The Stressful Business of Corruption: the Relationship Between Social Identity Threat, Stress and Corrupt Group Behaviour

Submitted by Ketaki Ghosh Porkess to the University of Exeter as a thesis for the degree of Doctor of Philosophy in Management, March 2011.

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Ketaki Porkess

Acknowledgements

It is with complicated feelings of relief, achievement and nostalgia that I write this, the final two pages, of a rather long document. Although officially I have been on this journey for over six years, I think in my mind I started on it long before that. So, it will definitely be the passing of an era for me, a time that has ended in reaching a long-term academic and professional goal, and during which I have also developed personally. My friends and family will tell you that I like to get things done quickly and move on. So to enter into, and emerge from, a long-term commitment unscathed (I think) has been very good discipline for me. Needless to say, I could not have done this on my own. The list of people I am grateful to is long. So, where do I start?

Contrary to the words of the well-known lyrics, “Let’s start at the very beginning”, I will begin at the end. The final stages of the research saw several meetings (both face-to-face and cyberspace) with my supervisors, Professor Jonathan Schroeder and Professor Alex Haslam. Each meeting was followed by late night sessions at my computer and further hours at the kitchen table with papers strewn across it and myself bending over diagrams in despair. Visuals and graphics are not my forte. Alex’s style with his precise and direct comments very well complemented Jonathan’s who made more generic suggestions such as, “You might consider …”. I am grateful to them both for their insightful guidance. I would also like to thank Alex and Majella O'Leary for making it possible for me to run the studies during their own classroom sessions.

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Finally, I would like to say a big thank you to my family, especially to my husband, Roger, who ploughed through miles of text, negotiated logical boulders and grammatical pot-holes, and offered superior alternatives. Much to everyone’s amazement, in the final days before the submission he donned an apron and took on the challenge of putting home cooked meals on the table. Deliverance also came from my daughter, Vronnie, who gave up time from her busy schedule to help with my diagrams. My other children, Sheuli and Halley provided much needed morale support and encouragement towards completion: “Mum, havn’t you finished that chapter yet?” I am sure all three will all be glad to get their mother back. And Tara, my 18-month old grand daughter, will at last get to know her Dida.

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Thesis Abstract

Corruption in organisations is an on-going phenomenon. Previous academic research has examined corruption at structural and corporate levels. This research focused on small groups within organisations and the relationship between their corrupt behaviour and stress. Corruption, group behaviour and stress have all been studied in their own right, but this research brings these concepts together. The Social Identity Theory (SIT) with its focus on both inter-group and intra-group behaviour provided a framework for the work.

Previous research suggests that corruption in the workplace can occur when employees are put under pressure to meet difficult targets. SIT suggests that to support their group at such times, individuals who identify strongly with it may be prepared to modify their behaviour. Although, people may find behaving in ways contrary to their normal inclinations stressful, SIT also suggests that high identification with a group can lower stress levels. What was not known was whether these previous findings would apply in the case of corruption. The aim of this research is to investigate whether corruption is influenced by group behaviour, and whether stress is a factor in these acts.

A series of experimental studies was conducted in which the participants had the opportunity to behave corruptly. The results demonstrate that in all cases, this opportunity was taken, whether the participants were students or senior business executives. High identifiers behaved more corruptly than low identifiers and they experienced less stress. Women were found to be less corrupt than men. Leaders play a definite role in corrupt behaviour. Qualitative analysis showed that corruption in groups is highly contextual and is accompanied by rationalisation. When group identification is strong in a team, and conditions present the opportunity, corrupt behaviour may occur even when threat to the identity is not high. This has led to a new model of corrupt behaviour in which opportunity and social identification definitely play their parts, while

threat and/or stress may or may not. The implication is that strong identification between members within sub-units may result in employees behaving in corrupt ways that may run counter to the norms of the wider organisation. However, the increased understanding of corrupt group behaviour that this research has provided will help to prevent such behaviour from occurring.

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1 Introduction and Background

Rather fail with honour than succeed by fraud – Sophocles (496-406 BC)

There are many aspects to corruption in organisations, making it a wide area for possible research, and several different models exist to reflect this. These models have mainly addressed organisational level concerns such as structure and processes. Where contextual issues have been addressed, they have often been at the conceptual level. Instead, this thesis focuses on the smaller groups engaged in corrupt behaviour in organisations and includes experimental studies. The aim of this research is to investigate whether corruption is influenced by group behaviour, and whether stress is a factor in these acts.

1.1 Introduction to the thesis

When corrupt behaviour occurs in organisations, it can damage, undermine, and, in extreme cases, even take over the culture of the organisation. Corrupt behaviour in organisations involves individuals or groups of people behaving in ways that are outside the accepted norms for society at large. This may include influencing or coercing some members of the group to act in ways that are normally unacceptable to them. Such behaviour might be expected to cause stress to, or indeed occur as a result of stress for, the individuals and groups concerned. However, by refusing to join in the corrupt behaviour of their group, such people risk being alienated from it, something that they would find highly stressful (Nemeth, 1986, 1995; Martin & Hewstone, 2007). They are thus caught in a conflict between their own values (which may be those of the wider society) and those of their own group. If loyalty to their own group is the stronger, there is the possibility of corrupt behaviour taking over. It is not, however, always the case that when the conditions are conducive for corrupt behaviour to occur, it will actually do so. But, if it does, it can have grave consequences for businesses that clearly need to be addressed.

A number of models for corrupt behaviour are referred to in this thesis. Ashforth and Anand (2003) focus on the normalisation of corruption; Pinto, Leanna and Pil (2008) differentiate between corrupt organisations and organisations of corrupt individuals; Cullen, Victor and Stevens (1989), between local and cosmopolitan analysis; Borgerson, Schroeder, Magnusson and Magnusson (2009) consider the corporate identity perspective; and Mazar and Ariely (2006), the contextual influence. The escalation of corruption is an area of expertise for Fleming and Zyglidopoulos (2008, 2009) and Zyglidopoulos and Fleming (2009).

This thesis develops a new model that proposes that identification with group norms is a key driver for corruption in organisations. The document then goes on to investigate the link between corrupt behaviour in groups and stress using the model of Social Identity Theory (SIT) which predicts that people behave differently in different contexts (Tajfel & Turner, 1979; J.C. Turner, 1985; J.C. Turner, Hogg, Oakes, Reicher & Wetherall, 1987; J.C. Turner, Oakes, Haslam & McGarty, 1994). However, no previous research has been carried out on corrupt group behaviour using SIT principles. Five experimental studies are conducted and the results are used to determine whether social identity threat results in corrupt behaviour and/or stress. Consequently, this research contributes to the understanding of corrupt behaviour in organisations.

In a wide-ranging review Lefkowitz (2009: 86) found that very little empirical research has been conducted on presumed group-level or organisation-level influences on misconduct. Most of the reported research has been conducted at the individual level. However, corruption is a difficult topic to research and, consequently, theoretical understanding of it is limited. This current research addresses that imbalance and examines moral intent and moral action at the group level and the analysis of the data within Rest's Moral Framework (1979, 1986).

This first chapter starts with a general background on the extent of corruption in

organisations and uses two surveys by KPMG (2007, 2009) to give statistical support to the discussion. Whereas the reason for KPMG's investigation was economic, this thesis makes a case for examining the social aspects of corruption. Other surveys discussed also reveal that there is a lack of agreement on the meaning of the term corruption, which may include fraud, cheating, lying, white-collar crime and some other forms of organisational wrong-doing. This chapter then describes some case studies that highlight instances of corrupt group behaviour in organisations. These illustrate the part that social identity threat can play in corrupt group behaviour, and point the way to the scope of the thesis. Finally, the chapter summarises the findings, implications and limitations of the research.

1.2 Background to the study of corruption

Corruption is not new. In ancient Greece, athletes lied about their amateur status, competitions were rigged and judges were bribed during the Olympic Games (Callahan, 2004: 14). Italian Renaissance diplomat and writer Niccolò Machiavelli (1469-1527), wrote *Il Principe* (*The Prince, 1532*), the opening discourses of which define effective methods of governing in several types of principalities which have the general theme of acquiring necessary ends by any means. The English playwright, Christopher Marlowe (1564-1593), wrote about corruption in *The Jew of Malta* (1589-90), and indeed in this play, the person of "Machievel" speaks the Prologue. Others, like Dickens (1812-1870), and more recently, Grisham (1955-), have written with a clear mission to expose and eliminate corruption. Callahan (2004: 215) cited the case of Dean Clarence W. Mendel of Yale who in 1931 declared the problem of cheating at the school to be "so prevalent as to demand instant and sweeping measures of reform" (Mendel, 24 January, 1931: 2). Indeed, corruption headed the list of "Qualifying topics for ethics focused research" in a survey conducted by Robertson (2008). Most recently, a report published on 18th October 2010 highlighted that 37% of all shoplifting in the UK was committed by employees and on 24th November,

2010, Widget Finn called for MBA programmes to include “ethics and organisational accountability” so that the “next generation of business leaders” can learn how to identify, manage and prevent corruption.

Nwabuzor (2005: 121) found that a World Bank study in 2002 reported that some US $1 trillion is spent globally on bribes each year. A study by Walker Information covering the period 2005-2006, as reported by Smyth, Kroncke and Davis (2009), found that 42% of respondents thought their organisation’s senior leaders were unethical, and that 25% of the respondents had knowledge of, or suspected, an ethics violation in the previous 2 years. In 2009, in a survey conducted by KPMG (an international public accounting and consulting firm), nearly 75% of the respondents reported that they had observed misconduct in their current organisation during the previous 12 months. Data relating to corruption in organisations in the 21st century are given in table 1.1 opposite, which shows the results of a survey by KPMG, conducted in 2007 in Europe, the Middle East and Africa (EMA). It is based on actual fraud investigations and not on voluntary self-declarations of interviewed organisations.

The results indicate that 89% of the fraudulent acts was committed by staff against their own employers. More than 50% of the offenders had been with their company for more than five years. In 91% of profiles, perpetrators acted multiple times, often over a period of several years. The survey results also show that two thirds of all internal perpetrators are members of the top levels of management. In 83% of profiles, the perpetrators acted on a national basis, implying that even during this era of globalisation, fraudsters tend to limit their acts to local rather than to multinational environments.

The survey findings also indicate that 27% of the cases involved 2-5 individuals; 73% of frauds occurred because of opportunity; men accounted for 85% of the cases, 70% of the perpetrators were 36-55 years old; and 86% of the offenders had leadership positions. Therefore, the profile of the typical fraudster has some or all of the following

characteristics: he is a man in general management, between 36 and 55 years old, has worked in his organisation for 3-10 years, committing multiple acts over 1-5 years, seizing opportunities as they have presented themselves. When not working fraudulently alone, he works in small groups.

Table 1-1 - KPMG Survey (2007: 3) - 'Profile of a Fraudster', EMA survey of 1008 cases

Reasons	*Factors*	*As % of 1008 cases*
Number of fraudsters in organisation (p. 11)	1	68%
	2 - 5	27%
	>5	5%
Reasons for committing fraud (p. 24)	Opportunity (& greed)	73%
	Financial reasons	12%
	Rationalisation and other	15%
Gender (p. 11)	Women	15%
	Men	85%
Seniority (p. 12)	Board	11%
	Senior manager	49%
	Management	26%
	Other staff	14%
Age (p. 10)	<25	3%
	26-35	14%
	36-45	39%
	46-55	31%
	>55	13%
Years of service (p.13)	< 1 yr	4%
	1-2 yrs	9%
	3-5 yrs	36%
	6-10 yrs	29%
	>10 yrs	22%
Duration of crime (p. 21)	< 1 yr	24%
	1-2 yrs	34%
	3-5 yrs	33%
	6-10 yrs	6%
	>10 yrs	3%
Number of acts (p.16)	Single	9%
	Multiple acts	91%
Relationship with target of fraud (p.12)	Own employer	69%
	Complicity with external partner	20%
	External perpetrator	11%
Location of fraud (p. 22)	National	83%
	International	17%
Detection (p. 26)	Whistle-blowing	25%
	Management review	21%
	Internal/external controls	20%
	Complaints	13%
	Suspicions	9%
	Accidentally	8%
	Negligence / confession of perpetrator	4%

In a further KPMG Fraud survey in 2009, conducted amongst senior managers and executives in the USA, approximately one-third of respondents (32%) expected that at least one of the categories of fraud would rise in their organisation during the next 12 months. Of the categories of risk respondents cited as increasing, asset misappropriation (25%), other illegal and unethical acts (20%) and fraudulent financial reporting (8%) were specifically mentioned. From these figures it would seem that group wrongdoings in organisations, which is the focus of this current research, is a widespread phenomenon.

In their review of ethical behaviour in organisations, O'Fallon and Butterfield (2005) noted that eight of the twelve findings they examined produced significant differences between industries. Supporting this, Daboub, Rasheed, Priem and Gray (1995: 141) also found that firms in certain industries are more likely to commit corrupt acts (Baucus & Near, 1991; Simpson, 1986) and that firms in certain industries have similar rates of corruption activity (Creasey, 1976). Pinto, Leanna and Pil (2008) explain the variations in the incidence of corruption by the significant differences across industries in legal structure, regulation, government monitoring, and opportunity for wrongdoing. Baucus and Near (1991: 12) have found that some industries are more likely than others to have members that engage in wrongdoing, perhaps because of history or structure; and illegality is more likely to be observed in some industries than in others because law enforcement or regulatory agencies are more exacting in the case of the former.

KPMG's Fraud survey (2009) supports these findings: that the nature of perceived fraud and misconduct risks varied by industry. Nearly two-thirds of executives (65%) reported that fraud and misconduct is a significant risk for their industry. For example, executives from consumer markets were more likely to cite asset misappropriation as a concern, whereas respondents from healthcare and pharmaceuticals tended to cite other illegal and/or unethical acts (such as bribery, corruption, market rigging, or conflicts of interest) as threats. This is shown in table 1.2.

Table 1-2 - KPMG Fraud Survey (2009) – fraud threats

Types of corrupt behaviour	*% of respondents*
Misappropriation of assets (e.g., theft of cash, inventory, or intellectual property)	35%
Other illegal or unethical acts (e.g., bribery, corruption, market rigging, or conflicts of interest)	31%
Fraudulent financial reporting (e.g., intentional mis-statement of revenue, assets, or liabilities)	14%
All three of equal threat	20%

KPMG's experience suggests that periods of economic downturn, such as the global phenomenon in the late 2000s, can bring about elevated conditions for fraud and misconduct. When senior managers were questioned about (p. 6) what in their opinion most enables fraud and misconduct to occur within organisations today the response was overwhelmingly (66%) that inadequate controls accounted for corrupt behaviour, implying a degree of opportunism for corrupt actions. Table 1.3 below gives further information, and it also shows that poor internal processes and policies (or their management) and collusion between stakeholders were responsible for all but 4% of the reasons for corrupt behaviour.

Table 1-3 - KPMG Survey (2007: 6) – reasons for corrupt behaviour

Reasons for corrupt behaviour	*% of respondents*
Inadequate internal controls or compliance programs	66%
Management override of internal controls	47%
Inadequate oversight by directors over management	44%
Collusion between employees and third parties	43%
Collusion between management and third parties	32%
Collusion between employees and management	27%
Other factors	4%

If such wrongdoings were to be experienced, the greatest concern for over two-thirds of executives (71%) was the potential for loss of public trust when market confidence is at a premium. A lower number, and yet still more than half of respondents, reported being concerned about potential legal fines/sanctions (54%) or loss of new or existing customers (52%). These are shown in table 1.4. Thus financial concerns are one major reason for examining corrupt behaviour in organisations.

Table 1-4 - KPMG Survey (2009) - consequences of fraud

Consequences of corrupt behaviour	*% of respondents*
Loss of public trust	71%
Legal fines or sanctions	54%
Loss of new or existing customers	52%
Loss of ability to attract and retain good employees	43%
Damage to the company's share price	34%
Other costs	3%

That these raise serious concerns in the U.K. are reflected by the introduction of the Bribery Act 2010, which comes into force in July 2011, and is designed to prevent and punish inducing or rewarding corrupt behaviour, by introducing a corporate offence of failure to prevent bribery by persons working on behalf of a business.

1.2.1 Economic arguments for examining corrupt behaviour

Adam Smith, in *The Wealth of Nations* (1776: 1), proposed that the motivational force for progress and growth was "selfishness" - the desire to make more money benefited everyone because this extra money produced more jobs and sales. An often-quoted passage from it is, "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own self-interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages." Smith believed that, in general, honest people able to freely pursue their own interests would fare better than they would if someone dictated what was good for them. Individuals pursuing their own interests would reduce inefficiency and allocate resources where they would most benefit the larger society. But Smith also thought that such selfishness implied self-regulating behaviour, or at least required some limits. Whereas *The Wealth of Nations* draws on situations where man's morality is likely to play a smaller role, his earlier and less well-known book, the *Theory of Moral Sentiments* (1759) focuses on situations where man's morality is likely to play a dominant role among more personal exchanges such as virtue, and social and unsocial passions, corruption of moral sentiments (p. 61-66). In this, Smith comments with the sympathetic parts of his nature rather than the selfish one, "of the corruption of our

moral sentiments, which is occasioned by this disposition to admire the rich and the great, and to despise or neglect persons of poor and mean condition". It seems that even the "Father of Modern Economics", an advocate for the free market, considered that corruption could become a problem.

Over 200 years later, Robinson and Bennett (1995: 555) warned that corruption is a problem and suggest that, "the prevalence of workplace deviance and its associated organisational costs necessitates a specific, systematic, theoretically focused program of study into this behaviour." This current research certainly contributes to this. Another reason for examining corruption is given by Simpson (1987: 944) who suggests that a firm's reaction to profit-squeeze typically involves ways of reducing costs and increasing revenues. At such times when "legitimate" market manipulation fails, illegitimate behaviours may be substituted. This argument is particularly relevant at the time of writing this thesis, late 2009 to spring 2011, while the effects of the global economic downturn and the consequences of budgetary cut-backs are still being felt, with the implication that as financial conditions tighten, corruption amongst groups of employees may increase. Collusion in corrupt behaviour among groups is the focus of this research.

For businesses a strong argument for examining corruption, (supported by the KPMG figures), is given by Argandona (2001) who writes that corruption, even that performed for the benefit of the company:

> has direct costs, which may be high, as it is an illegal activity. Indeed, for many companies, corruption is seen as a major risk which may give rise to significant financial costs for companies and for their managers, including prison sentences. It may also cause serious damage to their reputation and, consequently, their ability to generate future profits. …The same thing happens when the company suffers the consequences of corrupt conduct among its employees or managers. Argandona (2001: 169).

Thus, it is seen that corruption can have direct financial costs as well as other unseen costs that, via damage to reputation, may spell financial ruin for a business. Argandona (2001: 165) also suggests that corruption, "can take place inwards, when

managers or employees misappropriate the company's assets or funds, or when they perform other acts for their own benefit, to the detriment of the company's interests." For this researcher, this is a clear indication that corruption in organisations has both an economic face and a social one. The latter is examined next.

1.2.2 Social arguments for examining corruption

Over sixty years ago noted criminologist Edwin H. Sutherland (1949a) introduced the term white-collar crime:

> White-collar crime may be defined approximately as crime committed by a person of respectability and higher social status in the course of his occupation. The significant thing about white-collar crime is that it is not associated with poverty or with social and personal pathologies which accompany poverty. Sutherland (1949a: 9).

It is this white-collar crime, crime associated with a profession or occupation that will be discussed in this thesis. One reason for the focus of this current thesis on this aspect of corruption is given by Ivancevich, Duening, Gilbert and Konopaske (2003: 117) who present a model that finds that crimes such as murder, rape, drug violations, assault, and armed robbery disproportionately victimize the poor, while white-collar crime has a more universal impact on a broad range of socio-economic groups. It damages not only financial professionals but individual citizens who have limited assets and savings.

Sutherland (1949a: 13) found that the financial loss from white-collar crime, great as it is, is less important than the damage to social relations. White-collar crime violates trust and therefore creates distrust, which in turn, lowers social morale and produces social disorganisation. This view is supported by DeCelles and Pfarrer (2004: 67) who have found that corporate corruption is not victimless. Instead, it is a "societal problem whose magnitude is difficult to overestimate", incurring a cost to society far greater than that of other types of crime (e.g., Enron). In addition, the normative and cognitive approaches to corrupt behaviour in organisations (e.g., Ashforth & Anand, 2003) examine how corrupt actions can become institutionalised in situationally-defined role identities

within organisations, such that even normally well-meaning people end up engaging in corrupt practices in fulfilment of those organisational roles (Ashforth & Anand, 2003).

That workplace deviance is not only expensive, but also a social problem in organisations is borne out by the research of Bennett and Robinson (2000: 349) who reported that 75% of employees have reportedly stolen from their employer at least once and that 33% to 75% of all employees have engaged in behaviours such as theft, fraud, vandalism, sabotage, and voluntary absenteeism. KPMG Forensic's 2008–2009 Integrity Survey, reported that 74% of employees had personally observed or had first-hand knowledge of wrongdoing within their organisation during the previous 12 months. Additionally, KPMG's (2007) survey showed that 89% of fraud involved employees of the firm; only 11% of fraud was carried out solely by external perpetrators. These findings show that corruption in organisations is pervasive and clearly indicates the importance of examining corrupt behaviour in employees. Table 1.5 summarises the above information.

Table 1-5 - Economic and social arguments for examining corruption

Model	*Historic Reference*	*Implications for this research*
Economic arguments	Argandona (2001); Callahan (2004); Nwabuzor (2005); Simpson (1987, 2002)	Corruption is expensive for organisations, financially and for reputation and future business
Social arguments - Importance of groups' influence	Ashforth, Gioia, Robinson & Treviño (2008)	Behaviour of individuals and groups embedded in culture – may spread if left unchecked

It is clear from the above discussions, that fraud and other corrupt behaviour in organisations is an on-going phenomenon, is likely to continue and that it is often committed in groups. This research looks at some of the conditions in groups that might cause this to happen. The following case studies contribute to the development of the model for this research. However, as they will show, not all corruption involves the same number of people, nor is it perpetrated for the same reasons.

1.3 Case studies

The aim of the research reported in this thesis is to increase understanding of corruption in groups, including those in organisations. In this section, some examples are given to illustrate the types of corruption that are perpetrated in organisations and are of relevance in this thesis. These exemplify different types of corrupt behaviour that may occur in organisations and show the role of groups in perpetrating this behaviour. These case studies will be referred to during the thesis as the research is described.

1.3.1 Case study 1 - Leeson

February 1995 saw the collapse of the Baring Bank, an institution that was not only the personal bank to HM The Queen, but had funded the Napoleonic war. This was caused by the activities of a single individual, Nick Leeson, who was a Barings securities derivatives trading manager at the Singapore stock exchange from 1992 to 1995. During this period, he lost more than £800 million of the bank's money. Working on his own and for his own benefit, over a period of several years, he had made unauthorised speculative trades, hiding his losses in an error account. Working under enormous stress, Leeson attempted to recoup his losses by making a series of increasingly risky new investments (Leeson & Tyrrell, 2005: 207-283). Unwittingly, Leeson's activities were helped by the management at Barings Bank who allowed him to remain Chief Trader while being responsible for settling his trades, jobs that are usually done by two different people. This provided him with the opportunity for fraud and made it much simpler for him to hide his losses from his superiors. These losses eventually reached £827 million, twice Baring's available trading capital, and the bank was declared insolvent on 26th February 1995. Leeson insists that he never used the account for his own gain, but in 1996, the New York Times quoted "British press reports" as claiming that investigators had located approximately $35 million in various bank accounts tied to him (Norris, 1996). Thus, Leeson behaved fraudulently working entirely on his own and

for his own gain, with no link (identification) with a particular group for this behaviour. Although, this type of corrupt behaviour is not the primary focus of this current research, it has been included to make comparisons with group based corrupt behaviour.

1.3.2 Case study 2 - Kerviel

Société Générale (SocGen), the 144-year old French bank, announced in January 2008, that it had incurred a loss of €4.82 billion after options trader, Jerome Kerviel, had massively exceeded his authorisation limits and staked €50 billion on European futures markets, “aided by his in-depth knowledge of the control procedures resulting from his former employment in middle office." However, a report into the scandal, commissioned by SocGen, found that the bank had failed to follow up 75 separate alerts about his trading activities. Press reports suggested that his superiors might have been aware of his trading activities, ignored them, or even tacitly encouraged them. Some analysts have suggested that unauthorised trading of this scale may have gone unnoticed initially due to the high volume in low-risk trades normally conducted by his department. The bank reported that whenever the fake trades were questioned, Kerviel would describe it as a mistake then cancel the trade, after which he would replace that trade with another transaction using a different instrument to avoid detection.

Unlike Leeson, Kerviel realised no personal gain and claimed to have worked to increase bank profits. However, press reports have suggested that he had benefited from bonuses in previous years because of his performance. He went into hiding shortly after the news broke, but family members speaking said that he was suffering from stress and that the bank was using Kerviel as a scapegoat to excuse its heavy losses (Stewart, 2008). In January 2008, Kerviel was charged with abuse of confidence and illegal access to computers. On 5th October 2010, he was found guilty and sentenced to 5 years in prison (Daneskkhu, 2010; Laurent, 2010). Kerviel’s case exemplifies an

individual identifying with a social category (SocGen) and behaving corruptly for the benefit of his group, SocGen, and not for himself. A major component of this present research examines the corrupt behaviour of individuals in support of their groups and the case of Kerviel exemplifies this well.

1.3.3 Case study 3 - Enron

In December 2001, Enron, the global energy giant, based in Houston, Texas, filed for bankruptcy amidst charges of malpractice and deception, and debts of billion of dollars. Before its bankruptcy, Enron employed approximately 22,000 people and was one of the world's leading electricity, natural gas, pulp and paper, and communications companies, with reported revenues of nearly $101 billion in 2000. Enron was named "America's Most Innovative Company" by *Fortune* magazine for six consecutive years, from 1996 to 2001, and featured on *Fortune*'s "100 Best Companies to Work for in America" list in 2000. However, as was discovered at the end of 2001, its reported financial condition was sustained substantially by institutionalised, systematic, and creatively planned accounting fraud. Many of Enron's recorded assets and profits were inflated, or even wholly fraudulent and nonexistent. Debts and losses were put into off-shore entities that were not included in the firm's financial statements, and other sophisticated and arcane financial transactions between Enron and related companies were used to remove unprofitable entities from the company's books.

The indictments against the former chief executive officer at Enron, Jeffrey Skilling, alleged that he had crafted multiple schemes that produced phantom profits that allowed him skim millions for himself, his family and fellow executives. Under pressure to maintain the illusion of the strong market position of the company, Skilling began to behave strangely, exemplified by his verbal attack in public on Wall Street Analyst, Richard Grubman, in public, referring to him as ". . . asshole" (Steffy, 2006). However, this culture of corruption was present throughout the organisation, percolating down to

the trading floors (Fleming & Zyglidopoulos, 2009; den Nieuwenboer & Kaptein , 2008). According to Callahan (2004), new recruits into Enron were selected for their risk-taking and ruthless propensities and they helped to perpetuate the fraudulent culture. Media coverage of the Enron debacle reported interviews with workers and families who lost their jobs, savings, and pensions (Grimsley, 2002). In this case, groups of employees and the executive board, behaved corruptly for their own gain and to bolster the market position of the organisation. The members of the group identified fully with the corrupt norms of Enron and behaved fraudulently. This current research focuses on the corrupt behaviour of group members acting for their own and the group's benefit, even to the extent, perhaps, of sacrificing their personal values because of their strong identification with the group.

1.3.4 Case study 4 – Formula 1 cheating

Corrupt acts are not confined to financial misdoings. In February 2009, Lewis Hamilton, Formula 1 driver for McLaren Mercedes, tried to cheat Jarno Trulli, a member of the Toyota team, out of third place in the Australian Grand Prix. The FIA believed that Dave Ryan, a senior member of McLaren Mercedes, pressurised Hamilton to "act as a team member" and lie to the stewards about the circumstances of the race (Gorman, 2009a; Skerry, 2009). Although not reported explicitly, video clips show that Hamilton found himself under stress at the time. He later said, "I don't lie. I have never cheated." At the time of the scandal, McLaren Mercedes was accused of operating in a corrupt culture, (Gorman, 2009b). This is a case not only of an individual cheating under group pressure to support the team, but doing so against personal values, implying strong identification with his team. The empirical research for this thesis highlights the role of the group when individuals under pressure make such choices even at personal costs.

A second incident in Formula 1 was reported by Simon Barnes (2009) in *The Times*. He wrote about "the worst act of cheating in the history of sport". It seems that

Renault had instructed one of its drivers to crash deliberately. Nelson Piquet Jr., son of the three-times world champion, was told to have an "accident" at the Singapore Grand Prix. As a result of his crash, Fernando Alonso, Piquet Jr.'s team mate, was able to take advantage of the restrictions of the safety car to improve his position and so win a race that he would otherwise have not. The Renault team's crime was not an act of cheating as mere fraudulence. Rather, it was cheating as a potentially lethal act as no crash can be fully controlled and can result in deaths: for the driver of the crashed car, for the other drivers in the race, and for the marshals and spectators. In this case, one person cheated to support his team, under orders from his superior, at considerable danger to himself and others. Subsequently, Piquet Jr. was sacked by his team for his failure to bring in the results they required and he brought the wrongdoing to the attention of outsiders. This case illustrates that individuals identifying strongly with a group may, under pressure, participate in wrongdoing, but subsequently take action against the group when personal identity is more salient. Whistle-blowing will be considered briefly in the thesis in chapters 6 to 8. This case study also depicts an individual behaving corruptly to support a group of colleagues.

1.3.5 Case study 5 – The Milgram experiments

A series of experiments conducted at Yale University (Milgram, 1974) showed that ordinary people are capable of inflicting severe physical pain on other human beings in following orders and doing their duty. Randomly chosen, well-adjusted "ordinary people drawn from working, managerial, and professional classes" believed they were participating in an experiment to improve memory, consisting of "teachers" inflicting gradually increasing voltage of electric shocks to a "learner". But, unknown to the teachers, the learner victim was an actor and no shock was actually administered. Findings show that every single teacher was prepared to administer intense shocks up to 300 volts, and 65% obeyed all the experimenter's requests, dispensing shocks apparently

in excess of 450 volts (beyond a point labelled *Danger, Severe Shock*).

Originally, Milgram (1974) had written of his Yale experiments that:

> most subjects in the experiment saw their behaviour in a larger context that is benevolent and useful to society - the pursuit of scientific truth. …. an adjustment of thought in the obedient subject is for him to see himself as not responsible for his own actions. He divests himself of responsibility by attributing all initiative to the experimenter, a legitimate authority. He sees himself not as a person acting in a morally accountable way but as the agent of external authority". Milgram (1974: 10)

Thus, in the experiments, even when the inflictors of pain were aware of the apparent physical suffering caused by their actions, even when these actions were performed against their moral and ethical judgements, very few stopped their actions. "A variety of inhibitions against disobeying authority come into play and successfully keep the person in place", (Milgram, 1974: 8). Thus, it seems, everyday, ordinary people will behave extremely unethically in conditions of obedience. Further details of the experiment are given in Appendix 1. It is clear from this case study that individuals will identify with a group and behave corruptly under perceived legitimate orders, against their normal inclinations, in order to support that group (the experimenters) even if the order is from an amorphous group (i.e., absent experimenters or the scientific research community). In this current research, the role of leaders and experts and their influence in corrupt behaviour as a result of identification with a group is examined and so this case study provides useful comparison.

1.3.6 Case study 6 - My Lai Massacre

Although the next case study is not about a white-collar crime, the focus of this research, it has been included because such behaviour may occur in extreme cases in a business. Research into the My Lai Massacre, South Vietman, (Kelman & Hamilton, 1989), shows that on March 16 1968, US soldiers obeyed an order by Lieutenant Calley to shoot a group of approximately 500 unarmed villagers comprising elderly men, women and children. Thus, obedience is not "a heroic figure struggling with conscience" (Milgram,

1974: 187) but a group-level phenomenon that is a product of legitimate authority. However, some of the soldiers found the experience extremely stressful, and for the few who disobeyed Calley's orders, the mental and emotional conflict was between not carrying out a superior officer's orders, which was contrary to all their training, and their own beliefs as men "of ordinary sense and understanding" (Judge Kennedy, 1973). According to Kelman and Hamilton (1989), "the theoretical availability of the right to say no may be meaningless if the right is not perceived or appropriately translated into judgement under pressure." It seems possible that groups engaged in wrongdoing are even more likely to do so in stressful conditions. In this case, a group of colleagues who identified strongly with their group, worked together, some bearing the cost of sacrificing their own values, to support the orders of one person against a clear target group. There are three relevant issues in this case: one is the phenomenon of wrongful group behaviour under the orders of an individual; another is that of a group working together against another group in order to conform to group norms; and the third is that of experiencing stress in working with group norms. These issues will be examined in this thesis.

1.4 Scope of the research

The examples described illustrate that corruption can take many forms, from hard-edged cheating (e.g., Hamilton) to less clear-cut unethical behaviour (e.g., My Lai massacre), both of which concepts are specifically examined later in this thesis. They also provide a background for a number of key concepts in defining the scope and the limits of this research. While some of the business professionals involved in the case studies actively participated in cover-ups, (e.g., Enron), some merely looked the other way as such deceptions occurred in the workplace (e.g., SocGen), and some acted not for themselves, but their groups (e.g., Hamilton, Piquet Jr.), they have all or some of a number of features in common. These are that: (1) they all involved organisations or sub-groups within them; (2) they all involved collusion amongst some or all of the individuals

within them; (3) the beneficiaries of the corrupt acts were either individuals or groups within the organisation; (4) the perpetrators identified strongly with their group; (5) many of these cases occurred under conditions of pressure (threat) whether from imminent financial collapse such as for Enron, or from the situational circumstances, such as at My Lai; or from group pressure such as for Formula 1; and (6) seemingly, and in some cases by their own admission, many of those participants experienced stress either as a cause or effect of that corrupt behaviour. These six points are expanded on below and they all deal with the corrupt behaviour of groups (in organisations), which is the focus of this research. In determining, the boundaries of this thesis, it was decided to exclude considerations of the philosophy of ethics. This limitation of its scope was judged appropriate since the focus of the research is the analysis of actual corrupt decision-making and behaviour. Instead, this thesis discusses the psychological basis of group behaviour in the form of Social Identity Theory, which is developed in chapter 4.

1.4.1 Role of organisations in corruption

One perspective of corrupt behaviour in organisations is provided by sociologist Robert Merton (1957), cited in Cullen, Victor and Stevens (1989: 55), who makes a distinction between a local and a cosmopolitan role. In the local case, the reference groups or sources of role definition are within the organisation: an employee, for example, might look to his or her co-workers or supervisor to define how to behave on the job (e.g., Enron). In the cosmopolitan case, sources of role definition are outside the organisation: professionals might be very concerned with the standards of their professional bodies (e.g., the code of conduct for a Formula 1 driver). This current research is looking at unethical behaviour in the local sense, and not at the cosmopolitan level.

Expressing similar views, Borgerson *et al*. (2009) have discussed the role of corporate identity in business ethics. In contrast, the research described here focuses on the impact of group dynamics on unethical behaviour, and argues that the influence of the

contextually relevant social group is a prime source for corruption in organisations. This directs the scope of this research to the corrupt behaviour of individuals in organisations at a sub-unit group level rather than corporate or national levels.

1.4.2 Corruption as a group phenomenon

While Leeson committed acts of fraud, working on his own, in all the other examples more than one person was involved. This is shown in the Enron case which involved groups of colleagues colluding to work corruptly; and under considerable stress, soldiers who took part in the My Lai massacre, behaved heinously to support not only their commanding officer, but, it can be argued, also their wider allegiance to their employer (the army) and their country, the USA. Similarly, the participants in the Milgram (1974) experiments behaved unethically not for their own benefit but for the experimenter and others involved in scientific research. Thus, although acts of corruption can be perpetrated for a number of reasons, they often involve groups.

There is existing research into collusion in groups. Anand, Ashforth and Joshi, (2004: 39-40) suggest that a seemingly surprising feature of many corruption cases is that they did not result from the actions of single individuals; the corrupt acts typically required knowing cooperation among several employees. This was evidenced in some of the case studies mentioned previously in this chapter, in which employees typically went along with activities that were obviously unethical. In addition, in the case of Enron, new employees who probably had no prior history of unethical conduct, adopted and continued the prevalent corrupt practices, perhaps despite initial qualms. This research is focused on groups working together to perpetrate corrupt acts.

Callahan (2004), Brass, Butterfield and Skaggs (1998), Ferrell and Gresham (1985), T.M. Jones (1991), Robinson and Bennett (1995) have found that although much of the literature on corruption benefiting the individual does not focus on collusion among members of the organisation, crime within organisations is often undertaken by individuals

or groups acting collectively as illustrated by the case studies, be it top management (Daboub, Rashid, Priem & Gray, 1995), or other groups in organisations (Pinto, Leanna and Pil, 2008). Pinto *et al*. (2008: 686) also found that corruption is either studied at the individual level or examined as a group acting in concert. This present research examines corruption in business perpetrated by a small number of individuals working together, to support their group or the entire organisation.

Addressing the same problem, Ashforth and Anand (2003: 41), make a distinction between normalisation (embedding of a culture) of corruption on behalf of the organisation, exemplified by Enron, and of corruption against the organisation by an individual, as seen in the actions of Leeson. For example, identification, commitment, and other attributes that are usually highly valued, are likely to predict corruption on an organisation's behalf (e.g. Hamilton, Piquet Jr., Milgram participants), whereas precisely the opposite is likely to predict corruption against it (e.g., Leeson). In addition, the forms that corruption takes usually differ (e.g., theft against the organisation, such as Leeson's acts, versus offering bribes on behalf of the organisation), as might be the way that corruption occurs. For instance, most employees are likely to have opportunities to exploit the organisation, such as doing unauthorised private photocopying, whereas corruption on behalf of the organisation may be confined largely to a few roles, such as sales teams making claims about products that cannot be substantiated (Ashforth & Anand, 2003: 41). This research examines corruption in support of the group (e.g., Kerviel, Hamilton, Enron) and these issues are discussed further in the following chapters.

1.4.3 Beneficiaries of group corruption

This research examines some of the conditions that may lead team members to collude in corrupt behaviour for the benefit of the group (organisation). Finney and Lesieur (1982) suggest that one aspect that distinguishes different forms of corruption is whether the violator acts strictly for private benefit (e.g., Leeson) or whether the beneficiary

includes the organisation itself (e.g., Enron, McLaren Mercedes, scientific research of the Milgram studies). Consequently, this current research suggests that there are Individuals

		Corruption for the benefit of	
		Individual	Group
Perpetrated by	Individual	I for I e.g., Leeson	I for G e.g., Kerviel, Hamilton, Piquet Jr., Enron; Milgram participants
	Group	G for I e.g., My Lai,	G for G e.g., Enron, My Lai

committing organisational crimes for themselves (I for I), or for one or more Group members (I for G); and there are Groups whose members behave corruptly for their group (G for G) or for an Individual (G for I). According to this classification, the examples in the case studies would be allocated as shown in the table 1.6.

Table 1-6 - Classification of corruption as based on its beneficiaries
(based on Finney and Lesieur, 1982)

The table illustrates that the distinctions are not always clear-cut and some examples fit into more than one category. This makes the boundaries between them permeable. Consequently, not only is it difficult to determine the nature of corruption, and therefore, to define it, but despite the fraudster profile offered by KPMG, it is also difficult to determine the nature of the perpetrators themselves. Figure 1.1 depicts this.

Figure illustrating the permeable boundaries between individual and groups corrupt behaviour for individual as well as group benefit and support

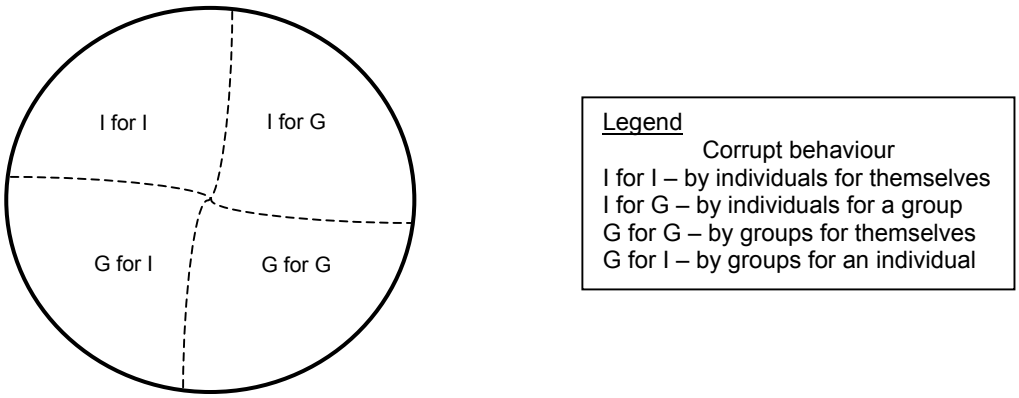


Figure 1-1 - Different types of perpetrators and beneficiaries of corruption

This current research makes a distinction between these forms of corrupt behaviour, examines the behaviour of the types I for G, G for I and G for G and discusses whether social identity threat and stress are factors in this behaviour.

1.4.4 Social identification

In most of the case studies, the corrupt acts involved individuals working together corruptly and, yet, as far as is known, they did not have criminal records. Hence, the involvement of such individuals not only in corrupt acts, but persistently over time, comes as a surprise. It seems that people's ethics, and correspondingly their behaviour, change with the demands of the situation. Earlier in this chapter, some economic and social reasons for examining corruption were put forward (e.g., Bennett & Robinson, 2000; Robinson & Bennett, 1995; Smith, 1749, 1776). In addition, Misangyi, Weaver and Elms (2008: 750) suggest that research and practice regarding corruption are based on two alternative frameworks. "One is based on an economic perspective and focuses on the roles of rational self-interest, efficiency pressures, and explicit, formal regulative structures. …The second major stream of research … is more attentive to normative and cognitive aspects of corrupt behaviour."

Mazar and Ariely (2006) have supported this latter approach. According to them, the standard economics perspective considers one cause for dishonesty as that of external reward mechanisms. In contrast, the psychological perspective of *Social Identity Approach* suggests that dishonesty may be also influenced by others that are salient in a particular context. SIA, comprising Social Identity Theory (Tajfel, 1972,1974; Tajfel & Turner, 1979) and the Self-categorisation Theory (J.C. Turner, 1975, 1982, 1985; J.C. Turner, Hogg, Oakes, Reicher & Wetherell, 1987), is based on identity derived from membership of groups and is concerned with group behaviour and its effects. To the extent that an individual's particular self-concept is "switched on", sometimes people behave according to their own values and at other times they see

themselves more strongly as part of a group and act according to the group norms. An individual who identifies highly with a particular social category (situational context), accepts that group's norms (Tajfel, Flament, Billig & Bundy, 1971; Billig & Tajfel, 1973; Tajfel, 1978b; Hogg & Turner, 1985; J.C. Turner, Oakes, Haslam & McGarty, 1994; J.C. Turner & Oakes, 1997; Tajfel & Turner, 1979; Allen & Wilder, 1975). To favour their group, individuals will accept costs, such as high stress levels (J.C. Turner, 1975, 1978; Haslam, O'Brien, Jetten, Vormedal & Penna, 2005). Another acceptable cost of group identification may be to sacrifice normal values and ethics (J.C. Turner, Hogg, Turner & Smith, 1984; Haslam *et al*., 2005; J.C. Turner, 1975, 1978). So, when employees engage in unethical practices that benefit the organisation rather than themselves, it is likely that they identify strongly with it or their work group.

It is this contextual approach that this research focuses extensively on, involving norms and cognition within groups rather than on the larger institutional orders that may also influence the behaviour of individuals in organisations. Indeed, Hogg and Terry (2000) suggest that:

> To varying degrees, people derive part of their identity and sense of self from the organisations or workgroups to which they belong. Indeed, for many people their professional and/or organizational identity may be more pervasive and important than ascribed identities based on gender, age, ethnicity, race, or nationality. Hogg and Terry (2000: 121).

This means that groups within organisations, or even entire organisations and wider organisational affiliations, could be drivers for social behaviour rather than wider societal or cultural ones. In particular, this research looks at corrupt behaviour of groups of individuals in organisations.

1.4.5 Social identity threat

Research into Social Identity Theory shows that perceptions of similarity and difference have a powerful positive impact on intra-group solidarity, morale and mutual acceptance between members (Brewer, 1979; Sherif & Sherif, 1969). That is, at times of

threat and pressure, both situations that are commonly encountered in organisations, people's behaviour will be guided by the norms that develop within their groups. Social identity threat is a fundamental factor in the experimental studies for this present research on corrupt behaviour in groups. This is discussed in greater depth in chapter 4.

1.4.6 Social identity and stress

However, although wrongdoing as a group phenomenon is widespread, research shows that resistance to group norms, even corrupt ones, is extremely difficult and may be more stressful than compliance. Research shows that stress can be triggered by threat to groups rather than to individuals themselves (Jackson, Schwab & Schuler, 1986; R.M. Levine & Reicher, 1996; Haslam & Reicher, 2004, 2006). At the same time, interactions between group members can ameliorate stress by providing support in times of adversity. Thus, high identification with a group can lower stress levels (Haslam, Jetten, O'Brien & Jacobs, 2004; Haslam, 2004; R.M. Levine, Cassidy, Brazier & Reicher, 2002; Postmes & Branscombe, 2002). Stress as a result of corrupt group behaviour under social identification will be examined in this thesis.

These six items (the role of organisations and sub-groups; collusion amongst individuals; the beneficiaries of the corrupt acts; identification with the group norms; corruption under threat; and the role of stress either as a cause or effect of corrupt behaviour) within the scope of the research form the basis of the literature review. The first three concepts, which focus on corruption, are discussed in chapters 2 and 3, and the last three concepts, those that address the issues of group identification, are considered in chapter 4.

1.5 Findings, implications and limitations of the research

The findings from the present research highlight that opportunity is a key factor in corrupt behaviour and that some situational contexts are conducive to corrupt behaviour. Specifically, the findings show that leaders influence corrupt behaviour. Gender results

show that women behave less corruptly. These findings have powerful implications and organisations have the potential to use them wisely to reduce and minimise corrupt behaviour undertaken by their employees.

Although the findings do not directly point to solutions for addressing the issue of corruption in organisations, they do add to the understanding of the massive problem of corruption as evidenced by surveys (e.g., KPMG, 2007, 2009, 2011; Robertson, 2008), which show that 69% of frauds were perpetrated against own employers and 27% involved small groups. The results from this research can be used to devise solutions to such behaviour. For example, the results show that high identification with a group can result in individuals behaving corruptly to support that group. Those who do not wish to conform to corrupt group norms may succumb under pressure and/or resort to whistle-blowing. Therefore, policies may be implemented by a business to facilitate whistle-blowing so that individuals may do so safely and without fear of reprisal. Limitations of the experimental studies are discussed after each study (chapters 5-8) and the research limitations, in chapter 9.

1.6 Summary of chapter 1

Recent surveys have shown that there is no doubt that corruption is widely prevalent and of concern to the business community. Corruption can occur at all levels in an organisation and can be perpetrated by individuals, by a group of colleagues or even by the organisation itself. Corruption can be undertaken by groups of employees working together for the organisation, for the groups themselves, or for a single individual who may or may not be part of the group. Corrupt behaviour can be associated with stress, for example, due to pressure from superiors or other colleagues. Corruption, group dynamics and stress have all been studied in their own right, but this research focuses on the impact of social identity threat and stress on corrupt behaviour.

Looking forward, this thesis first discusses the relevant key concepts in corruption, business ethics and group dynamics using SIT and SCT, and examines its impact on stress and corruption. It draws together research from two disciplinary perspectives, management and psychology, and develops an integrated conceptualisation of corruption in organisations. A new model of group identity, stress and corruption is introduced. This is followed by the descriptions and results of a series of experimental studies that examine the behaviour of participants in conditions that imposed threat to their group identity and provided opportunities for corrupt behaviour. These studies support the hypotheses that under identity threat, individuals are more likely to behave corruptly to support their work teams, even at the cost of accepting stress as a result of sacrificing their own ethics and values. The participants included a student sample as well as members of the business community in the U.K. As mentioned earlier, the primary aim of the thesis is to examine the link between corrupt behaviour in groups and stress. A secondary aim is to use the findings to assist organisations to deal more effectively with corruption. In keeping with this, a range of corruption scenarios was used in the studies. The implications of the findings from these studies are discussed. Finally, the limitations of the research are pointed out.

2 Corruption: Definitions and Models

The Kabawil, a mythical creature in Mayan culture, is a two-headed bird looking in two directions, representing opposites such as day and night, far and near, present and future. – Imelda Almqvist

Corruption is a persistent feature of human societies, with early references dating back to the fourth century B.C. (Aidt, 2003; Bardhan, 1997), cited in Pinto, Leana and Pil (2008: 685). In chapter 1, a model was introduced (reproduced below in Figure 2.1) that showed that corruption can be perpetrated by individuals or groups for the benefit of either. This provides a useful starting point for a discussion on corrupt behaviour in organisations and hence, this chapter builds on the model.

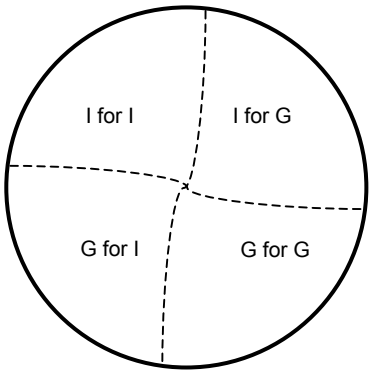


Figure 2-1 - Perpetrators and beneficiaries of corruption

The framework used to develop the model for this thesis is that of literature in management studies. There are two reasons for this choice. The first is that a major motivation for this present research is to enable organisations to be more effective in dealing with corruption, and they will be more familiar with the management approaches of previous research rather than those based on philosophy or politics. This leads to the second argument for this choice. The experimental studies described in chapters 5-8 are designed using a social science approach, Social Identity Theory (Tajfel, 1978; Tajfel & Turner, 1979) of social psychology.

The chapter discusses various definitions for corruption, and concludes that unethical behaviour and cheating are both forms of corruption. A number of existing models are described which make a distinction between the forces that instigate an individual into corrupt behaviour (e.g., occupational crime, private benefit, dispositional influences and individual agency), and those that influence corrupt group behaviour (e.g., corporate illegality, organisational benefit, situational influences and organisational structure). Rest's moral framework (1986) is discussed in greater detail because the experimental studies specifically examine moral intent and moral action. The role of opportunity in corrupt behaviour is also highlighted.

The New Oxford Dictionary of English (1998) defines an organisation as "an organised body of people with a particular purpose, especially a business, government department or charity." In this thesis it is this meaning that is used and the words 'business' and 'organisation' are used interchangeably and imply commercial, governmental or charitable concerns. This chapter addresses the question "What is corruption?" This is done by reflecting critically on the existing literature. In particular, special attention is given to the concepts of unethical behaviour and cheating as they represent the two ends of a continuum of corrupt behaviour in terms of situational legality and contextual morality: fuzzy behaviour and clear and unambiguous acts, respectively.

2.1 What is corruption?

Zyglidopoulos and Fleming (2009: 105) found this a question that is not easy to answer. Lefkowitz (2009:62) agreed with Everett, Neu and Rahaman (2006) that, "the term corruption is a vague one." Folger, Pritchard, Greenbaum and Granados (2009: 92) found that there was a variety of definitions of business corruption, and cite Philip's (1987) claim that "no one has produced a definition that is short and yet also satisfactorily complete." The New Oxford Dictionary of English (1998) defines

corruption as, “dishonest or fraudulent conduct by those in power, typically involving bribery”. Cited in Nwabuzor (2005: 121), corruption has been described as, “The abuse of public trust for private gain” (Todaro & Smith, 2003); “a violation of established rules and ways of doing things with the aim of obtaining private gain or profit” (Sen, 1999); and is seen as, “a form of anti-social behaviour, which confers improper benefits to people in authority through a perversion of societal norms and morals” (Banfield, 1998). Corruption refers to “offenses committed by officers on behalf of the organization” (Finney & Lesieur, 1982: 259). However, as the examples in the previous chapter, such as Leeson, Kerviel and Enron, show, corrupt behaviour may be carried out even by those neither in power nor in authority and may not involve bribery, but take other forms of organisational wrong-doing that may be neither for private gain, nor on behalf of the organisation. Lefkowitz (2009: 62) considered that organisational corruption is a problem at the individual, organisational and institutional, or societal level, and that there is even the possibility of an entirely corrupt organisation. Argandona (2001) suggested that:

> The corrupt act may … include extortion and bribery, commissions, gifts and doubtful favours, also nepotism, favour-currying and favoritism, illicit use or sale of insider information, misappropriation or embezzlement of funds, and the actions of the kleptomaniac or predatory State which does not distinguish between what is public and what is private. Argandona (2001: 165).

Thus, it seems, corruption can take many forms and can be perpetrated by individuals, family members, groups, businesses and even states, and so it is not surprising that there are many definitions for the word. In this thesis, corruption refers to organisational corruption.

2.1.1 Definitions of corruptions

In management literature, the concept of corrupt behaviour is allied to ideas such as unethical behaviour, organisational misbehaviour, and counter-productive work behaviour (Bennett & Robinson, 2003; Marcus & Schuler, 2004; Treviño,

Weaver & Reynolds, 2006). Ashforth, Gioia, Robinson and Treviño (2008) have listed fraud, bribery, graft, embezzlement, nepotism, cronyism, cheating and also other concepts such as illegitimacy, illicit use of influence over means and ends, and violation of individual and collective trust as some of the forms of corruption. Corrupt behaviour by individuals is implicit in work examining concepts such as ethical decision-making (Ferrell & Gresham, 1985; T.M. Jones, 1991; Treviño & Youngblood, 1990; Pinto, Leana & Pil, 2008; T.M. Jones & Ryan, 1997; Treviño, 1986); unethical behaviour (Brass, Butterfield & Skaggs, 1998); and deviant workplace behaviour (Bennett & Robinson, 2000; Robinson & Bennett, 1995). On the other hand, Simpson (2002: 7) argued, “On the whole, illegality is not pursued for individual benefits but rather for organisational ends.” And Schrager and Short (1978: 411) viewed organisational crime as acts committed by, "an individual or a group of individuals in a legitimate formal organisation in accordance with the operated goals of the organisation." However, as the previous chapter showed, these explanations do not hold true for Leeson because his fraudulent activities were committed entirely to ease his own financial burdens.

Moore (2008: 130) defined *corruption* as, “Unethical actions undertaken to advance organisational interests, which may or may not directly advance the interests of the individuals undertaking them.” But, this explanation would not apply to Leeson who worked on his own, solely for his own gain, and not for the interest of Barings Bank. Conversely, Lange (2008: 710) defined organisational corruption as, “pursuit of individual interests by one or more organisational actors through the intentional misdirection of organisational resource or perversion of organisational routines.” This behaviour would apply to Leeson, but not to Kerviel.

Ashforth and Anand (2003: 2) and Anand, Ashforth and Joshi (2004: 40) found that corruption is, “the misuse of authority for personal, subunit and/or

organisational gain", where *misuse of authority* is interpreted as "violating organisational and/or societal norms by way of using whatever one is entrusted with in the course of performing one's job". This view was supported by Ashforth *et al*. (2008: 671), who found, "The concept of corruption reflects not just the corrupt behaviour of any single individual, but also the dangerous, virus-like 'infection' of a group, organisation, or industry." In the case studies discussed earlier in this thesis, Leeson worked on his own for his own benefit, but in all the other cases, more than one person was involved, even to the extent of almost the entire organisation, as seen in the case of Enron.

Another case of corruption is that of Siemens, a German company that makes a range of products including power generators, medical devices and light bulbs. In 2006, the company was accused of operating an illegal bank account specifically to facilitate bribing clients in order to win contracts for major Siemens projects. German prosecutors investigated with a series of raids on company offices, escalating to similar inquiries in a dozen different countries, including the United States, Greece, Liechtenstein, Italy and Austria. Siemens hired its own legal and financial investigators, who identified €1.3 billion in suspicious payments that may have been used to win contracts around the world. In addition, as a result of an amnesty plan for Siemens employees willing to offer information about the scandal, 110 Siemens employees came forward, and the company identified nearly US $2.5 billion in suspicious transactions between 2000 and 2006. As a fallout of this scandal, the CEO of the company, Klaus Kleinfeld, and the chairman of the supervisory board, Heinrich von Pierer, had to resign even though they were not directly implicated (Gow, 2008; Slater, 2008). In this case, through fraudulent behaviour of some individuals, it was the organisation that benefited primarily from the crime rather than individuals, although they may also have been rewarded

through commissions.

Pinto *et al.* (2008: 687) found that corruption for the benefit of the organisation has been conceptualised as illegal corporate behaviour, unlawful organisational behaviour, corporate crime, business crime, corporate fraud, and corporate and governmental deviance. Corruption encompasses a wide variety of behaviours, including polluting the environment, manufacturing and marketing unsafe products, corporate bribery and corporate violence. In this current research, the focus is on individuals acting primarily in support of their group, although they may benefit personally in doing so.

Burke (2009a: 1) defined *fraud* as, “the deliberate actions taken by management at any level to deceive, con, swindle or cheat investors or other likely key stakeholders”. He continues that fraud can take a variety of forms such as “embezzlement, insider trading, self-dealing, lying about facts, failure to disclose facts, corruption, and cover-ups”; fraud can vary in scope and is also likely to vary by industry, take place in some organisations and not in others; typically it has a financial motivation, involves respected citizens, and does not entail physical violence. Indeed, KPMG’s (2009) survey of fraud listed misappropriation of assets (e.g., theft of cash, inventory, or intellectual property), other illegal or unethical acts (e.g., bribery, corruption, market rigging, or conflicts of interest) and fraudulent financial reporting (e.g., intentional mis-statement of revenue, assets, or liabilities). This implies that the word corruption is interchangeable with several alternative terms whether fraud (e.g., Leeson), failure to disclose facts (e.g., Enron), or lying about facts (e.g., Hamilton). As with Burke (2009), in this thesis, corruption excludes physical violence.

Lefkowitz (2009: 62) defined *Organisational misbehaviour* (OMB) as, "any intentional action by the members of organisation that defies and violates the

shared organisational norms and expectations and/or core societal values, mores, and standards of proper conduct". Thus, it is very similar to some definitions of corruption, (e.g., Moore, 2008) and overlaps with unethical behaviour which, too, concerns violations of general, societal moral standards. Similarly, Kidder (2005: 389-390) likened employee misconduct to detrimental behaviours, anti-social behaviours, counter-productive behaviours, deviant behaviours and dishonesty. But this may lead to the confusion that pro-social, contextually moral behaviour that violates organisational norms, such as whistle-blowing, is misbehaviour.

Even at the macro, international level, there is ambiguity. The World Bank defines corruption as involving "behaviour on the part of officials in the public and private sectors, in which they improperly and unlawfully enrich themselves and/or those close to them, or induce others to do so, by misusing the position in which they are placed." The 10th principle of the United Nation's Global Compact framework for action against corruption states, "Corruption can take many forms that vary in degree from the minor use of influence to institutional bribery. This can mean not only financial gain but also non-financial advantages." Transparency International, which has been at the forefront of the global anti-corruption movement since it was formed in 1993, has an all embracing definition of corruption as, "The abuse of entrusted power for private gain" and ''the bribing of public officials or embezzlement of public funds" (www.transparency.org, 2005), but, as already mentioned, Kerviel carried out fraudulent activities for the good of his social group, SocGen, and not for private gain and, unlike Siemens, his corrupt activities did not include bribery.

Bennett and Robinson (2000: 349) viewed organisational norms as consistent with "basic moral standards as well as other traditional community standards", and a violation of this is *Deviant workplace behaviour (DWB)*, which

along with *counter-productive work behaviour (CWB)*, has been defined as "voluntary behaviour that violates significant organisational norms and in doing so threatens the well-being of an organisation, its members, or both" by Robinson and Bennett (1995: 556). These authors also noted that deviance may vary along a continuum of severity, from minor to more serious forms, as well as between interpersonal and organisational forms. The implication is that these definitions are more inclusive and they refer to acts that range from cheating to unethical behaviour, the two corrupt actions of particular interest in this research. These ideas have been used here to develop the model shown in figure 2.2.

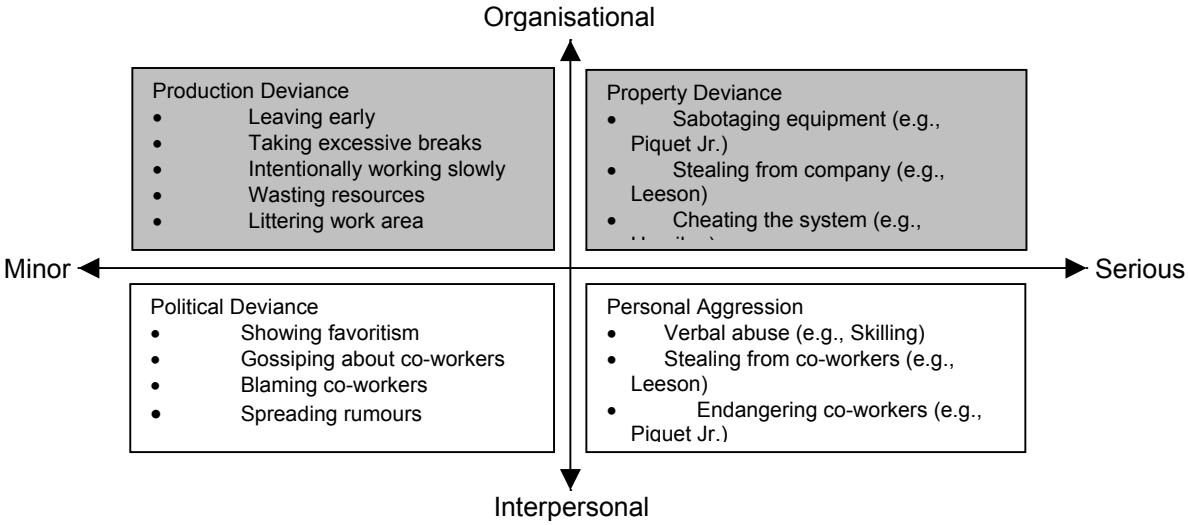


Figure 2-2 - Range of corrupt workplace behaviour (based on Robinson & Bennett, 1995: 565)

Thus, for example, both spreading rumours and physical violence would fall into interpersonal deviance, just as both sabotaging equipment and littering one's work environment would fall into organisational deviance. This current thesis focuses on the organisational half of the model, shown in grey, and examines some circumstances under which members of a group would work together to commit these acts. There is also some overlap with the other quadrants. For instance, Piquet Jr.'s intention was fraud and cheating, but he also endangered the lives of his co-workers.

One common thread running through all the behaviours listed is that the acts are primarily carried out by organisation members, singly or in groups, but the actions directly or indirectly, benefit the organisation (see Baucus & Near, 1991; Daboub, Rasheed, Priem & Gray, 1995; Schrager & Short, 1978). This was seen in the examples of Siemens, Enron, Kerviel, My Lai, Milgram experiments, Hamilton and Piquet Jr., although not Leeson. Together, these examples illustrate that there are a variety of definitions of business corruption, and it seems the word corruption holds different meanings in different contexts. Thus, from a business perspective, what constitutes corruption may not be clearly understood. This current research does not examine any specific corrupt act, but the word corruption is used in a generic sense to include a wide range of misbehaviour in organisations whether committed by individuals or groups of employees.

As the definitions above and the case studies mentioned in chapter 1 illustrate, an act of corruption cannot always be viewed simply as individual deviance, because, as Lange (2008: 718) has suggested, entire firms might be involved in the corruption, making it difficult to tell the difference between individual corruption and organisational crime or “corruption against and on behalf of the organisation”. He further suggests the definition of corporate corruption could be expanded to include a range of activities including price-fixing, anti-competitive behaviour marketing and sale of unsafe products, misleading and deceptive and false advertising, illegal environmental damage, irresponsible working conditions, tax evasion and money laundering, to mention a few. The thesis next considers whether cheating and unethical behaviour should be included in this list. Figure 2.3 lists some forms of corruption. Table 2.1 summarises the main points from this section.

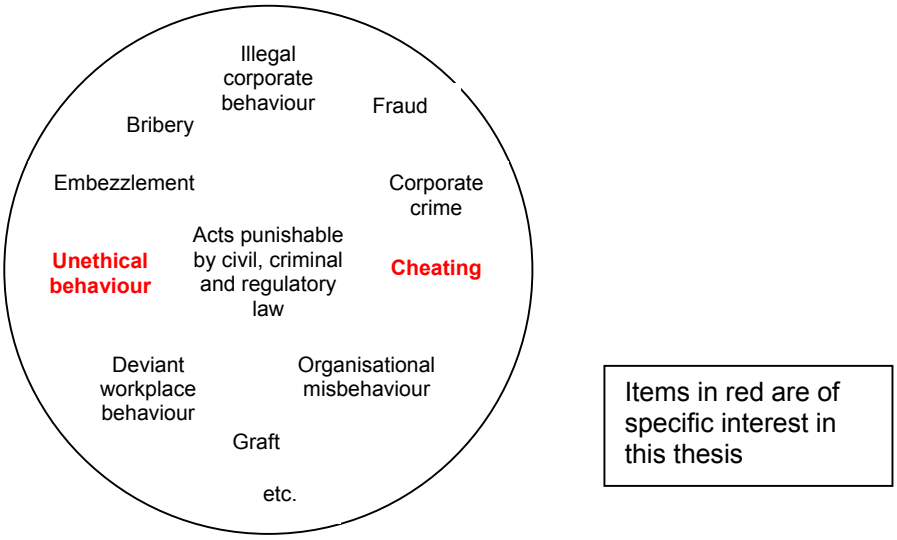


Figure 2-3 - Different forms of corruption

Table 2-1 – Main points of definitions of corrupt behaviour

Model	*Historic reference*	*Implications for this research*
Definitions of corruption	Ashforth & Anand (2003); Anand *et al*., (2004); Ashforth *et al*., (2008); Baucus & Near (1991); Bennett & Robinson (2003); Brass *et al*., (1998); Burke (2009); Daboub *et al*., (1995); Ferrell & Gresham (1985); Folger *et al*., (2009); T.M. Jones (1991); T.M. Jones & Ryan (1997); Kidder (2005); Lang (2008); Lefkowitz (2009); Marcus & Schuler (2004); Pinto *et al*., (2008); Robinson & Bennett (1995); Schrager & Short (1978); Simpson (2002); Treviño (1986); Treviño *et al*., (2006); Treviño & Youngblood (1990);	Varying definitions of corruption covering extensive range of organisation mis-doings; Implies unethical behaviour and cheating are both forms of corruption

2.1.2. Is cheating corruption?

In the novel, *The Firm* (John Grisham, 1991), an experienced lawyer advises a young associate to bill clients for each minute spent even thinking about a case, let alone working on it. Gino and Pierce (2009: 142) have found that such unethical billing practices occur well beyond fictional realms and constitute a pervasive problem in law firms across the USA. According to these authors, overstatement of performance or effort represents an even broader epidemic in organisations, where employees routinely exaggerate business expenses and over-report hours on timesheets, and applicants falsify resumes.

David Callahan (2004), in his book, *The Cheating Culture*, (p. 219-221) reported that, in 2002, a review of 2.6 million job applications by an US firm that conducts background checks, revealed that 44% contained at least some lies. Likewise, 41% of applications reviewed by a New Jersey-based verification firm contained information about education that was contradicted by the records of the named institutions. Another large survey, HireRight, an Internet company that does background checks, found that 80% of all resumes were misleading, and 20% included fabricated degrees. These forms of behaviour are not restricted to the USA. In the UK, information from *Personnel Today*, CIPD, independent consultants, employee surveys and risk advisors indicate that at least 50% of people are thought have one major inaccuracy on their *curriculum vitae* (CV), either through falsification, embellishment or omission. A 2008 survey by the Risk Advisory Group sampled 3800 CV's and found that 50% of them had at least one mistake, and 20% had three or more mistakes. Although referred to as examples of cheating, the arguments presented in the previous section in this thesis would suggest that such behaviour, the falsification of professional information, is a form of corrupt behaviour (e.g., Burke, 2009).

As noted in the case of Enron, CEOs (Jeff Skilling) behaved corruptly by inflating earnings reports to please Wall Street in order to increase the value of their stock options. This was also seen in the case of Scott Sullivan, the Chief Financial Officer (CFO) of the telecom giant WorldCom who was fired on June 25, 2002, amidst allegations of massive fraud. In August that year, he was arraigned on seven felony charges, including securities fraud and conspiracy. Together, with Bernard Ebbers, the Chief Executive Officer (CEO), Sullivan had helped map out a business strategy that involved a steady stream of mergers and deals. These aggressive tactics turned WorldCom into one of America's biggest companies and

inflated its earnings by some US $11 billion through a variety of financial manipulations. When the investigators had completed the true accounting, they alleged that Sullivan had directed the largest corporate fraud in history. His apparent motive was to keep WorldCom and its stock price afloat as the telecom industry tumbled and WorldCom's US $40 billion debt became unmanageable. Sullivan's main solution to this crisis was to list billions of dollars of day-to-day operating costs as capital expenses, which meant that WorldCom's quarterly earnings appeared to be higher than they were (Callahan, 2004). Ebbers and Sullivan obtained the support of the board members by offering financial incentives. Interestingly, Callahan (2004) uses this case study as an example of cheating, which again shows the lack of distinction between cheating and corruption.

Like corruption, cheating is not a new problem and it is widespread. For example, in ancient China, job applicants for the civil service were sat apart to prevent potential cheating on the entrance examination. The penalty for being caught cheating, or assisting in it, was death. During the late 1800s, America's new industrialists, as they built, and fought over, the engines of economic growth (e.g., railroads, steel mills, and/or refineries, coal mines, banks) cheated each other and their customers, and they cheated and destroyed their smaller competitors (Callahan, 2004: 15-16).

But, unlike corruption, scholarly literature on cheating is limited. Much of what is available relates to research on academic cheating (Allmon, Page & Roberts, 2000; Bernardi, Metzger, Bruno, Hoogkamp, Reyes & Barnaby, 2004; Carrell, Malmstrom & West, 2008; Jackson, Levine, Furnham & Burr, 2002; Klein, Levenburg, McKendall, & Mothersell, 2007; Megehee & Spake, 2008; Niiya, Ballantyne, North & Crocker, 2008; Nonis & Swift, 2001; Salter, Guffey & McMillan,

2001; Smyth, Kroncke & Davis 2009; Swift & Nonis, 1998; Taylor-Bianco & Deeter-Schmelz, 2007), compared to cheating in the business environment (e.g., Ariely, 2008, 2009; Brief *et al*., 2001; Callahan, 2004; Nonis & Swift, 2001b).

As with corruption, academic literature offers no agreed definition of cheating. However, the *Oxford English Reference Dictionary* (Pearsall & Trumble, 1996: 249) defines cheating as "to deceive or trick, deprive of, or to gain unfair advantage by deception or breaking rules, especially in a game or examination." According to Bloodgood, Turnley and Mudrack (2008: 557-558) cheating is, "behavior that diverges from ethical norms and involves violating rules deceptively in an effort to gain something of value". Thus, one purpose of cheating seems to be to gain personal advantage in a situation. Leeson's corrupt behaviour was performed for precisely that reason. Consequently, it can be said that Leeson was guilty of cheating. However, Leeson's actions are generally referred to as corrupt (or fraudulent) ones. This example, too, would suggest that cheating is a form of corrupt behaviour.

Cheating violates norms of justice and fairness (West, Ravenscroft & Shrader, 2004: 177), not least because cheaters seemingly have an unfair advantage over others in that their performance is not based on skill, ability, preparation or even random occurrence. In addition, a cheater's peers may be tempted to cheat themselves (e.g., West *et al*., 2004; Ariely, 2008, 2009), either to level the playing field or simply because of a contagion effect. Clearly, cheating, like corruption, has the potential to cause serious problems, particularly in business.

Among other activities that Callahan (2004: 180) lists for cheating, is employee theft, ranging from taking home pens from work, through padding one's expense accounts, to outright stealing of large sums of money through insider

financial schemes. The biggest losses to an organisation occur through high-level white-collar thefts, but the scale of wrongdoing by lower-level employees also adds up to a great deal of money. In the USA, in 2000, taking into account only those employees who got caught, one in every 22.4 retail employees stole from his or her employer. Earlier in this thesis, similar activities were listed in KPMG's (2009) Fraud survey (e.g., misappropriation of assets) again showing the lack of distinction between corruption and cheating.

As another example of cheating, Callahan (2004: 140-141) cites the case of Michael Conway who was a long-time senior partner at KPMG, a respected leader in his field, and chairman of its audit and finance and committee. He served on a variety of boards and committees within accounting associations, and helped to shape accounting policies and practices even at the national level. In 2004, Conway and three other senior members of KPMG were charged with wilful ignorance while their client, Xerox Corporation wildly overstated their earnings, thus misleading investors about the company's profitability (Callahan, 2004: 140). Xerox leaders focused obsessively on protecting the company's stock price and their own pay-cheques. When the stock price was in jeopardy, they engineered a far-reaching fraud to misreport Xerox's earnings. Like Enron and WorldCom, Xerox did this to meet its "performance expectations" on Wall Street and thus boost the price of its stock. This case bears striking similarities to that of Enron and Arthur Andersen who were quoted earlier as examples of corruption. Interesting also is that the examples Callahan (2004) uses for cheating, such as Enron, WorldCom and NASCAR, are generally considered instances of corrupt behaviour in the world of business.

Baucus and Near (1991) suggested that pressure to meet organisational objectives, whether profits in corporations or winning races, for example, in

Formula 1, can lead employees to cut corners and engage in misconduct to meet goals (e.g. Hamilton, Piquet Jr.). In a different example of cheating in the motor-racing world, Baucus *et al*., (2008: 380) pointed out that Brian France, CEO of NASCAR, the National Association for Stock Car Auto Racing and a sanctioning body overseeing more than 1,500 races in the U.S., Canada, and Mexico, said in his 2007 State of the Sport speech in 2007, that cheating has always been and will likely always be part of the NASCAR culture. This tradition of cheating in the NASCAR racing community has gone on for so long that many people regard it as an integral part of competition. Richard Petty, winner of seven Cup championships in NASCAR, says about cheating at NASCAR, ‘‘Everybody knows everybody does it . . . Some get caught. Some don’t. That’s part of the magic of racing: trying to get away with every little bit you can.’’ The examples of corrupt behaviour in Formula 1 racing, given in chapter 1, are not dissimilar to this, and it is suggested in this thesis that cheating is a form of corruption.

These examples show that there is no substantial difference in the activities between these and those given in the case studies in the introductory chapter in this thesis under the heading of corruption. Another parallel that may be drawn with corruption is where cheating is a likely to occur. Callahan (2004) suggested that:

> Cheating is everywhere. By cheating I mean breaking the rules to get ahead academically, professionally, or financially. Some of this cheating involves violating the law; some does not. Either way, most of it is by people who, on the whole, view themselves as upstanding members of society. (Callahan, 2004: 14).

That is, cheating may occur in business, medical, legal or financial services – in any type of business, because it is committed by people who are involved with normal, ordinary modes of earning a living. Indeed, the first chapter in Callahan’s (2004) book is entitled “Everybody does it!”, and Crittenden, Hanna, and Peterson

(2009: 345) echoed this idea and suggested in their article on cheating that, "Everyone else is doing it!" From this, and the examples given, it seems that cheating, like corruption, really is pervasive. Thus, it is the contention of this research that cheating is a form of corrupt behaviour and so the terms will be used interchangeably in this thesis. Also, interestingly, cheating has been referred to as corruption by Callahan (2004), and as unethical behaviour by Baucus *et al*., (2008). Table 2.2 summarises the concepts in this section and unethical behaviour is examined next.

Table 2-2 - Comparison of cheating and corruption

Model	*Historic reference*	*Implications for this research*
Definitions of cheating and corruption	Baucus & Near (1991); Baucus *et al*. (2008); Bloodgood *et al*.(2008); Burke (2009); Callahan (2004); Crittenden *et al*. (2009); Jackson *et al*. (2002);	Large variety of definitions for both group and context based; Definitions and examples overlap; Both occur at all levels of an organisation and in any functional setting

2.1.3. Is unethical behaviour corruption?

Like cheating, unethical behaviour (Darley, 1992; Ferrell, Fraedrich & Ferrell, 2002; Roozen, De Pelsmacker & Bostyn, 2001) is generally viewed as inappropriate and unethical. Brass *et al.* (1998: 15), defined *unethical behaviour* as, "behaviour that has a harmful effect upon others and is either illegal or morally unacceptable to the larger community". Pfarrer, Decelles, Smith and Tyler (2008: 730-731) supported this view and suggest that, "unethical behaviour includes organisational actions that are deemed immoral or unacceptable according to societal norms or general standards of conduct", whereas corrupt behaviour includes "conduct by an organisation that is proscribed and punishable by criminal, civil and regulatory law". However, the actions of Leeson and Hamilton, for instance, undoubtedly breach societal standards and at the same time are considered corrupt, and indeed, Leeson served a prison sentence.

As with Zyglidopoulos and Fleming's (2009: 105) comment on corruption referred to earlier in this chapter, Darley (1992: 199-200) found that moral wrongdoing is a troubling concept to define, because it may not be possible to clarify and defend particular concepts of "good" or "wrongdoing". Darley (1992) defined wrongdoing as actions that cause harm or pain to others. However, Finney and Lesieur (1982: 265) suggested that corruption too might be defined based on the seriousness of the harm done. Similarly, most definitions of business ethics relate to rules, standards, and moral principles as to what is right or wrong in specific situations. According to Ferrell, Fraedrich and Ferrell (2002: 6a), business ethics comprises principles and standards that guide behaviour in the world of business. Whether a specific behaviour is right or wrong, ethical or unethical, is often determined by stakeholders such as investors, customers, employees, the legal system and the community. Although these groups are not necessarily "right", their judgements influence society's acceptance or rejection of the business and its activities. This means that unethical behaviour in business is context dependent, as was seen earlier in this thesis with the concept of corruption.

An ethical decision has been defined as "a decision that is both legal and morally acceptable to the larger community. Conversely, an unethical decision is either illegal or morally unacceptable to the larger community" (T.M. Jones, 1991: 367). This definition is similar to Kelman and Hamilton's (1989: 307) definition of crimes of obedience, "A crime of obedience is an illegal or immoral act committed in response to orders or directives from authority". However, in the previous chapter, crimes of obedience were seen as corrupt acts suggesting that unethical behaviour is a form of corrupt behaviour. Additionally, echoing the discussions of Lefkowitz (2009: 62) who considers that organisational corruption is a problem at the individual, organisational and societal level, Roozen *et al*., (2001: 87) have suggested that business ethics, or more particularly the ethical dimensions of decision processes in organisations, can be studied on three

different levels: the individual, the organisation, and society as a whole. This approach, too, shows similarities between corrupt and unethical behaviours.

According to Treviño, Weaver and Reynolds, (2006: 952), “behavioral ethics refers to individual behavior that is subject to or judged according to generally accepted moral norms of behavior . . . . Within this body of work . . . researchers have focused specifically on unethical behaviors, such as lying, cheating and stealing”. These authors include employee behaviours such as theft, sabotage, lying to customers, and misrepresentation in financial reports, in their definition of unethical behaviour. However, earlier in this chapter, these activities were dicussed as forms of corrupt behaviour (e.g., Hamilton, Leeson, Piquet Jr., Kerviel), again suggesting a lack of distinction between corrupt and unethical behaviour.

On the other hand, Kish-Gephart, Harrison and Treviño (2010: 2) did distinguish unethical behaviour from two related concepts. First, they suggested, unethical behaviour is not a synonym for workplace deviance or counterproductive work behaviour. These latter behaviours are defined as violating organisational norms (Bennett & Robinson, 2003) rather than widely accepted societal norms. It is possible for behaviour to violate widely accepted societal norms while remaining normative in the organisation (e.g., Enron staff lying to customers). However, some less serious forms of workplace deviance (e.g., gossiping, working slowly) that violate organisational norms may not violate widely accepted societal norms (Robinson & Bennett, 1995). But, some of these behaviours were earlier listed as forms of corruption, showing that the difference between corruption and unethical behaviour is not clear-cut.

Additionally, some unethical behaviours overlap with illegal behaviours. For example, stealing is considered to be unethical because it breaches widely accepted societal norms. It is also illegal. However, some of the many unethical

behaviours that are used in corporate conduct (e.g., Enron charged customers high prices) are often not illegal. Nevertheless, because of widespread agreement that they are morally wrong, these behaviours can be defined as unethical behaviour. Some unethical corporate acts would also be considered corrupt behaviour as the investigations into Siemens by the German anti-fraud squad shows.

Baucus, Norton Jr., Davis-Sramek and Meek (2008: 381-382) have found that the culture of an organisation can contribute to unethical and illegal behaviour by encouraging or pressurising employees to behave inappropriately (e.g., McLaren Mercedes). From the discussions above, it is clear that informal systems play an important part in ethical behaviours, But, this issue was also identified for corrupt behaviour where social peers were found to be influential in encouraging corrupt behaviour (see Ashforth & Anand, 2003; Ashforth, Gioia, Robinson & Treviño, 2008; Baucus & Near, 1991; Brass *et al*., 1998; Darley, 1996; Ferrell & Gresham, 1985; Fleming & Zyglidopoulos, 2009; G.E. Jones & Kavanagh, 1996; Sutherland, 1949; Treviño & Youngblood, 1990; Zimbardo, 2006, 2008).

Cullen, Victor and Stevens (1989: 51) have found that a company's ethical culture helps to determine (1) which issues organisation members consider to be ethically pertinent, and (2) what criteria they use to understand, weigh, and resolve these issues. Treviño, Butterfield and McCabe (1998: 452), have found that culture can exert a powerful influence on individual behaviour. Culture helps to establish what is considered legitimate or unacceptable in an organisation. Whether defined as an informal organisational control system, or an instrument of domination, organisational culture is thought to provide direction for day-to-day behaviour. Again, these points were raised in the discussions on corrupt behaviour, indicating that corruption is one type of unethical behaviour.

Hence, in the context of this current research, there is, in effect, no difference in unethical behaviour and corruption and so the two terms are used interchangeably. Together with the definitions and discussions on cheating, it seems that unethical behaviour and cheating lie at opposite ends of a continuum of the concept of corruption. Also in the context of this thesis, the Kabawil of Mayan mythology may be said to represent the two opposites of the concept corruption: fuzzy edged unethical behaviour and hard-edged cheating. Table 2.3 summarises the main arguments in this section.

Table 2-3 - Comparison of unethical behaviour and corrupt behaviour

Model	*Historic reference*	*Implications for this research*
Definitions of unethical decision-making	Darley (1992); Ferrell *et al*. (2002); Ferrell & Gresham, (1985); Jensen & Wygant (1990); T.M. Jones (1991); Roozen *et al*. (2001);	Individual, organisational and societal levels; Culture & norms - Individual and situational components to unethical behaviour – so contextual
Unethical business behaviour and corruption	Baucus *et al*. (2008); Cullen *et al*. (1989); Treviño (1986); Treviño *et al*. (1998);	Unethical behaviour overlaps with corrupt behaviour

In other words, corruption consists of those practices that violate important rules for personal or group gain (Clarke, 1983; Williams, 2000), both cited in Zyglidopoulos, Fleming and Rothenberg (2009: 66). As already mentioned, it seems that what is regarded as corruption is culturally and historically dependent. In this sense, corruption is, “A negotiated classification of behaviour rather than as an inherent quality of behaviour” (Chibnall & Saunders, 1977: 139), cited in Zyglidopoulos *et al*. (2009: 66). Examples of these behaviours range from spending an extra 5 minutes on coffee break to workplace homicide. Table 2.4. is based on Lefkowitz (2009: 65) and compares various definitions of organisational wrongdoing.

Table 2-4 - Overlapping constructs representing misconduct in organisations (based on Lefkowitz (2009: 65)

Construct	*Definitional criteria*	*Motivational assumptions*	*Target and outcomes*
Unethical behaviour	Violation of moral principles	Unintentional failure to meet one's own standard; or intentional self-serving breach of trust	Harm or wrongdoing to others
Organisational deviance	Violation of organisational norms	Unintentional, intentional or accidental events	Harm to others or to the organisation
Corruption	Violation of public norms of trust	Intentional breach of trust for personal or collective gain	Substantial harm to others or to the organisation
Organisational misbehaviour	Violation of organisational (and/or public) norms	Intentional violations on behalf of one's self or the organisation	Substantial or minor harm to others or to the organisation, depending on the norms violated
Counter-productive work behaviour	Violation of organisational and public norms	Intentional self-serving actions	Substantial or minor harm to others or to the organisation
Cheating	Violation of contextual norms	Intentional self-serving actions	Substantial or minor harm to others or to the organisation

Without excluding the implications of any of the above explanations, the definition used in this thesis is, “corruption occurs when organisational and/or societal norms are violated by one or more individuals who use positions of trust for personal, group or organisational gain, with harmful effects upon others.” That is, corruption is not only situational, but also dependent upon and determined by others in that context. In this thesis, the words “unethical behaviour” and “corruption” are used interchangeably depending on the context. Figure 2.4 illustrates the dimensions of corruption from situations in which participants might seek to defend their conduct to those in which there can be no such doubt. The diagram also shows the level of identification with a group: that is, whether the corrupt act was perpetrated for the benefit of an individual or a group, as discussed earlier in this chapter.

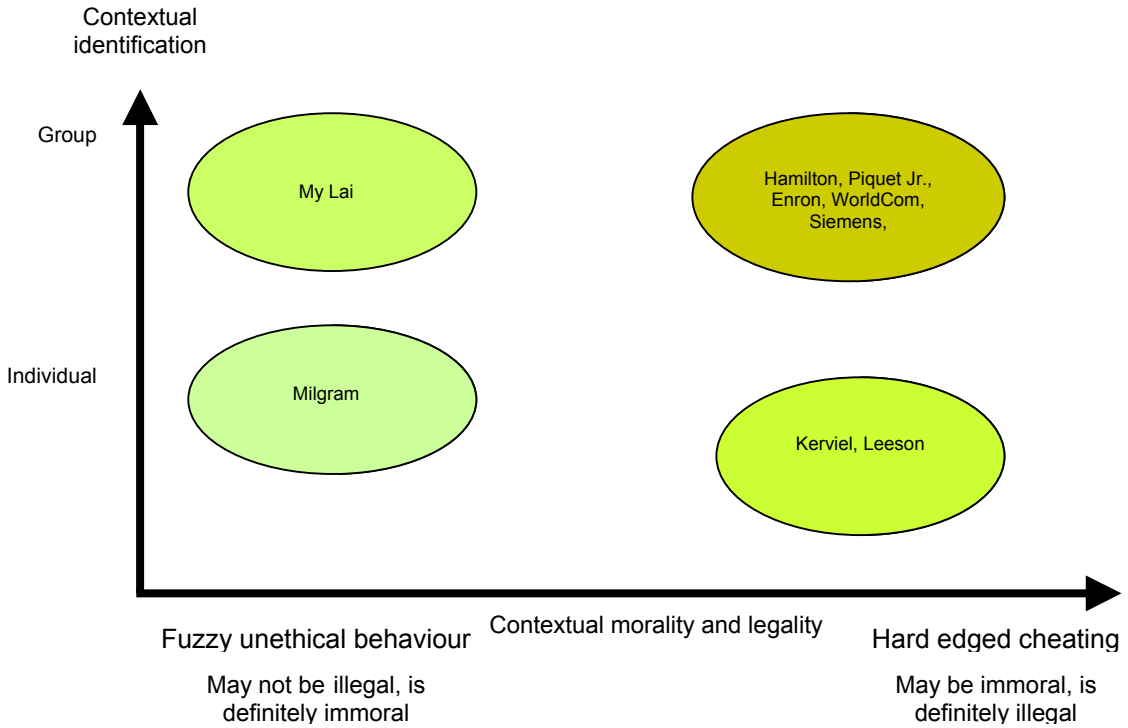


Figure 2-4 – Dimensions of corrupt behaviour

2.2. Existing models for organisational corruption

Given the diversity of definitions seen in this chapter, it is not surprising that several models exist for corruption in organisations. Baucus (1994) developed a model that distinguishes between intentional and unintentional illegal activities, and recognises that intentional illegality results from a decision to engage in wrongdoing, so characteristics of the individual decision maker(s) affect the likelihood of wrongdoing (e.g., Leeson gambling on the stock market). This thesis examines intentional crimes in organisations for personal and/or organisational benefit and also demonstrates the group can persuade individuals into intentional crime (e.g., Hamilton).

2.2.1. Individual and group level corruption

Clinard (1983: 13) has made a distinction between occupational crime and corporate illegality. In the former, individuals engage in illegal acts primarily for their own personal gain (e.g., embezzlement). In the case of corporate illegality,

the firm is the primary beneficiary, although individuals may receive some benefits also. Referring to the case studies in chapter 1, Leeson was guilty of occupational crime, and Enron employees, of corporate illegality, as was SocGen if they did reward Kerviel for his successful transactions in the years previous to the company's 2008 losses. Similarly, Finney and Lesieur's model of organisational crime (1982: 266) makes a distinction on two levels: whether the violator acts strictly for private benefit or whether the beneficiaries include the organisation itself (e.g., Leeson, Kerviel, respectively). Influenced by Sutherland (1949) their work set the groundwork for explaining corruption as a result of internal and external pressures for performance, firm structure and executive decision-making.

Hamilton and Sanders (1999: 231) have developed a three-layered corporate model of corruption: individual members acting on their own, individuals acting in hierarchies, and the corporation acting as a unit. At each level, evil consequences of certain types ensue. In the business context, and relevant to this research, this would mean, for example, that crimes on the shop floor (e.g., petty pilfering) are different from those committed in the board room (e.g., stock market manipulation by Enron). Similarly, Treviño (1986) proposes an interactionist model that recognizes the role of both individual and situational variables. The contingency model of Ferrell and Gresham (1985) emphasizes the interaction between individuals and salient others in unethical behaviour. Opportunity plays a prominent part in this model. This is of particular relevance to this current research, as will be seen in the experimental studies described in chapters 6-8. It will be remembered that opportunity featured in KPMG's (2007) survey as a primary element of corruption.

However, in their review of corruption literature, Pinto *et al*. (2008: 687) also found that much of the literature on corruption benefiting the individual does

not focus on collusion among members of the organisation (e.g., Brass *et al*., 1998; Ferrell & Gresham, 1985; T.M. Jones, 1991; Robinson & Bennett, 1995). In reality, much of what is labelled corporate or organisational crime, is enacted by groups acting collectively (e.g., Enron, Mclaren Mercedes, Renault). As Daboub *et al*. (1995) found, it could be top management (e.g., WorldCom) or a subset of organisational members (e.g., Siemens).

