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ETHICAL CULTURE AND MORAL IDENTITY: HOW THEY INTERACT AND INFLUENCE UNETHICAL BEHAVIOR IN ORGANIZATIONS

DOCTORAL THESIS

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ABSTRACT

After many scandals involving corruption and fraud in organizations, the importance of creating and promoting ethics in organizations has become a number one priority for all managers. For this reason, researchers have investigated the individual and environmental factors that can influence ethical behavior in organizations.

Recent reviews have pointed out ethical culture as an aspect that plays a critical role in enhancing or diminishing unethical behavior in organizations. Ethical culture is a subset of organizational culture that represents the interplay between formal (e.g., rules and policies, performance management systems) and informal systems of ethics (e.g., norms, language, rituals) that influence the employee's ethical and unethical behavior (Treviño, 1990).

In addition to factors related to the organizational context, it is relevant to understand the individual in the environment. Thus, meta-analysis and reviews highlight that individual characteristics – such as moral identity – can also influence the occurrence of unethical behavior at work (Hertz & Krettenauer, 2016). Moral identity is defined as a

person's cognitive schema around a set of moral traits (Aquino & Reed, 2002).

By considering these constructs, the person-situation interactionist model of ethical decision-making in organizations (Treviño, 1986) and the social cognitive framework (Bandura, 1986, 1991) explain how individual characteristics interact with contextual factors. The ethical culture may function as a situational cue that increases the accessibility of moral identity and its impact on ethical behavior.

This thesis aims to examine the effect of ethical culture, ethical culture strength, and moral identity on unethical behavior in organizations. With this thesis, we fill some gaps in the literature – such as: refine the measure of ethical culture, deepen the role of ethical culture on unethical behavior at work, and demonstrate the interaction between ethical culture and moral identity on unethical behavior, with a multimethod approach.

To achieve this primary objective, three studies are proposed. In the first study, we aim to find evidence of validity for the ethical culture scale in the Brazilian context. In the second study, the purpose is to test whether an ethical culture manipulation can moderate the impact of

moral identity on unethical behavior in a simulated context. Finally, in the third study, we intend to examine the effect of collective moral identity on unethical behavior at work and the interaction of the ethical culture and culture strength at the unit level in this relationship.

This thesis's main contribution was its integration of ethical culture literature with moral identity literature by implementing a multi-method approach (experiment and survey). The findings indicated that moral identity was a weak predictor of unethical behavior. They also showed that ethical culture and ethical culture strength were good predictors of observed unethical behavior and unethical pro-organizational behavior.

Keywords: ethical culture, ethical behavior, moral identity, corporate ethical virtues, unethical pro-organizational behavior.

GENERAL INTRODUCTION

Ethics is a fundamental pillar in the functioning of any organization. However, ethical failures have been reported in different companies worldwide, which has flustered our confidence in business and leaders. For instance, the Corruption Perceptions Index 2019 presented by Transparency International every year reveals that almost 70% of the countries assessed scored below 50 on 2019 CPI, with an average score of 43 on a scale of zero to 100, where zero means highly corrupt (Transparency International, 2020). Moreover, a survey conducted by Ernst & Young (2018) with 2,550 executives from 55 countries showed that 38% of the respondents reported that bribery and corruption practices occurred widely in business in their country, and 11% believe it is common to use bribery to win contracts in their sector. The situation is even worse when we consider only the emerging countries – 52% of the respondents believe that bribery and corrupt practices happen widely in business in their country (Ernst &Young, 2018).

Regarding Brazil's situation, a survey compiled by the Brazilian National Confederation of Industry (CNI) in 2014 pointed out

that 82% of Brazilians believe that most people want to take advantage of something (CNI, 2014). In a report released by Transparency International in 2019, for the fifth year in a row, Brazil presented a drop of positions in the Corruption Perceptions Index (CPI) and, with this, came to occupy the 106th position in the global ranking of 180 countries. In the Brazilian public service, the scenario is similar: The Office of the Comptroller General - CGU stated that almost 65% of the federal employees expelled in 2018 committed acts of corruption (O Globo, 2018).

Regarding the costs of not being ethical, recent projections demonstrated that loss of revenue caused by customs-related corruption costs World Customs Organization (WCO) members at least USD 2 billion in customs revenue each year (OECD, 2017). For instance, in the UK, according to a report from the NHS Counter Fraud Authority (NHSCFA), the fraud costs the National Health Service (NHS) £1.27 billion each year (NHS, 2020).

On its face, managers have been looking for ways to reduce unethical behavior in their organizations and encourage their employees to respect ethical norms (Bazerman & Tenbrunsel, 2011). In this context, some intriguing questions emerge: Why good people behave in

unethical ways? How do trusted people and organizations become corrupted? Are employees that committed ethical misconduct originally immoral, or the situation corrupted them?

Those issues have been studied for a long time by psychology but remain an unanswered question. For the past decades, researchers have been trying to comprehend why (un)ethical behavior occurs and to determine which factors increase ethical behavior, decrease unethical behavior, and how to build an organizational context that is ethical (Mitchell et al., 2020). Reviews and meta-analysis in the area have pointed out to the individual (e.g., moral identity, locus of control, moral disengagement), interpersonal (e.g., influence of leaders and peers), and contextual aspects (e.g., culture and ethical climate, ethics codes) that influence ethical decision-making and ethical behavior (Kish-Gephart et al., 2010; Treviño et al., 2014).

Ethical culture has been considered a crucial contextual aspect that may influence ethical behavior (Kaptein, 2011b; Mayer, 2014). However, there is a controversy in its impact on unethical behavior, since a meta-analysis showed that, even though it has a robust independent effect, ethical culture did not account for unique variance in either unethical intention or unethical behavior (Kish-Gephart,

Harrison, & Treviño, 2010). Reviews have also posited the importance of determining ethical culture's role in organizational ethics research (Mayer, 2014; Treviño et al., 2014). Besides evaluating the ethical culture, the degree of agreement about the elements that compose it may vary considering different units or organizations, impacting outcomes, such as unethical behavior.

The individual in this organizational context is another issue of interest. There are many studies on the impact of ethical culture, but how does it relate to individual moral characteristics? Ethical culture does not function alone, nor the individual; it is a combination of both. Thus, we infer that individual characteristics interact with ethical culture to predict unethical behavior at work. A meta-analysis on the unethical decision at work indicates that individual characteristics (moral self-constructs like moral judgment disposition or Machiavellianism) are among the most important antecedents of unethical choices in the workplace (Kish-Gephart et al. 2010). Moral identity, for example, has been one of the constructs most studied in the area, with a recent meta-analysis showing its excellent predictability of moral behavior (Hertz & Krettenauer, 2016). More recently, moral identity has also been studied as a shared construct known as collective

or group moral identity (Thornton & Rupp, 2016; Kuenzi et al., 2020). This approach recognizes the existence of moral traits shared among group members, and this phenomenon emerges because employees attempt to adopt social identities to reduce uncertainty (Kuenzi et al., 2020). The unit members' moral identities can be aggregated to the unit level based on within-group agreement and using a direct consensus composition model (Kuenzi et al., 2020).

The person-situation interactionist model of ethical decision-making in organizations (Treviño, 1986) is one of the theoretical underpinnings of the model to be tested. This model posits that employees decide based on their cognitive moral development stage, and those situational variables could interact with the cognitive component to explain behavior. Thus, the organizational culture could indicate the appropriate behavior for leaders and employees.

The social-cognitive theoretical framework brought by Bandura explains how those aspects may interact, it conceptualizes moral identity as a cognitive self-schema (Aquino & Reed, 2002), and posits that situational cues can influence behavior by activating knowledge structures and schemas, including moral identity (Shao et al., 2008). Moreover, individuals could learn unethical behavior by observing their

leader's and colleagues' behavior (Bandura, 1977) and by noticing the reward and disciplinary policies for unethical behavior brought by the ethical norms of their organizations' ethical culture, such as exemplified in the study of Ruiz-Palomino and Martínez-Cañas (2014).

These frameworks provide evidence to explain unethical behavior by the interaction between the social and organizational context with the individual. Even though past research has shown the interaction between person-context, there are still no answers to how an employee's moral identity may interact with the organization's ethical culture on predicting ethical behavior. Moreover, if individual and collective moral identity affect the outcome differently, ethical culture could guide employees when facing ethical dilemmas at work. It operates as a situational factor that reinforces moral identity in the working self-concept and, consequently, influences ethical decision-making and ethical behavior.

Given the theoretical framework presented, can moral identity interact with ethical culture to explain unethical behavior? Can ethical culture strength affect its relationship? Therefore, this thesis's general objective is to examine the effect of moral identity (individual and

collective), ethical culture, and ethical culture strength on unethical behavior in organizations.

To reach this objective, we start by explaining the concept of ethical behavior in organizations, its definition, and measurement (Chapter 1); we then move onto a theoretical review of the concept of ethical culture in organizations (Chapter 2), and the concept of moral identity (Chapter 3). Chapter 4 describes this thesis's objectives and the methodology used to carry out each empirical study presented within this thesis. The three studies carried out for this thesis are found in Chapters 5, 6, and 7. Finally, we present a general discussion of our findings and the most relevant conclusions drawn from our work in Chapter 8.

CHAPTER 1. ETHICAL BEHAVIOR IN ORGANIZATIONS

This chapter presents the definition and the origin of the concept of ethical behavior in organizations. It discusses the differences and similarities between ethical and moral behavior and its definition. It also presents the framework for ethical decision-making. Lastly, it describes the measures used for ethical behavior in the literature.

1.1 Ethics *vs.* Morality

Morality and ethics have been a subject of study for many years by numerous philosophers, psychologists, anthropologists, and biologists (Doris, 2010). The etymology of the words ethics and morality show their conceptual differences. The word ethics derives from the Greek term *ethos* or old French *etique*, which means "dwelling," "habitat," or "refuge," meaning the place where people dwell. Ethics could be defined as a set of principles, values, and norms of an individual, social group, or society. On the other hand, morality derives from the Latin word *moralis* and is related to the rules of conduct and customs established and admitted in a particular society. In this view, ethics would be the basis for morality. Therefore, even though ethics and morality show etymology similarities, they do not share the same meaning for philosophical ethicists.

There was a time when the contemporary distinction between morality and ethics did not play a relevant role in moral philosophy (González, 2000). From this perspective, moral did not mean what was morally good, but what belonged to the field of morality. On the contrary, ethics would designate a philosophical discipline that seeks the foundation of morality. However, after Kant the situation changed: moral is emancipated from ethics, and the modern moral systems emerge, which are rational systems of norms that which derive their universality from the sheer formality of reason (González, 2000).

Despite the traditional philosophical study, morality has also been a field of research in psychology for a long time. The field known as "moral psychology" was, until recently, a part of developmental psychology and later became of great interest to social psychologists (Haidt & Kesebir, 2010) since they studied topics related such as aggression, fairness, and norms. The moral psychology literature does not distinguish between the words "ethics" and "moral." Furthermore, the philosopher Peter Singer (2011) claims the interchangeable use of the words ethics and morality for practical issues in his writings. In the business ethics and behavioral ethics literature, authors also claim to

use the terms "moral" and "ethical" interchangeably (e.g., Cohen et al., 2014; Gino, 2015; Harrison, 2005; Treviño et al., 2006).

Therefore, for simplicity and according to the behavioral ethics literature's trend, we will adopt in this thesis the terms (un)ethical and (im)moral interchangeably, which means that we will not differ them in meaning.

1.2 The definition of ethical behavior at work

In the initial studies in Psychology, the first approach for the study of morality was based on virtue ethics. In the virtue-based approaches, there are three main features: 1) the aim is to educate not by teaching rules, but by the shape of perceptions, emotions, and intuitions; 2) virtues are multiple, local, and role-specific; and 3) virtues emphasize practice and habit (Haidt & Kesebir, 2010). Thus, virtues are considered skills related to social perception and action.

Later, deontological and consequentialist approaches emerged, which reduced morality to the study of right or wrong and narrowed ethics to quandary ethics (Haidt & Kesebir, 2010). Moral and ethical psychology were interested in investigating how individuals resolved ethical dilemmas and the related moral concerns. After this, a new

synthesis was proposed in moral psychology, which considers aspects such as emotions and studies from evolutionary psychology (Haidt & Kesebir, 2010). Hence, since 2001, morality has become one of the most important interdisciplinary research topics in academia.

In the organizational setting, authors use many different terms related to morality at the workplace – such as (un)ethical behavior, (im)moral behavior, workplace deviance, counterproductive work behavior, dishonest behavior, and corruption. There are differences in each one's definition, but are they conceptually distinct, or are they talking about the same phenomenon? This section aims to define the micro-organizational behavior related to morality that encompasses all past definitions.

Traditionally, ethical behavior and workplace deviance have been considered different constructs (Treviño et al., 2014). Ethical behavior in organizations is defined as actions performed according to the social norms of how it is appropriate to behave in the workplace (Treviño et al., 2014; Treviño et al., 2006). Related to ethical behavior is the concept of business ethics which comprises the principles, values, and standards that guide behavior in the business world (Ferrell et al., 2011). Comparing both definitions, we can conclude that business

ethics has a similar definition of ethical behavior. However, the first one has a more macro perspective – focusing on rules, standards, and moral principles, which considers a higher level of analysis, comprehending the whole organization, and the latter has a micro perspective, which focuses on the behavior related to morality in business.

On the other hand, workplace deviance (WD) or counterproductive work behavior (CWB) is a behavior that intentionally violates or deviates from organizational norms, which has a negative effect on the well-being of the organization or its members (Bennett & Robinson, 2000). There is an essential distinction between interpersonal deviance (ID) and organizational deviance (OD) in this literature. Interpersonal deviance (ID) encompasses deviant behavior towards individuals, such as harassment and lateness. In contrast, organizational deviance (OD) refers to those deviant behaviors toward the organization, such as sharing confidential information and working slowly (Berry et al., 2007). A meta-analysis on ID and OD showed that they are highly correlated, even though they found different relationships between the constructs with Big Five variables and

organizational citizenship behaviors; for this reason, they conclude there is a separability of ID and OD (Berry et al., 2007).

The literature distinguishes CWB from ethical behavior. A behavior considered deviant or counterproductive may be consistent with societal norms, while other behavior could be inconsistent with societal norms and not considered deviant (Kish-Gephart et al., 2010; Treviño et al., 2014). For example, lying to customers to sell a product may not violate organizational norms but violates a widely accepted social norm of honesty – thus, lying to customers would be considered unethical behavior. In contrast, behaviors like gossiping or putting little effort into work violate organizational norms but do not necessarily violate a societal norm.

Recently, Russell et al. (2017) expanded the current research and claimed that ethical behavior was a component of job performance. They situate ethical performance within the Campbell (2012) model of performance. The Campbell model asserts that performance is a multi-dimensional construct and that it has eight fundamental factors: 1) technical performance; 2) communication; 3) initiative, persistence, and effort; 4) counterproductive work behavior; 5) supervisory, managerial, executive leadership; 6) hierarchical management

performance; 7) peer/team member leadership performance; and 8) peer/team member management performance (Campbell & Wiernik, 2015). In the research proposed by Russell et al. (2017), they attempt to specify if ethical performance is a subfactor of the counterproductive work behavior (CWB) factor or if it is a distinct factor in its own right.

Based on this model, Russell et al. (2017) situate ethical behavior as a component of job performance and define it as follows: "*Unethical behavior at work is a behavior that violates a prescribed norm that is based on a code of behavior at work that is (a) ascribed to by the relevant organization or professional group, (b) prescribed by relevant regulatory bodies or by statute, or (c) widely endorsed in the society*" (p. 254).

In their research, they proposed ten ethical performance dimensions: 1) Truthfulness; 2) Conflict of Interest (formerly Full Disclosure); 3) Intellectual Property; 4) Confidentiality; 5) Unfair Treatment; 6) Defamation of Others (formerly Respect for Others); 7) Workplace Bullying (formerly Harassment); 8) Whistleblowing; 9) Abuse of Power; and 10) Rule Abiding (formerly Lawfulness). In this model, four of the ten ethical dimensions overlap with CWB in the Campbell model of performance. Therefore, they suggested including

an ethical behavior factor in the Campbell (2012) performance model. Thus, they ended up splitting the concepts of CWB and ethical behavior into two distinct factors on the Campbell performance model.

Even though not all dimensions overlap, it would be more parsimonious if those factors could be merged in a single factor on the performance model, showing that CWB and ethical behavior are intrinsically related to each other at work. We highlight that the definition of ethical performance proposed by Russell et al. (2017) also includes those acts that violate organizational norms; hence, CWB could be considered a kind of unethical behavior at work.

Those terms (ethical behavior, CWB, and workplace deviance) are the most used in the organizational behavior literature. However, from a social psychology perspective, we can add dishonest behavior and corrupt behavior. The literature on dishonesty is based on a cost-benefit trade-off, which means that honesty decisions will balance the existence of expected external benefits versus expected external costs (Mazar & Ariely, 2006). In their Analytical Model of Corruption (AMC), Modesto and Pilati (2020) defined dishonesty as an action (not conscious) that violates a norm, which may generate rewards to the individual and may cause losses to an external victim or himself. By

this definition, it is possible to conclude that dishonest behavior is a kind of unethical behavior since it violates societal norms.

Finally, corrupt behavior – which is traditionally associated with the political context – is also present in the business context. Corruption is defined as the misuse of power for the interests of illicit and private gain (Andersson & Heywood, 2009). However, the authors point out that corruption has many different types depending on the sector, actors, impact, and degree to which they are formalized, so this definition of corruption may not capture all these variations in kind. Modesto and Pilati (2020) propose that unethical behavior encompasses dishonest behavior and corrupt behavior, as corruption is also associated with the violation of norms and rules. By this definition, we infer that all corrupt behaviors are essentially unethical behaviors, even though corrupt behavior is more specific and related to power positions.

Considering the concepts presented, we will adopt the term ethical behavior in this thesis because it encompasses all the related constructs such as CWB and dishonest behavior. Thus, based on Russel et al.'s (2017) definition, we define ethical behavior as the performance at work that follows the business context's adequate behavior standards and conforms to the organizational and societal norms. Conversely,

unethical behavior at work is defined as the performance that does not follow the organizational and societal norms, and neither attends the business context's adequate behavior standards.

1.3 Ethical decision-making

The preponderant model of research on ethical decision-making is the one proposed by Rest (1986), which points out four phases of decision-making in a rational and deliberative way. This model assumes that people in a situation of dilemma and decision-making will: 1) identify and recognize an ethical problem in that situation, 2) initiate judgment processes, 3) present an intention and motivation to act ethically, and 4) finally, act morally (Treviño et al., 2006). This process of decision-making involves stages and presumes the high rationality of human behavior.

A review of the ethical decision-making literature from 1996-2003 presents a list of independent variables that include individual, organizational and situational constructs that might influence ethical decision-making (O'Fallon & Butterfield, 2005). During this review period, the use and application of Rest's framework in the descriptive ethics literature received an increasing amount of research attention.

However, the authors were already encouraging a critical evaluation of this framework and suggesting an expansion or modification on Rest's basic framework.

Further research showed the importance of automatic, intuitive, and emotive aspects of ethical judgment (Dinh & Lord, 2013; Haidt & Kesebir, 2010; Reynolds et al., 2010). People are subject to limited ethics, which means that individuals tend to exclude critical information when making a decision and that emotional and body aspects can also affect decision-making (Bazerman & Tenbrunsel, 2011). Recently, researchers have highlighted the importance of understanding deliberative and automatic decision-making by merging the two approaches, reviewing existing models, and proposing greater integration with other knowledge areas (Moore & Gino, 2015).

For example, the neurocognitive model of ethical decision-making presented by Reynolds (2006) indicates the existence of two distinct but interrelated cycles of decision-making. One cycle has a reflexive and more automatic pattern, and another cycle is more rational and conscious. We speak here of a system of thought that is more intuitive and that processes information quickly and automatically (system 1), and another system that is more conscious and logical,

requiring greater cognitive effort (system 2). It turns out that in ethical decision-making, it is pretty common for people to present emotional responses, characteristics of the automatic system.

According to this new trend, Ayal et al. (2015) proposed three principles to revise unethical behavior and guide intervention. The first one is reminding by highlighting subtle cues to make people's moral standards salient – this reduces ambiguity in the work context. Next is visibility, which encourages social monitoring cues to avoid moral responsibility diffusion and increase the perception that people are seen and identified. Finally, self-engagement aims to generate self-commitment to act morally by increasing the motivation to maintain a positive self-image. Those principles are aligned with the idea of using behavioral evidence to rethink and plan policies and systems in organizations that are based not only on a rational view but also in a comprehension that ethical decision-making is automatic and, most of the time, intuitive.

1.4 Measurement of ethical behavior

There are two main approaches to investigate unethical behavior: 1) social psychology, and 2) traditional behavioral

management (De Cremer et al., 2020). The social psychology approach has focused on the processes and mechanisms that explain unethical behavior. It considers different processing systems that affect ethical decision-making, including the rational, the automatic heuristic, the emotional, and the embodied system (Dinh & Lord, 2013). This approach usually measures actual (un)ethical behavior employing experiments, like cheating or lying in a task.

On the other hand, the traditional management approach seeks to comprehend the organizational conditions, such as culture and climate, that predict unethical behavior and how unethical behavior impacts other business outcomes (De Cremer et al., 2020). It also focuses on specific unethical behaviors, like ethical leadership and employee misconduct. This approach often measures ethical behavior with actual employees using self-report scales or perceptions. For instance, a systematic review on organizational ethics that evaluated 184 articles published in business journals from 1980 to 2012 showed that the most frequently used data collection method was the survey (65%) (McLeod et al., 2016).

However, both approaches have limitations. The experimental design used in social psychology lacks generalizability and fails to

capture critical contextual aspects of the work context as its participants are mainly students (Mitchell et al., 2020). It is difficult to simulate an organization's structure, such as climate, norms, and values. Even though the managerial approach with survey data overcomes this issue by assessing employees in the work context, it has low internal validity and cannot make causal inferences.

Building on these limitations, De Cremer et al. (2020) adopt the organizational behavior approach to comprehend the study of ethical behavior by integrating both approaches (the social psychology and the traditional managerial), which comes up to the behavioral business ethics field. This proposition helps explain the antecedents and outcomes of unethical behavior by evaluating different levels (intraindividual, interpersonal, and organizational) and considering the psychological processes and contextual factors involved in the ethical decision-making process. This thesis advances knowledge by bringing both approaches to understand unethical behavior. It employs an experimental design seeking high internal validity and causal inference and applies correlational survey research with real employees working in organizations.

CHAPTER 2. ETHICAL CULTURE IN ORGANIZATIONS

Regarding organizational ethics, the contextual aspects of culture and climate play a critical role in enhancing or diminishing unethical acts (Mayer, 2014). In the review of ethical decision-making, authors highlight ethical climate and ethical culture as relevant predictors from the various organizational-level influences (O'Fallon & Butterfield, 2005). However, there have been controversial results for the influence of ethical culture on ethical behavior (Treviño et al., 2014), suggesting the need to study it more profoundly.

In this chapter, first, we present the concept of organizational culture that was the foundation for the ethical culture concept. Next, we present the definition of ethical culture and propose the definition of ethical culture strength.

2.1 Organizational culture

Since the beginning of the 20th century, there has been a growing interest in the organizational context aspects. Organizational culture researchers have made valuable contributions to help describe and explain those contextual factors. Pettigrew (1979) was the first to introduce the concept of culture to the organizational field and to show its potential.

There are two main conceptual approaches to define organizational culture: 1) "Organizations have cultures" perspective, and 2) "Organizations are cultures" perspective (Schneider et al., 2013). The first one focuses on the differences between organizations and relates them to organizational effectiveness and organizational change, usually applying quantitative methods for its study. The latter aims attention to the description and comprehension of what assumptions members share that guide the organization's functioning. It usually applies a qualitative methodology in their studies.

Aiming to picture the studies' evolution on organizational culture, Schneider et al. (2017) identify four periods. The first includes research work on organizational culture carried out until 1971; the second comprises the developments from 1971 to 1985; the third era covers 1986 to 1999; finally, researchers' latest contributions come from 2000 to 2014.

Before 1971, there was no relevant work on the study of organizational culture in the literature, even though the importance of organizations' social systems was noticeable. The second era after 1971 is marked with an advance in the field, especially by Pettigrew's publication in 1979. After his publication, the studies on organizational

culture expand significantly, including the discrepancies in its definition. Moreover, Schein publishes his influential first book on organizational culture and leadership (Schneider et al., 2017).

The third era (1986 – 1990) is marked by the emergence of many definitions for organizational culture and by the application of survey measures to study the phenomenon. For instance, some of the famous surveys were the Competing Values Framework (Quinn & Rohrbaugh, 1983), the Work Practices Survey (Hofstede et al., 1990), and the Organization Culture Profile (O'Reilly et al., 1991). The use of quantitative methods made the comparison of organizational cultures possible and helped advance the literature; however, it reduced the difference from the organizational climate studies (Schneider et al., 2017). In the last era (2000-2014), the studies on organizational culture expanded, and there was a focus on assessing the level of analysis and the employment of multilevel studies. It was also characterized by the integration of culture and climate research.

There is no consensus in the literature of what organizational culture is or how it should be studied (Schneider et al., 2013). We adopt the definition brought by Schein (1990): Organizational culture is a pattern of basic assumptions that are invented, discovered, or developed

by a particular group, as the organization learns to deal with its problems, and therefore should be taught to new members as the correct way of perceiving, thinking, and feeling about these problems. In short, organizational culture is a set of shared values, normative beliefs, and basic assumptions that characterize the organization and shape the way things are done in it.

2.2 Defining ethical culture

From this broad definition, ethical culture can be defined as a subset of organizational culture that represents the interplay between formal (e.g., rules and policies, performance management systems) and informal systems of ethics (e.g., norms, language, rituals) that influence the employee's ethical and unethical behavior (Treviño, 1990).

Ethical culture differs from ethical climate, even though some researchers may argue that organizational culture and climate are overlapping phenomena (Denison, 1996). The latter can be defined as "the prevailing perceptions of typical organizational practices and procedures that have ethical content" (Victor & Cullen, 1988). Thus, ethical climate refers to the perceptions about ethical behaviors and practices, whereas ethical culture considers the organization's existing

conditions that guide ethical behavior (Huhtala et al., 2016). Research on ethical culture shows that it is relevant that managers and companies emphasize ethical principles and moral values (May et al., 2015). Consequently, an organization with a strong ethical culture is attractive to those who identify with that morality, making employees want to stay in the organization.

The construct of ethical culture assumes the existence of a bottom-up process, in which lower-level properties, like ethical norms, emerge to form a collective phenomenon - in this case, the ethical culture (Klein & Kozlowski, 2000). This means that ethical culture and climate are supposed to be about shared perceptions and the existence of a bottom-up process. However, almost all research in this area measures individual-level perceptions of ethical climate and culture (Mayer, 2014). It demonstrates a lack of consistency between ethical culture and the organizational culture field because most ethical culture studies do not consider this multilevel perspective, even though recently there have been initiatives to assess ethical culture within the unit level (e.g., Kangas et al., 2015).

As presented by Mayer (2014), there are three main conceptualizations and measures of ethical culture: 1) Ethical Culture

Index from Treviño et al. (1986, 1998); 2) Corporate Ethics Values from Hunt et al. (1989); and 3) Corporate Ethics Virtues Model (CEV) from Kaptein (2008).

