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ORIGINAL PAPER

Organizational Architecture, Ethical Culture, and Perceived Unethical Behavior Towards Customers: Evidence from Wholesale Banking

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Abstract

In this study, we propose and test a model of the effects of organizational ethical culture and organizational architecture on the perceived unethical behavior of employees towards customers. This study also examines the relationship between organizational ethical culture and moral acceptability judgment, hypothesizing that moral acceptability judgment is an important stage in the ethical decision-making process. Based on a field study in one of the largest financial institutions in Europe, we found that organizational ethical culture was significantly related to the perceived frequency of unethical behavior towards customers and to the moral acceptability judgment of this type of unethical behavior. No support was found for the claim that features of organizational architecture are associated with the perceived frequency of unethical behavior towards customers. This is the first study to document the differential effects of organizational architecture and organizational ethical culture on perceived unethical behavior of employees towards customers, in wholesale banking. Implications for managers and future research are discussed.

Keywords Ethical culture · Organizational architecture · Unethical behavior · Behavioral ethics · Moral judgment · Banking

Introduction

Unethical behavior in banks has gained specific attention in the public debate about the causes of the global financial crisis of 2008–2009, which was accompanied by a series of revelations about major violations of ethical and moral codes. Banks were strongly involved in this crisis. Among the multiple constituents identified as having caused this financial crisis and the subsequent economic meltdown, one of the root causes is assumed to be weak corporate governance (De Larosière Group 2009), which resulted in the gradual collapse of ethical behavior across the banking sector (Graafland and Van de Ven 2011). Other causes pointed out in the media, as well as in the academic literature involve excessive risk-taking by bankers, moral hazard created by bonuses, individual greed, excessive lobbying, and the seclusion of the industry (Roulet 2015; Stein 2011; Ho 2009). This article seeks to advance our understanding of the causes of unethical behavior in banks towards customers, because they are evident subjects of unethical behavior of banking employees (Paulet 2011), resulting in reduced public confidence in banks (Norberg 2015).

Unethical behavior of employees is believed to be influenced by both formal and informal organizational contextual variables (Treviño 1986). Formal organizational context includes internal structure, selection systems, orientation and training programs, rules and policies, performance management systems, and formal decision-making processes (Treviño and Nelson 2007). Brickley et al. (1995) have defined the internal structure of the organization as organizational architecture, encompassing three critical aspects of the firm: the assignment of decision rights, the performance-evaluation system, and the structure of rewards. This formal context approach is rooted in assumptions about people's behaviors that are grounded in agency theory. This theory addresses the problem of the divergence

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of interests between principals and agents, and how these interests can be optimally aligned through proper monitoring and incentive systems. Agency theory assumes the presence of rational individuals trying to obtain their own maximum utility, while taking all benefits and costs into consideration. This assumes that individuals will act to serve their own self-interests. Although agency theoreticians may believe that organizational commitment and trust exist, they typically assume that organizational commitment and trust levels are commonly too low to solve organizational problems. Agency theoreticians therefore believe it is worthwhile to examine other solutions, such as, for example, the use of financial incentives, to align principal-agent interests (Jensen and Meckling 1992). Agency theory is proposed as a theory of business ethics as well (Brickley et al. 2002). It is contended that ethical behavior in organizations can best be promoted through the right organizational architecture that reduces incentives for unethical behavior by agents towards principals. Except for some limited anecdotal evidence (e.g., Boisjoly et al. 1989) empirical evidence that explicitly studies the relationship between aspects of organizational architecture and unethical behavior of employees appears to be lacking, however.

The informal organizational context approach assumes that organizational socialization processes guide employee behavior. It presumes that employees behave according to values, roles and norms that are established by the organizational culture, which can be defined as the "basic assumptions and beliefs that are shared by members of an organization" (Schein 2004). This is so either because the employees have internalized the cultural norms or because they have been socialized into the behavior expected in the organization. In the case of internalization, individuals adopt the organization's values and norms, because they have come to accept and embrace them as their own. In the case of socialization, employees behave like they think they are expected to, in order to fit into the organizational context and be approved by significant others in the organization (Sparks and Hunt 1998). Among the informal contextual factors, organizational culture is seen as one of the most important influencers of employee ethical behavior. In respect of predicting unethical behavior, ethical culture is considered by many scholars to be an important dimension of organizational culture (Casey Douglas et al. 2001; Kish-Gephart et al. 2010; Kaptein 2011). However, only a limited number of research studies have attempted to link various attributes of ethical culture to unethical behavior in organizations (O'Fallon and Butterfield 2005; Kaptein 2011; Sweeney et al. 2010; Elango et al. 2010; Shafer and Simmons 2011; Ruiz-Palomino et al. 2013; Craft 2013).

Ethical decision-making theory generally assumes that ethical behavior depends upon four psychological processes: recognizing a moral issue, forming a moral judgment, establishing moral intent, and following through on the intent (Rest 1986, 1994). Each component must occur in order for (un)ethical behavior to result. Conversely, a breakdown in ethical conduct can result from a failure in any one of the four processes. Complementing Rest's theory, Jones (1991) proposed that the moral intensity of an issue influences whether individuals will be aware that a moral issue is present, engage in moral judgment, and display moral intentions and actions. Jones theorized that more intense moral issues elicit ethical awareness, judgment, intent, and action because they are more salient, emotionally provocative, and recognized as having consequences for others.

Ethical culture can be understood as the shared assumptions and beliefs of organization members that promote ethical conduct and impede unethical conduct. Ethical culture is an organizational context factor that provides guidance to employee ethical decision-making, via the internalization of social values and norms. The socialization approach to the role of ethical culture in the shaping of the ethics of employees is consistent with psychological research on moral development that suggests that the moral development of most adults is at a conventional level, indicating that their moral judgments are substantially influenced by social approval, obeying authority and conforming to social norms (Kohlberg 1984; Gibbs and Schnell 1985). Therefore, the ethical culture of an organization can be considered as an important source of influence on the moral judgment of employees. Moral acceptability judgments driven by an understanding of the organizational ethical culture should prompt intentions to behave consistently with organizational norms and principles (Treviño 1986; Singhapakdi et al. 2000). Well-established theoretical models (e.g., Treviño 1986; Hunt and Vitell 1993; Treviño et al. 2006) specify ethical culture as one of the major situational factors influencing the components of ethical decision processes and assume a combination of social and psychological factors as predictors of unethical behavior. Following this approach, social and psychological factors are combined in this study, by assuming that ethical culture (a social level concept) influences moral acceptability judgment (a psychological level concept).

This study contributes to the literature in several ways. In general terms, it takes an integrated approach to unethical behavior by examining the differential effects of formal and informal organizational context on unethical behavior. Additionally, it also examines the effects of informal organizational context on the moral acceptability judgment of unethical behavior towards customers. Based on stakeholder theory (Freeman 1984), various stakeholders can be identified. As the values and interests of stakeholder groups differ, the ethical responsibility of business organizations and their employees towards each stakeholder group differs as well (Lawrence et al. 2005). This study is focused on unethical behavior towards customers, as organizations have an increased appreciation that customers should be prioritized stakeholders (Koslowski 2000). In particular, this study is the first to empirically investigate these effects in the context of wholesale banking on the one hand and with regard to unethical behavior towards customers on the other.

The remainder of this paper is organized as follows. The next session discusses the relevant literature in this area and presents the subsequent hypotheses. This is followed by a description of the methodology and of the data that have been used. Then, the empirical results are presented. Finally, the conclusions and summary of this research project are presented.

Theoretical Background and Hypotheses

Stakeholder theory (Freeman 1984) states that business organizations have multiple relationships with all kinds of individuals, groups and organizations. These stakeholders can affect, or are affected by, the achievements of the organization's objectives and enter into a relationship with business organizations to protect or promote their interests. As a consequence, a business organization and a stakeholder become interdependent, and mutual expectations arise between both parties necessitating that they engage with each other's interests in an ethically responsible manner (Kaptein 2008a).

Kaptein (2008a) argued that because of the existence of different ethical responsibilities towards each stakeholder group, different types of unethical behavior exist towards the five most important stakeholder groups: financiers, customers, employees, suppliers and society. Companies have positive duties towards all stakeholders, which are only constrained by negative duties (such as not doing harm and not breaking the law), but some stakeholders can be more important than others (Mitchell et al. 1997). Stakeholder theory in that sense offers no normative basis for stakeholder prioritization, as companies and their managers can pick and choose depending on their own preferences and what fits them best. After the financial crisis, the shareholder value maximization (SVM) model has fallen into disgrace (Kolk and Perego 2014), paralleled with an increased awareness that customers should be one of the main constituencies of managers and organizations (Koslowski 2000; Gounaris et al. 2010; Ozuem et al. 2016). This justifies that this study is focused on unethical behavior towards customers.

Jensen and Meckling (1976) and Brickley et al. (1995) developed organizational architecture out of a classical theory of the firm that has evolved from Coase (1937), Hayek (1945), Williamson (1964), among others, and is rooted in the context of the 'traditional firm'. According to this theory, the organizational architecture serves two basic purposes. Firstly, it provides a system that partitions decision rights in an organization and it ensures that decision-making authority is granted to employees that have the relevant information. Secondly, the organizational control system provides incentives through performance measurement and evaluation, and through a system for rewards and punishment. Organizational architecture is a three-dimensional taxonomy to characterize organizations and is applied to describe three key aspects of the organization: (1) the delegation of decision rights, (2) the structure of systems to evaluate performance, and (3) the methods of rewarding individuals (incentive compensation).

Unethical behavior towards customers results from opportunities existing in the firm and its environment. Most jobs are designed so that they include some built-in opportunity to take advantage of, or misuse, various organizational resources and customers for their own benefit.

