Morality and Power: The Influence of Individual Differences and Situational Factors on Ethical Decision Making

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MORALITY AND POWER:
THE INFLUENCE OF INDIVIDUAL DIFFERENCES AND SITUATIONAL FACTORS ON
ETHICAL DECISION MAKING

A THESIS SUBMITTED TO
THE FACULTY OF THE GRADUATE SCHOOL
IN CANDIDACY FOR THE DEGREE OF
MASTER OF ARTS

PROGRAM IN APPLIED SOCIAL PSYCHOLOGY

BY
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CHICAGO, IL
MAY 2024
ACKNOWLEDGEMENTS

I would like to first thank my advisor, Dr. Scott Tindale, for making this research possible. Dr. Tindale provided his wealth of knowledge in the field as well as great support during this thesis process. Next, I would like to thank Dr. Jeffrey Huntsinger for serving as a member of my thesis committee and offering his valuable perspective on this research.

I would also like to thank my family, Gwen, Joe, Libby, and Courtney Smith, for supporting me, listening to my trials and tribulations throughout my graduate career, and always encouraging me to lean into my aspirations, no matter how big or small.

Finally, I would like to express my gratitude for my cohort members turned best friends, Kennedy Hoying, Vinchenzo Vassalotti, and Samantha Chambers. Thank you all for inspiring me, acting as additional mentors in research, and for giving me my most valuable memories inside and outside the classroom during my time at Loyola.
ABSTRACT

Decision making is a process we see, encounter, and engage in all the time. Many of the choices made by people every day have little, if any, relation to ethics. However, many of the important decisions people make do have potential implications for others and ethical considerations would be relevant. Due to the prevalence of less-than-ethical decisions, it is important to gain a better understanding of when, and why such decisions are made. Several factors that influence ethical decision making have been identified in the literature. Two of the more prevalent research topics involve situational factors and individual differences. The current study aimed to explore both individual differences and situational factors as they relate to ethical decision making. The research attempted to replicate two previous findings. First, the study manipulated individual’s feelings of power (high vs. low) to assess whether high power leads to less ethical decisions. Second, an individual’s level of moral character was measured to assess whether greater moral character predicts less ethical decision making. Finally, the research tested for an interaction between these two variables. I predicted that moral character would play a greater role for high power decision makers as compared to low power decision makers. This hypothesis was not supported, and results did not indicate that an individual’s power had a significant influence on their ethical decision making. The prediction that participant’s moral character would significantly impact their ethical decision-making behavior was supported, mimicking previous research. Participants for this research consisted of undergraduate students attending Loyola University Chicago.
INTRODUCTION

Decision making is a process we see, encounter, and engage in all the time. Many of the choices made by people every day have little if any relation to ethics. However, many of the important decisions people make do have potential implications for others and ethical considerations would be relevant. Unfortunately, there are many instances where individuals within organizations make decisions in their best interest and at the expense of their organization or others (Karlsson et al., 2019; Wagner, 2013, Chandler, 2009). Due to the prevalence of less-than-ethical decisions, it is important to gain a better understanding of when, and why these such decisions are made.

Several factors that influence ethical decision making have been identified in the literature. Two of the more prevalent research topics involve situational factors and individual differences. Research has supported the idea that situational factors, such as environment, role, status, location, time, and organizational structure weigh most heavily on ethical decision-making behavior (Piff et al., 2012; Tian & Peterson, 2016; Kish-Gephart et al., 2010; Kim & Guinote, 2022). However, other theorists support the notion that individual differences, such as personality factors, values, intellectual characteristics, and morality are the most significant predictors of whether or not an individual will make more ethical decisions. This research aims to expand on the current understanding of both realms of influence, situational and individual, on the outcome of ethical decision making by focusing on both types of factors instead of focusing on one singular perspective. This research also attempted to look at the effects of each separately, and also at the degree to which they interact to lead to more or less ethical decisions.
Power and Ethical Decision Making

Previous research highlights the role of situational factors in a person’s ethical decision making (Trevino, 1986; Brown & Trevino, 2006). Research has shown how an individual’s response to an ethical dilemma may vary due to properties of the situation or issue itself, (Jones, 1991). Situational determinants of ethical decision-making behavior, overall, contribute in a major way for predicting ethical behavior.

