Predicting unwillingness to report ethical infractions of peers: A moderated mediation approach

Priya Nair*, T.J. Kamalanabhan

Department of Management Studies, Indian Institute of Technology Madras, I.I.T Post Office, Chennai 600 036, India
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Abstract In recent times, survey reports on ethical infractions at workplaces and instances of fraud have shocked and disappointed the corporate world and stakeholders alike. Several infractions however go unreported even in organisations which have ethical codes that offer a mechanism for reporting. This raises the question as to why employees pass off infractions as being ‘all right’ at work and how such attitudes affect their willingness to report and thereby curtail infractions. We posit organisational antecedents that may dissuade managers from reporting the ethical infractions of their peers and develop a moderated mediation model to explain which employees are more likely to refrain from reporting infractions, besides offering a possible solution to the problem.

Introduction

In recent times, many surveys have reported instances of fraud at workplaces. What is even more alarming is the finding that frauds committed by employees are more common than those by persons external to the organisation (Shaw, 2002). Such revelations have shocked and disappointed the corporate world and have had far-reaching negative consequences on investors, clients and employees. It has also underlined the need to encourage lateral reporting of infractions by employees in an attempt to curtail violations.

Psychologists suggest that people living together come to control one another through expectations of ethical behaviour (Rogers & Skinner, 1956). Ethical behaviour elicits rewards in the form of appreciation, admiration, and affection which, in turn, act as reinforcements that ensure continuance. If fairness and morality are indeed parts of human nature, then employees should also be reporting about the unethical acts (i.e., coming late, using office time for personal work, making false promises to customers, etc.) of their peers to the organisation. In Western countries, organisations expect their employees to be the silent police and encourage them to report the ethical violations of their peers (Victor, Trevino, & Shapiro, 1993). Surprisingly, however, employees in Indian organisations seem to be unwilling to report unethical behaviour of their peers to the management. The Team Lease ‘Nothing ethical about ethics’ (2008) survey threw up startling findings on the views of the corporate workforce on workplace ethics. Nearly 45% people...
in the corporate workforce in eight Indian cities did not object to logging of incorrect entry/exit times and 46.8% felt using the office telephone for personal long-distance calls was fine. Around 60% people lied while applying for leave, supported making tall promises to clients, or considered it okay to take printouts and photocopies at office for personal work. More than 62% admitted to doing personal work during office hours. The fallout of unethical behaviour of employees and the apathy of their peers towards reporting on infractions can critically affect a company's image, stock value, customer retention, ability to recruit and retain top workers, and ultimately, its ability to compete successfully. Consequently, the authors raise the question as to why employees who notice such infractions are unwilling to report the same in an attempt to curtail potential infractions and salvage their organisations.

One explanation for unwillingness to report infractions can be the breakdown of the underlying psychological process of an individual’s moral self-regulation. Regulatory self-sanction when deactivated creates morally disengaged individuals who have a predisposition for detrimental behaviour (Bandura, Barbaranelli, Caprara, & Pastorelli, 1996) and may be more tolerant of infractions. Given this result, we propose a model of unwillingness to report ethical infractions of peers to the management. Our model (see Fig. 1) proposes organisational context factors that influence unwillingness of employees to report infractions committed by their peers. We suggest that moral disengagement mediates the relation between organisational antecedents and peer reporting and that employee’s cynicism and level of ethical empowerment moderate the above relationship.