Conditions of opportunity, similar to Szwajkowski's (1985) concept of structure or situations that create a "capacity" for wrongdoing, occur when environmental factors enable unethical behavior or fail to prevent such behavior. Opportunities exist also because of certain characteristics of the firm and its structure or processes (Vaughan 1982), such as size and complexity and structure of jobs, including the assignment of decision-making authority.

In many cases, the degree to which such built-in opportunities exist may enter into the instrumental calculations by the employee concerning the benefits, consequences, and risks of capitalizing on such opportunities. One particular type of such opportunities is created by the decision-making authority that a particular employee has. Decision-making authority can be defined as the amount of control an individual in an organization has. According to Tittle's (1995) control balance theory (CBT), the "control balance ratio" is the amount of control an individual exerts in comparison to the amount of control that he or she is subject to. Individuals with control surpluses are tempted to engage in autonomous, specifically exploitative, deviance as a form of indirect predation, because it is a relatively safe means of getting what they want. In this regard, such individuals "use their controlling positions to arrange things so that other persons or organizational units accomplish acts that enhance their control" (Tittle 1995). A number of deviant acts can arise from control surpluses and deficiencies, but when concerning white-collar offenders, it is typically control surpluses that lead to white-collar crime (Piquero and Piquero 2006).

Several studies have suggested that decision-making authority is positively correlated with unethical behavior in the workplace. For example, Mars and Gerald (1982) found that differences in the level of supervision over employees' attendance at work were related to deviant workplace behavior. Vardi and Weitz (2001) demonstrated that decision-making authority is a potential source of misbehavior. They found that decision-making authority was positively related to employees' perceptions of their own and others' misbehaviors. In sum, it is expected that in jobs with much decision-making authority, where there are more opportunities to make decisions that further one's personal interests, employees perceive higher frequencies of unethical behavior towards customers.

There is some suggestion in the literature for expecting the opposite effect (e.g., Wortman 1975). For example, Analoui and Kakabadse (1992) noted that one of the motives for a series of unconventional practices they observed both managers and subordinates commit was actually the aspiration for more autonomy. But these unconventional practices did not involve unethical employee behavior. All in all we believe that the theoretical arguments and the empirical evidence for the opposite direction of the hypothesis is less convincing. This brings us to the following hypothesis:

Hypothesis 1 The more decision-making authority is allocated to employees, the higher will be the perceived frequency of unethical behavior towards customers.

Agency theory states that broadening the scope of an agent's activities by delegating more decision rights provides the agent with substantial degrees of freedom to make trade-offs among these activities (Jensen 2001; Prendergast 2002). This creates a need for performance measures that allow for (more) discretion, but at the same time creates a need for constraining the agent's actions to prevent the extraction of private benefits. According to Bandura's (1991) social cognition theory, achieving a goal is satisfying to individuals since goal achievement is connected with psychological rewards, including self-evaluations and self-satisfaction. People therefore derive psychological rewards from having reached a goal, and incur psychological costs from goal failure. These psychological factors may motivate unethical behavior in an organizational context when people are faced with performance measures emphasizing the importance of financial goals which may be demanding and can be more easily realized while behaving unethically. As the importance attached by top management to return on investment criteria increases, employees are more likely to engage in illegal behavior (Hill et al. 1992). Financial performance targets are part of the formal system to evaluate employee performance and they are carried out through formal, administrative channels. Extensive use of financial performance targets may intensively pressure employees for high performance or goal accomplishment, leading them to use any means possible, including illegal or unethical ones, to achieve management objectives. This is reflected in the following hypothesis:

Hypothesis 2 The use of financial performance targets increases the perceived frequency of unethical behavior towards customers.

The fundamental purpose of incentive compensation is to increase shareholder value by motivating value-adding effort on the part of the employees. A closely related purpose is to reinforce the firm's value-creation formulas and strategic objectives (Brickley et al. 2003). Increased effort is assumed to be the key intervening variable, leading to an improvement in the rewarded dimension(s) of performance. Provided that the expected benefits (wealth) of incentives outweigh the cost of doing a task or activity, incentives tied to performance should theoretically lead to efforts being directed to the rewarded task or activity. According to Kerr (1995), problems with reward and punishment systems have been identified and commonly occur because organizations reward easily measured or quantified behaviors—improvements in financial performance or cost savings—rather than actual desired behaviors that cannot be readily observed or measured, such as ethical treatment of stakeholders (Kerr 1995). If financial performance targets are formulated without taking ethical targets (conditions) into consideration, however, individuals may include unethical behavior in their efforts, if this behavior may further their ends in the creation of wealth. In such a situation, unethical behavior is perceived as an economic issue rather than a moral issue, creating individual wealth and therefore social utility. In other words, incentives may replace the moral intensity present within a relationship, or an issue, with a narrow focus on costs and benefits (Jones 1991). Performance appraisal systems can consequently elicit unethical employee behavior, by lowering levels of moral reasoning (Colby and Kohlberg 1987) by focusing employee's attention on behaviors resulting in rewards and avoiding punishments (Baucus and Beck-Dudley 2005). Heavy reliance on financial performance targets to get a reward creates organizations that operate at the lowest levels of moral reasoning, resulting in unethical behavior. This backs up the following hypothesis:

Hypothesis 3 The importance of financial performance targets in the reward system increases the perceived frequency of unethical behavior towards customers.

Consistent with Lewicki's model of deception (Lewicki 1983), which proposes that a deception decision is the product of a decision-maker's perceptions of the costs and benefits of using deception, it can be assumed that people make unethical decisions by balancing the perceived costs and benefits of engaging in unethical behavior. Goal setting theory suggests that the presence of a goal increases and focuses attention, and creates a psychological reward for attaining the goal (Gellatly and Meyer 1992). In addition to psychological incentives, goal achievement may also be connected with economic benefit. In many organizations, the most salient type of economic benefit is derived from a variable financial reward: the proportion of pay from bonuses.

Using Lewicki's (1983) framework, it can be expected that the perceived benefits of engaging in unethical behavior will be greater for people deriving more economic benefit from it, than for those deriving less economic benefit.

Specifically, the use of short-term goals, such as a variable financial reward (bonus), creates a focus on ends rather than means. Barsky (2007) argued that goal setting impedes ethical decision-making by making it harder for employees to recognize ethical issues and easier for them to rationalize unethical behavior. Ordóñez et al. (2009) identified specific side effects associated with goal setting, including a narrow focus that neglects non-goal areas, distorted risk preferences, inhibited learning, corrosion of organizational culture, reduced intrinsic motivation and a rise in unethical behavior. Schweitzer et al. (2004) looked for a direct link between goal setting and cheating and found that participants were more likely to misrepresent their performance level when they had a specific, challenging goal than when they did not, especially when their actual performance level fell just short of reaching the goal. This line of reasoning leads to the following hypothesis:

Hypothesis 4 The higher the variable financial reward (i.e., the higher the proportion of pay from bonuses in the salary), the higher the perceived frequency of unethical behavior towards customers.

The culture of an organization is likely to affect employee behavior through a variety of mechanisms including goal alignment and norm enforcement. Ethical culture represents a subset of the overall organizational culture and can be defined as those aspects of the organizational culture, understood as the basic assumptions and beliefs that are shared by members of an organization (Schein 2004) that promote ethical conduct and impede unethical conduct (Treviño and Weaver 2003; Vardi and Wiener 1996; Craft 2013). Douglas et al. (2001) considered ethical culture to be perhaps the most important deterrent to unethical behavior. In reverse, an unethical organizational culture can stimulate unethical behavior, through explicitly or implicitly endorsing or permitting it, or through giving rise to other conditions that, in turn, facilitate misconduct, e.g., through excessive performance orientation (Greve et al. 2010). Although ethical culture is, by definition, a macro-level construct, the perception of ethical culture is relevant to individual ethical decision-making at the micro-level (Cf. Wyld and Jones 1997). The focus of this paper is therefore on the individual's perception of ethical culture.

This study uses a multidimensional model of ethical culture that has been developed by Kaptein (2008b). This model encompasses eight dimensions, which Kaptein labeled as desirable organizational virtues. The greater the level of embeddedness of these dimensions in the organization, the higher the ethical quality of the organizational culture and the less likely it is that unethical behavior would occur. The dimensions of ethical culture are beliefs regarding the following: clarity of ethical standards, congruency of managers, congruency of the Board and (senior) management, feasibility to comply with ethical standards, supportability to meet normative expectations, transparency in the organization, discussability of ethical issues and sanctionability of unethical conduct. Kaptein (2011) found that all dimensions of ethical culture of work groups were significantly negatively related to the perceived frequency of observed unethical behavior within work groups. Based on Kaptein's empirically validated theory, the following set of hypotheses is proposed:

Hypothesis 5a The cultural dimension of clarity of ethical standards is negatively related to the perceived frequency of unethical behavior towards customers.

Hypothesis 5b The cultural dimension of congruency of managers is negatively related to the perceived frequency of unethical behavior towards customers.

Hypothesis 5c The cultural dimension of congruency of the Board and (senior) management is negatively related to the perceived frequency of unethical behavior towards customers.

Hypothesis 5d The cultural dimension of feasibility to comply with ethical standards is negatively related to the perceived frequency of unethical behavior towards customers.

Hypothesis 5e The cultural dimension of supportability to meet normative expectations is negatively related to the perceived frequency of unethical behavior towards customers.

Hypothesis 5f The cultural dimension of transparency in the organization is negatively related to the perceived frequency of unethical behavior towards customers.

Hypothesis 5g The cultural dimension of discussability of ethical issues is negatively related to the perceived frequency of unethical behavior towards customers.

Hypothesis 5h The cultural dimension of sanctionability of unethical conduct is negatively related to the perceived frequency of unethical behavior towards customers.