Pinto *et al*. (2008: 685-688) drew on Finney and Lesieur's model (1982) and identified two common and fundamental dimensions in corrupt behaviour: (1) whether the individual or the organisation is the beneficiary of corrupt activity and (2) if the corrupt behaviour is undertaken by an individual, or by two or more people. In the case of Leeson, his fraudulent activities benefited only himself; Kerviel's corrupt actions benefited SocGen; and the actions of the Enron board benefited both employees in the organisation and the organisation's reputation. Pinto *et al*.'s (2008) model conceptualises an *Organization of Corrupt Individuals* (OCI), in which "a significant proportion of an organisation's members act in a corrupt manner primarily for their personal benefit" and is a scaling up of personally beneficial corrupt behaviours (e.g., Leeson) to the organisation level and a C*orrupt Organization* (CO), in which a group of employees "collectively acts in a corrupt manner for the benefit of the organisation", and carries out corrupt behaviours on behalf of the organisation (e.g., Enron). OCI is a bottom-up phenomenon mostly manifesting itself in the periphery of the organisation (e.g. Siemens, where employees behaved corruptly without the knowledge or consent of the CEO); whereas CO is a top-down phenomenon manifesting itself mostly in the organisation's top management core (e.g., WorldCom, where the board members carried out or were party to fraud). These two kinds of corruption are not exclusive and can coexist within the same business organisation (e.g., Enron), or

not at all, so that, organisations can be “thoroughly ethical”, OCI, CO, or “thoroughly corrupt” (Pinto *et al.*, 2008: 700).

Mazar, Amir and Ariely (2008a: 642) proposed that the causes of dishonesty, though complex and driven by many factors, include cultural norms and the strengths of a person’s own moral standards. Expanding on this, Fleming & Zyglidopoulos (2009: 18-20) have suggested that in trying to understand the reason for apparently normal citizens transgressing clear moral boundaries, it is necessary to consider the dispositional and situational explanations. A *dispositional approach* to corruption focuses on the individual and his or her actions: that is, the corrupt person is someone who is “morally tainted and psychologically primed for unlawful behaviour” (Treviño & Youngblood, 1990: 378; Arendt, 1963; Brass, Butterfield & Skaggs, 1998; Felps, Mitchell & Byington, 2006; Tomlinson, 2009). These characteristics might be assumed to apply to Leeson, but, there is no evidence that his behaviour was not normal outside his work place.

The *situational explanation*, on the other hand, places more emphasis on the environmental forces that lead particular individuals down the path of corporate illegality (Baucus & Near, 1991). However, as Fleming and Zyglidopoulos (2009: 27) have suggested, situational variables may “trigger” the dispositions latent in certain individuals and not others because of differing personality traits, and this may happen at any level, with or without collusion. This current research does not examine personality traits, but does consider the effect of the situation on individual and group behaviour. Enron and McLaren Mercedes had cultures that encouraged the violation of the ethical standards of the wider societies they operated within, but it is unknown whether any of the perpetrators were actually morally tainted. Indeed, it is likely that at least some employees were not. In deed, according to Sherron Watkins, former Vice President of Corporate Development,

there were employees in Enron's traditional regulated businesses who viewed their employer as a stable utility company. It may have been impossible for them to perceive what was occurring" (Beenen & Pinto, 2009: 284).

In their model, Fleming and Zyglidopoulos (2009) propose "agency" (individual traits) and "structure" (social forces) as two of the many organisational forces in business such as authority relations and peer pressure that may lead otherwise honest people to participate in activities such as financial misdoings, fraud, unethical behaviour, cheating and bribery. The first, *agency*, focuses on the choices, deeds and personality traits of individuals who engage in corruption. The second, *structure*, consists of the extra-individual social forces that might tempt otherwise law-abiding individuals to engage in corruption. Continuing the emphasis on the processes and mechanisms of corruption, Fleming and Zyglidopoulos (2009: 113) introduced a third factor, *escalation*. They (p.105) argue that environmental systemic pressures within organisations (structure) combined with individual choice, various personality attributes and beliefs, along with a propensity for rationalisation, contribute towards the escalation of corruption within organisations, and explain how "organisations, as entities, descend into corruption" (Zyglidopoulos & Fleming, 2009: 104). The interaction between the elements of agency and structure can drive the escalation of corruption within organisations, and push corruption beyond what each element could have done on its own. While accepting this model, this thesis does not explore escalation any further, except to discuss it as a limitation in the final chapter.

To the extent that individual dispositional characteristics can be ignored in any social situation, this research focuses on the relationships of the individual and the situational (Treviño & Youngblood, 1990) group factors in the occurrence of corruption within organisations. Individual agency is discussed briefly in this thesis, but it is not the primary focus of this research. Table 2.5 summarises the main

points of this section.

Table 2-5 - Some models of corruption

Model	*Historic reference*	*Implications for this research*
Intentional / unintentional illegal activities	Baucus (1994)	Individuals may be involved in illegality unknowingly - contextual and individual choices
Corporate illegality / occupational crime	Clinard (1983)	Occupational crime – individual benefit Corporate illegality – organisation benefits – contextual and individual choices
Individual / hierarchies / corporation	Hamilton & Sanders (1999)	Corrupt behaviour dependent on type/level of involvement
Private / organisational beneficiary	Finney & Lesieur (1982)	Individuals behave corruptly for own benefit or for a group – contextual and individual choices
Interactionist models	Ferrell & Gresham (1985); Treviño (1986)	Individual's behaviour influenced by organisational circumstances – e.g. opportunity, threat, pressure, stress
OCIs and COs	Pinto *et al*. (2008)	Corrupt behaviour from individuals and groups endemic in organisations (CO) or operate without organisational sanction (OCI)
Dispositional / situational factors	Ashforth & Anand (2003); Mazar *et al*. (2008); Treviño & Weaver (2003);	Corruption is context dependant; Norms and individual characteristics apply
Agency, structure, escalation	Fleming & Zyglidopoulos (2009)	Corruption influenced by character or context; Corrupt individuals, social forces and an interaction between the two may affect corrupt behaviour

These models differ in the decision-making processes they use to derive their definitions. For instance, corruption may be judged on whether the beneficiary is an individual or the organisation (e.g., Baucus, 1994; Clinard 1983; Finney & Lesieur, 1982; Pinto *et al*., 2001); whether the perpetrators act on their own or as an organisational unit (e.g., Ferrell & Gresham, 1985; Hamilton and Sanders, 1999; Pinto *et al*., 2001; Treviño; 1986); or whether there is an interaction between the individual and group factors (Baucus & Near, 1991; Mazar *et al*., 2008a; Fleming & Zyglidopoulos, 2009; Treviño & Youngblood, 1990). Figure 2.6 below shows an enhancement of the model of corruption developed in the previous chapter, and encompasses the discussions so far in this chapter. It includes the components of dispositional/agency and situational/structure, showing that

individual and group factors may interact with each other to promote corrupt behaviour. This thesis next turns to the final concept that will be discussed in this chapter, and it puts business ethics in a framework of moral awareness, judgement, intent and action.

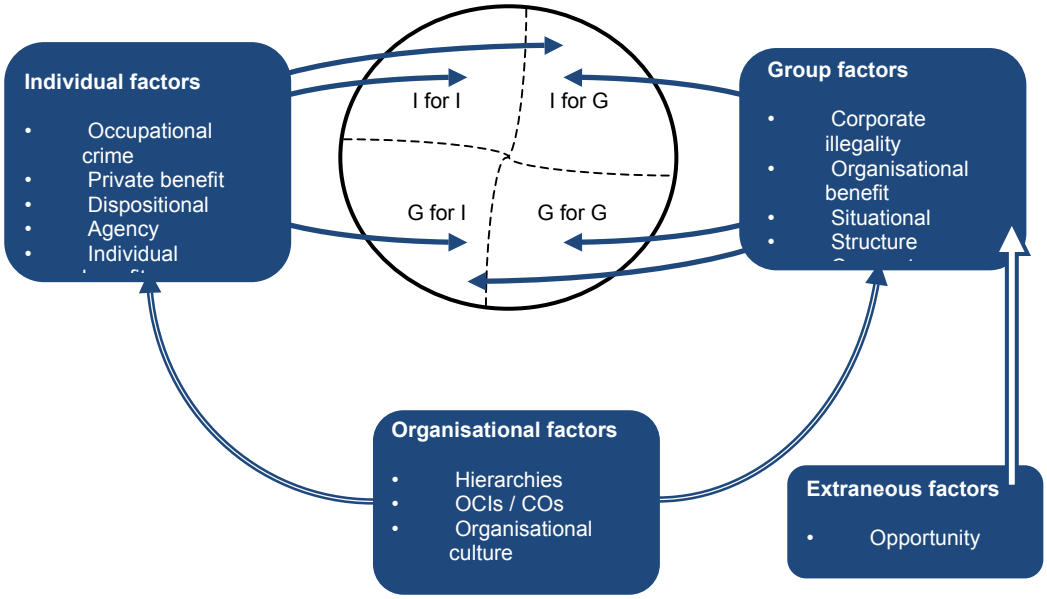


Figure 2-5 - Some organisational factors affecting corruption

2.2.2. Rest's framework of ethical decision-making

Treviño and Youngblood (1990: 379) have argued that ethical decision-making behaviour has two major components. One is a behavioural-choice component, because when faced with an ethical dilemma, individuals must choose a course of action, and the other is a normative-affective component where individuals struggle with their thoughts and feelings about what is right in the circumstances. On the other hand, Callahan (2004: 105), in his book, *Integrity*, gave the example of Yale law professor Stephen Carter who suggests that integrity requires three steps: discerning what is right and wrong, acting on what has been discerned, and acknowledging that an act takes place based on an understanding of right and wrong. However, the model used in this present research is Rest's Framework

(1979, 1986), which has four steps – moral awareness, moral judgement, moral intent and moral action.

As has been shown earlier, this research explores the notion that an individual's ethical orientation to the world is socially influenced rather than an inherent characteristic (Bandura, 1986; Kohlberg, 1984). Rest's Framework (1979, 1986), based on Kohlberg's (1976) six-step model (discussed further in Appendix 2), groups unethical behaviour into four categories. According to Rest (1979, 1986), ethical decision-making requires that individuals (1) recognize a moral issue by having *moral awareness*, (2) make a *moral judgement* about the issue by evaluating the alternatives and deciding what is morally right, (3) establish *moral intent* regarding one's behaviour by prioritising moral concerns, giving moral values priority over other values, and making a decision, and (4) engaging with *moral action* based on the intent by following through on moral intentions.

Rest (1986) argued that each component in the process is conceptually distinct and that success in one stage does not imply success in any other stage. T.M. Jones (1991: 368) explains that even a person with a well-developed sense of moral judgment will not necessarily have the resolve to act morally, and finds that much of the empirical research conducted in the context of this model has involved either moral judgment (Rest, 1979, 1986), or the relationship between moral development and action. The four concepts are discussed next in more detail.

2.2.2.1. Moral awareness

Moral awareness means recognising that the issue at hand involves factors that could detrimentally affect others' welfare or operate against one's own or society's ethical standards, the understanding that one's actions could contribute to those detrimental effects, and the sensitivity to realize how the outcomes of

one's actions may be at odds with personal or societal moral standards (Butterfield, Treviño & Weaver, 2000; Rest, 1986: 5–7). Social situations are not easily interpreted, and that interpretation has powerful influence on subsequent thought and action. This means that the ethical decision-making process must be "triggered" or set in motion by the awareness of an ethical dilemma. Numerous factors can affect whether someone recognizes an ethical issue. The most relevant to this current thesis, given by Butterfield, Treviño and Weaver (2000: 989) and Treviño *et al*., (2006), is that the perceived social context can play a pivotal role in either promoting or hindering moral awareness by providing cues regarding how issues should be interpreted. Because many ethical issues in organisations are ambiguous, social cues can focus attention toward or away from the moral nature of an issue. T.M. Jones (1991) and Rest (1986) have proposed that moral judgement processes are more likely to be engaged if moral awareness is present. No doubt, the participants taking part in the experimental studies for the current research needed to be morally aware of the ethical considerations of the studies, but this step is not analysed. However, once a person recognizes that a moral issue exists, a moral judgement needs to be made (T.M. Jones, 1991: 383).

2.2.2.2. Moral judgement

Rest (1979: 247) proposed that when a person is confronted with a situation or issue that he or she recognizes as having an ethical component or posing an ethical dilemma, that person forms some overall impression or judgement about the rightness or wrongness of the issue. For instance, Haslam and Reicher (2007: 616) have suggested that Arendt's (1963) concern was not just that Eichmann was an ordinary man with ordinary motives. It was that he also killed mechanically, unimaginatively and unquestioningly. For Arendt (1963), the truly horrifying thing about Eichmann was that he had lost his capacity for moral

judgement. Obsessed with the technical details of genocide (e.g., timetabling transport to the death camps), he and his fellow bureaucrats had no awareness that what they were doing was wrong.

Earlier in the thesis it was noted that not only did Milgram's (1965, 1974) findings support Arendt's contention that unremarkable people can commit remarkably cruel acts, but so too did his explanation mirror hers. In the organisational context, the implication is that employees will participate in corrupt behaviour because under pressure they tend to suspend their ethical judgement (e.g., Enron, McLaren Mercedes, Renault). It is suggested here that this is what happened with Hamilton at the Melbourne Grand Prix in 2009. Research into ethical judgements suggests that they are a strong predictor of behavioural intent. For instance, Vitell, Bakir, Paolillo, Hidalgo, Mohammed and Rawwas (2003: 156) have found that "ethical judgement" was a significant determinant of behavioural intentions.

2.2.2.3. Moral intent

According to T.M. Jones (1991: 386), once an individual has made a moral judgement, he or she can decide what actions to take (or not take) regarding the perceived ethical dilemma. Supporting this, Zimbardo (2008: 5) argued that evil acts can be committed in many ways, but it is the intent, which implies individual responsibility. "What makes an action particularly evil is intent … in transgressing moral rules." T.M. Jones (1991: 386) cited the autobiographical account by Kermit Vandivier (1972) of the "Aircraft Brake Scandal", who never considered "blowing the whistle" on his own company, even though the firm was about to deliver a dangerously unsafe product. He knew what was "right", but intended to do nothing meaningful about it, revealing that there was a gap between his moral judgement and his moral intent. Thus, individuals do not always form intentions to behave that

are in accord with their judgements, as various situational factors may act to influence the individual otherwise.

Ferrell *et al.* (2002b: 115) have found that in reality, ethical dilemmas involve problem-solving tasks in which the rules for decision-making are often vague or in conflict, and it is not always clear whether the right decisions have been made. In addition, a decision about what is morally "correct", a moral judgement, is not the same as a decision to act on that judgement: that is, to establish moral intent. For example, at the My Lai massacre, a soldier may have decided not to fire on unarmed villagers (a moral judgement), but nonetheless may have shot them anyway (failure to establish moral intent).

In their paper on unethical decision-making Kish-Gephart, *et al*. (2010: 2), defined *unethical intention* as the expression of one's willingness or commitment to engage in an unethical behaviour. They also suggested that the context (the issue) is of crucial relevance in moral decision-making. The influence of the context, particularly salient others, on behaviour, has been shown in the examples given in this thesis and will be tested in chapters 5-8. An individual's intentions and the final decision as to what action to take (moral action) form the last steps in moral decision-making.

2.2.2.4. Moral action

The final stage in Rest's (1986) four-step model of ethical decision-making, *moral action*, is to engage in some behaviour in regard to the ethical dilemma. In Rest's (1986: 15) words, "Executing and implementing a plan of action . . . involves . . . working around impediments and unexpected difficulties, overcoming fatigue and frustration, resisting distractions and allurements, and keeping sight of the original goal." Individuals do not always behave consistently with either their judgments or intentions and establishing moral intent is not enough. This is a

particular problem in the business context, as peer group members, supervisors, and organisational culture may influence individuals to act in ways that are inconsistent with their own moral judgements and behavioural intentions. Thus, moral action is an interaction between individual moral judgement and intention, and situational group influences.

As already mentioned in this document, this current research examines the influence of peers and groups on corrupt behaviour (moral action). Unlike Rest (1986), G.E. Jones and Kavanagh (1996: 514), found that behavioural intentions are the strongest predictor of actual behaviour in general, and ethical behaviour in particular. In addition, they (p. 512) found that in response to a situation (such as an ethical dilemma), individuals generally behave in a manner consistent with their beliefs, attitudes, and values and they act in accordance with their thoughts and feelings. Because of the influence of groups on Rest's Framework, the present research also examines whether group-influence affects moral intent and moral action, both of which are used in the empirical research described in chapters 6-8.

2.2.2.5. Rest's moral framework and influence of groups

Previous findings show that for most people, peers and social circles play a significant role in shaping their ethical beliefs, and that faced with an ethical dilemma, individuals may look to the beliefs of others around them to evaluate what is right or wrong in an act (e.g., Butterfield *et al*., 2000; Darley & Latané, 1968; Latené & Darley, 1968; Treviño *et al*., 2006). Based on these findings, T.M. Jones (1991) and Granitz and Ward (2001: 301-302) built on Rest's Framework (1974, 1986) by introducing a social element. As with Rest (1974, 1986), this provides a model that begins with the emergence of a moral issue from the environment and the individual's recognition of this moral issue. The individual then enters the moral judgment phase and evaluates what courses of action are

right and wrong. This leads to the formation of the moral intent. However, T.M. Jones (1991) and Granitz and Ward (2001) add that influencing this process throughout are individual, social and organisational determinants, as well as characteristics of the moral issue (see Kish-Gephart *et al*., 2010). Elements in the moral judgment stage and characteristics of the issue may compel an individual to look to peers for guidance or consensus. G.E. Jones and Kavanagh (1996: 520) have also found in two experiments designed to empirically test the hypotheses of individual and situational variables, that peer influence significantly affected an individual's behaviour intentions. This is relevant in this research, examining, as it does, the effect of group members on corrupt behaviour.

Granitz and Ward (2001: 299-300) have proposed that organisational group boundaries (e.g., sub-units, teams, functions, departments) result in actual, as well as perceptual, sharing in ethical reasoning and moral intent. Departmental boundaries not only create stronger social ties within the group, but also variations in ethical norms between groups within the organisation. Thus individuals will be more likely to share in ethical reasoning and moral intent with members of their own group than with members of other sub-units in the organization or even the wider organization itself. Empirical evidence has established that, while both peers and the organisation (senior management) may exert influence on the ethics of an individual, the influence of peers is generally stronger than that of organisational initiatives.

It has also been seen earlier that members of a group influence its norms, which include moral reasoning and intentions. Consequently, group ethical reasoning and intentions would influence group actions. Therefore, it is the contention of this thesis that group-influence would affect moral action as well as moral reasoning and moral intention. This suggests that moral awareness and

judgement are, in turn, influenced by contextual group behaviour (moral action). For this thesis, the implication is that there is a cycle that starts with moral awareness, and continues through judgement, intent and action, and back to awareness, with the group's moral thinking being affected by the previous stage in that cycle.

This proposed feed-back loop is shown in blue in diagram 2.6, which is based on Rest (1986) and T.M. Jones (1991). It shows the ethical decision-making model and the impact of situational factors such as opportunity, on ethical decision-making. The aim of this current research is to establish, by examining moral intent and moral action, under what circumstances groups (and teams in the workplace) will behave corruptly in terms of unethical decision-making and cheating.

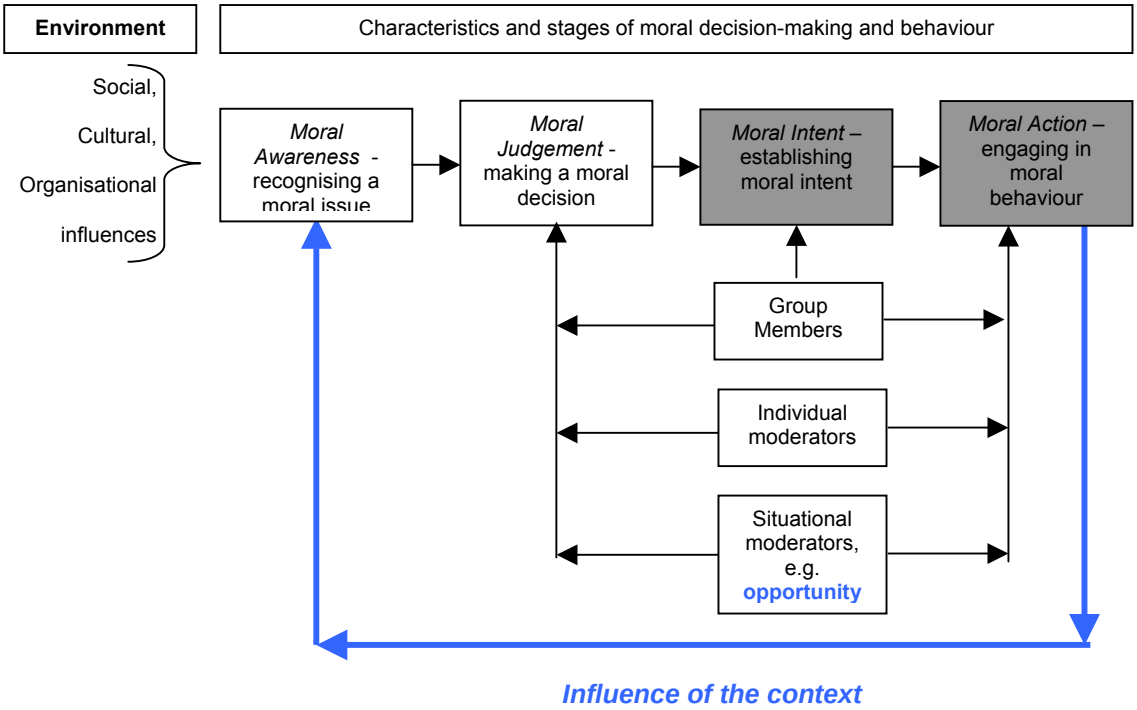


Figure 2-6 - Ethical decision-making model showing the influence of groups
(based on Rest, 1986; T.M. Jones, 1991; and Granitz & Ward, 2001)

Kish-Gephart, *et al*. (2010: 21) have argued that behavioural ethics investigations rarely include both intention and behaviour in the same investigation: their comprehensive search found only two studies that measured unethical intention and behaviour within the same sample and they suggested a strong and immediate need to do so in future studies. This finding is particularly relevant to this current thesis as both these factors are addressed in the experimental studies described in chapters 6-8.

Based on Rest's framework of ethics (1979, 1986), this current research examines the moral intentions and actions of small groups in the workplace. Using the evidence from previous research, this thesis proposes that in developing their ethical reasoning and moral intent, individuals may interact with others in their groups, and that these 'significant others' will influence not only individuals' ethical reasoning, but also their moral intent and moral action. Here again, social groups are seen to affect individuals' unethical/corrupt behaviour. Table 2.6 summarises the key concepts in this section.

Table 2-6 - Overview of a moral framework

Model	*Historic reference*	*Implication for research*
Rest's framework - moral awareness, moral judgement, moral intent, moral action	Bernardi *et al*. (2004); Butterfield *et al*. (2000); Darley & Latané (1968); Ferrell *et al*. (2002); Fiske & Taylor (1991); T.M. Jones (1991); G.E. Jones & Kavanagh (1996); Kohlberg (1981, 1984); Latané & Darley (1968); Rest (1979, 1986); Trevino *et al*. (1998); Vitell *et al*. (2003);	Relevant for moral intent and moral action; Influenced by contextual considerations
Social component of a moral framework	Granitz & Ward (2001); T.M. Jones (1991);	Moral reasoning and action dependent on strength of identification with peer groups; Implies feedback loop

2.3. Summary of chapter 2

In this chapter a model has been developed that shows that 'corrupt' behaviour in organisations can take many forms from clear cut cheating where there is no ambiguity about either the action or the outcomes under any situation, to unethical decision-making which can provoke debates as to the right and wrong of the options taken in a specific context. This corrupt behaviour occurs within a moral framework of awareness, judgement, intent and action. This revised model is shown in figure 2.7.

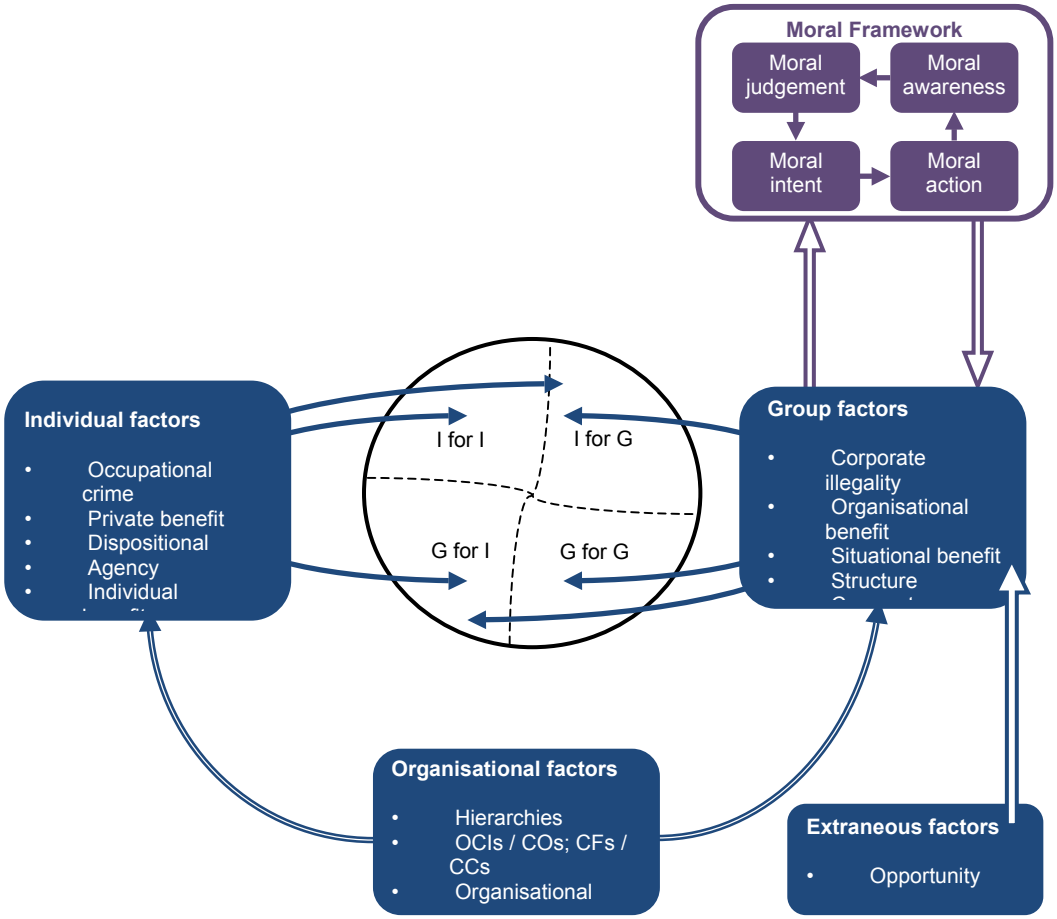


Figure 2-7 - Model of corruption showing the effects of a moral framework
(Based on Rest, 1986; TM Jones, 1991; and Granitz & Ward, 2001)

Having derived a definition and initiated a model that shows the multi-faceted face of corruption, the thesis uses chapter 3 to explore different aspects of corruption and so builds on the model. Chapters 5-8 describe the experimental studies that demonstrate the influence of groups on unethical decision-making and corrupt actions. This addresses to a degree the findings of Lefkowitz's (2009: 86) and Kish-Gephart *et al*. (2010), that very little empirical research has been conducted on presumed group-or organisation-level influences on misconduct. Most of the reported research has been conducted at the individual level of measurement and statistical analysis. This current research addresses that imbalance and examines moral intent and moral action at the group level and shows that identification with a group plays a pivotal role in corrupt behaviour.

3 Corruption: Debates and Underlying Concepts

I keep six honest serving-men
(They taught me all I knew);
Their names are What and Why and When
And How and Where and Who. (Rudyard Kipling, 1865-1936)

The aim of this research is to investigate whether corruption is influenced by group behaviour, and whether stress is a factor in these acts. So far in this thesis a model has emerged that places the interaction between individuals and groups at the centre of corrupt behaviour in organisations. In the previous chapter a range of definitions and meanings of corruption were discussed and an understanding of what corruption signifies for this thesis was derived. Some established models were also examined. Both the definitions and the models indicated that corruption can take many forms, lying on a continuum from fuzzy unethical behaviour to clear-cut cheating. A new model was introduced and developed, figure 3.1, that reflects these findings. This diagram is reproduced from chapter 2. However, for simplification, the moral framework, which is a factor in corrupt behaviour, has been removed as it is not relevant for the discussions in this chapter. It will be reintroduced at a later stage.

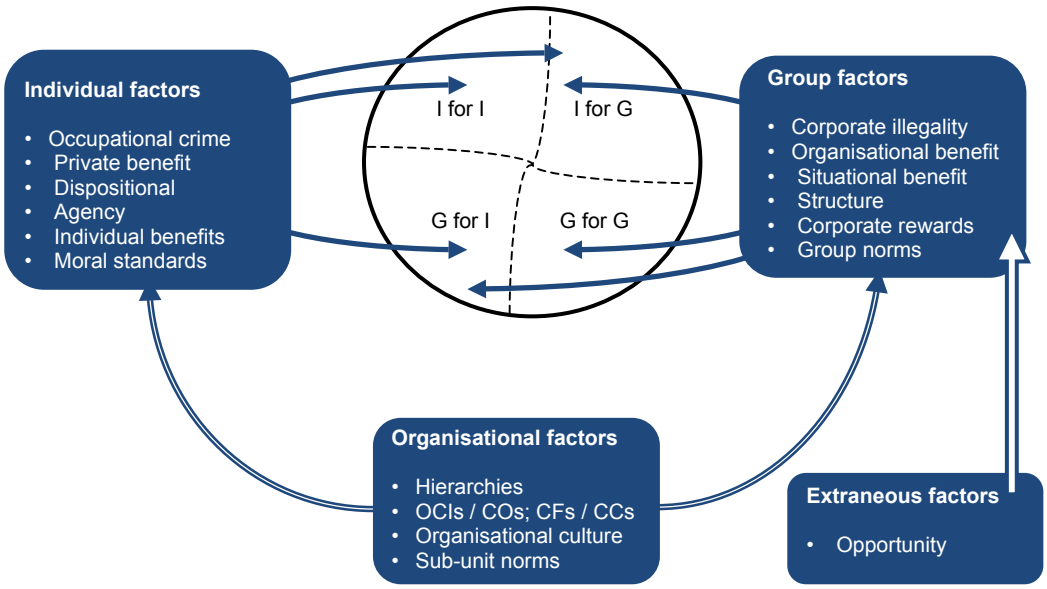


Figure 3-1 – Emergent model of corruption in organisations

This model partly answers the call of Ashforth and Anand (2003) for investigations into the differences between corruption on behalf of the organisation and corruption against the organisation. The framework used in this chapter is that of Kipling's six honest friends, and explores *why*, *when*, *where* and *how* corruption is likely to occur and *who* is likely to perpetrate corrupt acts, the *what* having been discussed in the previous chapter. This is done by reflecting critically on existing literature, and by drawing together and integrating existing theories and models. Several models are examined in this chapter, each in the light of one or more of the five items. In the first section, the organisational structure is scrutinised for its propensity to facilitate corruption. The next section discusses whether corruption in organisations is the result of activities of individuals, groups or an interaction between them. The third section focuses on some mechanisms of corruption that commonly exist in organisations. Finally, the chapter discusses the environmental and managerial conditions within organisations that may lead to corruption. Each of these sections demonstrate the importance of the smaller organisational unit (the group) in corrupt behaviour.

3.1. Where does corruption occur?

"A great deal of scattered and unorganised material indicates that white-collar crimes are very prevalent" was Sutherland's finding in 1949a (p. 10). In her book, *Eichmann in Jerusalem*, Hannah Arendt (1963: 233) wrote that, "the lesson of countries to which the Final Solution was proposed is that 'it could happen' in most places but *it did not happen everywhere*." Callahan (2004) expressed concern that cheating had increased, particularly in the United States, during the previous two decades, and that, inter alia, it can take the form of corporate scandals, the use of illegal steroids by athletes, and plagiarism by journalists and students. These examples reflect the growing range and pervasiveness of corruption. This section attempts to answer the question, *where does corruption occur*?

3.1.1. The extent of corruption

That corruption can pervade all aspects of a business is clear from the findings of previous research. For example, Ashforth *et al.* (2008) have shown that, if left to develop by itself, corruption has the ability for dire and pernicious consequences in workplaces:

> If corrupt individual acts are left unchecked, they can spread to other individuals and magnify in scope and audacity, in ways that can eventually transcend individuals and groups and become embedded in the very culture of an organisation and industry. Ashforth, Gioia, Robinson & Treviño (2008: 671)

This means that isolated acts of corruption by individuals can coalesce into becoming group activities, ultimately, possibly, involving the entire organisation, as was seen in the case of Enron. Ashforth *et al.* go on to suggest (p. 675) that even if the causes of corruption are not entirely systemic, the consequences can be. The resulting corruption can become deeply ingrained and intractable. The case studies of Enron, SocGen and McLaren Mercedes, show this to be so. Referring to deceit, Fleming and Zyglidopoulos (2008: 841) have found that, “When the lying increases in severity, it also tends to become more pervasive within the organisation as larger numbers of people get involved.” They further suggested that the more severe corruption becomes:

> the more likely it is to transcend the span of control of a particular individual or sub-unit. That is, more people will need to participate in the deception when its severity outstrips the control of an individual or group in the organisation. Over time, more organisational members will be persuaded, enticed, coaxed, threatened or socialised to join in. Fleming and Zyglidopoulos (2008: 841)

This means that once corruption is wide spread and/or embedded in an organisation, it is difficult to rout out. Additionally, as Ashforth and Anand (2003) pointed out, an organisation may impose processes and structures to inhibit corruption against it, but the same organisation may not discourage corruption on its behalf. This was exemplified in the case of Kerviel where his colleagues in SocGen, including his supervisor, were aware of his activities, but did not stop them as the bank was benefiting

from the transactions (Stewart, 2008). Therefore, it seems that, corruption can occur anywhere, and at the same time everywhere, within an organisation, across all functions and at every level within each.

3.1.2. Corruption as isolated acts or organisation-wide action

As seen earlier in this thesis, Pinto *et al.* (2008: 688-690) have suggested that corruption in organisations can manifest itself through two distinct phenomena: OCIs, in which a significant proportion of an organisation's members act alone or collusively in a corrupt manner primarily for their personal benefit, but to the detriment of their organisation, as exemplified by Leeson, Kerviel, Skilling; and COs, in which a group of organisation members, directly or through their subordinates, act in a corrupt manner for the benefit mainly of the organisation as seen in Siemens, Enron, Mercedes Mclaren (see also Ashforth & Anand, 2003). Adding support to this perspective, Shover and Hochstetler (2002: 3) refer to research that shows that corruption undertaken by individual officers in police departments can become so endemic that the department itself can be considered corrupt.

An anecdotal case known to the researcher tells the story of a new recruit into a local police force in Australia with a reputation for corruption. One morning the new recruit found a bundle of money on his desk. There was no explanatory note. Reluctant to draw attention to himself or seemingly accuse colleagues of corrupt practices, he put the money in a drawer in his filing cabinet, and in the days that followed kept a low profile. A few weeks later he found more money on his desk, and again, he put the money in his filing cabinet, and kept his head below the parapet. This pattern was repeated several times over a long period. After a time, fearful that the money would be found and explanations sought, he took the money home and buried it in his garden. Thereafter, any sum of money left on his desk, met with the same treatment. After a few years, his house required repairs and extensions and feeling himself safe, he used the

money in the garden for that. After that, there was no going back. In fact, it can be argued that when he did not bring the initial sum of money to his colleagues' attention, he had accepted their ethics and values, and had started on his journey of corruption.

Needleman and Needleman (1979: 525-526), additionally, have distinguished between organisations that can be crime coercive (CC) or crime-facilitated (CF). In CF systems, in which lax structural conditions, the measures necessary to control internal crime, encourage illegal acts by members of the corporate system and/or those they come in contact with as customers or clients, and the crime is incidental to organisational goals (e.g., SocGen and Siemens). This points to a group of individuals acting together corruptly, even when (presumably) individually they would not, and reiterates the importance of interaction between individuals and group forces in corrupt behaviour, without the direct or indirect involvement of the organisation at any level. In CC systems, structural conditions compel illegal acts by members of the corporate system and/or those they come in contact with as customers or clients, so that the crime directly furthers organisational goals, as in the case of McLaren Mercedes, Renault and Enron (see also Kelman & Hamilton, 1989). Pressure applied by group members to cheat (CC conditions) is examined in the experimental studies 2 to 4, (chapters 6-8) and corruption is facilitated by study conditions which provide opportunities to cheat.

3.1.3. The effect of size of organisations

Simpson and Piquero (2002: 510) have found that the size of a business can facilitate corruption (illegality) by isolating pockets of managers from one another, limiting oversight, and encouraging secrecy (see also Daboub, Rasheed, Priem & Gray, 1995; Brief, Buttram & Dukerich, 2001). According to Baucus and Near (1991: 31), large firms provide more opportunities to engage in illegal activities than small ones as the former size may make it easier to hide illegal activities. Rules, procedures, and other control mechanisms often lag behind the growth of a firm, providing managers with an

opportunity to behave illegally/corruptly until internal rules are developed that proscribe such behaviour.

But, larger organisations differ from smaller firms not only in size, but also in structure. While larger businesses are multi-layered, smaller ones are flatter in structure. Pinto *et al.* (2008: 695) suggested that aspects of organisational structure could facilitate corruption and they mention not only processes and tasks, but also positional relationships and hierarchical levels. Each type of such structural opportunity could give rise to a different type of organisational corruption (see also Hamilton & Sanders, 1999: 231). Corrupt practices in organisations include and impact on lower-level units including individuals and groups, as in crimes of obedience (Kelman & Hamilton, 1989). According to Kulik, O'Fallon and Salimath (2008: 703), the emergence of Enron as a corrupt organisation from a position of repeatedly winning awards as America's most innovative company and best place to work, needs to be examined both from the perspective of the top-down influence processes of the firm's corrupt executives (e.g., Skilling) and through a theoretical explanation of the emergence and spread of unethical behaviour across Enron's lower levels.

Interestingly, Granitz and Ward (2001: 300) have suggested that organisational structure can influence cognitive structure. Individuals in organisational subgroups interact more frequently with one another, and thus share unique cognitive structures. Cognitive sharing can be especially strong among departmental members because they may share values in a common functional context. Therefore, peers may influence an individual with different ethical perspectives from those of the organisation and subcultures of ethics may form within organisational group boundaries. For example, when Victor and Cullen (1988) asked managers to describe how their organisation approached an ethical dilemma, they found significant difference across sub-units in the organisation. This points to theoretical and empirical evidence which suggest that

individuals are more likely to share ethical reasoning and moral intent within their own group members, than with members of another group or with the wider organisation. The implication of this for this current research is that even within large organisations, corruption can occur in isolated groups, the members of which are united within and by a group's culture, that may not correspond to formal organisational structures (e.g., Siemens, McLaren Mercedes). Therefore, it seems that, this is most likely to happen in local and smaller groups with (e.g., Enron, McLaren Mercedes) or without the support or knowledge of the wider organisation (e.g., SocGen, Siemens), and this is discussed next.

3.1.4. Corruption in local or small groups

So far, this present research has identified that corrupt behaviour can occur at any level in an organisation, can be present in any function, and can be perpetrated under a range of conditions and by individuals or groups, large and small. This thesis next considers the role of the small group in corrupt behaviour. This can happen in two ways. The first is, as Brief *et al*. (2001: 480) have suggested, that splitting operations into smaller tasks and subtasks have the effect of masking the final outcome to employees. In such situations, an employee focuses on wanting to make a favourable impression and moral considerations related to the finished product may not occur. The result is that, "in an organisation where work roles are narrowly defined and highly standardised, the potential exists for the mindless, mechanised production of wrongdoing on a grand scale" (Brief *et al*., 2001). In chapter 2, it was seen how Eichmann and his fellow bureaucrats, obsessed with the technical details of railway time-tabling lost awareness that they were contributing to genocide (Haslam & Reicher, 2007: 616). Equally, Siemens employees, intent on winning contracts lost sight of their wrong-doing in participating in bribery.

The second way corruption can flourish in small groups is that localised norms are likely to develop and these may be corrupt ones, even if the wider organisation is not (e.g., Siemens). Ashforth and Mael (1989: 29) have given reasons for focusing on the behaviour of sub-units (teams and groups) in organisations. First, because individuals in immediate workgroups depend closely on each other in performing their tasks, there is a greater need for, and ease of, interaction. Second, given that people tend to compare their emerging beliefs with similar others (see Festinger, 1954: 126) and that interpersonal and task differentiation are greater between, than within, sub-units, it is likely that individuals will look first to team-members and workgroup peers for behavioural norms. Third, this inter-dependence, proximity, and similarity may facilitate social influence, an issue of crucial importance in this current research (see Tajfel, 1978; Tajfel & Turner, 1979; J.C. Turner, Hogg, Oakes, Reicher & Wetherell, 1987). Although this research of Ashforth and Mael (1989: 29) was carried out with newcomers to organisations, the results can be expected to apply to temporary teams such as those used for experimental studies, because such groups are like newcomers, in that their emerging situational definitions and self-definitions are apt to be largely specific to that small group. Consequently, Ashforth and Mael's (1989: 29) research findings are accepted as valid and relevant for this thesis.

Ferrell, Fraedrich and Ferrell (2002c: 140-143) have suggested that there are two main categories of small groups that affect ethical behaviour in business. They define a *formal group* as an assembly of individuals that has an organised structure accepted explicitly by the group. Such groups may provide the conditions under which co-workers and significant others within the organisation can influence ethical decision-making (e.g., the Boards at Enron and WorldCom). Most organisations also have a number of *informal groups* composed of individuals who have similar interests while not being part of an explicit organisational structure and who band together for purposes

that may or may not be relevant to the goals of the organisation, but nonetheless, have the opportunity to make ethical decisions jointly with those with whom they interact regularly (e.g., the corrupt bid-teams at Siemens looking for new contracts).

In both types of groups, the members develop expected norms of behaviour (Ferrell *et al.*, 2002c: 144). Just as corporate culture establishes behaviour guidelines for members of the entire organisation, so group norms have defined acceptable and unacceptable behaviour within a group; in particular, group norms define the limits of deviation from group expectations. Most groups, for example, develop a general understanding of behaviour considered right or wrong, ethical or unethical, just as within the wider organisation, and employees learn ethical behaviour from group members and co-workers within their organisational environment. That is, otherwise honest people may engage in questionable practices as a result of their identification with the social and cultural environment of a corrupt organisation, or a sub-unit of it (Ashforth *et al.,* 2008) and such unethical group norms affect the behaviour in both formal and informal groups.

Indeed, Moreland, Levine and McMinn (2001: 90-91) have found that work groups have more influence on people than do the organisations themselves (see also Brief *et al*., 2001; Ferrell *et al*., 2002). Some of their studies demonstrate that people from different workgroups in the same organisation often think, feel, and act in distinct ways. Other studies show that workgroup norms are good predictors of workers behaviours, often better than organisational norms or feelings of organisational commitment among workers (see Ellemers, De Gilder, & Van den Heuvel, 1998). The outcome is that immediate groups often are more salient "than a more abstract, complex, secondary organization" (M.E. Brown, 1969: 353).

Further, Scott (1997: 98-99) has found that stable, long-standing work teams with shared histories resulting from embedded, static, bureaucratic, structures with fixed

boundaries that clearly distinguish them from other groups in the organisational setting (see also Granitz & Ward, 2001: 299-300), readily develop their own culture. Felps, Mitchell and Byington (2006: 180) have given additional reasons for focussing on corrupt behaviours in small groups: that (1) any behaviour will be particularly impactful in small groups, which are often characterised by a high degree of interaction and interdependence; (2) as a consequence, small groups tend to be less tolerant of non-conformative behaviours than independent individuals and so, members of small groups have a greater motivation to identify and address any behaviour, that threatens the group; (3) small groups are more easily able to respond to negative group member behaviour; and (4) small groups tend to have consensual forms of behaviour that is negotiated and reinforced through recurring interaction and discussion, thus, facilitating coordinated responses. In sum, it is in the small group that a negative group member will have an increased impact, but also where the group will have more restrictive standards, social norms about appropriate behaviour, and the potential to build coalitions. The implication for this current research is that small teams with well established, but isolated, cultures may easily harbour corrupt behaviour, unknown to the rest of the business, and that corrupt behaviours can occur in any group setting, formal or informal, permanent or fleeting, in any organisation.

These findings provide powerful reasons for focussing on small groups for this current research. People may choose to act in ways that please the members of their work groups but displease the organisation. In line with this argument, the experimental studies for this present research examines the case of corrupt behaviour in small groups in order to shed more light on their workings. Table 3.1 below summarises the main points in this section.

Table 3-1 - Effects of organisation boundaries on corrupt behaviour

Model	*Historic reference*	*Implications for this research*
Extent and spread of corruption	Ashforth & Anand (2003); Callahan (2004); Fleming & Zyglidopoulos (2008); Kulik *et al*. (2008); Sutherland (1949a);	Groups, norms and culture set organisational standards; Corruption may be endemic; Local norms may go against company interests; Behaviour patterns may be set locally in sub-units
Effect of size of organisation - Corruption transcends organisational structures; Corruption more likely in large firms rather than smaller ones	Ashforth *et al*. (2008); Baucus & Near (1991); Brief *et al*. (2001);Daboub *et al*. (1995); Ferrell *et al*. (2002); Granitz & Ward (2001); Kelman & Hamilton (1989); Kulik *et al*. (2008); Pinto *et al*. (2008); Simpson & Piquero (2002); Victor & Cullen (1988); Yeager (1986);	Corruption can occur within any groups, across functions; though top-down processes (orders and directives) and lower level relationships; Isolated pockets of individuals can harbour localised corrupt culture
Organisational triggers may facilitate corruption; Sub-unit culture; OCIs and COs; CCs and CFs	Fleming & Zyglidopoulos (2009); Grantiz & Ward (2001); Needleman & Needleman (1979); Pinto *et al*. (2008); Victor & Cullen (1998)	Organisational norms may trigger and facilitate corruption; Influence of culture of the sub-unit is stronger than that of the whole organisation; Influence from members within groups is stronger than that from outside groups
Small groups – formal and informal; Significant others	Brief *et al*. (2001); Felps *et al*. (2006); Ferrell *et al*. (2002); Festinger (1954); Moreland *et al*. (2001); Scott (1997);Tajfel (1978); Tajfel & Turner (1979); J.C. Turner *et al*. (1987);	Local and small groups on affect ethical behaviour

3.2. Who is likely to behave corruptly?

So far, this thesis has developed a definition, explored some related models, and investigated contextual reasons behind business corruption. The question of perpetrators is addressed next. Clegg, Kornberger and Rhodes (2007: 108-109) have posed the question as to whether ethics is an individual or an organisational issue. Some researchers argue that ethics is a fundamentally individual responsibility (e.g., Arendt, 1963; Brass, Butterfield & Skaggs, 1998; Felps *et al*., 2006), whereas others have insisted that ethics is guaranteed in and through bureaucratic structures (e.g., Ferrell *et al*., 2002; Kelman & Hamilton, 1989; Needleman & Needleman, 1979; Pinto *et*

al., 2008). Victor and Cullen (1988) found in their empirical study that ethical climate is determined by contextual factors, including the wider socio-cultural environment, the organisational form and the specific history of an organisation. Bartlett (2003: 233) recommends that business ethics need to be addressed at both the individual and the organisational level of analysis.

The maxim, *a bad apple spoils the barrel*, captures the idea of negative individuals having a harmful effect on others. Treviño and Youngblood (1990: 378), Brass *et al.* (1998), T.M. Jones and Ryan (1997) and (Treviño, 1986) classified corruption into two types: characteristics of the individual, "bad apples", and the organisational environment, "bad barrels". According to the bad apples argument, unethical behaviour at work is the result of "rotten" individuals, whereas bad barrels reflect the unwholesome characteristics of the more general organisational environment that relate to ethical norms, ethical culture, and codes of conduct (e.g., Baucus & Near, 1991; Brief *et al.,* 2001; Hill, Kelley, Agle, Hitt & Hoskisson*,* 1992; Sonnenfield & Lawrence, 1978; Treviño & Youngblood, 1990). In the case studies of chapter 1, Leeson would be a bad apple, and Enron, a bad barrel.

Developing this metaphor, Burke (2009a: 3) added the concept of "bad orchards", when much of an industry participates in shady ways of operating, as KPMG's (2009) Fraud survey shows. This is also exemplified by the recent and ongoing exposés of the financial services industry (Treanor, 2010; Masters, 2009; BBC MoneyBox, 2003), which indicates an industry culture in which deception, lies and withholding of facts are widespread. In another example, in the late 1970s, the pharmaceutical industry had a bad press in Northern Nigerian, partly because of the unethical and corrupt practices of their sales representatives. The Chief Medical Officer (CMO) of a teaching hospital in that region, personally known to the researcher, found himself caught up in a system of bribery and "dash" given to doctors and other influential

people by sales representatives of international pharmaceutical companies in order to win contracts for their products. The CMO was under pressure from individuals both within and outside the university and the hospital to approve, on non-medical grounds, particular brands of medications and to endorse specific brands of infant formula. Those who were a part of this corrupt system received extravagant gifts, including luxury cars. Others, such as the local Chief, were aware of this situation, and at the very least, turned a blind eye. The situation came to a head when students learnt of this and staged riots, demanding the resignation of the Dean of the Medical School who had to flee for his life. In the aftermath, the CMO took early retirement, unable any longer to cope with the stress of working in such a culture. It is not known whether the others involved experienced stress as well but what is known is that the sales representatives were themselves put under great pressure by their pharmaceutical companies to meet their sales targets. In this example, individuals behaved unethically for their own gain (their commission), but also under pressure from the companies they were representing, who were part of an industry-wide phenomenon. This thesis addresses bad orchards briefly later in the thesis and the research findings would also apply to group behaviour in the separate businesses within a particular industry.

3.2.1. Is corruption a matter of bad apples?

The bad apples argument attributes unethical behaviour in the organisation to “a few unsavory individuals” (Simpson, 1987) lacking in some personal quality, such as moral character, a lack of integrity, self-control and empathy and Ashforth *et al*. (2008: 672) suggested that in the bad apple perspective corruption can be eliminated if only organisations can detect and expel corrupt individuals. Baucus and Near (1991: 31) also referred to the concept of bad apples as predisposition which indicates a tendency or inclination to participate in certain activities, (which may be illegal/corrupt ones), over other legitimate activities as result of socialisation or other organisational processes.

Treviño and Youngblood (1990) have suggested corrupt behaviour is likely to occur as a result of low levels of cognitive moral development (see also Treviño, 1986), or as included in the list by Ashforth *et al*. (2008: 672) even as a result of a diagnosable psychopathology! Tomlinson (2009: 232) has suggested that in line with the "individual differences orientation", theft by employees may be viewed as occurring due to certain personality and/or demographic characteristics that predispose them to steal, and, therefore, the most appropriate strategy for reducing theft is to identify those individuals most prone to this kind of behaviour and take appropriate steps to prevent it.

Felps *et al*. (2006: 176-177) argued that, in some cases, a single, toxic team member may be the catalyst for group-level dysfunction, as seen in the example of Ebbers and Sullivan of WorldCom. This echoes Brass *et al*. (1998: 14) who state that the bad apples argument "can attribute organisational unethical behaviour to the personal characteristics of individuals." Thus, the bad apple perspective suggests that all individuals have the ability to make choices regarding right and wrong, and that ultimately environmental or social pressures cannot be blamed for corrupt acts. These approaches echo the agency approach of Fleming and Zyglidopoulos (2009: 113), the dispositional approach of Mazar, Amir and Ariely (2008) and the corrupt individual of the OCI/CO model of Pinto *et al*. (2003) discussed earlier in this thesis.

3.2.2. Obedience to authority

However, one situation in which many people will mostly behave corruptly no matter what their personal ethics are, is in the matter of following orders, that is, in the act of obedience (e.g., the My Lai massacre; the Milgram experiments). The phrase from Arendt's book (1963: 252), "…*banality of evil*" is well-known. She was reporting on the trial of the Nazi, Adolf Eichmann, and although she concluded that he was, "a relatively ordinary man", Eichman was convicted on all 15 points of his indictment, "Crimes against Jews, with intent to destroy the people." But Eichman himself claimed that he

was simply following orders. Arendt (1963: 233) wrote, “under conditions of terror most people will comply, *but some people will not*.” Arendt further suggests that not everyone in Eichman’s position would have simply “followed orders” and acted as he did; some would have chosen not to obey, “regardless of the repercussions that such a decision may provoke” (Fleming & Zyglidopoulos, 2009). They would have refused, left or disobeyed and used other strategies of non-conformation (Arendt, 1963: 233). Thus, Arendt suggests that some people will behave heinously simply because they do not see a reason not to do so (bad apples), whereas others will refuse to participate in such behaviour no matter what the consequences. As Arendt (1963: 233) wrote, “The individual always has the choice, ultimately, of refusal, irrespective of the adverse consequences that they may face as a result”. According to this view, even in obeying orders that cause harm, the bad apple phenomenon is present. The implication for an organisation is that, under orders, some people will behave corruptly no matter what, whereas others may refuse to do so.

Research by Milgram (1965) has shown that under orders individuals are capable of performing acts that any reasonable observer would consider cruel and ruthless, and that these acts are normally outside the moral behaviour pattern of these perpetrators. Further details are given in Appendix 3, but, in short, Milgram’s (1974) comments show that under conditions of authority, people will overwhelmingly obey orders, even when they have the option not to do so. To paraphrase Milgram’s (1965: 57) statement, in the workplace, if a manager tells an employee to behave corruptly, that person is more likely to do so than not. This behaviour was seen in the examples of Enron, McLaren Mercedes and Renault, where, caught up in the norms of the organisation, and under directives from superiors, the employees involved found it virtually impossible not to behave corruptly. That is, corrupt behaviour, if ordered by a manager, is rarely refused.

A commonly offered explanation of the Milgram (1974) experiments is that those who shocked the victim at the most severe level were monsters, the sadistic fringe of society. But almost two-thirds of the participants fell into the category of “obedient” subjects. Indeed, as Milgram (1974: 7) himself concluded after witnessing hundreds of ordinary people submit to the authority of his experiments, “Arendt’s conception of the *banality of evil* comes closer to the truth than one might dare imagine. The ordinary person who shocked the victim did so out of a sense of obligation - a conception of his duties as a subject -- and not from any peculiarly aggressive tendencies.” Milgram (1974: 7-8) continued, “That is, perhaps, the most fundamental lesson of our study: ordinary people, simply doing their jobs, and without any particular hostility on their part, can become agents in a terrible destructive process.” Similarly, Arendt (1963) contended that the prosecution's efforts to depict Eichmann as a sadistic monster were fundamentally wrong, and that he came closer to being an uninspired bureaucrat who simply sat at his desk and did his job. As she reported, Eichmann was repeatedly tested by psychiatrists who were to decide whether he was insane, and the tests showed that he was quite normal. Some doctors even reported that he seemed to be a very nice, personable man.

In the world of business, however, this means that no matter how difficult the circumstances may be, some people would not succumb to the demands of corruption. In the examples used for this thesis, not everyone would have acted as Enron CEO, Jeff Skilling, when confronted with their problems, issues and circumstances. Indeed, when Sherron Watkins discovered the “elaborate accounting hoax”, she sent a seven-page document, to late Chairman Ken Lay, laying out her concerns about Enron's “funny” accounting and "working for a company that manipulates their financial statements" (Beenen & Pinto, 2009; Pasha, 2006), that set in motion events that exposed Enron’s corrupt accounting practices. In their explanation of how people, pressed to commit

crimes choose or decline to participate, Kelman and Hamilton (1989) found that when people violate some element of what society requires of them, they feel a mixture of fear of sanctions, distress from failure, and regret for not living up to espoused values themselves (see also Ashforth & Anand, 2003; Fleming & Zyglidopoulos, 2009). These are all powerful enforcers of the person's tendency to do what society asks of him or her. Even if society asks that individuals obey orders resulting in evil outcomes, these social forces move the person toward obedience. In the context of a business, this would imply that in an organisation, or a sub-unit of it, employees would prefer to behave corruptly rather than to risk sanctions from colleagues. It seems that, it is socially and situationally acceptable for employees to behave corruptly rather than antagonise colleagues. Consequently, just as Arendt found that some people would not comply with orders, in the business world, this implies that for corrupt behaviour to occur, choice, deliberation and decision-making are needed, and exit strategies and other options such as whistle-blowing are always possibilities. This concept is developed further in chapters 6 and 7.

3.2.3. Is corruption a matter of bad barrels?

Whereas the bad apples argument attributes unethical behaviour in the organisation to noxious individuals lacking in some personal quality such as moral character, the bad barrels argument suggests that something in the organisational environment contaminates otherwise good apples (e.g., Treviño & Youngblood, 1990: 378). Indeed, Victor and Cullen (1988) suggested that an organisation’s ethical culture influences a bad barrel outcome. Taking this argument further, Baucus and Near (1991: 31) explicitly did not make the assumption that employees and managers subscribe to a different set of ethical standards than the rest of society, but they recognised instead, that organisations, and industries, can exert a powerful influence on their members, even those who initially have fairly strong positive ethical standards. For instance, Tomlinson (2009: 232) referred to employees engaging in theft because they believe it is

socially acceptable to do so. This would seem to explain the situation at Enron, but not the actions of, for example, Hamilton or Kerviel.

Additionally, the findings from the Milgram (1974) experiments suggest that the bad apple was not always necessarily so, but rather a good apple turned bad in a particular barrel. In a business context, this was exemplified by Hamilton in Melbourne, who cheated in his workplace, although according to his own assessment, is normally an honest person. Thus, the bad apple argument moves away from the bad apples concept of unethical dispositions, and helps to identify the decision-making mechanisms and processes that encourage some individuals to be more prone to corrupt actions. This approach is supported by Fleming and Zyglidopoulos (2009: 68-69), who suggested that ethical people may enter into unethical situations that lead them to participate in forms of illegality that they may otherwise have avoided. Examples of this theory are provided by the many individuals who entered organisations as good corporate citizens, like those in Enron, SocGen, Siemens, McLaren Mercedes, and the sales representatives in Nigeria, who were slowly, but surely, drawn into a system of corrupt practices that would have been difficult for them to avoid or escape. Thus, again it appears that corrupt behaviour in organisations stems from an interaction between individuals and groups, and not merely the actions of bad apple individuals or the effect of bad barrel organisations.

Consequently, Brass *et al*. (1998: 16) found that, “Many researchers have abandoned the bad apples/bad barrels dichotomy, suggesting that ethical/unethical decision-making and behaviour involve complex interaction between individual and organisational forces.” Through shared values, tastes and functional concerns, employees are more likely to reach agreement on an issue (Ferrell & Gresham, 1985) and this interaction creates exposure to significant others’ ethical beliefs and a shared

frame of reference emerges. As Ashforth *et al*. (2008) suggested, the perpetrators of corruption may be viewed as:

> A coherent group …acting with intent and in concert for the putative benefit of their organisation ... Their corrupt actions on behalf of the organisation, therefore, implicate the entire organisation. Ashforth, Gioia, Robinson & Treviño (2008: 679)

Examining how people can commit heinous crimes, Zyglidopoulos and Fleming (2009: 110) used the moral of the Greek play, *Oedipus Rex*, to make the point that nobody is safe from becoming evil: under the right conditions anybody can turn to evil. Research into the My Lai massacre (Kelman & Hamilton, 1989: 1-22) has shown that not all the US soldiers obeyed the order by Lieutenant Calley to shoot the group of unarmed elderly men, women and children. Some soldiers argued with Calley and one of them (PFC Carter) even shot himself in the foot to avoid carrying out the order, revealing that some soldiers chose to not obey: that is, not all of them were bad apples. In the context of the war situation, which by its very nature was exceptional, and in the absence of information or evidence that these men were unusual in other ways, it is suggested here that, it was the situational environment that led the soldiers who carried out the orders to behave so atrociously.

3.2.4. Is corruption a result of bad cases?

This notion of corruption as an outcome of the interaction between individuals and groups, but also dependant on the circumstances in which they find themselves is expanded on next. Zimbardo (1969, 2008) found in his Stanford prison experiment that 24 normal, middle-class, college students randomly assigned to the roles of “prisoners” or “guards”, were capable of committing shocking acts of degradation and turned into sadistic individuals in less than a week, just by being asked to play the role of a guard in a hypothetical jail. Zimbardo (2008) reports that the students became so cruel towards their fellow students that two of the prisoners left early, and he had to stop the experiment after only six days, even though it was supposed to run for two weeks. This

suggests that apples turn bad only if their barrels have the conditions that encourage them to do so and that within a business, anyone can behave corruptly given the right set of circumstances.

Ashforth and Anand (2003: 2) agreed with Darley (1996: 13) who argued that the typical evil action is inflicted on victims "... by individuals acting within an organizational context" rather than by, "evil actors carrying out solitary actions". This point was taken up by Ashforth *et al.* (2008: 678), who suggest that what is needed to explain corruption is a blending of bad apples and bad barrels: it is not solely that bad apples make bad barrels (e.g., Felps *et al.,* 2006: 176) nor is it entirely that bad barrels make bad apples, but there is an interaction within and between the two: that some good apples can turn bad in some barrels (Ashforth *et al.* 2008: 678). Lending support to this view, Brass *et al.* (1998: 14) have argued, neither the perspective of individuals acting in isolation nor the view of individuals obedient to cultural norms is adequate to explain behaviour. Likewise, Treviño (1986) suggested that neither the individual bad apples perspective nor the organisational/societal bad barrels perspective fully explains unethical behaviour in organisations.

To the interaction between bad apples and bad barrels, Kish-Gephart, Harrison and Treviño (2010: 2) recently added the element of the ethical issue itself, the "bad cases", which includes organisational environmental characteristics of ethical climate and culture. Kish-Gephart *et al*. (2010) considered how aspects or circumstances of a particular ethical dilemma being faced (T.M. Jones, 1991) might provoke or prevent unethical choices. Thus, bad cases are context-sensitive and vary with the specific circumstances being faced at the time.

Supporting this view, Beu, Buckley and Harvey (2003: 89) and Brass *et al*. (1998) have suggested that social relationships not only mutually interact with characteristics of the individual and organisation in influencing unethical behaviour, but

are also dependent on the ethical issues in question. Employees solve ethical dilemmas based on their individual characteristics, the culture in which they are embedded, and the realities and relationships of the work situation (the issues). Earlier, Ferrell *et al*. (2002a: 21) also found that individuals learn ethical or unethical behaviour not only from society in general but also from superiors, peers, and subordinates with whom they associate in the work environment. The more a person is exposed to unethical decisions by others in the work environment, the more likely he or she is to behave unethically because the specific context raises particular issues. For example, G.E. Jones and Kavanagh (1996: 512) argued that in a weak organisational culture, peers provide the normative structure, or guides to decision-making, because peers set the standards and serve as referents for behaviour. That is, in organisations where ethical standards are vague and supervision by superiors is limited, peers may provide the most guidance in an ethical decision-making with the issues in question. Here again, the influence of the group in corrupt behaviour is evident.

Indeed, Borgerson (2007: 495) cited Darwall (1998: 224) who found that the idea is not that individuals should involve others in their deliberations because they will help them come to the right decision, but rather that the question is always what to do in light of the various relationships people have with others and that there is no way of specifying the right decision independent of others' input. And since the relevant relationships are often reciprocal, appropriate deliberation must often be collective. Chapters 7 and 8 of this thesis test the contextual nature of an ethical issue.

T.M. Jones (1991) has offered an issue-contingent model for the study of ethics that focuses on neither 'bad apples' nor 'bad barrels', since characteristics of moral issues (bad cases, Kish-Gephart *et al*., 2010) interact with individual and organisational attributes in influencing ethical decision-making. This present research agrees that corrupt behaviour occurs as a combination of the individual dispositional and the

collective situational factors. The contingency model of Ferrell and Gresham (1985) also emphasised the interacting relationships between the individual, the organisation and the issue in unethical behaviour. It will be seen that the element of opportunity plays a prominent part in this model. These are shown in figure 3.2.

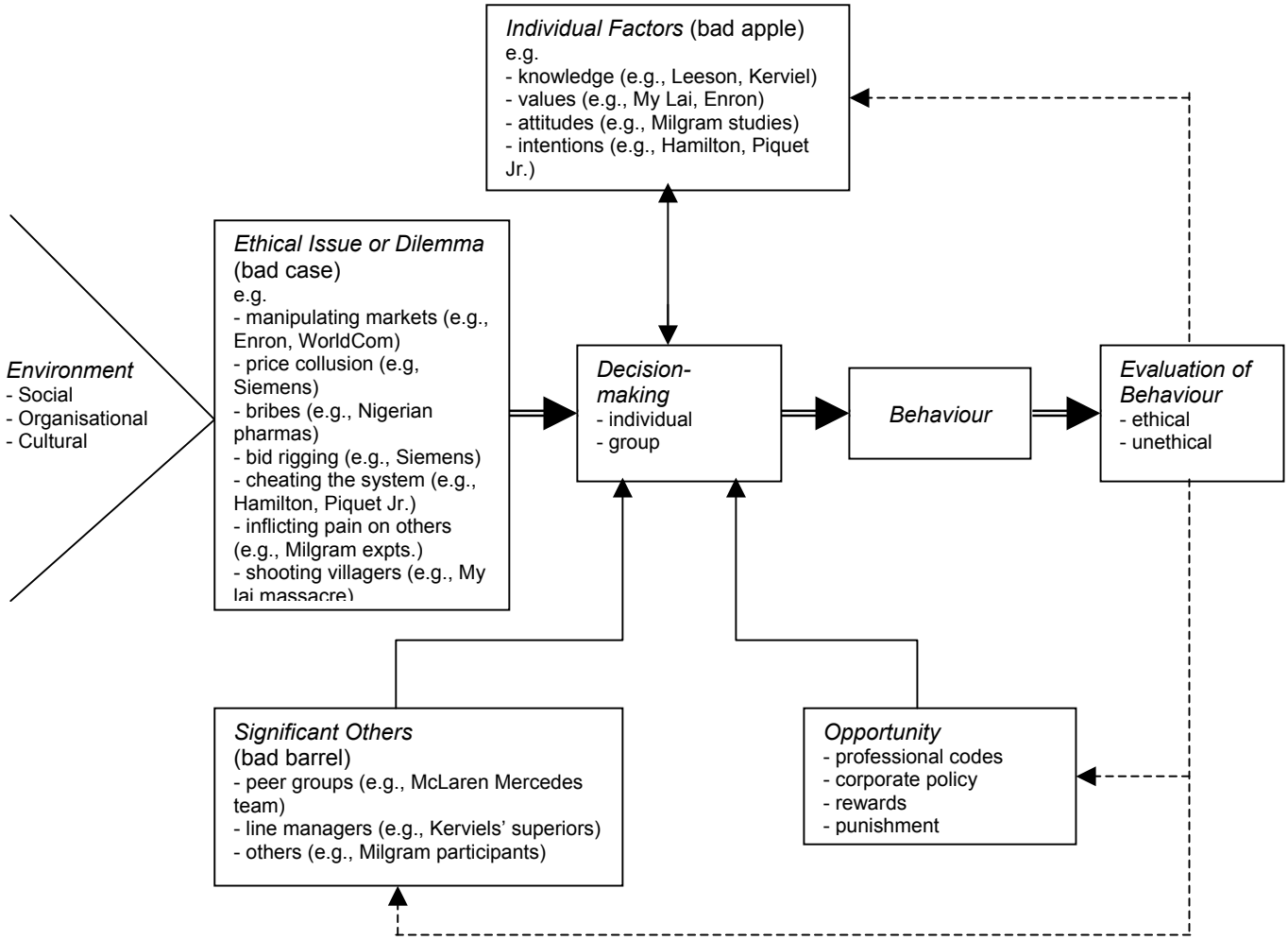


Figure 3-2 - Relationship between bad apples, bad barrels and bad cases (adapted from Ferrell and Gresham, 1985:89)

This section is summed up well by Ferrell and Gresham (1985) who propose that the framework for examining unethical decision-making is:

> multidimensional, process oriented, and contingent in nature. The variables in the model can be categorized into individual and organizational contingencies. …These variables are interdependent as well as ultimately affecting, either directly or indirectly, the dependent variable - ethical/unethical …behavior. Ferrell and Gresham (1985: 88)

Thus, it can be seen that the question of corrupt behaviour is not that of bad apples with individual idiosyncratic characteristics, or bad barrels with influences from within and without the organisation or a sub-unit of it, but an interaction of the two, and identification with the group and its internal norms, and the specifics of the issue itself (Kish-Gephart *et al*., 2010). Beenen and Pinto (2009: 277) exemplified this in their account of an interview with Sherron Watkins: "the primary 'corruption' occurred in the use of structured finance arrangements. There was a distinct group that included finance professionals from the CFO's department and special accountants and in-house lawyers. Enron's financial fraud happened in a very unusual area— the department tasked with raising debt." Table 3.2 below summarises the main points of this section.

Table 3-2 - Corruption as an interaction between individuals and groups

Model	*Historic reference*	*Implications for this research*
Bad apples approach (agency and dispositional)	Arendt (1963); Brass *et al*. (1998); Felps *et al*. (2006); Tomlinson (2009); Zyglidopoulos & Fleming (2009);	Individual choice of behaviour
Obedience to authority	Milgram (1965, 1974, 2005); Kelman & Hamilton (1989); Zyglidopoulos & Fleming (2009);	Officially sanctioned corporate corruption; Contextual
Bad barrel approach; Structural and situational;	Ashforth *et al*. (2008); Baucus & Near (1991); Ferrell & Gresham (1985); Fleming & Zyglidopoulos (2009); T.M. Jones (1991); G.E. Jones & Kavanagh (1996); Pinto *et al*. (2008); Sutherland (1949); Treviño (1986); Treviño & Youngblood (1990);	Effect of peers on corrupt behaviour Corrupt individuals or corrupt groups?
Bad cases - moral issues in context; Issue contingent model	Ashforth *et al*. (2008); Beu *et al*. (2003); Brass *et al*. (1998); Darley (1996); Ferrell & Gresham (1985); Kish-Gephart *et al*. (2010); Zimbardo (1969, 2008);	Corruption is a result of combination of individual, situational factors as well as the issues of the specific circumstances

3.3. How does corruption occur?

Thus far, it has emerged that corruption can occur in isolation or involve the whole organisation, at all levels and functions, and may be perpetrated by individuals and groups and is context dependent. But how does this happen? How can ordinary men and women carry out acts when they are in a group, behaving in ways that are out of their normal character?

Researchers have demonstrated that organisational factors, such as norms and culture (e.g., Treviño *et al.,*1998), can significantly affect the prevalence of unethical behaviour in organisations. For example, Victor and Cullen (1988: 102) have shown that the prevailing ethical climate provides a powerful normative system; it informs members what they "ought to do regarding the treatment of others" and, therefore, also acts to inform organisational members what not to do. Ferrell *et al*. (2002a: 19) suggest that in order to establish policies and rules that encourage employees to behave ethically and in accordance with organisational objectives, business managers must understand how and why people make ethical or unethical decisions. The model developed in this current research provides some explanations of how ethical decisions are made in specific situations, and adds to the understanding of some major factors that influence ethical decision-making in business. These factors are discussed next.

Conformity is one of four structural factors proposed by Fleming & Zyglidopoulos (2009: 71) that seem to “push” individuals towards corrupt acts, when they find themselves in the right environment. The second factor is *rationalisation* and that will be discussed later in this chapter. *Ethical distance* is not a primary issue in this thesis, but will be discussed briefly in chapter 7 as a finding from this current research. The remaining factor, *organisational complexity*, is beyond the scope of this research and is not discussed further. These ideas (Fleming & Zyglidopoulos, 2009: 71) are adopted for this thesis and conceptualized in a diagramatic form in figure 3.3 which shows the four pillars of behaviour influencing corrupt acts.

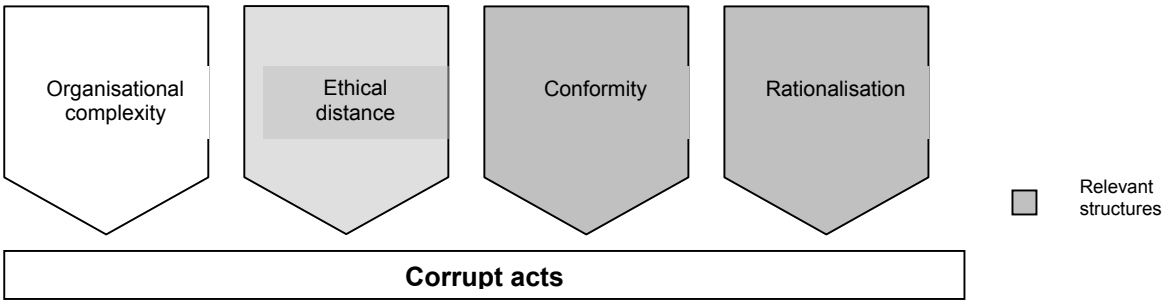


Figure 3-3 - Structures of corrupt acts (based on Fleming & Zyglidopoulos, 2009: 71)

3.3.1. Conformity

Earlier in this thesis it was noted that at the Melbourne Grand Prix 2009, Hamilton behaved in an uncharacteristic manner when exhorted to, “act as a team player”, by lying and attempting to cheat. Fleming and Zyglidopoulos (2009: 72) have suggested that individuals act very differently in groups than as individuals. Group membership promotes risk-taking and greater willingness to conform to the group's views even if they are in direct contradiction to an individual’s own beliefs and the individual’s own moral judgement is suspended in favour of those made by the group.

This has been demonstrated in social psychology experiments. For example, experiments by Asch (1952) found that a large number of individuals were willing to conform to group pressures even though their physical senses were telling them otherwise, thus illustrating the importance of group pressure on individual decision-making (see Appendix 4.1). Aronson (2004: 17), cited in Fleming and Zyglidopoulos (2009: 73) and Zyglidopoulos and Fleming (2009: 111) commented on the Asch (1952) experiments, “The task was so easy, and physical reality was so clear-cut, that Asch himself firmly believed there would be little, if any, yielding to group pressure.” However, as Fleming and Zyglidopoulos (2009: 72) wrote, this was not the case, and to his surprise, Asch found that a statistically significant number of the participants accepted the group’s opinions, agreeing with obviously incorrect judgements, even when “it was blatantly obvious that the group was wrong.” Furthermore, similar results were reported when the same experiment was repeated in different cultures and settings (Zyglidopoulos & Fleming, 2009: 111). Thus, conformity is a key factor in unethical behaviour (cf. obedience to authority, Kelman & Hamilton, 1989).

Based on Kelman (1961) and Kelman and Hamilton (1989), Fleming and Zyglidopoulos (2009) have identified three types of conformity. The first, *compliance*, is “motivated by a desire to gain reward or avoid punishment” (e.g., WorldCom and My Lai

massacre, respectively) and is influenced by the social approval or disapproval that signal those rewards and punishments (e.g., WorldCom executives). This issue is evidenced in the experimental studies discussed in chapters 7-8. The second type of conformity, *identification*, refers to the individual's desires to be like the groups of people he or she is influenced by, even in direct opposition to an individual's own viewpoint and beliefs (e.g., Hamilton). This is discussed further in chapter 4.

And in the third, *internalisation*, people conform because they share the group's beliefs and want to comply (e.g., Enron, Formula 1 cases). Internalisation resulting in and compliance with group norms is discussed further in chapter 4. Kelman and Hamilton (1989) found that compliance, identification, and internalisation link individuals to the social groups in which they find themselves (see also Ashforth & Anand, 2003; Fleming & Zyglidopoulos, 2009). These factors mean that there may be a reluctance to go against the group since this might result in being ostracised, being personally viewed in a negative light or even having the legitimacy of one's membership challenged. Based on these arguments, it is proposed in this thesis, that corruption may take place as a result of identifying strongly with one's group and conforming to its culture. These psychological concepts are discussed further in chapter 4.

R.J. Brown (2000a: 132-133) found that one of the most influential explanations of these pressures to conform has been put forward by Festinger (1954) who proposed powerful processes that results in individuals being influenced by the majority in the group, one of the factors that are relevant for this thesis. Festinger assumed that everyone holds a number of beliefs about the world which guide actions and help to interpret social events. Festinger (1954) hypothesised that individuals turn to other people for information about the correctness (or otherwise) of their beliefs (see also Pendry & Carrick, 2001; Martin & Hewstone, 2007: 313). When everyone else appears to agree with them, there is some reassurance that beliefs are not completely at

variance with reality. Festinger concluded that this validation function provided by social comparisons means that people will generally value uniformity in groups and will often behave directly to maintain it. Pressures towards uniformity are particularly likely to increase in novel or ambiguous situations since there are fewer "objective" cues to guide people's judgements. This was exemplified in Sherif's (1936) autokinetic experiment in which people in a completely dark room were asked to make a highly subjective judgement of how far a spot of light appeared to move. Faced with this uncertainty, their judgements quickly converged. This influence of group norms is discussed further later in this chapter. But first, the structural factor of rationalisation proposed by Fleming and Zyglidopoulos (2009) is addressed.

3.3.2. Rationalisation

Another structural factor of Fleming and Zyglidopoulos (2009: 73), *rationalisation*, is examined next. Anand *et al.* (2004: 39) defined rationalisations as "mental strategies that allow employees (and others around them) to view their corrupt activities as justified." Ashforth and Anand (2003) wrote that at the rationalisation stage of corruption, individuals are encouraged to forget their misdeeds or reframe them as something necessary or even desirable. Zyglidopoulos, Fleming and Rothenberg (2009: 67) suggested that, "The idea of rationalization is chief among the concepts used to explain why unethical acts are committed by people who think of themselves as morally upright." Further, Weaver and Misangyi (2008) suggested that corruption will occur whenever it is rational for individuals to engage in it. Both KPMG's surveys (2007: 2, 2009: 24), mention rationalisation as an important factor in committing fraud.

3.3.2.1. Rationalisation by individuals

According to Callahan (2004: 103), Joseph Wells, a former FBI agent and founder and chairman of the Association of Certified Fraud Examiners, commented that the hallmark of high-level fraud is "rationalisation, the ability to call the fraud by a nice

name." Top company officials who engage in fraud say, "I am doing this for the good of everybody who works in the company. I am not really stealing; I am borrowing." Examples of this type of thinking are also seen in the Enron and WorldCom stories.

Den Nieuwenboer and Kaptien (2008: 137) have shown that rationalisations are used to explain deviation from social norms, “Violators explain their deviant behaviour by using language that enables them to look at it as non-criminal, as justified, or as something for which they themselves are not to blame.” According to Jensen and Wygant (1990: 216-218), in most cases, “reason can provide justification for immoral or unethical behavior, from stealing to the taking of human life”, "because almost any conduct can be morally justified, the same moral principles can support different actions, and the same action can be championed on the basis of different moral principles" (Bandura, 1986: 498).

Sutherland (1949b: 225) found that businessmen develop rationalisations which both deny and conceal the fact of crime. Sutherland gives the example, of a food manufacturer who had been ordered to desist from misrepresentation in his advertisements. As a consequence, the food manufacturer employed a chemist as adviser on proposed advertising copy. When the chemist wanted to bring any controversial statement to the attention of the company, he was asked to refrain from referring, either verbally or in writing, to the proposed statements as "dishonest" or "fraudulent" and to raise objections by rephrasing to, "it would not be good policy to make such claims", or "this claim does not agree with the scientific findings." Such “euphemistic language” (Bandura, 1990: 31), where a neutral or ambiguous term is used to name a reprehensible act in order to avoid using the original negative one because it implies a level of immorality, was also seen in the case of WorldCom where cost became “Capitalising excess capacity”.

Burke (2009: 8) too gave examples of individuals justifying their actions by

various rationalisations such as “good for the organization”, “had no other choice”, “not hurting anyone”, “for a good cause” and “only a temporary move”. As these examples demonstrate, rationalisations are used by individuals to justify their corrupt behaviour. Zyglidopoulos and Fleming (2009: 112) have suggested that rationalisations can also be group phenomena; the raw material from which employees construct such rationalisations is often found in the organisational or institutional environments in which they function. This is discussed next.

3.3.2.2. Collective rationalisation

Gioia (1992: 385-387) found that when building rationalisations and justifications for their actions, people do not start from scratch; instead, they draw on scripts that are available within their environment and already have embedded in them a certain level of legitimacy. Therefore, combining this tendency of individuals to take hints about their behaviour from their environment with their ability for rationalisation, an organisational environment only needs to provide individuals with the template and a rationale, for corruption to be enacted.

Brief *et al.* (2001) argued that people who commit corruption negate the illegitimacy of their acts through rationalisations, not only individually but also in groups. That is, rationalisations are used when individuals draw cues on how to act in a situation from their environment and other people. For example, in the bystander-effect psychological experiments (Latané & Darley, 1968: 220), it was shown that individuals in a group observing the lack of reaction of others to a dangerous situation, failed to act, even when their lives were apparently in danger, because, as no one else appeared to be reacting, they rationalised that there could not have been any danger.

Research by Baumeister (1998), suggested that employees may collectively use rationalisations to neutralise any regrets or negative feelings that emanate from their participation in unethical acts. Consequently, through repeated use, certain thoughts

become articles of faith and are particularly potent when they become the property of the group. So strong are the rationalising ideologies that individuals accused of corruption may be honestly surprised to be seen in such a light. For example, in 2009, the British public were scandalised to learn of the excessive expenses claims that some Members of Parliament had been making for some considerable time, unaware that, for example, a floating house for pet ducks was not a normal business expense (Potter & Gammel, 2009). Reacting to the public's outcry, the British MPs repeatedly exclaimed, "We have done nothing wrong." This is one example of a wide range of rationalisations that individuals use to justify past or future actions that might otherwise have been deemed as unscrupulous, and so lessen or neutralize the feelings of guilt or anxiety (Anand *et al.,* 2004). The different types of rationalisation are listed next. Examples of these are encountered in the experimental studies described in chapters 7 and 8.

3.3.2.3. Denial of responsibility

First, in the *denial of responsibility* (Anand *et al.* 2004: 41) individuals deny control over the situation and thus the responsibility for outcomes of their actions. For instance, quoting Eichman, Arendt (1963: 246) wrote, that he considered that he was guilty only of, "aiding and abetting", and he himself had never been guilty of committing the crimes with which he was charged. Reacting to the Milgram (1974) studies, "I wouldn't have done it by myself. I was only doing what I was told", was a typical response from the teachers in post experiment interviews (Milgram, 2005: 9). Unable to defy the authority of the experiment, the participants attributed all responsibility to the experimenter. "It is a fundamental mode of thinking for a great many people once they are locked into a subordinate position in the structure of authority. The disappearance of a sense of responsibility is the most far-reaching consequences of submission to authority" (Milgram, 1974: 10).

3.3.2.4. Denial of injury

According to Anand *et al*. (2004: 42), in the second form of rationalisation, *Denial*

of injury, the perpetrators are convinced that no one is harmed by their actions; hence the actions are not really corrupt. An example of this form of rationalisation was seen in one manufacturing organisation in the UK where this researcher once worked. This business exported agricultural machinery parts to various countries in Africa. Part of the despatch and delivery costs included a "handling charge" that would expedite the release of the goods at the port of entry, once the right person had received that money. One consequence of not doing so was that the machinery would rust and otherwise deteriorate on the dockside because of the weeks, and sometimes months, of waiting, a risk the firm was not willing to take. In the company, this was accepted as, "That's the way it is done over there. No one gets hurt and it gets the work done." If anyone thought of this as taking part in a corrupt system, these concerns were not voiced to the researcher.

3.3.2.5. Denial of victim

In this form of rationalisation, the target of the corrupt act is not acknowledged. Employees may define the victim of their unethical behaviour as someone who deserves to be victimised. For example, in the Milgram (1974: 11) experiments, many participants harshly devalued the victim as a consequence of acting against him. Once having acted against the victim, these subjects found it necessary to view him as an unworthy individual, whose punishment was made inevitable by his own deficiencies of intellect and character. Such comments as, "he was so stupid and stubborn he deserved to get shocked", were common.

Thus, the victims are left helpless, often unable to find any redress. As Card (2002: 24-25) wrote, "… the harm is the product of many acts, some of which might have been individually harmless in other contexts. Victims are more likely than perpetrators to appreciate the harm. But when the source is an institution, even victims can be hard-pressed to know whom to hold accountable." And as Milgram (1974: 10-11)

himself remarked, “No action of itself has an un-changeable psychological quality. Its meaning can be altered by placing it in a particular context.”

3.3.2.6. Social cocoon

A *social cocoon* is a micro culture created within a group where the norms may be very different from those valued by the rest of the organisation or even the wider society (Anand *et al*., 2004: 46). For instance, according to Barker (1977: 353-366) the strong and insular occupational culture of policing, complete with veteran role models and valued peers, provides this kind of social cocoon. Barker (1977: 353-366) also described the various opportunities and temptations available to police officers, from bribes to free meals, petty theft to perjury may be recast as fringe benefits. Sherman (1985), cited in den Nieuwenboer and Kaptien (2008: 137), also found that groups of police officers gradually and collectively turned from “good cops into corrupt cops” (see also Shover and Hochstetler, 2002: 3). The case of the Australian police recruit is an example of a social cocoon, where the normal mode of working for the entire department was enmeshed in corruption.

According to Callahan (2004: 168-169), people otherwise not prone to cheating come to do so because they do not want to put themselves at a disadvantage. Arguments that "everybody does it" serve as a key rationalisation for many kinds of cheating. The pervasiveness of this rationalisation shows how easily cheating can create a downward spiral: the more cheating there is, the more it becomes a routine part of life. This is reminiscent of the escalation of corruption of Zyglidopoulos and Fleming (2009: 105) and Fleming and Zyglidopoulos (2008).

3.3.2.7. Social weighting

According to Anand *et al.* (2004: 43), *social weighting* occurs when the perpetrators of corrupt acts are motivated to find examples of others who see themselves as better than others. In the wake of the British MPs scandal, Totnes member, Anthony Steen, said in a television interview that the public outcry to his

excessive expense claims was symptomatic of the jealousy that they felt because he had a palatial home (Porter & Gammel, 2009). Steen said, “I think I behaved, if I may say so, impeccably. I have done nothing criminal, that’s the most awful thing, and do you know what it is about? Jealousy.”

3.3.2.8. Appeal to higher loyalties

Appeal to higher loyalties (Anand *et al*., 2004: 43) involves the perpetrators arguing that their violation of norms is due to their attempt to realise a higher-order value such as “It was God’s will.” The appeal to higher loyalties allows people to feel justified in their corruption since it implies affiliations with higher values. This is exemplified by Eichman’s last statement that the court did not understand him: he had never been a Jew-hater, and he had never willed the murder of human beings. “His guilt came from his obedience, and obedience is praised as a virtue” Arendt (1963: 247). In the business context, for example, the capping of electricity prices by the State of California was considered by Enron’s Jeff Skilling and his fellow executives to be a distortion of the market and they felt justified in developing unethical methods for inflating prices to increase profits and so secure the company from failure.

In the summer of 2009, the British pubic learnt of the members of the House of Lords who were willing to accept or had accepted “fees” in exchange for asking questions in the House to secure changes to the law on behalf of paying clients. For example, after agreeing a one-year retainer for £120,000, Lord Taylor of Blackburn, said he would discuss an amendment to a bill to help his client, Experian, a credit check company. He is quoted as saying, “I will work within the rules, but the rules are meant to be bent sometimes" (Calvert, Newel & Gillard, 2009).

3.3.2.9. Balancing the ledger

The final rationalisation strategy that Anand *et al.* (2004: 43) listed, is *balancing the ledger* in which the corrupt act is deemed justifiable in the context of the broader benefits that the individual creates. For example, Jeff Skilling appears genuinely to have

believed he was justified in his fraudulent behaviour at Enron, because his previous actions had supposedly saved Enron from certain doom.

An even more astounding example is that of the Ford Pinto (Gioia, 1992). According to Ivancevich, Duening, Gilbert and Konopaske (2003), approximately 900 people were killed by the unsafe engineering of the Ford Pinto gasoline tank that burst into flames in rear-end collisions. Although Ford's internal crash tests had shown conclusively that the gas tank would explode in rear-end collisions, because of their emphasis on profit-margin considerations, the engineering and production teams were required to stay within the “limits of 2000” rule. That is, they could not exceed either $2000 in cost or 2000 pounds in weight (Gioia, 1992: 380), both of which restrictions affected safety standards. The company rushed the Pinto into final production in an attempt to compete with cheaper, smaller, more efficient Japanese imports. Thus, Ford executives marketed a dangerous car, and used the organisationally sanctioned rationalisations (cost-benefit analysis) that allowed managers to make moral sense of their decision (see also Zyglidopoulos & Fleming, 2008; Fleming and Zyglidopoulos, 2009).

In re-examining his experiment, Zimbardo (2008: 321) argued that anyone could turn bad if placed in the right circumstances. He reasoned that people have a remarkable capacity for self-delusion (i.e., rationalisation). In addition, fear of punishment, disapproval and rejection can overwhelm even the strongest of moral standards. As Brief *et al.* (2001: 474) pointed out, “it is unfair to label most managers who sanction corruption practices as immoral individuals; rather, their decisions to sanction typically can be described as amoral.” This certainly holds true for SocGen where Kerviel behaved corruptly and was not specifically discouraged from doing so by his colleagues. But, so far as is known, they were ordinary, moral individuals outside their jobs. Yet again, it would seem that rationalisations allow individuals to behave in ways that, outside that specific context, they probably would not.

Thus, it can be seen that rationalisation often involves individuals acting with other members of the group to justify corruption. Indeed, this is why, ‘‘corrupt individuals tend not to view themselves as corrupt’’ (Anand *et al.,* 2004: 40). Table 3.3 summarises the information about rationalisation. Examples of rationalisations will be shown in the empirical studies in this research (chapters 7 and 8). The use of rationalisations, particularly group ones, strongly influences the role of group norms in corrupt behaviour. The role of group norms in corrupt are discussed next.