**Ethical decision-making process**

The process of ethical decision-making (deciding on a series of actions that are legally and morally acceptable to the larger community) progresses through four stages as proposed in the model of moral action (Rest, 1986). Accordingly, individuals (i) recognise a moral issue through moral awareness that a decision or action may help or harm others, (ii) make a moral judgement about the issue in a way that moral concerns override other concerns, (iii) establish an intention to act upon the judgement, and (iv) act out intentions. Each stage does not automatically lead to the subsequent stage. When a moral issue is recognised, a moral judgement needs to be made on it. Making a moral judgement is facilitated by an individual’s cognitive moral development (Kohlberg, 1976) that operates in a range of six stages that form three levels of moral development—the pre-conventional level characterised by behaviour driven by fear and self-interest, the conventional level wherein individuals act out of a desire for interpersonal accord and harmony and finally, the post-conventional level in which universal ethical principles guide behaviour. It has subsequently been found that individuals generally perform at moral development levels lower than what they are morally capable of (Levine, 1979) with managers using lower levels of cognitive moral development in actual work environments compared to hypothetical situations (Trevino, 1986). Moral development and consequently judgement may thus be context dependent with organisational factors like the socialisation process, authority factors and group dynamics influencing what an individual regards as ‘right’ or ‘wrong’ at work and in so doing, worsen his moral intentions.

**Reasons for unethical behaviour**

Several studies have explained why good people do bad things. With respect to organisational employees, Jones (1991) defined unethical conduct as behaviour which has a harmful effect upon others and is either illegal or morally unacceptable to the larger community. Such behaviour can begin with seemingly minor infractions such as fudging time sheets in order to meet unrealistic billing budgets, taking credit for others’ work, and putting self or departmental interests above the client’s interests (Lagan, 2006). The ongoing debate among organisational researchers is about identifying whether unethical conduct is the result of bad apples—unethical behaviour attributed to personal characteristics, dispositions or due to a bad barrel—organisational or situational variables that trigger misconduct. It is caused by lack of wisdom (Feiner, 2004) or virtue (Giacalone, 2004) and an overemphasis on maximising shareholder value without regards for the effects of their actions on other stakeholders (Kochan, 2002). Profit-sharing programmes that intend to align management’s interests with those of the owners put pressure and provide an opportunity for managers to behave unethically. Love for money has once again been seen as a reason for evil (Tang & Chiu, 2003; Vitell, Paolillo, & Singh, 2006, 2007) and unethical behaviour among university students (Tang, Chen, & Sutarso, 2007). Moral evaluation of an act can be a deterrent to unethical conduct and negative perception of the outcome may lessen chances of indulgence. Interestingly, unethical behaviour has been found to be considerably encouraged by significant others in organisations, especially superiors (Smith, Simpson, & Huang, 2007), with the social network of relationships at work (Brass, Butterfield, & Skaggs, 1998) providing constraints and opportunities that in combination with individual characteristics, issues and organisational contexts help account for unethical behaviour. If so, organisational context may account for a lowering of an individual’s moral standard.
Objectives of the study and model of peer reporting

In their review of empirical decision-making literature, O’Fallon and Butterfield (2005) found 28 research studies on moral awareness, 185 for judgement, 86 for moral intent, and 85 for behaviour all based on the model of moral action (Rest, 1986). Unfortunately, only a few account for why and how an individual fails to make a moral judgement (e.g., Hunt & Vitell, 1986) resulting in forming an unethical intention. In addition, a number of important questions remain unanswered regarding the source(s) and role of cognitive processes like moral disengagement as a causal variable in unethical behaviour among employees. Extant studies do not fully explain the role of organisational factors in influencing employee unwillingness to report unethical behaviour, and the mechanism(s) through which organisational context variables influence such unwillingness. The current article addresses these questions through the development of a conceptual model (see Fig. 1) comprising organisational context factors that may increase unwillingness of employees to report ethical infractions committed by their peers. Detert, Trevino and Swetzter (2008) point out that the social cognitive theory (Bandura, 1986) and the interactionist perspective (Trevino, 1986) suggest social and context variables in an organisation as being predictors of moral disengagement. Hence, we view the role of moral disengagement as a mediator of the aforesaid relationship. Also, we posit that moral disengagement is likely to influence ethical intentions more when employees are cynical towards their organisation and when their understanding of organisational ethical codes is inadequate. Thus, ours is a moderated mediation model of peer reporting.

