EXPLORING ETHICAL DILEMMAS IN A PROFESSIONAL FIELD: A PERSON X SITUATION ANALYSIS OF INDIVIDUAL LEVEL DECISION MAKING

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ABSTRACT

A number of high profile scandals have evidenced the involvement of professionals in unethical behavior. The three papers in this thesis address the puzzle of why some members of the professions engage in such unethical conduct whereas others adhere to the high ethical standards expected of them.

Paper 1 (Chapter 2) advances a socio-cognitive theory that seeks to explain why and how decision makers in the professions variously make more or less ethical decisions in their work. Drawing on institutional theory, I posit that a range of competing institutional logics confront decision makers in all professions. I propose that the particular logics prevailing in decision makers' mental representations will determine the likelihood of an (un)ethical decision. Adopting a person x situation perspective, the theory highlights the critical role of individual differences. It proposes that which logics come to prevail in decision makers' mental representations depends on stable individual differences; namely, variations in human agency (i.e. core self-evaluation) and an individual's chronic preference for how they process information (i.e. stylistic preferences for rational or experiential processing or both, known as cognitive style).

Paper 2 (Chapter 3) discusses the advantages of the experimental technique known as policy-capturing. The technique is advocated as a means of operationalizing and testing the theory advanced in Chapter 2.

Paper 3 (Chapter 4) reports the findings of an empirical study in the context of the legal profession. Utilizing policy-capturing, the study tests and extends the theorizing reported in Chapter 2. Several key findings emerged. The most salient institutional logics in decision makers' mental representations were those associated with 'normative practices' in the profession and the 'market logic' cued by competition from comparator organizations. Despite the professions being considered a collective community, the findings reveal significant differences between individuals' responses to the logics prevailing. Decision makers with higher levels of agency were more resistant to situational influences that encouraged unethical behavior as were those who indicated a chronic preference for rational or experiential processing. The study also examined the influence of an additional intra-personal factor; namely, experience in the professional domain. The results showed that participants with greater levels of experience were more willing to engage in unethical conduct. The findings demonstrate how individual differences in agentic beliefs, cognitive style and professional experience have an important bearing on the structure and content of decision makers' mental representations of ethical problems, which in turn influences the likelihood of ethical transgressions.

In highlighting how individual differences interact with key features of the organizational and institutional landscape to shape decisions, this thesis contributes to the emerging literature on the microfoundations of institutional theory by providing a psychologically grounded explanation of how decision makers navigate the institutional complexity confronting them in their everyday work. In addition, by adopting a dual-process foundation for theorizing and exploring situational influences at the institutional level, this thesis contributes to the behavioral ethics literature by extending previous interactionist models of ethical decision making.

LAY ABSTRACT

Over the past two decades, a number of high profile scandals have called into question the moral fiber of the professions. Notorious examples include the failure of accountants advising Enron, the solicitors who took advantage of vulnerable clients in the Miners' Compensation Scandal, and the failings of healthcare professionals at Mid Staffordshire and Alder Hey. This research explores the question of why some professionals fall prey to unethical behavior whereas others are able to resist the temptation to engage in such conduct. This thesis proposes that unethical behavior is the product of the interaction of situational and individual factors. For example, situational factors, such as the presence of competitor organizations and the expectation of professional colleagues can serve to increase the likelihood of unethical behavior. In addition, factors such as an individual's sense of agency, their preferred style of thinking (whether predominantly analytical, intuitive, or a combination of both styles) and the level of their experience in the professional domain can influence how susceptible or resistant professionals are to the situational influences around them that have a bearing on their conduct (ethical or otherwise).

An experiment was designed to test our theory and a sample of practicing solicitors responded to a series of scenarios that depicted a commonly experienced ethical dilemma encountered in legal practice, as well as providing information to test how the various individual factors influenced the decisions they made. The findings revealed the solicitors who participated in this experiment were more likely to act unethically if their peers and comparator professional organizations did so and if there were competitor organizations nearby. Most importantly, the study revealed significant variation in responses to the ethical dilemma posed, indicating that the tendency to commit ethical breaches is ultimately dependent on a combination of personal and situational factors. Specifically, the findings showed that solicitors who characterized themselves as relatively agentic were more resistant to situational influences that encouraged unethical behavior, as were participants who indicated a preference for analytical or intuitive thinking in their judgment and decision making. The findings also revealed that solicitors with greater levels of experience in the profession were more willing to take the risk and engage in unethical conduct.

In summary, this research suggests that, while the professions are often considered a homogenous community, personal factors are important when seeking to explain why some individuals choose to cross the line and engage in professional wrongdoing.

DECLARATION

I declare that any material contained in this thesis has not been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

This thesis is presented in a three-papers format. The papers, reported in Chapters 2-4, comprise separate, but conceptually interrelated pieces of work.

I declare that the work presented in this thesis was carried out by me, initially, between October 2013 and August 2016, at the University of Warwick (Warwick Business School), under the supervision of Professor Gerard P. Hodgkinson and Professor Daniel Read and latterly, between September 2016 and October 2019, at Alliance Manchester Business School, under the supervision of Professor Gerard P. Hodgkinson and Dr. Mark P. Healey. I declare that the authorship of papers is as follows:

Chapter 2 was co-authored with Gerard. P Hodgkinson and Daniel Read (Warwick Business School).

Chapter 3 was co-authored with Gerard. P Hodgkinson.

Chapter 4 was co-authored with Gerard P. Hodgkinson and Mark. P Healey. Daniel Read (Warwick Business School) assisted with the design of the policy-capturing study and initial data analysis.

However, in all three cases, the work represents my own intellectual contribution and I drafted the manuscripts in their entirety. My co-authors contributed by offering constructive feedback and suggestions for improvement.

Publication List

The following publications have arisen from the work reported:

Nokes, K. J., Hodgkinson, G.P., & Read, D. (2016) How decision makers resolve ethical dilemmas in professional fields: A person-situation perspective. In Atinc, G. (Ed.), *Proceedings of the Seventy-sixth Annual Meeting of the Academy of Management*. Online ISSN: 2151-6561. doi.org/10.5465/ambpp.2016.14265abstract. (This publication comprised a preliminary version of the manuscript reported in Chapter 2. An earlier version of this paper was also presented at the 2015 'Cognition in the Rough' Professional Development Workshop of the Managerial and Organizational Cognition division at the 75th Academy of Management Annual Conference, Vancouver, Canada. The version reported in this thesis was revised in the light of feedback from the earlier workshop and from the conference reviewers).

Nokes, K., & Hodgkinson, G.P. (2018). Policy-capturing: An ingenious technique for exploring the cognitive bases of work-related decisions. In R.J. Galavan, G.P. Hodgkinson., & K.J. Sund (Eds.), *Methodological challenges and advances in managerial and organizational cognition (New Horizons in Managerial and Organizational Cognition, Volume* 2), Emerald Group Publishing Ltd. (This publication is the final published version of the paper reported in Chapter 3).

Nokes, K., Hodgkinson, G.P & Healey, M.P. (2017). Confronting dilemmas in complex institutional fields: A policy-capturing study of decision making by legal services professionals. In *Proceedings of the 2017 British Academy of Management Conference*, British Academy of Management. ISBN 978-0-9956413-0-3. (This publication comprised a preliminary version of the manuscript reported in Chapter 4. The version reported in this thesis was revised in the light of feedback from the conference reviewers).

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I would like to dedicate this thesis to my late father, Brian G. Nokes. Those years spent helping me with my school work developed my passion for learning and scholarship and encouraged me to always strive for better grades. Thank you Dad – this is for you.

THE AUTHOR

I qualified as a solicitor in October 1993, having gained an LLB at Cardiff University in 1989. I spent a short time in professional practice (as a criminal defence advocate) before commencing a 19 year long career with the Law Society of England and Wales. While working for the Law Society and more latterly, the Solicitors Regulation Authority (SRA), the independent regulatory arm of the Law Society, I was involved in investigating solicitors who engaged in professional wrongdoing. I held a number of different roles while at the Law Society/SRA, my last two roles being Head of Practice Standards followed by the Director of Supervision. While working at the Law Society/SRA, I undertook a second undergraduate degree in psychology (with the Open University).

My studies with the Open University ignited my passion for research and one of my last pieces of work for the regulator was a research study into the drivers for compliance within the profession[1]. Alongside undertaking the aforementioned research, my investigation work ignited my curiosity in seeking out psychological explanations for why professionals become involved in professional wrongdoing. A notable example is the Miners' Compensation Scandal[2] which involved more than 120 solicitors, with wide ranging investigation and disciplinary action against 27 law firms, law firms entering administration, professional negligence claims and damning coverage in the legal and national press. The nature of the misconduct involved in the Miners' Compensation Scandal suggested something far wider than a single event. Many solicitors caught up in the scandal had strayed into breaching

[1] The research findings (Nokes & Holloway, 2011), can be found at https://www.sra.org.uk/globalassets/documents/sra/research/attitudes-regulation-compliance-2011-research-findings.pdf

[2] See https://www.theguardian.com/uk/2008/nov/18/law-mining for background information regarding the scandal as reported by the media.

their professional and ethical duties by following what other solicitors and firms had done, thus following the 'prevailing norms' and yet, many others had chosen not to get involved in taking on such work. This led me to want to explore why some solicitors were influenced by the conduct of others around them, resulting in unethical behavior but others resisted or chose not to do so. This represented to me 'a puzzle that phenomena suggests needed investigating,' (Sherer, 2019, p. 91) and thus formed the basis of my thoughts and idea for the research contained in this thesis.

CHAPTER 1

INTRODUCTION

The Research Question

Scholars have long acknowledged the significant contribution of the professions to the economy (Brint, 1994; Empson, Muzio, Broschak, & Hinings, 2015; Muzio, Brock & Suddaby, 2013; Suddaby, Greenwood, & Wilderom, 2008) and wider society (Larson, 1977; Scott, 2008). Traditionally considered as the bastions of moral standards, the professions are charged with safeguarding some of society's key institutions by upholding ethical values in the interests of the public and resisting the pressures of capitalism and bureaucracy (Kouchaki, 2014).

However, over the past three decades, a number of high profile scandals have called into question the conduct of professionals, undermining the public trust and confidence placed in them (Coffee, 2006; Dixon-Woods, Yeung, & Bosk, 2011; Formicola, 2016; Francis, 2013; Gabbioneta, Greenwood, Mazzola, & Minoja, 2013; Mitchell & Sikka, 2011; Nash, 2019; Sodha, 2019; Weick & Sutcliffe, 2003). Such scandals are wide ranging, and include varying instances of wrongdoing such as corporate corruption due to the failure of accountants to discharge their duties as 'gatekeepers' (Coffee, 2006; Gabbioneta et al., 2013; Palmer, 2012; Mitchell & Sikka, 2011; Sikka & Willmott, 2013; Sikka, Willmott, & Lowe, 1989), the involvement of lawyers in taking advantage of vulnerable clients (Boon & Whyte, 2012), and the failure of health professionals to uphold their ethical standards in the interests of patients (Dixon-Woods et al., 2011; Francis, 2013; Hutchison, 2016: Kennedy, 2001; Redfern,

2001). The body of work within this thesis seeks to address the all-important question of why some members of the professions choose to commit such wrongdoing and violate their professions' ethical standards, whereas other members of those same professions do not.

My interest in ethical decision making in the professions and the antecedents that drive such behavior began as a result of my career in the law, and more specifically my time working for the Law Society and the Solicitors Regulation Authority (SRA). Over the course of my time at the SRA, I investigated many examples of professional misconduct including the misappropriation of client money, solicitors' acting where there were conflicts of interest, and instances of misleading the courts. While some examples of professional wrongdoing involve solicitors who intentionally set out to commit misconduct, many others involved solicitors being 'drawn' into unethical behavior. The inevitable question is what drives individuals to engage in such unethical conduct, a subject that has long occupied scholars from a diversity of disciplines, from philosophy (e.g. Knobe & Nichols, 2008), to sociology (Coffee, 2006; Dinovitzer, Gunz, & Gunz, 2015; Segal & Lehrer, 2013), to economics (e.g. Gintis, Bowles, Boyd, & Fehr, 2005), to psychology (Haidt, 2001; Kouchaki, 2014; Merritt, Effron, & Monin, 2010) and cognitive neuroscience (Cushman, 2013; Cushman & Greene, 2011; Cushman, Young, & Greene, 2011; Greene & Haidt, 2002).

This thesis is written in a 'three-papers' or article format; that is, in a style that is appropriate for publication in peer-reviewed journals and self-contained contributions to edited volumes. Chapters 2 and 4 are written in article form. Because they are intended to be self-contained, inevitably some of the material is overlapping. Chapter 3, also intended as a self-contained publication, is in the form of a book chapter.

The purpose of this opening chapter is to situate the three papers that follow within the relevant literature and to outline my intended overall contribution to knowledge. Although the three substantive chapters forming the core of this thesis were designed to be self-contained, collectively, they constitute a coherent contribution to knowledge within the interdisciplinary area of research known as managerial and organizational cognition.

The Focal Problem

Previous explanations for unethical behavior have been rooted in a range of disciplines and have involved a number of different perspectives. The 'bad apples' perspective attributes unethical behavior to a few morally suspect individuals within an organization or profession (Treviño & Youngblood, 1990) and a number of studies within the behavioral ethics literature have sought to examine the individual characteristics that might influence such unethical behavior (for reviews, see Craft, 2013; Ford & Richardson, 1994; Loe, Ferrell, & Mansfield, 2000; O'Fallon & Butterfield, 2005). Moral psychology has also focused on the individual, exploring the processes by which decision makers respond to ethically charged situations (Cushman & Greene, 2011; Cushman et al., 2011; Greene & Haidt, 2002; Haidt, 2001). With regard to the professions in particular, scholars have explored the influence of professional status and 'moral self-licensing' on the prevalence of unethical conduct (Kouchaki, 2014; Merritt et al., 2010) and the management literature has explored the impact of the 'professional-bureaucratic' conflict resulting from the variance between individuals identifying with either their professional obligations or the duties they perceive they owe to their employing organization (Abernathy & Stoelwinder, 1995; Raelin, 1985; Sorensen & Sorensen, 1974). However, due to the focus on individual characteristics,

such approaches present an impoverished explanation for unethical behavior as they are devoid of organization and field level context that can critically influence decision outcomes (Moore & Gino, 2015).

The 'bad barrels' perspective, in contrast, proposes that the organizational environment influences otherwise upstanding individuals to commit ethical violations (Ashkanasay, Windsor, & Treviño, 2006; Treviño & Youngblood, 1990). The behavioral ethics literature has examined such factors as organizational policies and procedures (Hegarty & Sims, 1978; Kish-Gephart, Harrison, & Treviño, 2010; McCabe, Treviño, & Butterfield, 1996; Somers, 2001; Weaver & Treviño, 1999) and the influence of organizational culture and climate (Kish-Gephart et al., 2010; Martin & Cullen, 2006; Victor & Cullen, 1988; Treviño, Butterfield, & McCabe, 1998). The management and organization literature has also focused on the influence of leadership (Brown & Treviño, 2006; Messick & Bazerman, 1996) and counter-normative behavior (O'Leary-Kelly, Duffy, & Griffin, 2000). More specifically, with regard to the professions, scholars have focused on the impact of environmental pressures associated with commercialization and marketization and the resulting impact on the ability of professionals to make ethical choices (Coffee, 2006; Dinovitzer et al., 2015; Faulconbridge & Muzio, 2009). However, this body of work has tended to consider the populations in question as a homogenous group.

More recently, the 'bad cellar' perspective has been advanced to explain how ethical behavior can be influenced by the broader ecologies within which professionals are situated (Muzio, Faulconbridge, Gabbioneta, & Greenwood, 2016). This perspective advocates that misconduct can arise due to problematic 'boundaries' – including the jurisdictional boundaries at the intersections of the various professions, where conflicts

of interests can arise such as when professionals in one domain turn a blind eye to the misconduct of professionals in another domain (Gabbioneta, Prakash, & Greenwood, 2014); such problems can also occur between professionals and their employing organizations (Greenwood & Hinings, 2003). However, once again, the individual decision maker is lost within the confines of this particular perspective.

The aforementioned approaches appear problematic since focusing on either the individual or the decision context represents an 'under socialized' or 'over socialized explanation' for (un)ethicality. (Un)ethical behavior within organizations is complex and often influenced by the dynamic interplay of the individual decision maker and their own particular decision context (Treviño, 1986; Treviño & Youngblood, 1990). Hence, within this thesis my aim is to advance a person x situation model of decision making with a focus on the individual actor. In particular, the focus is on how actors' mental representations of the decision at hand vary systematically on the basis of individual differences pertaining to their sense of human agency.

Utilizing the experimental technique of policy-capturing, my aim is to reveal the factors that drive the decision making of members of the professions when confronted with an ethical dilemma. As explained in Chapter 3, at the heart of cognitive science, there have been long standing debates concerning the (in)ability of decision makers to reflect on their own cognitive processes (cf. Ericsson & Simon, 1980; Nisbett & Ross, 1980; Nisbett & Wilson, 1977). The technique of policy-capturing is particularly attractive for my purposes because it uncovers the drivers of actors' decisions without imposing a requirement for such meta-cognitive awareness. Previous studies have revealed that participants' 'explicit' or self-reported policies (identified by asking participants to rate or rank directly the variables of interest in terms of the extent to

which they believe they have a bearing on the decision at hand) differ markedly from their 'implicit' or actual decision policies, as revealed by statistical analysis of policy-capturing data (German, Fortin, & Read, 2016; Hobson, Mendel, & Gibson, 1981; Taylor & Wilsted, 1974; Webster & Treviño, 1995; Zedeck & Kafry, 1977; Wang, Gao, Hodgkinson, Rousseau, & Flood, 2015). Through the use of statistical analysis, the policy capturing method is capable of revealing factors in ways that decision makers are typically oblivious to when asked to explicitly enumerate what they think has driven their judgment and choice. This ability to accurately infer the factors that influenced individuals' actual decisions is particularly important for studying ethical decisions, which often reflect the combined influence of conscious reasoning and more intuitive and reflexive processes, the latter being difficult to verbalize (Reynolds, 2006).

The Contribution to Theory

The decision environment facing professionals is increasingly complex, a topic that has formed the focus of an extensive body of work developed by sociologists who have studied the professions through the lens of institutional theory (e.g. Goodrick & Reay, 2011; Greenwood & Suddaby, 2006; McPherson & Sauder, 2013; Muzio et al., 2013; Reay & Hinings, 2005; Smets, Jarzabkowski, Burke, & Spee, 2015; Smets, Morris, & Greenwood, 2012). This complexity is due to the radical transformation of professional fields, in part, attributed to corporatization, marketization and globalization (Faulconbridge & Muzio, 2011; Muzio et al., 2013) and the existence of volatile market environments (Malhotra, Morris, & Hinings, 2006). New organizational forms of delivering professional services often prioritise profit over professionalism and undermine the traditional characteristics of professional practice such as autonomy and discretion (Mitchell, Puxty, Sikka, & Willmott, 1994; Muzio et al., 2016; Smets et al.,

2012). The changing nature of client/consumer relationships among professionals has resulted in a shift away from the traditional dependence of the client/consumer upon the professional adviser to the portrayal of more sophisticated and powerful consumers exerting economic power over advisers (Broschak, 2015; Leicht & Fennell, 2001; Dinovitzer, Gunz, & Gunz, 2014, 2015; Gunz & Gunz, 2008).

As illuminated above and in Chapter 2, a number of conflicting pressures and demands are arising increasingly in professional environments. Institutional logics are utilized in the thesis to conceptualize the pressures and demands facing professionals in practice. Institutional logics represent the prevailing belief-systems that guide attention, shape cognition and define what constitutes legitimate activity within the relevant organizational and professional field (Friedland & Alford, 1991; Thornton & Ocasio, 1999, 2008; Thornton, Ocasio, & Lounsbury, 2012). The presence of a constellation of institutional logics, which prescribe different goals and actions, has been conceptualized as 'institutional complexity' (Goodrick & Reay, 2011; Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011; Reay & Hinings, 2009; Thornton, Jones, & Kury, 2005). The existence of competing institutional logics that defy simple integration in the minds of the decision maker poses the risk of unethical behavior due to the blind spots that ensue as a result of cognitive simplification. As individuals create simplified models of the ethical dilemmas confronting them, how they weight or integrate the various logics prevailing will influence the (un)ethical decisions they make, with some logics increasing the likelihood of acting unethically and others decreasing the likelihood of acting unethically.

In utilizing a person x situation perspective, the focus is on the contribution of individual differences that might differentiate decision makers' mental representations of

the problem at hand and hence, the likelihood of their engaging in unethical conduct. The theoretical framework I advance in Chapter 2 explains the potential significance of individual differences for understanding the relative propensity of decision makers to commit ethical breaches when confronted with institutional complexity. The initial focus of my theorizing (in Chapter 2) is on two complementary sets of stable individual differences; a cluster of traits that jointly determine their overall sense of human agency (core self-evaluation) and determine individuals' overarching chronic preference for how they process information (cognitive style).

Core self-evaluation (CSE) (Judge, Locke, & Durham, 1997) is the chosen construct proposed to explore individual differences in human agency. As explained in Chapter 2, CSE is a composite trait which reflects variations in respect of a single, higher-order, latent construct that differentiates individuals along a continuum in terms of their ability to resist external pressures in their decision making (Hiller & Hambrick, 2005). As CSE represents the fundamental evaluations that individuals hold about themselves and their environment, it differentiates agentic individuals from passive individuals (Bono & Judge, 2003; Judge et al., 1997). For example, those higher in CSE have been described as being confident in their ability to influence the world around them and are more likely to believe in their own worth and capabilities (Judge, Erez, Bono, & Thoresen, 2003; Kacmar, Collins, Harris, & Judge, 2009). Judge et al. (2003) developed a well validated direct measure of CSE (see Judge and Hurst, 2007, 2008, for scale validation procedures), the Core Self-Evaluations Scale (CSES) which was utilized in the study reported in Chapter 4.

Cognitive style was operationalized by means of a dual-process theory of conception of human information processing. Such theories account for the interplay of

controlled and automatic processes in judgment and decision making (for reviews see Evans 2008; Hodgkinson & Sadler-Smith, 2018). Dual-process theories have gained prominence among behavioral scientists studying ethical decision making (Cushman & Greene, 2011; Greene & Haidt, 2002; Greene, Sommerville, Nystrom, Darley, & Cohen, 2001; Haidt, 2001). As explained in Chapter 2, the particular dual-process conception underpinning the programme of work within this thesis is Cognitive-Experiential Self-Theory (CEST) developed by Epstein and colleagues (Epstein, 1994; Epstein, 2008; Epstein, Pacini, Denes-Raj & Heier, 1996). Like all dual-process theories, this particular theory posits that decisions arise from an interplay of effortful, controlled and reasoned reflection (encapsulated by Epstein and colleagues through the notion of the 'rational system') and more rapid, automatic, intuitive reflexive processes (encapsulated by Epstein and colleagues through the notion of the 'experiential system'). The theory proposes that although the rational and experiential systems operate in a dynamic interplay, decision makers are marked by stable individual differences in chronic preferences pertaining to the use of either or both systems (Epstein, 1994; Epstein et al., 1996; Hodgkinson & Clarke, 2007). Epstein and colleagues have developed a well-validated psychometric assessment tool, the Rational-Experiential Inventory (REI), (Epstein et al., 1996; Pacini & Epstein, 1999), which I utilized to measure participants' table information processing preferences in the empirical study reported in Chapter 4.

Having advanced a model of ethical decision making in the professions in Chapter 2 (Paper 1) and associated methods in Chapter 3 (Paper 2), the study reported in Chapter 4 (Paper 3) sought to extend the theorizing of the impact of individual differences to incorporate an assessment of participants' variations in professional experience. Experience has previously been explored as a factor in the ethical decision

making literature (Craft, 2013; Ford & Richardson, 1994; Loe et al., 2000; O'Fallon & Butterfield, 2005) and expertise acquired through experience is considered to be the 'root' of effective intuitive decision making (Salas, Rosen, & DiazGranados, 2009). Due to the absence of a validated instrument to measure professional experience, I developed a bespoke measure gathering basic background information about participants and their careers (age, post qualification experience, time at firm and hours of training attended) and utilized this information to create two composite indicators reflecting experience and training.

The empirical site for the study reported in Chapter 4 is the legal services profession. The choice of legal services (focusing on solicitors), for testing the model advanced in Chapter 2, was both intellectual and pragmatic. The legal services profession has experienced a number of significant changes over the past two or so decades emanating from a variety of differing sources (Brock, Powell & Hinings, 1999; Boon, 2010; Dinovitzer et al., 2015; Gunz & Gunz, 2008; Flood, 1996, 2012; Faulconbridge & Muzio, 2008; Leicht & Fennell, 2001, 2008) and thus represents a profession that has experienced "profound and contested mutation" (Adler & Kwon, 2013, p. 930). In addition, it is a profession that (within England and Wales) has been marred by a number of high profile ethical scandals, such as the Miners' Compensation Scandal. This scandal involved a government backed scheme to compensate employees and former employees in the nationalized coal mining industry for work related medical conditions. Over 100 solicitors from 30 law firms faced disciplinary proceedings for paying referral fees to introducers and the double charging of vulnerable clients. The scandal was described by John Mann, Member of Parliament for Bassetlaw, as "the

biggest robbery from sick retired workers in British legal history."[3]

Undertaking the empirical study in the legal profession had a number of practical advantages. Due to my professional background within the profession, I was able to ensure that the stimulus materials adopted in the study reflected, albeit in a simplified form, the realities typically confronting solicitors in their day-to-day decision making. In addition, due to my own network within the profession, I was able to negotiate access to participant law firms to ensure that I had a suitable sample of respondents for data collection. For all of the aforementioned reasons, the legal services profession, and solicitors in particular, were an ideal representative sample for the study reported in Chapter 4.

The Overarching Philosophy

Critical realism is a suitable ontological foundation for the work within this thesis for a number of reasons, namely the assumptions critical realism holds about the nature of reality, the approach to causality and the position taken by this approach regarding the relationship between structure and agency. Critical realism is commonly associated with the philosopher Roy Bhaskar (1978, 1989, 1998) and has been utilized in a number of domains including economics (Lawson, 1997), marketing (Hunt, 1992) and management and organization studies (Al-Amoudi & Wilmott, 2011; Fleetwood & Ackroyd, 2004).

Critical realists advocate that reality has three ontological domains, the *empirical*, the *actual* and the *real* (Bhaskar, 1978). The empirical is the domain of

[3] See http://www.telegraph.co.uk/news/uknews/law-and-order/3709618/Britains-richest-solicitor-guilty-of-exploiting-sick-miners-for-fees.html

experienced events and is accessed through direct or indirect observation (Danermark, Ekström, Jakobsen, & Karlsson, 2002). The empirical is distinct from the actual, as the actual consists of events and outcomes which are said to exist whether or not we perceive or experience them (Sayer, 2000). For example, with regard to institutional logics, actors may reproduce 'taken-for-granted' logics without being aware of them and without questioning their legitimacy (Scott, 1995). Logics are considered to unfold in the domain of actual as they are enacted by individuals through observable social interaction and the following of rules and norms (Barley & Tolbert, 1997; Leca & Naccache, 2006). Institutions, identified from the recurring behavior of actors, are considered in the domain of actual (Leca & Naccache, 2006).

However, as structures of social reality, institutions are also considered to constitute the real (Edwards, 2016; Leca & Naccache, 2006). Edwards (2016) describes institutions as, "the 'generative mechanisms' that give rise to social outcomes as empirical tendencies," (p. 14). The domain of real consists of the underlying causal powers or generative mechanisms which cause events or outcomes to occur (Danermark et al., 2002). The focus on the operation of generative mechanisms is what differentiates critical realism from other forms of realism (Danermark et al., 2002). Notwithstanding whether or not the events are observable, their influence can be inferred through their effects (Harwood & Clark, 2012). Thus, research adopting a critical realist ontology recognizes the influence of a wider set of factors being influential in human behavior than might be readily apparent from mere observation alone.

Critical realism recognizes the role of both agency and structure in influencing individual behavior and considers that as structure and agency possess different properties, it is not possible to conflate one with the other. The creation of structures

relies on the creative and reflective actions of agentic individuals, yet structures also serve to constrain individual agency (Delbridge & Edwards, 2013; Reed, 2005b; Wainwright & Forbes, 2000). By treating structure and agency as analytically distinct, it is possible to explore how structures, including institutional logics, shape and condition the actions of individual actors (Delbridge & Edwards, 2013). Such structures serve as 'generative mechanisms' with the relationship between structures (logics) and action (of individuals) being reflected at the level of the domain of the actual (Delbridge & Edwards, 2013; Leca & Naccache, 2006). As social structures are not experienced uniformly, logics will not be enacted uniformly. The context that actors find themselves in together with their experiences and dispositions will influence whether and how they engage with the institutional logics in their environment, reflecting that outcomes are neither fixed nor given (Besharov & Smith, 2014; Goodrick & Reay, 2011; McPherson & Sauder, 2013; Voronov & Yorks, 2015).

Critical realism embraces plurality in terms of empirical research methods (Miller & Tsang, 2010). While there is general agreement that empirical quantitative approaches tend to encompass assumptions based on 'closure' by method and 'regularisation' by mathematical manipulation (Olsen & Morgan, 2005), scholars recognize that even in open systems, patterns occur due to the effect of social mechanisms known as 'demi-regularities' (Lawson, 1997). Demi-regularities are evident in situations where decision makers use 'stable conditions' such as heuristics, mental representations or schemas to determine the legitimacy of their own behavior (Downward, Finch, & Ramsay, 2002; Pratschke, 2003). Demi-regularities are open to statistical analysis as such analysis is capable of highlighting both regularity and non-regularity (Downward et al., 2002; Olsen & Morgan, 2005). For example, regression

analysis can be utilized to highlight evidence suggestive of the hidden mechanisms at play that cause events to occur and where research designs are used to create the conditions for the mechanisms to be observed (Ron, 2002). What sets critical realism apart in the use of statistical methods is the approach to interpretation of the output of the analysis. Porpora (1998) summarises this as follows:

> Even in open systems, regularities detected by analytical statistics can be as indicative of active mechanisms as are regularities detected in the experimental laboratory. No more actualism is implied in one case than the other. What distinguishes realism from positivism is not that they run regressions and we do not but how we run regressions and the significance we attach to them. (p. 4-5)

In addition, Byrne (1999, 2004) argues that while multilevel models in the hands of empiricists conflate variables with reality, in the hands of critical realists, such models are considered to be a means of accessing the underlying complexity of social relations, rather than being accurate representations of reality. Variables within models can be considered representative of the multi-level structure of nested relationships within the social world (Olsen & Morgan, 2005).

Proponents of critical realism assert that its influence is growing within management and organizational research due to an increasing dissatisfaction with alternative approaches which seek to collapse social structures into discourse or the approaches that reduce behavior to a chain of fixed and certain events that are always open to observation (Hodgkinson & Starkey, 2011, 2012; Reed, 2005b). Critical realism recognises that events and outcomes are the result of underlying factors, the existence of which may never be open to observation in the social world. The recognition that actors

are situate within open systems (albeit with demi-regularities), exercising human agency, which in turn is influenced by structural factors, reflects why critical realism offers an ontological foundation ideally suited to investigate the "deeper mechanisms and wider determinants" of decision-making (Harwood & Clark, 2012, p. 36) within professional fields.

Summary

In summary, the overall aim of my thesis is to develop and test a person x situation model to account for why members of the professions variously conform to the requirements of ethicality in their practice or choose instead to commit ethical breaches of the sort highlighted at the outset of this chapter. Adopting the three-papers pathway, the first paper (Chapter 2) advances the basic theoretical model at the heart of my thesis, while the underlying method I have used to study decision makers' mental representations is analyzed in the second paper (Chapter 3). The third paper (Chapter 4) reports an empirical test and extension of the model advanced in the first paper.

CHAPTER 2

HOW DECISION MAKERS RESOLVE ETHICAL DILEMMAS IN PROFESSIONAL FIELDS: A PERSON X SITUATION PERSPECTIVE

Abstract

Recent events in the financial, accounting and healthcare industries have heightened the need to understand how individuals in the professions make ethical decisions. This paper advances a socio-cognitive theory of how individual decision makers in the professions reconcile competing logics in their mental representations as they deal with ethical dilemmas in their everyday practice. Professional fields represent sites of institutional complexity where individuals face multiple and competing institutional logics. Drawing on recent advances in institutional theory and the literature on ethical decision making, the theory posits that, faced with complex and ambiguous cases, decision makers construct simplified representations of the problems at hand, in which the competing logics prevailing in the wider institutional environment will determine the likelihood of an (un)ethical outcome. Adopting a dual-process perspective, it is proposed that the particular logics that come to prevail in decision makers' mental representations are moderated as a function of stable individual differences in respect of cognitive style and core self-evaluation. Methodological approaches to test the theory are discussed together with directions for future research more generally.

Introduction

Despite the central importance of the professions to the global economy (Muzio, Brock, & Suddaby, 2013; Suddaby, Greenwood, & Wilderom, 2008) and society generally (Larson, 1977; Scott, 2008), surprisingly little is known about how professionals reconcile the fundamental tensions among the array of competing priorities they face, when addressing their clients' needs, while at the same time seeking to uphold the core values of their profession. Widely publicized business scandals such as Enron, WorldCom and Parmalat (Coffee, 2006; Gabbioneta, Greenwood, Mazzola, & Minoja, 2013; Muzio, Faulconbridge, Gabbioneta, & Greenwood, 2016), together with instances of serious professional wrongdoing in healthcare (Dixon-Woods, Yeung, & Bosk, 2011; Leicht & Fennell, 2008; Weick & Sutcliffe, 2003) serve as timely reminders of the serious consequences that ensue when members of the professions at the heart of such scandals, choose to commit serious ethical violations, and in so doing, engage in unacceptable conduct, to the detriment of themselves, the clients they serve, and ultimately the professions they represent.

Many of the professions have undergone radical transformation in the wake of a number of major changes, not least globalization and the increasing marketization of virtually all spheres of their activity (Faulconbridge & Muzio, 2011; Muzio et al., 2013). From medicine to architecture, to law and academia, professions that once prided themselves on a clear service ethic, with the sole purpose of meeting their clients' needs, now face a myriad of competing demands and priorities (Reay & Hinings, 2009; Scott, 2008; Smets, Morris, & Greenwood, 2012). Competing demands and priorities, such as those arising from commercial pressures for example, serve to challenge adherence to professional standards (Anderson-Gough, Grey, & Robson, 1998; Cooper & Robson,

2006; Gunz & Gunz, 2002; Grey, 2003; Leicht & Fennell, 2001; Malhotra & Morris, 2009). In this paper, the construct of institutional logics is used to conceptualize the varying tensions confronting individual decision makers in the professions.

Theorists have established that professional fields are sites of institutional complexity (Arman, Liff, & Wikström, 2014; Dunn & Jones, 2010; Goodrick & Reay, 2011; Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011; Reay & Hinings, 2009; Smets et al., 2012; Thornton, Jones, & Kury, 2005). Institutional complexity arises in environments where individuals and organizations face incompatible demands and expectations from multiple institutional logics (Greenwood, Diaz, Li, & Lorente, 2010; Greenwood et al., 2011). Incompatible logics prescribe differing goals and actions resulting in ambiguity and uncertainty as to what constitutes legitimate conduct (Raaijmakers, Vermeulen, Meeus, & Zietsma, 2015). Scholars offer divergent interpretations as to the effects of such multiplicity. Whether conflicting (Battilana & Dorado, 2010) or co-existing (Arman et al., 2014; McPherson & Sauder, 2013; Reay & Hinings, 2009), such multiplicity serves to increase the pressures on decision makers as they seek to respond to competing institutional demands (Raaijmakers et al., 2015). Responding to multiplicity often requires individuals to prioritize some logics over others (Greenwood et al., 2011). While scholarly scrutiny has previously focused on organizational responses to institutional complexity (Greenwood et al., 2010; Greenwood et al., 2011; Reay & Hinings, 2005), attention is now turning to the responses of individual actors to competing and conflicting institutional pressures (Pache & Santos, 2013; Raiijmakers et al., 2015).

Consider the (hypothetical, but not untypical) case of a state-funded surgeon, Dr. Smith, based at the Leon F. Fullger Cancer Treatment Center for South Illinois (CTCSI),

who must decide whether or not to operate on a patient with a major tumor on his liver. John Silver, the patient in question, has lived a sedentary life and his average daily alcohol consumption exceeds US State Department of Health guidelines for maintaining a healthy lifestyle. He is ineligible to fund his treatment through his medical insurance treatment plan but has the means to fund his treatment through his personal savings, and the sale of some of his assets. However, the chances of a successful outcome, defined as a five-year survival rate post-operatively, are little more than 60:40, added to which, there is a significant risk (70%) of side effects that could detract from his overall quality of life. On the other hand, Professor Steve Williams, a colleague at St. Katherine's, a nearby private hospital, has been pioneering a new drug treatment, which, although yet to be validated scientifically, seems potentially promising. It might be possible to refer Mr. Silver to this experimental program, but recently there has been a directive from the Director of Clinical Services at CTCSI reminding colleagues that the use of costly and unproven interventions, particularly interventions pioneered at rival centers of excellence, are to be discouraged, both on ethical grounds and because each time a patient is referred to an external 'competitor' treatment center, there are indirect consequences for the CTCSI 'brand'.

