unethical demands from their superiors in *all* ten of the scenarios. Our analysis indicates that only 19.1% of our participants indicated that they would probably not (or absolutely not) agree to do the unethical behavior in each and every scenario. In fact, only 3.2% of the participants stated that they would absolutely not agree to do the unethical behavior for each scenario. Given the small number of individuals that were able to withstand the unethical demands of their superiors in all of the scenarios,

**Table 2** Descriptive statistics for ethical scenarios

Scenario	Mean	SD	% of Responses with intention to do behavior <sup>a</sup>
1	2.49	1.34	30.1
2	1.52	.81	4.1
3	2.37	1.23	23.3
4	1.70	.99	6.8
5	2.24	1.16	24.7
6	2.03	1.10	16.4
7	2.54	1.19	26.4
8	2.46	1.23	21.9
9	2.83	1.41	43.9
10	2.03	1.19	13.9
Mean	2.22	1.17	21.2

Participants responded to each scenario using a five-point scale: (1) "I absolutely would not agree to do this", (2) "I probably would not agree to do this", (3) "Uncertain", (4) "I probably would agree to do this", and (5) "I absolutely would agree to do this." Thus, higher scores reflect an intention to carry out arguably unethical behavior

<sup>a</sup> Percentage of participants who indicated they would either probably (4) or absolutely (5) agree to do the specified behavior

we were not able to provide further analyses and comparisons with the overall sample.

### Hypotheses Tests

The research design was operationalized as a full factorial design with the independent measures consisting of the following affective states (factors): (1) Frustration, (2) Fear (3) Happiness, and (4) Enthusiasm/Arousal. The dependent measure was the Action Index. Two covariates were utilized in our analyses—participants' tolerance of ambiguity score ( $F = 2.787$ ;  $p = .065$ ) and age ( $F = 3.944$ ;  $p = .053$ ). The ANCOVA results indicate an  $R^2$  of 45% (Adj.  $R^2$  of 24.2%). The ANCOVA is shown in Table 3; the means (standard deviations) are provided in Table 4.

### H1 Findings

The first hypothesis predicted that individuals with a high (low) level of frustration would be more (less) apt to acquiesce to their superior's directives and thus be complicit in unethical behavior. The ANCOVA results indicate a significant main effect for frustration ( $F = 6.907$ ;  $p = .01$ ). An examination of the cell means shows that individuals with a high level of frustration provided higher scores of intentions to perform unethical behavior (mean action index of .456) as compared to individuals with low frustration levels (mean action index =  $-.255$ ).<sup>5</sup> Further, an average of 23.9% of highly frustrated individuals indicated that they probably (or absolutely) would do the aggregate unethical behavior as compared to only 18.7% of individuals experiencing a low level of frustration. These results provide support for H1.

### H2 Findings

Hypothesis two predicted that individuals with a high (low) level of fear would be more (less) likely to go along with their superior's directives regarding unethical behavior. Our ANCOVA results indicate that the main effect for fear was not significant at traditional levels, thus rejecting H2.

### H3 Findings

For hypothesis three, we predicted an interaction between frustration and fear such that individuals with low levels of frustration and low levels of fear will have the strongest posture and thus be least likely to consent to their superior's suggestions regarding unethical behavior. The results indicate that frustration did marginally interact with fear

<sup>5</sup> The raw mean scores are 25.70 for the high level of frustration and 20.12 for the low level of frustration.



**Table 3** ANCOVA results (dependent variable: ethics action index)

ANOVA table						
Source of variation	Type 1 SS	df	MS	F	Sig.	
Corrected model	28.662	17	1.686	2.166	.020	
Intercept	4.340	1	4.340	5.574	.023	
Tolerance of ambiguity	2.787	1	2.787	3.580	.065	
Age	3.071	1	3.071	3.944	.053	
Happiness	2.806	1	2.806	3.604	.064	
Enthusiasm	5.249	1	5.249	6.742	.013	
Frustration	5.377	1	5.377	6.907	.012	
Fear	.381	1	.381	.489	.488	
Happiness × enthusiasm	1.094	1	1.094	1.406	.242	
Frustration × happiness	.002	1	.002	.003	.955	
Happiness × fear	2.692	1	2.692	3.457	.070	
Enthusiasm × frustration	1.332	1	1.332	1.711	.197	
Enthusiasm × fear	.004	1	.004	.005	.943	
Frustration × fear	2.180	1	2.180	2.800	.101	

Participants responded to each scenario using a five-point scale: (1) “I absolutely would not agree to do this”, (2) “I probably would not agree to do this”, (3) “Uncertain”, (4) I probably would agree to do this”, and (5) “I absolutely would agree to do this.” Thus, higher scores reflect an intention to carry out arguably unethical behavior