Unwillingness of employees to report ethical infractions of peers

Our goals are to understand the dynamics of peer reporting and to identify organisational, social and personal factors that influence it. Employees of any organisation occasionally witness peers committing an infraction. Infractions can include a variety of different behaviours, the most common being making long-distance personal calls from office, duplicating software for use at home, falsifying hours worked, or much more serious and illegal practices, such as embezzling money from the business, or falsifying business records. The definition of certain acts as constituting an infraction is done through an organisation’s ethical code of conduct that reflects its core values. It is, therefore, for specific organisations to decide on what constitutes an infraction and how to deal with infractions further.

Two aspects of unwillingness to report infractions need mention. The first is that identifying and reporting ethical infractions committed by peers are actually a test of an employee’s own values and ethical behaviour. When an employee observes a peer behaving in a way that she/he knows is wrong by the company’s standards, her/his own sense of what is right and what is wrong gets instantly verified. Anchored in those internal standards is the decision whether to report the incident or turn a blind eye to it. The second aspect is the direction given to an employee of what is expected of her/him on witnessing an infraction. The ethical codes developed and implemented by organisations typically include information on whom to contact to report and how. This clarity is intended to lessen hesitation in reporting unethical activities which can then be dealt with before they develop into overwhelming issues.

It must be acknowledged that declaration of ethical codes in itself has limited influence on ethical perceptions and behaviour with employees even failing to recollect the contents of such codes (Weaver, 1995). Further, even when ethical codes influence behaviour, their impact is smaller than factors such as employee perception of fairness, leader commitment, and the overall ethical culture of the organisation (Weaver, 2004).

Formal mechanisms such as ethical codes and informal influences like ethical climate often offer conflicting messages to employees creating ambiguity that widens the wedge between prescriptions in the ethical code and actual employee behaviour. Knowing how willing employees would be to report ethical infractions under these circumstances would be of interest to researchers and managers alike.

Organisational antecedents of unwillingness to report peer infractions

A prime influence on employee behaviour is the organisation’s climate. Organisational climate, particularly the ethical one, is primarily shaped by its leadership (Schweper, 2001). Employees’ evaluation of ethical climate, which includes ‘those aspects of work climate that determine what constitutes ethical behaviour at work’ (Victor & Cullen, 1988, p. 101), has been found to be based on not only their personal beliefs and values but also on cues received from their managers and coworkers. Such appraisals include employee perceptions of (a) their superior’s integrity, (b) infractions committed by their peers, (c) the linkage between unethical behaviour and punitive action against wrong-doers, and (d) the clarity they have on the ethical behaviour expected while at work. The possible influences that germinate from the organisational environment and influence ethical intentions are as follows.

Immoral leadership

Even though formal codes provide direction in ethical decision-making (Elankumaran, Seal, & Hashmi, 2005), an immediate and significant influence would be managers and peers. An individual’s ethical definitions are generally learnt through socialisation (Zey-Ferrell, Weaver, & Ferrell, 1979). It is, therefore, desirable that superiors and other senior managers are men/women of integrity. Integrity is a ‘commitment in action to a morally justified set of principles and values’ (Becker, 1998, p. 157). We describe integrity as explicitly confirming the fit between what managers say and do. Managerial behaviours support the organisation’s missions and value statements. Employees expect managers to act consistently with how someone in the position of manager ought to act (Simons, 2002). Such a representation enables employees to assess the extent to which their superiors act ethically and consistently with organisational codes.
In reality, however, superior behaviour is often at variance with the prescriptions of ethical codes, and employees are influenced by such unethical behaviours. For example, he or she may take a less ethical decision even while holding a high personal standard of ethics (Zey-Ferrell, Weaver, & Ferrell, 1979), such behaviour being an imitation of the unethical leader (Dukerich, Nichols, Elm, & Vollrath, 1990).

Cases of immoral leadership like that of Ramalinga Raju of Satyam Computers do make us doubt the moral standards of top management and worry about its percolation downward. Raju, who by his own admission, committed major financial fraud resigned as the Chairman only when his last-ditch efforts to fill the ‘fictitious assets with real ones’ through Maytas’ acquisition failed (Indian Express, January 7, 2009). Under comparable circumstances, managers down the line may find little benefit in reporting smaller infractions because actions of the senior management are far removed from the high standards of integrity they claim to pursue. A superior with a dubious ethical record would make an ethical infraction harder to report for subordinates.