Complex and ambiguous cases such as these pose a series of interwoven ethical and political dilemmas for professionals. A number of institutional logics appear to be 'in play' in the example we have set out above and are reflected in professional work more generally (Goodrick & Reay, 2011; Leicht & Fennell, 2008; Reay & Hinings, 2009). These varying logics (professional, corporate, state, and market) compete for decision makers' limited information processing capacity (Simon, 1957a) in such situations as the one depicted in the foregoing scenario. It is well established that

individuals are not able to attend to all of the information in their decision environment (Simon, 1957a). Due to cognitive limitations, decision makers are only able to attend to a subset of the logics prevailing at a given point in time (Thornton, Ocasio, & Lounsbury, 2012). In addition, decision makers seek to reduce environmental and informational complexity by the use of mental representations, simplifications of the problem at hand that help to render the world tractable (Hodgkinson & Sparrow, 2002; Johnson-Laird, 1983; Tyler & Steensma, 1998).

This paper advances a *socio-cognitive theory* to illuminate how individual decision makers in the context of the professions *actually* go about making ethical decisions. Adopting a dual-process perspective, we build on the insights of Friedland and Alford (1991) and in so doing, reject the premise of 'mindless' cognition evident in the writings of early institutional theorists (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Zucker, 1977). In addition, the theory advanced serves as a counterweight to the growing *normative emphasis* on rationality espoused by advocates of evidence-based approaches to decision making in the context of the professions (Briner & Rousseau, 2011a, 2011b).

Evidence-based approaches have risen to the fore in professions as varied as medicine (Sackett, Rosenberg, Gray, Haynes, & Richardson, 1996), education (Thomas & Pring, 2004), social work (McNeece & Thyer, 2008), law enforcement (Sherman, 2002), and more recently, management (Rousseau, 2006, 2012). Advocating the explicit use of four sources of information, "practitioner expertise and judgment, evidence from local context, a critical evaluation of the best available research evidence, and the perspectives of those who might be affected by the decision" (Briner, Denyer, & Rousseau, 2009, p. 19), evidence-based advocates portray decision makers as rational

and deliberative individuals. This depiction of evidence-based practice as an inherently rational process has been subject to growing critique (Bartlett, 2011; Baughman, Dorsey, & Zarefsky, 2011; Hodgkinson, 2011, 2012) since it fails to recognize that, in practice, the actions of decision makers may deviate markedly from the normative prescriptions of the advocates of evidence-based approaches, for a variety of interwoven cognitive and political reasons (cf. Bartlett, 2011; Baughman et al., 2011; Hodgkinson, 2011, 2012; Morrell, 2012; Morrell, Learmonth, & Heracleous, 2015).

In sum, a detailed examination of how individuals reconcile the competing logics prevailing within their mental representations of the problem at hand is required to provide a more coherent description of how members of the professions make decisions in what are increasingly ethically complex and dynamic environments. This paper proposes a socio-cognitive theory as a means of advancing such a description and contributes to the emerging interest in examining how macro-level phenomena might be explained by micro-level phenomena (Barney & Felin, 2013; Creed, Hudson, Okhuysen, & Smith-Crowe, 2014; Glaser, Fast, Harmon, & Green, 2016; Haack, Sieweke, & Wessel, 2018; Harmon, Haack, & Roulet, 2018; Raaijmakers et al., 2015; Thornton et al., 2012). Scholars have recognized the need to return to pursuing micro-level enquiry given institutions are maintained and changed through the 'routine activities' of individuals (Powell & Colyvas, 2008; Powell & Rerup, 2017). We advance such micro-level enquiry by exploring the responses of individual actors to varying institutional forces (for previous such work see Besharov & Smith, 2014; Pache & Santos, 2013; Schilke, 2018; Smets, Jarzabkowski, Burke, & Spee, 2015; Smets et al., 2012). In advancing theory, this paper responds to calls for a return to focus on the microfoundations of institutional theory (Bitektine, 2011; David & Bitektine, 2009;

George, Chattopadhyay, Sitkin, & Barden, 2006; Powell & Colyvas, 2008; Powell & Rerup, 2017) and microfoundations more generally (Barney & Felin, 2013; Felin & Foss, 2005; Felin, Foss, & Ployhart, 2015).

This paper responds to explicit appeals in the extant literature for investigating how individual differences might affect responses to institutional complexity (McPherson & Sauder, 2013; Thornton et al., 2012; Thornton & Ocasio, 2008). Scholars have increasingly recognized that micro-level analysis requires an understanding of the interactive relationship between the individual and their institutional environment (Misangyi, Weaver, & Elms, 2008; Pache & Santos, 2013; Voronov & Yorks, 2015). While it is generally agreed that responses to institutional complexity are unlikely to be 'uniform' (Greenwood et al., 2010; McPherson & Sauder, 2013; Raaijmakers et al., 2015), scholarly attention has not been applied to how individual dispositions influence such responses. As agency and cognition have been central to key debates within institutional theory (Thornton et al., 2012; Friedland & Alford, 1991; Seo & Creed, 2002), this paper proposes that individual differences in sense of agency and cognition will influence the utilization of logics in mental representations, thus also influencing the ethicality of the decisions made.

The remainder of this paper is structured as follows. First, we set out our conceptual framework and then use it to theorize how professionals make decisions of varying ethicality when confronted by competing institutional logics. We then consider the role of stable individual differences in moderating the effects thus theorized. Finally, we consider the implications of our theorizing for future research and suggest methodological approaches for testing the hypotheses we advance.

Decision Making in the Professions: A Socio-Cognitive Theory

Decision makers in professional fields, by definition, operate within complex, information-rich environments. Confronted by multiple institutional logics, they are often required to make high-stakes decisions while operating under acute time pressure (Thornton et al., 2012). As it is widely accepted that individuals face limited information processing capacity (Simon, 1957a), the use of simplified versions of reality provide a means of coping with task complexity (Schwenk, 1982). Thus, multiple institutional logics pose significant cognitive challenges for boundedly rational decision makers within organizations (Simon, 1955, 1956).

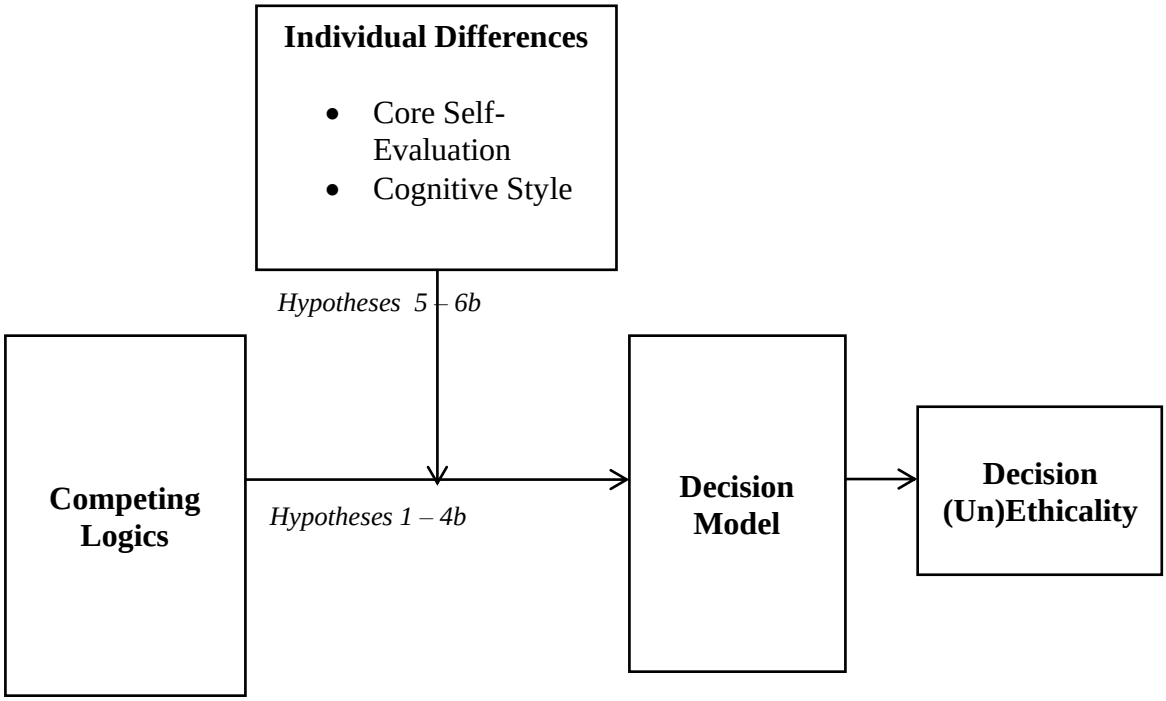
The model presented in Figure 1, which visually depicts our theory, posits that, faced with ambiguities of the order of uncertainty and complexity portrayed in the scenario presented at the outset of this paper, decision makers construct simplified representations of reality (Hodgkinson & Healey, 2008; Johnson-Laird, 1983; Simon, 1957a; Tyler & Steensma, 1998; Walsh, 1995), in which particular aspects of the decision problem at hand, together with pertinent features of the wider institutional environment, are combined selectively and weighted subjectively to inform judgment and choice (cf. Thornton et al., 2012). Without the use of such 'belief structures', decision makers would simply be overwhelmed with the complexity of information that confronts them (Walsh, 1995). We propose that the saliency of the logics within decision makers' mental representations will in turn influence the ethicality of the decision outcome.

However, since actors' responses to institutional pressures are likely to be heterogenous (Besharov & Smith, 2014; Powell & Rerup, 2017; Raaijmakers et al., 2015; McPherson & Sauder, 2013; Voronov & Yorks, 2015), we propose that stable

individual differences will moderate the utilization of institutional logics in decision makers' mental representations.

Figure 1

A Model of How Decision Makers in Professional Fields Subjectively Reconcile Competing Logics and the Resulting Ethicality of Their Decisions



In the remaining sections, we review the supporting literature pertaining to the various constructs incorporated in our model, culminating in a series of testable hypotheses and suggestions for future research.

The Professions and Professional Work

Over the last three decades, the professions have experienced profound changes (Muzio et al., 2013). The traditional view of the professions as completely autonomous, collegial individuals, has been challenged by a range of varying forces such as the

pressures of increased competition within professional sectors and the increasing bureaucratization of how professional services are delivered (Adler & Kwon, 2013; Leicht & Fennell, 2008). The 'uniqueness' of the professions has been characterized by the obligations they owe to those who use their services. Professionals are required to act in their clients' interests under what is known as their fiduciary duty (Suddaby & Muzio, 2015). However, professionals also need to consider their wider societal obligations, discharging their role of 'social trustee' (Brint, 1994) and their duty to act in the public interest (Saks, 1995, p. 11). Such obligations result in the professions occupying a 'special place of trust…in practicing arts inaccessible to the layperson', (Gunz & Gunz, 2006, p. 258).

Long running debates are evident in the literature regarding the conceptual definition of the professions (Abbott, 1998; Johnson, 1972; Larson, 1977; Macdonald, 1995; Saks, 2012). In defining the 'professions', we have sought a conceptual definition that is broad enough to encompass both the 'traditional' professions and newer entrants. We define the professions as a collection of individuals who engage in 'professional work' (Leicht & Fennell, 2008). Such work involves the command and application of knowledge and skill that has not been appropriated by others and that is often applied to core societal values. Those engaged in professional work enjoy autonomy in conducting their work, subject to peer oversight, the latter being governed by professional associations, which also safeguard the exclusivity of the professions' core tasks, tied to specialized knowledge, gained through formal training (Leicht & Fennell, 2008).

Institutional Logics

Within institutional theory, logics have been defined as "the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which

individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality" (Thornton & Ocasio, 1999, p. 804). Institutional logics provide decision makers with frames of reference, or 'repertoires of potential action', shaping interests and preferences (Glaser et al., 2016). Logics focus the attention of actors as to what is considered to be appropriate and legitimate behavior in a particular context (Friedland & Alford, 1991; Thornton, 2004; Thornton et al., 2012). The harnessing of institutional logics to frame the competing tensions and demands faced by professionals in practice is apposite given the recent application of an institutionalist lens through which to explore the role of the professions in institutional change and institutional work[4].

Professional fields have their own particular logics that are themselves situated within a larger institutional order (Greenwood et al., 2010). The particular logics relating to the professional field in question provide a system of values and beliefs that guide behavior (Friedland & Alford, 1991; Scott, 2008) and multiple logics represent demands that are "interdependent and yet also contradictory" (Friedland & Alford, 1991, p. 250). As mentioned previously, professional fields are sites of institutional complexity (Goodrick & Reay, 2011; Reay & Hinings, 2009; Suddaby & Greenwood, 2005), where actors are faced with "incompatible prescriptions from multiple institutional logics" (Greenwood et al., 2011, p. 318). The professional logic, together with the logics of public service, had previously dominated the professions for many

[4] In advancing theory on ethical decision making in the professions, this paper focuses on the everyday activities of professionals. While this paper does not explicitly incorporate the notion of institutional work, it is recognized that institutional maintenance and change occurs through such everyday activities (Lawrence & Suddaby, 2006; Muzio et al., 2013; Smets et al., 2012). Thus, the making of decisions 'in the moment' could be considered to constitute a micro-process of institutional maintenance and/or change as those decisions are then adopted or challenged by fellow actors in the institutional context.

years (Muzio et al., 2013). However, with the transformation of professional fields (Suddaby & Viale, 2011) and the transformation of the nature of professional work (Goodrick & Reay, 2011), these particular logics are now just two of the competing logics in play.

Professionals are confronted by multiple logics such as the professional logic, associated with their own expertise and professionalism (Brint, 1994; Freidson, 2001; Smets et al., 2012), their personal and professional identities (Scott, 2008; Suddaby & Viale, 2011), the managerial logic (Arman et al., 2014; Harris, Brown, Holt, & Perkins, 2014; Kitchener, 2002), the corporate logic (Empson, Cleaver, & Allen, 2013; Goodrick & Reay, 2011), and the commercial logic (Harris & Holt, 2013; Reay & Hinings, 2009), following the recent trend toward marketization of the professions (Muzio et al., 2013). While some of the aforementioned logics are 'compatible prescriptions', others are incompatible, resulting in competing demands and institutional complexity (Greenwood et al., 2011). Such complexity increases uncertainty for decision makers as to what are considered appropriate and legitimate responses to the institutional pressures they face in their daily practice (Raiijmakers et al., 2015). Current understanding of how decision makers navigate institutional complexity is limited (Raaijmakers et al., 2015).

The Professions as 'Institutional Agents'

Earlier variants of institutional theory, considered that social actors were driven mindlessly by institutional prescriptions; deeply embedded within their institutional context, actors utilized taken-for-granted assumptions, or rationalized myths to guide their behavior (Meyer & Rowan, 1977; Zucker, 1977). Actors were thus considered to succumb to environmental pressures, being nothing more than 'institutional dopes' (DiMaggio & Powell, 1991). This overly deterministic view was challenged by

institutionalist theorists who questioned how, if this were so, institutional change was possible (Greenwood & Suddaby, 2006). More recent theorizing (Battilana, Leca, & Boxenbaum, 2009; Lawrence, Suddaby, & Leca, 2009; Seo & Creed, 2002) including the institutional logics perspective (Thornton et al., 2012), recognizes that institutional structures are constraining and enabling and that individuals may engage in divergent responses to institutional demands (Battilana, 2006; Besharov & Smith, 2014; Powell & Rerup, 2017; Voronov & Yorks, 2015).

Initially the product of social construction, institutional logics are not enacted uniformly; rather, they vary from one individual to another depending on the focal individual's particularized contextual knowledge (Delbridge & Edwards, 2013) and the extent to which the individuals concerned exercise personal agency. Our theory recognizes that individuals will sit on a continuum somewhere between 'cultural dopes' (Garfinkel, 1967) and 'hyper muscular change agents (Lawrence et al., 2009). An individual's capacity for exercising personal agency influences whether an individual adheres to the prevailing logics or resists such institutional pressures (Battilana, 2006). The recognition of the professions as being the 'preeminent institutional agents of our time' (Scott, 2008, p. 219), and the role of agency in logic adoption, is suggestive that individual differences in sense of agency will influence the utilization of prevailing logics in decision makers' mental representations and thus, the resulting ethicality of their decision making.

A Dual-Process Theory Perspective on Ethical Decision Making

Although the precise details vary from one formulation to another, there is general agreement among scholars that two types of information processing are necessary in order to perform a variety of tasks typical of those required of decision

makers operating in professional service environments: a level of processing that lies largely beyond conscious control, and a deeper level of analytic processing. The former, automatic mode of processing, enables individuals to rapidly cut through vast quantities of information, while the latter, controlled mode of processing, entails detailed analysis and is consciously controlled (Evans, 2003; Lieberman, 2007; Stanovich & West, 2000; Strack & Deutsch, 2004).

As we have seen, earlier variants of institutional theory (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Zucker, 1977) portrayed actors as 'cultural dopes' (Garfinkel, 1967, p. 68), engaging in 'mindless' cognition as they respond to cultural rationalization. References to 'taken-for-granted scripts' provided an implicit emphasis on automatic processes at the expense of more effortful and controlled ones (Thornton et al., 2012). Friedland and Alford (1991), however, considered that actors engage in both 'mindless' and 'mindful' cognition and the institutional logics perspective recognizes the role of automatic and controlled processes (Thornton et al., 2012). In adopting a dual-process perspective, we recognize that in responding to institutional complexity, decision makers can engage in two different modes of processing (Thornton et al., 2012).

The theory presented in this paper is influenced by Treviño's (1986) 'person-situation interactionist' model of ethical decision making. Treviño's (1986) model resisted attributing ethical violations to either 'bad apples' or 'bad barrels' but focused on a multiple-influences perspective by proposing that such violations were the product of an interaction of both environmental and individual influences (Treviño & Youngblood, 1990). However, Treviño's (1986) model was predicated on a rational, deliberative approach to decision making, as were a number of previous explanations for

the occurrence of unethical behavior (Rest, 1986; Treviño, den Nieuwenboer, & Kish-Gephart, 2014). The rational approach to ethical decision making has recently been subject to challenge from fields such as moral psychology (Haidt, 2001) and social cognitive neuroscience (Cushman & Greene, 2011; Greene & Haidt, 2002; Lieberman, 2000) in the light of the foregoing recent advances in dual-process theories of human cognition (Evans, 2008; Lieberman, 2007).

Reflecting the growing importance of those recent advances, our theory builds on the foundation of one particular dual-process formulation, Epstein's (1994) Cognitive-Experiential Self-Theory (CEST). Epstein (1994) proposed CEST as a theory that integrates the cognitive and psychodynamic unconscious. CEST, a parallel-competitive variant of dual-process theory, is an early contributor to dual process theories which proposes that information processing takes place in two qualitatively different cognitive systems, the rational and the experiential.

Of all the variants of dual-process theories advanced, CEST is arguably the most relevant for our theorizing as it is a broad theory capable of application to a wide range of phenomena (Epstein & Pacini, 1999; Hodgkinson & Sadler-Smith, 2018). Intuition, a central foundation of expertise-based decision making (Salas, Rosen, & DiazGranados, 2010), is incorporated explicitly into the notion of experiential processing (Epstein, 2008). Within CEST, intuition is considered to be a "prudent voice" (Epstein, 2008, p. 33), and is not to be equated with "lazy thinking, short-cut rational processing, or degraded deliberative processing," as advanced in other dual-process theories (Hodgkinson & Sadler-Smith, 2018, p. 480). Furthermore, CEST is an apposite choice due to the primacy it affords to affect (Epstein, 1994, 2010), a likely component in ethical decision making.

The operations of the rational system are analytical, logical, intentional and effortful; behavior mediated through this system arises as a function of the conscious appraisal of events and reality is encoded in abstract symbols, words and numbers (Epstein, 1990; Epstein, Pacini, Denes-Raj, & Heier, 1996). It is highly demanding of cognitive resources (Epstein, 1994). The operations of the experiential system, in contrast, are holistic, automatic, and affect-laden. Processing via the experiential system is more rapid and relatively effortless; reality is encoded in concrete images, metaphors and narratives and behavior is mediated unconsciously by 'vibes' from past events (Epstein, 1994; Epstein et al., 1996; Epstein, 2010). This system makes minimal demands on cognitive resources and is recognized as the default mode of processing (Epstein, 1994). The two systems operate in parallel and contribute interactively to cognition and behavior (Epstein, 1994). Based on the insights of Epstein's (1994) theory, it is proposed that individual differences in chronic preferences for analytic (rational) and intuitive (experiential) processing (Epstein, 1994) will influence the utilization of logics in decision makers' mental representations.

Ethical Considerations

Ethicality lays at the heart of many professional decisions, from lawyers deciding whether or not to act for a particular client, to accountants deciding how to report audit findings, to the physician deciding the most appropriate treatment options for a given patient. The ability of members of the professions to make the appropriate ethical judgments, when faced with professional dilemmas, is a distinction that sets them apart from decisions makers falling outside of the professions (Larson, 1977). Such dilemmas arise when individuals face the challenge of upholding the values of their profession

while seeking to manage competing goals and priorities. Hence, many dilemmas do not have a prescriptive response and frequently involve conflicts of interests.

Although a number of definitions of unethical behavior have been advanced in the behavioral ethics literature (see, e.g., Brass, Butterfield, & Skaggs, 1998; Jones, 1991; Treviño et al., 2014; Treviño, Weaver, & Reynolds, 2006), for present purposes, we adopt the definition of (un)ethical decision making offered by Jones (1991). According to Jones " an *ethical* decision is defined as a decision that is legal and morally acceptable to the larger community. Conversely, an *unethical* decision is either illegal or morally unacceptable to the larger community" (Jones, 1991, p. 367). This definition is particularly apposite as a foundation for advancing a cognitive account of how competing logics are reconciled, because it leaves open the possibility of multiple community memberships and multiple logics of ethicality within and between those communities.

Prevailing Logics and the Challenges Facing Decision Makers in the Professions

Guided by the prevailing logics in a given field, members of the professions are considered agents who enact their environments but who, at the same time, are constrained by environmental structures (Scott, 2008). The professions have long enjoyed the benefits of their 'traditional contract' with the state (Ackroyd & Muzio, 2007), including autonomy and monopoly, in return for placing the public interest above all other incentives (Sheehy, 2013) and have enjoyed a long history of self-regulation. Their occupational distinction emanates from their use of an expert body of knowledge that has enabled them to retain jurisdictional control and social closure (Abbott, 1998; Larson, 1977; Muzio & Kirkpatrick, 2011). However, as noted at the outset, a number

of professional fields have experienced significant changes or shifts resulting from a range of factors.

Regulatory changes and the liberalization of previously closed fields have resulted in new market entrants, (Boon, 2010; Greenwood, Suddaby, & Hinings, 2002) with the logics of efficiency appearing to be prioritized over the professional logic (Harris & Holt, 2013; Martin, Currie, Weaver, Finn, & McDonald, 2017; Thornton et al., 2005). The development of new business models to deliver professional work has seen professional service organizations adopt the forms and governance structures of large corporations to compete in globalized markets (Muzio & Kirkpatrick, 2011). A shift in the prominence of clients is also evident in certain professional fields with an increasing possibility of 'client capture' (Dinovitzer, Gunz, & Gunz, 2015; Leicht & Fennell, 2008; Malhotra & Morris, 2009). These changes are reflected in field specific logics that both enable and constrain members of the professions in their everyday work.

The Effect of Prevailing Logics on Ethical Decision Making

In this section we draw on the institutional logics and the ethical decision making literatures to theorize the role of specific competing logics in determining the likelihood that a given professional will engage in (un)ethical conduct. The term 'clients' is adopted to denote the recipients of professional services across the full spectrum of domains, from medicine and law to architecture and engineering.

Studies that have explored the existence of competing logics in the professions, present a common juxtaposition between the professional logic and a range of 'opposing' logics such as the managerial logic (Arman et al., 2014; Harris et al., 2014; Kitchener, 2002), the commercial logic (Harris & Holt, 2013), the corporate logic and the logics of the market and the state (Goodrick & Reay, 2011; Thornton et al., 2005).

The professional logic includes the reliance on a body of expert knowledge, following approved practices to a recognized level of expertise, adhering to professionally defined standards, and adopting a position of independence to be able to act in the best interests of clients (Arman et al., 2014). The professional logic thus embodies the true essence of the values of being a professional (Suddaby, Gendron, & Lam, 2009). In complying with professionally defined standards, individuals need to be able to make appropriate ethical decisions, thus following an 'ethical code'. In contrast, the managerial logic and the corporate logic prioritize efficiency and cost savings, promoting a 'business-like' approach to the delivery of professional work (Reay & Hinings, 2009). Competition, efficiency and individualism appear prominently in the market logic (Kitchener, 2002), with the mechanisms of consumer choice and preference contributing to economic success and survival. These 'opposing' logics represent a threat to the professional logic (Arman et al., 2014; Reay & Hinings, 2009) and the incompatibility of institutional demands serves to generate greater uncertainty for decision makers faced with ethical dilemmas.

Beset with fundamental limitations of information processing capacity (Simon, 1957a), competing institutional demands add to the pressure of time constraints and the pressure of (organizational) performance expectations faced by the individual decision maker, potentially undermining the quality of their professional judgment. Drawing from the ethical decision making literature, we utilize situational factors previously explored in empirical studies as cues that make differing logics more salient and using such literature, hypothesize the influence of the varying salience on the likelihood of ethical violations. The factors selected reflect common themes in the institutional theory literature relating to the professions and represent 'manifestations' of institutional logics

(Greenwood et al., 2010). In setting out varying situational factors below as cues that oppose the professional logic, it is explicitly recognized that institutional complexity is in 'continual flux' (Greenwood et al., 2011, p. 319). Thus, our hypotheses are presented as one logic 'opposing' the professional logics for practical reasons, since institutional complexity requires decision makers to prioritize some interests at the expense of others (Greenwood et al., 2011).

The professional logic vs the self-interest logic: rewards and incentives. Changes in the environments in which members of the professions practice have resulted concomitantly in changing forms of practice (Muzio et al., 2013). For example, the rise of professional service firms has seen the adoption of the logics and practice of business corporations (Suddaby & Muzio, 2015). Consumers of professional services are seen as 'key strategic assets' (Broschak, 2015, p. 304), reflecting the market positioning of the organization, thereby adding to its legitimacy in the professional field. In response to the need to attract and retain clients, such organizations may create incentive packages and reward systems as a means of motivating and retaining individuals who meet client demands (Thornton et al., 2005).

Scholars have long acknowledged the existence of the professional's self-interest (Larson, 1977), and the logic of self-interest, the basis of norms under the market logic (Thornton et al., 2012), includes personal incentives and rewards. When guided by the market logic, individuals seek to increase their own personal profit or 'maximize utility' (Thornton et al., 2012; Whittle, Mueller, & Carter, 2016). The professional logic, in contrast, prioritizes acting for the public good above and beyond economic interests (Brint, 1994).

Rewards may be monetary, in the form of salaries or bonuses, or non-monetary, in the form of a promotion or some form of public recognition (James, 2000). A number of studies have explored the link between incentives and ethical decision making (Ford & Richardson, 1994; Loe, Ferrell, & Mansfield, 2000; O'Fallon & Butterfield, 2005). The expectation of personal gain acts as an incentive to engage in the very behavior that is being recognized and rewarded (Hegarty & Sims, 1978; Tenbrunsel, 1998) and presents a tension with the professional logic (acting independently and free from the taint of commercialism), especially when the behavior being rewarded risks compromising professional and ethical standards (Moore, Tetlock, Tanlu, & Bazerman, 2006). In addition, the offering of incentives can lead decision makers to adopt a 'business frame' for their decisions (Kouchaki, Smith-Crowe, Brief, & Sousa, 2013), leading to professional duties taking a 'back seat'.

Organizational reward systems and incentives serve to influence the individual's beliefs regarding the likely consequences of their actions (Ashkanasy, Windsor, & Treviño, 2006) and professional service firms can influence the conduct of their employees by being clear about what types of behavior will be rewarded or sanctioned (Treviño, 1986). In professional firms, individuals will be more willing to risk engaging in unethical conduct when there are perceived tangible benefits, such as financial rewards or incentives or promotional opportunities linked to the conduct in question. Accordingly, we suggest that the use of organizational rewards and incentives, heightens self-interest, makes the professional logic less salient, and thus increases the likelihood of unethical decisions. Hence:

Hypothesis 1: The greater the saliency of the logic of self-interest (as conveyed by the presence of rewards and incentives for risky behavior), the more likely that decision makers will engage in unethical conduct.

The professional logic vs the market logic: competition. Although business competition is naturally present in virtually all organizational fields, through controlling entry to the market and the creation and maintenance of professional monopolies, the professions have, until more recently, been able to limit its effects. However, a range of social and economic changes (Goodrick & Reay, 2011), including market liberalization to weaken monopolies in some sectors (Ackroyd & Muzio, 2007), have increased competition, by allowing new actors to enter the marketplace, with the aim of providing increased choice to the consumers of professional services. Market-based reforms within the professions have promoted greater competition (Kitchener, 2002), with the emphasis on delivering professional services at a lower cost to the client, bringing into play the promotion of commercialism and efficiency (Reay & Hinings, 2009). Thus, decision makers need to balance their professional duties inherent in the professional logic alongside the need to respond to increasing market pressures (Cooper & Robson, 2006; Leicht & Fennell, 2001; Muzio et al., 2013; Thornton et al., 2005).

Increased competition for client business within a given sector serves to increase the likelihood of individuals making unethical decisions when such behavior is linked to the economic success or mere survival of the decision maker's business (Hegarty & Sims, 1978; Ford & Richardson, 1994; Valentine & Bateman, 2011). If such behavior results in securing economic advantage over competitors, effectively 'beating off the competition,' then such behavior is likely to continue (Hegarty & Sims, 1978). As securing and retaining 'key' clients is used as an indication of success in the field

(Broschak, 2015), this may lead to the sacrificing of ethical ideals, where the focus is on the 'ends rather than the means' (Robertson & Ryman, 2001; Tenbrunsel & Messick, 2004). Where this type of competition is evident in professional fields and where there is a risk to economic survival or organizational legitimacy, we suggest there will be an increased likelihood that decision makers will engage in unethical practices, due to the salience of the market logic. Hence:

> *Hypothesis 2:* The greater the salience of the market logic (as conveyed by the presence of inter-organizational competition), the more likely that decision makers will engage in unethical conduct.

The professional logic vs the commercial logic: 'client capture'. The professional logic incorporates the exercise of expert knowledge in the carrying out of professional work to expected ethical standards (Suddaby et al., 2009). Traditionally, this has enabled professionals to hold power over their clients by creating a dependency on the part of the client for their services (Abbott, 1988; Broschak, 2015; Malhotra & Morris, 2009). This state of affairs results in power asymmetries, with professional agents exerting power over lay principals, the reverse of what is normally predicted by agency theory (Sharma, 1997). However, this traditional picture of power asymmetry in professional fields is changing. The loss of monopoly in some professional fields has enabled lower cost players to enter what have previously been controlled markets and the increasing sophistication of clients has, in some fields, resulted in a shift of power to the client, increasing the danger of 'client capture' (Malhotra & Morris, 2009). Thus, in a competitive market for services, the professional logic is pitted against the commercial pressures of acceding to client demands (Leicht & Fennell, 2001, 2008).

Pressures emanating from the commercial logic may result in decision makers prioritizing those client relationships that enhance their own position within the organizational field. Examples such as Enron, together with other corporate scandals, have revealed that professionals have been unable or unwilling to counter the demands of their most powerful clients (Gunz & Gunz, 2006). Individual careers can be dependent upon retaining key clients leading professionals to identify more with the client's demands than their professional obligations (Dinovitzer et al., 2015; Gabbioneta, Prakash, & Greenwood, 2014; Grey, 2003). These demands can be direct from the client, as in the case of Enron or indirect, from influential members of the professional's own organization where pressure is exerted for the individual to carry out tasks which otherwise they would be unhappy to perform (Dinovitzer et al., 2015).

Empirical studies have explored the influence of 'significant others' within organizations on the (individual) process of ethical decision making (Loe et al., 2000; O'Fallon & Butterfield, 2005). While empirical research has focused primarily on managers and peers, we suggest that significant others could also encompass influential clients or stakeholders, upon whom professionals and their organizations may come to rely on for fee income and legitimacy within their professional sector. In relationships where dominant or influential clients appear to be in a position of power, we suggest that professionals are more likely to engage in unethical conduct if this is what is needed to secure business deals. In these circumstances, the desire to secure an ongoing relationship with the client renders the commercial logic more salient. Hence:

> *Hypothesis 3:* The greater the salience of the commercial logic (as conveyed by the nature of client demands), the more likely that decision makers will engage in unethical conduct.

The professional logic vs 'normative' practices in the profession. The professions are recognized as homogenous occupational communities where the standards of individual and collective behavior are embodied within formal rules or codes of conduct. The professional logic also embodies the 'ideal' conduct of professionals (Suddaby et al., 2009). However, the professional logic is context dependent (Gendron, 2002) and wider influences, such as the normative practices of others at the individual level, e.g. among professional peers and at the profession or field level, will serve to represent a set of 'rules' that influence ethical conduct. Such normative practices arise from 'unwritten customs' (Freidson, 1994, p. 203), adopted by individuals through social interactions (Leicht and Fennell 2008; Pache and Santos 2013). Once instantiated, normative practices serve to provide a set of beliefs, or institutional logics, that guide behavior and represent what are considered legitimate actions within a given field (Greenwood & Suddaby, 2006; Leicht & Fennell, 2008; Zucker, 1977). The practices in question are then available as 'ready to wear templates' or normative logics within a profession (D'Aunno, Sutton & Price, 1991). In addition, the collective identity of a particular profession is likely to assist in the transmission of normative logics within the same professional field, where decision makers adopt the logics of their professional colleagues in their everyday work (McPherson & Sauder, 2013).

Organizational fields have been defined by DiMaggio and Powell as "those organizations that, in the aggregate, constitute an area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products" (DiMaggio & Powell 1983, p. 148). Interactions among actors within the field imbue professional firms and the individuals within them with shared understandings as to what is regarded as appropriate and legitimate

professional behavior in a given context. A number of factors will influence the adoption and maintenance of these normative practices, not least the density of ties between members of the organization and the profession at field level and the ability of the organization to act as a 'buffer' against field level logics (Greenwood et al., 2011, p. 342).

Such norms may be more important in situations where professional codes or regulatory requirements are unclear as to what is, or is not, considered ethically appropriate behavior. In such circumstances, decision makers are likely to fall back on using the 'social consensus' (within the professional field) to determine whether or not a given action is considered to be ethically problematic (Butterfield, Treviño, & Weaver, 2000; Gino & Galinsky, 2012). Thus, decision makers will use the behavior of similar firms in their profession as role models for legitimacy, even if their actions are ethically compromised. Hence:

> *Hypothesis 4a:* The greater the salience of normative practices legitimizing unethical conduct (conveyed through the actions of comparator organizations), the more likely that decision makers will engage in unethical conduct.

Institutions are reproduced through the 'everyday activities of individuals' (Powell & Colyvas, 2008, p. 277). Actors 'represent' and provide a voice to institutional logics and as many professionals practice with co-workers, the logics 'voiced' and 'acted out' by professional peers are likely to be influential in decision making (Zilber, 2002). Observing the everyday activities of others can influence the understanding of what is considered to be (un)ethical behavior (Gino, Ayal, & Ariely, 2009). These activities or practices, once institutionalized, endure as 'resilient social

prescriptions' (Pache & Santos, 2013; Zucker, 1977), or normative logics adopted by peers, available to decision makers to assist them in making sense of their institutional environment.

In a number of empirical studies, peers have been found to be a key referent group in influencing ethical outcomes (see Craft, 2013; Ford & Richardson, 1994; O'Fallon & Butterfield, 2005). In decision making, peers act as a primary reference point or a 'role model' (Brown & Treviño, 2014; Izraeli, 1998), and decision makers will often use their peers as organizational benchmarks as to what is, or is not, normatively acceptable in a given context (Jones & Kavanagh, 1996; Westerman, Beekun, Stedham, & Yamamura, 2007). This use of such benchmarks may be heightened in domains such as ethical decision making since ethical dilemmas often involve ambiguity and uncertainty, where individuals look to external resources, such as significant others for direction (Brown & Treviño 2014: Treviño et al., 2014).

Co-worker behavior may also be influential as a driver of conformity (Cialdini & Goldstein, 2004). As people are generally keen to behave in ways that meet with social approval (Moore & Gino, 2013), conformity acts as a powerful shaper of individual behavior. Individuals will, we suggest, tend to replicate and reproduce the dominant logics utilized by their peers. In determining the effect of peer influence, greater frequency and intensity of contact with peers is a likely driving factor (Treviño et al., 2006; Weaver, Treviño, & Agle, 2005; Zey-Ferrell & Ferrell, 1982), as is the degree of proximity between peers and the focal decision maker (Mencl & May, 2009). Hence:

> *Hypothesis 4b:* The greater the saliency of normative practices legitimizing unethical conduct (conveyed through the actions of peers), the more likely that decision makers will engage in unethical conduct.