One situational factor that appears to influence ethical decision making is power. Research indicates that the higher the level of a person within the hierarchy of an organization, the less ethical their decision-making behavior becomes (Ford & Richardson, 1994). Individual power level has been found to be a salient, situational factor of influence for ethical decision making. There are a wide range of existing conceptualizations for power in both the business ethics and social psychology fields. For the proposed research, power will be defined using the definition proposed by Keltner et al. (2003). This conceptualization is broader and more inclusive, identifying that power serves as “the capacity to alter others’ states by providing or withholding resources and administering punishments,” (p. 267). The current explanation of power as a situational component details power as an influence of a multitude of other factors that affect the decision making and judgment processes, including cognition, perception, group identification, risk, and reward valuation, among other things. Power has been found to influence the tendency of an individual to act, generally, in a manner that prioritizes self-interest and antisocial behavior (Giurge et al., 2021; Rucker et al., 2011; Bendahan et al., 2015).

Evidence supporting this trend has been found in both experimental and archival studies. For example, Kennedy and Anderson (2017) tested the perception of unethical practices by varying levels of hierarchical rank in an organizational study through two true experiments and
one archival study. Results of the archival analysis revealed that among 11,000 employees of U.S. Federal Government Agencies, there was a strong negative association between higher hierarchical rank of the employee and principled dissent against actions and practices characterized as unethical. The two experimental studies manipulated power by assigning people to different ranks in a hypothetical organization. Again, the results showed less ethical behavior for higher ranked individuals. Similarly, Bass & Herbert (1995) found that, as level of education increased, managers were less condemnatory towards unethical scenarios or judgment situations. When holding positions of higher power within an organizational hierarchy, both in the field and in scenario-based laboratory environments, the likelihood of an individual objecting to unethical practices decreased. These findings indicate that different levels of power possessed by an individual may produce differences in the frequency of ethical versus unethical decisions made.

**Individual Morality and Ethical Decision Making**

Individual differences that may influence behavior include those personal attributes and traits of psychological nature that distinguish one person from another. When it comes to employee behavior, or group member behavior within an organization, individual differences of personality have been found salient in the prediction of unfit behavior within the workplace (Guenole, 2014; Wille & De Fruyt, 2015; Alaybek, Dalal & Dade, 2022). Often opposing research that emphasizes situational factors and deemphasizes the role of personality in ethical decision-making processes, individual difference accounts suggest that ethical, or unethical, decisions tend to be made as a result of personality characteristics, primarily those broad in nature, concerning dimensions seen in the Big Five or HEXACO factors of personality (Antes et al., 2007; Cohen et al., 2014).
The broad nature of personality dimensions and traits, while contributing largely to the current understanding around ethical decision-making behavior, leaves room for further explanation and exploration. In order to gain a deeper understanding of the specific traits that are most predictive in nature for determining the likelihood of a person exhibiting ethical behavior and ethical decision making, psychological constructs composed of small sets of personality aspects have been an important area of focus. One of these constructs most associated with ethics and ethical behavior is morality. The existing knowledge and evidence regarding which aspects of personality most significantly make up and or predict dimensions of morality is still developing.

As morality is a construct made up of multiple components, it is important to note that this project will focus on Moral Character as an individual difference, and thus the individual differences that contribute to varying levels of Moral Character. Moral Character may be defined in this context in accordance with Cohen et al., (2014) definition, as, “an individual’s characteristic patterns of thought, emotion, and behavior associated with moral/ethical and immoral/unethical behavior,” (p. 944). Further, moral character of an individual has been found to comprise of multiple personality traits such as Honesty-Humility, Conscientiousness, Emotionality, propensity of experiencing guilt or shame, empathy, among others (Cohen et al., 2014). Evidence of character traits connected to morality and individual character as catalysts for moral recognition and viewing decisions through a moral lens (Helzer, Cohen & Kim, 2023; Nguyen & Crossan, 2022). Higher levels of the individual factor of moral character and related personality aspects should predict higher ethical decision making by an individual within an organizational setting.
The Current Study