Table 3-3 – Summary of types of rationalisation (Based on Anand *et al*., 2004: 11)

Strategy	*Description*	*Examples*
Denial of responsibility	The actors engaged in corrupt behaviours perceive that they have no other choice than to participate in such activities.	*"I was only doing what I was told."* e.g., Milgram study participants
Denial of injury	The actors are convinced that no one is harmed by their actions; hence the actions are not really corrupt.	*"That is how it's done there, No one gets hurt."* e.g., manufacturing business using bribes in Africa
Denial of victim	The actors counter any blame for their actions by arguing that the violated party deserved whatever happened.	*"They deserved it. They chose to participate."* e.g., Milgram study participants
Social cocoon	The actors function in a micro-culture different from wider norms	*"That's how we do it."* e.g., Some police forces
Social weighting	The actors assume practices that moderate the salience of corrupt behaviours.	*"They have no right to criticize me."* e.g., Ex British MP, Steen
Appeal to higher loyalties	The actors argue that their violation of norms is due to their attempt to realize a higher-order value.	*"I am only guilty of obedience which is a virtue".* e.g., Eichman
Balancing the ledger	The actors rationalize that they are entitled to indulge in deviant behaviours because of accrued credits.	*"I've earned the right because I saved the company before."* e.g., Skilling, Ford Pinto case

3.3.3. Group norms

Earlier, conformity to group norms was discussed as a factor in corrupt behaviour. The role of group norms is discussed next. As Ashforth *et al.* (2008) wrote:

> Through processes of social learning … and information processing, leaders and co-workers can influence individual antisocial and unethical behaviour and by modelling such behaviour themselves… Unethical organisational climates and cultures …not only encourage but “legitimate” corrupt behaviour. Indeed, role and organisational identities can emerge that define unethical behaviour not only as normal but

normative. Ashforth, Gioia, Robinson and Treviño (2008: 672).

This means that corrupt behaviour in organisations can be influenced, encouraged and made "normal" and a part of the organisational culture by employees, both individuals and groups, who follow the relevant group norms. Gregory, Harris, Armenakis and Shook (2009: 673) referred to group norms as "underlying values that have an influence on the behavior of organisational members, as people rely on these values to guide their decisions and behaviors. Group dynamics are very important, as belonging to the group becomes a value that is highly held."

Postmes, Spears and Cihangir (2001: 919) have suggested that group norms perform an important regulatory function in small groups. A *group norm* is defined as a standard or rule that is accepted by members of the group as applying to themselves and other group members, prescribing appropriate thought and behaviour within the group. Group norms may be situationally and locally defined, and hence may be quite independent and distinct from social norms that exist at the wider levels of organisation or society (Postmes & Spears, 1998; Sherif, 1936). Such local group norms may have substantial impact in eliciting conformity to specific ideas or solutions (see also J.M. Levine & Moreland, 1991).

Beu *et al*. (2003: 90) too have suggested that a complex web of inter-personal relationships may be the driving force behind ethical behaviour, subject to the realities of work inter-dependence and organisational, as well as, job norms. Thus, workplace behaviour takes place in a social context and "involves mutual expectations, mutual influence processes, mutual understanding and predictable behaviour". While many organisations have a formal code of ethics, the ethics of immediate work peers are possibly more salient to the individual. There are times when individuals, faced with an ethical dilemma, want to do the right thing based on their own values, but are overwhelmed by social forces to comply with the values of their boss or the prevailing

culture. Here again is seen the social aspect to corrupt decision-making and behaviour.

As an empirical example, studies by Mazar *et al*. (2008) and Ariely (2009) suggested that participants' level of unethical behaviour increased when a confederate was an ingroup member, but decreased when the confederate was an outgroup member, suggesting that people's potential for unethical behaviour depends on the social norms implied by the dishonesty of others and also on the saliency of dishonesty: that is, the group norms. In addition, Gino, Ayal and Ariely (2009: 394), too, suggested that observing another person behaving dishonestly not only changes a person's understanding of the social norms related to dishonesty, but also that the propensity to act dishonestly increases in three ways. Firstly, it allows an individual to estimate the likelihood of being caught; secondly, it helps an individual to understand to what extent dishonesty is the norm in the group; and finally, observing an ingroup member, such as a colleague, the other members of the group will be more likely to engage in dishonest behaviour. In the experience of this researcher, seeing a colleague photocopying private papers (against the rules of the company) and getting away with it, encourages others to do so. Again, this points to members of groups influencing each other to perpetrate acts of corruption because of their acceptance of group norms.

As long ago as 1949, Sutherland wrote that increasingly, white-collar crimes were perpetrated through the actions of several employees in the organisation rather than the actions of a single individual. Subsequent research has shown that unethical behaviour is learned through association with peer groups and that this learning includes the techniques of committing the unethical act, as well as the motives and rationalisations which serve to legitimise the unethical behaviour. These ideas are summarised in table 3.4.

Table 3-4 – Summary of mechanisms of corruption

Model	*Historic reference*	*Implications for this research*
Conformity - compliance, identification, internalisation	Asch (1952); Fleming & Zyglidopoulos (2009)	Diminished personal responsibility; Influence of the group on corrupt behaviour
Rationalisation	Ashforth & Anand (2003); Anand *et al*. (2004); Bandura (1990); Baumeister (1998); Burke (2009); Callahan (2004); Den Nieuwenboer & Kaptien (2008); Festinger (1957); Fleming & Zyglidopoulos (2009); Gino *et al*. (2009); Jensen & Wygant (1990); Latané & Darley (1968); Sutherland (1949); Weaver & Misangyi (2008); Zyglidopoulos *et al*. (2009);	Rationalisation of corrupt behaviour – individually and through group influence
Group Norms	Ariely (2009); Beu *et al*. (2003); Fleming & Zyglidopoulos (2009); Gino *et al*. (2009); Gregory *et al*. (2009); Mazar *et al*. (2008); Simpson (2002); Treviño *et al*. (1998);	Group norms may set standards of corrupt behaviour

3.4. Why and when does organisational corruption occur?

According to Kish-Gephart *et al*. (2010: 1), for over 30 years, researchers have attempted to determine why individuals behave unethically in the workplace. The previous chapters in this thesis show that corruption covers a wide spectrum of activities and has economic and social consequences. In this chapter, the roles of individuals and particularly groups in corrupt behaviour have been highlighted as well as that of organisational and structural factors. Some psychological mechanisms such as rationalisation were also discussed. In each of these elements, it seems that individuals, groups, the context they operate in, and the particular issue, may combine to promote corrupt behaviour. But would this happen whatever the conditions? As Arendt (1963) suggests, “some would not” behave corruptly. This section discusses this point.

Theoretical and empirical research conducted into the causes of corruption in organisations (e.g., Baucus & Near, 1991; Daboub *et al*.,1995) mostly focused separately on individual, organisational, and/or environmental factors. Treviño and Youngblood (1990: 378), supported by survey research, attributed unethical behaviour in organisations to competition, the culture of unethical behaviour, requests from

authority figures to behave unethically, peer behaviour, and, particularly important for this current research, management's results orientation. For example, Hamilton and Piquet Jr. both cheated at the instigation of their line managers who, in turn, were responding to pressure from the competition. This link between pressure and corruption is discussed next.

3.4.1. Corruption and pressure

Den Nieuwenboer and Kaptien (2008: 138) argued that in contexts in which performance is salient, such as in an organisation, people under pressure are prone to commit any type of corrupt act that improves their performance. As an example, a survey among 308 employees by Aquino and Douglas (2003), found that people in such cases do, indeed, resort to corruption. According to den Nieuwenboer and Kaptien (2008: 138), an increasing spiral of pressures could lead to an equally perpetuating increase in corruption. Other studies have found that pressure, for example in the form of performance targets (e.g., Treviño, 1986), is related to corruption. High pressures on performance can thus seduce people into engaging in any type of corruption that increases their performance. And when individuals start to commit performance-driven corruption, they get trapped in it, experiencing an increasing pressure to commit more and more corruption, as was seen in the case of Enron, Siemens, the firm exporting to Africa and the Nigerian pharmaceutical representatives. This effect may intensify when other colleagues already achieve success through corrupt means.

Indeed, an analysis of corporate offences by Yeager (1986: 110) noted that, in certain results-oriented environments, the ‘‘implicit message received from the top may be that much more weight is attached to job completion than to legal or ethical means of accomplishment.’’ He found that the amount and flexibility of resources that firms or sub-units have at their disposal to solve business problems may lead to corrupt behaviour. Consequently, as seen in the case of Kerviel, it is not surprising that organisations do

not prohibit corrupt behaviour that serves their interests, or the interest of a group within it (e.g., SocGen; Siemens).

Baucus and Near (1991: 31) too found that when individuals have financial (and other) needs, they may feel pressured to report better results than the actual performance warrants, which may force them to behave illegally (e.g., CEOs at Enron and WorldCom). Similarly, Baucus (1994: 703) developed a model of corruption which states that, “pressure arises when individuals or organizations place urgent demands or constraints on a firm, pushing until the firm’s employees respond in some fashion.” In response to these driving forces of pressure and need, firms will be restricted in their legitimate means of acquiring resources, and might “cut corners” in order to meet demands. As the example of the Ford Pinto shows, pressures for high performance and speedy innovation may not be conducive to rigorous product quality testing (which needs the resources of time and money), resulting in unsafe products being rushed to the market. Thus, Baucus (1994: 711-712), continued, corporate illegality (or corruption) may arise as managers attempt to cope with conditions of pressure, or opportunity. This may lead to illegal (corrupt) activities which then become "standard practice". Paradoxically, this can happen particularly when the firm performs well because at such times practices are not scrutinised for improvement in performance and consequently, wrongdoing remains undetected. However, at times of difficultly, pressure may be high, as Moore (2008) has pointed out: lack of resources can also lead to corrupt behaviour because in such situations managers are unable to meet targets using legitimate means.

Further, Ferrell and Gresham (1985: 90) found that pressure to perform is particularly acute at levels below top management because, "areas of responsibility of middle managers are often treated as profit centers for purposes of evaluation. Consequently, anything that takes away from profit - including ethical behaviour - is

perceived by lower level management as an impediment to organizational advancement and recognition." Thus, internal organisational pressures seem to be a major predictor of unethical behaviour. Pressure and stress and their effect on corrupt behaviour are discussed in greater depth in chapter 4 and are crucial factors in the empirical studies for this current research.

3.4.2. Corruption and opportunity

As seen earlier, Baucus & Near (1991: 31) have listed predisposition as one reason for corrupt behaviour. They further add that pressure and opportunity too can lead to illegal activities. Den Nieuwenboer and Kaptien (2008: 135), and Burke (2009: 8), have suggested that three factors have to be present for violations of trust. These are rationalisation, perceived pressure, and perceived opportunity. The roles of rationalisation and pressure in corrupt behaviour have been discussed earlier in this chapter. That of opportunity is discussed next because regardless of the social and individuals factors, without *opportunity*, (see Treviño, 1986; Ferrell & Gresham, 1985) corrupt behaviour could not take place. Put crudely, if the till is not open, money cannot be taken out of it. Indeed, Tomlinson (2009: 232) has suggested that many loss prevention experts have found that employees steal simply because they can: theft is an act of opportunism. Thus, for corruption to occur, opportunity must exist.

Therefore, opportunity refers to perpetrators having the means at their disposal to commit their corrupt acts. More importantly, it refers to the would-be perpetrators' perceptions about the risk of getting caught (Gino *et al.,* 2009). Ferrell *et al*. (2002d: 164) define opportunity as a condition that limit or permit ethical or unethical behaviour. If individuals feel that they can commit fraud without getting caught, that there is limited internal and external monitoring and control, that the system is complex and not well understood by others, or if that they are caught, the penalty will be small, they will be more likely to behave corruptly. A person who behaves unethically and is rewarded (or

not punished) for the behaviour, is likely to continue to act unethically, whereas a person who is punished (or not rewarded) for behaving unethically is less likely to repeat that behaviour. According to Ferrell and Gresham (1985: 92), opportunity results from a favourable set of conditions that limit barriers or provide rewards.

Rewards include what an individual expects to receive from others in the social environment such as social approval, status, and esteem. For example, in the WorldCom saga, the board of directors agreed to requests from Ebbers that should have been refused, but cooperated when Bernie Ebbers won them over with a number of perks. Ferrell and Gresham (1985) add that the absence of punishment also provides an opportunity for unethical behaviour without regard for consequences. But, and crucial to this current research, they also found that opportunity was a better predictor of ethical behaviour than individual beliefs, which implies that people will ignore their personal values in order to take advantage of the opportunity for corruption. The main feature of the factor of opportunity is that the risk of getting caught and/or punished is such that it does not deter potential perpetrators. Research by Ferrell *et al.* (2002d: 156) suggests that one out of ten organisational crime is committed because of opportunities (see table 3.5). However, this is dwarfed by the response of 73% that listed opportunity as an important factor in committing fraud in KPMG's Survey of Fraudster's (2007: 2).

Table 3-5 - Variation in employee conduct in using opportunity (based on Ferrell, Fraedrich & Ferrell, 2002d: 156)

Variation in employee conduct in opportunities taken for corrupt behaviour			
10%	*40%*	*40%*	*10%*
Follow their own values and beliefs	Always tried to follow company policies and rules	Go along with that work group	Take advantage of situations if - the penalty is less than the benefit (rewards) - the risk of being caught is low (lack of sanctions)

Misangyi, Weaver and Elms (2008: 752) also found that opportunity is an important consideration in understanding ethical decision-making. However, Ferrell *et al*. (2002) emphasize that the most influential factor in using opportunity are significant

others, that is, social peers who have influence in a workgroup. Here again, it seems, that others in a situational context are an important factor in seizing opportunity to participate in corrupt behaviour.

Opportunity also features in a model proposed by Baucus (1994). The model suggests that the characteristics of the environment of an organisation create conditions of pressure (or need) or of opportunity giving rise to a particular context in which corporate illegality is likely to occur. Although Baucus (1994: 712) differentiated between intentional and unintentional corrupt behaviour, this present research does not do so as corrupt behaviour in an organisation may be unintentional for a specific individual acting under the influence of other members of a group, but nonetheless, it may be intentional for the group. The roles of pressure and opportunity in corrupt behaviour are illustrated in figure 3.4 below.

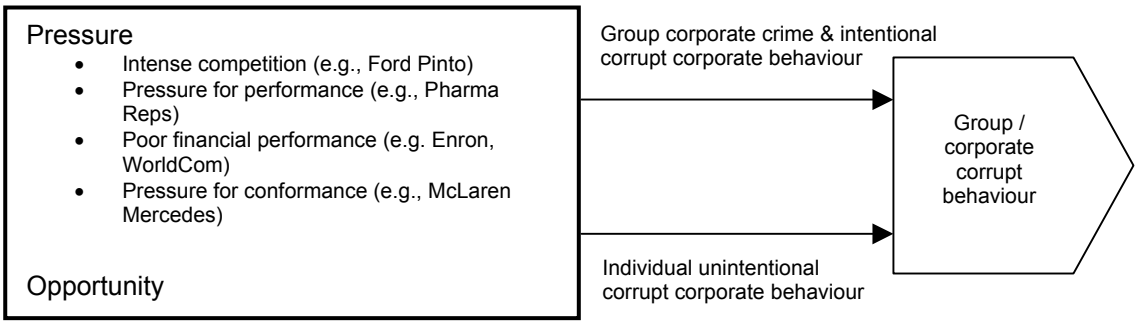


Figure 3-4 - The role of pressure and opportunity in corporate corrupt behaviour (adapted from Baucus, 1994: 702)

Organisational structure and norms (culture) were discussed earlier as causes of corrupt behaviour. Simpson and Piquero (2002: 511) also found that organisational structure and culture can provide opportunities for organisational members to engage in crime. However, they pointed out, organisational condition becomes an opportunity for crime only when it is incorporated into a behavioural repertoire; that is, the would-be perpetrator must be aware of a given opportunity. Consequently, Simpson and Piquero (2002) have suggested that corporate crime results when employees (managers and peers) react to organisational needs and pressures when solving business problems or

when they act in accordance with the dominant culture of the firm, sub-unit, or team in which they work. This is exemplified in Sherron Watkins' interview with Beenen and Pinto (2009: 276) in which she is quoted as saying:

> Fraud occurs as a result of three conditions. The first condition is extreme pressure; for example, your finances are in shambles so you embezzle money. Enron was always under extreme pressure from Wall Street to achieve earnings goals….The second condition for fraud to occur is the opportunity to game the system, to skim a little bit off, like padding an expense report. In Enron's case, the opportunity came in the form of twisting accounting rules in ways they were never meant to be twisted…The third part of the fraud triangle is the most important - the necessary condition for fraud. That is, a rationalization that you are doing nothing wrong… White collar criminals rationalize their involvement and that happened to an incredible degree at Enron. Beenen & Pinto (2009: 276).

Figure 3.5 shows the relationship between opportunity, pressure and ethical decision-making. Table 3.5 below summarises the implications for pressure and opportunity on corrupt behaviour.

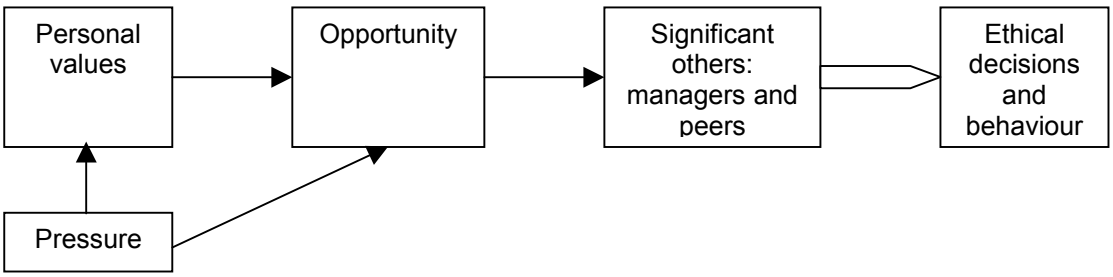


Figure 3-5 - Influence of significant others in ethical decision-making (adapted from Ferrell, Fraedrich & Ferrell, 2002: 159)

Table 3-6 - Influence of pressure and opportunity on corrupt behaviour

Model	*Historic reference*	*Implications for this research*
Pressure & corruption	Baucus (1994); Baucus & Near (1991); Den Nieuwenboer & Kaptien (2008); Ferrell & Gresham (1985); Ferrell *et al*. (2002)	Pressure can be on both managers and lower levels of staff; so local group corruption may be more prevalent than organisation wide phenomenon
Opportunity & corruption	Ashforth & Anand (2003); Baucus (1994); Baucus & Near (1991); Den Nieuwenboer & Kaptien (2008); Ferrell & Gresham (1985); Ferrell *et al*. (2002); Gino *et al*. (2000); Misangyi *et al*. (2008); Simpson & Piquero (2002); Tomlinson (2009); Trevino (1986); Trevino & Weaver (2003);	Influence in local groups in taking opportunity; Organisational and local cultures determine making use of opportunity, especially in more ambiguous situations; Opportunity better predictor of corruption than ethical beliefs

This section has provided the additional information that is set out in the revised model, shown in figure 3.6. The diagram illustrates the influence of the group in corrupt behaviour because group members identify with its norms and values. This is discussed in the next section.

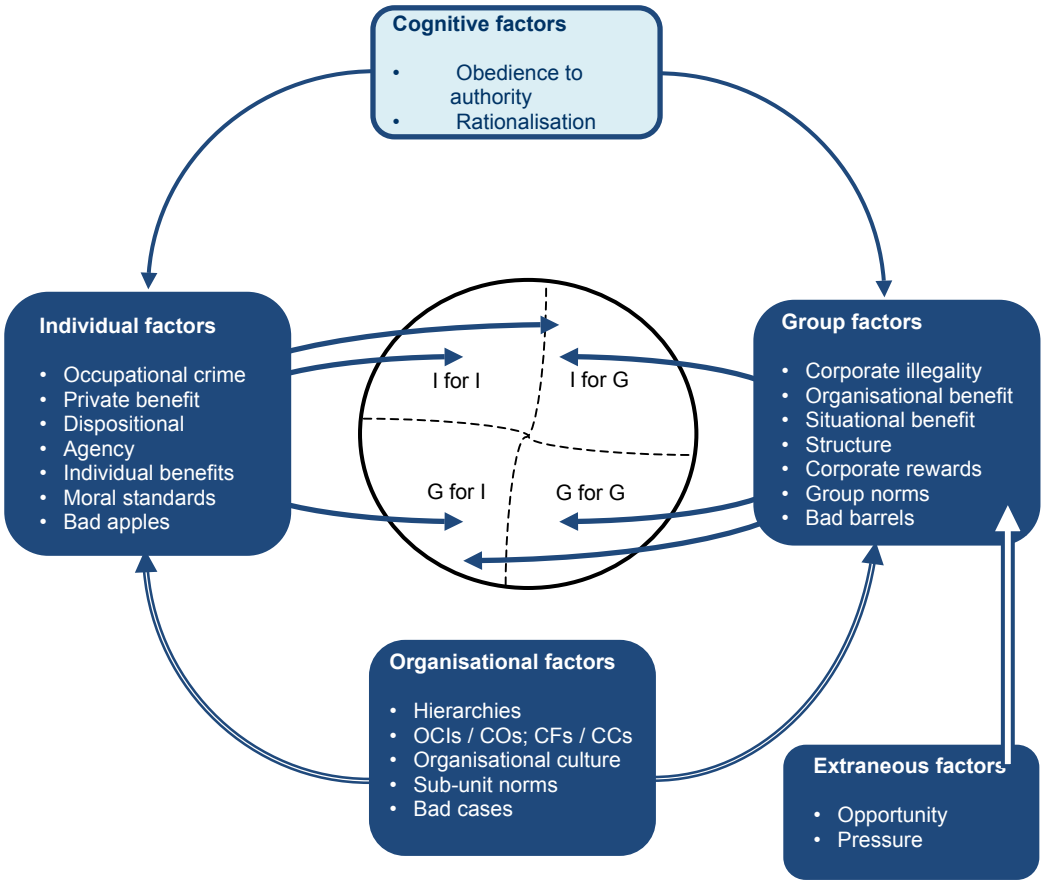


Figure 3-6 - Pressure and opportunity as organisational factors in corrupt behaviour

3.4.3. Corruption and social identification

Along with Ashforth and Mael (1989), Mael and Ashforth (1995) and Pratt and Foreman (2000), Hogg and Terry (2001: 1-2) have found that organisational contexts provide a near-perfect arena for the operation of social identity processes. Organisations consist of structured groups which are located in complex networks of inter-group relations that are characterised by norms, values, status and roles. To varying degrees people derive part of their identity and sense of self from the organisations or

workgroups to which they belong. J.C. Turner and Haslam (2001: 36-37) have suggested that social identification is highly relevant for organisational behaviour: ”The organisation is a complex social group characterised by a differentiated, normative social structure, the presence of sub-groupings, and an internal system of inter-group relations.” In the next chapter, the role of social identification in corrupt behaviour is discussed. Figure 3.7 shows the influence of social identification on corrupt behaviour as well as that of moral intent and moral action.

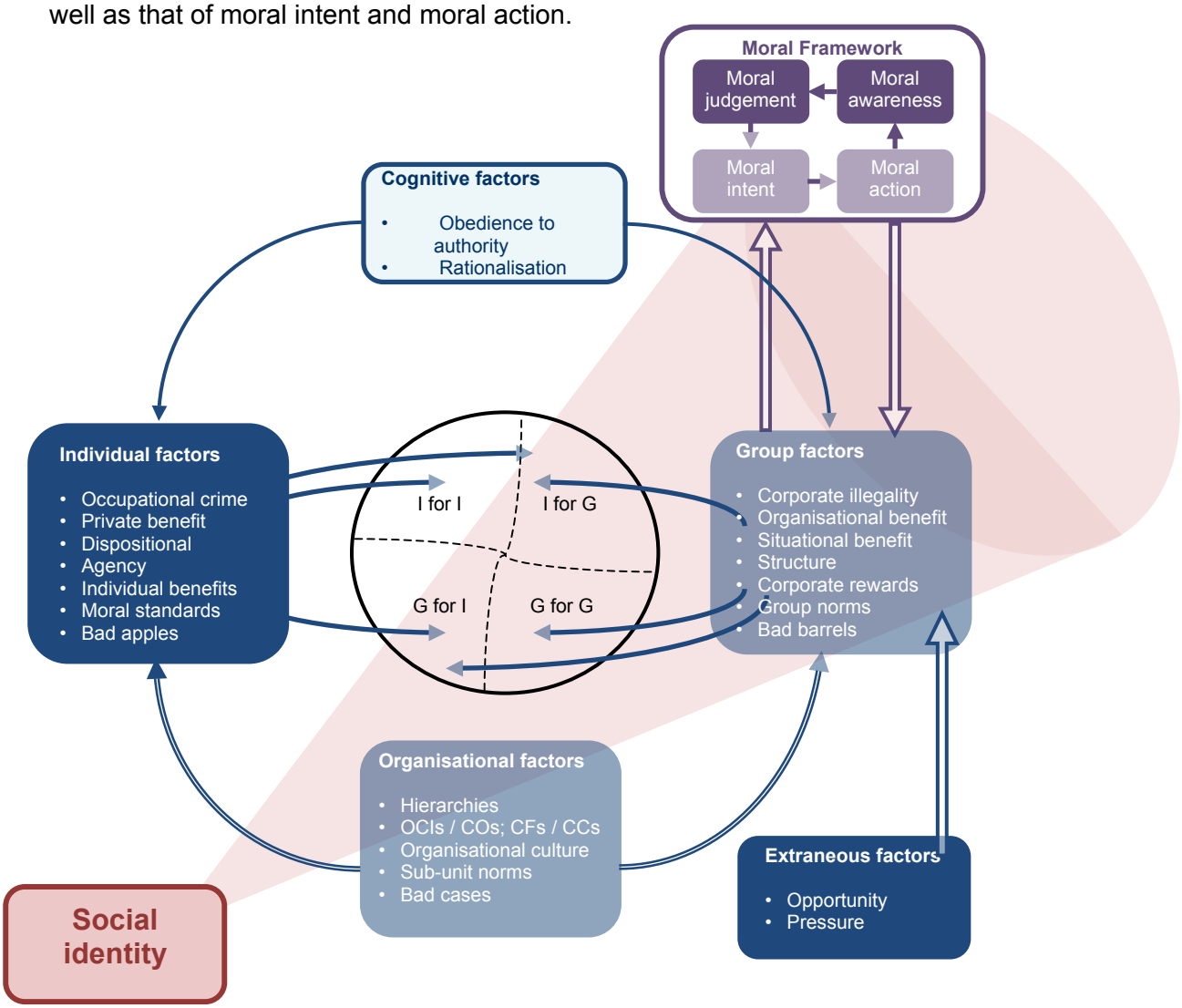


Figure 3-7 - Social identification, corruption, moral intent and action

3.5. Summary of chapter 3

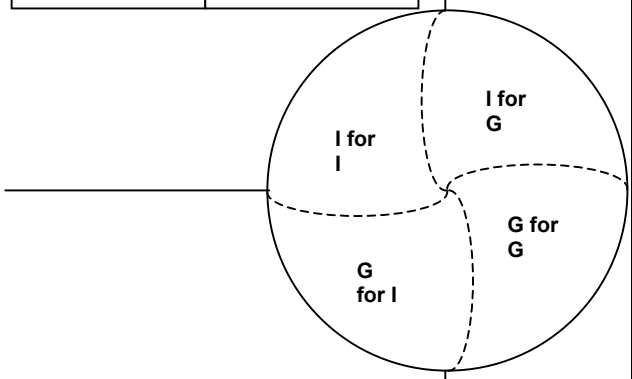
In summary, existing research suggests that corrupt behaviour can occur at all levels of an organisation, in all types of organisations and will be undertaken by individuals working alone or in groups, with potentially disastrous economic and social consequences for the organisation. Thus, corruption and ethical decision-making behaviour in organisations appear, "to be a complex phenomenon influenced by the interplay of individual differences, how individuals approach ethical decisions, and how organisations manage rewards and punishments" (Treviño & Youngblood, 1990: 384). Clearly, corrupt behaviour sits on a continuum from clear-cut cheating to more diffuse unethical behaviour. Given the right combination of circumstances, including pressure and opportunity, almost all individuals will behave corruptly. They will do so in order to support the norms of their group and to avoid cognitive dissonance. All these perspectives demonstrate that although some individuals, bad apples, may behave corruptly no matter what the circumstances, corruption is perpetrated also as a result of group interaction within bad barrels, and is also dependent on the particular issue, the bad case, under consideration. Indeed, Card (2002: 3) wrote, "One reason that many evils go unrecognised is that the source of harm is an institution, not just the intentions or choices of individuals."

Thus, corruption reflects an array of interacting individual and situational factors within organisations and includes breaches of moral principles or social norms, in addition to legal norms (Ashforth & Anand, 2003). Organisations, and groups within them, might sanction or authorise corrupt behaviours, explicitly or implicitly, as a result of condoning or ignoring such practices when they occur (e.g., Enron, SocGen). Corrupt behaviour is made acceptable through, mechanisms such as rationalisations, group norms and expectations to obey leaders. The model proposed in this current research

into corporate corruption focuses on the impact of immediate workgroups and peers on firm-level corruption. The findings are summarised in figure 3.8.

This chapter examined the "invisible reasoning processes underlying the formation of individuals' moral intent" (Granitz & Ward, 2001: 299) and behaviour. Several core models have been examined that contribute to the understanding of corrupt behaviour. Although configured differently, these models all identify and point to the influence of group members as the key determinant of an individual's corrupt behaviour. None, however, fully addresses the influence of the social context on unethical decision-making and corrupt action. Thus, social identification is the crucial factor in unethical decision-making and behaviour. Chapter 4 discusses the relevant psychological bases of such group behaviours in detail using the model of Social Identity Theory (e.g., Tajfel, 1978; Tajfel & Turner, 1979; J.C. Turner *et al*., 1987).

Model	Historic reference
OCIs; Individual beneficiary; CCs & CFs	(2008); Finney & Lesieur (1982); Needleman & Needleman (1979)
Bad apples - predisposition	Arendt (1963); Brass *et al*. (1998); Felps *et al*. (2006);
Conformity; Rationalisation	Fleming & Zyglidopoulos (2009);
Dispositional	Fleming & Zyglidopoulos (2009)



Model	Historic reference
COs; Individual beneficiary or groups / organisations; CCs & CFs; pervasive corrupt behaviour	Ashforth *et al*., (2008); Finney & Lesieur (1982); Needleman & Needleman (1979); Pinto *et al*. (2008);
Degree of group identification - reasons and conditions	Ellemers (2001)
Individual versus situational conditions	Fleming & Zyglidopoulos (2009); Mazar *et al*. (2008); Treviño & Weaver (2003); Weaver & Mysangyi (2008);
Transcendental nature of corruption	Ashforth *et al*. (2008); Needleman & Needleman (1979); Pinto *et al*. (2008);
Situational triggers	Fleming & Zyglidopoulos (2009);
Cognitive Dissonance	Festinger (1957)
Ingroup / Outgroup; Culture in various organisations; structural groupings; Local groups, significant others	Ferrell *et al*. (2002); Granitz & Ward (2001); Victor & Cullen (1998);
Conformity, Rationalisation	Ashforth & Anand (2003); Anand *et al*. (2004); Festinger (1957); Fleming & Zyglidopoulos (2009); Latané & Darley (1968); Zygidopoulos *et al*. (2009);
Issue Contingent model	Brass *et al*. (1998); T.M. Jones (1991); Treviño (1986); Zyglidopoulos & Fleming (2008);
Norms & Culture	Ariely (2009); Fleming & Zyglidopoulos (2009); Gino *et al*. (2009); Mazar *et al*. (2008); Simpson (2002); Treviño *et al*. (1998);
Bad barrels / peer influence	Baucus & Near (1991); Brass *et al*. (1998); Ashforth *et al*. (2008); Ferrell & Gresham (1985); Fleming & Zyglidopoulos (2009); G.E. Jones & Kavanagh (1996); Kelman & Hamilton (1989); Treviño & Youngblood (1990);
Organisational context	Ashforth & Anand (2003); Ashforth *et al*. (2008); Darley (1996); Zimbardo (1971, 2007); Ferrell & Gresham (1985);
Social Identification and corrupt behaviour	Ashforth & Anand (2003); Ashforth & Mael (1989); Gino et al. (2009); Pinto *et al*. (2008);
Corruption and group norms, Threat, Stress, Pressure & Opportunity	Ashforth & Mael (1989); Baucus & Near (1991); Ellemers (2001); den Nieubenboer & Kaptien (2008); Felps *et al*. (2006); Ferrell & Gresham (1985); Ferrell *et al*. (2002); Fleming & Zyglidopoulos (2008); Gino *et al*. (2009); Haslam & Reicher (2007); Misangyi *et al*. (2008); Simpson & Piquero (2002); Turner & Tajfel (1979);

Figure 3-8 – Summary of models for corruption

4 Social Identity Threat, Stress and Corruption

"Group conformity scares the pants off me because it's so often a prelude to cruelty towards anyone who doesn't want to - or can't - join the Big Parade". – Bette Midler

Earlier in this thesis the role of the group in corrupt behaviour was highlighted. Several existing models were examined which between them, showed that although corruption may occur anywhere in an organisation, it is likely to do so in small groups. However, none of these models examined in detail the mechanisms of group interaction that leads to corrupt behaviour. In this chapter, the psychological costs and other implications of group identification in corrupt behaviour are discussed.

Examining some cases of corporate corruption in the USA, Brief, *et al*. (2001), concluded that a common feature of all cases of corporate corruption is that they required a collective effort, not just that of a single person in the organisation. With the recent and ongoing spate of high-profile scandals in organisations like Enron, Société Générale, and McLaren Mercedes, to name but a few, there have been renewed attempts to identify the causes of corruption and to profile the types of people involved in corrupt activities. One explanation given by Zyglidopoulos and Fleming (2008: 265) attributes blame to "a small number of individuals who were corrupt to start with" who "took advantage of their positions in their organisations" for personal gain. As shown previously in this thesis, this bad-apple (Treviño & Youngblood, 1990; Kish-Gephart, Harrison & Treviño, 2010) approach to corruption diverts attention from the organisational and social forces that can induce the most unlikely of individuals to commit the most offensive of acts. Unethical individuals vary not only with respect to their level of guilt, but also with respect to the degree of identification they have for their organisation (Darley & Latané, 1968). "Shared values, norms and beliefs can influence an otherwise moral individual to engage in questionable or illegal activities. Industry and corporate culture also perpetuates illegality, reinforcing wrongdoing, and resulting in repeated violation" (Baucus, 1994: 711-712; Baucus & Near, 1991). Thus, individuals

who identify strongly with a corrupt group would be likely to accept the corrupt norms of the group. Consequently, this thesis suggests that social identification is a crucial factor in unethical decision-making and behaviour in organisations and this is illustrated in figure 4.1 which has been reproduced from chapter 3.

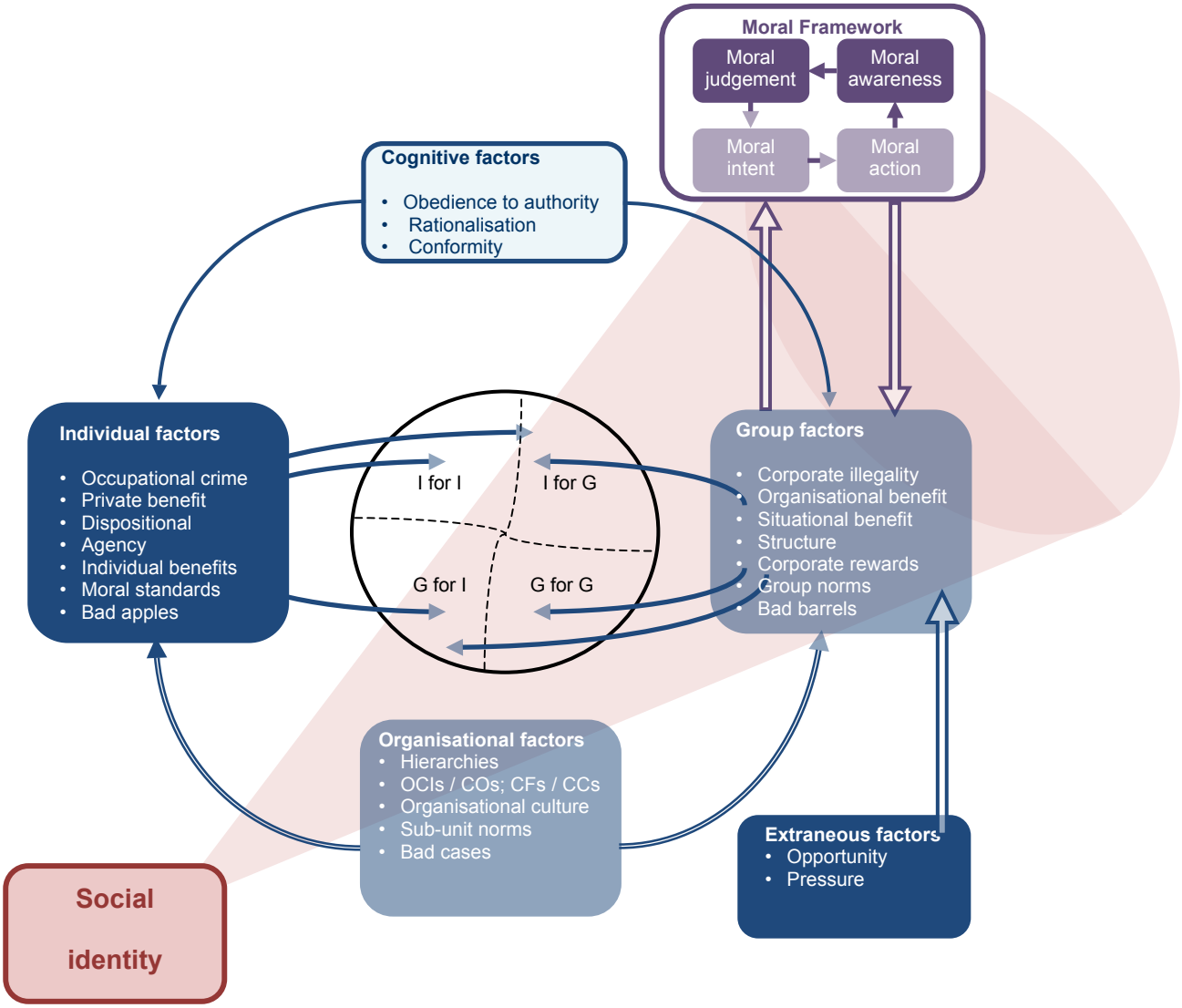


Figure 4-1 – The role of social identity in group behaviour

4.1. Psychology of social identification

As mentioned in the earlier chapters, this thesis addresses the role of the group in corrupt behaviour. According to Tindale, Meissenhelder, Dykema-Engblade and Hogg (2003: 3), some cognitions, beliefs and knowledge that members of social groups share, come from their common experience with the world around them. Through interactions with others, people learn what beliefs and attitudes are considered "givens" in their social environment and adapt their behaviour accordingly. These dos and don’ts tend to reflect the norms of those societies and groups and the mode of behaviour that is acceptable to those social groups. There is no research that suggests that these would not apply to corrupt behaviour and it is the contention of this thesis that the principles of social identification would apply to groups behaving corruptly in both organisations and sub-units within them. This present chapter expands on this assertion.

4.1.1. Research into group behaviour

4.1.1.1. The Socialistic approach

Research into the psychology of group dynamics dates back to the work of crowd psychologist LeBon (1895), in *Psychologie des Foules* (Psychology of Crowds), who professed that mental unity is what defined a psychological group, not its physical proximity. LeBon argued that by immersing themselves in the group, people lose their individual identity: “the conscious personality vanishes, the sentiments and ideas of all composite units are oriented in the same direction” (cited in Nye, 1975: 67). Thus, according to LeBon, the psychology of groups is distinct from that of individuals within it. A group thinks and behaves in ways that its individual members might not. Not only that, but these behaviours are group specific. That is, people will behave differently on their own from when they are in groups and the specific natures of particular groups can influence the behaviour of their members.

Another early text in social psychology is McDougall's (1927) *The Group Mind*. McDougall (1927) agreed with LeBon's notion of the "collective mind" and added a social aspect:

> the individual minds which enter into the structure of the group mind…do not construct it; rather, …they find themselves already members of the system, moulded by it, sharing in its activities, influenced by it at every moment in every thought and feeling and action…but the parts in the several individual minds reciprocally imply and complement one another and together make up the system which consists wholly of them. McDougall, (1927: 10-11).

Thus, in McDougall's framework, a psychological group consists of people within the same social context, who exhibit the same feelings, and are affected by the thoughts and actions of other group members, and together the individual members emotionally contribute to the whole group's awareness of their membership in the group (Tindale *et al*., 2003: 1). Both LeBon and McDougall espoused the view that behaviour in social groups was not simply a function of some combination of individual acts (see also Strachey, 1955). Rather, they saw social behaviour as being guided by forces defined by the group, "a collective consciousness" or "group mind", that could not be understood fully by simply understanding individual behaviour or individual minds.

McDougall (see Strachey, 1955: 86) listed some conditions for groups to function. Among these are (a) that there should be some degree of continuity of existence in the group; (b) that individual members of the group should have a good understanding about the group, so that they may "develop an emotional relation to the group as a whole"; (c) that the group should have interaction with other, similar to it but, differing groups; (d) that the group should possess traditions, customs and habits, especially for relationships amongst its members; and (e) that the group should have a definite structure, expressed in the specialisation and differentiation of the functions of its constituents. Freud's (1921) approach matches some of the ideas of both LeBon (1895) and McDougall (1920). Freud explained that as individuals grow up in society,

they internalise the social values. Overall, these three researchers (LeBon, 1895; Freud, 1921; McDougall, 1927) shared the ideas that individuals act differently in groups: that group behaviour is based more on instincts and emotions whereas individual behaviour is based on logic, and that group psychology both reflects and shapes self-perception and identity.

4.1.1.2. The Individualistic approach

A different view was put forward by Allport (1924) who rejected the idea of the group mind and suggested that there is no group psychology, only that of the individual. Thought, he argued, cannot be separated from the individual thinker and "there is no psychology of groups which is not essentially and entirely a psychology of individuals" (Allport, 1924a: 4). In his theory of social facilitation, Allport (1924) argued that individuals do not change to become like the group. They simply modify their normal behaviour within the social construct of the group. Individuals conform temporarily to the group, but never totally lose their individuality. Similarities of crowd behaviour reflect not a collective consciousness but the similarities in mental constitution of crowd members. Rather than obscuring individuality, the crowd context accentuates it. These ideas are summed up in his words, "the individual in the crowd behaves just as he would alone only more so" (Allport, 1924b: 295).

4.1.1.3. The Interactionist approach

The work of Lewin (1935), Sherif (1936) and Asch (1952), drew upon the ideas of group psychology (LeBon, 1895; McDougall, 1927; Freud, 1921) and individualism (Allport, 1924). Lewin (1935, 1936) argued that groups were not simply a sum of their parts. He viewed intra-group relations as being influential to a person's self and believed the individual and group to be inter-dependent. Individual behaviour, according to Lewin, was socially and psychologically transformed and determined by group membership.

Sherif's (1936) group research centred on the premises of context, social norms and values, self-identity and the psychological process of the formation of norms. In an

experiment, subjected to the perceptual illusion of the auto-kinetic effect (perceived motion of a stationary light in a darkened room), Sherif's participants in small groups publicly judged how far the light had moved. Within a small number of trials, Sherif found a large degree of convergence among the judgements within the group. Thus, if three people initially estimated that the light moved 18, 7.5 and 5 cm, as a group they might converge on a judgement that it moved 10 cm (Haslam, 2004a: 103). It seems that in the absence of any "real" physical cues, group members used the judgements of others to modify their own judgements. See also Hogg and Tindale (2001, 2003).

Asch (1952) too, asserted that individualism does not fully explain the relationship between the individual and the group, failing, as it does, to recognize that membership within a group enhances the individual's personal identity. Equally, the stimulus-response of social interaction does not fully grasp the psychological aspects that accompany human interaction and subsequent group formation. Asch's experiments on conformity are provided in Appendix 4.1. As Asch (1952) wrote,

> We need to see group forces arising out of the actions of individuals and individuals whose actions are a function of the group forces that they themselves (or others) have brought into existence. Asch (1952: 250-251).

4.1.1.4. Social Comparison Theory and Cognitive Dissonance Theory

The *social comparison theory* (Festinger, 1954) examines the way in which people evaluate their own opinions and desires by comparing themselves with others, and how groups exert pressures on individuals to conform with group norms and goals. Festinger (1954) hypothesised that "there exists, in the human organism, a drive to evaluate his opinions and his ability" and "to the extent of objective, non-social means are not available, people evaluate their opinions and abilities by comparison respectively, with the opinions and abilities of others." Festinger argued that when physical reality does not provide cues for appropriate behaviour or opinion, people use

social reality as cues for appropriateness. Consequently, in order to reduce uncertainty, people compare their behaviour, beliefs, attitudes, etc. with those of others around them.

Thus, the social comparison theory (Festinger, 1954) primarily addressed the within-group effects of the process of social comparison, with evaluations of oneself and others made by means of inter-individual comparisons. Festinger (p. 126) also theorised that when a discrepancy exists with respect to opinions or abilities there will be tendencies (a) to change one's own position in order to move closer to others in the group; (b) to change others in the group to bring them closer to oneself. The stronger the attraction to the group, the stronger will be the pressure toward uniformity concerning abilities and opinions within that group (p. 131); and the greater the relevance of the opinion or ability to the group, the stronger will be the pressure towards uniformity concerning that opinion or ability (p. 132).

As was discussed briefly in chapter 3, Festinger (1957, 1964) also developed the *cognitive dissonance theory* to explain behaviour, details of which are given in Appendix 4.2. In short, cognitive dissonance describes an uncomfortable feeling caused by holding two contradictory ideas simultaneously causing people to think and act to minimise those feelings. Additionally, when faced with cognitive dissonance, individuals tend to “rationalise away” needs that are at odds with or even contradict ideals to which they subscribe (Festinger, 1957). Table 4.1 captures the main points from this section.

Table 4-1 – Summary of early research into group behaviour

Model	*Historic reference*	*Issues relevant for this thesis*
Socialistic approach	LeBon (1896); McDougall (1927); Freud (1955); Strachey (1955)	Individuals and groups behave differently in group contexts
Individualistic approach	Allport (1924, 1954)	There is no group mind, only the behaviour of the individual.
Interactionist approach	Sherif (1936, 1956); Asch (1952); Lewin (1935, 1936)	Group norms influence group behaviour; Personal identity is enhanced by group membership; Individuals and groups are inter-dependent.
Cognitive dissonance and Social comparison	Festinger (1954, 1957, 1964)	Individuals make comparisons of their opinions and abilities with those of others and use rationalisations to reduce tension between self-definition and action

The social comparison theory of Festinger (1954, 1957) and the cognitive dissonance theory (Festinger, 1954, 1957, 1964), together with the works of Asch (1952), Lewin 1935, 1936) and Sherif (1936) paved the way for the social identity theory (Tajfel, 1978; Tajfel & Turner, 1979) and led to the development of the self-categorisation theory. Whereas Festinger was concerned with social comparisons made between individuals, Tajfel's (1978: 66) interest was in the theory of group behaviour through which he found that the inter-individual emphasis neglected an important contributing aspect of an individual's self-definition: individuals are members of numerous social groups and these memberships contribute either positively or negatively to the image that individuals have of themselves.

4.1.2 Social Identity Theory

Reacting against individualistic explanations of group behaviour (e.g., Allport, 1924) on the one hand, and the socialistic explanation on the other (e.g., LeBon, 1895; McDougall, 1920; Freud, 1921), Tajfel (1972: 292) built on the interactionist approach (i.e., Lewin, 1935; Sherif, 1936; Asch, 1952) and developed *Social Identity Theory* (SIT), Tajfel, (1972, 1978b) that explained the behaviour of both the group and the individual.

4.1.2.1. The Minimal Group Studies

SIT began as an attempt to explain inter-group discrimination in the "minimal group paradigms" (Tajfel, 1972; J.C. Turner, 1975, 1999: 8); that is, the minimal conditions in which discrimination against another group would surface. In these studies conducted by Tajfel, Flament, Billig and Bundy (1971: 150), schoolboys were assigned to one of two groups, ostensibly on the basis of trivial criteria (preference for Klee or Kandinsky paintings, or overestimating or underestimating the number of dots in a pattern) but in fact, randomly. There was no social interaction at all either between or within the groups, and the subjects did not even know who was in their group (the ingroup) and who was in the other group (the outgroup), because membership was anonymous. Thus, the groups had no history of either hostility or friendship. The subjects were then given the task of allocating money (points) between two individuals identified only by their code numbers, one as a member of the ingroup and the other as a member of the outgroup.

In the first series of experiments, it was found that the subjects tended to award more points to ingroups than outgroups. In the second series, it was found that although the participants tried to maximise profit for their own group, they also attempted to achieve a maximum difference between the ingroup and the outgroup, even at the price of sacrificing other advantages. That is, they tended to be more concerned with maximising the difference between the ingroup and the outgroup than with getting as much as possible for the ingroup (see Reicher 2004: 928-929). In accounting for these findings, Tajfel *et al*. (1971) contended that the mere categorisation of people into distinct groups produced inter-group behaviour in which subjects favoured ingroup members over outgroup non-members. Tajfel (1972: 293) and J.C. Turner (1975, 1984: 521-522) argued that the social categorisation of subjects in the minimum paradigms created a social identity for them (see Haslam, 2004e: 21).

4.1.2.2. Definition of social identity

The findings from the minimal studies led Tajfel (1978b: 63) to define “social identity” as an individual’s knowledge that he belongs to certain “social groups together with some emotional and value significance to him of this group membership”. For Tajfel (1978b: 61-62), the term "group" denotes a cognitive entity that is meaningful to the individual at a particular point of time (Tajfel, 1978a: 28-29). According to J.C. Turner (1982: 15), a group exists when “two or more individuals perceive themselves to be members of the same social category”, individuals who define, describe and evaluate themselves in terms of the social category and apply the ingroup’s norms of conduct to themselves (Hogg, 1987: 101-102). This definition of a group is adopted in this thesis.

Through belonging to different groups, an individual acquires a social identity, which "creates and defines an individual's own place in society" (Tajfel, 1972: 293). SIT also assumes that people are motivated to evaluate themselves positively and that in defining themselves in terms of some group membership, they are motivated to evaluate that group positively. Further, since groups are evaluated in comparison with other groups, a positive social identity requires that one's own group be favourably different or *positively distinctive* from relevant comparison groups (see Abrams & Hogg, 1990; Deschamps, 1984: 546-547; Hogg & Abrams, 1988; Hogg & Terry, 2000: 124; Hogg & Terry, 2001: 7; J.C. Turner, 1975).

From the minimal group studies, Tajfel (1978a: 41) and Tajfel and Turner (1979) identified three psychological processes for SIT: (1) Social categorisation - a cognitive component (in the sense of the knowledge that one belongs to a social category [e.g., I am an employee of Enron]); (2) Social comparison - an evaluative component (in the sense that the notion of the social category and/or of one's membership of it may have a positive or a negative value connotations; [e.g., I am a valued employee of Enron]); and (3) Social identification - an affective (emotional) component (in the sense that the

cognitive and evaluative aspects of the group and one's membership of it may be accompanied by emotions; [e.g., I am proud to be an employee of Enron]). These SIT processes are discussed next.

4.1.2.3. Social categorisation

Voci (2006a: 73) defines *categorisation* as a process that operates on stimuli present in the environment, modifying and reconstructing them. Through this process, otherwise disparate and unorganised objects become meaningful, assimilated to some stimuli and, at the same time, differentiated and contrasted from others (see Oakes, Haslam & Turner, 1994). This model also applies to the organisation of social perceptions of the individual (e.g., Allport, 1924; Deschamps, 1984: 547; Hogg, 2003: 59; Oakes, Haslam & Turner, 1994; Marques, Abrams, Paez & Hogg, 2003: 405; Reicher, 2004: 928; Tajfel *et al*., 1971). As Tajfel (1978a: 41) suggested, “It is impossible to imagine a social encounter between two people which will not be affected, at least to some minimal degree, by their assignments of one another to a variety of social categories about which some general expectations concerning their characteristics and behaviour exist in the mind of the interactants.”

Tajfel (1978b: 61-62) defined *social categorisation* as “the ordering of the social environment in terms of social categories, that is, in terms of groupings of persons in a manner which is meaningful to the individual concerned.” In many situations people organize social information by categorising individuals into groups (Ellemers, de Gilder & Haslam, 2004: 461-463), for instance, when they need to make sense of their social environment in terms of what the options are and which choice is best for them in a particular situation (e.g., Oakes, *et al*., 1994; Marques *et al*., 2003: 405). This enables them to focus on collective properties that are relevant to the situation at hand (e.g., Enron employees versus Enron customers). SIT does not suggest that this would not apply in a corrupt environment, and consequently SIT principles were used in designing

the studies for this current research (discussed in chapters 6-8).

4.1.2.3.1. Ingroup bias

In addressing inter-group discrimination further, in a partial replication of the minimal group studies (Tajfel *et al*., 1971), Allen and Wilder (1975: 971) arbitrarily categorised participants into two groups and informed them that ingroup and outgroup members were either similar or dissimilar to themselves in attitudes and beliefs. The participants then divided rewards between a member of the ingroup and a member of the outgroup. In all the conditions, participants favoured the ingroup, again indicating that mere categorisation is sufficient to produce inter-group discrimination. Ingroup favouritism was further increased when the ingroup held similar beliefs to those of the subject, but similarity or dissimilarity of outgroup members did not affect discriminatory behaviour. Thus, Allen and Wilder's (1975) study demonstrated that ingroup characteristics may be more important than outgroup characteristics as a contributor to inter-group behaviour.

4.1.2.3.2. Ingroup bias and behaviour

Furthermore, Brewer (1979: 307) found that while factors such as inter-group competition, similarity, and status may affect ingroup bias, ingroup bias itself is related more to improving the position of ingroup members than to increasing hostility toward outgroup members. These two studies (i.e., Allen & Wilder, 1975; Brewer, 1979) indicate that group behaviour may be determined more by ingroup favouritism than by outgroup hostility.

Ten years later, Gaertner, Mann, Murrell and Dovidio (1989: 239), found that participants randomly assigned to one of two groups (3 per group) resulted in inter-group discrimination. The groups were then explicitly re-categorised into either one group of six or as six individuals, and the findings were that with the group of six, former outgroup members were now found to be more attractive. With the group of individuals,

former ingroup members were redefined as different individuals. Thus, this study also indicates that group behaviour may be determined more by ingroup favouritism than by outgroup hostility.

Therefore, social categorisation accentuates differences between members of different groups, and similarities among members of the same group (Tajfel, 1978) and so different behaviours may be expected as a result of the ways in which people categorize themselves and others in any given context (J.C. Turner, 1982, 1985, 1987, 1999; J.C. Turner *et al*., 1987; J.C. Turner *et al*., 1994; Reicher, 2004: 933; van Knippenberg, 1984: 561-563; Voci, 2006a: 74-75). That is, simply categorising people into groups provokes behaviour that favours the ingroup. Tajfel's (1982) explanation for this is that with awareness of one's membership in a group, an individual moves away from "feeling and thinking like a distinct individual, to feeling and thinking like a representative of a social group" (see O'Fallon & Butterfield, 2008: 2). This impact of group members on the behaviour of the group as a whole represents an important finding for this research as is shown in the empirical studies discussed in chapters 5-8 in which participants worked in groups to discuss, and possibly perform, corrupt acts.

4.1.2.4. Social comparison

According to Ellemers *et al*., (2004: 461), *social comparison* is the process by which a social categorisation is invested with meaning. While people may have a relatively clear idea of the range of properties that apply to a particular group, social comparisons with other groups determine which features or behavioural norms help to define the group in a particular situation (e.g., US soldiers versus Vietnamese villagers). These features are mostly those that distinguish the group from relevant comparison groups (e.g., Spears, Doosje, & Ellemers, 1997). The implication for this current research is that in a situation when the norms are corrupt, members of a group will use social comparison to decide whether to behave corruptly. However, social comparison is

not tested explicitly in the experimental studies for this thesis, although some of the results imply this.

4.1.2.5. Social identification

Social identification is the process by which information about social groups is related to the self (Ellemers *et al*., 2004: 461-463). That is, it refers to the readiness of a particular individual to perceive himself or herself as representative of a particular group, and leads him or her to adopt distinctive group norms as guidelines for his or her own behaviour. While most people belong to multiple groups simultaneously, the relative degree to which they see each of these different identities as important to self in a particular situation or at a given point in time will determine the extent to which they accept and behave according to the norms relevant to that context (see also Haslam, Powell & Turner, 2000; Spears *et al*., 1997). In the experimental studies described in chapters 6-8, groups have the opportunity to demonstrate their level of identification with their groups by accepting the group norms and behave corruptly so that they can perform better at a task than other groups present.

4.1.2.6. Personal and social identity

A fundamental tenet of social identification is the distinction between social identity and personal identity. Tajfel (1978a: 41) differentiated between those elements of self-identity derived from individual personality traits and inter-personal relationships (*personal identity*) which defines each individual as a unique person in terms of their individual differences from other ingroup persons, and those elements derived from belonging to a particular group (*social identity*). Social identity processes come into play when people think in terms of their group membership because the context in which they find themselves is defined along group-based lines.

Tajfel (1978a: 43) asserted that behaviour in general could be represented in terms of a bipolar continuum. At one extreme, interaction is determined solely by the character and motivations of the individual as an individual (i.e., inter-personal

behaviour). At the other, behaviour derives solely from the person's group membership (i.e., inter-group behaviour). All social situations (including experimental ones) fall between these two extremes, and the behaviour towards people who are categorised as members of the ingroup or the outgroup will be crucially affected by the individual's perception (or interpretation) of the situation as being nearer to one or the other extreme. Therefore, individuals have a repertoire of identities open to them, social and personal. Exactly where individuals place themselves on the continuum depends on the interplay between social and psychological factors, based on both the current context and the norms of the group developed over time (see also Hogg and Terry, 2000:124). The experimental studies for this current research test whether group members will exhibit ingroup bias even when the norms and behaviours are corrupt, rather than the participants' normal mode of behaviour (e.g., Hamilton, Piquet Jr.). Figure 4.2 summarises the points of social identity theory relevant for this thesis.

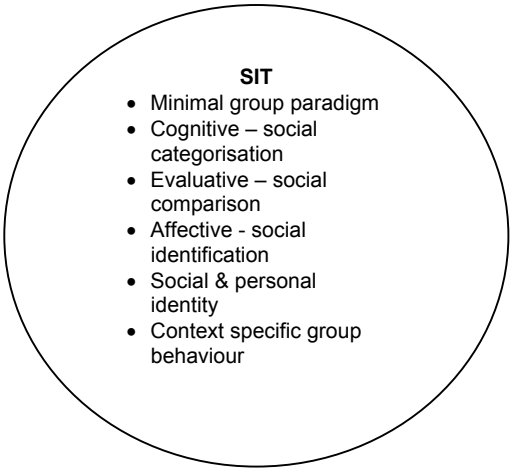


Figure 4-2 – Relevant aspects of Social Identity Theory

4.1.3. Self-Categorisation Theory

One limitation of SIT (Tajfel, 1972, 1978) is that it does not fully address the relationship between personal and social identity salience (situational relevance and subjective importance): that is, SIT does not explain what triggers an individual's psychological placement on Tajfel's (1978a) personal/social identity continuum. In order

to provide a more complete explanation of an individual's movement along this inter-personal-inter-group spectrum, J.C. Turner (1987b: 42) developed the *Self-Categorisation Theory* (SCT), which is made up of a set of related assumptions and hypotheses (J.C. Turner, 1987b: 42; J.C. Turner, Hogg, Oakes, Reicher & Wetherrell, 1987), about the function of the social self-concept (the concept of self based on comparison with other people). The complete set is given in Appendix 4.3. Those that are particularly relevant to this thesis are discussed next.

Building on Tajfel's (1978) concepts, J.C. Turner (1982) hypothesised that an individual's self-concept could be defined along a continuum ranging from definitions in terms of personal identity attributes to definitions in terms of social identity membership. Thus, inter-personal behaviour is associated with a salient personal identity and inter-group behaviour is associated with a salient social identity (J.C. Turner, 1978, 1982: 21, 1999: 10-11; see J.C. Turner & Haslam, 2001: 32). Consequently, there are a range of possible social identities, each with its set of beliefs, norms, and values that influence the behaviour of the individual in that social context (see Oakes, Turner & Haslam, 1991; Haslam, 2004e; Hogg, 1996; J.C. Turner *et al*., 1994: 454).

According to J.C. Turner (1984: 526-527), where personal identity is salient, the individual will relate to others in an inter-personal manner, depending on their character traits and any personal relationship existing between the individuals. One example of personal identity salience is that of Nick Leeson who behaved corruptly on his own for his own gain, and there were no others from the Barings Bank involved. However, under certain conditions, "social identity is more salient than personal identity in self-conception and that when this is the case, behaviour is qualitatively different: it is group behaviour" (Tajfel, 1974). Social identity is a more inclusive level of self-perception than personal identity in the sense that McLaren Mercedes team is more inclusive than McLaren Mercedes Formula 1 drivers.

4.1.3.1. Self-categorisation

One aspect of the *self* is the system of concepts a person uses to define himself or herself. *Self-concepts* can be thought of as *self-categories* or self-categorisations (J.C. Turner, 1991c; Haslam, Postmes & Ellemers, 2003; J.C. Turner, 1987b). Self-categorisation represents, for example, "us" versus "them", ingroup versus outgroup, US soldiers versus Vietnamese villagers etc. It will be recalled that in the experiment by Gaertner *et al*. (1989), participants re-categorised themselves from groups of three to a higher level of inclusiveness into groups of six, or into lower levels of abstraction as six individuals. Another example of different levels of categorisation is that of the boys' camp experiments conducted by Sherif and his colleagues between 1949 and 1954. Details of these experiments of Sherif (1956) and Sherif and Sherif (1969) are given in Appendix 4.4. In summary, teams of boys who had contested aggressively in the context of inter-group competition for scarce resources (prizes in games) went on to co-operate successfully when both teams had to pool their finances to rent a movie (Haslam, 2004c: 122). For this current research, this means that a person will self-categorise into different group memberships provided the group norms, which may be corrupt, are salient to them.

Further evidence of self-categorisation was provided in experiments by Hogg (1987) and Hogg and Abrams (1988: 106) which showed that under conditions of experimentally elevated gender salience, males and females categorised and defined themselves more strongly in terms of their own gender, and expressed accentuated gender-stereotypic behaviours. These results suggest that as an individual's group membership changes, so does his or her behaviour. For example, in one setting, it may be more advantageous for someone to group himself as a Formula 1 driver whereas in another setting, benefit may be derived from categorising himself as a member of a specific team such as Renault. Therefore, it is suggested in this thesis that an individual

may even categorise as a member of a team behaving corruptly, if doing so favours that person.

In an organization, self-categorisation may occur as an individual (e.g., Hamilton), a team member (e.g., McLaren Mercedes pitstop team), a departmental member (e.g., McLaren Mercedes engineering design department) or a level of seniority (e.g., McLaren Mercedes executive board), each with its own set of norms. This makes it possible for an organisation to unknowingly harbour groups that hold and act according to beliefs, norms and values that are at odds with those of the wider organisation. Research into business ethics has been quite consistent in finding that individuals segment their moral lives, applying different sets of ethical standards in different contexts (Moore, 2008). In chapter 3, this was seen in the case of the manufacturing firm that exported agricultural machinery, whose employees routinely offered bribes to some countries in Africa, whereas they would be unlikely to do so in the U.K., and certainly outside the context of the business, the individuals involved would not have behaved corruptly.

People may also categorize themselves within a subset of a larger group in a nested pattern, choosing to identify with a smaller group to which desirable attributes are ascribed, while disassociating from the broader, encompassing group to which those attributes are not attached. This is a crucial finding for this current research as it implies that sub-groups may exist within an organisation that have norms that are not those of the organisation as a whole. The experimental studies described in chapters 5-8 will apply this principle of self-categorisation to a corrupt situation.

4.1.3.2. Meta-contrast

Therefore, it is seen that people self-categorise “depending on whether a social categorisation into ingroup or outgroup is meaningful to the current social context” (J.C. Turner *et al.,* 1987). Self-categorisation takes place as a result of the process of *meta-*

contrast (J.C. Turner, 1985) produced by dividing the individual's average difference from outgroup members by his or her average difference from the ingroup members. Consequently, a collection of people is likely to see themselves as a common group (a categorical entity) when the differences between those people are smaller than the differences between them and others that are salient in a particular social context. Meta-contrast is described in more detail in Appendix 4.5.

4.1.3.2.1. Meta-contrast and prototypicality

The meta-contrast principle is also responsible for the concept of prototypes. A prototype is a mental image of the type of person who best represents the group. It is a shared representation of ingroup and outgroup properties. It is the person with the highest meta-contrast ratio who is defined as most prototypical of the ingroup. That is, prototypes account for within-group similarities and inter-group differences. In addition, prototypes define and prescribe the properties of group membership (perceptions, attitudes, feelings, behaviours) in such a way as to render the ingroup distinctive.

Any group has features that define it better than others and its members have an internally accepted understanding of norms that range from the *prototypical* to the non-prototypical. Thus, prototypes are context dependent and are particularly influenced by which outgroup is contextually salient. According to Tindale *et al*., (2003: 6), people in groups categorise themselves and others in terms of relevant ingroup or outgroup prototypes. That is, group members judge and evaluate others on the basis of their perceived prototypicality. These concepts are exemplified in the world of Formula 1. On a Grand Prix circuit, Piquet Jr. and Trulli, prototypical members of the Renault team, would see themselves closer to each other than to Hamilton, who represents McLaren Mercedes. However, at a meeting of Formula 1 drivers, all three drivers would consider themselves as prototypical members of the gathering.

Because the prototype is the position that best defines what the group has in

common compared to relevant outgroups (see J.C. Turner, 1991: 76-80; Turner *et al*., 1987; J.C. Turner & Oakes, 1986, 1989; Wetherell, 1987; Hogg & Terry, 2001: 5; Haslam, 2004e; Moreland, Levine & McMinn, 2001:92), a person becomes more prototypical as he or she differs less from ingroup members and more from outgroup members. Thus the most prototypical, normative position need not be the one most similar to other ingroup positions (the mean position, which, on average, is least different from other ingroup positions), because a less similar position may differ even more from the contrasting outgroup.

Consequently, according to J.C. Turner (1991: 81), the most prototypical response, the one that best represents and exemplifies the agreement of ingroup members, will tend to be perceived as most correct and the most valued. It may be assumed that in an intra-group discussion members perceiving themselves to be less correct shift towards the more correct, but that there is no opposite tendency for the more correct to feel persuaded by the less correct. Thus pressures for mutual agreement within a group lead to convergence upon the most prototypical member. Indeed, studies (e.g., Haslam, Jetten, O'Brien & Jacobs, 2004; Oakes, Haslam & Turner, 1998) have demonstrated that a group is influenced more successfully by a prototypical member, someone who embodies the norms of the group, rather than by someone not perceived to be prototypical. In short, a prototypical member is someone who embodies whatever characteristics make the group distinctive, the person who best represents the group.

4.1.3.2.2. Meta-contrast and leaders

Therefore, it can be seen that SIT/SCT and prototypicality principles suggest that the leader (or an expert) is the most prototypical person in the group because that person is the individual who best represents the group consensus (Tajfel & Turner, 1979; J.C. Turner, 1982, 1987a, 1987c: 80, 1991c: 164-165, 1999: 17; Haslam, 2004d;

Hogg & Abrams, 1988: 112-113; Hains, Hogg & Duck, 1997; Hogg, 1996; Hogg, Hains & Mason, 1998; Reicher, Haslam & Hopkins, 2005; Reicher, Spears & Postmes, 1995). Further, Haslam and Platow (2001: 224) also suggest that group members' preference for leaders is conditional on the followers' appreciation of the leaders' qualities within a particular social context. Platow, van Knippenberg, Haslam, van Knippenberg and Spears (2006: 305) write that within the ingroup itself, an influence gradient exists, in which ingroup influence is the strongest for the most ingroup prototypical group member, in that context (Haslam, 2004d; Hogg, 1996, 2001a, 2001b, 2003; J.C. Turner & Haslam, 2001; Hogg & Terry, 2001: 6). Consequently, Platow *et al*. (2006: 305) confirm that leadership is fundamentally a process of social influence, obtained from ingroup normative positions (J.C. Turner, 1991). In terms of this current research, it would be expected that those groups that have a prototypical member (a leader) who was also corrupt, would, in turn, behave more corruptly than other groups. The influence of prototypical members and leadership in corrupt group behaviour is discussed further in chapters 7 and 8.

4.1.3.2.3. Meta-contrast and deviance

Just as the meta-contrast process identifies the most prototypical person in a group, so it helps to define *deviance* in groups. Meta-contrast identifies the best contrasting categories in a particular context, and it defines the extent to which an ingroup member may deviate without being a threat to the coherence of the group (e.g., Hogg, 1996; Abrams & Hogg, 1990, 2003). Within almost all groups there are fringe, marginal, or peripheral members who are perceived only weakly to match the defining or prototypical properties of the group. SCT explains how such people, particularly in cohesive groups, are consensually unpopular relative to more prototypical members. They can even be cast into a deviant role within the group because they threaten the prototypical integrity of the ingroup relative to outgroups. An example of this is the "black

sheep effect", a term originally coined by Marques, Yzerbyt and Leyens (1988) and used by Marques, *et al*. (2003: 401). Marques *et al*. (2003: 410) suggested that the implications of the black sheep effect are that people have more favourable expectancies about ingroup than outgroup members, and that people who identify highly with their group are more likely to reject ingroup deviants if they are also low ingroup identifiers. Ingroup deviants are derogated precisely because they are seen as ingroup members. The experimental studies described in chapters 7 and 8 will show examples of deviance.

Thus, the social categorisation and meta-contrast processes determine how well a collection of people see themselves as a group and behave according to a shared set of norms, which includes a common understanding of those who fit the group (prototypical members) and those who do not (the deviants). The implications for this present research are that if there are non-corrupt members in a group that wishes, for example, to cheat, they may be judged harshly and/or ignored. Figure 4.3 below captures the aspects of SCT that are relevant to this thesis.

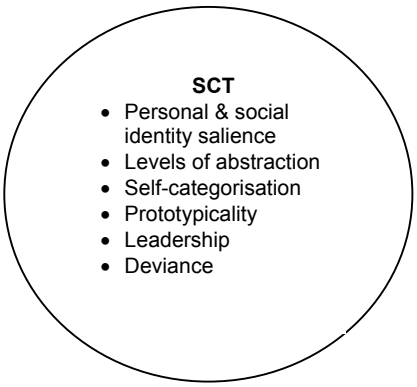


Figure 4-3 - Relevant aspects of Self-Categorisation Theory

4.1.3.3. The Social Identity Approach

The range of arguments and hypotheses that are generated by SIT and SCT is sometimes referred to as S*ocial Identity Approach* (SIA), and this term is used in this thesis. From SIA it can be seen that when an individual identifies highly with a particular social category, he or she accepts that group's norms, which influences how its members

should and do behave (Allen & Wilder, 1975; Billig & Tajfel, 1973; Haslam, 2004e; Tajfel *et al.,* 1971; Tajfel, 1978b; Tajfel & Turner, 1979; J.C. Turner, 1975, 1982, 1985; J.C. Turner *et al.,* 1987; J.C. Turner & Oakes, 1997; J.C. Turner *et al*., 1994). Thus, as seen previously in this thesis, members of an organisation may identify strongly with groups based on demographic categories, professional categories, work teams, or even the organisation as a whole (Williams & Dutton, 1999). And when members engage in corrupt practices at work, it is likely that in identifying strongly with the organisation, or parts of it, they are embracing its corrupt culture (Pinto, Leana & Pil, 2008). For example, Enron employees identified with and readily accepted the culture in the company. The relationship between SIT and SCT, as it applies to this thesis, are shown in figure 4.4, while table 4.2 summarises the concepts in this section. SIA's influence on group decision-making is examined in the next section.

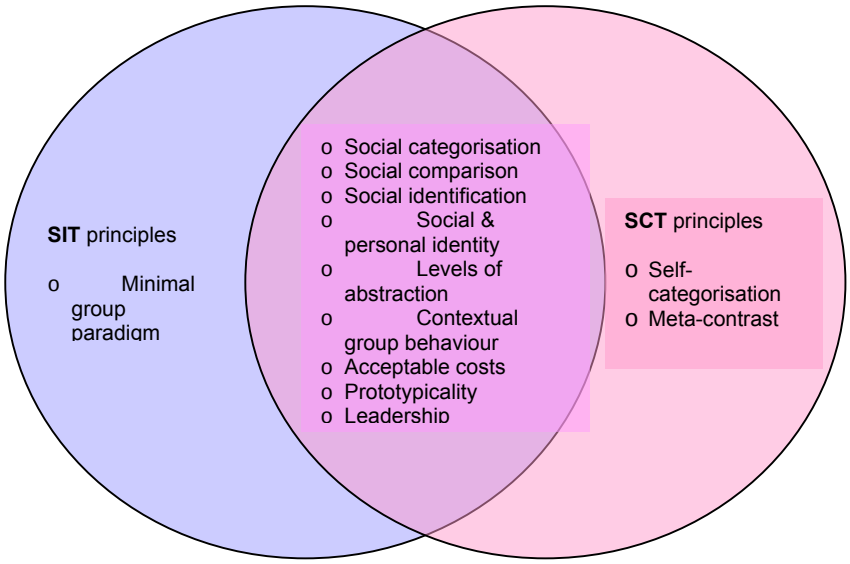


Figure 4-4 - Relationship between relevant SIT and SCT principles

Table 4-2 – Relevant points of Social Identity Approach

Model	*Historic reference*	*Implications for this research*
Minimal group studies	Allen & Wilder (!974); Billig & Tajfel (1973); Brewer (1979); Fraser, *et al*. (1971); Gaertner, *et al*. (1989); Hogg (1987); Tajfel (1978); Tajfel, *et al*. (1971);	Group behaviour occurs even under 'minimal' conditions (3 per group); In corrupt behaviour, ingroup characteristics are more important than outgroup ones.
SIT - Social categorisation Social comparison Social identification	Oakes, *et al*. (1994);Tajfel (1972, 1974, 1975, 1978a, 1978b, 1978c, 1978d, 1984); Tajfel, *et al*. (1971); Tajfel & Turner (1979);	Ingroup bias; threat to ingroup identity affects ingroup behaviour.
SCT - Salient inter-personal-inter-group continuum; Self-concept Prototypes Leadership Deviance	Doise (1978); Hogg (1992, 1996); Hogg & Abrams (1988); Hogg & Terry (2000); Marques, *et al*. (2003); Oakes, *et al*. (1994); Oakes, *et al*. (1991); J.C. Turner (1975, 1978a, 1982, 1984, 1985, 1987, 1991, 1998, 1999); J.C. Turner, *et al*. (1979); Turner & Haslam (2001); J.C. Turner, *et al*. (1987); J.C. Turner & Oakes (1986, 1989, 1997); J.C. Turner, *et al*. (1994);	Individuals and members of a group may re-categorise themselves to fit in with the group norms and the context; Prototypicality determines whether an ingroup members is seen as a leader or a deviant; Threat to ingroup identity influences group behaviour.

4.2. Social Identity Approach and group decision-making

Associated with the psychological process of social identity is that of *depersonalisation* (i.e., self-stereotyping). J.C. Turner (1991) emphasizes that depersonalisation is not a loss of individual identity, nor the concept of de-individuation. The depersonalisation process means that people tend to perceive themselves more in terms of the shared stereotypes that define their social category membership (the attributes that define their common social identity) and less in terms of their personal differences and individuality (J.C. Turner, 1991: 78). So, elaborating on Tajfel's (1978a) hypothesis, that in inter-group contexts individuals will tend to perceive outgroups as homogenous, J.C. Turner predicted that social identity salience will lead to the ingroup as being seen as similarly homogenous. This extension of SCT to intra-group relations (J.C. Turner, 1985; J.C. Turner *et al.*, 1987; J.C. Turner & Oakes, 1989), provided insights into a range of phenomena, which includes those relevant to the present research, such as group formation, conformity, deviance, cohesion, leadership, and

decision-making (see Moreland *et al*., 2001: 94-95). Again, there has been no research that indicates that this would not occur in a corrupt context. Consequently, the groups of participants in the experimental studies (chapters 5-8) would be expected to categorise and behave corruptly if the group norms so dictate. The concepts of the self-categorisation process and its effects on group behaviour are shown in the figure 4.5, which is adapted from Haslam (2004: 23).

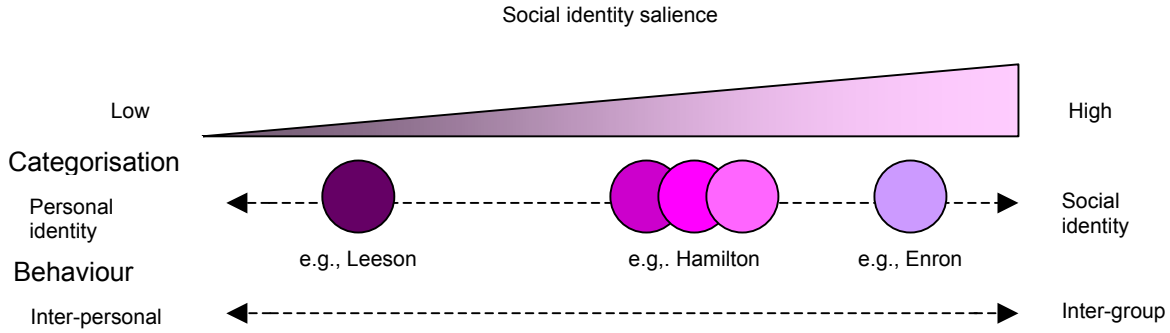


Figure 4-5 – Social identity continuum, self-categorisation and behaviour
(adapted from Haslam, 2004: 23)

4.2.1. Social Influence and group consensus

In this section, the effect of SIA on group discussion and group behaviour is discussed as those activities within a corrupt situation are the focus of the experimental studies for this current research. Allport (1924) believed that group decisions simply reflected an average of individual responses. Later, Sherif's (1936) auto-kinetic studies showed that when making judgements, group members simply converged on the mean of the group decisions.

4.2.1.1. Similarity of group members provide consensus

However, self-categorisation theory (J.C. Turner, 1985, 1991b: 71; J.C. Turner & Oakes, 1989; J.C. Turner *et al*., 1987) has asserted that an important consequence of people perceiving themselves in terms of social identity is that they agree, and expect to agree, with others whom they perceive as similar to themselves in terms of social categorisation. As has been seen earlier, one fundamental assertion of SCT (J.C. Turner, 1991a; J.C. Turner, *et al*., 1987) is that influence flows only from individuals who

are categorised as similar to self on salient dimensions. In addition, according to Martin and Hewstone (2003: 224) similar others provide consensual validation of one's own opinions and therefore influence occurs when there is agreement with such individuals. Dissimilar others, those who are not perceived to be prototypical, do not provide consensual validation and therefore are unlikely to be a source of influence.

This is particularly important, since in social interaction, in order to be confident of the correctness of their beliefs, it is not sufficient for people to simply seek out the truth with reference only to their own perceptions and observations. Consequently, as Turner (1991: 74) suggests, the "facts" of individual perception and judgement, are based on "truths" accepted by a social category with which an individual identifies. Thus the "fact" that one line is longer than another, the "fact" that Kerviel had the backing of his superiors in his risky trading activities, that bribery is acceptable in some African countries, are themselves social norms, based on the prior or current, explicit, or implicit, agreement of appropriate reference groups, even when those groups have norms that are usually outside normal social ones.

4.2.1.2. Mutual influence

Moreover, as the importance or salience of that group membership increases so does the expectation of agreement and probability of mutual influence (Wetherell, 1987: 154). Individuals' attitudes (and behaviour) tend to become more consensual after group interaction as group decisions are characterised more by a desire for consensus than a desire to be different. That is, people who come together in groups develop a perception of what they share in common, and the features which distinguish them from other groups. Thus, to a large extent, what is seen as appropriate behaviour or opinions to hold depends on the salient group membership, and the greater the consensus within a group, the more likely it is that the group's view will be seen to be the correct perception of the world. People are open to influence and persuasion when they expect to agree

with other people and they expect to agree if others are perceived as members of the same social category (i.e., ingroup as opposed to outgroup members).

For example, where an Enron employee's membership becomes salient, other Enron staff were seen as more similar to each other (and to that employee) and more different from non-Enron people such as customers on issues defined by these groups (e.g., a member of an elite organisation). So Enron staff expected to reach agreement on Enron related issues. This would explain the culture of insensibility that pervaded the organisation and that led Enron to impose extortionate prices and ruthless practices and also ensured that these operated effectively. Indeed, in commenting on their interview with Sherron Watkins of Enron, Beenen and Pinto (2009: 284) found that, "'fitting in' may build group cohesion and commitment, but it can also trump individual values and moral discernment." As Treviño (1986) suggests, social consensus, described as "the degree of social agreement that an act is evil or good" (see T.M. Jones, 1991: 375), is among the strongest variables that affect moral intent. The studies for this current research explore moral intent further.

Empirical research has confirmed that group consensus is influenced by the views of the majority (e.g., Asch, 1952). For example, an experimental study by Nemeth (1995: 277) in which she and her colleague (Nemeth & Wachtler, 1983) used an "embedded figure" task, asked participants to find all the comparison figures that contained a standard. They were shown six comparison figures, one "easy" and the other five quite difficult. When alone, participants only named the "easy" figure as containing the standard. Later, they were confronted by either a majority (four out of six people) or a minority (two of the six) who noticed the standard in the "easy" figure and in another figure as well. The results showed that when faced with a disagreeing majority, participants tended to follow that majority. And, importantly, they did so whether the majority's judgement was correct or incorrect. Thus, they followed the majority, right or

wrong. When faced with a disagreeing minority, subjects were less likely to follow the minority. Therefore, the influence of the majority is the normal mode of decision-making, a finding that is evidenced in the experimental studies 2-4, described in chapters 6-8 of this thesis.

4.2.2. Degree of identification

Haslam, *et al*. (2003: 360) have suggested that a significant feature of social identities is that people use them not only to describe others (e.g., all Vietnamese people are "Viet Congs") but also to describe themselves and their own behaviour (e.g., as a member of Enron, I am entrepreneurial, risk-taking and loyal to Enron policies). However, in defining who they are, social identification also captures the extent to which people define themselves as members of a particular group or organisation. That is, identity strength (high or low) in organisational/social identification, indicates whether people are more likely to engage in particular behaviour is determined by, the content of that group's or organisation's defining characteristics, norms and values (J.C. Turner, 1982). The effects of the context and social identity on decision-making is illustrated in figure 4.6.

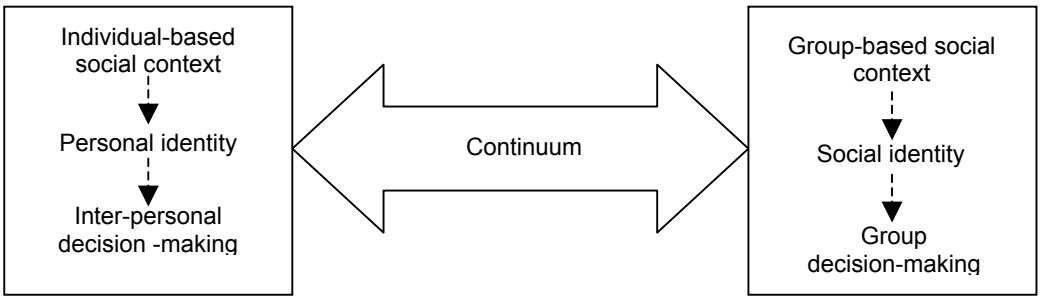


Figure 4-6 - The effect of social identification on decision-making

In a set of studies, Terry and Hogg (1996: 776) demonstrated that social norms contributed significantly to behavioural intentions, when other members of a group were perceived to have the same social identity. Terry and Hogg (1996, Study 1) specifically looked at the influence of attitudes, perceived level of behavioural control, and social

norms on students' intentions to engage in exercise behaviour. Analysis showed that group norms significantly influenced students' behavioural intentions to engage in exercise, but only for those who strongly identified with the relevant group (peers at their university). In contrast, those students who did not identify strongly with their groups (low identifiers) did not express intentions to engage with the group activity. In the experimental studies for this present research, the responses of low and high identifiers is expected to demonstrate different levels of willingness to engage in corrupt behaviour.

J.R. Smith, Terry and Hogg (2006: 1192) have found that low identifiers are not likely to engage in group behaviour if it involves acting in a manner inconsistent with their personal pre-established attitudes, beliefs, and preferences. It may be the case that low identifiers are willing to sacrifice group consensus in order to remain true to themselves. Thus high identifiers are willing to sacrifice their personal identity and follow the group norms whereas low identifiers may exhibit behaviour deviant to the group, both points of relevance to this research.

Other research, by Cooper, Kelly and Weaver (2003: 266), has demonstrated that the behaviour of low identifiers was not influenced by the group norm. Terry and Hogg (1996: 790) also found that personal factors exerted a larger influence on the behavioural intentions of low identifiers as compared to high identifiers. For example, Study 2 by Terry and Hogg (1996) showed that students who did not identify strongly with their group were more influenced by their personal attitude towards that behaviour than were the students who did identify strongly with the group. Therefore, the degree of identification with a group affects group behaviour.

As before, SIA does not indicate that this would not apply in unethical behaviour. Studies 3 and 4, of this current research described in chapters 7 and 8, respectively, test whether these findings will hold for unethical decision-making. They involve groups discussing whether or not to take corrupt options. Thus they require consensual

decision-making in a situation that is likely to encompass a range of views in the group prior to the decision-making. However, after the study activity, through the effects of prototypicality and polarisation, the groups are expected to reach consensual positions, provided there is strong identification within the group. Indeed, this did in fact occur in the experimental studies.

4.2.3. Contextual nature of group consensus

For Haslam (1997: 130-131), an important feature of SIA is that the salience of a particular social category and the prototypicality of members of that category depend on the situational context of the perceiver (J.C. Turner, 1985; Oakes, 1987). For example, unarmed villagers at My Lai and Viet Cong soldiers are more likely to be categorised as having a common identity (as South Vietnamese enemies) when a perceiver compares them with US soldiers than when they are considered separately. Indeed, Captain Ernest Medina, company commander of Charlie Company, who planned, ordered, and supervised the execution of the My Lai massacre operation has been quoted as saying, "They're all V.C. Now go, get them", and Dunlop (2008) reported Dennis Bunning, an US private, as saying, “I would say that most people in our company didn't consider the Vietnamese human.”

As seen earlier, J.C. Turner (1991: 162) also suggests that the degree of agreement within a group varies and that the more persuasive members of the group will be those who best represent the ingroup consensus, the prototypical member. Therefore, the most prototypical response, the one that best represents and exemplifies the agreement of ingroup members, will tend to be perceived as most correct and the most valued response in any given context. In intra-group discussion, members perceiving themselves to be less correct will shift towards the more correct, but that there is no opposite tendency for the more correct to feel persuaded by the less correct. So, the most correct person would be a prototypical member, although different ingroup

members may appear to be more or less influential reflecting the degree to which they embody the prototypical opinion. Conformity to the stereotypical ingroup position, therefore, implies convergence on the most prototypical member. However, where disagreement between an individual and other ingroup members emerges, in order to reduce the subjective uncertainty that arises from disagreement with people with whom they expect to agree, individuals will either (a) change their views so that they become consistent with other ingroup members, (b) attribute the disagreement to perceived relevant differences in the specific situation, or (c) recategorise those others as outgroup (Haslam, 1997: 134; see also Festinger, 1954). This is a highly relevant point for this thesis because the experimental studies, described in chapters 6-8 require groups of participants to discuss corrupt issues in order to reach consensus on options and subsequent actions.

4.2.4. Types of group consensus

The previous section showed that the level of identification influences decision-making within groups, including when related to corrupt activities. This section examines the different ways that identification can influence the decision-making. This is necessary in this thesis because in the experimental studies 3 and 4 the conversations of the participants are captured as they work on the study tasks. These are later analysed for evidence of specific types of group behaviour.

4.2.4.1. Riskyshift

Stoner (1961), cited in Haslam (2004a: 103), investigated the impact of discussion on people's willingness to endorse risky strategies (in terms of the probability of success) as a means of resolving dilemmas. Participants were asked to consider the circumstances under which a young graduate should leave a secure but dull job with company A in favour of an exciting but potentially insecure position at Company B. Stoner (1961) found that if individuals were predisposed to select risky options, then

group discussion had the effect of making their decisions even more risk-taking. Stoner (1961) coined the term *riskyshift* to describe this effect.

Reinvestigating this phenomenon, Wallach, Kogan and Bem (1962: 85) found that group interaction and achievement of consensus concerning decisions on matters of risk resulted in a willingness to make decisions that are more risk-taking than those that would be made in the absence of such interaction. Furthermore, it was found that people with stronger individual risk-taking tendencies were likely to become more influential in the group than those who were more conservative. Taken together these two studies imply that if there is strong group identification, and under prototype influence, decision -making is likely to shift towards more risk-taking, and this may include opting to behave corruptly.

R. Brown (1965: 705) proposed an explanation for riskyshift as follows. People have an idea about what is a risky choice and what is not. However, they are not sure how exactly to implement that idea without discussion with others. A group discussion raises arguments for and against the potential outcomes, and in doing so provides information to each of the members of his or her own position in relation to others. It follows that, in discussion, at least some of the group members learn they are not actually as risk orientated as they imagined prior to the discussion and consequently they change their position and agree with other members. Thus, an overall shift in the direction of risk will follow (see Janis, 1971, 1982, 1983). An alternative explanation of the riskyshift phenomenon by Vinokur (1971) is given in Appendix 4.6.

4.2.4.2. Group polarisation and divergence

Research by Moscovici and Zavalloni (1969) advanced Stoner's (1961) findings by showing that group interaction served to make the initial views of its individual members more extreme in whichever direction they were already tending (cf. Stoner's unidirectional shift). Moscovici and Zavalloni (1969) measured their subjects' agreement

or disagreement with statements of attitudes on several issues. It was found on each issue that group discussion resulted in a polarisation of attitude positions, that is, in a shift towards the already preferred end of the scale. Their study (1969) explicitly related findings to risk-taking, suggesting that risky and cautious shifts are merely special cases of group induced polarisation effects. As a person becomes engaged in a task and considers alternative arguments, there is an increase of involvement in the decision and a corresponding rethinking of ideas, producing increased salience of the field. It is this process of commitment which produces the shift in judgement or opinion to its extremity.

Moscovici and Zavalloni (1969: 128) proposed an alternative term, *group polarisation*, reflecting the fact that small groups could reach a group decision that was more extreme than the average of each individual member's pre-discussion position. The term group polarisation became widely accepted as it became apparent that group discussion would enhance pre-existing tendencies in a large range of situations and that it was not restricted to choice-dilemmas and the riskyshift. "Society not only moderates ideas, it radicalises as them as well" (Moscovici & Zavalloni, 1969: 134). The relevance for this present research is that if a group of participants in a study is already inclined to behave corruptly in certain conditions, their decision-making is likely to polarise in that direction. Conversely, some groups may polarise into non-corrupt behaviours if the group norms so dictate. These effects of group polarisation will be seen in study 4 reported in chapter 8.