Moderators of the Contribution of Competing Logics to Decision Ethicality

Having theorized that the mental representations underpinning the judgment and decision making of actors delivering professional services reflect the subjective reconciliation of the competing logics prevailing in the wider task and institutional environment, we turn now to outline how individual differences moderate the relationships we have hypothesized in the foregoing hypotheses. We focus in the following section exploring individual differences in a sense of human agency (core self-evaluation) and individuals' overarching chronic preference for how they process information (cognitive style).

Core self-evaluation. As individuals in the professions are recognized as 'institutional agents' (Scott, 2008; Thornton et al., 2012), we theorize that individual differences in sense of agency will moderate the strength of the relationships with regard to the logics prevailing in professional fields and the ethicality of the resulting decision outcomes. We use core self-evaluation (CSE), a superordinate construct that differentiates agentic from passive individuals (Judge, Locke, & Durham, 1997) to test our theory. As a composite trait, CSE represents the fundamental evaluations that individuals hold about themselves and their environment (Bono & Judge, 2003; Judge et al., 1997). CSE combines the widely studied traits of self-esteem, self-efficacy, locus of control and emotional stability.

Self-esteem, reflecting the extent to which individuals evaluate themselves in a positive or negative light (Rosenberg, 1965), has been described as the central element underpinning the notion of a positive 'self-concept' (Greenwald, Bellezza, & Banaji, 1988). Self-efficacy (Bandura, 1982), is a construct that reflects variations in self-belief

pertaining to the ability to cope in a given situation. Individuals marked by a high level of emotional stability, the third trait contributing to CSE, are generally free from doubt and worry (Costa & McCrae, 1992). Locus of control, the fourth and final contributory construct (Spector, 1982; Rotter, 1966), reflects variations in the extent to which individuals believe they have control over their lives and what happens to them (internal control expectancies) versus the extent to which they believe what happens to them is a function of forces beyond their personal control (external control expectancies). These four component CSE traits combine to reflect variations in respect of a single, higher-order, latent construct that differentiates individuals along a continuum in terms of their ability to resist external or environmental pressures in decision making (Hiller & Hambrick, 2005). Hence, the appropriateness of CSE as a moderator of the foregoing predictions (P1- 4b) lies in its ability to shape decision makers' orientations to the situational pressures of the institutional environment at hand.

Individuals with higher levels of CSE are likely to view themselves more positively and be more confident in their own abilities. As they feel in control of their own lives (Judge, Van Vianen, & De Pater, 2004), they are less likely to be concerned when they find themselves in situations of uncertainty (Judge & Kammeyer-Mueller, 2011). Confident in their own self-worth, they are more apt to rely on their own mental representations from past events and thus less likely to be influenced by the actions of others or seek others' approval for their actions, (Hiller & Hambrick, 2005). In so doing, they are less likely to be influenced by situational factors such as organizational or field level norms, as they are confident in their own decision making. Due to their positive self-concept (Ahn, Lee, & Yun, 2018), individuals with higher levels of CSE

are likely to want to maintain high ethical standards, and thus such self-concept may help to counter the influence of prevailing logics that normalize unethical conduct.

In contrast, those with lower levels of CSE, are likely to view themselves more negatively and be more passive. As such individuals lack confidence in their own abilities, and thus will seek out information from the external sources around them to support their decision making (Hiller & Hambrick, 2005). In seeking information to inform their decision making, this will include situational cues from the decision environment, such as the behavior of colleagues and peers to guide them, meaning that if the prevailing logics enacted by their colleagues and peers run counter to ethical conduct, then they are more likely to engage in unethical behavior. In this sense, they could be considered to be at the 'mercy' of the ethicality prevailing within their socio-political environment.

However, caution needs to be applied in hypothesizing that higher agency will always result in resisting the temptation to engage in unethical behavior whilst those lower in CSE always succumb to so acting. For example, self-reliance which stems from higher levels of CSE, may serve to increase the uncertainty of their ethical choices. Those higher in CSE are more likely to engage in risky behavior (Simsek, Heavey, & Veiga, 2010), and thus, may decide to take the risk notwithstanding that their potentially unethical choices may have repercussions. Individuals with higher levels of CSE are likely to engage in rapid decision making and will rely on their own self-insights rather than careful deliberation (Hiller & Hambrick, 2005). Their inflated belief in their own judgment, is likely to result in excessive risk taking (Simon & Houghton, 2003) and 'grandiose actions' (Hiller & Hambrick, 2005, p. 298). This confidence in their own

ability may lead such individuals to embark upon highly risky choices, for example, deviating from widely held industry norms.

Similarly, the position regarding those lower in CSE may not be clear cut. When faced with uncertainty, those lower in CSE are more prone to avoid risky situations (Hiller & Hambrick, 2005; Simsek et al., 2010). In exhibiting a more timid response to their higher CSE counterparts, they may be more inclined to stick rigidly to their profession's written ethical standards to guide them as other options may be perceived to carry too many risks. Given the apparent uncertainty as to the impact of CSE upon the influence of prevailing logics and ethical outcomes, the following open-ended hypothesis is posited:

> *Hypothesis 5:* Core self-evaluation (CSE) moderates the relationship between the institutional logics prevailing and the likelihood of decision makers engaging in unethical conduct.

Cognitive style. As we have seen, Epstein's (1994) CEST is a theory of human information processing that assumes the existence of two processing systems, the rational and the experiential. The two systems operate in parallel and contribute interactively to cognition and behavior. Neither system is superior to the other and there is usually a seamless interaction between the two systems but when conflict is experienced, it appears as a conflict between 'thoughts and feelings' or between the 'head and the heart' (see also Lieberman, 2007).

Cognitive style refers to stable individual differences in information processing during thinking, reasoning and decision making. Within the theory proposed by Epstein (1994), the ability of individuals to switch back and forth strategically from

rational/analytic to experiential/intuitive processing, as required by the contingencies prevailing, is moderated to some extent by stylistic preferences that favor the use of one system or the other or both (see also Epstein et al., 1996). The relative contribution of each of the two systems of information processing is determined jointly by an individual's chronic information processing preferences and the particular situation at hand (Epstein, 2008). Some people favor neither system, whereas others favor both systems in equal measure (see also Hodgkinson & Clarke, 2007).

There is now general acceptance that both rational and experiential (intuitive) processing play a role in ethical behavior (Haidt, 2001; Moore & Gino, 2015; Reynolds, 2006; Treviño et al., 2006). However, scholars continue to debate the relative influence of the two processing systems in their contribution to (un)ethical outcomes (Moore & Gino, 2013; Pennycook, Cheyne, Barr, Koehler, & Fugelsang, 2014) and research on the relative influence of the two systems has resulted in mixed conclusions. For example, while some studies show that controlled or analytical processing improves ethical decision making (e.g. Gunia, Wang, Huang, Wang, & Murnighan, 2012) others reveal the contrary effect (Wang, Zhong, & Murnighan, 2014; Zhong, 2011). For instance, Wang and colleagues (2014) found that adopting a calculating mindset led people to be more unethical. Due to this inconsistency in the literature, we present open-ended hypotheses and now turn to explain our rationale for this position.

Those decision makers who favor the rational system, are more likely to eschew the utilization of logics that push them towards unethical conduct, as they may view informal sources of information, such as logics, as low validity cues, and therefore not incorporate such sources in their mental representations when making decisions. Instead, they are more likely to be drawn to the detail of a situation and will seek data

and a clear rationale to justify their decision making (Sadler-Smith & Shefy, 2004). Those with a preference for rational processing are also more likely to apply a 'rule-based analysis' to the situation at hand (Reynolds, 2006, p. 740). Having taken the time to contemplate the (un)ethical implications of their choices (Moore & Loewenstein, 2004; Shalvi, Eldar, & Bereby-Meyer, 2012), such decision makers are better able to weigh up more carefully and balance their self-interests against their professional and ethical principles and make a valued judgment. In addition, institutional theorists suggest that deliberative processing renders 'taken for granted logics' more visible and therefore more open to question and challenge (Barley & Tolbert, 1997; Seo & Creed, 2002; Thornton et al., 2012). As a result, those with a chronic preference for rational processing are likely to be less susceptible to the influence of institutional logics, especially logics that concern unethical behavior. In contrast, low rationality individuals are less likely to make such effortful deliberations and thus may be more easily swayed by the situational forces in play.

However, the literature also presents evidence to the contrary. Previous studies have highlighted that too much deliberation in decision making can obscure the influences of intuitive factors which serve to censure unethical behavior (Gioa, 1992; Pennycook et al., 2014; Wang et al., 2014). Too much deliberation may reduce 'altruistic motives' (Zhong, 2011, p. 1) and lead to decision makers focusing on 'rationalizing' as a means of providing plausible reasons for their choices. In seeking to include varied sources of information to support their judgments, there is also the prospect that those with a chronic preference for rational processing are not able to 'see the wood for the trees' and become overburdened by detail (Hodgkinson & Clarke, 2007), resulting in 'paralysis by analysis' (Langley, 1995). Thus, it is unclear whether

those who favor the rational system will make ethical or unethical choices when influenced by institutional logics that run counter to ethical conduct. Hence:

> *Hypothesis 6a:* A chronic preference for rational processing moderates the relationship between the institutional logics prevailing and the likelihood of decision makers engaging in unethical conduct.

Those with a chronic preference for experiential processing are more prone to relying on previously stored beliefs and other forms of heuristics gained from experience (for further details see Hodgkinson & Sadler-Smith, 2018). Intuitive processing is likely to incorporate somatic experiences (Domasio, 1994) that may increase the likelihood of making ethical choices and 'doing the right thing' (Zhong, 2011). Reliance on moral intuitions regarding what is right and wrong (Weaver, Reynolds, & Brown, 2014), rather than extraneous forces, might counteract or even preclude attempts to incorporate information such as institutional logics that normalize ethical transgressions into a representation of the problem at hand (Weaver et al., 2014; Sonnenshein, 2007). Therefore, highly experientially-oriented individuals might underweight logics that normalize ethical transgressions in their decision models, placing reliance instead on learned rules of thumb and related cognitive and affective heuristics utilized for guiding ethical behavior in previous situations.

However, the reliance on previously stored mental representations could also increase the likelihood of adherence to prevailing logics. Such decision makers are more likely to accept taken for granted practices if those practices are deeply embedded and institutionalized (Thornton et al., 2012), have been cast into patterns or scripts (Barley & Tolbert, 1997; Seo & Creed, 2002) and are reproduced in everyday action.

Hence, to the extent that highly experiential individuals are more likely to engage in scripted or routinized behavior without reflection or deliberation, they might be more easily led by prevailing institutional logics.

Highly experiential individuals might also attend disproportionately to social cues and thus be more strongly influenced by the prevailing institutional logics. This is because such individuals are likely to rely heavily on relatively automatic affective associations and use associations to navigate social situations (Keltner & Lerner, 2010). Social cues can trigger empathetic emotions (i.e., ones that compel social conformity) and this is particularly so when there is a positive relationship between the decision makers and those exhibiting the social cues in question (Haidt, 2001; Horberg, Oveis, & Keltner, 2011). Thus, where there are professional or 'collegiate ties', this might result in those who favor experiential processing having a greater likelihood of adhering to the logics adopted by their peers. Given the aforementioned conflicting evidence, we posit:

> *Hypothesis 6b:* A chronic preference for experiential processing moderates the relationship between the institutional logics prevailing and the likelihood of decision makers engaging in unethical conduct.

Implications for Future Research

As noted at the outset, over recent decades the professions have undergone a series of major transformations, such that institutions, whose sole purpose was once the pursuit of excellence in public service delivery and ethicality, now rank among the world's largest organizations (Suddaby, Cooper, & Greenwood, 2007) and make sizeable contributions, both individually and collectively to the global economy (Suddaby et al., 2008) and wider society (Empson, Muzio, Broschak, & Hinings, 2015;

Muzio et al., 2013; Scott, 2008). High profile examples of professional wrongdoing have called into question the ethical integrity of those in the professions and highlighted the impact of ethical transgressions upon individual consumers of professional services, the wider public and institutions (Coffee, 2006; Dixon-Woods et al., 2011; Gabbioneta et al., 2013; Gabbioneta et al., 2014; O'Connell, 2004). It is highly surprising, therefore, that so little is known regarding the important question of how the individuals whose responsibility it is to deliver those services, reconcile the fundamental tensions among the myriad of competing logics prevailing, when addressing their clients' concerns and seeking to uphold the ethical standards of their chosen profession.

This paper has contributed new theory to begin to answer this question, arguing that when faced with such complexity, ambiguity and uncertainty, hard-pressed decision makers must necessarily simplify reality, attending selectively to a subset of the information available within the institutional environment (March & Simon, 1958; Simon, 1957a). Drawing on pertinent dual-process theory conceptions (e.g. Epstein, 1994; Lieberman, 2000, 2007), together with recent advances in the literature of institutional theory and institutional complexity (e.g. Greenwood et al., 2011; Reay & Hinings, 2009; Smets et al., 2012; Suddaby & Viale, 2011) and the literature on ethical decision making (Treviño, 1986), we have advanced an account of how the salient logics prioritized by decision makers have a potential bearing on whether or not professionals might choose to engage in (un)ethical conduct during the course of discharging their professional obligations and the moderating effects of individual differences.

We depart from previous theorizing on the antecedents of unethical behavior by proposing an account that explicitly connects field, organizational and individual factors recognizing that the 'levers' for unethical behavior are multilevel (Bazerman & Gino,

2012). In focusing on how decision makers in the professions reconcile competing logics, we contribute to the development of theoretical insights at the micro-level. Such insights, into how institutional forces shape individual behavior and actions are much needed, given that institutions are reproduced through the everyday, 'mundane activities' of individual actors (Powell & Colyvas, 2008; Powell & Rerup, 2017). In this section we consider how future research might test the hypotheses we have advanced and extend our theoretical analysis.

Implications for Measurement and Methods

While acknowledging that there are a range of methodological approaches open to examine how individuals experience institutional complexity, scholars have more recently advocated methodological diversity, returning to experimental methods, originally utilized by Zucker (1977), to simulate how individuals respond to multiple and potentially competing logics (Bitektine, 2011; Bitektine & Haack, 2015; Glaser et al., 2016; Schilke, 2018; Thornton et al., 2012; Voronov & Yorks, 2015.) The predominance of extant work exploring institutional complexity has utilized qualitative approaches (Arman et al., 2014; Goodrick & Reay, 2011; McPherson & Sauder, 2013; Smets et al., 2015; Voronov & Yorks, 2015). The use of experimental methods enables the exploration of causal relationships and the testing of proposed theoretical insights from the extant literature (Bitektine, 2011; Raiijmakers et al., 2015). The possibility of multilevel analysis reflects the recognition that individuals are situate within multi-layered institutional contexts (Felin et al., 2015; Friedland & Alford, 1991; Hallet & Ventresca, 2006; Harmon et al., 2018). In addition, experimental approaches can seek to capture how individual differences affect the saliency of particular institutional logics in varying contexts (Thornton et al., 2012).

We suggest that future research could test our hypotheses by using the experimental technique of policy-capturing (Aiman-Smith, Scullen, & Barr, 2002; Tyler & Steensma, 1998). Policy-capturing is a method for inferring how people integrate and weigh the information available to them in decision making (Cooksey, 1996a, 1996b; Karren & Barringer, 2002). It aims to reveal the underlying cognitive processes used in decision making, by examining how they evaluate scenarios based on factorial combinations of criteria that theory specifies as the likely basis for making their decisions (Nokes & Hodgkinson, 2018). By revealing decision makers' 'implicit' decision policies, policy-capturing provides access to the participants' "theories in use" (*what people actually do*) as distinct from their "espoused theories in action" (*what people say they do*) (Argyris & Schön, 1974). Thus, the technique avoids the pitfalls of focusing only on explicit representations which offer an impoverished and biased view of decision making (Hodgkinson & Healey, 2011, 2014; Hodgkinson, Sund, & Galavan, 2018).

The technique offers advantage over self-report measures as it seeks to reduce social desirability response sets by using statistical analysis to indirectly assess decision makers' policies (Karren & Barringer, 2002; Tyler & Steensma, 1998). Compared with alternative methods such as rating or ranking variables and points distribution, policy-capturing has been shown to be less susceptible to socially desirable responding (Tomasetti, Dalal, & Kaplan, 2016), thus making it particularly suitable for exploring morally sensitive domains of interest. Furthermore, decision makers are sometimes unable to access the real reasons for their decisions (Nisbett & Wilson, 1977) and 'after-the-event' reports proffer only post hoc rationalizations for ethical decisions (Haidt, 2001). Thus, experimental approaches in exploring individual responses to institutional

complexity can help to avoid the problems of the over-reporting of socially desirable answers and retrospective biases (Raaijmakers et al., 2015).

The creation of hypothetical decision scenarios modeled on 'real life' examples of the decision environment in question, often constructed with the assistance of judges experienced in the actual decision domain, means that it is possible to create a decision task in which the cues and decision outcomes are reflective of the natural decision environment (Aiman-Smith et al., 2002). In addition, the use of 'judges' who are familiar with the judgment task as participants, assists in study representativeness (Cooksey, 1996a; Aiman-Smith et al., 2002). Thus, policy-capturing provides an opportunity to present a diverse range of logics as cues (independent variables), with regression analysis being used to identify which cues alone or in combination are of greatest importance in explaining the decision outcome (i.e. the dependent variable) for a given decision maker. Using policy-capturing to test the causal relationships proposed in this chapter, opens up the possibility of extending the theorizing on situational and individual factors that are in play when professionals are faced with competing institutional logics that present incompatible goals and actions.

Both of the moderators incorporated in our theory have accompanying assessment scales that have been subjected to extensive psychometric evaluation. The instrument developed by Judge et al. (2003), Core Self-Evaluation Scale (CSES) is ideal for the assessment of CSE and has been found to be a better predictor of behavioral outcomes than measuring the 4 individual traits independently. CSES has demonstrated construct validity, content validity, discriminant validity and reliability (Gardner & Pierce, 2010; Judge et al., 2003; Stumpp, Muck, Hulsheger, Judge, & Maier, 2010). The Rational-Experiential Inventory (REI), a self-report instrument devised by Epstein et al.

(1996) on the basis of CEST (Epstein, 1994), a key foundation upon which we have built the present contribution, seems particularly apposite for the assessment of cognitive style. As a composite of two measures, a modified version of the well-known Need for Cognition (NFC) scale, an instrument developed by Cacioppo and Petty (1982) and a newly created measure of Faith in Intuition (FI), the measure is available in both short form (Epstein et al., 1996) and long form (Pacini & Epstein, 1999) versions.

Extending a Multiple-Influences Perspective

Our theorizing has focused purposefully on the individual decision maker as the unit of analysis because, although many members of the professions now practice in organizations, accountability rests ultimately upon the shoulders of particular individuals in terms of any sanction for professional misconduct and wrongdoing. However, we recognize, of course, that the individual decision maker is 'nested' within a hierarchical institutional context (Friedland & Alford, 1991; Hallett & Ventresca, 2006) and the resultant outcome of any given decision is ultimately a reflection of a dynamic interplay between the person and situation at hand (Treviño, 1986). Understanding more about the susceptibility of decision makers to commit ethical transgressions is likely to be of assistance to educators and regulators as well as the professional organizations in which individuals are employed.

By proposing the moderators of CSE and cognitive style, we have also set out to examine the impact of individual differences that have a major bearing on the exercise of human agency, a fundamental issue that has been prominent in debates within institutional theory over the past three decades (DiMaggio & Powell, 1991; Seo & Creed, 2002; Thornton et al., 2012). In so doing, we draw attention to the individual differences likely to moderate individual responses to institutional complexity during

ethical decision making. Thus, we have started the process of theorizing *how* these particular variables matter – when and why they might variously increase or reduce compliance with the varying institutional logics in the decision environment and in turn, how they might increase or decrease the likelihood of unethical decisions, depending upon the logics prevailing. Future empirical work is required to provide detailed evidence concerning the direction of these moderating effects.

Our analysis of individual differences as moderators of ethical responses to institutional complexity paves the way for future research to consider other individual differences. For instance, the literature on expertise evidences a marked difference between the decision making processes of novices and experts (Kahneman & Klein, 2009, 2010; Salas et al., 2010). As experience is gained, decision makers possess a greater range of 'recognizable patterns', drawn from previous similar decisions, thus enabling them to make decisions without the need for deliberative processing (Dane & Pratt, 2007; Kahneman & Klein, 2009, 2010; Salas et al., 2010). Experience is also recognized as important input into moral intuitions (Dane & Sonenshein, 2014; Haidt, 2001; Weaver et al., 2014).

However, empirical studies examining the impact of experience upon ethical decision making have yielded inconsistent findings (Craft, 2013; Loe et al., 2000; O'Fallon & Butterfield, 2005), and the wider literature points to uncertainty regarding the relationship between experience and ethical outcomes. For example, the institutional literature suggests that those with a greater level of experience in their chosen field, are more deeply embedded in the institutional context than those at earlier stages of their career due to greater 'socialization' with the predominant institutional arrangements (Thornton et al., 2012). Such levels of socialization are likely to impact upon familiarity

with and adherence to the prevailing logics (Pache & Santos, 2013). As those with greater levels of experience are also likely to hold more senior roles, this may increase the likelihood of being 'captured' by the institutional arrangements that benefit both themselves and their professional organization (Lupu & Empson, 2015; Leicht & Fennell, 2008; Malhotra & Morris, 2009), even if this involves increasing the likelihood of unethical conduct. Scholars have suggested that as professionals move up the career ladder, they move closer towards 'the market', becoming more commercial in outlook (Hanlon, 1996). However, while younger, less experienced professionals have had less exposure to the particular prevailing institutional logics, they could also be considered to be more susceptible to environmental influences as they have a greater need to be accepted by their peers and seniors (Weeks & Nantel, 1992) if they wish to progress within the professional organization. Thus, as professionals tend to remain in their chosen field after qualification, to build their careers, and due to the lack of clarity in the literature regarding the impact of levels of experience on ethical decision outcomes, we propose that experience offers potential as a moderator for future research.

In this paper, we have not confined our analysis to any particular profession, as we consider our theory applicable to a range of professional fields. Any profession that has experienced "profound and contested mutation" (Adler & Kwon, 2013, p. 930) could provide a suitable site of inquiry to explore the relationships proposed. Although professional fields such as law, medicine and accounting share common features, not least the claim over expert knowledge (Freidson, 1994; Larson, 1977), they also exhibit heterogeneity in such areas as the nature of expert knowledge under claim, the extent of potential diversification within the respective profession, and the structure of organizations delivering their services (Abel, 1998; Malhotra & Morris, 2009), serves to

heighten the need for comparative empirical investigation across a range of sectors to advance understanding of the effects hypothesized. It is highly likely that competing logics enumerated above will manifest in different ways depending upon the nature of professional practice and the relationship between those delivering the focal services and the client or consumer of the professional services in question (Martin et al., 2017).

Although we have highlighted a wide range of situational factors representing salient cues for logics in the decision environment, there are additional factors worthy of exploration. For example, the corporate logic prioritizes organizational controls and systems of governance. In addition to formal professional codes of ethics, many professional organizations invest in the development and promotion of internal ethical codes to express the values of the organization and to signal to employees what is considered to be appropriate ethical behavior (Singhapakdi & Vitell, 1990; Stevens, 2008) thereby making desired behaviors more salient (McKinney, Emmerson, & Neubert, 2010). However, the operation of such codes adds another layer of complexity to the professional environment and may not always result in improving ethical behavior. Kish-Gephart and colleagues' (2010) meta-analysis shows that while the intention of such codes is to promote ethical behavior, the use of such codes may not necessarily translate into increased levels of ethicality. In addition, the sociological literature highlights that the use of formalized mechanisms such as codes may have a negative impact on professional values and judgments (Abernathy & Stoelwinder, 1995; Dirsmith, Heian, & Covalseski, 1997; Montagna, 1968; Suddaby et al., 2009). Exploring the effect of such systems of organizational control as part of a wider investigation of the effects of competing institutional logics on individual decision making, would shed light on the question of the extent to which such organizational

mechanisms provide an effective basis for countering unethical conduct (Allen & Davies, 1993) or whether decision makers regard them as mere 'decorative artifacts' (cf. Stevens, 2008) or unnecessary bureaucratic controls (Abernathy & Stoelwinder, 1995).

Conclusion

Numerous scandals have raised significant concerns about the involvement of the professions in unethical conduct. Despite the oversight of regulators and professional associations, ethical violations in the professions still occur and when they do so, they have wide ranging impacts on both clients and society in general. This paper has added much needed theory to begin the important task of opening up the understanding of the 'black box' processes through which those delivering professional services to their clients go about making every day ethical decisions. By so doing, our theorizing emphasizes the critical importance of examining micro-level explanations for how institutional logics shape individual action and has highlighted the need to explore how individual differences moderate the influence of logics in decision making. Recent and ongoing events in the global financial and healthcare industries, to say nothing of the well-publicized Enron debacle, have brought into sharp-relief why empirical work is urgently needed to illuminate further the processes we have theorized in this paper.

CHAPTER 3

POLICY-CAPTURING: AN INGENUOUS TECHIQUE FOR EXPLORING THE COGNITIVE BASES OF WORK-RELATED DECISIONS[5]

Abstract

Policy-capturing is an experimental technique potentially capable of providing powerful insights into the cognitive bases of work-related decision processes by revealing actors' "implicit" models of the problem at hand, thereby opening up the "black box" of managerial and organizational cognition (MOC). This chapter considers the strengths and weaknesses of policy-capturing vis-à-vis alternative approaches that seek to capture, in varying ways, the inner workings of people's minds as they make decisions. It then outlines the critical issues that need to be addressed when designing policy-capturing studies and offers practical advice to would be users concerning some of the common pitfalls of the technique and ways of avoiding them.

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Introduction

This chapter argues the case for using the experimental technique known as policy-capturing (Aiman-Smith, Scullen, & Barr, 2002; Cooksey, 1996a, 1996b) as a means for gaining potentially rich insights into the cognitive bases of work-related decision processes. The primary strength of the technique lies in its ability to reveal actors' "implicit" models of the problem at hand, thereby opening up the "black box" of managerial and organizational cognition (MOC).

In policy-capturing studies, participants are presented with a series of alternative scenarios, in which the key features, referred to as cues, are varied systematically by the researcher, on a scenario × scenario basis, in order to reveal which particular cue combinations (the independent variables) predict which particular decision outcomes (the dependent variable). Immediately following the presentation of a given scenario, participants indicate their corresponding decision. Statistical analysis is then used to capture participants' decision policies, which indicate in turn the value systems underpinning their decisions (Cooksey, 1996b). Regression is the most commonly used statistical approach to model the relationships between the cues presented in the scenarios and the judgments made by participants[6]. Responses to each scenario, indicating participants' decision outcomes, are regressed onto the values of the cues. The regression coefficients (i.e., beta weights) indicate the extent to which participants have relied on the cues in question (Karren & Barringer, 2002), thus defining the "captured" decision policy, by revealing how they have combined and weighted the

[6] While regression is the most commonly used statistical technique for analyzing policy-capturing data, other approaches include ANOVA (Kachra & White, 2008) and process tracing (Billings & Marcus, 1983).

information presented to them in their decision making (Aiman-Smith et al., 2002; Cooksey, 1996a).

The term policy-capturing was first used by Bottenberg and Christal (1961), referring to the use of multiple regression equations to analyze judgment and decision making ideographically (Cooksey, 1996a). Regression coefficients indicate the relative importance of the various cues embedded in the scenarios that form the basis of participants' judgments. As such, they are considered to 'capture' the participants' decision policies, being a statistical representation of how they have combined and weighted the information presented to them in reaching their decisions pertaining to each scenario (Aiman-Smith et al., 2002; Cooksey, 1996a).

To illustrate the technique in action, Figure 2 outlines materials adapted in a recently published policy-capturing study conducted by one of the authors of the present chapter (Wang, Gao, Hodgkinson, Rousseau, & Flood, 2015). The study in question explored the cognitive basis underpinning the judgments of Chinese management decision makers empowered to make corporate charitable donations.

Figure 2

Example Policy-Capturing Scenario Adapted from Materials Employed in a Study Exploring Charitable Donation Decisions in China

Introduction; …A number of scenarios involving situations which might induce a firm into charity donation are listed. Recently, there was a massive flood disaster across some of the regions. For each scenario, based on the information provided in every case and based on your experience and knowledge, please rate your decision on a scale of 1 to 7. Place a "✓" in the appropriate place.

The shareholders, the employees, local government, and the customers pay no attention to the firms' charity donation activities. However, a number of competitors have already donated to the stricken areas.

According to this situation, what is the probability that you would make a donation on behalf of your organization at this moment?

Low probability 1 2 3 4 5 6 7 High probability

As illustrated, the participants were presented with a series of scenarios depicting varied reactions of five stakeholder groups pertaining to the decision at hand. The five stakeholder groups (independent variables) shown in the grey shaded box in Figure 2 were shareholders, employees, local government, customers and competitors. Each variable was dichotomous and was coded, 1 if they supported charitable donation and 0 if they did not support (ignored) charitable donation. Thus, the example scenario specified at Figure 2 would be coded as 0,0,0,0,1. Having read a given scenario,

participants were required to indicate the likelihood that they would commit their firms' resources by making a charitable donation.

Policy-capturing offers several key advantages over other more direct methods of elicitation (i.e., self-report techniques), making it appropriate for studying decision processes pertaining to sensitive issues, such as ethical and political dilemmas confronting decision makers in the workplace. Specifically, the technique enables researchers to access the internal representations of decision makers as they selectively combine and integrate the information that confronts them "in the moment" of their decision making, rendering explicit their "implicit" policies by revealing through a process of statistical decomposition the criteria driving their judgments and choices (Brehmer & Brehmer, 1988; Cooksey, 1996a).

These features of policy-capturing render the technique suitable for enabling MOC researchers to address the call for combining "rigor and relevance" in management research (Anderson, Herriot, & Hodgkinson, 2001; Hodgkinson & Herriot, 2002; Hodgkinson, Herriot, & Anderson, 2001; Schwenk, 1982). By rigor we mean adhering to the standards of methodological rigor; in other words, ensuring reliability, validity, and generalizability by paying meticulous attention to experimental design. By relevance, we mean the production of research that engages meaningfully with the dynamic and complex concerns of practitioners and policy makers (cf., Anderson et al., 2001; Hodgkinson & Starkey, 2011; Van de Ven, 2007).

As policy-capturing reveals the implicit policies that people adopt when making decisions, it is a suitable technique for examining decision makers' "theories in use" (*what people actually do*) as opposed to their "espoused theories in action", (*what people say they do*) (Argyris & Schön, 1974; Tyler & Steensma, 1998). People often

lack insight into the fundamental drivers of their decisions (Nisbett & Wilson, 1977), but policy-capturing provides the means for uncovering the cognitive bases of those decisions, by employing experimental materials that reflect the type of decisions encountered in the naturalistic environment to access processes that lie beyond conscious control (cf. Evans, 2008; Kahneman, 2011; Lieberman, 2007; Stanovich & West, 2000; Strack & Deutsch, 2004). Comparison between explicitly stated decision policies and those captured by regression analysis often yields divergent results, highlighting the inaccuracy of decision makers' explicit understanding of their policies (German, Fortin, & Read, 2016; Hobson, Mendel, & Gibson, 1981; Taylor & Wilsted, 1974; Webster & Treviño, 1995; Zedeck & Kafry, 1977), i.e. their theories in use (Argyris & Schön, 1974; Tyler & Steensma, 1998), thus calling into question the validity of direct self-report techniques for studying human decision processes (cf. Ericsson & Simon, 1980; Nisbett & Wilson, 1977; Nisbett & Ross, 1980).

Policy-capturing has been employed in a wide range of domains to explore how decision makers in organizations use the information presented to them. Inter-alia, studies have examined the effects of executives' experiences and perceptions on organizational decisions (Tyler & Steensma, 1998), the effect of differing contextual information on the transfer of tacit knowledge (or 'know-how') within organizations (Kachra & White, 2008), the role of various job performance components (specifically, task performance, citizenship performance and counterproductive performance) in the evaluation of performance by decision makers conducting performance appraisals (Rotundo & Sackett, 2002), the role of person-job fit factors in employee selection (Sekiguchi & Huber, 2011), and the perceptions of third parties of organizational injustice experienced by mistreated employees (Skarlicki & Turner, 2014). Policy-

capturing is most suitable for use in circumstances where extant theory and empirical evidence provide a clear guide for manipulating and presenting variables (cues) in studies and is less suitable as an exploratory technique (Cable & Graham, 2000).

The chapter is organized in six major sections. Following this introduction, the second section discusses the advantages of utilizing policy-capturing. The third section provides a brief overview of the technique's theoretical origins and the attendant requirements, informed by the theory underpinning it, for achieving ecological validity in the design of policy-capturing studies. The fourth section outlines a series of methodological choice alternatives that researchers must confront when designing policy-capturing studies and considers the strengths and limitations of those alternatives. The fifth section offers practical advice concerning the analysis of data obtained from policy-capturing studies. The final section offers a series of concluding remarks, including suggestions for future applications of policy-capturing in management and organizational research.

Methodological Advantages (and Limitations) of Policy-Capturing

Policy-capturing yields several methodological advantages over alternative knowledge elicitation techniques. As explained at the outset, one such advantage of the technique is its ability to capture decision makers' "implicit" decision policies. The indirect assessment of decision policies is particularly advantageous in the light of a number of studies that have reported discrepancies between decision makers' "explicit" policies, obtained via direct self-report methods, and their "implicit policies," obtained from regression analysis of policy-capturing data (German et al., 2016; Hobson et al., 1981; Taylor & Wilsted, 1974; Webster & Treviño, 1995; Zedeck & Kafry, 1977). In these studies, decision makers' explicit decision policies were obtained by asking them

to indicate the (perceived) importance of the manipulated cues in their decision making. Explicit decision policies represent decision makers' self-perceptions of information use, whereas implicit policies represent how decision makers *actually* make use of the information before them.

The discrepancies between the explicit and implicit policies observed in studies such as these, indicate that participants, when asked, are often unable to identify correctly the relative importance of the various cues that have informed their actual judgments and choices. Two main reasons have been advanced for such discrepancies, namely, the lack of self-insight on the part of decision makers and their susceptibility to social desirability response bias (Aiman-Smith et al., 2002).

Capturing explicit policies can be achieved by asking participants to use a self-report rating scale to evaluate the significance of the various cues incorporated in the stimulus materials (German et al., 2016; Taylor & Wilsted, 1974; Webster & Treviño, 1995), by asking participants to rank the cues in question (German et al., 2016), or by asking them to distribute a set number of points (typically 100) across the various cues in accordance with their perceived relative importance (Hobson et al., 1981; Zedeck & Kafry, 1977). By using regression analysis to infer the relationship between cues and decision outcomes, policy-capturing does not rely on the self-insight of decision makers. People are often unable to access the real reasons for their decisions, as the reasons for their behavior are not "available to conscious experience" (Nisbett & Wilson, 1977, p. 232). The comparison of explicit and implicit policies evidences poor self-insight on the part of decision makers, who tend to underestimate the importance of factors that are actually major and overestimate the importance of factors that are actually quite minor in driving their judgment and decision making (Hobson & Gibson, 1983; Valenzi &

Andrews, 1973; Zedeck, 1977). The implications of this body of work are that implicit measures provide a more reliable way of studying decision makers' cognitive processes, relative to explicit measures (cf., Ericsson & Simon, 1980; Nisbett & Wilson, 1977; Nisbett & Ross, 1980).

Because policy-capturing uses regression analysis to assess decision makers' policies indirectly, it has been found to be less susceptible to social desirability bias, relative to explicit self-report techniques (Karren & Barringer, 2002; Tyler & Steensma, 1998). When asked to account for their decisions, people can respond in a socially desirable manner for a range of reasons, not least because they wish to appear to conform to social norms (Brookhouse, Guion, & Doherty, 1986), or to appear more favorable both to themselves and to significant others (Tomasetti, Dalal, & Kaplan, 2016). Techniques that attenuate biased responding due to social desirability are particularly advantageous in research that examines the cognitive processes of decision makers in socially or morally sensitive situations (Allen & Muchinsky, 1984; Finkelstein & Brannick, 2000; Judge & Bretz, 1992; Klaas & Dell'Omo, 1991). The stimulus materials outlined in Figure 2, adapted from Wang et al. (2015), provide a convenient illustration of how policy-capturing techniques can be employed fruitfully to investigate such sensitive issues. The topic that formed the focus of this particular study was the extent to which various stakeholder groups (i.e. shareholders, customers, competitor firms, local government, and employees) influenced managers' decisions to donate corporate funds to charity. As in many of the other studies outlined above, Wang et al. (2015) observed several notable discrepancies between participants' self-reported perceptions of the relative importance of the various cues (in this case, stakeholder groups) and the actual importance of those cues in driving their decisions.