Previous research examining predictors for ethical decision-making behavior have primarily focused on the identification and deeper understanding of either individual, person-centered factors or situational factors. This research attempted to study both individual differences and situational factors as they relate to ethical decision making. The research also attempted to replicate two previous findings. First, the study manipulated individual’s feelings of power (high vs. low) to assess whether high power leads to less ethical decisions. Second, an individual’s level of moral character was measured to assess whether greater moral character predicts less ethical decision making. Finally, the research tested for an interaction between these two variables. I predicted that moral character would play a greater role for high power decision makers as compared to low power decision makers. This hypothesis derives from the earlier findings that low power individuals are less likely to make unethical decisions. Thus, moral character was expected to be less relevant for low vs. high power decision makers.
METHODS

Participants

Participants consisted of undergraduate students attending Loyola University Chicago. Through a course taken in the psychology department, introductory psychology students participate in research in exchange for course credit. A statistical power analysis via G*Power to calculate sample size was conducted. The goal, on the basis of this power analysis, is to obtain a sample size of 110 participants, or slightly over 50 participants per condition or group (high power or low power condition).

In total, one hundred and forty-one Loyola University Chicago undergraduate students completed the study for course credit. Nine of these participants were excluded from analysis after data cleaning as a result of providing incomplete or duplicate responses, for a total sample size of \( N = 132 \). Through random assignment, participants were either placed in the high power \((n = 67)\) or low power \((n = 65)\) condition.

Materials and Procedure

Participants completed the study fully online and were first be informed that the purpose of the study is to explore individual decision-making. Participants were randomly assigned to either the low-power condition or the high power condition. Individual power level was manipulated through the power priming writing task. Participants were asked to engage in an initial writing activity before the main portion of the experiment. For this writing activity, participants were instructed to write 4 to 5 sentences about a time where they felt powerless, if in the low power condition to be primed for low power, or to write 4-5 sentences about a time in which they felt powerful, if in the high power condition to be primed on high individual power.
Both conditions were then asked to write 4 to 5 sentences answering the prompt, “How did you feel in this situation?”.

Following the power priming task, participants completed the ethical decision-making task consisting of the 12 business-context ethical vignettes (Zong et al., 2006). Participants were asked to “make the choice that you think you would make in each situation” for each of the 12 dilemmas, each with answer choices of the ‘ethical’ response and “unethical” response. After completing the ethical decision-making task, participants were be asked to complete the Moral Character Questionnaire (Furr et al., 2022). Lastly, a manipulation check was conducted for the power manipulation. Participants were asked the following: “At the beginning of the study, we asked you to write about a time in which you felt one of the following ways. Please click which type we asked about.”, with answer options of “Powerless” and “Powerful”.
RESULTS

In order to analyze the data collected, a moderation analysis on SPSS was conducted. Following past utilization of the Moral Character Questionnaire, the responses to each item was averaged to produce a moral character score, with the higher the average score, the higher moral character. The scores for this variable were centered prior to analysis. Power was coded with -1 as low power and 1 as high power. Ethical decision-making behavior was measured as the frequency with which participants chose the ethical option (0-12). Higher values for this thus indicate higher ethical decision making, or more ethical decisions made by the participant. Prior to analysis, data was also reviewed to ensure that the manipulation check was successful for all participants. In other words, when asked “At the beginning of the study, we asked you to write about a time in which you felt one of the following ways. Please click which type we asked about.”, all participants correctly answered which condition they were assigned to. This indicates that the manipulation check was successful.

An analysis of variance was run using power as one factor (low vs. high) and the moral character scale as a covariate. The design included main effects for both factors and the interaction effect. Inconsistent with previous findings using this power manipulation, no main effect of the power manipulation was found on ethical decision making, $F(1,130) = .002, p = .968, \eta^2 = .000$. This indicates that the manipulation check was unsuccessful. Participants who completed the priming task to induce feeling powerful ($M = 7.21, SD = 1.763$) did not, on average, make less ethical decisions than participants who were primed to induce feelings of
powerlessness \((M = 7.18, SD = 2.164)\). Power did not significantly predict ethical decision making.