Analysis of the relationship between perceived leader integrity and employee behaviours has found a significant positive correlation between psychological contract breach and absenteeism and a significant negative correlation between psychological contract breach and in-role performance (Johnson & O’Leary-Kelly, 2003). In their meta-analysis of studies on behavioural integrity of leaders, Davis and Rothstein (2006) include job satisfaction, organisational commitment and positive and/or negative affect towards the organisation as dependent variables and find a strong positive relationship overall. They conclude with a call for further research on leader integrity and its impact on employee behavioural outcomes as well as potential moderators of the relationship. Hence, we propose further research on the above relationship in terms of peer reporting.

Absence of linkage between unethical behaviour and organisational sanctions

Employees would be encouraged to report infractions only when they see a linkage between unethical acts and organisational sanctions imposed on offenders in the past. While most companies attempt to curb unethical behaviour, some are more tolerant if the unethical decision leads to an economic benefit (Laczniai & Murphy, 1991).

Earlier studies have found instances when managers administered less severe discipline to top sales performers as compared to lower performers (e.g., Bellizzi, 2006). Such discretionary treatment suggests to employees that their managers are willing to compromise on ethical standards. A fallout of this could be a lowering of employee morale and scruples even among those who initially had fairly high ethical standards. Leniency and condoning acts of unethical behaviour are thus bound to lead employees to believe that their firm has a climate that supports misbehaviour or at least does not punish it (Jackall, 1988). This is expected to discourage reporting of ethical infractions.

Unsatisfactory methods of performance evaluation

Another constituent of an organisation’s climate is the method of employee appraisal. Many organisations nowadays use the Forced Ranking method (popularly known as Alternative Ranking) of appraisal. It is a differentiation process where managers are required to evaluate an employee’s performance based on predetermined categories against other employees in the department or peer group (Gary, 1990). These employee performance rankings are then applied to a normal curve. Those who rank at the bottom (usually 10%) are put on probation, coached to improve performance, or terminated. Those at the top of the curve (top 20%) are generously rewarded (Grote, 2005). Forced Ranking has been found to create a politicised atmosphere in organisations where individuals lobby for beneficial positions with the most influential managers and managers may make deals, negotiate, or even manipulate the system to keep their employees (Bates, 2004; Miesler, 2003). Though it creates excessive competitive pressure, one positive consequence could be the incentive it offers for reporting peer infractions.

Ethical ambiguity

For employees to be willing to supervise and report on others there has to be clarity about the organisation’s ethical expectations of them. Ethical ambiguity is the degree of uncertainty an employee experiences on how she/he should behave in the day-to-day work performance. Ambiguity is a sign of a lack of perceived clarity on ethical expectations from employees (Spekman & Salmond, 1992 as cited in Robertson & Rymon, 2001). It is likely that formal mechanisms such as ethical codes and informal influences like organisational culture offer conflicting messages to employees on the desired mode of conduct. For instance, a junior manager in a leading Indian pharmaceutical company recollects being chastised by his boss for insisting on discarding a container of a bulk drug that was to be made into tablets as the surface was found contaminated with rust particles even when the ethical code accorded top priority to customer safety. The boss suggested skimming the surface to ‘salvage’ the consignment and contain costs. Such situations, occurring in every-day organisational life, contribute to confusion and ethical ambiguity for employees and thereby widen the wedge between prescriptions in the ethical code and actual employee behaviour.

Ambiguity in organisational expectation restrains employees from judging peer behaviour and further reporting infractions. Past studies have found that the strength of an organisation’s ethical culture and the existence of a code of conduct are negatively related to unethical behaviour (Trevino, 1990). Therefore, organisations ought to attempt to reduce ethical ambiguity by ensuring that provisions of ethical codes are well communicated to employees. Training and orientation in codes can be prime sources of ethical learning (Stevens, 1999) and may help clarify the company’s expectations from employees in ethically sensitive situations (Dubinsky & Gwin, 1981). But when organisational expectations of behaviour are not stated upfront or if their communication is inconsistent, or their expectations are contradictory, ethical ambiguity is likely to set in.