Rest (1986) suggested a four-stage process of ethical decision-making. His theory provides the basis of most of the theoretical models explaining and predicting the process by which people make ethical decisions. The first stage of Rest's model is moral awareness. It represents the stage in which an individual recognizes that a moral issue exists. Moral awareness prompts the decision-maker to make a moral judgment about what constitutes right or wrong behavior in a given situation. In the second stage, moral judgment, one uses a variety of strategies to determine which courses of action are morally acceptable. An individual's moral acceptability judgment regarding an issue or behavior is the degree to which he or she considers the issue or behavior morally acceptable or not. The third stage, moral motivation, represents the stage in which one decides to take a certain moral action. Finally, the fourth stage of moral behavior represents the stage in which one engages in ethical or unethical action. Rest argued that each stage in the process is conceptually distinct and that success in one stage does not mean success in another one.

The second stage of ethical decision-making, moral acceptability judgment is considered to be particularly susceptible to influences from the ethical culture or the organization (Butterfield et al. 2000). Ethical culture helps to establish what behavior is considered morally acceptable or unacceptable in an organization. The following hypotheses about the relationship between dimensions of ethical culture and moral acceptability judgment of unethical behavior towards customers can therefore be presented:

Hypothesis 6a The cultural dimension of clarity of ethical standards is negatively related to the moral acceptability judgment of unethical behavior towards customers.

Hypothesis 6b The cultural dimension of congruency of managers is negatively related to the moral acceptability judgment of unethical behavior towards customers.

Hypothesis 6c The cultural dimension of congruency of The Board and (senior) management is negatively related to the moral acceptability judgment of unethical behavior towards customers.

Hypothesis 6d The cultural dimension of feasibility to comply with ethical standards is negatively related to the moral acceptability judgment of unethical behavior towards customers.

Hypothesis 6e The cultural dimension of supportability to meet normative expectations is negatively related to the moral acceptability judgment of unethical behavior towards customers.

Hypothesis 6f The cultural dimension of transparency in the organization is negatively related to the moral acceptability judgment of unethical behavior towards customers.

Hypothesis 6g The cultural dimension of discussability of ethical issues is negatively related to the moral acceptability judgment of unethical behavior towards customers.

Hypothesis 6h The cultural dimension of sanctionability of unethical conduct is negatively related to the moral acceptability judgment of unethical behavior towards customers.

Method

Data Collection and Sample Characteristics

We collected data using a web-based questionnaire administered to employees of one of Europe's leading wholesale banks, located in The Netherlands. This bank provides basic banking services and tailored banking solutions to corporate customers. Of the 2832 employees in the target population, 988 employees responded, which corresponds to an overall response rate of 35%. The match between the respondent group and the research population was compared using the background characteristics of gender and position within the organization. This revealed a minor difference for gender. However, a relatively high percentage, 24%, of employees with a managerial position participated in the survey. This includes managers at different hierarchical levels within the organization. The actual percentage of managers in the research population is 16%. In order to have a better match between the respondent group and the research population in terms of the percentage of managers, a number of respondents with a management position were randomly selected and taken out of the original database. This resulted in a complete dataset of 652 responses, providing a response rate of 23%. Nearly half, 49% of the respondents had been in the organization for more than 5 years, 33% of the respondents more than 10 years. Of the respondents, 65% was male and 35% was female.

Common method variance was a potential concern in this study because the same respondent provided the data for both the independent and dependent variables. As such, some of the Podsakoff et al. (2003) procedural remedies were used (Ruiz-Palomino et al. 2013; Smith-Crowe et al. 2015). First, a psychological separation between predictors and criterion variables to make them appear to be unrelated was established by grouping questions under different general topic areas. Second, various situational and personality constructs were included in the questionnaire and served as distracters. The importance of frankness was emphasized, as was anonymity of the responses. Finally, questionnaire items were carefully chosen to be specific, simple and concise.

The possibility of non-response bias was investigated by comparing early and late responses in paired samples of 150, 100 and 50 using both an independent samples *t* test and its nonparametric equivalent, the Mann–Whitney *U* test. The results showed no significant differences on any of the study variables, including control variables. These tests suggest that non-response bias does not seriously affect the results of this study.

The data analyses planned for this study included descriptive analyses, confirmatory factor analysis (CFA), and hierarchical regression analysis. The collected data were analyzed using the statistical package for social science (SPSS 23). Descriptive statistics included the mean and standard deviation of the variables. CFA has been applied to assess the validity of the measures using AMOS 23.

Measures

The data collection instrument was a self-administered questionnaire, using previously validated measures for all variables. The questionnaire was professionally translated from English to Dutch and then back-translated into English, in order to assure semantic correspondence. The survey instrument was pre-tested with six experienced researchers in this field and four employees of the bank under study. They suggested minor changes in wording and syntax, which were incorporated into the final measuring instruments. The questionnaire obtained information on beliefs and attitudes regarding organizational architecture, ethical cultural practices, observed unethical behavior and on a number of control variables. The appendix reports the relevant parts of the questionnaire and provides confirmatory factor analysis results and item-level descriptive statistics.

Organizational Architecture

Organizational architecture entails three dimensions: *allocation of decision rights*, *performance measurement (evaluation)* and the *reward system*.

Allocation of decision rights was measured by two variables, relating to the coordination of work and the relative autonomy of the respondent: *frequency of discussions* and *work autonomy*. The *frequency of discussions* indicates whether the respondent's work is organized such that it requires mutual coordination. This variable was measured by a scale developed by Van de Ven and Ferry (1980) and consisted of three items. Respondents were asked about the frequency of discussions related to the coordination of work, between the respondent and colleagues within his/her department, between the respondent and his/her manager, and between the respondent and his/her colleagues outside their department. The items were fully anchored with a five-point Likert scale (1 = about once a month, 2 = a couple of times a month, 3 = about once a week, 4 = every day, 5 = more than once a day). This measure was reverse-coded such that high values indicate less frequent decisions related to the coordination of work, indicating that more decision rights are allocated to the respondent. To measure *work autonomy*, respondents were asked to indicate their influence on a range of six key decisions along a Likert-type scale of 1–5 (1 = none, 2 = little, 3 = some, 4 = quite a bit, 5 = very much). Higher scores indicate that more decision rights are allocated to the respondent. The first two items: (1) deciding what work or tasks are to be performed and (2) deciding upon criteria for performance appraisal, originate from Van de Ven and Ferry (1980). The next item, (3) deciding upon standard operation procedures/work instructions, stems from Kruis (2008). It also included three items, adapted from Hackman and Oldham (1980) and Breaugh (1985). Respondents were asked how much authority they had in (4) setting quotas on how much work they have to complete, (5) establishing rules and procedures about how their work is to be done, and (6) determining how work exceptions are to be handled.

Performance measurement was operationalized by assessing the extent to which various financial performance targets were used for performance evaluation. As organizational architecture is mapped at different hierarchical levels in the organization, different target types might be relevant. In order to measure this variable, respondents were asked to indicate the extent to which financial targets, profit targets, revenue targets, and cost targets are used for their job. The distinction between the different types stem from Bouwens and Van Lent (2007). The five subscales were fully anchored with a five-point Likert scale (1 = not at all, 2 = little, 3 = somewhat, 4 = quite a bit, 5 = very much). Higher scores indicate that financial targets are more important, since they are used more, to evaluate the performance of the employee.

Two variables were used to measure the properties of the reward system that are relevant for this study. *Size of the variable financial reward* of the respondents was measured by a single question, asking the percentage of the total salary that is variable. Respondents were offered eight answer categories: (1) 0%, (2) 1–10%, (3) 11–20%, (4) 21–20%, (5) 31–40%, (6) 41–50%, (7) 51–60%, and (8) more than 60%. This measure is similar to the metric adopted by Bushman et al. (1996), who used the ratio of individual performance incentive pay to salary to measure the incentive power of the bonus. The second variable used to measure the properties of the reward system, focused on the *extent that financial performance is related to a reward*. Respondents were asked how important the achievement of actual results, versus budgeted results, are to obtain a reward. For this type of performance, three questions are asked. One about its importance to get a positive evaluation (this is an intrinsic reward), one about its importance to receive a variable financial reward, and one about its importance for the respondent's career prospects (Kruis 2008). The three subscales were fully anchored with a five-point Likert scale (1 = not at all, 2 = little, 3 = somewhat, 4 = quite a bit, 5 = very). Higher scores for this variable indicate that the respondent is rewarded more for achieving financial performance targets.

To assess the construct validity of the intended five-factor structure of organizational architecture, a confirmatory factor analysis was conducted. The results of this analysis are presented in Table 1. Two nested models were tested. First, a model was tested, incorporating the five scales, relating to five different features of organizational architecture. This five-factor model was compared with a one-factor model. Overall model fit tests were first conducted by reference to four key indices: the χ^2 statistic, the comparative fit index (CFI; Bentler 1990), normed fit index (NFI; Bentler and Bonett 1980) and root-mean-square error of approximation (RMSEA; Brown and Cudeck 1993). The five-factor model resulted in a good fit: $\chi^2 = 333.81$, $df = 110$, $p < .001$; RMSEA = .056; CFI = .95; NFI = .93 (Hu and Bentler 1999; Vandenberg and Lance 2000), and proved to fit better than the one-factor model, supporting the conclusion that organizational architecture can be considered as five distinct empirical dimensions.

Eight subscales were used to map ethical culture. We measured the concepts of clarity, congruency of managers, congruency of The Board and (senior) management, feasibility, supportability, transparency, discussability, and sanctionability, using items adapted from Kaptein (2008b). All items measure generalized assumptions and beliefs of the respondents regarding the norms and values of the organization (Schein 2004). All of these items were fully anchored with a six-point Likert scale (1 = totally disagree, 2 = disagree, 3 = somewhat disagree, 4 = somewhat agree, 5 = agree, 6 = totally agree).

Organizational *Clarity* consisted of five items. These items were related to whether the organization makes it sufficiently clear how respondents should behave themselves with respect to authorizations, equipment of the company, money and other financial assets, conflicts of interest and sideline activities, confidential information, and actions towards external persons and organizations.