However, results did show a significant main effect for the influence of participant moral character on their ethical decision making behavior, \(F(1,130) = 6.257, p < .05\). The effect showed a positive relationship between moral character scores and ethical decision making, \(r(130) = .209, p < .05\). In other words, individuals scoring higher on moral character tended to also score higher on ethical decision making, consistent with my prediction as well as past research.

No significant effect was found for the interaction between level of power (condition) and moral character on ethical decision making, \(F(1,130) = .390, p = .533, \eta^2 = .003\). This demonstrates that, contrary to predictions, there was no moderation effect for moral character on the way level of individual power influences ethical decision-making behavior.
DISCUSSION

The purpose of this study was to explore the relationships between both situational and individual factors on a person’s ethical decision-making behavior in a business-related context. Adopting past operationalizations and conceptualizations of the constructs of power (situationally induced) and moral character (individual difference), I aimed to demonstrate how each combined to influence ethical decision making. I hypothesized main effects, for both variables and a significant interaction. I expected high power participants to make fewer ethical choices than low power participants, and that participants with higher moral character scores to make more ethical choices than participants with lower moral character scores. I also expected an interaction effect where moral character would be more related to ethical decision making in the powerful, as opposed to the less powerful, situation.

However, the results only provided evidence for one of the three hypotheses. Moral character was significantly related to ethical decision making in the expected direction: higher moral character led to more ethical choices. However, there was no effect of the power manipulation and no significant interaction. Thus, participants in the high power condition showed approximately the same number of ethical decisions as the low power condition. In addition, the effect of moral character was approximately the same for both the high and low power conditions. The lack of an effect of power is inconsistent with previous results (Kennedy & Anderson, 2017). Previous research had found people in higher power situations responded less ethically.
There are a number of possible reasons for the failure to replicate earlier findings. First, the hypothetical nature of the ethical decision-making task used in the study may have contributed to unexpected results. The ethical decision-making task was comprised of twelve independent, hypothetical, scenario-based situations that requested one of two answer choices by participants. Though these questions had been used in previous research (Zong et al., 2006), they had not been used to study the effects of power. In addition, each scenario implied a particular position within the organization, which may have acted to dilute the effects of the manipulation.

Next, there is the possibility that the power manipulation was unsuccessful in part due to the pairing of the chosen priming task and the ethical decision-making task. In other words, considering the business context of the ethical decision-making task, a priming task that included some hierarchical rank or organizational aspect may have increased feelings of “realness” and reflected more strongly on this specific ethical decision-making task.

Consistent with my prediction, moral character was found to have a significant effect on ethical decision making. Although the correlation was modest, this effect is consistent with past research (Cohen et al., 2006) and reinforces the notion that individual differences play an important role in ethical decision situations. I predicted that moral character would show a greater effect for high power participants, but this was not supported. The lack of evidence for this prediction may be a function of the lack of an effect for the power manipulation.

One primary limitation of this study was the population. The participants in this research consisted of all undergraduate psychology students. They probably had yet to experience high vs. low power positions within a work situation. Thus, the contexts of the decision scenarios may have been unfamiliar to them. In addition, the scenarios were hypothetical and may not have been seen as relevant or applicable to their current situation. Future research using college
students may want to use scenarios that more directly confront ethical dilemmas in a college campus environment. Another option might be to use business rather than psychology students as participants. Future research may also want to recruit participants with different ranks within an organization to both make power more salient and to make the decision scenarios more relevant.

Overall, findings from this study contribute to the growing body of literature and research on the influence of both situational and individual factors on ethical decision-making behavior. The significant finding of a main effect for moral character and the outcome variable of ethical decision-making supports previous findings on the association. Thus, this finding may add to previous research that bolsters the argument of examining personality factors and components of morality, and taking these outcomes into consideration when evaluating the ethicality of an individual and its potential effects for their organization.
For the following questions, please make the choice that you think you would make in each situation.