Subsequent research has shed further light on the polarisation effect. For instance, research by Doise (1971: 511) also showed that group judgements tend to differ from the average of individual judgements: that they are significantly more extreme than the average position of the individuals. Fraser, Gouge and Billig (1971) and Fraser (1971: 494) found shifts-to-risk on initially risky items but when individuals shared an initial inclination towards caution, group discussion led them to become more cautious,

and not more risky. Myers and Lamm (1976: 603) suggest that group polarisation depicts, “the average post group response which tend to be more extreme in the same direction as the average of the pre-group responses.” That is, group polarisation is the tendency of the average response of group members on relevant issues to become more extreme towards the initially preferred pole after group discussion than the average of their initial individual responses.

Continuing this theme, R.J. Brown (2000a: 150-151) conducted a study that was set in the context of environmental debates in Australia concerning the wisdom of conserving or harvesting for timber rainfall forest areas. Participants whose views on conservation issue had been determined earlier, listened to a tape recording which was said to be from a pro-retention conservationist pressure group, which was described as moderate (i.e., majority) or extreme (i.e., minority). Their own attitudes on the forest conservation issue were then elicited, both immediately and after a delay of 3 to 4 weeks. The purpose of this repeated attitude assessment was to test for the existence of any latent effects of influence. It was apparent that only the “ingroup messages” had any positive effect on changing people's attitudes in their direction; all outgroup messages had a reverse or polarising effect. Thus it seems that polarisation is influenced by ingroup norms.

A study by Mackie and Cooper (1984, study 1) has shown that participants exhibited attitude polarisation in response to persuasive arguments only when the arguments were put forward by prototypical members of the ingroup. As Cooper *et al*. (2003: 269) point out, SCT offers a theoretical explanation of group polarisation effects. Polarisation occurs through three steps: (1) categorisation of the self as a member of a group; (2) identification of the prototypical characteristics, behaviours, and norms of the group that differentiates the ingroup from other groups; and (3) stereotyping of the self as a member of the group (J.C. Turner, 1982, 1985, 1991).

People also tend to polarise more when they are categorised as a group, or when group membership is salient, than when they are defined as individuals (J.C. Turner, 1991: 170). Studies suggest that by manipulating the frame of reference (context) implicit in a situation and redefining the prototypical position of the ingroup, the direction of polarisation can be changed and convergence transformed into polarisation, as seen in the auto-kinetic paradigms (Abrams, Wetherell, Cochrane, Hogg & Turner, 1990; Hogg, Turner & David, 1990). Another example of this is that of Enron whose members banded together to ensure improved financial positioning for Enron, regardless of the consequences to their overcharged clients and customers in California. The empirical studies for this research will provide examples of the effect of polarisation in corrupt decision-making. Further explanations of the process of polarisation (Fraser, 1971; Fraser & Foster, 1984; J.C. Turner, 1991: 165; Pendry & Carrick, 2001) are given in Appendix 4.7.

On the other hand, divergence takes place when decisions are made in an intra-group (or inter-personal) context. This last occurs because in intra-group contexts, individuals are more inclined to categorise themselves in terms of personal identities and in these circumstances, they do not perceive one another to be qualified to inform, validate and correct the various views of the world (Abrams *et al*., 1990; J.C. Turner, 1991). Divergence and convergence are discussed further in the empirical studies for this present research, chapters 6-8.

Wetherell (1987: 156) summarises, the main points of the self-categorisation theory of polarisation as, firstly, because self-categorisation creates a common identity within a group, its members are willing to be persuaded. Secondly, polarisation of opinions occurs when group members adjust their opinion to fit in with the group position. Finally, the group members are aware of the shift of their group responses. The implication for this research is that when a group develops a strong sense of social

identification, polarisation may occur in group discussions concerning ethical choices even where opinions may have varied initially.

4.2.4.3. Groupthink

One well-known form of group polarisation is *groupthink*. The origin and history of the term are given in Appendix 4.8. In brief, groupthink refers to a mode of thinking in which people engage when they are deeply involved in a cohesive ingroup, when the members' strivings for unanimity override their inherent motivation to appraise alternative courses of action realistically (Janis, 1982: 9). Such conditions would be conducive to, and indeed are associated with, faulty decision-making, that may include corrupt ones.

The social identity model of groupthink (M.E. Turner & Pratnakis, 1994, 1998; M.E. Turner, Pratkanis & Samuels, 2003) highlights the role that perceived or actual threat from an outgroup can play in accentuating the group tendencies. While features of the group may be relatively unexceptional in standard conditions of inter-group comparisons (Tajfel, 1978; Tajfel & Turner, 1979; J.C. Turner *et al*., 1987) they become notably more pronounced under conditions of heightened social identification. Members of the ingroup feel pressurised to maintain its positive self-image "at all costs" and this is felt particularly keenly when there is the likelihood of negative outcomes for individuals who identify they highly with highly, and they are "locked in" to their membership of the group in question (Branscome & Wann, 1994). Thus, social identity conceptualises groupthink as exemplifying a polarised group consensually sharing its views and any other relevant information, supporting ideas that are in line with the ingroup norm and rejecting those that are aligned with the outgroup, laying the foundations for making disastrous decisions together (e.g., The Bay of Pigs advisory committee, Janis, 1971, 1982, 1983).

This is evidenced also in the cases of Enron and WorldCom where the Boards

(the ingroups) under pressure to maintain their market positions regarded customers as outgroup members and made decisions that were calamitous for the long-term future for the companies. Because groupthink is associated with faulty decision-making, which may include corrupt ones, specifically in an organisational context, it has been discussed here. However, groupthink is outside the scope of the empirical studies for this thesis and is not discussed further.

4.2.5. Costs of group identification

However, it is not only in groupthink mode that group decision-making can be faulty and disadvantageous for those involved. As was seen in the minimal group studies (e.g. J.C. Turner, 1975, 1978; 1999: 8; Tajfel, 1972; Tajfel *et al*., 1971; Brewer, 1979: 307) individuals tend to favour ingroup members over outgroup members even when the outcome may not be the most favourable for ingroup members. Thus, high group identification means that individuals will generally favour their ingroup, certainly at a perceived cost to the relevant outgroup, but also even at costs to themselves personally.

Two studies conducted by J.C. Turner *et al*. (1984) demonstrated that under conditions of high personal commitment to the group, ingroup identification was enhanced more by costs than rewards associated with that group membership. But the opposite was true under conditions of low personal commitment. That is, when individuals identify strongly with a group, they will be prepared to accept costs in order to live up to group norms (Haslam, 2004e; J.C. Turner, 1975, 1978; J.C. Turner *et al*., 1984; Haslam, O'Brien, Jetten, Vormedal & Penna, 2005). In the business context, this means that individuals may collude with their colleagues to behave corruptly, against their personal inclinations and accept the personal costs (e.g., Hamilton). This was also exemplified by a manager at Enron who, apparently at the limit of his acceptance of personal costs, told Sherron Watkins, Vice President of Corporate Development at

Enron, "I know it would be devastating, but I wish we would get caught. We're such a crooked company." (Pasha, 2006).

Consequently, this thesis contends that sacrificing personal ethics and succumbing to corrupt behaviour could be one such a cost, and as such unethical behaviour increases, identification would strengthen for high identifiers. For instance, new employees eager to fit into the culture of their new workplace may turn a blind eye to actions committed by a colleague (e.g., Australian Police Force case study in chapter 2). This research will examine whether group members conform to corrupt behaviour at the cost of sacrificing personal ethics and accepting stress. As far as is known, no research exists that provides evidence to the contrary. Table 4.3 below summarises the key concepts discussed in this section. The next section discusses the influence of SIA on group behaviour, which is highly relevant to this present research.

Table 4-3 – Relevant points of SIA and group decision-making

Model	*Historic reference*	*Implications for this research*
Group definition - Psychological entity based on shared cognitive, evaluative and emotional bonds	R.J. Brown (2000); Fraser & Foster (1984); Hogg (1987); Tajfel (1978); J.C. Turner (1982, 1984); Wetherell (1987);	Establishing 'groups' for the empirical research
Small groups – interactive, interdependent, co-acting and face-to-face	Allport (1924); Felps, *et al*. (2006); Hogg & Abrams (1988); Moreland, *et al*. (2001); J.C. Turner (1984); Wetherell (1987);	Suitability for empirical studies
Group consensus	Haslam, *et al*. (1999); Hogg & Turner (1987a); J.C. Turner (1982, 1985, 1991); Wetherell (1987);	Individuals may be influenced to act against their will or better judgement – even unethical behaviour
Riskyshift and group polarisation – shift in the direction already present	Abrams, *et al*. (1990); R. Brown (1965); Fraser (1971); Fraser, *et al*. (1971); Fraser & Foster (1984); Hogg & Abrams, (1988); Moscovici & Zavaloni (1969); Pendry & Carrick (2001); Stoner (1961); Vinokur (1981); Wallach *et al*. (1962); Wetherell (1987);	High cohesion may lead to polarisation
Costs of group decision-making	Haslam (2004); J.C. Turner (1975, 1978); J.C. Turner, *et al*. (1984); Haslam, *et al*. (2005);	Group members may accept unethical / corrupt behaviour to fit in with the group

4.2.6. Social Identity Approach and group behaviour

Based on SCT principles, J.C. Turner (1991: 72) proposed that, since behaviour is a function of an interaction between the person and the situation, it follows that identical or similar people in an identical or similar situation tend to display the same behaviour (social consensus, agreement, uniformity etc.). In addition, the behaviour of others, exemplifying as it does the norms of an ingroup, provides information about appropriate attitudes and actions. The effect of SCT on the issues of social influence are summarised in five major hypotheses that are united by the same basic assumption that agreement with similar others subjectively validates people's responses as reflections of the external world (J.C. Turner, 1991: 73). These hypotheses are reproduced in Appendix 4.3. Figure 4.7 below illustrates the effect of social identification on group behaviour. Particular forms of social behaviour relevant to this thesis are discussed next.

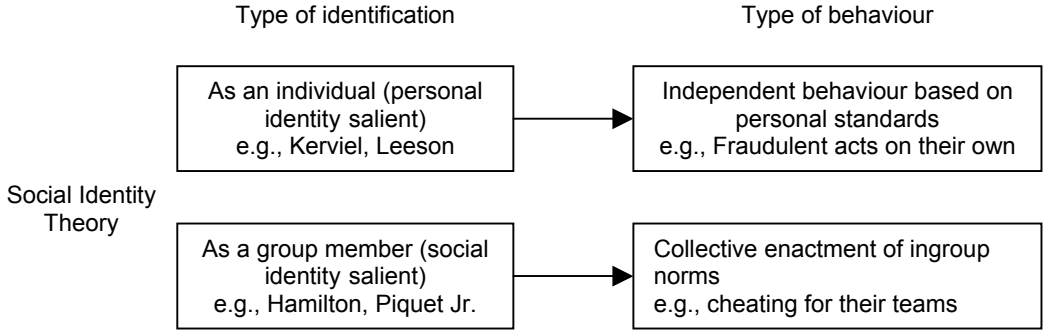


Figure 4-7 – Effect of social identity processes on group behaviour (adapted from Hogg & Abrams, 1988: 153)

4.2.6.1. Social facilitation

In the late 19th century, in his book, *The Dynamogenic Factors in Pacemaking and Competition*, Triplett made the informal observation that cyclists who were competing in the same race managed faster times than did those with cycled with a pacer, and both of these were faster than cyclists who raced alone against the clock (Triplett, 1898). In pursuing the idea that it was the presence of others that improved performance, Triplett's (1898) laboratory-based experiments, required a group of 40 children to reel in lines on a fishing rod. Half the trials were performed with the children

working alone and in the other half each child was in competition with another. Although the instruction in both cases was to, "go as rapidly as possible so as to make the record", when the children reeled in one another's presence they did so more quickly than when alone. This general finding that the presence of other participants (co-actors) can enhance performance is referred to as *social facilitation* (see Haslam, 2004b: 163; Hogg & Abrams, 1988: 118).

Collaros and Anderson (1969: 159) report that Osborn's (1963) research on “brainstorming”, showed that, for example, engineers were able to produce "44% more worthwhile ideas" using group brainstorming than was the case when the members worked alone (Osborn, 1957: 229): “the average person can think up twice as many ideas when working with the group than when working alone” (i.e., social facilitation; see also Adarves-Yorno, 2005). Research by Gino, Ayal and Ariely (2009) has shown that social facilitation extended to cheating: the level of cheating in a group increased when they observed an ingroup member (a confederate) cheating. Social facilitation is evidenced in studies 3 and 4 described in chapters 6-8 in this current research in which individuals in groups behaved more corruptly when they were aware of others doing so.

4.2.6.2. Social loafing and free-riding

At around the same time as Triplett, Ringelmann's study (cited in Haslam, 2004b: 163) examined the performance of agricultural students on a rope pulling task that they performed alone and in groups. As expected, the total pull exerted was greater the more students there were in the group. However, as group size increased, the amount of pull exerted by each individual participant decreased. The work of Latané, Williams and Harkins (1979) and Williams, Harkins and Latané (1981) showed that when individuals were asked to clap and cheer, they produced more noise when they believed they were alone than in groups. These findings illustrate *social loafing*: the tendency for individuals’ performance to diminish when they work in a group (see also Harkins & Szymanski,

1989). This is the opposite effect to social facilitation (Williams, Harkins and Karau, 2007: 303).

Social loafing also occurs on intellectual tasks where group participation has become accepted practice. As research by Taylor, Berry and Block (1958) shows, this is even true in the case of “brainstorming”, a strategy devised by Osborn (1963). Collaros and Anderson (1969: 159) reported that group members loafed more on brainstorming when they perceived other group members to be experts (with prior experience of brainstorming) rather than novices; details of that research are given in Appendix 4.9. This phenomenon, where successful performance only requires input from highly competent group members, or specialists, is known as *free riding*. The implication is that in a group, some members will not pull their weight, even in intellectual tasks. In studies 3 and 4 (chapters 7 & 8), participants use brainstorming techniques and the analyses provide evidence of social loafing and free-riding even in a corrupt context.

Research by Osgood and Tannenbaum (1955: 43) has found that individuals who define themselves in terms of unique personal identities and so do not identify well with a group, (low identifiers) perform better at tasks that appear to demand and reward personalised and independent input: otherwise these participants tend to free-ride. If they have to contribute as part of the non-specialised collective (e.g. a rope-pulling task) they tend to loaf, indicating that free-riding and loafing are firmly grounded in personal identity salience. This is supported by more recent research by Worchel, Rothgerber, Day, Hart and Butemeyer (1998), whose study also compared the performance of groups with that of group members working on their own. The results indicate that productivity is contingent on a match between participants’ self-categorisation and task conditions. That is, performance (behaviour) is affected by strength of identification and the context. When identification is low, deviant behaviour may take place. This phenomenon is also evidenced in the results of studies 3 and 4 for this present

research, which investigate corrupt group behaviour.

4.2.6.3. Self-enhancing and social compensation

SIA also suggests that when identification is strong, and the contribution of individuals in a group is *specialised*, group members feel motivated to mutually support each other, while also making up for any other group members' limitations or shortcomings (Hopkins, 1997; Tyler, 2001). This is known as *socially self-enhancing* performance. For example, Hopkins (1997: 1215) found that social identification enhances the helping process between supervisors and workers that goes beyond workers' job performance and productivity. On the other hand, when the work is collective and *non-specialised* and identification with the group is strong, members strive collectively to improve the fortunes of the group as a whole, resulting in better performance. This phenomenon is referred to as *social compensation* (Haslam, 2004b: 170). There is no known research that suggests that this would not happen in a corrupt environment. Studies 3 and 4 in this research provide evidence of social enhancement and social compensation (see chapters 6-8) even when the actions are corrupt.

4.2.6.4. Social labouring

In 1987, a study by Holt (1987), cited in Haslam (2004b: 169), replicated Ringelmann's rope-pulling experiment under three different conditions that heightened social identity salience (1) by allowing prior interaction between team members, (2) by asking team members to devise a name for their group, or (3) by forming teams along the lines of pre-existing groups (see R.J. Brown, 2000). There were no differences in the performance of these three types of groups, but, on average, the groups performed 19% better than individuals. In contrast to the pattern of social loafing observed by Ringelmann, this study suggests that if they share salient social identity, people participating collectively in group tasks will engage in *social labouring*. The applicability of this concept to corrupt activities is tested in the studies 1-4 (chapters 5-8).

4.2.6.5. Blocking

Based on the works of Lamm and Trommsdorff (1973), and Collaros and Anderson (1969), Stroebe and Diehl (1994), have suggested that under-performance on brainstorming tasks can also arise from *blocking*. In groups, individuals are not always able to express their ideas as they arise and may forget them when the opportunity finally presents itself. For instance, as findings of Hogg and Abrams (1988: 153) have indicated, in some group contexts, individuals may focus on what other members of the group are doing, and may not consider his or her own actions at all, while in others, the group exerts a high degree of control over the individual as a result of his or her feelings of identification with that group, and so inhibits their input. Hence, the contributions of others may also distract individuals or interfere with their thinking.

However, as Stroebe and Diehl (1994) noted, fear that one's own contribution was being evaluated by others, can explain both under- and over-performance. On the one hand, a person might be inhibited if it was felt that his or her contribution might be disapproved of by the group (blocking), but, on the other hand, he or she might increase output if it was felt that the contribution would be valued (social labouring). Studies 3 and 4 for this research demonstrate that the phenomenon of both blocking and social labouring occur in unethical decision-making (chapters 7-8).

4.2.6.6. Social identity and social support

The previous sections demonstrate that individuals in a group will support their group under the right conditions. Previous findings confirm that individuals tend to take cues on how to act both from their environment and other people (Darley & Latané, 1968; Latané & Nida, 1981; R.M. Levine & Crowther, 2008; see also chapter 2). According to J.C. Turner *et al*. (1987: 160), subjects are significantly more likely to be persuaded by the same arguments from an ingroup than an outgroup and from a similar rather than a dissimilar group. Therefore, it is clear that social identification influences how much a group is willing to help fellow members and how much a group member will

be influenced by the ingroup. Mayo (1949: 96) too found that, "The achievement of group solidarity is of first importance in a plant, and is actually necessary for sustained production."

Other studies in SCT not only support these findings and show that the provision of social support is dependant on perceptions of shared social identity, but that these perceptions change as the group context changes and so serve to redefine the content and inclusiveness of that identity. SCT also suggests that when social identity is narrowly defined and restricted to a small group, help will be provided to a relatively select group of other people, but when it is more inclusively defined, assistance will be offered more widely (see Dovidio, Gaertner, Validzick, Matoka, Johnson, & Frazier, 1997; Gaertner *et al*., 1989; Haslam & Turner, 1992; Haslam, 2004f; Darley & Latané, 1968; R.M. Levine, Cassidy, Brazier and Reicher, 2002). This implies that individuals will behave corruptly to help colleagues and other group members, if the context requires them to do so. The level of support offered to members in a small group with corrupt norms, the subject of this research, is demonstrated in the empirical studies in chapters 7 and 8. Table 4.4 summarises the main points from this section.

Table 4-4 – Relevant points of SIA and group behaviour

Model	*Historic reference*	*Implications for this research*
Personal behaviour, Social facilitation	Allport (1924); Sherif & Sherif (1967); Triplett (1898);	Tested in the studies
Group behaviour - Social loafing Free riding Blocking Social facilitation Social labouring Social enhancement Social compensation	Collaros & Anderson, (1969); Felps, *et al*. (2006); Harkins & Szymanski (1989); Haslam (2004); Hogg & Abrams (1988); Hopkins (1997); Lamm & Trommsdorff (1973); Latané, *et al*. (1979); Mayo (1949); Osborn (1953, 1957); Stroebe & Diehl (1994); Taylor *et al*. (1958); Tyler (2001); Williams, *et al*. (1981); Williams *et al*. 2007); Worchel, *et al*. (1998);	Strength of identification determines performance – may happen in a corrupt environment – tested in the studies
Social support – bystander effect, offer of and interpretation of help is context and norm dependent	Darley & Latané (1968); Latané & Nida (1981); R.M. Levine (1999); R.M. Levine, *et al*. (2002); R.M. Levine & Crowther (2008); R.M. Levine, *et al*. (2005); R.M. Levine & Thompson (2005); J.C. Turner *et al*. (1987);	Help from team members even in corrupt environments – evidenced in qualitative data

4.2.7. Social Identity Approach and small groups

In chapter 3, some business reasons were given for focussing on corrupt behaviour in small groups in this current research. The social identity perspective of small group behaviour is discussed next. As seen in the minimal group studies, (e.g., Tajfel *et al*., 1971; Tajfel, 1972; J.C. Turner, 1975); J.C. Turner, Hogg, Turner and Smith (1984: 98) also suggest that simply being defined as a group member is sufficient to produce, inter alia, positive attitudes towards other group members even where there is no interpersonal contact with them and they are personally anonymous. It seems likely that this is because people defined as members of the same group as oneself are perceived as similar or identical to oneself in terms of attributes (traits, attitudes, norms, etc.) believed to define the group as a whole (J.C. Turner, 1982). Thus, attraction to a group does not depend upon liking for the personal characteristics of the specific individuals who make up the group (inter-personal attraction); fellow group members may be liked simply because, as group members, they are perceived to share the same characteristics as oneself. Therefore, simply because the members of a small group know each other as group members, identification in small groups can be strong, irrespective of interpersonal conflict.

As seen in chapter 3, research by Granitz and Ward (2001: 302-303) in the world of business shows that, individuals in sub-units will, in interacting with ingroup members, develop consensual norms which may be different from the bigger organisation. SCT/SIT provide explanations for this behaviour. First, members of a sub-group tend to develop inter-group biases and seek to differentiate themselves from other groups. Second, as members of a group interact, they develop common evaluations and shared tastes in addition to those that originally brought them together (e.g., Sherif & Sherif, 1969; J.C. Turner *et al*., 1984). Third, a shared functional context can create a basis for shared ideas.

Granitz and Ward (2001: 300) continue that given the high interaction among

peers in functional groups, individuals are more likely to share in a unique set of ethics with ingroup members than with outgroup members. Therefore organisational group boundaries may create actual, as well as perceptual sharing and variation in ethical reasoning and moral intent. As seen in chapter 3, Grantiz and Ward (2001) have also found that although empirical evidence has established that, while both peers and the organisation (senior management) may exert influence on the ethics of an individual, the influence of peers is stronger than that of organizations. They suggest that in response to an ethical dilemma, individuals in an organisation will be more likely to share moral intent and ethical reasoning with ingroup members than with outgroup members. These are strong arguments for examining corrupt behaviour in small groups. They are addressed in the experimental studies in chapters 7 and 8, which are designed on SIT/SCT principles.

4.2.8. Summary of Social Identity Approach

In summary, when individuals identify strongly with a group, they seek to make decisions and take actions that not only conform to the group norms, but also maximise group consensus. They demonstrate their suitability for the group by prototypical thoughts and behaviour, including polarisation. Their decision-making and behaviour may exhibit social support in the form of social facilitation, social labouring, social compensation and social self-enhancement when social identification is strong. On the other hand, when identification is low, blocking, social loafing and free riding will be evidenced. Individuals will accept costs to themselves such as conforming to group norms that are in conflict with their personal norms (Cognitive Dissonance; Festinger, 1957). In contrast, low identifiers, will even leave a group that does not conform to their personal values and ethics. It is the intention of this research to show that under conditions of high cohesion in a group, behaviour that might be defined as wrong by an outsider, may still be regarded as harmless, or even desirable, by those within a particular group.

4.3. Social Identity Approach, threat and corrupt behaviour

According to Branscombe, Ellemers, Spears and Doosje (1999: 35-36), research has mostly considered threat in strictly personal identity terms and they point out that, what has not been systematically examined is the threat that can be experienced at the social identity level. For example, Sherif (1956) proposed that threat results when people's personal interests are jeopardised (e.g., in situations of competition). This current research considers the effect of identity threat to an ingroup perceived and experienced, both individually and as a group.

4.3.1 Social identity threat

One contention of this thesis is that threat to social identity may instigate people to behave unethically. M.E. Turner and Horvitz (2001: 446) define group threat, in general, as an external circumstance that involves potential loss for the group. This definition implies that groups differ in the extent to which they perceive a given situation as potentially threatening; this is reflected in their experience of and response to threat. It implies that threats that originate from outside the group are likely to be perceived quite differently from those that originate from inside the group. It also implies that threats may include intangible losses such as self-esteem or status.

Other points of note for this current research are that first, this thesis is concerned only with external threats, as threats that originate from inside the group are likely to have a number of quite different consequences than those discussed here. Second, the notion of loss, implies that threats may involve both tangible (such as money, test scores, resources, or physical health) and intangible (such as esteem or status) losses. These implications of threat are implied in the studies for this current research.

Results of several studies have shown that the perception of threat is also influenced by levels of identification. For instance, an experimental study by Darley

(1966: 73) concluded that an increase in fear causes increased conformity, the extent of which depends on whether the conformity pressures comes from people ingroup members or outgroups. A study by M.E. Turner, Pratkanis, Probasco and Leve (1992) showed that poor quality decisions were particularly likely to be made where social identity was salient and the groups were under threat. This current research contends that under threat, those group members who identify strongly with their groups behave more corruptly than low identifiers in order to overcome that threat. This contention is examined in the experimental studies discussed in chapters 5-8.

A series of four studies by Spears, Doosje and Ellemers (1995, experiments 1-4), cited in Doosje and Ellemer (1997: 226) illustrates the importance of the level of ingroup identification. The results show that when members perceive that their group compares unfavourably with other groups in a particular situation, high identifiers react by drawing together as group members in contrast to low identifiers and that the level of ingroup identification determines whether group members respond individually or collectively to the threat against the group. That is, under social identity threat, high identifiers are more likely to increase their sense of identification with the group, whereas low identifiers are more likely to disassociate themselves from the group. In addition, Spears, Doosje and Ellemers (1997: 539) have further demonstrated that a degree of social identification is a prerequisite for group behaviour. Their study showed that low and high identifiers reacted differently in their favouring of the ingroup when social identity was threatened.

According to Doosje and Ellemers (1997: 261) when the social comparison process results in an unfavourable perception of the ingroup, this poses a threat to the image of the group, and, therefore, indirectly a threat to the individual members of the group. In addition, high and low identifiers may employ different identity management strategies to deal with a threatening group situation. In particular, low identifiers may

leave their group in a difficult situation, while high identifiers may persevere with their group. Branscombe, Spears *et al.* (1999: 55) have also illustrated that, when the group's sense of value is threatened, reactions of high and low identifiers may take different and quite opposite forms. Low identifiers may distance themselves from the ingroup and high identifiers may close ranks and strike back at the threat. Thus, what is experienced as threatening, and how it is responded to, varies according to the level of group identification.

Jetten, Spears and Manstead (1997: 636-637) also found that high identifiers responded to group threat with more ingroup stereotyping, while low identifiers responded to this threat by distancing themselves from the group. It has also been shown that identity threats led to less cohesiveness on the part of those participants who did not identify with a particular group (J.C. Turner *et al*., 1984). The studies for this current research, described in chapters 5-8, demonstrate that level of identification (high or low) affects the participants' involvement with the corrupt activities required by the studies.

4.3.2. Types of threat

These examples above show that social identity threat can take many different forms and produce rather different behavioural responses (Branscombe, Spears, Ellemers & Doosje, 2002: 744; Branscombe, Spears *et al*., 1999). Research by Ellemers, Spears and Doosje (2002: 166) has found that social context is both a source of threat and a source of potential resources with which to deal with threats. (See also Jackson, Schwab & Schuler, 1986; R.M. Levine & Reicher, 1996; Haslam & Reicher, 2004, 2006). Indeed, Tajfel and Turner (1979: 43) hinted at the possibility of corruption being a response to identity threats.

Ellemers *et al*. (2002: 167) proposed a model that incorporates the different kinds of threat that can be implied in the relation between the individual and the social

group, and which elaborates the role of the personal and collective identities in them. The ways in which people respond when their group identity is threatened is again crucially affected by commitment to the group. They first consider *no-threat* situations in which people are mainly concerned with forming accurate impressions efficiently or trying to make sense of their own group identity under different conditions of group identification. They then move into situations in which a *threat to the individual* self may stem from the relationship between the individual and the group. For those with low identification, inclusion in the group may be threatening, whereas the possibility of exclusion from the group or category can be a source of threat for those with high identification. This is examined in study 1 (chapter 5) of this research. Finally, they address contexts in which *group identity is threatened*. Details of these classifications are provided in Appendix 4.10.

Table 4-5 – Effect of social identification and types of threat on corrupt behaviour
(adapted from Ellemers, Spears & Doosje, 2002: 167)

	Social identification	
Type of threat	**Low**	**High**
No threat	**1**	**2**
Concern:	Accuracy / efficiency	Social meaning
Behaviour:	Non-involvement	Identity expression / behavioural differentiation / group distinctiveness / collective self-esteem
Individual-directed threat	**3**	**4**
Concern:	Fear of inclusion in group	Fear of exclusion
Behaviour:	Inclusion in group threatening / self-affirming behaviour	Exclusion from group threatening / Attempts to gain acceptance / conformity
Group-directed threat	**5**	**6**
Concern:	Threat to individual values	Threat to distinctiveness, values, morality
Behaviour:	Individual mobility important; leave group	Group-affirmation/ strong ingroup loyalty / collective action / negative traits and behaviour

Table 4.5 above summarises these points and demonstrates that individuals and groups respond differently to identity threat and that that differentiation is further affected

by their level of identification with the group. Types of threat are discussed further in the experimental studies described in chapters 5-8 in which individuals and groups are subjected to different types and levels of threat in order to capture and analyse the response of low and high identifiers to the opportunities presented to behave corruptly. Table 4.6 summarises the main concepts from this section as does figure 4.8.

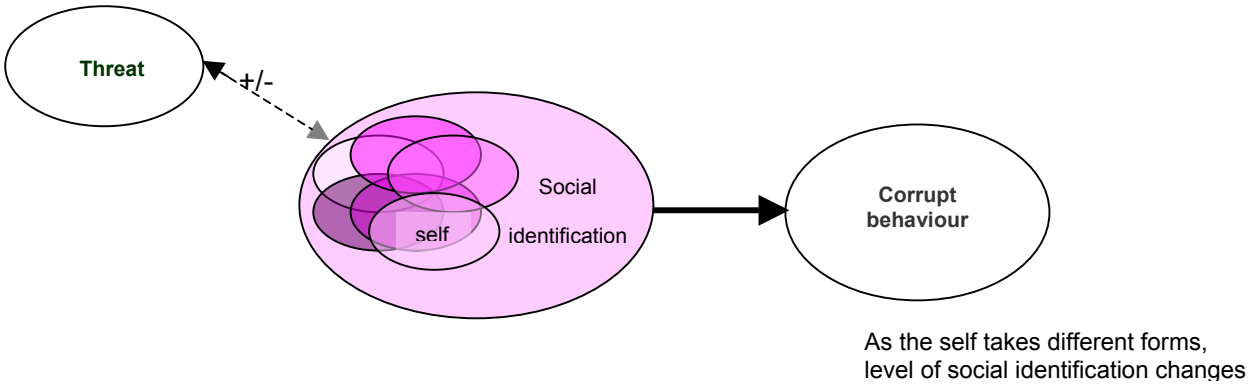


Figure 4-8 - Influence of threat on social identification and corrupt behaviour

Table 4-6 – Social identity threat and group behaviour

Model	*Historic reference*	*Implications for this research*
SIA and Threat – loss of self-esteem and/or status	Branscombe, Spears *et al*. (1999); Ellemers, *et al*. (2002); Sherif (1936, 1956); Spears, *et al*. (1997); M.E. Turner & Horvitz (2001);	Groups under threat may behave corruptly – sense of threat to identity undermines self-confidence – therefore corrupt behaviour may ensue
Types of threat	Ellemers, *et al*. (2002);	Behaviour is dependent on level of identification and threat; High identification and group threat may result is corrupt behaviour in support of the group

4.4. Social Identity Approach, stress and corrupt behaviour

4.4.1. Early approach to stress

One consequence of threat is to experience stress, and this thesis investigates whether social identity threat is associated with stress. Motowidlo, Packard and Manning (1986: 618), defined stress as an “unpleasant emotional experience associated with elements of fear, dread, anxiety, irritation, annoyance, anger, sadness, grief, and depression.” Earliest research into stress focused on its physiological aspects (e.g., Canon, 1929; Selye, 1936, 1946, 1956; see also Newton, Handy & Fineman, 1995) and

this has resulted in stress being perceived as a personal phenomenon. Other studies of psychological stress have also focused either on the occurrence of environmental events that are perceived as taxing one's personal ability to cope, or on individual responses to events that are indicative of potential overload. Therefore, traditional approaches to the study of stress have tended to concentrate in particular on the nature of the stressor and the personality or the circumstances of the person subjected to stress. Thus certain types of event (e.g., serious illness) are seen as more likely to cause stress than others (e.g., Holmes & Rahe, 1967) and certain personality types (e.g., low hardiness, high neuroticism, Type A; Friedman, 1977; Friedman, Rosenman & Brown, 1963) are seen as being particularly likely to experience the adverse effects of stress. Motowidlo *et al*. (1986: 618) have also observed (a) that subjective stress leads to fear, dread, anxiety, irritation and annoyance and so on, and (b) that it is caused by specific events that occur. The more frequent and the more intensely stressful the events are for an individual, the greater the level of subjective stress. Thus, in the workplace, while job conditions partly determine the frequency with which stressful events occur, so do individual characteristics.

On the other hand, an approach that attempted to predict stress on the basis of the presence or the absence of specific risk factors (such as the social context), was provided by the *transactional model* of Lazarus (1966) and Lazarus and Folkman (1984) (see Haslam, *et al*., 2005: 356; Haslam, 2004f: 190). The main contribution of this approach has been to conceptualise stress as a process that is psychologically influenced, so that the impact of any given stressor depends on the way it is construed by the person who is exposed to it. That is, the experience of stress is dependent in the way it is appraised by the individual. For example, Lazarus (1966) conducted studies in which participants were shown films of bodily mutilation and were either told nothing or were told by the experimenter that these were student-training films involving actors.

When given the latter information, that the mutilations did not actually take place, the participants were less distressed by the videos. These findings confirm that the appraisal and perception of stress is affected by the context, and supports the definition by Lazarus (1966) that, "the strain imposed on a person by stressors in an environment that is perceived by them to be in some way threatening to their well-being."

4.4.2. Models of the psychology of stress

In comparison, social identity and self-categorisation theories (Tajfel & Turner, 1979; J.C. Turner, 1985; J.C. Turner *et al*., 1987: 42-67; J.C. Turner *et al*., 1994) suggest a more complex model of stress in which appraisal processes and stress outcomes are structured by group memberships that are internalised by individuals to a greater or lesser extent (Haslam, 2004f). Thus, this model of stress builds on the transactional approach of Lazarus (1966) and Lazarus and Folkman (1984). In all situations in which an individual's personal identity is salient, their stress related judgements will be based on their unique perspective on the world, but as already seen, SIA principles also suggest that in organisations and society at large, there will also be a range of situations in which people's sense of self is primarily informed by their group membership (Oakes, *et al*., 1991; J.C. Turner, *et al*., 1994). Research by Jackson, *et al*. (1986), R.M. Levine and Reicher (1996), Haslam and Reicher (2004, 2006) shows that stress can be triggered by threat to groups rather than to individuals themselves. That is, a person's perception of a particular stressor may be more a consequence of ingroup affiliation and less of individual reaction (Haslam, 2004f; Haslam & Reicher, 2004, 2006; Jackson, *et al*., 1986). The studies for this current research are designed around this important finding.

Consequently, from a social identity perspective Haslam *et al*. (2005: 355) define stress as, "the psychological and physiological state of a person responding to demands that stressors in an environment place upon them under conditions where those

stressors are perceived to be threatening to the self and well-being" (Cooper, Dewe & O'Driscoll, 2001; Haslam, 2004f). The use of this definition is implied in this current research. It should be noted that this definition of stress excludes psychiatric disorders that may arise as consequences of stressful exposures. It also excludes dispositions often linked to stress, such as type A behaviour.

4.4.3. Social identity as a basis for coping

SIA principles suggest that when a person's social identity is salient, his or her appraisal of social stressors will be affected by the views and condition of his or her ingroup (Branscombe, Schmitt, & Harvey, 1999; Haslam, 2004f; Haslam *et al*., 2005; Haslam & Reicher, 2006: 1037; R.M. Levine *et al*., 2002). Consequently, Haslam, *et al*. (2005: 355) find that social identity can play a role in protecting group members from adverse reactions to strain by providing a basis for group members to receive and benefit from social support.

For instance, research has shown that high identification with a group results in lower stress levels (Haslam, 2004f; Haslam *et al*., 2003; Haslam & Reicher, 2004; Jackson *et al*., 1986). Other research (Aspinwall & Taylor, 1997; Cohen & Wills, 1985; Underwood, 2000) also showed that social support is a key mechanism in helping people to cope with stress. Haslam, Jetten, Postmes and Haslam (2009) have suggested that if ingroups provide a person with stability, meaning, purpose and direction, this will typically have positive implications for that individuals' mental health.

Two experiments undertaken by R.M. Levine (1999) and R.M. Levine and Reicher (1996) demonstrated not only that salient group membership provided a basis for assessing the significance for particular stressors, but also that the assessment depended on the social context. In one study, female sports scientists found the threat of a knee injury more stressful than the threat of a facial scar when their sporting identity was made salient, but the opposite pattern emerged when their gender identity was

made salient. In another study, in appraising a mathematical task, university students were also more likely to see the task as a positive challenge rather than a source of stress when information to this effect was provided by an ingroup rather than an outgroup source (Haslam, *et al*., 2004). Consequently, in this current research it is expected that low identifiers in a group would experience more stress than high identifiers when working on a team task that they perceive to be threatening to their sense of identity and so, well-being.

Social support is thought to reduce the harmful effects of stress through four explicit functions (House, 1981). Two of these are specifically relevant for this present research: social support can provide an individual (a) with a sense of acceptance and self-esteem (emotional support), (b) with information useful in understanding and coping with potentially stressful events (informational support) which is thought to provide individuals with the opportunity to compare their reactions with others, thereby increasing their understanding of the situation and indicating the appropriateness of their emotional reactions. This exchange of information within a social support enables individuals to acquire new interpretations and to clarify their understanding of potentially threatening situations (Aspinwall & Taylor, 1997; Cohen & Wills, 1985; Hopkins, 1997).

These findings point to the fact that there is a significant social dimension to stress, and that high social identification lowers stress. The converse is true for low identifiers. As seen earlier in this chapter, this is because social identity is a critical determinant of the dynamics of social support (Underwood, 2000). Specifically, when individuals identify with a particular social group membership, they are more likely to provide other ingroup members with support, and receive in return from fellow ingroup members (a) support (Branscombe, Schmitt *et al*., 1999; Haslam, 2004a; Haslam *et al*., 2004; Haslam, *et al*., 2005: 365-366; Reicher, *et al*., 2005; Cohen & Wills, 1985; Ellemers, de Gilder & Haslam, 2004; Haslam, Powell & Turner, 2000); and (b)

cooperation (Ellemers, Spears, & Doosje, 2002; Haslam, 2004b; Tyler & Blader, 2001; R.M. Levine, Prosser, Evans & Reicher, 2005; Postmes & Branscombe, 2002; Reicher, Cassidy, Wolpert, Hopkins & Levine, 2006), and importantly, they are also more likely to make use of that help, for example, with the coping process. Thus, high identification with a social group helps to lower levels of stress.

In particular, studies have found that (a) Black Americans' responses to discrimination and prejudice (Branscombe, Schmitt *et al*., 1999; Postmes & Branscombe, 2002); (b) hospital patients recovering from heart attacks in a Norwegian hospital (see Haslam, 2004f: 196) and (c) bomb disposal experts and bar staff (Haslam, 2004f: 193; Haslam *et al*., 2005) experienced lower levels of stress when they had a support network. This is reflected also in the BBC Prison study (see Appendix 4.11) which showed that identity-based processes were an important element that affected the experience of stress. Haslam and Reicher (2006) found the following:

> As the prisoners' sense of shared identity increased, they provided each other with more social support and effectively resisted the adverse effects of situational stressors. Conversely, as the guards' sense of identity declined, they provided each other with less support and succumbed to stressors. Haslam and Reicher (2006: 1)

This illustrates that the group that shared a strong sense of social identity (the prisoners) provided mutual support and reduced stress, whereas low social identification in a group (the guards) did not help with coping with stress. Felps *et al.* (2006: 176) also report that while some teams achieve cohesion between members, a mutually supportive ethos, and high collective efficacy, other groups exhibit divisiveness, conflict, and the tendency to, ''burn themselves up''. This too is exemplified in the BBC prison study (Haslam & Reicher, 2007).

Therefore, this SIT line of research suggests that the social context in which individuals find themselves may exert influence over their response to stressful situations (Haslam, 2004f; Terry, Callan & Sartori, 1996; Terry, Carey, & Callan, 2001).

This has clear implications for the studies in this current research (chapters 6-8) in which participants work collaboratively in groups on intellectual tasks where the support provided to other members of the teams is dependent on the level of identification with their group.

4.4.4. Stress as an adverse consequence of identification

It is clear from the above that social support is less likely to be offered to low identifiers. However, SIT also suggests that social support is helpful only when identification with a social category is high. Consequently, low identifiers are both unlikely to receive the support of the group and, at the same time, unlikely to benefit from it. Jetten, Postmes and McAuliffe (2002) have found that low identifiers are more likely to leave the group to escape stressors than high identifiers. For example, in 1992, junior doctor Christopher Johnstone was awarded £150,000 compensation for excessive stress from Bloomsbury Health Authority. He had been in post for only 18 months. He was among the first to bring the attention of the media to the long hours that junior doctors had to work, indicating that he neither supported nor identified with the culture of long hours. However, as will be shown in chapters 6 and 7, whistle-blowing can have adverse consequences. In this particular instance, Johnstone has not worked in mainstream medicine since.

Thus, while groups can be a key to overcoming stress, they may also be a source of stress. When social identity is high, the nature of the stress experienced is different from when it is low and personal identity is more salient. This distinction between stressors that are experienced in relation either to personal or social identity forms the basis of the self-categorisation model of stress. In short, the experience of stress is affected by social identity processes. In this thesis, this means that stress can arise from the activities that the participating groups have to perform in the experimental studies, from the way the experimental groups are structured, from norms that develop

within the groups and from participants' relationship to their groups. This present research proposes that in a corrupt group, low identifiers may leave (or psychologically withdraw) if conditions are stressful. Figure 4.9 captures these concepts. The issues of relevance to this research are summarised in Table 4.7 below.

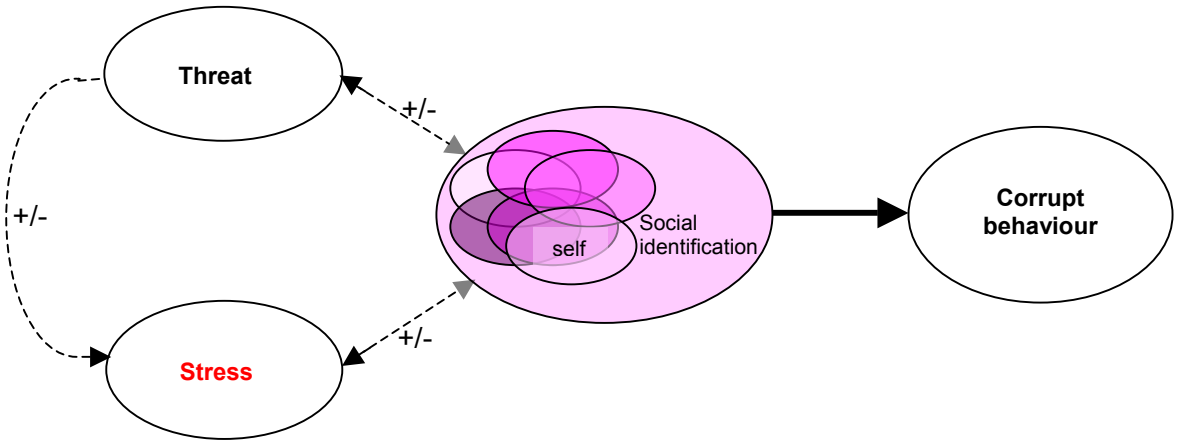


Figure 4-9 - the process of social identity threat, stress and corruption

Table 4-7 – Relevant concepts of Social Identity Approach and stress

Model	*Historic reference*	*Implications for research*
Transactional model	Lazarus (1966); Lazarus & Folkman (1984);	A two stage process of stress appraisal
SIA and Stress	Branscombe, Schmitt *et al*. (1999); Cohen & Wills (1985); Cooper *et al*. (2001); Ellemers *et al*. (2002); Haslam (2004); Haslam *et al*. (2004); Haslam *et al*. (2009); Haslam, *et al*. (2005); Haslam *et al*. (2003); Haslam *et al*. (2000); Haslam & Reicher (2004, 2006, 2007); Haslam *et al*. (2006); Haslam & Turner (1992); House (1981); Jackson *et al*. (1986); Jetten *et al*. (2002); Lazarus (1966); R.M. Levine (1999); R.M. Levine *et al*. (2002); Reicher & Haslam (2006); R.M. Levine & Reicher (1996); Snyder *et al*. (1980); Terry, *et al*. (1996); Terry, *et al*., (2001); Tyler & Blader (2001); Underwood (2000);	Groups set norms for stress appraisal; Group support may alleviate stress – would apply for corrupt groups, or group members may accept stress as a cost

4.5. Summary of chapter 4

Social Identity Theory was developed initially in an attempt to understand inter-group processes. Later it was extended to cover intra-group behaviour as well. Three point from social identity approach are particularly relevant. The first concept is that individuals have a contextual identity, and behave according to the level of social

identification that is salient in a given situation. Self-Categorisation Theory provides the mechanisms for this. If individuals identify highly with a group, they will behave according to its norms. The second point is that individuals who identify highly with their group will react to overcome a threat to the group, even at the cost of sacrificing personal values. The third idea is that stress is a group phenomenon rather than a personal one. This present research proposes that these three processes would be effective even in corrupt contexts. In the following four chapters, 5-8, the concepts of the social identity approach that have been discussed in this chapter are used in the design of the experimental studies that test and analyse corrupt group behaviour under social identity threat. This has not been done before.

While the relevance of the findings from the experimental studies is clearly important to the management of organisations, their implementation is not the focus of this thesis. What this present research does is to determine whether social identity principles apply to corrupt behaviour in small groups so that the findings may be used in organisation to reduce corruption.

4.6. Prologue to the experimental studies

The literature review for this research fell into two parts: the first (chapters 2 & 3) showed that corruption as a result of group behaviour can occur at any level within an organisation and can involve employees at all functions. There are a variety of reasons for such behaviour, including pressures to meet targets, which may drive managers and other employees into corrupt behaviour such as cutting corners and doctoring data. Pressure to perform may also result in stress. One way that corruption takes hold is through justification of its need: rationalisation. Underlying these phenomena is that of social identification: how strongly people identify with the norms and culture of a group. This concept forms the second part of the literature research. In chapter 4, SIT's explanation of group behaviour was discussed. Specifically, SIT suggests that when a group's identity is under threat, the members will act to support that group. This behaviour may even be at the cost of sacrificing personal values, which may also cause stress to the individual. SIT also predicts that when identification with a group and its norms are high, its members experience lower levels of stress because of the support received from fellow members. The impact of leaders and gender was also discussed, as were some relevant forms of group behaviour.

For this present research, it was hypothesised that SIT principles would apply in the case of corrupt behaviour. Accordingly, four experimental studies were carried out that investigated whether individuals would behave corruptly in support of their groups under threat. In the first, individuals identifying with a wide social group but working on their own, were tested for corrupt behaviour. The second and subsequent studies examined whether groups of participants would behave corruptly in support both of a wide social category and their immediate group. Quantitative analyses focused on evidence of corrupt behaviour and stress, while qualitative analyses searched for evidence of rationalisation and types of group behaviour. These studies are discussed in chapters 5-8.

5 Study 1 - Cheating in Individuals

The individual makes a clear effort to define moral values and principles that have validity and application apart from the authority of the groups of persons holding them and apart from the individual's own identification with the group. – Lawrence Kohlberg

5.1 Background to study 1

5.5.1. Previous findings

The review of literature for this thesis has highlighted that corrupt behaviour in organisations is wide spread. Corruption can occur at all levels of an organisation, in all types of organisations and will be undertaken by individuals working alone or in groups. Given the right combination of circumstances, such as opportunity and/or threat (or rewards), individuals will behave corruptly in order to support their groups, work teams and even the entire organisation because groups often view their own interests as more salient than those of other groups or society at large (Ashforth & Anand, 2003). This means that when the norms in a business are corrupt, people may accept them, may not question them, and may not even recognise them as modes of behaviour that are not normal in most organisations (recall Sherron Watkins' comments on Enron). Identifying with the norms, they simply fit in with the ethos of the business. In addition, pressures to meet targets may drive managers and other employees into corrupt behaviour such as cutting corners and doctoring data. Pressure to perform may also result in stress. One way that corruption takes hold is through justification of its need: rationalisation. Underlying these phenomena is that of social identification: how strongly people identify with the norms and culture of a group.

This means that social identification, "the perception of oneness with or belongingness to some human aggregate" (Ashforth & Mael, 1989: 22), plays a pivotal role in corrupt behaviour. When social identification is strong, the behaviours of others in the group will have a larger influence on an individual's social norms. Hence, in terms of the current research, it is seen that when employees identify strongly with their group, they will behave according to the group norms, even if those are corrupt. In the previous

chapter, Social Identity Theory (SIT) was identified as a model for explaining corrupt behaviour in groups. Specifically, SIT suggests that when a group's identity is under threat, the members will act to support that group. This behaviour may even be at the cost of sacrificing personal values, which may also cause stress to the individual. SIT also predicts that when identification with a group and its norms are high, its members experience lower levels of stress because of the support received from fellow members. The impact of leaders and gender was also discussed, as were some relevant forms of group behaviour. The roles of threat and stress are factors in corrupt behaviour. Figure 5.1 depicts the model that was developed earlier in the thesis, but now also incorporates the threat and stress as extraneous factors in corrupt behaviour.

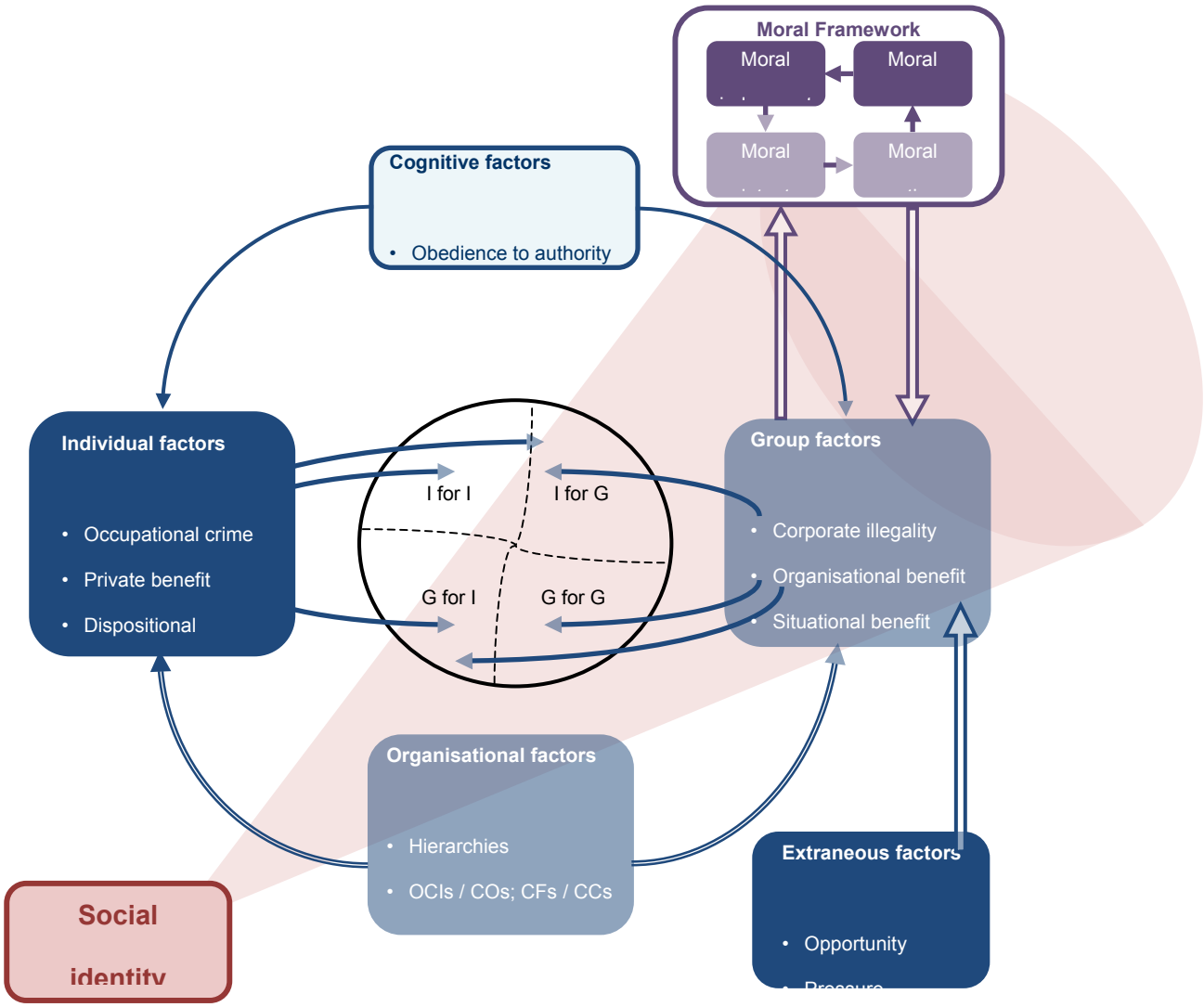


Figure 5-1 – the role of social identity in corrupt behaviour

For this present research, it was hypothesised that these SIT principles would apply in the case of corrupt behaviour. Accordingly, four experimental studies were carried out that investigated whether individuals would behave corruptly in support of their groups under threat. In the first, individuals identifying with a wide social group but working on their own, were tested for corrupt behaviour. The second and subsequent studies examined whether groups of participants would behave corruptly in support both of a wide social category and their immediate group. Quantitative analyses focused on evidence of corrupt behaviour and stress, while qualitative analyses searched for evidence of rationalisation and types of group behaviour. Leadership and gender issues were also examined. This chapter discusses the first of these studies.

One aspect of SIT (Tajfel, 1974, 1978, 1982; Tajfel & Turner, 1979) is that the extent to which people define themselves at either personal or social level depends on which identity is salient. According to SIT, group members tend to use their own group to maintain or enhance a positive social identity and, thus, self-esteem, and as a consequence are motivated to conform with norms that provide them with an ingroup identity. The core tenet of the Self-categorisation Theory (SCT; J.C. Turner, 1978, 1982, 1985; J.C. Turner *et al*., 1987; J.C. Turner *et al.,* 1994; J.C. Turner & Oakes, 1997) is that as people move from individual to group psychology and behaviour, they shift from defining and seeing themselves in terms of their personal identities to perceiving themselves more in terms of the group's shared salient social identities. Together, the two models are referred to as Social Identity Approach (SIA).

5.1.2. Social Identity Approach, corruption and stress

SIA also proposes that individuals may accept cost to themselves, in order to support their group (e.g., Haslam, 2004e; J.C. Turner, 1975, 1978; J.C. Turner *et al*., 1984; Haslam, O'Brien, Jetten, Vormedal & Penna, 2005). One acceptable cost of group identification may be the sacrifice of normal values and ethics (Haslam, Ryan, Postmes, Spears, Jetten & Webley*,* 2006). Thus, high identification may lead to corrupt acts if such behaviour is the norm

for the group.

Another cost that group members may accept is that of stress (Haslam, 2004f, 2005; Haslam & Reicher, 2004; Reicher & Haslam, 2006). It was seen earlier in the thesis (e.g., Baucus, 1994) that when members of an organisation are put under pressure to meet business targets, they may behave unethically in order to meet them. In such situations, the group members may experience stress. Examples are given below that emphasise this link between stress and corrupt behaviour. For example, Fleming and Zyglidopoulos (2009: 74) suggest that in stressful situations, in conditions where the social context is uncertain, susceptibility to peer pressure, would increase as was shown in the case of the Asch (1952) experiments. Hamilton's attempts at being a team player at a time when he was under pressure to perform better than a rival, compromised his own ethical standards, for according to his own account, he was not in the habit of cheating or lying.

In the Milgram (1974) experiments, it was to be expected that the victims of the shock treatment, the learners, would experience stress and even, trauma. But, in these experiments, some of the teachers also experienced stress. "Participants were frequently in an agitated state….Some obedient subjects expressed reluctance to administer shocks beyond the 300-volt level and displayed tension similar to those who defied the experiment" (Milgram, 1965, 1974). Research into the My Lai Massacre, Vietman, (Kelman & Hamilton, 1989: 7-8) shows that some of the US soldiers who obeyed an order by Lieutenant Calley to shoot a group of unarmed villagers comprising elderly men, women and children, found the experience extremely stressful. According to Kelman and Hamilton, (1989: 8), even those who obeyed Calley's orders exhibited a high degree of stress. Webley and Werner (2008) report that the results of a survey on business ethics carried out in 2005 by the American Management Association, among more than 1000 executives and managers showed that the one factor, mentioned by

nearly 70% of the respondents, that is most likely to cause people to compromise on their organisation's ethical standards was "pressure to meet unrealistic business objectives/deadlines." These examples demonstrate that stress and corruption do occur together in organisations. This present chapter will investigate whether a link exists between stress as a result of threat to group identification and corruption.

Of the four stages of unethical decision-making behaviour in Rest's Framework (1986) and the enhancements discussed earlier in this thesis, moral awareness, judgement, intent and action, this current research concerns itself with moral intent and moral action, by examining some of the circumstances in which groups and teams in the workplace behave corruptly. This moral intention and action refer to corruption as discussed in chapters 2 and 3, but particularly to the two ends of the spectrum, namely cheating and unethical behaviour. The thesis also looks at the role of stress in promoting this behaviour.

In the previous chapters, it was also shown that corruption could not take place, without opportunity. The diagram below (figure 5.2) depicts the influence of opportunity on the process of stress and corruption within the context of a social category, a model that was developed in chapter 4.

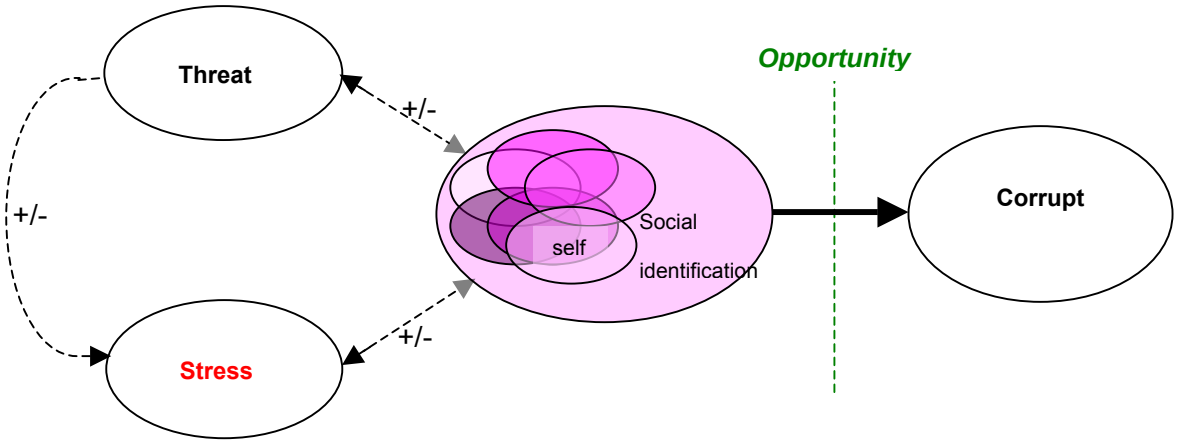


Figure 5-2 – Impact of opportunity on the process of corrupt behaviour

Within this background of the current research, answers are sought to three research questions. First, given the opportunity and under social identity threat, would individuals behave corruptly to support their social category? Second, would the participants experience stress in so doing? And third, would individuals in a group be persuaded by others to behave corruptly, even against their own judgement? To obtain answers to these questions a series of experiments was run with small groups that involved both students from the University of Exeter, UK, and the business community based mainly in the South West of England, but also included participants from three large cities in Britain. Since research into corruption is limited, in the first instance it was decided to test whether individuals working on their own, given the opportunity, would behave corruptly under identity threat. The corrupt behaviour under consideration was that of cheating. Consequently, the following hypotheses were put forward.

Hypotheses

H1. When faced with identity threat, individuals will behave corruptly in order to obtain favourable outcomes for their ingroup, and high identifying individuals within a group will behave more corruptly than low identifiers.

H2. High identifiers will show lower levels of stress than low identifiers in engaging in this corrupt behaviour, particularly under social identity threat.

To test hypothesis 1, participants were given the opportunity to behave corruptly (cheat in a crossword puzzle) and the results were analysed for low identifiers against high identifiers. Hypothesis 2 was tested by assessing stress as a result of identity threat both from ingroups and outgroups and by analysing them for low and high identity conditions. The key factors are described below.

5.2 Study 1 factors

5.2.1. Study 1 independent variables

5.2.1.1 Identity threat

5.2.1.1.1 Salience of identity threat

According to J.C. Turner (1978: 54), salience refers to the conditions under which a specific group membership becomes predominant in self-perception and acts as the immediate influence on perception and behaviour. Oakes (1987: 118) described the function of salient group membership as being to increase the influence of one's membership in that group on perception and behaviour. He continued that the influence of another person's identity as a group member affects one's impression of that person and hence one's behaviour towards that person (see also J.C. Turner, 1982: 36).

An experiment on salience by James and Greenberg (1989) of particular relevance to this experimental study is described next. Students from the University of Arizona were told that they were participating in an anagram-solving task in which their performance would be compared with that of students from the University of Washington. For half the participants, the salience of their university affiliation was heightened, while for the other half it was neutral. Performance was greater when identity salience was pertinent to the participants' ingroup membership because of the social self-relevance of the task: participants in the social identity salience solved 55% of the anagrams, but those in the neutral condition only 42%. Thus, this experiment demonstrated that salience can be manipulated for an experimental study. A similar approach is taken for all the experimental studies in this current research.

When people see themselves as group members, group norms are more likely to influence the ways in which they form, act upon and change their attitudes. Particularly relevant to this thesis, and as mentioned earlier, results of studies (Mazar, Amir and Ariely, 2008; Ariely, 2008) suggest that an individual's ethical standards depend on the social

norms implied by the dishonesty of others and also on the saliency of dishonesty. The salience of social identity threat is used in this experimental study to examine corrupt behaviour.

In the previous chapters, identity threat was identified as a trigger for group behaviour in general (e.g., Branscombe, Ellemers *et al*., 1999; Ellemers *et al*., 2002; Sherif, 1936, 1956; Spears *et al*., 1997; M.E. Turner & Horvitz, 2001) and in particular for corrupt behaviour (Den Nieuwenboer & Kaptien, 2008; T.M. Jones, 1991; Rest, 1986; M.E. Turner *et al*., 1992). In addition, the findings of Ouwerkerk, Ellemers and De Gilder (1999) suggest that people are more inclined to work harder for the group when their group is in difficulties or is threatened. Stronger identification enhanced individual effort on behalf of the ingroup when people's social identity was threatened, whereas no such effect was obtained when the current standing in one's group was favourable. Hegarty and Simms (1978: 456) found that unethical behaviour also tended to increase when competitiveness was intensified. Thus, it seems that under threat, individuals work harder to support their groups.

However, the implication of this finding for corrupt behaviour has not been experimentally researched previously. In this current experiment, the task was a crossword puzzle (judged in this current research to be similar cognitively to anagram solving as in the James & Greenberg, 1989 study) and the conditions used for half the students were neutral and for the other half, identity threat was made salient.

5.2.1.1.2 Levels of identification

As seen earlier in this thesis, SIT (Tajfel & Turner, 1979) asserts that people will positively differentiate their group from a relevant outgroup. In addition, studies by Shih, Pittinsky and Ambady (1999: 82) and Shih, Ambady, Richeson, Fujita, Gray and Heather (2002: 645) demonstrated that when the norm (or stereotype) of the group is to perform well, people will perform better when they identify strongly with the group. Ouwerkerk, de Gilder and de Vries (2000: 1557) found that social identification processes play a crucial

role in determining people's motivational responses to their group's successes and failures. Therefore, levels of identification have been used in this study (and subsequent ones in this current research) to determine the effect of identity on corrupt behaviour.

More recently, in explaining behaviour in organisations, Kreiner and Ashforth (2004) developed a four-dimensional model of group identification. In the model, *identification*, which is based on SIT (Tajfel & Turner, 1979), consists of connecting positive aspects of the group to oneself (e.g., An Enron employee may identify strongly with the entrepreneurial culture), whereas *disidentification* consists of disconnecting negative aspects of the group from oneself (p. 3; e.g., an Enron employee may disassociate from its corrupt culture). Further, an individual may not only identify and disidentify with different aspects of his or her organization, but he or she may simultaneously identify and disidentify with the *same* aspects and with the group itself: *ambivalent identification* (p. 4). For example, regarding Enron's emphasis on profit-making, an employee may identify with the pursuit of efficiency but disidentify with Enron's treatment of customers (p. 4). Finally, an individual's self-perception may be based on the explicit absence of both identification and disidentification with a group: *neutral identification* (p. 4). An example of this may be the consultants brought in by Siemens to investigate the bribery scandal. However, this present research will be examining identification as defined by SIT (e.g., Tajfel & Turner, 1979), but only at two levels: high and low.

5.2.1.1.3 Types of identity threat

Earlier in this thesis, the role of threat in group behaviour and stress was discussed. It was found that under social identity threat (chapter 4), group members who identify strongly with their groups would behave more corruptly than low identifiers in order to overcome that threat (Branscombe, Ellemers *et al*., 1999; Ellemers *et al*., 2002; Sherif, 1936, 1956; Spears *et al*., 1997; M.E. Turner & Horvitz, 2001). It was also

identified that social context is both a source of threat and a source of potential resources to deal with threats (e.g., Haslam, 2004e).

Of the three categories of threat identified by Ellemers *et al*., (2002: 166), this current study uses the no identity threat and the individual identity threat situations. Based on this and other previous research (e.g. Haslam, 2004e; Haslam & Reicher 2006; Haslam *et al*., 2004; Haslam *et al*., 2009; Haslam *et al*., 2005; Haslam *et al*., 2003; Haslam, Powell & Turner, 2000; Haslam *et al*., 2006; Reicher & Haslam, 2006), the implication for this current study is that in this no-threat condition, stress would be low, whether identification was low or high. In the individual identity threat situation, low identification would lead to high levels of stress.

5.2.1.2. Opportunity for cheating

Another factor that was identified earlier in this thesis as aiding corruption is opportunity (Ashforth & Anand, 2003; Baucus, 1994; Baucus & Near, 1991; Den Nieuwenboer & Kaptien, 2008; Ferrell & Gresham, 1985; Ferrell, Fraedrich & Ferrell, 2002; Gino, Ayal & Ariely, 2000; T.M. Jones, 1991; Misangyi, Weaver & Elms, 2008; Rest, 1986; Simpson & Piquero, 2002; Tomlinson, 2009; Trevino, 1986). In this study, the opportunity to cheat was provided for 75% of the participants, under three different conditions: one in no threat condition, one with ingroup threat and one with outgroup threat.

5.2.2 Study 1 dependent variables

5.2.2.1. Corrupt behaviour (moral action)

5.2.2.1.1. Score

In this study, the primary indicator of cheating is the result of the task, that is, the score on the crossword. In pilot studies, the maximum score obtained in 10 minutes by participants who had no access to answers was 5. Therefore, scores that were significantly higher than that could only have occurred if answers were available. This means that those who had higher scores had the opportunity to cheat, and used it.

5.2.2.1.2 Cheating

Participants self-reported on cheating, measured on a Likert scale of 1 to 7.

5.2.2.2. Stress

In the studies used in this research, stress is compiled from self-esteem, motivation, self-efficacy, frustration and anxiety. Low levels of the first three and high levels of the last two are commonly associated with stress.

5.2.2.2.1. Self-esteem

According to Tajfel and Turner (1979), "individuals strive to maintain or enhance their self-esteem: they strive for a positive self-concept" (Tajfel & Turner, 1979: 40). Andreopoulou and Houston (2002) have found that people who are high in self-esteem either at an individual or group level, are more likely to engage in self-enhancing strategies than those who are low in self-esteem. SIT also proposes that self-esteem is increased when a task is done well (e.g., Tajfel & Turner, 1979). However, Crocker and Luhtanen (1990, 2003: 710) have found that although self-esteem reflects success in a particular context, and consequently proves people's worth and value, it can also create stress because failure in these domains could prove their worthlessness (see also J.C. Turner, Brown & Tajfel, 1979: 187; J.C. Turner, *et al*., 1987: 57-65). Thus, level of identification with a group is strongly associated with self-esteem and achieving it may come at a high price, in terms of stress. This suggests that self-esteem is negatively correlated with stress, as has been established by other research (e.g., Janis, 1971, 1982, 1983). Consequently, negative self-esteem is used in this current research as a measure of stress.

In addition, according to Crocker, Luhtanen, Cooper and Bouvrette (2003: 894-895), for some people, self-esteem may be based less on competence per se than on being superior to others by outdoing them in competition (Pendry & Carrick, 2001). Therefore, in the study, if the participants are unable to solve the study problem (a

crossword puzzle) quickly, they may experience lower levels of self-esteem. To overcome this, they may cheat, provided they had the means to do so. The implication for this research is that those participants who are able to solve the problem would experience less stress, even when they "solved" them by cheating (as might be in an experimental condition that provided that opportunity). On the other hand, those who were not able to solve the puzzle (as might be in an experiment control condition) would feel more stress. In other words, solving the problem at hand, even if by cheating (corrupt behaviour), may reduce stress in such situations.

5.2.2.2.2. Motivation

Boehling (2006) has referred to research by Pilegge and Holtz (1997) whose experimental study found that individuals with high self-esteem and a strong social identity set higher goals for themselves and achieved better performance compared with participants in three other conditions of varying combinations of high and low esteem and social identity. Wegge and Haslam (2005) have found that group goals interact with the salience of one's work group. Thus, as with self-esteem, motivation is strongly associated with task performance and negatively associated with stress and, consequently, is used in this current study reverse coded as a measure for stress.

5.2.2.2.3. Self-efficacy

According to Bandura (1977: 81-82) seeing others perform threatening activities without adverse consequences can create expectations in observers that they too will eventually succeed if they intensify and persist in their efforts. They persuade themselves that if others can do it, they themselves should be able to achieve at least some improvements in their own performance. Stress and anxiety usually deplete performance and individuals are more likely to expect success when they are relaxed than when they are tense, and experiencing other symptoms of stress. Consequently, self-efficacious individuals may experience low levels of negative emotions in a

threatening situation and, as a result, may feel capable of mastering the situation (Bandura, 1997). These findings indicate that self-efficacy is situation specific and leads to effective problem solving. People with strong self-efficacy recognise that they are able to overcome obstacles and focus on opportunities (Bandura, 1997).

Further, research by Beu, Buckley and Harvey (2003: 100-101) has clearly demonstrated that there is no direct relationship between self-efficacy and ethical intentions and no difference in the ethical intentions of those high and low in self-efficacy. An implication of this for this current research is that high self-efficacy need not exclude unethical behaviour. That is, even those participants who are capable of solving the task without cheating would, none-the-less, cheat.

A generalized sense of self-efficacy (GSE) refers to a broad and stable sense of personal competence to deal effectively with a variety of stressful situations (Schwarzer & Jerusalem, 1995). Based on this, Luszczynska, Scholz & Schwarzer (2005: 439-440), defined *General Self-efficacy* (GSE) as the belief in one's competence to cope with a broad range of stressful or challenging demands. Thus research on self-efficacy indicates that stress impacts negatively on self-efficacy and is strongly linked to coping techniques at times of threat and may not exclude unethical behaviour. Negative self-efficacy is used as a component of the measure for stress in this study as well as subsequent ones.

5.2.2.2.4. Collective efficacy

Lindsley, Brass and Thomas (1995: 647-648) have defined collective efficacy as the group's (or organisation's) collective belief that it can successfully perform a specific task. They argue that there are certain cognitions that group and organisational members have which are quite different and distinguishable from the beliefs they experience as individuals in isolation, or in contexts outside the group or organisation. These cognitions are collective, group-based beliefs, arising from an individual's ability to cognitively consider social entities larger than himself or herself. This collective sense of efficacy emerges from common

exposure of members to objective stimuli (such as outcomes of group performance) and the processes of social influence and social comparison. People interact with others in part to test and confirm their own perceptions of themselves and the environment.

According to Tindale *et al*. (2003: 15-16), collective-efficacy is seen as a central component of various aspects of motivation. Both amount of effort and persistence are seen as a function of whether the group collectively believes it is good at or can accomplish a specific task. Although much of the research on collective efficacy has focused on sports teams, the concept can also be applied to organisational work teams. For example, research has found a positive relationship between collective efficacy and performance in a field study of manufacturing work teams (Tindale *et al*., 2003). Collective efficacy is used in this current study and subsequent ones as a component of stress.

5.3. Study 1

5.3.1. Study 1 procedure

Echoing G.E. Jones and Kavanagh (1996: 514), what is ultimately of interest in this research is actual behaviour (moral action; Rest, 1974, 1986). However, the conditions required to adequately assess the effects of corrupt behaviour, would risk violating individuals' rights to privacy. It would mean either asking about unethical behaviour past or present, perhaps in a questionnaire, or setting up a situation where the individual concerned can be observed engaging in unethical behaviour variables. It would be also very difficult or unethical to measure actual behaviours of this nature.

Instead, the participants were required to do a crossword puzzle on their own, under the cover story that they were taking part in a "*Study to examine the predictors of performance on complex verbal tasks*". This tool is a standard one used in similar studies and is regarded as a suitable one for psychology tool for students (e.g., G.E. Jones & Kavanagh, 1996). This particular crossword had been trialled with people who were experts in doing crosswords and none had achieved more than five correct answers within 15

minutes. The participants were randomly assigned to one of four conditions and were given 10 minutes to complete the crossword puzzle. They were given a 3-minute warning before the end. The participants were then asked to complete a survey to capture their attitudes to the task and to wider social norms. After they had completed the survey, they were given the answers and they self-scored on the number of correct entries. Finally, the participants were informed about the true nature of the experiment, that they were tested on whether they would cheat given the opportunity, and on their level of identification with their group under identity threat. This was followed by a discussion on corruption in organisations, highlighting the fact that corruption is difficult to study, so a degree of deception is necessary in conducting the experiments (see also Milgram, 1974). The participants were specifically asked to hypothesise whether (1) "*The more stressed people are, the more they will be likely to cheat*", and (2) "*The more threatened people's group identity is the more they will be likely to cheat*."

5.3.2. Study 1 participants

The participants (*N*=86) were the 1st Year undergraduates of the School of Psychology, at the University of Exeter. The study was performed during a practical class for the students. Earlier in the week they had encountered the topic of "Corruption in Organisation" as part of their module on psychology in organisation. Participation was on a voluntary basis, and the students did not qualify for additional credits for attending. The students sat about 2 feet apart from each other, in a large lecture hall designed to accommodate up to 150 people. There were 11 men and 75 women. The mean age was 19.88 and the standard deviation was 4.22. The median was 19, the mode and minimum were 18 and the maximum was 41. The unequal numbers of men and women meant that this study could not shed further light on KPMG's (2007) Fraudster survey figures which showed that only 15% of the fraud activities were perpetrated by women.

5.3.3. Study 1 design

The ingroup was defined as fellow students from the School of Psychology; and the outgroup was students from the School of Business and Economics. The threat was the supposed benchmark standard of performance that the average student in each of the two schools would achieve. There were four *conditions*. In the control condition, **C**, the participants were simply given the crossword and had no opportunity to cheat. The remaining three conditions had the answers provided surreptitiously at the bottom of the page. In the second condition, **N**, No Identity, they were simply given the crossword and the answers. In the third condition, **I**, ingroup threat was made salient with the statement "*Rating very difficult - on average psychology students get 5 answers correct.*" In the last condition, **O**, the participants were provided with a similar threat, but this time from an outgroup, with the statement, "*Rating very difficult - on average business students get 5 answers correct*." To summarise, the study required participants to work on a task that gave cheating opportunities and/or imposed threat conditions to some, although no one was aware of the differentiation.

5.3.4. Study 1 measures

The reliability of a scale indicates how free it is from random error by measuring internal consistency. This is the degree to which the items that make up the scale are all measuring the same underlying attribute. In this study, Cronbach's coefficient alpha (α) is used. This statistic provides an indication of the average correlation among all of the items that make up the scale. Nunnally (1978) cited in Pallant (2007) recommends a minimum value of .7.

5.3.4.1. Task specific measures

The independent variables were the four study conditions and social identification, derived by subtracting business student identification (outgroup) from psychology student (ingroup) measures. The dependant variables fell into two categories. Some were related

directly to doing the crossword: the *score* on the crossword and *cheating* (α=.90, N=3) (e.g., *Is your score on the crossword task a reflection of your true ability?*), defined by the mean of the participants' cheating behaviour as described previously in the study design.

In addition, the dependent variable *stress* (α=.81, N=39) (e.g., *I think the crossword puzzle was too hard*) was calculated as the mean of by anxiety (α=.85, N=5), (e.g., *Did completing the crossword make you feel stressed?*); *frustration* at the difficulty of the task (α=.68, N=4) (e.g., *I feel frustrated by the crossword puzzle*); negative motivation (Abel, 1996;Motowidlo, Packard & Manning, 1986; [α=.67, N=3] towards the task (e.g., *Did you find the crossword task challenging?*); *negative self-esteem* (Crocker & Luthanen, 1990; Caruthers, 2008; Abouserie,1994; Kreger, 1995) and *negative self-efficacy* (Schwarzer & Jerusalem,1995), all traits also accepted by stress management practitioners as contributors of stress. Luhtanen and Crocker's (1992) *"Private" Collective Self-Esteem* subscale assesses individual's positive (e.g., feeling glad to be a group member) as well as negative (e.g., regret being a group member) feelings about group membership.

5.3.4.2. General measures

The rest of the measures related to personal preferences which provided information about the characteristics of participants: *personal self-esteem* (α=.88, N=10) (e.g., *I take a positive attitude towards myself*); *collective private self-esteem* (Luhtanen & Crocker, 1992) (α=.87, N=4) (e.g., *I feel good about being a psychology student*); *collective membership self-esteem* (Luhtanen & Crocker, 1992) (α=.75, N=4) (e.g., *I am a worthy psychology student*); *ingroup identification* which measured how well the participants identified themselves with their own School of Psychology (α=.91, N=3), (e.g., *I feel strong ties with psychology students*); *outgroup identification* which measured how well the participants identified themselves with the business school, (α=.84, N=3), (e.g., *I define myself as a business student*); *personal self-efficacy* (α=.78, N=5), (Schwarzer & Jerusalem,1995) (e.g., *If someone gives me a challenge, I can find the means and ways to deal with it*); *collective*

self-efficacy (α=.87, N=5) (e.g., *It is easy for psychology students to stick to their aims and accomplish their goals*).

A Likert-type response scale measure was used for all the measures and participants indicated their level of agreement by responding on a scale of 1 (not at all) to 7 (completely). Responses were scored and reverse coded where appropriate, so that higher scores indicated higher levels of the factor being measured. The questionnaire also measured general perceived self-efficacy using Schwarzer's (1992) Generalized Self-Efficacy Scale cited in Schwarzer and Jerusalem (1995) and which was designed to assess optimistic self-beliefs to cope with a variety of difficult demands in life. A typical item is, "*Thanks to my resourcefulness, I can handle unforeseen situations*."

To assess, whether manipulation of types of threat Ingroup/outgroup), was successful, less obvious *manipulation check* measures were collected by questioning how worthy the respondent felt as a member of this specific ingroup. Consequently, the four-item Membership subscale (e.g., *I am a worthy Psychology student*) of Luhtanen and Crocker's (1992) collective self-esteem scale was also included.

5.3.5. Results of study 1

After recoding and reliability analysis, see Table 5.2 in Appendix 5, the data were analysed by between group multivariate analyses of variance (MANOVA) in a 4 (conditions: **C** (control), **N** (no salient identity), **I** (psychology students: ingroup), **O** (business students: outgroup)) x 2 (levels of social identification: low, high). A number of planned contrasts were also performed. Means, effects and contrasts for measures of participants' responses are also given in Appendix 5, tables 5.2 – 5.6.

5.3.5.1. Results of hypothesis 1

It will be recalled that when faced with identity threat, high identifying individuals in a social category were predicted to behave more corruptly (have higher scores as a result of cheating more) than low identifiers. The results confirm this.

The main effect for dependent variable *score* (*M*=7.84, *SD*= 9.57) was highly significant *F*(3,78)=6.14, *p*=.001; partial eta squared=.19. According to Pallant (2007: 208, 255), this value of partial eta squared, being over 13.8%, is a large effect size, "strength of association". The mean scores for the actual conditions were C=.90, N=9.76, I=10.41 and O=10.05. The planned contrast for CvN,I,O was *F*(1,78)=17.90, *p*<.001. All other effects and interactions were non-significant. See figure 5.3 for overall score results.

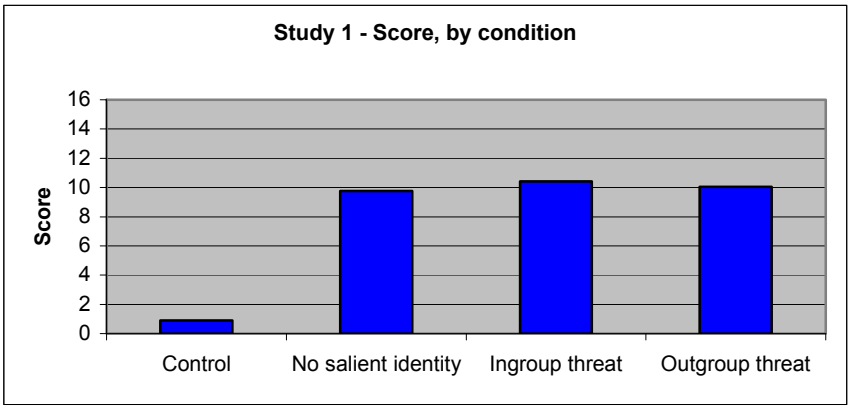


Figure 5-3 - Significantly higher scores under cheating opportunity

Overall, high identifiers in the ingroup threat condition (*M*=15.00, *SD*=12.88) had the highest scores and low identifiers in the control condition had the lowest (*M*=.82, *SD*=.60; see figure 5.4). This means that those participants with access to answers used them, and that threat from the ingroup (psychology students) encouraged more of such behaviour.

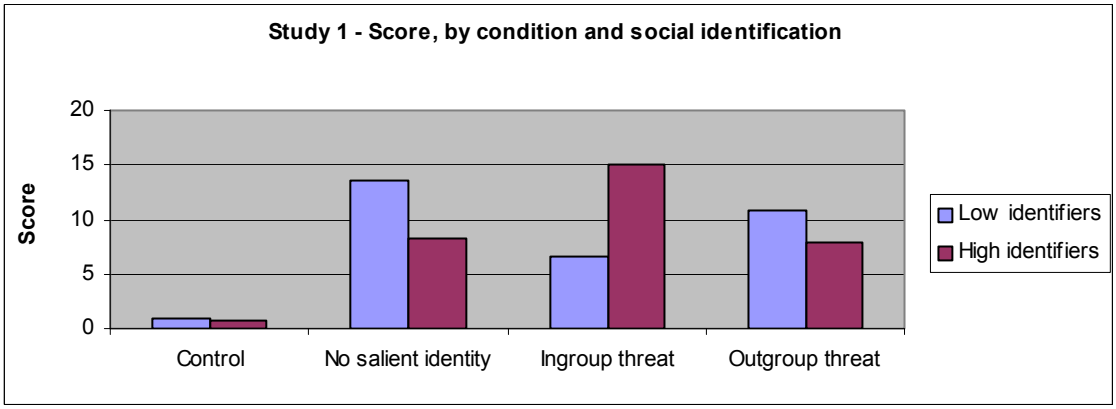


Figure 5-4 - High identifiers scored most under ingroup threat

The main effect for self-reported *cheating* (*M*=3.75, *SD*=2.24), was highly significant *F*(3,78)=7.60, *p*<.001; partial eta squared =.23, indicating a large effect size for condition

(Pallant, 2007: 208, 255). The interaction was $F(3,78)=3.72$, $p=.015$, partial eta squared =.13, indicating a medium effect size for condition (Pallant, 2007: 208, 255) which means that there was a significant difference in the effect of condition on cheating for low and high identifiers (figure 5.5). The planned contrast CvN,I,O was $F(1,78)=20.27$, $p<.000$.

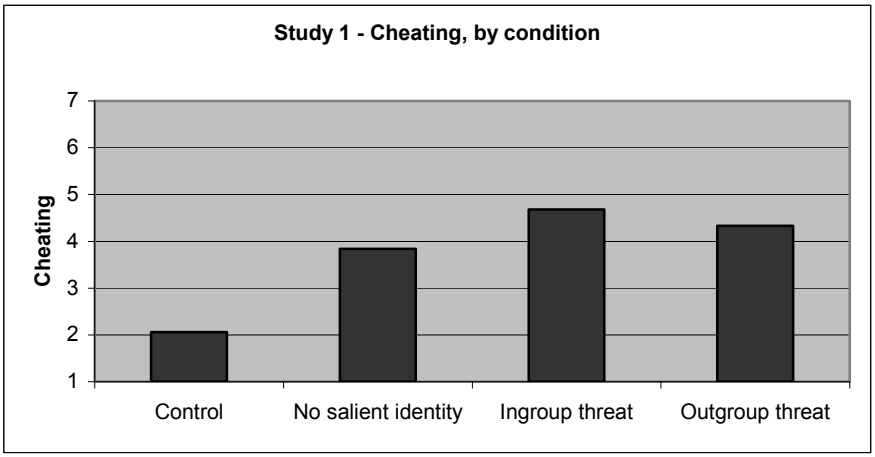


Figure 5-5 - Significantly lower levels of cheating for the control group

To further analyse the effects of interaction on cheating, separate ANOVA tests were run for condition and social identification, which gave the following results. The main effect ($M=3.75$, $SD=2.24$) under condition was highly significant, $F(3,78)=6.94$, $p<.000$, partial eta squared =.20, indicating a large effect size for condition (Pallant, 2007: 208, 255). There was significant effect for the contrast CvN,I,O: $F(1,78)=18.86$, $p<.001$. Taken together, these results imply that the difference in the score was between those with access to answers and those without. Social identification did not have a significant effect on self-reported cheating. See figure 5.6.

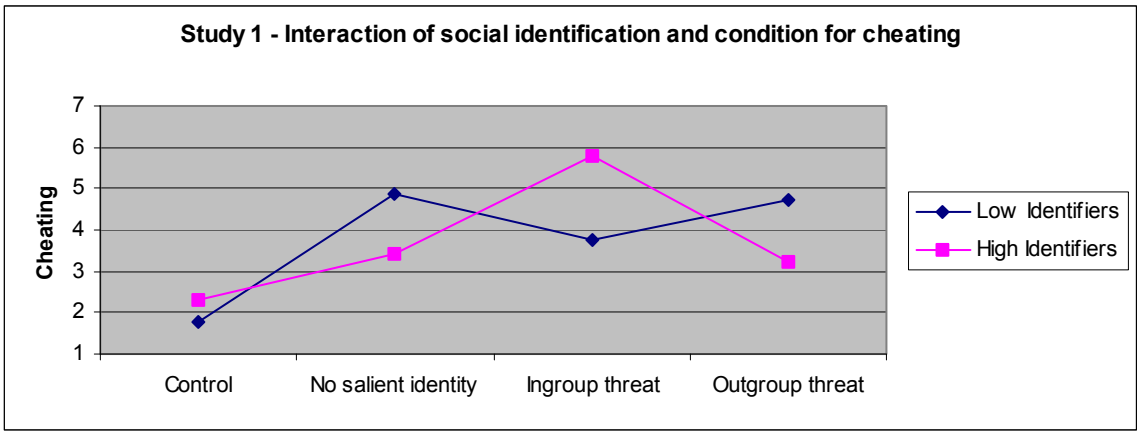


Figure 5-6 - Ingroup threat provoked most cheating by high identifiers

The means for cheating for low identifiers for all three conditions with answers were similar, and the means for the high identifiers for cheating were similar for both I and O conditions, both higher than in the N condition, but the most cheating was done by high identifiers in the ingroup threat (*M*=5.77, *SD*=1.89) condition and the least was by low identifiers in the control condition (*M*=1.77, *SD*=.72), reflecting the results for the crossword scores. This supports SCT/SIT principles (Tajfel & Turner, 1979) that high identifiers will make sacrifices, in this case in their ethical values, to support their group.

The correlation between score and cheating was highly significant, *r*=.79, *p*<.001. Thus, these results show that, given the opportunity and under identity threat, high identifying individuals cheated more than low identifiers in order to support their group. Next the study analyses if this cheating behaviour is associated with increased stress.

5.3.5.2. Results of hypothesis 2

As was hypothesised, the results show that high group identifiers experienced lower levels of stress than low identifiers in engaging in corrupt behaviour. The main effect for *stress* (*M*=3.44, *SD*=.52) was significant *F*(3,78)=4.98, *p*=.003; partial eta squared =.16, indicating a large effect size (Pallant, 2007); as were the results for social identity *F*(1,78)=19.83, *p*<.001; partial eta squared =.20, indicating a large effect size (Pallant, 2007). The planned contrast NvI,O was highly significant: *F*(1,78)=9.13, *p*=.003; and NvI

was $F(1,78)=10.54$, $p=.002$,; and NvO was $F(1,78)=4.29$, $p=.042$. The contrast between I and O were non-significant. These results show that there was significant difference in stress between the control condition where there was no possibility of cheating and the other three that enabled cheating and between the neutral and identity threat conditions, but not between the two different threat conditions. Taken together, these results imply that in carrying out corrupt behaviour, ingroup salience lowered stress levels. See figure 5.7.