Treviño (1986) was the first to conceptualize ethical culture and conceive it as a situational moderator between the individual's moral cognitive development and (un)ethical behavior. In a later study, Treviño et al. (1998) conducted research evaluating ethical culture and ethical climate. They sought to establish the impact of the ethical context (including ethical climate and culture) on ethical attitudes and behaviors. They proposed for the first time a measure for ethical culture with 21 items divided into three dimensions: ethical environment, obedience to authority, and code of ethics implementation. The results showed that the constructs of climate and culture were interchangeable in predicting employees' organizational commitment, although they found differences in the prediction of attitudes and behaviors. Two ethical culture dimensions predicted ethical conduct, and four out of seven ethical climate dimensions had no significant association with observed unethical conduct. Even though ethical culture was found to relate significantly with several ethical climates, it explained unique

variance in two outcomes (ethical conduct and organizational commitment).

Hunt and colleagues focused on the ethical values that characterize what is right and wrong to do. They expected employees to act according to those values (Hunt et al., 1989; Mayer, 2014). They developed a five-item measure of corporate ethical values to assess perceptions of: "(1) the extent to which employees perceive that managers act ethically in their organization, (2) the extent to which employees perceive that managers are concerned about the issues of ethics in their organization, and (3) the extent to which employees perceive that ethical behavior is rewarded (punished) in their organization" (Baker et al., 2006, p. 853).

Third, after the first researches on ethical culture and aiming to improve the concept definition, Kaptein (2008) refined the construct and developed a new scale. To do so, he applies the Corporate Ethical Virtues Model (CEV). This model postulates that an organization's virtuosity can be determined by the extent to which organizational culture encourages employees to act ethically and prevents them from acting unethically. First, he conducted a qualitative analysis of 150 cases of unethical behavior by employees and managers associated with

organizational culture. Based on this analysis, he proposed seven ethical virtues, which later ended up with eight virtues.

Then, he constructed a measure with 96 items that, after modifications, turned into 72 items. The questionnaire with 72 items was applied to 382 Dutch employees. The results of the exploratory analysis suggested the extraction of 58 items. Next, he applied this final version of the survey to 320 employees. The confirmatory factorial analysis confirmed the existence of eight dimensions that are represented by virtues that measure ethical culture. These virtues are as follows: 1) Clarity: to what extent ethical expectations are clear and understandable to employees and managers; 2) Congruency of management: the extent to which top management and senior management act according to ethical expectations; 3) Congruency of supervisors: to what extent do the immediate supervisors act in accordance with ethical expectations; 4) Feasibility: to what extent does the organization provide sufficient equipment, budgets, and autonomy for managers and employees; 5) Supportability: to what extent does the organization support ethical expectations between management and staff; 6) Transparency: to what extent ethical and unethical conduct is visible to responsible managers and officials; 7) Discussability: to what

extent managers and employees have the opportunity to discuss ethical issues; and 8) Sanctionability: the extent to which managers and employees believe there are rewards and punishments regarding (anti) ethical behaviors (Kaptein, 2008). After all the analysis, the CEV self-report questionnaire ended up with 58 items covering the eight factors.

Later, researchers developed a short form of Kaptein's scale, the CEVMS-Short Form (DeBode et al., 2013). They found good psychometric properties of the short form, with 32 items, and showed validity evidence. Next, Huhtala et al. (2018) investigated the measurement invariance of this short-form scale. They found that even with contextual differences, the shortened scale measured the eight dimensions of organizational ethical virtues proposed by Kaptein.

Besides these three main approaches to ethical culture, scholars have been using different measures and conceptualizations to assess ethical culture (Mayer, 2014). A recent meta-analysis has pointed out a negative relationship between ethical culture and unethical attitude/behavior. However, this effect disappeared when they consider other organizational characteristics, such as the ethical climate and the existence of an ethics code (Kish-Gephart et al., 2010). In their review on the field, Treviño et al. (2014) indicated that it is necessary to

investigate how and when ethical culture plays a role in research on unethical behavior. Culture may be a precursor to the ethical climate so that a strong ethical culture can influence workers' perceptions of climate. Furthermore, Mayer (2014) suggests the need to refine ethical culture measures since there is little consistency in the literature.

Additionally, recent researchers have highlighted the relationship between organizational ethics culture and other organizational phenomena. For example, a study with 341 working groups showed that at least six virtues are significantly related to the frequency of unethical behavior observed (Kaptein, 2011b). Others have shown a significant relationship between the virtues of culture and reports of unethical behavior (Kaptein, 2011a), occupational well-being (Huhtala et al., 2011, 2016), absence/absence due to illness (Kangas et al., 2017), the intention of rotation (Kangas et al., 2016), organizational citizenship behavior (Ruiz-Palomino & Martínez-Cañas, 2014), work engagement and burnout (Huhtala et al., 2015), among others. Moreover, recent research has demonstrated that various teams within an organization can have different ethical cultures. This construct was relevant to explain outcomes, such as the frequency of observed unethical behavior (Cabana & Kaptein, 2019).

2.3 Ethical culture strength

In line with organizational culture studies, the construct of culture strength emerges as an essential variable to consider in this context. The main question here is: Does the consensus within units or organizations have implications for our phenomenon of interest? It is assumed that differences in culture strength have impacts on behavior and other dependent variables. Even though the concept of culture strength was presented earlier in the organizational culture literature than the concept of climate strength (González-Romá & Peiró, 2014), traditionally, the concept of strength has been most studied in the organizational climate literature, and its research began from 2000 to 2014 (Schneider et al., 2017).

Research on climate strength first concentrated on a molar or generic climate and more recently moved on to focused climates – like service climate and safety climate (Schneider et al., 2013). The most common model of research in climate strength lies on the idea that climate strength will interact with organizational/unit climate and the outcomes of interest in a way that the relationship will be stronger when climate strength is high (Schneider et al., 2013). This is expected

because if employees have consistent relationships and a consensus on the unit or organization's norms and rules, it is more likely that those employees will behave in a way consistent with those established norms. In a recent review on organizational climate and culture, authors indicated that several studies had given evidence that climate strength is a strong moderator of the relationship between climate and many attitudinal and behavioral outcomes at the unit level (Schneider et al., 2017).

In the organizational culture literature, the concept of culture strength has been of little interest compared to the climate literature. The main issue is the definition and the different meanings attributed to cultural strength. In the literature, there are different conceptualizations of culture strength - some take only one dimension into account (focusing on alignment or congruence), others consider two (such as agreement and consistency) or three dimensions (like intensity, agreement, and pervasiveness) (González-Romá & Peiró, 2014). Different concepts to define the culture strength construct have generated many ways to measure it. González-Romá and Peiró (2014) grouped culture strength studies according to how it is operationalized. They showed that it could be measured by means of dispersion indices

(such as the inverse of standard deviation or the average deviation index), with multi-item scales, as alignment, and with complex operationalizations (nonstandard procedures) of culture strength.

As suggested by González-Romá and Peiró (2014), in this project, we conceptualize culture strength as "the degree of within-unit agreement about culture elements (e.g., values and normative beliefs)" (p. 525). This approach clarifies the construct meaning in the literature and removes ambiguity by operationalizing it as a single dimension concept.

Following the climate strength literature trend, the concept of culture strength could be applied to a focused culture such as ethical culture. Thus, we propose the concept of ethical culture strength, which refers to the agreement within-unit members about the organization's ethical values and norms. Ethical culture strength expands the current research on ethical culture by considering the agreement between unit members regarding ethical elements.

Concerning culture strength consequents, studies have indicated that culture strength (operationalized as agreement by means of dispersion indices) is positively related to objective indicators of short-term future organizational performance (González-Romá & Peiró,

2014). However, it is noticeable that most studies analyze culture strength as a "main effects" model, disregarding the possible interaction effect it could have (González-Romá & Peiró, 2014). In this thesis, we propose that ethical culture strength can function as a moderator of the relationship between moral identity and unethical behavior. We assume that units with a higher agreement of ethical norms will have a greater consensus on how to behave when facing moral dilemmas.

CHAPTER 3. MORAL IDENTITY

Besides these factors related to the organization's infrastructure, it is also relevant to understand the individual in this context. Thus, we highlight the individual characteristics that can also impact the occurrence of unethical behavior at work. The self has been a solid social psychology theme, with many terms related to self, such as self-deception, self-appraisal, and self-perception.

In this chapter, we present the studies on moral self and morality in psychology. Next, we introduce and define moral identity and how it can be measured. Lastly, we present the concept of collective moral identity.

3.1 Moral Self

In the context of selfhood, the study of moral self has been a psychology's concern for many years with the investigation of morality evolution, cultural basis, and neural correlates (Stets & Carter, 2011). One of the first psychologists to investigate human morality was Jean Piaget, who defined it as a set of rules in which individuals evolve from heteronormative reasoning to autonomous thinking (Piaget, 1965). Piaget proposes a constructivist theory in which he identifies moral development stages and analyzes moral judgment in children. Strongly

influenced by Piaget's theory, Kohlberg (1981) proposes his research on moral cognitive development. Both agreed that moral development is constructed by individuals while they act upon the social world they live in, and not a simple process of influence and conformity from society (Carpendale, 2000; Kavathatzopoulos, 1991).

In this perspective of Kohlberg, morality is developed by stages of life - human being fails to respond only according to rules until he has a critical reflection on what is right or wrong. Contrary to Piaget's theory, Kohlberg proposes a sequence of six stages of reasoning about moral dilemmas organized in three levels - pre-conventional, conventional, and post-conventional (Kohlberg, 1981). Kohlberg's view of stages emphasizes that individuals develop moral reasoning through these stages. However, Kohlberg and Piaget's moral development theory have received several critiques. Even though there is an effect of cognitive moral development on moral behavior (Treviño et al., 2006), those effects are only modest. Researches point out that Kohlberg and Piaget's perspectives are elementary and generalist for a complex concept like moral judgment (Narvaez & Lapsley, 2009).

This gap in their theory gave strength to new studies to comprehend morality, focusing recently on the moral self-concept as a

key to explain the complexity of human moral functioning (Jennings et al., 2015). A meta-analysis on the unethical decision at work indicates that individual characteristics (moral self-constructs like moral judgment disposition or Machiavellianism) are among the most important antecedents of unethical choices in the workplace (Kish-Gephart et al. 2010).

There are three basic components of selfhood according to Baumeister (2010): 1) reflexive consciousness – individuals are aware of themselves and know things about them; 2) interpersonal relations – the self is formed through interactions and relationships with others; and 3) decision making and control exertion – people make choices about their lives, and they try to achieve something or to get control of their life.

The moral self is related to the morality of selfhood, and its research has focused on how it is internalized into a person's self and how it influences cognitive and affective self-regulatory capacities (Jennings et al., 2015). There are many constructs related to the moral self, and there are subtle differences in meaning between them. To summarize this area, Jennings et al. (2015) described five categories of moral self-constructs: 1) moral centrality, 2) moral judgment

disposition, 3) self-conscious moral orientation, 4) self-conscious moral emotions, and 5) moral strength.

Those categories are divided into two lines of research: 1) the "having" side, which focuses on the internalization of morality on one's self (e.g., I am a person with strong ethic values); and 2) the "doing" side, which focuses on how this internalized morality impacts cognitive and affective self-regulatory capacities that will drive behavior (e.g., the person behaves ethically in a wide range of different situations) (Jennings et al., 2015). Future direction research on moral self points out the need for more applied research in the organizational context, refine the existing constructs, and better understand the interaction between moral and contextual factors.

3.2 Defining Moral Identity

In Jennings et al. (2015) moral centrality category, we highlight moral identity as an important construct related to one's self, which has positive effects on ethical behavior. Studies investigating moral identity began to emerge, pointing it as a self-regulatory mechanism that motivates moral behavior (Blasi, 1984). For Blasi, the moral identity is the bridge that explains the relationship between moral judgment and

moral behavior. The central argument is that, despite the variations of moral aspects for each individual, when morality is central to the subject, it enables action through responsibility and self-consistency (Blasi, 1984).

Aquino and Reed (2002) expanded Blasi's theory and proposed a moral identity measure from a social-cognitive perspective. First, they defined it as a self-concept or schema around a set of moral traits. Schema is the cognitive structure of various categories of knowledge about the world, and self-schemas are the ones we hold about ourselves (Baumeister, 2010). In the Jennings et al. (2015) categorization, moral identity construct has both sides: "having" and "doing." According to them, moral identity is composed of two dimensions, namely: 1) Internalization (represents the "having" side) – the degree to which those moral traits are central for the self; and 2) Symbolization (represents the "doing" side) – the degree to which the person acts and expresses those moral traits.

This construct has been extensively researched (e.g., Brebels et al., 2011; DeCelles et al., 2012; Detert et al., 2008; McFerran et al., 2010; Narvaez & Lapsley, 2009; Reynolds & Ceranic, 2007) and the Aquino and Reed's (2002) measure has been the most widely adopted

in studies about moral self (Jennings et al., 2015). A recent meta-analysis has examined the relationship between moral identity and moral behavior and found a significantly positive association between them (Hertz & Krettenauer, 2016). In 65.3% of studies included in this meta-analysis, the Self-Importance of Moral Identity Questionnaire was used (SMI-Q; Aquino & Reed, 2002), demonstrating the remarkable effectiveness and acknowledgment of the instrument. The Moral Identity Scale has been translated in the Brazilian context and has shown validity evidence (Resende & Porto, 2017).

Moral identity can be measured through explicit measures, such as the Aquino and Reed's scale, and through implicit measures. Implicit associations differ from explicit attitudes: implicit measures capture the mental representations that activate automatic responses (Greenwald & Banaji, 1995). Explicit measures are usually self-report questionnaires, and implicit measures rely on response time, such as the Implicit Associations Test (IAT) that do not rely on verbal responses.

A meta-analysis indicated that explicit moral identity measures reported greater effect sizes in predicting moral behavior than implicit measures (Hertz & Krettenauer, 2016). In this meta-analysis, few studies (four out of ten that used implicit measures) applied the IAT to

measure moral identity. The IAT measures enable the measurement of actual individual implicit assumptions (Greenwald & Banaji, 1995). However, we point out one study that found out that explicit measures predicted moral evaluations but not actual behavior. The implicit measure (IAT) was the one able to predict actual immoral behavior (Perugini & Leone, 2009).

3.3 Collective Moral Identity

Traditionally, moral identity has been assessed and considered only as an individual difference or individual trait. However, researchers have pointed out recently the existence of a group or collective moral identity (Kuenzi et al., 2020; Thornton & Rupp, 2016). Some phenomena in organizations emerge through social interaction and exchange of perceptions which can manifest at higher levels, such as the team level (Klein & Kozlowski, 2000). Moreover, by attraction-selection-attrition (ASA) processes, individuals with similar moral identities tend to be attracted and to stay in the same groups and organizations, and those who do not fit tend to leave the group (Schneider et al., 1995; Thornton & Rupp, 2016)

Considering emergence and ASA processes, members of a group share similar perceptions on moral characteristics and moral traits. They can develop a collective moral identity based on the moral traits central to that group (Kuenzi et al., 2020). From this perspective, employees create social identities related to morality to face uncertainty and deal with moral dilemmas.

The first study to operationalize collective moral identity assessed it via a handwriting and story-writing task (Thornton & Rupp, 2016). The researchers induced members of the same group with the same moral identity prime. Participants could be assigned randomly for two conditions and were instructed to write each word four times. In the high moral identity condition, they had to write words such as "caring," ‘‘compassionate,’’ and ‘‘fair.” In the low moral identity condition, they wrote words such as ‘‘book,’’ ‘‘car,’’ and ‘‘chair.’’ The results indicated the existence of a significant interaction of overall justice climate and group moral identity on the prediction of deviant behavior. However, they did not find a significant interaction effect for prosocial behavior. Despite the promising results, there is a gap concerning the measurement of collective moral identity. In this study, moral identity was manipulated and not measured with a scale.

To fill this gap, Kuenzi et al. (2020) proposed a direct consensus composition model to measure collective moral identity using Aquino and Reed's (2002) five-item moral identity internalization scale. A study with real employees found a significant interaction effect between collective moral identity and ethical organizational climate on unit deviance (Kuenzi et al., 2020). Units with a higher collective moral identity had a stronger relationship between ethical organizational climate and unit deviance. This was the first study to demonstrate that moral identity emerges at the unit level in organizations. A limitation of this study was that it used student-recruited samples. For this reason, the authors recommended that the findings should be replicated in specific organizations or a single organization with different work units.

3.4 Social cognitive theory

The theoretical framework we use to understand moral identity is the social cognitive theory by Bandura (1986, 2001). The social cognitive theory is an expansion of the social learning theory from Bandura (1977). Social learning theory asserts that people learn through imitation – e.g., children learn to behave aggressively by observing and imitating others (Bandura, 1977). Advancing his previous theory,

Bandura (1986) proposes the social cognitive theory that is essentially an interactional model of causation and agency.

This framework argues that personal factors, environmental aspects, and behavior function as determinants interacting with each other, in which the cognitive processes exert determinative influence (Bandura, 1986, 2001). It means that the context does not directly impact behavior as an input-output model, yet people are cognitive agents capable of regulating their actions. In this sense, behavior is a product of both agent causality and event causality. Thus, an essential concept in this theory is the self-regulation mechanism. Self-regulation "operates through a set of psychological subfunctions that must be developed and mobilized for self-directed change" (Bandura, 1991, p. 249). This means that people have self-reflective and self-reactive capabilities and that an individual can be both an agent for change and a responder to change.

From this perspective, we can better understand the functioning of moral identity, as proposed by Aquino et al. (2009). First, we highlight that moral identity is a cognitive self-schema people own about their moral character. It can be an important source of self-motivation aiming to maintain self-consistency – people that conceive

themselves as moral will be motivated to behave morally. Second, moral identity is a facet of people's identity, and only when it is accessible, this facet will be held at the working self-concept (Aquino et al., 2009). This means that moral identity will exert influence depending on its consciousness in the self-concept at a certain time. Third, we propose that situational factors and changes in the environment can activate moral identity and turn it more or less accessible in the working self-concept. Thus, as a self-schema a person holds, moral identity has the power to motivate behavior and cause change. However, this facet of identity can also be affected by situational cues that increase or decrease the accessibility of moral identity.

CHAPTER 4. THESIS OBJECTIVES AND METHODOLOGY

The following chapter describes the objectives of this thesis, the methodology, and the analyses used to carry out the three studies' research work. First, we outline the main objectives of our research. Second, we present the conceptual model of the variables studied in this thesis and the main research gaps. Third, we describe the samples used and the data collection procedures followed in carrying out our studies. Fourth, we describe the measures used to answer our research questions. Lastly, we present the analyses conducted in each of the included studies.

4.1 Overview of objectives

As seen in the literature review, unethical behavior at work is a product of different contextual and individual antecedents, specifically ethical culture, ethical culture strength, and moral identity. Thus, the general objective of the thesis is to examine the effect of ethical culture, ethical culture strength, and moral identity (individual and collective) on unethical behavior in organizations. The general objective unfolds in three specific objectives to guide the three empirical studies included in this thesis. These specific objectives are summarized below:

Objective 1. Adapt the CEV Scale that measures ethical culture to a referent-shift model, provide validity evidence for a Brazilian Portuguese version of the CEV Scale, and test its distinctiveness from ethical climate measures.

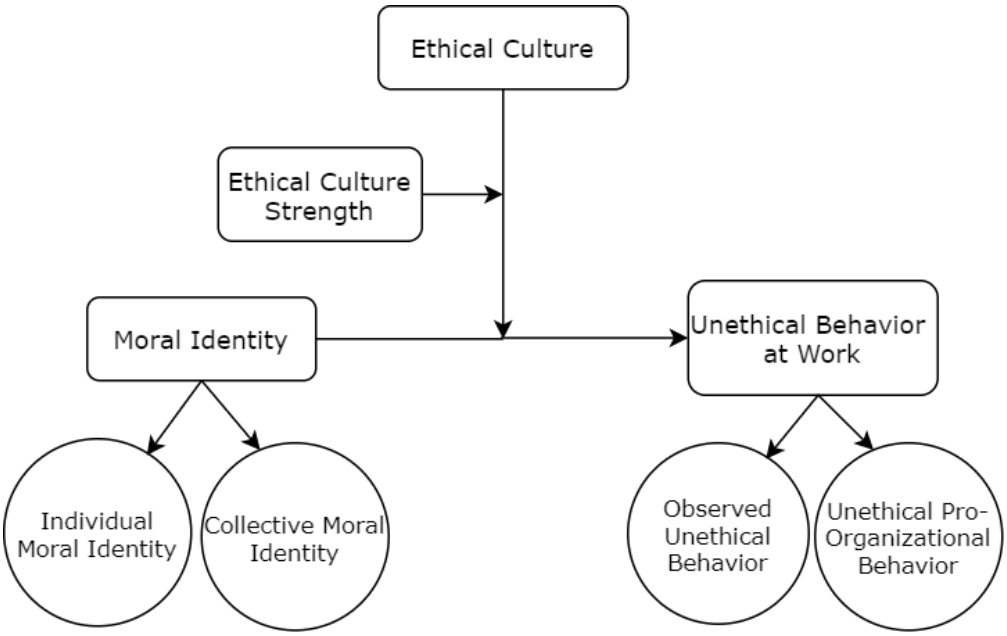
Objective 2. Examine whether moral identity interacts with ethical culture to predict unethical behavior at work and if implicit and explicit moral identity affects unethical behavior distinctively in an experimental study.

Objective 3. Investigate the effect of ethical culture, ethical culture strength, and collective moral identity on unit-level observed unethical behavior and unethical pro-organizational behavior while examining the moderating effects.

The objectives presented here are general objectives for each of the three studies that compose this doctoral thesis. Therefore, in each study, a review of relevant research is presented, from which specific research hypotheses are derived.

Given the objectives previously presented, the research model presented comprises all target variables (Figure 1).

Figure 1. Conceptual model



4.2 Research gaps and research design

At present, research into ethical behavior in organizations continues to thrive, as can be noticed by the many reviews and meta-analyses published. However, this body of work still faces major research gaps and criticisms. This section will present the gaps in the literature we hope to address with the studies of this thesis.

In the first study, we will fill the following gaps: 1) the CEV scale from Kaptein (2008) that measures ethical culture – even though

it assumes a bottom-up process – has items with different referents. The scale could be improved by modifying the referents of the items so that all were shifted to the proper higher-level referent, using a referent-shift model; 2) the CEV scale has been mainly applied in non-WEIRD (Western, Educated, Industrialized, Rich, and Democratic) samples and in countries where the corruption perception is low; and 3) there is an overlap in the literature on the measurement of ethical culture and ethical climate – lack of distinctiveness.

In the second study, we will address the following gaps: 1) lack of integration and empirical evidence of the interaction between the moral identity and ethical culture literature; 2) experimental design on organizational ethics is infrequent – only 1% of the studies (McLeod et al., 2016); 3) it is not clear if an implicit measure using IAT or explicit measures that assess moral identity would affect adversely actual unethical behavior; and 4) less than 10% of the studies on moral identity were conducted in collectivist countries (most of them on Asia) (Hertz & Krettenauer, 2016), and only three studies from 132 on organizational ethics research were conducted in South America (McLeod et al., 2016).

In the third study, we aim to address the following gaps: 1) lack of empirical evidence of the mechanisms related to the interaction effect of ethical culture and collective moral identity; 2) whether the ethical culture can affect unethical pro-organizational behavior; 3) need to assess the levels of agreement on ethical culture by introducing the concept of ethical culture strength; and 4) few studies of ethical culture and moral identity are conducted at the unit level.

Finally, with this thesis's studies, we hope to expand the organizational ethics and behavioral ethics literature by employing multi-method research to study the phenomenon.

To achieve the objectives proposed in this thesis, we applied different research design types in our studies.

In Study 1, we used a cross-sectional study to demonstrate validity evidence in Brazil to the measure of Ethical Culture in Organizations - the Corporate Ethical Virtues (CEV) from Kaptein (2008). We applied the CEV Scale with other self-report scales that measured related constructs, using a vast sample of employees from different organizations.

In Study 2, we used an experimental research design. This study proposes an experiment with two experimental groups and one control

group. We manipulate the company's organizational culture (ethical vs. profits cultures), assess explicit and implicit moral identity, and analyze the predictive effect of both antecedents on unethical behavior. Doing research with an experimental design allied with a random assignment is considered a valuable method to build robust knowledge about behavior causes.

Finally, for Study 3, we propose a multilevel moderation model, in which collective moral identity interacts with ethical culture and ethical culture strength to predict unit-level observed unethical behavior and unethical pro-organizational behavior. In this study, we also apply a cross-sectional design with self-report scales in different Brazilian organizations.

4.3 General Description of the Samples

To reach the research objectives aimed by this thesis, and because we propose a different research design for each of the studies, we use a different sample for each of the studies as well, even though some overlap.

The first study included two sub-studies. The first sub-study included 1.219 employees from many Brazilian organizations (628

were men, 66 did not inform gender, Mage = 41.59 years, SD = 13.05). Majority of the participants had at least a bachelor's degree (n = 871, 71.4%) and worked at public organizations (n = 958, 78.5%). The second sub-study comprised 635 employees from two Brazilian organizations (321 women, Mage = 43.09 years, SD = 12.79). Fifty-nine percent of the sample worked in a public information technology company, and 41% worked in different units from a private health organization. Almost 70% percent of the sample had at least a college degree. The respondents worked, on average, for 14.36 years in their current job (SD = 13.15). The sample used in the second sub-study was also used in the third study of the thesis.

In Study 2, we used a sample of students for the experiment. It included 238 undergraduate and graduate students (76.5% were women) from Brazil. The average age of the participants was 26.37 years (SD = 8.71), and nearly 42% had a work experience.

For Study 3, the sample comprised 2208 employees from 116 units working in ten Brazilian organizations. Due to missing data, the final dataset was reduced to 1942 employees from 96 units within ten organizations. The average unit size was 16.15 (SD =10.83). The largest team size included 48 members and the smallest team size included

three members. The majority (55%) of the participants were men and were, on average, 44.8 years old (SD = 12.41). Of the total sample, more than 70% had, at least, a university degree. The respondents had been working in the organization for 13.77 years (SD = 6.98) on average. From the ten organizations, three were public institutions and seven were private.

4.4 Instruments

We used different scales across the three studies of this thesis. The variables and measures used were as follow:

4.4.1. Ethical Culture

In the first sub-study of Study 1, we applied the original Corporate Ethical Virtues Scale (CEV) (Kaptein, 2008) with 58-items measuring eight dimensions. After the validation process, the final version ended with 36-items.

Thus, in Studies 1 and 3, we applied the Brazilian Portuguese version of the Corporate Ethical Virtues Scale (CEV) (Kaptein, 2008) with 36-item, measuring seven ethical culture dimensions. Participants answered to the items (e.g., “My supervisor is honest and reliable”)

using a six-point response format (1 = Strongly Disagree, 6 = Strongly Agree). The reliability of the scale was adequate for our samples in both studies.

In Study 2, ethical culture was measured through the manipulation of a cover letter presentation from the CEO of a fictitious company, describing a culture that strongly values either ethics or profit and results. One was a context cue to an ethical culture (enhancing morality and ethics), the second was a contextual cue of a not ethical culture (enhancing profit and results above all), and the third was the control group (no cover letter). The effectiveness of the ethical culture manipulation was checked, and a *t*-test showed a significant difference between groups.

4.4.2 Moral Identity

In Studies 2 and 3, explicit moral identity was measured through the moral identity scale translated and adapted to Brazilian Portuguese (Resende & Porto, 2017) of the Aquino and Reed (2002) measure. The scale displays a set of moral traits (caring, compassionate, fair, friendly, generous, helpful, hardworking, honest, and kind), in which the participant had to visualize the kind of person who has these

characteristics and imagine how that person would think, feel, and act.. After imagining this person, participants had to answer nine items within two dimensions – internalization and symbolization – on a Likert scale that ranges from 1 (strongly disagree) to 5 (strongly agree). The internalization dimension had five items (e.g., I strongly desire to have these characteristics), and the symbolization dimensions had four items (e.g., The types of things I do in my spare time clearly identify me as having these characteristics). Reliability was also adequate in all samples.