You are the CEO’s top aide. Your boss is moving into an office space that the company has not used for a couple of years. You have no clear information as to whom the previous owner of the office was. While cleaning things out and putting the CEO’s stuff away, you notice a small envelope taped to the top shelf of a closet. Inside is $5,000 in cash. What do you do?

- Take the envelope of cash.
- Leave the envelope of cash in the closet.

You work for a large corporation. Your company has recently hired a team of consultants to determine everyone’s knowledge of the organization. You understand that it is for informational purposes only, so you do not bother preparing. On the scheduled morning, your boss tells you that the company will raise everyone’s bonus by $1,000 for achieving 85% correct or better. You spend the next 2 hours cramming, only to realize that you really do not know as much as you had hoped. As the exam is about to start, the consultant hands you your exam, but as he walks away, a piece of paper falls from his bag. It is the answer key for the exam. Nobody else saw the paper fall and no one knows that you can see it. What do you do?

- Stay quiet and use the answer key to your advantage during the exam.
- Tell the consultant he dropped something.

It has been a good year for your company and as the holiday season approaches your boss has ordered hundreds of gift certificates for all your company’s top clients. Using their certificates, these preferred clients can choose among a wide array of fitness equipment – exercise machines, sports equipment, etc. The certificates can also be redeemed for cash (a couple hundred dollars). You stay after work to distribute the certificates in the company’s secure mailroom. As you are finishing, you realize that there are ten extra certificates. You know that there is no way of tracing them; nobody is aware of these extra certificates except you. These certificates would be amazing gifts for your family and friends. What do you do?

- Tell your boss there about the extra certificates you found.
- Take the certificates for your family and friends.

You will soon finish your MBA degree and have been actively seeking the “perfect” position. Interviews have been progressing well: you already have two offers and the company you really want to work for has expressed interest in you. For some reason, this company believes that you are at the very top of your class. You are not sure how they got this idea. You have done reasonably well, but you do not have straight A’s. They call back and inform you that they will
offer you the position and a signing bonus that is double what they would normally offer because of your exceptional record. What do you do?

- Be honest about your academic record.
- Stay quiet about their misunderstanding of your record.

You work for a large high-tech company that has been segmented into similar but competing departments. Two teams from your company are working independently on the same project. To motivate the teams, the CEO will give the team that finishes first a substantial monetary bonus. Your team is almost finished, but you have hit some programming difficulties and have made little progress for a week. While sitting at a nearby café, you overhear some people discussing your programming conundrum. It occurs to you that this is the other team and that they have just solved a similar problem. You realize that your team could really use what you are now hearing without the other team knowing. What do you do?

- Use this information.
- Do not use this information.

You work for a biotech research company that has a separate laboratory for employees with certain credentials. These employees are paid almost double what you are earning. It is a very attractive place to work and a lot of employees are trying to get in. In a meeting with the program’s director, she comments that your research has been excellent and there is a good chance that you could receive a position in her department, but you must be certified to use the latest biotech equipment. If you are not certified, you will have to pass a test in 9 months, as a single mistake in this lab could have serious consequences. You are not certified but are familiar with the equipment (from your reading). You have heard from several sources that you could learn everything that you need to know by yourself. If you tell the director that you are certified, you are sure that you will be given the position. What do you do?

- Tell the director you are certified to get the position.
- Tell the director you are not certified yet.

You own a small business. You have been sharing an office with someone from another company in a different, yet related, business for several years. You get along with each other very well. Your share of the office expenses (electricity, telephone, photocopying, and other costs) usually runs about $800 a month. However, there was a period of time when you were struggling to make a profit and your officemate covered these expenses for you. Recently, however, you decided to relocate your business to another city. As you bid each other farewell, it occurs to you that you never got around to repaying him for those office expenses. It does not seem like he remembers this and he does not know your new location. What do you do?
- Remind him that you owe him money.
- Keep quiet.