Congruency of supervisors was measured with four items reflecting the respondent's perception of the extent to which their supervisor set a good example in terms of ethical behavior.

Congruency of the Board and (senior) management was measured using four items reflecting the respondent's perception of the extent to which the Board and (senior) management set a good example in terms of ethical behavior.

Feasibility refers to the extent to which respondents are enabled to act ethically and comprised of three items.

Supportability consisted of four items. The items relate to the extent to which respondents experience trust and respect in their working environment and the extent to which employees identify and endorse the norms and rules of the organization.

Transparency of the working environment was measured with four items. This subscale measures the extent to which respondents' actions are visible to themselves and their colleagues and managers. Also included are items regarding the extent to which unethical behavior of one's manager becomes visible as well as the extent to which management is aware of the types of incidents and unethical behavior.

Discussability refers to the extent to which ethical issues can be openly discussed in the organization and the measuring scale consisted of four items.

Sanctionability contained four items regarding the respondents' beliefs about punishment of unethical behavior, and reward and recognition of ethical behavior.

To further assess the construct validity of the eight ethical culture scales, a confirmatory factor analysis was conducted. The results of this analysis are presented in Table 2. Two nested models were tested. First, a model was tested incorporating the eight scales, relating to eight different features of ethical culture. This eight-factor model was compared with a one-factor model. The eight-factor model resulted in a good fit: $\chi^2 = 2165.43$, $df = 805$, $p < .001$; RMSEA = .051; CFI = .93; NFI = .90 (Hu and Bentler 1999; Vandenberg and Lance 2000), and proved to fit better than the one-factor model, supporting the conclusion that ethical culture can be considered as consisting of eight distinct empirical dimensions.

To measure *perceived frequency of unethical behavior towards customers*, an instrument originally developed and used by Kaptein (2008a) was used. Respondents

Table 1 Confirmatory factor analysis of organizational architecture

Model	χ^2	*df*	$\Delta\chi^2$	Df/χ^2	RMSEA	CFI	NFI
Five-factor	333.81	110	–	3.035	0.056	0.95	0.93
One-factor	2683.83	119	2350.02***	22.553	0.182	0.46	0.45

Five-factor: frequency of discussions, work autonomy, performance measurement, size of the financial reward, extent that financial performance is related to a reward

One-factor: all items together

RMSEA root-mean-square error of approximation, *CFI* comparative fit index, *NFI* normed fit index

***$p < .001$

Table 2 Confirmatory factor analysis of ethical culture

Model	χ^2	*df*	$\Delta\chi^2$	df/χ^2	RMSEA	CFI	NFI
Eight-factor	1246.74	436	–	2.860	0.053	0.94	0.92
One-factor	5966.08	464	4719.34***	12.858	0.135	0.61	0.60

Eight-factor: clarity, congruency of supervisors, congruency of The Board and (senior) management, feasibility, supportability, transparency, discussability, sanctionability

One-factor: all items together

RMSEA root-mean-square error of approximation, *CFI* comparative fit index, *NFI* normed fit index

***$p < .001$

were asked to indicate how often they had observed five types of unethical behavior towards customers, committed by employees or managers of the bank. All items were fully anchored by a five-point Likert scale (1 = never, 2 = rarely, 3 = sometimes, 4 = often, 5 = (almost) always).

Measurements of unethical behavior differ with respect to the referent person(s) whose unethical behavior is being reported (Zuber and Kaptein 2014). In this study, respondents report behavior by others that they have observed (cf. Kaptein 2008a; Treviño et al. 1998). Observer-reports have been used by researchers to establish the scope of unethical behavior to other variables, notably individual-level and organizational-level antecedents of unethical behavior (Zuber and Kaptein 2014). Using observer-reports to measure unethical behavior towards customers is an indirect measure. Direct observation of unethical employee behavior, e.g., through camera monitoring or through participatory observation, is practically not feasible, also because wrongdoers often conceal their acts, and it is ethically objectionable (Jorgensen 1989). Though an instrument using self-reported behavior may be more accurate, this instrument concentrates on observed behavior of others, because of the significantly lower likelihood of social desirability bias (Treviño and Weaver 2003). People may not be honest (to others and to themselves) about their unethical acts (Bandura 2016). Secondly, unethical behavior in the workplace is a low base-rate phenomenon. As for instance shown by Newstrom and Ruch (1975), reports on others in the organization create higher frequencies and more variance of unethical behavior than self-reports, thereby creating a richer set of data.

In order to measure the *moral acceptability judgment of unethical behavior towards customers*, respondents were requested to provide their moral acceptability judgment of these types of behaviors. Respondents were asked to indicate for each of the five different types of unethical behavior towards customers to what extent they perceive these different types of behaviors as unethical. All items were fully anchored by a five-point Likert scale (1 = very unethical, 2 = unethical, 3 = slightly unethical, 4 = not ethical/not unethical, 5 = not unethical. Lower scores indicate that respondents judge such behaviors as less ethical, hence less morally acceptable.

Control Variables

We controlled for various factors that impact reports of unethical behavior in organizations (see O'Fallon and Butterfield 2005; Treviño et al. 2006; Tenbrunsel and Smith-Crowe 2008 for reviews) and provide a brief rationale for the inclusion of these variables. Gender (1 = female; 2 = male) was controlled because some research has shown that women are more ethically aware than men (Ameen et al. 1996); as such women may have been more likely to recognize incidences of unethical behavior towards customers than men. Organizational tenure (1 = less than a year; 2 = 1–3 years; 3 = 4–5 years; 4 = 6–10 years; 5 = 11 or more years) was controlled since work experience was shown to be related to one's tendency to be more morally conservative and moralistic (McCullough and Faught 2005) and increased ethical judgment (Valentine and Rittenburg 2007). Finally, position in organization (1 = managerial position; 2 = non-managerial position) was included as a control variable as prior research has demonstrated a positive and significant relationship between employment level and ethical decision-making (e.g., Arnold et al. 2007), while other studies failed to support such a relationship (e.g., Forte 2004).

Results

To test the convergent and discriminant validity of the variables, we adopted the procedures recommended by Fornell and Larcker (1981). These authors recommend that, to establish adequate convergent validity, the average variance extracted (AVE) for each construct (defined as the amount of variance captured by a latent construct in relation to the variance attributable to measurement error) should exceed 0.5. This criterion was met for each of the latent constructs. To establish discriminant validity between two latent constructs, Fornell and Larcker (1981) suggest that the squared correlation between the constructs should be less than each of the constructs' AVE's. This criterion was met for each of the pairwise comparisons between the variables of this study, providing evidence for discriminant validity. Fornell and Larcker (1981) emphasized both the reliability of each variable and the reliability of each measurement item (indicator). Squared multiple correlation (SMC) is a measure to estimate indicator reliability. All SMC values are greater than the 0.30 threshold suggested by Bagozzi and Yi (1988). "Appendix" Table 6 provides standardized loadings and SMC of the indicators and Cronbach's alpha, composite reliability, and AVE of the variables.

Common Method Variance

We estimated the extent to which common method variance influences the findings by performing two statistical tests: Harman's (1976) one factor test and partialling out a ''marker variable'' (Lindell and Whitney 2001). According to the first test, if a substantial amount of common method variance exists in the data, then either a single factor will emerge out of an exploratory factor analysis or one factor will account for the majority of the variance in the measurement items used in the model. The unrotated exploratory factor analysis using the eigenvalue greater-than-one criterion revealed 15 distinct factors accounting for 68% of the variance, with the first factor capturing only 12% of the variance in the data. The results of this test suggest that common method bias does not seriously affect the results of this study.

Secondly, given the insufficiency of the Harman one-factor test (Podsakoff et al. 2003), we implemented the marker variable technique in order to tackle the potential issue of CMV (Lindell and Whitney 2001). Essentially, the marker variable technique uses a variable that is theoretically unrelated to any substantive variables being studied (i.e., the marker variable) to calculate the CMV estimate and to adjust the correlations among all constructs. We used environmental uncertainty as our marker variable. Environmental uncertainty is measured by using five items ($\alpha = 0.80$) from Govindarajan (1984) that ask respondents about the predictability of clients, competitors, technology, suppliers and government regulators. Responses were made on a fully anchored 5-point Likert scale (1 = very unpredictable, 2 = somewhat unpredictable, 3 = neutral, 4 = quite predictable, 5 = very predictable). A high correlation between this marker variable and any other construct present in our study would confirm an issue of CMV. The second smallest correlation ($r_m = .02$) among manifest variables was used as a proxy for CMV in this study. Partialling out r_m from the uncorrected correlations (denoted as r_u) and testing the significance of the CMV corrected correlation (denoted as r_a) provides an estimate of the magnitude and significance of method variance on the observed variables (Lindell and Whitney 2001; Malhotra et al. 2006).

In particular, with a sample size of n, r_a and its t-statistic can be calculated as follows:

$$r_a = (r_u - r_m)/(1 - r_m)$$

The t-statistics to test the significance of r_a for α of 0.05 is computed as follows:

$$t(\alpha/2,\ n-3) = r_a/\sqrt{\left[\left(1-r_a^2\right)/(n-3)\right]}$$

Using the above equations, r_a and t values were calculated ($n = 652$). After controlling for CMV, all the correlations that were previously significant remained significant, suggesting that CMV was unlikely to have had an effect on the findings of this study.

In Table 3, we report the means, standard deviations, and correlations of the variables. This table also displays corrected correlation coefficients considering CMV. Cronbach's alpha values appear on the main diagonal of the correlation matrix. As shown, the correlations are generally low. To be conservative and ensure that multicollinearity among the independent variables is not a potential problem in our study, we calculated the variance inflation factors (VIF) and tolerance statistics. All VIFs were below 3.5, well below the generally accepted limit of 10.0 (Hills et al. 2003). All the tolerance statistics were above 0.3, whereas values below 0.2 might indicate potential problems (Menard 1995).