**Table 4** Means, standard deviations, and cell sizes (dependent variable: ethics action index)

	Low	High	Total
Panel A: negative affect			
Frustration	-.255 (.186) n = 32	.456 (.198) n = 31	n = 63
Fear	.005 (.198) n = 30	.196 (1.87) n = 33	n = 63
Panel B: positive affect			
Happiness	-.158 (.194) n = 30	.360 (.191) n = 33	n = 63
Enthusiasm	.462 (.196) n = 30	-.260 (.193) n = 33	n = 63

Participants responded to each scenario using a five-point scale: (1) “I absolutely would not agree to do this”, (2) “I probably would not agree to do this”, (3) “Uncertain”, (4) I probably would agree to do this”, and (5) “I absolutely would agree to do this.” Thus, higher scores reflect an intention to carry out arguably unethical behavior

( $F = 2.800$ ; two-tailed,  $p = .10$ ). When frustration and fear are both at a low level, individuals provide the lowest scores of intentions to perform unethical behavior (mean action index =  $-.576$ ). When fear is high the level of the frustration measure does not contribute any incremental influence on participants’ intended behavior. These results provide marginal support for H3.

**H4 Findings**

Hypothesis four predicted that individuals with high (low) levels of anger would be less (more) likely to acquiesce to their superior’s suggestions and thus be complicit in unethical behavior. The failure of factor analysis to provide a distinct factor for anger (or hostility) made it impossible for us to test hypothesis four. This outcome may have

resulted because our participants did not exhibit sufficient diffusion of *naturally* occurring anger, consistent with a mood state. That is, it may be difficult to sufficiently capture anger without a trigger event. While we were not able to examine the effects of anger in this study, we encourage future research to pursue this inquiry.

**H5 and H6 Findings**

The fifth hypothesis predicted that individuals with high (low) levels of happiness would be more (less) apt to consent to their superior’s suggestions regarding unethical behavior. The ANCOVA results indicate the main effect for happiness did approach traditional levels of significance ( $F = 3.604$ ;  $p = .06$ ). Individuals with a high level of happiness provided higher scores of intentions to perform

unethical behavior (mean action index = .360) as compared to individuals with a low level of happiness (mean action index =  $-.158$ ).

We also predicted an interaction between happiness and fear (H6) such that individuals with low levels of happiness and low levels of fear will be the least likely to consent to their superior's suggestions regarding unethical behavior. We found that happiness did interact with fear at levels near traditional levels of significance ( $F = 3.457$ ;  $p = .07$ ). When fear and happiness are both at low levels, individuals provide the lowest scores of intentions to perform unethical behavior (mean action index =  $-.508$ ). These results provide some support for H5 and H6.

### H7 Findings

Hypothesis 7 predicted that individuals with high (low) levels of enthusiasm/arousal would be *less* (more) likely to acquiesce to their superior's suggestions and thus be complicit in unethical behavior. The results support the hypothesis and indicate a significant main effect for enthusiasm/arousal ( $F = 6.742$ ;  $p = .01$ ). Individuals with a high level of enthusiasm/arousal provided lower scores of intentions to perform unethical behavior (mean action index score =  $-.260$ ) as compared to individuals with low enthusiasm levels (mean action index score =  $.462$ ). Only 16.3% of highly enthused individuals indicated that they probably (or absolutely) would do the aggregate unethical behavior as compared to 34.0% of individuals with a lower level of enthusiasm. Thus, H7 is supported.

## Conclusions and Implications

Before discussing the results of this study it is important to note certain limitations which provide opportunities for future research. First, we did not examine the process in which affect influenced pressures to succumb to their superiors' unethical directives. Future research could use mechanisms such as verbal protocol, search monitor, or risk assessments to better understand the affect—ethics relationship. Second, our participants may not have responded as they would have to real world conditions involving actual pressures from their superiors. Ours was a laboratory study with all of its inherent limitations. We might speculate that influences would actually be greater in the real world. Significance levels might also be expected to be higher with a larger sample size. Third, even though we guaranteed that their responses would be anonymous, it is unclear whether participants tended to respond in a manner that would please the instructor. To provide some insight of the likelihood of this potential bias, we administered the Crowne and Marlowe (1960) social desirability scale in

our pilot tests. The C–M score failed to reach significance individually or interactively with other affective states.