For Study 2, we also measured implicit moral identity by means of an Implicit Association Test (IAT) from Perugini and Leone (2009). The IAT was translated and adapted to the Brazilian context, and the procedures to evaluate the IAT were the same used in Perugini and Leone (2009) study. The target category was ‘‘Moral,” and its contrast was ‘‘Immoral.” The paired categories were ‘‘Me” and ‘‘Others.” The IAT was applied using the Inquisit software. The moral stimuli words were honest, faithful, sincere, modest, and altruist; the immoral stimuli words were cheater, dishonest, deceptive, arrogant, and pretentious. The participant had to associate the stimuli words for both categories “Moral” and “Immoral” with “Me” and with “Others.”

Higher and positive scores in the IAT reflect stronger association between me + moral and others + immoral, and lower scores reflect stronger association between me + immoral and others + moral. This means that the implicit assumption of morality is higher when the scores in the IAT are higher.

4.4.3 Unethical Behavior in Organizations

In Studies 1 and 3, we measured unethical behavior employing two scales. The first one was the Observed Unethical Behavior in Organizations Scale (MacLean et al, 2015; adapted from Treviño & Weaver, 2001) with 7 items. Respondents were asked how often they observed other employees from their company performing a list of unethical behaviors on a frequency scale of 1 (Never) to 5 (Very frequent). An item example is: "Calling in sick just to take a day off." The original scale had eight items, but one item was removed from the scale ("Dragging out work to get overtime") because most of the employees in public organizations in Brazil are not entitled to overtime pay, and this scale was applied in private and public Brazilian organizations.

The second measure was the Unethical Pro-Organizational Behavior Scale (Umphress et al., 2010) with six items. Participants had to indicate the degree of agreement with a set of statements about other employees behaving unethically to help the organization scale from 1 (totally disagree) to 7 (totally agree). An example item is: “If it would help the organization, other employees would misrepresent the truth to make the organization look good.” The referent was changed from “I” to “Other employees” to reduce social desirability bias.

For Study 2, there were three different indicators of unethical behavior. First, unethical behavior was appraised through the response to the insurance claim task (overpriced the insurance value or not) and measured through two indicators: the value reported (continuous indicator) and if this value was classified as ethical or unethical behavior (dichotomous indicator). The values could be a little bit over $100.000,00 or much higher; thus, this variance could indicate degrees of unethical behavior in the continuous indicator. Second, it was evaluated through the return or not of the extra lottery ticket (dichotomous). On both dichotomous indicators, unethical behavior was coded as 1 and ethical behavior as 0.

4.4.5 Other measures

In the first study, we also administered two measures of ethical climate. The first was the Ethical Climate within Organizations Scale (Ribeiro et al., 2016) with 19 items on a frequency scale of 1 (completely false) to 6 (completely true). This is a translated and adapted version of the Victor and Cullen (1988) original scale. The adapted version of the scale has three dimensions: 1) benevolence with nine items (e.g., "Our major concern is always what is best for the other person"), 2) principles/rules with six items (e.g., "In this company, people are expected to strictly follow legal or professional standards"), and 3) independence (obedience to personal moral beliefs)/instrumental (self-interest satisfaction) with four items (e.g., "In this company, people protect their own interests above all else"). The scale was demonstrated to have adequate reliability in our sample.

The second was the Ethical Climate Index (Almeida & Porto, 2019) with 18 items on a 5-point agreement scale, from 1 (totally disagree) to 5 (totally agree), which is a translated and adapted version of Arnaud (2010) original scale. The scale has six factors with three items each: 1) Norms of Moral Awareness (e.g., "People in my department are very sensitive to ethical problems"); 2) Collective Moral

Motivation (e.g., “People strive to obtain power and control even if it means compromising ethical values”); 3) Focus On Self (e.g., “People around here protect their own interest above other considerations”); 4) Norms of Empathetic Concern (e.g., “People around here feel bad for someone who is being taken advantage of”); 5) Focus On Others (e.g., “Employees had a strong sense of responsibility for society and humanity”); and 6) Collective Moral Character (e.g., “When necessary, people in my department take charge and do what is morally right”).

4.5. Data Collection

All the studies from this thesis were conducted in accordance with international ethical guidelines, which are consistent with the American Psychological Association (APA) guidelines.

For the first sub-study from Study 1, data was gathered by two vias: 1) a survey that was propagated with any employee that was currently working (n = 233); 2) direct contact with some organizations that disseminated the online survey (n = 986). For the second sub-study from Study 1 and Study 3, ten Brazilian organizations agreed to participate in the research. They were responsible for spreading the

survey among their employees. Of the ten organizations, three were public institutions, and seven were private.

The questionnaires were administered online using the SurveyMonkey™ tool with the employees from the ten organizations. All employees received an invitation to answer the electronic survey, and their participation in the study was voluntary. Those who agreed to participate were assured confidentiality and anonymity and provided their informed consent.

For Study 2, undergraduate and graduate students from a Brazilian University were invited to participate in the study. All of them received and signed a written informed consent form before the experiment. Participants were randomly assigned to one of following three conditions: 1) control group, 2) ethical culture letter, 3) profits culture letter, and they had to perform three tasks (an in-basket exercise, a questionnaire that included the manipulation check and the explicit moral identity measure, and the IAT Moral Identity measure). After the experiment, all participants were partly debriefed and provided an e-mail contact for a full debriefing when the entire experimental data collection was over.

4.6 Data Analysis

We present the descriptive statistics for all studies: means, standard deviations, and a correlation matrix of the variables used. All the scales used in the three studies were subjected to a reliability analysis and a confirmatory factor analysis (CFA) using the software Mplus (Muthén & Muthén, 2012) to validate the factorial structure of the questionnaires used. The criteria used to evaluate the CFAs was the same for all models.

For the CFA, model fit was evaluated by considering the chi-square statistic as well as a few other goodnesses of fit indices, namely: the root mean square error of approximation (RMSEA), the comparative fit index (CFI), the Tucker-Lewis index (TLI), and the standardized root mean square residual (SRMR). For RMSEA, values below .05 are considered excellent fit, values between .05 and .08 are considered good fit, and values higher than .10 indicate a poor fit (Hu & Bentler, 1999; MacCallum et al., 1996). For CFI, values above .95 and .90 are considered excellent and adequate fit, respectively (Hu & Bentler, 1999). For TLI, values near 1.0 indicate good fit, and it is conventional to use a threshold value of .90 as an indication of good model fit (Hox & Bechger, 1998). For SRMR, a value of zero indicates

perfect fit, and a value of <.08 is generally considered a good fit (Hu & Bentler, 1999).

4.6.1 Study 1

This study was an adaptation and validation of the CEV Scale to the Brazilian context. In the first sub-study, a EFA and a CFA were performed using the software SPSS version 26 and Mplus version 7.11, respectively. To compare the models to find the best fitting one, we evaluated ΔRMSEA, ΔCFI, and ΔTLI's criterion values.

In the second sub-study, we tested for measurement invariance and convergent validity testing the relationship of the CEV Scale's dimensions with related constructs. Thus, we ran a multi-group confirmatory factor analysis (MGCFA) with Mplus to evaluate measurement invariance. To compare the nested models' goodness of fit in the MGCFA measurement invariance models, the incremental fit indices (ΔRMSEA, ΔCFI, and ΔTLI) were assessed. Lastly, we ran correlation analyses using SPSS version 26 to obtain evidence of the CEV Scale's validity based on the relationship with other related constructs.

4.6.2 Study 2

All the statistical analyses were performed using SPSS version 26. Normality and Levene's test were carried out, and the assumptions for regression analysis were met. To test the hypotheses, we used ANCOVA, hierarchical linear regression analysis for the continuous dependent variable, and a binary logistic regression to evaluate its effect on the two dichotomous dependent variables. For all binary logistic regressions, assumptions were checked for linearity of the logit, and they were met for all variables, and multicollinearity was tested. Nagelkerke R^2 and Cox and Snell R^2 were evaluated for each model, with higher values indicating a better model fit. The Wald statistic and its significance were also presented.

4.6.3 Study 3

This study's variables were evaluated at the unit level; therefore, the individual's scores were aggregated for all variables. We computed the intraclass correlation coefficients (ICC) to determine the proportion of total variance due to the unit level. To estimate within-unit agreement, we calculated the r_{wg} statistics (George & James, 1993) and the Average Deviation Index (ADI; Burke et al., 1999). To test the

study's hypotheses, we ran a structural equation modeling using maximum likelihood estimation using the software AMOS 21.0 software (Arbuckle, 2012).

CHAPTER 5. Adaptation and validity evidence of the corporate ethical virtues scale in Brazil: A measure of ethical culture in organizations.

5.1 Abstract

Ethical culture stands out as an important variable to comprehend ethical norms, beliefs, and ethical behavior at work. The Corporate Ethical Virtues (CEV) Scale from Kaptein (2008) is a widely used measure of ethical culture in organizations and has strong psychometric properties. This study aimed to adapt the CEV Scale to a referent-shift model, provide validity evidence for a Brazilian Portuguese version of the CEV Scale, and test the distinctiveness of the CEV Scale from ethical climate measures. Concretely, validity evidence based in internal structure (using exploratory and confirmatory factor analysis and measurement invariance analysis) and evidence based on relations to other variables (convergent and discriminant validity evidence) are provided. In Study 1 (n = 1.219), we translated and adapted the CEV Scale, provided validity evidence based on internal structure, and showed its uniqueness providing discriminant validity evidence from the main ethical climate measures. In Study 2 (n = 635), we provided additional evidence for the factorial structure of the scale, demonstrated measurement invariance across public vs. private organizations, and provided evidence of validity base on the

relationships with related constructs (unethical behavior). The results indicated that the Brazilian version of the CEV Scale showed reasonable psychometric properties and provided evidence of validity. This measure can be used by managers and consultants to diagnose norms and beliefs on ethics at work and consequently helps on the improvement of ethical and integrity policies in organizations.

Keywords: ethical culture, corporate ethical virtues, scale validation, ethical climate, ethical behavior, measurement invariance.

5.2 Introduction

Bribery, fraud, theft, and other dishonest behaviors have occurred from small to large companies all around the world. In a survey compiled by PwC's Strategy& in 2016 (Karlsson et al., 2017), it was found that the number of chief executive officers (CEO) who were dismissed for ethical lapses in companies all around the world increased significantly over the last five years, from 3.9% of all successions in 2007–11 to 5.3% in 2012–16, a 36% increase. In a report released by the Transparency International in 2020, Brazil occupied the 106th position in the global ranking of 180 countries in the Corruption Perceptions Index (CPI), where a more backward position indicates a higher level of corruption perception. With 35 points on a scale from 0 (highly corrupt) to 100 (very clean), Brazil remains stagnated, with its lowest CPI score since 2012 (Transparency International, 2020).

From a psychological perspective, morality has been investigated for decades with an individual focus, and, more recently, the attention to business ethics, in general, has increased. In the business environment, the context must be considered since employees rely on the organization's norms, structures, and procedures when they face

ethical dilemmas (McLeod et al., 2016). Meta-analysis in the field has examined different antecedents of ethical behavior, such as factors related to the individual, interpersonal, and contextual aspects that influence decision-making and ethical behavior (Kish-Gephart et al., 2010; Treviño et al., 2014).

Concerning contextual factors, ethical culture and ethical climate emerge as central constructs due to their critical role in enhancing or diminishing unethical acts (Mayer, 2014). A previous review indicated that those constructs are relevant predictors of ethical decision-making (O'Fallon & Butterfield, 2005).

The Corporate Ethical Virtues (CEV) model proposed by Kaptein (2008) affords a solid conceptualization of ethical culture by evaluating virtues that organizations should seek. The CEV Scale assesses those virtues and has shown good psychometric properties in different countries, such as the Netherlands (Kaptein, 2008), the United States (DeBode et al., 2013), and Finland (Kangas et al., 2014). However, there is no validated version of a Brazilian Portuguese scale. Thus, this study aimed to adapt and provide evidence of validity of the CEV Scale in the Brazilian context.

5.2.1 Conceptualization and Measurement of Ethical Culture

The ethical culture construct was derived from the organizational culture literature. Organizational culture is defined as a pattern of basic assumptions that are invented, discovered, or developed by a particular group, as the organization learns to deal with its problems, and therefore should be taught to new members as the correct way of perceiving, thinking, and feeling about these problems (Schein, 1990). In other words, organizational culture is a set of shared values, normative beliefs, and basic assumptions that characterize an organization and shape the way things are done in it.

Considering the definition of organizational culture, three main conceptualizations and measures of ethical culture were conceived in the organizational ethics literature. First, Treviño (1986) presented the importance of organizational culture to understand ethical behavior and conceived it as a situational moderator between the individual's moral cognitive development and (un)ethical behavior. To this end, Treviño (1990) presented the definition of ethical culture as a subset of organizational culture that represents the interplay between formal (e.g., rules and policies, performance management systems) and informal systems of ethics (e.g., norms, language, rituals) that influence

the employee's ethical and unethical behavior. Afterward, Treviño and colleagues (1998) sought to establish the ethical context's impact (including ethical climate and ethical culture) on ethical attitudes and behaviors. They proposed for the first time a measure for ethical culture with 21 items divided into three factors (ethical environment, obedience to authority, and code implementation). The results showed that even though the ethical culture was related significantly to several ethical climates, it explained unique variance in two outcomes (organizational commitment and observed unethical behavior).

The second conceptualization was presented by Hunt and colleagues (1989) by developing the Corporate Ethics Values Scale, which focused on capturing the broader principles to which organizations are interested in ethical issues and behave ethically. Hunt and colleagues (1989) developed a unidimensional structure (made up of five items) to measure Corporate Ethics Values that assessed the perceptions of: "(1) the extent to which employees perceive that managers act ethically in their organization, (2) the extent to which employees perceive that managers are concerned about the issues of ethics in their organization, and (3) the extent to which employees perceive that ethical behavior is rewarded (punished) in their

organization" (Baker et al., 2006, p. 853). Examples of scale items are: "Managers in my company often engage in behaviors that I consider to be unethical," and "In order to succeed in my company, it is often necessary to compromise one's ethics."

Third, to improve the definition and measurement of ethical culture, Kaptein (2008) refined the construct and developed a new scale. To achieve his goal, he applied the Corporate Ethical Virtues Model (CEV) to comprehend ethical culture of organizations. This model postulates that the virtuosity of an organization can be determined by the extent to which organizational culture encourages employees to act ethically and prevents them from acting unethically.

Intending to construct a scale, Kaptein (2008) conducted a qualitative analysis of 150 cases of unethical behavior by employees and managers associated with organizational culture. Based on the information obtained in this qualitative study, he created a self-report questionnaire that consisted of 58 items covering seven factors that later covered eight factors.

The eight factors representing eight virtues were as follows: 1) Clarity: to what extent ethical expectations are clear and understandable to employees and managers; 2) Congruency of management: the extent

to which top management and senior management act according to ethical expectations; 3) Congruency of supervisors: to what extent do the immediate supervisors act in accordance with ethical expectations; 4) Discussability: to what extent managers and employees have the opportunity to discuss ethical issues; 5) Sanctionability: the extent to which managers and employees believe there are rewards and punishments regarding ethical or unethical behaviors; 6) Feasibility: to what extent does the organization provide sufficient equipment, budgets, and autonomy for managers and employees; 7) Supportability: to what extent the organization support ethical expectations between management and staff; and 8) Transparency: to what extent ethical and unethical conduct is visible to responsible managers and officials (Kaptein, 2008). Before carrying out the exploratory factor analysis (EFA), Kaptein proposed only one factor for the virtue of congruency. However, the EFA results indicated that the items of the proposed virtue (congruency) fell into two different factors (which were identified as congruency of management and congruency of supervisors).

The confirmatory factor analysis of the scale showed satisfactory goodness of fit indices for the proposed eight-factor model, with all factor loadings statistically significant (Kaptein, 2008). The

original version of the CEV Scale has shown good psychometric properties in samples in the Netherlands (Kaptein, 2008, 2011b). It has been translated to different languages and administered in different countries and samples, such as the United States (DeBode et al., 2013), Finland (Huhtala et al., 2013, 2016; Kangas et al., 2018), and Lituania (Novelskaite & Pucetaite, 2014).

To produce a more accessible version of the scale, other researchers developed a short form of Kaptein's scale, the CEVMS-SF (DeBode et al., 2013). First, DeBode and colleagues administered the original CEV scale with 58 items and tested construct validity. Next, examining an array of indicators, they selected items representative of the eight factors, so the short form ended up with 32 items. Later, they tested construct and convergent validity of the eight-dimensional short form and found suitable results for the dimensionality, reliability, and validity of the CEVMS-SF (DeBode et al., 2013). With the purpose to find more evidence of the validity of the shortened version of the CEV Scale, Huhtala and colleagues (2018) investigated its measurement invariance in a Finnish sample with two independent groups – managers and school psychologists. They found that – despite contextual differences – the shortened scale measured the eight dimensions of

organizational ethical virtues proposed by Kaptein (2008) in both groups.

Besides those three main approaches to ethical culture, scholars have been using other different measures and conceptualizations to assess ethical culture (Mayer, 2014). For example, researchers have appraised ethical culture through the assessment of four first-order variables that are considered relevant components of ethical context, such as top management ethical leadership, supervisor ethical leadership, peers ethical behavior, and formal policies concerning ethics (Ruiz-Palomino & Martínez-Cañas, 2014; Ruiz-Palomino et al., z2013). However, those measures are less used in the literature.

5.2.2 Correlates of Ethical Culture

Concerning ethical culture correlations, researchers have highlighted the relationship between organizational ethics culture and other organizational phenomena, such as unethical behavior and ethical climate.

Past studies have shown its impact on unethical behavior. For example, the study carried out by Kaptein (2011b) with 341 working groups showed that at least six virtues are significantly related to

observed unethical behavior frequency. Another study, also carried out by Kaptein (2011a), showed a significant relationship between the virtues of culture and reports of unethical behavior. Cabana and Kaptein (2019) also found that the levels of team ethical culture (TEC) were related to observed unethical behavior, such that the cluster with a higher TEC showed a lower level of observed unethical behavior, a lower ratio of observed unethical behavior per employee, and a higher intention to report unethical behavior. A meta-analysis (Kish-Gephart et al., 2010) also pointed out a negative relationship between ethical culture and unethical attitude/behavior. However, this effect disappeared when other organizational characteristics were considered, such as ethical climate and the existence of an ethics code. Treviño et al. (1998) have also found evidence of a strong correlation between ethical culture and ethical climate, in a study in which they designed items to measure ethical culture based upon previous theoretical work from Treviño (1990) and the ethical climate scale from Victor and Cullen (1988). Treviño et al. (1998) showed that ethical culture and ethical climate were different but strongly related.

At this point, an issue about the distinction between ethical culture and ethical climate emerges. The literature on organizational

ethics argues that ethical culture differs from ethical climate, even though some researchers may argue that organizational culture and climate are overlapping phenomena (Denison, 1996). Ethical climate can be defined as “the prevailing perceptions of typical organizational practices and procedures that have ethical content” (Victor & Cullen, 1988, p. 101). Thus, ethical climate refers to the perceptions about ethical behaviors and practices (related to the content of ethical and unethical behavior). In contrast, ethical culture considers the organization's existing conditions that guide ethical behavior (related to the conditions for ethical and unethical behavior) (Huhtala et al., 2016; Kaptein, 2011b). Ethical climate encompasses the perceptions about the procedures, practices, and behaviors related to ethics. On the other hand, ethical culture is the shared beliefs, values, and norms concerning ethics.

5.2.3 The gaps in the literature

The construct of ethical culture assumes the existence of a bottom-up process, in which lower-level properties emerge to form a collective phenomenon - in this case, the ethical culture (Klein & Kozlowski, 2000). This means that ethical culture and climate are

supposed to be about shared perceptions, and we can infer the existence of a bottom-up process. However, few studies in ethical culture and climate have aggregated the individual perceptions to unit or organization-level (Mayer, 2014). This demonstrates a lack of consistency between ethical culture research and the research in organizational culture in general. Only a few past studies have assessed ethical culture within higher levels, concretely using Kaptein's measure (e.g., Cabana & Kaptein, 2019; Kangas et al., 2015).

In reviewing the extant literature on ethical culture, we identified some gaps in its most used measurement – Kaptein's CEV Scale (2008). The first identified gap is that the scale from Kaptein (2008) – even though it assumes a bottom-up process – has items with different referents (e.g., the working environment, the worker itself, the supervisor). Those are examples of referents that appear in different items: "my immediate working environment," "I," "My supervisor," etc. However, culture ascertains a shared construct as a property of the work unit or the organization (Ashkanasy et al., 2011). Thus, literature on culture and climate indicates that the referent-shift consensus model – which uses items that refer to the higher level, such as unit or organization – is the most appropriate conceptual model for higher-

level constructs (Chan, 1998; Klein & Kozlowski, 2000). The referent-shift model presumes that there will be an improved consensus of individual responses when items refer to the proper referent (Schneider et al., 2013). Therefore, this study aims to improve the CEV scale by modifying the referents of the items so that all are shifted to the proper higher-level referent, using a referent-shift model.

The second identified gap is that the CEV scale has been mainly applied in European countries, like the Netherlands, Finland and Lituania (Huhtala et al., 2018; Kangas et al., 2014; Kaptein, 2008; Novelskaite & Pucetaite, 2014), or in the United States (DeBode et al., 2013), but the scale has not been applied in non-WEIRD (Western, Educated, Industrialized, Rich, and Democratic) samples. Actually, the CEV measure has been applied to countries where the corruption perception is low. For example, Finland and the Netherlands appear in the third and seventh positions with the lowest level of corruption perception in the global ranking (Transparency International, 2020). Hence, authors have recommended that future researchers should find additional support for the generalizability of the CEV scale in other contexts (DeBode et al., 2013). Thus, our study aims to contribute by generalizing the CEV scale to a non-WEIRD society and to a country

where the corruption perception is very high (Transparency International, 2020) – in this case, to Brazil in South America.

The third identified gap has to do with the concerns about the existing overlap in the literature on measures of ethical culture and ethical climate (Mayer, 2014; Treviño et al., 2014), and the claim that no research has investigated if ethical culture and ethical climate measures are actually measuring different constructs. Our study prospects to fill this gap by verifying if the main measures of ethical climate are empirically distinct from the CEV scale.

5.2.4 The aim

Therefore, the aims of this study were: 1) to adapt the CEV Scale to a referent-shift model, 2) to provide validity evidence for a Brazilian Portuguese version of the Corporate Ethical Virtues (CEV) Scale (Kaptein, 2008), and 3) to test the distinctiveness of the CEV Scale (measuring ethical culture) from ethical climate measures (this third aim was covered in the validation process addressed in the second aim).

The first aim implies that all the CEV Scale items were changed to the organizational level. By doing so, we expected to improve the

quality of the scale, as has been previously suggested (e.g., Schneider et al., 2013).

The second and third aims will be fulfilled by 1) providing evidence based on internal structure and reliability of the scale, 2) providing evidence of discriminant validity with ethical climate (third aim), 3) providing evidence of measurement invariance across different organizations (public vs. private), and 4) providing evidence of convergent validity with related constructs (unethical behavior). Regarding measurement invariance, we postulate that employees from different organizations should similarly interpret ethical culture to enable comparisons among work contexts (Huhtala et al., 2018). We compared employees from a public company with employees from a private company. Previous studies have found differences in evaluating the ethical culture virtues across different organizations (Kangas et al., 2014). For instance, the Organization for Economic Co-operation and Development (OECD) introduced the integrity management framework and presented the concept of public integrity related to the alignment and adherence to shared ethical values that the public interest is above the private interests (OECD, 2017). By this definition, it can be inferred that the integrity approach will be distinct in organizations from the

public or private sector. Future studies could be interested in testing ethical culture differences across public/private organizations. Hence, providing evidence of measurement invariance would support that, if significant differences are found in the CEV scale scores, they will indicate real differences in employees' perceptions of ethical culture across public/private organizations. Additionally, testing for measurement invariance will contribute to the construct validation of interpretations of the CEV Scale responses across different organizations (Tomás et al., 2014).

Our research is designed in two studies. In Study 1, we adapted and translated to Brazilian Portuguese the original CEV Scale from Kaptein (2008), tested the reliability and the internal structure of a Brazilian short-form version, and sought to demonstrate discriminant validity evidence of the CEV scale from ethical climate scales. In Study 2, we applied the Brazilian short-form version of the CEV scale, looking for additional validity evidence of the internal structure; we tested measurement invariance by comparing two samples belonging to public vs. private organizations. We also searched for validity evidence based on the relation with other theoretically related variables (unethical behavior).

5.3 Study 1: Translation, Adaptation, Dimensionality and Distinctiveness of the CEV Scale

The purpose of Study 1 was to present a translated and adapted version of the CEV Scale from Kaptein (2008) and to provide different sources of validity evidence in Brazil. Concretely, we tested the factorial structure of the scale (validity evidence based in internal structure) and tested the CEV Scale's distinctiveness from the main ethical climate measures (discriminant validity evidence).

5.3.1 Method

Translation and Adaptation of the CEV Scale

The Corporate Ethical Virtues (CEV) Scale (Kaptein, 2008) with 58-item, which measures ethical culture of organizations, was translated and adapted to Brazilian Portuguese. In order to adapt the scale of ethical culture to the Brazilian context, the guidelines established by the International Test Commission for translation and adaptation of tests (International Test Comission, 2017) were followed. First, we did the back-translation of the original scale by two experts fluent in both languages (English and Brazilian Portuguese). From this

reverse translation, the semantic equivalence between the retranslations and the original scale was evaluated.

The original scale was composed of items with different referents; that is, some items had as a referent the respondent himself, the organization, the immediate environment, or the immediate supervisor. Since the scale is supposed to measure ethical culture, which presupposes a sharing and emergence of the phenomenon (Klein & Kozlowski, 2000), we changed the referent of all items, adapting them to the organizational level. After minor adjustments and new comparisons, a final adequate version was reached from a semantic perspective.

Subsequently, an evaluation of the scale was performed by ten judges specialized in organizational psychology or psychological measures in order to verify inconsistencies in the scale and the adequacy of the items to the Brazilian context until they did not find any more inconsistency in the items. Finally, the instrument was evaluated by ten professionals who work in organizations to verify the clarity of the items and if these were adequate to the organizational environment found in the Brazilian reality. The items that generated ambiguity or

misunderstanding were rewritten and improved in order to be clear and adequate to the audience.

Participants

Participants included 1.219 employees from different Brazilian organizations (628 were men, 66 did not inform gender, M_{age} = 41.59 years, *SD* = 13.05). Majority of the participants had at least a bachelor's degree (n = 871, 71.4%) and worked at public organizations (n = 958, 78.5%).

Measures

Ethical culture. We administered the translated and adapted version of the Corporate Ethical Virtues (CEV) Scale (Kaptein, 2008) with 58-item to all participants. They responded using a six-cell response format (1 = Strongly Disagree, 6 = Strongly Agree).