To test hypotheses 1–5, hierarchical regression analyses were used. Table 4 depicts the results of the hierarchical regression analyses for successively entering the control variables and the independent variables—the dimensions of organizational architecture and the dimensions of ethical culture.

None of the control variables gender, organizational tenure and managerial position had a significant relationship in the two regression models. Adding the dimensions of organizational architecture and the dimensions of ethical culture to the control variables (Model 2) increased the explanatory power of the model (= adjusted R^2) from .001 to .114. Organizational architecture variables are not significantly related to the perceived frequency of unethical behavior related to customers at the conventional level of $p < .05$. Neither centralization of decision rights, nor the use and importance of financial performance, nor the size of the variable financial reward are significantly related to the perceived frequency of unethical behaviors related to customers. Consequently, hypotheses 1, 2, 3, and 4 are not supported.

Hypotheses 5d and 5e are supported as there are negative significant effects of the cultural dimensions feasibility ($\beta = -.106, p < .05$) and supportability ($\beta = -.125, p < .05$) on the perceived frequency of unethical behavior towards customers. These results indicate that specific aspects of

Table 3 Means, standard deviations, correlations and reliabilities

Variables	M	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1. Gender	1.65	.48		− .13**	.00	− .05	.08*	.03	.08*	.10**	− .02	.05	.01	− .04	.05	.03	.05	.04	.05	− .02
2. Managerial position	1.84	.37	− .11**		− .13**	.08**	− .44**	− .16**	− .13**	− .24**	− .11*	− .10*	− .04	− .06	− .06	− .07	− .12*	− .09	.02	− .05
3. Tenure	3.43	1.35	.02	− .11**		.01	.07*	− .11*	− .13**	.03	.03	− .02	− .02	− .02	.00	− .06	− .06	− .09	− .02	.01
4. Frequency of discussion	3.23	.95	− .03	.10**	.03	(.75)	− .29**	− .07	− .09	− .04	− .17**	− .21**	− .18**	− .13**	− .18**	− .18**	− .21**	− .17**	.01	.02
5. Work autonomy	3.14	.80	.10*	− .41**	.09*	− .26**	(.87)	.10**	.07*	.13**	.24**	.34**	.15**	.19**	.23**	.17**	.31**	.21**	− .08	− .11
6. Extent financial performance is related to a reward	3.45	.98	.05	− .14**	.09*	− .05	.12**	(.79)	.55**	.22**	.14**	.16**	.23**	.09**	.20**	.15**	.20**	.22**	− .11*	− .06
7. Performance management	2.65	1.17	.10*	− .11**	.11**	− .07	.09*	.56**	(.88)	.29**	.08*	.05	.15**	− .02	.02	.02	.07*	.06*	− .02	.04
8. Size of variable financial reward	2.75	1.60	.12**	− .22**	.05	− .02	.15**	.24**	.30**		.05	.04	.05	.03	− .05	− .03	.00	− .02	− .07	.01
9. Clarity	4.73	.73	− .00	− .09*	.05	− .15**	.26**	.16**	.10*	.07	(.83)	.41**	.50**	.38**	.37**	.35**	.44**	.41**	− .24**	− .24**
10. Congruency of supervisor	4.63	.98	.07	− .08*	− .00	− .19**	.35**	.18**	.07	.06	.42**	(.94)	.45**	.41**	.54**	.43**	.54**	.50**	− .14**	− .29**
11. Congruency of board and (senior) management	4.41	.82	.03	− .02	− .00	− .16**	.17**	.25**	.17**	.07	.51**	.46**	(.88)	.37**	.54**	.48**	.53**	.63**	− .22**	− .28**
12. Feasibility	4.35	.91	− .02	− .04	.00	− .11**	.21**	.11**	− .00	.05	.39**	.42**	.38**	(.84)	.39**	.36**	.39**	.37**	− .12**	− .28**
13. Supportability	4.21	.91	.07	− .04	.02	− .16**	.25**	.22**	.04	− .03	.38**	.55**	.55**	.40**	(.88)	.56**	.66**	.66**	− .18**	− .33**
14. Transparency	4.07	.82	.05	− .05	− .04	− .16**	.19**	.17**	.04	− .01	.36**	.44**	.49**	.37**	.57**	(.84)	.56**	.66**	− .17**	− .26**

Table 3 (continued)

Variables	M	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
15. Discussability	4.35	.90	.07	− .10*	− .04	− .19**	.32**	.22**	.09*	.02	.45**	.55**	.54**	.40**	.67**	.57**	(.90)	*.74***	− *.18***	− *.31***
16. Sanctionability	4.04	.90	.06	− .07	− .07	− .15**	.23**	.24**	.08*	− .00	.42**	.51**	.64**	.38**	.67**	.67**	.75**	(.83)	− *.22***	− *.31***
17. Moral acceptability judgment of unethical behavior towards customers	1.40	.50	.07	.04	.00	.03	− .06	− .09*	− .00	− .05	− .22**	− .12**	− .20**	− .10*	− .16**	− .15**	− .16**	− .20**	(.89)	*.31***
18. Perceived frequency of unethical behavior towards customers	1.16	.38	− .00	− .03	.03	.04	− .09*	− .04	.06	.03	− .22**	− .26**	− .25**	− .25**	− .30**	− .23**	− .28**	− .28**	.32**	(.84)

*$p < .05$; **$p < .01$; the values of diagonal are estimates of construct reliability (Cronbach's alpha); the upper triangular matrix displays corrected correlation coefficients considering CMV; the lower triangular matrix displays uncorrected correlation coefficients. CMV corrected correlation (r_a) is calculated as follows: $r_a = (r_u - r_m)/(1 - r_m)$, with r_m the second smallest correlation among marker variable and manifest variables ($r_m = .02$). For example: the uncorrected correlation r_u between feasibility and clarity is .39 ($p < .01$), resulting in a corrected correlation r_a of .38 ($p < .01$). $N = 652$

Table 4 Results of hierarchical regression analysis of perceived unethical behavior towards customers

Variable	Perceived unethical behavior towards customers	
	Model 1	Model 2
Control variables		
Gender	− .005	.000
Tenure	.031	.021
Managerial position	− .024	− .041
Organizational architecture		
Frequency of discussion		− .028
Work autonomy		− .008
Performance measurement		.075
Size of variable financial reward		.015
Extent financial performance is related to reward		.002
Ethical culture		
Clarity		− .054
Congruency of supervisors		− .062
Congruency of the Board and (senior) management		− .051
Feasibility		− .106*
Supportability		− .125*
Transparency		.005
Discussability		− .055
Sanctionability		− .038
R^2	.002	.135
Adjusted R^2	.001	.114
Change in Adjusted R^2		.113
df (regression, residual)	(3, 648)	(16, 635)
F	.365	6.210**

$N = 652$

Standardized regression coefficients (betas) are shown

$^*p < .05$; $^{**}p < .001$

Table 5 Results of hierarchical regression analysis of moral acceptability judgment of unethical behavior towards customers

Variable	Moral acceptability judgment of unethical behavior towards customers	
	Model 1	Model 2
Control variables		
Gender	.078	.083
Tenure	.011	.009
Managerial position	.054	.037
Ethical culture		
Clarity		− .145**
Congruency of supervisors		.029
Congruency of the Board and (senior) management		− .076
Feasibility		.027
Supportability		− .023
Transparency		− .010
Discussability		.023
Sanctionability		− .116*
R^2	.008	.073
Adjusted R^2	.004	.058
Change in adjusted R^2		.015
df (regression, residual)	(3, 648)	(11, 640)
F	1.777	4.612***

$N = 652$

Standardized regression coefficients (betas) are shown

$^*p < .05$; $^{**}p < .01$; $^{***}p < .001$

the ethical culture are negatively related to the perceived frequency of unethical behavior towards customers. There was no support for hypotheses 5a, 5b, 5c, 5f and 5g as the cultural dimensions organizational clarity, congruency of supervisors, congruency of the board and senior management, transparency, discussability and sanctionability are not significantly related to the perceived frequency of unethical behavior towards customers.

To test hypotheses 6, a different set of hierarchical regression analyses were used. Table 5 depicts the results of the hierarchical regression analyses for successively entering the control variables and the independent variables—the dimensions of ethical culture.

None of the control variables gender, organizational tenure and managerial position had a significant relationship in the two regression models. Adding the dimensions of ethical culture to the control variables (Model 2) increased the explanatory power of the model (= adjusted R^2) from .004 to .058. The cultural dimensions organizational clarity ($\beta = -.145$, $p < .01$) and sanctionability ($\beta = -.116$, $p < .05$) were found to impact the moral acceptability judgment of unethical behavior towards customers. These results, consistent with hypothesis 6a and 6h, indicate that specific aspects of the ethical culture are negatively related to the moral acceptability judgment of unethical behavior towards customers. There was no support for hypotheses 6b, 6c, 6d, 6e, 6f and 6g as the cultural dimensions congruency of supervisors, congruency of the board and senior management, feasibility, supportability, transparency and discussability are not significantly related to the moral acceptability judgment of unethical behavior towards customers.

Discussion

Our aim in this paper is to explore the differential effects of contextual factors on perceived unethical behavior of employees towards customers. Informed by agency theory and ethical behavior literature, we suggested that both aspects of the formal and informal organizational context are related to perceived unethical behavior towards customers and that the informal organizational context influences employees' moral acceptability judgment of unethical behavior towards customers. Our findings support the idea that informal organizational context impacts moral acceptability judgment and perceived frequency of unethical behavior towards customers. We expected that aspects of organizational architecture would be related to the perceived frequency of unethical behavior towards customers as well. However, our findings did not corroborate this. Based on these findings, this study makes contributions to several streams of literature, in the fields of organizational architecture, agency theory, and behavioral ethics in organizations.