According to Tomasetti et al. (2016) policy-capturing attenuates social desirability response bias relative to explicit self-report approaches for analyzing actors' decision policies because the technique requires informants to consider the joint effects of the predictor variables, on a holistic basis, as a configuration, rather than evaluating the impact of each variable separately in turn. Although evaluating multiple cues on a configurative basis is cognitively more complex and demanding than rating or ranking them one by one, it nevertheless mirrors the natural decision environment characteristic of everyday contexts and the increased complexity of this approach reduces the ability of participants to respond in a socially desirable manner.

A second advantage of policy-capturing relative to explicit elicitation techniques is the high degree of experimental control it affords, thus enabling causal inferences to be drawn regarding the influence of the various cues incorporated into a given study on the dependent variable(s) of focal concern, thereby ensuring high levels of internal validity (Cable & Judge, 1994). Policy-capturing enables researchers to avoid potential confounds by virtue of careful experimental manipulation (Aiman-Smith et al., 2002; Karren & Barringer, 2002). Such control enables researchers to minimize inter-cue correlation and thus avoid potential problems associated with multi-collinearity (Rotundo & Sackett, 2002).

A third and final advantage of policy-capturing lies in the inherent flexibility of the technique from a statistical analysis point of view. In particular, it lends itself to multilevel approaches to analysis, thus enabling researchers to explore individuals' responses across scenarios (i.e., within-person analysis) as well as comparing responses across decision makers (i.e., between-person analysis) (Aiman-Smith et al., 2002; Dalal & Bonaccio, 2010; Zhou & Martocchio, 2001).

Having outlined the principal advantages of using policy-capturing, in the interests of balance, it also important that we acknowledge some limitations of the technique. Even advocates of policy-capturing concede that hypothetical scenario sets are unable to capture the richness of decision making in the "real world" (Aiman-Smith et al., 2002; Graves & Karren, 1992; Hobson & Gibson, 1983). Scholars have questioned whether the decisions of "paper people" reflect the decisions made in changing organizational contexts (Gorman, Clover, & Doherty, 1978). However, studies have shown that when the characteristics of the decision environment are known and capable of adequate experimental simulation, the use of "paper people" does indeed enable researchers to gain valid insights into judgment and decision making (Brehmer & Brehmer, 1988; Kirwan, Chaput de Saintonge, Joyce, & Currey, 1983). Critical to addressing this acknowledged limitation of the technique is ensuring that the experimental scenarios depict adequately the most important features of the decision environment, an issue we consider in some detail in the next section.

Theoretical Foundations and Basic Design Principles

Probabilistic Functionalism, the Lens model, and Social Judgment Theory

The theoretical origins of policy-capturing derive from Egon Brunswik's notion of *probabilistic functionalism*, a body of work which highlighted the importance of examining the interplay of organisms and their ecologies; that is, the natural decision environment in which the organism is embedded (Brunswik, 1956). Brunswik considered that researchers should focus on examining naturally occurring relationships between the individual and their ecology, rather than situations that would never be encountered in the "real world". Brunswik's "lens model" proposes that people attend selectively to information scattered in the decision environment, recombining it

subjectively to project their (subjective) views of the environment onto the external world, as the basis for taking action (Cooksey, 1996a). Hammond (1955) extended Brunswik's probabilistic functionalism and the lens model beyond the domain of basic perception to the domains of judgment and decision making and later, with colleagues, drew together Brunswik's ideas under the umbrella of *social judgment theory* (Hammond, Stewart, Brehmer, & Steinmann, 1975). Social judgment theory provides a framework of techniques for exploring what information people utilize and how they weigh and integrate it into their judgment and decision making. Mathematical models are used to represent the "cognitive system" by which people reach decisions, the focus being on the relationship between the decision maker and the decision task at hand (for further details, see Cooksey, 1996a, p. 11).

Brunswik's notion that the individual (organism) and the environment (ecology) should receive equal emphasis in the study of human information processing is reflected in policy-capturing by two major principles, namely: (1) a commitment to ensuring that the stimulus materials (scenarios) are representative of the decision ecology (the principle of representative design); and (2) a commitment to idiographic analysis.

Principle 1: Representative Design

The *representative design* principle mandates that judgment and decision making should be investigated under conditions that mirror those of the natural decision ecology. In other words, the information presented to decision makers (in the form of cues) should be sampled from the decision ecology of focal concern, paying particular attention to how those cues are presented in their natural form. Four major methodological decisions are key to achieving such representativeness, namely: (1) understanding what decision makers do in their natural ecologies (the decision task); (2)

understanding how information confronts decision makers (cue presentation); (3) knowing what decisions are made when information has been evaluated (the outcome measure); and (4) knowing what type of people generally make the type of decision forming the focus of the proposed study (who are the judges?).

Designing the decision task. Understanding the characteristic features of the focal decision task in its natural ecology is a critical prerequisite for devising a well-designed policy-capturing study. To assist in achieving such representativeness, researchers should consult a range of sources, both to enable them to understand the decision task and to construct suitably realistic scenarios (Hitt, Dacin, Levitas, Arregle, & Borza, 2000; Karren & Barringer, 2002; Tyler & Steensma, 1998). Interviews or surveys[7] to harness the expertise of experienced decision makers or experts from the domain in question (Cable & Graham, 2000; Hitt & Middlemist, 1979; Kachra & White, 2008; Wang et al., 2015; Zhou & Martocchio, 2001), consulting the extant literature (Cable & Graham, 2000; Tong, Reuer, Tyler, & Zhang, 2014), obtaining relevant information from representative organizations (Cable & Judge, 1994; Judge & Bretz, 1992), and consulting publicly available documentary sources (Aiman-Smith et al., 2002), are common strategies for ascertaining what occurs in the natural decision environment. Although experienced decision makers are a key source of information for constructing experimental scenarios, as highlighted earlier, they may not have access to the real reasons for their decisions (Nisbett & Wilson, 1977). Using a range of sources to construct the scenarios, together with a pre-test or pilot phase, thus helps to ensure

[7] Alternatives to interviews and surveys include Flanagan's (1954) critical incident technique and Kelly's (1955) repertory grid technique (Cooksey, 1996a). For a detailed discussion regarding the use of the critical incident technique in policy-capturing studies, see Kristof-Brown, Jansen, & Colbert, (2002).

that the decision task at the heart of a given study is reflective of what occurs in the "real world" (Hitt et al., 2000; Pablo, 1994; Webster & Treviño, 1995; Wang et al., 2015).

Cue presentation. Once the decision task has been established, researchers need to make several key decisions about how the manipulated cues are to be presented to participants. There are two key trade-offs regarding the incorporation of cues.

First, the number of cues and cue levels will influence the number of scenarios that participants might reasonably be expected to evaluate. A design incorporating 5 cues, each with 2 levels, will result in a total of 32 scenarios (5_2 = 2x2x2x2x2). Adding just one additional cue results in an overall increase from 32 to 64 (i.e., 2_6) scenarios. Incorporating too many cues in the core scenario will stretch participants beyond their cognitive capacity, to say nothing of their powers of endurance, inevitably resulting in poor quality data. Ideally, the number of cues should be representative of the problem space, while avoiding overload for participants, mindful of the fundamental limitations of working memory (Cooksey, 1996a; Miller, 1956)[8]. If there is a risk of participant fatigue, researchers should consider employing a fractional factorial design, mindful, however, of the trade-offs incurred by such designs, discussed in the next section.

Second, although cues occurring in the natural decision ecology may well be correlated, ensuring orthogonality in the design of policy-capturing studies (i.e., purposefully minimizing intercorrelations among cues, such that they are zero or near to zero) enables the assessment of the independent effects of the cues thus manipulated

[8] Scholars do not agree on the minimum number of scenarios required to permit robust statistical analysis (i.e., to obtain stable regression estimates). Cohen and Cohen (1983) suggest a minimum ratio of 10 scenarios per cue, whereas other researchers consider that a ratio of five scenarios per cue is sufficient, provided there is no multicollinearity between the cues (Cooksey, 1996a; Stewart, 1988). Careful piloting will help researchers to determine the number of scenarios that strike the appropriate balance between obtaining sufficient data and not overburdening participants (Wang et al., 2015).

(Zedeck & Kafry, 1977). Hence, whenever cues are correlated in the natural ecology, researchers must address the trade-off between 'representativeness,' on one hand, and the ability to undertake robust statistical analysis on the other hand (Aiman-Smith et al., 2002). Creating orthogonal cues is usually achieved by employing a fully-crossed design, which entails crossing all values of each cue with the values of each of the other cues (Aiman-Smith et al., 2002; Kristof-Brown et al., 2002). In fully-crossed design studies, all possible combinations of the various cues and cue levels are incorporated, thus ensuring complete coverage of all possible influences on the decision at hand. Although the construction of orthogonal cues enhances computational efficiency, researchers need to be mindful that incorporating cues and cue combinations that do not exist in the natural ecology of the workplace can have an adverse impact on a study's external validity.[9]

Choosing appropriate outcome measures. In deciding the choice of outcome measures, researchers need to balance the need for outcomes that reflect the true decision ecology with considerations regarding statistical analysis. Ideally, the dependent variable should reflect the units of measurement considered by decision makers in the natural environment, although there may be the need to use an 'approximate' measure if it is not possible to replicate the metrics adopted by decision makers in the actual decision ecology; this is, the actual judgment dimensions and accompanying units of measurement (Cooksey, 1996b).

9 Researchers also need to consider the distribution of cue values, that is, the cue ranges, depicted in the constructed scenarios. Whereas some scholars focus on the importance of cue ranges reflecting, as near as possible, the distribution of cues in the real task environment (Karren & Barringer, 2002), others consider that consistency across levels should take precedence over realism (Aiman-Smith et al., 2002). However, there is agreement that researchers should ensure consistency of levels of cues within a given study (Aiman-Smith et al., 2002; Karren & Barringer, 2002).

Rating scales are commonly used in policy-capturing studies (Brown & Allgeier, 1996; Cable & Judge, 1994; Dalal & Bonaccio, 2010; Nicklin, Greenbaum, McNall, Folger, & Williams, 2011; Pablo, 1994; Reeve, Bonaccio, & Charles, 2008; Tyler & Steensma, 1998), such as the scales illustrated in Figure 2. In order to ensure clarity of understanding for all participants, when devising rating scales due consideration should be given to the number of scale points incorporated (Russell, Pinto & Bobko, 1991), the (relative and absolute) distance between scale points, and the nature of any accompanying verbal anchors (Karren & Barringer, 2002). A common alternative to rating scales is graphical response measures, which require participants to indicate their decision on a line diagram or to use a slider on a computerized image of the scale or scales in question (e.g., ranging in magnitude from 0 to 100%). Such scales are typically accompanied with anchor points at the uppermost and lowermost points. A related approach requires participants to select their responses from a series of categorical alternatives (Aiman-Smith et al., 2002; Cooksey, 1996a). Irrespective of which approach or approaches is/are to be adopted, careful piloting should be undertaken as a matter of course.

Choosing appropriate judges. The final factor to consider in seeking to achieve a representative study, is the choice of participants or "judges". Research questions should drive the appropriate choice of judges and the sample should be representative of the population level occupational group or groups forming the focus of the study (Aiman-Smith et al., 2002; Cooksey, 1996a). For example, examining the policies of healthcare professionals making decisions about treatment options for patients requires a sample drawn from an appropriate cross-section of healthcare professionals, representative of the wider population of such professionals, if results are to be

generalizable beyond the confines of experimental study. Attaining representativeness of the population in question requires researchers to consider carefully the extent to which the expertise level(s) of the judges incorporated into the sample are isomorphic with those of the population from which the sample is drawn. Theories of expertise-based decision making (Kahneman & Klein, 2009, 2010; Salas, Rosen, & DiazGranados, 2010) make a clear distinction between novices and true experts (whose expertise is gained typically through many years of experience). True experts possess a greater repertoire of "recognizable patterns" that enable them to identify potential solutions to the problem(s) at hand, without the need for more effortful, deliberative processing (Dane & Pratt, 2007). If novice judges are recruited to a study, researchers need to consider the necessary adaptations required to the primary research task, which of necessity will limit the extent to which the findings can be generalized beyond the confines of novice decision makers (Cooksey, 1996a).

When using experienced judges, policy-capturing studies often employ a purposive sampling design based on characteristics of the occupational population being studied. The number of judges required in the sample is dependent upon the research questions being explored; in an idiographic study, an issue of primary importance is the number of scenarios per participant required to obtain stable regression estimates (Aiman-Smith et al., 2002), whereas in nomothetic studies the overall sample size required to attain appropriate statistical power for the hypotheses under investigation becomes an important consideration (Cohen & Cohen, 1983; Cooksey, 1996a).

Principle 2: A Commitment to Idiographic Analysis

The second major principle underpinning policy-capturing arising from Brunswik's lens model is that, because the focus is on the uniqueness of the individual

decision maker, researchers should—initially at least—adopt an idiographic approach to statistical analysis, seeking to understand individual participants' decision models, before proceeding to nomothetic analysis (cf., Cooksey, 1996a; Hemingway & Conte, 2003; Tyler & Steensma, 1995). In general, idiographic approaches seek to identify what is unique about individual decision makers' decision policies and the mental representations that guide the way in which they integrate the various pieces of information into a given judgment. Nomothetic approaches, in contrast, focus on commonalities and statistical regularities.

As observed by Cooksey (1996):

> Systematic experimental design typically requires the use of analysis of variance or related statistical methods to accomplish the analysis of data arising from the design. The focus of such methods is on average levels of performance consistent with a *nomothetic* orientation toward seeking generality and lawfulness… Instead Brunswik (1952,1956) advocated an *idiographic-statistical* approach. This implied a concern with the uniqueness of each organism as it engaged in functional behavior within the context of a particular ecology… The methodological consequences of probabilistic functionalism include representative design where the focus is on

> obtaining substantive or formal samples of ecological situations and the idiographic-statistical approach where statistical tests are applied to each individual measured under a number of situations within an ecology. (p. 7-8)

As with other idiographic techniques such as the repertory grid technique (cf., Hodgkinson, 2005; Hodgkinson, Wright, & Anderson, 2015; Kelly, 1955), by abandoning this second principle, it is possible to derive generalizable insights into decision behavior across individuals within and beyond a given sample (see, e.g., Dalal & Bonaccio, 2010; Kristof-Brown et al., 2002; Reeve et al., 2008; Sekiguchi & Huber, 2011; Spence & Keeping, 2010; Wang et al., 2015). Hence, the inherent flexibility of policy-capturing enables researchers to examine both homogeneity and heterogeneity in actors' decision models.

Research Design Issues

The predominant preference in policy-capturing studies has been to use full factorial designs, also known as fully-crossed designs (Graham & Cable, 2001; Karren & Barringer, 2002). However, if researchers are concerned about confronting participants with a large number of scenarios, potentially impacting adversely on response rates and data quality, an alternative approach is to use a confounded factorial design such as a fractional factorial or incomplete block design (Karren & Barringer, 2002).

Fractional factorial designs involve reducing the number of scenarios to a more manageable subset, by eliminating scenarios based on cue combinations deemed of less interest, given the overriding goals of the study or studies in question, or by randomly

selecting scenarios for inclusion in the stimulus materials from the population of potential scenarios; that is, a subset of scenarios drawn randomly from the full factorial set (Graham & Cable, 2001; Karren & Barringer, 2002). Having reduced the overall number of scenarios to be considered, participants evaluate the complete subset of scenarios thus remaining exactly as they would in a full factorial design. Example studies that have adopted this approach include Allen and Muchinsky (1984), Klaas and Dell'Omo (1991), Pablo (1994), Wang et al. (2015), and Webster and Treviño (1995). A popular approach in devising fractional factorial designs is to use a one-half replicate of the total scenarios generated at the outset (Klaas & Dell'Omo, 1991; Pablo, 1994; Wang et al., 2015). For example, in a 2_5 fractional factorial design, participants are required to consider 16 out of the 32 possible scenario combinations pertaining to the corresponding complete 2_5 full factorial design (Wang et al., 2015).

In incomplete block designs, in contrast, all possible scenario combinations are incorporated, but each participant evaluates only a subset of those combinations (Karren & Barringer, 2002). Incomplete block designs are relatively uncommon in the policy-capturing literature, not least because researchers need to identify confounded effects before proceeding to the data collection stage (Graham & Cable, 2001). Furthermore, incomplete block designs require larger sample sizes because participants only evaluate one subset of the total number of scenarios, with the number of participants increasing dramatically with the number of subsets created (Karran & Barringer, 2002)[10].

[10] Consider, for example, the case of a full factorial design comprising a total of 32 scenarios and a sample of N = 200 participants. In the event this design was replaced with an incomplete block design comprising four blocks each with eight scenarios, the total sample size required would increase to N=800. In the event that a fractional design were adopted, the sample size of N=200 pertaining to the full factorial design would remain unchanged.

In considering a fractional design, researchers need to weigh three pertinent factors: (1) the nature of the research questions being explored, (2) the desired statistical estimations, and (3) practical constraints such as the availability of willing participants or lack thereof. If researchers are exploring the role of individual differences in decision makers' policies, then all participants should evaluate a common set of scenarios; hence, a full factorial or a fractional factorial design should be employed, not least because when incomplete block designs are adopted, main effects and interactions are typically confounded with between-participant factors (Graham & Cable, 2001).

Full factorial designs permit the exploration of main effects and higher-order interactions, whereas fractional factorial and incomplete block designs are both limited in terms of the statistical analyses that can be undertaken in this respect. Fractional factorial designs can result in estimations being confounded, due to the fact that only a fraction of the possible scenario combinations are incorporated in the study. Incomplete block designs limit the inferences that can be drawn from individual-level regressions, because participants evaluate only a subset of the various scenarios comprising the full set (Graham & Cable, 2001). Incomplete block designs permit the estimation of more effects and require fewer assumptions regarding which effects are important and which are negligible, relative to fractional factorial designs, because the results are not dependent upon which particular scenario combinations have been selected to be evaluated (Graham & Cable, 2001). Both types of confounded designs limit the interpretation of higher-order interactions and should only be utilized if such interactions are unimportant to the research question(s) at hand (Karren & Barringer, 2002).

As a greater number of participants are required for incomplete block designs than for full factorial or fractional designs, researchers will need to consider the

availability of the required number of participants for their chosen study. For these reasons, when contemplating the pros and cons of confounded factorial designs versus full factorial designs, researchers need to consider carefully the "trade-offs" between reducing the number of scenarios each participant is required to evaluate, versus the overall sample size requirements and attendant informational gains and losses associated with each design.

Although full factorial designs remain the design of choice for most researchers, incomplete block designs offer advantages to researchers who are particularly concerned about the potential dangers of participant overload and fatigue. Readers who want to consider in further depth the pros and cons of incomplete block designs vis-à-vis the (gold standard) full factorial design, should consult Graham and Cable (2001).

Data Analysis Issues

As highlighted earlier, one of the advantages of policy-capturing is the ability to explore within-person responses across scenarios and between-person variance across decision makers (Aiman-Smith et al., 2002; Dalal & Bonaccio, 2010; Zhou & Martocchio, 2001). Thus, the technique presents researchers with a range of options regarding the focus of analysis.

Brunswik's theoretical foundations focused on an idiographic statistical approach, recognizing the uniqueness of the individual organism in its responses to the environment (Brunswik, 1956; Cooksey, 1996b). Using regression techniques[11], at the individual level, data obtained from policy-capturing studies are used to generate a

[11] Researchers will need to pay regard to the four key assumptions associated with regression techniques, namely, normality, linearity, homoscedasticity, and independence of residuals (Cooksey, 1996a; Tabachnik & Fidell, 2013). Of these four assumptions, the latter two are likely to be the most problematic in policy-capturing studies (Aiman-Smith et al., 2002).

separate decision model for each participant, revealing the cues of importance to the focal individual by means of regression coefficients (Aiman-Smith et al., 2002). Separate decision models capture the value systems of each participant, revealing how they have each made their decision choices when presented with the information in the varying scenarios. Thus, the focus is on the unique functioning of the individual decision maker. Researchers can also use these separate decision models to identify groups of individuals with similar policy types, via the use of cluster analysis techniques (Cooksey, 1996a; Hemingway & Conte, 2003).

Nomothetic analysis, in contrast, explores the importance of the cues presented in the scenarios across decision makers and seeks to draw out "overall tendencies" in decision policies across the entire sample (Aiman-Smith et al., 2002, p. 392). Nomothetic approaches to the analysis of policy-capturing data entail averaging or aggregating participant data (Hitt & Barr, 1989; Tyler & Steensma, 1995, 1998).

Increasingly, multilevel analysis techniques are being utilized to explore idiographic and nomothetic aspects of policy-capturing data concurrently (Au & Chan, 2013; Dalal & Bonaccio, 2010; Hitt et al., 2000; Kristof-Brown et al., 2002; Nicklin et al., 2011; Sekiguchi & Huber, 2011; Skarlicki & Turner, 2014; Spence & Keeping, 2010; Tong et al., 2014; Wang et al., 2015). Multilevel analysis techniques are ideal for this purpose because typically policy-capturing data takes the form of a hierarchical structure; that is, lower level (individual) observations are "nested" within higher (collective) levels (Kreft & De Leeuw, 1998). A feature of data obtained from policy-capturing studies is that the observations obtained from participants (within-participant variance) are nested and vary across participants (between-participants' variance). The use of multilevel analysis for such data, avoids problems associated with the

interdependence of observations and the aggregation of data (Raudenbush & Bryk, 2002; Snijders & Bosker, 2012).

The first step in multilevel analyses is to assess its suitability for the data in question, by ascertaining the extent of variance due to between-participant factors (Kreft & De Leeuw, 1998). The percentage of between-participant variance is estimated by the means of a "null model", a "no predictors" model that partitions the variance in the dependent variable into its within- and between-participant components. The presence of between-participant heterogeneity indicates that multilevel analysis is appropriate. Following the identification of sufficient between-participant variance, a level 1 analysis is conducted to explore the within-participant data, following which a level 2 analysis is undertaken to explore the between-participant data. There are numerous software packages now available that are suitable for performing multilevel analysis with policy-capturing data and texts that provide basic and advanced overviews of multilevel modeling procedures (see, e.g., Hayes, 2006; Kreft & De Leeuw 1998; Snijders & Bosker, 2012).

Concluding Remarks

Organizational decision makers are embedded in complex and dynamic environments, and are required to navigate their way through a myriad of informational uncertainty and ambiguity in order to provide solutions to pressing problems (Hodgkinson & Healey, 2008; Hodgkinson & Sparrow, 2002; Walsh, 1995). Against this backdrop, scholars acknowledge that due to cognitive limitations, decision makers are only able to attend to a subset of the information that confronts them (March & Simon, 1958; Simon, 1957a). In addition, the limits of introspection (Nisbett & Wilson, 1977) mean that, all-too-often, actors do not possess self-insight into the actual reasons

driving the decisions they make. Such constraints present significant methodological challenges for scholars seeking to identify the cognitive bases of work-related decisions.

This chapter has argued the case for utilizing policy-capturing as a means of opening up the "black box" of organizational decision processes. Policy-capturing offers an especially powerful experimental technique for exploring the relative importance of personal and situational factors that influence variously decision outcomes at individual and collective levels. As demonstrated, it is a technique that is well suited to the study of decision making in the socially, politically, and morally sensitive domains that increasingly characterize the workplace.

Like other experimental approaches, the technique has a number of limitations that researchers need to be cognizant of and the chapter has outlined how researchers might address the principal trade-offs that will need to be confronted when designing a policy-capturing study. As we have seen, achieving a representative design is critical to external validity and close attention must be paid to the construction of the scenarios, the manipulation of the cues, and the selection of appropriate participants as 'judges'.

Policy-capturing has been used to explore some of the most pressing decision problems pervading the contemporary workplace. However, there are domains pertinent to MOC research that lie untouched by the technique and in closing we propose two such areas for future research. Across a various range of organizational contexts, the practice of evidence-based decision making is on the ascendancy (Briner, Denyer, & Rousseau, 2009; Briner & Rousseau, 2011a, 2011b; Rousseau, 2006, 2012). Proponents of evidence-based practice, advocate the explicit use of four sources of 'evidence', "practitioner expertise and judgment, evidence from local context, a critical evaluation of the best research evidence, and the perspectives of those who might be affected by the

decision" (Briner et al., 2009, p. 19). However, such an emphasis on rational and deliberative processing fails to acknowledge that individuals can and often do deviate from such rationality for both cognitive and political reasons (cf. Bartlett, 2011; Baughman, Dorsey, & Zarefsky, 2011; Hodgkinson, 2011, 2012; Rynes & Bartunek, 2017). Researching politically laden and sensitive environments calls for techniques that can reduce the impact of socially desirable responding and related biases (Tomasetti et al., 2016). Accordingly, we propose that policy-capturing could be used to explore how decision makers might incorporate variously the differing forms of 'evidence' into their mental representations of the problem at hand.

Second, scholars are recognizing increasingly that managers and employees within organizations face a varying range of incompatible tensions and demands in their decision making. Institutional theorists refer to this state of affairs as 'institutional complexity' (Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011). The predominance of empirical studies exploring institutional complexity have employed qualitative methods (Arman, Liff, & Wikström, 2014; Goodrick & Reay, 2011; McPherson & Sauder, 2013; Smets, Jarzabkowski, Burke, & Spee, 2015; Voronov & Yorks, 2015). Policy-capturing offers the ability to examine experimentally how decision makers respond to such complexity, both individually and collectively (cf. Raaijmakers, Vermeulen, Meeus, & Zietsma, 2015; Thornton, Ocasio, & Lounsbury, 2012). The ability to simulate the institutional pressures of interest in a controlled experimental setting, together with the ability to examine the influence of individual-level factors, via multilevel modeling, renders policy-capturing an apposite choice for fulfilling this important agenda.

Experimental approaches cannot replicate the dynamic richness of organizational life in its full attendant complexity. However, as demonstrated in this chapter, careful and judicious use of rigorously designed experimental decision environments of the sort enabled by policy-capturing, provides a foundation for MOC researchers to generate findings that meet the twin imperatives of rigor and relevance, design science par excellence (cf., Hodgkinson & Starkey, 2011; Simon, 1969). Accordingly, we commend it as the method of choice for opening up the black box of MOC.

CHAPTER 4

CONFRONTING ETHICAL DILEMMAS IN COMPLEX INSTITUTIONAL FIELDS: A POLICY-CAPTURING STUDY

Abstract

A series of well-publicized scandals have highlighted the need to understand better why some decision makers within complex institutional environments fall prey to ethical transgressions whereas others do not. Adopting a person × situation perspective, we build on socio-cognitive theory to posit that the likelihood of ethical transgression depends on how decision makers reconcile the competing institutional logics prevailing in a given situation, which depends in turn on individual differences concerning their sense of agency (i.e., core self-evaluation), chronic information processing preferences (i.e., cognitive style), and degree of institutionalization (i.e., experience in the professional domain). In a policy-capturing study of practicing lawyers, we found that decisions concerning possible ethical transgressions were driven primarily by normative considerations and were largely resistant to institutional pressures associated with the market logic. Moreover, we find that levels of core self-evaluation, cognitive style and experience in the professional domain determine which particular logics affect the decision to engage in unethical conduct. Our findings extend the emerging literature on the interplay between individual and institutional influences on (un)ethical decision making by providing a differentiated view of responses to institutional complexity, one that underscores the importance of individual differences as drivers of how decision makers represent and respond to complex ethical issues in the workplace.

Introduction

Organizational decision makers operate in complex and pluralistic environments, in which they face multiple, competing, and often contradictory demands, such as the need to balance ethical principles with competitive market pressures (Dunn & Jones 2010; Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011) and the need to balance professional obligations with organizational expectations (Aranya & Ferris 1984; Leicht & Fennell 2001; Suddaby, Gendron, & Lam, 2009). This state of affairs has been conceptualized within institutional theory as institutional complexity (Greenwood et al., 2011). Institutional complexity arises whenever organizations and individuals are confronted by a multitude of competing and often conflicting institutional logics which prescribe different goals and actions (Goodrick & Reay 2011; Greenwood et al., 2011; Reay & Hinings 2009; Thornton, Jones, & Kury, 2005). Institutional logics have been defined as a "set of material practices and symbolic constructions" (Friedland & Alford 1992, p. 248), or "rules of the game" (Thornton & Ocasio, 2008, p. 112) which shape cognition and behavior within an organizational field. Logics may co-exist and be co-operative (Waldorff, Reay, & Goodrick, 2013) but when in conflict, social actors have the challenge of responding to incompatible priorities and demands.

The problem of institutional complexity is particularly acute in the professions. Lawyers, accountants and others operating in professional fields face a plurality of institutional and organizational demands which create high levels of uncertainty and ambiguity (Raaijmakers, Vermeulen, Meeus, & Zietsma, 2015). All-too-often these competing demands result in poor judgment and choice, as evidenced by a growing number of high profile ethical scandals that have plagued the professions writ large over

the past three decades (Ambrose, Schminke, & Reynolds, 2014; Boon & Whyte, 2012; Coffee 2006; Dixon-Woods, Yeung, & Bosk, 2011; Gabbioneta, Greenwood, Mazzola, & Minoja, 2013; Mitchell & Sikka, 2011; Weick & Sutcliffe, 2003). Yet surprisingly little attention has been paid to how individuals respond to such complexity (Glaser, Fast, Harmon, & Green, 2016; Raiijmakers et al., 2015). Understanding how the plurality of institutional and organizational demands play out when decision makers are confronted with ethical dilemmas is an important first step toward stemming this tide of ethical scandals. Accordingly, the purpose of this paper is to advance a socio-cognitive theory of how decision makers in the professions deal with institutional complexity as they respond to ethical dilemmas.

High-profile cases involving whistle blowers such as Sherron Watkins at Enron (Beenan & Pinto, 2009) and Barbara Ley Toffler at Arthur Andersen (Toffler & Reingold, 2003) illustrate that decision makers do not respond to ethical dilemmas in a uniform fashion. When faced with institutional complexity, decision makers must make choices that involve satisfying one set of demands while forsaking others. This paper explores the important question of why, when facing conflicting institutional demands, some decision makers fall prey to unethical behavior whereas others are able to resist the temptation to engage in such conduct. In so doing, it responds to growing calls to examine the microfoundations of institutional complexity (cf. Bitektine, 2011; Cardinale 2018; Felin, Foss, & Ployhart, 2015; Glaser et al., 2016; Pache & Santos, 2013; Powell & Colyvas, 2008; Powell & Rerup, 2017; Raiijmakers et al., 2015) by drawing attention to a particular set of individual differences that affect actors' responses to conflicting institutional logics (McPherson and Sauder, 2013; Thornton, Ocasio, & Lounsbury, 2012).

As scholars of institutional theory have recently advocated (Bitektine, 2011; Bitektine & Haack, 2015; Bitektine, Lucas, & Schilke, 2018; David & Bitektine, 2009; Glaser et al., 2016; Schilke, 2018; Thornton et al., 2012; Voronov & Yorks, 2015), we adopt an experimental approach to test our hypothesized relationships, employing the well-known experimental technique of policy-capturing. A major strength of this technique is its ability to reveal the implicit policies of decision makers, by examining the relationships between decision outcomes and manipulated information (cues) presented to participants in a series of hypothetical scenarios (Cooksey, 1996a; Karren & Barringer, 2002). By revealing implicit decision policies, the technique enables researchers to access what decision makers do (or their theories in use), as opposed to what they say they do (or their espoused theories) (Argyris & Schön, 1974), which all too frequently turn out to be inaccurate (cf. Ericsson & Simon, 1980; Nisbett & Ross, 1980; Nisbett & Wilson, 1977).

Theoretical Framework

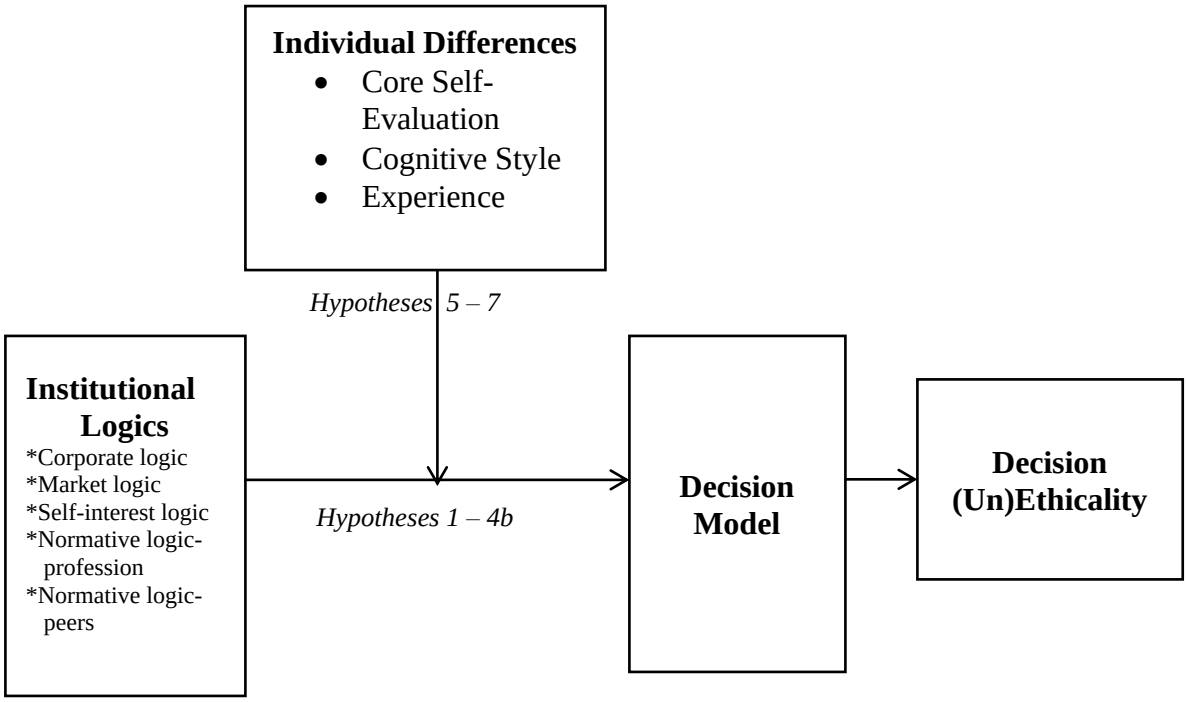
It is a fundamental tenet of bounded rationality (Simon, 1955, 1956) that the limits of human information processing capacity prevent individuals from attending to all of the information available in their task and institutional environments (Daniels, Johnson, & de Chernatony, 2002; Hodgkinson, 2005; Thornton et al., 2012). Faced with uncertainty, ambiguity and complexity, they construct simplified versions of reality or mental representations (Hodgkinson & Healey, 2008; Johnson-Laird, 1983, Simon, 1957b; Tyler & Steensma, 1998; Walsh, 1995). Applied to the present context, such restrictions mean that professionals facing ethical decisions must combine and weigh on a selective basis the various features of the decision at hand in conjunction with features of the wider task and institutional environments in which they are contextually

embedded (Thornton et al., 2012). We theorize that as part of this cognitive simplification process, whichever institutional logics become most salient in their mental representations will influence disproportionately their ethical decisions and behavior.

We suggest that which institutional logics prevail in actors' representations of ethical problems depends on individual differences. Building on person × situation models (e.g., Jones, 1991; Treviño, 1986) of unethical behavior, we propose that individual differences in sense of agency (core self-evaluation) and chronic information processing tendencies (cognitive style) will moderate the salience of competing institutional logics, thereby influencing choices concerning un/ethical behavior. We also theorize that decision makers' level of experience in the professional domain shapes the salience of institutional logics and resulting ethical decisions because it influences how cognitively embedded (Zucker, 1977) actors are in their institutional environment. Figure 3 provides an overview of our theoretical model.

Figure 3

A Model of How Decision Makers in the Professions Subjectively Reconcile Competing Logics and the Resulting Ethicality of Their Decisions



Development of Hypotheses

In this section we review the literature that underpins our theoretical model. Based on our review and model we formulate a series of hypotheses.

Situational Factors: Challenges to the Professional Logic

The professional logic, once the dominant logic in professional fields, embodies the role of the professional as 'social trustee' (Brint, 1994). It prioritizes the deployment of expert knowledge to deliver specialized solutions (Arman, Liff, & Wikström, 2014; Reay & Hinings, 2009) and emphasizes autonomy and discretion (McDonald, Cheraghi-Sohi, Bayes, Morris, & Kai, 2013). However, the professional logic is now both

accompanied and contested by a range of other logics, which emphasize a diversity of potentially conflicting priorities. The commercial and managerial logics prioritize commoditization, cost efficiency, and control (Arman et al., 2014; Harris & Holt, 2013; Kitchener, 2002; Reay & Hinings, 2009). The corporate logic prioritizes the utilization of management processes to control professionals' activities, and the use of performance management techniques (Goodrick & Reay, 2011; Thornton, 2004), whereas the market logic prioritizes self-interest, the promotion of unregulated competition, and profit maximization (Goodrick & Reay, 2011; Lee & Lounsbury, 2015; Thornton et al., 2012). We suggest that the following factors act as proxies for the varying logics likely to influence decision makers' representations of and responses to the ethical dilemmas confronting them in their everyday work.