Ethical climate. To find evidence of the distinctiveness between ethical culture and ethical climate, we jointly applied two measures of ethical climate. We administered the Ethical Climate within Organizations Scale (Ribeiro et al., 2016) with 19 items on a frequency scale of 1 (completely false) to 6 (completely true). This is a translated and adapted version of the Victor and Cullen (1988) original scale. The adapted version of the scale has three dimensions: 1) benevolence (α =

.93, ω = .93) with nine items (e.g. “Our major concern is always what is best for the other person”), 2) principles/rules (α = .87, ω = .87) with six items (e.g. “In this company, people are expected to strictly follow legal or professional standards”), and 3) independence/instrumental (α = .67, ω = .71) with four items (e.g. “In this company, people protect their own interests above all else”). The scale demonstrated adequate reliability in our sample. The CFA for a three-factor model of the scale showed a reasonable fit (χ^2 = 335.37, df = 149, RMSEA = .09, CFI = .90, TLI = .90, SRMR = .09) with factor loadings ranging from .55 to.89, and all of them were statistically significant ($p < .01$).

We also administered the Ethical Climate Index (Almeida & Porto, 2019) with 18 items on a 5-point agreement scale, from 1 (totally disagree) to 5 (totally agree), which is a translated and adapted version of Arnaud (2010) original scale. The scale has six factors with three items each and showed the following Cronbach’s alphas and omega coefficients in our sample: 1) Norms of Moral Awareness (α = .42, ω = .45) (e.g. “People in my department are very sensitive to ethical problems”); 2) Collective Moral Motivation (α = .84, ω = .84) (e.g. “People strive to obtain power and control even if it means

compromising ethical values"); 3) Focus On Self (α = .85, ω = .86) (e.g. "People around here protect their own interest above other considerations"); 4) Norms of Empathetic Concern (α = .64, ω = .74) (e.g. "People around here feel bad for someone who is being taken advantage of"); 5) Focus On Others (α = .80, ω = .81) (e.g. "Employees had a strong sense of responsibility for society and humanity"); and 6) Collective Moral Character (α = .67, ω = .70) (e.g. "When necessary, people in my department take charge and do what is morally right"). Despite the first dimension, the others showed a reasonable reliability. Thus, we decide to exclude the Norms of Moral Awareness dimension of the Ethical Climate Index from subsequent analysis. The CFA for a five-factor model of the scale showed a reasonable fit (χ^2 = 771.48, df = 116, RMSEA = .09, CFI = .95, TLI = .94, SRMR = .07), with factor loadings ranging from .47 to .90, and they were statistically significant ($p < .01$).

Control variables. The participants' demographic data were requested regarding age, gender, education level, and type of organization (public or private).

Procedures

The questionnaires were applied online using the SurveyMonkey™ tool in different organizations. The Ethical Climate within Organizations Scale was randomly administered in half of the sample and the Ethical Climate Index in the other half, reducing single-source bias. First data collection (n = 233) was composed of employees from different Brazilian organizations, and the questionnaires were disseminated as part of a snowball sampling procedure (e.g., Morgeson & Humphrey, 2006). The rest of the sample was composed of employees from four Brazilian organizations, two of them were private institutions (n = 133), and two were public (n = 853). The contact was made directly with the responsible area of each organization, and informed consent was obtained. The surveys were disseminated to employees via e-mail and other internal communication tools. All participants agreed to participate and were assured confidentiality and anonymity.

Data Analysis

First, we split our dataset into two random samples to conduct exploratory (sample 1a; n = 609) and confirmatory (sample 1b; n = 610) factor analyses. The assumptions were verified in order to perform the exploratory factor analysis (EFA) and confirmatory factor analysis

(CFA), as established by Tabachnick and Fidell (2013). Next, the equivalence of the two random samples was tested (samples 1a and 1b) and results supported that there were no significant differences between them comparing the main demographic variables: gender ($\chi^2 = 10.30$, $p > .05$), age ($t = -9.53$, $p > .05$), and educational level ($\chi^2 = 131.15$, $p > .05$).

The EFA and CFA were performed using the software SPSS version 26 and Mplus version 7.11, respectively. Before conducting the factor analyses, the normality of the item's distribution was tested in samples 1a and 1b. Distributions with skewness and kurtosis coefficients in the range of (-1, 1) can be considered as normally distributed (e.g., Ferrando & Anguiano-Carrasco, 2010). In sample 1a, skewness and kurtosis values of the CEV Scale items ranged between -1.94 and .75 and between -1.32 and 1.85, respectively, which indicated a non-normal distribution. In the EFA, we used the unweighted least squares (ULS) method of estimation since it is robust against non-normality as it uses as input the sum of the squares of the differences between the observed and reproduced correlation matrices (Lloret-Segura et al., 2014, 2017), and used promax oblique rotation.

In sample 1b, the two ethical climate scales' items met univariate and multivariate normality assumptions, with skewness and kurtosis values ranging from -.37 to .99 for the Ethical Climate within Organizations Scale and from -.75 to 1.06 for the Ethical Climate Index. The CEV Scale's items showed skewness and kurtosis values ranging between –1.74 and .48 and between -1.44 and 2.35, respectively, showing a non-normal distribution. It was verified that the multivariate kurtosis value was 973.98 and that the multivariate critical ratio was 139.85. Considering the lack of normality for the CEV Scale items, we performed the CFA in Mplus. We chose the MLR estimation method, which is a method that estimates standard errors and a mean-adjusted chi-square test statistic that is robust to non-normality (Muthén & Muthén, 2012).

To assess the model fit in the CFA, we used the chi-square goodness of fit statistic, the root mean square error of approximation (RMSEA), the comparative fit index (CFI), the Tucker-Lewis index (TLI), and the standardized root mean square residual (SRMR). For RMSEA, values below .05 are considered excellent fit, values between .05 and .08 are considered good fit, and values higher than .10 indicate a poor fit (Hu & Bentler, 1999; MacCallum et al., 1996). For CFI,

values above .95 and .90 are considered excellent and adequate fit, respectively (Hu & Bentler, 1999). For TLI, values near 1.0 indicate good fit, and it is conventional to use a threshold value of .90 as an indication of good model fit (Hox & Bechger, 1998). For SRMR, a value of zero indicates perfect fit, and a value of <.08 is generally considered a good fit (Hu & Bentler, 1999).

To compare the models to find the best fitting one, we evaluated the criterion values of ΔRMSEA, ΔCFI, and ΔTLI. Differences not larger than .015 for RMSEA (ΔRMSEA) and differences lower than or equal to .01 for CFI, and TLI values (ΔCFI and ΔTLI) are considered an indication of negligible practical differences (Chen, 2007; Cheung & Rensvold, 2002).

5.3.2 Results

Exploratory Factor Analysis (EFA) of the CEV Scale

Since we did significant modifications in the scale (e.g., changing the referent of the items) and had a sufficient sample, we ran an EFA with all original 58 items, using Sample 1a. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was .97, and the Bartlett test of sphericity was statistically significant ($p < 0.01$), indicating the

suitability of these data for factor analytic procedures. Items with factor loadings lower than .40 and mixed items (loading in more than one factor) were eliminated. Following these criteria, 13 items were dropped, including all four items from the dimension “congruency of management.”

We ran an additional EFA with the 45 remaining items belonging to seven theoretical ethical virtues. Nine items that were not fitting the expected content of their dimension were eliminated; this process resulted in a decision to retain 36 items within seven dimensions. Those items were representative of the seven corporate ethical virtues of the original scale, except for the congruency of management factor – which was eliminated in this solution. It is interesting to notice that in the initial formulation of the scale, as it was explained in the introduction section, Kaptein (2008) included seven factors, with “congruency” conceptualized initially as a unique dimension comprising “congruency of supervisors” and "congruency of management.” Since items in the Brazilian Portuguese version developed in this study had a referent change, this version comprises the evaluation of all leaders at the organizational level. Comparing our version with the 32-items shortened version from DeBode et al. (2013),

20 items remained the same, and 12 items from their shortened version were not retained in our version.

The 36 retained items, their factor loadings, Cronbach's alpha, and omega coefficients, and corrected item-total correlations are presented in Table 5.1. Factor loading values ranged from .40 to .88. Cronbach's alpha coefficient ranged from 0.76 to 0.94, and omega coefficient ranged from .79 to .92, and the solution with seven factors explained a total variance of 67.1%.

Confirmatory Factor Analysis (CFA) of the CEV scale and distinctiveness from the Ethical Climate Scales

With sample 1b, we performed a second-order CFA to obtain additional validity evidence of the internal structure of the translated and adapted version of the CEV Scale (reduced to 36 items). Results indicated that the seven-factor solution with a second-order factor (M1) of ethical culture had an acceptable fit (χ^2 = 1424.31, df = 587, RMSEA = .05; CFI = .94; TLI = .94; SRMR = .04). Additionally, we tested two alternative models via CFA: 1) M2: a seven-factor model with 36-items (without including the second-order factor); and 2) M3: a one-factor solution with 36 items. See Table 5.2 for the fit indices.

Considering the comparative fit indices (ΔRMSEA, ΔCFI, and ΔTLI), the second-order factor solution with seven correlated dimensions (M1) showed a better fit than the one-factor model (M3). However, there were negligible differences between M1 and M2 (seven-factor model without the second-order factor), which indicated that the two-factor solutions were adequate. Therefore, for a theoretical reason, we chose the M1. This result demonstrates validity evidence based on the seven-factor model's internal structure with 36-items of the corporate ethical virtues (CEV) scale in Brazil. Table 5.3 shows the descriptive statistics (i.e., means, standard deviations, dimension intercorrelations) for all measures used in Study 1 after the CFA and EFA.

Table 5.1

EFA Results for the Ethical Culture in Organizations - CEV Scale in Study 1

Dimension	Items	*M*	*SD*	Skewness	Kurtosis	Factor Loading	Item-Total R
Clarity (α = .91, ω = .90)	1. *Minha organização deixa claro que devemos usar o equipamento da empresa de maneira responsável.* (Original: The organization makes it sufficiently clear to me how I should use company equipment responsibly)	4.79	1.43	-1.16	.40	.76	.79
	2. *Minha organização deixa claro que devemos lidar com informação confidencial de maneira responsável.* (Original: The organization makes it sufficiently clear to me how I should deal with confidential information responsibly).	5.07	1.33	-1.49	1.45	.81	.77
	3. *Minha organização deixa claro que devemos usar as horas de trabalho de maneira responsável.* (Original: The organization makes it sufficiently clear to me how I should use my working hours responsibly).	4.75	1.45	-1.10	.28	.71	.76
	4. *Minha organização deixa claro que devemos lidar com pessoas/instituições externas de maneira responsável.* (Original: The organization makes it sufficiently clear to me how I should deal with external persons and organizations responsibly).	5.30	1.20	-1.94	1.28	.68	.72
	5. *Minha organização deixa claro que devemos lidar com os seus recursos financeiros de maneira responsável.* (Original: The organization makes it sufficiently clear to me how I should handle money and other financial assets responsibly).	4.95	1.36	-1.32	.93	.59	.71
	6. *Nessa organização, é claro que se espera que nos comportemos de maneira responsável.* (Original: In my immediate working environment, it is sufficiently clear how we are expected to conduct ourselves in a responsible way).	5.15	1.20	-1.53	1.85	.57	.71
	7. *Minha organização deixa claro como devemos conseguir as autorizações necessárias.* (Original: The organization makes it sufficiently clear to me how I should obtain proper authorizations).	4.47	1.47	-.75	-.37	.57	.72
Congruency of Supervisors (α = .93,	8. *Os líderes dessa organização dão um bom exemplo no que se refere a comportamento ético.* (Original: My supervisor sets a good example in terms of ethical behavior).	4.57	1.57	-.97	-.16	.77	.86
	9. *Os líderes dessa organização são honestos e confiáveis.* (Original: My supervisor is honest and reliable).	4.83	1.45	-1.25	.67	.86	.86

ω = .92)	10. *Os líderes dessa organização fazem o que falam.* (Original: My supervisor does as he says).	4.30	1.52	-.73	-.49	.60	.84
	11. *Os líderes dessa organização cumprem com suas responsabilidades.* (Original: My supervisor fulfills his responsibilities).	4.80	1.35	-1.16	.64	.76	.80
Discussability (α = .94, ω = .92)	12. *Nessa organização, há espaço suficiente para discutir condutas antiéticas.* (Original: In my immediate working environment, there is adequate scope to discuss personal moral dilemmas).	4.02	1.63	-.42	-1.01	.88	.85
	13. *Se uma denúncia de comportamento antiético em um setor não for levada a sério, existe espaço suficiente para conduzir o problema em outra área da organização*. (Original: If reported unethical conduct in my immediate working environment does not receive adequate attention, there is sufficient opportunity to raise the matter elsewhere in the organization).	4.09	1.67	-.52	-.97	.75	.81
	14. *Nessa organização, há abertura suficiente para denunciar condutas antiéticas*. (Original: In my immediate working environment, there is adequate scope to report unethical conduct).	4.09	1.70	-.49	-1.02	.83	.76
	15. *Nessa organização, há espaço suficiente para corrigir condutas antiéticas*. (Original: In my immediate working environment, there is adequate scope to correct unethical conduct).	4.12	1.63	-.47	-1.00	.70	.80
	16. *Nessa organização, existem muitas oportunidades para discutir dilemas morais*. (Original: In my immediate working environment, there is ample opportunity for discussing moral dilemmas).	3.77	1.66	-.28	-1.10	.78	.71
	17. *Nessa organização, os relatos de conduta antiética são tratados com seriedade*. (Original: In my immediate working environment, reports of unethical conduct are taken seriously).	4.30	1.62	-.66	-.73	.72	.83
	18. *Nessa organização, as pessoas têm a oportunidade de expressar sua opinião*. (Original: In my immediate working environment, I have the opportunity to express my opinion).	4.36	1.53	-.72	-.46	.75	.66
	19. *Nessa organização, relatos de conduta antiética são tratados com cautela*. (Original: In my immediate working environment, reports of unethical conduct are handled with caution).	4.25	1.49	-.66	-.54	.68	.76
Sanctionability (α = .90, ω = .90)	20. *Se houvesse uma denúncia de conduta antiética nessa organização, os envolvidos seriam punidos de maneira justa, independente da sua posição*. (Original: If I reported unethical conduct to management, I believe those involved would be disciplined fairly regardless of their position).	3.84	1.77	-.33	-1.24	.83	.81

	21. *Nessa organização, os empregados serão disciplinados caso se comportem de forma antiética*. (Original: In my immediate working environment, employees will be disciplined if they behave unethically).	3.98	1.61	-.39	-.99	.71	.70
	22. *Se necessário, o chefe será punido caso ele(a) aja de forma antiética.* (Original: If necessary, my manager will be disciplined if s/he behaves unethically).	4.12	1.70	-.51	-1.01	.66	.80
	23. *Nessa organização, as pessoas são responsabilizadas pelas suas ações*. (Original: In my immediate working environment, people are accountable for their actions).	4.40	1.52	-.72	-.51	.60	.80
	24. *Nessa organização, apenas pessoas íntegras são consideradas para promoção*. (Original: In my immediate working environment, only people with integrity are considered for promotion).	3.45	1.74	-.05	-1.28	.54	.66
Feasibility (α = .76, ω = .79)	25. *Nessa organização, as pessoas são algumas vezes solicitadas a fazer coisas que entram em conflito com a sua consciência*. (Original: In my immediate working environment, I am sometimes asked to do things that conflict with my conscience).[1]	2.98	1.68	.31	-1.18	.73	.61
	26. *No trabalho, as pessoas sofrem pressão para quebrar as regras*. (Original: In my job, I am sometimes put under pressure to break the rules). [1]	2.60	1.70	.69	-.88	.69	.60
	27. *Para ser bem-sucedido nessa organização, é necessário sacrificar seus valores e normas pessoais*. (Original: In order to be successful in my organization, I sometimes have to sacrifice my personal norms and values). [1]	2.55	1.70	.75	-.79	.64	.60
	28. *Os recursos à disposição dos funcionários são inadequados para executar suas tarefas de maneira responsável*. (Original: I have inadequate resources at my disposal to carry out my tasks responsibly).[1]	3.02	1.75	.29	-1.31	.57	.48
	29. *O tempo à disposição dos funcionários é insuficiente para executar suas tarefas de maneira responsável*. (Original: I have insufficient time at my disposal to carry out my tasks responsibly). [1]	3.08	1.77	.27	-1.32	.57	.40
	30. *As informações à disposição dos funcionários são insuficientes para executar suas tarefas de maneira responsável*. (Original: I have insufficient information at my disposal to carry out my tasks responsibly). [1]	3.09	1.69	.22	-1.25	.49	.39
Supportability (α = .89, ω = .90)	31. *Nessa organização, todos estão totalmente comprometidos com as normas e valores (estipulados) da organização*. (Original: In my immediate working environment, everyone is totally committed to the (stipulated) norms and values of the organization).	3.98	1.57	-.42	-.91	.59	.77
	32. *Nessa organização, prevalece uma atmosfera de confiança mútua*. (Original: In my immediate working environment, an atmosphere of mutual trust prevails).	4.16	1.52	-.60	-.65	.49	.77
	33. *Nessa organização, todos têm em mente os melhores interesses para a organização*. (Original: In my immediate working environment, everyone has the best interests of the organization at heart).	4.10	1.54	-.50	-.78	.69	.84

Transparency (α = .82, ω = .84)	34. *Se um colega faz algo que não é permitido, outro colega irá descobrir*. (Original: If a colleague does something which is not permitted, I or another colleague will find out about it).	4.33	1.40	-.63	-.42	.89	.69
	35. *Se um colega faz algo que não é permitido, o chefe irá descobrir*. (Original: If a colleague does something which is not permitted, my manager will find out about it).	4.49	1.39	-.76	-.24	.68	.71
	36. *Se o chefe faz algo que não é permitido, alguém na organização irá descobrir*. (Original: If my manager does something which is not permitted, someone in the organization will find out about it).	4.19	1.55	-.58	-.69	.47	.64

[1]Item was reverse scored.

Table 5.2

CFA Results for the Ethical Culture in Organizations - CEV Scale in Study 1

Model	χ^2	df	RMSEA (ΔRMSEA)	CFI (ΔCFI)	TLI (ΔTLI)	SRMR
M1. Second-order factor solution: Seven correlated dimensions with 36-items	1424.31	587	.046	.941	.935	.042
M2. Seven-factor model with 36-items without a second-order factor	1336.63	573	.047 (.001)	.931 (.01)	.930(.005)	.047
M3. One-factor model with 36-items	3352.43	594	.075 (.029)	.781 (.160)	.773 (.162)	.051

Note: χ^2 = chi-square; df = degrees of freedom; RMSEA = root mean square error of approximation; CFI = comparative fit index; TLI = Tucker-Lewis index; SRMR = standardized root mean square residual.

In addition to examining the factorial structure of the Brazilian Portuguese version of the CEV, we also aimed to determine the distinctiveness of the ethical culture scale compared to different ethical climate measures. Even though ethical culture and ethical climate are theoretically related constructs, they are claimed to be empirically distinct. Table 3 also presents the correlations between the ethical culture dimensions (from the CEV Scale) and the ethical climate factors (from the Ethical Climate with Organizations scale and the Ethical Climate Index). The results showed that ethical culture dimensions were significantly correlated to all ethical climate dimensions in both measures, reinforcing the idea that ethical culture and climate are intrinsically aligned in organizations, as shown in previous research (Kish-Gephart et al., 2010; Treviño et al., 1998). Nevertheless, following Kline's (2011) criteria, since inter-factor correlations are below 0.85, the factor discrimination can be established among the ethical culture and the ethical climate dimensions, as shown in Table 5.4.

Additionally, to verify if the ethical culture and the ethical climate scales measure distinct constructs, we compared four alternative models using CFA with MLR estimator (Table 4). First, we

compared a second-order one-factor model with all the seven ethical culture dimensions from the CEV Scale and the three ethical climate dimensions from the scale of Victor and Cullen (1988) loading on one single second-order factor (M4) with a second-order two-factor model in which two separate second-order factors (ethical culture and ethical climate) were defined (M5). Next, we compared a second-order one-factor model with all the seven ethical culture dimensions from the CEV Scale and the five ethical climate dimensions from Ethical Climate Index (Arnaud, 2010) loading on one single second-order factor (M6) with a second-order two-factor model in which two separate second-order factors (ethical culture and ethical climate) were defined (M7).

Examining the results in Table 5.4, the models with only one second-order factor (M4 and M6) showed poor fit; meanwhile, the models with two second-order factors (M5 and M7) showed adequate fit. Additionally, considering the comparative fit indices, M5 showed a non-negligible better fit than M4, and M7 showed a non-negligible better fit than M6. Those results provided evidence for the CEV Scale's distinctiveness from the ethical climate measures, even though they are highly correlated.

Table 5.3

Means, Standard Deviations, and Correlation Matrix of Variables from Study 1

Variables	*Mean*	*SD*	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*
1. Age	37.88	12.24	-	-	-	-	-	-	-	-	-
2. Gender (Female = 1, Male = 0)	.52	.42	-.07	-	-	-	-	-	-	-	-
3. CULT - Clarity	4.92	1.10	.03	-.00	-	-	-	-	-	-	-
4. CULT - Congruency of Supervisors	4.62	1.34	.03	-.06	.72**	-	-	-	-	-	-
5. CULT - Discussability	4.12	1.34	.01	-.07	.76**	.75**	-	-	-	-	-
6. CULT - Sanctionability	3.96	1.41	.05	-.08	.75**	.74**	.88**	-	-	-	-
7. CULT - Feasibility	4.10	1.16	-.03	-.00	.32**	.36**	.39**	.35**	-	-	-
8. CULT - Supportability	4.08	1.40	.07	-.07	.74**	.75**	.79**	.80**	.35**	-	-
9. CULT - Transparency	4.33	1.24	.01	-.03	.68**	.61**	.70**	.70**	.23**	.66**	-
10. CLIM/VC - Benevolence	3.66	1.15	-.15	.05	.62**	.67**	.63**	.60**	.26**	.66**	.43**
11. CLIM/VC - Principles/Rules	4.77	1.02	-.07	.00	.61**	.55**	.60**	.55**	.30**	.64**	.35**
12. CLIM/VC - Independence/instrumental	3.20	1.01	.07	.07	-.35**	-.31**	-.35**	-.45**	-.35**	-.39**	-.22**
13. CLIM/AR - Collective Moral Motivation	3.06	1.05	-.12	-.15	.50**	.57**	.55**	.54**	.50**	.60**	.39**
14. CLIM/AR - Focus On Self	2.64	.99	.04	-.11	.44**	.52**	.53**	.52**	.41**	.54**	.37**
15. CLIM/AR - Norms of Empathetic Concern	3.41	.89	-.19	-.02	.50**	.49**	.52**	.51**	.35**	.57**	.57**
16. CLIM/AR - Focus On Others	2.91	.95	-.09	-.00	.47**	.65**	.63**	.63**	.39**	.60**	.49**
17. CLIM/AR - Collective Moral Character	3.34	.85	-.09	-.00	.48**	.65**	.61**	.65**	.32**	.66**	.48**

Notes. CULT = Ethical Culture. CLIM = Ethical Climate. VC = Victor & Cullen model. AR = Arnaud model. * $p < .05$, ** $p < 0.01$

Table 5.4

Discriminant validity between ethical culture (CEV Scale) and ethical climate in Study 1

Model	χ^2	*df*	RMSEA(ΔRMSEA)	CFI(ΔCFI)	TLI(ΔTLI)	SRMR
M4. Ethical Culture and Ethical Climate Scale from Victor and Cullen (1988) with one second-order factor	36157.60	2871	.11	.85	.87	.07
M5. Ethical Culture and Ethical Climate Scale from Victor and Cullen (1988) with two second-order factors	7541.42	2860	.09(.02)	.90(.05)	.91(.04)	.06
M6. Ethical Culture and Ethical Climate Index from Arnaud (2010) with one second-order factor	19845.60	4428	.12	.86	.89	.08
M7. Ethical Culture and Ethical Climate Index from Arnaud (2010) with two second-order factors	9776.31	1158	.09(.03)	.90(.04)	.92(.03)	.06

Notes: χ^2 = chi-square; df = degrees of freedom; RMSEA = root mean square error of approximation; CFI = comparative fit index; TLI = Tucker-Lewis index; SRMR = standardized root mean square residual.

5.4 Study 2: Measurement Invariance and Convergent Validity Evidence of the CEV Scale

Study 2 aimed to collect additional validity evidence of the internal structure of the Brazilian Portuguese translated and adapted CEV Scale (reduced to 36 items) in a new sample. Additionally, in this study, we tested for measurement invariance (considering public vs. private organizations) and convergent validity testing the relationship of the CEV Scale's dimensions with related constructs (unethical behavior).

Concerning measurement invariance, we aimed to test if the scale measures the same latent construct in two groups from different organizations (public vs. private). It is expected that employees from a private or public organization will show mean differences in the perceptions of ethical culture, so researchers could be interested in testing these differences. If factorial invariance is supported, that would indicate that statistically significant differences based on scale scores would reflect real differences across compared groups (public vs. private organizations) in the latent dimensions measured by the CEV Scale.

Regarding the convergent validity evidence, unethical behavior was chosen as a related construct because there is evidence in the literature of a negative relationship between ethical culture and unethical behavior (Kaptein, 2011b; Kish-Gephart et al., 2010).

5.4.1 Method

Participants

A total of 635 employees from different Brazilian organizations (321 women, M_{age} = 43.09 years, *SD* = 12.79) participated in this study. Fifty-nine percent of the sample worked in a public information technology company, and 41% worked in different units from a private health organization. Almost 70% percent of the sample had at least a college degree. The respondents worked, on average, for 14.36 years in their current job (*SD* = 13.15).

Measures

The Brazilian Portuguese version from Study 1 of the Corporate Ethical Virtues Scale (CEV) (Kaptein, 2008) with 36-item, measuring seven dimensions of ethical culture, was administered. Participants responded using a six-point response format (1 = Strongly Disagree, 6 = Strongly Agree).

Looking for evidence of convergent validity, two instruments measuring unethical behavior in organizations were applied together with the adapted version of the CEV Scale. The scales used to measure unethical behavior were the following:

1) Observed Unethical Behavior in Organizations Scale (MacLean et al., 2015; adapted from Treviño & Weaver, 2001) with seven items. Respondents were asked how often they observed other employees from their company performing a list of unethical behaviors on a frequency scale of 1 (Never) to 5 (Very frequent). A sample item is: "Calling in sick just to take a day off." The original scale had eight items, but one item was removed from the scale ("Dragging out work to get overtime") because most employees in Brazilian public organizations are not entitled to overtime pay. The CFA for the one-factor model of the scale showed a reasonable fit ($\chi^2 = 91.63$, df = 13, RMSEA = .12, CFI = .95, TLI = .91, SRMR = .04). The Cronbach's alpha and omega coefficient were satisfactory ($\alpha = .87$, $\omega = .90$).

2) Unethical Pro-Organizational Behavior Scale (Umphress et al., 2010) with six items. Participants had to indicate the degree of agreement with a set of statements about other employees behaving

unethically to help the organization on a scale from 1 (totally disagree) to 7 (totally agree). An example item is: “If it would help the organization, other employees would misrepresent the truth to make the organization look good.” The referent was changed from “I” to “Other employees” to reduce social desirability bias. The CFA carried out to test the one-factor model indicated an acceptable fit to the data (χ^2 = 48.63, df = 9, RMSEA = .09, CFI = .97, TLI = .96, SRMR = .03). The Cronbach’s alpha and omega coefficients were satisfactory (α = .88, ω = .91).

Procedures

Questionnaires were administered online via SurveyMonkey™ tool. The organizations' authorization was granted, then each company propagated the survey to their employees through different internal communication tools. The researchers guaranteed anonymity and confidentiality for the respondents and for the companies involved.