One of the starting points of this study was the proposition that organizational architecture is related to the frequency of unethical behavior. Theoretical expectations regarding effects of elements of organizational architecture on unethical behavior are grounded in agency theory. Similar to most models of economic behavior, this theory is based on the idea of the rationally self-interested *homo economicus*, who is assumed to be driven by self-interest and opportunism and is likely to shirk responsibility (Nord 1989). Within the organization under study, none of the aspects of organizational architecture are significantly related to the perceived frequency of unethical behavior towards customers, indicating that individual motives resulting from individuals' decision-making authority, structure of performance evaluation and reward systems are not sufficiently strong to provoke unethical behavior towards customers.

Agency theory suggests that the more decision-making authority is allocated to employees, the more opportunities exist to make decisions that further one's personal interests, resulting in higher perceived frequencies of unethical behavior towards customers. In our study, we did not find empirical evidence for this relationship. From the perspective of rational choice theory, organizational participants are cost–benefit calculators (Greve et al. 2010). Rational-action modeling assumes self-interested actors and implies that employees can be involved in unethical behavior towards customers if the benefits of such behavior exceed the expected sanctions for the individual. In this study, we did not find significant relations between benefits in the reward system and perceived unethical behavior towards customers. If we assume that attaining desirable or avoiding undesirable outcomes are important drivers for individuals to engage in unethical behaviors (cf. Ordóñez et al. 2009; Schweitzer et al. 2004), there are two possible types of explanations for this lack of effect. Within the theoretical paradigms of rational choice theory and agency theory, one could argue that perhaps the incentives formalized in the reward system were not strong enough to influence the behavior (Krosnick and Smith 1994). It could be, for example, that the benefits individuals anticipate from opportunities to take advantage of customers, which result from a high degree of decision-making authority, were too limited. It could also be that respondents expected unethical behavior to bring about deterring punishments if discovered (Becker 1968; Gino and Margolis 2011), and individuals may be discouraged by taking advantage of such opportunities in an organizational context (wholesale banking) that is also characterized by strong compliance systems. Further research in organizational contexts that are characterized with more potential benefits from taking advantage of customers and less stringent compliance requirements might be helpful to explore this relationship.

Although goal setting is a commonly used managerial practice with a strong evidence base supporting it (Locke and Latham 2013), researchers are increasingly debating its unintended negative consequences for ethical behavior (Niven and Healy 2016). The present study contributes to this debate, by providing evidence that the structure of performance and reward systems is not related to perceived unethical behavior towards customers. Transgressing the boundaries of agency theory, one could argue that although desirable and undesirable outcomes may be important drivers for unethical behaviors, individuals are typically inhibited from engaging in such behaviors by their need to maintain a moral self-image (Jordan and Monin 2008; Jordan et al. 2011), and the related effect that engaging in unethical behaviors directly harms this moral self-image (Jordan et al. 2015). Before allowing themselves to engage in unethical behaviors, therefore, individuals need to be released from their ethical inhibitions (Tenbrunsel and Smith-Crowe 2008; Treviño et al. 2014). Combining both the above types of explanation, it could be concluded that within the context of the organization under study, the features of the organizational control system which provides incentives through performance measurement and evaluation, and through a system for rewards and punishments are not sufficiently strong to release employees of their ethical inhibitions, which explains the lack of relationship.

The results of this study are indeed interesting in light of the popularity of agent theoretical approaches, that assume purely materialistic motive structures in economic agents, and to the popular assumption about the self selection of egoistic values in the financial world (Ho 2009). The conclusion that popular views about 'the selfish banker' may be wrong is confirmed by a study of Van Hoorn (2015), who found no empirical confirmation for the hypothesis that career success in the finance industry correlates more positively with the strength of an individuals self-enhancement values, and more negatively with the strength of an individual's self-transcendence values, than career success in other industries does. The outcomes of this study add empirical support to the view that bankers are not the stereotypical materialistic egoists conceptualized by agency theory. Other studies confirm this view. For example, in a study of how bankers deal with ethical dilemmas, Rusch (2015) did not find significant differences compared with ordinary people.

In this study, it was found that the ethical culture of an organization should be seen as a multidimensional construct, and that the effect of ethical culture should be examined at the level of the subdimensions of the construct, in order to maximize the predictive power of theories on the relationship between ethical culture and unethical behavior of employees.

Different dimensions of ethical culture have different impacts on the perceived unethical behavior towards customers. We found significant effects for the cultural subdimensions of supportability and feasibility, which influenced the perceived frequency of unethical behavior towards customers. These dimensions represent the self-providing capacity of the organization (Kaptein 2008b). The more the organization is able to provide employees with time, resources and information to act in an ethically responsible way and the more employees experience trust and respect in their working environment and identify and endorse the norms and rules of the organization, the less the perceived frequency of unethical behavior towards customers will be.

This study did not find significant effects on perceived unethical behavior for the following dimensions of ethical culture: clarity, congruency of supervisors, congruency of (senior) management and The Board, transparency, discussability, and sanctionability.

Organizational clarity of normative expectations regarding the conduct of employees prevents that employees are left to their own discretion and moral intuition without a guiding organizational frame of reference. In this study, we measured clarity by asking respondents whether the organization makes it sufficiently clear how respondents should behave themselves with respect to authorizations, equipment of the company, money and other financial assets, conflicts of interest and sideline activities, confidential information, and actions towards external persons and organizations. Providing clarity about normative expectations regarding conduct of employees in a broad sense might be insufficient to influence ethical behavior towards customers specifically, which could explain the lack of relationship between clarity and perceived frequency of unethical conduct towards customers.

Greve et al. (2010) stated that leadership behavior plays a crucial role in facilitating the dissemination of cultures of misconduct. Kaptein (2011) found many instances of unethical conduct by employees which were motivated by the example set by a manager, supervisor or board member engaging in unethical and prohibited conduct. This corresponds with the views of other researchers (for example: Treviño et al. 1999; Lewin and Stephens 1994) who found that employees often imitate leaders' behavior and look to leaders for clues to proper conduct.

Forte (2004) found support for the position that top management establishes the ethical tone of an organization. In order to stimulate ethical communication about norms and values—to promote ethical awareness and maintain ethical thought processes of employees—she stated that management should be engaged in social and ethical audits of the company and by scheduling periodic seminars. The results of this study suggest a less optimistic view on the possibility to reduce unethical behavior towards customers through the ethical leadership of managers, supervisors, or board members. Banks have in the recent past strongly emphasized the importance of exemplary ethical behavior of (senior) managers and board members. However, in the organization under study, reinforcement of awareness of specifically unethical behavior towards customers may have been insufficient to influence ethical thought processes and subsequent behavior of employees. This provides a possible explanation why we did not find relationships between the congruency of managers at different hierarchical levels in the organization and perceived frequency of unethical behavior towards customers.

Transparency is defined as the degree to which employee conduct and its consequences are perceptible to those who can act upon it, that is colleagues, supervisors, subordinates and the employee(s) concerned. However, transparency might not be related to unethical behavior towards customers as misconduct of this type—as well as its consequences—is often not overt and remains unrecognized other than with the offenders. As a result, even in organizations with a high level of transparency, employees will not succeed in modifying or correcting their behavior or that of their co-workers, supervisors, or subordinates.

Discussability refers to the extent to which ethical issues can openly be discussed in the organization. Through sharing and discussing moral issues, people learn from each other and moral issues will be noticed and acknowledged. However, unethical behavior towards customers may not be influenced by discussability, since this type of unethical behavior is generally assumed to be wrong and is strongly regulated in banks. Therefore, it is plausible to assume that in the organization under study this is hardly an issue of discussion, which could explain the lack of relation between discussability and perceived frequency of unethical behavior towards customers.

Sanctionability refers to the likelihood of employees being punished for behaving unethically and rewarded for behaving ethically. Although unethical behavior towards customers is strongly regulated, in the organization under study, it may not be influenced by sanctionability because employees might expect that this type of misbehavior will be left unpunished or that the potential benefits outweigh the severity of punishment.

In a survey article on the causes and consequences of organizational misconduct, Greve et al. (2010) concluded that organizational cultures can provide normative support for misconduct in different ways. One of these mechanisms is that a culture can focus members of an organization on achieving ends without simultaneously providing guidance about the means with which the ends should be achieved. The results of this study illustrate that if an organization does provide guidance by focusing on specific features of the ethical culture, the frequency of unethical behavior towards customers can be effectively reduced. This provides a partial support of the theory of Greve et al. (2010). This study confirms the view, implied in the person–situation interactionist model of behavioral ethics, that organizational culture has an effect on unethical conduct in organizations. These results are in line with the findings of a series of studies, executed over several decades, which tested relationships between aspects of ethical culture and unethical employee behavior (Craft 2013). Interestingly, Van Hoorn's (2015) exploration of the role of ethical culture seems to break this chain of evidence, for he did not measure the anticipated effect of culture on unethical conduct. However, it is debatable if the instruments that this author used to measure organizational culture can be labeled as such. It could be argued that his study is in fact not about organizational culture, but about the effect of individual value orientations, namely self-transcendence and self-enhancement values. It is debatable whether the relative prevalence of such individual values in an industry or organization can be equaled to its culture. A culture in an organization is a phenomenon at the distinctively social level; it is not an aggregate of individual value orientations. We therefore suggest that it cannot be excluded that Van Hoorn's seeming refutation of the thesis that cultural factors determine unethical conduct in organizations is attributable to his specific approach taken to the measurement of organizational culture by Van Hoorn (2015).