The corporate logic: The countervailing influence of ethical codes and policies as organizational controls. The influence of the corporate logic has generated professional organizations' governance mechanisms reminiscent of the corporations they serve (Brint, 1994; Brock, Powell, & Hinings, 2007; Faulconbridge & Muzio, 2009; Leicht & Fennell, 2008). As manifestations of the corporate logic, organizational controls, such as ethical codes and policies are designed to act as psychological, 'organizational frames of reference,' which 're-engineer' employee decision making aimed at improving ethical standards. However, empirical studies have provided mixed conclusions as to the positive effect of such controls on ethical behavior (Craft, 2013; Ford & Richardson, 1994; Loe, Ferrell, & Mansfield, 2000; O'Fallon & Butterfield, 2005; Smith-Crowe, Tenbrunsel, Chan-Serafin, Brief, Umphress, & Joseph, 2014) and meta-analytic studies demonstrate that the use of codes, for example, do not have any detectable impact upon ethical conduct (Kish-Gephart, Harrison, & Treviño, 2010).

We propose that the use of organizational controls, such as ethical codes and policies, will actually serve to increase the likelihood that decision makers are apt to stray into unethical behavior and we draw from the sociological literature to support what some may consider to be a counter-intuitive hypothesis. In professional contexts such as legal decision making, mechanisms such as codes serve to undermine other logics that guide ethical behavior. The use of governance mechanisms has resulted in concerns regarding the negative impact of such controls on professional values and judgments (Abernathy & Stoelwinder, 1995; Dirsmith, Heian, & Covaleski, 1997; Montagna, 1968; Suddaby et al., 2009), as the replacement of professional autonomy with formalized procedures may weaken the traditional processes through which professional judgments are made (Lander, Pursey, Heugens, & van Oosterhaut, 2017). Our theorizing assumes that decision makers perceive the professional logic as normalizing the upholding of ethical standards, while in contrast, perceiving the logic of corporate control as deferring autonomous ethical judgment to formal procedures (e.g., "if the company code doesn't expressly forbid it, then it must be OK"). We propose that such deference can lead decision makers to 'turn a blind eye' to ethically questionable actions. To the extent that organizational controls serve to detract decision makers from the professional logic, we thus argue that the effect of such controls will be to increase the likelihood of ethical transgressions. Hence:

> *Hypothesis 1:* The greater the salience of the corporate logic (as conveyed by organizational controls in the form of organizational ethical codes and policies), the more likely decision makers will engage in unethical conduct.

The market logic: Inter-organizational competition. The professions have long performed a delicate balancing act between their professional duties (inherent in the professional logic) alongside market pressures (Leicht & Fennell, 2008; Thornton et al., 2005). However, the spread of neo-liberal ideologies has resulted in the prominence of the market logic, increasing demands relating to market efficiencies including the rise of inter- and intra-professional competition (Cooper & Robson, 2006; Leicht & Fennell, 2008; Muzio, Brock, & Suddaby, 2013). Increased competition within professional services leads to increasing pressures to secure and maintain key client relationships, reflecting the increasing tendency of professional organizations to adopt the number and type of client relationships as an indicator of their legitimacy in the market relative to other firms offering similar services (Broschak, 2015; Greenwood, Li, Prakash, & Deephouse, 2005).

The presence of market forces and increased competition can result in ethical issues taking a 'back seat' and getting overlooked (Gioia, 1992; Tenbrunsel & Messick, 2004). Empirical studies have evidenced that competition increases the pressure to forfeit ethical ideals to attract and retain client business (Hegarty & Sims, 1978; Valentine & Bateman, 2011). A competitive business context serves to focus attention on the 'ends rather than the means', leading decision makers to rationalize their actions as being justified in the circumstances prevailing (Robertson & Ryman, 2001). Where decision makers are under pressure to perform, i.e. attract and retain client business, the salience of the market logic can overshadow the professional logic and thus professionals will be more inclined to take 'ethical shortcuts,' resulting in an increased likelihood of engagement in unethical practices.

Hence:

Hypothesis 2: The greater the salience of the market logic (as conveyed by the presence of inter-organizational rivalry/competition), the more likely that decision makers will engage in unethical conduct.

The self-interest logic: Rewards and incentives. The reliance on market forces as a basis for legitimacy (Goodrick & Reay, 2011) emphasizes individualism (Kitchener, 2002) and self-interest. Professional organizations recognize that certain individuals are essential to securing and maintaining prestigious client relationships (Broschak, 2015), and will seek to retain individuals who contribute significantly to the firm's performance (Mawdsley & Somaya, 2015). Reward systems, a key constituent of the (un)ethical culture of an organization (Treviño, den Nieuwenboer, & Kish-Gephart, 2014), affect the ethicality of decisions by informing individuals what to expect as a result of their actions (Ashkanasay, Windsor, & Treviño, 2006). Observing others in the organization being rewarded for unethical behavior leads individuals to expect similar outcomes to those enjoyed by their peer 'models' (Bandura, 1977; Hegarty & Sims, 1978; Loe et al., 2000; O'Fallon & Butterfield, 2005; Treviño & Youngblood, 1990). This was apparent in the well-documented scandal at Arthur Andersen, where individuals were rewarded for generating revenue without any regard to how such revenue was generated (Toffler & Reingold, 2003).

The use of financial rewards can also act as an environmental cue for decision makers to adopt a business decision frame for the dilemma at hand (Kouchaki, Smith-Crowe, Brief & Sousa, 2013). Adopting a business decision frame results in a cost-benefit calculation where pursuing self-interest is likely to lead to the maximizing of

outcomes that personally benefit the individual (Kouchaki et al., 2013). In sum, the prominence of rewards and incentives to engage in conduct that runs counter to the professional logic, heightens self-interest and is likely to result in decision makers being more willing to risk engaging in unethical behavior, especially when they perceive such behavior to be associated with the attainment of tangible rewards. Hence:

> *Hypothesis 3:* The greater the saliency of the logic of self-interest (as conveyed by the presence of rewards and incentives for risky behavior), the more likely that decision makers will engage in unethical conduct.

Normative logics: Comparator organizations and peers. The professional logic embodies the definition and maintenance of what are considered the traditional values of the profession (Suddaby et al., 2009). However, the professional logic is context dependent (Gendron, 2002) and the actions of decision makers will also be shaped by normative practices within their professional community. Such normative practices arise from "unwritten customs" (Freidson, 1994, p. 203), transmitted via social interactions (Leicht & Fennell, 2008; Pache & Santos, 2013) and the observation of significant others (Bandura, 1977). In this way, normative practices represent the "symbolic systems and material practices" (Friedland & Alford, 1991, p. 249) that constitute the institutional logics reflecting variously the "everyday activities of individuals" (Powell & Colyvas, 2008, p. 277). As decision makers draw upon these logics and incorporate them into their actions, they are reproduced and spread, becoming 'rationalized myths' (Zucker, 1977).

Organizations generally strive to achieve legitimacy, which demands that they conform with the rules or templates established within their respective fields and

communities (Meyer & Rowan, 1977). The collective identity of a profession assists in the transmission of these 'ready-to-wear' templates and increases the likelihood that group members of the profession in question will adopt the normative practices established in the institutional environment (Thornton & Ocasio, 2008). In this context, norms serve to change decision makers' perceptions of what is considered acceptable and legitimate in a given context (Gino, Ayal & Ariely, 2009). Such norms represent the normative logics adopted by similar firms within the profession. Such normative logics are, in turn, likely to be adopted by decision makers and may challenge the 'ideal' of the professional logic.

Hence, decision makers will use the behavior of similar professional firms as role models to guide them as to what practices are ethically appropriate (Gino & Galinsky, 2012). It thus follows:

> *Hypothesis 4a:* The greater the salience of normative practices legitimizing unethical conduct (conveyed through the actions of comparator organizations), the more likely that decision makers will engage in unethical conduct.

Individuals are 'carriers' of logics (Zilber, 2002, p. 234), giving a voice to practices considered to be legitimate within the organizational context in which they operate. Normative practices are distributed via direct and mediated social interactions (Pache & Santos, 2013), by the observation of significant others, and the modeling of observed behavior (Moore & Gino, 2013). Observing the behavior of others can serve to change understanding of the social norms related to (un)ethicality (Gino et al., 2009). Since ethical dilemmas represent situations involving ambiguity and uncertainty, individuals will look to significant others for direction (Brown & Treviño, 2014; Treviño

et al., 2014) and to gain an understanding of what behavior is considered acceptable within the particular context (Cialdini & Goldstein, 2004; Moore & Gino, 2013). In this context peers serve as role models within an organization and their material practices or "ready-made accounts" (Zucker, 1977, p. 728), become instantiated as normative logics, available to individuals to guide their behavior. Thus, if peers are engaging in ethically questionable acts, this can result in the normalizing of such conduct (Gabbioneta et al., 2013). Hence:

> *Hypothesis 4b:* The greater the saliency of normative practices legitimizing unethical conduct (conveyed through the actions of peers), the more likely that decision makers will engage in unethical conduct.

The Decision Maker: Individual Differences

We propose that individual differences that have a bearing on decision makers' sense of agency (core self-evaluation), information processing tendencies (cognitive style), and cognitive embeddedness (experience in the professional domain) will moderate the effects of particular logics on their ethical judgments and choices (cf. Friedland & Alford, 1991; Thornton et al., 2012). In doing so, these individual differences will shape ethical behavior (cf. Thornton et al., 2012; Leicht & Fennell, 2008).

Core self-evaluation. Recognizing that individuals in the professions are 'institutional agents' (Scott, 2008), we propose that incorporating particular logics in mental representations will be influenced by the extent of (perceived) agency on the part of the decision maker (Friedland & Alford, 1991). Accordingly, our model incorporates the concept of core self-evaluation (CSE) (Judge, Locke, & Durham, 1997), a

superordinate construct that brings together the widely-studied traits of self-esteem (Rosenberg, 1965), self-efficacy (Bandura, 1982), locus of control (Rotter, 1966) and emotional stability (Costa & McCrae, 1992). CSE differentiates agentic from passive actors and represents the fundamental appraisals that individuals make about themselves and their capabilities (Judge, Erez, Bono, & Thoresen, 2003), including their perceived ability to exert control over their institutional environment and withstand environmental pressures (Hiller & Hambrick, 2005; Judge, Bono, & Locke, 2000; Judge et al., 1997, 2003).

Individuals with higher levels of CSE are likely to view themselves more positively, being more confident in their own abilities and see themselves as more agentic, feeling in personal control of their own lives (Judge, Van Vianen, & De Pater, 2004). They are less likely to worry in situations of uncertainty (Judge & Kammeyer-Mueller, 2011) and are more likely to go with their own convictions, rather than rely on the actions of others to guide them in their decision making (Hiller & Hambrick, 2005). Individuals with higher levels of CSE are also likely to strive to maintain high ethical standards, due to their positive self-concept (Ahn, Lee, & Yun, 2018), and thus may rail against the influence of prevailing logics that normalize unethical conduct.

Individuals with lower levels of CSE, in contrast, are likely to view themselves more negatively, lack confidence to a greater extent than those with higher levels of CSE, and be more passive. Such decision makers tend to seek information from external sources to support their decision making (Hiller & Hambrick, 2005), increasing the likelihood that they will draw upon situational cues, such as the behavior of colleagues and peers to guide them. Thus, if the prevailing logics enacted by their colleagues and

peers run counter to ethical conduct, then they are more likely to replicate this behavior in their own decisions and actions.

However, higher levels of agency may not always result in ethical choices. Self-reliance, which stems from higher levels of CSE, may serve to increase the uncertainty of ethical choices as those higher in CSE are more likely to engage in risky behavior (Simsek, Heavey, & Veiga, 2010), because they may be more willing to 'take the risk' that accompanies unethical decisions. In contrast, when faced with uncertainty, those lower in CSE have a greater tendency to avoid risk (Hiller & Hambrick, 2005; Simsek et al., 2010) and may, therefore, be more inclined to 'play by the book', falling back on professional ethical standards to guide them, viewing the other options available as too risky. Given the uncertainty as to the differing effects of CSE upon the influence of prevailing logics and ethical outcomes, we posit the following, open-ended hypothesis:

> *Hypothesis 5:* Core self-evaluation (CSE) moderates the relationship between the institutional logics prevailing and the likelihood of decision makers engaging in unethical conduct.

Cognitive style. Cognitive style refers to dispositional differences between individuals in information processing during thinking, reasoning, judgment, and decision making. Epstein's (1994) Cognitive-Experiential Self-Theory (CEST) proposes the existence of two processing systems, namely, an analytical 'rational system and an intuitive 'experiential system'. The rational system operates at a conscious level, is described as analytical, controlled, primarily verbal, effortful, relatively slow and affect-free (Epstein, 1994; Epstein, Pacini, Denes-Raj, & Heier, 1996) and develops beliefs through conscious learning, drawing on explicit sources of information (Epstein, 2008).

The experiential system, in contrast, represents automatic, heuristic processing that is primarily non-verbal and is associated with affect (Epstein, 1994; Epstein et al., 2006, Epstein, 2010) and encodes information in the form of concrete exemplars (Kirkpatrick & Epstein, 1992) and narratives (Epstein, 1994). The relative contribution of each of these two systems to thinking, reasoning, judgment, and decision making is determined jointly by an individual's chronic information processing preferences and the situation at hand (Epstein, 2008). The parallel-competitive nature of Epstein's (1994) theory is consistent with dual-systems models in social cognitive neuroscience (Lieberman, 2000, 2007) and Reynold's (2006) neurocognitive model of ethical decision making. Over the past decade, scholars have contested the relative influence of controlled and automatic processing systems as embodied in dual-process theories like CEST, in terms of their contribution to (un)ethical behavior (Moore & Gino, 2013; Pennycook, Cheyne, Barr, Koehler, & Fugelsang, 2014) and there is a lack of consensus in the literature as to the influence of each of the two systems on (un)ethical choices (Gunia, Wang, Huang, Wang, & Murnighan, 2012; Wang, Zhong, & Murnighan, 2014; Zhong, 2011).

Individuals who favor the rational system are more likely to be drawn to the detail of a situation, seeking data and a clear rationale to justify their decisions (Sadler-Smith & Shefy, 2004). To the extent that such decision makers process issues in great detail, they view informal sources of information such as logics as low validity cues and discount such sources when making their decisions. As reflective processing involves the application of 'rule-based analysis' to the situation at hand (Reynolds, 2006, p. 740), such decision makers are likely to be more able to balance their self-interest in the decision outcome against their ethical and professional obligations (Moore &

Loewenstein, 2004), having taken the time to contemplate the (un)ethical implications of their choices (Shalvi, Eldar, & Bereby-Meyer, 2012).

In addition, institutional theorists suggest that deliberation renders 'taken for granted logics' more visible and therefore open to question and challenge (Barley & Tolbert, 1997; Seo & Creed, 2002; Thornton et al., 2012). Thus, we might expect to find that decision makers characterized by a chronic preference for rational processing would be less susceptible to the influence of logics that sanction unethical behavior.

However, the literature also reveals an opposing position. In seeking varied sources of information to support their judgments, those who favor the rational system can become overburdened by detail (Hodgkinson & Clarke, 2007), resulting in 'paralysis by analysis' (Langley, 1995). Studies have evidenced that too much deliberation in decision making may obscure the influences of intuitive factors that contribute to a decision maker's sense of right or wrong, thus increasing the likelihood of malfeasance (Gioa, 1992; Pennycook et al., 2014; Wang et al., 2014; Zhong, 2011). Because there is uncertainty in the extant literature concerning the actions of decision makers marked by a chronic preference for rational processing, we posit the following, open-ended hypothesis:

> *Hypothesis 6a:* A chronic preference for rational processing moderates the relationship between the institutional logics prevailing and the likelihood of decision makers engaging in unethical conduct

A chronic, overarching preference for experiential processing can result in the automation of the 'right' response (Zhong, 2011), drawing upon somatic forces (Domasio, 1994), thereby increasing the likelihood of relying on moral intuitions

regarding what is right and wrong (Weaver, Reynolds, & Brown, 2014), rather than extraneous forces such as the forces embodied in institutional logics. From this perspective, experientially-oriented individuals are likely to underweight logics that normalize ethical transgressions in their decision models, relying instead on learned rules of thumb and related cognitive shortcuts that have proven effective for guiding ethical behavior in previous situations, or on gut reactions of what is right or wrong. Thus, such individuals are more prone to relying on previously stored beliefs and other forms of heuristics gained from experience (for further details see Hodgkinson & Sadler-Smith, 2018), and these basic intuitive reactions are likely to counteract or even preclude attempts to incorporate logics that normalize ethical transgressions into a representation of the problem at hand (Weaver et al., 2014; Sonnenshein, 2007). However, reliance on stored mental representations and the speed of moral intuitions (Weaver et al., 2014) could also mean that in novel situations, there is a danger that key features of the dilemma at hand are overlooked, thus increasing the likelihood of an ethical lapse borne of 'automated' reactions (Gioia, 1992).

Decision makers who favor the experiential system also rely heavily on relatively automatic affective associations and use such associations to navigate social situations (Keltner & Lerner, 2010). From this perspective, experiential-oriented individuals might attend disproportionately to social cues and thus be more strongly influenced by logics that provide social cues. The ability of social cues to trigger empathetic emotions (i.e., ones that compel social conformity) and thereby trigger social heuristics, is heightened when there is a positive relationship between the decision maker and those exhibiting the cues in question (Haidt, 2001; Horberg, Oveis & Keltner, 2011). Hence, professional or 'collegiate ties' might result in such decision makers being more likely to adhere to

those logics adopted by their peers. Because there is uncertainty in the extant literature concerning the actions of decision makers marked by a chronic preference for experiential processing, we posit the following, open-ended hypothesis:

> *Hypothesis 6b*: A chronic preference for experiential processing moderates the relationship between the institutional logics prevailing and the likelihood of decision makers engaging in unethical conduct

Experience. The question of how experience affects ethical decision making has also been the subject of considerable debate. While some studies indicate that higher levels of experience result in greater ethicality (Cole & Smith, 1996; Larkin, 2000; Weeks, Moore, McKinney, & Longenecker, 1999), other studies have revealed insignificant (Cohen, Pant, & Sharp, 2001; Roozen, Pelsmacker, & Bostyn, 2001; Wimalasari, Pavri, & Jalil, 1996) or even negative (Elm & Nichols, 1993; Kaynama, King, & Smith, 1996; Reiss & Mitra, 1998) relationships.

Theories of expertise-based decision making (Kahneman & Klein 2009, 2010; Salas, Rosen, & DiazGranados, 2010), make a clear distinction between novices and those with expertise gained through experience. As experience grows, individuals build a greater range of 'recognizable patterns' that enable them to identify potential solutions, without the need for more effortful, deliberative processing (Dane & Pratt, 2007). Thus, such decision makers are able to draw upon stored representations based on similar, past decisions to guide their decision making rather than the need to rely on information from external sources, such as institutional logics. In contrast, those with lower levels of experience are more likely to draw upon external sources of information, including institutional logics, because they possess lower levels of practical experience and

accumulated knowledge on which to base their decisions (Hitt & Tyler, 1991). Younger, less experienced professionals may therefore be more susceptible to situational influences that encourage unethical behavior, being more concerned about being accepted by their peers and seniors than conforming to a professional code of conduct (Weeks & Nantel, 1992). Thus, where information sources such as prevailing logics encourage unethicality, one might suspect that those with greater experience would be in better position to resist the temptation to engage in wrongdoing.

However, according to institutional theorists, those with greater levels of experience are at greater risk of conforming to the prevailing norms that encourage ethical transgressions. Socialization is a reinforcing process that influences decision makers' perceptions of the practices deemed appropriate within a particular context (Friedland & Alford, 1991; Thornton, 2002), which in turn influences the degree of adherence to particular logics (Pache & Santos, 2013). Through the mechanism of socialization, particular behaviors become 'normative', embedded, and widely adopted (Ashforth & Anand, 2003). Thus, both ethical and unethical behavior can be easily replicated – it depends upon the 'company that professionals keep'. Those with greater levels of experience are more embedded within a particular context, and are more likely to be committed to the prevailing institutional arrangements (Thornton et al., 2012), especially if those arrangements confer advantages for displaying logic-congruent behavior (Pache & Santos, 2013), such as legitimacy and protection from criticism (Meyer & Rowan, 1977). In contrast, those decision makers with less experience, have yet to be exposed to greater levels of socialization, and are thus, less constrained by the prevailing arrangements (Thornton et al., 2012).

Decision makers at senior levels may also be under greater pressure from their managers to accede to demands judged to be in the economic interests of the organization, demands which ultimately pay their salaries (Dinovitzer, Gunz, & Gunz, 2015), even if those demands include ethically questionable activities, whereas decision makers in more junior roles are less likely to be concerned about the maintenance of their position within the organizational hierarchy (Marr & Thau, 2014; Pettit, Yong, & Spatero, 2010). Because there is uncertainty in the extant literature concerning the actions of decision makers marked by varying levels of experience in the professional domain, we posit the following, open-ended hypothesis:

> *Hypothesis 7:* Level of experience in the professional domain moderates the relationship between the institutional logics prevailing and the likelihood of decision makers engaging in unethical conduct

Method

We undertook our empirical study in a subsector of the UK legal profession, focusing on solicitors[12], a group that has experienced several major ethical scandals (Boon & Whyte, 2012; Middleton & Levi, 2015). In addition, legislative and environmental changes (Flood, 2011; Malhotra & Morris, 2009; Sommerlad, 2011) have resulted in this profession having experienced "profound and contested mutation" (Adler & Kwon, 2013, p. 930), namely, challenges to its autonomy and the structure of the

[12] A solicitor is a lawyer who practices in England and Wales, who has been admitted by the regulatory body (The Solicitors Regulation Authority), and whose name appears on 'the roll of solicitors'. The equivalent of a solicitor in the United States of America is an attorney or attorney at law.

organizations that deliver professional services, making it a highly suitable context for testing our theory.

Policy-capturing enables the careful and controlled manipulation of independent variables and enables the researcher to draw reliable causal inferences about the effects of those variables (Aiman-Smith, Scullen, & Barr, 2002). In the present case, policy-capturing provides the means to experimentally manipulate institutional logics and institutional complexity and capture the responses of participants in our study 'in the moment'; that is, it allowed us to explore the influence of the varying institutional logics on decision outcomes, something that is difficult to explore in the workplace by other means. The careful crafting of realistic scenarios and combinations of variables permitted the examination of the micro-level causes of unethical conduct, a macro-level phenomena that plagues many professional fields.

An important principle in policy-capturing studies is achieving representativeness, i.e. the extent to which the design of the study reflects the natural decision ecology (Aiman-Smith et al., 2002). Achieving such representativeness demands that four key requirements must be met:

(1) a decision task that reflects a 'real-life' decision;

(2) incorporate cues that are consistent with how information appears to decision makers in the actual every day decision environment being simulated;

(3) incorporate realistic decision outcomes;

(4) ensure a sample of 'judges' whose experience level is matched to the decision task in question and the population of interest to the researcher (Aiman-Smith et al., 2002; Nokes & Hodgkinson, 2018).

With regard to the decision task, to help achieve representativeness, a variety of sources such as interviews, literature reviews and publicly available data were used to create the experimental scenario as described in Appendix 1, which also details the approach taken regarding cue presentation (independent variables) and the choice of outcome measure (dependent variable). Verbal statements were used for the cues, rather than numeric values, to reflect the type of information available to the decision makers in their natural working environment. The outcome measure, a graphical response scale, balanced the need to reflect the ambiguity of ethical decisions in practice with collecting data for robust statistical analysis. Finally, with regard to ensuring a sample of appropriate judges, we recruited participants who were representative of the population group who formed the focus of our theorizing (Aiman-Smith et al., 2002; Cooksey, 1996a).

Sample

The sampling frame included solicitors employed in private law firms operating within England and Wales. The sample was drawn experimentally to explore the views of individual decision makers operating at different levels of organizational scale. Four law firms of varying organizational size and geographical location, out of a total of 10 law firms approached, agreed to take part in data collection. A representative from each of the participating law firms recruited the individuals who took part in the study by putting out an open call for volunteers on their firm's respective intranet. Standard text supplied to all firms for this purpose, detailed the purpose of the study and explained what participation would involve. Participation was voluntary and on an unpaid basis. The criterion for inclusion in the study was that the individuals needed to be solicitors who were qualified to practice law within England and Wales. In total, 111 people (N =

46 male, N = 65 female) who met this criterion participated in the study. Their ages ranged from 26 to 67 years (mean = 38 years, SD = 9.44) with an average (mean) time in legal practice of 10.5 years (SD = 9.3). The background characteristics of the sample are described in further detail in Appendix 2.

Research Design and Procedure

To test our hypotheses, we developed a series of scenarios relevant to an everyday ethical decision faced by solicitors. The basic overarching scenario (reproduced in Appendix 3) concerned a potentially lucrative new client retainer, with the accompanying dilemma that acceptance of the client's instructions might result in a breach of regulatory requirements and, therefore, constitute an ethical transgression. To avoid such a transgression, participants should have declined to act, regardless of the variant of the scenario presented to them. Each variant contained standard text, which remained constant, followed by varying combinations of five cues (independent variables) that represented the five institutional logics represented in our theoretical framework. Each cue had two levels (high or low, denoting the presence or absence of a given institutional logic), which we dummy coded for the purposes of our statistical analysis. An example scenario that was coded 0, 0, 0, 0, 1 is contained in Appendix 4. Since we theorized a total of five competing logics, the full factorial design resulted in 32 scenarios (2_5).[13] All possible cue combinations were thus incorporated within the stimulus materials, thereby avoiding the pitfalls associated with fractional designs (Karren & Barringer, 2002; Nokes & Hodgkinson, 2018).

[13] This arrangement resulted in a scenario-to-cue ratio of over 5:1, accepted as the standard cut-off for ensuring robust statistical analysis (Aiman-Smith et al., 2002; Cooksey, 1996a).

Each participant considered all 32 scenarios and we randomly ordered the presentation of scenarios to control for potential order effects (Dalal & Bonaccio, 2010; Spence & Keeping, 2010). The order of the cues was randomized between participants but was kept constant within participants (i.e. each participant viewed the cues in a fixed sequence but the sequence varied from one participant to another) allowing them to view the materials efficiently. At the conclusion of each scenario, the participants were asked to indicate the likelihood that they would accept the client's instructions (committing an ethical breach if they did so), using a slider on a scale of 0% (*not at all likely)* to 100% (*certain)*. Their responses to this question constituted the dependent variable. We collected responses via an online survey, which participants completed at their regular place of work.

To examine test-retest reliability, participants received three of the scenarios twice (Rotundo & Sackett, 2002; Skarlicki & Turner, 2014). Test-retest reliability was on average r = .83, in line with other published policy capturing studies (Karren & Barringer, 2002) and indicative of acceptable within-rater consistency. To compare their 'implicit' (obtained via regression weights) and 'explicit' (self-reported) decision policies, participants were asked to rate the (perceived) importance of the 5 cues using a scale of 1 to 5 (1 = *least important* and 5 = *most important*).

Development of Materials

We took a number of steps to ensure ecological and external validity of our study (following Aguinis & Bradley, 2014; Finch, 1987). As described in Appendix 1, we first undertook in-depth interviews with several solicitors (N=5) from three separate legal practices to understand the nature of the everyday ethical decisions they encountered. We also reviewed the literature pertaining to unethical behavior in the

legal services profession (e.g. Boon & Whyte, 2012; Loughery, 2011; Middleton & Levi, 2015) and examined publicly available information, including the Solicitors Disciplinary Tribunal and The Law Society's publication which reports the proceedings of disciplinary hearings pertaining to ethical breaches. Following the initial development of our materials, we conducted a qualitative pilot study with 11 participants similar to the participants incorporated into our study, to test the realism of our scenarios; feedback from the pilot study was positive and only minor adjustments were required to our wording of requests for personal background information.

Manipulation Checks

After developing our materials, we conducted separate checks to ensure that the scenarios effectively manipulated the theoretical constructs of interest. A sample of 16 legal professionals (currently practicing, seven of whom were female) with an age range from 30 to 60 years (mean = 46 years, SD = 8.91) and an average time in legal practice of 17.9 years (SD = 10.19), assessed the basic scenario and the various accompanying cue statements on a series of 6-point Likert scales (1=Strongly Disagree to 6=Strongly Agree).

Participants considered the basic scenario to be realistic (mean = 4.81, SD =1.05) and reflective of a dilemma commonly encountered in practice (mean = 4.44, SD =.89). They agreed that accepting instructions would compromise professional independence (mean = 5.31, SD =.60) and that accepting instructions could result in an ethical violation (mean = 5.37, SD =.50). For each institutional logic, paired sample t-tests

revealed significant differences between the high and low variants of our materials, confirming that participants perceived the manipulated institutional logics as intended.[14]

Measurement of Individual Differences

Core self-evaluation. Following the scenarios, participants completed the 12-item Core Self-Evaluation Scale (CSES) devised by Judge et al. (2003) (Appendix 5). Sample items: "I am confident I get the success I deserve in life" and "I determine what will happen in my life". Participants evaluated each item using a five-point Likert scale (1=*Strongly disagree* to 5=*Strongly agree*).

Cognitive style. To measure cognitive style we used the 10-item version of the Rational-Experiential Inventory (REI) devised by Epstein et al. (1996) (Appendix 6). The REI consists of two scales; (1) 'Need for Cognition' (NFC), a modified version of Cacioppo and Petty's (1982) well-known NFC scale, which is used to assess a predisposition for rational processing; and (2) 'Faith in Intuition' (FI), a scale purposefully devised by Epstein and colleagues to measure a predisposition for experiential processing (Epstein et al., 1996). Participants responded to the five NFC items and five FI items using a 5-point Likert scale (1 = *completely false* to 5 = *completely true*).

Experience. We recorded basic background information about participants and their careers (age, post qualification experience, time at firm and hours of training

[14] The difference between low and high conditions was significant for all institutional logics; as expected, participants agreed that our manipulation of the presence (high) or absence (low) of a given institutional logic was effective: corporate logic (*ethical codes and policies)* (mean $_{high}$ = 5.25, SD = .68 vs. mean $_{low}$ = 1.94, SD =.68, t (15) = 12.29, $p < .001$); market logic (*competition*) (mean $_{high}$ = 5.25, SD = .58 vs. mean $_{low}$ = 2.44, SD = .63, t (15) = 11.47, $p < .001$); self-interest logic (*incentives*) (mean $_{high}$ = = 5.56, SD =.51 vs. mean $_{low}$ = 1.75, SD = .68, t (15) = 14.57, $p < .001$); normative logic-profession (*standard practices in the profession*) mean $_{high}$ = 5.25, SD = .58 vs. mean $_{low}$ = 1.69, SD = .48, t (15) =14.78, $p < .001$); normative logic-peers (*influence of peers*) (mean $_{high}$ = 4.94, SD = .99 vs. mean $_{low}$ = 1.63, SD =.50, t (15) = 9.80, $p < .001$).

attended). We used these data to construct two composite indicators reflecting level of experience, labeled respectively: 'experience' and 'general exposure to training'.[15]

Results

The policy-capturing data were submitted to multilevel modeling (using the MIXED procedure in SPSS), which we analyzed at two levels: within-person (Level 1) and between-person (Level 2). The 'null' model, used as a baseline for the estimation of 'explained' and 'unexplained' variances in comparison to more elaborate models, indicated that 61.9% of the overall variance in decision makers' scores was between-person variance, the remainder (38.1%) being within-person variance. The statistically significant between-person variance justified a multilevel approach (Hayes, 2006; Nicklin, Greenbaum, McNall, Folger, & Williams, 2011). The means, standard deviations, reliabilities and intercorrelations of the study variables are presented in Table 1.

[15] Underpinning the construction of these indicators, an exploratory factor analysis, using the principal components analysis method of extraction, in conjunction with an oblique method rotation (direct oblimin), resulted in a two-component solution, which explained 72.61 % of the variance. Factor-based scales were formed by summing responses to items with loadings on each respective component in excess of 0.30 (Kim & Mueller, 1978).

Table 1

Means, Standard Deviations, and Correlations of Variables [a]

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12
1. Scenario scores	24.72	26.55												
2. Corporate Logic (*Ethical Codes and policies)*	.50	.50	.00											
3. Market Logic (*Competition)*	.50	.50	.04**	.00										
4. Self-interest Logic (*Incentives)*	.50	.50	.00	.00	.00									
5. Normative Logic (profession) (*Standard practices in the profession)*	.50	.50	.16**	.00	.00	.00								
6. Normative Logic (Peers) *(Influence of peers)*	.50	.50	.25*	.00	.00	.00	.00							
7. Core self-evaluation	3.54	.56	-.07**	.00	.00	.00	.00	.00	**.84**					
8. Rationality[b]	3.97	.58	-.19**	.00	.00	.00	.00	.00	.21**	**.67**				
9. Experientiality	3.67	.72	.03	.00	.00	.00	.00	.00	-.04*	.02	**.88**			
10. Experience	.00	2.72	.03	.00	.00	.00	.00	.00	.34**	.03*	.01			
11. General exposure to training	.00	2.34	.06	.00	.00	.00	.00	.00	.29**	.14**	.03	.03		
12. Age	38.03	9.40	.45**	.00	.00	.00	.00	.00	.30**	.03	.03	-.940**	-.01	
13. Gender[c]	1.41	.49	.02	.00	.00	.00	.00	.00	.14**	.03	-.05	.18*	.27*	.15**

**p < .05; ** p <.01; and ***p <.001*

[a] N (Level 1) = 3, 552: N (Level 2) = 111. Coefficient alphas appear in boldface on the main diagonal.

[b] A number of studies that have utilized the 10-item variant have produced alpha scores for the NFC scale of a similar range to Epstein and colleagues (1996), being .73. For example, Wolfradt, Oubaid, Straube, Bischoff, and Mischo (1999), noted an alphas of .68 for NFC, Dewberry, Juanchich, and Narenden (2013) noted an alpha of .71 for NFC and Leybourne and Sadler-Smith (2006) noted an alpha of .71. Epstein and colleagues (1996), assert that if the scales in the 10-item test had been of comparable length to those in their original 31-item test, then using the Spearman-Brown prophecy formula, the alpha coefficient would have been .91 for NFC. Using the Spearman-Brown prophecy formula, we calculated the alpha for the NFC scale in our study as .88, again based on 19 items rather than 5. We chose to use the shorter version of the REI scale because our sample comprised busy professionals who might not have the time to engage with a 31-item or 40-item questionnaire.

c Gender (1 = female, 2 = male)

Following accepted guidelines for the use of statistical control variables (Becker, 2005; Spector & Brannick, 2011), we ran preliminary Level 1 and Level 2 analyses in which we incorporated age and gender as control variables and then re-ran the respective analyses with the controls excluded. Age showed a small but significant correlation with the dependent variable ($\alpha = .045$) and was significant in the Level 1 analysis.[16] Gender was not significantly correlated with the dependent variable and was non-significant in the Level 1 analysis. More importantly, the pattern of results of the Level 1 analysis was the same with and without the controls, i.e. all regression coefficients for our independent variables remained constant. As the inclusion of unnecessary control variables can reduce statistical power and increase the chance of Type I and Type II errors (Becker, 2005), the analysis reported below was conducted without the controls.

Level 1: Within-participants Analysis

Estimates of the average intercepts and slopes are reported in Table 2. For each Level 1 hypothesis, we present effect sizes, which were computed using the formula $r = (t^2/t^2 + \text{df})^{1/2}$, used in previous studies reporting effect size information in multilevel policy-capturing data (e.g. Laurenceau, Troy, & Carver, 2005; McCullough, Tsang, & Emmons, 2004; Spence & Keeping, 2010).

We hypothesized that the influence of the corporate logic (H1) would increase the likelihood of unethical conduct. However, the effect was non-significant (b = .27, $p > .05$, ns.; effect size = .00). Hence, H1 is not supported.

[16] Age was used along with other background data to form a variable of 'general experience'. The pattern of results at Level 1 was the same with or without the inclusion of age as a control (all variable coefficients were unchanged from the Level 1 regression model when we excluded age from the model). Since age was of theoretical interest as part of our broader measure of experience, we retained it in our measure of 'general experience.'

Table 2
Within-Person Analysis: The Effects of Institutional Logics on the Likelihood of Accepting Client Instructions (Ethical Transgression)

Variable	Parameter [a]	*t*	*p*	Variance Component[b]
Intercept	12.30* (2.08)	5.91	<.001	.39
Corporate Logic *(Ethical Codes and policies)*	.27 (.48)	.58	.56	.00
Market Logic *(Competition)*	2.36* (.48)	4.94	<.001	.00
Self-interest Logic *(Incentives)*	.19 (.48)	.41	.68	.00
Normative Logic (profession)(*Standard practices in the profession*)	8.64* (.48)	18.14	<.001	.07
Normative Logic (peers) *(Influence of peers)*	13.40* (.48)	28.10	<.001	.17
Pseudo R^2[c]				0.24

**p < .05; ** p <.01; and ***p <.001*
Notes: N= 111 participants/3,552 observations
[a]All regression coefficients are unstandardized. Standard errors are reported in parentheses.
[b]Variance in the Level 1 parameter estimates
[c]Level 1Pseudo R^2

We hypothesized that the presence of the market logic (H2) would increase the likelihood of unethical conduct and the average slope coefficients were positive and significant (b = 2.36, $p < .001$; effect size = .08) as predicted. H2 is thus supported.