Data Analysis

Confirmatory factor analysis (CFA) was used to examine the factorial validity of the CEV Scale with 36-items from Study 1. The analyses were performed with the Mplus version 7.11, using the MLR

estimation method, which is robust to non-normality. Next, multi-group confirmatory factor analysis (MGCFA) with Mplus was used to evaluate the CEV Scale's measurement invariance across public versus private organizations. Measurement invariance involves evaluating the latent variable model underlying a set of scores and testing for numerical equality across groups (Bowden et al., 2011). MGCFA allows comparing a theoretical model with the observed structure in two or more samples (Milfont & Fischer, 2010).

We tested the following three nested models: 1) configural invariance model, with the same number of factors and the same set of zero factor loadings in all groups; 2) metric invariance model, with all factor loadings hold to be equal across groups; and 3) scalar invariance model, with all factor loadings and intercepts hold to be equal across groups (Muthén & Muthén, 2012). Residual variance was not evaluated, because there is a lack of consensus in the literature on the need to test it, so it is considered facultative (Damásio, 2013).

To test measurement invariance, it is expected that as we decrease the number of parameters in each model (configural, metric and scalar), we do not have significant changes in terms of model fit. Traditionally, the chi-square test has been used as the goodness-of-fit

index to evaluate model fit and chi-square changes ($\Delta\chi^2$) to evaluate invariance between the models (Damásio, 2013; Milfont & Fischer, 2010). However, χ^2 and $\Delta\chi^2$ are highly sensitive to sample size. Thus, to compare the nested models' goodness of fit in the MGCFA measurement invariance models, the incremental fit indices (ΔRMSEA, ΔCFI, and ΔTLI) were compared, using the same criteria described in Study 1 for model comparison.

Lastly, we ran correlation analyses using SPSS version 26 between ethical culture dimensions and unethical behavior scales to obtain evidence of validity of the CEV Scale based on the relationship with other related constructs.

5.4.2 Results

Conforming with CFA results in Study 1, CFA with Study 2 sample indicated that the seven-factor solution with 36 items and a second-order factor showed an adequate model fit (χ^2 = 1351.82, df = 623; RMSEA = .04; CFI = .94; TLI = .93; SRMR = .05). These results further support the seven-factor solution of the adapted and short form of the CEV Scale. Table 5.5 shows the descriptive statistics (i.e., means,

standard deviations), reliability (Cronbach's alpha and omega coefficients), and correlations among measures used in Study 2.

Next, measurement invariance across the private company (n = 378) and the public organization (n = 257) was tested. Before running the multi-group analysis, we ran two separated CFA (one for each group) and found a reasonable model fit for the model in the private company sample (χ^2 = 1070.60, df = 587, p < .01; RMSEA = .05; CFI = .94; TLI = .93; SRMR = .06) and the public company sample (χ^2 = 898.08, df = 587, p < .01; RMSEA = .05; CFI = .93; TLI = .93; SRMR = .05). Then, we proceeded to establish configural, metric and scalar invariance. Table 5.6 shows the goodness of fit indices of the measurement invariance models and the model comparison.

The results for the configural, metric, and scalar invariance models (see Table 5.6) indicated acceptable model fit (RMSEA values below .05, CFI and TLI values above .90, and SRMR values below .08). As the differences in the incremental goodness of fit indices (ΔRMSEA, ΔCFI, and ΔTLI) between the configural invariance model and the subsequent nested models (metric and scalar invariance models) did not exceed the values applied as criteria, we concluded that metric and

scalar invariance were supported. Thus, the Brazilian Portuguese translated and adapted version of the CEV scale showed measurement invariance across public and private organizations.

Finally, we investigated convergent validity, testing the relationship between the CEV dimensions with other theoretically related measures (unethical behavior). Results of the correlations of the CEV scale's dimensions with the measures of observed unethical behavior in organizations and unethical pro-organizational behavior can be seen in Table 5.5. All dimensions of the CEV Scale had a statistically significant negative association with observed unethical behavior in organizations. For unethical pro-organizational behavior, five dimensions of ethical culture had a significant negative association, except for the dimensions of feasibility and transparency that did not show significant relationships.

Table 5.5

Means, Standard Deviations, Correlation, and Reliability Coefficients of Variables from Study 2

Variables	*Mean*	*SD*	*1*	*2*	3	4	5	6	7	8	9
1. CULT - Clarity	5.36	.73	(.87/.83)								
2. CULT - Congruency of Supervisors	4.75	1.21	.67**	(.92/.73)							
3. CULT - Discussability	4.45	1.19	.69**	.79**	(.93/.93)						
4. CULT - Sanctionability	4.16	1.30	.66**	.78**	.82**	(.89/.83)					
5. CULT - Feasibility	3.32	1.46	.03	.05	.07	.02	(.85/.86)				
6. CULT - Supportability	4.28	1.24	.67**	.75**	.75**	.76**	.09*	(.84/.75)			
7. CULT - Transparency	4.38	1.11	.53**	.51**	.54**	.59**	.01	.57**	(.78/.73)		
8. Observed Unethical Behavior	1.88	.69	-.17**	-.15**	-.17**	-.16**	-.16**	-.19**	-.13**	(.87/.90)	
9. Unethical Pro-Organizational Behavior	2.18	1.35	-.13**	-.14**	-.14**	-.16**	-.02	-.17**	-.06	.44**	(.88/.91)

Notes. CULT = Ethical Culture. * $p < .05$, ** $p < 0.01$. Cronbach's alpha values and omega coefficients are offered in the diagonal (α / ω)

Table 5.6

Tests of measurement invariance for CEV Scale in Study 2

Model	χ^2	*df*	RMSEA(ΔRMSEA)	CFI(ΔCFI)	TLI(ΔTLI)	SRMR
Baseline model in the public organization	898.08	587	.05	.93	.93	.05
Baseline model in the private organization	1070.60	587	.05	.94	.93	.06
1. Configural invariance	1937.074	1146	.04	.94 (-)	.93	.05
2. Metric invariance	1996.538	1175	.04(.000)	.93(.003)	.91(.001)	.06
3. Scalar invariance	2140.398	1204	.04(.003)	.92(.009)	.92(.01)	.06

Notes: χ^2 = chi-square; df = degrees of freedom; RMSEA = root mean square error of approximation; CFI = comparative fit index; TLI = Tucker-Lewis index; SRMR = standardized root mean square residual.

5.5 Discussion

The purpose of this study was to demonstrate evidence of validity in Brazil of a translated and adapted version of the Corporate Ethical Virtues (CEV) Model Scale that measures ethical culture in organizations. The study had three main objectives that were: 1) adapt the CEV Scale to a referent-shift model at the organizational level, 2) provide validity evidence for a Brazilian Portuguese version of the Corporate Ethical Virtues (CEV) Scale (Kaptein, 2008), and 3) test the distinctiveness of the CEV Scale from two ethical climate measures. These objectives were fulfilled through the two studies presented. We provided evidence based on the internal structure and reliability of the CEV Scale in Brazil, provided evidence of discriminant validity with two ethical climate measures, provided evidence of measurement invariance across different organizations (public vs. private), and provided evidence of convergent validity with related constructs.

Regardless of the remarkable advances made in the measurement of ethical organizational culture, and specifically the Kaptein's (2008) scale, we sought to expand it to a non-WEIRD (Western, Educated, Industrialized, Rich, and Democratic) society and

in a country where the perception of corruption is high. Hence, our main contribution consists of providing a measure of ethical culture in organizations to the Brazilian context.

The improvement on the scale using a referent-shift model in which all the items now refer to the organizational level enhances its quality by aligning it with the literature on organizational culture. Besides that, our findings propose an adapted measure in the Brazilian context that managers and consultants can administer to evaluate ethical culture of organizations. The results from our studies contribute to the organizational ethics literature by providing strong and necessary empirical evidence of construct, discriminant, and convergent validity of the Brazilian version of the scale, as well as measurement invariance across two groups in Brazil.

The seven-factor structure fitted data in both studies with reasonable psychometric quality and distinguished from ethical climate measures. Additionally, our findings provided support for configural, metric, and scalar invariance, indicating no differential item functioning across public vs. private organizations. The CEV Scale's dimensions were also negatively correlated with observed unethical behavior and with unethical pro-organizational behavior. Thus, the Brazilian

Portuguese adapted CEV Scale may be used to diagnose purposes in organizations, allowing a better comprehension of employees' ethical norms and beliefs. Consequently, the scale results can be used to improve organizational processes and practices related to ethics management, such as integrity and ethics programs, codes of ethics, ethics training, etc.

Limitations and future directions

Even though our studies contribute theoretically to the organizational ethics field, they are also subject to some limitations. First, variables were collected simultaneously and from the same source (single-source and self-report data). Thus, the results may be biased by common method variance (CMV). However, as it was a validation study of a scale, the research design was appropriate for its purpose. Future research might benefit from collecting the scales at different times to avoid CMV bias or by collecting ethical culture from different sources.

Second, even though this study expands past research with a non-WEIRD sample, it is limited in its degree of generalizability. It is uncertain how national culture impacts the perception of ethical

organizational culture; thus, more research needs to be done to evaluate measurement invariance across different countries that speak Portuguese and organizations. Consequently, we encourage future research to administer this adapted version of the scale and seek to replicate our results.

In conclusion, our studies advance the comprehension of ethical organizational culture and its most used measurement by refining it and showing evidence of validity to the Brazilian context. The replication and adaptation of scales is a recommended practice that improves the quality of psychological measures, such as suggested by past research on the field (DeBode et al., 2013; Tomás et al., 2014). Thus, these findings suggest that researchers and practitioners can be confident in applying the CEV adapted scale and using diverse samples.

CHAPTER 6. Unethical behavior at work: The effects of ethical culture, implicit and explicit moral identity

6.1 Abstract

The literature on ethical behavior has called for studies that investigate the interaction between individual and contextual factors. This study examines whether moral identity interacts with ethical culture to predict unethical behavior at work and if implicit and explicit moral identity affects unethical behavior distinctively. The sample consisted of 238 participants that took part in an experiment using an in-basket exercise that measured unethical behavior. The ethical culture was manipulated via a cover letter from the company's CEO, and moral identity was measured through a self-report scale and an Implicit Association Test (IAT). Findings indicate that implicit and explicit moral identity was negatively associated with unethical behavior and that organizational culture moderated the relationship between moral identity and unethical behavior. The results have theoretical and practical implications for understanding the interaction of predictors on unethical behavior by combining automatic and deliberate measures of moral identity with ethical culture.

Keywords: ethical culture, moral identity, unethical behavior, organizational culture, implicit association test.

6.2 Introduction

For the past years, corruption scandals involving organizations and politicians occurred in different countries, which has shaken our confidence in business and our leaders. The Corruption Perception Index (CPI) developed by Transparency International (2020) assessed the perceived levels of corruption in 180 countries using a scale from 0 (highly corrupt) to 100 (very clean). They found that more than 60% of the countries scored below 50 in the 2019 CPI, with an average score of 43. Particularly, in Brazil, where we develop our study, the perception of corruption is quite high (35/100), scoring below the average (Transparency International, 2020). Unethical behavior, such as fraud, falsification, and overbilling, can negatively affect organizations' development and performance (Lin et al., 2018). On its face, managers have been looking for ways to reduce unethical behavior in their organizations and encourage their employees to follow ethical norms (Bazerman & Tenbrunsel, 2011).

Kurt Lewin was one of the first psychologists to state that human behavior results from the interaction between personal and situational factors. Therefore, any research that aims to understand how to promote ethical behavior in organizations should include individual

and situational factors and understand interactions between them (Treviño, 1986). This paper aims to shed light on some relevant questions, both theoretically and practically, in predicting ethical behavior in organizations: Can ethical organizational culture drive ethical behaviors among their employees? What is the role that an individual characteristic like moral identity plays in the prediction of ethical behavior? And mostly, can an organizational culture corrupt a moral person, or even in an unethical context, a moral person will resist moral temptation and behave ethically?

Organizational ethics and behavioral ethics research have taken a notable role in this issue, examining aspects from different levels that may affect unethical behavior at work (de Cremer & Moore, 2020; McLeod et al., 2016). Reviews and meta-analyses in the area have pointed to individual (moral identity, locus of control, moral disengagement, etc.), interpersonal (influence of leaders and peers), and contextual aspects (ethical climate and culture, ethics codes, etc.), and moral situations that influence ethical decision-making and moral behavior (de Cremer & Moore, 2020; Kish-Gephart et al., 2010; Shao et al., 2008; Treviño et al., 2014).

Our paper aims to study the interacting effects of moral identity and ethical culture with an experimental design. Studying the interacting effects of moral identity and ethical culture, we contribute to advancing knowledge by integrating two theoretical approaches: the person-situation interactionist model (Treviño, 1986) and the social-cognitive theoretical framework (Bandura, 1991).

On the one hand, the person-situation interactionist model from Treviño (1986) proposes that individual and situational components interact to explain ethical decision-making. Precisely, she suggests that one of the most relevant situational components is organizational culture. Ethical culture is a subset of the organizational culture that encompasses the shared values and norms about ethics in an organization (Treviño et al., 1998), and there is evidence that it affects ethical behavior (Kaptein, 2011b; Treviño et al., 1998). This model suggests that ethical culture will interact with individual variables to affect an individual's response to an ethical decision (Treviño, 1986).

On the other hand, one of the most relevant individual variables to understand ethical behavior is moral identity. Moral identity can be defined as a cognitive self-schema a person holds about his or her moral character (Aquino et al., 2009). There is evidence that it predicts

positively moral behavior (Hertz & Krettenauer, 2016). The social-cognitive theoretical framework from Bandura (1991) is used to comprehend moral identity as a cognitive self-schema (Aquino & Reed, 2002). From this perspective, situational cues can influence behavior by activating knowledge structures and schemas, including moral identity (Shao et al., 2008).

Considering the interactionist model by Treviño (1986) and the social-cognitive perspective (Bandura, 1991) to comprehend moral identity (Aquino & Reed, 2002), it can be expected that the ethical culture can function as a situational factor that activates moral identity in the working self-concept and consequently influences ethical decision making and ethical behavior. Thus, this study empirically tests this interaction to predict unethical behavior and contributes to the field's theoretical development.

Besides this theoretical contribution, we have identified three methodological gaps in organizational ethics research that must be considered. Firstly, despite the recent effort in laboratory research to explain the psychological processes of ethical decision making (Treviño et al., 2014), experimental design on organizational ethics is infrequent – only 1% of the studies in the review by McLeod and

colleagues (2016). Experimental studies facilitate the understanding of causal relationships due to great amounts of control granted to the researcher.

Secondly, moral identity can be assessed through explicit or implicit measures (Hertz & Krettenauer, 2016). Yet, it is not clear if they predict unethical behavior differently and if contextual components can activate both to increase the prediction of unethical behavior. Explicit measures are typically self-report questionnaires; implicit measures do not use verbal responses but rely on response time such as used in Implicit Associations Test (IAT). Past research has suggested that implicit and explicit moral identity could predict moral action in different ways, such that explicit measures predicted moral evaluations but not actual behavior, and that implicit measure was able to successfully predict immoral behavior (Perugini & Leone, 2009). However, in another direction, a meta-analysis has found that explicit moral identity measures reported greater effect sizes in predicting moral behavior than implicit moral identity measures (Hertz & Krettenauer, 2016). Due to these conflicting results, it is unclear if an implicit measure using IAT or explicit measures would adversely affect actual unethical behavior.

Additionally, past studies have not investigated if the implicit moral identity can also be activated through a situational factor, as has been shown for explicit moral identity (e.g., Aquino et al., 2009; Caldwell & Moberg, 2007). From a theoretical perspective, moral identity should be affected by contextual cues disregarding if it is implicit or explicit, even though it has not been empirically demonstrated. Thus, considering both moral identity angles, it is relevant to investigate if explicit and implicit moral identity will interact with ethical culture and affect the outcome of unethical behavior differently.

Thirdly, another critical issue is that less than 10% of the studies on moral identity were conducted in collectivist countries (most of them in Asia) (Hertz & Krettenauer, 2016), and only three studies from 132 on organizational ethics research were conducted in South America (McLeod et al., 2016). Individuals raised in Western, educated, industrialized, rich, democratic (WEIRD) societies may be outliers on how they perceive and react to the world (Henrich et al., 2010). This happens because culture influences how moral self-concept is conceived and how it affects moral behavior in non-WEIRD societies (Hertz & Krettenauer, 2016). In this sense, individuals who live in

highly corrupted countries may develop a higher tolerance for unethical actions and consider those actions less immoral.

Our study addresses all these gaps in the organizational ethics literature by examining the effect of explicit and implicit moral identity and its interaction with ethical culture on predicting unethical behavior in a non-WEIRD society. This research expands current literature on organizational ethics and ethical behavior in organizations (McLeod et al., 2016; Treviño et al., 2014) by providing inputs of the interaction processes involved in ethical decision making. Both moral identity and ethical culture have shown evidence to be great predictors of unethical behavior. However, assessing both together and with an experimental design can provide managers with clues about the factor they should mostly rely on in order to promote ethics in the workplace.

This can produce significant implications for managers when elaborating ethics policies in organizations, such as if they should invest more in screening the moral identity of job candidates during the personnel recruitment and selection process or in promoting ethical norms and values through the development and reinforcement of an ethical culture within the organization. Further, conducting the study in a different country is relevant to verify if the proposed theoretical

relationship between constructs, already found in past studies, remains the same in a context where the perception of corruption is exceptionally high, and considering that this perception may affect the construction of the moral identity. In conclusion, our research contributes to the ethical behavior research in five directions: 1) developing an experimental study to test the ethical culture effect; 2) investigating the differences between the implicit and explicit moral identity measures in their relationship with unethical behavior; 3) testing the interaction of ethical culture and moral identity on unethical behavior; 4) demonstrating the effect in a non-WEIRD country, and 5) providing empirical evidence to managers on predictors that might affect unethical behavior in organizations.

Ethical Behavior at Work

Ethical behaviors in organizations are actions performed according to the social norms of how it is appropriate to behave in the workplace (Treviño et al., 2006, 2014). In the organizational ethics literature, ethical behavior is distinguished from the concept of counterproductive work behavior (CWB). CWB is defined as any volitional behavior committed by employees that violate the legitimate

interests or that harm an organization or its stakeholders (Sackett & DeVore, 2001). A behavior considered deviant or counterproductive may be consistent with societal norms, while an act could be inconsistent with the societal norms and not considered deviant in that organization (Kish-Gephart et al., 2010; Treviño et al., 2014). For example, lying to customers to sell a product may not violate organizational norms but violates a widely accepted social norm of honesty – this would be considered unethical behavior, but not a CWB. While behaviors like gossiping or putting little effort into your work, violate organizational norms but do not necessarily violate a societal norm. Thus, by integrating both concepts, we consider ethical behavior as the performance at work that conforms to both organizational and societal norms of the adequate standards to behave in the workplace.

A major issue in ethical behavior research is how to measure unethical behavior. Since morality is a subject that faces social desirability bias, self-report measures are problematic. It is hard for people to answer honestly to ethical issues and to recognize they are behaving unethically. Because of that, many researchers in behavioral ethics use unethical intention as a proxy for unethical behavior (Kish-Gephart et al., 2010), although it is still not free of social desirability

bias. For this reason, the authors recommend innovative methods to detect the phenomenon properly (McLeod et al., 2016). This paper seeks to overcome this limitation by detecting unethical behavior through behavioral measures in an experimental study.

Antecedents of Ethical Behavior at Work

Ethical Culture

At the organizational level, ethical culture has been suggested as one of the most relevant predictors of unethical behavior. Regarding organizational ethics, the contextual aspects related to culture and climate stand out as crucial because they play a critical role in enhancing or diminishing unethical acts, as shown in the review of the ethical climate and culture literature (Mayer, 2014). In another review of 174 articles on ethical decision-making, O'Fallon and Butterfield (2005) indicated that sixteen papers found– of the various organizational-level influences – ethical climate and ethical culture as relevant predictors in the ethical decision-making process.

Before defining ethical culture, it is imperative to clarify the concept of organizational culture. Organizational culture is as a pattern of basic assumptions that are invented, discovered or developed by a

particular group, as the organization learns to deal with its problems, and therefore is taught to new members as the correct way of perceiving, thinking and feeling about these problems (Schein, 1990). In short, organizational culture is a set of shared values, normative beliefs, and basic assumptions that characterize an organization and shape the way things are done in it. From this perspective, ethical culture can be defined as a subset of organizational culture that represents the interplay between formal (e.g., rules and policies, performance management systems) and informal systems of ethics (e.g., norms, language, rituals) that influence the employee's ethical and unethical behavior (Treviño, 1990).

The ethical culture is conceived by organization members and is transferred to new members through socialization and communication, similarly to what happen with organizational culture (Schein, 1990). The ethical culture provides the information on what is considered right or wrong in a certain context (Treviño et al., 1998). Thus, it is expected that ethical culture will be spread to new members and, consequently, will influence the employees' behavior. The rewards and punishment system provided by the culture can guide behavior, since the reinforcement of ethical behavior can lead to repetition and

the punishment of unethical acts can drive avoidance (Kaptein, 2011). Likewise, supervisors' role models (Kaptein, 2008) can guide behavior; as stated by the social learning theory (Bandura, 1977), employees learn the expected ethical behavior by observing their leaders. In addition, when individuals face uncertainty in social contexts when making a decision (such as a moral dilemma), descriptive norms may function as guides to behavior (Gelfand & Harrington, 2015). The organizational culture can provide descriptive norms. An organizational culture may indicate employees' appropriate behavior when they face an ethical dilemma and need to make a decision.

There is some evidence that ethical culture is positively associated with job attitudes and ethical behavior and is negatively related to unethical and counterproductive behavior, as demonstrated in the review by Mayer (2014) and the meta-analysis by Kish-Gephart et al. (2010). For instance, Treviño et al. (1998) demonstrated that ethical culture was strongly associated with observed unethical behavior. Their study measured ethical culture and observed unethical behavior with self-report scales with a sample of 1.200 alumni. Likewise, the studies from Kaptein (2011a, 2011b, 2019) employed the scale to measure ethical culture to predict unethical behavior and observed wrongdoing

with employees from different organizations. The studies showed that ethical culture dimensions were negatively associated with intended inaction and external whistleblowing and observed and reported unethical behavior. Finally, with an experimental design, Caldwell and Moberg (2007) found that participants exposed to an ethical culture displayed a higher moral imagination. Moral imagination is defined as a process that concerns the examination of the ethical elements of a decision. Thus, it is expected that people that display more moral imagination would make more ethical decisions. In their study, organizational culture was manipulated by modifying elements from an in-basket exercise that described an ethical culture, such as an annual report and a memo from the director of communications of the fictitious company. Nonetheless, this study's limitation is that ethical decision-making or ethical behavior was not actually measured in their experiment.

Lastly, in a review on ethical behavior in organizations, Treviño et al. (2014) recommended that it is necessary to investigate how and when ethical culture plays a role in research on unethical behavior. It is well known in the behavioral ethics field that organizational environment can affect employees' unethical behavior. However, it is

still unclear what types of situational stimuli may produce higher or lower levels of ethical behavior (de Cremer & Moore, 2020).

Our study compares individuals' unethical behavior in different organizational cultures, namely: ethical culture, profits culture, and a control group with no prompt to organizational culture.

Based on the exposed theoretical arguments and past research, we propose:

> *H1. Individuals in the ethical culture condition will exhibit lower levels of unethical behavior than participants in the profits culture condition and the control group.*

Implicit and Explicit Moral Identity

Another concept that has been suggested to play an essential role in predicting unethical behavior is moral identity. Moral identity is defined as a self-concept organized around a set of moral traits, such as honest, kind, caring, etc. (Aquino & Reed, 2002). We adopt the socio-cognitive framework to comprehend moral identity as a cognitive schema that can be activated to process information and provide directions to behavior (Aquino et al., 2007).

Studies investigating moral identity began to emerge, pointing it as a self-regulatory mechanism that motivates moral behavior (Blasi, 1984). Adopting a social-cognitive perspective, Aquino and Reed (2002) expanded Blasi's theory to understand moral identity as a self-schema. According to them, moral identity is composed of two dimensions: 1) Internalization, which represents the degree to which those moral traits are central for the self; and 2) Symbolization, which refers to the degree to which the person acts and expresses those moral traits.

Moral identity can be appraised with explicit (self-report questionnaires) or implicit measures (e.g., Implicit Association Test). Implicit associations differ from explicit attitudes since implicit refers to mental representations that activate automatic responses (Greenwald & Banaji, 1995). Research on implicit cognition uses indirect measures; this means that the individual is not aware of what is being measured and is not requested to provide a conscious response (Greenwald & Banaji, 1995).

A meta-analysis examined the relationship between moral identity and moral behavior and found a significantly positive association between them (Hertz & Krettenauer, 2016). In 65.3% of

studies included in this meta-analysis, the Self-Importance of Moral Identity Questionnaire was used (SMI-Q; Aquino & Reed, 2002), demonstrating the instrument's remarkable effectiveness. Besides, when comparing explicit and implicit measures of moral identity, they found that explicit measures showed larger effect sizes than implicit ones (Hertz & Krettenauer, 2016). However, the larger effect sizes obtained for explicit measures of moral identity compared to implicit measures could be due to a modest inflation on the results of the explicit measures since most studies relied on self-report data to measure ethical behavior (Podsakoff et al., 2003). Moreover, most of the studies from this meta-analysis employed priming techniques (six out of ten) instead of the IAT to measure implicit moral identity. Priming techniques enable researchers to influence a subsequent response to a stimulus without conscious intention, aiming to overcome the reliance on explicit and deliberative processes (Bargh & Chartrand, 2001). Otherwise, the IAT measures actual individual implicit assumptions (Greenwald & Banaji, 1995), and therefore is more appropriate to assess the implicit angle of moral identity.

In that regard, Perugini and Leone (2009) developed an Implicit Association Test (IAT) of the Moral vs. Immoral self-concept. Their

study found that explicit and implicit moral personality measures predicted outcome variables in different ways: explicit predicted hypothetical moral evaluations and implicit predicted (im)moral actions. Another study that used the same IAT showed that implicit moral identity predicted the increase in heart rate and diastolic blood pressure in response to moral violations (Johnston et al., 2013). Therefore, implicit and explicit measures of moral identity have been demonstrated to impact ethical behavior, yet explicit measures have shown to have a greater prediction power (Hertz & Krettenauer, 2016). However, there is not enough evidence if they influence outcomes differently. Thus, this paper will implement the IAT measure of moral identity and compare it with the explicit measure to evaluate its effect on unethical behavior.

Therefore, we propose the following hypotheses:

H2a: Individuals with a higher explicit and implicit moral identity will exhibit lower levels of unethical behavior.

H2b: The expected negative relationship between moral identity and unethical behavior will be stronger for the explicit dimension than the implicit dimension.

Interaction between Ethical Culture and Moral Identity

Social and organizational psychology have shown support to an interactionist approach of person and context on predicting behavior. The person-situation interactionist model (Treviño, 1986) posits that individual and situational components explain ethical decision-making in organizations. Specifically, an individual's cognitive moral development determines how an individual decides what is right or wrong in a situation and other individual variables (ego strength, field dependence, and locus of control). The situational components come from the job context and include factors like the organizational culture and the work characteristics. From this model, we infer that other individual components, like moral identity, could interact with situational components, such as ethical culture, to predict unethical behavior.