Another source of ethical ambiguity could be the actions of a few who form a dominant coalition and project their interests as the organisation’s interests. The actions of such employees, especially if they happen to be higher up in the
hierarchy, may prompt development of counter norms that contradict the espoused values and expectations of the organisation (Jansen & Von Glinow, 1985). We, therefore, posit that ethical ambiguity prompts employees to refrain from reporting infractions.

Pressure to perform

Recent years have seen organisations focussing on reorganisation, innovation and operational efficiency, and introducing several exciting new products. Consequently, the speed of functioning and pressure to perform on employees has also amplified (Srivastava & Bhatnagar, 2008). Organisations today are highly cost conscious. As profit margins get squeezed, employees come under tremendous pressure to bring in results with fewer resources for performance. Such undue pressure to perform has been considered as a reason for unethical behaviour in organisations (Bellizzi, 2006). In particular, pressure to perform results in deceptive behaviour and thereby reduces the level of ethicality in the context of purchase agents (Robertson & Rymon, 2001). As Jackall (1988) has argued, unethical behaviours need not be due to an individual’s personality or value system but the result of an interaction with the work context. Unrealistic expectations, fewer resources and strict deadlines place tremendous demands on employees. Consequently, they may resort to unethical means for achieving organisational goals.

Psychologists have been suggesting that work pressure has a dysfunctional effect on performance of cognitive and motor tasks (e.g., Beilock & Carr, 2005). Reduced cognitive ability results in poorer evaluations of a given situation (Fiske & Taylor, 1984). Inadequate evaluations of ethical codes and norms of behaviour come in the way of establishing a moral intent which is necessary for reporting unethical behaviour.

Intra-organisational competition

Organisations have long been using competition for rewards, status and even survival as a motivational technique (Churchill, Ford, & Walker, 1997). A competitive environment induces employees to perceive their rewards to be contingent upon comparisons of their performance against their peers (Brown, Cron, & Slocum, 1998), adding to performance pressure.

A competitive environment also creates counter norms that are often incompatible with the espoused normative beliefs and values of an organisation. For example, if ‘follow the rules’ is the organisational norm, ‘break the rules to get the job done’ may be the prevailing counter norm that gets practised in an atmosphere of intense competition (Jansen & Von Glinow, 1985). Widespread norms contrary to ethical codes can reduce the willingness of employees to report infractions.

Witnessing peers commit ethical infractions

Ethical decision-making of individuals is not only influenced by formal organisational rules but also by what others, including peers, say is right (Brass, Butterfield, & Skaggs, 1998). Peer behaviour is a significant antecedent of an individual’s ethical behaviour (Deshpande, 2009). Discussions on the influence of one bad apple on the entire barrel (Gino, Ayal, & Ariely, 2009) bring out three possible ways in which such negative contagion may be transmitted. First, seeing a peer indulge in an infraction and get away with it changes an individual’s estimation of the chances of getting caught, thereby increasing both the likelihood of committing an infraction and the seriousness of the crime. Second, such social norms of behaviour observed among peers have been found to impinge upon people’s immediate behaviour through social learning (Bandura, 1965). Yet, it could happen that when unethical behaviour of others is made salient to people, they will pay greater attention to their own behaviour and probably judge it more strictly. The overwhelming evidence however seems to suggest that peer ethical behaviour exerts a strong influence not only on the ethical behaviour of managers but on the organisational ethical environment as well (Keith, Pettijohn, & Burnett, 2003). Witnessing peers commit infractions may thus desensitise managers thereby reducing their motivation to report.

Degree of task and outcome interdependence with peers who commit infractions

Many employees work on assignments that are high on interdependence i.e., some team members have to depend on their peers for information, resources and support, (Taggar & Haines, 2006). Interdependence has been found to be a desired characteristic of high performing teams (Van der Vegt & Van de Vliert, 2002). Interdependent tasks often have interdependent outcomes when group members are presented with group goals or provided with group feedback. In such circumstances, individual members’ motives can only be satisfied if the team performs well. This requires group members’ attention and effort directed to collective performance instead of individual performance (Locke & Latham, 1990).