Clarity and sanctionability influenced the moral acceptability judgment of unethical behavior towards customers. Clarity represents the self-regulating capacity of the organization (Kaptein 2008b). The more the organization is able to provide employees with concrete, comprehensive, and understandable normative expectations regarding their conduct, the less unethical behavior towards customers is seen as morally acceptable. Sanctionability represents the self-correcting capacity of the organization (Kaptein 2008b). The higher the likelihood of employees being punished for behaving unethically and rewarded for behaving ethically, the less unethical behavior is seen as morally acceptable. Rest (1986) was the first to suggest that moral awareness was an important first step in the ethical decision-making process when he proposed his four-step model of ethical decision-making. He conceptualized the first step as an interpretive process in which the individual may or may not recognize a moral problem or that some moral norm or principle applies (Rest 1986). Moral awareness prompts the decision-maker to make a moral judgment about what constitutes right or wrong behavior in a given situation. Clarity and sanctionability can be seen as factors directly influencing the moral awareness of employees and thereby prompting moral acceptability judgments. This study shows that higher levels of clarity and sanctionability decrease employees' moral acceptability judgment of unethical behavior towards customers.

This study did not find significant effects on the moral acceptability judgment of unethical behavior towards customers for the following dimensions of ethical culture: congruency of supervisors, congruency of (senior) management and The Board, feasibility, supportability, transparency, and discussability.

Supervisors, (senior) management and The Board are assumed to play an authority role and are therefore likely to be a key source of moral guidance (Kohlberg 1984). However, we did not find significant relationships between congruency of supervisors and moral acceptability judgment of unethical behavior towards customers. Nor did we find a significant relationship between congruency of The Board and (senior) management and moral acceptability judgment of unethical behavior towards customers. If there is only a limited hierarchical distance between employees and their supervisors, it is plausible that (direct) supervisors in the organization under study do not play an authority role that is strong enough to be a source of moral guidance. The lack of a significant relation between congruency of The Board and (senior) management and moral acceptability judgment towards customers could be explained by the fact that the number of reporting levels between The Board and (senior) management and the majority of the respondents is too large that they are acknowledged as significant others (Cf. Kohlberg 1984). As a result, they are not seen as role models and are unlikely to guide employees' moral judgments of unethical behavior towards customers.

Feasibility refers to the extent to which the organization creates conditions that enable employees to comply with normative expectations. This dimension of ethical culture specifically refers to the extent to which respondents believe that they have sufficient time, information, and resources at their disposal to carry out their tasks responsibly, thereby describing a set of organizational conditions that are relevant for employees. It could be concluded that the provision of (in)sufficient time, information, and resources by the organization, is not perceived by employee as a normative signal that unethical behavior is more or less valued. This could explain the lack of relationship between feasibility and employees' moral acceptability judgment of unethical behavior towards customers.

Supportability refers to the extent to which the organization creates support among employees to meet normative expectations. We did not find a significant relation between supportability and moral acceptability judgment of unethical behavior towards customers. Hoffman's theory of moral socialization (Hoffman 1983) emphasizes the transmission of moral norms through internalization. Hoffman sees empathic effects and related emotions as the basis for moral judgment and motivation. A plausible explanation of the lack of relationship between supportability and moral judgment of unethical behavior towards employees could be that higher levels of the relative strength of an individual's identification with, involvement in and commitment to normative expectations of the organization in general might be too weak to activate moral socialization to specifically influence moral acceptability judgment of unethical behavior towards customers.

Transparency, which refers to the degree to which (un) ethical behavior and its consequences are observable to those who can act upon it, the perpetrators as well as their colleagues and managers, was not related to moral acceptability judgment of unethical behavior towards customers. A possible explanation of this lack of relationship might be that transparency does not provide normative guidance and as a result insufficiently influences moral awareness, the preceding stage of moral judgment (Rest 1986), and consequently moral acceptability judgment of unethical behavior towards employees.

Discussability, the openness employees experience in their organization to discuss ethical dilemmas and alleged unethical behavior, was not related to employees' moral acceptability judgment of unethical behavior towards customers. This could be explained by the fact that we measured discussability with a broad reference to unethical conduct and moral dilemmas. It is plausible that higher degrees of discussability do not necessary lead to less clarity on specific normative expectations about unethical behavior towards customers, which could explain why discussability is not related to the moral acceptability judgments employees have about this type of behavior.

Paine (1994) draws a distinction between a compliance and integrity approach in creating an ethical organization. A compliance approach mainly aims at avoiding violations of the law, whereas the integrity approach aims at increasing the professional autonomy and responsibility of employees. The results of this study suggest that both approaches are relevant. Feasibility and supportability, the cultural dimensions affecting perceived unethical behavior towards customers, correspond with an integrity approach. However, the dimensions of clarity and sanctionability, which are related to moral acceptability judgment of unethical behavior towards customers, are consistent with a compliance approach. These findings add support to the conclusion of Treviño et al. (1999) that the two approaches are "complementary".

Feasibility and supportability are significant related to the perceived frequency of unethical behavior towards customers. Although clarity and sanctionability are related to moral acceptability judgment of unethical behavior towards customers, these aspects of ethical culture are not related to the perceived frequency of unethical behavior towards customers. It might be the case that compliance frameworks within a major financial institution, such as the organization under study here, are particularly focused on clarity and sanctionability, specifically in conjunction with unethical behavior towards customers of the organization. This will have implications for managerial practice, which will be further discussed in the next section.

Practical Implications

The results of this present study have important practical implications concerning how organizations in the banking sector might effectively decrease unethical behavior. The present study has found no empirical evidence for significant relations between aspects of organizational architecture and the perceived frequency of unethical behavior towards customers. This would imply that it is unlikely that the amount of individual decision-making authority will influence this type of unethical behavior. A narrow focus on the amount of decision rights assigned to managers and employees, with the aim to reduce unethical behavior, is therefore unlikely to be effective. Nor is it to be expected that organizations will be successful in decreasing the frequency of unethical behavior towards customers by decreasing the extent to which various financial performance targets are used for performance evaluation.

Moreover, organizations in the banking sector must be conscious that two specific properties of the organizational reward system may be unrelated to the frequency of unethical behavior towards customers. The empirical evidence in this research suggests that neither the extent to which financial performance is related to obtaining a reward, nor the size of variable financial rewards, are related to the frequency of unethical behavior towards customers. This implies that it is unrealistic to expect that the frequency of unethical behavior towards customers can be decreased by reducing the importance of financial targets used for performance evaluation. Although organizations in the banking sector might consider reducing the size of variable financial rewards (e.g., bonuses) for various reasons, it may be unlikely that this will result in a decrease of the frequency of unethical behavior towards customers.

In the organization under study, the mean scores of all the dimensions of ethical culture were relatively high (all above 4 on a fully anchored Likert scale; 1 = totally disagree, 2 = disagree, 3 = somewhat disagree, 4 = somewhat agree, 5 = agree, 6 = totally agree), indicating a relatively strong ethical culture. It could be the case that in organizations with a relatively weak ethical culture that have implemented reward systems in which financial performance is strongly related to obtaining rewards and that provide large financial rewards, different outcomes are established. In such a situation, it could be the case that the effects of the extent to which financial performance is related to obtaining a reward and the size of variable financial rewards are related to the perceived frequency of unethical behavior towards customers. A plausible theoretical explanation of such effects can be found in crowding out theory. According to "self-determination" theorists, individuals who are extrinsically motivated, for instance by the specific properties of the organizational reward system as mentioned above, experience their actions as controlled by others. Over time, the experience of engaging in an activity for an organization willing to reward performance or punish non-performance deprives employees that their behavior can be an object of self-initiated choice, which in turn undermines their tendency to exhibit intrinsic motivation (Deci and Ryan 1980). In order to further explore such effects, further research in multiple organizations would be required, opening up an interesting avenue for future research.

With regard to the aim of decreasing unethical behavior towards customers, the strongest effect is anticipated from the informal structure of the organization, notably the ethical cultural dimension of supportability. Managerial and organizational initiatives should be focused to increase the extent to which employees experience trust and respect in their working environment and the extent to which employees identify and endorse the norms and rules of the organization. Notwithstanding the fact that feasibility has a smaller effect than supportability, increasing the extent to which employees are enabled to act in an ethically responsible manner will decrease unethical behavior towards customers, vindicating managerial initiatives aimed to increase feasibility. It is most likely that unethical behavior towards customers will occur when its potential benefits outweigh its potential costs (Becker 1968; Lewicki 1983). As a reduction of potential benefits might also reduce other positive in-role behaviors, such as for example cooperation, competition, and general performance, it might be more prudent to increase the potential costs of unethical behavior towards customers through sanctions (see Balliet et al. 2011 for a meta-analysis). Such a sanctionability system could also peg the costs involved with sanctions to the value and desirability of positive rewards: employees may be inhibited from unethical behavior towards customers when organizations make it more costly to engage in such behavior to get a positive evaluation or a reward. Organizations are committed to the preservation of their reputation and integrity through compliance with applicable laws, regulations and ethical standards and generally appreciate that compliance is an essential ingredient of good corporate governance. Clarity regarding organizational norms and sanctionability constitute important aspects of compliance frameworks in organizations. This study provides an empirical argument as to why it makes sense to focus on clarity and sanctionability in compliance and integrity programs. The rationale is that informing and training employees about the rules (clarity) of the organization, and about what the organization will accept or not (sanctionability) influences moral acceptability judgments.

Potential Limitations and Suggestions for Future Research

To appropriately evaluate the results, conclusions and consequences of this study, there are some potential limitations to this study that need to be taken into consideration.

As this study was based on data from just one organization and in a specific sector of the banking industry, it may be difficult to extend these results, though we believe that similar results are likely in similar cultural contexts and for related professional activities. The conclusions we derive offer a useful source of information about possible ways to decrease unethical behavior towards customers in the banking industry. Whereas the variables used in this study were acquired via surveys administered to employees, the results may have been affected to some extent by same-source bias. However, this method is a common practice in the social sciences (Munn and Drever 1995). To avoid common method bias, we followed procedural suggestions of Podsakoff et al. (2003). A Harman's single factor test (Harman 1976) with confirmatory factor analysis on the variables and test based on the marker variable technique (Lindell and Whitney 2001) suggested that same-source bias was not problematic.