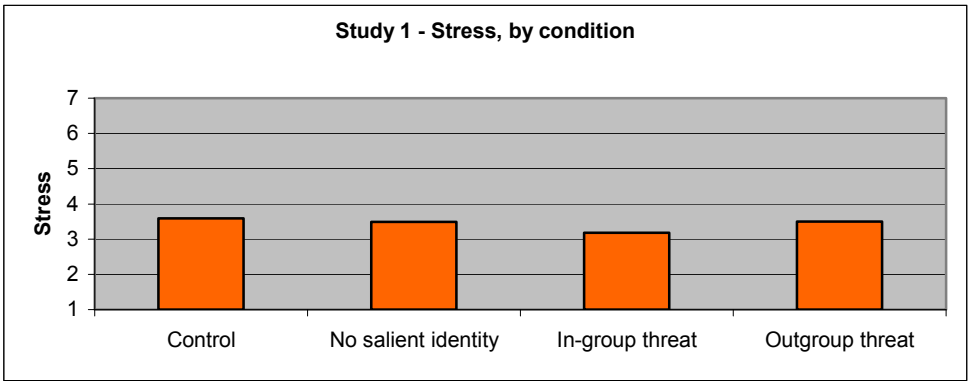


Figure 5-7 - Stress significantly lower in the ingroup threat condition

In addition, in all conditions, low identifiers experienced significantly more stress than high identifiers (see figure 5.8), which reflect SIT/SCT principles (Tajfel & Turner, 1979; Haslam, 2004f, 2005). Overall, low identifiers in the no identity condition ($M=3.98$, $SD=.43$) were most stressed and the high identifiers ($M=2.93$, $SD=.34$) in the outgroup threat condition were the least stressed. Those with no social identity experienced more stress than those who had clearly defined identities.

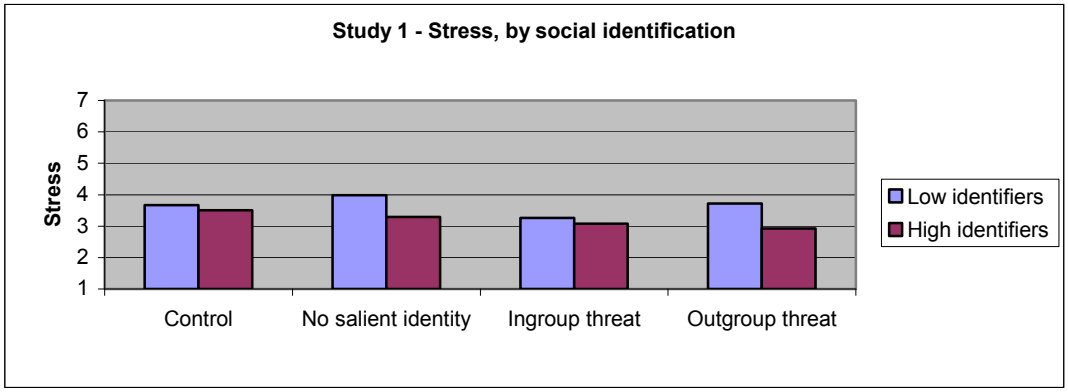


Figure 5-8 - High identifiers experienced lower levels of stress

There was significant negative correlation between stress and ingroup identification (psychology students) with r =-.22, p=.042, showing that as social identification decreased, stress increased. Overall, the lowest level of cheating (control condition, figure 5.9) was accompanied by the highest level of stress. The highest level of cheating (high identifiers in the ingroup threat condition was associated with the lowest level of stress.

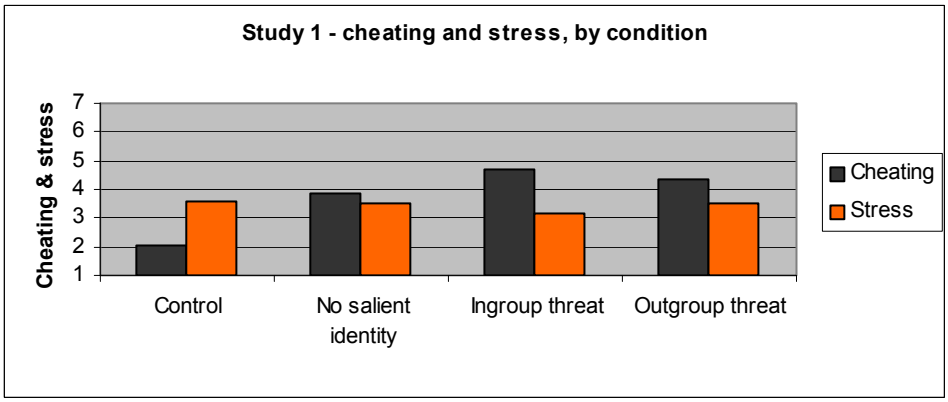


Figure 5-9 – As cheating increased, stress decreased

Taken together, these results show that under all four conditions, low identifiers experienced more stress than high identifiers. Participants with answers, and so with the opportunity to cheat, experienced less stress than those without (the control group). Moreover, those with no social identity threat experienced more stress than those who had clearly defined identity threat. However, the two types of threat, ingroup and outgroup, did

not cause significantly different levels of stress. Thus, a lack of identification with a group caused more stress for the participants than high levels of threat, confirming SIT and SCT principles (Haslam & Reicher, 2004; Reicher & Haslam, 2006).

5.3.5.3. Other significant results

The measures reported about next are the components of stress. The single measure *anxiety* (M=4.03, SD=1.31), decreased progressively across the four conditions. The main effect was highly significant $F(3,78)=4.88$, $p=.004$, The contrast between the control group and the other three conditions, N, I and O, was highly significant $F(1,78)=10.59$, $p=.002$. The contrast between N and O conditions was significant $F(1,78)=3.96$, $p=.05$. Anxiety was lowest for the high identifiers under the outgroup threat condition. Thus anxiety was influenced by the salience of threat and was highest under the control, when there was no access to the answers, indicating that behaving corruptly did not elevate anxiety levels.

There was no main effect for *personal self-esteem* (M=4.78, SD=.99), but there was a significant effect for social identification $F(1,78)=11.89$, $p=.001$. The contrast for NvI,O was $F(1,78)=5.63$, $p=.03$. The contrast for NvI was $F(1,78)=6.13$, $p=.02$ showed that personal self-esteem was higher for high identifiers in all four conditions, and was highest for high identifiers in the two threat conditions. It was lowest for low identifiers in the no identification condition. This supports SIT/SCT predictions (Tajfel, 1974; Tajfel & Turner, 1979) that self-esteem is influenced positively by high identification.

In addition, the results showed that for these particular participants, both high and low identifiers, ingroup identity enhanced their sense of collective self-esteem. There was no effect (M=5.70, SD=1.01) for *collective private self-esteem* $F(3,78)=.89$, *ns*, for condition, but the effect for social identification was significant $F(1,78)=8.51$, $p=.005$. There was also significant interaction, $F(3,78)=3.10$, $p=.032$. An ANOVA analysis for social identification was highly significant, $F(1,78)=7.12$, $p=.009$, indicating that social identification influenced

by collective self-esteem. Low identifiers had lower collective private self-esteem under all four conditions. It seems that outgroup threat lowered collective private self-esteem in general, and particularly low identifiers' collective self-esteem. The results also indicate that ingroup threat raised collective self-esteem for both high and low identifiers. This confirms previous research (Tajfel & Turner, 1979) that self-esteem is higher when a task is performed for an ingroup rather than for an outgroup, in particular, those with low identification, experience low self-esteem in this situation.

The main effect for *collective membership self-esteem* (M=5.21, SD=.95), was significant $F(3,78)=3.24$, $p=.026$. There was highly significant effect for social identification, $F(1,78)=30.76$, $p<.000$. The planned contrasts between conditions I and O was significant $F(1,78)=6.28$, $p=.014$; between N and I was $F(1,78)=7.76$, $p=.007$. In all conditions, low identifiers had lower self-esteem than high identifiers. All other effects and contrasts were non-significant. Overall, collective membership self-esteem was lowered by outgroup threat but elevated under ingroup threat. The highest mean for both high identifiers (M=5.88) and low identifiers (M=5.42) was under the ingroup threat condition. This, again, indicates that strong social identification boosts self-esteem (J.C. Turner, 1982; Hogg & Turner, 1985; Andrepoulou & Houston, 2002).

There was no effect for condition (M=4.40, SD=.73) for *collective efficacy* $F(3,78)=.31$, *ns*, but the effect for social identification was highly significant $F(1,78)=18.43$, $p<.001$. There was also significant interaction, $F(3,78)=2.98$, $p=.037$. An ANOVA analysis for social identification was highly significant, $F(1,78)=22.87$, $p<.001$, indicating that social identification influenced collective efficacy. High identifiers had higher levels of collective efficacy in all four conditions.

Taken together, these results show that anxiety was significantly affected by threat conditions. On the other hand, the other components of stress, those that related to self-esteem and efficacy, were significantly influenced by social identification. Overall, it was

concluded that high identifiers may resort to cheating to overcome group identity threat, but that they would find that action less stressful than low identifiers. Table 5.1 below gives a summary of the results.

Table 5-1 - Summary of results for study 1

Hypotheses	*Study 4 results*
H1- When faced with threat, individuals will behave corruptly in order to obtain favourable outcomes for their ingroup, and high identifying individuals within a group will behave more corruptly than low identifiers.	Access to answers gave higher scores; Highest under ingroup threat, by high identifiers. Opportunity to cheat was taken.
H2 - High identifiers will show lower levels of stress than low identifiers in engaging in this corrupt behaviour, particularly under social identity threat.	High identifiers experienced less stress than low identifiers; Significant difference between no identity and threat conditions; Being able to 'solve' the puzzle by cheating increased personal self-efficacy; Personal self-esteem, collective self-esteem and collective efficacy were all significant for levels of identification.

5.3.6. Discussion of study 1 results

The purpose of this study was to test the association between social identification, corruption (willingness to cheat) and stress for individuals.

5.3.6.1. Discussion on the results of the hypothesis 1

The *scores*, indicators of cheating in the crossword, showed that all three groups with access to the answers achieved significantly higher scores than the control group who had no possibility for cheating. This means that, when given the opportunity, participants cheated by using the answers provided. In addition, high identifiers cheated more under ingroup threat than low identifiers, indicating that high identification with a social group encourages corrupt behaviour in support of that group.

This finding was confirmed by the results of self-reported *cheating*: those who had the opportunity to cheat did so, and supports H1, that when faced with threat, individuals will behave corruptly in order to obtain favourable outcomes for their ingroup, but high identifying individuals within a group will behave more corruptly than low identifiers. This is a crucial finding for this research indicating that in the corporate world, one condition for

corrupt behaviour may be the level of identification employees have with their organisation. This supports previous findings (e.g., Ashforth & Anand, 2003; Ashforth & Mael, 1989; Gino *et al*., 2009; Pinto *et al*., 2008; Williams & Dutton, 1999).

5.3.6.2. Discussion on the results of the hypothesis 2

As predicted by H2, that high identifiers would show lower levels of stress than low identifiers in engaging in corrupt behaviour, particularly under social identity threat, stress was lower for high identifiers under all four conditions. The implication of these results is that participants with high social identity experienced lower levels of stress. Low identifiers experienced least stress in the ingroup threat condition. Both high and low identifiers were most stressed in the no identity salience conditions (control and neutral), showing that social identification lowers stress levels. These findings support the SIT/SCT model. They also show that the model of the process of corruption developed earlier (figure 5.2) is valid for social identity threat when individuals behave corruptly on their own in support of a super-ordinate group.

5.3.7. Limitations of study 1

The aim of this research is to explore the effect of social identity threat on corrupt behaviour in groups. However, this study tested corrupt behaviour for individuals working at a task on their own. In addition, this study was undertaken with individuals who identified with a large social category (psychology students), whereas the aim of the research is to determine whether these findings would hold true for groups or teams working together. This study raises several issues, all related to the experiment design, namely, the lack of social interaction between the participants. These are discussed next.

5.3.7.1. The effects of group behaviour on corruption

In this experiment, the participants worked on their own, but in the workplace, team working is increasingly the norm. Social groups also tend to be more competitive or at least differentiate themselves more than individuals under the same conditions (Haslam, 2004e). This suggests that groups would behave more corruptly under identity threat. In addition,

when people perceive themselves as sharing category membership with another person in a given context, they not only expect to agree with that person on issues relevant to their shared identity but are also motivated to strive actively to reach agreement on those issues (Haslam, 2004e: 36). That is, group members exert influence over each other by suggesting appropriate forms of behaviour and, if necessary, act to enforce group norms. This, too, points to increased corrupt behaviour, because salient social identities also influence social judgement and behaviour such as trust and co-operation (Haslam, 2004e; Tyler & Blader, 2001). Thus, fellow group members influence an individual's perspective, who in turn, is more likely to be influenced by, trust and co-operate with ingroup members, even in a corrupt and stressful environment.

5.3.7.2. The effects of group behaviour on stress

As seen in chapter 4, another factor that may influence behaviour is that people conform because they need to be accepted: that is, normative social influence and the desire to know what is right (Martin & Hewstone, 2007: 319; Nemeth, 1986, 1995; Pendry & Carrick, 2001). Individuals look to others to determine how to behave in situations which are new or alien to them, or in some way ambiguous, in times of crisis, or when they feel another person has more experience in a situation. This may be deliberate or it may be by a process of contagion (Pendry & Carrick, 2001). Previous research (see Haslam 2004f: 197) has demonstrated that employees may subject themselves to chronic levels of stress in order not to let the side down and subsequently learn to accept the stress as a natural and normal state. This implies that an individual will tolerate high levels of pressure so as not to let down the team, and this may have affected the behaviour of the participants of the study.

5.3.7.3. Other limitations of study 1

Study 1 did not test for some specific group related behaviours that were discussed previously on group decision-making and group behaviour (chapter 4). As productivity in groups appears to be sensitive both to localised ingroup standards and those that prevail within the work culture at large, and in keeping with the SIT/SCT principles, there should

also be evidence of some or all of *social facilitation, intellectual social loafing, blocking, dispensability, performance matching and productivity norms.* These will be tested in future studies in this present research.

The above discussion indicates that the behaviour of individuals both influence, and is influenced by, the norms of the organisational team that they are work in. This behaviour includes clear-cut corrupt and more fuzzy unethical actions. In order to support the group, individuals in it will accept high levels of pressure. As a consequence of these findings, the experiment was modified in a follow up study. Within group interaction was enabled by allowing the experiment task to be performed in groups. This is discussed in the next chapter.

It will be recalled that KPMG's (2007) Fraudster survey found that 85% of the fraud activities analysed for the survey were perpetrated by men. Although the intention had been to conduct an analysis by gender for this study, because only 13% of the participants were male, this was not done.

5.4. Conclusions from study 1

The experiment demonstrated that individuals who had the opportunity to behave corruptly did so, and in particular, high identifiers cheated more when their identity was threatened. Cheating under high threat conditions reduced anxiety for both high and low identifiers. Under threat conditions, those who identified strongly with their ingroup experienced less stress than low identifiers. All these results were in keeping with the predictions of the SIT/SCT model.

The results lead to the conclusion that high identifiers may resort to corrupt behaviour (moral action; Rest, 1974, 1986) to overcome group identity threat, but that they would find that action less stressful than low identifiers, and may even experience a sense of self-esteem in achieving successful outcomes. There was, however, no significant difference in the results between the ingroup identity threat and outgroup identity threat

conditions for cheating and stress. This thesis next examines whether these findings would hold true for participants working together in groups.

6 Study 2 - Cheating in Groups

"*... there are not many very good or very bad people, but the great majority as something between the two*" - Plato, Phaedo, 90a - Zyglidopoulos and Fleming (2009: 104)

6.1. Previous findings

Earlier in this thesis (chapters 2 and 3), a model was developed that demonstrated the role of the group in corrupt behaviour (e.g., Brief *et al*., 2001; Felps *et al*., 2006; Ferrell *et al*., 2002; Fleming & Zyglidopoulos, 2009; Grantiz & Ward, 2001; Moreland *et al*., 2001; Scott, 1997; Victor & Cullen, 1988). Several existing models were examined including corporate illegality / occupational crime (Clinard, 1983), Individual / hierarchies / corporation (Hamilton & Sanders, 1999), Private beneficiary / organisational beneficiary (Finney & Lesieur, 1982), interactionist models (Ferrell & Gresham, 1985; Treviño, 1986), OCIs / COs (Pinto, Leana & Pil, 2008), dispositional / situational factors (Ashforth & Anand, 2003; Mazar *et al.*, 2008; Treviño & Weaver, 2003), bad apples / bad barrels (Arendt, 1963; Ashforth *et al*., 2008; Baucus & Near, 1991; Brass *et al*.,1998; Felps *et al*., 2006; Ferrell & Gresham, 1985; Fleming & Zyglidopoulos, 2009; G.E. Jones & Kavanagh, 1996; T.M. Jones,1991; Sutherland,1949; Tomlinson, 2009; Treviño, 1986; Treviño & Youngblood, 1990; Zyglidopoulos & Fleming, 2009;) and agency, structure and escalation (Fleming & Zyglidopoulos, 2009). All of these models point to the importance of groups as triggers for corrupt behaviour, but none of them fully explain the reasons behind this phenomenon.

Social Identity Theory (SIT; Tajfel & Turner, 1979) and Self-Categorisation Theory (SCT; J.C. Turner, 1987; J.C. Turner *et al*., 1987) were introduced in Chapter 4 and together they provided an explanation for group identification and group behaviour. Based on these concepts, it was hypothesised that social identification would play a significant part in corrupt behaviour. High identifiers would behave more corruptly and feel less stress in doing so than low identifiers. A study, described in the previous

chapter, showed that this holds true when individuals identify with their wider social category (academic discipline in this case) but work on their own at a task. The role of social identification in the process of corrupt behaviour is depicted in the diagram below, reproduced from the previous chapter.

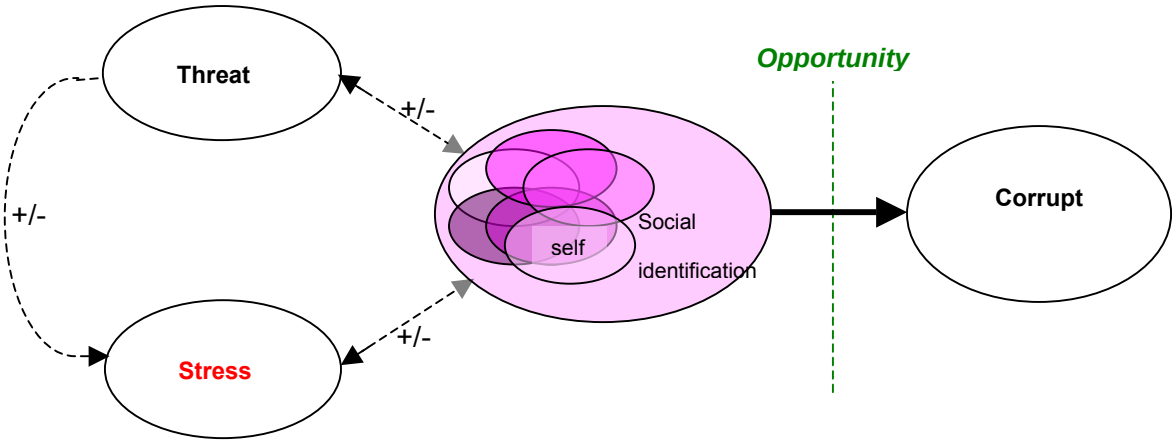


Figure 6-1 – Role of stress and super-ordinate identity threat in corrupt behaviour

In reality, however, most workplaces require that people work in smaller groups and perform tasks as members of such groups, although individuals may make specialised contributions. According to SIT (Tajfel & Turner, 1979; Tajfel *et al*., 1971), group behaviour through the process of social identification, is governed by influences that are different from those of individual behaviour. However, working within a group that has norms that are counter-intuitive to some members of the group may cause stress to them. The next experimental study, described in this chapter, examines whether identification would impact on the corrupt behaviour of individuals working in groups and whether stress would be involved in that process.

6.1.1. Identification in organisations

As seen earlier in this thesis, organisational life is host to a range of social identities organized formally or informally (e.g., Ashforth & Johnson, 2001; Boehling, 2006). Formally, organisations can be seen as the super-ordinate identity of many nested identities such as departments, sections and project teams and other formally

established groups of varying sizes. The organisation's formal structure into groups means that it is a "near-perfect arena for the operation of social identity processes" (Hogg & Terry, 2001: 1). Also, as seen in chapter 3, in addition to the formal groups, an organisation also has a large range of informal groups, usually small, forming through networks that cut across the formal identities in organisations (e.g., Ferrell *et al*., 2002; van Knippenberg, 1984). Research by Branscombe, Ellemers *et al*. (1999: 38) on group identification (social categorisation) suggests that people generally identify more with small face-to-face groups than with large encompassing social categories (e.g., Darley & Latané, 1968; Dovidio *et al*., 1997; Felps *et al*., 2006; Gaertner *et al*., 1989; Granitz & Ward, 2001; Haslam, 2004e; Haslam & Turner, 1992; Hogg & Abrams, 1988; R.M. Levine et al., 2002; Moreland, *et al*., 2001; Sherif & Sherif, 1969; J.C. Turner, 1984; Wetherell, 1987). Therefore, although all employees are simultaneously members of the super-ordinate identity of the organisation and their work teams, they may prefer to identify more with small face-to-face groups, formal and informal, than with the larger entity of the organisation.

Consequently, as mentioned earlier in this thesis, small groups and sub-units can develop cultures that are not only distinctive to the group but may even be at conflict with those of the wider social category of the whole organisation. In this chapter an experimental study examines the case of corrupt behaviour within small groups and the role of stress in that behaviour.

6.1.2. Identification and group dynamics

Social identification is the internalisation of a social identity and involves the perception that one is "… psychologically intertwined with the fate of the group … personally experiencing the successes and failures of the group" (Ashforth & Mael, 1989: 21). In brief, identification represents the psychological acceptance of group membership. Thus, social identification not only involves directly experiencing the group norms, including awareness of its ethics, but also allows "the individual to vicariously

partake in accomplishments beyond his or her own powers". Social identification can also render personally harmful activities, such as cheating, worthwhile because they aid the larger social category (the team or the entire organisation).

Social Identity Approach (SIA), comprising SIT and SCT, suggests that when individuals identify strongly with a group, they seek to make decisions and take actions that not only conform to the group norms, but also maximise consensus. In order to do so, they will accept costs to themselves such as following group norms that are in conflict with their personal values. In contrast, low identifiers follow a more personal agenda and will even leave the group rather than be a member of a social category that does not conform to their personal values and ethics. In addition, Tyler and Blader (2001) have found that employees who identify more strongly with their organisation were more likely to engage in co-operative behaviour. Further, a study by Scott (1997: 97) of a Fortune 500 manufacturing firm, found that team social identification was an important predictor of team performance. The implication for this thesis is that high identifiers will work better with their teams to achieve group objectives than low identifiers. This present research examines whether this cooperative group behaviour would occur in a corrupt environment.

According to Scott (1997: 97), SIT has proven particularly useful for understanding member identification in large social groups (e.g., academic discipline in Study 1) and identity groups (e.g., Viet Congs) where interaction is generally constrained to a small subset of members, or does not occur at all (Tajfel, 1978; J.C. Turner, 1985, 1987). But, Scott (1997) continues there has been little empirical attention given to performance effects of social identification among smaller teams. The results from study 1 showed that Scotts' discussions would apply to students working on their own under the general umbrella of the identity of psychology students. This present chapter explores corrupt behaviour in smaller face-to-face work teams with experimental studies designed on SIT principles.

6.1.3. Small groups and corruption

In all groups, no matter how small or informal, roles and relationships develop and exist that influence behaviour. Sherif and Sherif (1969: 130) found that the differential effects of social situations are not simply the result of added stimulation from other persons who are present. They demonstrated that even in a brief laboratory session, it makes a difference who is present, how individuals interact with each other and what they are doing. Furthermore, "patterns of reciprocal behaviour and associated expectations between two or more individuals that are characteristic and recurrent in interaction of consequences to them", (p. 140) can develop and influence behaviour. In addition, it was demonstrated in study 1 (chapter 5) that social identity significantly influences corrupt behaviour. Consequently, in the next study, group members are expected to influence each other in their behaviour, but particularly those that identify highly with the group.

Based on Rest's framework of ethics (1979, 1986) and on the enhanced model developed earlier in the thesis, this current research examines the moral intentions and actions of small groups in the workplace. In ethics literature, there has been some isolated work studying similarities within, and differences across, organisational group boundaries (Ferrell & Weaver, 1978; Victor & Cullen, 1988). As noted in chapter 2, Granitz and Ward (2001: 299-300) have proposed that given the high interaction among peers in functional groups, individuals are more likely to share in a unique set of ethics with ingroup members than with outgroup members. Granitz and Ward (2001) referred to empirical evidence from previous research that peer influence in ethical decision-making is stronger than influence from others in an organisation.

The powerful effect of the ingroup on corrupt behaviour was reported by Trevino, Butterfield and McCabe (1998) who found that the perception that others were cheating was the major contributing factor to a student's own academic cheating. O'Fallon and Butterfield (2008: 1) have referred to empirical studies that examined

several potential influences on cheating, amongst which was the perception that peers were engaged in cheating behaviour (e.g., McCabe, Butterfield & Treviño, 2006: 294).

In addition, Gino *et al.* (2009) have found that, as predicted by SIT, the influence of social norms triggered by observed unethical behaviour depends on the behaviour of other ingroup members. When ingroup members are observed engaging in unethical behaviour, other group members may make them the standard for the behavioural norm and, as a result, engage in increased unethical behaviour themselves. However, as far as in known to this researcher, no study has as yet examined moral action (unethical/corrupt behaviour) within small groups. This current research does this. Consequently, in addition to the questions posed in the previous chapter, a new one is considered in this chapter: whether individuals in a group would be influenced by others to behave corruptly, even against their personal values and inclinations.

In terms of stress, previous research has shown that, a person's perception of a stressor is determined more by ingroup affiliation and norms and less by individual reaction (Haslam, 2004f; Haslam & Reicher, 2004; Reicher & Haslam, 2006). At the same time, interaction between group members can ameliorate stress by providing support that enables people to cope with adversity (Haslam, 2004f). Therefore, social identity is both a determinant of stress (Haslam *et al.*, 2004; Haslam *et al.*, 2005) and a basis for social support (Haslam *et al.*, 2004; R.M. Levine *et al.*, 2005) as high identification with a group results in lower stress levels. In addition, in performing corrupt acts to get favourable outcomes for their group, group members may experience high levels of self-efficacy and collective efficacy and so have higher self-esteem (Bandura, 1977; Crocker & Luhtanen, 1990, 2003). These in turn, would lower stress. The roles of efficacy and self-esteem in alleviating stress were discussed in chapter 5 and the results of Study 1 confirmed their negative correlation with stress. Hence, for this and subsequent studies in this thesis, the

component elements of stress as used in this current research are not individuality analysed statistically.

6.1.4. Social identity and stress

Hypotheses

In the light of the above arguments, the following hypotheses were put forward:

H3. When faced with identity threat, individuals in groups will behave corruptly in order to obtain favourable outcomes for their ingroup, and high identifiers will behave more corruptly than low identifiers.

H4. High identifying members in a group will show lower levels of stress than low identifiers in engaging in corrupt behaviour, particularly under identity threat.

H5. When faced with identity threat, high identifying individuals in a group will put pressure on other group members to cheat.

To test hypothesis 3, participating teams were given the opportunity to behave corruptly (cheat in a crossword) and the results were analysed for low identifiers against high identifiers. Hypothesis 4 was tested by assessing self-reported stress as a result of identity threat and by analysing this for low and high identifiers. Hypothesis 5 was analysed by the participants' self-reporting on pressure.

6.2. Study 2 factors

6.2.1. Study 2 independent variables

6.2.1.1. Identity threat

The concept of SIA dictates that individuals define themselves partly in terms of salient group memberships (e.g., Tajfel, 1978; Tajfel & Turner, 1979; J.C. Turner, 1985). SIA also proposes that this group identification tends to occur even in the absence of strong leadership or member interaction, or cohesion. This was seen in the minimal group experiments (Tajfel *et al*., 1971; Tajfel, 1972; J.C. Turner 1975, 1987: 28), which also demonstrated both that attraction and interdependence between

specific individuals are not necessary conditions for group formation and that simply imposing a shared group membership upon people can be sufficient to generate attraction between them. Expanding this concept, Ashforth and Mael (1989: 34-35) also found that identification can be fostered by even random assignment to a group, can persist tenaciously even when group affiliation is personally painful, when other members are personally disliked, and where group failure is likely. Therefore, it seems that Identification induces the individual to engage in, and derive satisfaction from, activities congruent with the identity, and with group cohesion and interaction.

Chapter 4 discussed the model that Ellemers *et al*. (2002) developed which both differentiates between the various combinations of types of identity threats and levels of group identification and elaborates on the role of the personal and collective identities in them. As in study 1, in this study, the no threat and the individual threat situations will be used. In the case of the latter, there may be some instances of low identifiers experiencing threat (and so stress) from inclusion and high identification experiencing stress from the threat of exclusion from the group. This study will also use the group threat situation (Ellemers *et al*., 2002: 174) the ways in which people respond when either the value or the distinctiveness of their group is called into question is again crucially affected by identification with the group. In the group threat situation, low identifiers could experience stress from the fear of being included and so forced into cheating behaviour. High identifiers in the group threat situation could press for collective cheating behaviour to express the group's distinct identity. Identity threat is an independent variable in the next study. This current research specifically examines the relationship between social identity threat, associated stress and corruption in groups. The experiment design formally provides conditions of no threat and group directed threat. The latter also informally provides possibilities of self-directed threat.

An important consequence of SIT (Tajfel & Turner, 1979) is that people have different perceptions of themselves and others, depending on which identity is most

salient (Ellemers *et al*., 2002: 161; see also Haslam & Turner, 1992). Thus, the extent to which group characteristics and group processes affect individuals, may differ from one group member to the next, depending on the extent to which they consider themselves in terms of that particular group membership (Ellemers *et al*., 2002). The implication for this current research is that group identification can occur in most situations, including those that will be encountered in the next study, but will vary from one member to the next. As in the previous study, the independent variables were the experiment conditions, and the levels of identification (high and low). As study 1 had demonstrated no significant difference in the findings between ingroup threat and outgroup threat, in this study, they were amalgamated into a single identity threat.

6.2.1.2. Opportunity for cheating

As has been noted earlier in this thesis, no matter how lax in morals a group is, corrupt acts cannot take place without the opportunity. Den Nieuwenboer and Kaptien (2008: 139), Baucus (1994), Tyler and Blader (2000) and Hamilton and Sanders (1999: 225) have all found that the main feature of opportunity is that the risk of getting caught and/or punished is not sufficient to deter potential perpetrators. In Study 1, the participants, working on their own, made use of the opportunity to cheat. Study 2 examines whether the participants, working in groups will do so, given the opportunity, by breaking the rules of the task.

6.2.2. Dependent variables

In addition to the dependent variable used in the previous study, some new ones have been introduced in this study that specifically address group interaction and behaviour.

6.2.2.1. Persuasion and pressure

As noted earlier, it is to be expected in any group that some individuals will pressurise others into behaving in ways that they would not do on their own when their personal identity is salient. J.C. Turner (2005: 10) proposed, inter alia, that

psychological group formation, that is the development of a shared social identity, gives rise to influence between group members. This mutual influence forms the basis of persuasion. Group members exert influence over each other by suggesting appropriate forms of behaviour and, if necessary, acting to enforce group norms. The implication for the next study is that team members will tolerate high levels of pressure, and hence, stress, rather than let their team down (see Haslam, 2004f: 197).

It was noted in chapter 4 that an experimental study by Nemeth (1995: 277) revealed that participants are likely to follow the majority, right or wrong (recall also Asch, 1952). The implication from these results for the next study is that, an individual in a group, confronted by a majority that wants to behave corruptly, would feel under pressure to succumb and do so as well, irrespective of personal ethics. Indeed, Ashforth and Anand (2003) have found that compromise (sacrificing values and standards) leads the way to corruption because employees can be backed into illegal and/or unethical behaviour in order to resolve pressing dilemmas (e.g., a manufacturing problem for a car production team; poor results in F1 racing) that pose a threat to the group's identity. It is suggested here that this would cause stress to the individual caught up in the situation. In this study, participants self-reported on the pressure to cheat that was put on them by their team members in solving a problem that required general knowledge.

6.2.2.2. Identity threat and stress in groups

SIT proposes that identity threat is likely to be harmful to well being: that is, identity threat may cause stress. The role of identity threat in behaviour and the related experience of stress were discussed earlier in this thesis. It was found that the social context can be both a source of threat and a source of potential resources to deal with threats (Ellemers *et al*., 2002: 166). The SIT approach to stress argues that high identification leads to support for group members and a lowering of stress (Aspinwall & Taylor, 1997; Cohen & Wills, 1985; Haslam, 2004f; Haslam *et al.*, 2005; Haslam &

Reicher, 2004, 2007; Jackson *et al*., 1986; Terry *et al*, 1996; Terry *et al*, 2001; Underwood, 2000). In addition, just as an individual is more likely to offer support to colleagues the more that person identifies with his or her group, so too, an individual is more likely to receive support from a colleague the more he or she is perceived to belong to the organisation, or group (Haslam, *et al.*, 2003; R.M. Levine *et al.*, 2002; R.M. Levine *et al.*, 2005). This makes group identification important for coping with stress. There is no evidence in existing research that suggests that this would not also happen in a group where the norms are corrupt. Consequently, in this study, even when behaving corruptly, high identifiers are expected to report lower levels of stress.

One consequence of group interaction is that there may be a clash of ideas and views within a group, which may cause stress to some group members. The early studies of Asch (1956) documented the considerable stress experienced by individuals who were exposed to a majority who differed from them in judgements of length of lines (Nemeth, 1986: 25). In chapter 4, the influence of the majority and minority in group decision-making was noted. Here, its effect on stress is discussed. Studies by Nemeth (1986: 25) comparing majority and minority influence in one experimental setting found that subjects exposed to a differing majority view reported significantly more stress than those exposed to the differing minority view. This next study examines whether holding views that are in conflict with those of the norms of the group (the majority view) affect stress levels when individuals sacrifice their own ethics to support the majority.

6.3. Study 2

6.3.1. Study 2 procedure

The participants were required to attempt to complete a general knowledge based crossword puzzle, under the cover story that they were taking part in a "Study to examine the predictors of performance on team tasks". The experiment took place during a discussion session on a module on ethics in organisations that the students had recently completed. It was conducted in one session, held in a big lecture hall that could hold 350 people. Having been given the opportunity to withdraw if they did not wish to participate, the students were assigned to groups of four and the groups were randomly assigned to one of three conditions. In order to make the task more engaging, each team member could choose the type of clue that they would prefer to work with: cryptic, anagrams, logic or knowledge. This had the additional advantage that it met one of McDougall's (1955) conditions for a group to function, namely that a group should have specialisations and differentiations of the functions of its constituents. Although the choice of the participants was recorded, this information was not ultimately used in the analysis in any way as it was later considered to be irrelevant to the study.

To make the conditions more realistic for the workplace, where the interpretation of rules may be ambiguous, the participants for this second study were told that there was only one rule: they must solve the clues on their own and pool the results. Consequently, the study tested corruption in the form of rule-breaking, rather than cheating as was the case in study 1. After 15 minutes, the participants were asked to put the crossword aside, and working on their own, complete a survey to capture their attitudes to the task and to wider social norms. They had been given a 5-minute warning before time. When the participants had completed the survey, they were given the answers to the crossword and the teams self-scored on the number of correct

entries. Once all the papers had been handed in, the participants were made aware of the true purpose of the session, which was to examine whether group pressures encouraged the breaking of rules, and in general, whether issues of ethics occur in the workplace. The discussion was linked to their module on organisational ethics, specifically addressing the ethical issues raised in the experiment, such as cheating and putting pressure on group members to cheat. There was discussion concerning individual and groups decision-making in unethical behaviour, which had been covered in their class earlier in the semester. Among the case studies on which they had focussed were those of Enron and WorldCom, and the students were encouraged to compare and contrast the case studies with their experience with the task. Finally, the participants were given the opportunity to have their questionnaire withdrawn if they did not wish to participate. Throughout the entire session the students' usual lecturer was present.

6.3.2. Study 2 participants

In their meta-analysis of ethical decision-making, O'Fallon and Butterfield (2005) found that research on moral judgement shows that there is no difference between business and non-business students. So when the opportunity arose for the researcher to run a study with the 1st Year undergraduates of the School of Business & Economics, at the University of Exeter, it was taken. These students had recently studied ethics in organisations, and consequently were ideally suited to participate in the study as part of their project course work. There were 50 men and 53 women, and 5 who did not indicate their gender (*N*=108). The mean age was 19.46, and *SD*=1.57, the median and mode were 19, Min=18 and Max=25. The study was conducted in one session, consisting of four-person groups. Work by Branscombe, Ellemers, *et al*. (1999: 38) comparing different bases for categorisation suggests that people are most likely to feel committed to groups that they self-select, than those that are externally imposed. In this study, participants self-selected their group in that they decided which fellow

students they sat with or near. The groups sat approximately 1 metre apart from each other.

6.3.3. Study 2 design

The results of study 1 had showed that there was no significant difference between ingroup and outgroup threat for cheating and stress. So, in this study, only one threat was used. In the control condition (no threat), **C**, the participants were simply given the crossword. In the second condition, **I**, in which the outgroup was made salient, the participants were told "*Psychology students solve 7 clues in 15 minutes*." Therefore, this condition not only provided a low level of threat, it also indirectly enabled the conditions for a sense of ingroup identification for the teams. In the third condition, **T**, high threat, the participants were told, in addition, that "*This is consistent with evidence which shows that psychology students have high levels of verbal intelligence and typically outperform other groups (e.g., business students), in this and other related domains*", and, therefore, were provided with greater levels of threat. With the reduced number of conditions, this approach had the additional benefit of increasing the number of groups for each of the three conditions used and so making the results more reliable. At the end of the questionnaire, as a *manipulation check*, participants were asked the question *"How many crossword answers do psychology students get right in 15 minutes?"* and the options were to put in a number in a box or to tick "*Don't know*".

6.3.4. Study 2 measures

The independent variables consisted of the three study conditions (levels of threat) and social identification, which was derived by subtracting business student identification (ingroup) from psychology student (outgroup) measures. *Business student identification* (α=.73, N=3) which measured how well the participants identified themselves with their own school (e.g., *I feel strong ties with business students*); *Psychology student identification* (α=.64, N=3) which measured how well the

participants identified themselves with the psychology school, (e.g., *I dissociate myself from psychology students*). As in study 1, Cronbach's coefficient alpha was used to measure reliability for all measures.

6.3.4.1. Task specific measures

The dependant variables fell into two categories, as in study 1. Some were related directly to the study task such as the score on the crossword, corruption (moral action; defined by the participants' and groups' willingness to cheat); and stress which was, as in study 1, an aggregate of anxiety, frustration, negative self-esteem and negative efficacy. However, the individual components were not analysed separately because study 1 had confirmed that the combination used for stress was valid.

Most of the other measures were the same as in Study 1. The additional or amended ones are described next. *Approach to crossword* (α=.77, N=3), (e.g., *Did you cheat in any way on the crossword task*?), indicated the degree of cheating (moral action). Another new measure was pressure. There were two aspects to pressure – those related to applying pressure to others (e.g., *Did others in your team pressurize you into cheating?*) is aggregated to *cheat-pressure* (α=.83, N=3) and *team-pressure* (α=.82, N=3) about feeling pressurised (e.g., *Did you feel pressure from wanting to do well in the team?*). All pressures are also aggregated into *overall-pressure* (α=.64, N=6).

6.3.4.2. General measures

The rest of the measures were more general in nature. *Moral intent*, (α=.88, N=3) included *Attitude to cheating* (α=.88, N=3) (e.g., *Would you cheat on other tasks if you thought it didn't harm anyone?*) and *Fitting in with your group* (α=.75, N=3), (e.g., *I am willing to bend the rules to fit in with the group*). A Likert-type response scale was used for all the measures and participants indicated their level of agreement by responding on a scale of 1 (not at all) to 7 (completely). Responses were scored and

reverse coded where appropriate, so that higher scores indicated higher levels of the factor being measured.

6.3.5. Results of study 2

ANOVA analysis of the *manipulation checks* were highly significant $F(2,104) = 36.16$, $p=.000$, partial eta squared=.41 indicating a large effect size (Pallant, 2007: 208, 255). Participants in the control condition indicated that they were not aware that psychology students get 7 right in 15 minutes. Supporting this, the contrasts CvI,T was significant, $F(1,104)=70.11$, $p<.001$, as were CvT $F(1,104)=43.36$, $p<.001$, and CvI $F(1,104)=65.30$, $p<.001$. Together these indicate that manipulation between the control condition and the two threat ones worked both jointly and singly. However, the difference between I and T was not significant.

To determine the effect of the ingroup social identity, a 3 (conditions: C, I, T) x 2 (levels of social identity: low, high) MANOVA was conducted for all measures. Some planned contrasts were also performed. The results for reliability, means and contrasts are given in Appendix 6, Tables 6.2 - 6.7.

6.3.5.1. Results of hypothesis 3

It had been hypothesised that faced with identity threat, individuals in groups would behave corruptly in order to obtain favourable outcomes for their ingroup, and high identifiers would behave more corruptly than low identifiers. Because the participants were not provided with answers, it was not expected that there would be any significant difference in the *score* results. Participants could either answer particular clues or they could not and that as a super-ordinate group (1st year business studies students), there was not much difference in their general knowledge or in their ability to tackle clues. Consequently, there were no significant results for score.

There were no significant effects for *cheating* (M=4.29, SD=1.26). There were no significant effects for *moral intent* (M=3.75, SD=1.50). The correlation between moral intent and cheating were not significant. Together, these results show that

identity threat had no effect on cheating (moral-action) or moral intent. See tables 6.2 and 6.3 in Appendix 6.

6.3.5.2. Results of hypothesis 4

It had been hypothesised that high identifying members in groups would show lower levels of stress than those with low identifiers in engaging in corrupt behaviour, particularly under threat. Results are given in tables 6.2 and 6.3 in Appendix 6.

There was no main effect for *stress* (M=3.03, SD=.67) for conditions. However, the effect for social identity was highly significant $F(1,95)=9.48$, $p=.003$, partial eta squared=.091 indicating a small effect size (Pallant, 2007). The planned contrasts between I and T, was significant $F(1,95)=4.33$, $p=.040$. The contrast between C and I was significant $F(1,95)=4.06$, $p=.047$. Stress was lowest for the high identifiers in the identity threat condition (M=2.69) and highest for low identifiers in the control condition (M=3.44). Identification inversely affected the stress levels as their correlation results show: $r=-.308$, $p=.002$. See figure 6.2. Together these results show that high identification induced less stress than low identification although there was least stress in the identity salient/low threat condition.

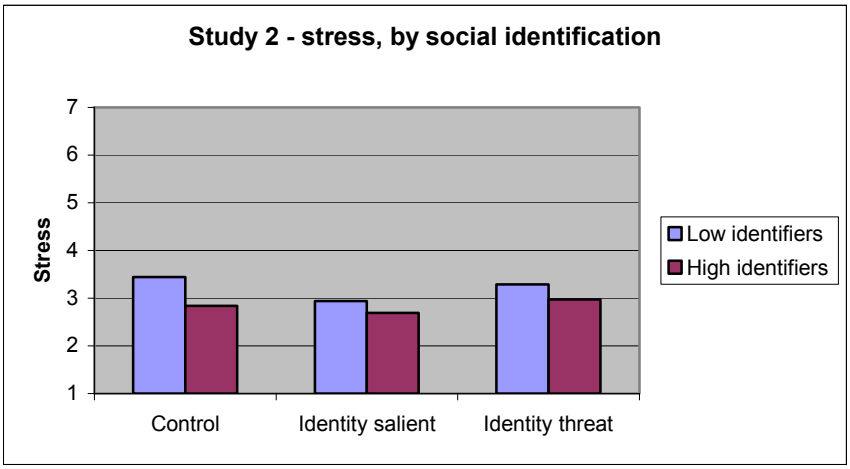


Figure 6-2 - High identifiers experienced less stress than low identifiers

6.3.5.3. Results of hypothesis 5

It was hypothesised that faced with threat, high identifying individuals in a group would put pressure on other group members to cheat. The results revealed that there were no main effects for *overall-pressure* (M=3.07, SD=1.02), but there was significant results for the planned contrast CvI,T was $F(1,94)=4.53$, $p=.036$. For CvI, the effects were (1,94)=4.64, $p=.037$, indicating that overall, the participants experienced different levels of pressure under control and the two threat conditions, the highest (M=3.38) being in the control condition, where the study conditions did not produce any ingroup salience.

There were no significant main effects for *team-pressure* (M=3.74, SD=1.44). The interaction effect for *cheat-pressure* (M=2.39, SD=1.48) was highly significant, $F(2,95)=6.95$, $p=.002$ (Figure 6.3). The planned contrast CvI,T was significant $F(1,94)=4.42$, $p=.002$ and CvL was $F(1,94)=5.44$, $p=.002$. The correlation of cheat-pressure with overall cheating was highly significant $r=.315$, $p=.001$, as it was with moral intent with $r=.586$, $p<.001$. It seems that pressure to cheat did affect the level of cheating and moral intent. The results also confirm the prediction that pressure is context dependent (Ellemers *et al*., 2001). These results are shown in tables 6.4 and 6.5 in Appendix 6 and in figure 6.3.

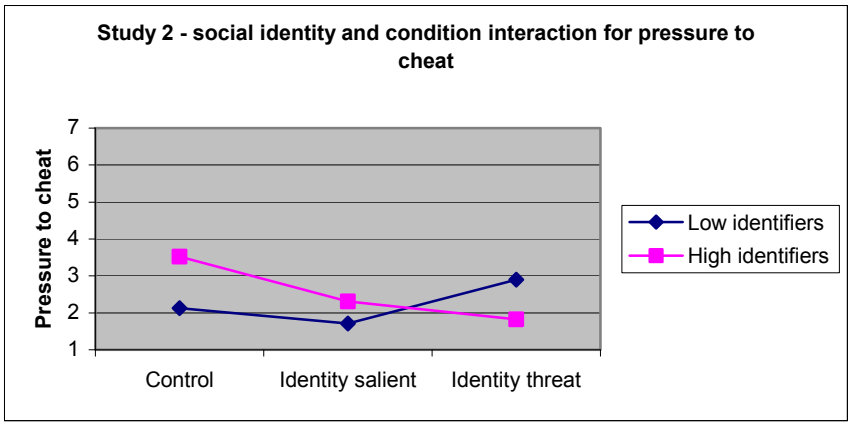


Figure 6-3 – Level of identification influenced cheating

For cheat-pressure1, (*Did you suggest that it was a good idea to cheat on the crossword?*), the only significant effect was for the interaction, $F(2,94)=4.95$, $p=.009$. The contrast for CvI,T was $F(1,94)=4.59$, $p=.035$. For CvI, the effects were (1,94)=5.56, $p=.020$. This indicates that social identification influenced whether the participants suggested cheating to the group. Low identifiers reported doing less of this ($M=2.63$) than high identifiers ($M=2.78$), as would be expected.

The main effect for cheat-pressure2 (*Did other members of your group suggest that it was a good idea to cheat on the crossword?*) was significant, $F(2,94)=3.27$, $p=.043$. There was highly significant interaction $F(2,95)=6.79$, $p=.002$. The contrast for CvI,T was $F(1,94)=4.67$, $p=.033$. For CvI, the effects were (1,94)=6.49, $p=.012$. These results too indicate that social identity played a significant part in cheating. High identifiers encouraged others in their teams to cheat.

For cheat-pressure3, (*Did others in your team pressurise you into cheating?*), there was significant interaction $F(2,94)=3.69$, $p=.029$, indicating that social identity influenced whether participants felt pressurised into cheating, shown in figure 6.4. Table 6.4 and 6.5 in Appendix 6 give details of the statistical analyses.

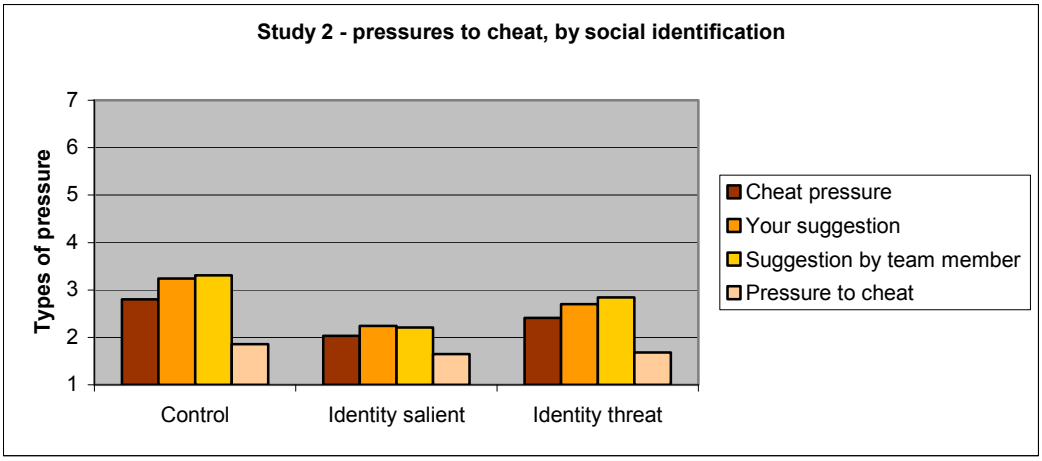


Figure 6-4 – Relationships between pressure and social identification

Taken together these significant pressure results mean that the participants felt pressurised to break the rules. For all types of pressure, there was significant

difference between the control condition, C, and the other two, I and T, and more so between the control condition and the identity salient condition. Clearly, members of the groups urged each other to cheat and break the rules. The pressures felt for team support (team pressure) which were less direct, were clearly lower than those experienced in pressures for cheating. The latter may have entailed pushing personal moral boundaries.

6.3.5.4. Other significant results for study 2

It will be recalled that KPMG's (2007) Fraudster survey found that 85% of the fraud activities analysed, were perpetrated by men. In study 1, where only 13% of the participants were male, no gender analysis was carried out. But this was possible in this study where men (N=50) and women (N=53) were about equal in numbers. Post-hoc MANOVA analysis for gender gave a number of significant results. The main effect for stress was $F(2,95)=3.89$, $p=.024$, partial eta squared = .076, indicating a medium effect size (Pallant, 2007: 208). Overall, women felt significantly more stress (M=3.18) compared to men (M=2.92) and this was also true in each threat condition. The results of the contrast IvT was $F(1,95)=5.91$, $p=.012$, indicating that on a gender split, there was significant difference in the levels of stress between high and low threat levels.

There were no effects for overall cheating. But cheating1 (*Did you cheat in any way on the crossword task?*) was significant $F(1,95)=4.52$, $p=.036$ for the contrast CvI,T. The contrast CvT was significant $F(1,95)=3.94$, $p=.050$; and the CvI was $F(1,95)=4.61$, $p=.034$. This indicates that the perception of men and women about their own cheating changed as the level of threat increased. Overall, men (M=3.52) reported they had cheated more than the women (M=2.92). This was also true for the control condition and the high threat condition. In the two threat conditions, men reported lower levels of cheating than women. These results are shown in table 6.7 in Appendix 6 and figure 6.5.

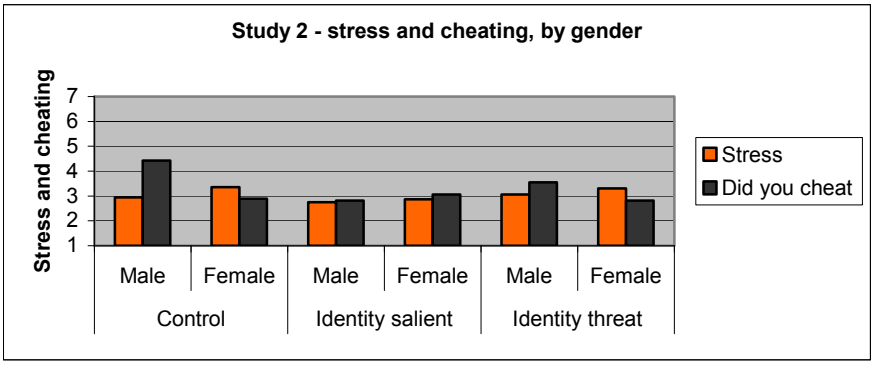


Figure 6-5 - Women experienced more stress than men

For overall-pressure to cheat, the main effect was $F(2,94)=3.95$, p=.023, partial eta squared=.078, indicating a medium effect size (Pallant, 2007: 208). The effect for the interaction between threat and gender was significant $F(2,94)=3.49$, $p=.019$, indicating that threat conditions had significant effects on the cheating behaviour (moral action) of the two sexes: that is, men and women behaved differently for cheating under the different threat conditions (figure 6.6). This was confirmed by the planned contrast results. Contrast CvI,T was significant at $F(1,94)=6.32$, $p=.014$; contrast CvT was $F(1,94)=5.44$, $p=.022$, CvI was $F(1,94)=6.52$, $p=.012$. Thus, the results indicate that where participants felt pressurised to support the team's cheating behaviour, different levels of identification gave significant differences in the gender responses.

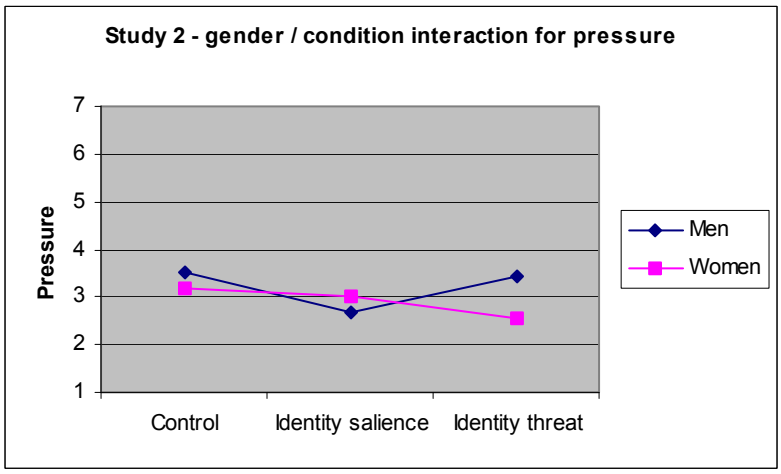


Figure 6-6 - Interaction between gender and threat levels for overall pressure

For team-pressure, the main effect was not significant, but there was significant interaction $F(2,94)=3.40$, $p=.021$ indicating that gender influenced the pressure results. See figure 6.7. The contrast CvI,T was significant with $F(1,94)=4.39$, $p=.039$, as was CvT with $F(1,94)=4.56$, $p=.035$. The results indicate that the control and identity threat conditions generated different levels of pressure for the participants. Women experienced more pressure to cheat than men.

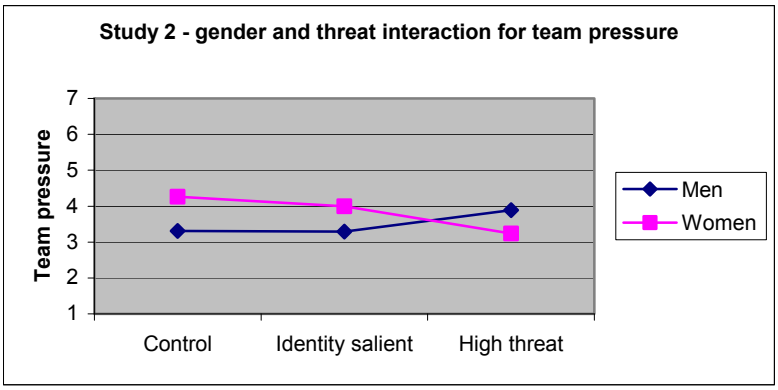


Figure 6-7 - Interaction between gender and threat for team pressure

For teampressure1 (*Did you feel under pressure to do well in the team?*), the main effect was not significant, but there was significant interaction $F(2,94)=2.87$, $p=.041$, corroborated by the contrast effects of CvI,T was $F(1,94)=4.39$, $p=.039$. These results too show that the level of pressure experienced was dependent on the level of threat, with women ($M=3.84$) feeling this more than men ($M=3.53$). But, identity threat provoked men to feel more under pressure to do well. See figure 6.8.

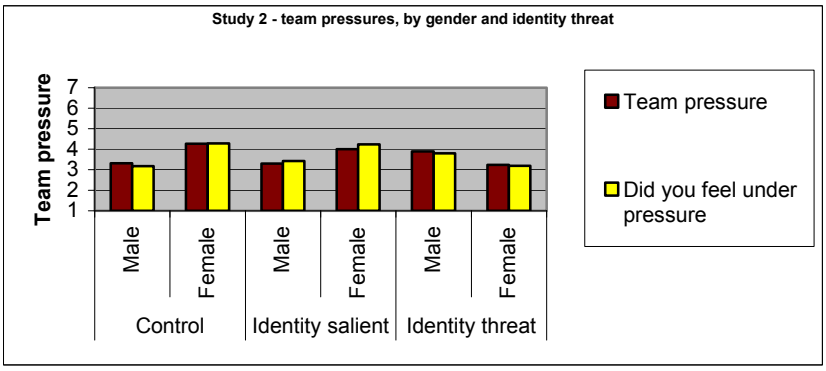


Figure 6-8 - Women felt more under pressure to do well under high threat

For pressure to cheat, the main effect was not significant, but there were highly significant results for gender $F(1,94)=5.43$, $p=.006$, indicating that there is a difference in the pressures to cheat applied for men ($M=2.83$) and women ($M=1.99$). For cheat-pressure1 (*Did you suggest that it was a good idea to cheat on the crossword?*), the main effect was significant $F(2,94)=3.43$, $p=.037$. Men ($M=3.21$) suggested cheating more than women ($M=2.29$). For cheat-pressure2 (*Did other members of your team suggest that it was a good idea to cheat on the crossword?*), the main effect was significant $F(2,94)=3.69$, $p=.029$. The effect for gender was significant $F(1,94)=4.42$, $p=.015$. For cheat-pressure3 (*Did others in your team pressurize you into cheating?*), the gender effect was highly significant $F(1,94)=4.98$, $p=.009$, with ($M=2.04$.) for men and ($M=1.44$) for women. See figure 6.9. Thus, it appears that although women suggested less than men that their teams should cheat, they reported lower awareness of cheating than men, whether it was that others had suggested cheating or put others under pressure to cheat.

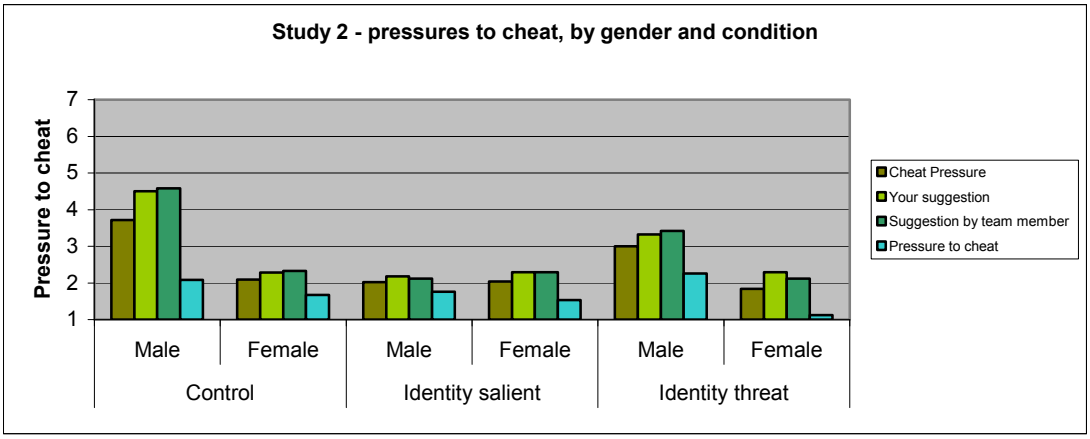


Figure 6-9 - Men put more pressure to cheat than women

Overall, the results show, as predicted, that the high identifiers cheated more than low identifiers and they experienced lower levels of stress. Women experienced more stress than men; they felt more pressurised to support their team, but at the same time, seemed not to have been aware of the pressure to cheat put on others by their

team members; they pressurised others less than men. The main findings of study 2 are summarised below in table 6.1.

Table 6-1 - Summary of study 2 results

Hypotheses	*Study 2 results*	*Post hoc results*
H3 - When faced with threat, individuals in groups will behave corruptly in order to obtain favourable outcomes for their ingroup, and high identifiers will behave more corruptly than low identifiers.	High identifiers cheated or broke rules more than low identifiers; Significant difference between control and threat, but not between levels of threat.	Men reported they had cheated more than women.
H4 - High identifying members in a group will show lower levels of stress than low identifiers in engaging in corrupt behaviour, particularly under threat.	High identifiers experienced less stress than low identifiers;	Women reported higher levels of stress than men
H5 - When faced with threat high identifying individuals will put pressure on group members to cheat.	Teams did put pressure on members to cheat	Women felt more pressurised to cheat than men.

6.3.6. Discussion of study 2 results

6.3.6.1. Discussion on the results of hypothesis 3

The hypothesis that when faced with threat, individuals in groups would behave corruptly in order to obtain favourable outcomes for their ingroup, and high identifiers would behave more corruptly than low identifiers was not fulfilled. In this study, cheating (breaking the task rules not to discuss the clues) was not significantly different across the three conditions with threat or between high and low identifiers, although, the individual questions in the measure did give some significant results. This leads to two conclusions. One reflects the fault in the design conditions that was identified in the manipulation results: that the two threat levels were not differentiated sufficiently. The second conclusion relates to the absence of significant results for "*Did you cheat in any way on the crossword*?" This may be because individuals were pressurised into breaking the rules of the task to not discuss the clues and so considered that they did not personally cheat. In study 1, the psychology students admitted to cheating, whereas, in this study, the business students did not. As discussed earlier in this thesis, existing research indicates that there is significant difference in the ethical

perception and ethical behaviour between business and non-business students. The results from study 1 and study 2 may show some support for this.

6.3.6.2. Discussion on the results of hypothesis 4

As hypothesised, high identifying members in the groups showed lower levels of stress than low identifiers as a result of in engaging in corrupt behaviour, particularly under threat. This confirms the results of previous research which have shown that social identity is (a) a determinant of stress appraisal (Haslam *et al*., 2005; R.M. Levine & Reicher, 1996) and (b) a basis for social support (Haslam *et al.*, 2004; R.M. Levine *et al*, 2002; R.M. Levine *et al.*, 2005; Postmes & Branscombe, 2002; Reicher & Haslam, 2006). In addition, and importantly for this thesis, the results show that these findings hold true for corrupt behaviour. The fact that stress was lowest in the identity salient condition may be because there was, in general, least anxiety in that condition: low threat was coupled with social identification, and hence the perception of social support, with their social category of business students. In comparison, there was little overt identification in the control condition, and hence, no social support. At the same time, there was an absence of the high levels of anxiety resulting from comparison with a high performing outgroup as in the high threat condition.

6.3.6.3. Discussion on the results of hypothesis 5

As predicted, when faced with threat, high identifying individuals put pressure on other group members to cheat, but only in the high threat condition. Surprisingly, pressure to cheat was highest in the control condition, but, unsurprisingly, this was for the high identifiers. One explanation for these results could be that in the control condition, in the absence of explicit threat from psychology students' superior performance, there was the implied threat in the presence of other groups in the hall where the experiment took place, and that this was sufficient to provoke high identifiers into putting pressure on other group members to cheat. Recall the minimal group studies of Tajfel *et al*. (1971). In the identity salient/low threat condition, high identifiers

would have felt under pressure to perform well. Under high threat conditions, low identifying members would have personally felt under pressure from other high identifying team members to cheat.

6.3.6.4. Discussion of gender results

Results of post-hoc analysis showed men and women reported different levels of stress, cheating and pressure. These gender results are not surprising. From their meta-analysis of ethical decision-making, O'Fallon and Butterfield (2005) reported that female students were found to be more ethical than male students and that, in general, women are less likely than men to cheat. Crittenden *et al*. (2009: 342-343) have found that there are gender differences in cheating. "Male college students, worldwide, have a greater tendency to cheat and a greater tendency to 'look the other way' when cheating behavior is observed. …In the workplace, males may be rationalizing their own behavior by saying that 'everyone else is doing it'." Consequently, men do not consider their own behaviour as corrupt.

As was reported in chapter 1, KPMG's (2007) Fraudster survey indicated that women are responsible for only 15% of fraud. Considerable other research points to significant differences between men and women in the perception, intent and action of corrupt behaviour. Research by Niiya *et al*. (2008: 76) has also showed that male students cheated more than female students, male students viewed cheating more positively than female students, report having cheated more, and cheat more often. However, they cautioned, self-reports can inflate gender differences because of differences in self-presentations; and also that men and women also react differently to opportunities for cheating. Men took the opportunity to break the rules (cheat) that the conditions presented such as the large hall and the presence of several participants.

Smyth *et al*. (2009: 229) examined students' perceptions of varying ethical situations, sampling 786 college students at 3 institutions, using an anonymous survey. The survey results indicated that female students are more ethical than male students.

Jackson *et al*. (2002: 1032) have found that in a study of over 680,000 job applicants in more than 100 organisations, that women scored higher than did men on tests of integrity. One reason for this may be provided by Pendry and Carrick (2001) who found that men derive self-esteem from being better than others. In this study, achieving higher scores than others in the team, even if by cheating, may have been perceived by the male participants as a proof of their superiority.

Contradicting these previous research findings somewhat, the results of the current study, which explored how gender affects cheating behaviour in a controlled laboratory setting, found that although overall there is significant behaviour differential in cheating between men and women, under conditions of low identity threat, there is little difference. Women experienced pressure to cheat from team members and more stress than men did. However, overall, the results for this study shows that the process model developed in chapter 4, is valid for small groups that behave corruptly as a result of an interaction between threat, stress and social identification. This is shown in figure 6.10.

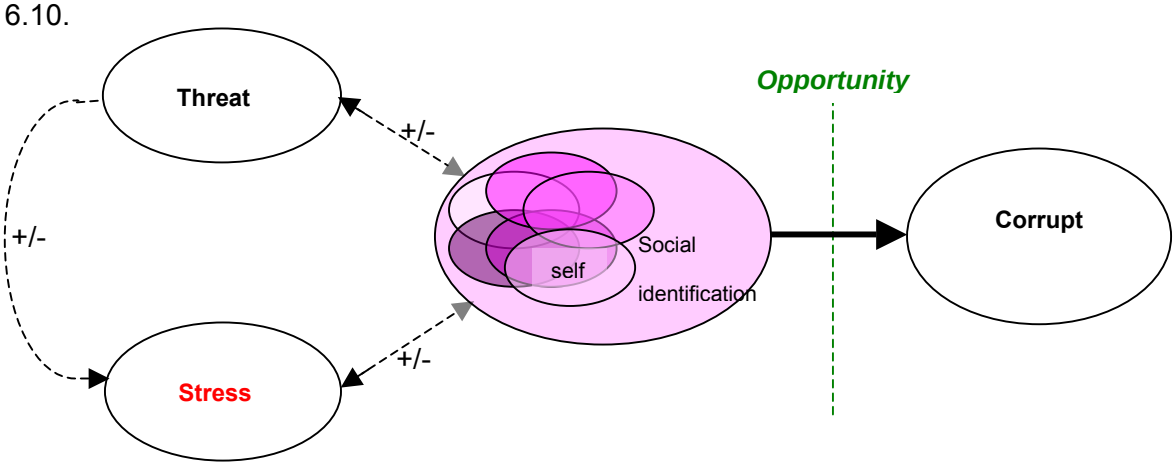


Figure 6-10 - Process model for corruption in small groups

6.4. Issues raised from study 2

6.4.1. Pressure to conform

In this study, the participants were not directed to sit in any particular places. So, it is possible that the participants sat with their friends. This may have influenced

the results for pressure. However, Hogg and Turner (1985: 62-63) have found that although liking can cause group formation, it is not a necessary precondition for group behaviour. So, this issue of prior friendship may not have been particularly relevant.

One interesting development relating to this study occurred about 8 months later. At an event unrelated to this thesis, the researcher was approached by a young man who introduced himself as James, and said he had taken part in the study. He volunteered the information that he had found the experience difficult because, as he said, "*I did not say too much at the time, but I did not want to cheat. The others wanted to, so I had to*". None-the-less, he was obviously affected sufficiently by the experience to mention it at a chance meeting all that time later.

James' reaction is supported by Ashforth and Anand (2003) who suggested that although coercion can induce the fear of threat of negative consequences such as ostracism, blatant coercion may provoke resentment and reaction against the source of coercion and the targeted behaviour. The upshot is a greater likelihood of grudging compliance or whistle-blowing (e.g., T.M. Jones, 1991; Lefkowitz, 2009). This incidence gives rise to the issues, among others, of social inhibition, deviance and whistle-blowing (see also Mesmer-Magnus & Viswesvaran, 2005; Miceli & Near, 1994; Miceli, Near & Schwenk, 1991; Near & Miceli, 1985, 1987, 1995, 1996). These three concepts are discussed next.

6.4.2. Social inhibition

In writing about brainstorming in small groups, Lamm and Trommsdorff (1973: 380-381) have suggested that social inhibition operates by making a participant hold back ideas that he fears may be judged negatively by the others according to some criterion (e.g., unfeasible, improbable, useless, bizarre, far-fetched). The less inhibited participants in a group, but not necessarily the more capable, typically have the floor, especially in the beginning phase. This is an example of blocking as discussed in chapter 4. It is suggested here that in terms of social inhibition, the short time frame of

this experiment is not substantially different from that of the early phases of more permanent groups and so social inhibition may have been a relevant factor for those who did not want to cheat, but did not speak out or were disregarded, as James was.

6.4.3. Deviance

Because group members judge and evaluate others on the basis of their perceived prototypicality (see Haslam, 2004e), when group members are perceived as non-prototypical, they may be thought of as deviant and may be pressurised to conform to group norms (even corrupt ones), or else be ostracised. As seen in chapter 4, ingroup deviance may attract particularly negative reactions from fellow ingroupers because such deviance threatens the integrity and distinctiveness of the ingroup (e.g., Jetten, Branscombe & Spears, 2002; Jetten, Branscombe, Spears & McKimmie, 2003; Jetten, Spears & Manstead, 1996, 1997, 1999; Jetten, Hornsey, Spears, Haslam & Cowell, 2010). It was also seen that within almost all groups there are members who are perceived only weakly to match the defining or prototypical properties of the group (e.g., Hogg, 2003: 66-67). Marques *et al*., (2003: 400) suggested that a key feature of deviance is that people who are different, who depart from the social group, or even individual standards of "natural" behaviour are considered to be not just different but bad.

In their “Black sheep” studies, Marques, *et al*., (1988) and Marques, Abrams and Serodio (2001) have shown that a person behaving in a particular way is more strongly rejected if that same person is defined as a non-prototypical member of the salient ingroup than a non-prototypical member of a salient outgroup. Furthermore high identifiers are more likely to react strongly than low identifiers. Perhaps, James felt that he was regarded as one such “black sheep”, and so complied with the ingroup’s wishes to avoid the ostracism. This is a topic for future research.

6.4.4. Whistle-blowing

Near and Miceli (1995: 680) defined whistle-blowing as, "the disclosure by organisation members (former or current) of illegal, immoral, or illegitimate practices under the control of their employers, to persons or organisations that may be able to effect action" (Near & Miceli, 1985: 4). In this sense of the term, James was clearly a whistle-blower. Ferrell *et al*. (2002d: 162) have warned that when employees think they know the right course of action in a situation, yet their work group or company promotes or requires unethical decisions, interpersonal conflict will ensue. Often, these employees follow their own values and beliefs and refuse to participate in corporate misconduct. If employees conclude that they cannot discuss with their co-workers or superiors what they are doing or what should be done, they may go outside the organisation for help and whistle-blowing may occur. It seems that James did this. Although, Near, Rehg, Van Scotter and Miceli (2004: 221) have suggested that internal dissent may not qualify as whistle-blowing, they have also pointed out that most whistle-blowers who use external channels do so after first using internal channels with little or no effect. This seems to have happened with James (see also Mesmer-Magnus & Viswesvaran, 2005), as he did not report the cheating at the time of the experiment either to the experimenter or to his lecturer.

The research of Jetten *et al*. (2010) show that there is a discrepancy between an individual's disapproval of rule-breaking behaviour by ingroup members and their intention to do something about it. Mesmer-Magnus and Viswesvaran (2005) also found that employees may be aware when an observed practice is questionable and ought to be reported, however, this knowledge alone is insufficient to instigate actual reporting. The personal costs and commitment required to express loyalty might be perceived as too high in some contexts, lowering the perceived benefits of doing so. Consequently, organisations need to have mechanisms and systems that make whistle-blowing easy and safe for the whistle-blower (Near & Miceli, 1995: 680). James

did not report the cheating at the time of the experiment and used the “safe” (Miceli, Near & Dworkin, 2009) opportunity to speak to the researcher at a later time.

6.5. Limitations of study 2

6.5.1. Data capture

The importance of the encounter with James for this current research did not relate as much to the actual matter of the whistle-blowing, but more to the implications that there were interactions within the participating groups that were not explored either by the questionnaires that were used at the time or the subsequent statistical analysis. Clearly, data needed to be captured and analysed qualitatively to obtain a fuller insight into the discussions about corrupt behaviour.

6.5.2. The task

The task scenario for this study was simple (solving a crossword puzzle), which does not reflect the complexities of modern organisations. A task more appropriate and realistic to organisations would need to be used for the results of the study to have any validity within the business community.

6.5.3. The participants

One point to be made about the participants is that as students, their relationships with each other in general, and particularly within their teams, may be qualitatively different from those of colleagues in workplaces. This may have influenced the results. Secondly, the results of the task indicate that all those with the opportunity to behave corruptly did so for the benefit of the group. When the participants are employees of an organisation and the stakes are higher, the responses to opportunities for corruption may be substantially different, and the consequences certainly so. It can be assumed that in the workplace all employees in the same work unit or the same level of seniority would have equal opportunities for corrupt behaviour, but, none-the-less, may not do so. Therefore, if this study had been run within the business community, the results may have been substantially different.

6.5.4. The study design

The results strongly indicate that the difference in the task conditions between identity salience/low threat levels and identity threat need to be made clearer. This is reflected in the manipulation results that the contrasts between conditions I and T were not significant.

6.6. Conclusions from study 2

This study did not confirm the prediction of H3 that when faced with identity threat, individuals in groups would behave corruptly in order to obtain favourable outcomes for their ingroup. High identifying members showed lower levels of stress than low identifiers in engaging in corrupt behaviour, which confirmed predictions of H4. Also as predicted by H5, when faced with threat, participants in the experiment put pressure on others to cheat. However, no difference was evidenced as a result of levels of threat because of possible faulty manipulation of conditions.

The difference in the cheating results between psychology students and business students indicated that different populations have different perceptions and approaches to corruption. Indeed, Smyth *et al*. (2009: 229) have found that non-business majors, on average, are more ethical than business majors. In discussing these results with business associates and colleagues, it was clear that many in the business community would not find results obtained from studies with students applicable to their world. This reaction would not support the intention of presenting research findings that businesses would regard as credible and useful.

The results from studies 1 and 2 raise several interesting questions. Studies are needed now to explore fully the implications of the SIT/SCT model of stress on the effects of corruption so that their occurrence in organisations may be minimised and allow self-managing teams to function effectively. This would include running the experiments with employees and business people with an appropriate task and levels of threat that are more differentiated.

7 Studies 3a and 3b - Unethical Behaviour in Groups

"*Probably more than any other factor, collective approval – the agreement of the group members – legitimises the pattern of dominance and subordination in the group*" (Berkowitz, 1983: 180).

7.1 Background to study 3a

7.1.1 Previous findings

This current research explores the link between stress and corrupt behaviour in groups, with particular reference to the workplace. Earlier in this thesis a model was developed that showed the central role of social identity in group behaviour and in the perception and experience of stress. It was hypothesised that this model would be valid for corrupt behaviour. A study carried out with undergraduate students in the School of Psychology, University of Exeter, confirmed as predicted, that when faced with threat, individuals who identified highly with their social category both cheated at a task more than low identifiers and, experienced lower levels of related stress.

A second study, this time with business studies students working in small groups, showed that high social identity was associated with higher levels of rule breaking at a task, so that the groups could do well. Anecdotal evidence also suggests that individuals were pressurised into such behaviour against their personal inclination and values. Post-hoc analysis showed that in addition, male participants were more willing to break rules than their female counterparts and were more inclined to pressurise others into such behaviour. High identifiers experienced less stress in all conditions.

The model depicted in figure 7.1 below illustrates that threat and opportunity influence group identification and that opportunity, together with the right context, influence corrupt behaviour. The two sets of results from studies 1 and 2 confirm that the model is valid for identification with both a wide social category and with small groups.

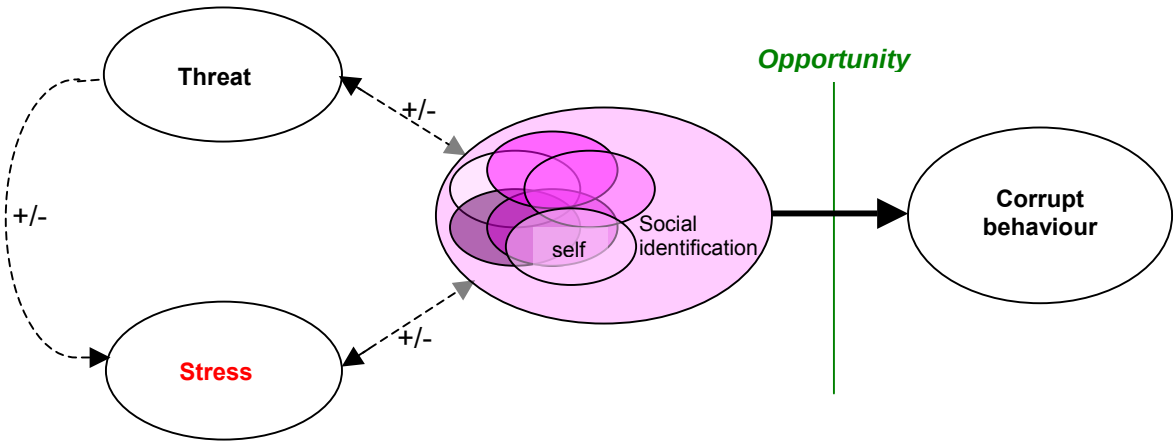


Figure 7-1 – Threat, stress, identification, opportunity and corrupt behaviour

The next step was to extend these hypotheses to the workplace. However, in discussing the results of the previous studies in the business community, it soon became clear that cheating or rule-breaking were not necessarily considered corrupt acts in this environment. Rather, it was regarded more as a case of using opportunities. This view is supported by comments from Rayburn and Rayburn (1996: 1209) who have suggested that, "There is lack of agreement as to what constitutes ethical behavior." In chapters 2 and 3 of this thesis, this lack of agreement was discussed, and for the purpose of this research, corruption was defined as an act of wrong-doing that breaks wider societal or local norms of behaviour.

This is borne out by other research. For example, Ferrell and Gresham (1985: 87) reported that a Gallup poll found that 74% of the business executives surveyed had pilfered homework supplies for their children and 78% had used company telephones for personal long-distance calls. According to Anand *et al*. (2004: 40-41), people convicted of white-collar crimes tend to use rationalising tactics that allow them to look at their corrupt acts in a way that makes them appear to be normal and acceptable business activities. Clearly, the range of corrupt behaviour that occurs in the workplace is wide. Consequently, the next study was conducted to obtain an indication of the boundaries of unethical behaviour for participants from the business community in the South West of

England. As in the previous studies, the bases of this study were the Social Identity Theory (SIT) and the Self-categorisation Theory (SCT) models which were discussed in chapter 4.

The Social Identity Approach comprising SIT (Tajfel, 1978b; Tajfel *et al*., 1971; J.C. Turner, 1975, 1982, 1985) and the SCT (J.C. Turner, 1982, 1985; J.C. Turner *et al*., 1987; J.C. Turner & Oakes, 1997; J.C. Turner *et al*., 1994) informs that the degree to which people perceive themselves as individuals and behave according to their personal values or see themselves as part of a group and act according to the group norms, is dependant on the level of identification with the salient social group. Consequently, social identities (social group memberships) are different in different contexts. For example, the same person may see herself as a mother in the home, an employee of Enron at work, a Hamilton fan on the Grand Prix circuit and so on. Furthermore, as J.C. Turner (1982, 1991) pointed out, when a given identity becomes salient, the individual thinks and acts in terms of the beliefs which are relevant to the particular social identity. This means that, as different social identities become salient in different social contexts, the theories and knowledge that an individual will draw on to make sense of a situation will change as will the accompanying behaviour.

J.C. Turner (1984: 530) also proposed the existence of a "psychological group," which he defined as "a collection of people who share the same social identification or define themselves in terms of the same social category membership." A member of a psychological group does not need to interact with or like other members, or be liked and accepted by them. It is his or her perception of being a member of a salient group that is the basis for incorporation of that status into his or her social identity. Two implications for this is current research are (1) that any collection of people has the potential to be a psychological group and so share norms and behaviour, including corrupt ones, and (2) that this may occur even in groups that

come together for short durations as in the case of experimental studies (recall the minimal group studies, Tajfel *et al*., 1971).

Thus, a psychological group has shared group norms and values and expects to agree or is open to the influence of persuasion towards agreement. J.R. Smith, Hogg, Martin and Terry (2007: 770) have argued that shared ingroup norms not only make people feel that they ought to see, think or act in a certain way, but they also provide confirmation that particular responses are valid and appropriate. Disagreement within a category membership arouses uncertainty that is reduced by adherence, or conformity, to the perceived group norm. Consequently, J.R. Smith *et al*. (2007: 772) suggested that when people view themselves as belonging to a group and feel that being a group member is important to them, they align their behaviour with the norms and standards of the group. According to SIT (e.g., Tajfel & Turner, 1979) in order to preserve the cohesion one acceptable cost of group identification may be to sacrifice normal values (J.C. Turner, 1975, 1978; see also Haslam, 2004e; Haslam *et al.*, 2005). Thus, group members may behave corruptly, against their personal inclination, in support of their group.

There are two implications for this current research. One is that when people see themselves as a member of a group, they will develop norms that reflect the majority view and move towards agreement. The other is that a smaller group within the larger organisation may hold views and norms that are distinct and different from those of the parent company. Thus, a corrupt group may exist within an organisation that has sound codes of conduct and ethics and such a pocket of corruption can flourish because individuals within it may succumb to the pressures from its members.

7.1.2. Group influence

It will be recalled that a participant in the previous study, James, felt pressurised by his group to behave corruptly by breaking the rules of the task. This phenomenon of group influence was discussed in chapters 4 and 6 and is recapitulated briefly next.

7.1.2.1. Group consensus

It was noted earlier in this thesis that Asch's (1952) classic experiment on judgments of line lengths showed high levels of social conformity despite the existence of a correct response to the task. According to J.C. Turner (1987, 2005: 10), SCT dictates that one way people influence and control others is through persuasion. Where group members are in agreement over some stimulus, their judgement is validated by the group consensus and becomes normative. By contrast, they assume that the differing minority is incorrect and may manifest outright derision toward them. Furthermore, because individuals fear the disapproval that results from maintaining or joining a minority view, they are motivated to accept the majority position and to not accept the minority position (Asch, 1952; Jetten, Branscombe & Spears, 2002; Jetten, Branscombe, Spears & McKimmie, 2003; Jetten, Postimes & McAuliffe, 2002; Jetten, Spears & Manstead, 1996, 1997, 1999).

Where members disagree, they become subjectively uncertain, and in order to reduce uncertainty, they have the options of altering the situation, changing their group or engaging in mutual persuasion to reach agreement. In the case of the last, prototypical group members will tend to be more persuasive (J.C. Turner, 1987). Moreover, the perceived prototypicality of a member varies with group identity, which in turn, varies with the social context within which the group is defined (J.C. Turner *et al*., 1994). Thus, in a particular context, such as an experimental study, the more prototypical member of a group will have greater personal influence. Studies have found that a group is influenced more successfully by a prototypical member, someone who embodies the norms of the group, rather than by someone not perceived to be prototypical (e.g., Haslam, 2004a; Haslam *et al*., 2004; Oakes, *et al*., 1998).

Also relevant to the next study, and as discussed in chapter 6, is Nemeth's (1986: 25) finding that when the influencing agent is a majority, individuals start with the assumption that the majority is correct (even when it is not) and that they

themselves must be in error. Research in consumer behaviour has also produced evidence that the decisions and judgments of individuals in a group are dependent upon the decisions and judgments of other group members such that choice or opinion shifts are induced (Ariely & Levav, 2000; see also J.M. Levine & Moreland, 1991). Group identification and agreement will be shown to be of importance in the next study.

7.1.2.2 Group polarisation

In chapter 4 it was shown that group decision-making tends towards the extreme, including risk-taking (Stoner, 1961). This tendency to advocate more risk following group discussion was termed group polarisation by Moscovici and Zavalloni (1969). The implication for this research is that in a situation such as making unethical choices, groups will take more extreme positions if the group members are already that way inclined.

7.1.3. Groups and stress

Previous research has shown that high social identity results in acceptance of group norms (Tajfel & Turner, 1979; see also Allen & Wilder, 1975; Billig & Tajfel, 1973; Hogg & Turner, 1989; J.C. Turner, 1975; J.C. Turner, *et al*., 1987), and that in order to favour their group, individuals accept costs. One such cost may be that of accepting high stress levels (Haslam, 2004f; Haslam *et al*., 2005; J.C. Turner, 1975, 1978). Consequently, high identification with a group results in lower stress levels (Aspinwall & Taylor, 1997; Cohen & Wills, 1985; Haslam, 2004f; Haslam *et al*., 2003; Haslam & Reicher, 2004, 2005; House, 1981; Jackson *et al*., 1986; Underwood, 2000). This was confirmed in studies 1 and 2 conducted for this thesis.

It was noted in chapter 4 that an individual's perception of stress may be influenced by a prototypical person within the group, and that such a person is likely to be the leader (e.g., J.C. Turner, 1999). Because leaders are prototypical members, they would identify highly with their group and so are likely to experience less stress.

Therefore, groups with leaders would show lower levels of stress. The implication is that, the degree to which a group experiences stress is also determined by its leaders.

7.1.4. Leaders

James, mentioned in the previous chapter, had indicated that he had been pressurised to cheat by other members of his team. Thus, one or more individuals had taken on the role of leading the activities of the team. It was, therefore, decided to test this phenomenon in the next study. From a business studies perspective, Ferrell *et al*. (2002c: 134) found that leadership, that is, the ability or authority to guide and direct others toward achievement of goal, has a significant impact on ethical decision-making. This is because leaders have the power to both motivate others and enforce their own viewpoints. If group members are not reasonably satisfied with their leader, he or she will not retain a leadership position. A leader both needs the respect of the followers and also provides a standard of ethical conduct for group members. Thus, the leadership style of a group influences how its members act. The SIT perspective on leaders (and experts) as prototypes members of a group who embody and represent the group norms (and so ethics) supports this view (e.g., Hains *et al*., 1997; Haslam, *et al*., 2004; Haslam & Platow, 2001; Hogg, 2003; Hogg & Abrams, 1988: 112-113; Hogg, 1996; Hogg *et al*., 1998; Reicher *et al*., 2005; Reicher, *et al*.,1995; Tajfel & Turner, 1979; J.C. Turner, 1982, 1987a, 1987c:80, 1991: 164-165, 1999: 17, 2005). Consequently, a study, based on the principles of SIT, was needed in order to examine whether members of businesses and organisations would behave unethically under the influence of leaders. In the light of the above arguments, the following hypotheses were put forward:

Hypotheses

H6. When faced with identity threat, high identifiers will behave more unethically than low identifiers in order to obtain favourable outcomes for their ingroup.

H7. High identifiers will show lower levels of stress than low identifiers in engaging in unethical behaviour.

H8. High identifying individuals in a group will put pressure on others to behave unethically and that low identifying individuals will feel more pressurised.

H9. Leaders will behave more unethically and experience less stress than non-leaders and will influence the behaviour of their teams.

To test hypothesis 6, participating teams were given the opportunity to behave unethically and the results were analysed for low identifiers against high identifiers. Hypothesis 7 was tested by assessing self-reported stress as a result of identity threat and by analysing this for low and high identity conditions. Hypothesis 8 was assessed by the participants' self-reporting on pressure experienced. To test hypothesis 9, participants were asked after the completion of the task whether they had led the team and the responses were analysed statistically against other variables.

7.2 Study 3a factors

7.2.1. Study 3a study characteristics

7.2.1.1. Participants

As seen earlier in the thesis, Ferrell *et al*. (2002d: 153) and Butterfield *et al*., (2000: 990) have suggested that business people learn ethical or unethical behaviour not only from society and culture, but also from the people with whom they associate in workgroups and in the business organisation (see also SIT; Tajfel, 1978b; Tajfel & Turner, 1979; J.C. Turner, 1982; J.C. Turner *et al*., 1987). The outcome of this learning process depends on the strength of the individual's personal values, opportunity, and their exposure to others, including leaders, who behave ethically or unethically. Consequently, in order for the findings of this current research to have credibility in the business world, the participants selected for the next study were business people.

7.2.1.2. The task

Wegge and Haslam (2005: 400) conducted an experiment with 30 groups (N=120) solving brainstorming tasks under four different group conditions: do your best (DYB), directive group goal setting (DGGS), participative group goal setting (PGGS), and PGGS in combination with individual goal setting (PGGSþIGS). As expected, all groups with specific and difficult group goals performed better than DYB control groups. Wegge and Haslam (2005) hypothesised that these positive effects of group's performance arise because group goals counteract motivation losses such as social loafing. It was found that group goals increase, inter alia, team identification, the readiness to compensate for other weak group members and brainstorming performance in groups. Finally, no large differences were found between the three conditions with goals. Based on these findings of Wegge and Haslam (2005), participants for the next study were given both individual and group goals and the task required brainstorming activities.

In the previous study, the one rule the participants were given was that they could not share the clues to the crossword, but should pool the answers. However, Tindale *et al*. (2003: 2) referred to research by Stasser and Dietz-Uhler (1985, 1987) who found that shared information in groups plays a much more significant role in group processes and performance than does information that is not shared. So, for this study, the information was shared throughout, if the participants so wished. Based on these findings, the task for this study allowed pooling of information and the participants had group goals: to minimize the costs of a project and so maximize profit.