In the context of collective performance expectations, cooperation is positively related to both task and psychosocial outcomes including greater member satisfaction (Pinto & Pinto, 1990; Pinto, Pinto, & Prescott 1993). A negative consequence of the need to cooperate and follow norms of team behaviour could be a reluctance to report on any peer infraction.

The mediating role of moral disengagement — (M)

People generally view themselves as moral and try to appear moral to others (e.g., Batson, Thompson, Seufferling, Whitney, & Strongman, 1999). Hence, when people recognise an ethical dilemma, they attempt to act ethically to maintain a consonant self-image. Ethical recognition, though essential by itself, is inadequate for ensuring ethical behaviour. A supplementary process of ethical judgement is required, whereby individuals judge their behaviour as acceptable and form an intention to behave accordingly (Rest, 1986). Ethical judgement thus operates as a self-regulatory mechanism that controls moral conduct.

Self-regulation, however, can be selectively deactivated (Bandura, 1999). This deactivation or moral disengagement is
done by convincing oneself that ethical standards do not apply in particular contexts (Barsky, Islam, Zyphur, & Johnson, 2006). Such a deactivation enables otherwise ethical people to perform self-serving acts that have detrimental social effects. Perhaps selective activation and disengagement of moral control can explain why individuals take varied ethical stances depending on their circumstances.

**Mechanisms for moral disengagement**

The disengagement of self-regulation happens through eight interrelated mechanisms: moral justification, euphemistic labelling, advantageous comparison, displacement of responsibility, diffusion of responsibility, disregarding or distortion of consequences, dehumanisation, and attribution of blame (Bandura, 2002). These mechanisms form three broad categories.

**Cognitive restructuring of harmful conduct**

**Moral justification**

Detrimental conduct is made acceptable by portraying it as social and moral. Dissonance created by unethical decisions is reduced by cognitively redefining it as beneficial to the organisation and necessary for survival in the job. A factory manager, for example, may justify dumping of untreated effluents into a nearby river by blaming the government for not offering concessions to factories that install expensive treatment facilities. Not investing in effluent treatment is justified because the additional financial burden of installing effluent treatment could potentially make the factory unviable, leading to closure and job losses.

**Euphemistic labelling**

The use of sanitised language to describe an action so as to make it less revolting is called euphemistic labelling. For example, medical representatives term the giving of gifts to doctors to ‘motivate’ them to prescribe their brand of drugs as ‘business development’. India has a huge population with diverse untreated diseases who have not yet been exposed to a wide array of biomedical drugs that most Western patients have. Multinational drug companies call this an ‘Indian Advantage’ to defend rampant and often illegal clinical trials of a wide variety of drugs.

**Advantageous comparison**

When harmful conduct is made to look good in comparison with other actions, it is called advantageous comparison. For example, a sales manager may justify paying a bribe to effect a sale by first judging the option of non-payment as ineffective in getting the sale. Advantageous comparison with the actual or anticipated threat of a competitor selling an ‘inferior product’ further affirms the stand that the bribe benefits not just the seller but the buyer too.

**Minimising the role of the individual in perpetration of harm**

**Displacement of responsibility**

Moral controls operate when one knows that the harm caused is attributable to oneself. Disengagement operates to obscure or minimise personal agency in the harm. For example, when Global Trust Bank collapsed in 2003, its promotor and ex-chairman Ramesh Gelli refused to take the blame for the failure, claiming that he followed a hands-off management style wherein operational responsibility had been totally delegated to senior management (Business Standard, July 24, 2004). Obedience to authority has also been found to affect illegal intention, with managers reporting higher prospective offending when they are ordered to engage in misconduct by a supervisor. In such cases, individuals perceived the outcome of an illegal/unethical act less negatively when it was ordered by a supervisor than when it was decided by themselves (Smith, Simpson, & Huang, 2007).