We predicted that the presence of the self-interest logic (H3) would increase the likelihood of unethical conduct. However, the self-interest logic did not have a significant effect in our study (b = .19, $p > .05$, ns.; effect size = .00). Hence, H3 is not supported.

We hypothesized that the likelihood of unethical conduct would be increased when unethicality was considered normative among comparator organizations (H4a) and amongst peers (H4b). The average slope coefficients for normative practices in the profession were positive and highly significant (b = 8.64, $p < .001$; effect size = .29).

These coefficients were also positive and highly significant for normative practices among peers (b = 13.40, $p < .001$; effect size = .43). Hence, hypotheses H4a and H4b are supported.

To examine relative effects, we calculated the variance explained by each cue. Table 2 shows the results. The most important cues were those representing normative practices in the profession (.072) and the normative practices of peers (.17). The effect of competition in the professional field had a corresponding increase of .006, whereas the cues concerning the corporate logic and logic of self-interest had no effect.

To ascertain the overall variance accounted for by the joint effects of the five cues, we calculated a Level 1 Pseudo R_2 statistic by using the formula recommended by Hayes (2006). The Pseudo R_2 statistic was .25, meaning that, in combination, the five cues accounted for 25% of the variance at Level 1 (as noted earlier, Level 1 variance was 38.1% of the total model variance explained).

Level 2: Between-participants Analysis

Prior to Level 2 analysis, the individual differences variables were grand mean centered to reduce multicollinearity effects. H5, which proposed that CSE moderates the relationship between logics and ethical conduct, was supported as the interaction terms for normative practices in the profession × CSE (b = -3.49, $p < .001$) and normative practices among peers × CSE (b = -4.17, $p < .001$) were significant (Table 3).

Table 3
Between Person-Analysis: The Effects of Core Self-Evaluation Moderating the Influence of Institutional Logics on the Likelihood of Accepting Client Instructions (Ethical Transgression)

Variable	Parameter[a]	*t*	*p*
Intercept	12.30***(2.08)	5.9	<.001
Corporate Logic *(Ethical codes and policies)*	.27 (.47)	.58	.56
Market Logic *(Competition)*	2.36***(.47)	4.97	<.001
Self-interest Logic *(Incentives)*	.19 (.47)	.41	.68
Normative Logic-profession *(Standard practices in the profession)*	8.64***(.47)	18.23	<.001
Normative Logic-peers *(Influence of peers)*	13.40***(.47)	28.23	<.001
Core self-evaluation (CSE)	.67 (3.74)	.18	.86
Corporate Logic x CSE	.35 (.85)	.41	.68
Market Logic x CSE	-1.00 (.85)	-1.18	.24
Self-interest Logic x CSE	.28 (.85)	.33	.74
Normative Logic (profession) x CSE	-3.49***(.85)	-4.11	<.001
Normative Logic (peers) x CSE	-4.17***(.85)	-4.89	<.001

**p < .05; ** p <.01; and ***p <.001*
[a]All regression coefficients are unstandardized. Standard errors are reported in parentheses.

Plotting these two significant interactions (see Figures 4a and 4b) demonstrates, as predicted, that participants higher in CSE were more likely not to follow the normative practices of comparator organizations or peers within their organizations. In the condition where it was not normative to accept client instructions, higher CSE participants were marginally more likely to do so, relative to their participants lower in CSE; they were thus more likely to commit an ethical violation, relative to their lower CSE counterparts. Conversely, when it was considered normative to act, participants

higher in CSE were less likely to accept instructions, relative to participants lower in CSE; they were thus less likely to commit an ethical violation relative to their lower CSE counterparts.

Figure 4a

Interactive Effects of Core Self-Evaluation and the Normative Logic (profession) on the Likelihood of Accepting Client Instructions (Ethical Transgression)

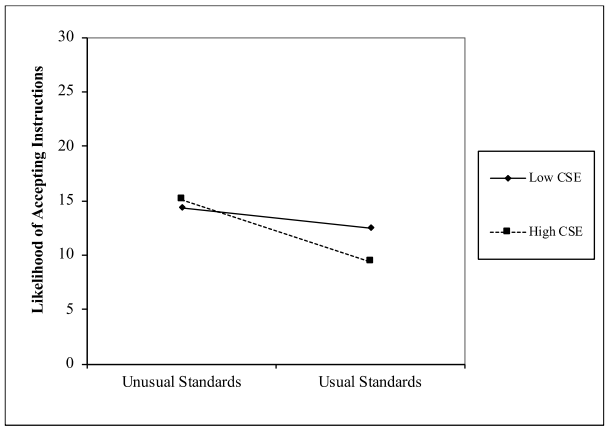
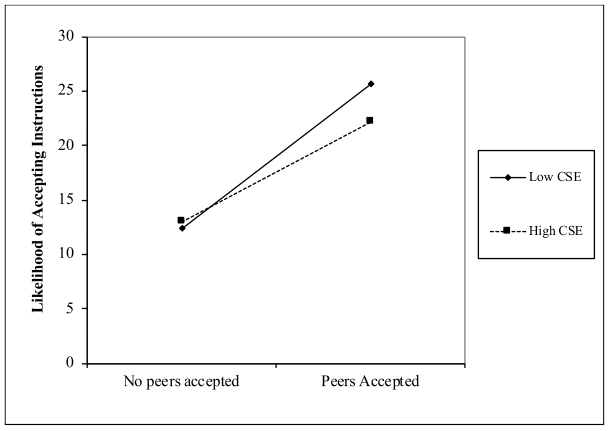


Figure 4b

Interactive Effects of Core Self-Evaluation and the Normative Logic (peers) on the Likelihood of Accepting Client Instructions (Ethical Transgression)



H6a proposed that a preference for rational processing moderates the relationship between logics and ethical conduct. H6b predicted that a preference for experiential processing would also moderate the relationship between logics and ethical conduct. The interaction term for normative practices among peers × rationality (b = - 6.46, $p <$ .001) was significant (Table 4).

Table 4

Between Person-Analysis: The Effects of Cognitive Style Moderating the Influence of Institutional Logics on the Likelihood of Accepting Client Instructions (Ethical Transgression)

Variable	Parameter[a]	*t*	*p*	Parameter[a]	*t*	*p*
Intercept	12.76***(2.86)	4.46	<.001	11.98*** (3.04)	3.94	<.001
Corporate Logic *(Ethical codes and policies)*	-.71 (.60)	-1.19	.23	.04 (.63)	.07	.94
Market Logic *(Competition)*	2.65***(.60)	4.43	<.001	1.66 (.63)	2.65	.01
Self-interest Logic *(Incentives)*	.16 (.60)	.27	.79	.11 (.63)	.17	.86
Normative Logic (profession) *(Standard practices in the profession)*	7.34***(.60)	12.29	<.001	6.90*** (.63)	11.04	<.001
Normative Logic (peers) *(Influence of peers)*	12.75***(.60)	21.34	<.001	8.29*** (.63)	13.26	<.001
Rationality	-2.42 (4.69)	-.52	.61			
Corporate Logic x Rationality	1.31 (.98)	1.34	.18			
Market Logic x Rationality	-1.51 (.98)	-1.55	.12			
Market Logic x Rationality	-.30 (.98)	-.31	.76			
Normative Logic (profession) x Rationality	-1.58 (.98)	-1.6	.11			
Normative Logic (peers) x Rationality	-6.46***(.98)	-6.60	<.001			
Experientiality				-.38 (3.92)	-.09	.92
Corporate Logic x Experientiality				1.05 (.81)	1.31	.19
Market Logic x Experientiality				-1.50 (.81)	-1.18	.06
Self-interest Logic x Experientiality				.06 (.81)	.08	.93
Normative Logic (profession) X Experientiality				-.07 (.81)	-.09	.92
Normative Logic (peers) x Experientiality				-6.99*** (.81)	-8.68	<.001

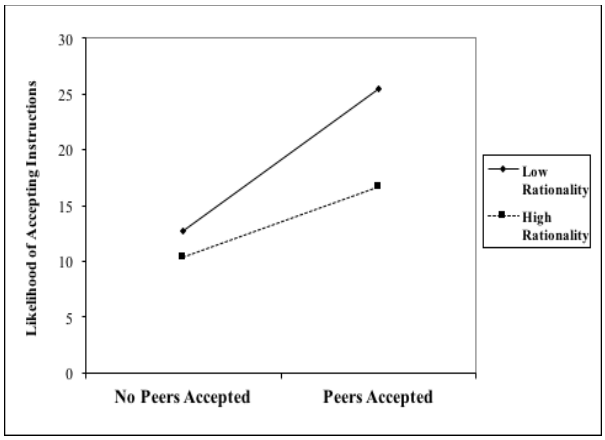
**p < .05; ** p <.01; and ***p <.001*

[a]All regression coefficients are unstandardized. Standard errors are reported in parentheses.

Graphing this interaction (Figure 5a) revealed that individuals higher in rationality were less likely to be influenced by a peer logic that normalized ethical transgression, thus supporting H6a.

Figure 5a

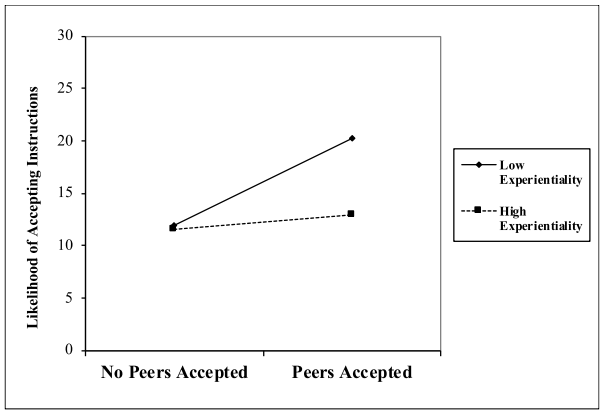
Interactive Effects of Rationality and the Normative Logic (peers) on the Likelihood of Accepting Client Instructions (Ethical Transgression)



The interaction term for the normative peer logic × experientiality (b = -7.00, $p <$ .001) was also significant (Table 4). When we graphed this interaction (Figure 5b), we observed that individuals high in experientiality were less likely to be influenced by a peer logic that normalized ethical transgression, thus supporting H6.

Figure 5b

Interactive Effects of Experientiality and the Normative Logic (peers) on the Likelihood of Accepting Client Instructions (Ethical Transgression)



H7 predicted that experience in the professional domain moderates the relationship between logics and ethical conduct. We ran interactions for all Level 1 cues and 'general experience' and 'exposure to training'. Three interaction terms for 'general experience' were negative and significant. The market logic × general experience interaction was significant (b = - 1.07, $p < .05$), as was the normative logic in the profession × general experience (b = - 2.09, $p < .001$) interaction and the normative practices amongst peers × general experience (b = -2.07, $p < .001$) interaction (Table 5). Graphing all three interactions (Figures 6a, 6b and 6c) revealed that participants with greater on the job experience were more likely to accept instructions and risk an ethical violation, in accordance with our hypothesized effects. However, none of the interaction terms for the 5 cues × general exposure to training were statistically significant. Hence, and so, H7 is partially supported.

Table 5

Between Person-Analysis: The Effects of Experience and General Exposure to Training Moderating the Influence of Institutional Logics on the Likelihood of Accepting Client Instructions (Ethical Transgression).

Variable	Parameter[a]	*t*	*p*	Parameter[a]	*t*	*p*
Intercept	12.29***(2.10)	5.84	<.001	12.29***(2.09)	5.85	<.001
Corporate Logic *(Ethical codes and policies)*	.28 (.47)	.59	.55	.28 (.47)	.59	.55
Market Logic *(Competition)*	2.34***(.47)	4.92	<.001	2.34***(.47)	4.89	<.001
Self-interest Logic *(Incentives)*	.23 (.47)	.49	.62	.23 (.47)	.48	.63
Normative Logic (profession) *(Standard practices in the profession)*	8.56***(.47)	17.98	<.001	8.56***(.47)	17.89	<.001
Normative Logic (peers) *(Influence of peers)*	13.30***(.47)	27.93	<.001	13.30***(.47)	27.80	<.001
Experience	3.68 (2.11)	1.74	.08			
Corporate Logic x Experience	-.48 (.48)	-1.02	.31			
Market Logic X Experience	-1.07* (.48)	-2.23	.03			
Self-interest Logic x Experience	-.21 (.48)	-.43	.66			
Normative Logic (profession) X Experience	-2.09***(.48)	-4.36	<.001			
Normative Logic (peers) x Experience	-2.07***(.48)	-4.34	<.001			
General Exposure to Training				2.91 (2.11)	1.38	.17
Corporate Logic x Training				-.35 (.48)	-.72	.47
Market Logic x Training				.09 (.48)	.19	.85
Self-interest Logic x Training				-.06 (.48)	-.12	.91
Normative Logic (profession) x Training				-.89 (.48)	-1.86	.07
Normative Logic (peers) x Training				-1.09 (.48)	-2.27	.06

**p < .05; ** p <.01; and ***p <.001*

[a]All regression coefficients are unstandardized. Standard errors are reported in parentheses.

Figure 6a

Interactive Effects of Experience and the Market Logic on the Likelihood of Accepting Client Instructions (Ethical Transgression)

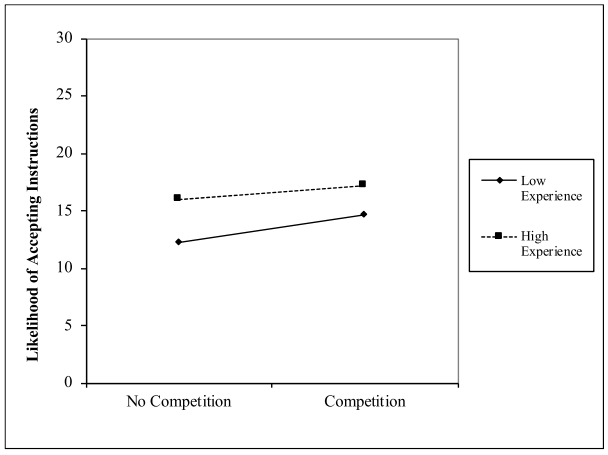


Figure 6b

Interactive Effects of Experience and the Normative Logic (profession) on the Likelihood of Accepting Client Instructions (Ethical Transgression)

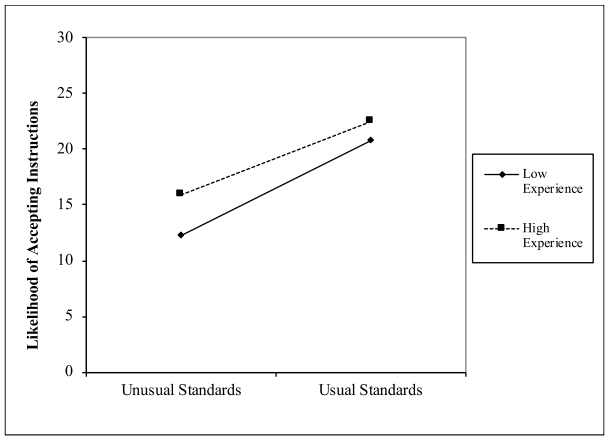
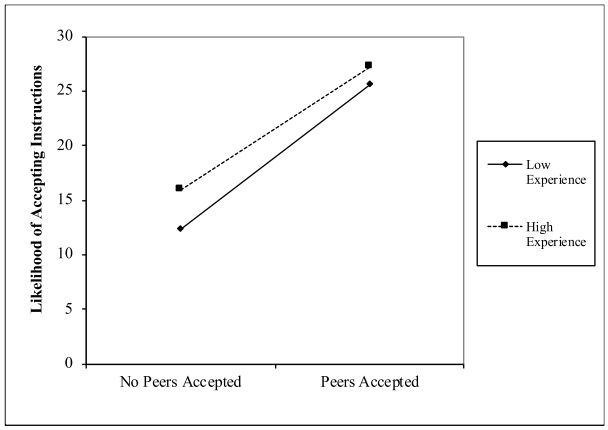


Figure 6c

Interactive Effects of Experience and the Normative Logic (peers) on the Likelihood of Accepting Client Instructions (Ethical Transgression)



Comparing Subjective and Objective Decision Policies

We compared participants' subjective and objective decision policies by calculating the mean subjective decision weights of the five cues and comparing them with the objective decision weights (regression coefficients) obtained by means of our multilevel modeling, using Spearmans' rank order correlation with Fishers' transformation (z). Table 6 presents the results, with policies ordered by importance.

Table 6
Comparison of Subjective (Self-Reported Rank Order) and Objective (Rank Order Derived by Regression Weights) Importance of the Five Institutional Logics in Explaining Participants' Decisions Regarding the Likelihood of Accepting Client Instructions (Ethical Transgression)

Variable	Mean	SD	Self-Reported Rank Order[a]	Rank Order Derived from Regression Weights
Normative Logic (profession) (*Standard practices in the profession*)	3.60	1.20	1	2
Corporate Logic (*Ethical Codes and policies*)	3.47	1.27	2	4
Normative Logic (peers) (*Influence of Peers*)	3.18	1.45	3	1
Market Logic (*Competition*)	1.99	1.04	4	2
Self-interest Logic (*Incentives*)	1.47	.93	5	5

a The range used by participants in the self-evaluation measure was 1-5

In line with a growing number of policy-capturing studies of work-related decision processes (e.g. German, Fortin, & Read, 2016; Wang, Gao, Hodgkinson, Rousseau, & Flood, 2015), the average correlation between participants' subjective rated decision policies and their objective decision policies was weak and nonsignificant (r_s = 26, p >0.05, ns.). This result suggests that participants, on average, were not aware of their actual judgment policies, failing to indicate accurately the cues that were most important to them in their decision making.

Discussion

Our study highlights the critical role played by individual differences in how decision makers respond to competing institutional logics when making ethical decisions. The findings offer empirical support for the basic, overarching proposition that individual differences matter (Thornton et al., 2012). By drawing on psychological insights to illuminate how decision makers interact with their institutional environments and the resulting effects upon individual behavior and action (Bitektine, 2011; Bitektine & Haack, 2015; Glaser et al., 2016; Tost, 2011), the work reported in this paper adds to the emerging body of empirical work that is examining the micro-foundations of institutional theory and institutional complexity (Glaser et al., 2016; Raaijmakers et al., 2015; Schilke, 2018), with a view to explaining how micro-level phenomena are linked to macro-level phenomena (Barney & Felin, 2013; Creed, Hudson, Okhuysen, & Smith-Crowe, 2014; Felin & Foss, 2005; Felin et al., 2015; Haack, Sieweke, & Wessel, 2018; Harmon, Haack, & Roulet, 2018; Powell & Colyvas, 2008; Powell & Rerup 2017).

Our study has also made a methodological contribution by harnessing the technique of policy-capturing as a means of testing the relationships we have hypothesized concerning the interactive effects of logics and individual differences on decision outcomes. Our results demonstrate the efficacy of using experimental techniques to examine causal relationships and empirically validate theoretical models (David & Bitektine, 2009; Glaser et al., 2016; Raaijmakers et al., 2015; Zucker, 1977). While we urge scholars to embrace methodological diversity in the use of experimental techniques to advance microfoundations research, nevertheless, we want to emphasize in the particular suitability of policy-capturing as a basis for investigating the rather sensitive research questions that form the focus of the present line of inquiry, providing

more objective insights into the socio-cognitive drivers of actors' decision making and attendant conduct than other, more direct methods of cognitive assessment might permit (Nokes & Hodgkinson, 2018). Illustrating the veracity of this claim, when asked to reflect explicitly on their decisions, participants rated ethical codes and policies as being the second most important factor in their decision making, whereas the regression weights obtained by means of our policy-capturing analysis revealed how little such mechanisms came into play when confronted with competing logics.

The Main Effects of Institutional Logics on Ethical Decision Making

Our finding that logics associated with normative practices in the legal profession had a significant bearing on participants' decisions (H4a and H4b), supports the extant literature regarding the psychological power of descriptive norms (Cialdini, Reno & Kallgren, 1991; Moore & Gino, 2013). As part of a collective community, decision makers will look to their chosen profession for guidance regarding what is to be considered legitimate behavior (McPherson & Sauder, 2013). The professions, in this way, provide "observable behaviors and artifacts" (Shafer & Simons, 2011, p. 649) as resources for their incumbents to draw on in their everyday practice. When accepting clients' instructions was deemed an acceptable practice within the confines of our study scenarios, the incidence of 'ethical breaches' in participants' decisions increased by 8.6%.

The importance of co-workers as a source of normative influence is evident from our finding that such influence, when depicted in our stimulus materials, increased the occurrence of an ethical breach on the part of participants by 13.4%. As logics are 'voiced by' and 'acted out' by social actors (Lindberg, 2014), work colleagues are the primary influencers as 'carriers' of institutional logics (Pache & Santos, 2013; Zilber

2002). Our study attests to the veracity of this claim. Thus, it is easy to see how such practices become routinized with a resultant shift in the normative base of what is considered ethical conduct (Moore & Gino, 2013). Through routinization, such behavior becomes ordinary and mundane, resulting in a kind of 'ethical numbing' (Tenbrunsel & Messick, 2004), suggesting that immediate colleagues in the workplace are primary ethical 'role models'. If role models engage in ethically questionable conduct, it is easy to see how such behavior becomes commonplace, changing the 'ethical base rate' within the workplace (Gino & Bazerman, 2009).

The influence of the market logic (competition) had a small but significant effect on the acceptance of instructions, increasing the commission of an ethical breach by 2.36%. This finding supports previous studies which found that a competitive context was likely to lower ethical intentions (Valentine & Bateman, 2011) and decrease ethical conduct (Hegarty & Sims, 1978). The size of the effect may be indicative of a market where competitive forces are not as powerful as in other professions (Loe et al., 2000; Shreck, 2015).

The finding that H1 was not supported could imply resistance to organizational demands (Gendron, 2002). To maintain autonomy, individuals may evade attempts to impose mechanisms that are considered "administrative or bureaucratic controls" (Abernathy & Stoelwinder, 1995, p. 3), designed to influence their decision making. Alternatively, our findings could simply indicate that the other logics prevailing in the decision environment were more compelling.

While previous studies have found a positive, significant relationship between incentives/rewards and unethical behavior (Loe et al., 2000; O'Fallon & Butterfield, 2005), participants in our study were largely resistant to the effects of self-interest, borne

of immediate rewards. Economic theory suggests that decision makers draw negative inferences from the existence of offered incentives (Gneezy, Meier, & Rey-Biel, 2011), because such incentives signal that the behavior thus incentivized is fraught with risk (Frey & Oberholzer-Gee, 1997). Introducing incentives does not therefore always secure the behaviors that the organization intended (Ariely, Gneezy, Loewenstein, & Mazar, 2009). Resistance to the incentives on offer in our study might also be attributable to the manner in which this particular variable was manipulated. Rather than specifying the amount of any bonus payment in our manipulation, we placed participants in a potential 'gain' (presence of a bonus) or 'neutral' (accepting the client's instructions would not have any effect on the payment of a bonus) position, taking into account research findings on loss aversion (Kahneman & Tversky, 1979, 1984). In seeking to mitigate the possibility of skewed data due to loss aversion, it is possible that the nature of our manipulation affected our findings adversely with regard to our dependent variable.

In our study, we compared the 'objective' decision policies of the participants with their 'subjective' decision policies, i.e. those obtained by asking the participants to rate the importance of the five cues (logics) in their decision making. In line with previous studies (German et al., 2016; Hobson, Mendel, & Gibson, 1981; Taylor & Wilsted, 1974; Wang et al., 2015; Webster & Treviño, 1995; Zedeck & Kafry, 1977), we found that participants were seemingly unaware of the actual influence of the respective cues on the evaluations they had made. Generally, participants self-reported that the normative logic, relating to the reported behavior of the profession, was the most influential driver for the decisions they made, with the corporate logic, and the presence of internal ethical codes and policies, being ranked respectively second and third. The

rank order of cue influence from the regression weights revealed a rather different story. While normative logics in the profession were statistically significant drivers of decisions, ranking second in order of importance in terms of regression weights, the corporate logic ranked fourth and was non-significant in terms of influence on decision outcomes. These discrepancies can be attributed a lack of self-insight; as noted earlier, people are often unable to access the real reasons for their decisions, because such reasons are not "available to conscious experience" (Nisbett & Wilson, 1977, p. 232). In addition, socially desirable reporting may account for participants citing certain cues as being key to their evaluations of the dilemma at hand (Aiman-Smith et al., 2002). Overall, the discrepancies we have observed in the present study, further highlight the advantages of using policy-capturing. Like the discrepancies observed similarly in previous work (German et al., 2016; Hobson et al., 1981; Taylor & Wilsted, 1974; Wang et al., 2015; Webster & Trevino, 1995; Zedeck & Kafry, 1977), our findings reveal substantively meaningful variations in terms of the information individuals *actually* make use of in exercising judgment and decision making — i.e. their theories in use— as opposed to what they say they do — i.e. their espoused theories (Argyris & Schön, 1974).

Individual Differences Affect Responses to Institutional Complexity

CSE moderated the effects of normative practices in the organization and the wider profession (i.e. standards in the profession and the influence of peers). Thus, participants characterized by higher CSE scores were more inclined to go with their own convictions and were less inclined to use the actions of others to guide their behavior in situations of uncertainty, relative to their lower CSE counterparts. Highlighting the importance of agency in responses to institutional complexity, our findings reflect prior

theorizing (Judge & Kammeyer-Mueller, 2011; Judge et al., 2004) and are supportive of the position that high CSE individuals tend not to rely on the insights of others, preferring instead to rely on their convictions to guide decision making (see also Hiller & Hambrick, 2005).

In line with our predicted hypotheses, we found that cognitive style moderated the influence of the logics prevailing. We found that decision makers with a chronic preference for rational processing were less likely to be influenced by particular logics relating to the behavior of their peers, relative to their low rationality counterparts. Our explanation for this finding is that high rationality decision makers seek "justification via logic and evidence" for their decisions (Epstein, 1994, p. 711). Hence, the cues (reflecting alternative logics) in our experimental scenarios might well have been interpreted as 'informal sources of information' by high rationality participants looking for explicit sources of information (Epstein, 2008). In addition, a preference for reflective (controlled) processing may have led such decision makers to seek more reasoned evidence in their desire to perform a more formal, logical analysis of the problem at hand, discounting the logics prevailing. Our finding that individuals with a preference for experiential processing were similarly less likely to be influenced by particular logics that normalized ethical transgressions, suggests that such decision makers were more likely to rely on previously stored mental representations as a guide to decision making (Epstein, 2008). Reliance on this more basic form of processing seemingly led to the underweighting of the prevailing logics in their decision models, even those logics adopted by their peers.

The notion of cognitive versatility encapsulates the basic idea that some individuals possess the ability to 'switch cognitive gears' (Louis & Sutton, 1991),

moving back and forth between analytical and intuitive processing strategies as required by the task at hand (Hodgkinson & Clarke, 2007). In the present context, this construct describes people who are able to switch between the two types of processing encapsulated in CEST, attending to detail while still paying attention to the 'bigger picture' (cf. Hodgkinson & Clarke, 2007; Louis & Sutton, 1991). It seems reasonable to speculate that participants who favor the rational system and the experiential system in equal measure can be construed as 'cognitively versatile' (Hodgkinson & Clarke, 2007, p. 246) and that such individuals are likely to be more resistant to the basic temptation to commit an ethical violation than their less versatile counterparts. Such versatility might allow decision makers to respond to institutional complexity more effectively, enabling them to develop more sophisticated (cognitively complex) mental representations (i.e. models) of the problems at hand, ones that both differentiate and integrate (Streufert & Swezey, 1986) competing institutional logics, thereby equipping them with the means to be able to contrast and balance a range of competing duties and interests. As such, when confronted with the opportunity to do so, cognitively versatile participants will be less likely to commit an ethical violation.

Again in line with our theorizing, we found that levels of experience in the professional domain moderated the relationship between the logics prevailing and (un)ethical outcomes. Decision makers with greater levels of experience were more inclined to commit ethical breaches under conditions of greater competition, and when the acceptance of instructions was aligned with the normative expectations of peers, and, indeed, the wider profession. These findings support the position proffered by institutional theorists that embeddedness within the institutional context increases the likelihood of adherence to the logics prevailing (Thornton et al., 2012). Reflecting this

line of argument, our findings suggest that decision makers with greater levels of experience are more likely to use "ready-made accounts" (Zucker, 1977, p. 728), or extant representations, to guide them in their decision making. In addition, because decision makers with greater levels of experience are likely to enjoy greater seniority, they are more likely to be under increased pressure to maintain their position within the firm (Pierce & Sweeney, 2010) and thus, could be considered to take advantage of the benefits of logic-congruent behavior, of the sort that promulgates the practice of overlooking unethical conduct (Kennedy & Anderson, 2017).

Our finding that 'general exposure to training' failed to influence decision outcomes, while concerning, accords with mixed findings in the literature regarding the effectiveness of formal mechanisms such as ethical training programs targeted at increasing desired behaviors (Treviño & Brown, 2004). Researchers have suggested that such programs often fail to reflect the wide array of competing forces inherent in organizational environments that seek to challenge decision makers' unethical choices (Tenbrunsel & Messick, 2004).

Limitations and Future Directions

While we appreciate that experimental methods cannot capture the richness of real-life settings, we took a number of steps in the design and implementation of our study to enhance its external validity. Our sample comprised experienced professionals with deep sectorial knowledge, who worked with realistic (ecologically valid) materials, developed through extensive knowledge of the profession and careful pilot work, thus enabling us to attain experimental rigor without sacrificing relevance (Schwenk, 1982). We suggest that our findings concerning the limited self-insight into participant's own decision policies reinforces the growing weight of evidence (German et al., 2016; Wang

et al., 2015; Webster & Treviño, 1995) highlighting the benefit of utilizing experimental techniques such as policy-capturing to 'reveal' decision makers' "theories in use" (*what they actually do*) as opposed to their "espoused theories in action" (*what they say they do*) (Argyris & Schön, 1974).

We used an online survey to collect our data, recognizing the benefits of such an approach when exploring a sensitive topic with a sample of practitioners. Specifically, we were able to impose certain controls over data collection, e.g. the prohibiting of a participant being able to change their answers and ensuring that data was collected before a participant was able to move on to the next question, thereby helping to eliminate the risk of missing data. In allowing participants to respond from their own work environments, we sought to counter the critique that studies utilizing scenarios can lack realism (Aguinis & Bradley, 2014). While we requested in our instructions to participants that the survey should be completed in their own work environments, we acknowledge the limited control over the data collection environment in our study.

In line with other studies that have explored responses to institutional complexity (Arman et al., 2014; Raiijmakers et al., 2015; Smets, Jarzabkowski, Burke, & Spee, 2015), the present study was confined to just one professional sector, which afforded the benefit of greater experimental control, thus enabling us to isolate interorganizational and intra-organizational variations in cognition and decision making (cf. Malhotra & Morris, 2009; Martin, Curie, Weaver, Finn, & McDonald, 2017). While we contend that our findings have important implications for professional sectors more generally that experience a similar pattern of logic multiplicity, (Goodrick & Reay 2011; Kitchener, 2002; Reay & Hinings, 2005; Thornton et al., 2005), we also express caution about generalizing beyond the profession we studied. We, therefore, call for comparative

work across a range of professional contexts, to gain further insights into the person x situation drivers of (un)ethical decision making in the face of institutional complexity.

Despite the negative findings of our study pertaining to financial incentives, more generally it is acknowledged that some professionals are not immune to such tangible rewards (Toffler & Reingold, 2003). Future research might explore the implicit tension between the 'calling to serve' (Sharma, 1997, p.19) and the financial motivation to act unethically, by considering decision makers' sense of professional/bureaucratic orientation (Abernathy & Stoelwinder, 1996). Such research might also explore whether the additional fiduciary duties owed by professionals serve in any way to safeguard against the lure of financial incentives to engage in unethical conduct.

Conclusion

As noted at the outset, well-publicized scandals across a varied array of professions have highlighted the serious consequences of unethical conduct to individuals, the economy and society at large. By harnessing the advantages of the experimental technique of policy-capturing, we tested a socio-cognitive theory of how boundedly rational decision makers address the institutional complexity confronting them. By focusing on gaining micro-level insights into macro-level phenomena, we have increased understanding of why some decision makers within the particular context of the legal profession might choose to commit such ethical violations, whereas many others do not. The central proposition supported by our findings is that variations in how individuals' mentally represent everyday ethical dilemmas can explain whether or not institutional forces influence the decision to engage in unethical conduct. We have thus drawn attention to the importance of examining individual differences to better account for the varied ways in which decision makers respond to the institutional

complexity facing them in their everyday practice. We hope that the work we have reported in this paper prompts others to examine how individual differences moderate the effects of institutional forces on judgment and decision making.

CHAPTER 5

CONCLUSION AND FUTURE DIRECTIONS

As discussed at the outset of this thesis, the moral fiber of the professions has been called into question as a result of numerous scandals over the past few decades that have serious consequences for the individuals they serve and also wider society (Boon & Whyte, 2012; Coffee, 2006; Dixon-Woods, Yeung, & Bosk, 2011; Formicola, 2016; Francis, 2013; Gabbioneta, Greenwood, Mazzola, & Minoja, 2013; Mitchell & Sikka, 2011; Nash, 2019; Sodha, 2019; Weick & Sutcliffe, 2003). The work presented within this thesis has sought to address the puzzle of why some members of the professions choose to engage in unethical conduct, whereas their ethical counterparts adhere steadfastly to the expected standards of ethical behavior.

In seeking to address this puzzle, Chapter 2 presented a person x situation model. As highlighted in Chapter 1, previous approaches to the analysis of this puzzle reported in the behavioral ethics and moral psychology literatures risk an 'under socialized' or 'over socialized' explanation for (un)ethical decision making. Exploring why some professionals 'cross the line' and commit ethical violations requires an approach that incorporates not only consideration of the 'apples' and 'barrels', but also the dynamic interaction between them. Influenced by Treviño's (1986) model of ethical decision making, the model presented in Chapter 2 recognizes that (un)ethical behavior is the consequence not only of situational and individual factors per se, but also the interaction between them. Extending Treviño's (1986) interactionist model, the person x situation

analysis contained within this thesis includes a recognition that situational forces are not bounded by the organization but extend to professional fields and beyond, to institutions. Most significantly, in exploring how actors' mental representations of the decision at hand vary systematically on the basis of individual differences, the theoretical model advanced in Chapter 2 and tested in Chapter 4 recognizes that the heterogeneity of decision makers is a critical ingredient in determining whether individuals ultimately succumb to engaging in unethical conduct.

In Chapter 1, I set out the overarching philosophy for the work embodied within this thesis and discussed why critical realism offered an apposite ontology for exploring the "deeper mechanisms and wider determinants" of decision-making (Harwood & Clark, 2012, p.36). In reflecting on how critical realism has permeated the research process, I now discuss its influence on my approach to theorizing (Chapter 2), my methodological approach and choices (Chapter 3), and my interpretation of the empirical findings (Chapters 4 and 5).

Chapter 2 advanced a person x situation model of how individuals in the professions *actually* make ethical decisions. The theory proposed in Chapter 2 addresses the professions in general, while the empirical work reported in Chapter 4 examined the veracity of the theory in one profession, namely legal services. My approach to theorizing embraces and reflects two core aspects of critical realism, namely, the stratified nature of reality (i.e. the domains of the *empirical*, the *actual*, and the *real*) and the interplay of structure and agency in influencing individual behavior. Scholars propose that logics unfold in the domain of the actual as they are enacted by individuals (Leca & Naccache, 2006). The question of how and with what effect

particular logics are enacted by individuals is a product of intrapersonal and situational influences, the latter of which emanate from institutions that are considered to exist in the domain of real (Edwards, 2016). Both sets of factors exert their influence via an assortment of generative mechanisms, which cause events or outcomes to occur in the domain of the actual (cf. Danermark, Ekström, Jakobsen, & Karlsson, 2002). Predicated on this logic, my theorizing posits explicitly that individual behavior is influenced by a combination of agency and structure, which cannot be conflated; that is, I maintain that individuals enjoy to varying extents a degree of agency, which is constrained by wider structural factors (Clark, 2008). My proposition that the influence of a given set of logics, both individually and in combination, will be moderated by intrapersonal factors such as an individuals' sense of human agency and cognitive style, recognizes the fundamental distinction between structure and agency. Thus, responses to institutionally complex situations, of the sort that pose ethical dilemmas to professionals, are inevitably contingent; that is, such responses are conditional on an interplay of intrapersonal (micro) and extra-personal (socio-material) factors. As such, their analysis requires an exploration of *both* structure *and* agency, in a manner that maintains the analytical distinction of these fundamental categories, eschewing deterministic alternatives that privilege structure at the expense of agency, or conversely, deterministic alternatives that privilege agency at the expense of structure. As positivism places an emphasis on determinism and on the examination of observable events, a positivist ontology could result in a 'superficial' analysis of the complexities of decision making (Harwood & Clark, 2012). In contrast, critical realism contends that reality extends beyond observable events to 'mechanisms, structures and powers' which can influence

outcomes (Clark, MacIntyre, & Cruickshank, 2007, p. 524), and that such outcomes are changed by the interactions between the individual and their context (Harwood & Clark, 2012; Sayer, 2000). In short, the person x situation perspective I have adopted in the work embodied in this thesis, reflects the fundamental position taken by critical realists that actors and structures are in constant interaction (Leca & Naccache, 2006) and that exploring complex phenomena requires an ontology that extends beyond observable events.