7.2.1.3. Task characteristics

Conformity in groups was discussed in chapter 4. One determinant of conformity identified by Festinger (1954) is the presence of goals. When a group has a clearly defined objective, such as performing a task in an experimental study, this may, by itself, induce some uniformity of action among the group members, especially when

the achievement of the goal is dependent on their combined efforts. With complex group tasks it is vital that group members can agree not just on the goal itself but on the means of achieving that goal. Without uniformity of opinion, the group members' efforts are likely to be fragmented and the attainment of the goal rendered less likely. The participants in the next study were given group goals and the study is designed to test whether this common objective will produce uniformity of opinion, specially if conflicting ethics are at stake.

Beu *et al*. (2003: 94) have found that such ethical scenarios are frequently employed in research because they allow researchers to present concrete decision-making situations that approximate real-life situations. In addition, they reported that a number of empirical studies have confirmed the linkage between attitudes or judgements concerning an action and intentions to perform the action (see Rests' Ethical Framework, 1986). In the next study, the task was a role playing scenario involving ethical decision-making.

Kaplan (1987) cited in Ariely and Levav (2000: 279), and Miller (1985) have suggested that *normative influence* should predominate for judgmental tasks such as "dish selection in a restaurant", while *informational influence* should dictate judgment or choice for intellectual tasks, such as "problem solving", that have a single correct solution (see also Martin & Hewstone, 2007). To take an illustration from both the previous studies, the single-answer solutions involved informational influence. By contrast, in the next study which includes the problem of resource management to maximise profit (judgemental tool), normative influence should guide the behaviour of the participants and consequently the options taken should depend on social interaction based on identification. In comparison, R.J. Brown (2000: 176) has discussed open-ended tasks with a range of answers and convergent tasks with objectively single answers as seen in studies 1 and 2.

The design of this current study was also influenced by a study undertaken by Taylor *et al*. (1958), cited in Haslam (2004a) which set individuals and groups (of four) to work on three brainstorming (Osborn, 1963) problems. Their findings, confirmed by other studies, lead to the conclusion that brainstorming is actually most beneficial when carried out initially individually, the interacting group then being used as a forum for combining and evaluating these individually produced ideas (Lamm & Trommsdorff, 1973). This approach was used in the next study where each group member was responsible for one aspect of the project and had to work on their own on it and later pool their decisions to complete the task.

7.2.1.4. Opportunity

All the scenarios in this study provided the participants, who were members of the business community, with the opportunity to make unethical decisions. Referring to entrepreneurs, Longenecker, Moore, Petty, Palich, and McKinney (2006: 171), suggest that at the heart of the entrepreneurial act is the identification of opportunities that have not been previously tapped, often because of obstacles that stand in the way of their exploitation. However, overcoming these impediments can require the entrepreneur to walk a fine line between creative practice and maintaining the boundaries established by social convention - or even staying within the law. “Nonetheless, entrepreneurs are often celebrated because of their creative solutions and ‘rule-bending’ efforts, many of which are effective precisely because the entrepreneur is willing to enter regions of opportunity that can be accessed only by passing through behavioural gates that most people would hesitate to open.” (Morris, Schindehutte, Walton & Allen, 2002). In the current research, it is suggested that many business people have similar experiences and the next study examines the extent to which business people will push boundaries to maximise profit.

7.2.2. Study 3a independent variables

7.2.2.1. Team leaders

It was decided to use the opportunity provided by the study to examine whether particular individuals would influence the pressure applied to team members. In the post-study questionnaire, participants were asked to indicate whether they had led their teams. It was decided to allow leaders to emerge within groups rather than direct them to chose one. Following Lamm (1973: 180), the term leader will be used in this thesis to include a group's spokesman. A leader will be deemed to have high status, a non-leader low status.

7.2.2.2.Study conditions and levels of identification

As in studies 1 and 2, the two main independent factors were conditions for identification and threat (control, identity salient and identity threat), and levels of social identification (low and high).

7.2.3. Study 3a Dependent variables

The dependent factors replicated those of chapter 6, apart from the fact that unethical behaviour replaced rule breaking. The study investigated moral action, moral intention, stress and pressure.

7.3. Study 3a

7.3.1. Study 3a procedure

The participants worked, in groups of three, on a task that required them to devise a training programme on environmental legislation for one hundred delegates with a budget of £30,000. Because the researcher was known to some of the participants as a specialist in stress in the workplace, the cover story was that that they were taking part in a "*Study to examine the behaviour of teams working under pressure.*" Participants were randomly assigned to the groups and the groups were randomly assigned to one of three conditions. They spread out as much as size of the room permitted. They had 25 minutes for the task, which included filling in a form that listed their chosen options, associated costs and their reason for choosing those

options. Each team member could choose the type of task they preferred to work with: organise the venue, arrange the trainer or source the support materials. Each task gave a choice of options and associated costs. Some of these options were unethical (or illegal) and these cost less than the others. Thus, the lower the total cost, the more unethical the options chosen. The participants were requested to work on their own initially, and then to pool their choices and decisions for joint discussions. They also had to calculate the total cost, having added a 20% mark up for overheads. They were given a 5-minute and a 1-minute warning before time. Next, the participants were asked to complete a survey to capture their attitudes to the task and to wider social norms. The findings from study 2 had indicated that the complexities of corrupt decision-making cannot be captured entirely with a multiple choice questionnaire designed for statistical analysis. In this study where unethical issues were to be discussed, the likelihood of this happening was even more so. Consequently, a more qualitative method was needed and was employed. The group discussions were captured on voice recorders, with the full awareness and agreement of the participants. After the questionnaires were completed, the participants were informed of the true nature of the experiment and, after a discussion about the research, the highest scoring team was awarded a small prize. The participants were given the opportunity to have their responses removed from the data set. In total, the sessions lasted 45 minutes, as that was the time available for each session.

7.3.2. Study 3a participants

The participants (*N*=79) were the owners, or their representatives, of small businesses in the South West of England. They were mostly fellow members of the researcher of a business networking club that has branches through out the region. The rules of the network allow only one type of business to be represented at each branch. For instance, the Exeter club has only one business coach, one estate agent, one accountant, one interior designer and so on. Some business services such as

banks, financial advisors and solicitors are also represented. The aim of the group is to provide advice, support, referrals and business for each other. In all, the members of 6 of these branches agreed to participate in the experiment. The study was conducted over as many sessions, each at a different location. All the sessions were held during the clubs' normal business networking meetings and at their usual venues, which varied in size and layout. No member participated in more than one session. In total, 58 men and 21 women took part.

Based on the discussions in chapters 3 and 4 on the importance of small groups in corrupt behaviour (e.g., Allport, 1924; Brief *et al*., 2001; Felps *et al*., 2006; Ferrell *et al*., 2002; Festinger, 1954; Hogg & Abrams, 1988; Moscovici & Zavalloni, 1969; Moreland, *et al*., 2001; Scott, 1997; Sherif & Sherif, 1969; Tajfel, 1978; Tajfel & Turner, 1979; J.C. Turner, 1984; J.C. Turner *et al*., 1987; Wetherell, 1987), in the next study, the participants work in groups of 3. However, one team had 4 members.

7.3.3. Study 3a design

In the control condition, **C**, the participants were simply given the task. In the second condition, **I**, (*Your organisation has previously carried out a similar project successfully. Indeed, the current project was awarded on the basis of that reputation*) the group identity was made salient and the small threat of maintaining ingroup reputation was introduced. In the third condition, **T**, threat, the participants were also told (*However, you've just been informed that your organisation is experiencing financial difficulties. A good surplus from this project (and other projects) could be used elsewhere within the company and would ease the situation. This could help avoid possible redundancies for some members of your team.*), thus putting the participants under a higher level of identity threat.

7.3.4. Study 3a measures

As in the previous studies, the measures fell into two categories, each with four questions. Some were related directly to the task and the rest to personal values and

preferences which provided information about the characteristics of participants. Some wording needed to be altered to suit the context. (e.g., *Would you take unethical options on other team tasks if you thought you could get away with it?*) In the absence of an obvious outgroup, *Team identification* was measured how well the participants identified themselves with their own group (e.g., *Did you feel strong ties with your group?*). There was a final question "*Did you lead your team*?", with yes/no response options.

A Likert-type response scale was used for all the measures and participants indicated their level of agreement by responding on a scale of 1 (not at all) to 7 (completely). Responses were scored and reverse coded where appropriate, so that higher scores indicated higher levels of the factor being measured. Also, as in the previous two studies, Cronbach's coefficient alpha was used to measure reliability.

7.3.5. Results of study 3a

MANOVA analyses were conducted for the data for all hypotheses. The results as well as the reliability, means, effects and contrasts for measures of participants' responses are given in Appendix 7, Tables 7.3 - 7.11.

7.3.5.1. Results for hypothesis 6

It had been hypothesised that when faced with identity threat, high identifiers would behave more unethically than low identifiers in order to obtain favourable outcomes for their ingroup. To determine the effect of the team social identity, a 3 (conditions: C, I, T) x 2 (levels of social identity: low, high) MANOVA was conducted for all measures. The main effect for profit (M=11750, SD=5424), which was an indicator of the ethical options taken, was highly significant, $F(2,72)=5.04$, $p=.009$, partial eta squared=.12 indicating a medium effect size of conditions (Pallant, 2007: 208, 255). The mean for low identifiers was (M=12286) and for high identifiers (M=11267). The means were for the **C**ontrol condition was (M=9903), for **I** (M=10596) and for **T** was (M=14152). See tables 7.3 and 7.4 in appendix 7 and figure 7.2.

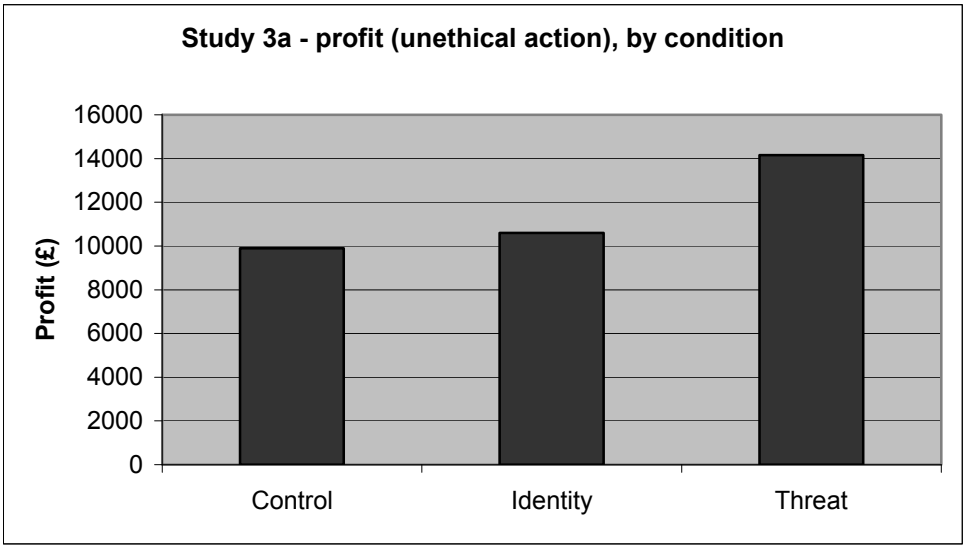


Figure 7-2 – Profits (unethical behaviour) rising with increasing threat

The planned contrast for low **I**dentity salience/low threat (*M*=10596) against high identity **T**hreat (*M*=14152), (IvT), was significant $F(1,73)=5.31$, $p=.024$ and **C**ontrol (*M*=9903) (no threat) against **T** was highly significant at $F(1,73)=8.75$, $p=.004$. The correlation between unethical behaviour and moral intent was significant, $r=.247$, $p=.028$. Taken together, these results show that, as expected, unethical behaviour was higher under increased identity threat. Unexpectedly, overall, low identifiers (*M*=12286) had higher levels of profit than high identifiers (*M*=11267).

7.3.5.2. Results of hypothesis 7

It had been hypothesised that high identifiers would show lower levels of stress than low identifiers in engaging in unethical behaviour. The main effect for stress (*M*=2.42, *SD*=.57) under MANOVA analysis was not significant. However, the effect of social identity was highly significant $F(2,90)=13.92$, $p<.001$, partial eta squared=.162 indicating a large effect size (Pallant, 2007: 208, 255). In each condition, the higher stress was for low identifiers, and overall, the highest stress was for low identifiers in the high threat condition (*M*=2.65) and the lowest stress was for high identifiers in the low threat condition (*M*=2.08). This indicates, as predicted, that social identity helped to lower stress in unethical behaviour. That is, in carrying out this task of choosing options

of unethical behaviour, high identifiers experienced less stress than low identifiers (e.g., Haslam, 2004f). These results show that, as predicted, high identifiers experienced less stress than low identifiers. See figure 7.3.and tables 7.3 and 7.4 in appendix 7.

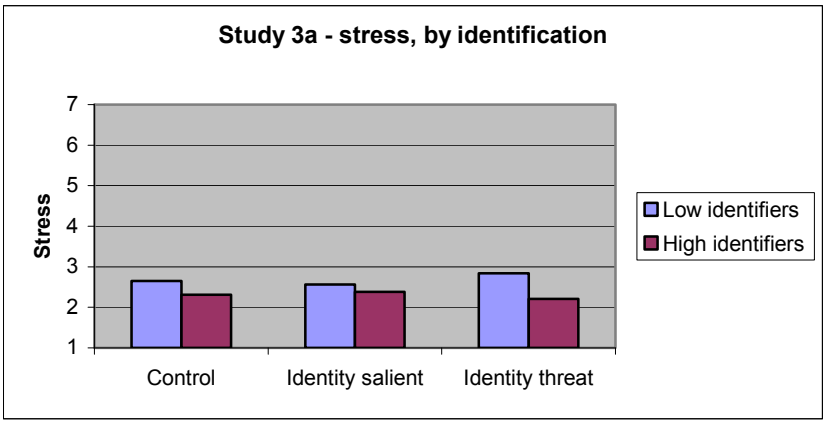


Figure 7-3 - High identifiers experienced lower levels of stress

7.3.5.3 Results of hypothesis 8

It was hypothesised that faced with threat, individuals in a group will put pressure on others to cheat and that low identifiers will feel more pressurised. There were two aspects to pressure in this study - those related to applying pressure to others (e.g., *Did others in your team pressurize you into making unethical decisions?*) and those about feeling pressurised about doing the task (e.g., *Did you feel under pressure to do well in the task?*). The former is aggregated *to team-pressure* (α=.92*)* and the latter to *task-pressure* (α=.89). All pressures are also aggregated into *overall-pressure* (α=.89).

MANOVA analysis showed that for overall-pressure or team-pressure, there were no significant effects. However, *task-pressure* P1 (*Did you feel under pressure to do well?*) was significant for social identity $F(1,72)=4.16$, $p=.045$. Low identifiers ($M=3.16$) felt under less self-imposed pressure than high identifiers ($M=3.98$) under all conditions, which is not surprising. See tables 7.3 and 7.4.

There was significant correlation between pressure and moral intent, $r=.223$, $p=.048$ showing that as overall pressure increased, so did the intent to behave

unethically, and between profit and threat levels, *r*=.343, *p*=.002. The results show, as predicted, that high identifiers felt less under pressure than low identifiers. See table 7.11.

7.3.5.4. Results of hypothesis 9

It had been hypothesised that leaders (as prototypical members) would behave more unethically but experienced less stress than non-leaders. MANOVA analysis showed that the main effect for profit (*M*=11813, *SD*=5419), was highly significant, *F*(2,73)=9.73, *p*<001, partial eta squared=.21, indicating a large effect size for levels of threat (Pallant, 2007: 208, 255). Although, the highest profit under a leader was in the high threat condition (*M*=15315), interestingly, in the control condition, the profit under a leader (*M*=2533) was lower than without a leader (*M*=10955). In the identity salient/low threat condition, there was no significant difference (less than £100) between leader and non-leader. That is, it seems that leaders did not significantly influence the profits in the groups and consequently, unethical behaviour, except in the high threat condition. Conversely, the unethical behaviour of non-leaders was not significantly affected by identity salience or threat. See tables 7.5 and 7.6 in appendix 7 and figure 7.4.

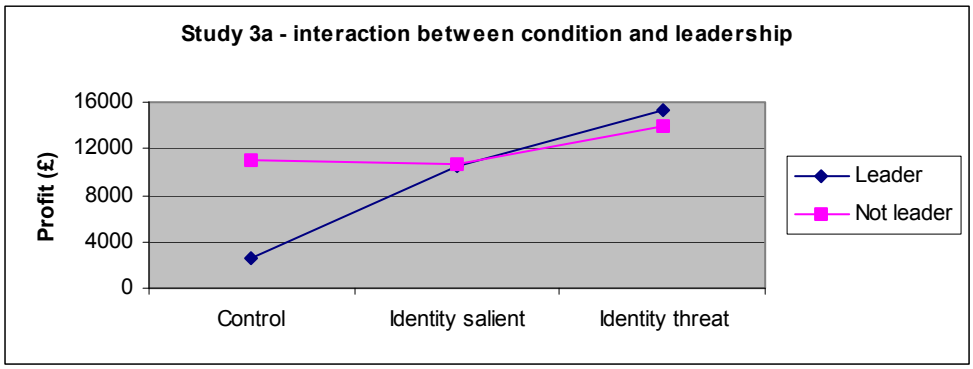


Figure 7-4 – Higher levels of threat increased team leaders' unethical behaviour

7.3.5.5. Other significant results for study 3

7.3.5.5.1. Gender results

Gender results for study 2, discussed in chapter 6 showed significant difference in the level of cheating for the two sexes. In this study, post-hoc MANOVA analysis for gender gave a number of significant results for profit (*M*=11814, *SD*=5418). The main effect was highly significant $F(2,73)=9.64$, $p<.001$, partial eta squared =.21 indicating a large effect size for condition (Pallant, 2007: 208). The effect for gender was significant $F(1,73)=5.05$, $p=.028$, partial eta squared=.065, indicating a small effect size and the interaction effect was highly significant $F(2,73)=5.33$, $p=.007$, partial eta squared=.127, indicating a medium effect size, and implying that gender had significant effect on the profit results. The mean profit for men was (*M*=12437) and for women (*M*=10092) indicating that men chose more unethical options, but this difference was present only in the control condition. In the identity salient condition, there was little difference in the profits between men and women. However, in the threat situation, women's choices of unethical options increased significantly. Thus, women seemed equally unethical in their choices under identity salience and identity threat. See figure 7.5 and tables 7.7 and 7.8 in appendix 7.

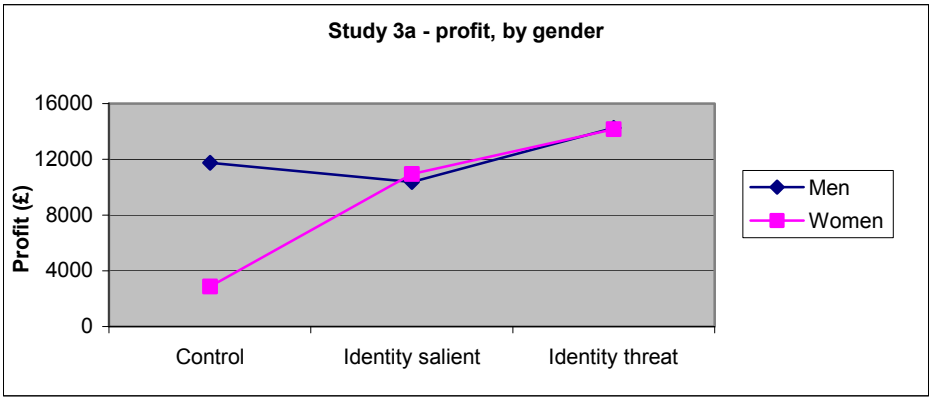


Figure 7-5 - Men chose less ethical options than women

There was highly significant interaction for moral intent, $F(2,73)=5.04$, $p=.009$, indicating again, that gender had significant effect on the results. The mean for men

was (*M*=2.68) and for women (*M*=2.97) for moral intent, indicating that condition affected moral intent and that women were more willing to behave unethically under threat. See figure 7.6.

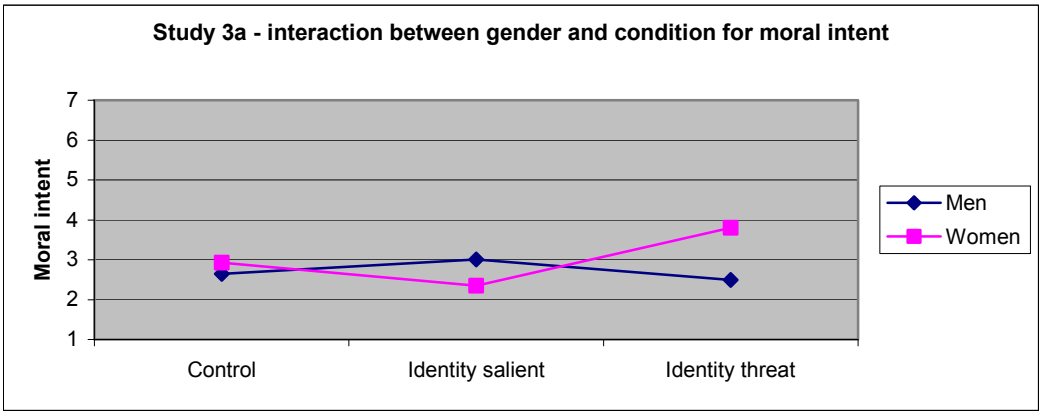


Figure 7-6 – Women had higher moral intent than men

Post-hoc analysis for gender also showed that task-pressure was also significant for gender *F*(1,73)=4.76, *p*=.032. See figure 7.7. Under all conditions, women (*M*=4.13) felt more pressurised than men (*M*=3.43). Task-pressure was also significant for the planned contrast CvI, *F*(1,73)=4.96, *p*=.029. And task-pressure 1 (*Did you feel under pressure to do well?*) was also significant for gender *F*(1,73)=5.05, *p*=.028, as was the planned contrast CvI,T *F*(1,73)=4.06, *p*=.048. The mean for men was (*M*=3.38), and for women was (*M*=4.24).

Finally, task-pressure 3 (*Did you feel under pressure from wanting to do the best for your team?*) was highly significant for gender with *F*(1,73)=8.36, *p*=.005. The mean for men was (*M*=3.60), and for women was (*M*=4.77). Taken together, the pressure results show that threat conditions resulted in greater pressure on the participants and women felt more pressurised to behave unethically than men in doing the study task. This may explain the higher profits that men had and the indication are that men took more unethical options as the pressure increased.

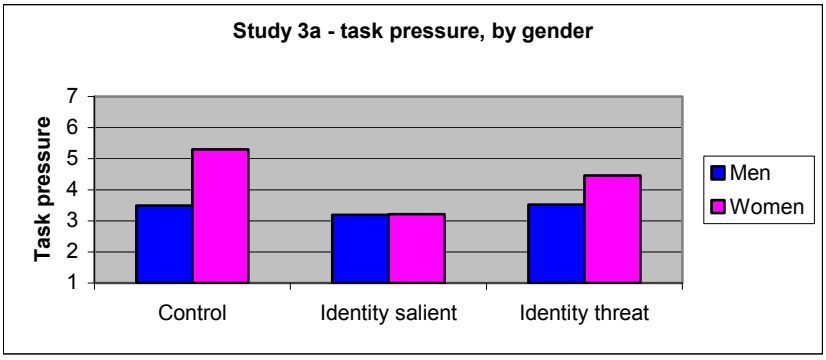


Figure 7-7 – Women felt more under pressure to behave unethically

Further post-hoc analysis gave significant results for profit for women who were high identifiers (*N*=12), with *F*(1,77)=4.21, *p*=.044. The profit for women high-identifiers was lower (*M*=8918) compared with the rest of the participants (*M*=12332), showing that these women participants made more ethical choices than other participants. Stress for high identifying women (*N*=12) was not significantly different from the rest of the participants. On the other hand, stress was significantly lower for high identifying men (*N*=29; *M*=2.13) compared to the rest of the participants (*N*=50; *M*=2.61), *F*(1,77)=14.79, *p*<.001. These results show that, as predicted, high identifiers, particularly men, experienced less stress than low identifiers but that high identifying women did not reflect this finding, although overall, stress was not significant.

There were significant post-hoc results for profit for women who were leaders (*N*=4) with *F*(1,77)=9.96, *p*=.002, which indicates that compared to other participants (*N*=75; *M*=12234), women leaders took more ethical options (*M*=3925). In contrast, men leaders (*N*=12) had higher profits (*M*=13920) than the rest of the participants (*N*=67; *M*=11436), but these results were not significant. Women who were leaders or high identifiers (*N*=14; *M*=8614) had lower profits than the other participants (*N*=65; *M*=12496). In addition, men who were either leaders or high identifiers (*N*=35) experienced significantly less stress (*M*=2.25) *F*(1,77)=7.01, *p*=.010 than the rest of the

participants (*M*=2.58). In this study, there was no difference in stress experienced between women leaders and men leaders.

Women who were either leaders or high identifiers (*N*=14) took significantly more ethical options, evidenced by lower profits (*M*=8644), $F(1,77)=7.67$, $p<.001$, than the rest of the participants (*M*=12496) but had significantly higher moral intent (*M*=2.91) $F(1,77)=4.79$, $p=.004$ from the rest of the participants (*N*=65, *M*=2.72), indicating that although women who were leaders or high identifiers were willing to behave unethically, they did not actually to do so. The means for men who were leaders or high identifiers (*N*=35) was (*M*=12232) against that for other participants, (*N*=44; *M*=11481), showing that these men behaved more unethically.

Together, these results indicate that gender influenced actual behaviour (levels of profit) and some aspects of reported unethical behaviour. Men reported higher profits than women indicating higher levels of unethical choices. In particular, high identifying women reported lower profits than high identifying men.

7.3.5.5.2. Age results

In chapter 1, KPMG's (2007) Fraudster survey indicated that 56% of fraud was committed by people under the age of 45. In the previous studies, where the age range of the participants was small, no analysis was done for age. But this was possible in this study where the age range was 27 to 70. The mean age was 48.51, the median 50, the mode, 52, Min=27, Max=70, and the standard deviation was 8.88. A 3(conditions) x 2(age group) post-hoc MANOVA was conducted. Younger participants were up to 50 years old. The main effect for profit (*M*=11750, *SD*=5424) was significant $F(2,72)=5.27$, $p=.027$, partial eta squared = .128 indicating that the effect size for condition was medium (Pallant, 2007: 208). The contrast IvT was significant $F(1,72)=6.29$, $p=.014$ and was highly significant for CvT=$F(1,72)=8.80$, $p=.004$. The profit for the younger participants was higher (*M*=12046) than for older participants (*M*=11439). The lowest profit was for older participants (*M*=8930) in the control condition, and the highest

(M=14181) was from the younger participants in the threat condition. The results indicate that age had significant results for profit and that overall, younger participants were more inclined to take unethical options. However, under high threat levels, there was no significant difference between younger and older participants in unethical behaviour. See figure 7.8.

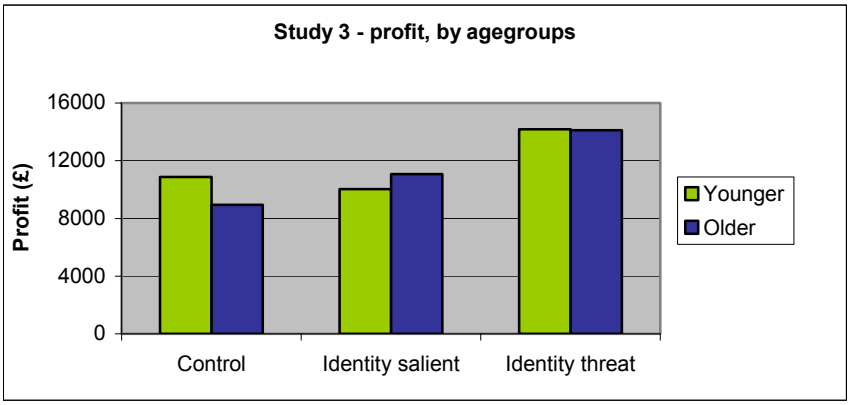


Figure 7-8 – Younger participants returned higher profits under threat

7.3.5.6. Summary of results

The results are summarised in the table 7.1 below.

Table 7-1 – Research findings compared to actual results – study 3a

Hypotheses	*Study 3 results*	*Post hoc results*
H6 - When faced with identity threat, high identifiers will behave more unethically than low identifiers in order to obtain favourable outcomes for their ingroup.	Profit (unethical behaviour) was highest under threat and for high identifiers. Overall, high identifiers behaved more unethically	Overall, men chose more unethical options than women. But, under identity salience, women were as unethical as men. Under identity threat, women were more unethical than men. Moral intent – women more willing to behave unethically under identity threat, but did not actually do so Younger participants were more inclined to take unethical options.
H7 - High identifiers will show lower levels of stress than low identifiers in engaging in unethical behaviour.	High identifiers experienced less stress than low identifiers.	Women experienced more stress; Men who were either leaders or high identifiers; experienced significantly less stress.
H8 - High identifying individuals in a group will put pressure on others to behave unethically and that low identifying individuals will feel more pressurised.	High identifiers felt less under pressure than low identifiers.	Threat conditions resulted in greater pressure; Women felt more pressurised to behave unethically.
H9 – Leaders will behave more unethically than non-leaders, but experience less stress	Leaders chose unethical options in the high threat condition.	Women leaders showed significantly lower levels of unethical behaviour and higher levels of moral intent. The presence of team leaders did not affect stress

7.3.6. Discussion of study 3a results

7.3.6.1. Discussion of results of hypothesis 6

Overall, the level of threat influenced actual unethical behaviour (evidenced by profit) but not self-reported unethical behaviour. It seems that participants either did not consider their behaviour to be unethical or did not recognise their behaviour as unethical. This supports research by Ashforth *et al.*, (2004: 40-41), which suggests that corrupt individuals tend not to view themselves as corrupt. Surprisingly, overall, low identifiers showed higher profit indicating high levels of unethical behaviour, but it could be that although participants identified with the task and were involved whole heartedly with it, they did not identify with their temporary teams.

The post-hoc gender results for moral action were not surprising as previous research (e.g., O'Flannon & Butterfield, 2005) has shown that, where there were

differences between the genders, women were less likely to behave unethically. In addition, Beu *et a*l.'s (2003: 101) research shows that women were significantly less likely to report unethical intentions than males. However, the moral intent results from this current study show that women were more willing to behave unethically than men. This apparent contradiction may be explained by Rest (1986) who proposed that each component in his model is conceptually distinct, and that success at one stage does not imply success at any other. This implies that although the four stages of his model follow a definite sequence, they are not otherwise connected. This is in contrast to the models of Granitz and Ward (2001) and Kish-Gephart *et al*. (2010) both of which have demonstrated the influence of the context at each stage. It also contradicts the enhanced model of Rest's Framework developed earlier in this thesis that showed that moral intention is influenced by the group context (figure 2.7).

7.3.6.2. Discussion of results of hypothesis 7

Stress was lower for high identifiers in all conditions, which supports the hypothesis and previous research which has shown that social identity is both a determinant of stress appraisal (Haslam, *et al*., 2005; R.M. Levine & Reicher, 1996) and a basis for social support (Haslam, *et al*., 2004; R.M. Levine *et al*., 2002; R.M. Levine *et al*., 2005; Postmes & Branscombe, 2002).

Callahan (2004: 89-90) has noted that studies undertaken by biologists and health researchers also suggest that being in a subordinate position lowers self-esteem, leaves people chronically stressed out, and undermines physical health. A long-term study of thousands of British civil servants found that lower-ranked employees died earlier as a result of stress and "lower job control". This current research neither denies nor accepts these reasons, but focuses entirely on the occurrence of stress, without exploring the reasons why.

7.3.6.3. Discussion of results of hypothesis 8

Overall, the participants, particularly high identifiers, reported feeling under pressure from undertaking the task, but not as a result of being pressurised by other team members. High identifiers who experienced this form of pressure, clearly, wanted to do better for their teams than low identifiers, supporting established research (e.g., Tajfel, 1978b; Tajfel *et al*., 1971; J.C. Turner, 1975, 1982, 1985; J.C. Turner *et al*., 1987; J.C. Turner & Oakes, 1997; J.C. Turner *et al*., 1994).

That women experienced more self-directed pressure than men in behaving unethically, was not surprising as this supports established research (Ashforth & Anand, 2003; den Nieuwenboer & Kaptien, 2008; Festinger, 1954; Janis, 1971, 1982, 1983; Niiya *et al*., 2008: 76; Treviño, 1986), and the results of study 2 which showed that women felt more pressurised into cheating.

7.3.6.4. Discussion of results of hypothesis 9

That team leaders reported higher levels of unethical behaviour was expected and supports established research. Also unsurprisingly, the unethical behaviour of women leaders was significantly lower than that of their teams, but the moral action results are not significant for men leaders. As seen earlier in this chapter, women's and leaders' ethical behaviour increased in the presence of threat. The results from study 3a also showed that team leaders' unethical behaviour was significantly different from the non-leaders' only in the high threat situation. This may be explained by team leaders' prototypicality. Prototypes are context dependent and are particularly influenced by whichever outgroup is contextually salient (e.g., Haslam, 2004d; Hogg & Terry, 2001: 5; Moreland *et al*., 2001: 92; J.C. Turner, 1991: 76-80; J.C. Turner *et al*., 1987; J.C. Turner & Oakes, 1986, 1989; Wetherell, 1987). This implies a threat to the leaders' social identity. In the control and ingroup identification conditions, leaders did not feel the need to behave unethically as the identity threat was not overt.

7.3.6.5. Discussion of other results

7.3.6.5.1. Discussion of gender results

The results from this study showed that although overall, men chose more unethical options than women, under social identity salience, there was no difference. Under social identity threat, women were more unethical. As shown in chapter 6, extensive research points to significant differences, when present, in the moral behaviour between men and women (e.g., Crittenden *et al*., Jackson *et al*., 2002; Niiya *et al*., 2008; O'Fallon & Butterfield, 2005; Pendry & Carrick, 2001; 2009; Smyth *et al*., 2009). This is supported by the KPMG (2007) Fraudster survey reported in chapter 1, which indicated that women are responsible for only 15% of fraud. Beu *et al*. (2003: 93-94) explain the difference between the genders in terms of role socialisation which states that, "females in most societies are expected to be dependent, permissive, affectionate, nurturing, respectful, warm, conforming, and obedient, whereas males are expected to be aggressive and independent. Stereotypically feminine characteristics include dependence on external authority and compliance with regulations, whereas stereotypically masculine characteristics include independence of thought and action. Thus, women are more prone to obey the rules of society regardless of the situation, whereas men are more likely to examine the situation in terms of how their actions will affect others and themselves, sometimes engaging in unethical behaviour if the ends appear to justify the means." Beu *et al*. (2003: 97) continue that consequently, gender influences ethical behaviour.

The significant results for women leaders may be explained by recent work by Ryan, Haslam, Hersby and Bongiorno (2010: 12) who have found that "feminine traits (compared with masculine traits) were seen as more desirable when a manager was expected to manage people through the crisis".

7.3.6.5.2. Discussion of age results

Post-hoc analysis by age showed that younger participants chose more unethical options. In their review on ethics in organisations, O'Fallon and Butterfield (2005) found that younger people were more likely to engage in unethical behaviour. However, the lack of significant results by age in this current study for unethical behaviour may suggest a more complex relationship between age and ethical decision making than is captured by this study.

However, there were no significant results for stress in terms of age, which does not support existing findings. For instance, according to Motowidlo, Packard and Manning (1986: 619), several studies have found negative relations between age or experience and stress, implying that as people get older, they experience less stress. They provide at least two explanations for these relations. One is selective withdrawal, the idea that voluntary turnover is more probable among people who experience more stress, that certain characteristics predispose some people to experience more stress, and that people are differentially likely to quit according to those characteristics. As a result, the people who remain with the organisation longer are those with more stress-resistant traits. The other explanation is adaptation. It assumes that people eventually develop coping mechanisms to deal with stress (see Selye, 1946, 1956; see also Haslam, 2004f; Haslam, *et al*., 2009; Haslam *et al*., 2004; Haslam & Reicher, 2004). Because this takes time, senior organisational members are more fully adapted and, therefore, should experience less stress. The current study was not able to contribute to this research.

7.3.7. Study 3a qualitative analysis

In addition to the post experiment questionnaire, the groups' discussions were captured on voice recorders as the participants worked on the task. Some of the comments made during the sessions are reported below. In each case, the comments are quoted and are then discussed with reference to research mentioned earlier in the

thesis. New insights are also given.

7.3.7.1. Comment 1

I'd rather keep the company afloat than keep with the training course requirements. This comment was made by a man in the high threat condition and echoes the findings of O'Fallon and Butterfield (2005) and Butterfield *et al*. (2000: 991) that "When individuals perceive highly competitive practices, they become more aware of the moral issues." In particular, a business context that supports aggressive competitive practices and beating the competition at all costs, may relegate ethical concerns to the background or submerge them completely. This implies that business competitiveness can affect moral issues and may explain some of the unexpected statistical results such as lack of reported unethical behaviour. This comment also implies the use of opportunity for unethical behaviour and is supported by Hegarty and Sims (1978: 456) who found that unethical behaviour tended to increase when competitiveness was intensified. Another point of note is that men are more likely to take risks than women (i.e., violating course regulations in this case). Bronson and Howard (2002) have obtained significant results show that men are bigger risk takers than women overall.

7.3.7.2. Comment 2

The comment from one of the participants (control condition) to the researcher after a session was that he believed he had strong moral values that could not be changed by specific circumstances or by other people: "*I am not influenced by group decisions*". This seemingly contradicts social identity dictats (e.g., Tajfel *et al*., 1971; J.C. Turner, 1975, 1982, 1985; Tajfel, 1978b; J.C. Turner *et al*., 1987; J.C. Turner & Oakes, 1997; J.C. Turner, *et al*., 1994) which assert that individuals in a group are influenced by its norms in both thought (moral intent) and behaviour (moral action).

Research by Hornsey and Jetten (2004: 257) supports this concept that people tend to deny that they are influenced by their groups, but are very quick to detect such

influence in others. This is despite the fact that the objective data frequently show that people are influenced by the attitudes and behaviours of those around them. Similarly, Jetten, Hornsey and Adarves-Yorno (2006) refer to Schofield (1975) who found that participants were more likely to act in line with their attitudes (a) when the group norms supported these attitudes and (b) when the decision as to how to behave had to be disclosed publicly, indicating social influence. However, when Schofield asked participants what factors had impacted on their decision, not one participant spontaneously mentioned the influence of others' attitudes or behaviour. Furthermore, if prompted about these factors, the vast majority of participants claimed social influence was irrelevant to their decision. In this current research, apart from explaining the comments of this one participant, this phenomenon may also have accounted for the lack of reported results concerning pressure from team members.

As an aside, the researcher was informed by a colleague of the participant who claimed that he could not be persuaded by his team members, that this individual would go to great lengths to avoid paying for his train tickets on the grounds that the train companies were immoral to charge such high fares in the first place. This account certainly demonstrates that corruption and ethics are contextual.

7.3.7.3. Comment 3

Another comment picked up on the voice recordings was made by a participant in the high threat condition who was trying to persuade her group to take an option that would have breached both health and safety and fire regulations as a result of putting in additional chairs in a conference room that had fixed theatre style seating for 90 people. Her argument was: "*It's the cheapest option, let's go for it. I know there won't be a fire that day*." The group members were, in fact, swayed by her and chose that option. In another group, again in the high threat condition, one member taking the same option said, "*We'll go for venue option 1. You never get 100% attendance.*" On the same theme, a comment made by another participant in a high threat condition

team, was that "*since up to 20 additional chairs could be fitted in that room, putting in 10 would not breach fire regulations."* Both these comments were made by men indicating risk-taking and supported findings from previous research (e.g., Bronson & Howard, 2002).

It will be remembered that rationalisation, "mental strategies that allow employees (and others around them) to view their corrupt activities as justified'' (Anand *et al*., 2004: 39), is the process by which individuals who engage in corrupt acts attempt to legitimatise the acts in their own eyes (Ashforth & Anand 2003; Anand *et al*., 2004). Zyglidopoulos, Flemimg and Rothenberg (2009: 68) have also found that a key component of corruption was the way in which organisational members rationalised their behaviour. As the comments above from the study show, rationalisation allows the corrupt individual to lessen or neutralise the attendant feelings of guilt or anxiety. Of the seven types of rationalisations mentioned by Anand *et al*. (2004), the examples in this study reflect denial of responsibility, denial of injury and appeal to higher loyalties.

In their analysis of corruption, Fleming and Zyglidopoulos (2009: 41) ask how people make sense of the fact that many of the participants in unethical practices in organisations such as Enron, were otherwise decent individuals. They (2009: 44) have commented that, "rationalisation processes sometimes carry an extra-individual momentum that insidiously draws people into the realm of illegality." Clearly, the participants who have been quoted above, and their groups, were guilty of this. According to Zyglidopoulos *et al*. (2009: 68), the concept of rationalisation provides a very useful explanation for (a) the apparent contradiction between the seemingly ethical individuals and their unethical acts and (b) the important role of extra-individual social processes in the corrupt environment. "Often it is ordinary and ostensibly honest and law abiding citizens that engage in terrific acts of unlawfulness" (p. 68).

7.3.7.4. Comment 4

Another comment picked up on a recorder was, "*For this* (meaning the study), *we won't use child labour, but we all know what we would do in real life*." This reflects the contextual nature of corruption. This comment also draws attention to the issue of ethical distance. This is essentially beyond the scope of this thesis, but since it has arisen, some comments are appropriate. According to Zyglidopoulos and Fleming, (2008: 265), the "very distance between an act and its ethical consequences (ethical distance) may also play a determining role" in corrupt behaviour. These authors propose that distance of the consequence of an action can influence unethical behaviour. "The distance separating individuals from the ethical results of their deeds will morally colour the way they perceive those actions and themselves as social agents engaged in future actions" (p. 268). In the circumstances of this study, using the labour of children working in a factory in a distant country was not morally unacceptable to this person in his normal business practices.

Zyglidopoulos and Fleming (2008: 269) posit two kinds of ethical distance. *Temporal distance* refers to how far into the future the consequences of one's acts are felt. The further ahead in time these consequences are, the easier it is for individuals to discount the moral consequences of their acts. See also Kish-Gephart *et al*. (2010: 20) for temporal consequences of corrupt behaviour. Evidence from the Enron fraud case, for example, indicates that it was much easier for traders to manipulate cash flow projections on long-term contracts than it was with short term or more immediate ones. *Structural distance*, on the other hand, refers to the ways in which complexities of organisational structures remove individuals from the end-result of their deeds. Structural distance is a by-product of specialisation and abstraction, both of which disconnect unethical practices from their moral outcomes (e.g., Kelman & Hamilton, 1989; Brief *et al*., 2001). Unlike temporal distance, the consequences of actions may be immediate, but the perpetrators are removed from them via layers of administration,

geographical distance (as in this study) and so on, so that they achieve only a very partial view (or none) of the moral consequences of their actions (see also T.M. Jones, 1991: 371; Beu *et al*., 2003: 91). One of the most controversial and disturbing findings of the Milgram (1974) experiments was that the subjects instructed to inflict the electrical shock to the supposed learners were more likely to follow the order and deliver the electric shock the more concealed the victim was. In other words, according to Milgram, "obedience was significantly reduced as the victim was rendered more immediate to the subject" (1974: 35-36). Findings from previous research point to the seriousness of the situation, the consequences and the likelihood of damage and proximity of victims as being factors in the choices that the participants make. This last may be what influenced the decision-making in this study: the unethical implications in the use of child labour in a distant country is not hard to ignore.

However, for some participants of the current research, the ethical distance was short regardless of the actual circumstances. For example, comments such as, "*I am/we are not going to use child labour*" were heard on a few audio-tapes. These examples indicate that ethical distance is dependent on group norms. Given the same scenario, some groups chose to use child labour options, whereas others ruled them out under any circumstances

7.3.7.5. Comment 5

"*We've done the best we can under pressure. We would use child labour and breach fire regulations under different conditions. But for this, credibility counts*". This was another similar comment by a team, in the identity-salient/low-threat condition, which, it will be remembered, highlighted the team's previous excellent reputation for such activity. As this comment shows, ethics can be moveable feast in some organisations (see J.C. Turner, 1982, 1991). The contextual nature of social identity has been discussed earlier in this thesis (e.g., Haslam *et al*., 2003). The above comment clearly supports this point: by the participant's own admission, the team

would not choose unethical options in this scenario, but under different circumstances (i.e., real life), they would. And, clearly, in doing so, they would not consider that they were doing anything wrong.

Fleming and Zyglidopoulos (2009: 45-46) have found that in many of the corporate corruption cases that have gained widespread media coverage, such as Enron and Ford Pinto, some of the key individuals have testified that they honestly believed that at the time they were doing nothing wrong. As far as Jeff Skilling was concerned, for example, the exact opposite was the case: the firm was adding value through its highly "innovative" business model. In his explanation of why Enron failed, Skilling argued that it had little to do with fraud, but was more the result of common business problems faced by many organisations of the day.

7.3.7.6. Comment 6

At a business networking event a few months after running the experiment, one participant, Brian, approached the researcher and spoke about his experience of the session. He mentioned a specific team member and said, "*I hope we did the right thing in my group. One of my team, the bank manager, made all the decisions. She seemed to know what she was doing, so I let her get on with it and went along with her decisions, even if I wasn't always sure what they meant. I wasn't entirely happy as I had expected to work together*." On being further questioned, he said that he thought that the third participant in the group had shared his views and feelings. Because Brian remembered where he was sitting in the room, it was possible to determine his team number and check the relevant documentation. The team in question had had the high threat condition and had chosen unethical options. Indeed, once the decisions had been made, the third member of the group had said, "*I don't think that using child labour is necessarily bad. Without that money the family of the child would probably starve*." This is a case of rationalising, in this instance, denial of injury and/or social weighting. Brian's comment provides evidence of social loafing, self-enhancement and

blocking. This also shows evidence of abdication of responsibilities. Some of the explanations for this behaviour are given below.

7.3.7.6.1. Social loafing

Earlier in this thesis (chapter 4), the phenomenon of social loafing on tasks was discussed. As the term suggests, some members may not pull their weight in a group. However, previous research has revealed that groups of close friends or teammates display less social loafing than groups composed of strangers or mere acquaintances (Williams, Karau & Bourgeois, 1993). This may have happened in this case, as the three participants were business acquaintances who did not know each other well, if at all. Indeed, Brain had travelled in from another town to take part in the experiment.

According to Karau and Kipling (2001: 117), self-efficacy theory (Bandura, 1986) predicts that individuals will work hardest when they perceive high levels of self-efficacy at a task (social facilitation) and expect their performance to be evaluated. In contrast, individuals will be less likely to work hard when they perceive low levels of self-efficacy at the task (social loafing), especially if they expect their performance to be evaluated. This latter point is compelling, because it suggests that evaluation may undermine performance in some situations. In this experimental study, because the participants were working in groups, and as far as they were aware, in competitive terms, they would have expected to be evaluated. Therefore, social loafing (e.g., Brian) and social facilitation (e.g., bank manager) would have occurred.

7.3.7.6.2. Denial of responsibility

Ashforth and Anand (2003) have written that, as illustrated by Milgram's (1974) obedience experiments, the reflexive impulse to obey authority figures, the "habit of obedience" (Hamilton & Sanders, 1992: 72) is so strong and pervasive that people find it difficult to actively defy orders they do not condone. In any event, because the individuals who perform the corrupt acts "are not the actual agent of their actions, they are spared self-condemning reactions" (Bandura, 1999: 196). Further, "the relative

powerlessness may induce individuals to abdicate responsibility for moral issues" (T.M. Jones & Ryan, 1998: 440). This is what may have occurred in this case where Brian accepted the option that used child labour as a means of keeping costs down.

7.3.7.6.3. Leader behaviour

In Brian's team, the bank manger had clearly taken charge: she was a self-appointed leader. It also seems that she was not a prototypical member of her team as she seemed not to embody the group norms, which would appear to contradict SIT principles. However, SIT also predicts that leadership is highly contextual and consequently, may change with time. The results indicate this. In addition, the studies by Sherif and Sherif (1969) found that the latitude of acceptable behaviour was greater for the leaders of adolescent gangs than for lower status group members. The leader was only expected to follow rules when the identity of the group was threatened or when interacting with outgroups. Other research has also shown that prototypical leaders have more "license" than leaders whose position is more insecure (Haslam, 2004d).

SIT also predicts that group members with low or peripheral status are particularly mindful of the strategic value of group behaviour and are more responsive to the context when deciding the attitudes and behaviours that they should express (e.g., Reicher *et al*., 1995). Again, this seems to have been borne out in this case in that the leader made non-consensual decisions, and expected the team to support her decisions and work together, which seemingly, they did.

Another explanation of these results may come from Kelman and Hamilton (1989: 191) who reported on research done on the My Lai massacre. In the study, participants drawn from the general population were asked whether they would have refused to obey Calley's orders. The results show that, just as many of the men under Calley's command found ways of refusing or evading his orders, so many (a third), of the study's respondents indicated that they would refuse to shoot. In the sample, those

who refused were disproportionately (though by no means exclusively) drawn from the higher-status segments of the population. The implication is that high status members are more likely to follow a personal agenda and less likely to follow group norms.

7.3.3.6.4. Leader expertise

Another explanation for the lack of Brian's involvement may be found in the results of a study by Collaros and Anderson (1969: 162), which showed quite conclusively that individuals were reluctant to contribute all of their ideas when they were in groups together with members who were thought to have had previous relevant training and experience. This happens because group members feel threatened and inhibited by the presence of more knowledgeable members. Consequently, less expert members contribute few of their ideas and suggestions.

In this current study, it appears that the presence of an expert in the group made Brian feel inhibited and consequently caused him to contribute only a few of his ideas to the group problem. The fact that the 'leader' was a bank manager may have intimidated other members of the group in a task that required budgetary calculations, no matter how trivial.

7.3.3.6.5. Group member status

In their work on group behaviour, Tyler and Blader (2001: 211) considered the influence of identification in relation to the degree to which people cooperate with groups. Their results demonstrated that identification and status have significant influences on the way group members behave toward their groups (see Haslam & Platow, 2001). Consistent with the viewpoint that people are motivated to possess positive self-views (e.g., Tajfel & Turner, 1979), the results indicate that status evaluations may actually play a role in shaping the strength of one's identification. One of the reasons for people to psychologically identify with the groups to which they belong is that they are high status members of those groups. Doing so provides such individuals with an opportunity to integrate positive social identity information into their

self-concept, which has positive implications for how they feel about themselves. In this particular team, the non-leader members in this case may well have felt disenfranchised and so disengaged from the group activity.

7.3.3.6.6. Specialisation

As seen earlier in the thesis, SIA suggests that group tasks elicit *socially self-enhancing* behaviour from high identifiers, in order that they are able to provide specialised contributions that compensate for any other group members' limitations or shortcomings (Hopkins 1997). The task in this study was designed to provide each member with a specific role and associated activities. It seems that in this case, that did not happen and one individual performed all the roles and made unilateral decisions.

7.3.7.7. Other leadership issues

Although in the study questionnaires only 15 out of the 79 participants (19%) indicated that they had led their team, the voice recordings indicate that in all but 3 teams, (88%) there was a clear leader who influenced the outcome of the decisions. In the absence of any instructions to select leaders or having them imposed, it can be assumed that these leaders were people by whom their groups were willing to be influenced: that is, prototypical members (e.g., Ellemers *et al*., 2004; Haslam & Platow, 2001; Haslam, Platow, Turner, Reynolds, McGarty, Oakes, Johnson, Ryan & Veenstra, 2001; Platow, *et al*., 2006). It seems either that the participants failed to realise that they themselves were team leaders or that they did not acknowledge the fact.

An insight into the leadership issues raised by this incidence is given by the findings of Beenen and Pinto (2009: 283) that, "effective leadership can build corrupt organizations when corrupt practices go unquestioned by leaders, or their followers." They have quoted Sherron Watkins (p. 279) as saying, "One thing I learned through all of this is that individual leadership matters more than I would have ever thought. I think if you take Skilling out of the picture, Enron would not have happened… So I think Skilling's leadership was key, and the whole mess probably boils down to the

leadership of one or two people." Certainly in the case of the bank manager in Brian's team, this appeared to be the case.

7.3.7.8. Group polarisation

The previous pages have shown examples of group polarisation on the choice of unethical options such as the use of child labour. But group polarisation was not confined to the high threat condition. The voice recordings indicate that in 9 out of the 10 teams in the identity salient condition, the issue of credibility and reputation was important. Some of these teams discussed unethical options but ruled them so as not to jeopardise their existing reputation. In contrast, 50% of the high threat condition team were prepared to, and did take, unethical options. Only one high threat team was persuaded by the arguments of one member (the leader) who pointed out the possibility of loss of reputation and refused to take unethical options. In two teams, where one member wanted to take unethical options, one was not keen on the idea, and the third indifferent, both teams were persuaded to, and did, take them. This clearly shows group polarisation at work (e.g., Fraser, 1971; Moscovici & Zavalloni, 1969; Cooper *et al*., 2003; Wetherell, 1987). These findings also indicate that the experiment manipulations succeeded.

J.C. Turner (1991: 170) found that people also tend to polarise more when they are categorised as a group, or when group membership is salient, than they do when they are defined as individuals. For example, Sherif (1936, 1956) found that when people were asked to judge how far a light moved in a dark room, their judgements were strongly influenced by the judgements of those around them. However, in this current study, it seems that this social influence was either not noticed or not acknowledged by the participants themselves. This finding seems to be supported by a vast amount of existing research which shows that although people change their behaviour to fit in with the attitudes or behaviour of others (e.g., Asch, 1952; Janis,

1971, 1982; Milgram, 1965; Zimbardo, 1969), this behaviour is not always reflected in people's self perceptions (e.g., Hornsey & Jetten, 2004; see also Jetten *et al*., 2006).

In the teams in the control condition, unethical decision-making was more varied. Their approach ranged from not countenancing unethical options to readily using them to obtain high profits. This may be because without any sense of salient identification, the teams were at a loss as to what ethical position to adopt. Again, this illustrates that unethical behaviour is contextual and dependent on mutual influence, and therefore, supports previous research (e.g., Asch, 1952; Jetten *et al*., 2002; Jetten *et al*., 2003; Jetten *et al*., 2002; Jetten *et al*., 1996, 1997, 1999; Kish-Gephart *et al*., 2010).

Table 7.2 groups the above comments according to themes. This was done following the principles of Braun and Clarke (2006) on thematic and semantic analysis.

Table 7-2 – Study 3a qualitative analysis themes

Behaviour type exhibited in study	*Where evidenced (gender involved)*
Opportunity	Comment 1 (man)
Contextual nature of corruption	Comment 2 (man); comment 4 (man); comment 5 (man)
Rationalisation	Comment 3 (woman); comment 6 (woman)
Social loafing	Comment 6 (man)
Social self-enhancement	Comment 6 (woman)
Blocking	Comment 6 (woman)
Leadership issues	Comment 6 (woman)
Risk-taking	Comment 1 (man)
Ethical distance	Comment 4 (man)
Group polarisation	General comments and study team dynamics

7.3.8. Summary of study 3a results

Overall, the opportunity for unethical behaviour was exploited most by those in the high threat condition. Profit and unethical behaviour were both highest under threat and for high identifiers. Again under high threat, the profit figures pointed to the choice of more unethical options by leaders than by non-leaders.

Stress was lower for high identifiers than for low identifiers. Threat conditions resulted in greater pressure on the participants and women felt more pressurised to behave unethically than men in order to support their team. In all conditions, high

identifiers felt less under pressure than low identifiers. Qualitative analysis provided deeper insight into the unethical behaviour of groups, giving evidence of the contextual nature of ethical decision-making. There was extensive use of rationalisation by both men and women to justify the choice of unethical options. Men were more willing to take the lead in making unethical decisions, but not exclusively so. However, there was greater evidence of men using unethical options or urging fellow team members to select them.

7.3.9. Limitations of study 3a

The lack of significant results for stress and pressure for study 3a were surprising. However, it was partly explained by comments made immediately after a session by one of the participants: "*As small businesses we mostly work on our own. We are all leaders, make our own decisions and are not used to working in teams. It was very relaxing to be able to talk the issues through with others*". It seems that just the fact of working in groups lowered stress levels (e.g., Haslam, 2004f; Haslam *et al*., 2005; Haslam & Reicher, 2005; Jackson *et al*., 1986; J.C. Turner, 1975, 1978; J.C. Turner *et al*., 1984). Indeed, several other participants also commented on how much "fun" the studies had been. Clearly, a change was needed in the design of the study to introduce higher levels of threat. A small study, 3b, was conducted to specifically examine this.

7.4. Study 3b – increase in unethical behaviour under pressure

7.4.1. Background to study 3b

The quantitative results and qualitative findings from study 3a hinted at a lack of sufficient pressure to induce stress in the participants. Both the statistical and qualitative analyses demonstrated that individuals and groups took unethical options when faced with identity threat. But this threat clearly was not sufficient to cause significant stress. The results also provide evidence for group identification. Based on these findings, for the next study, 3b, the assumption was made that subjecting the participants to increased pressure would result in more stress. In the light of the above arguments, the following hypothesis was put forward:

H10. As threat increases, there will be a progressive increase in unethical behaviour, pressure, and in any stress experienced.

7.4.2. Study 3b procedure, participants, design and measures

It was decided to run a small pilot study (*N*=42) with the same task and rules as study 3, but in four separate sessions. There were 25 men and 17 women. The mean age was 44.75, medianwas 45, mode=35, Min=18 and Max=63. The time allocated for the task was progressively reduced by 5 minutes, so that the participants in each successive session would correspondingly experience increased levels of threat and hence, stress. The first session was for 30 minutes, which was 5 minutes longer than in the previous study, and the last, 15 minutes. This allowed the analyses to be conducted for both lowering of threat (with longer working time) and increasing it (with shorter time limits).

7.4.3. Study 3b results

Results of ANOVA analysis by allocated time showed that profit was not significant. Unethical behaviour (*M*=3.15, *SD*=1.81) was significant $F(3,38)=2.88$, $p=.049$, partial eta squared=.185 indicating a medium effect size for time-allocated was medium (Pallant,

2007: 208, 255). It seems that increasing threat (reducing time limit) increased unethical behaviour with the exception of timeslot 3 (T3) of 20 minutes, where fewer unethical options were taken. Stress (*M*=2.58, *SD*=.57) was highly significant *F*(3,38)=4.79, *p*=.006, partial eta squared=.274, indicating a large effect size for allocated-time (Pallant, 2007: 208). Stress decreased across the four threat sessions from (*M*=3.03) for the 30-minute slot to (*M*=2.30) for the 15-minute session. The results are given in Table 7.12 and 7.13 in Appendix 7. See also figure 7.9.

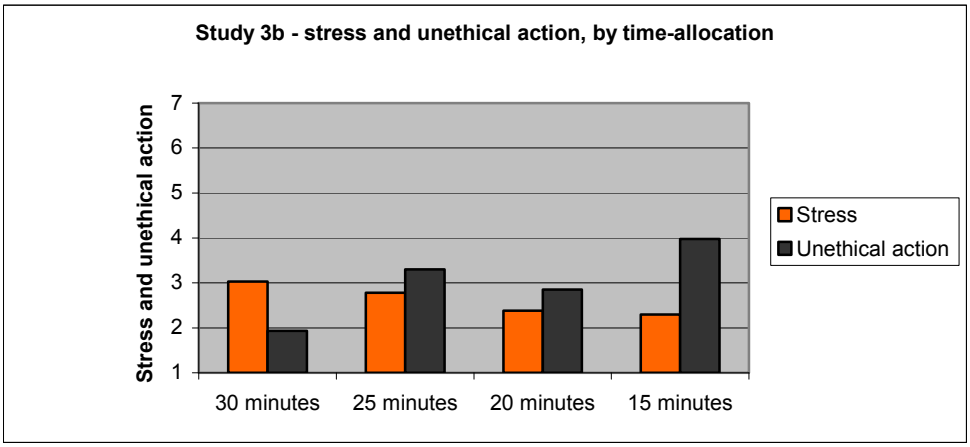


Figure 7-9 – Effect of increasing pressure on unethical behaviour and stress

There were significant correlations for profit and the study conditions *r*=.834, *p*<.001 indicating that as threat increased, so did profit. There were significant correlations for unethical behaviour and time-slots *r*=.381, *p*=.013, implying as expected, that as unethical action increased, so did profit. Stress was significantly correlated negatively with time-slots *r*=-.512, *p*=.001 showing that as the time allowed for the task shortened (time-allocated number increased) stress lessened. See table 7.14 in appendix 7. Taken together these results show that as time decreased form 30 minutes to 15 minutes, profit (unethical options taken) increased. More importantly, there was significant difference between increased time-allocation (30 minutes) and the original (25 minutes), and shorter 20 and 15-minute time-slots. Therefore, altering threat levels changed the level of

unethical behaviour. However, stress, although significant between the time-slots, decreased as the allocated time decreased and hence, threat/pressure increased.

A 4 (time-allocated) x 3 (experiment conditions) MANOVA analysis was also run. The main effects were highly significant for profit (*M*=10360, *SD*=3760), *F*(3,30)=166.18, *p*<.001, partial eta squared=.94 indicating a very large effect size for time-slots (Pallant, 2007: 208). In addition, profit was highly significant for condition, *F*(2,30)=283.66, *p*<.001, partial eta squared=.995, indicating a very large effect size for time-slots. The interaction was *F*(6,30)=348.25, *p*=.000, partial eta squared=.986, indicating a very large effect size for time-slots which implied that time-allocated had significant effect on the profit results for the three threat levels. When the time pressure was lower (30 minutes and 25 minutes) the threat condition elicited higher profits (more unethical behaviour). As time pressure, and hence threat, increased, the difference between the identity salient and threat conditions disappeared, and diminished for the control condition. That is, under time pressure, unethical behaviour increased for all. See tables 7.14 and 7.15 in appendix 7 and figure 7.10.

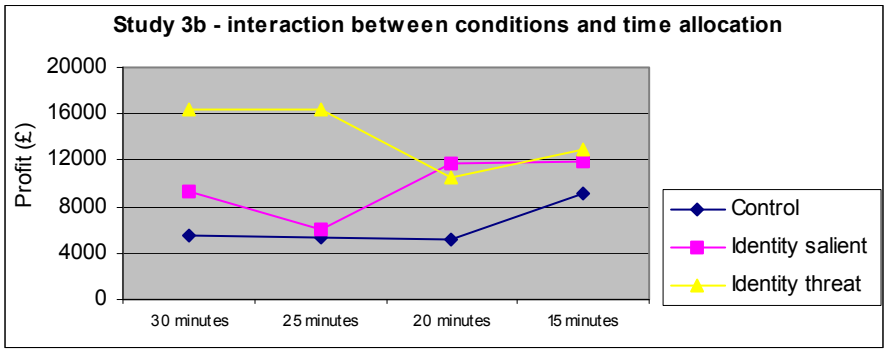


Figure 7-10 – Increased identity threat encouraged unethical behaviour

The MANOVA analysis also gave significant results for stress (*M*=2.58, *SD*=.57), *F*(3,30)=3.95, *p*=.034, partial eta squared=.283 indicating that the effect was large (Pallant, 2007: 208) . Stress changed as threat changed. However, as Figure 7.11 shows, stress decreased as threat levels increased. This was unexpected and contradicts study 1 results. See table 7.14 in Appendix 7.

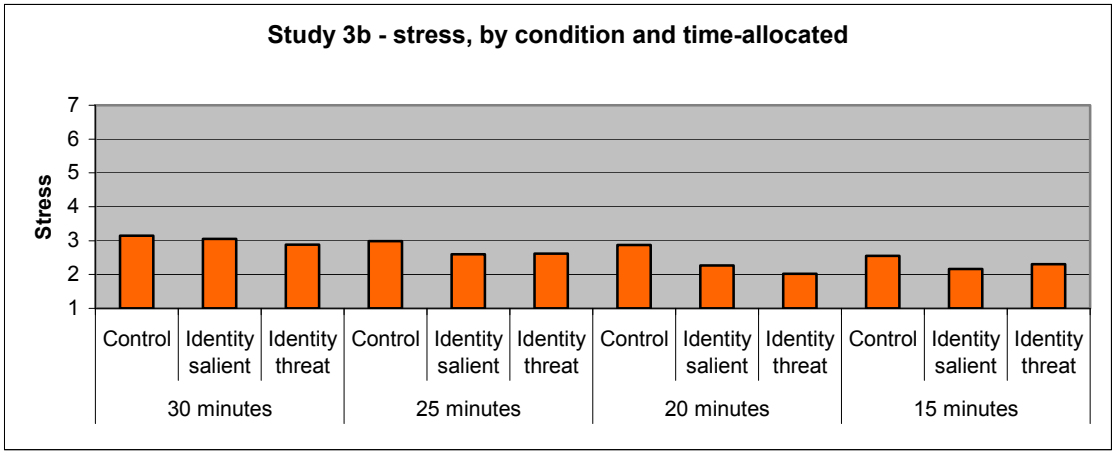


Figure 7-11 – Increased identity threat reduced stress

The results show that time-allocation significantly influenced stress and unethical action results. In particular, there was significant difference between time 30 minutes and the other 3 time bands for stress and unethical behaviour. The time slots of 25 minutes against 15 minutes was significant for stress and pressure; and 25 minutes against 15 minutes gave significant results for stress. Increasing the time limit reduced unethical behaviour. Overall, these results show that a reduction in time (and so increase in threat) increased unethical behaviour. For each time slot, low identifiers experienced higher levels of stress in carrying out unethical decision-making.

7.4.4. Study 3b qualitative analysis

As in the previous study, the discussions amongst participants were recorded. In essence these do not differ from those of study 3, and are not discussed further. However, in contrast to study 3, there were comments on stress and pressure such as "*That was stressful*" for the time-allocations of 20 and 15 minutes, particularly in the high threat conditions. Clearly, shortening the task time increased both the level of stress experienced, but the statistical analysis gave evidence of a reverse trend.

7.4.5. Discussion of study 3b results

This study shows that there were significant differences in unethical behaviour and stress under different levels of threat. However, the change does not appear to be linear. These results may be explained by Voci (2006b: 266) who found, inter alia, that under low levels of identity threat (30 minutes in this study), commitment to the ingroup is unreliable. Conversely, with higher levels of threat to "either the value or the distinctiveness" of the ingroup, identification and commitment are stronger. It may be that groups need a critical amount of time for unethical behaviour to emerge: too little time does not allow that to happen because strong ethical beliefs need to be broken down or ignored, and too much time allows personal values and doubts to surface and determine moral behaviour. This issue will need to be investigated further in a more extensive future study.

The issue of social influence merits further discussion. For both studies 3a and 3b, one question in the self-reporting questionnaire explicitly asked, *"Did you lead your team?"* Of the forty groups, nineteen (48%) reported no leaders, thirteen (32%) reported one leader, and eight (20%), two leaders. Individually, the question was answered in the negative by 84% of the participants, yet in the voice recordings of the task, in every group, one person had clearly taken charge and directed the outcomes. The low values in time-slot 3 (20 minutes) that appear to run against the trend in all the analyses are difficult to explain.

7.5. Limitations of studies 3a & 3b

With individuals working on their own, Study 1 gave significant results for cheating and stress. The results for study 2 in relation to cheating (breaking rules) for groups also had some significant results for cheating and stress. However, the contradictory and sometimes surprising results of study 3 and study 3b may be explained by Clegg *et al*. (2007: 108) who point out that ethical practices, are

conducted in a situation of ethical pluralism, one in which moral choices are made, often in unclear situations and against potentially conflicting standards. As Bauman (1993) argues, "being moral means being bound to makes choices under conditions of acute and painful uncertainty … being moral means knowing that things may be good or bad. But it does not mean knowing, let alone knowing for sure, which things are good and which things are bad." According to Clegg *et al*., (2007: 109-110) making decisions and taking actions are not merely matters of applying simple calculations or processes. "The reality of lived experience defies easy conceptualisation as a series of rational, cognitive choices. Much organisational (and team) action is framed by incomplete information, bounded rationality, and messy, 'garbage can' decision-making processes." The results from this chapter support the validity of these observations and findings. They also support the process model of corruption that has been developed in this thesis and was shown earlier in this chapter (figure 7.1).

7.6. Conclusion of studies 3a & 3b

The two studies reported in this chapter examined unethical behaviour and were conducted in the world of business. As expected, the results show that high identifiers behaved less ethically than low identifiers. Although overall men behaved less ethically than women, women leaders chose more unethical options than the other participants. Overall, leaders (prototypical members) behaved more unethically than other participants. The results also show that a rise in threat increased unethical behaviour and that even in the high threat and pressurised conditions, high identifiers experienced less stress and behaved more unethically.

Limited qualitative analysis suggested that unethical behaviour is not only rationalised but it is also not acknowledged that such behaviour is unethical. Similarly, leadership was not always recognized or acknowledged, even though it was evident in the audio-tape recordings. Study 3a also showed that particular individuals may emerge in a group who could determine the ethical choices and behaviour of the

group. The quantitative results come as a surprise as they contradict the findings from the studies 1 and 2. One reason for this may be that studies 1 and 2 used tasks that involved unambiguous cheating and breaking of rules rather than amorphous unethical behaviour. It is easier to put a label on the former behaviour than the latter. A second reason may have been that the participants for studies 3a and 3b were from the business community as opposed to the students of studies 1 and 2. It is to be expected that students, familiar with examinations and cheating, do not have the outlook of business people whose ethics would be tinged by their life experiences. Thus, the approach to corruption would be different for these two groups. To resolve this dilemma, a final study, study 4, was run with groups of business people, using a problem-solving task with opportunities for cheating, to determine whether clear-cut cheating in the business place would give more definite results. This is reported in chapter 8.

8 Corruption in Groups – Study 4

"*The first and worst of all frauds is to cheat oneself*" – Festus, (1816-1902)

8.1 Background to study 4

This chapter demonstrates that members of a group will behave corruptly when the salient social identity dictates such behaviour in support of the group. Conversely, when personal identity is salient, individuals in a group will refuse to behave corruptly. A model was developed earlier in this thesis that highlighted the crucial role that smaller groups can play in corrupt behaviour in organisations and in the perception and experience of any associated stress. The Social Identity Theory (SIT) was the central element in the model. Based on SIT (Tajfel, 1978; Tajfel & Turner, 1979), a study carried out with undergraduate students in the School of Psychology, University of Exeter, confirmed as predicted, that when faced with identity threat, high identifying individuals working on their own would cheat at a task more than low identifiers and, in so doing, they would experience lower levels of stress than low identifiers. A second study, this time with business studies students working in groups of four, showed that high social identity was associated with increased cheating. In addition, post-hoc analyses showed that male participants cheated more than females and were more inclined to pressurise others into such corrupt behaviour. High identifiers experienced less stress than low identifiers in all conditions. In the studies, participants took available opportunities to cheat.

The research was then extended to the business community in the South West of England and revealed that participants behaved unethically under identity threat. Women behaved more ethically than men but felt more pressurised to behave unethically. They also experienced more stress than men, although stress was not significant overall. Post-hoc analysis showed that, team-leaders chose more unethical options than non-leaders and that women leaders took more ethical options than men

leaders. In addition, qualitative analysis of the recording of the discussions between participants showed that the reasons for unethical behaviour were contextual, complex and not necessarily clear-cut. Participants used various rationalisations to justify their choice of unethical options. There were examples of social loafing, blocking and whistle-blowing. Participants also used available opportunities for unethical behaviour. These findings are represented in figure 8.1 which is reproduced from chapter 7. It depicts the role of threat and stress on social identification and, in turn, its impact, along with that of opportunity, on corrupt behaviour.

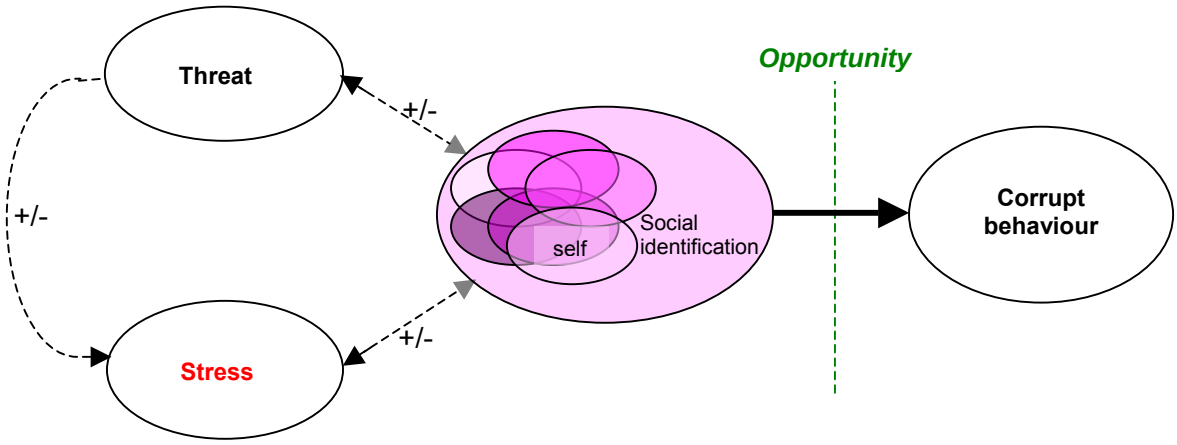


Figure 8-1 – Identity threat, stress and opportunity in corrupt behaviour in groups

Having established that corruption in various forms may be perpetrated by members of the business community, the next step was to determine whether they would behave unethically when the choices were clear cut and unambiguous, such as in cheating. A small pilot study was run within a professional workplace. In the pilot, staff were asked to work in small groups at a problem-solving task which had defined rules of conduct. The aim of the pilot study was to ascertain when faced with threat, (1) whether team members who identify highly with their task group would cheat more than low identifiers in order to obtain favourable outcomes for their group and (2) whether high group identifiers would experience lower levels of stress than low identifiers in engaging in cheating. In the survey afterwards, all groups, except one, admitted to cheating and

breaking the rules, and did not consider that they were doing anything wrong. A telling comment from the group that did not cheat was that they would have if the membership had been different, and in particular they named a colleague who was away on that day who, they claimed, "*would have made us cheat*" in order that they could have performed better than their colleagues. Since all the participants were from the same organisation, it can be assumed that they all experienced the same ethical culture and norms, and so this one group was not different in this from their colleagues. There was a strong sense of shared culture and yet, individuals were able to influence the behaviour of colleagues against their personal inclinations. This fact, together with the results of the previous studies, raise the question as to whether corruption is influenced more by group norms (bad barrels) and pressures than by the influence of specific individuals within the group (bad apples). That is, whether corruption is influenced by the majority members of the group or by minority individual(s) within it.

In this chapter it will be shown that group members, including prototypical individuals (leaders) within them, can influence cheating behaviour in groups. The influence of Social Identity on group behaviour has been discussed earlier in this thesis. In study 2, groups of students cheated to favour their social category where the opportunity was available. Studies 3a and 3b showed SIT's influence on unethical decision-making and behaviour in groups in the business/organisation context. This chapter will show that the principles of Social Identity Theory apply to cheating behaviour in small groups in the business world. The study will also show that there are gender differences in this behaviour.

8.1.1 Social Identity Theory and group influence

The central assumption underlying Social Identity Theory (SIT; Tajfel, 1974, 1975, 1978b; Tajfel *et al*., 1971; Tajfel & Turner, 1979; J.C. Turner, 1975, 1982, 1985; Hogg & Abrams, 1988) and its extension Self-Categorisation Theory (SCT; J.C. Turner,1982, 1985; J.C. Turner & Oakes, 1997; J.C. Turner *et al*., 1987: 42-67; J.C.

Turner *et al*., 1994) is that the degree of identification with a social group is context dependant and explains why in some social situations people think of themselves as independent individuals who interact with each other on the basis of personal characteristics or preferences (e.g., Leeson, Kerviel), while in many social settings people primarily think of themselves and others in terms of particular group memberships (e.g., Hamilton, Piquet Jr., the British MPs). The degree to which an individual identifies with a group depends on the context, the salient social category.

When people think of themselves as members of a group that they value, "they will align their behaviour with the norms and standards of the group because those norms prescribe the context-specific attitudes and behaviours appropriate for group members" (J.R. Smith *et al*., 2007: 772). Thus, group members influence one another and in order to be a successful member of a group, high identification with it is needed. Ellemers *et al*. (2002: 165) found that it is the social context, rather than specific group features, that determines the value of any given group membership. This contextual nature of group influence is one of the fundamental tenets of SIT (e.g., Tajfel & Turner, 1979). Other research by G.E. Jones and Kavanagh (1996) shows that in one experiment, peer influence positively and significantly influenced behavioural intentions. O'Fallon and Butterfield's (2005) review on ethics in business found that social consensus significantly influences behavioural intentions. Contextual peer influence and the resultant behaviour is a crucial element in the next study for this research.

8.1.2 Influence of individuals

One of the findings from studies 2 and 3 was that some participants felt pressurised by others in the group to behave in particular ways. Study 3 also showed that particular individuals emerged who determined the ethical choices and behaviour of the group. In addition, it will also be recalled that a pilot study conducted for this study showed that a specific individual could affect the decision-making behaviour in a

group. Although this research does not examine leadership *per se*, certain aspects of SIT's approach to leadership are relevant to corrupt behaviour, and so apply to this research. These are discussed next.

8.1.2.1 SIT, prototypes and leadership

The previous studies for this current research examined the responses of high and low identifiers to cheating and accompanying stress. But, groups also contain high and low status members (i.e., leaders and non-leaders) and this is particularly true in the workplace with leaders for teams, projects, functions, departments and so on. Even in groupings that are not part of the formal structure of the organisations, such as project teams and committees, experts take the lead on specific issues (bad cases, Kish-Gephart *et al*., 2010). SCT suggests that the leader (or expert) is a prototypical member of a social group (e.g., Hains *et al*., 1997; Hogg & Abrams, 1988: 112-113) and the individual who is the best exemplar of all the group's characteristics and thus best represents the group (Tajfel & Turner, 1979; J.C. Turner, 1982). Group members judge and evaluate others on the basis of their perceived prototypicality. Haslam and Platow (2001: 224) have found that group members' preference for leaders is not a function of those leaders' qualities in the abstract. Rather, support for the leader is conditional on followers' appreciation of the leaders' qualities within a particular social context, a point of particular relevance to the next study.

Hogg (2003: 305-306) referred to several empirical studies, which show that prototypical ingroup members may receive endorsement as leaders regardless of their behaviour. This was confirmed by Haslam (2004d) and Haslam *et al*. (2004) who found that a group is influenced more successfully by a prototypical member, someone who embodies the norms of the group, than by someone not perceived to be prototypical. Further, Haslam *et al*. (2001: 194) reported the results of two studies that showed that leadership is context sensitive and that support for the leader is dependant upon the implications of a leader's behaviour for the social identity that he or she is supposed to

represent. In a laboratory experiment, Hains *et al*. (1997) manipulated leader ingroup prototypicality and found that when group membership was salient, ingroup prototypical leaders received relatively high ratings of effectiveness. Hogg *et al*. (1998, Experiment 2) replicated this study, this time manipulating relative ingroup prototypicality. Under high salience conditions, high ingroup prototypicality resulted in leaders being perceived as more appropriate for their leadership position than low ingroup prototypicality.

Therefore, within the ingroup itself, an influence gradient exists, in which ingroup influence is the strongest among the most ingroup prototypical group member, that member who best represents the context-dependent characteristics of the ingroup relative to salient outgroups (e.g., Platow, *et al*., 2006: 305; Hogg & Terry, 2001: 5; J.C. Turner & Haslam, 2001). Thus, the perception of a leader as representative of the group may vary across situations or over time, depending on whether specific circumstances or events enhance the salience of the identity that the leader shares with the group. Consequently, Platow *et al*. (2006: 305) confirmed that leadership is fundamentally a process of social influence (J.C. Turner, 1991).

In short, a leader as a prototypical member is someone who embodies whatever characteristics make the group distinctive. For this current research, it can be assumed that since participation in the experimental studies was voluntary, and the group representations were entered into willingly, that each group would have consisted of at least some prototypical members. It will be shown in the next experimental study that the influence of a leader as specified by SIT and prototypicality may even extend to corrupt behaviour, a result that has not been demonstrated before.

Also relevant to the next study is the finding from Gross, Martin and Darley (1953: 430) that leadership may shift among group members depending upon the situations confronted by the group. But, in small, organised groups operating under democratic voting procedures, it may be assumed that those individuals elected to

office are more frequently selected because the majority of the membership feel that they can exert the *most* influence on the activities of the group. Hence, in the next study, participants will be given the opportunity to select their leader rather than have one imposed on them by this researcher.

8.1.2.2 Corruption under a leader

The above paragraphs show that a leader is able to influence a group into a particular form of behaviour. Previous research has shown that this influence can extend to corrupt behaviour. For example, G.E. Jones and Kavanagh (1996) found that managers (leaders) influenced behavioural intentions positively and significantly. According to Pinto *et al*. (2008), where corrupt behaviour does spread through the organisation, it is more likely to permeate vertically through superior-subordinate relationships (leaders and non-leaders), termed crimes of obedience (Hamilton & Sanders, 1999; Kelman & Hamilton, 1989). It will be recalled from chapter 1 that experiments conducted at Yale University by Milgram (1974) showed that normal, ordinary people are capable of inflicting severe pain in other human beings in following orders and doing their perceived duty. This behaviour was noted by LeBon (see Strachey, 1955: 81) who defined a group as, “an obedient herd, which could never live without a master. It has such a thirst for obedience that it submits instinctively to anyone who appoints himself as its master.”

More recently, a survey by O’Fallon and Butterfield (2005) has found that top management’s attitude influences a lower level manager’s behaviour in ethical decision-making. Den Nieuwenboer and Kaptien (2008: 139) have found the conduct of managers to be critical in relation to corrupt behaviour in organisations because a large part of what is considered prototypical is determined by a manager’s behaviour. This may be because managers are primarily responsible for detecting and punishing offenders, but their own attitudes to rule breaking is also important.

The importance of the leader in corrupt behaviour is also reflected in DeCelles and Pfarrer's (2004: 71) multidimensional model of corporate corruption which focuses on four constructs: stakeholder pressures, environmental influences, leaders and followers. Among these, they contend, the leader is a key player. As stakeholder pressures mount, the likelihood of the development of corrupt practices to meet those demands also increases. Pressures create goals that are desirable but are impossible to achieve using legitimate practices in that particular environment, forcing the leader to resort to illegal/unethical means. In turn, this leadership behaviour influences subordinate behaviour, which leads to the evolution and pervasiveness of organisational corruption where followers begin to participate in and/or hide wrongdoing because of the leader's powerful influence over them (e.g., Enron). This is an evidence of one tenet of SIT that an acceptable cost of group identification may be to sacrifice personal values and ethics (Haslam, 2004e; Haslam *et al.*, 2005; J.C. Turner, 1975, 1978).

In summary, previous research findings show that corrupt behaviour in a group may be influenced by a leader's behaviour. Organisations may not only not discourage corrupt behaviour (e.g., SocGen), but the leaders themselves may be also instrumental in perpetrating and influencing such behaviour (e.g., Enron). Unless this behaviour is the consequence of enforcement by higher management (e.g., Eichman; My Lai massacre), a leader in such a situation needs to be a prototypical member of his or her team or organisation. The implication for this current research is that to lead successfully, a corrupt leader needs a corrupt group, and conversely, a corrupt group can be fully successful only under a corrupt leader. In the next study, leaders were either appointed by their groups or they self-appointed themselves. The impact of groups and their leaders on stress in a group is discussed next.

8.1.3 Leaders and stress

In addition to corrupt behaviour, this thesis is also concerned with the role of stress in such behaviour. Previous research has shown that high social identity results in accepting costs, such as sacrificing personal values and ethics. But, this may cause stress to those individuals (Festinger, 1954, 1957, 1964; Haslam, 2004f; Haslam *et al*., 2005). Other research has shown however, that high identification with a group results in lower stress levels (Haslam, 2004f; Haslam & Reicher, 2006; Jackson *et al*., 1986). Thus, the stress involved in sacrificing personal ethics in order to favour a group is alleviated by high identification. Indeed, SIT predicts that high identifiers experience less stress than low identifiers.

It has already been noted that a group is influenced more successfully by a prototypical member, than it is by someone not perceived to be prototypical. This also applies to situations of stress as experiments by Haslam *et al*. (2004) have demonstrated. When participants were informed by an ingroup member that the situation they were about to experience was stressful, they experienced more stress than when informed by the same person that it would be challenging. This difference was not replicated when the informer was an outgroup member (see also Haslam, 2004f). The implication is that a person's perception of stress is influenced by a prototypical person within the group, and as noted earlier in the chapter, such a person is likely to be a leader (e.g., J.C. Turner, 1999). Therefore, the perception of stress is influenced by a prototypical member who is likely to be the leader as well.

In the Milgram (1965) experiment described earlier, some of the inflictors of pain also experienced stress when dealing with the two conflicting sets of values (Festinger, 1954, 1957, 1964): that of obedience to a leader (the experimenter) and that of violating personal ethics (inflicting pain unnecessarily). Research into the My Lai Massacre in Vietman (Kelman & Hamilton, 1989) shows that some of the US soldiers who obeyed an order by Lieutenant Calley to shoot a group of unarmed villagers

comprising elderly men, women and children, found the experience extremely stressful. Kelman and Hamilton (1989: 76) contend that obedience to authority is "so ingrained that disobedience to superiors is virtually impossible and takes great effort on the part of an individual" (e.g., Hamilton, Piquet Jr). It follows that, conditions need to be extreme for disobedience to occur and that these extreme conditions themselves may cause stress (Selye, 1936). Thus, members of a group will follow a leader's instructions even at the cost of sacrificing their personal values and any resultant stress may be alleviated by high identification. As seen in chapter 4, high identification lowers stress for group members. This was confirmed by the previous two studies conducted for this thesis. The implication is that group members may experience stress in obeying their leaders (who represent the group norms), but that high identifiers will be less likely to be stressed, because they identify with the group norms. In the light of the above arguments, the following hypotheses were put forward:

H11. When faced with identity threat high identifiers will cheat more than low identifiers in order to obtain favourable outcomes for their ingroup.

H12. When faced with identity threat high identifiers will show lower levels of stress than low identifiers in cheating.

H13. When faced with identity threat individuals in a group will put pressure on others to cheat and that low identifying individuals will feel more pressurised.

H14. When faced with identity threat the presence of a leader will have an effect on the cheating behaviour of the participants.

8.2 Study 4 Factors

8.2.1 Study 4 independent factors

8.2.1.1 Task characteristics

In chapter 5, the difference between types of convergent and open-ended tasks was discussed (R.J. Brown, 2000: 176) and it was shown that study 1 was a

convergent task with single answer questions rather than an open-ended task with a range of possible answers. As mentioned in chapter 7, Ariely and Levav (2000) gave an alternative perspective suggesting that normative influence governs judgmental tasks, as in study 3, while informational influence guides the behaviour for intellective tasks, as in problems that have a single correct solution, such as in study 2. In addition, Stasser and Dietz-Uhler (2003: 33) and Laughlin and Adamopoulos, 1980: 941) refer to a model by Laughlin (1980) of a continuum running from intellective tasks to those that are purely judgemental. The location of a task depends on the degree to which a response can be demonstrated to be correct or incorrect. Details of the degree of demonstrability are described in Appendix 8.

According to Laughlin, Zander, Knievel and Tan (2003), intellective tasks have a demonstrably correct solution within a mathematical, logical, or verbal conceptual system (e.g., mathematical problems, object transfer problems, vocabulary, or analogies) as in the crossword puzzles of studies 1 and 2. In contrast, judgmental tasks are evaluative or behavioural judgments for which no correct answer exists (e.g., attitudinal judgments, preferences for risk, ethical dilemmas), as was the case in study 3. The main part of the task for the next study, study 4, was purely intellective (the answers were either correct or not, with only one method of obtaining the right answer) and the second part was more judgemental and open ended. Based on experiments by Laughlin, Hatch, Silver and Boh (2006) who suggested that 3-person groups are necessary and sufficient to perform better than the best individuals on highly intellective problems, the next study uses groups of three for the task (aptitude tests).

8.2.1.2 Identity threat

Another point discussed earlier (R.J. Brown, 1988b: 212) was that participants solved more anagrams when their ingroup identity was salient than when it was not, when the conditions involved inter-group competition. However, when no reference was made to competition, this pattern was reversed: participants whose ingroup

affiliation was made salient solved fewer anagrams than those whose affiliation was not salient. Following this design of ingroup salience and threat from competition, one of the conditions provided in this next study placed the participants in the threat conditions by making them aware of the performance levels of colleagues from the same profession. There was also the implicit threat from the other participating groups.

8.2.1.3 Gender

In the previous two chapters in this thesis, the post-hoc results of studies demonstrated that gender influenced cheating and unethical behaviour (Studies 2 and 3a, respectively). Male participants cheated or behaved more unethically than female participants. Although Crittenden *et al*., (2009: 345) have found that it is difficult to draw practical implications with respect to the apparent gender differences in the cheating culture, their results, which corroborated other research (e.g., O'Fallon & Butterfield, 2005), illustrate that female future business leaders would be less likely to cheat and were less tolerant of cheating than their male counterparts; men would be more likely to have committed unethical behaviour than women; women make more ethical decisions than men; females are more likely to behave ethically; women are more likely to disagree with unethical actions and are less willing to act unethically. The next study will specifically examine the difference in the cheating behaviour between male and female participants who were mainly from the business community.

8.2.1.4 Social influence

A study conducted by Holt (1987; cited in R.J. Brown, 1988) replicated Ringelmann's rope-pulling experiment (see chapter 4) under different conditions that heightened social identity salience by (a) allowing prior interaction between team members; (b) asking team members to devise a name for their group or (c) forming teams along the lines of pre-existing groups. Holt found that there were no differences in the performance of these three types of groups. Postmes *et al*. (2001: 927) have referred to research that confirm that group history affects the formation of group

norms, and that these norms have a substantial impact on the quality of group decisions. A prior group task of putting together a poster or having a brief discussion about a policy proposal had marked impacts on subsequent group decisions despite the fact that the two tasks were unrelated. Based on the work of these researchers, the next study for this current research adopts these ideas as will be shown in the study design.

8.2.1.5 Leader selection

Intra-group behaviour may also be affected by the selection of leadership and status within the group. Haslam and Platow (2001: 219; Haslam, McGarty, Brown, Eggins, Morrison & Reynolds, 1990) have shown that leadership selection has an impact on the performance of the group: (a) where there are clear tasks and goals to achieve, (b) group members can act in a democratic manner and (c) the group already has a shared sense of identity. In such a situation random allocation of a leader is the most advantageous for the group. In two experiments on leader selection, the groups with randomly selected leaders outperformed those with formally selected leaders. Thus, random, informal and formal methods of leadership selection all have different effects on group decision-making (Haslam, 2004d). Haslam, Turner, Oakes, McGarty and Reynolds (1998) have found also that systematically selected leaders can "undermine group goals and maintenance" because they assert their personal superiority at the expense of social identity. In the next study, which meets Haslam *et al*.'s (1990) conditions (i.e., clear task goals, democracy, sense of identification) the leaders were chosen by the groups, either because the study required them to do so in two of the three experiment conditions, or that leaders emerged spontaneously in the third (control) condition, as was the case in studies 2 and 3. The participants did not normally work together as colleagues, so the leader selection may have had some element of randomness. What was important in this case was that the teams required to do so, chose leaders, rather than being appointed by the researcher.