This exploratory study makes important contributions and implications to both practice and theory. First, our study identifies additional factors that may contribute to the unethical conduct by subordinates. Specifically, we find that subordinates with specific *passive* and *active* affective states are more likely to adopt the behavior of a *conformer* or *colluder* and thus be susceptible to their superiors' unethical directives. In the business workplace, affective states such as frustration, fear, and to a lesser extent happiness are likely to exist among subordinates. The business environment is demanding given deadlines, time budgets, pressure (and turnover) (Donnelly et al. 2003; Sweeney and Summers 2002). Further, the hierarchical structure found in the workplace provides an environment that is conducive for conformer and colluder behavior to develop.

Second, the influence of affect on ethical-related judgments has received only modest attention in the literature. Rather, prior research has focused on items such as age, gender, ethical maturity (e.g., the DIT scale) and their proposed link to individuals' ethical behavior (see Louwers et al. 1997; Ponemon and Gabhart 1993). While this prior research has been informative from an academic perspective it has had limited “real world” implications (e.g., hiring, retention, performance evaluation). Firms are legally proscribed from hiring or promoting on the basis of age or gender and operationally find it problematic to subject employees or potentially employees to psychometrics scales such as the DIT scale. We suggest that examining affective states and their influence on ethical behavior may potentially be more fruitful, or at a minimum be complimentary.

We maintain that it is not possible to have a work environment that is free from affect (Chung et al. 2008). Rather, a more realistic goal is learning how to manage affect in the workplace as it is critical to decision making. Kadous (2001) found that prompting jurors to be aware of their own affective states, lessened the negative influence of affect on their decisions. Other research has likewise found that simply making people aware of affect and its influence on the decision process, can contribute to lessening if not eliminating the impact of affect (Gross 1998; Keltner 1996; Lerner and Keltner 2000). Training programs could be implemented that encourage employees to be more aware of their affect states and, thereby, curtail any deleterious influence of affect in the work environment (Lord and DeZoort 2001).

Third, while our research examines how affect influences colluders to set aside ethics to further their own interests, future research could directly examine the relationship between destructive leaders and colluders. That is, we conjecture that colluders may have similar personality characteristics (e.g., narcissism, Machiavellianism, and psychopathy) to their destructive leaders. These leaders

need colluders to be of the same mind and purpose in order to accomplish their objectives. Thus, colluders may be “groomed” to be destructive leaders.

Fourth, our study questions whether employees can be expected to withstand unethical demands from their superiors in general business settings. Results reveal that only a few participants would absolutely not agree to do the unethical behavior in *each* of the scenarios. Given the small number of individuals in this defined group, we were unable to provide further analyses and comparisons with our overall sample. Future research that utilizes a larger sample of individuals should consider directly examining the specific characteristics of those individuals that are able to resist the unethical demands of their superiors.

Finally, our study provides important theoretical and methodological contributions. We measured and examined affect in an experimental lab setting in which affect was not manipulated but was related to individuals’ general disposition. Unlike a large majority of prior research our study did not utilize a trigger event to elicit desired, but potentially artificial, experimental positive and negative affect. It is likely that this design consideration understated the potential influence of affect. That is, in a real-world context, environmentally-induced affect could be more extreme. For instance, affect factors that we examined such as fear or anger may achieve significant levels in laboratory experiments using an event to trigger more extreme affective responses. However, the use of a trigger event has severe drawbacks such that any test of decision behavior is to some degree, a test of the trigger event and the affective reaction (Kida et al. 2001).

Our research can also be differentiated from prior research in that we measured specific affective states rather than categories of positive and negative affect. We expected and found that two positive affect factors influence individuals in opposite directions. That is, high levels of happiness and low levels of enthusiasm/arousal contributed to individuals’ tendency to succumb to their superiors’ unethical suggestions. Given these results, it is clear that one cannot generalize the causal direction of categorical positive or negative affect on ethical judgments (see Cianci and Bierstaker 2009). Our study also provides additional evidence to the emerging literature (e.g., DeSteno et al. 2000; Druckman and McDermott 2008; Lerner et al. 2003) of the need to examine specific states of positive and negative affect and not just general valences. Further, the intensity of the affect state (e.g., active vs. passive) when examined with specific affect states provides a fruitful research area in which to model affect-based behavior.