A risk related to approaching employees to give their opinion is the risk of social desirability response bias. Perceived unethical behavior could indeed be prone to this bias. Assuring respondents' anonymity aimed to reduce the social desirability bias in this study. In future research, a social desirability scale (Crowne and Marlowe 1960) could be added to test whether social desirability has an impact. The variables used in the empirical analysis are based on the perceptions of respondents. Notwithstanding the fact that this is true for any study using survey questionnaires, it could be a limitation in this study specifically with respect to the measurement of unethical behaviors. In the case of either overestimation or underestimation of the observed frequency of unethical behavior, it is reasonable to assume consistency in such overestimation or underestimation. In this study, the focus is on correlations between variables, instead of the values of these variables. A potential systematic overestimation or underestimation of the frequency of unethical behavior will not bias those correlations. Since the survey was conducted among employees within one organization, observations of unethical behavior by different respondents can refer to one and the same event, thereby increasing the risk of duplication. This issue was partly addressed by asking respondents to limit the unethical behaviors they observed personally or had first-hand knowledge of. To further improve the accuracy of the data on the frequency of unethical behavior towards customers, more detailed information could be collected by also asking about the number and position of people behaving unethically, the extent to which ethical norms had been violated, and the harm caused to this stakeholder. In addition, the observed frequency could be compared with other sources available in the organization, for instance, a misconduct reporting system, the use of the whistle-blowing procedure, and records of unethical behavior collected by departments such as Human Resources and Compliance. Triangulation of these different methods of data collection might improve the accuracy of the data and would help to get a better understanding whether unethical behavior occurs at the individual, group, or organizational level (Vardi and Weitz 2004). Another limitation is that we did not explore the moderating effects of individual differences on the effects of features of organizational architecture on perceived unethical behavior towards customers. Previous research suggests that individuals can vary in their sensitivity to rewards and punishments (Higgins 1997). Individuals with a promotion focus, for instance, may be more prone to taking risks if this allows them to guarantee the additional positive consequences of receiving a reward (cf. Gino and Margolis 2011), whereas those with a prevention focus may be less likely to do so. Additionally, personality characteristics can also influence the effects of features of organizational architecture on perceived unethical behavior towards customers through explanatory mechanisms of moral rationalizations. Research has shown that individuals vary on their tendencies to morally rationalize (Moore et al. 2012), meaning that some individuals may be more likely than others to act unethically in their attempts to receive a positive evaluation or receive a reward.

The results and implications of this study open up several interesting avenues for further research. A first direction for further research relates to the further exploration of moral acceptability judgments. Incorporating moral intensity (Jones 1991) of an issue as an exogenous construct of moral acceptability judgment of that issue might further clarify the conceptualization of moral acceptability judgment. A number of conditions possibly moderate the relationship between ethical culture and unethical behavior of employees. These have not been subject of this study and future work should explore the interplay between other contextual variables and unethical behavior. For example, the opportunity of employees to become involved in unethical behavior and the effect of a broad range of compliance activities aimed to prevent such behavior. This research was based on data collected from one bank. Considering of a single organization as our sampling frame allowed us to control for significant organizational differences (e.g., organizational control systems). A further interesting direction of future research is the comparison of different organizations in the banking industry and across different business sectors. Generalized latent variable modeling provides different methods that could be used to assess whether and to what extent measurement of theoretical concepts are comparable across different organizations and sectors. With respect to this research area, conditions of comparability required for cross-organizational research are also necessary for longitudinal research since the meaning of theoretical concepts may change and organizational determinants of unethical behavior may evolve over time. Finally, an appealing direction for future research would be to examine the relationship between contextual factors and divergent types of unethical behavior within different organizational levels. Multilevel research would enable one to investigate the level at which contextual variables affect either individual unethical behavior, or team unethical behavior. A meaningful and further understanding of the phenomena that comprise unethical behavior in organizations necessitates approaches that are more integrative, that cut across multiple levels, and that seek to understand phenomena from a combination of perspectives.

Appendix

See Table 6.

Table 6 Standardized loadings, squared multiple correlations, CA and CR values and AVE's of the variables

Variable	Items	Loading	SMC
Size of variable financial reward	What percentage of your financial reward (total salary) is variable?		
Frequency of discussion (CA = .75, CR = .75, AVE = .51)	*During the past 3 months, how often did discussions related to the coordination of work (face-to-face, by telephone or e-mail) occur on a one-to-one basis?*		
	Between you and colleagues within your department	.703	.494
	Between you and your manager	.667	.445
	Between you and colleagues outside your department	.746	.557
Work autonomy (CA = .87, CR = .87, AVE = .52)	*Indicate for the following decisions how much influence you have*		
	Determine how work exceptions are to be handled	.801	.642
	Establishing rules and procedures about how my work is to be done	.790	.624
	Setting quotas on how much work I have to complete	.679	.461
	Deciding upon standard operation procedures/work instructions	.693	.480
	Deciding upon criteria for performance appraisal	.677	.458
	Deciding what work or tasks are to be performed	.666	.444
Performance measurement (FTU) (CA = .88, CR = .88, AVE = .66)	*Are the following performance targets used to evaluate your job?*		
	Financial targets	.897	.805
	Profit targets	.874	.764
	Revenue targets	.860	.740
	Cost targets	.570	.325
Extent financial performance is related to a reward (Fp) (CA = .79, CR = .80, AVE = .57)	*How important for you are actual results versus budgeted results?*		
	To get a positive evaluation	.779	.607
	To receive a financial reward	.803	.645
	For your career prospects (internally and externally)	.672	.452
Clarity (CA = .83, CR = .85, AVE = .53)	The organization makes it sufficiently clear to me how I should deal with confidential information responsibly	.762	.581
	The organization makes it sufficiently clear to me how I should deal with conflicts of interests and sideline activities responsibly	.823	.677
	The organization makes it sufficiently clear to me how I should obtain proper authorizations	.614	.377
	The organization makes it sufficiently clear to me how I should handle money and other financial assets responsibly	.640	.410
	The organization makes it sufficiently clear to me how I should deal with external persons and organizations responsibly	.784	.615
Congruency of supervisor (CA = .94, CR = .94, AVE = .80)	My manager is honest and reliable	.901	.812
	My manager fulfills his or her responsibilities	.919	.845
	My manager does as he or she says	.928	.861
	My manager sets a good example in terms of ethical behavior	.831	.691
Congruency of the Board and (senior) management (CA = .88, CR = .89, AVE = .66)	The Board and (senior) management would never authorize unethical or illegal conduct to meet business goals	.670	.449
	The Board and (senior) management communicate the importance of ethics and integrity clearly and convincingly	.779	.607
	The Board and (senior) management set a good example in terms of ethical behavior	.922	.850
	The conduct of the Board and (senior) management reflects a shared set of norms and values	.866	.750

Table 6 (continued)

Variable	Items	Loading	SMC
Feasibility (CA = .84, CR = .84, AVE = .64)	I have adequate resources at my disposal to carry out my tasks responsibly	.838	.702
	I have sufficient information at my disposal to carry out my tasks responsibly	.845	.714
	I have sufficient time at my disposal to carry out my tasks responsibly	.712	.507
Supportability (CA = .88, CR = .88, AVE = .65)	Everyone treats one another with respect	.813	.661
	Everyone takes existing norms and standards seriously	.823	.677
	A mutual relationship of trust prevails between employees and management	.833	.694
	Everyone has the best interests of the organization at heart	.756	.572
Transparency (CA = .84, CR = .84, AVE = .58)	Management is aware of the type of incidents and unethical conduct that occur in my immediate working environment	.632	.399
	If my manager does something which is not permitted, someone in the organization will find out about it	.790	.624
	If a colleague does something which is not permitted, I or another colleague will find out about it	.763	.582
	If a colleague does something which is not permitted, my manager will find out about it	.837	.701
Discussability (CA = .90, CR = .90, AVE = .70)	There is adequate scope to report unethical conduct	.792	.627
	There is adequate scope to discuss personal moral dilemmas	.822	.676
	Reports of unethical conduct are taken seriously	.849	.721
	There is adequate scope to discuss unethical conduct	.873	.762
Sanctionability (CA = .83, CR = .83, AVE = .55)	If I reported unethical conduct to management, I believe those involved would be disciplined fairly regardless of their position	.770	.593
	Only people with integrity are considered for promotion	.721	.520
	Ethical conduct is valued highly	.672	.452
	Employees will be disciplined if they behave unethically	.789	.623
Frequency of unethical behavior towards customers (CA = .84, CR = .85, AVE = .54)	*In the past 12 months, I have personally seen or have first-hand knowledge of employees or managers in this organization:*		
	Engaging in false or deceptive sales and marketing practices (e.g., creating unrealistic expectations)	.651	.424
	Engaging in anticompetitive practices (e.g., price manipulation, offering bribes or other improper gifts, favors, and entertainment to influence customers)	.776	.602
	Improperly gathering competitors' confidential information	.753	.567
	Breaching customer or consumer privacy	.832	.692
	Violating contract terms with customers	.655	.429
Moral acceptability judgment of unethical behavior towards customers (CA = .89, CR = .89, AVE = .63)	*To what extent do you perceive the following behavior as unethical?*		
	Engaging in false or deceptive sales and marketing practices (e.g., creating unrealistic expectations)	.809	.654
	Engaging in anticompetitive practices (e.g., price manipulation, offering bribes or other improper gifts, favors, and entertainment to influence customers)	.834	.696
	Improperly gathering competitors' confidential information	.791	.626
	Breaching customer or consumer privacy	.765	.585
	Violating contract terms with customers	.783	.613

Loading standardized loading, *CA* Cronbach's alpha, *CR* composite reliability, *AVE* average variance extracted, *SMC* squared multiple correlation

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