8.2.2 Study 4 dependent factors

The dependent factors were the same as for chapter 7, apart from cheating replacing unethical behaviour. Hence, the study investigated cheating, moral intention, stress and pressure. In addition, the task result was the score from the test rather than a budgetary profit.

8.3 Study 4

8.3.1 Study 4 procedure

The participants were randomly assigned to teams of three. In order to encourage bonding (R.J. Brown, 1988; Postmes *et al*., 2001), each group was asked to give a name to their team and to announce it so that all participants were aware of the other teams. This ensured that all participants were conscious of their own ingroup identity and the presence of outgroups (other participating teams). They also took part in a short general knowledge quiz and the winning team was awarded a small prize.

The quiz was not part of the study, but the participants were unaware of this. The study task, which was given out next, was an aptitude test. This was thought to be a more meaningful activity for the participants since they would have been familiar with such tasks during the course of their career progression. There was one set of tests for each team member. All the sets were similar, but not identical, with two each of three types of tests: verbal, numerical and spatial. The answers were to be selected from multiple-choice options denoted by consecutive letters of the alphabet (example below). The participants were told that they must solve the clues on their own and pool only the results by collectively filling in an answer sheet. So the activity provided participants with opportunities to both cheat and break the rules.

Here are two lists: colours on the left and nouns on the right.

Colours	Nouns
Yellow	giant
Blue	currant
Black	hammer
Red	berry
Green	bird
White	death

Using each colour only once and each noun only once, how many words and terms from the natural or physical world can you make?

a) 5
b) 6
c) 4
d) 3
e) 2

To further test the ethics of the groups working together, the final part of the task was to form the longest word they could from the list of letters of their answers. They had 15 minutes in total for these two activities. They were given 5-minute and 1-minute warnings before time. After this, as in previous studies, the participants were asked to complete a survey to capture their attitudes to the task and to wider social norms. One of the questions asked the participant if they had led their team. When the participants had completed the survey, they were debriefed about the experiment. After the discussion that followed, the participants were given a final sheet where they had the opportunity to write their team's true results and they were also able to comment on any aspect of the study. They were also given the opportunity to have their questionnaires withdrawn from the study. Finally, they were given the answers and they self-scored on the number of correct entries and the group with the longest (legitimate) word was identified. In each session a token prize was given to the winning team. In total, the sessions lasted 45 minutes.

8.3.2 Study 4 participants

The participants (*N*=72) were management consultants, business owners and other senior personnel from organisations in several cities in the UK. They were mostly fellow members of the researcher's business networking groups, but one session of 9 participants was carried out within one organisation. Participation was on a voluntary basis, the groups coming together specifically to take part in the experiment. There were 44 men and 26 women, and 2 did not specify their gender. The mean age was 45.8, the median was 47, the mode was 55 and the standard deviation was 11.51. The minimum age was 25 and the maximum was 69. As in the previous study, most of the

participants were aware that the experimenter specialises in the management of stress in the workplace.

8.3.3 Study 4 design

There were three conditions for the experiment. In the control condition, **C**, the participants were told, "*This study is part of a larger research project assessing the dynamics of groups working under pressure*" and were simply given the aptitude test and had no opportunity to cheat. The remaining two conditions had the answers provided surreptitiously at the bottom of the page. In addition, in the second condition, **I**, the participants' professional (ingroup) identity was made salient with the statement "*this study is part of a larger research project assessing the dynamics of groups working under pressure. The target group of participants for this research are professional groups similar to yours, working well as a team. Please attempt as many questions as possible*." In the third condition, **T**, they were put in a threat condition with the additional statement, "*Previous trials have shown that it is possible to get all the questions right in 10 minutes.*" Teams in both conditions I and T were required to choose a leader. For all three conditions, and with the permission of the participants, the group conversations were recorded for qualitative analysis.

8.3.4 Study 4 measures

As in the previous studies, the measures, each with 4 questions, fell into two categories. Some were related directly to the task and the rest to personal values, observations and preferences which provided information about the characteristics of participants. Some wording needed to be altered to suit the context. (e.g., *Would you cheat on other team tasks if you thought you could get away with it?*). The additional measures are given below that related to leadership: *Leaders in your team* (e.g., *Someone in my team influenced the conduct of other team members*). There were also questions related to *contextual ethics* (e.g., *Do you think it was OK to break the rules because you thought other teams did?*). *Team identification* (α=.78) measured how well

the participants identified themselves with their own group (e.g., *Did you feel strong ties with your group?*).

A Likert-type response scale measure was used for all the measures and participants indicated their level of agreement by responding on a scale of 1 (not at all) to 7 (completely). Responses were scored and reverse coded where appropriate, so that higher scores indicated higher levels of the factor being measured. Also, as in the previous studies, Cronbach's coefficient alpha was used to measure reliability. Unless otherwise stated, between-subject MANOVA analyses were performed. All results, as well as the reliability, means, effects and contrasts for measures of participants' responses are given in Appendix 8, Tables 8.3-8.13.

8.3.5 Results and discussion of study 4

8.3.5.1 Results of hypothesis 11 and discussion

It had been hypothesised that under identity threat high identifiers would cheat more than low identifiers in order to obtain favourable outcomes for their ingroup. To determine the effect of social identity on score, cheating and stress, a 3 (conditions: control, identity, threat) x 2 (levels of social identity: low, high) between-group MANOVA analysis was conducted. The main effect for score (M=12.04, SD=4.82) was highly significant $F(2,63)=25.83$, $p<.001$, partial eta squared=.451, indicating a large effect size for study conditions (Pallant, 2007: 208, 255). The lowest score was in the control condition (M=7.43), and the scores for the identity salient condition and the threat condition were higher, (M=14.75) and (M=13.91), respectively.

Planned contrast analysis, CvI,T was highly significant $F(1,63)=51.17$, $p<.001$. However, the contrast IvT was not significant, but CvT was highly significant $F(1,63)=34.35$, $p<.001$, as was CvI with $F(1,63)=42.81$, $p<.001$, indicating the difference between the control condition and the other two, but not between the two cheating conditions. Score was correlated with contextual ethics, $r=.282$, $p=.017$, indicating that groups with less rigorous ethics achieved higher results, (that is, they

cheated more). See table 8.13 in appendix 8. Overall, these results show that where answers were available (conditions I and T), participants used them, indicating that participants cheated, given the opportunity.

The effect of social identity for score was highly significant $F(1,63)=13.76$, $p<.001$, partial eta squared=.179, indicating a large effect size for study conditions (Pallant, 2007: 208, 255), showing that social identity played a significant part in the results. Overall, high identifiers had higher scores (M=13.08) than the low identifiers (M=10.91). The lowest overall score (M=7.29) was for low identifiers in the control condition whereas the highest score (M=15.33) was for the high identifiers in the identity salient condition. In addition, in each condition, high identifiers had higher scores than low identifiers. See tables 8.3 and 8.4 in appendix 8 and figure 8.2.

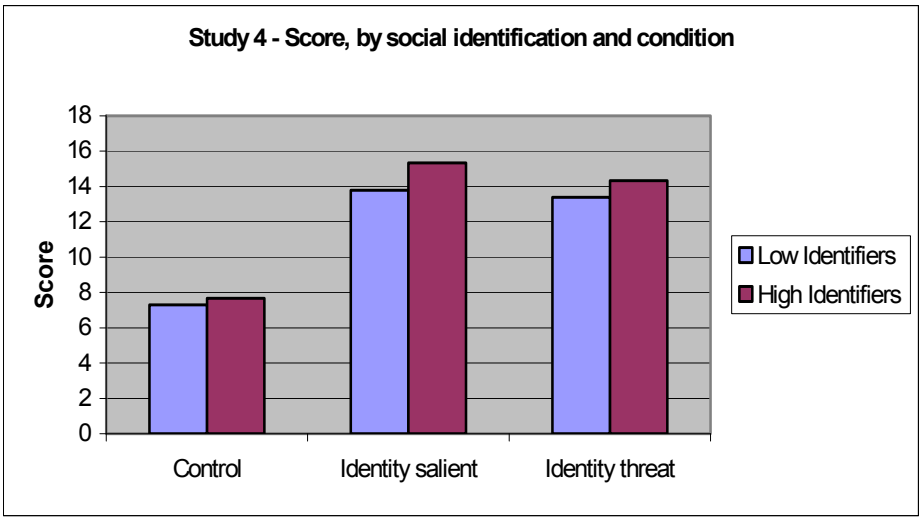


Figure 8-2 - High identifiers had higher scores, indicating greater levels of cheating

However, there were no effects for self-reported cheating (M=3.32, SD=1.33), although there was highly significant correlation between cheating and score r=.413, $p<.001$ and between cheating and contextual ethics, r=.527, $p<.001$, indicating that participants with higher levels of situational ethics (less ethical) cheated more. Taken together, these results show that the availability or not of the answers influenced the score results. Participants used the opportunity to cheat that the answers provided and

that high identifiers cheated significantly more than low identifiers, although participants did not regard their actions as such.

One notable finding was that there were no significant results for moral intent. This may be explained by the findings from the review by O'Fallon and Butterfield (2005) which showed that individuals are less likely to state their intentions to perform an action if they judge it as unethical; and individuals who intend not to engage in an unethical act are unlikely to indicate behaving unethically. This implies that individuals do not admit to performing or intending to perform an act that they judge to be unethical and this supports the analysis of reported cheating noted in the previous paragraph.

Post-hoc analysis by gender also showed that there was highly significant results for score $F(2,63)=25.23$, $p<.001$, partial eta squared= .445, indicating a large effect size for condition (Pallant, 2007: 208). The results for score showed that in all conditions, men (M=12.57) had higher scores than women (M=11.12). In the non-control conditions, this implies that men cheated more than women. See figure 8.3. These results support the review by O'Fallon and Butterfield (2005: 379) who found that if there are any differences, women are less likely to behave unethically than men.

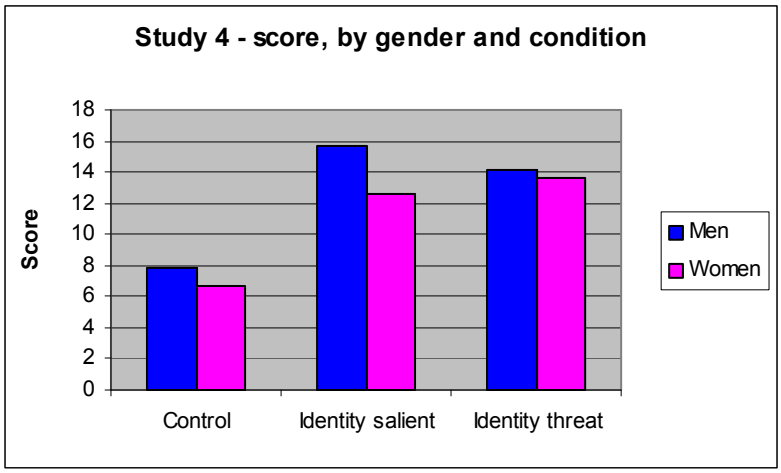


Figure 8-3 - Men had higher scores than women, implying higher levels of cheating

There was also significant interaction effect for contextual ethics $F(2,63)=4.75$, $p=.012$, indicating that conditions influenced gender results (figure 8.4). Men and

women had different approaches to the ethics of the study conditions. The planned contrast C (*M*=7.43) v I (*M*=14.75), T (*M*=13.91), was highly significant for score *F*(1,63)=50.46, *p*<.001. The contrast CvI was highly significant for score *F*(1,63)=38.19, *p*<.001; CvT, was highly significant for score *F*(1,63)=37.45, *p*=.000. Taken together, these results confirm that women felt less inclined to cheat than men. See tables 8.5 and 8.6 in appendix 8.

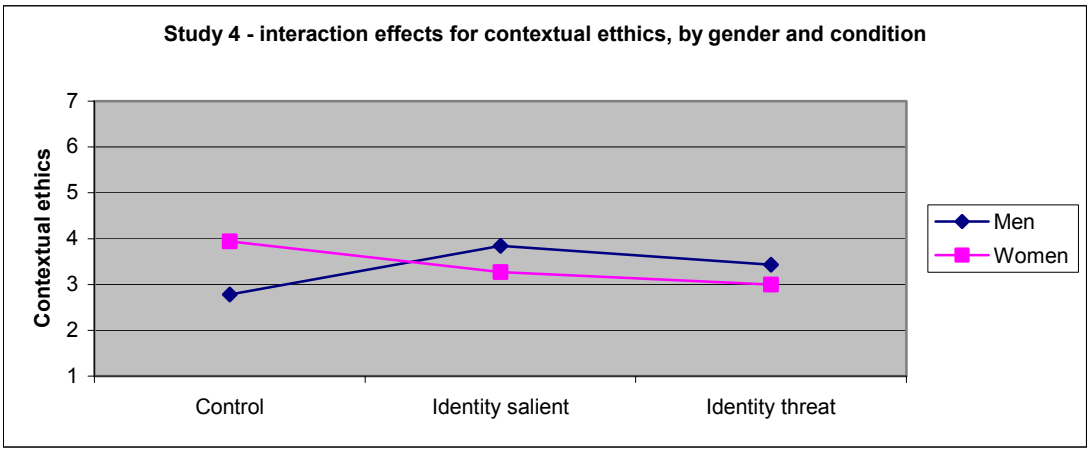


Figure 8-4 - Men had higher levels of contextual ethics under cheating conditions

Further post-hoc analyses showed that when compared to the other participants (*N*=47), men who were high identifiers (*N*=24) showed highly significant results for scores, *F*(3,67)=6.04, *p*=.001; and for cheating with *F*(3,67)=3.72, *p*=.016. These results indicate that men high identifiers not only cheated significantly more than the rest of the participants, evidenced by the score means in conditions I and T, but also reported doing so.

Post-hoc analysis also showed that age was significant for the aptitude test scores. The younger age group went up to 46 (cf. 50 for study 3, and 45 for KPMG [2007] Fraudster Survey) the main effect was *F*(2,63)=28.86, *p*<.001, partial eta squared= .478, indicating a large effect size for condition (Pallant, 2007: 208). The planned contrast C (*M*=7.43) v I (*M*=14.75), T (*M*=13.91), was highly significant for score *F*(1,63)=57.17, *p*<.001. The contrast CvT was highly significant for score

F(1,63)=38.16, *p*<.001 and for CvI, was highly significant for score *F*(1,63)=47.17, *p*<.001. Overall, younger participants (*M*=12.27) cheated more than older participants (*M*=11.83). However, although in the control condition this was true, (*M*=8.80, younger) and (*M*=6.38, older), in the high threat condition, older participants (*M*=15.38) had higher scores than younger participants (*M*=13.07). These results show that whether age affected the score results depended on the situational context. It seems that under threat, older participants were more inclined to cheat. See tables 8.7 and 8.8 in appendix 8. In contrast, in study 3, high threat condition produced no significant difference between younger and older participants.

These results support previous research. According to Fleming and Zyglidopoulos (2009: 29), research relating to age has proved to be non-conclusive as studies show both older and younger employees may be more ethically orientated. Jackson, Levine, Furnham and Burr (2002: 1032) found that in a study of over 680,000 job applicants from more than 100 organisations, there were minor age differences in unethical behaviour, when age was treated categorically (as was done in the current study and in study 3). In their review, O'Fallon and Butterfield (2005) found that younger age teams tended to make the most unethical decisions. But, in general, the findings about age in the business ethics and cheating literature are mixed. Results of this current study would seem to support this.

The information from the final sheets that the participants filled in was used to assess how many of the scores (*M*=12.25, *SD*=4.81) submitted were genuine. A between-group (*N*=25) MANOVA analysis of 3 (conditions: control, identity, threat) x 2 (genuine results: true, false) showed highly significant main effects for condition *F*(2,66)=12.74, *p*<.001, partial eta squared= .278, indicating a large effect size for condition (Pallant, 2007: 208). The planned contrast C (*M*=7.43) v I (*M*=14.85), T (*M*=13.91) was highly significant for genuine result scores *F*(1,66)=27.17, *p*<.001. The contrast CvT was highly significant for score *F*(1,66)=27.33, *p*<.001 and CvI, was

highly significant with $F(1,66)=17.99$, $p<.001$. Score was also highly significant for genuine results: $F(2,66)=37.64$, $p<.001$, as was cheating: $F(1,66)=18.30$, $p<.001$. The means for score true results was ($M=9.59$) compared to ($M=16.88$) for false results. The means for cheating for those from those who submitted true results was ($M=2.89$) compared to ($M=4.25$) for false results. These results show that participants who had access to the answers (conditions I and T) admitted to not submitting genuine scores in the original paperwork (Genuine results $M=9.59$; false results $M=16.88$). See Tables 8.11 and 8.12 in appendix 8.

These results imply that the participants admitted to cheating. This is not surprising: in filling in the final sheet, the data from which was used for this analysis, the participants no longer perceived themselves as members of their task group in competition with other groups, but rather in a different situational context, that of taking part in the wider activity of the research, and changed their behaviour accordingly. SIT predicts this (e.g., Tajfel & Turner, 1979).

These results also support previous research, as was seen in chapter 4, that when the boundary of social identification is extended, assistance will be offered more widely (e.g., Darley & Latané, 1968; Dovidio *et al*., 1997; Gaertner *et al*., 1989). This may also be explained by Milgrams's (1974) *agentic state* (see appendix 3.1) in which the person sees him or herself as an agent for another person (in this case, the researcher), carrying out orders but not being responsible for them. This may have made admitting to cheating easier for the participants.

8.3.5.2 Results of hypothesis 12 and discussion

It had been hypothesised that under identity threat high identifiers would show lower levels of stress than low identifiers in cheating. The MANOVA results for 3 (conditions: control, identity, threat) x 2 (levels of social identity: low, high) for stress ($M=2.80$, $SD=.56$) were highly significant $F(1,63)=13.76$, $p<.001$ for social identity, partial eta squared=.179, indicating a large effect size for study conditions (Pallant,

2007: 208, 255) and implying that level of identification affected stress levels. There were no other significant results for stress. The least stress was experienced by high identifiers (*M*=2.51) in the threat condition, and the highest was by low identifiers in the identity (low threat) condition (*M*=3.26). These stress results show that in all conditions, high identifiers experienced lower stress than low identifiers (figure 8.5), thereby confirming the hypothesis.

Post hoc analysis gave significant results for stress for women high-identifiers $F(1,69)=4.57$, $p=.036$. The results were also significant for stress, $F(1,66)=4.37$, $p<.001$ for true results, carried out at the group level ($N=25$): those who had submitted genuine results $M=2.86$, whereas for those who had not, it was ($M=2.70$). These true score results showed that in filling out the true results, participants experienced stress.

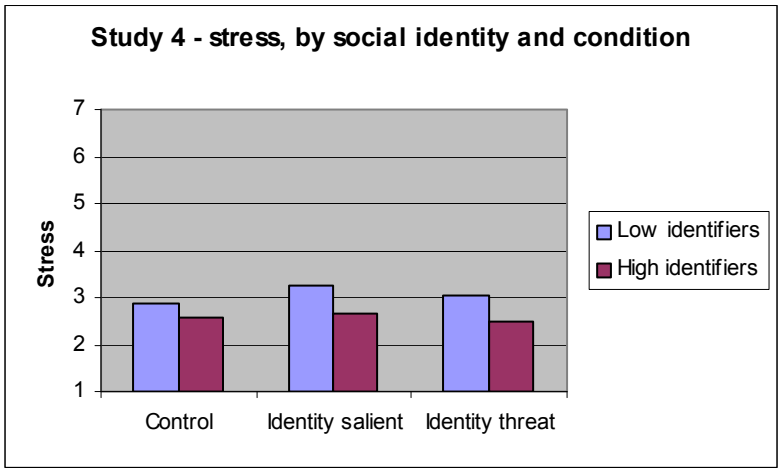


Figure 8-5 - Stress was lower for high identifiers in all conditions

One possible explanation for the low levels of stress is given by Terry *et al*. (1996: 106), who made a distinction between problem-focused and emotion-focused coping strategies. This is based on the work of Lazarus and Folkman (1984) who, it will be recalled from chapter 4, contributed the transactional approach to stress, which conceptualised stress as a process that is psychologically influenced so that the impact of any given stressor depends on the way that it is construed by the person who is exposed to it. Problem-focused strategies are directed towards the management of the

problem, and are generally thought to have positive effects for stress, whereas emotion-focused strategies concentrate not on the problem but deal with the accompanying level of stress. The former is thought to help coping with stress and the latter, to impair adjustment to stress (Lazarus & Folkman, 1984). That is, exposure to a problem such as an aptitude test, as in this study, would in general cause lower levels of stress, than a more open problem. This may explain the lack of stress in this study.

8.3.5.3 Results of hypothesis 13 and discussion

It had been hypothesised that under identity threat, individuals in a group will put pressure on others to cheat and that low identifying individuals will feel more pressurised. A MANOVA analysis of (conditions: control, identity, threat) x 2 (levels of social identity: low, high) revealed that there were no effects for pressure (α=.80, N=8) under conditions or social identity. Thus, the hypothesis is not supported. However, analysis by gender showed that there were highly significant effects for gender $F(1,63)=14.98$, $p<.001$, (M=3.20, SD=1.14). Overall, women (M=3.79) felt more pressurised than men (M=2.86) and this was reflected in each of the three conditions. See tables 8.5 and 8.6 in appendix 8 and figure 8.6 below. Pressure was highly correlated with reported cheating, r=.319, p=.007 (see table 8.13 in appendix 8).

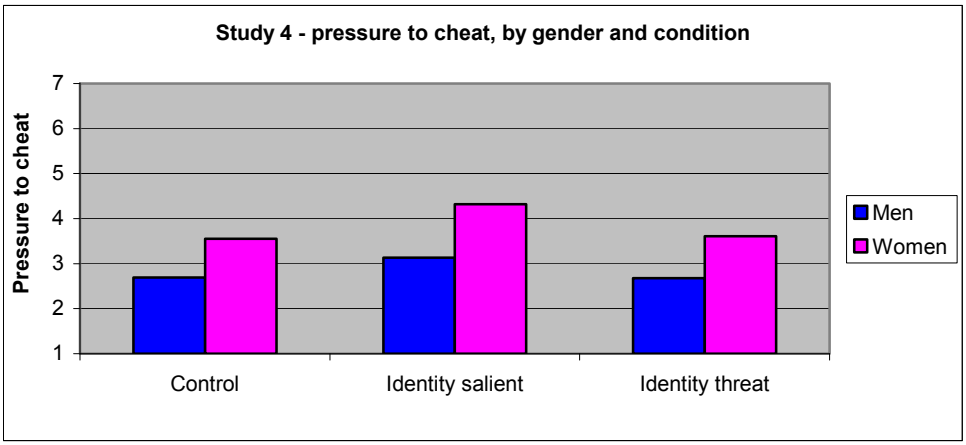


Figure 8-6 - Women felt more pressurised than men in all conditions

Pressure was also highly correlated with contextual ethics r=.252, p=.034. This shows that for women felt more pressurised into cheating, the more salient the contextual ethics became. These results were not surprising as previous research shows (see O'Fallon & Butterfield, 2005). Figure 8.7 below compares contextual ethics with pressure, both of which were significant. Taken together, these results show that women felt more pressurised to cheat than men and it seems that the level of pressure experienced was influenced by the level of corrupt norms in the group, and in turn, this influenced the level of their reported cheating.

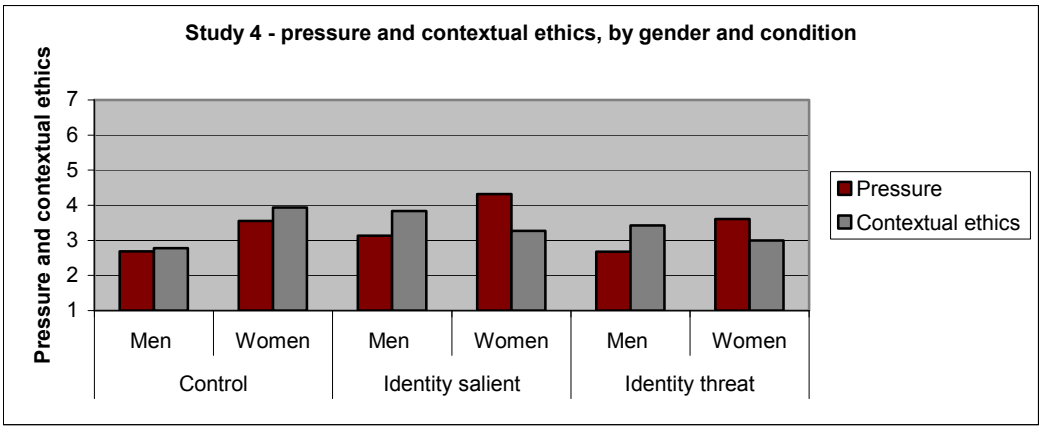


Figure 8-7 - Women felt more pressurised and showed less contextual ethics

8.3.5.4 Results of hypothesis 14 and discussion

It had been hypothesised that under identity threat, leaders will have an effect on the cheating behaviour of participants. It will be recalled that the participants were asked to elect leaders from their teams in the two conditions where answers were provided. In addition, all participants were asked to indicate on the questionnaire if they had led their team. From this it seems that there were 24 team leaders and 44 non-leaders, and 1 questionnaire gave no-indication about this. There were 5 leaders in the control condition, who had been chosen on self-appointed themselves on a voluntary basis, 10 in the identity salient condition, and 9 in the threat condition. MANOVA results for condition (3: control, identity salient, high threat) x team leader (2: yes, no) was

highly significant for score $F(2,62)=20.63$, $p<.001$, partial eta squared=.40, indicating a large effect size for condition (Pallant, 2007: 208). In all conditions, team leaders (M=13.00) had higher scores than non-leaders (M=11.61), indicating that the team leaders cheated more than other participants but did not report it (figure 8.8). See also tables 8.9 and 8.10 in appendix 8.

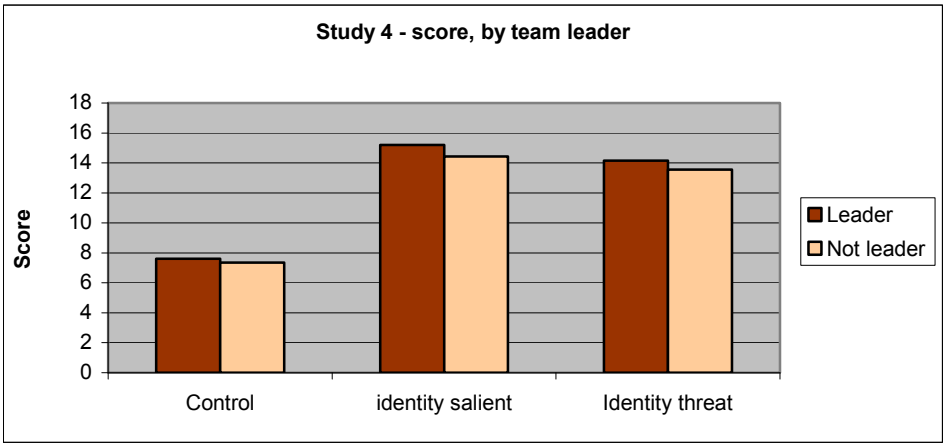


Figure 8-8 - Leaders had higher scores than non-leaders

As with the social identity results, the planned contrast CvI,T was highly significant, $F(1,62)=40.24$, $p<.001$, as were CvT $F(1,62)=27.14$, $p=.000$, and CvI, $F(1,62)=37.30$, $p<.001$. Leadership was also highly significant for social identity, $F(1,62)=11.80$, $p=.001$. In all conditions leadership values were higher for high identifiers (table 8.4 in appendix 8), implying that team leaders were high identifiers and that low identification was associated with non-leaders (tables 8.9 and 8.10). Significant negative correlation between stress and leadership $r=-.274$, $p=.021$ indicated that the stronger the influence of the leader, the lower the stress.

There was significant interaction for the variable leadership $F(2,62)=3.96$, $p=.024$, partial eta squared=.113, indicating a medium effect size for study conditions (Pallant, 2007: 208, 255), showing, not unexpectedly, that team leaders influenced the leadership results. Leadership was higher in the control condition (M=5.75) than in the identity salient condition (M=5.40). Low identifiers reported lower levels of leadership

(*M*=5.20) than high identifiers (*M*=6.04), and in all conditions, higher identifiers reported higher awareness of leadership (figure 8.9). Under identity salience, leaders showed higher leadership characteristics, but under identity threat, this changed and non-leaders showed higher levels of leadership. These leadership results are not surprising as high identifiers and leaders were more likely to engage with the task and try to influence the results (e.g., Tajfel, 1978; Tajfel & Turner, 1979; J.C. Turner *et al*., 1987).

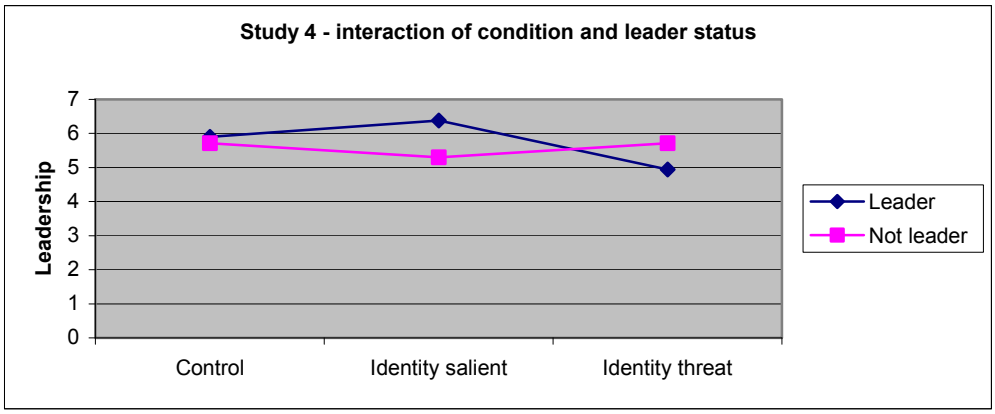


Figure 8-9 - Higher levels of leadership in the identity salient condition

The group level information on the final sheet was used to run a MANOVA for groups (25) x team leader (2: yes, no) to ascertain the influence of leaders on groups. In this analysis, cheating (*M*=3.34, *SD*=1.33) had significant results with $F(24,23)=4.76$, $p<.001$. There was also significant interaction for cheating $F(20,23)=2.50$, $p=.018$, indicating that team leaders influenced group cheating results. Team leaders (*M*=3.56) reported higher levels of cheating than non-leaders (*M*=3.25). It seems that on their own leaders and other participants were reluctant to admit to cheating, whereas, in filling out the form as a group they did so.

Thoms (2008: 419; see also G.E. Jones & Kavanagh, 1996; O'Fallon & Butterfield, 2005; Decelles & Pfarrer, 2004) has found a direct link between leadership and organisational moral culture. If strong ethical leadership is not demonstrated at the top, those below will not grasp its importance to the business. However, where the process of decision-making involves organisational members at various levels, the

concept of a decision infiltrates and influences everyone's behaviour and consequently, such decisions can be influential in altering future behaviour (e.g., Enron). Leaders communicate values and beliefs through themes emerging from their priorities. Thus, their personal values, powered by their authority, set the ethical tone of an organisation. This was seen in Enron, where the code of conduct set by Skilling and his fellow board members filtered down the layers until the entire organisation was steeped in corrupt behaviour. In the current context of the study, the group leaders influenced the cheating decisions made.

8.3.5.5 Summary of quantitative analysis

The main findings from this study are that high identifiers cheated more than low identifiers where the opportunity was available and that specific individuals (team leaders) within a group influenced the level of cheating. Leaders cheated more than non-leaders. Interestingly, although participants, both leaders and non-leaders, did not self-report in the questionnaire that they had cheated, in the final form, they admitted to it. Overall, low identifiers experienced higher stress levels than high identifiers; women reported more stress than men and they also felt pressurised to cheat. Age did not provide any conclusive results. Table 8.1 below summarises the results.

Table 8-1. - Summary of study 4 results

Hypotheses	*Study 4 results*	*Post hoc results*
H 11- Under identity threat, high identifiers will cheat more than low identifiers in order to obtain favourable outcomes for their ingroup	High identifiers cheated more than low identifiers where opportunity existed; However, they did not self-report that.	Men cheated more than women. High identifying men cheated and reported cheating more than the other participants. Men were more influenced by the context in their cheating than women.
H12 - Under identity threat, high identifiers will show lower levels of stress than low identifiers in cheating.	High identifiers experienced less stress than low identifiers.	High identifying men were less stressed than the rest of the participants. Men who were either leaders or high identifiers experienced significantly less stress than the rest of the participants.
H13 - Under identity threat, individuals in a group will put pressure on others to cheat and that low identifying individuals and women participants will feel more pressurised	No main effects for pressure	Women felt more pressurised to cheat than men. Contextual ethics influenced women's cheating and their reporting of cheating.
H 14 - Under identity threat, leaders will have an effect on the cheating behaviour of participants	Leaders cheated more than non-leaders in all conditions; Leaders reported higher contextual ethics than non-leaders	Leaders influenced their groups' cheating behaviour

8.3.6 Study 4 qualitative analysis

In addition to the data capture for statistical analysis, recordings were made of the discussion of the groups as they worked on the study task. This, together with comments from the participants, both written and verbal, has given further insight into the cheating behaviour of the groups. The main themes are discussed below.

8.3.6.1 Comment 1

Some participants acknowledged that they had cheated. Two examples, both from men, are "*We saw the answers half-way through and used them*"; and, "*We used the answers at the bottom*." These comments support the statistical results: where the opportunity existed to cheat, it was taken. They also point to social facilitation (see Williams *et al*., 2007; 298).

8.3.6.2 Comment 2

One observation made during running the tests was that some of the participants were reluctant to engage with their teams in the final step of forming the longest word. They were more interested and involved in solving the individual questions than in contributing towards a group solution. For instance, in one group for this study with the identity salient condition, one participant did not use the answers provided. Her comment to the researcher was, "*I would be cheating myself if I looked at the answers*". She was so engrossed in solving the aptitude test that she did not participate in the second part of the task, leaving it to the other two members of her group, both men, to find the longest word.

Interestingly, Hogg (2003: 67; see also Snyder, Lassegard and Ford, 1986) has commented on "positive" deviance from group members who are a-prototypical but in favourable ways as with over-achievers or highfliers. On the one hand over-achievers are socially unattractive because they are not prototypical but on the other hand they are socially attractive because the group can bask in their reflective glory. In this particular instance, the other two members of the team, keen to get the longest word, regarded her as "*strange*" and "*humourle*ss", reflecting the disapproval aimed at deviants as seen in chapters 6 and 7. Felps *et al*. (2006: 192) have argued that withholding effort produces perceptions of inequity and negativity that spreads contagiously to team-mates, and in addition, such interpersonal deviance engenders distrust.

In addition, Marques *et al*. (2003: 410) have suggested that the black sheep effect imply that people have more favourable expectancies about ingroup than outgroup members, and that people who identify highly with their group are more likely to reject ingroup deviants if they are also low ingroup identifiers. Ingroup deviants are derogated precisely because they are seen as ingroup members. It seems that both these phenomena (perceptions of inequity and ingroup deviance) occurred in this case.

In another instance, the comment written was, "*Even though I noticed the answers at the end, I refused to look at them, because I was so proud I had done the test*." This particular participant, in the identity salient condition, did not point out the answers to her fellow team members, who, it emerged in the post study discussion, were not best pleased. The phenomenon of social loafing has been discussed in chapters 4 and 7. As the previous examples show, the concept of social loafing is closely linked to that of personal identity or low levels of social identification. It seems, these two deviant participants, whose personal identities were salient, were guilty of social loafing in the context of their group norms of cheating.

8.3.6.3 Comment 3

One surprising situation that arose was that one of the participants in the high threat condition had forgotten her reading glasses. Consequently, she did not perform well on the test, and later informed the researcher that, "*We had to use the answers because I couldn't read the questions.*" This was an example of rationalisation, that of denial of responsibility.

There were several other examples of rationalisation: "*Had I noticed that the answers were at the bottom RHS in the aptitude test, I would have copied them without feeling I had cheated. This is because I felt that the correct answers could be important in getting the longest word in the next part of the test.*" This was written by a man and is an example of referring to higher loyalties.

One participant, supported by his fellow team members, accused the researcher afterwards, "*You didn't tell us we couldn't cheat.*" Similar comments were heard on the audio-tapes: "*Using the answers is not cheating – she didn't say it was cheating*", was said by a female participant; and "*We are not breaking the rules because she didn't say we couldn't use the answers*" (man participant). Both these were examples of denial of responsibility.

"*You can bend the rules occasionally, to achieve the results you want. No one is going to get hurt if we do this*", was said by a man. This was an example of appealing to higher loyalties and denial of injury.

The final sheet also provided more examples of rationalisation.

"*I would not think using answers that are on the paper would be wrong. Use the given data*" was written in the comments box by a woman participant, giving an example of using opportunities for corrupt behaviour and of examples of rationalising by denying responsibility. These examples provide evidence that in order to justify their cheating, participants used rationalisation (e.g., Ashforth & Anand, 2003; Anand *et al*., 2004; Fleming & Zyglidopoulos, 2009; Sutherland, 1949; Zyglidopoulos *et al*., 2009). The KPMG Fraudster (2007) survey also highlighted the role of rationalisations in corrupt behaviour.

8.3.6.4 Comment 4

There were also examples of rationalisation for not cheating:

"*We/I did not cheat because we/I lacked the time to consider the small print*." (man)

"*I saw the answers but thought that must be a red herring*." (woman)

"*Not that we didn't cheat, we didn't know how to."* (woman)

"*We didn't cheat because we didn't realise we could."* (man)

"*We didn't notice the answers at the bottom so didn't know we could cheat*." (woman)

"My background in the NHS stopped me from using the answers!" (woman)

"*I realised that we could circle any letter to get our word so I didn't see the need to cheat*." (man)

These were some other examples of denial of responsibility for not using opportunities or taking risks. It also seems that the participants regretted not having taken the opportunity to behave corruptly. These comments illustrate that

rationalisation is useful armoury for corrupt behaviour and that participants not only did not consider using the answers as cheating, but that they also saw not using them as opportunity lost, demonstrating the contextual nature of corruption (e.g., Ashforth & Anand, 2003; Ashforth *et al.,* 2008; Darley, 1996; Ferrell & Gresham, 1985; Zimbardo, 1971, 2007).

8.3.6.5 Comment 5

One reaction the researcher observed was that several control condition (no answers) groups were unhappy at having been deprived of the opportunity to cheat. Presumably, this is because they were denied the chance to perform well. But similar disappointment was voiced by those who had the answers but did not notice them, as borne out by the following comments: "*I saw the answers right at the end and could not use them, which is annoying*", written by a woman, and "*I was irritated at not noticing the answers until the end*", written by a man. Another team (2 men, 1 woman), in particular, was so dismayed at not having seen the answers and/or at not having used them that they had a long discussion about this after the study was complete, forgetting that they would have been cheating had they done so. This too highlights the importance of opportunity and the context in corrupt behaviour.

8.3.6.6 Comment 6

For the word-forming activity, an instruction from one team leader to another member of his team, a woman, who was attempting to formulate a long word, was, "*Just make up a word - Everybody agree*?" and another member of the team, a man, responded, "*Yes, let's do it. She* (meaning the researcher) *won't check the answers here.*" The paper records show that the group did this. This episode indicates an example of supporting the group at a personal cost: the female member of the group had to forego the satisfaction of finding a solution to a problem in order to fit in with the group's wishes. The group were aware that there would be a time lapse between the corrupt act and its being discovered by the researcher and hence, any possible

consequences, and this influenced their decision on how to act. This is an example of ethical distance (Zyglidopoulos & Fleming, 2008) but this phenomenon is not investigated further as it is outside the scope of this thesis.

Another team leader, impatient with one of his group members said, "*If you keep working on the test, we'll not come up with the word and we'll fail. Just put something down*"; which is what was done. Both these comments are examples of rule breaking, and as shown in the next comment perhaps also of group polarisation.

8.3.6.7 Comment 7

One all female group with answers (threat condition) did not cheat. One of the group said of the team leader, "*Sue showed me the answers, but she kept her wrong answers while I changed mine, but we didn't use them in the end, although Lyn and I would have."* This is an example of the persuasive quality of a leader (J.C. Turner, 2005) and also shows polarisation (Mosovici & Zavalloni, 1969), although on this occasion, it was to not cheat. However, another explanation may be given by Ellemers, Pagliaro, Barreto and Leach (2008: 1407-1408) who showed that people find it more important that the groups they belong to are seen as moral rather than as competent. Their research also suggests that, "the reverse relation may also be true, in that through their moral behaviour, group members may contribute to ingroup value on a dimension that really matters for the group as well as the self." Clearly, in this instance, an ethical stance was important.

Victor and Cullen (1988) found in their empirical study that ethical climate is determined by contextual factors, including the wider socio-cultural environment, the organisational form and the specific history of an organisation. Clegg *et al*. (2007: 107) found on examining ethics in relation to the ambiguous, unpredictable and subjective contexts of managerial action (such as in this study), that ethics will always be situational and contextual in character. This contextual influence was predicted by SIT

(tajfel & Turner, 1979) and appears to have happened with many of the groups in the study.

8.3.6.8 Comment 8

There were examples, too, of moral intent (Rest, 1986). One intention of unethical behaviour or cheating was, "*If we had been in a breakout room I would have shared my test questions with the others*", made in the control condition by a woman participant. This indicates that it was only the lack of the opportunity to cheat that resulted in the rules not being broken.

8.3.6.9 Comment 9

"*This is too much – can't handle it*"; (man)

"*Never felt so stressed out in my life*"; (woman)

"*Too much pressure*." (man)

These comments are taken from similar ones interspersed throughout the tapes. Clearly, some participants experienced stress, but this contradicts the lack of significant results for stress in the quantitative analyses results except in the case of levels of social identification. While the participants verbally acknowledged to each other that they were stressed, they did not formally record it in the questionnaires. This may be a consequence of the reluctance, in general, of business people to admit to stress.

8.3.6.10 Comment 10

In one all female group the answers were not pointed out by a team member who had noticed them. The reason given was, "*Because we had the recording on, I couldn't tell the others in the group that the answers are at the bottom."* In comparison the following conversation was recorded for a team of all men:

"*The question is, is she going to check the answers against our word?*"

Response, "*Wouldn't that be cheating?*"

Answer, "*But this test is not about cheating, it's about managing stress*".

"*Unless it is about cheating*?"

"*I hope not. Is she going to pick this up on the tape? Should we rewind it?*"

"*No, she's not going to check it here, is she? Later, it won't matter.*"

Several points can be noted from this conversation. First, it supports the findings of Bronson and Howard (1969) that men are more willing to take risks in corrupt behaviour than women. This also indicates polarisation (Moscovici & Zavalloni, 1969). This is also an example of corruption taking place because of absence of sanctions (e.g., Ferrell & Gresham, 1985; Fleming & Zyglidopoulos, 2009; Kelman & Hamilton, 1989). The findings of the review on rewards and sanctions by O'Fallon & Butterfield (2005) indicate that rewarding unethical behaviour tends to increase the frequency of such behaviour, while effective sanctioning systems tend to decrease such behaviour. This is evidenced in the case of the employees at Enron who were rewarded very well in terms of salaries and benefits for their hard work, in order to build up a culture of loyalty. A trader who worked for Enron for 12 years, both in London and Houston, is quoted as saying, "They worked their people hard, but they also rewarded them with nice benefits." This is supported by Sherron Watkins who said, "if Enron was not paying outlandish salaries, bonuses, stock grants and advisory fees, the fraud would not have happened … So I think that's how values were sustained at Enron. Bad behavior was subtly rewarded, and good behavior was punished" (Beenen & Pinto, 2009: 277-282).

In addition, this example also supports the findings of, for example, Ariely and Levev (2000), Asch (1952) and Jetten *et al*. (1996, 1997, 1999) who have shown that social consensus in groups affects behaviours. In this study, the participants behaved more corruptly because they observed others in the ingroup (or outgroup) conditions doing so or were influenced by them.

8.3.6.11 Comment 11

Apart from the cheating with answers, there were examples of other cheating behaviour, some of which have already been mentioned. Other examples include situations where the team members gave the clues to each other:

"*Can we swap the tests?"* from one participant. (man)

"We are not meant to", was from another in the group. (woman)

The response from first was*, "She's not looking – let's do it.*"

The rustling of papers heard on the audio-tape implied that this had been carried out. And the third member, a man, said, "*It's good fun, this*!" Perhaps, this explains the lack of reported stress in this study! These examples demonstrate the role of opportunity and lack of sanctions in cheating behaviour. Another possible explanation for this behaviour is that of social facilitation, a phenomenon in which the presence of collaborating others can enhance performance (Williams *et al*., 2007), in this case, cheating.

8.3.6.12 Comment 12

Other examples of rule breaking included a number of similar comments that could also reflect rationalisations and risk-taking:

"*We didn't agree on the rules, so we can do what we like*"; (woman)

"*Other teams are breaking the rules, let's do it*"; (man)

"*There are too many rule breakers in this room*", (meaning that their team should as well) from a man. The rationalisations used in these cases consisted of denial of responsibility, social cocoon and balancing the ledger, respectively. This also points to risk-taking (Bronson & Howard, 2002). There is also evidence of blocking at the same time as social labouring (Stroebe & Diehl, 1994).

8.3.6.13 Comment 13

A woman member in another group, in the control condition, commented on the final sheet, "*We used my Blackberry to get the longest word. Our word length was 6*

without that and 13 afterwards." The audio-tape indicted that a man in the group had suggested that they change the letters on the answer sheet as well. The answer sheet revealed that the group had changed the letters of the answers to match the word obtained from the Internet.

Another group, having failed to come up with a word from the letters of their answers, wrote down a long word that did not match those letters. These examples certainly point to incidence of corruption because of possible reward (prize for the longest word). They also demonstrate group polarisation in that the extreme position, that of wanting to cheat, adopted by one or more members persuaded the rest of the team into cheating.

8.3.6.14 Summary of qualitative analysis

The qualitative results illustrate that participants cheated and behaved unethically in other ways, marked by gender differences, and accompanied by rationalisations. There were also examples of social loafing, social labouring and blocking, particularly under low social identification, corrupt moral intent and leadership influence. Opportunity clearly played a part in this behaviour, as did the possible lack of sanctions and the prospect of a reward. In some cases, participants had a more personal agenda and did not cooperate with their team members. There was evidence of deviant behaviour through social self-enhancement and also the black sheep effect. These findings support and enhance the results of the statistical analysis and they also support previous research, in particular that of SIT and SCT.

Table 8.2 groups the above comments according to themes. This was done following the principles of Braun and Clarke (2006) on thematic and semantic analysis.

Table 8-2. – Summary of study 4 qualitative analysis

Behaviour type exhibited in study	*Where evidenced*
Opportunity	Comment 1 (2 men); comment 5 (3 man, 2 woman); comment 11(2 men, 1 woman); comment 13 (1 woman)
Contextual nature of corruption	Comment 7 (3 women); comment 11 (2 men, 1 woman)
Rationalisation - for cheating, as well as for not using the opportunity to cheat	Comment 3 (4 men, 3 woman); comment 4 (3 men, 4 women); comment 12 (2 men, 1 woman)
Social loafing and personal identification	Comment 2 (2 women)
Blocking	Comment 6 (3 men, 1 woman)
Social facilitation	Comment 1; Comment 11 (2 men, 1 woman)
Group polarisation, consensual behaviour	Comment 6 (2 women); comment 7 (3 women); comment 12 (2 men, 1 woman)
Leadership influence	Comment 6 (1 man); comment 7 (1 woman); comment 10 (3 men)
Stress	Comment 9 (2 men, 1 woman)
Deviance	Comment 2 (2 women)
Risk-taking	Comment 6 (2 men); comment 10 (3 men, 3 women); comment 12 (4 men, 2 women); comment 13 (1 man, 1 woman);
Moral intent	Comment 3 (3 men); comment 8 (1 woman);
Rewards or sanctions for cheating	Comment 10 (3 men, 3 women); comment 11 (2 men, 1 woman); comment 13 (1 woman)

8.3.7 Discussion of study 4 qualitative findings

8.3.7.1 Discussion on using opportunity

The audio-tapes and the comments on the forms indicate that most participants took the opportunities to cheat and break the rules as and when they arose in order to assist their teams to do well. Research by Hamilton and Sanders (1999: 225) shows that employees in organisations fail to act in the interest of the wider organisation in order to further the interests of individuals or specific groups. Individuals shirk (e.g., lack of involvement in the word forming stage of the task), cover their tracks (e.g., changing result sheets to reflect answers obtained from the Internet), and fail to follow orders (e.g., breaking the rules of the task by exchanging test questions). However, Hamilton and Sanders (1999) cautioned, controlling such opportunism is difficult.

The voice recorders also provide evidence of the participants declaring that they would have cheated under different circumstances or that they did cheat because

of the opportunities presented in certain circumstances. These point to the contextual nature of an ethical issue (Kish-Gephart *et al*., 2010).

8.3.7.2 Discussion on cheating

Without doubt, in this study, the opportunity to cheat was taken. The voice recordings and comments on paper give clear evidence of this, but the self-reported cheating used in the statistical analysis did not reflect this. This echoes the findings from the study on unethical behaviour (study 3) and consequently, this result is not surprising. This may be explained by a set of six experiments by Mazar, *et al*. (2008) and Ariely (2008) which demonstrated that when people had the ability to cheat, they cheated, but the magnitude of dishonesty per person was relatively low (compared to the possible maximum amount). In this study, no individual participant cheated in all the different ways that were possible. Those with answers, mainly only used these without cheating in any other way, although a few also cheated in the word forming stage. Those without answers discovered other ways of cheating. Mazar, *et al*. (2008) and Ariely (2008; see also O'Fallon & Butterfield, 2008) also found that the amount their participants cheated depended on the social context (study conditions in the current research). It is possible that this is what occurred in this current study. Perhaps, the lack of self-reporting of cheating is explained by the participants' not recognising or accepting their misdemeanours as cheating. However, it may be also considered that the non-reporting was another form of cheating.

Social facilitation was also evidenced in the comment given earlier, "*Other teams are breaking the rules, let's do it*", made by one participant in this study. This statement supports research by Gino *et al*. (2009), which showed that social facilitation extended to cheating: the level of cheating in a group increased when they observed an ingroup member (a confederate) cheating.

8.3.7.3 Discussion on personal identity and social loafing

One of the findings was that some participants were more interested in solving their individual tests than in cooperating with team members in the word forming part of the study (comment 2). This supports previous research already mentioned, that tasks that encourage personal self-categorisation (personal identity) generally elicit a much less enthusiastic response when they are defined as group activities (e.g., Ouwerkerk, Ellemers & de Gilder, 1999; Tyler, 2001; Tyler & Blader, 2001). In this current study, some participants saw the aptitude tests as personal challenges and so were reluctant to contribute to the group activity. And as predicted by SIT, they were guilty of social loafing. A review by O'Fallon and Butterfield (2005) also found that the intention to engage in unethical behaviour is positively influenced by subjective norms. It seems that these two participants were influenced by subjective norms and were following their personal norms.

This concept is also reflected in the work of Ellemers, de Gilder and van den Heuvel (1998: 729) who found that employees who feel strongly committed to their co-workers appear more inclined than those who show less team-oriented commitment to direct their efforts to achieving a good team performance. The relevance of this to this current research is underlined by the fact that in modern organisations, people are commonly expected to work together in teams where the performance of the group depends on the willingness of individual employees to co-operate with each other rather than work independently. This current research demonstrates that if cooperation involves corrupt behaviour, that may be more a consequence of strong group identification than not. This has implications for businesses.

8.3.7.4 Discussion on rationalisation

The audio recording and written comments provided several examples of rationalisation, mostly denial of responsibility, but others included appeal to higher loyalties, social weighting and social cocoon. This supports research by Von Hippel,

Lakin and Shakarchi (2005: 1355) who found across three studies that cheating only emerged when people could rationalise the cheating to themselves. Furthermore, M.E. Turner *et al*. (1992, experiment 3) found that group performance was much better under conditions of high threat accompanied by excuse for failure than it was under high threat alone, as in this case of the forgotten glasses (comment 3). The examples given also support the comments of Ashforth and Anand (2003) that some perpetrators of corruption may excuse corrupt practices on the grounds that they are not actually illegal (e.g., comment 3).

8.3.7.5 Discussion of team leader influence

The qualitative findings show that in most groups, individuals, presumably team leaders, influenced the cheating actions of their teams. The comments support previous findings that a prototypical leader influences the behaviour of the group, as shown earlier in this thesis (e.g., Ashforth & Anand, 2003; J.C. Turner & Haslam, 2001).

The influence of team leaders was exhibited (comment 7) also in the form of leadership license (discussed in chapter 7) where team leaders took actions that went against the group norms, but were supported none-the-less by their teams (Haslam, 2004d; Jetten *et al*., 2006; Sherif & Sherif, 1969), for example, as in the case of Brian and the bank manager. The explanations given by Hogg and Abrams (1988: 112-113) is that being the most prototypical member of the group paradoxically permits the leader to diverge most radically from the views, behaviour, and so on, of the group as a whole. This is because the group expects the leader to define the nature of the group and it thereby extends consensually legitimate power to the leader to impose his/her preferred values and behaviours: “Ultimately a genuine leader is not a searcher for consensus but a moulder of consensus” (Martin Luther King, *Chaos or Community*, 1967). However, this can lead to corruption, as depicted by “All animals are equal, but some are more equal than others” (George Orwell, *Animal Farm*, 1945). Orwell was

making a socio-political comment, but, according to Hogg and Abrams (1988), even in small decision-making groups or laboratory experimental groups, this process may be effective. In the case of this study, the leader's unwillingness to cheat meant the team did not (see comment 7). There was also evidence on the audio-tapes of group polarisation influenced by the team-leader.

8.3.7.6 Discussion of stress findings

A discrepancy was found between self-reported stress in the questionnaires, which was low, and the examples from the discussions on the audio-tapes which implied much higher levels of stress. This may reflect a reluctance in the work place, particularly for men, to admit to experiencing stress as that can be perceived as a weakness. This phenomenon is well-known amongst practitioners of stress management.

8.3.7.7 Discussion of gender findings

The difference in gender findings extended to cheating: women were more reluctant to engage in cheating than men. Specifically, those participants who refused to use the available answers were all women. The difference between unethical and cheating behaviour between men and women has been discussed previously (e.g., O'Fallon & Butterfield, 2005) and has been shown in the statistical analysis for the studies in this current research. However, the comments above also highlight the difference in risk-taking behaviour between men and women and confirm the findings of Bronson and Howard (2002) that demonstrated that men are significantly bigger risk takers than women.

Crittenden *et al*. (2009: 342) too have found that there are gender differences in the business world in relation to unethical behaviour. Females are significantly less tolerant of cheating behaviour than males. They are more unforgiving than their male counterparts for ethical indiscretions, and are more likely to expect sanctions against those who violate ethical norms. Likewise, males are significantly more likely to engage

in cheating than females. Crittenden *et al*. (2009) also found that males are more likely to take risks when the end justifies the means, such as getting good results in an aptitude test. Rather than relying on social norms as the ethical gauge, males believe in the law and order route to success such as, “she didn’t tell us we couldn’t cheat”. As well as this, men may justify their own cheating by viewing it as a matter of survival in a competitive marketplace. Fleming and Zyglidopoulos (2009: 29) have found in their gender research that females are more likely to act ethically. This is evidenced both by the statistical results and by the qualitative analysis for this study.

8.4 Summary and limitations of study 4

8.4.1 Summary of study 4

In this section, the quantitative and qualitative results are discussed together. The hypothesis that high identifiers would cheat more than low identifiers in order to obtain favourable outcomes for their ingroup was upheld. Results demonstrate that where the answer was available, participants used them to cheat and so do well for their teams. High identifiers had significantly higher scores than low identifiers, indicating that they cheated more. However, the participants did not regard their actions as cheating, although further analysis showed that they had not submitted genuine results initially in the two conditions with answers. As hypothesised, statistical analyses showed that leaders, with their higher scores, cheated more than non-leaders. Qualitative analysis provided evidence that leaders persuaded the other participants to cheat and behave unethically in other ways, including breaking the rules. Qualitative analysis also showed that the perception of threat and stress was influenced by the level of social identification. There were significant gender differences in cheating which were accompanied by rationalisations.

As hypothesised, high identifiers, in general, showed lower levels of stress than low identifiers in cheating. Further, in all conditions, high identifiers experienced lower levels of stress than low identifiers. Post-hoc analyses showed that leaders

experienced lower levels of stress than non-leaders, although overall stress was not significant. A notable exception was in the analysis of the genuine results which showed stress was significantly higher for those who had submitted false results initially. The audio-taped conversations also captured several examples of stress.

The results for pressure were not significant and consequently, the hypothesis that individuals in a group will put pressure on others to cheat was not confirmed. Although women felt more pressurised than men to cheat, men actually cheated more than women. In the two cheating conditions, men showed higher levels of contextual ethics than women, indicating that they were more willing to make up or break rules according to the salient conditions. The recording on the audio-tapes support this. These results also support previous research (e.g., O'Fallon & Butterfiled, 2005; Fleming & Zyglidopoulos, 2009).

There were also instances of social loafing and unethical moral intent. There was evidence of the use of opportunity, influenced by the possibility of rewards and the apparent absence of sanctions. These support and enhance the results of the statistical analysis. However, what was surprising was that there was no significant difference in any of the statistical results between the identity salient and threat condition.

8.4.2 Limitations of study 4

8.4.2.1 Threat conditions

The statistical analysis demonstrated no significant difference in the results between the identity salient condition (I) and the threat condition (T). It seems that the threat conditions were not sufficiently strong to influence the participants' cheating behaviour under such conditions. However, this finding seems to contradict SIT principles (e.g., Tajfel & Turner, 1979) and also research by Branscombe, Wann, Noel and Coleman (1993: 381) which has shown that in the presence of identity threat, high identifiers are likely to behave more extremely. None-the-less, the finding from this

study 4 reflects those of studies 2 and 3 which also demonstrated that unethical behaviour was not significantly different in the two identity salient conditions. Since each study was designed as an improvement on the previous one, the explanation for these results may lie elsewhere. This is a consideration for future research which could examine in more detail the effect of identity salience as was done in study 1.

8.4.2.2 Individual differences

The examples of leader divergence (Comment 7) revealed in the qualitative analysis, throws a new light on this research: that of individual proclivities. As Baucus (1994: 711-712), suggests, corporate illegality may arise as managers attempt to cope with conditions of pressure, need, or opportunity. Over time, however, illegal activities become "standard practice", particularly when the firm performs well and wrongdoing remains undetected (see also escalation of corruption, Fleming & Zyglidopoulos, 2008, 2009; Zyglidopoulos & Fleming, 2009). Conditions of pressure or opportunity may no longer exist, but predisposition leads to continued wrongdoing. Research form Fleming and Zyglidopoulos (2009) has shown that personal traits such as ambition, affects organisational behaviour. They found that those with exceedingly high levels of ambition are more likely to transgress moral codes. It is more probable, therefore that ambitious individuals (e.g., Enron's Jeff Skilling) are primed for corrupt activities. But this element in corrupt behaviour has not been examined in this research.

In addition, Beu *et al*. (2003: 92) have presented a model that posits a direct causal relationship between personality and ethical intent/behaviour. They suggest several personality variables that have a significant effect on ethical intent/behaviour. Among these are general self-efficacy and type A/B personality. General efficacy was one item included in the stress scales in all the studies.

Other research shows that individuals who are Type A engage in more unethical acts than Type B individuals (Rayburn & Rayburn, 1996; Friedman, Rosenman and Brown, 1963). A Type A person is aggressively involved in a chronic,

incessant struggle to achieve more and more in less and less time, against the opposing efforts of other things or other persons. In a classic piece of work, cardiologists Friedman and Rosenman (1964, 1974), identified that individuals who exhibit Type A behaviour pattern, are also prone to stress related illnesses (Rosenman, Friedman, Straus, Wurm, Kositchek, Hahn & Werthessen, 1964). In contrast, Type B behaviour pattern is associated with a more relaxed attitude. Again, the importance of these individual traits in corrupt behaviour could be tested in a future study. Time constraints did not allow these issues to be explored in this study and consequently, they remain topics for future research.

8.4.2.3 Time restrictions

The studies in this research were conducted as between-subject analyses, with participants being tested for corrupt behaviour on only one occasion. However, corruption in organisations rarely occurs with a single exposure to opportunity nor is it restricted to a once-only occasion (e.g., Kerviel, Leeson, Enron, Seimens). The approach used was necessitated by limited availability of participants and the overall time restrictions of the research. However, this testing is important and needs to be carried out for reasons given next.

8.4.2.3.1 Long-term exposure to corruption

Research by Mazar *et al*. (2008) has demonstrated that in 100 trials, participants who considered themselves honest, initially resisted cheating, even over several exposure to temptations, but once they had succumbed, they found it increasingly easy to cheat as their own standards deteriorated (see also Fleming & Zyglidopoulos, 2008, 2009; Zyglidopoulos & Fleming, 2009). In another example, a study by Carrell *et al.*, (2008: 173) reported that higher levels of peer cheating result in a substantially increased probability that an individual will cheat on a future occasion. As Darley (1992: 208) wrote, “each step is so small as to be essentially continuous with previous ones; after each step, the individual is positioned to take the next one. The

individual's morality follows rather than leads. Morality is retrospectively fitted to the previous acts by explanations involving "higher goods," "regrettable necessities," and other rationalisations.

According to Ashforth and Anand (2003), continued exposure to corruption leads to *adaptation* through habituation and desensitisation. Ashforth and Kreiner (2002: 222) suggested that *habituation* lessens the cognitive ''shock'' of a stimulus through repeated exposure to the same stimulus and, with experience, role enactment may become quite mindless, provoking little thought, emotion or even conscious awareness (e.g., Enron employees' treatment of some customers in California). Indeed, as Beenen and Pinto (2009: 279) quoted Sherron Watkins as saying, "At Enron, we had a firm culture in place that emphasized making earnings targets no matter what, and I don't think any one person could have changed that culture."

Similarly, the repeated exposure to verbal stimuli can result in the lessening of their initial shock, such that organisational members begin to ''buy in'' to the ideas over time. For example, Ashforth and Kreiner (2002: 223) have found that, upon hearing a given ideology frequently repeated, individuals may become accustomed to what was initially a repugnant idea (e.g., the Australian police case study). Indeed, Haslam *et al*. (2003) have demonstrated that habituation may be facilitated by social processes and may occur collectively. This social sharing allows individuals to reconcile their misgivings by rationalising that if others are also experiencing it, then it must be acceptable. Individuals are thereby habituated vicariously, allowing others' experiences to assist in the normalising process (see also Asch, 1952; Darley & Latané, 1968).

In contrast to habituation, where the stimulus remains the same and adaptation takes place, *desensitisation* involves changing the stimuli in order to shape and mould individuals' emotional reactions to it. Individuals are prepared for a successful exposure to ''the real thing'' through incrementally closer approximations, as witnessed in the gradual introduction of corruption methods to new employees at Enron. In reality, a

mixture of the two methods is used. According to Fleming and Zyglidopoulos (2009: 81), the training of new employees into corrupt practices at Enron meant that they gradually became accustomed to behaving corruptly. In the initial phase of desensitization, individual traders and managers were "immersed into the ideology that Lay and Skilling proposed, and they were brainwashed into believing that they were part of something new and exciting. In other words, in this case the traders were provided with some very important rationalisations in the name of which they would lie and steal later on" (see also Ashforth & Anand, 2003). In phase two of the induction process in Enron, "a trader was placed with the team of traders who robbed the bank, but was not yet asked to participate in the robbery". In the last phase individuals became familiarised with the corruption, and focused on their job and did not "ask any 'irrational' questions about morality and so on" (Fleming & Zyglidopoulos, 2009; see also Kelman & Hamilton, 1989). As one Enron trader said: "you did it once, it smelt bad; you did it again, it didn't smell as bad" (Fleming & Zyglidopoulos 2009: 81-82). This can be contrasted with the experience of the participants in the Milgram (1974) studies who were thrown in at the deep end.

In the Ford Pinto case discussed earlier in this thesis, Gioia (1992: 388) noted that the procedural and cognitive scripts used for diagnosing problems, exacerbated by a heavy workload and habituation induced by the ongoing gravity of his job, led him and his colleagues to dismiss the idea of a recall: "Before I went to Ford I would have argued strongly that Ford had an ethical obligation to recall. After I left Ford I now argue . . . that Ford had an ethical obligation to recall. But, *while I was there*, I perceived no strong obligation to recall and I remember no strong *ethical* overtones to the case whatsoever" (see also Zyglidopoulos & Fleming, 2008; Fleming and Zyglidopoulos, 2009). "In a real sense, an organisation is corrupt today because it was corrupt yesterday" (Ashforth & Anand, 2003: 14; see also Fleming & Zyglidopoulos, 2008, 2009; Zyglidopoulos & Fleming, 2009; Zyglidopoulos *et al*., 2009).

8.4.2.3.2 Long-term stress in organisations

Long-term exposure to an unfavourable stimulus (corruption in this case) also has implications for stress. Conventional understanding is that chronic stress is created by repeated exposure to an unfavourable stimulus (Selye, 1936). However, research on stress by Haslam, Waghorn, O'Sullivan, Jetten and O'Brien (2005) suggests that this may not always be the case for groups: social identification with a work group has a positive long-term impact on individuals' health, well-being, and morale because identity-based support protects individuals from stress during the most testing phases of group activity. Thus, long-term exposure to perceived threat caused by corrupt group behaviour may in reality alleviate stress. As well as that, adaptation ensures that people eventually develop coping mechanisms to deal with stress (see Selye, 1946, 1956; see also Haslam, 2004f; Haslam, *et al*., 2009; Haslam *et al*., 2004; Haslam & Reicher, 2004). In addition, because the mindlessness induced by adaptation may cause individuals to fail to notice what may have aroused outrage under other circumstances (e.g., the British MPS in the expenses scandal), stress may cease to be a problem. One implication for organizations is that stress may not be associated with corruption and hence may not be a deterrent for corrupt behaviour.

A comment by Card (2002: 26) sums up this section well: "evils may be prevented from perpetuating themselves in a potentially unending chain as long as victims who face grim alternatives continue to distinguish between bad and worse and refuse, insofar as possible, to abdicate responsibility for one another". Consequently, there is a need to conduct longitudinal, within-subject studies to determine the effect of prolonged exposure on corrupt behaviour and stress. This is a case for future research.

8.5 Conclusions from study 4

Previous research has found that organisations can harbour groups within it that can behave corruptly, contrary to the general ethical norms of the organisation (e.g., Ashforth & Anand, 2003; Pinto *et al.*, 2008). SIT predicts that under the influence

of its members, groups will behave consensually under social identity threat, even at the expense of sacrificing personal values. What has not been shown until this current research is that consensual behaviour may include corrupt acts. In study 4, the results for statistical analysis confirmed that individuals and groups in businesses and other work places may cheat when the opportunities presented themselves to ensure that their group would perform well. Confirming both previous research (e.g., Gino *et al*., 2009; KPMG Survey 2007, 2009; O'Fallon & Butterfield, 2005) and the results of studies 1, 2 and 3a men cheated more than women. Qualitative analyses indicated the influence of leaders in unethical behaviour and the extensive use of rationalisation.

SIT predicts that social identification elicits support from group members and helps them to cope with stress (e.g., Haslam, 2004f) while carrying out group activities. What had not been demonstrated before this current research is that this would happen even when those activities were corrupt ones. This study showed, as predicted, that individuals who identified highly with their teams experienced less stress while cheating, rule breaking and undertaking other unethical activities. In a sentence, study 4 confirmed the findings of the earlier studies for this current research that under high social identification, pressure and the right opportunity, individuals in groups will cheat and otherwise behave corruptly, but may not experience any stress in doing so. These studies also showed that corrupt behaviour has a feed-back effect on the perception of social identification. Qualitative analysis showed that the perceptions of threat and stress are influenced by levels of social identification. These findings are not inconsistent with the model for the process of corruption that has been developed earlier in this thesis, but enhances it. This modification is shown below in figure 8.10.

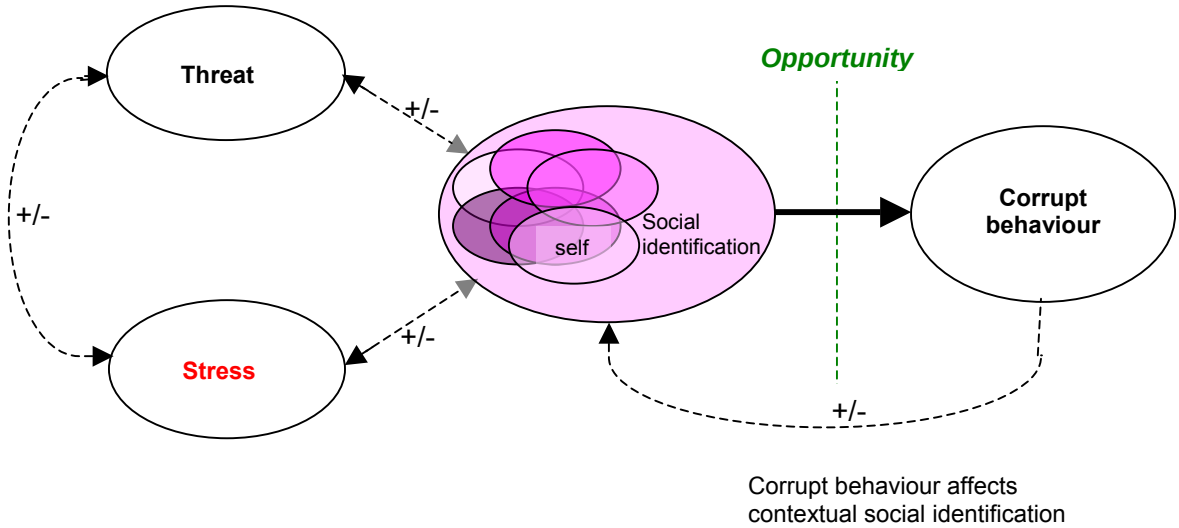


Figure 8-10 - Stress, social identity, threat and opportunity as factors in corruption

9 Summary, Implications, Limitations and Conclusions

"Corrupt behavior in business will not flourish, as long as its members take responsibility for the consequences of those actions." – Borgerson, (2007: 503)

9.1. General discussion

The aim of this research was to determine whether there is a link between corrupt group behaviour and stress. Behaviour in groups is fundamental to the workings of society as a whole, and organisations and businesses in particular. Much research has been conducted into group dynamics (e.g., Tajfel, 1978; J.C. Turner, 1982; J.C. Turner *et al*., 1987), but little of this has been related to corrupt behaviour, primarily because it is a difficult and complex topic to research. Stress is often seen as a personal phenomenon (e.g., Selye, 1936, 1946), but other research has shown that social identification can be critical in the perception and experience of stress (e.g., Haslam & Reicher, 2004, 2006). However, no previous research exists linking stress with corrupt behaviour. The findings from this current study are described below.

9.2. Summary of findings

A model was developed in the first part of the thesis that showed the crucial role that smaller groups can play in corrupt behaviour in organisations and in the perception and experience of any associated stress. The Social Identity Theory (SIT) was a crucial element in the model, depicted in figure 9.1. The central concept of the model is that corruption in organisations may be perpetrated both by individuals for individuals (I for I), and by groups for groups (G for G). Two other combinations involve individuals behaving corruptly for groups (I for G) and groups for individuals (G for I). Several factors trigger such behaviour: individual, group, organisational and cognitive. Extraneous factors such as opportunity, pressure, threat and stress also play a part in corrupt behaviour. The model incorporates a framework of behaviour, which is based on Rest (1986) and Jones (1991) and distinguishes between moral awareness, judgement, intention and action. In this framework, each step influences the

subsequent one. An enhanced version depicting the influence of the social context as has been proposed by Granitz and Ward (2001) was adopted for this thesis and was then extended with the addition of a feedback loop that linked moral action to moral awareness. Finally, overlying and uniting these factors, social identification influences corrupt group behaviour. The model, including the moral framework and its impact on group decision-making, is shown in figure 9.1. Although not shown in the model, based on existing literature, the thesis argues that a particular corrupt act falls on a continuum that ranges from fuzzy unethical behaviour to clear-cut actions such as cheating (figure 2.4 in chapter 2).

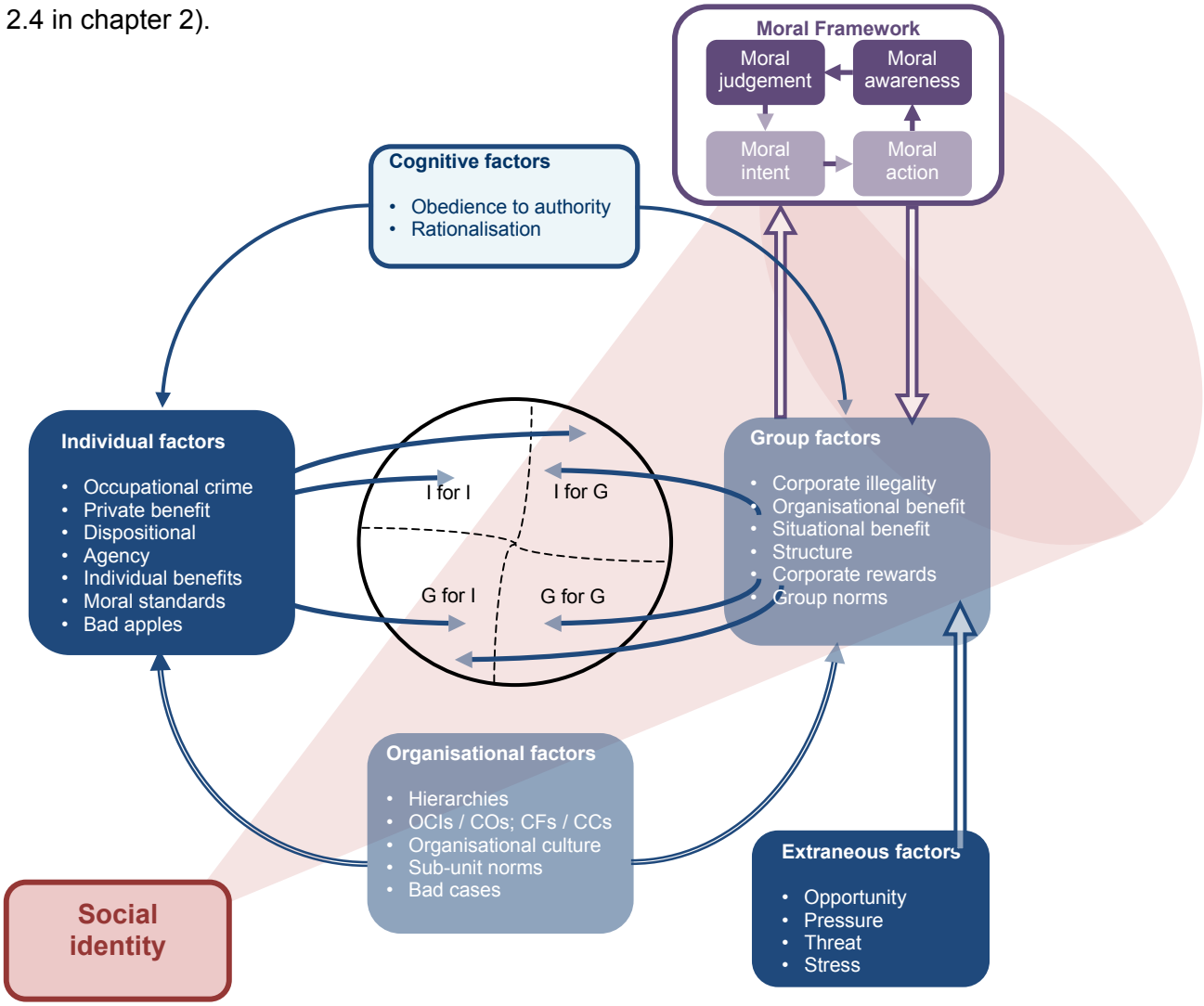


Figure 9-1 – Factors for corruption in organisations

Existing literature focuses on all or some aspects of these factors, but for this thesis, the crucial and common element is that of group-based influence. The role that social identification plays in corruption is at the heart of the model. Social Identity Theory and Self-Categorisation Theory were examined in order to develop a process model for corruption that illustrated the impact of threat, and the resultant stress, on social identity. This, in turn, influences corrupt behaviour, providing the opportunity exists. In addition, behaving corruptly as a group impacts on the sense of social identification. Figure 9.2 depicts the process of corruption and its relationship with threat and stress, as developed in this thesis.

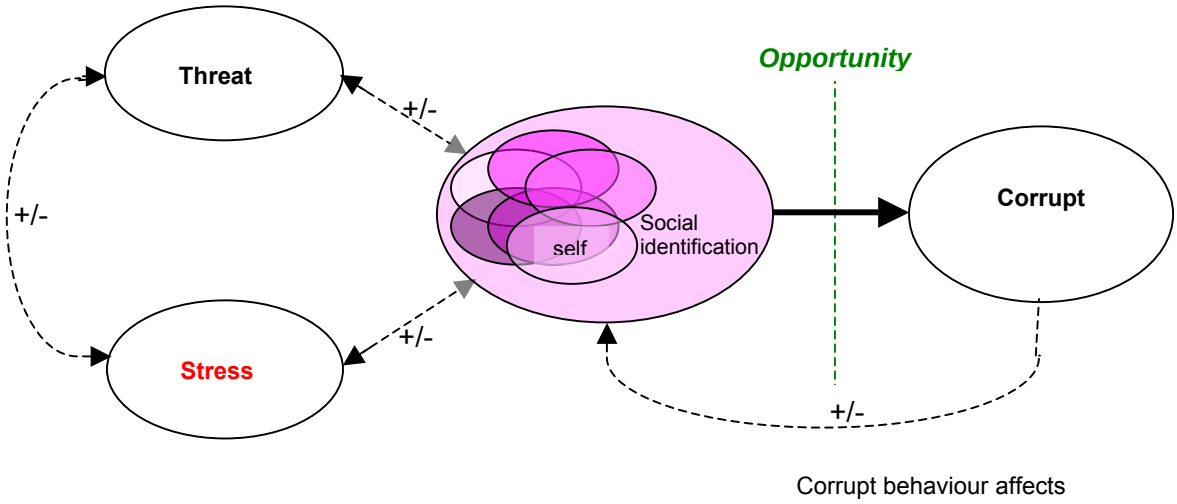


Figure 9-2 – Social identification central to process of corrupt group behaviour

Social Identity Theory (Tajfel, 1978; Tajfel & Turner, 1979; J.C. Turner *et al.*, 1987) suggests that when individuals identify with a social group, they behave according to the norms of the ingroup and where identification is high this may be even at the cost of sacrificing their own values in support of the group. Based on this premise, four studies were run to test whether threat to social identification influences corrupt behaviour. In Study 1, as predicted by H1, when faced with identity threat, undergraduate students behaved corruptly in order to obtain favourable outcomes for their wider ingroup, psychology students. High identifying individuals behaved more corruptly than low identifiers. High identifiers showed lower levels of stress than low

identifiers when engaging in corrupt behaviour, as predicted by H2. Study 2 was conducted with business studies undergraduate students, and demonstrated, as predicted by H3, that when faced with threat, individuals in small groups would behave corruptly in order to obtain favourable outcomes for their ingroup. It also confirmed that high identifiers would behave more corruptly than low identifiers. The results relating to H4 also confirmed that when working in teams, high identifying members would show lower levels of stress than low identifiers in engaging in corrupt behaviour, particularly under threat. H5 was confirmed in that when faced with threat, individuals in groups put pressure on others to cheat and that high identifying individuals put more pressure on group members to cheat than low identifiers did.

Study 3a was carried out with participants from the business community in the South West of England. The predictions of H6, that high identifiers would behave more unethically than low identifiers in order to obtain favourable outcomes for their ingroup, was confirmed. The results also confirmed H7 that high identifiers would show lower levels of stress than low identifiers in engaging in unethical behaviour. As predicted by H8, individuals in groups put pressure on others to behave unethically and low identifying individuals felt more pressurised than high identifying members. The predictions of H9 that leaders would show higher levels of unethical behaviour than low identifiers, was also confirmed. Post-hoc gender results from Study 3a showed that women participants felt more pressurised than men into choosing unethical options. H10, from Study 3b, also conducted with business people in SW England, predicted that as threat increases, there will be a progressive increase in unethical behaviour, and any stress experienced. The results show that increasing threat increased unethical behaviour, but stress decreased progressively.

Study 4 was also conducted within the business community. This time participants were recruited from a wider geographical area but still within mainland UK. The predictions of H11, that high identifiers would cheat more than low identifiers in

order to obtain favourable outcomes for their ingroup, was confirmed. The predictions of H12 were confirmed in that high identifiers showed lower levels of stress than low identifiers in engaging in cheating in groups but, overall, stress was not significant. And as predicted by H13, individuals in groups put pressure on others to cheat and low identifying individuals felt more pressurised to cheat than high identifying members. Leaders cheated more than non-leaders, as predicted by H14. Post-hoc analyses showed that women participants cheated less than men and that team leaders cheated more than non-leaders. Leaders also persuaded other group members to cheat. The post-hoc results for age were intriguing: while younger participants behaved more corruptly in general, it seems that under threat, older participants were more corrupt.

Qualitative analysis of studies 3 and 4 demonstrated that the situational contexts influenced the decision-making and which options the participants took. Rationalisations, notably those of denial of responsibility, denial of injury, social weighting and social cocoons, were used to justify these choices. The low levels of stress experienced by high identifiers seen in the statistical analysis was somewhat explained by the sense of enjoyment participants felt in working in groups, even when taking corrupt decisions and in carrying them out. There were examples of individuals who did not identify with their groups in order to be either more or less corrupt than the standards dictated by their group norms. These participants followed their personal agenda, providing evidence of, for example, social loafing. Group decision-making was also marked by social enhancement, social facilitation and blocking. Social consensus was also indicated in those groups that behaved more corruptly if they either observed others in the ingroup (or outgroup) doing so or were influenced by them. Overall, the studies show that SIT principles apply to corrupt behaviour perpetrated both by individuals who identify with a large social category and by small groups facing identity threat.

The principal finding is that given the opportunity and the right context, people will behave corruptly in order to support their group, as shown in the results in chapters

5-8. This behaviour occurred whether participants worked on their own, while identifying with a wider social category (in this case, academic discipline), or in small groups. The results hold true for student samples as well as for participants from the business community. In chapter 1, KPMG's (2007) Fraud Survey was used as a starting point for this thesis. In table 9.1, the findings of the studies are now compared with the survey results showing that they are not dissimilar.

Table 9-1 - KPMG (2007: 3) survey compared with thesis findings

Fraud factors		*KPMG - as % of 1008 cases*	*Findings from current research*
Reasons for fraud	Opportunity	73%	Opportunity was taken where available
	Rationalisation	15%	Rationalisations were used - especially, denial of responsibility
	Financial	12%	Reward / lack of sanctions were motivators
Gender	Women	15%	Men behaved more corruptly and pressurised others to do so more than women
	Men	85%	
Seniority	Board & Senior manager	60%	Leaders behaved significantly more corruptly than non-leaders
	Management and other staff	40%	
Age	=<45	56%	Younger participants (up to 50 years) were more inclined to cheat; In high threat conditions, older participants cheated more.
	>45	44%	

9.3. Research implications

The findings from this research have implications for the business and workplaces and these are discussed next.

9.3.1. Opportunity for corruption

Some, although not all, of the existing theories used to develop the model for this thesis highlighted the role of opportunity in corrupt behaviour. In this current research, the opportunities provided in the studies to behave corruptly were overwhelmingly taken, confirming previous research (e.g., Ferrell & Gresham, 1985). It seems however that whereas students both individually and in groups (studies 1 & 2) were willing in the questionnaires to admit that they had cheated, business professionals working in groups were not (studies 3 & 4). Qualitative analysis of the

voice recordings of the participants' discussion showed that rationalisation techniques were used to justify options and decisions that were taken as a result of the available opportunities. Those choices were not regarded as unethical. Rather, the decisions were seen as means to achieving desirable ends, or even as necessary strategic tools in meeting goals. The implication is that corruption may occur where the opportunity exists and consequently organisations need to take necessary precautions against this. The KPMG (2007) Fraudster survey suggests that 21% of corruption in an organisation is detected as a result of management reviews and 20% by internal controls. These figures highlight the fact that in a majority of cases, employees were unlikely to be detected by management systems and hence they point to the importance of opportunity for corruption. One way that organisations may control exposure of employees to opportunities for corruption is by installing and monitoring robust audit trails. In the wake of the bribery scandal of 2006, Siemens have installed such processes (see *Siemens Corporate Responsibility in the UK*, *2007*). While it may not be possible to eliminate opportunity entirely, it can be minimised and businesses should endeavour to do so.

9.3.2. Context of corruption

This present research confirms the findings of existing literature (e.g., Ferrell *et al*., 2002) that corruption is contextual, that people adjust their responses and carry out decisions and actions in order to meet the requirements of different situations. Qualitative analysis, in particular, showed in this current research that the causes and consequences of the actions were decisive factors in corrupt decision-making. The consequences and the likelihood of damage and proximity of any consequences were factors in the choices that the participants made during the research experiments. As seen earlier in this thesis, this has been found in other research (e.g., Milgram, 1974; Kelman & Hamilton, 1989; Brief *et al*., 2001; Zyglidopoulos & Fleming, 2008; Fleming & Zyglidopoulos, 2009). The implications for businesses is that given the opportunity for

corruption and under identity threat, employees will behave corruptly, but the ethicality of the working environment will determine the severity of the crime. Therefore, organisations need to ensure that an ethical climate exists in the workplace that discourages corrupt behaviour.

9.3.3. Social identification

SIT suggests that in general, context is inextricably linked to social identification. This current research highlights the importance of group identification in corrupt behaviour. Across all four studies, it was demonstrated that those who identified highly with their social categories behaved more corruptly than low identifiers. There are two aspects to this. One is identification with a wider social category such as a profession (e.g., Formula 1 drivers) or an organisation (e.g., McLaren Mercedes). The other is identification with a smaller group within the wider social category (e.g., Hamilton's team). Although this research has focused primarily on the latter, study 1 revealed that individuals working on their own but identifying with a wider organisation will also engage in corrupt behaviour in support of their organisation (e.g., Kerviel). This emphasises the need for robust audit trails and monitoring in organisations.

9.3.3.1. Corruption within wide social groups

This current research has shown that where there is strong identification with a wide social category (e.g., the organisation), both individuals and small groups in the organisation will behave corruptly if their sense of identification is threatened. Under threat, groups may behave corruptly in order to maintain or even improve their status. That is, in order to support their ingroup, people will resort to behaviour that they would not normally undertake. This is in keeping with SIT principles (e.g., Tajfel & Turner, 1979). One implication for businesses is that in order to enhance the standing of the organisation, or a sub-unit of it in the relevant context (e.g., the market, the competition), employees may step outside the bounds of acceptable behaviour and take actions they perceive as appropriate in the circumstances. This is what occurred

in the case of Enron where employees behaved corruptly in order to maintain or boost the company's position in the market. It may be safely assumed, however, that most organisations would not overtly sanction such behaviour (e.g., SocGen; cf., Enron). Clearly then, in times of adversity, leaders in organisations need to ensure that employees are aware of the company ethics and values in order that corrupt behaviour is minimised.

9.3.3.2. Corruption within small groups

Corruption within smaller groups in organisations presents a different problem. This current research supports the work of previous scholars, as identified earlier in this thesis (e.g., Ashforth & Anand, 2003; Ashforth, *et al*., 2008; Darley, 1992; Ferrell & Gresham, 1985; Zimbardo, 2008) that corruption is context and situation dependant. Consequently, there is a possibility that corrupt behaviour may occur within a sub-unit of an organisation (e.g., department, section, project) if that particular group has strong, local corrupt norms with which its members identify highly; KPMG's (2007) Fraudster survey showed that 69% of all fraud is committed against own employers. In such situations, the organisation needs to develop ways to engage the workforce with its wider culture. This may be achieved by ensuring that influential individuals within the small units have identified more with the organisation's ethos than with the local ones and that these people actively promote the organisational norms within their sub-unit.

9.3.4. Leadership

Social Identity Theory (e.g., Tajfel & Turner, 1979) proposed that prototypical members (leaders) influence the behaviour of their ingroup members. This present research briefly examined the role of team leaders in corrupt group behaviour and the findings from the studies revealed that SIT principles apply to leaders both in corrupt and potentially corrupt environments. Leaders not only behaved more corruptly than non-leaders but they also both influenced and encouraged such behaviour in their team members. The implications for businesses are that senior managers and executive

boards need to ensure that such leaders engage with the ethics of the organisation. Senior management and local leaders also need to be aware of any local affiliations that may have developed norms that run counter to those of the organisation and take appropriate actions to remove those norms.

As seen in chapter 8, Thoms (2008: 419) links leadership directly to organisational moral culture. The implication for businesses is that while leaders need to be prototypical members of their teams so that they can exert local influence, at the same time, they need to be active in promoting the company ethics and culture. It was also noted in chapter 8 that Haslam and Platow (2001) have demonstrated that different leader selection methods have different effects on group decision-making. One of the findings from study 3 was that emergent leaders influenced unethical decision-making and actions. Study 4 showed that leaders selected formally by their groups influenced corrupt behaviour. In the workplace, leaders are usually formally selected, either by recruitment or by promotion. But such a leader may not be the most prototypical person in the team and so may have limited influence. This may mean that members of a group develop norms that differ from those of the appointed leaders and the organisation.

In chapter 8 it was seen that Gross *et al*., (1953: 430) proposed that there may be an identity disparity between “formal leaders”, those who are “office holders elected to play the most influential roles most of the time” and “informal or effective leaders” who are the individuals “who *in fact* do play the *most* influential roles most of the time”. The findings of this current research show that this is true for leadership in corrupt behaviour. Consequently, officially selected leaders particularly need to ensure that both they and their teams have the same ethical norms as those which are prevalent within the wider workplace. This has implications for organisations such as training for their leaders and also in selection and recruitment.