The methodological approach discussed in Chapter 3, which I adopted in the empirical study reported in Chapter 4, aligns similarly with a critical realist ontology. In exploring the nature of human behavior, critical realists consider that events and experiences in the domain of the actual are derived from generative mechanisms in the domain of real, that are themselves often independent of awareness (Clark, 2008; Leca & Naccache, 2006). A range of factors, even those not perceived by the decision maker (Nisbett & Wilson, 1977), or observed by the researcher, can still influence the decision outcome at hand (Harwood & Clark, 2012).

One of the key advantages of the experimental technique of policy-capturing is its ability, through statistical analysis, to reveal actors' 'implicit' models of the problem at hand. As such, the technique is not constrained by participants' self-perceptions of which environmental factors or 'structures' were influential in their decision making. Thus, by the use of statistical analysis, the researcher is able to explore factors that influence decision outcomes that exist beyond the individual decision maker's conscious awareness, exemplified by empirical studies demonstrating substantive discrepancies

between decision makers' explicit and implicit decision policies of the sort reviewed in Chapter 3.

Chapter 4 reported the empirical testing of the theory advanced in Chapter 2. As a result of a stratified ontology, critical realism rejects the idea that causality can be reduced to a series of replicated events, proposing instead that causality arises from the activation of generative mechanisms which produce events which may or not be observable (Bhaskar, 1978; Sayer, 2000). An understanding of causality is realized through a process of retroduction, i.e. working backwards from the event(s) at hand so as to identify what generative mechanism(s) may have produced them (Danermark et al., 2002), thus providing "a theoretical reconstruction of plausible explanations of the conditions and mechanisms necessary for events to have occurred" (Healey & Hodgkinson, 2014, p. 150).

Researchers consider that statistical techniques are capable of revealing relationships between variables that are suggestive of generative mechanisms found in the domain of real (Olsen & Morgan, 2005). The use of regression analysis can help to explain empirical patterns retrospectively and interaction terms can be employed to test contingent effects (Ron, 2002). Byrne (1999, 2004) argues that while multilevel models in the hands of empiricist conflate variables with reality, in the hands of critical realists, such models are considered to be suggestive of the underlying complexity of social relations. However, it is critical to emphasise that generative mechanisms cannot be reduced to, or directly equated, with the variables in a regression model (Olsen & Morgan, 2005). Rather, through the use of variables in a model, regression analysis can provide 'clues' to the influence of the underlying generative mechanisms in question

(Ron, 2002). Thus, it is only possible to obtain indirect evidence of generative mechanisms in the form of clues or signals in the qualities of data in the domain of the empirical.

As stated in Chapter 1, Porpora (1998) refers to the different approach taken by critical realists to the significance of the regression output. In contrast to the prominence given to prediction in a positivist interpretation of a regression model, for critical realists the emphasis is on explanation. As Reed (2005a) asserts, critical realism "legitimates a causal-explanation methodology in which the objective is to explain, rather than to predict, describe or deconstruct social behavior" (p. 1631). The findings in Chapter 4 represent an explanation of the varying influence of the logics investigated, both as main effects, and in concert with the with the various intrapersonal factors investigated (i.e. cognitive style and core self-evaluation), as captured via the interactions, also reported in this chapter.

In this final chapter, I discuss how the work embodied within this thesis contributes as a whole to several interrelated extant literatures, extending the current body of knowledge. Moreover, I present some practical implications arising from the empirical findings reported in Chapter 4. In addition, I discuss limitations and future directions for research, which would serve to extend theorizing and add further insights into this important area of scholarship.

Contribution to the Microfoundations of Institutional Theory

By exploring how decision makers navigate the competing and conflicting institutional logics confronting them within their professional environment, this thesis makes a contribution to the literature on the microfoundations of institutional theory (cf.

Bitektine, 2011; Felin, Foss, & Ployhart, 2015; Glaser, Fast, Harmon, & Green, 2016; Pache & Santos, 2013; Powell & Colyvas, 2008; Powell & Rerup, 2017; Raiijmakers, Vermeulen, Meeus, & Zietsma, 2015). In utilizing a person x situation perspective to explore how individual differences interact with key features of the wider task and institutional landscape to shape decision makers' behavior (Bitektine, 2011; Bitektine & Haack, 2015; Glaser et al., 2016; Tost, 2011), my thesis delivers an important extension to the emerging literature on micro-foundational inquiry by providing a psychologically grounded explanation of how decision makers navigate the institutional complexity confronting them in their everyday work (cf. Bitektine, 2011; Felin et al., 2015; Powell & Colyvas, 2008; Powell & Rerup, 2017). Despite calls to revisit the cognitive foundations of institutional theory (see, for example, George, Chattopadhyay, Sitkin, & Barden, 2006) as a means of furthering understanding of the micro-processes of institutional theory (Bitektine, 2011; Powell & Colyvas, 2008; Powell & Rerup, 2017) and microfoundations more generally (Barney & Felin, 2013; Felin & Foss, 2005; Felin et al., 2015), there has been a distinct lack of theorizing regarding the psychological mechanisms through which (competing) logics shape individual action and behavior (Glaser et al., 2016).

In utilizing psychological insights to illuminate how decision makers interact with their institutional environment and the resulting effects upon individual behavior and action (Bitektine, 2011; Bitektine & Haack, 2015; Glaser et al., 2016; Tost, 2011), this thesis contributes to the increasing interest in seeking explanations for how micro-level phenomena are linked to macro-level phenomena (Barney & Felin, 2013; Creed, Hudson, Okhuysen, & Smith, 2014; Felin & Foss, 2005; Felin et al., 2015; Haack,

Sieweke, & Wesel, 2018; Harmon, Haack, & Roulet, 2018; Powell & Colyvas, 2008; Powell & Rerup, 2017). The importance of focusing on micro-level processes within institutional theory is critical given that institutions are themselves "reproduced through the everyday activities of individuals" (Powell & Colyvas, 2008, p. 277). As institutions serve to shape individual behavior, individuals also serve to shape institutions (Battilana, 2006; Battilana & Dorado, 2010; Battilana, Leca, & Boxenbaum, 2009; Lawrence & Suddaby, 2006; Lawrence, Suddaby & Leca, 2009). As the microfoundations movement acknowledges that individual actors 'inhabit' nested institutional environments (Friedland & Alford, 1991; Hallett & Ventresca, 2006), there is the need for researchers exploring microfoundations to explicitly recognize that individuals are situate within macro-contexts and that those contexts are multi-layered in nature (Felin et al., 2015; Harmon et al., 2018). Adopting a perspective that accommodates multilevel analysis has the capacity to extend current theorizing and add valuable insights to explore how individuals respond to institutional complexity, a common feature of modern organizations (Greenwood et al., 2011).

In adopting a person x situation perspective (Treviño 1986) and focusing on individual differences, my thesis responds to explicit calls in the extant literature for investigating how such differences might affect how actors respond to competing institutional logics (McPherson & Sauder, 2013; Thornton, Ocasio, & Lounsbury, 2012). In addition, scholars have highlighted the need to understand more clearly how macro-level phenomena influence individual orientations and thus action and behavior (Bertels & Lawrence, 2016; Cardinale, 2018; Delbridge & Edwards, 2008; George et al., 2006; Greenwood et al., 2011; McPherson & Sauder, 2013; Misangyi, Weaver, & Elms,

2008; Powell & Rerup, 2017; Raiijmakers et al., 2015; Thornton & Ocasio, 2008; Voronov, De Clerq, & Hinings, 2013; Voronov & Yorks, 2015). Examining behavior at the micro level of analysis, such as individual decision making, requires an understanding of the individual and the institutional environment in concert (Misangyi et al., 2008; Pache & Santos, 2013; Voronov & Yorks, 2015). In exploring the role of individual differences in the utilization of salient logics in decision making, the work within Chapters 2 and 4 incorporates two key themes evident in the institutional theory literature as regards heterogeneity, namely agency and cognition.

Exploring the influence of individual agency on the utilization of logics in decision making contributes to one of the major ongoing debates within institutional theory (Barley & Tolbert, 1997; Cardinale, 2018; Haack et al., 2018; Leca & Naccache, 2006; Seo & Creed, 2002). Institutional theorists traditionally focused on how institutional pressures led to organizations being 'isomorphic', adopting similar forms and practices to gain legitimacy (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Seo & Creed, 2002) and actors were portrayed as passive beings, 'mindlessly' driven by institutional prescriptions. In railing against these sorts of structural and deterministic explanations for the behavior of organizations (see also Tolbert & Zucker, 1983), neoinstitutional theorists sought to bring 'agency back in' to the analysis of organizational life (see, e.g., DiMaggio, 1988).

Various mechanisms have previously been proposed in the literature to address the 'paradox of embedded agency,' a term used to describe the relative autonomy of action from structure (Cardinale, 2018), including the concepts of institutional entrepreneurship (Battilana, 2006; Battilana & Dorado, 2010; Battilana et al., 2009;

DiMaggio, 1998) and institutional work (Lawrence & Suddaby, 2006; Lawrence et al., 2009). In addition, the institutional logics perspective recognizes that institutional structures are both 'constraining and enabling' (Thornton et al., 2012, p. 78). Utilizing a person x situation perspective harnesses the understanding that there will be varying situations when agency is trumped by structure and vice versa. The issue of whether structure or agency prevails will depend upon the interaction of situational forces with individual dispositions. Actors will differ in their adherence to varying institutional pressures (Besharov & Smith, 2014; Powell & Rerup, 2017; Voronov & Yorks, 2015), lying somewhere on the continuum between 'heroic actors' and 'institutional dopes' (Schilke, 2018). Examining the influence of agency as a dispositional trait adds new insights into how institutional logics shape individual behavior and action.

A key way that this thesis extends microfoundations research is to utilize the notion of core-self-evaluation (CSE) to explore the influence of individual variations in sense of agency, as reported in Chapter 4. Those decision makers in the study who believed themselves to be more agentic (higher in CSE) were found to be less reliant on the actions of others to act as a guide for their decision making, relying instead on their own convictions. These findings suggest that higher levels of sense of agency are desirable in work environments where institutional forces can push individuals towards unethical conduct. Future research might explore the point at which higher levels of sense of agency become counterproductive to ensuring ethical outcomes. For example, very high levels of CSE (e.g. hyper-CSE) may result in over confidence, or even hubris, culminating in decision makers embarking upon inappropriate, highly risky choices (Simon & Houghton, 2003), i.e. ones that may also run counter to ethical conduct.

In more general terms, the results reported in Chapter 4 suggest that CSE constitutes a potentially useful variable for studying phenomena such as micro-level sources of resistance to institutional pressures (Schilke, 2018), variations in embedded agency (Cardinale, 2018), and the origins of institutional entrepreneurship (Garud, Hardy, & Maguire, 2007). While existing research suggests that structural variables such as intra-organizational power (Besharov & Smith, 2014) and social position (Battilana, 2006) are responsible for variations in responses to institutional complexity and institutional pressures, the present findings demonstrate that psychological traits such as CSE also play a part in creating such variations. Future research should examine whether CSE has broader effects, such as enabling actors to actively challenge institutional forces that might impel unethical conduct.

My thesis further extends current understanding of the moderators of responses to institutional complexity by examining the role of cognitive style. The effects of cognitive style on ethical decision making has received scant attention in the literature. While a small number of studies have explored the influence of cognitive style on ethical decisions (e.g. Groves, Vance, & Paik, 2008; Lieberman, 2002), none have looked at the interaction of cognitive style and institutional influences. The novel approach developed in this thesis is that cognitive style exerts a more indirect influence on ethicality by moderating the effects of institutional logics on ethical decision making. Importantly, findings from Chapter 4 demonstrate that decision makers with a preference for rational processing and decision makers with a preference for experiential processing alike, were less influenced by the prevailing logics relative to their counterparts with no such chronic preferences. Future research can build on these

findings by exploring in more detail the presumably different mechanisms that lead these two contrasting cognitive styles to exert a similar influence on responses to institutional complexity.

Cognitive style was measured as a means of assessing decision makers' individual differences in chronic information processing preferences pertaining to use of the rational system per se, the experiential system per se, or both systems in concert (Epstein, 1994; Epstein, Pacini, Denes-Raj, & Heier, 1996; Hodgkinson & Clarke, 2007). In the study reported in Chapter 4, participants with a chronic preference for rational processing were less influenced by logics supportive of a tendency to commit ethical transgressions. It is likely that, driven by the need for hard data and logical reasoning (Epstein, 1994), these individuals considered the various institutional logics that 'normalized' unethical conduct as 'mere noise', and less important than explicit sources of information which they would seek out, and which influenced their judgment and choice in favor of ethical decision making (cf. Epstein, 2008).

Participants with a chronic preference for experiential processing were similarly less inclined to be influenced by logics supportive of a tendency to commit unethical transgressions. A preference for 'reflective' processing might have resulted in more ethical decisions being made because reflective processing enables decision makers to balance self-interest against their ethical and professional obligations (Moore & Loewenstein, 2004). Individuals with a chronic preference for experiential processing are generally more likely to rely on previously stored mental representations as a guide to decision making (Epstein, 2008), as opposed to drawing on situational forces around them (e.g. normative expectations) as a source of information to guide their actions. If

previously stored mental representations are available that can be matched to the problem at hand, then ethical decisions can be made 'reflexively' (Liebermann, 2000, 2007; Reynolds, 2006), because previously internalized judgments in analogous situations can serve as cognitive shortcuts that guide ethical behavior. In addition, it is possible that basic moral intuitions regarding what is right and wrong will predominate, because individuals marked by a chronic preference for experiential processing are sensitized to cues that trigger affective reactions that counteract or even preclude attempts to incorporate institutional logics that normalize ethical transgressions into a representation of the problem at hand (Weaver, Reynolds, & Brown 2014; Sonnenshein, 2007).

As noted in Chapter 4, cognitive versatility describes individuals who favor the rational and experiential systems in equal measure and are thus able to switch between the two types of processing, attending to detail while still paying attention to the 'bigger picture' (Hodgkinson & Clarke, 2007; Louis & Sutton, 1991). In any decision task, individuals who are cognitively versatile are able to 'bend and flex' as the situation demands and can 'switch between analytical and intuitive processing strategies' (Hodgkinson & Clark, 2007, p. 247). Cognitively versatile decision makers are thus capable of harnessing "rationality and intuition as complementary and mutually reinforcing components of a decision strategy", (Sadler-Smith & Shefy, 2004, p. 87).

Decision makers who are cognitively versatile are at a particular advantage when faced with situations involving a multiplicity of competing institutional influences because they possess the ability to deploy 'analytical and intuitive processing strategies' in tandem (Hodgkinson & Clarke, 2007), incorporating a mix of 'hard' and 'soft' data

into their representations of the problem(s) at hand (cf. Sadler-Smith & Shefy, 2004). As argued in the previous chapter, such decision makers are able to develop more sophisticated (cognitively complex) mental representations of the task at hand, in which they *both* differentiate *and* integrate (Streufert & Swezey, 1986) the varied and competing institutional logics they encounter. This ability to 'bend and flex', contrasting and balancing competing institutional demands, suggests that cognitively versatile decision makers are more adept at questioning the prevailing logics while also being more likely to draw upon moral intuitions (Weaver et al., 2014), increasing the likelihood of the 'right' response (Zhong, 2011).

The findings reported in Chapter 4 that those participants with a chronic preference for rational processing and those with a chronic preference for experiential processing are less likely to commit an ethical violation, when taken together, support the hypothesis that cognitively versatile decision makers are even less likely to commit such violations. Thus, there is a benefit to considering how organizations might encourage and support decision makers to engage more fully in their alternative processing mode, if they demonstrate a chronic overarching preference for rational or experiential processing per se (Browne, 1996).

The work I reported in Chapter 4 extended my theorizing in Chapter 2 by examining the influence of experience in the professional domain as a moderator of the direct effects of institutional logics on (un)ethical decision making. My findings revealed that decision makers with greater levels of experience were more inclined to commit ethical breaches under conditions of greater competition and when such behavior was aligned with the normative expectations of peers and common practice

within the wider profession. This is suggestive that embeddedness within the institutional context results in a greater likelihood of adherence to particular institutional logics, especially if the effort-reward arrangements prevailing confer advantages for displaying logic-congruent behavior (Friedland & Alford, 1991; Thornton, 2002; Pache & Santos, 2013). Being seen to 'align' with the prescriptions of the professional organization is likely to guard against any form of ostracism (D'Aunno, Sutton, & Price, 1991). In addition, decision makers with greater levels of experience are more likely to enjoy greater seniority, and thus may be under increased pressure to maintain their position within the firm (Pierce & Sweeney, 2010) by attracting new clients and maintaining existing relationships, thereby increasing the risk of 'client capture' (Gunz & Gunz, 2008). My findings in this respect have important implications for practice which are discussed further on in this chapter.

More generally, my empirical findings highlight the value of utilizing experimental methods to explore the microfoundations of institutional theory. The predominance of empirical studies examining institutional complexity have utilized qualitative methods such as ethnography, interviews, and archival data (e.g. Arman, Liff, & Wikström, 2014; Goodrick & Reay, 2011; Greenwood, Diaz, Li, & Lorente, 2010; McPherson & Sauder, 2013; Reay & Hinings, 2009; Smets, Morris, & Greenwood, 2012; Smets, Jarzabkowski, Burke, & Spee, 2015; Voronov & Yorks, 2015). However, the use of qualitative methods in decision making research is hampered by the potential for any self-report technique to be adversely influenced by social desirability response bias (Randall & Fernandes, 1991), a problem which is likely to be exacerbated when investigating ethically and/or politically sensitive topics (Allen

& Muchinsky, 1984; Finkelstein & Brannick, 2000; Judge & Bretz, 1992; Klaas & Dell'Omo, 1991). Quantitative methods have traditionally been eschewed by institutional scholars, although Zucker (1977) has advocated the use of experimental techniques as a means of advancing the testing of institutional theory and, more recently, there has been a call to reinvigorate their use, to examine causal relationships between logics and action, allowing for the possibility of empirically validating theories and theoretical models (David & Bitektine, 2009; Glaser et al., 2016; Raaijmakers et al., 2015). Because institutional forces are multilevel (Bitektine & Haack, 2015), techniques like the policy-capturing method adopted in this thesis, which are capable of accommodating nested datasets, offer greater potential for being able to advance extant theory seeking to explain how individuals respond to institutional complexity and, in so doing, enhance understanding of the micro-foundations of institutional theory more generally (cf. Schilke, 2018).

Contribution to the Behavioral Ethics Literature

The model advanced in Chapter 2 is influenced by Treviño's (1986) model, in that it recognizes that (un)ethical behavior is the product of an interplay of situational forces and intrapersonal factors characterizing the individual decision maker. In adopting a 'multiple influences' perspective, the theory rebuts the proposition that (un)ethical behavior can be attributed exclusively to ethically flawed individuals or to the exclusive influence of the organizational environment (Ashkanasay, Windsor, & Treviño, 2006; Treviño & Youngblood, 1990). Adopting a person x situation perspective thus avoids an 'under socialized' or 'over socialized' explanation for (un)ethicality.

Adopting a Parallel-Competitive Variant of Dual-Process Theory for Theorizing

My research contributes to the behavioral ethics literature in a number of ways. First, in embracing a dual-process foundation for theorizing by exploring the influence of individual differences in cognitive style, the model I have outlined advances previous interactionist formulations (e.g. Jones, 1991; Treviño, 1986). Within the domain of behavioral ethics, the 1980's and early 1990's were dominated by theories that asserted that individuals only engaged in deliberative cognition in their decision making (Rest, 1986; Treviño, 1986; Treviño, den Nieuwenboer, & Kish-Gephart, 2014). However, the assumptions of rationality and deliberation that underpinned such theories have been widely challenged by work in moral psychology (Haidt, 2001) and social cognitive neuroscience (Cushman & Greene, 2011; Greene & Haidt, 2002; Lieberman, 2000). There is now general agreement that (un)ethical decision making, like judgment, decision making, and social cognition in general, occurs via the operation of two systems of human information processing (Cushman, Young & Greene, 2010; Evans, 2008; Haidt, 2001; Haidt & Kesebir, 2010; Weaver et al., 2014), although there is ongoing debate as to the relative influence of each system (Cushman, 2013; Evans & Stanovich, 2013; Hodgkinson & Sadler-Smith, 2018; Moore & Gino, 2015).

Dual-process theories propose that there are two qualitatively different types of human information processing at play in thinking and reasoning and a number of different variants of such theories have emerged over the past three decades across cognition and social psychology (for representative examples, see Chaiken & Trope, 1999; Epstein et al., 1996; Evans, 2003, 2007; Sloman, 1996; Smith & DeCoster, 2000; Stanovich & West, 2000). Notwithstanding the variance across the rich assortment of

dual-process and dual-systems theories, there is general fundamental agreement among scholars that the controlled and automatic processes variously theorized serve distinctive functions, and are marked by particular strengths and weaknesses (cf. Evans & Stanovich, 2013). Type 1 processes, characterized as fast, automatic, intuitive, and reflexive, are cognitively undemanding and not accessible to conscious awareness, whereas Type 2 processes are relatively slow, controlled, analytical, and reflective; as such, the latter are demanding of (scarce) cognitive resources, and accessible to conscious awareness (Epstein et al., 1996; Dane & Pratt, 2007; Evans, 2003, 2008; Lieberman, 2003, 2007).

The development of dual-process theories has not been without criticism. Gigerenzer and colleagues, for example, maintain that a single system theory provides a more coherent account for judgment and decision making, pointing to the growing number of theories that advance a differing set of attributes for the two different processing systems. In addition, they highlight the definitional vagueness of the attributes associated with Type 1 and Type 2 processes, and have questioned the empirical basis for the claims of proponents of dual-process theory (see, for example, Gigerenzer & Reiger, 1996; Keren & Schul, 2009; Kruglanski & Gigerenzer, 2011; Osman, 2004). Kruglanski and Gigerenzer (2011) propose a single system theory that contends that deliberative and intuitive processing are both rules-based and are underpinned by the same set of rules where decision makers select the most applicable rule for the particular task at hand. However, such contentions have been subject to theoretical and empirical counter-critique (e.g. Kahneman, 2011; Kahneman & Tversky, 1996; Oppenheimer, 2003) and the use of a dual-process foundation remains prolific

across a diverse range of domains within management and organization studies (Hodgkinson & Sadler-Smith, 2018).

The model of ethical decision making advanced in Chapter 2, and tested in Chapter 4, utilizes a parallel-competitive variant of dual-process theory, namely, Epstein's Cognitive-Experiential Self-Theory (CEST), is in marked contrast with models of decision making predicated on a default-interventionist formulation. CEST is arguably the most apposite variant of all the dual-process theories as it is a broad theory capable of accounting for a wide range of social phenomena (Epstein & Pacini, 1999; Hodgkinson & Sadler-Smith, 2018). Intuition, a central foundation of expertise-based decision making (Salas, Rosen, & DiazGranados, 2010), is incorporated explicitly into the notion of experiential processing (Epstein, 2008). CEST is also an apposite choice due to the primacy it affords to affect (Epstein, 1994, 2010), a likely component in ethical decision making.

Parallel-competitive dual-process theories like CEST assume that automatic (Type 1) and controlled (Type 2) processes compete for attention and control; that is, they propose that Type 1 and Type 2 processes interact cooperatively, collaboratively and competitively (Epstein & Pacini, 1999). When in conflict, the operation of the two systems manifests in a "struggle between feelings and thoughts" (Epstein et al., 1996, p. 391), but when interacting co-operatively and collaboratively, the two systems integrate "seamlessly, harmoniously, and synergistically," (Hodgkinson & Sadler-Smith, 2018, p. 480).

In contrast, default-interventionist accounts hold that Type 1 processes produce a rapid fire, intuitive response to the decision at hand after which Type 2 processes may or

not intervene to support or correct the initial Type 1 response, Type 1 processes being the default mode of operation, wherever possible, so as to conserve scarce information processing capacity (Evans, 2007; Kahneman & Frederick, 2002). Default-interventionist dual process formulations have tended to dominate not only the behavioral ethics literature (e.g. Haidt, 2001) but also the management and organization theory literature more generally (e.g. Dutton, 1993; Louis & Sutton, 1991), the most recent examples in the behavioral ethics literature being the models proposed by McManus (2019) and Zollo and colleagues (2017). In depicting Type 1 and Type 2 processes as interacting in a dynamic interplay, I maintain that parallel-competitive variants of dual-process theories represent a more realistic and complete depiction of (im)moral decision makers, not only boundedly rational, but also often manifestly driven by affectively laden, deeply held, taken for granted assumptions and beliefs, which manifest as the daily struggle to uphold professional standards.

Parallel-competitive variants of dual-process theory have been utilized to address problems within social cognition such as attribution, prejudice, influence and persuasion whereas default-interventionist variants have focused on more abstract problems such as errors and biases in thinking and reasoning tasks (Hodgkinson & Sadler-Smith, 2018). Indeed, the balance of evidence emerging from the recently established field of social cognitive neuroscience supports the dynamic interaction of the two systems in the manner proposed by parallel-competitive accounts (cf. Evans & Stanovich, 2013; Lieberman, 2000, 2007; Hodgkinson & Sadler-Smith, 2018).

In sum, the adoption of parallel-competitive variant dual-process formulations like the one adopted in this thesis, which can account for the bi-directional interaction of

decision makers' reflexive and reflective capabilities (Epstein et al., 1996; Epstein, 2008; Healey, Vuori, & Hodgkinson, 2015; Hodgkinson & Healey, 2011; Hodgkinson & Sadler-Smith, 2018), provides a more compelling theoretical foundation to examine issues such as (un)ethical decision making, because they better approximate the complexities of the judgment tasks facing decision makers.

Incorporating Multi-Layered Macro-Level Contexts

A second way in which my research contributes to the behavioral ethics literature is by advancing and testing a theoretical model that incorporates nested situational factors such as the organization, the professional field and the institutional context, all of which have a material bearing on decision outcomes. The incorporation of such factors arguably reflects a more authentic basis on which to examine (un)ethical decision making in professional situations, relative to accounts which selectively consider particular contextual factors in isolation, or focus solely on the individual decision maker, devoid of context (cf. Moore & Gino, 2015). For example, while research in moral psychology, such as the 'footbridge' and 'trolley' problems has advanced understanding of how individuals react to specific moral dilemmas (e.g. Foot, 1967; Greene, Sommerville, Nystrom, Darley, & Cohen, 2001; Thomson, 1985), it is recognized that the scenarios at the heart of these sorts of studies are removed from the everyday reality of professionals. Thus, there is a need to focus on exploring the (un)ethical behavior in more realistic, every day settings (Bazerman & Gino, 2012). By advancing a model that incorporates individual, organizational and institutional level factors, and acknowledging that those factors may be in competition and conflict, the present work is more reflective of the types of complex and dynamic settings in which

professionals (and arguably many organizational decision makers) find themselves.

Empirical Contribution

The third contribution of the work embodied in this thesis to the behavioral ethics literature is empirical. My findings both support and contest previous findings in varying ways. To illustrate, my finding that the most salient institutional forces were the normative practices in the profession supports previous empirical studies that have revealed a significant influence of peers and co-workers (Brown & Treviño, 2014; Gino & Galinsky, 2012; Moore & Gino, 2013; Zey-Ferrell, Weaver, & Ferrell, 1979). At both the organization level (peers) and the institutional level (profession), decision makers were influenced by the prevailing normative practices surrounding them, highlighting how descriptive norms shape (un)ethical behavior within professional organizations and provide resources for action. My findings in this respect have important implications for professional organizations regarding the type of practices that may encourage/discourage (un)ethical behavior and these are discussed in the 'Contribution to Practice' section, later in this chapter.

There was a small significant effect for the market logic, operationalized by the presence of competitor firms. The presence of competitive forces has previously been found to reduce ethical conduct (Hegarty & Sims, 1978; Valentine & Bateman, 2011). However, the size of the effect may be attributable to competitive forces in 'traditional' professions, such as law, not being as powerful as in other professions (Loe, Ferrell, & Mansfield., 2000; Shreck, 2015). In the legal profession, the reservation of certain activities to members regulated by a particular professional association acts as a mechanism of occupational closure. Conducting comparative research in professions

where there are fewer activities reserved to members of the profession in question, would be of interest to examine whether the influence of competitive forces is aligned in any way to the perceived closure of the professional domain.

The resistance to financial incentives (self-interest logic) was inconsistent with previous studies in the ethical decision making literature (see Loe et al., 2000; O'Fallon & Butterfield, 2005). However, this finding was in line with economic theory (Frey & Oberholzer-Gee, 1997) and studies that have evidenced a decline in motivation to perform the actions that incentives are designed to encourage (Ariely, Gneezy, Loewenstein, & Mazar, 2009). One explanation for this aberrant finding is that incentives have an indirect psychological effect by 'crowding out' the incentivized behavior, as the incentives signal 'explicit control', which lowers extrinsic motivation (Gneezy, Meier, & Rey-Biel, 2011). Again, this issue is worthy of further exploration. Events such as those at Arthur Andersen and Enron illuminate the power of incentives in influencing unethical behavior (Toffler & Reingold, 2003). Are there additional mechanisms at play that act as safeguards against this type of self-interest within the professions? When are incentives likely to corrupt professionals and encourage them to engage in unethical behavior and when are those incentives more likely to be resisted?

The manipulation of incentives in Chapter 4 was limited to the acceptance of instructions from the client resulting in a bonus or having no effect on the payment of a bonus. More nuanced manipulations (i.e. explicit information about the size of the financial incentive) may be required to further explore the relationship between manifestations of the market logic, such as incentives and (un)ethical behavior.

Contribution to Methods within Managerial and Organizational Cognition (MOC) for Studying Ethical Decision Making

Chapter 3 discussed the advantages of the methodological technique of policy-capturing, the theoretical foundations and limitations of the technique, the choices to be made by researchers when designing policy-capturing studies, and the alternative approaches to data analysis when using this technique. Furthering understanding of the factors that influence decision makers as they grapple with the ethical dilemma at hand requires a method capable of accessing the cognitive bases of the decisions in question. As decision makers construct simplified versions of reality or mental representations in order to cope with the limitations of human information processing, techniques that present the ability to reveal those mental representations may be best suited to identify the true drivers of ethical decision making.

Although scholars have acknowledged that 'revealing' mental representations presents significant methodological challenges, nevertheless, a range of techniques within the field of MOC have been advanced that aim to map the mental representations of decision makers (Eden & Spender, 1998; Hodgkinson & Sparrow, 2002; Hodgkinson, Sund, & Galavan, 2018; Huff, 1990; Walsh, 1995). These techniques include semi-structured interviews using hierarchical taxonomic mapping (e.g. Hodgkinson & Johnson, 1994; Porac & Thomas, 1994), repertory grid (e.g. Daniels, Johnson, & de Chernatony, 1994; Reger & Palmer, 1996) and causal mapping techniques (Axelrod, 1976; Calori, Johnson, & Sarnin, 1994).

Notwithstanding the contribution of the aforementioned techniques, their focus on explicit representations risks providing an impoverished view of how people actually

make decisions (Hodgkinson & Healey, 2011, 2014; Hodgkinson et al., 2018), not least because people are not always able to access the real drivers of the decisions they make (Nisbett & Wilson, 1977). Thus, self-report techniques that merely invite participants to offer explanations for their judgments and decisions, may simply generate 'post hoc rationalizations' (Haidt, 2001) or retrospective biases (Raiijmakers et al., 2015). When asking decision makers to directly account for the reasons for their decisions, the answer communicated will usually reflect their 'espoused theory in action', i.e., what people say they do (Argyris & Schön, 1974). However, the theory that actually governs their decisions, actions and behavior will be their 'theory in use', i.e., what people actually do (Argyris & Schön, 1974).

Because decision makers are often unable to access the real reasons for their decisions, those reasons need to be accessed by indirect methods of assessment (cf. Argyris & Schön, 1974; Hitt & Middlemist, 1979). As demonstrated in Chapter 3, policy-capturing enables researchers to reveal implicit decision policies, being able to 'tap the underlying cognitive processes' of decision makers (Tyler & Steensma, 1998, p54). Thus, policy-capturing has the potential to provide insights into action and behavior in the workplace, which are not amenable to introspection.

Notwithstanding the insights to be gained by the technique and its use across a range of work-related domains (e.g. Kachra & White, 2008; Rotundo & Sackett, 2002; Sekiguchi & Huber, 2011; Skarlicki & Turner, 2014; Tyler & Steensma, 1998), as a variant of experimental vignette methodology, it is still acknowledged as being underused (Aguinis & Bradley, 2014). Aguinis & Bradley (2014), highlight a number of other areas suitable for use of such a technique, including microfoundations research

to bridge 'the micro/macro gap' (Barney & Felin, 2013), as discussed in Chapter 4. Chapter 3 suggests that policy-capturing would be suitable for exploring decision makers' use of 'evidence' within the topic of evidence-based decision making (Briner, Denyer, & Rousseau, 2009; Briner & Rousseau, 2011a, 2011b; Rousseau, 2006, 2012). While proponents of evidence-based practice focus on a deliberative use of evidence in decision making, politically charged and sensitive organizational contexts often mean that wider social and cognitive forces are at play (cf. Bartlett, 2011; Baughman, Dorsey, & Zarefsky, 2011; Hodgkinson, 2011, 2012). Indirect methods of cognitive assessment like policy-capturing are ideally placed for investigating this issue because, as noted earlier, they are less prone to the effects of socially desirable responding (Tomasetti, Dalal, & Kaplan, 2015).

Contribution to Practice

The results of my thesis have a number of practical implications. Exploring how individual decision makers respond to multiple competing and conflicting institutional logics when faced with ethical dilemmas in professional practice, my findings reported in Chapter 4 highlight a number of issues which are pertinent to practitioners, professional associations, and regulators alike.

My finding that fellow professionals had the greatest influence on ethical decision making is particularly noteworthy. Professional associations and regulators, through their licensing arrangements, conditions of membership, and the application of their codes of practice and attendant disciplinary mechanisms, usually focus on the conduct of individuals[17]. This is unsurprising in one sense, given the prominence of

[17] For example, the regulation of doctors and accountants operates on the basis of licensing individual practitioners only, see https://www.gmc-uk.org/registration-and-licensing

autonomy as a key feature of professional practice (Derber & Schwartz, 1991; Greenwood, 1957). However, such an individualistic approach fails to adequately recognize the effect of situational forces on human behavior.

The behavioral expectations of professionals are often set out in a code of conduct/ethics drafted by the relevant regulatory body that governs the expected conduct of the individual practitioner. However, professional conduct will also be influenced by the expectations of the employing organization and fellow colleagues. The repeated exposure to the unethical behavior of such colleagues has the potential to change the perception of what is considered ethical (Moore & Gino, 2013) within an organization and/or the wider profession, leading in turn to unethical behavior becoming 'normalized'. The 'normalizing' of such behavior results in it becoming embedded in organizational structures and processes, for example being incorporated into the everyday routines of the firm (Ashforth & Anand, 2003). Once normalized through repeated practices, 'psychological numbing' can occur and actors may start to lose sight of the 'ethical content' of the dilemmas confronting them (Tenbrunsel, Diekmann, Wade-Benzoni, & Bazerman, 2007; Gino & Bazerman, 2009; Tenbrunsel & Messick, 2004). Thus, it is easy to see how the ethical base rate of an organization can subtly shift over time and what were once considered unethical practices then become acceptable and routine. Repetition of such practices weakens the signals to others that they are unacceptable (Gino & Bazerman, 2009).

https://www.icaew.com/en/about-icaew/what-is-chartered-accountancy/regulation-of-the-accountancy-profession. The regulation of lawyers operates mainly with regard to the individual, for example see, https://www.barcouncil.org.uk/supporting-the-bar/new-to-the-bar/regulating-the-profession-of-england-and-wales/ but some legal services regulators also license the entity or firm through which individuals practice, for example see http://www.sra.org.uk/consumers/what-sra-about.page

The influence of professional colleagues upon decision outcomes highlights the significance of 'informal systems of ethical infrastructure'. Such informalities, including the behavior of peers, represent unwritten conventions and norms, which have the capability to influence individuals' behavior adversely (Treviño et al., 2008; Treviño & Nelson, 2017). The 'norms' evident within these systems signify to employees the values that the organization really espouses (Treviño, Haidt & Filabi, 2017), which can, and often do, deviate from the behavioral expectations laid down in the regulator's code of conduct/ethics relating to the focal profession; they may also be at variance with the organization's espoused values, as set out in its internal guide to ethical behavior. In these circumstances, internal codes of conduct are likely to be less effective as a means of promoting the desired standards of behavior (McCabe, Treviño, & Butterfield, 1996), or even counterproductive, serving instead to reduce ethical conduct (Cohen, 2013).

In sum, when unethical behavior is 'subtly systemic' as the result of prevailing norms, codes and policies alone are unlikely to be successful (Zhang, Gino & Bazerman, 2014). Instead, firms should harness the influence of informal systems such as norms, as a means of promoting ethical conduct.