The social cognitive theory advocates a model of emergent interactive agency in which cognitive processes exert determinative influence (Bandura, 2001). From this perspective, we can expect that the ethical culture could activate the moral identity in the working self-concept. The working self-concept is a subset of representations that are accessible at a given moment, and these representations can be activated

by social circumstances and by the individual's motivation state(Markus & Wurf, 1987). The activation of the moral identity schema in the working self-concept increases the probability of influencing ethical behavior (Aquino et al., 2009). This means that the ethical culture, besides its direct effect on ethical behavior, function as a social circumstance that activate the moral identity in the self-concept. However, if the organizational culture does not emphasize any ethical values, then it would not activate moral identity in the working self-concept, which means that the behavior would be influenced mainly by the moral identity that was previously constructed in their self-concept, that is, by individual differences in moral identity.

To illustrate, the study from Reynolds et al. (2010) that also applies an IAT proposes that individuals make a normative association of business, which means that business could be implicitly assumed to be inherently moral or immoral. They argue that if a person holds an implicit assumption that business is inherently moral (i.e., the person believes that business practices such as high financial performance, intense competition, and other traditional capitalistic aspects are legitimate) and receives a contextual cue that is compatible with it, the cue will strengthen the implicit beliefs on the outcome behavior. Thus,

their research demonstrated that the implicit assumption of business interacted with the contextual cues to shape moral behavior, such that if the participant believed implicitly that business was moral and was presented to a competitive cue (consistent with the implicit assumption), it would result in higher levels of immoral behavior in business tasks. In another study, Caldwell and Moberg (2007) showed evidence for the interaction between ethical culture and moral identity because employees' moral imagination was less affected by organizational culture when they had a strong moral identity (Caldwell & Moberg, 2007).

This framework provides evidence to explain unethical behavior by the interaction between the organizational contexts with the individual. The moral identity operates as a guide to ethical behavior, and the norms provided by the ethical culture may enhance or diminish the effect of this self-component on actual behavior. Empirical findings also showed that a situational factor or contextual cue might enhance the accessibility of moral identity, strengthening or weakening the motivation to act morally (Aquino et al., 2009).

Considering this, we hypothesize that an ethical culture may have a salience effect on the activation of moral identity (explicit and

implicit), impacting unethical behavior. Therefore, we propose the following hypotheses:

H3. Moral identity will interact with organizational culture to predict unethical behavior. The negative association between moral identity and unethical behavior will be weaker under the ethical culture or profits culture condition compared to the control condition.

6.3 Method

Participants and Procedures

Two hundred and thirty-eight undergraduate and graduate students (76.5% were women) from Brazil participated in this study. The participants' average age was 26.37 years (SD = 8.71), and nearly 42% had work experience.

Participants were randomly assigned to one of the following three conditions of the ethical culture variable (moderator variable) with a between-subjects design: 1) control group, 2) ethical culture letter, 3) profits culture letter.

Each participant was individually seated at a table with a computer. The experimenter explained they had to perform three tasks:

(1) an in-basket exercise composed of three tasks, (2) a questionnaire that included the manipulation check and the explicit moral identity measure, and (3) a computerized categorization task (the IAT Moral Identity measure). Participants were informed at the beginning of the experiment that they could win from one to three lottery tickets of a $200 prize. The number of lottery tickets they could receive was based on their performance during the three tasks of the in-basket exercise. If they earned until $120.000,00 for the company, they would receive one lottery ticket; values between $120.000,00 and $180.000,00, they would gain two tickets, and above $180.000,00, would be three tickets.

The in-basket exercise and the questionnaire given to participants included: 1) the written informed consent form; 2) general instructions; 3) the manipulation check as a cover letter presentation from the CEO (in the ethical or profits culture conditions); 4) exercise about reassigning sales personnel (in-basket exercise 1); 5) exercise about ordering office supplies (in-basket exercise 2); 6) the insurance claim task (in-basket exercise 3); 7) the scale for evaluating manipulation check; 8) the explicit moral identity scale; and 9) socio-demographic data. After completing the exercises and the questionnaire, they answered the IAT on moral identity in the lab's

computer. The order of the tasks in the experiment was always the same. In the two first tasks of the in-basket exercise that were not related to the dependent variable (unethical behavior), they could earn a maximum of $36.800,00. In the insurance claim task (the one related to unethical behavior), they could earn at least $100.000,00. Participants who reported values below $100.000,00 in the insurance claim exercise were eliminated from posterior analysis for misunderstanding the task.

In-basket exercise

We used the in-basket exercise proposed and adapted from Reynolds et al. (2010), in which the participants were asked to imagine themselves as employees in a fictitious company and develop three tasks, two of them were not related to unethical behavior (reassigning sales personnel, and ordering office supplies), and one was related to unethical behavior (insurance claim exercise). In each task of the in-basket exercise, they would earn money. However, only in the insurance claim task they could earn enough money to gain more than one lottery ticket. Hence, if participants lied in the insurance claim task, they would earn more money and would receive more lottery tickets. This was done in order to boost moral temptation to win more lottery tickets.

Unethical behavior was measured in the insurance claim exercise as a continuous variable (value claimed) and as a dichotomous variable (coded as ethical or unethical). In the insurance claim exercise, participants received instructions informing them that company products (e.g., notebooks) have been destroyed in route to the marketplace and were responsible for filing the insurance claim. Participants were provided the cost of the product and the going rate of the product on the market. They were then instructed to complete the form by indicating the value of the product for reimbursement. As values at the product's cost are based on legitimate standards (cost or price), they were considered ethical (in this case, values of $100.000,00). In contrast, values above the product's cost (values over a $100.000,00) are based on illegitimate standards and were therefore deemed unethical (adapted from Reynolds et al., 2010). Additionally to this dichotomous indicator, the value reported was used as a continuous indicator so that higher values reported in the reimbursement indicated higher levels of unethical behavior.

Afterward, participants were sent to a different room to collect the lottery tickets from another experimenter. The experimenter would greet the participants and give them the lottery tickets they deserved

plus an extra one, simulating an error in the other room. The experimenter gave an extra ticket above what the participant had won, providing the moral temptation - this procedure was based on the experiment conducted by Perugini and Leone (2009). The experimenter spelled the number of tickets the participant deserved clearly and unambiguously so that the participants would not doubt the ticket amount. If the participant returned the additional ticket, the experimenter would apologize for the misunderstanding. After the participant left the room, the experimenter waited and registered if they returned or not the additional lottery ticket. In the end, when the participants left the laboratory, they were partly debriefed and provided an e-mail contact for a full debriefing when the entire experimental data collection was over.

The evaluation of unethical behavior made was whether the participant returned the additional undue lottery ticket, despite the number of lottery tickets entitled to the participant. If the participant returned it, it was coded as ethical behavior, but if the participant failed to return it, it was coded as unethical behavior. Participants were instructed in the beginning that they would win from one to three

tickets. However, as they always received one extra ticket, the experimenter would give them two to four lottery tickets.

Measures

Independent variables

Ethical Culture. Ethical culture was manipulated by changing the content of a cover letter presentation from a fictitious company's CEO, describing a culture that strongly values either ethics or profit and results. One was a context cue to an ethical culture (enhancing morality and ethics), the second was a contextual cue of a not ethical culture (enhancing profit and results above all), and the third was the control group (no cover letter). To assess the effectiveness of the ethical culture manipulation, participants who belonged to the ethical culture or profits culture conditions completed a short questionnaire with a list of six values that could describe an organization's culture. Participants rated the extent to which these values described their fictitious organizations on a 10-point scale. Three of them were related to an ethical culture and three to a profits culture. This manipulation check was based on the procedure made by Caldwell and Moberg (2007).

The effectiveness of the ethical culture manipulation was checked, and a *t*-test showed a significant difference between groups in the ethical values (ethical culture: M = 9.64, profits culture: M = 7.65, $t = 5.01$, $p < .001$) and in the profits values (ethical culture: M = 6.65, profits culture: M = 8.27, $t = -6.42$, $p < .001$) in the predicted direction.

Moral identity. Moral identity was measured in two ways: explicit and implicit. For the explicit measure, we applied the moral identity scale translated and adapted to Brazilian Portuguese (Resende & Porto, 2017) of the Aquino and Reed (2002) measure. This scale displayed a set of moral traits (caring, compassionate, fair, friendly, generous, helpful, hardworking, honest, and kind), and the participant had to visualize the kind of person who has these characteristics and imagine how that person would think, feel, and act. After thinking about a person who possesses these traits, they had to answer nine items within two dimensions – internalization and symbolization – on a Likert scale that ranges from 1 (strongly disagree) to 5 (strongly agree). The internalization dimension had five items (e.g., I strongly desire to have these characteristics). The symbolization dimension had four items (e.g., The types of things I do in my spare time clearly identify me as

having these characteristics). Reliability was adequate in our sample (Internalization: $\alpha = .75$, $\omega = .75$; Symbolization: $\alpha = .72$, $\omega = .74$).

The implicit moral identity was assessed by means of an IAT (Implicit Association Test) from Perugini and Leone (2009). The IAT assesses the strength of associations between target categories and attribute categories, arranged on bipolar dimensions, by comparing the response latencies for two differently combined categorization tasks (Gawronski & Payne, 2010). It is a computer-based keyboard sorting procedure that is based on reaction times with stronger associations leading to faster reactions.

The IAT was translated and adapted to the Brazilian context, and the procedures to evaluate the IAT were the same used in Perugini and Leone (2009) study. The IAT was applied using the Inquisit software. The target category was ‘‘Moral,” and its contrast was ‘‘Immoral.” The paired categories were ‘‘Me” and ‘‘Others.” The order of the tasks was the same for all participants, starting with the pairing “Me-Moral.” The moral stimulus words were honest, faithful, sincere, modest, and altruist; the immoral stimulus words were cheater, dishonest, deceptive, arrogant, and pretentious. Although they are not

the exact words used in the explicit moral identity measure, we decided to maintain the same words used by Perugini and Leone (2009) IAT to maintain consistency.

Participants were presented to stimulus words in the center of the screen, and they had to assign the words quickly while making as few mistakes as possible to a target category – "moral" or "immoral" – and to a paired category – "me" or "others." These categories were presented in the upper right- and left-hand corners of the computer screen, and they had a keystroke indicating whether the stimulus word belonged on the right or left. There were two blocks with two kinds of combinations: 1) moral and me vs. immoral and other, and 2) moral and others vs. immoral and me.

Instead of subtracting the latencies of the moral + me block from the latencies of the immoral + me block, final IAT scores were calculated using the algorithm D600 developed by Anthony et al. (2003), with deletion of latencies below 400 ms and above 10,000 ms. Those D scores are calibrated based on an individual's standard deviation of response latencies during the test and have demonstrated that they improve internal consistencies and resist extraneous factors (Schnabel et al., 2008). Higher scores in the IAT reflect stronger

association between me + moral and others + immoral than between me + immoral and others + moral, meaning that the implicit assumption of morality is higher. The moral self IAT was reliable (alpha reliability coefficient for the latencies in response to the first pairing was .83, and the second pairing was .81).

Dependent variables

Unethical behavior. We obtained three different indicators of unethical behavior (Reynolds et al., 2010). First, unethical behavior was appraised through the response to the insurance claim task (overpriced the insurance value or not) and measured through two indicators: the value reported (continuous indicator) and if this value was classified as ethical or unethical (dichotomous indicator). The values could be slightly over $100.000,00 or much higher; thus, this variance could indicate degrees of unethical behavior in the continuous indicator. Second, it was evaluated through the return or not of the extra lottery ticket (dichotomous). On both dichotomous indicators, unethical behavior was coded as 1 and ethical behavior as 0.

Control variables

Age and gender. We controlled for age and gender in the ANCOVA and regression analysis. Despite minor gender differences in

ethical decision-making, past research has found that women have shown slightly higher ethical behavior than men (O'Fallon & Butterfield, 2005). Even though past research has produced mixed results concerning age, a review concluded that older participants are likely to make more ethical decisions than younger people (O'Fallon & Butterfield, 2005).

Data analysis

All the statistical analyses were performed using SPSS version 26. First, to test Hypothesis 1, that is, the direct effect of the ethical culture manipulation on the continuous indicator of unethical behavior in the insurance claim task, an ANCOVA was used to compare the three groups (ethical culture, profits culture, and control group), controlling for age and gender. Normality and Levene's test were carried out, and the assumptions for this kind of analysis were met. Additionally, to test Hypothesis 1 with the dichotomous indicator of unethical behavior in the insurance claim task, we performed a binary logistic regression. It is important to highlight that we did not expect ethical culture manipulation to influence the lottery ticket return since it was not part

of the fictitious company's task. Thus we only assessed the impact of culture on the insurance claim exercise.

Second, to test Hypothesis 2, that is, the direct effect of moral identity on unethical behavior, we performed a hierarchical linear regression analysis for the continuous variable of the insurance claim task and a binary logistic regression to evaluate its effect on the two dichotomous variables (unethical behavior in the insurance claim task and unethical behavior in the lottery ticket return). In the first step, we entered the control variables (age and gender); in the second step, we entered the three moral identity variables (implicit moral identity, internalization of explicit moral identity, and symbolization of explicit moral identity).

Third, to test the interaction effects of ethical culture and moral identity on unethical behavior, we performed a multiple hierarchical linear regression for the insurance claim task's continuous variable and a binary logistic regression analysis for the dichotomous variable of the insurance claim task. In the first step, we entered the control variables (age and gender); in the second step, we entered the three moral identity variables (implicit moral identity, internalization, and symbolization dimensions of explicit moral identity), and the ethical culture variable;

in the final step, we included the interaction terms of moral identity with ethical culture. As this hypothesis included the ethical culture variable, we also did not evaluate its effect on the lottery ticket return.

For all binary logistic regressions, assumptions were checked for linearity of the logit, and they were met for all variables, and multicollinearity was tested. All tolerance values were greater than 0.1, and VIF values were less than 10, which means we had no multicollinearity issues. In the logistic regression, ethical behavior was coded as 0, and unethical behavior as 1, and continuous predictor variables were centered. For the dichotomous variable, we created two dummy variables with the control group as a baseline. We present Nagelkerke R^2 and Cox and Snell R^2 for each model, with higher values indicating a better model fit. The Wald statistic and its significance were also examined – this coefficient is used to determine if a variable is a significant predictor of the outcome. The Exp(B) indicates the odds ratio for the predictors, which means if the value is greater than one, so as the predictor increases, the odds of the outcome increase (Field, 2018). On the other hand, if Exp(B) is less than one, then the odds of the outcome decrease. Finally, we plotted interaction effects of moral

identity and ethical culture on unethical behavior using the statistical program Interaction (Soper, 2013).

6.4 Results

Means, standard deviations, and a correlation matrix of the variables are presented in Table 6.1. In the insurance claim task, 135 participants (56.7%, coded 1) were coded as cheaters and 102 (42.9%, coded 0) as showing ethical behavior. The extra lottery ticket was kept by 94 participants (39.5%, coded 1), whereas 143 gave it back (60.1%, coded 0). The implicit measure correlated significantly with the internalization dimension of the moral identity explicit measure (r = .15, $p < .05$), but not with the symbolization dimension.

To test Hypothesis 1 with the unethical behavior insurance claim task (continuous variable), a one-way ANCOVA compared the three culture conditions while controlling for age and gender. Comparing the mean value claimed in the insurance exercise ($100.000, 00 was the desired value), the participants in the ethical culture condition reported the lowest mean (M = 139.679,48, SD = 42.999,09). The participants in the profits culture condition (M = 148.141,89, SD = 50.976,86) and in the control condition (M= 148.298,82, SD =

46.390,47) reported quite similar values. However, there was no significant difference between the three conditions ($F_{(2, 234)} = 3.18$; $p > .05$, $\eta^2 = .01$).

Afterward, we ran a binary logistic regression to examine the effect of ethical culture on unethical behavior using the insurance claim exercise as a dichotomous variable, controlling for age and gender. Two dummy variables were created: 1) ethical culture and 2) profits culture, both with the control group as the baseline. However, the ethical culture had no significant impact on unethical behavior. Contrary to Hypothesis 1, results suggested that the ethical culture had no significant impact on unethical behavior. Thus, H1 was not supported.

Hypothesis 2a expected the direct effects of explicit (internalization and symbolization dimensions) and implicit moral identity on unethical behavior, while Hypothesis 2b predicted that explicit moral identity would have a higher impact than implicit moral identity on the outcome. We ran a multiple hierarchical linear regression analysis to predict unethical behavior measured as the value claimed in the insurance exercise. Control variables (age and gender) were introduced in the first step, and implicit moral identity,

internalization and symbolization were introduced in step 2. No significant relationships were found. Two binary logistic regression analyses were then performed to evaluate the direct effect of moral identity on the two dichotomous variables (unethical behavior in the insurance claim exercise and the ticket return), controlling for age and gender. For unethical behavior at the insurance claim, there were no significant effects. However, for unethical behavior measured with the ticket return task, internalization of moral identity showed a significant negative association (Exp(B) = .45, Wald = 12.48; $p < .01$). The odds ratio (the Exp(B) value) is less than one, indicating that those with higher internalization of moral identity were less likely than those with lower internalization of moral identity to show unethical behavior. The results are presented in Table 6.2.

Therefore, Hypothesis 2a received weak support since only internalization of explicit moral identity negatively associated with unethical behavior (lottery ticket return). As the internalization of explicit moral identity increases, the odds of acting unethically decreases. We did not find significant effects for symbolization and the implicit assumption of moral identity on unethical behavior. Hypothesis 2b was partially supported, considering that only one dimension of the

explicit moral identity had a significant impact on one of the unethical behavior measures, and we did not find any significant association of the implicit measure with the unethical behavior measures.

Finally, Hypothesis 3 suggested that moral identity would interact with ethical culture to predict unethical behavior. We investigated each model in three stages. The continuous variables forming the interaction term in the analysis were centered to reduce multicollinearity between the interaction term and its components. For the insurance claim task (continuous variable), the multiple hierarchical linear regression analysis showed no significant relationships between the predictors and the criterion variable. Next, we performed a logistic regression analysis considering the dichotomous indicator of unethical behavior in the insurance claim as the dependent variable since we did not expect ethical culture to affect the lottery ticket return. The full model includes ethical culture, moral identity (explicit (internalization and symbolization) and implicit), and the interactions of ethical culture with moral identity (explicit-internalization, explicit-symbolization and implicit). The model significantly improved when included the variables and its interactions ($\chi^2 = 12.30$, $p < .05$) (see Table 6.3).

Table 6.1

Descriptive Statistics and Correlations for Study Variables

Variables	*Mean*	*SD*	*1*	*2*	*3*	*4*	*5*	*6*	*7*
1. Age	26.37	8.71	-	-	-	-	-	-	-
2. Gender (Female = 1, Male = 0)	.76	.42	.04	-	-	-	-	-	-
3. Implicit Moral Identity	.58	.36	.05	.06	-	-	-	-	-
4. Explicit Moral Identity – Internalization	4.37	.72	.01	.18**	.15*	-	-	-	-
5. Explicit Moral Identity – Symbolization	3.49	.76	.17**	.07	-.03	.33**	-	-	-
6. Unethical behavior: Insurance claim task (continuous variable)	145413.08	46789.52	.02	.06	.04	-.02	-.05	-	-
7. Unethical behavior: Insurance claim task (dichotomous variable; unethical = 1, ethical = 0)	.57	.50	-.06	.03	.09	-.09	-.16*	.85**	-
8. Unethical behavior: Lottery ticket return (unethical = 1, ethical = 0)	.40	.49	.23**	.04	.03	-.21**	.06	.12	.07

Note. * $p < .05$, ** $p < .01$.

Table 6.2

Binary Logistic Regression Results of Moral Identity and Unethical Behavior

Variables	Unethical Behavior – Lottery Ticket Return							
	Model 1				Model 2			
	B	SE(*B*)	Wald	Exp(*B*)	*B*	SE(*B*)	Wald	Exp(*B*)
Constant	-2.10	.73	8.31	.12	-2.54	.78	9.98	.09
Age	.05**	.02	10.78	1.06	.05**	.02	9.56	1.05
Gender	.12	.33	.13	1.13	.33	.35	.91	1.39
Explicit Moral Identity - Internalization					-.79**	.22	12.48	.45
Explicit Moral Identity - Symbolization					.32	.21	2.37	1.37
Implicit Moral Identity					.39	.41	.91	1.48
Model χ^2	12.16**				25.81**			
-2 log likelihood	295.73				282.07			
Cox and Snell R^2	.05				.11			
Nagelkerke R^2	.07				14			

Notes. SE = Standard Error. Exp(B) = Odds Ratio.
* $p < .05$, ** $p < 0.01$

Table 6.3

Binary Logistic Regression Results of Moral Identity, Ethical Culture and Interactions on Unethical Behavior

Variables	Unethical Behavior – Insurance Claim Task (dichotomous indicator)											
	Model 1				Model 2				Model 3			
	B	SE(*B*)	Wald	Exp(*B*)	*B*	SE(*B*)	Wald	Exp(*B*)	*B*	SE(*B*)	Wald	Exp(*B*)
Constant	.23	.67	.12	1.26	2.45	1.13	4.74	11.81	2.15	1.76	1.50	8.61
Age	-.01	.01	.70	.99	-.01	.02	.56	.98	-.01	.02	.31	.99
Gender	.24	.31	.59	1.27	.37	.33	1.26	1.44	.33	.34	.96	1.39
Ethical culture cue (base = control group)					-.55	.34	2.66	.58	-.57	.35	2.72	.56
Profits culture cue (base = control group)					-.49	.34	2.10	.61	-.46	.36	1.60	.63
Explicit Moral Identity - Internalization					-.27	.21	1.58	.73	-.90*	.40	5.06	.41
Explicit Moral Identity - Symbolization					-.31	.20	2.49	.73	.38	.37	1.09	1.47
Implicit Moral Identity					.57	.40	2.02	.57	1.35*	.67	4.03	3.84
Internalization x Experimental Condition											4.12	
Internalization - MI by Ethical culture									.49	.56	.77	1.64
Internalization - MI by Profits culture									1.11*	.55	4.08	3.02
Symbolization x Experimental Condition											6.75*	
Symbolization - MI by Ethical culture									-.64	.50	1.65	.53
Symbolization - MI by Profits culture									-1.42**	.55	6.75	.24
Implicit MI by Profits culture									-.20	1.06	.04	.82
Model χ^2	1.24				11.83*				12.31*			
-2 log likelihood	311.95				300.11				287.80			
Cox and Snell R^2	.01				.06				.10			
Nagelkerke R^2	.01				.07				.14			

Notes. MI = Moral Identity. SE = Standard Error. Exp(B) = Odds Ratio. * $p < .05$, ** $p < .01$

There was partial support for H3 since there was only a significant interaction of symbolization of explicit moral identity and ethical culture (in the comparison of profits culture with the control group) while predicting unethical behavior (Exp(B) = .24, Wald = 6.75; $p < .01$). However, ethical culture did not significantly interact with neither explicit-internalization nor implicit moral identity.

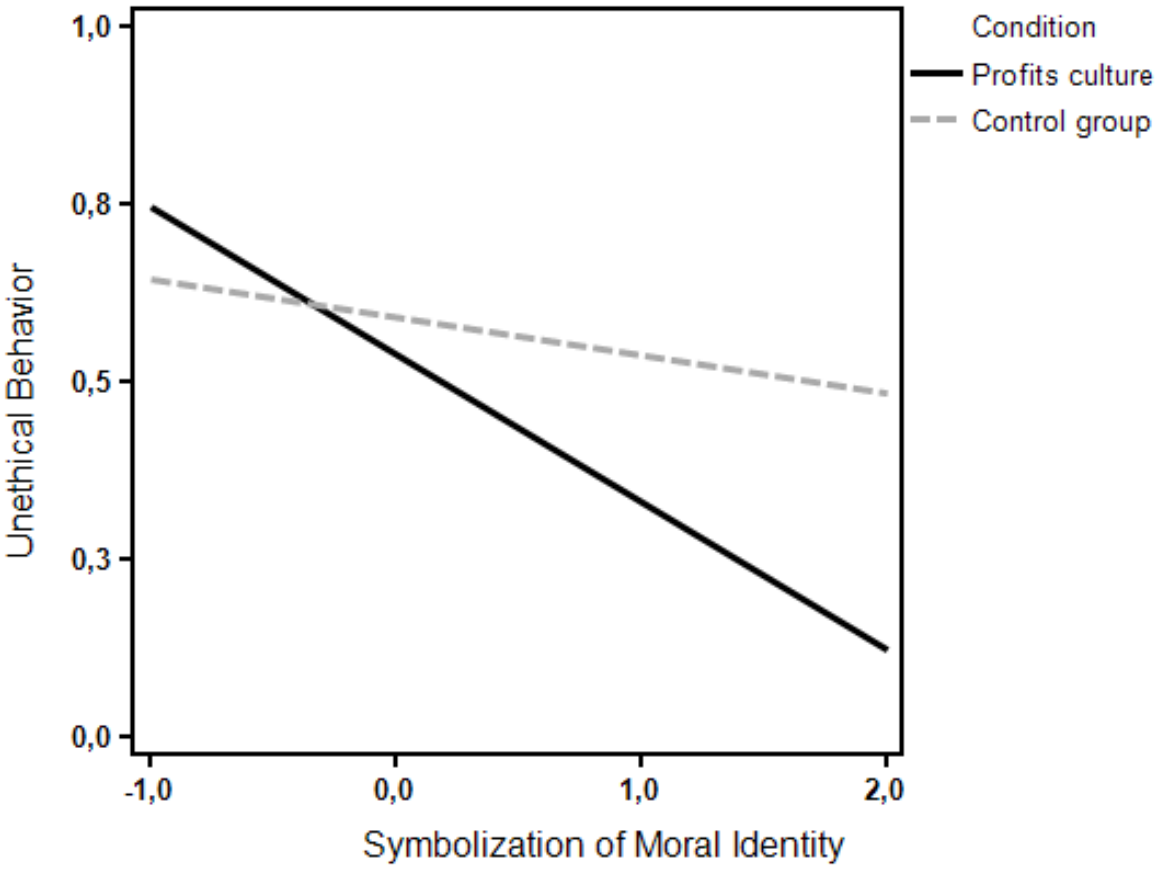
Figure 6.1 shows the interaction between explicit-symbolization of moral identity in the profits culture condition compared to the control group. The negative association between the symbolization of explicit moral identity and unethical behavior becomes stronger in the profit culture condition and weakens under the control condition. Participants with a low symbolization of moral identity were more influenced by the profits culture, showing greater unethical behavior levels. On the other hand, those with a highly symbolized moral identity were less influenced by the context and had a significant decrease in unethical behavior – even in a context that stimulates it.

This result goes in the opposite direction of what we predicted in the hypothesis: we expected that under the control condition, participants would be primarily guided by their moral identity;

however, the findings show that those in the profits condition were more affected by the contextual cue than those in the control group.

Figure 6.1

The interaction of symbolization and profits culture on unethical behavior.



6.5 Discussion and Conclusion

The research contributes to the literature by showing evidence of the interaction between contextual aspects related to ethical culture and moral identity that shape unethical behavior. Studies on ethical culture usually rely on surveys (Kish-Gephart et al., 2010; McLeod et al., 2016) and fail to test the causality of the relationship between contextual and individual factors on unethical actions at work. Thus, this study provides some empirical evidence that moral identity influences individual moral behavior and interacts with organizational culture. The results of the interaction model provided an interesting insight by showing that the contextual cue had a reverse effect on the individual's moral identity. The participants with a high moral identity and who were exposed to a profits culture reinforced them to follow their own moral principles and not the organization's directions. Future research should investigate this interaction deeply to comprehend the causes related to the phenomenon.

In addition, it advances the comparison between the effects of implicit measures and explicit measures of moral identity, showing that explicit measures can interact with contextual factors but that implicit measures cannot. Even though past meta-analysis has already

demonstrated that implicit measures have smaller effect sizes as compared to explicit measures (Hertz & Krettenauer, 2016), it is important to mention that most studies used only explicit measures of moral identity (91.86% of the studies included in the meta-analysis), which makes it difficult to compare. Consequently, this study expands past research on deliberate and automatic factors related to moral self that affect ethical decision making.