**Diffusion of responsibility**

Division of labour (Kelman, 1973) wherein each person does a subpart of a project obscures personal agency and weakens the exercise of moral control. Group work increasingly used in organisations today has been found to be an ineffective means of achieving optimal results in subjective areas like business ethics (O’Leary & Pangemanan, 2007). Group decision-making, where everyone is responsible but no one is identifiable, facilitates moral disengagement. For example, in the aftermath of the Bhopal Gas Disaster of 1984, Union Carbide Corporation set out to diffuse responsibility for the accident with the argument that all the employees in the plant were Indians as the last American employee had left the site two years before the accident (Ungarala, 1998).

**Reframing the consequences of action**

**Disregard or distortion of consequences**

Another method of weakening moral control operates by disregarding or distorting the effects of one’s actions. This is achieved by avoiding facing the harm caused or by minimising it. Organisations, with their hierarchical chain of command, remove individuals further from the consequences of their actions. Disengagement thus comes easily for intermediaries as they neither bear responsibility for the decision, nor carry them out and subsequently face the consequences. For example, UK’s leading apparel manufacturer Primark snapped ties with three garment suppliers from Tirupur in June 2008 for alleged use of child labour. The Tirupur Exporters Association was quick in shifting the blame to the subcontractors for the lapse and even distorted the effects of their action as a gesture of ‘helping out’ children from refugee families with work (Gurumurthy, 2008).

**Dehumanisation**

The restraining effects of self-censure can be mitigated when the perpetrator of an unjust act views the receiver as a dehumanised object. Bureaucratisation, automation, urbanisation, high geographical mobility and power increase impersonality (Bandura, 1999). New forms of employment (e.g. part-time, freelance or contract work, temporary work and job sharing) contribute to dehumanisation and make the position of such workers generally precarious.
Attribution of blame
Blaming one’s adversaries or circumstances is another way of exonerating oneself of responsibility. Compelling circumstances or provocation from others is offered as an excuse for unethical behaviour, thereby circumventing personal volition. When the Italian company Graziano’s CEO L K Chaudhury was murdered in Noida, India by dismissed employees in September 2008, the alleged employees defended their action as being the outcome of simmering discontent and disparity in the wages of permanent and temporary workers (Roy, 2008). Further, in a Bhopal Gas Tragedy report, Union Carbide claimed that the tragedy resulted when a disgruntled plant employee, apparently bent on spoiling a batch of methyl isocyanate, added water to the storage tank (Browning, 1998).

Moral disengagement is not a stable personality trait but a temporary state of mind. Since ethical orientations are socially learnt (Kohlberg, 1984), there can be social and organisational factors that contribute to its development. Being unequivocally interactive in nature (Bandura, 2002), moral disengagement can be prompted by the organisational context variables detailed above. The uses of many of these mechanisms have been studied in psychological research, organisational behaviour research and to a limited extent in behavioural ethics research (Anand, Ashford, & Joshi, 2005; Diener, 1977; Kelman, 1973; Opolow, 1980; Staub, 1989). Moral disengagement has been found to aid personnel in executing a death sentence (Osofsky, Bandura, & Zimbardo, 2005), further the self-interests of leaders (Abraham, 2000). Hence we propose:

Proposition 1. Moral disengagement mediates the relationship between organisational antecedents and unwillingness to report infractions by peers.

The moderating role of organisational cynicism and ethical empowerment — (Z)

A variable that may alter the impact of the predictor on the criterion is called a moderator. Ours is a moderated mediation model wherein the mediating process of moral disengagement that is responsible for producing the effect of organisational antecedents on unwillingness to report, should be different for employees differing in organisational cynicism and ethical empowerment.

Organisational cynicism

The global meltdown affecting every kind of industry has altered employee–employer relations. Organisational attempts at ‘rightsizing’ and ‘cost restructuring’ have made employees increasingly cynical, believing that principles of honesty, fairness, and sincerity are being sacrificed to further the self-interests of leaders (Abraham, 2000). Organisational cynicism is a negative attitude toward the organisation. This attitude comprises (a) a belief that the organisation lacks integrity, (b) negative feelings toward the organisation, and (c) tendencies of disapproval and critical behaviour toward the organisation consistent with the above belief and feelings (Dean, Brandes, & Dharwadkar, 1998).