The significant results for women leaders in chapter 7 (study 3a) in which the issues involved were 'soft' unethical ones contrasted with the lack of such results for study 4 (chapter 8) where the answers were clear cut. An explanation may come from recent work by Ryan, Haslam, Hersby and Bongiorno (2010) which showed that women are more likely to be appointed when the company is in crisis and the company needs social and psychological interventions rather than solely economic ones. These findings raise implications for organisations wishing to make leadership appointments.

9.3.5. Group identification and stress

One consistent finding of the studies is that high identifiers experienced less stress than low identifiers when carrying out the study tasks. As identified in chapter 4, SIT principles predict that high identification alleviates stress (e.g., Haslam & Reicher, 2004, 2006). Those who identify highly with their social category not only experience less stress in carrying out group activities but may actually enjoy doing so. This current research adds to this knowledge by showing that this is also true when the group activities in question are corrupt. Individuals will sacrifice personal ethics and values in such situations, perhaps more so than in many others. This is an important and powerful finding for organisations at a time when stress has repeatedly hit the media headlines.

The worrying implication of the results from the experimental studies of this current research is that engaging in corrupt behaviour is not necessarily stressful for those who want to support their group (high identifiers). Perpetrators are not, therefore, likely to be turned away from corrupt activities because they are experiencing stress. That is, stress does not appear to be a deterrent for corruption. Low identifiers may still experience anxiety and stress from participating in unethical behaviour, but may succumb to pressures from the group. Any non-compliance with group norms may be viewed as deviant behaviour by the rest of the team and those who do not comply may be ostracised, which can be highly stressful. Consequently this may discourage

individuals from holding out against corrupt behaviour. Fearful of losing the support of their teams or even their jobs, the only options for such individuals may be to comply with the corrupt practices or resort to whistle-blowing.

However, other research (e.g., Baucus, 1994; Baucus & Near, 1991; Ferrell & Gresham, 1985) suggests that corrupt behaviour may occur as a result of the pressure that managers and other employees experience in trying to meet organisational targets. So it would seem that while stress in the form of organisational or management pressures may initially cause corrupt behaviour, involvement in such behaviour, if carried out as a group, does not necessarily result in stress. Hence, organisations may well benefit from ensuring that employees are not exposed to excessive and unreasonable work pressures as that may lead to corrupt acts, which under high social identification may not only not be stressful, but may actually be enjoyable and therefore may encourage such behaviour in the future.

9.3.6. Whistle-blowing

Two instances of whistle-blowing related to the experimental studies (chapters 6 and 7) occurred during the course of the research. In one case, the individual concerned had raised objections with his group members, but not in the other. Both approached the researcher weeks afterwards and in contexts unrelated to the current research. Previous research has shown that when group members do not identify with ingroup norms (low identifiers) they will attempt to take steps to change that situation. If they cannot do so either by changing their own perspectives, or by changing those of their group members, they may resort to whistle-blowing (e.g., Jetten, *et al.*, 2010; Near & Miceli, 1995). Much whistle-blowing occurs because organisational processes and policies appear to be ineffective such as in health and safety issues (recall Christopher Johnstone from chapter 4). However, this current research shows that whistle-blowing will also happen in a corrupt context. Indeed, according to KPMG's (2007) Fraudster

survey, whistle-blowing accounted for 25% of the causes leading to the detection of corruption.

The implications for businesses are that when group members (e.g., teams, sections, projects) are low identifiers, they will resist the pressures from ingroup members to behave corruptly and they may bring the activities of the group to the attention of those outside it. However, because the whistle-blowers may be ostracised or in other ways punished (e.g., Jetten *et al*., 2006; Near & Miceli, 1985), organisations need to have a "safe" system in place for whistle-blowing (Miceli *et al*., 2009). Beenen and Pinto (2009: 285) have suggested that organizations install systems that allow employees to raise awareness of fraud anonymously. Indeed, in one organisation where this researcher worked, a "suggestions" box was installed outside the CEO's office that employees could also use for anonymously flagging up any perceived wrongdoing. This system did lead to some changes in the policies and working practices, which encouraged further internal whistle-blowing. Although Hamilton and Sanders (1999) have cautioned that measures to encourage whistle-blowing are difficult to construct and costly to implement, as Miceli and Near (1994: 70) suggest, "*...the most important thing managers can do is to show that the company will do something in response to the complaint."*

9.3.7. Implications for organisations and their managers

In this section, the implications of the research are synthesised and presented from the perspective of managers in an organisation. Corruption has always been about and will always be a threat to an organisation. Wherever it occurs in an organisation, it is damaging. Although headlines have shown that corruption can take over and destroy entire organisations (e.g., Enron, WorldCom), this is relatively rare, and more often, corruption is localised, but none the less, pernicious and persistent. Corruption should therefore feature in all organisations' risk registers. Its control is thus an essential feature of good management practice and should be built into job

descriptions of managers at all levels and form part of their training programmes. The UK Bribery Act 2011, effective from July 2011, requires all UK based organizations to conduct risk assessments and section 9 within the document gives helpful guidelines.

This research shows that there are four key elements in corrupt practice and so policies and training should focus on them: opportunity, sub-unit culture, leadership and stress. However, it has to be emphasized that awareness and compliance with those practices do not imply that corruption can be completely eliminated.

9.3.7.1. Opportunity

Both existing literature and the experimental studies have shown the crucial role that opportunity plays in corrupt behaviour. Since the biggest defence against corrupt behaviour is lack of opportunity, managers should assess where opportunities exist and seek to minimise them. They should also install robust processes that detect corrupt activities. This should form part of the organisation's assessment of risk and consequently, in keeping with good practice, should be monitored regularly and frequently and adjusted in the light of experience. This is particularly important in the larger organisations where stratification, functional divisions, geographical distance, ethnic diversity and other forms of separation may create opportunities for local pools of norms and behaviours that run counter to those of the organisational ethos and codes of conduct. Particular emphasis may be needed on legal, procurement, sales, finance, marketing, warehousing and quality assurance functions.

9.3.7.2. Local sub-unit culture

The findings of this research have shown that corrupt behaviour is contextual. That is, an individual may act corruptly in one situation (i.e., in a particular sub-unit), but not in any other (e.g., the rest of the organisation, outside the work-place). This research has also shown that local group norms, even when corrupt, are likely to be more salient to an individual than those of the wider organisation, and that this may be the case even with the imposition of sanctions or offers of rewards. The implication is

that fraud is more likely to be committed on a local basis, although that is rarely reported in the media. This means that it is not sufficient for an organisation to have good policies at the top since they may get flouted down the line. Hence, organisations need to ensure that their sub-groups such as project teams, departments and local offices, are not only fully aware of their global norms, but have identified with them wholeheartedly so that any local norms that run counter to those, are rejected. Senior managers need to be aware of any groups whose behaviour contravenes organisation norms and take appropriate steps to change the context and so halt such behaviour by fostering the commitment of employees to those global norms. Thus, organisations have the complicated task of encouraging local team bonding to enhance performance, while at the same time, they need to ensure that these very same local teams identify sufficiently with the wider organisation so that they do not become submerged in local corrupt norms.

This research has shown that members of a group will follow group norms even at the cost of sacrificing personal ethics. That is, those who identify strongly with the group norms will follow them, even if those norms are corrupt. Conversely, low identifiers will not conform to group norms and will use whatever route is available to alter the situation. If adapting personal ethics to those of the group or changing the norms of the group are not possible, low identifiers will distance themselves psychologically from the group and even leave the group, which have recruitment and other cost implications for the organisations. Therefore, organisations need to introduce safe mechanisms for reporting improper doings so that the whistle-blower can be anonymous (if desired) and protected, without fear of retribution. Consequently, mechanisms such as help-desks and post-boxes (electronic and actual) are required to enable all employees to report easily, quickly and in complete confidence, any concerns, issues or irregular practices.

9.3.7.3. Leadership

One finding from this research is that leaders influence a group's behaviour when they are perceived to be members of that group and this applies even to corrupt acts: leadership is contextual. The implication is that where a group operates with norms that are unique to it, the leader must be a fully accepted member of the group. That is, corrupt group behaviour depends on a corrupt leader. However, in such situations, it may also be the case that the formally appointed leader of a group is not, in actual practice, the leader when the group is engaged in corrupt behaviour. Consequently, managers need to be aware of the dangers that this could pose and should keep a lookout for this situation. Organisations need to ensure that their leaders, both senior managers and at other levels, are aware of the company norms, that these leaders fully support those values, that they convey those to their teams and that their behaviour is exemplary.

9.3.7.4. Stress

In this thesis, examples have been given of situations where pressure (and hence associated stress) to meet targets heave driven managers and other employees to resort to corrupt methods to meet those targets. This research also suggests that when identification is high, stress can be alleviated by group support. Thus, behaving corruptly may not be stressful, although corrupt behaviour may initially be triggered by stress. The implication for managers is that targets (budgetary, time, performance etc.) need to be realistic and achievable. Once corrupt practices become embedded, it is difficult to rout them out, not least because, as this research has shown, behaving corruptly as a group is not only not stressful, but may even be enjoyable. Table 9.2 gives a summary of this section.

Table 9-2 – Check list for dealing with corruption

Prevention	*Mechanisms*
Opportunity	Robust systems for prevention and detection
Social identification and group norms	Harness the power of social identification to raise awareness of appropriate behaviour at both the sub-unit and company levels; Introduce safe mechanisms for whistle-blowing providing support rather than retribution
Leadership	Ensure that the influence of leaders encourages appropriate behaviour
Stress	Minimise prolonged pressure and stress on employees

9.4. Research limitations

This research has produced some interesting new findings about social identity processes and group corruption. It has also confirmed some findings of previous research such as the influence of pressure/threat on corruption (Aquino & Douglas, 2003; Baucus, 1994; Baucus & Near, 1991; den Nieuwenboer & Kaptien, 2008; Ferrell & Gresham, 1985; Gioia, 1992; Treviño, 1986; Yeager, 1986), and the link between opportunity and corruption (Baucus, 1994; Baucus & Near, 1991; Beenen & Pinto, 2009; Burke, 2009; den Nieuwenboer & Kaptien, 2008; Ferrell & Gresham, 1985; Misangyi *et al*., 2008; Simpson & Piquero, 2002; Tomlinson, 2009; Treviño, 1986). The research has also shed new light on other previous research, especially in the field of Social Identity Theory (e.g., Tajfel & Turner, 1979; Turner *et al*., 1987). Almost every aspect of this research has raised further questions. In this researcher's judgement, the ones listed below are particularly important.

9.4.1. Organisation size

This research was conducted with small groups and consequently examined local conditions for corrupt behaviour. Although many organisations have sub-units, they would also be interested in the findings from research on corruption undertaken with larger groups. Research by O'Fallon and Butterfield (2005) has found that larger organisations tend to have more serious ethical problems. In the experience of this researcher, in general, organisational size is usually matched by complexities in structure. As layers of management increase, so do the numbers of sub-units. Larger

organisations may also have multiple sites, increasing the opportunities for isolated pockets of corrupt culture. Both these situations render transparency in processes difficult and so offer more opportunities for corruption to remain undetected. Beenen and Pinto (2009: 284) found that in Enron, which was a large, divisionalised organisation, the presence of intra-organisational networks facilitated the spread of corruption.

In addition, according to Fleming and Zyglidopoulos (2009: 80), in a complex organisational environment, shifting responsibility (denial of responsibility) on to someone else, superior or subordinate, is much easier than in a smaller business and therefore the credibility of such rationalisation is higher. Denial of injury and victim are also more credible in a complex organisational environment, as the paths between action and consequence are not as clear and are often extensive. Rationalisations, both individual and group based, were shown to feature prominently in the corrupt decision-making in the studies for this present research. Further research, based on social identification, is needed in the use of rationalisations in justifying corrupt behaviour.

9.4.2. Effect of time on corruption in organisations

Each experimental study in this research took a snapshot of corruption. The behaviour of participants for a single occurrence (i.e., between-subject studies rather than longitudinally within-subjects) was examined in scenarios that deliberately provided some participants the opportunity to behave corruptly. However, corruption in organisations may not always occur at a single exposure or opportunity, but rather build up over time. As perpetrators escape detection, their corrupt actions would grow in frequency and/or audacity (e.g., Leeson, Kerviel). There are two aspects to this. One is the length of exposure needed for corruption to become entrenched in an individual's behaviour pattern so that it is no longer an isolated action but rather a normal activity of

their working life. The other aspect is the length of time needed before corruption becomes embedded in an organisation. These are discussed below.

9.4.2.1. Individual corruption and the length of exposure

Rarely will an employee face moral dilemmas at the start of a new job, and often the introduction to wrongdoing is subtle. New employees may also accept small unethical occurrences to fit in with the new organisation until it becomes a normal aspect of work. Both these were exemplified in the Australian police force case study. The effects of adaptation (habituation and desensitisation) have been discussed briefly in chapter 8 as a limitation, but these issues are beyond the scope of this thesis. However, KPMG's (2007) Fraudster survey shows that 91% of fraud consisted of multiple acts. This suggests that a study covering several opportunities for corrupt behaviour and, therefore requiring a longer time scale, is needed to determine whether an individual becomes increasingly more corrupt over time.

9.4.2.2. Organisational corruption over time

Ongoing corruption over a prolonged period is not uncommon in organisations but the question that needs to be addressed is the length of time taken for a business to become institutionalised in corrupt ways. In chapter 3, it was seen that stable, long-standing work teams develop cultures that distinguish them clearly from other groups in the organisation (Baucas, 1994; Granitz & Ward, 2001; Scott, 1997). As Fleming and Zyglidopoulos (2008: 837) point out, many of the organisations involved in the recent high-profile scandals, such as Enron, WorldCom, and the British MPs, were not corrupt at the outset. At some point deceptive practices crept in and then escalated, resulting in "an increase in the ease, severity and pervasiveness of deceit" Fleming and Zyglidopoulos (2008: 837) until the organisation could not operate without such practices. KPMG's (2007) Fraudster survey showed that 67% of fraud occurs during a period of 1 to 5 years. These findings indicate the need for longitudinal studies into corrupt behaviour. This is a point of much interest to the business community, as was apparent from conversations

between the researcher and large organisations such a national retail chain and the local police force. The crucial question to be addressed is, when does an organisation switch from one harbouring corrupt individuals (OCI) to an endemically corrupt organisation (CO; Pinto *et al*., 2008)? A study is needed to examine whether repeated exposure to corruption increases its prevalence and frequency in an organisation or a sub-group of it. The potential influence of individuals such as leaders (or experts) in that process will also need to be examined.

That, this is not easy was pointed out by Baucus (1994) and Simpson (1987) who found that there has been little longitudinal research into corruption and illegality. Baucus and Near (1991: 10) commented that, instead, researchers have used five-year averages or trends when predicting illegal behaviour. But longitudinal studies present challenges. The present research used volunteers from the business community, but this raised two issues: the constraint of time and the stability of the membership of groups. There could be no assurance that those who took part on one occasion would be available at a subsequent one. Consequently, and as the results from the present research suggest, because corrupt behaviour is context based, and so can vary as the personnel involved change, the findings would not have been reliable.

In addition, there is the question of deception to consider. The current study used cover stories that the participants found credible and, following the explanations and discussions at the end, acceptable. There was one objection to the use of this methodology but this particular participant too conceded that this subterfuge had been necessary. It is very likely that a repeated measures study would jeopardize the confidentiality, and hence the reliability of the study.

There are further challenges. As Treviño (1992: 122-123) points out, observing and measuring ethical-unethical behaviour is difficult for three reasons: (1) unethical behaviour occurs relatively infrequently (Treviño & Youngblood, 1990) making it costly in terms of time and money; (2) participants who are engaged in unethical behaviour

will probably attempt to conceal it and are not likely to allow it to be observed (e.g., "*Because we had the recording on, I couldn't tell the others in the group that the answers are at the bottom"*); and (3) participants who are aware that the research focuses on ethical behaviour may respond in a socially desirable manner (e.g., " … *this test is not about cheating, it's about managing stress.*"), thereby distorting the study results. Qualitative approaches involving interviews and surveys to collect data about the ways in which people in organisations think about what is ethical and unethical may be used, but, Treviño (1992) warns that interviewees and respondents may not be able or willing to report on their thoughts and behaviours honestly, especially as they relate to unethical intention and behaviour. This is also seen in the studies for this thesis (e.g., "*If we had been in a breakout room I would have shared my test questions with the others"*). In sum, a longitudinal study of corruption that is spread over time and geographical distance and involves a large number of participants, and that is designed to examine exposure, escalation and institutionalisation is needed, even though it presents substantial challenges.

9.4.3. Culture of corruption

Although this research has thrown light on some facets of group behaviour, it has to be acknowledged that these were obtained in experimental settings. Fraser and Foster (1984: 474) note that it is most unlikely that laboratory groups, assembled for a short duration, can develop the complex relationships of real groups. Perception of group membership, internal norms, and effective relationships (even weak ones) build up slowly over time, as do work-related norms. It is suggested by this researcher that this group culture would include that of corruption and its implication is discussed at different identity levels next.

9.4.3.1. Group culture

The studies for this current research, particularly studies 3 and 4 in the business community, were run in the main with ad-hoc groups that mostly had no long-

term local cultures, although there may have been wider group cultures within each of the business networks used. As seen in chapter 4, among McDougall's (1920) list of conditions for group formation, one was that there should be some degree of continuity of existence in the group: either if the same individuals stay in the group for some time (e.g., Hamilton as a member of McLaren Mercedes) or where the group has developed a system of fixed positions which are occupied by a succession of individuals (e.g., McLaren Mercedes drivers). Other conditions listed by McDougall include a good understanding among the group members of its traditions, customs and habits, particularly for relationships amongst its members, and that the group should have a definite structure. Clearly not all of these conditions have been met in these studies. By comparison, in KPMG's (2007) Fraudster survey, 87% of fraudsters had been in the job 3 years or longer. This was a limitation in this current research. Hence, further research based on SIT principles is needed into corrupt behaviour with established work groups in order to obtain findings that would be robust in the workplace.

9.4.3.2. Organisational culture

One of the findings from the studies in this current research is that groups had behavioural norms that influenced whether their members cheated or not. This confirmed existing research discussed in chapters 1-4. Another finding was that individuals are more likely to behave corruptly in support of a small local group as for a bigger organisation. As Enron has shown, some firms have a culture that reinforces illegal activity. Some firms are even known to be selective in recruitment and promotion of employees who have personal values consistent with illegal or unethical behaviour (e.g., Enron). Based on the SCT model of nested identities (discussed in chapter 4), studies are required that encompass both these nested identities of a wider organisation and local sub-units (see Gaertner *et al*., 1989).

9.4.3.3. Industry cultures

This research was undertaken with business people from a variety of industries (e.g., management consultancy, electrical, IT, finance services, and the banking and legal sectors). As reported in chapter 1, KPMG's Fraud survey (2009) found that the nature of perceived fraud and misconduct risks varied by industry. Academic researchers have also found that corruption is endemic in some industries (e.g., Burke, 2009; O'Fallon & Butterfield, 2005). If a firm's major competitors in an industry are performing well, in part as a result of illegal activities, it becomes difficult for managers to choose only legal actions, and they may come to regard the illegal actions (e.g., the case study of the British firm exporting agricultural machinery to African countries), as standard industry practice (e.g., pharmaceuticals in Northern Nigeria). Study 4 from the current research demonstrated that participants behaved corruptly in trying to meet the unachievably high standards of performance supposedly set by others working in the same field. The effects of group, organisational and industry culture could represent areas of further investigation. Although third party corruption was not explicitly addressed in this thesis, the research findings indicate that if businesses were to enhance their employees' sense of identification with the organization and were also made more familiar with their codes of conduct, they would be more likely to adhere to those norms.

9.4.3.4. Geographical / cultural restrictions

Many companies are now multi-nationals and operate in global markets and economies. As noted in chapter 1, In KPMG's (2007) Fraudster survey, 17% of the reported fraud was international in nature. A limitation of this current research is that it did not allow for national or ethnic cultural differences in attitudes to corruption: the participants were mostly UK nationals, although individuals from different ethnic and national backgrounds were present. It is not known, therefore, whether the findings would be valid in other parts of the world. For example, Salter *et al*., (2001: 37) found

that U.S. students were more likely to cheat than were U.K. students. Vitell, *et al*., (2003: 152) have found that culture also has direct influence on whether or not an individual even perceives that ethics should be considered when making a particular decision. Hence, individuals from some national cultures might be more sensitised to certain ethical issues (e.g., bribes) than those from some others.

A further aspect of national characteristic is that of group interaction. It will be remembered that one participant in study 3 (chapter 7) claimed that he was never influenced by others. Hornsey and Jetten (2004) have suggested that one possible reason for people's reluctance to admit the influence of others is that it is culturally stigmatised, particularly in individualistic societies, such as in the U.K., where independence of thought is valued. In a culture that values uniqueness of the personal self, being conformist or easily influenced are not traits that people are likely to openly acknowledge. However, although rhetoric is often heard regarding the importance of "being yourself," such nonconformity is typically punished, or at least derogated, if it violates specific group norms (Jetten *et al*., 2006: 164). This was seen in the studies for this current research.

Individuals in some societies tend to adopt a more utilitarian perspective, and make decisions based on the "greatest good for the greatest number of people" while individuals in other countries are more apt to make decisions based on what is best for them personally. For example, research by Taylor-Bianco and Deeter-Schmelz (2007: 81) reveal key differences in cheating behaviour between collectivist cultures like India and individualistic cultures like the U.S. These findings raise implications for Social Identity Theory which was developed in the UK (University of Bristol). Most subsequent experimental studies applicable to this current research, have been conducted in Western countries. It would be informative to run Studies 3 and 4 in a non-UK culture.

9.4.4. Long-term stress and corruption

The effect of repeated exposure to corruption was discussed earlier in this chapter. In this section, its effect on stress is discussed. The studies described in this thesis were between-subject experiments, in which the participants were subjected to stressors only on a single occasion. Existing literature shows that when exposed to corrupt practices repeatedly, new members of a group could either see corruption as a threat and become stressed by it or, paradoxically, grow to accept it. As discussed in chapter 8, long-term research on stress by Haslam *et al*. (2005) found that social identification with a work group has a positive long-term impact on group members' health, well-being and morale. Two issues arise from this: that of time and that of group behaviour. This current research has shown that even when the context is corrupt, identification with a group lowers stress.

Exposure to corruption in the workplace is likely not only to be repeated, but also prolonged, as has been discussed in chapter 8. Consequently, stress may equally be experienced over a long period. Although Haslam *et al*. (2005) have found that social identity alleviates stress even when it is long-term, their research did not extend to corrupt behaviour. This indicates that it would be valuable to include repeat-measures in the study, thus assessing whether repeated exposure to corruption reduces levels of stress through habituation. In chapter 8, the impact of habituation and desensitisation on stress (Ashforth & Anand, 2003) was discussed briefly, but was beyond the scope of this current research. Studies are now needed to examine the long-term impact of corrupt behaviour on stress, which could be incorporated with that of corruption.

9.4.5. Other research limitations

This research was conducted with simple scenarios. According to Fleming and Zyglidopoulos (2008, 2009: 119), deterrents to corrupt activities are: (1) likelihood and consequences of detection (where the corruption required is simply too serious or

obvious); (2) lack of incentives (where the temptation to act in a corrupt manner is not present); (3) implausible rationalisations (where justification seems implausible to the people involved); and (4) difficulties in recruiting the team (in cases where the corrupt culture is not widely known about and so requires strict secrecy). In the studies for the current research, the threat of detection was clearly not a deterrent, as the qualitative analyses show; lack of incentives did not prevent participants from engaging in corruption: although a prize for the winning team was implied, it was not explicitly stated; and some justifications for the decisions taken were simply astounding (e.g., *I know there won't be a fire on the day*). Despite the desire for secrecy, participants also blatantly cheated or behaved unethically (e.g., surfing the Internet on a Blackberry to find answers). Even with opportunities, high social identification was the overriding factor in the corrupt behaviour in the studies for the current research. Consequently, another useful study would be to test the effect of deterrents on corrupt practices (O'Fallon & Butterfield, 2005), and whether there is any associated group level stress in such behaviour.

9.5. Research conclusions

The aim of this research was to determine whether there is a link between corrupt behaviour and group stress as a consequence of identity threat. The findings from the experimental studies extend the principles of Social Identity Theory (Tajfel, 1978; Tajfel & Turner, 1979) showing that social identification functions even in corrupt contexts and that prototypical members (leaders) will support and encourage corrupt behaviour. Contrary to the tenets of SIT, this current research also found that external pressure (identity threat) is not necessarily a factor in corrupt behaviour in support of an ingroup. Instead, group loyalty seems to be the primary driver for corrupt group behaviour. Although SIT predicts that group behaviour is determined by levels of identification, this research has shown that intra-group dynamics were stronger triggers for corrupt behaviour than extra-group threat, although the latter may be an initial

catalyst. Supporting SIT, these studies found that stress was lower for high identifiers, but this current research showed that this is also the case when the group is involved in corrupt practices. This has not been evidenced previously. These findings open up the possibility of serious debate in this arena.

Review of literature on corruption and ethics has shown that one mechanism that individuals and groups use to justify corrupt acts is rationalisation. This was exemplified in the studies for this current research. Opportunity has also been identified in literature as a factor for corruption, and in this present research it was shown to be crucial. In total, the empirical studies demonstrate that corrupt behaviour occurs as a result of interaction between individual, situational and contextual factors, and supports the findings of previous theoretical research.

This complexity has led to the development of a number of existing models of corruption each addressing different aspects of organisational structure, processes or behaviour. Models exist that put forward economic or moral arguments for examining corruption. This research has focused, instead on the social identity factor. The models include a framework (Rest, 1986) that makes a distinction between moral awareness, judgement, intention and action and the effect of the social context on the model (Grantz & ward, 2001). This present research extended the model to include a feedback loop from moral action to moral awareness and focused on the last two of these: moral intent and moral action. The existing models suggest that corruption can take different forms from clear-cut cheating to unethical behaviour, and for this thesis, corruption was defined to range between and including both these extremes. The models also point to corruption occurring at all levels, across all functions, and in all sizes of organisations. In contrast, this present research has focused on the dynamics of small groups that may exist in any area of an organisation, large or small, and has shown that social identification can trigger a range of corrupt activities.

Literature and organisational surveys show that corruption is a recurring and enduring phenomenon and as such is of much interest to organisations. The findings from the research described in this thesis are valuable in that they contribute towards the understanding of unethical behaviour in the workplace. Studies are needed now to explore fully the implications of the SIT and SCT models of stress on the effects of corruption so that organisations may utilise the findings to minimise the occurrence of corruption and allow self-managing teams to function both effectively and ethically. This would mean running the experiments in organisations and over a length of time. This ecologically valid testing would both increase the credibility of the findings in the corporate world and bring benefit to it.

The importance of the research lies in its particular focus on the behaviour of people in groups, behaviour that is fundamental to the workings of society as a whole, and of organisations and businesses in particular. Understanding how groups can behave corruptly is critical for the good management of the organisation to which they belong. In a world that is dependent on businesses and other organisations, it is to everyone's advantage that they should operate in an ethical manner and without corrupt practices.

Appendix 1

A 1.1 The Milgram Experiments

A series of experiments conducted at Yale University (Milgram, 1974) showed that ordinary people are capable of inflicting severe physical pain on other human beings in following orders and doing their duty. Randomly chosen, well-adjusted “ordinary people drawn from working, managerial, and professional classes” believed they were participating in an experiment to improve memory, consisting of “teachers” inflicting gradually increasing voltage of electric shocks to a “learner”. But, unknown to the teachers, the learner victim was an actor and no shock was actually administered.

The experiment (Milgram, 1965: 61-62) consisted of four conditions. In the first condition (remote feedback), the victim was placed in another room and could not be heard or seen by the subject, except that, at 300 volts, he pounded on the wall in protest. After 315 volts, he no longer answered or was heard from. In the second condition (voice feedback), identical to the first in that the victim was placed in another room and could not be seen, but his complaints could be heard clearly heard through a door left slightly ajar, and through the walls of the laboratory. The third experimental condition (proximity) was similar to the second, except that the victim was now placed in the same room as the subject, only eighteen inches from him. Thus he was visible as well as audible. The fourth, and final, condition of this series (touch-proximity) was identical to the third, with this exception: the victim received a shock only when his hand was placed on a shockplate by the teacher. At the 150-volt level, the victim again demanded to be let free and, in this condition, refused to place his hand on the shockplate. The experimenter ordered the naive subject to force the victim's hand on to the plate. Thus obedience in this condition required that the subject have physical contact with the victim in order to give him punishment beyond the 150-volt level.

However, not all participants were happy to be the teachers. According to Milgram (1974: 157-158), the sources of strain within the Yale experiment ranged from

primitives autonomic revulsion at causing another man pain to sophisticated calculations of possible legal repercussions. In more detail, the causes include (1) the cries of pain issuing from the learner strongly affected many participants, whose reaction to them is immediate, visceral, and spontaneous; (2) administering pain to an innocent individual violates the moral and social values held by the subject; (3) the implicit retaliatory threat that subjects experienced while administering punishment to the learner; (4) fear that they are in some degree legally vulnerable for their actions and wonder if they will be named in a lawsuit by the experimenter. All of these forms of retaliation, potentially real or fantasised, generates strain; (5) the directives that the subject should stop received by the subject from the learner, as well as the experimenter, which are incompatible with the experiment's standing orders; (6) administering shocks to the victim is incompatible with the self-image of many subjects. The teachers did not readily view themselves as callous individuals capable of hurting another person. Yet, this is precisely what they found themselves doing and the incongruity of their actions constituted a powerful source of strain. Milgram himself was aware of this reaction:

> This approach meant, first, that we had a special obligation to protect the welfare and dignity of the person who took part in the study; subjects were, of necessity, placed in a difficult predicament, and steps had to be taken to ensure their well-being before they were discharged from the laboratory. Toward this end, a careful, post-experiment and treatment was devised and has been carried through for subjects in all conditions. Milgram (1965: 57)

Appendix 2

A 2.1. Kohlberg's Model of Moral development

Kohlberg (1981, 1984) postulated that human beings make moral judgments in some combination of six analytically distinct ways. In Stage 1, Obedience and Punishment, the individual obeys rules to avoid punishment; in Stage 2, Instrumental Purpose and Exchange, the individual obeys rules only to further his or her own interests; in Stage 3, Interpersonal Accord, Conformity, and Mutual Expectations, the individual adapts to the moral standards of his or her peers; in Stage 4, Social Accord and System Maintenance, the individual adopts the moral standards of society, particularly its laws. In Stage 5, Social Contract and Individual Rights, the individual is aware of the relativity of values and upholds rules because they conform to the social contract; and finally, in Stage 6, Universal Ethical Principles, the individual chooses his or her own ethical principles and follows them, even if they run counter to laws.

Kohlberg (1981, 1984) argued that similar situations involving ethics will yield different responses by individuals because they are in different stages of their moral development. Kohlberg outlines three hierarchical levels of cognitive moral development. At the pre-conventional level, an individual is concerned about their own interests and the consequences they personally may suffer. Children and morally immature adults have pre-dominantly pre-conventional orientations. At the conventional level, an individual defines right and wrong according to the norms of referent groups/society. Most adults operate at conventional levels of moral development. At the principled level, the individual sees beyond norms and society and rightness is determined by universal values or principles. Some adults reach a post-conventional level of moral development.

Appendix 3

A 3.1. Milgram's explanation of his experiments

Milgram (1965: 57) was concerned with answering the question to what extent an adult will follow the orders of another adult. He wrote that in its most general form the problem may be defined thus: if X tells Y to hurt Z, under what conditions will Y carry out the command of X and under what conditions will he refuse? In the more limited form possible in laboratory research, the question becomes: if an experimenter tells a subject to hurt another person, under what conditions will the subject go along with this instruction, and under what conditions will he refuse to obey? Milgram (1965: 73) emphasises that the context of action must always be considered. In his experiments, the individual, upon entering the laboratory, became integrated into a situation that carried its own momentum. The subject's problem then was how to become disengaged from a situation which was "moving in an altogether ugly direction".

Later Milgram (1974) explains that when an individual is in a social situation with someone of higher status:

> … the individual no longer views himself as responsible for his own actions but defines himself as an instrument for carrying out the wishes of others ... An element of free choice determines whether the person defines himself in this way or not, but given the presence of certain critical releasers, the propensity to do so is exceedingly strong, and the shift is not freely reversible. Milgram (1974: 134).

Milgram (1974: 35-36) documented about his experiments, the subjects were more likely to follow orders and inflict electro-shocks to the "learners", the more concealed or distant the victim was: "obedience was significantly reduced as the victim was rendered more immediate to the subject." Milgram (p.134) pointed out the importance of the subject's perception that he has willingly entered into a transaction governed by an authority that is legitimate and has the scope to command the particular actions in question. Second, once the interaction starts, other forces bind the subject to the situation. The cues that somebody is possibly being harmed occur only later, after a "momentum"

has been built around the legitimate definition of the punishing actions, and the shock-giving participant has incurred all the obligations to continue an ongoing social activity and the definition of that activity. From these materials an account could be created of why the model subject in many of the Milgram conditions gave the maximum level of shock. As Milgram (1974) wrote,

> Many subjects will obey the experimenter no matter how vehement the pleading of the person being shocked, no matter how painful the shock seemed to be, and no matter how much the victim pleads to be let out. This was seen time and again in our studies and has been observed in several universities where the experiment was repeated. It is the extreme willingness of adults to go to almost any lengths on the command of an authority that constitutes the chief finding of the study and the fact most urgently demanding explanation. Milgram (1974: 7)

Milgram himself offered a number of explanations. First, there are the “binding factors” (Milgram, 1974: 134) between the participants and the experiment. The participants may have continued administering the electrical shocks because they had entered into “contract” to take part in the study, and they wanted to avoid being awkward and spoiling the experiment. In addition, the participants could become so absorbed in the procedure and the technical aspects of the study that they lost sight of the implications of their actions, on the complication which might account for why obedience dropped when the participants could “see” the consequences of their actions. The participants start to think they are acting for the experiment and, while they might physically be pressing the button to administer the electric shock, the experimenter would have done this anyway. This is referred to as they *agentic state* in which the person sees him or herself as an agent for another person, carrying out orders but not being responsible for them (see Martin & Hewstone, 2007: 315).

Appendix 4

A 4.1. Asch's experiments

According to R.J. Brown (2000a: 126-127), in Asch's experiments participants were recruited for what they were told was an experiment in visual judgement. On arrival, each participant was shown to a laboratory where a number of other participants were already seated. The experimenter explained that their task was to compare the lengths of some vertical lines. On each presentation there was a standard line and their task was to identify which of the three comparison lines was the same length as the standard line. The participants called out their answers in turn. In the first two trials everyone called out the obviously correct answer. On the third trial, and on eleven subsequent trials occurring at intervals, the others in the room gave what appeared to be completely wrong answers. What is more, they were unanimous in their error, giving their errors confidently and calmly. In fact, of course, those already in the room before the start of the experiment were confederates of the experimenter, who had been briefed to give incorrect answers on two thirds of the trials. Asch's interest was in the behaviour of the one genuine participant: how would he or she react to the testimony from these apparently quite unexceptional people who contradicted so dramatically the evidence of his or her own eyes? Asch's findings were surprising: three quarters of those "naïve" participants gave at least one incorrect response on the critical trials when the confederates misreported. Looking at the results another way, of all the genuine participant's responses on the critical trials, over 36% of these were either the same as or in the direction of the incorrect majority.

R.J. Brown (2000a: 127) continued, that what gave these results such impact was the un-ambiguous nature of the task. There could be no doubt as to the correct answers since, in a control condition where people gave their answers alone, the number of errors was virtually zero. What Asch had demonstrated, therefore, was an apparent willingness on the part of people to deny this obvious radical judgement in

order to “go along with” the majority. That, according to Asch, was precisely the motivation behind most of the conforming responses. From detailed debriefings, Asch established that it was rare for the compliant participants to have “seen” the lines as same when actually they were different. Rather, they lacked confidence in their own judgement, assuming that the others in the experiment were privy to some additional information that guided their responses. Others, on the other hand, while not actually doubting what they saw, simply conformed so as not to be different.

R.J. Brown (2000a: 128) continues that in other experiments, Asch (1955) explored the effects of altering various aspects of his conformity-inducing situation. The most obvious factor to vary was the size of the confident majority. From this, it seems that with just one confederate there is negligible conformity on the critical trials. However, with the addition of one or two further confederates, conformity level rises sharply, only to level off with the addition of further confederate. Indeed, Asch reported that 15 confederates seemed to elicit slightly less conformity than four. This rapid increase in conformity with majorities of 2 to 3 has been confirmed in subsequent research, although the reduced conformity that Asch observed with large minorities has not generally been replicated. In general, larger majorities elicit more conformity than small ones, although increasing group size beyond a certain point appears to have diminishing effects on the level of conformity.

A 4.2. Cognitive Dissonance

The theory of *cognitive dissonance* was developed by Festinger (1964: 5-6, 1957: 1127). He suggested that where a person holds two cognitions (ideas) that are psychologically inconsistent or when a person’s behaviour is inconsistent with a cognition, that person experiences discomfort. That is, inconsistency among beliefs or behaviours will cause an uncomfortable psychological tension, a dissonance. The cognitions in question may include attitudes and beliefs, and also the awareness of

one's behaviour. Because this is unpleasant, individuals will strive to reduce it in any way possible. The decision taken to do so can be justified by increasing the attractiveness of the chosen alternative and decreasing the attractiveness of the rejected alternative. That is, Festinger (1957) uses the notion of rationalisation in addressing the tensions between actions and normative self-definitions.

A 4.3. Self-Categorisation Theory – assumptions and hypotheses

J.C. Turner (1987: 42-65)

The self-categorisation theory comprises a set of assumptions and hypotheses related to the function of the social self-concept (the concept of self based on comparisons with other people and relevant to social interaction). It grew out of the research on social categorisation and the related concept of social identity.

Assumptions

A1. That the self-concept is the cognitive component of the psychological system or process referred to as the self. The self may be understood at least in part as a cognitive structure, a cognitive element in the information-processing system. The self-concept may be defined as the set of cognitive representations of self available to a person.

A2. That the self-concept comprises many different components. Any individual possesses multiple concepts of self. If there is unity at all, it is only in so far as the different cognitive representations form of cognitive system, but the parts are highly differentiated and can function relatively independently.

A3. That the function of the social self-concept is situation-specific: particular self-concepts tend to be activated ('switched on') in specific situation producing specific self-images. Any particular self-concept (of those belonging to any given individual) tends to become salient as a function of an interaction between the characteristics of the perceiver and the situation.

A4. That cognitive representations of the self take the form, amongst others, of self-categorisations, i.e., cognitive groupings of oneself and some class of stimuli as the same (identical, similar, equivalent, interchangeable, and so on) in contrast to some other class of stimuli (Self-concepts are categories and like all categories are based on the perception of intra-class similarities and inter-class differences between stimuli).

A5. That self-categorisations exist as a part a hierarchical system of classification. They form at different levels of abstraction related by means of class inclusion (i.e. the more inclusive the self-category, the higher the level of abstraction, and each category is entirely included within one other category [unless it is the highest or super-ordinate level category]) but is not exhaustive of that more inclusive category. The level of abstraction of a self-categorisation, therefore, refers to the degree of inclusiveness of the categories at that level.

A6. That there are at least three levels of abstraction of self-categorisation important in the social self-concept: a) the super-ordinate level of the self as human being, self-categorisations based on one's identity as a human being, the common features shared with other members of the human species in contrast to other forms of life, b) the intermediate level of ingroup-outgroup categorisations based on social similarities and differences between human beings that define one as a member of certain social groups and not others (e.g. 'American', 'female', 'Black', 'student', 'working class'), and c) the subordinate level of personal self-categorisations based on differentiations between oneself as a unique individual and other ingroup members that define one as a specific individual person (e.g. in terms of one's personality or other kinds of individual differences). These levels can be said to define one's 'human', 'social' and 'personal' identity respectively, based on inter-species, inter-group (i.e. intra-species) and interpersonal (i.e. intra-group) comparisons between oneself and others.

A7. That self-categorisations at any level tend to form and become salient through comparisons of stimuli defined as members of the next more inclusive (higher level) self-category.

A7.1. That category formation (categorisation) depends upon the comparison of stimuli and follows the general principle of *meta-contrast*: that is, within any given frame of reference (in any situation comprising some definite pool of psychologically significant stimuli), any collection of stimuli is more likely to be categorised as an entity (i.e. grouped as identical) to the degree that the differences between those stimuli on relevant dimensions of comparison (intra-class differences) are perceived as less than the differences between that collection and other stimuli (inter-class differences). The meta-contrast ratio is defined as the ratio of the average difference perceived between members of the category and the other stimuli (the mean inter-category difference) over the average difference perceived between members within that category (the mean intra-category difference) and provides a simple quantitative measure of the degree to which any subset of stimuli will tend to be recognised as a single unit, entity, or group (i.e. perceptually categorised). Correspondingly, the *prototypicality* of the category member, the extent to which a stimuli is perceived as exemplary or representative of the category as a whole, is defined by means of the meta-contrast ratio of the mean perceived difference between the target stimulus and outgroup (different category) members over the mean perceived difference between the stimulus and other ingroup (same category) members (the higher the ratio, the more prototypical ingroup member).

A7.2. That the comparison of different stimuli depends upon their categorisation as identical (the same, similar) at a higher level of abstraction, and takes place on dimensions which define their higher-level identity. A related point is that stimuli probably tend to be compared in terms of the least abstract category which includes them all.

Together, assumptions 7.1 and 7.2 imply that the comparison of stimuli perceived as identical at some level yields perceived differences and meta-contrast resulting in their division into classes at the next lower level of abstraction, and so on. They also imply that all social comparison with others depends upon the categorisation of others as part of a self-category at some level of abstraction.

A7.3. That personal self-categorisations are based upon comparisons between self and ingroup members (that interpersonal are intra-group comparisons), ingroup/outgroup categorisations upon comparisons with other human beings (that inter-group are intra-human comparisons) and human self-categorisations are based upon comparisons with other species in terms of some higher-level identity.

A7.4. That the salience of any level of self-categorisation varies with the frame of reference. Self-categories tend to become salient at one level less abstract than the self-category in terms of which they are being compared (i.e. the personal self become salient where comparisons are restricted to ingroup members, ingroup member(s) becomes salient where comparisons include both ingroup and outgroup members of the human self-category, and so on).

A8. That the salience of a self-categorisation leads to the perceptual accentuation of intra-class similarities and inter-class differences between people as their characteristics are inferred from their defining identity of their class membership. Thus the salience of a self-categorisation enhances the perceptual identity within the contrast between self- and non-self- categories at that level.

A9. That there is, therefore, a *functional antagonism* between the salience of one level of self-categorisation and other levels: the salience of one level produces the intra-class similarities and inter-class differences which reduce or inhibit the perception of the intra-class differences and the inter-class similarities upon which lower and higher levels respectively are based.

A10. That self-categories tend to be evaluated positively and that there are motivational pressures to maintain this state of affairs.

A11. That self and others are evaluated through a process of social comparison in terms of their membership of the (relevant) next more inclusive self-category.

A12. That, therefore, self and others are evaluated positively to the degree that they are perceived as prototypical (representative, exemplary, etc.) of the next more inclusive (positively valued) self-category (in terms of which they are being compared).

Hypotheses

H1. All things being equal (and ignoring, for simplicity, the human level of self-categorisation) there tends to be an inverse relationship between the salience of the personal and social levels of self-categorisation. Social self-perception tends to vary along a continuum from the perception of self as the unique person (maximum intra-personal identity and maximum difference perceived between self and ingroup members) to the perception of the self as an ingroup category (maximum similarity to ingroup members and difference from outgroup members).

H2. That factors which enhance the salience of ingroup/outgroup categorisations and tend to increase the perceived identity (similarity, equivalence, inter-changeability) between self and ingroup members (and difference from outgroup members) and so depersonalises individual and self-perception on the stereotypical dimensions which define the relevant ingroup membership. Depersonalisation refers to the process of 'self stereotyping' whereby people come to perceive themselves more as interchangeable exemplars of a social category than as unique personalities defined by their individual differences from others.

H3. That the depersonalisation of self-perception is the basic process underlying group phenomena (social stereotyping, grouped cohesiveness,

ethnocentrism, co-operation and altruism, emotional contagion and empathy, collective action, shared norms and social influence processes, etc.).

H4. That psychological group formation takes place to the degree that two or more people come to perceive and define themselves in terms of some shared ingroup/outgroup categorisation.

H5. That any collection of individuals in a giving setting is more likely to categorise themselves as a group (become psychological group) to the degree that the subject of a perceived differences between them are less than the differences perceived between them and other people (psychologically) present in the setting (i.e. as the ratio of inter-group to intra-group differences increases).

H6. That the salience of some ingroup/outgroup categorisation in a specific situation is a function of an interaction between the 'relative accessibility' of that categorisation for the perceive and the ‘fit’ between the stimulus input and category specifications.

H7. That group cohesion or mutual attraction between ingroup members is a function of mutually perceived similarity (identity) between self and others in terms of the defining characteristics of the ingroup self-category.

H8. That group cohesion is produced and increased by factors which lead to the formation and salience of shared ingroup memberships.

H9. That the attractiveness of specific individual persons (including one's personal self) depends upon their perceived prototypicality in comparison with the other ingroup members (relative prototypicality).

H10. That the personal attractiveness of an individual is not constant, but varies with the ingroup membership providing the frame of reference, the defining dimensions of ingroup membership employed for interpersonal comparison and the specific others with whom the person is compared.

H11. That ethnocentrism, attraction to one's own group as a whole, depends upon the perceived prototypicality of the ingroup in comparison with relevant out groups (relative prototypicality) in terms of the valued super-ordinate self-category that provides the basis for the inter-group comparison.

H12. That the attractiveness of some ingroup is not constant but varies with the super-ordinate self-category that provides the frame of reference for inter-group comparison, the specific dimensions of inter-group comparison employed and the specific groups with whom the ingroup is compared.

H13. That the more salient is some relevant ingroup/outgroup categorisation, the less will self-esteem and attraction to ingroup members reflect the individual's relative personal status within the group and the more they will reflect the relative status of the ingroup compared to the outgroup.

H14. That, therefore, interpersonal attraction and group cohesion tends to be inversely related in the sense that the perception and evaluation of ingroup members in terms of their personal differences works against mutual attraction based on the mutual perception of identity as group members (and vice versa).

H15. That the perception of identity between oneself and ingroup members leads to a perceived identity of interest in terms of the needs, goals and motives associated with ingroup membership.

H16. That factors which tends to enhance the salience of shared ingroup memberships will tend to increase the level of intra-group co-operation and (inter-group competition).

H17-H22 are taken from J.C. Turner (1991: 73-74)

H17. That factors which tend to personalise or individualise intra-group relations, (or lead to the categorisation of others as outgroup members) will decrease mutual co-operation (and increased interpersonal competition).

H18. That subjective validity (Festinger, 1950; Kelly, 1967), one's confidence in the objective validity of one's opinions, attitudes, beliefs etc. (also termed subjective certainty, competence, correctness, etc.) is a direct function of the extent to which similar people (in relevant respects) in the same stimulus situation are perceived, expected, or believed to agree with one's own response.

H19. That, conversely, subjective uncertainty is a direct function of the extent to which similar others are not perceived, expected, or believed to respond similarly to oneself in the same stimulus situation.

H20. That uncertainty reduction may be accomplished by: (a) the attribution of the disagreement to perceived relevant differences between self and others, and/or (b) the attribution of the disagreements to perceived relevant differences in the shared stimulus situation, and/or (c) mutual social influence to produce agreement.

H21. That the magnitude of the mutual pressures for uniformity between people is the product of (a) the degree of relevant similarity mutually perceived between them, (b) the degree to which the shared stimulus situation is perceived to be similar, (c) the extent of perceived, expected or believed to disagreement about that stimulus situation (subject to uncertainty), and (d) the importance of subjective validity to the group (i.e., the extent to which being right is perceived to matter in this instance).

H22. That the direction of effective influence within the group (who successfully influences whom) is a function of the relative persuasiveness of the members, which is based on the degree to which their response (their arguments, position, attributes, experience, role, etc.) is perceived as prototypical of the initial distribution of responses of the group as a whole, i.e., the degree of relative consensual of support for a member.

A 4.4. Sherif's field experiments

(see also Turner 1987 : 21-22)

Sherif and his colleagues (Sherif & Sherif, 1969) conducted three field experiments in 1949, 1953 and 1954, each lasting approximately 3 weeks. Each experiment took place in a different location in the USA. The participants were 11 to 12-year-old white, middle-class boys who believed that they were attending a normal summer camp. In fact, the camp authorities were the researchers and camp activities were organised as experimental manipulations to test hypotheses about group formation and intergroup conflict (Sherif & Sherif, 1969). All the studies followed three basic stages, but only the last study included a final fourth stage.

In the first phase, camp activities and living arrangements were organised on a camp-wide basis and normal interpersonal friendships developed spontaneously between the boys. In the second phase, the boys were divided into two groups who bunked in different dormitories and engaged in separate activities (e.g. camping, cooking, games, finding places to swim, etc.) The boys in each group faced joint problems, played and worked together, pooled their efforts, divided up the work and organised different duties. They were put in a series of situations which were attractive to them and which required cooperative interaction. Despite the fact that the groups had been formed so as to separate members from the friends they had formed in the first stage, the result was the development of strong intra-group bonds and organisation, with the boys now picking the great majority of their friends (approximately 90%) from their own groups. Sherif concluded that when a number of individuals without previously established relationships interact in conditions that embody goals with common appeal to the individuals and that require interdependent activities for their attainment, a definite group structure consisting of differentiated status positions and roles will be produced (p. 76).

In the third phase, the two groups were brought into contact in a series of competitive games and activities where there was a definite conflict of interest between them, since the winners would receive prizes. The competition between the boys changed relatively rapidly from friendly rivalry into overt hostility. The hostility was accompanied by negative outgroup attitudes and stereotypes and heightened solidarity and pride within the groups. Finally in the last phase, the conflicting groups were provided with a series of 'super-ordinate goals', 'conditions embodying goals that are compelling for the groups involved, but cannot be achieved by a single group through its own efforts and resources' (p. 88) and that therefore require collaboration for their successful achievement (e.g., pooling finances to hire a movie that both groups wanted to see). The super-ordinate goals led to inter-group co-operation and gradually the breaking down of hostility between the groups and emergence of positive bonds across group boundaries. It can in fact be argued that inter-group co-operation actually led to the formation of one super-ordinate group.

A 4.5. Meta-contrast

In the process of *meta-contrast* (Hypothesis 7.1; J.C. Turner, 1985), individuals “maximize the ratio of inter-group differences to intra-group differences” (J.C. Turner *et al.,* 1987). Establishing such a ratio of differences allows the group to appear as coherent and distinct with both structure and clear boundaries. Therefore, meta-contrast determines both the extent to which a given category becomes salient and the extent to which particular category members are representative of it. Group members derive their self-esteem from the status of the group they belong to, as compared to that of other groups (e.g., Hogg & Abrams, 1988; Oakes, Haslam & Turner, 1994; Oakes, Turner & Haslam, 1991; J.C. Turner *et al.*, 1987).

According to J.C. Turner (1991: 160), the meta-contrast principle is explicit that categorising is an active, dynamic process, intrinsically comparative, variable,

contextual and relative to a frame of reference (see J.C. Turner & Oakes, 1989; Ellemers, Pagliaro, Barreto & Leach, 2008). Which specific self-category best fits the comparative relations between self and others, the level at which it fits, and the member who best represents the category as a whole, will all vary with changes in the comparative context. Reicher (2004: 929) emphasizes that comparison occurs at a collective level. It is not the ways in which an individual member of one group compares to an individual member of another group. It is, rather, the way in which that group as a whole compares to another group as a whole. More generally, it is important to realise that when a social identity is salient, all self-related processes and constructs must be related to the relevant collective self. Social identity salience is a crucial element in the experimental studies described in chapters 5-8.

A 4.6. Risky shift explanation

Vinokur (1971: 231) provided a theoretical organisation of studies comparing individual and group decisions involving risk, emphasising what has been called the "risky-shift phenomenon”. Proposed explanations are categorised according to four underlying processes: affective, cognitive, interactive and statistical. Vinokur (p. 232) continued, that in studies demonstrating the risky shift, risk is defined only in terms of the odds of success (i.e., probability) of an alternative course of action. The smaller the odds of success, the riskier the decision is considered to be. Hence, the risky-shift phenomenon refers to an apparent change in preference for smaller odds of success. Making a decision in a group can produce positive or negative consequences for the individual. If he takes these consequences into account, and they influence his decision, an affective process is said to be operative. In other words, if what the individual may lose or gain by virtue of the fact that he is making his decision in a particular context (e.g., under group pressure, in the presence of others, under

pressure to reach a quick decision) influences his decision, the process of influence is an affective one.

Vinokur (p. 236) further theorised that any given problem elicits widely held cultural values that favour either the risky or the cautious alternative, and thus information flow will be biased in that direction. However, the crux of the matter is that shifts are produced because subjects change their view of the situation by virtue of the information and arguments being generated in the discussion, rather than by mere exposure to the choice of others.

Vinokur (p. 243) found that the more information and persuasive arguments favouring a certain alternative a subject may have, the more extreme his position (i.e., risk-level preference) will be. In other words, the extreme position taken by a subject already reflects the level and quality of the information he holds; the better that information, the more confident he will be in holding his position. It is analogous to the common finding ingroup problem-solving studies that the correct group member is also more confident. Thus, the greater confidence and extreme position are often the result of the availability of better information and more persuasive arguments.

A 4.7. Explanation of group polarisation

Fraser and Foster (1984: 481-486) explain that group polarisation refers to a shift in which group responses become more extreme in the same direction as the average of the pre-group individual responses. Polarisation should be distinguished from extremisation which indicates shifts towards greater extremity regardless of direction: polarisation refers to shifts towards the already preferred pole, as measured by the average pre-group response. Polarisation should be distinguished from choice-shifts which refers simply to shifts, without specifications of the scale mid-point. A somewhat more complex hypothesis (see Fraser, 1971) would be that group polarisation occurs in the absence of agreement about the norms that should operate

when taking specific decisions, individually or as a group. Another explanation is that individuals are motivated to maintain a favourable self-presentation in comparison to others and to ideal values. If individuals discover, for example, in group discussion that the position they have adopted does not present a particularly favourable stance in comparison to other members or the perceived ideal position, then negative feelings will arouse motivation to shift position towards the generally favoured direction in order to maintain a positive self-image (p. 484). Those individuals who discover in discussion that they already hold desirably extreme positions in the favoured direction will not, be motivated to change. Thus the polarisation effect emerges through shifts by members whose self-ideal or self-other discrepancies are sufficient to motivate change.

According to J.C. **Turner** (1991: 165), the differences between individuals in the degree to which they represent ingroup norms and that those norms are attributes of social identity can explain group polarisation. People tend to conform to the consensual position of the group, the position perceived as representing the shared views of group members. However, it is argued that the consensual position is not defined by the mean position, although the consensual and mean positions may sometimes coincide. It is defined instead as the most prototypical position, the position that best represents the group as a whole. The prototypicality of ingroup members can be easily defined by means of the meta-contrast principle. The more an individual differs from outgroup members and the less he or she differs from ingroup members, the better he or she represents the ingroup. (p.169), it has been shown that the prototype varies as a function of the comparative context within which the group defines itself. Because social identity is defined comparatively and hence varies with the comparative context, ingroup norms are also defined comparatively and vary with the social context. Polarisation is simply convergence within a special kind of inter-group context. Polarisation beyond the mean is not movement away from what the group has in common, but towards it, because social categorical identity is defined by the

prototypical and not the mean position. People are moving towards what defines them as a category as a whole in contrast to other categories.

A 4.8. Groupthink

On April 17, 1961, a trained group of about 1400 Cuban exiles, aided by the CIA, U.S. Navy and U.S. Air Force invaded Cuba at the Bay of Pigs. Within three days, all the invaders had been killed or captured by Cuban troops. President Kennedy, who authorised the invasion, had been advised by a panel of highly qualified experts, but they had made a number of false assumptions. In his analysis of the fiasco, Janis (1971, 1982: 9) saw the Bay of Pigs invasion as a perfect example of the phenomenon he later termed *groupthink*, which stands for 'an excessive form of concurrence-seeking among members of high prestige, tightly knit policy-making groups'. Janis (1983: 41) listed eight main symptoms of groupthink, derived from case studies of historic decision-making fiascos. Each symptom can be identified by a variety of indicators, derived from historical records, observers' accounts of conversations, and participants' memoirs, are listed below.

Symptoms of Groupthink

The eight symptoms of groupthink are:

1. An illusion of invulnerability, shared by most or all the members, which creates excessive optimism and encourages taking extreme risks;
2. Collective efforts to rationalise in order to discount warnings which might lead the members to reconsider their assumptions before they recommit themselves to their past policy decisions;
3. An unquestioned belief in the group's inherent morality, inclining the members to ignore the ethical or moral consequences of their decisions;

4. Stereotyped views of rivals and enemies as too evil to warrant a genuine attempts to negotiate, or as too weak and stupid to counter whatever risky attempts are made to defeat their purposes;
5. Direct pressure on any member who expresses strong arguments against any of the group stereotypes, illusions, or commitments, making clear that this type of dissent is contrary to what is expected of loyal members;
6. Self-censorship of deviations from the apparent group consensus, reflecting each member's inclination to minimise to himself the importance of his doubts and counterarguments;
7. A shared illusion of unanimity concerning judgements conforming to the majority view (partly resulting from self-censorship of deviations, augmented by the false assumption that silence means consent);
8. The emergence of self-appointed mind guards -- members who protect the group from adverse information that might shatter the shared complacency about the effectiveness and morality of their decisions.

These combined forces are predicted to result in extremely defective decision-making performance by the group. For example, commenting on the situation in his book *A Thousand Days*, Arthur Schlesinger Jr. (1966) a member of the key advisory circle for the Bay of Pigs operation, admitted that he himself kept silent while harbouring grave doubts about the invasion plan in order to preserve the unanimity of the group. Indeed, his doubts were so considerable that he apparently kept hoping that someone else would reveal the foolhardiness of the plan, though, of course, no one did: “More than once I left the meetings in the Cabinet Room fearful that only two of the regulars present were against the operation; but, since I thought the President was the other, I kept hoping that he would avail himself of his own escape clause and cancel the plan. … But he too became prisoner of events” (Schlesinger, 1966: 232).

"When I set forth my own doubts on Saturday, the Secretary … said he had for some time been wanting to draw a balance sheet on the project" (Schlesinger, 1966: 232).

A 4.9. Influence of experts on group performance

In their study Collaros and Anderson (1969), used written instructions, to vary the perception of group members as to how many of the other members had brainstorming experience. In the all-others-experts condition each participant in the four-man group thought that the three others were experts at brainstorming. In the one-other-experts condition each group member believed that one, unidentified, other member was an expert. Thus in both conditions every subject considered himself as a non-expert, since in fact none of the subjects had any prior brainstorming experience. The control condition contained no instructions regarding expertise. Overall, the results of this study indicate that when group members feel threatened and inhibited by the presence of more knowledgeable members the less expert members contribute few of their ideas and suggestions.

A 4.10. Types of threat

No Threat Situation

Ellemers, Spears and Doosje (2002: 167) first consider no-threat situations in which people are mainly concerned with forming accurate impressions efficiently or trying to make sense of their own group identity under different conditions of group commitment; those of low and high identification.

<u>No threat, Low identification</u>

The characteristic response profile for the first cell of the model is that it will primarily have implications for perception, but less (if at all) for affect and behaviour.

No threat High identification

In the second cell of the model, the main implication for the current research is that individuals in this category will act to support the group.

Individual Identity Threat Situation

Ellemers, Spears and Doosje (2002: 167) then move into situations in which a threat to the individual self may stem from the relationship between the individual and the group. For those with low commitment, inclusion in the group may be threatening, whereas the possibility of exclusion from the group or category can be a source of threat when commitment is high.

Individual identity threat and Low Identification

The third cell deals with the case of the person with a low degree of identification with the group: such a person may feel threatened. Even those who can technically be considered as category members may experience the particular group as a (psychological) outgroup, and such responses have implications for self-perception, as well as behavior.

Individual identity threat and High Identification

Cell 4 deals with the situation when the person is committed to the group, but experiences a lack of acceptance in the valued group or even exclusion, a situation that is in many respects opposite to those considered in the previous cell. Perceived exclusion or rejection by the valued group will result in negative affect and attempts to gain acceptance.

Group Identity Threat Situation

Finally, Ellemers, Spears and Doosje (2002: 174) address contexts in which group identity is threatened. The ways in which people respond when either the value or the distinctiveness of their group is called into question is again crucially affected by commitment to the group.

Group identity Threat and Low identification

In cell 5, they consider how people respond to a threat to their group's value when they are not particularly committed to the group. Here the dominant motive is to avoid the negative group identity that has been imposed and possibly align with preferable other groups.

Group identity Threat and High Identification

Finally, in cell 6, Ellemers, Spears and Doosje (2002: 176) focus on the situation in which the threat is directed at the group level and members feel highly committed to their group. This may lead to a high degree of strong ingroup loyalty, and a readiness for collective action. The quest for clear intergroup differentiation may paradoxically lead highly committed group members to cultivate negative traits and/or behaviors.

A. 4.11. BBC Prison Study

Haslam and Reicher's (2006) "The Experiment" was broadcast by the British Broadcasting Corporation (BBC) in 2003. Participants in the prison study were randomly assigned to high-status (guard) and low-status (prisoner) groups. Structural interventions increased the prisoners' sense of shared group identity and their willingness to challenge the power of the guards. Psychometric, physiological, behavioral, and observational data support the hypothesis that identity-based processes also affected participants' experience of stress. As the prisoners' sense of shared identity increased, so they provided each other with more social support and effectively resisted the adverse effects of situational stressors. As guards' sense of shared identity declined, they provided each other with less support and succumbed to stressors. Findings support an integrated social identity model of stress that addresses intragroup and intergroup dynamics of the stress process.

In this study the participants, who were ordinary people, were designated "prisoners" and "guards". The prisoners formed a well-functioning, cohesive group whereas the guards lacked morale and solidarity and experienced intense stress and burnout. It seems that the lack of group identification within the guards resulted in a lack of mutual support. Additionally, as Haslam and Reicher (2007: 176) explained, ''Some project groups do turn out to be more frustrating than fulfilling, more a source of angst than of learning. Teams can stress their members, alienate them from one another, and undermine their confidence in their own abilities.''

Appendix 5

Table 5.2 - Reliability, means and contrasts of participants' responses for cheating and stress – study 1

Independent variables condition (4) by social identity (2)

Dependant variable	Scale N	Scale α	Statistics Overall mean	Statistics Std. Dev	Condition Control	Condition No Identity	Condition In-group Threat	Condition Out-group threat	Contrasts F(1,78) C v N, I,O	Contrasts F(1,78) N v I,O	Contrasts F(1,78) I v O	Contrasts F(1,78) N v I	Contrasts F(1,78) N v O
Score	1	NA	7.84	9.57	.90	9.76	10.41	10.05	**17.90****				
Moral action (cheating)	3	.90	3.75	2.24	2.06	3.84	4.68	4.33	**20.27****				
Stress	39	.81	3.44	.52	3.59	3.49	3.18	3.50		**9.13****		**10.54****	**4.29***

N = 86
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 5.3 - MANOVA results – study 1

Independent variables condition (4) by social identity (2)

Dependent variables	Cond means Low	Cond means High	Control Low	Control High	No Identity Low	No Identity High	In-group Threat Low	In-group Threat High	Out-group threat Low	Out-group threat High	Effects Cond F(3,78)	Effects Social Idy F(1,78)	Effects Cond x Social Idy F(3,78)
Score	7.82	7.86	1.00	.82	13.50	8.27	6.58	15.00	10.88	7.83	**6.14****		
Moral action (cheating)	3.83	3.67	1.77	2.33	4.89	3.42	3.78	5.77	4.75	3.22	**7.60****		**3.72***
Stress	3.62	3.25	3.67	3.51	3.98	3.29	3.26	3.08	3.72	2.93	**4.98****	**19.83****	

N=86
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 5.4 – Significant correlations – study 1

	Score	Cheating	Condition
Score	1	**.79****	**.33****
Cheating (moral action)	**.79****	1	**.38****
Condition	**.33****	**.38****	1

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

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

Table 5.5 - Reliability, means and contrasts of participants' responses – individual variables – study 1

Independent variables condition (4) by social identity (2)

Dependant variable	Scale N	Scale α	Statistics Overall mean	Statistics Std. Dev	Condition Control	Condition No Identity	Condition In-group Threat	Condition Out-group threat	Contrasts F(1,78) C v N, I,O	Contrasts F(1,78) N v I,O	Contrasts F(1,78) I v O	Contrasts F(1,78) N v I	Contrasts F(1,78) N v O
Anxiety	5	.85	4.03	1.31	4.72	4.24	3.77	3.45	**10.59****				**3.96***
Personal self esteem	10	.88	4.78	.99	4.89	4.55	5.03	4.66		**5.63***		**6.13***	
Collective self esteem (private)	4	.87	5.70	1.01	5.63	5.75	5.98	5.44					
Collective self esteem (membership)	4	.75	5.21	.95	5.29	5.24	5.63	4.69			**6.28***	**7.67****	
Collective efficacy	5	.87	4.40	.73	4.44	4.58	4.31	4.30					

N = 86
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 5.6 – MANOVA results - individual variables – study 1

Independent variables condition (4) by social identity (2)

Dependent variables	Cond means Low	Cond means High	Control Low	Control High	No Identity Low	No Identity High	In-group Threat Low	In-group Threat High	Out-group threat Low	Out-group threat High	Effects Cond F(3,78)	Effects Social Idy F(1,78)	Effects Cond x Social Idy F(3,78)
Anxiety	3.91	4.17	4.70	4.75	3.67	4.47	3.65	3.92	3.70	2.77	**4.88†**		
Personal self esteem	4.48	5.10	4.68	5.08	3.75	4.87	4.75	5.37	4.44	5.27		**11.89****	
Collective self esteem (private)	5.43	5.99	5.70	5.57	4.67	6.18	5.92	6.05	5.17	6.17		**8.51****	**3.10***
Collective self esteem (membership)	4.74	5.70	4.93	5.61	4.29	5.62	5.42	5.88	4.30	5.75	**3.24***	**30.76****	
Collective efficacy	4.08	4.75	4.00	4.84	4.43	4.64	3.75	4.98	4.24	4.47		**18.43****	**2.98***

N=86
Note ρ<.05, **ρ<.01 (significant effects in **bold**)

Appendix 6

Table 6.2. - Reliability, means and contrasts of participants' responses for cheating and stress – study 2

Independent variables condition (3) by social identity (2)

Dependant variable	Scale N	Scale α	Statistics Overall mean	Statistics Std. Dev	Condition Control	Condition Identity salient	Condition Identity threat	Contrasts F(1,95) C v L, T	Contrasts F(1,95) L v T	Contrasts F(1,95) C v T	Contrasts F(1,95) C v L
Stress	21	.78	3.03	.67	3.15	2.81	3.14		**4.33***		**4.06***

N = 101
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 6.3. - MANOVA results for cheating and stress – study 2

Independent variables condition (3) by social identity (2)

Dependent variables	Condition means Low	Condition means High	Control Low	Control High	Identity salient Low	Identity salient High	Identity threat Low	Identity threat High	Effects Cond F(2,95)	Effects Social Idy F(1,95)	Effects Cond x Social Idy F(2,95)
Stress	3.23	2.83	3.44	2.84	2.94	2.69	3.29	2.97		**9.48****	

N = 101
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 6.4. - Reliability, means and contrasts of participants' responses for pressure – study 2

Independent variables condition (3) by social identity (2)

Dependant variable	Scale N	Scale α	Statistics Overall mean	Statistics Std. Dev	Condition Control	Condition Identity salient	Condition Identity threat	Contrasts F(1,94) C v L, T	Contrasts F(1,94) L v T	Contrasts F(1,94) C v T	Contrasts F(1,94) C v L
Moral action (cheating)	3	.37	4.29	1.26	4.16	4.21	4.46				
Cheat Pressure	3	.83	2.39	1.48	2.80	2.03	2.41	**4.42***			**5.44***
Cheat Pressure 1			2.70	1.85	3.24	2.24	2.70	**4.59***			**5.56***
Cheat Pressure 2			2.76	1.94	3.31	2.21	2.84	**4.67***			**6.49***
Cheat Pressure 3			1.72	1.36	1.86	1.65	1.68				

N = 103
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 6.5. - MANOVA results for pressure – Study 2

Independent variables condition (3) by social identity (2)

Dependent variables	Condition means Low	Condition means High	Control Low	Control High	Identity salient Low	Identity salient High	Identity threat Low	Identity threat High	Effects Cond F(2,95)	Effects Social Idy F(1,95)	Effects Cond x Social Idy F(2,95)
Moral action (cheating)	4.29	4.29	3.87	4.48	4.33	4.09	4.57	4.35			
									Cond F(2,94)	**Social Idy F(1,94)**	**Cond x Social Idy F(2,94)**
Cheat Pressure	2.30	2.49	2.13	3.52	1.71	2.31	2.90	1.82			**6.95****
Cheat Pressure 1	2.63	2.78	2.53	4.00	1.94	2.50	3.25	2.06			**4.95****
Cheat Pressure 2	2.57	2.96	2.27	4.43	1.88	2.50	3.35	2.24	**3.27***		**6.79****
Cheat Pressure 3	1.71	1.73	1.60	2.14	1.31	1.94	2.10	1.18			**3.69***

N = 100
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 6.6. - MANOVA results – effects and contrasts for gender - study 2

Independent variables condition (3) by gender (2)

Dependent variables	Condition means		Control		Identity salient		Identity threat		Effects			Contrasts F(1,94)			
	Male	Female	Male	Female	Male	Female	Male	Female	Cond F(2,95)	gender F(1,95)	Cond x gender F(2,95)	C v L, T	L v T	C v T	C v L
Stress	2.92	3.18	2.95	3.35	2.75	2.87	3.06	3.30	**3.89***				**5.91***		
Moral action (cheating)	4.37	4.22	4.67	3.70	4.04	4.39	4.48	4.61							
Cheating 1	3.52	2.92	4.42	2.89	2.81	3.06	3.55	2.82				**4.52***		**3.94***	**4.61***
									Cond F(2,94)	**gender F(1,94)**	**Cond x gender F(2,94)**	**Contrasts F(1,95)**			
Overall pressure	3.18	2.92	3.51	3.18	2.66	3.02	3.45	2.54	**3.95***		**3.49***	**6.32***		**5.44***	**6.52***
Team Pressure	3.53	3.84	3.31	4.26	3.29	4.00	3.89	3.24			**3.40***	**4.39***		**4.56***	
Team Pressure 1	3.50	3.90	3.17	4.28	3.42	4.24	3.79	3.18			**2.87***				
Cheat Pressure	2.83	1.99	3.72	2.09	2.02	2.04	3.00	1.84		**5.43****					
Cheat Pressure 1	3.21	2.29	4.50	2.28	2.18	2.29	3.32	2.29	**3.43***						
Cheat Pressure 2	3.25	2.25	4.58	2.33	2.12	2.29	3.42	2.12	**3.69***	**4.42***					
Cheat Pressure 3	2.04	1.44	2.08	1.67	1.76	1.53	2.26	1.12		**4.98****					

N=103
Note *ρ<.05, **ρ<.01 (significant effects in **bold**)

Table 6.7 - Significant correlations – study 2

	Cheating (moral action)	Moral intent	Overall-pressure	Team-pressure	Cheat-pressure
Cheating (moral action)	1		**.320****		**.315****
Moral intent		1	**.494****		**.586****
Overall-pressure	**.320****	**.494****	1	**.718****	**.741****
Team-pressure			**.718****	1	
Cheat-pressure	**.315****	**.586****	**.741****		1

* Correlation is significant at the 0.05 level (2-tailed)
** Correlation is significant at the 0.01 level (2-tailed)

Appendix 7

Table 7.3. - Reliability, means and contrasts of participants' responses for unethical behaviour and stress - study 3a

Independent variables condition (3) by social identity (2)

	Scale		Statistics		Condition			Contrasts F(1,73)			
Dependant variable	**N**	**α**	**Overall mean**	**Std. Dev**	**Control**	**Identity salient**	**Identity threat**	**C v I, T**	**I v T**	**C v T**	**C v I**
Profit	N/a		11750	5424	9903	10596	14152		**5.31***	**8.75****	
Stress	20	.74	2.42	.57	2.51	2.24	2.49				
Moral action	3	.70	2.02	1.45	2.10	2.26	1.77				
Task-pressure 1			3.59	1.94	3.79	3.08	3.83				

N = 79
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 7.4. - MANOVA results for unethical behaviour and stress - study 3a

Independent variables condition (3) by social identity (2)

Dependent variables	**Cond means**		**Control**		**Identity salient**		**Identity threat**		**Effects**		
	Low idy	**High idy**	**Low idy**	**High idy**	**Low idy**	**High idy**	**Low idy**	**High idy**	**Cond F(2,72)**	**Social Idy F(1,72)**	**Cond x Social Idy F(2,72)**
Profit	12286	11267	9889	9922	11238	10276	15084	13220	**5.04****		
Stress	2.67	2.19	2.65	2.31	2.56	2.08	2.76	2.21		**13.92****	
Moral action	2.36	1.72	2.48	1.57	2.38	2.21	2.24	1.29		**4.13***	
Task-pressure 1	3.16	3.98	3.43	4.30	2.88	3.19	3.07	4.60		**4.16***	

N = 79
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 7.5. - Reliability, means and contrasts of participants' responses for team leader - study 3a

Independent variables condition (3) team leader (2)

	Scale		Statistics		Condition			Contrasts F(1,73)			
Dependant variable	N	α	Overall mean	Std. Dev	Control	Identity salient	Identity threat	C v I, T	I v T	C v T	C v I
Profit	N/a		11814	5419	9903	10596	14235	**11.44****	**6.27***	**18.30****	

N = 79
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 7.6. - MANOVA results for team leader - study 3a

Independent variables condition (3) by team leader (2)

Dependent variables	Cond means		Control		Identity salient		Identity threat		Effects		
	Leader	Not leader	Leader	Not leader	Leader	Not leader	Leader	Not leader	Cond F(2,73)	leader F(1,73)	Cond x leader F(2,73)
Profit	11421	11913	2533	10955	10524	10615	15315	13860	**9.73****		**3.75***

N = 79

Table 7.7. - Reliability, means and contrasts of participants' responses for gender - study 3a

Independent variables condition (3) gender (2)

Dependant variable	Scale N	Scale α	Statistics Overall mean	Statistics Std. Dev	Condition Control	Condition Identity salient	Condition Identity threat	Contrasts F(1,73) C v I, T	Contrasts F(1,73) I v T	Contrasts F(1,73) C v T	Contrasts F(1,73) C v I
Profit	N/a		11814	5418	9903	10596	14235				
Moral intent	8	.79	2.76	1.07	2.71	2.76	2.79				
Cheating 4			5.76	2.08	5.54	5.50	6.13				
Task Pressure	4	.89	3.62	1.66	3.86	3.21	3.74				**4.96***
Task Pressure 1			3.61	1.94	3.79	3.08	3.87	**4.06***			
Task Pressure 3			3.91	1.93	3.92	3.50	4.23				

N = 79
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 7.8. - MANOVA results for gender - study 3a

Independent variables condition (3) by gender (2)

Dependent variables	Cond means Male	Cond means Female	Control Male	Control Female	Identity salient Male	Identity salient Female	Identity threat Male	Identity threat Female	Effects Cond F(2,73)	Effects gender F(1,73)	Effects Cond x gender F(2,73)
Profit	12437	10092	11755	2864	10387	10944	14258	14160	**9.64****	**5.05***	**5.33****
Moral intent	2.68	2.97	2.65	2.93	3.01	2.35	2.49	3.80			**5.04 ****
Cheating 4	5.93	5.29	6.11	3.40	5.20	6.00	6.25	5.71			**3.51***
Task Pressure	3.43	4.13	3.49	5.30	3.20	3.22	3.53	4.46		**4.76***	
Task Pressure 1	3.38	4.24	3.37	5.40	2.93	3.33	3.67	4.57		**5.05***	
Task Pressure 3	3.60	4.77	3.42	5.80	3.33	3.78	3.92	5.29		**8.36****	

N=79
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 7.9. - Reliability, means and contrasts of participants' responses for age - study 3a

Independent variables condition (3) age (2)

Dependant variable	Scale N	Scale α	Statistics Overall mean	Statistics Std. Dev	Condition Control	Condition Identity salient	Condition Identity threat	Contrasts F(1,72) C v I, T	Contrasts F(1,72) I v T	Contrasts F(1,72) C v T	Contrasts F(1,72) C v I
Profit	N/a		11750	5424	9903	10596	14152		**6.29***	**8.80****	

N = 79
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 7.10. - MANOVA results for age - study 3a

Independent variables condition (3) by age (2)

Dependent variables	Cond means Younger	Cond means Older	Control Younger	Control Older	Identity salient Younger	Identity salient Older	Identity threat Younger	Identity threat Older	Effects Cond F(2,72)	Effects age F(1,72)	Effects Cond x age F(2,72)
Profit	12046	11439	10870	8935	10029	11076	14181	14114	**5.27****		

N=79
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 7.11. – Significant correlations – study 3a

	Moral action	Moral intent	Pressure
Moral action	1	**.247***	
Moral intent	**.247***	1	**.223***
Pressure		**.223***	1

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

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

Table 7.12. - ANOVA results for unethical behaviour and stress – study 3b

Independent variable time allowed

	Scale		Statistics		Time-allocated				Effects
Dependant variable	**N**	**α**	**Overall mean**	**Std. Dev**	**30 minutes**	**25 minutes**	**20 minutes**	**15 minutes**	**Time F(3,38)**
Stress	20	.78	2.58	.57	3.03	2.78	2.38	2.30	**4.79****
Moral action	3	.70	3.15	1.81	1.93	3.30	2.85	3.98	**2.88***

N = 42
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 7.13. - Reliability, means and contrasts of participants' responses for allocated time - study 3b

Independent variables time (4) by condition (3)

	Scale		Statistics		Time-allocated			
Dependant variable	**N**	**α**	**Overall mean**	**Std. Dev**	**Time 1**	**Time 2**	**Time 3**	**Time 4**
Profit (£)	N/a		10360	3760	10440	9218	9080	11764
Stress	20	.78	2.58	.57	3.03	2.78	2.38	2.30

N = 42
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 7.14. – Significant correlations – study 3b

	Stress	Moral action	Time allowed
Stress	1		**-.512****
Moral action		1	**.381***
Time allowed	**-.512****	**.381***	1

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

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

Table 7.15. - MANOVA results for unethical behaviour and stress – study 3b

Independent variables allocated time (4) by condition (3)

Dependent variables	Time means			30 mins			25 mins			20 mins			15 mins			Effects		
	Control	Idy	Threat	Control	Idy	Threat	Control	Idy	Threat	Control	Idy	Threat	Control	Idy	Threat	Time F(3,30)	Condition F(2,30)	Time x Condition F(6,30)
Profit (£)	6202	10506	13826	5520	9360	16440	5350	6120	16440	5100	11640	10500	9120	11975	12875	**166.18****	**283.66****	**348.25****
Stress	2.90	2.44	2.43	3.15	3.05	2.88	2.99	2.60	2.62	2.87	2.27	2.02	2.55	2.16	2.31	**3.95***		

N=42

Note *p<.05, **p<.01 (significant effects in **bold**)

Appendix 8

A 8.1. - Task continuum

Stasser and Dietz-Uhler (2003: 33) and Laughlin and Adamapoulos, 1980: 941) refer to a model (Laughlin, 1980; Laughlin & Ellis, 1986) of a continuum running from tasks that have demonstrably correct answers (intellective) to those that do not (purely judgemental). In practice, most collective, cognitive tasks fall somewhere between these pure forms. The location of a task depends on the degree to which a response can be demonstrated to be correct or incorrect. Degree of demonstrability, in turn, depends on the extent to which four conditions are met. First, there must be a shared system of inference or procedural knowledge for obtaining a correct answer. Second, there must be sufficient information to determine the correct answer within this consensually embraced system of inference. Third, individuals with the correct answer must be able and sufficiently motivated to demonstrate how the given information leads to the correct answer. Fourth, others who do not know the correct answer must be sufficiently familiar with the system of inference to understand and accept the demonstration of correctness.

A 8.2. - Escalation of corruption

The introduction to wrongdoing is often subtle. It is rare for any employee to face a single exposure to potential corruption. And, it takes time for any employee to be fully exposed to corrupt practices. The new employee may also accept small unethical occurrences to fit in with the new organisation (e.g., the Australian police force case study). Over time it is likely to become a normal aspect of work.

According to Darley (1992), when employees take part in wrong doing, they may also experience an increased readiness to participate in activities that cause harm, given a number of social conditions exist. One way these mental adjustments take place is by neutralising or positively valuing actions that are generally regarded as

morally reprehensible. Such individuals will autonomously and independently continue to harm others, but if, and only if, the harm doing actions are linked to rationalisations of previous harms, and if the social conditions are generally supportive of harm doing in the present.

This suggests that whether or not an individual behaves corruptly as a result of a single exposure to wrong-doing, and/or opportunity, generally a longer time scale is needed for that person to become corrupt. For example, Clinard and Quinney (1973) found that:

> History has many example of collective wrong doings that take the form of protracted, repetitive cycles of routinised activity or inactivity the impact of which, sometimes delayed or gradual, is cumulative and devastating. Leading corporations systematically and repeatedly commit acts against man and nature rather than randomly or occasionally, as a standard operating procedure. Clinard and Quinney, (1973: 212)

The implication is that over time, corruption can escalate to a stage from where there is no going back for the organisation. According to Fleming and Zyglidopoulos (2009: 113), *escalation of corruption* "consists of an increase in the ease of engaging in corrupt practice, the severity of its consequences and the pervasiveness of the illegality." The authors use the term "escalation" to refer to "the dramatic, exponential increase of corruption within organisations". This is what occurred in Enron, in contrast with cases such as Leeson's bankrupting of Barings Bank, which had occurred over a long time in "sharp jumps", punctuated by periods of no corrupt activity.

Fleming and Zyglidopoulos (2008: 839) outline a model of the process that explains how deception can escalate. The model begins with an initial act of deception at the individual and/or group level. If this initial deception arouses enough suspicion or is detected, it is not likely to be repeated. However, if it is undetected, a number of factors will increase the likelihood of continued deception and illegality. As the deception continues, its "severity and pervasiveness" also increases, thereby, transforming deception into "an organization level phenomenon".

In more detail, the model Fleming and Zyglidopoulos (2008: 842) put forward is that (1) "deception may be sanctioned, condoned or ordered by an authority figure" (see Brief *et al*., 2001), "making participation appear legitimate and often desirable" as in the cases of Kerviel (2007) and Hamilton (2008; see Kelman & Hamilton, 1989); (2) "enlisting processes are often couched in euphemistic language that 'provides a convenient device for masking reprehensible activities or even conferring a respectable status upon them'" (see Bandura, 1990: 31); (3) "individuals might not be enlisted to do anything deceitful at first, but with time they drift along a 'continuum of destructiveness' until they are too involved to go back". This was seen with the Australian police recruit (see Darley, 1992); (4) and as "the deceit gets increasingly serious and becomes part of unofficial operating procedure, it moves from a case of destructive deviance, where one person lies in contrast to the norm of honesty, to a destructive conformity where deceit is the organisational norm." This difference is seen in the comparison between Leeson's activities at Baring's Bank and those of Enron.

Fleming and Zyglidopoulos (2009: 122-123) have suggested that once corruption has escalated beyond the "corruption threshold", it becomes the norm and an organisation-level phenomenon (CO; Pinto *et al*., 2008). At this stage an organisation "becomes qualitatively different" from its previous state. Prior to this point, "corruption is an individual phenomenon, no matter how widespread, whereas after the threshold it becomes an organisation-level phenomenon". From this point on "it does not matter if most of the individuals in the organisation are still honest people who are just doing their jobs, for at the end of the day they contribute to the overall corrupt norms of the firm." Indeed, one participant of study 4, who had been a former employee of Enron, was extremely upset during the post-experiment discussion at references to Enron as a corrupt organisation because he considered himself and his immediate colleagues at Enron to be honest employees.

Table 8.3. - Reliability, means & contrasts of participants' responses for cheating and stress – study 4

Independent variables condition (3) by social identity (2)

	Scale		Statistics		Condition			Contrasts F(1,63)			
Dependant variable	**N**	**α**	**Overall mean**	**Std. Dev**	**Control**	**Identity Salient**	**Identity Threat**	**C v I, T**	**I v T**	**C v T**	**C v I**
Score	N/a		12.04	4.82	7.43	14.75	13.91	**51.17****		**34.35****	**42.81****
Stress	20	.72	2.80	.56	2.75	2.89	2.76				
Leadership	4	.70	5.64	1.12	5.75	5.75	5.40				

N = 69
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 8.4. - MANOVA results for cheating and stress– study 4

Independent variables condition (3) by social identity (2)

Dependent variables	**Condition means**		**Control**		**Identity Salient**		**Identity Threat**		**Effects**		
	Low idy	**High idy**	**Low idy**	**High idy**	**Low idy**	**High idy**	**Low idy**	**High idy**	**Cond F(2,63)**	**Social Idy F(1,63)**	**Cond x Social Idy F(2,63)**
Score	10.91	13.08	7.29	7.67	13.78	15.33	13.40	14.33	**25.83****		
Stress	3.03	2.59	2.86	2.57	3.26	2.66	3.05	2.51		**13.76****	
Leadership	5.20	6.04	5.32	6.42	5.28	6.03	4.95	5.77		**11.80****	

N = 69
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 8.5. - Reliability, means and contrasts of participants' responses for gender – study 4

Independent variables condition (3) gender (2)

	Scale		Statistics		Condition			Contrasts F(1,63)			
Dependant variable	**N**	**α**	**Overall mean**	**Std. Dev**	**Control**	**Identity Salient**	**Identity Threat**	**C v I, T**	**I v T**	**C v T**	**C v I**
Score	N/a		12.04	4.82	7.43	14.75	13.91	**50.46****		**37.45****	**38.19****
Pressure	8	.81	3.20	1.11	2.99	3.48	3.10				
Contextual ethics	8	.65	3.37	1.06	3.18	3.67	3.23				

N = 69
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 8.6. - MANOVA results for gender – study 4

Independent variables condition (3) by gender (2)

Dependent variables	**Condition means**		**Control**		**Identity Salient**		**Identity Threat**		**Effects**		
	Male	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Cond F(2,63)**	**gender F(1,63)**	**Cond x gender F(2,63)**
Score	12.57	11.12	7.80	6.75	15.65	12.57	14.17	13.60	**25.23****		
Pressure	2.86	3.79	2.69	3.55	3.13	4.32	2.68	3.61		**14.98****	
Contextual ethics	3.37	3.38	2.78	3.94	3.84	3.27	3.43	3.00			**4.75***

N=69
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 8.7. - Reliability, means and contrasts of participants' responses for age – study 4

Independent variables condition (3) age (2)

Dependant variable	Scale		Statistics		Condition			Contrasts F(1,63)			
	N	α	Overall mean	Std. Dev	Control	Identity Salient	Identity Threat	C v I, T	I v T	C v T	C v I
Score	N/a		12.04	4.82	7.43	14.75	13.91	**57.17****		**38.16****	**47.17****

N = 69
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 8.8. - MANOVA results for age – study 4

Independent variables condition (3) by age (2)

Dependent variables	Condition means		Control		Identity Salient		Identity Threat		Effects		
	Younger	Older	Younger	Older	Younger	Older	Younger	Older	Cond F(2,63)	age F(1,63)	Cond x age F(2,63)
Score	12.27	11.83	8.80	6.38	14.89	14.67	13.07	15.38	**28.86****		

N=69
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 8.9. - Reliability, means and contrasts of participants' responses for team leader– study 4

Independent variables condition (3) team leader (2)

	Scale		Statistics		Condition			Contrasts F(1,62)			
Dependant variable	**N**	**α**	**Overall mean**	**Std. Dev**	**Control**	**Identity Salient**	**Identity Threat**	**C v I, T**	**I v T**	**C v T**	**C v I**
Score	N/a		12.04	4.82	7.43	14.75	13.91	**40.24****		**27.14****	**37.30****
Leadership	4	.70	5.64	1.12	5.75	5.75	5.40				

N = 69
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 8.10. - MANOVA results for team leader – Study 4

Independent variables condition (3) by team leader (2)

Dependent variables	Condition means		Control		Identity Salient		Identity Threat		Effects		
	Leader	**Not leader**	**Leader**	**Not leader**	**Leader**	**Not leader**	**Leader**	**Not leader**	**Cond F(2,62)**	**leader F(1,62)**	**Cond x leader F(2,62)**
Score	13.00	11.61	7.60	7.35	15.20	14.43	14.15	13.56	**20.63****		
Leadership	5.74	5.58	5.90	5.71	6.38	5.30	4.94	5.71			**3.96***

N = 69
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 8.11. - Reliability, means and contrasts of participants' responses for cheating – study 4

Independent variables condition (3) genuine results (2)

	Scale		Statistics		Condition			Contrasts F(1,66)			
Dependant variable	**N**	**α**	**Overall mean**	**Std. Dev**	**Control**	**Identity Salient**	**Identity Threat**	**C v I, T**	**I v T**	**C v T**	**C v I**
Score	N/a		12.15	4.81	7.43	14.85	13.91	**27.17****		**27.33****	**17.99****
Stress	20	.72	2.80	.56	2.75	2.90	2.76				
Cheating	8	.75	3.37	1.34	3.08	3.70	3.29				

N = 69
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 8.12. - MANOVA results for cheating – study 4

Independent variables condition (3) by true results (2)

Dependent variables	**Condition means**		**Control**		**Identity Salient**		**Identity Threat**		**Effects**		
	True	**False**	**True**	**False**	**True**	**False**	**True**	**False**	**Cond F(2,66)**	**genuine results F(1,66)**	**Cond x genuine results F(1,66)**
Score	9.59	16.88	7.43	0.00	10.67	17.06	12.43	16.50	**12.74****	**37.64****	
Stress	2.86	2.70	2.75	0.00	3.17	2.75	2.85	2.59		**4.07***	
Cheating	2.89	4.25	3.08	0.00	2.50	4.33	2.84	4.08		**18.20****	

N=69
Note *p<.05, **p<.01 (significant effects in **bold**)

Table 8.13. – Significant correlations – study 4

	Test score	Stress	Cheating (moral action)	Pressure	Contextual ethics	Leadership
Test score	1		**.413****		**.282***	
Stress		1				**-.274***
Cheating (moral action)	**.413****		1	**.319****	**.527****	
Pressure			**.319****	1	**.252***	
Contextual ethics	**.282***		**.527****	**.252***	1	
Leadership		**-.274***				1

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

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

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