The strength of our study includes having a study conducted in a non-WEIRD country in South America. Individuals in cultures that are tight (nations with strong norms and a low tolerance for deviant behavior) or loose (weak norms and high tolerance for deviant behavior) have different psychological profiles (Gelfand, 2012), which may impact how moral identity is conceived. Brazil, for example, is one of the loosest nations (Gelfand et al., 2011), which means that Brazilians have a higher tolerance for unethical behaviors.

In our study, ethical culture did not directly influence unethical behavior. This may have occurred because organizational culture is a complex phenomenon, then it is hard to be simulated in a laboratory context with a subtle cue. In the review made by Treviño et al. (2014), they assert that it is hard to capture the work reality in organizations

using methodologies such as experimental studies. In addition, the type of task using an insurance company may not have the same impact in a culture such as in Brazil. However, it is essential to highlight that past research has used similar methods to make context salient in laboratory settings (Caldwell & Moberg, 2007; Reynolds et al., 2010). Hence, our manipulation may have had a short impact on the outcome also considering that the sample is from a loose country, in which norms are usually not strictly followed as compared to tight nations.

Perugini and Leone (2009) found that explicit measures in morality predicted moral evaluations but were unable to predict actual behavior, while IAT successfully predicted actual immoral behavior. However, the implicit and explicit measures did not have dissimilar effects on unethical behavior measures in our study. Even though in the case of the lottery tickets we used moral temptation (i.e., the participants did not start an unethical act, but were offered a temptation so they could act ethically or not) and not in the others, they were both measuring an actual ethical decision made by the participant, so implicit and explicit moral identity could explain it evenly.

One of our study's limitations was that participants did not win an assured prize after the experiment (e.g., a certain amount of money)

– they only won tickets to compete in a draw. Those lottery tickets may not have been a suitable compensation to behave unethically because the odds of winning an award were low and distant in time. Although this could have weakened the predictions, our studies illustrated significant relationships. Another limitation is the use of the Implicit Association Test (IAT) in psychological studies. IAT has been criticized for not clearing how the construct of interest is translated into observed responses since other confounding factors may contribute to the IAT effects regardless of the construct (Gawronski & Payne, 2010). Even though there are issues related to the contamination of IAT by several variables and different processes, those tests have provided a greater comprehension of human behavior and attitudes in general (Gawronski & Payne, 2010); consequently, research on implicit measures must expand to clarify the phenomenon.

Our research has practical implications for organizations since it suggests that aspects related to a high moral identity seem to be relevant in predicting ethical behavior regardless of the context. This gives managers input to consider, for example, pre-employment integrity screening or others measures on employee selection that could help identify aspects related to their job candidates' moral identity.

Likewise, managers could plan interventions that increase the accessibility of moral identity within their employees' working self-concept, consequently raising their ethical behavior at work.

Future research should seek to replicate this experiment in different cultures and samples to compare its results. In addition, improvements could be made by modifying the contextual cue to be more straightforward and less subtle. Researchers should also investigate the interaction of ethical culture and moral identity with employees in organizations to assess how this phenomenon does happen in the real context.

CHAPTER 7. Which affects most unethical behavior at work? The influence of ethical culture, ethical culture strength and collective moral identity.

7.1 Abstract

Past research suggests that ethical culture and moral identity impact ethical behavior in organizations. However, research has yet to consider if collective moral identity interacts with ethical culture to predict ethical behavior and how ethical culture strength has a role in this relationship. The purpose of this research is to investigate the effect of ethical culture, ethical culture strength, and collective moral identity on unit-level observed unethical behavior and unethical pro-organizational behavior while examining the moderating effects. We test our model with 1942 employees from 96 units of ten Brazilian organizations. Our findings point out ethical culture, and ethical culture strength have a strong effect on unethical behavior, but that collective moral identity has no impact. We discuss implications regarding the influence of collective moral identity on societies where the perception of corruption is high.

Keywords: ethical culture, ethical culture strength, collective moral identity, unethical behavior.

7.2 Introduction

Ethics in the workplace is an important phenomenon that has a critical impact on organizations and societies. Ethical scandals, such as those in business and politics, have called attention to the need to create policies and other mechanisms that can undermine unethical acts. To illustrate, recent projections demonstrated that loss of revenue caused by customs-related corruption costs World Customs Organization (WCO) members at least USD 2 billion in customs revenue each year (OECD, 2017).

In Brazil, investigators found bribery and a bid-rigging scheme involving state-controlled oil giant Petrobras in 2013. They found out that some of Brazil's largest construction and engineering companies paid billions of dollars in bribes over the years to assure lucrative contracts from the Brazilian oil state company (Mauro et al., 2019). However, corruption is not bound to developing countries such as Brazil and also occurs in developed nations. For instance, in the UK, according to a report from the NHS Counter Fraud Authority (NHSCFA), the fraud costs the National Health Service (NHS) £1.27 billion each year (NHS, 2020).

Those examples demonstrate how unethical behavior can have enormous costs for business. From this perspective, researchers have investigated how and why unethical behavior occurs in the workplace and how to reduce it (Mitchell et al., 2020). The behavioral ethics field suggests that unethical behavior is not always due to a deliberate choice but can be caused by a non-rational decision-making process (DeCremer et al., 2020). This approach helps to understand why good and moral people can still act unethically. It claims that the environment and the situation can activate cognitive schemas and automatic processes.

Hence, contextual factors such as ethical culture stand out as crucial because they can play a pivotal role in enhancing or diminishing unethical acts (Mayer, 2014). For instance, countries such as the United States and the United Kingdom have focused on corporate culture as a mechanism to reduce corruption (Filabi & Bulgarella, 2018). Ethical culture is a relevant phenomenon because it gives employees guidelines for the appropriate conduct in that environment.

In line with the organizational culture field, the construct of culture strength can be considered an important variable that can affect moral behavior. It is expected that employees who have consistent

relationships and a consensus on the unit or organization's norms and rules will be more likely to behave consistently with those established norms. Thus, the concept of organizational culture strength could be transposed to be conceived as the within-unit agreement members about ethical values and norms of the organization (González-Romá & Peiró, 2014). We propose the ethical culture strength construct and that it plays a critical role in predicting unethical acts.

Regarding individuals, moral identity has been one of the most studied constructs related to moral behavior (Jennings et al., 2015). The social-cognitive theoretical framework from Bandura (1991) can be used to comprehend moral identity as a cognitive self-schema around a set of moral traits (Aquino & Reed, 2002). Even though it has been traditionally studied at the individual level, research has pointed out that individuals who share the same environment and interact tend to have similar thoughts and actions (Chan, 1998). Thus, we can considerer the existence of a collective moral identity, as has been first proposed by Kuenzi et al. (2020), that represents the extent to which employees in their work unit internalize and symbolize moral traits as central for them.

Considering these constructs, we adopt the social cognitive theory (Bandura, 1986, 1991) as our theoretical lens for understanding how ethical culture, its strength, and collective moral identity can interact to predict unethical behavior. This theory claims a cognitive interactionist perspective to comprehend moral behavior: moral behavior would be regulated by the influence between thought and self-sanctions, conduct, and a set of social influences (Bandura, 1991).

Therefore, the purpose of this study is to test whether ethical culture, ethical culture strength, and collective moral identity impact and interact to predict unit-level observed unethical behavior (OUB) and unethical pro-organizational behavior (UPB). Our study addresses some of the gaps presented by the literature. We want to provide evidence of the mechanisms related to the interaction effect of ethical culture and moral identity. In addition, we explore if unethical pro-organizational behavior can be affected by the ethical culture. Finally, we propose a study at the unit level, which expands previous literature by considering how the sharedness of the evaluated constructs function and influence each other.

This research seeks to contribute to the ethical culture, behavioral ethics, and moral identity literature. First, we contribute to

the ethical culture literature by being among the first researchers to theorize ethical culture strength as a contextual variable in work units and examine how it influences employees' unethical behavior. Ethical culture strength expands the current research on ethical culture by considering the sharedness of ethical norms and the agreement between unit members regarding ethics and its power to affect behavior. For instance, the research on focused climate strength has been done in other contexts, such as safety climate strength (Zohar & Luria, 2005) and leadership climate strength (Schyns & Veldhoven, 2010). However, none has evaluated ethical climate and ethical culture strength.

Second, we expand the behavioral ethics field by testing if ethical culture and collective moral identity interact to predict unethical behavior using the social cognitive framework. Despite the direct impact of ethical culture and individual moral identity on unethical conduct, we assume that ethical culture and its strength could function as cues to activate the self-concept related to moral identity in the work unit.

Third, we test if ethical culture influences unethical pro-organizational behavior (UPB) distinctively from observed unethical

behavior (OUB). Although ethical culture is traditionally negatively associated with unethical behavior (Kaptein, 2011), it can have a less negative effect on unethical pro-organizational behavior since UPB may have positive consequences for the organization.

Fourth, we conduct this study in a developing country (Brazil), considering much of past research has been done in developed countries. This could deliver important insights into how the phenomenon functions in a nation where the perception of corruption is high (Transparency International, 2020)—considering that the level of corruption varies in underdeveloped, developing, and developing countries. This national perception about corruption and ethics can affect how Brazilian companies' employees make sense of ethical culture and share concepts related to their moral identity.

Theoretical background

In our study, we consider two types of unethical behavior: 1) observed unethical behavior (OUB) and 2) unethical pro-organizational behavior (UPB). To define ethical behavior, we adopt Russell et al.' (2017) definition: "*Unethical behavior at work is a behavior that violates a prescribed norm that is based on a code of behavior at work*

that is (a) ascribed to by the relevant organization or professional group, (b) prescribed by relevant regulatory bodies or by statute, or (c) widely endorsed in the society" (p. 254). On the other hand, unethical pro-organizational behavior is also an immoral act, but that is conducted, in part, to benefit the organization (Umphress et al., 2010). However, it is essential to point out that even though employees engage in UPB to help their organization, in the end, it may have damaging results for the organization, for example, in the company's reputation.

Collective moral identity

From a social-cognitive perspective, Aquino and Reed (2002) defined moral identity as a self-concept around a set of moral traits (e.g., honest, caring). Thus, when individuals value moral traits, like being honest, they have a strong moral identity as a central aspect of their self-concept. According to Aquino and Reed (2002), moral identity comprises two dimensions: 1) Internalization (represents the "having" side) – the degree to which those moral traits are central for the self; and 2) Symbolization (represents the "doing" side) – the degree to which the person acts and expresses those moral traits.

Moral identity has been considered an essential antecedent of moral behavior. A meta-analysis has examined the relationship between

moral identity and moral behavior and found a significantly positive association between them (Hertz & Krettenauer, 2016). In 65.3% of studies included in this meta-analysis, the Self-Importance of Moral Identity Questionnaire was used (SMI-Q; Aquino & Reed, 2002), demonstrating the instrument's importance.

Usually, moral identity is considered an individual construct. However, we assume that people who work together share experiences and perceptions about morality, which could explain a shared perception of the centrality of moral traits in a team or work unit. Following Kuenzi et al.'s (2020) proposition, we theorize collective moral identity by the extent to which employees in the work unit internalize and symbolize moral traits as central to their shared unit concept. We also apply a direct consensus composition model, as presented by Chan (1998), to assess collective moral identity using Aquino and Reed's measure.

Individual moral identity has been positively associated with moral behavior because people who consider moral values central to them tend to act more ethically. Thus, we assume that employees with a high collective moral identity will have a shared perception of lower unethical behavior, which leaves us to our first hypothesis.

Hypothesis 1: Collective moral identity will be negatively associated with observed unethical behavior and unethical pro-organizational behavior at the unit level.

Ethical culture

Ethical culture is a subset of the concept of organizational culture and corresponds to the interplay between formal and informal systems that boost ethical behavior or prevent unethical conduct (Treviño & Youngblood, 1990). The Corporate Ethical Virtues (CEV) model from Kaptein (2008) expands previous research on ethical culture by postulating that it is related to the organization's virtuousness. The CEV model claims that the corporate ethical virtues are the conditions for ethical behavior and can promote employees' ethical conduct.

The original ethical virtues proposed by Kaptein (2008) are as follows: 1) Clarity: to what extent ethical expectations are clear and understandable to employees and managers; 2) Congruency of management: the extent to which top management and senior management act according to ethical expectations; 3) Congruency of supervisors: to what extent do the immediate supervisors act in

accordance with ethical expectations; 4) Feasibility: to what extent does the organization provide sufficient equipment, budgets, and autonomy for managers and employees; 5) Supportability: to what extent does the organization support ethical expectations between management and staff; 6) Transparency: to what extent ethical and unethical conduct is visible to responsible managers and officials; 7) Discussability: to what extent managers and employees have the opportunity to discuss ethical issues; and 8) Sanctionability: the extent to which managers and employees believe there are rewards and punishments regarding (un)ethical behaviors (Kaptein, 2008). Kaptein (2008) developed a measure to capture the virtues of the ethical culture in organizations. In this study, the multidimensional CEV model is used to assess ethical culture.

Past research has found that ethical culture is an antecedent for unethical behavior (Kaptein, 2011), occupational well-being (Huhtala et al., 2011, 2016), absence/absence due to illness (Kangas et al., 2017), intention of rotation (Kangas et al., 2016), organizational citizenship (Ruiz-Palomino & Martínez-Cañas, 2014), work engagement and burnout (Huhtala et al., 2015), among others. Moreover, recent research has demonstrated that various teams within an organization can have

different ethical cultures. This construct was relevant to explain outcomes, such as frequency of observed unethical behavior and observed unethical behavior in teams (Cabana & Kaptein, 2019).

Even though ethical culture is a construct that was initially conceived at the organizational level, we can assume the existence of ethical subcultures within an organization, as has been done in the organizational culture literature (Hofstede, 1998). Some past studies have investigated ethical culture at the team level (Kaptein & van Dalen, 2000, Cabana & Kaptein, 2020) or the unit level (Huhtala et al., 2015, Kangas et al., 2017). In this study, we adopt ethical culture as a construct that varies between units and that unit members share similar norms and values about ethics at work.

Members who perceive a more ethical culture in their unit considering aspects such as ethical leaders, fair sanctions, rewards, etc., will tend to see ethical behavior more frequently. On the other hand, units with a shared perception of a weaker ethical culture are more likely to observe other employees' unethical behavior. Thus, considering the effect of ethical culture on unethical behavior, we assert the following hypotheses:

Hypothesis 2a: Ethical culture of the work unit will be negatively associated with observed unethical behavior and unethical pro-organizational behavior at the work unit level.

Hypothesis 2b: Ethical culture of the work unit will have a weaker negative association with unethical pro-organizational behavior compared to observed unethical behavior at the work unit level.

Ethical culture strength

Ethical culture strength is derived from the culture strength and climate strength literature. Traditionally, climate strength has been more studied than culture strength and is represented as an extent of agreement within units on climate perceptions that is related to different attitudinal and behavioral unit-level outcomes (Schneider et al., 2017). From this perspective, the study of focused climates emerged, like ethical climate and safety climate research, and, consequently, focused climate strength.

Even though a strong culture is often characterized as homogeneous, cohesive and where employees' goals are aligned with management goals, it has been criticized that it oversimplifies the

concept (Saffold, 1988). Hence, researchers have come out with different conceptualizations of culture strength; some take only one dimension into account (focusing on alignment or congruence), others consider two (such as agreement and consistency) or three dimensions (like intensity, agreement, and pervasiveness) (González-Romá & Peiró, 2014). Following González-Romá and Peiró's (2014) suggestion, we conceptualize culture strength as "the degree of within-unit agreement about culture elements (e.g., values and normative beliefs)" (p. 525). This definition clarifies the construct meaning in the literature and removes ambiguity by operationalizing it as a single dimension concept.

Considering this definition, we propose the ethical culture strength concept as a focused culture concept such as has been done in the climate literature (e.g., service climate and safety climate). Thus, ethical culture strength represents the agreement within-unit members about ethical values and norms of the organization. We propose that ethical culture strength has a negative association with unethical behavior since units with a higher agreement of ethical norms will have a greater consensus on how to behave when facing moral dilemmas. This indicates the following hypothesis:

Hypothesis 3: The work unit's ethical culture strength will be negatively associated with observed unethical behavior and unethical pro-organizational behavior at the work unit level.

Interaction of moral identity, ethical culture, and its strength

Bandura's social cognitive theoretical framework could explain how aspects related to the individual and the context could interact. The social cognitive theory claims that social aspects have behavioral effects through the psychological mechanisms that operate in the self-system (Bandura, 2001). From this perspective, thoughts are not neutral, the self is socially constituted, and people do not operate only reactively but also proactively (Bandura, 2001).

From this approach, by conceptualizing moral identity as a cognitive self-schema (Aquino & Reed, 2002), situational cues such as those brought by the ethical culture could influence behavior by activating knowledge structures and schemas, including moral identity (Shao et al., 2008), and even collective moral identity. Through the lens of social learning theory (Bandura, 1977), we comprehend that employees learn unethical behavior by observing their leaders' and colleagues' behavior and by noticing the reward and disciplinary

policies for unethical behavior brought by the ethical norms of their units' ethical culture. Thus, it is expected that an ethical culture would impact the relationship between a moral self-construct, such as moral identity, and unethical behavior. The ethical culture has the role of reinforcing the collective moral identity that exists in that group, consequently affecting moral behavior.

Regarding ethical culture strength, even though past research has considered strength as a "main effects" model, it does consider the possible interaction effect it could have (González-Romá & Peiró, 2014). Therefore, besides its main effect on unethical behavior, we propose that ethical culture strength can function as a moderator of the relationship between ethical culture on the relationship between moral identity and unethical behavior. The ethical culture content will influence this relationship, but this impact will be weaker or stronger depending on its within-unit agreement. Suppose there is less agreement between members concerning aspects from the ethical culture. In that case, it is expected that ethical culture will have a weaker influence on the relationship between moral identity and unethical behavior.

Hence, we propose a two-way and three-way interaction with collective moral identity, ethical culture, and ethical culture strength on unethical behavior at work. Taking this into account, we propose the following hypotheses:

Hypothesis 4a: Ethical culture moderates the relationship between collective moral identity and unethical behavior such that the negative effect of collective moral identity on unethical behavior is stronger when units have a higher ethical culture.

Hypothesis 4b: The work unit's ethical culture strength will positively moderate the conditional influence of ethical culture in the relationship between collective moral identity and unethical behavior at the work unit.

7.3 Method

Participants and Procedures

The present study sample consisted of 2208 employees from 116 different units working in ten Brazilian organizations. Due to missing information regarding the respondents' work unit and considering the minimum of three unit members to include in the analysis, the useable dataset was reduced to 1942 employees from 96

units. The average unit size was 16.15 (*SD* =10.83). The largest unit included 48 members, and the smallest unit included three members.

The majority (55 %) of the participants were men and were, on average, 44.8 years old (*SD* = 12.41). Of the total sample, more than 70% had, at least, a university degree. The respondents had been working in the organization for 13.77 years (*SD* = 6.98) on average. Of the ten organizations, three were public institutions, and seven were private. Most units belonged to the three public organizations (72%).

The participants had to fill in an online survey. To reduce the common method variance bias, the questionnaire included different response formats (e.g., reversed scored items, different Likert scales), and anonymity was guaranteed to all participants (Podsakoff et al., 2003). The organizations agreed to participate in this study and were responsible for spreading the survey. All employees from the ten organizations received an invitation to answer the electronic survey. With a return of 2,208 questionnaires, a global response rate of 11.7 percent was achieved. The international ethical guidelines, consistent with the American Psychological Association (APA) guidelines, were followed in this study.

Measures

Ethical Culture. The Brazilian Portuguese version of the Corporate Ethical Virtues Scale (CEV) (Kaptein, 2008) with 36-item from Study 1of this thesis, measuring seven dimensions of ethical culture, was administered. Participants answered to the items (e.g., "My supervisor is honest and reliable") using a six-point response format (1 = Strongly Disagree, 6 = Strongly Agree). The CFA for a seven-factor model of the scale showed an adequate fit (χ^2 = 2757.9, df = 587, RMSEA = .04, CFI = .92, TLI = .92, SRMR = .04).

Moral Identity. We applied the moral identity scale translated and adapted to Brazilian Portuguese (Resende & Porto, 2017) of the Aquino and Reed (2002) measure. This scale displays a set of moral traits (caring, compassionate, fair, friendly, generous, helpful, hardworking, honest, and kind) that may describe a person. The participants had to visualize the kind of person who has these characteristics and imagine how that person would think, feel, and act. Then, they answered nine items within two dimensions – internalization and symbolization – on a Likert scale that ranges from 1 (strongly disagree) to 5 (strongly agree). The internalization dimension had five items (e.g., I strongly desire to have these characteristics), and the symbolization dimensions had four items (e.g., The types of things I do

in my spare time clearly identify me as having these characteristics). The two-factor structure demonstrated a good fit to the data (χ^2 = 155.9, df = 26, RMSEA = .05, CFI = .94, TLI = .91, SRMR = .04).

Unethical Behavior at Work. To assess unethical behavior at work, we administered two scales. The first one was the Observed Unethical Behavior in Organizations Scale (MacLean et al., 2015; adapted from Treviño & Weaver, 2001) with seven items (e.g., "Calling in sick just to take a day off"). Respondents were asked how often they observed other employees from their company performing a list of unethical behaviors on a frequency scale of 1 (Never) to 5 (Very frequent). The original scale had eight items, but one item was removed from the scale ("Dragging out work to get overtime"), because most of employees in public organizations in Brazil are not entitled to overtime pay. The one-factor structure demonstrated an adequate fit to the data (χ^2 = 149.59, df = 13, RMSEA = .08, CFI = .94, TLI = .91, SRMR = .03).

The second was the Unethical Pro-Organizational Behavior Scale (Umphress et al., 2010) with six items. Participants had to indicate the degree of agreement with a set of statements about other employees behaving unethically to help the organization in an

agreement scale from 1 (totally disagree) to 7 (totally agree). An example item is: “If it would help the organization, other employees would misrepresent the truth to make the organization look good.” The referent was changed from “I” to “Other employees” in order to reduce social desirability bias. The unifactorial structure of the scale showed an adequate fit (χ^2 = 76.42, df = 9, RMSEA = .07, CFI = .97, TLI = .94, SRMR = .02).

Reliability coefficients of the measures used in this study are presented in Table 7.1 and were adequate.

Control variables. We controlled for the organization that the unit belonged, unit size, and tenure (measured by the organization's number of years). Since data was collected in units from different organizations, it was important to control the impact of belonging to each organization. Past research has shown the impact of group size and tenure, since larger groups are expected to think in a more heterogeneous way than smaller ones (Jehn, 1995), and members with longer time in the organization to be more embedded in the culture (Jehn et al., 1999), which may affect behavior.

Data aggregation

Since the study model was performed at the unit level and the data were collected at the individual level, we investigated whether it was appropriate to aggregate the variables to obtain unit scores. First, we computed the intraclass correlation coefficients (ICC) to determine the proportion of total variance due to the unit level. The ICC values higher than .05 indicate that between-group variance and values lower than .05 indicate that there may be little value in conducting multilevel modeling (Bliese, 2000). The aggregation coefficients and indices obtained are shown in Table 7.1. The ICC values for all the variables were higher than .05 in this study; thus, there was sufficient between-group variance.

Next, we estimated within-unit agreement by calculating the r_{wg} statistics (George & James, 1993) and by means of the Average Deviation Index (ADI; Burke et al., 1999). The criterion for AD was computed as c/6 (where c is the number of response categories in the response scale). For variables with five categories on the response scale (moral identity and OUB), the AD has to be below .83. For variables with six categories (ethical culture), the AD has to be below 1, and for the one with seven categories (UPB), the AD has to be below 1.16. For the r_{wg} index, the .70 cut point has been a traditional criterion. However,

some authors have argued that it dichotomizes agreement and that this cut-off point may be too high (Lebreton & Senter, 2008). Thus, they suggest that r_{wg} values between .51 and .70 can be accepted as the existence of a moderate agreement (Lebreton & Senter, 2008).

Table 7. 1
Intraclass Correlation Coefficients, Within-Team Agreement Indices and Reliability Coefficients.

Variables	ICC	r_{wg}	AD_{md}	α
Observed Unethical Behavior	.19	.71	.56	.83
Unethical Pro-Organizational Behavior	.19	.70	.99	.88
Moral Identity				
Internalization	.15	.80	.36	.71
Symbolization	.15	.73	.12	.81
Ethical Culture				
Clarity	.12	.80	.65	.90
Congruency of Supervisors	.12	.75	.96	.92
Discussability	.18	.56	1.01	.93
Sanctionability	.23	.23	1.23	.90
Feasibility	.59	.51	1.03	.81
Supportability	.23	.51	1.08	.89
Transparency	.07	.56	1.02	.82

α = Crohnbach's alpha
* $p < .05$; ** $p < .01$

The variables related to unethical behavior and moral identity had a r_{wg} higher than .70, and the AD was below the maximum value.

Regarding ethical culture, all the dimensions had a r_{wg} above .51(except for the sanctionability dimension), demonstrating a moderate agreement. The AD criterion was met only for the clarity and congruency of supervisor dimensions. However, as we are also interested in the ethical culture's strength, we suppose it would be important to have more variability in this variable. Thus, we decided to consider all the dimensions that met the r_{wg} cut-off point of .51 and eliminated from the subsequent analysis the sanctionability dimension for not achieving any of the within-unit agreement statistics.

As shown in Table 7.1, different dimensions of ethical culture were shared within the work units: 7–60% of the total variance was explained by unit homogeneity. These results provide evidence of agreement within units for all the variables, except for ethical culture's sanctionability dimension.

Data analysis

To model the relations between collective moral identity, ethical culture, and ethical culture strength, we employed the AMOS 21.0 structural equation modeling software (Arbuckle, 2012) using maximum likelihood estimation since we had a multivariate normal data and a reasonable sample size. We ran separated models to test our

hypotheses of the impact of ethical culture, ethical culture strength, and collective moral identity on our dependent variables (OUB and UPB).

To assess model fit, we chose to use indexes in addition to the chi-square statistic due to the influence of sample size on the chi-square statistic. Thus, we evaluated the root mean square error of approximation (RMSEA), the comparative fit index (CFI), the Tucker-Lewis index (TLI), and the standardized root mean square residual (SRMR).

For RMSEA, values below .05 are considered excellent fit, values between .05 and .08 are considered good fit, and values higher than .10 indicate a poor fit (Hu & Bentler, 1999; MacCallum et al., 1996). For CFI, values above .95 and .90 are considered excellent and adequate fit, respectively (Hu & Bentler, 1999). For TLI, values near 1.0 indicate good fit, and it is conventional to use a threshold value of .90 as an indication of good model fit (Hox & Bechger, 1998). For SRMR, a value of zero indicates perfect fit, and a value of <.08 is generally considered a good fit (Hu & Bentler, 1999).

7.4 Results

Descriptive statistics and correlation coefficients for all the variables are presented in Table 7.2. Collective moral identity was not

significantly correlated with unethical behavior. On the other hand, ethical culture and ethical culture strength were strongly negatively related to unethical behavior.

H1 hypothesized that collective moral identity would be negatively associated with both measures of unethical behavior. However, the results showed no statistically significant associations between the collective moral identity and both unethical behavior measures. Thus, H1 was not supported.