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## Appendix A

### Ethical Scenarios

1. You are a part-time university student and a fulltime employee for a small start-up company which has significant career opportunities for you. One of the owner/partners asks you to use university software to which you have access through your courses to store and process firm data. Licensing agreements between the university and the software company restrict use to educational purposes.
2. You are asked by your manager to “intentionally misfile” interoffice memos supporting claims of gender based harassment...claims called a “trivial and distracting nuisance” by your manager.
3. Your boss and close friend asked you to temporarily stall any employee complaints by demanding excessive documentation and legalistic procedures. Your friend is up for consideration for a major promotion with transfer. His advancement could also be in your career interests.
4. Your company is fighting a hostile takeover bid by another company. To secure stockholder support the firm needs to show more profits. As head accountant for the firm, you are asked to do your part...you are asked to temporarily revise to lower levels than you believe appropriate estimated expenses related to product defects, warranty costs, and product obsolescence.
5. Your direct supervisor is close to an important profit benchmark for your branch that would provide him with a large bonus. To help achieve that profit level, he asks you to defer certain costs into next year, specifically, as head of marketing to delay routine advertising layout production and radio and newsprint advertising for the last 3 weeks of the year. The requested reduced marketing activity will cost the company some sales as it enters the new year.
6. Given a limited pool of money for raises this year, you have been asked by the head of personnel to withhold and redirect merit pay raises from employees who cannot leave the firm to less deserving but younger and more-mobile employees.
7. In response to a call from corporate headquarters asking for more profits, the head of production (your direct boss) asks you to schedule overtime in shipping to push out extra product and hold the records open for an extra 12 h after year end (that is, back date shipping logs showing shipments for the first 12 h of the new year as shipments of the current year).
8. The head of division accounting directs you and a colleague to defer recognition of material

obsolescence experienced related to selected assets. Your best estimate is that the assets have lost 50% of their value. Your colleague stresses “We need to go along with this. Instead of recognizing this loss this year, let’s wait it out and take another look at it next year when we have more information.”

9. A current employee has been very difficult to work from day one. This employee has been argumentative with you on several occasions and wastes everyone’s time with lots of complaints. In response to a direct request from your department manager, would you agree to undertake an effort to get rid of this employee by making assignments to inferior clients with lots of travel and overtime.
10. In response to a direct request from your supervisor seeking enhanced revenues, and for purposes of keeping your job, would you assist in development of a marketing campaign known to be deceptive regarding product capabilities and durability (not safety)?

Participants responded to each scenario using a five-point scale: (1) “I absolutely would not agree to do this”, (2) “I probably would not agree to do this”, (3) “Uncertain”, (4) “I probably would agree to do this”, and (5) “I absolutely would agree to do this.” Thus, higher scores reflect an intention to carry out arguably unethical behavior.

## Appendix B

Positive affect negative affect schedule (PANAS)

Interested	(P)	Afraid	(N)
Distressed	(N)	Happy	(P)
Excited	(P)	Pleased	(P)
Upset	(N)	Worried	(N)
Strong	(P)	Content	(P)
Guilty	(N)	Depressed	(N)
Scared	(N)	Frustrated	(N)
Determined	(P)	Optimistic	(P)
Hostile	(N)	Angry	(N)
Enthusiastic	(P)	Disgusted	(N)
Proud	(P)	Unhappy	(N)
Nervous	(N)	Attentive	(P)
Irritable	(N)	Disappointed	(N)
Alert	(P)	Embarrassed	(N)
Ashamed	(N)	Active	(P)
Inspired	(P)	Jittery	(N)

Participants indicated their feelings on a five-point scale: (1) “Very slightly or not at all”, (2) “A little”, (3) “Moderately”, (4) “Quite a bit”, and (5) “Extremely”

## Appendix C

### Tolerance of Ambiguity Scale

1. An expert who doesn’t come up with a definite answer probably doesn’t know too much.
2. In the long run, it is possible to get more done by tackling small, simple problems than by tackling large and complicated ones.
3. Many of our most important decisions in life are based upon insufficient information.
4. People who fit their lives to a schedule probably miss most of the joy of living.
5. There is really no such thing as a problem that can’t be solved.
6. It is more fun to tackle a complicated problem than a simple one.
7. People who insist on a “yes” or “no” answer just don’t know how complicated things really are.
8. A good job is one where what is to be done and how it is to be done are always clear.
9. The sooner we all acquire similar values and ideas, the better.
10. A person who leads an even, regular life in which few surprises or unexpected happenings arise, really have a lot to be grateful for.
11. I would like to live in a foreign country for awhile.
12. Teachers or supervisors who hand out vague assignments give a chance for one to show initiative and originality.
13. What we are used to is always preferable to what is unfamiliar.
14. I like parties where I know most of the people more than ones where all or most of the people are complete strangers.
15. A good teacher is one who makes you wonder about your way of looking at things.
16. Often, the most interesting and stimulating people are those who don’t mind being different or original.

Participants indicated their agreement with these questions on a seven-point scale: (1) “Strongly Disagree”, (2) “Moderately Agreement”, (3) “Slightly Disagree”, (4) “Neutral”, (5) “Slightly Agree”, (6) “Moderately Agree”, and (7) “Strongly Agree”.

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