Cynical employees are more likely to perceive inconsistencies between organisational goals and practices and for this reason doubt the integrity of their organisation. Yet, unlike highly committed employees, they are less likely to proactively raise these questions as this would create a cognitive dissonance between their attitude and behaviour. People who question the integrity of their organisation hardly need to be personally committed to it. A cynical employee therefore believes that his/her organisation is unscrupulous and self-serving and hence engages him- or herself in disengagement.

We expect organisational cynicism to enhance the relationship between organisational antecedents and unwillingness to report infractions, augment the relationship between organisational antecedents and moral disengagement, and finally decrease the inclination of a disengaged employee to report peer infractions. We therefore suggest:

Proposition 2. Organisational cynicism moderates the relationship between organisational antecedents and unwillingness to report infractions by peers via moral disengagement. Specifically, higher levels of organisational cynicism strengthen the relationship between moral disengagement and unwillingness to report infractions of peers.

Ethical empowerment

The Merriam-Webster Dictionary defines empowerment as a process of enabling, giving official authority, and helping self-actualisation. As a general definition, ethical empowerment is a multi-dimensional process that helps employees gain control over their decisions and act in alignment with ethical codes. It is a process that fosters power (i.e. the capacity to implement the ethical code) on employees, by enabling them to act ethically on issues that they define as important. Three components of our definition are basic to the understanding of ethical empowerment. First, it is a multi-dimensional process that helps employees become part of the organisational culture. While the provisions and mechanism of the ethical code form its superstructure, the prevailing ethical climate offers the support system. Second, it is a social process because it occurs in relationship to peers and superiors. Finally, it is a process that develops as the organisation implements its code in letter and spirit. Ethical empowerment is achievable when the ethical codes are effectively communicated to employees, modelled by leaders and become part of the organisational culture. Hence, it progresses through three levels: (a) creating awareness of the ethical codes by dissemination, (b) making employees knowledgeable by putting them through education, training, and role modelling, and (c) supporting ethical choices through an organisational ethical culture. Ethical principles, codes and training cannot anticipate most ethical dilemmas that employees face. They can, however, provide...
processes for ethical decision-making (Christensen & Kohls, 2003). Empowerment can offer an alternative to traditional prescriptive mechanisms of control.

Ethically empowered employees would be better able to report infractions for they know that the organisation would support their actions even in the wake of having an unsupportive boss. On account of their deeper understanding and internalisation of the organisation’s ethical codes, they would be able to better withstand the peer and work pressure without succumbing to shortcuts to achieve their targets.

We expect ethical empowerment to weaken the relationship between organisational antecedents and unwillingness to report infractions, reduce the relationship between organisational antecedents and moral disengagement, and finally increase the inclination to report peer infractions. Hence we suggest:

Proposition 3. Ethical empowerment moderates the relationship between organisational antecedents and unwillingness to report infractions by peers via moral disengagement. Specifically, higher levels of ethical empowerment weaken the relationship between moral disengagement and unwillingness to report infractions of peers.

Conclusion

In our view, unwillingness to report peer infractions is caused by several organisational factors and their impact is moderated by cynicism and empowerment. Moral self-regulation or the capacity to exercise some measure of control over one’s thought and actions, when deactivated, translates the effects of these organisational factors into organisationally detrimental behaviour such as not reporting peer infractions when the ethical codes require one to do so. The extent to which employees are ethically empowered as well as their cynical attitudes towards the organisation impact the operation of moral disengagement thereby making way for the moderated mediation model of peer reporting, presented in this paper. A moderated mediation model not only offers the prospect of identifying cynicism among managers as an attitude that aggravates the impact of moral disengagement but more importantly suggests a solution in the form of ethical empowerment which can diminish its influence.

References


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