H2a hypothesized that ethical culture would be negatively associated with unethical behavior and H2b that the effect would be weaker on UPB. Table 7.2 shows negative, statistically significant correlations between both measures of unethical behavior and the dimensions of ethical culture ($p < .01$), except for the feasibility dimension. For the measurement model, the latent factor of shared perceptions of ethical culture was represented by the six ethical dimensions representing the unit's ethical culture. The standardized factor loadings ranged from .31 to .88 (see Figure 7.1), which indicates a reasonable construct validity of the CEV model. The results of the structural equation model presented in Figure 7.1 showed that shared perceptions of ethical culture among members of the work units were

significantly related to lower shared perception of observed unethical behavior and unethical pro-organizational behavior. The model had a reasonable fit ($\chi 2(17) = 28.93$, $p = .04$; CFI = .97; SRMR = .04; RMSEA = .08). Thus, H2a was supported. The model showed that ethical culture had a weaker impact on UPB compared to OUB, which gives support to H2b.

Table 7.2

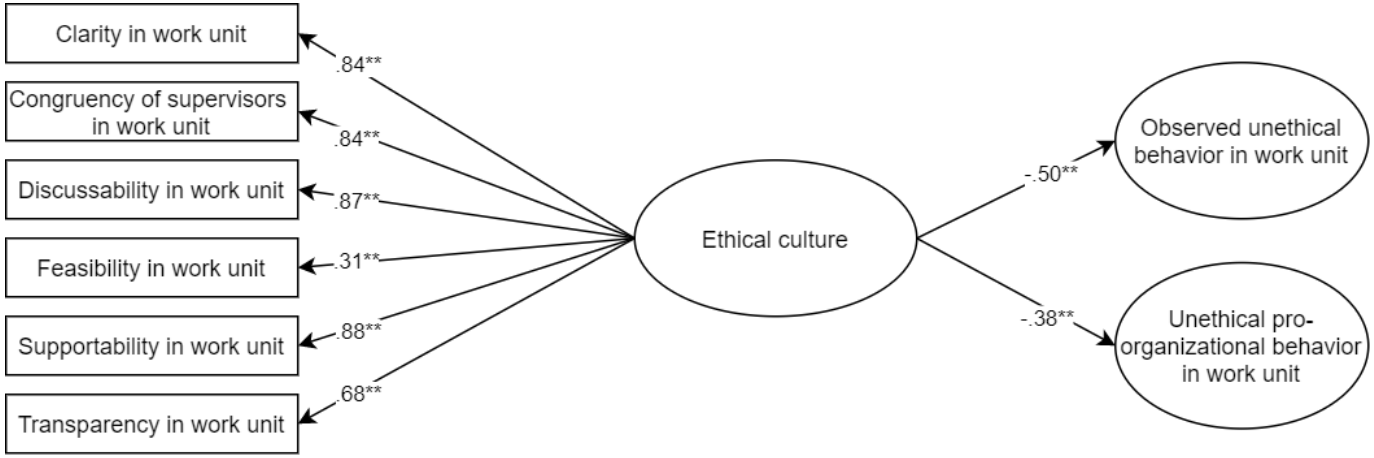
Descriptive Statistics and Correlations for Study Variables

Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1. Unit size	16.14	16.14																			
2. Tenure	13.77	6.98	-.04																		
3. Unethical Pro-Organizational Behavior	2.06	.55	.03	-.04																	
4. Observed Unethical Behavior	1.92	.27	-.20	.05	.45**																
5. Internalization of Collective Moral Identity	4.61	.23	.14	-.01	-.18	-.18															
6. Symbolization of Collective Moral Identity	3.91	.34	.10	.07	-.15	-.15	.15														
7. Clarity	5.13	.45	.02	.02	-.31**	-.32**	.07	.15													
8. Congruency of Supervisors	4.63	.56	.09	-.27**	-.37**	-.50**	.10	.28**	.71**												
9. Discussability	4.19	.62	.06	.08	-.40**	-.44**	.15	.23**	.78**	.72**											
10. Feasibility	3.66	.88	-.01	-.49**	.04	-.15	-.04	.01	.10	.29**	.23*										
11. Supportability	3.99	.72	.14	-.07	-.34**	-.49**	.09	.27**	.74**	.74**	.76**	.26*									
12. Transparency	4.36	.50	-.03	-.15	-.47**	-.25*	.03	.22*	.54**	.57**	.59**	.31**	.63**								
13. Sanctionability	3.86	.69	.13	-.03	-.46**	-.46**	.18	.35**	.71**	.76**	.85**	.27**	.85**	.65**							
14. Clarity Strength	-.65	.32	-.11	-.01	-.25*	-.27**	.02	.02	.92**	.66**	.71**	.18	.64**	.50**	.63**						
15. Congruency of Supervisors Strength	-.93	.34	-.09	-.26*	-.23*	-.41**	-.03	.12	.58**	.76**	.56**	.29**	.50**	.45**	.52**	.68**					
16. Discussability Strength	-1.07	.28	-.19	-.16	-.29**	-.26*	.01	-.04	.42**	.43**	.58**	.29**	.30**	.41**	.41**	.59**	.69**				
17. Feasibility Strength	-1.06	.30	-.28**	-.36**	-.12	-.07	.01	-.07	.29**	.33**	.33**	.49**	.24**	.21*	.25**	.43**	.51**	.58**			
19. Supportability Strength	-1.04	.29	-.18	-.21*	-.15	-.33**	.05	.01	.52**	.48**	.51**	.25*	.57**	.42**	.47**	.66**	.63**	.63**	.57**		
19. Transparency Strength	-.98	.27	-.17	-.04	-.29**	-.25*	-.08	-.08	.38**	.33**	.48**	.20	.33**	.63**	.38**	.48**	.53**	.61**	.32**	.50**	
20. Sanctionability Strength	-1.19	.27	-.16	-.22*	-.17	-.17	.06	-.04	.37**	.40**	.46**	.29**	.31**	.39**	.38**	.51**	.61**	.83**	.53**	.64**	.49**

Note. * $p < .05$, ** $p < .01$.

Figure 7.1

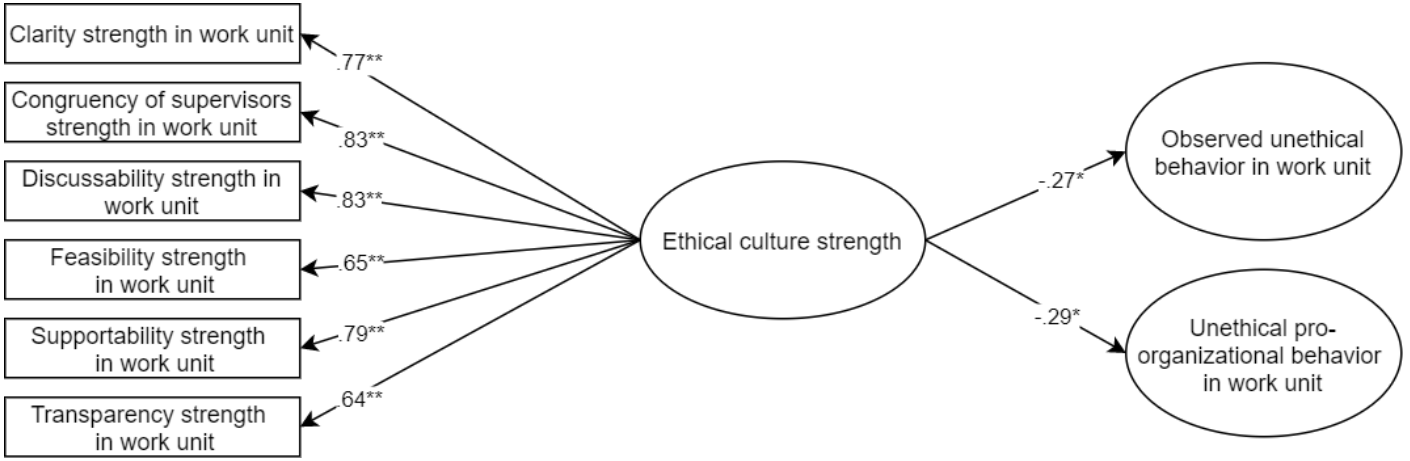
Structural equation model for the effect of ethical culture on unethical behavior.



Notes. Standardized estimates are shown. Model fit: $\chi^2(17) = 28.93$, $p = .04$; CFI = .97; SRMR = .04; RMSEA = .08 [90% CI= .02, .18; p-close = .13].

Figure 7.2

Structural equation model for the effect of ethical culture strength on unethical behavior.



Notes. Standardized estimates are shown. Model fit: $\chi^2(17) = 23.89$, $p = .12$; CFI = .98; SRMR = .04; RMSEA = .06 [90% CI= .00, .12; p-close = .31].

The third hypothesis was that ethical culture strength would be negatively associated with unethical behavior. In Table 7.2, some of the dimensions of ethical culture strength are significantly negatively associated with unethical behavior. As done in the ethical culture variable, ethical culture strength was represented by the six strength dimensions that represent the unit's ethical culture strength. Figure 7.2 shows the standardized factor loadings that ranged from .65 to .83, which demonstrates an adequate construct validity of the model. The structural equation model results for ethical culture strength (see Figure 7.2) showed that ethical culture strength among members of the work units was also significantly related to lower shared perception of observed unethical behavior and lower shared perception of unethical pro-organizational behavior. The model showed a good fit ($\chi 2(17) = 23.89$, $p = .12$; CFI = .98; SRMR = .04; RMSEA = .06). Thus, H3 was supported.

The final hypotheses (H4a and H4b) predicted the full model, in which there would be a two-way interaction between ethical culture and collective moral identity on predicting unethical behavior and a three-way interaction including ethical culture strength in the previous relation. However, since collective moral identity was not a significant

predictor of the dependent variables, the interaction models were also non-significant. Hence, H4a and H4b were rejected.

7.5 Discussion

This study's main purpose was to investigate the contribution of ethical culture, ethical culture strength, and collective moral identity impact to predict unit-level OUB and UPB while examining the moderating effects of ethical culture and its strength.

Our study results suggest that ethical culture content and ethical culture strength have a strong and direct impact on OUB and UPB. Moreover, it shows that ethical culture has a weaker effect on UPB, considering that this kind of unethical behavior may have more ambiguous consequences (such as benefiting the organization). However, we did not find a significant association of collective moral identity with unethical behavior, nor the two-way and three-way interactions were significant in the model.

Even though there is empirical evidence of the robust impact of moral identity on moral behavior (Hertz & Krettenauer, 2016), we could not find this effect in our study. The research on moral hypocrisy can explain this, which means appearing moral to others while avoiding

the cost of actually being moral (Batson et al., 1999, 2002). In a series of studies conducted by Batson et al. (1999), they found out that moral hypocrisy motive exists and is powerful and pervasive. Later, Batson et al. (2002) investigated if this powerfulness of moral hypocrisy could have alternative explanations; however, they did not find evidence for it and confirmed the existence of the moral hypocrisy phenomenon. Those studies on moral hypocrisy suggest that moral identity is not sufficient to cause moral motivation and can be even too weak to really impact ethical behavior (Hertz & Krettenauer, 2016).

Additionally, we must consider the cultural context where this data was collected. Brazil has a phenomenon known as the Brazilian *jeitinho*, which refers to a social mechanism used by Brazilian citizens to deal with difficult situations that arise in daily life and for troubleshooting (Duarte 2006a, 2006b), and was historically built-in society since the colonization of Brazil by the Portuguese (Barbosa, 1992). This concept has been more strongly associated with corruption and inappropriate behavior at work (Smith, 2008). The Brazilian *jeitinho* is associated with the breakdown of social norms, yet it is still perceived as a valid strategy to solve problems and deal with bureaucracy (Pilati et al., 2011). Moreover, Brazil is a country where

the perception of corruption is very high, occupying the 106th position in the global ranking of 180 countries (Transparency International, 2020). Therefore, considering the Brazilian context, moral hypocrisy could easily emerge. This finding indicates that people claim to have a moral identity, but it does not truly drive their moral behavior. This phenomenon may explain corruption's pervasiveness in different countries and should be replicated in other countries with a high perception of corruption.

Our research makes several notable contributions. First, we contribute to the ethical culture literature by introducing the concept of ethical culture strength and showing that it has a significant negative effect on unethical behavior. Second, we demonstrate that ethical culture has a significant association with unethical pro-organizational behavior, even though it has a weaker effect.

We also contribute to the literature by demonstrating that moral identity may not always be a good predictor for ethical behavior - this effect may vary depending on the context. Past research has found out that collective moral identity was able to moderate the relationship between ethical organizational climate and unethical behavior in organizations (Kuenzi et al., 2020). However, we were not able to find

this result in our study. Since moral identity is not a significant predictor, it is evident that ethical culture and its strength will not show a significant interaction to predict unethical behavior. This means that future research should seek other individual difference concepts that could interact and explain ethical behavior at the workplace.

Our findings also indicate that groups within units develop a common understanding of shared norms and traits, such as ethical culture and moral identity, affecting the group's behavior. We also contribute by bringing comprehension of the phenomenon in a non-WEIRD (Western, Educated, Industrialized, Rich, and Democratic) sample, and where the perception of corruption is large and spread among the society.

Regarding practical implications, our research highlights the potential effect of ethical culture on unethical behavior. Frequently, attention is given to the so called “bad apples” disregarding the organizational context's powerful effects. Hence, our research points out that organizations that invest in ethical norms and values can positively affect the company. The CEV model proposed by Kaptein (2008) helps managers' intervention by clearly specifying the aspects that can enhance ethical behavior and prevent unethical acts. Moreover,

we assume that, besides the organizational ethical culture, there are ethical subcultures in different teams or work units that expand the comprehension of how the environment affects the workplace.

Despite our research contributions, we point out some limitations that would provide valuable opportunities for future research. The first limitation is that the data is cross-sectional, which unviable causal inferences of the model. Future research could benefit by measuring the effect of ethical culture using a longitudinal design. Second, all the measures used in this study were self-reported surveys, which have issues related to common method bias (Podsakoff et al., 2003). Despite the effort to reduce this bias, future research could improve by collecting data with different sources or collecting raw data such as the number of hotline reports. Third, we measured only moral identity using the classic self-report scale from Aquino and Reed (2002). It would be fruitful to assess other moral self-constructs (e.g., moral emotions, moral judgment disposition, etc.) that might have a stronger impact on unethical behavior, possibly interacting with contextual factors.

Regardless of these limitations, this study provides a clear contribution to our understanding of ethical culture on unethical

behavior (OUB and UPB). It highlights that contextual factors, such as ethical culture and its strength, are more relevant to comprehend ethical behavior than collective moral identity. It advances the field by demonstrating the effect of ethical culture on unethical pro-organizational behavior. Finally, considering that only three studies from 132 on organizational ethics research were conducted in South America (McLeod et al., 2016), this study advances the literature by assessing the phenomenon in a Latin American country, where the perception of corruption is high.

CHAPTER 8. GENERAL DISCUSSION AND CONCLUSIONS

In the introductory chapters and in the three articles presented in this thesis, the studies' underlying concepts and their results have been commented on in detail. This last chapter integrates the most critical findings, points out main theoretical and practical implications, highlights the research limitations, provides the guidelines for new research questions, and presents the overall conclusions.

The study of organizational ethics, ethical culture, and moral identity have long and broad histories in psychology. However, combining these perspectives by explicitly examining the relationships between ethical culture and moral identity has not been done before. Thus, we became interested in the interactive effect of ethical culture, ethical culture strength, and moral identity on unethical behavior at work.

We found out major gaps in the literature that our research aims to fill: the need to improve the Corporate Ethical Virtues scale (CEV; Kaptein, 2008) to a referent-shift model, the lack of validity evidence of the ethical culture measure to the Brazilian context, the need to statistically show that ethical culture is a distinct variable from ethical climate, verify the existence of an interaction effect between moral identity and ethical culture on the prediction of unethical behavior,

determine the role of ethical culture on unethical behavior at work, propose the concept of ethical culture strength, demonstrate the moderating effect of ethical culture and its strength, and expand the actual knowledge by implementing multi-method research.

Hence, the general objective of this thesis was to examine the effect of moral identity (individual and collective), ethical culture, and ethical culture strength on unethical behavior in organizations. This general objective unfolded into three specific objectives: 1) adapt the CEV Scale that measures ethical culture to a referent-shift model, provide validity evidence for a Brazilian Portuguese version of the CEV Scale, and test its distinctiveness from ethical climate measures; 2) examine whether moral identity interacts with ethical culture to predict unethical behavior at work and if implicit and explicit moral identity affect unethical behavior distinctively in an experimental study; and 3) investigate the effect of ethical culture, ethical culture strength and collective moral identity on unit-level observed unethical behavior and unethical pro-organizational behavior, while examining the moderating effects.

To reach the abovementioned objectives, we carried out three studies with different samples in Brazil. We summarize the main findings within each of our studies below.

8.1 Main findings

The first step towards investigating ethical culture as an antecedent of unethical behavior was to demonstrate validity evidence of the Corporate Ethical Virtues Scale (Kaptein, 2008) in the Brazilian context, so that operationalizing ethical culture would provide reliable results. We adapted the CEV Scale to a referent-shift model and did the translation and adaptation of the scale. We also provided validity evidence for a Brazilian Portuguese version of the Corporate Ethical Virtues (CEV) Scale (Kaptein, 2008). We examined the distinctiveness of the CEV Scale (measuring ethical culture) from ethical climate measures.

We came up with a final version of the adapted CEV Scale of 36 items within seven dimensions (clarity, congruency of supervisors, feasibility, supportability, transparency, discussability, and sanctionability). Cronbach's alpha coefficient ranged from 0.76 to 0.94, and the omega coefficient ranged from .79 to .92. The solution with

seven factors explained a total variance of 67.1%. The second-order factor solution with seven correlated dimensions showed the best fit. Thus, the results showed that ethical culture can be studied as a general construct with the seven dimensions forming a higher-order factor comprising the overall ethical culture.

Moreover, the results showed evidence for the distinctiveness of the CEV Scale from two ethical climate measures. We also tested measurement invariance (considering public vs. private organizations) and found evidence that the measure was invariant. The results supported both the validity evidence based in internal structure (using exploratory and confirmatory factor analysis and measurement invariance analysis) and the validity evidence based on relations to other variables (convergent and discriminant validity evidence). Therefore, the 36-item adapted version of the CEV scale can be used reliably in Brazilian organizations and organizations from other Portuguese-speaking countries.

The second study consisted of an experiment to predict whether moral identity interacts with ethical culture to predict unethical behavior at work and if implicit and explicit moral identity affects unethical behavior distinctively. Moral identity was assessed through

an explicit (self-report scale) and an implicit measure (IAT). It is important to remind that this study was done in a laboratory setting and that the sample was composed of undergraduate and graduate students. In this study, we wanted to evaluate if the manipulation of an ethical culture would be capable of explaining unethical behavior in a highly controlled environment. This approach would provide more internal validity to the research and a possibility to verify a cause-effect relationship.

The results showed that the manipulation of ethical culture was not able to predict unethical behavior. Concerning moral identity, only internalization of explicit moral identity had a significant negative association with unethical behavior. The implicit measure had no significant association with the dependent variable. Finally, the moderation process was evaluated. We found a significant interaction of symbolization of explicit moral identity and ethical culture (in the comparison of profits culture with the control group) while predicting unethical behavior. Ethical culture did not significantly interact neither with explicit moral identity - internalization nor with implicit moral identity.

Hence, this study provides empirical evidence that moral identity can slightly affect individual ethical behavior and that it has the potential to interact with organizational culture. However, the manipulation of organizational culture had no direct influence on the outcome. This lack of effect might have happened since ethical culture is a complex phenomenon that is hard to be simulated in a laboratory context with a subtle cue. This result gives an input to the need to assess this effect on the organizational context because we are dealing with complex organizational phenomena.

Finally, the third study's contribution was examining ethical culture and its strength as moderators for the relationship between collective moral identity and unethical behavior at work, namely observed unethical behavior (OUB) and unethical pro-organizational behavior (UPB). In this research, the concept of ethical culture strength was introduced, which was associated with ethical behavior. This study was conducted with real employees in different Brazilian organizations – a country known for its high corruption perception.

All the variables in this study were evaluated at the unit level, and data aggregation corroborated the existence of a shared perception of moral identity, ethical culture, ethical culture strength, and unethical

behavior (OUB and UPB). The findings of this research showed that ethical culture and ethical culture strength were significant predictors of OUB and UPB, with a higher association with the OUB variable. On the other hand, collective moral identity was not significantly associated with both unethical behavior measures and neither interacted with ethical culture. We infer that collective moral identity did not predict unethical behavior because of the existence of a phenomenon known as moral hypocrisy, which means appearing moral to others while avoiding the cost of actually being moral (Batson et al., 1999, 2002). Considering that Brazil is a nation where corruption is highly endorsed, moral hypocrisy could quickly emerge, explaining why moral identity does not influence unethical behavior.

8.2 Theoretical Implications

In this section, we integrate how our three studies' findings help to move organizational ethics research further by filling research gaps and clarifying some inconsistencies and uncertainty within the literature.

The main strength of the present research was our reliance on a multi-method approach in order to address both internal and external

validity. That is, in Study 2, we employed an experimental design to draw causal conclusions about the effect of moral identity and ethical culture on ethical behavior. Further, Studies 1 and 3 allowed us to test our predictions in organizations with employee samples.

Another strength was its integration of ethical culture with the moral identity literature. The theoretical implications identified have to do with the importance of considering ethical culture and ethical culture strength to predicting not only the traditional self-report unethical behavior but also unethical pro-organizational behavior and actual behavior with the implementation of different research designs (experiment and survey).

We provided a reliable measure of ethical culture in a Brazilian Portuguese version by reducing inconsistencies and maintaining a multidimensional factor structure. We demonstrated evidence of its measurement invariance and that it is distinct from ethical climate measures.

The traditional proposal by Kurt Lewin states that human behavior is the result of the interaction between personal and situational factors; thus, ethical behavior is also a product of this interaction. As have been presented in reviews and meta-analyses in the field (de

Cremer & Moore, 2020; Kish-Gephart et al., 2010; Treviño et al., 2014), many individual and contextual factors can influence the occurrence of ethical behavior. Even though moral identity has been one of the most studied individual antecedents of ethical behavior (Jennings et al., 2015), it has never been examined if it could interact with ethical culture.

This research also considered both individual and work unit levels when studying the associations between ethical culture and moral identity. In Study 2, we evaluated all variables at the individual level, and in Study 3, we assessed them at the unit level. By doing so, this thesis was able to generate new information about the shared nature of moral identity, ethical culture, and unethical behavior. This thesis also utilized a mixed-method approach by testing the research model with different designs: an experiment with students (Study 2) and a survey with employees representing both public and private sector organizations (Study 3).

Moreover, the three studies were conducted in Brazil, which advances the field by investigating if traditional ethical variables have the same functioning in a non-WEIRD nation. It is important to notice that the traditional research usually takes place in WEIRD societies and

countries with low levels of corruption perception (McLeod et al., 2016). For instance, even though moral identity has been a powerful antecedent of moral behavior in past research (Hertz & Krettenauer, 2016; Shao et al., 2008), we found out in our studies that it has a weak or null influence on ethical behavior. We suppose this might have occurred due to the Brazilian context, where the phenomenon of moral hypocrisy (appearing moral to others while avoiding the cost of actually being moral) could easily emerge.

We are aware of the lack of significant results in our two studies that tested the primary research model. However, it is important to point out that the report of non-significant results is extremely important to improve science (Mehler et al., 2019). To suppress non-significant findings is a practice that should be avoided by researchers because it creates a distorted reality of the phenomenon. The revelation of the absence of an effect can guide a pervasive revision of previous research and previous findings (Fidler et al., 2018). Therefore, by providing non-significant results in the organizational psychology field, we contribute with interesting inputs that may be considered in future studies.

8.3 Practical Implications

Firstly, one clear practical use of this research is the multidimensional Corporate Ethical Virtues (CEV) scale, which can be applied to assess ethical culture in organizations. By having been translated into Brazilian Portuguese and validated in different organizational settings, this scale provides managers, human resources departments, and consultants a practical tool to examine and evaluate ethical culture in their organizations. The measure can be used to diagnose the ethical environment that provides inputs for the design of interventions or ethics programs.

Secondly, this research also sheds new light on the consequences of a strong ethical culture and its impact on ethical behavior. Even though we found a weak effect of moral identity on unethical behavior in Study 2, our main contribution comes from Study 3 that highlights the importance of the ethical culture. Our study found that the strengthening of the organization's ethical culture is associated with lower unethical behavior (both observed unethical behavior and unethical pro-organizational behavior).

Therefore, those results call attention to the importance of the organizational context to prevent unethical acts. Managers should examine and intercede in the ethical dimensions that need to be

improved. For example, managers could include an ethical criterion on the selection of new leaders in their organizations.

8.4 Limitations and avenues for future research

In this section, we will make a general comment on the most relevant limitations of this doctoral thesis, as well as the recommendations for future studies derived from them.

First, the three studies were based on cross-sectional data, which raises concerns about maintaining the relationships for a long time. Moreover, two studies were based on cross-sectional and self-reported data, preventing causal inferences between ethical culture, collective moral identity, and unethical behavior. However, it is important to point out that the second study had an experimental design that overcomes this causality issue but that fails to capture the organizational culture phenomena' complexity. Thus, we highly recommend using longitudinal designs to investigate changes and stability of ethical culture and ethical culture strength and how it relates to unethical behavior.

We are also aware of the common method bias (Podsakoff et al., 2003) presented in our studies. Even though we used only reliable

instruments and took precautions, part of the observed covariation between the investigated constructs may be related to the shared method of measurement. Hence, we suggest using multiple source data in organizations to examine ethical culture and ethical behavior to reduce the common method bias and improve previous studies that have mainly used self-reported data. It is also important to highlight that this bias was not present in Study 2 since unethical behavior was not assessed by self-report. Moreover, in the UPB and OUB scales, the participants had to evaluate their colleagues, reducing the self-report bias.

Another limitation is that the social desirability bias may have affected the results since ethics is a sensitive topic for research. This means that participants may have provided more positive responses to moral identity, ethical culture, or ethical behavior than they actually are just to please the researcher. On the other hand, we tried to avoid social desirability by measuring implicit moral identity with an IAT in Study 2 and asking them to evaluate their colleagues instead of themselves in the scale of unethical behavior in Study 3. Thus, we suggest that the instruments on ethics should be improved with a language and technique that avoid this bias.

Finally, although the samples used in this research were collected in a non-WEIRD country represented by an extensive range of private and public sector employees, the results cannot be generalized to other contexts nor other countries. Therefore, we encourage that future studies should seek to find empirical evidence of these relationships in other contexts and examine issues related to cross-cultural differences.

8.5 Conclusions

Here we present the most prominent conclusions that can be made from the present thesis.

1. The Brazilian Portuguese version of the Corporate Ethical Virtues (CEV) questionnaire is a reliable measure used to assess ethical culture in Brazilian organizations (Study 1).
2. The Corporate Ethical Virtues (CEV) scale assesses distinct constructs from ethical climate scales (Study 1).
3. The explicit measure of moral identity could interact with a contextual factor (ethical culture), but the implicit measure (moral self IAT) was not able to interact with it (Study 2).

4. Moral identity (individual and collective) has a weak influence on unethical behavior in the Brazilian context (Studies 2 and 3).
5. There is no strong evidence of an interaction between moral identity and ethical culture on unethical behavior prediction (Studies 2 and 3).
6. Collective moral identity and unethical behavior can be conceptualized at the unit level as a shared phenomenon (Study 3).
7. This thesis introduces the concept of ethical culture strength and provides evidence of it (Study 3).
8. This research highlighted the importance of ethical culture and its strength in improving ethical behavior and preventing unethical acts (Study 3).

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