You are treating your boss to lunch to discuss an upcoming business trip at your country club. As you are eating, you bite into a hard object, causing you much pain. You and your boss are amazed as you take a white button out of your mouth. Half-jokingly, you tell your boss that you do not really want to eat anymore because your tooth now hurts too much. Your boss becomes very upset and complains to the maître d’ who insists that the meal is on the house (worth about a hundred dollars). As you and your boss leave the country club, you notice that your shirt is missing one of its buttons. You realize that your own button fell into your food! What do you do?

- Keep this information to yourself.
- Tell them it was your button.

It is 3 o’clock on a Friday afternoon and your boss has asked you to go to a government office to take care of some urgent paperwork for your department. If things do not go smoothly, it will cost your department a lot of money. Upon arriving, you get a number from the ticket dispenser and sit down to wait. After 10 min, you think about leaving so that you can get some other things done. Just then the person next to you answers her cell phone. Snippets of her conversation indicate that she has to leave for an office emergency. She hangs up and, as she leaves, her ticket stays on her chair. No one else can see her chair. You see that her number is way ahead of yours and will be called next (probably in less than 5 min). What do you do?

- Take her ticket and place in line.
- Wait for your original number to be called.

You and three other officemates have borrowed a company car to drive to another city for a business meeting. Because it is a long trip, you alternate driving. You decide to stop at a restaurant during your shift. While pulling into a parking spot, you bump a nearby dumpster. All of your officemates are sleeping. You assume there is no damage and forget about the incident. The business trip goes well and you return the car when you get back. Whithin a few hours, the travel department calls and informs you and your officemates about a $300 scratch on the car. Your officemates have no idea how, when, and where this happened. What do you do?

- Admit that you bumped the car on a dumpster.
- Pretend that you have no idea how, when, and where this happened.

You work for a big consulting company and are responsible for recruiting new hires. You recently received two applications for the same position. After reviewing the résumés and talking
to each applicant for about 40 min, you find both qualified even though one is slightly better qualified than the other. Later the same afternoon, you receive a call from an old friend telling you that one his best friends is looking for a job. Your friend promises to send you more business to boost your commission if his best friend gets the job. It turns out that the best friend is less qualified candidate you just interviewed. What do you do?

- Hire the slightly better qualified candidate.
- Hire the best friend.

You are finishing your MBA. You are looking for your ideal job, but have yet to decide on whether you would like a job with a big or small company. A big company on the West Coast has invited you to interview with them. They have offered to pay your lodging and airfare for up to a 3-day stay at the best hotel in town (which costs $400 per night). A small company in the same town has also asked you to come and meet with them, but is unable to help with any sort of travel-related arrangements. You only really need to spend 2 days visiting the big company. You realize that you could tell the big company that you are using the third day to sightsee, but interview with the small company instead. What do you do?

- Interview with both companies.
- Only interview with the big company.
APPENDIX B

MORAL CHARACTER QUESTIONNAIRE (MCQ)
Please respond to the following by indicating the extent to which you agree with each statement, 
‘Strongly Disagree’ to ‘Strongly Agree’.

I would say that I am a good person.
I am not a particularly virtuous person. (R)
I am a person of strong moral character.
I consistently want to do the moral thing.
I tend to act morally.
I believe that being moral is important.
I don’t believe that honesty is that important. (R)
I consistently tell the truth.
I am an honest person.
I want to be honest even when it’s hard.
I am a compassionate person.
I care a lot about helping other people.
I often do things that help other people.
It’s not important to me to be compassionate. (R)
I am a fair person.
I treat people fairly.
I don’t believe it is important to treat others fairly. (R)
I want to treat everyone as fairly as possible.
I am a loyal person.
I shift my loyalties easily. (R)
I believe it is important not to betray people.
I want to be loyal even when it’s hard.
I would say that I’m a wholesome person, relatively “pure.”
I think it is important to be wholesome and decent.
I will admit that some things I do are indecent. (R)
I want to think and act without vulgarity or filth.
I am a respectful person.
It is not important to show respect to tradition and authority. (R)
I treat others with respect.
I do not want to be rude or irreverent toward others.

(R) = Negatively-keyed item to be reverse-scored.
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VITA

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