One approach would be for professional firms to create 'ethical communities of practice', in which practitioners are actively encouraged to reflect on what constitutes appropriate conduct. Narratives should be focused on doing 'what is right' (rather than simply 'what is legal') and convey the message that ethicality matters, thus creating explicit and visible norms pertaining to the required values and behaviors (Epley & Tannenbaum, 2017; Treviño & Brown, 2004), the overriding aim being to make ethics 'top of mind' (Epley & Tannebaum, 2017, p. 7). In other words, ethics and ethical

practice should be seen as a key constituent of delivering professional services, rather than as something that gets in the way of delivering such services. To this end, firms should proactively seek to identify any potential or actual contradictions between the formal ways that they seek to promote ethical behavior and the daily practices of their employees (Zhang et al., 2014).

My finding that participants with greater levels of experience were influenced to a greater extent by logics that ran counter to ethical conduct highlights the potential risks of using more experienced staff as ethical role models. As more junior colleagues gain experience, partly through interacting with other organizational members, they become 'socialized' into the practices of the organization, which impacts on the degree to which they will adhere to the standards of ethical behavior set more formally out in codes of conduct (cf. Pache & Santos, 2013). Socialization influences decision makers' perceptions of the practices and goals that are deemed appropriate within the particular context of application. Employees within the organization may trust those with greater levels of experience and those higher in rank and status to provide direction to others, using their judgments as heuristics for what may be considered ethical and legitimate behavior (Strudler & Warren, 2001). Professional firms should be cognizant of the additional pressures that come to bear on more senior practitioners, which can result in modelling behavior which 'crosses the line.' Appointing a range of mentors at different levels of professional experience would provide a wider and more diverse set of behaviors to act as a guide for new entrants to the organization and, indeed, the wider profession.

Limitations

As always, there are, of course, several limitations to the research reported in this thesis. Of particular concern are the well-known methodological limitations of policy capturing, limitations concerning the use of online surveys and the limitations pertaining to my chosen sample of participants.

In Chapter 3, I discussed a number of attendant advantages of policy-capturing vis-à-vis direct elicitation techniques. As noted earlier in the present chapter, the inability of decision makers to access introspectively the real reasons that drive their behavior is such that the use of direct methods of cognitive assessment can, and often do, result in misleading findings (cf. German, Fortin, & Read, 2016, Hobson, Mendel, & Gibson, 1981; Taylor & Wilsted, 1974; Webster & Treviño, 1995; Zedeck & Kafry, 1977). However, the use of indirect methods of assessment, including policy capturing techniques, is not without its own limitations. Perhaps the most pressing issues in respect of policy-capturing – and other methods entailing the use of experimental vignettes – are the interrelated issues of realism (ecological validity) and external validity (Aiman-Smith, Scullen, & Barr, 2002).

Experimental approaches are unable to simulate the richness of the social context in which decisions are made within organizations (Karren & Barringer, 2002). In reality, decision makers in the workplace are not presented with readymade sets of information (typical of the hypothetical scenarios deployed in policy capturing studies), on which to base their decisions. Instead, they variously receive and actively seek information from a range of sources, often on an ongoing basis (Aiman-Smith et al., 2002). However, in seeking to advance theory via the means of empirical exploration,

there is an inevitable trade-off. Although the presentation of hypothetical scenarios of the sort employed in policy-capturing studies cannot capture in full the richness of the real world, nevertheless they can provide meaningful insights into work-related decision processes that are less easily studied through direct means of observation and assessment (Aguinis & Bradley, 2014).

As set out in Chapter 3, a number of steps can be taken to maximise the external validity of experimental designs to render studies more generalizable to the populations under investigation and beyond (Graves & Karren, 1992). In the study reported in Chapter 4, significant efforts were made to ensure that the scenarios in the study were realistic of the type of dilemma commonly encountered in legal practice. The scenarios were created by drawing on my own extensive knowledge of the legal profession, having worked for a number of years in this sector, and having interviewed fellow experienced members of the profession, consulted publicly available sources of information[18], and having undertaking an extensive literature review. Once created, the scenarios were reviewed by senior members of the profession in private legal practice, before a pilot study was undertaken. During the pilot study, feedback was sought from participants as to the efficacy of the dilemma presented in the draft stimulus materials that were to be employed subsequently in my main survey. In addition, the data was collected remotely, enabling participants to respond from their natural work environments, helping to address criticism regarding a lack of realism/ecological validity in policy-capturing studies (Aguinis & Bradley, 2014).

[18] Publicly available data included reports of investigation and disciplinary cases in the legal press together with findings of the Solicitors Disciplinary Tribunal.

In short, critics of experimental vignette studies, including policy-capturing studies, are correct to raise concerns about ecological validity and external validity. However, by paying close attention to the creation of the experimental materials and the implementation of the study design, especially careful consideration of sampling, concerns regarding ecological and external validity can be minimized, as indeed I maintain they were in the present case.

In the main study, the data was collected remotely using an online survey. Online surveys offer a number of attendant advantages including access to 'harder to reach samples' (Van Selm & Jankowski, 2006), control over the way in which participants are able to complete the survey (e.g. preventing them from scrolling backwards or forwards), together with helping to reduce missing data by the inclusion of prompts to prevent the non-completion of items (Roberts, 2007). In addition, the use of online surveys assist with ensuring anonymity, which is helpful when, as in the present work, exploring sensitive issues (Coomber, 1997).

However, these advantages notwithstanding, the use of online surveys does raise several methodological concerns. Self-selection bias is one such concern, as some individuals may be more likely than others to participate, in turn yielding a sample that lacks representativeness of the population in question (Stanton, 1998; Sue & Ritter, 2012). In the case of the empirical work reported in Chapter 4, however, the primary objective was to strike an effective trade-off between the realism afforded by creating a high fidelity decision environment with the rigours of experimental control, generalization to the population being of secondary importance. Regardless, although the study reported in Chapter 4 was based on a self-selected sample, the sampling frame

adopted for choosing the focal firms, together with the specific criteria employed to recruit the participants in each of the firms thus selected, resulted in a sample broadly representative of the population of firms and individuals incorporated into the study (see Appendix 2).

A second concern is that when participants complete online surveys remotely, this creates difficulties in controlling the data collection environment (Ye, 2007). In the study reported in Chapter 4, we asked participants to complete the survey in their regular work setting, as a means of further enhancing the ecological validity of the experimental task environment. Inevitably, however, this design feature meant foregoing some of the control we were able to exercise over the data collection environment, a limitation that we must acknowledge.

A third limitation concerns my decision to test the theoretical model advanced in Chapter 2 in just one professional setting, namely, the legal profession. Although I conducted my empirical work in only one professional context, nevertheless, I maintain that the model I advanced in Chapter 2 is applicable to all professions beset with a constellation of logics prescribing multiple, incompatible expectations of their members. A growing number of professions, including medicine (Harris & Holt, 2013; Pollock, Price, Viebrock, Miller, & Watt, 2007; Reay & Hinings, 2009) and accountancy (Carter & Spence, 2014; Hanlon, 1996; Hinings, Greenwood, & Cooper, 1999), are facing similar challenges to the professional logic to the ones incorporated in my study, namely, the managerial logic (Arman et al., 2014; Harris, Brown, Holt, & Perkins, 2014; Kitchener, 2002) and the corporate and market logics (Goodrick & Reay, 2011; Thornton, Jones, & Kury, 2005). However, despite these similarities, there is also likely

to be significant variations in the ways in which these particular logics manifest across professional contexts, as well as significant variations in the ways in which those logics compete or co-exist with one another (Martin, Currie, Weaver, Finn, & McDonald, 2017; Smets et al., 2015; Waldorff, Reay, & Goodrick, 2013). Thus, comparative analysis is needed across the various professions, in order to subject the model advanced in Chapter 2 to closer empirical scrutiny, and ascertain its wider generalizability and boundary conditions. More detailed suggestions for undertaking such comparative analysis are discussed later in this chapter.

In considering how to subject the model advanced in Chapter 2 to initial empirical scrutiny, there were two possible options. The first was to test the theory by incorporating a range of professions (e.g. law, accountancy and healthcare) within the same sample of participants. This would have necessitated the creation of a set of stimulus materials suitable for gathering data from across the full range of professions thus chosen. In order to meet this overarching requirement, the scenarios employed would have needed to be highly abstract, i.e. devoid of cues particular to the varying professional contexts incorporated into the sampling frame. An inevitable downside consequence of adopting this approach would have been that the scenarios thus created would have lacked realism/ecological validity. As such, the resulting study would have fallen foul of one of the key design principles of policy-capturing studies, namely, the principle of representative design, emanating from Egon Brunswik's probabilistic functionalism (Aiman-Smith et al., 2002; Brunswik, 1956; Cooksey, 1996a). Although the findings would have been highly generalizable, the lack of realism would have been a serious flaw and the experimental design would not have been reflective of the types

of decisions being made by professionals in their everyday contexts, thus posing a significant threat to internal validity.

For all of the foregoing reasons I elected to follow the approach outlined in Chapter 4, namely, focusing on one professional setting, the legal profession. This strategy ensured that the stimulus materials I employed in my empirical study were highly representative of the judgments and decisions exercised by practitioners in the context of their everyday work. As outlined in Chapters 1 and 4, the legal services profession in England and Wales has experienced a number of changes over the past three decades (Boon, 2010; Sommerlad, 2011). Legislative emphasis on promoting competition has seen the introduction of ownership of legal firms by non-lawyers (Boon, 2010), and the impact of commercialization and globalization is evident in changing forms of practice (Cooper, Hinings, & Greenwood, 1996; Friedson, 2001; Faulconbridge & Muzio, 2008). These changes, which were reflected in the scenarios I incorporated into my study, are also reflective of the profound changes experienced across a number of professions more generally (Muzio, Brock, & Suddaby, 2013). To highlight one particular example, the increase in competitive forces for accountancy services (Carter & Spence, 2014; Hinings et al., 1999) has resulted in changing relationships with clients (Hanlon, 1996), and the cross-selling of consultancy services has created situations in which the ethical obligations of the profession have come into conflict with the maintenance of lucrative relationships with clients (Bazerman, Loewenstein, & Moore, 2002; Gabbioneta, Prakash, & Greenwood, 2014). Arthur Anderson's role in the demise of Enron exemplifies the influence of 'commercial' practices in this particular profession (O'Connell, 2004), the impact of financial

incentives (Arnold & de Lange, 2004; Toffler & Reingold, 2003), and the effect of socializing newer members of the profession into unethical behavior (Willmott & Sikka, 1997).

Testing the model in the particular context of one profession enabled me to create scenarios that were highly representative of the institutional context of the focal sample, and allowed for greater experimental control, eliminating a host of potential cross-region and cross-sector confounds that would otherwise have limited the value of my findings (cf. Malhotra & Morris, 2009; Martin et al., 2017). The approach to sampling I adopted thus prioritized internal validity, which is acknowledged to be a prerequisite for external validity (Hogarth, 2005). More specifically, my experimental design enabled me to shield the factors of particular interest from a host of extraneous factors, thus allowing me to draw a series of causal inferences, while paving the way for future research to seek generalizations to a wider range of professional contexts (cf. Jiminez-Buedo & Miller, 2010).

It is noteworthy that previous studies of the professions have focused similarly on singular sectorial settings. For example, Raaijmakers et al. (2015), examined responses to institutional complexity within the Dutch childcare sector, Smets and colleagues (2015) studied the actions of insurance brokers and underwriters during conditions of logic multiplicity, and Arman et al. (2014) explored the hierarchy of competing logics in child and adolescent psychiatric care units.

Suggestions for Future Research

The strengths of my research design notwithstanding, as noted earlier, it is highly likely that there will be significant variations in the ways in which the various logics

incorporated into my study of the legal profession will manifest in other professional contexts (Malhotra & Morris, 2009; Martin et al., 2017). These variations are likely to affect the centrality and compatibility of the varying logics in play, which in turn may impact differentially on the behavior and actions of decision makers at both individual and collective levels (cf. Besharov & Smith, 2014). For these reasons, comparative work is an urgent priority. Extending the work embodied in this thesis through comparative analysis is essential, not only to ascertain the boundary conditions pertaining to my current theorizing, but also to extend it.

An obvious sector in which to begin undertaking the comparative work I am advocating, is the accountancy sector. Like the legal profession, the accountancy profession demonstrates a degree of homogeneity. Lawyers and accountants both enjoy some claim over expert knowledge (Abbott, 1998; Freidson, 2001) and certain professional activities are reserved[19] to be conducted by their particular profession alone, enabling a degree of social closure (Larson, 1977). Both professions occupy key positions within private and government organizations (Sikka, Wilmott, & Lowe, 1989) and act as advisers to major institutions, such as the market, corporations, the healthcare sector, and the various administrative departments of central and local government that underpin the wider national economy (Carter, Spence, & Muzio, 2015; Cooper & Morgan, 2013; Muzio et al., 2013). Both professions have also experienced a shift from

[19] For example, in the case of lawyers, Section 12 of the Legal Services Act 2007 ("the LSA") sets out the six specific legal services activities that can only be provided by those who are authorised under the LSA. In the case of accountants, regulated audit work is reserved by law to a registered auditor, being a firm that undertakes regulated audit work and that is registered with a recognised supervisory body. In the United Kingdom, the Financial Reporting Council (FRC) is responsible for all matters relating to audit regulation under the Companies Act 2006.

'social service' professionalism to 'commercialized' professionalism (Hanlon 1994, 1997).

However, both professions also demonstrate a degree of heterogeneity. With regard to social closure, lawyers enjoy closure in respect of several reserved activities[20], whereas the accountancy profession only has one reserved activity, namely, statutory audit work[21]. There are also important differences in terms of the extent of diversification deployed by law and accountancy firms as a means of offsetting competition from within and beyond their respective professional sectors (Abel, 1998; Power, 1997). Accountants are able to more effectively harness the benefits of globalization (Malhotra & Morris, 2009), due to their ability to practice across jurisdictional boundaries, whereas lawyers are hampered by such boundaries. Differences also exist in the way that professional organizations within the law and accountancy sectors are structured and how professional services are delivered (Malhotra & Morris, 2009).

Accountants have featured in some of the most prominent ethical scandals within the business world, with Enron and Worldcom representing two of the most high profile cases (Mayer, 2002; Reinstein & McMillan, 2004). Closer to home, the accountancy firm Coopers & Lybrand[22] was criticized for its role in failing to detect financial

[20] Certain activities such as the conduct of litigation and preparing instruments for the transfer of land are deemed 'reserved legal activities' under Section 12 (and Schedule 2) of the Legal Services Act 2007. There are six activities that only those who are authorised (regulated by the approved regulators in the legal services sector) can carry on. However, it should be noted that as from August 2014, chartered accountants in England and Wales have been permitted to carry out the reserved legal activity of non-contentious probate work under permission granted by the Legal Services Board.

[21] Firms need to be registered with the Institute of Chartered Accountants of England and Wales (ICAEW), acting under delegated powers from the Companies Act, to be able to sign a statutory audit report.

[22] Coopers & Lybrand merged with Price Waterhouse in 1998 to become Price Waterhouse Coopers (PwC).

irregularities, namely, a £400 million deficit, as auditors of nearly all of the Maxwell Group of Companies and its associated pension funds (Sikka & Wilmott, 1995). More recently, the four largest accountancy practices in the UK[23] have been heavily criticized regarding their failure to detect problems ahead of the demise of Carillion.[24]

For all of these reasons, the accountancy profession presents an ideal context for undertaking the comparative work I envisage. In addition, major accountancy firms are key players in selling tax avoidance schemes (Sikka, 2015), a practice which places accountants in conflict with their public interest obligations, since tax revenues are crucial to the provision of healthcare, education, infrastructure and services and are vital to alleviate poverty (Mitchell & Sikka, 2011; Sikka & Hampton, 2005).

Further research might also profitably explore the influence of additional intra-person factors to the ones outlined in the model proposed in Chapter 2 and subsequently extended and tested in the study reported in Chapter 4. Two factors worthy of immediate exploration are individuals' varying levels of commitment to social roles and moral identity. Individuals have multiple social roles and identities, which they seek to validate through their interaction with significant others and the institutional environments in which they are embedded (Thornton et al., 2012). Institutions, both formal and informal, provide the resources for the shaping and enabling of individual and organizational identities (Glynn, 2008; Selznick, 1957; Scott, 1995; Townley, 1997). Furthermore, since identity concerns have a mutually constitutive relationship

[23] The largest four accountancy practices, commonly referred to as the 'Big Four' are KPMG, PwC, Deloitte and EY.

[24] See, https://www.accountancyage.com/2018/02/26/carillion-inquiry-missed-red-lights-aggressive-accounting-pension-deficit/, https://www.theguardian.com/commentisfree/2018/may/20/carillion-auditors-recklessness-hubris-greed, https://www.independent.co.uk/news/business/news/carillion-collapse-kpmg-deloitte-mps-worthless-accounts-business-committee-rachel-reeves-a8223626.html

with institutional logics (Brandl & Bullinger, 2017; Meyer & Hammerschmid, 2006; Rao, Monin & Durand, 2003; Townley, 1997), examining the interplay among these factors holds great promise for furthering understanding of the micro-foundations of institutional research.

Individuals have multiple identities, which are shaped by a combination of self-categorization and social identification processes (Tajfel & Turner, 1986; Haslam, 2004) and individuals can have multiple professional identities connected with their domain of work (Caza & Creary, 2016). Commitment (to an identity) links the self to social structure (Burke & Reitzes, 1991), and professional commitment and organizational commitment originate from competing institutional logics (Freidson, 2001; Suddaby & Greenwood, 2005; Suddaby, Gendron, & Lam, 2009).

The relationship between professionals and their employing organizations has long been a subject of interest (Larson, 1977; Muzio, Faulconbridge, Gabbioneta, & Greenwood, 2016). The changing landscape of professional practice, including the size of professional organizations together with numerous examples of breaches of ethical integrity within the professions, have led to concerns regarding the ability of professionals to maintain their professional independence and ethical standards in such contexts (Aranya & Ferris, 1984; Cooper, Hinings, Greenwood & Brown, 1996; Leicht & Fennell, 2001; Suddaby et al., 2009). Professional commitment captures the extent to which members of the professions identify with their profession, are dedicated to being members of that profession and take pride in so being (Morrow & Wirth, 1989; Suddaby et al., 2009; Wallace, 1995). Individuals who identify strongly with their chosen profession will align themselves more closely with their professional group and will

internalize its norms, values and behaviors to a greater extent than their low identification counterparts (Caza & Creary, 2016). Organizational commitment reflects a belief in the aims of the employing organization, a strong identification with the organization and a willingness to exert effort to assist in the organization achieving its aims and goals (Mowday, Steers, & Porter, 1979; Porter, Steers, Mowday, & Boulian, 1974; Suddaby et al., 2009). A hypothesis worthy of future investigation is that higher levels of professional commitment will lead to greater adherence to the professional logic and a greater likelihood of resistance to logics that manifest as practices that run counter to ethical conduct as prescribed by the relevant code(s) of practice. The converse might be expected in the case of high levels of organizational commitment. The relative influence of professional vs. organizational commitment on the extent to which decision makers in practice adhere to professional and/or corporate logics, has not yet been investigated empirically, but is clearly another issue worthy of immediate attention.

Organizational commitment has commonly been measured using the Organizational Commitment Questionnaire (OCQ) (Angle & Perry, 1981; Mowday et al., 1979; Porter et al., 1974). Morrow and Wirth (1989) adapted this instrument to measure professional commitment, replacing references to the organization with references to the profession. More recently Suddaby et al. (2009) have devised their own 7-item measure. Thus, ready-made and well-validated instruments exist to measure professional and organizational commitment.

The second intra-person factor worthy of exploration is moral identity. Moral identity has been described as a 'self-conception organized around a set of moral traits'

and is the degree to which moral character is experienced as a central part of an individual's overall self-concept (Aquino & Reed, 2002; Blasi, 1984). Moral identity is concerned with the moral aspect of one's self-concept (Aquino & Reed, 2002). A relatively stable characteristic, moral identity is stored in memory as a set of complex knowledge structures which consist of values, goals, traits and behavior scripts (Aquino & Freeman, 2009; Aquino, Reed, Freeman, Lim & Felps, 2009). Moral identity is considered to be an important factor in the regulation of ethical behavior (Blasi, 1993). Institutional forces and institutionalized behavior can affect moral identity making the individual concerned more or less susceptible to situational influences (Misangyi et al., 2008; Weaver, 2006). Aquino and Reed (2002) empirically identified two dimensions of moral identity; *internalization*, the degree to which a range of moral traits are central to the self-concept, and *symbolization*, the degree to which those traits are evident through the actions and behaviors of the individual.

Moral identity differs across individuals (Aquino & Reed, 2002). For some individuals, moral identity is more active, making it more accessible for processing social information and thus, more likely to regulate their actions (Aquino & Reed, 2002; Aquino et al., 2009; Lapsley, 1996, 1998). Conversely, when moral identity is not as accessible, it is less likely to regulate behavior (Aquino et al., 2009). Situational forces such as institutional logics can activate or prime the cognitive accessibility of a person's moral identity (Aquino et al., 2009). Thus, I conjecture that such logics serve to activate or prime a person's moral identity, or not, depending upon individual dispositions. It follows that individuals marked by a self-schema in which moral identity is highly central will be less susceptible to the influence of logics that run

counter to ethical conduct, as prescribed in the relevant ethical code(s) of their profession and/or employing organization (cf. Aquino & Reed, 2002; Aquino et al., 2009; Lapsley, 1996, 1998).

A ready-made and well-validated instrument is available to measure moral identity. The 10-item Self-Importance of Moral Identity Scale developed and validated by Aquino & Reed (2002), which contains the internationalization and the symbolization dimensions, could be used to evaluate moral identity. This measure has been used in a number of studies to assess moral identity (e.g. Aquino et al., 2009; Aquino, Reed, Thau, & Freeman, 2007; Moberg & Caldwell, 2007; Olsen, Eid, & Johnsen, 2006; Reed & Aquino, 2003; Reynolds & Ceranic, 2007).

Concluding Remarks

Significant changes in the contexts in which professionals provide their services has led to members of the professions being faced with an increasing array of competing and conflicting tensions and demands in their everyday practice. Well-publicized scandals (Boon & Whyte, 2012; Coffee, 2006; Dixon-Woods et al., 2011; Formicola, 2016; Francis, 2013; Gabbioneta et al., 2013; Mitchell & Sikka, 2011; Nash, 2019; Sodha, 2019; Weick & Sutcliffe, 2003) have brought into question the ethical standards of the very professionals who are expected to uphold 'treasured values such as truth, public service, justice or health' (Whittle, Mueller, & Carter, 2016, p. 13). The work embodied in this thesis has furthered understanding of the factors that influence whether or not professionals 'cross the line' and engage in unethical conduct or choose instead to meet their professional obligations.

Adopting a multidisciplinary approach, drawing inter alia on the insights of the behavioral ethics and institutional theory literatures, this thesis has advanced a person x situation model, which seeks to account for how decision makers when confronted with institutional complexity go about resolving ethical dilemmas of the sort typically encountered in their everyday practice. I have also proposed policy-capturing as a suitable technique for testing the model and adopted the technique in order to subject the model to empirical scrutiny in a study of members of the legal profession within England and Wales. In so doing, I have extended the model initially theorized, incorporating an additional intra-person factor. Comparative work is now required to ascertain the boundary conditions of my theorizing as well as its degree of generalizability to additional professional contexts.

The contribution to knowledge developed in this thesis has provided new insights into understanding why the type of ethical transgressions within the professions witnessed over the last three decades has occurred. Continuing the focus on the everyday micro-level activities of members of the professions will garner further insights into this important area of scholarship and provide much needed evidence to develop solutions to stem the tide of professional wrongdoing so evident within society.

Appendix 1: **Development of Policy-Capturing Scenarios**

In order to achieve a representative design, researchers are recommended to utilize a number of sources of materials to create simulated profiles (Aiman-Smith et al., 2002; Cooksey, 1996a) and this recommendation was followed for the study reported in Chapter 4. Firstly, interviews with six members of staff from three different law firms were undertaken to obtain views of the current pressures they were facing, with a view to gaining insights into the ethical problems they or their colleagues were experiencing in practice. Three of the interviewees (one from each firm) worked within the Compliance Department of their respective law firms and the remaining interviewees were fee earning staff. The interviewees were all experienced solicitors and all had more than 10 years of post-qualification experience (PQE).

A number of common themes were evident across the interviews. Several interviewees mentioned ethical concerns associated with a 'shift in power' from legal professionals to 'savvy' clients who were seeking to shape the way that law firms delivered services to them. Another common theme was commercial and personal pressures linked to the importance of retaining key clients. Several interviewees highlighted the impact of the opening up of the legal services market to 'lower cost players'. Another common theme was the role of organizational culture as an important driver of individuals' professional conduct (including ethical behavior), particularly the (un)ethical conduct of junior staff. Some interviewees spoke of the pressure to hit performance targets set by firms and highlighted the importance of major clients and the resultant fee income to their respective firms. Some interviewees also discussed the need for the creation and maintenance of internal procedures or processes to guide staff

as to the appropriate actions to take particularly at a time when the SRA had changed to a principles-based approach to regulation, moving away from 'bright line' rules of professional conduct. Those responsible for advising other staff within the law firm on ethical conduct stated that conflicts of interest were still a major area where fee earners sought advice. All interviewees referred to ethical situations they had encountered, or the 'gray zone' as one referred to it as, where there was a great deal of ambiguity as to what would constitute the appropriate action to take.

Alongside the aforementioned interviews, an extensive review of the literature on the professions and empirical studies in the domain of business ethics was also conducted. The themes identified in these interviews were echoed within the literature on the wider professions, including accountancy and medicine. With regard to law and accountancy, a prevalent theme related to the importance of retaining certain key clients and the way in which those key clients could disrupt the traditional asymmetry of power, a situation often described as 'client capture' (see Dinovitzer et al., 2015; Leicht & Fennell, 2008; Malhotra & Morris, 2009). The review also included the literature examining unethical behavior specifically within legal services (e.g. Boon & Whyte, 2012; Loughrey, 2011; Middleton & Levy, 2015). In the domain of business ethics, the focus of the literature review was on empirical studies that had explored variables linked to the themes emerging from the interviews. Such variables included the presence of competitors, the influence of 'significant others', the use of ethical codes of practice and the offer of rewards and incentives.

A range of publicly available material was also examined, including the websites of the Law Society and the SRA together with a sample of published findings of the

Solicitors' Disciplinary Tribunal. In addition, my own experience of private practice and over 19 years in legal regulation assisted with the process of scenario design. All of the aforementioned sources were utilized to draft the scenario contained in Appendix 3.

Drawing upon the sources referred to above, the dilemma that formed the focus of the experimental materials was framed to represent an, 'everyday', minor type of infraction. Compared to more serious and blatant examples of wrongdoing, minor ethical infractions are easier to rationalize and are thus more likely to be repeated (Beasley & Hermanson, 2004; Dinovitzer et al., 2014). A consequence of committing of minor infractions is that unethical acts become part of an organization's day-to-day activities (Gino & Bazerman, 2009), as such practices become respectable and legitimate (Ashforth & Anand, 2003).

The basic scenario text represented a solicitor considering the acceptance of instructions from a new client. The client retainer extended to several large-scale matters and it was implicit that this would be beneficial for the law firm in the terms of expected fee income. The positioning of the retainer as being the start of a potentially lucrative client relationship is reflective of the perceived importance of client relationships as key strategic assets (Broschak, 2015). The facts presented in the scenario raised the possibility of a breach of the regulatory requirements, in the event that instructions from the potential client were accepted. Those participants who indicated that they would accept the instructions were essentially indicating that they accepted the risk of breaching the regulatory requirements, representing an ethical transgression. Those participants who were less inclined to accept the client's instructions were considered to be more conservative in their ethical judgments.

Verbal statements were chosen for the cues (e.g. accepting the client's own terms of business is standard practice in the profession or accepting the client's own terms of business is an unusual practice in the profession) to reflect the features of the decision environment. Care was taken to ensure that the five cues employed in this study were manipulated with similar intensity as prior research suggests that responses to cues (variables) with wide differentials may elicit different responses to those where differentials are narrower (Aiman-Smith et al., 2002; Karren & Barringer, 2002; Highhouse, Luong & Sarkar-Barney, 1999). Four of the cues (ethical codes and policies, competition, standard practices in the profession and the influence of peers) were manipulated by having the presence or the absence of the variable. Extant research suggests that responses to losses tend to be stronger than responses to gains (Kahneman & Tversky, 1979); hence, employing a dichotomous (present/absent) manipulation of the fifth and final cue (e.g. receiving a bonus or not receiving a bonus) signaling a personal financial incentive to commit a violation might well skew the findings obtained. Therefore, the wording for the low variant of this particular cue was amended to refer to the acceptance of instructions having no bearing on the award of a bonus. All cue statements were of similar length, to avoid contributing to systematic error variance, and to prevent some cues appearing more salient than others, due to the time taken for participants to read them (Spence & Keeping, 2010).

A graphical response mode, with a sliding scale, (0 to 100%) was used for the dependent variable. Graphical response modes have been utilized in previous policy-capturing studies that have explored topics as varied physicians' decision making with regard to treatment options for patients (Kirwan, Chatput De Saintonge, Joyce, &

Currey, 1983) and the likelihood of people engaging in job searches (Kristof-Brown, Jansen, & Colbert, 2002).

Before the commencement of a pilot study, further feedback on the draft scenario was sought from three representatives of the SRA and five experienced solicitors drawn from three law firms (a different sample to that used for the original interviews). All feedback was positive with only minor changes being made to the opening of the scenario text. As outlined in Chapter 4, a pilot study was also conducted to test the efficacy of the survey design. None of the participants in the pilot reported any issues with fatigue and reliability scores were 0.89 for the repeat scenarios included in the study design. It was therefore considered manageable for participants to consider the fully-crossed study design of 32 scenarios (plus 3 duplicated scenarios). In addition, as detailed in Chapter 4, separate checks were undertaken to ensure that the scenarios effectively manipulated the theoretical constructs of interest.

Appendix 2: **Background Characteristics of Participants**

Characteristics	Frequency	Valid %	Cumulative %
Age			
26 - 30 years	30	27	27
31 - 40 years	45	40.5	67.6
41 - 50 years	22	19.8	87.4
51 – 60 years	12	10.8	98.2
More than 60 years	2	1.8	100
Total	111	100	
Gender			
Male	46	41.4	41.4
Female	65	58.6	100
Total	111	100	
Post Qualification Experience			
Newly Qualified to 5 years	47	42.7	42.7
6 - 10 years	23	20.9	63.6
11 - 20 years	23	20.9	84.5
21 - 30 years	12	10.9	95.5
More than 30 years	5	4.5	100
Total	110[25]	100	
Time at Firm			
0 – 5 years	72	64.9	64.9
6 – 10 years	19	17.1	82.0
11 - 15 years	9	8.1	90.1
16 – 20 years	7	6.3	96.4
More than 20 years	4	3.6	100
Total	111	100	

[25] One participant declined to provide details of Post Qualification Experience

Number of Law Firms where participant has gained experience			
Current Firm only	16	14.4	14.4
1-2 other firms	53	47.7	62.2
3-5 firms	38	34.2	96.4
More than 5 Firms	4	3.6	100
Total	111	100	
Total hours of Training undertaken in last 12 months			
0-10 hours	16	14.4	14.4
11- 20 hours	64	57.7	72.1
21 – 30 hours	18	16.2	88.3
31 – 40 hours	7	6.3	94.6
41 – 50 hours	3	2.7	97.3
More than 50 hours	3	2.7	100
Total	111	100	
Total hours of Standards Training undertaken in last 12 months			
0 – 5 hours	92	82.9	82.9
6 – 10 hours	13	11.7	94.6
11 – 20 hours	4	3.6	98.2
More than 20 hours	2	1.8	100
Total	111	100	
Total hours of Ethics Training			

undertaken in last 12 months			
0 – 5 hours	102	91.9	91.9
6 – 10 hours	8	7.2	99.1
More than 10 hours	1	0.9	100
	111	100	

***Appendix 3*: Baseline Policy-Capturing Scenario**

Imagine you are a solicitor in a multi-office, regional firm. Prima Bank Plc. has asked you to act for them in several large-scale matters. These include commercial property transactions and setting up an employee benefits scheme for its 15,000 employees.

Your firm has standard terms of business but the bank will not accept those terms and insists instead on its own terms. Several of the bank's terms might breach the regulatory requirements.

> *(Corporate Logic)*
> Apart from the Code of Conduct, your firm also *has* detailed internal ethical codes and policies(high)/Apart from the Code of Conduct, your firm *does not have* detailed internal ethical codes and policies (low).
> *(Market Logic)*
> *Several other firms* in the region undertake the type of work requested by Prima Bank Plc(high)/*No other firm* in the region undertake*s* the type of work requested by Prima Bank Plc (low).
> *(Self-interest logic)*
> *If you* accept the instructions, this *will increase your annual bonus (high)/Irrespective of whether you* accept the instructions, *this has no bearing on your annual bonus* (low).
> *(Normative logic – profession)*
> Accepting the client's own terms of business is *standard* practice in the profession (high)/
> Accepting the client's own terms of business is *an unusual* practice in the profession (low).
> *(Normative logic – peers)*
> Two of your colleagues have recently been offered similar instructions and *have* accepted them (high)/Two of your colleagues have recently been offered similar instructions and *have not* accepted them (low).

In light of this information, please indicate the likelihood that you would accept instructions to act for this client under their terms:

(0% indicates that you would definitely not accept and 100% indicates that you would definitely accept)

0 -----10 -----20 -----30 -----40 -----50 -----60 -----70 -----80 -----90 -----100

NOTE: The first two paragraphs contained standard text that remained constant for all scenarios. Italicized type is shown only to highlight the manipulations of the independent variables and nature of logics and did not appear in the scenarios. Wording in brackets did not appear in the scenarios presented to participants

***Appendix 4*: Sample Policy-Capturing Scenario**

Imagine you are a solicitor in a multi-office, regional firm. Prima Bank Plc. has asked you to act for them in several large-scale matters. These include commercial property transactions and setting up an employee benefits scheme for its 15,000 employees.

Your firm has standard terms of business but the bank will not accept those terms and insists instead on its own terms. Several of the bank's terms might breach the regulatory requirements.

Apart from the Code of Conduct, your firm does not have detailed internal ethical codes and policies.

No other firm in the region undertakes the type of work requested by Prima Bank Plc.

Irrespective of whether you accept the instructions, this has no bearing on your annual bonus.

Accepting the client's own terms of business is an unusual practice in the profession.

Two of your colleagues have recently been offered similar instructions and have accepted them

In light of this information, please indicate the likelihood that you would accept instructions to act for this client under their terms:

(0% indicates that you would definitely not accept and 100% indicates that you would definitely accept)

0 -----10 -----20 -----30 -----40 -----50 -----60 -----70 -----80 -----90 -----100

***Appendix 5* : The Core Self-Evaluations Scale (CSES)**

Instructions:
Below are several statements about you with which you may agree or disagree. Using the response scale below, indicate your agreement or disagreement with each item.

Items:

1. I am confident I get the success I deserve in life.
2. Sometimes I feel depressed.*
3. When I try, I generally succeed.
4. Sometimes when I fail I feel worthless.*
5. I complete tasks successfully.
6. Sometimes, I do not feel in control of my work. *
7. Overall, I am satisfied with myself.
8. I am filled with doubts about my competence. *
9. I determine what will happen in my life.
10. I do not feel in control of my success in my career. *
11. I am capable of coping with most of my problems.
12. There are times when things look pretty bleak and hopeless to me. *

* These items were reverse scored.

Scale used:

1 Strongly Disagree
2 Disagree
3 Neutral
4 Agree
5 Strongly Agree

Source : Judge, T.A., Erez, A., Bono, J.E., & Thoresen, C.J. (2003). The Core Self-Evaluations Scale : Development of a Measure. *Personnel Psychology, 56,* 303-331.

***Appendix 6*: The Rational-Experiential Inventory (REI)**

The items shown below appear in the 10-item variant of the REI.

Instructions:
Use the following key to indicate your response to each of the following statements.

Items:
(Need for Cognition)

1. I don't like to have to do a lot of thinking.*
2. I try to avoid situations that require thinking in depth about something.*
3. I prefer to do something that challenges my thinking abilities rather than something that requires little thought.
4. I prefer complex to simple problems.
5. Thinking hard and for a long time about something gives me little satisfaction.*

(Faith in Intuition)

6. I trust my feelings about people.
7. I believe in trusting my hunches.
8. My initial impressions of people are almost always right.
9. When it comes to trusting people, I can usually rely on my "gut feelings".
10. I can usually feel when a person is right or wrong even when I can't explain how I know.

* These items were reverse scored.

Scale used:

1 = completely false
2 = somewhat false
3 = neither false nor true
4 = somewhat true
5 = completely true

Source : Epstein, S., Pacini, R., Denes-Raj, V., & Heier. (1996). Individual differences in intuitive-experiential and analytical-rational thinking styles. *Journal of Personality and Social Psychology, 71*, 309-405.

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