

# An Examination Of An Antecedent And Consequences Of Supervisor Morally Questionable Expediency

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AN EXAMINATION OF AN ANTECEDENT AND  
CONSEQUENCES OF SUPERVISOR MORALLY  
QUESTIONABLE EXPEDIENCY

by

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A dissertation submitted in partial fulfillment of the requirements  
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## ABSTRACT

Supervisor morally questionable expediency occurs when subordinates perceive that their supervisors engage in morally questionable behavior to expedite their work for self-serving purposes (Greenbaum & Folger, 2008). A supervisor's preoccupation with the bottom-line (Greenbaum, 2007; Greenbaum & Folger, 2008; Wolfe, 1988) is examined as an antecedent of morally questionable expediency. It was hypothesized that subordinates experience deontic reactions (Folger, 2001) in the form of a moral psychological contract violation. Consequently, subordinates were hypothesized to reduce performance, engage in antisocial behavior and supervisor-directed deviance. Survey data from 259 subordinate-supervisor dyads provided general support for this hypothesized model. However, post hoc analyses of alternative structural equation models suggest that a moral psychological contract violation may not always be the best explanation for why employees respond to supervisor morally questionable expediency by reducing performance and increasing antisocial and deviant behavior. Implications, limitations, and future directions are discussed.

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## CHAPTER I: INTRODUCTION

It has been noted that interest in leadership has been ongoing since ancient times (Bass, 1990; Carlyle, 1841, 1907; Hunt, 1999; Peterson & Hunt, 1997; Rindova & Starbuck, 1997). It was not until the 1930s, however, that leadership theories emerged within management and related disciplines (see Bass, 1990). Over the last several decades, theoretical advancements and related empirical investigations have flooded the leadership literature (House & Aditya, 1997). Leadership is particularly important to organizational behavior because leaders are liaisons between organizational goals and employee productivity. This is because leaders align employee behavior with organizational goals (Stogdill & Coons, 1957). Effective leadership is associated with such desirable employee outcomes as job attitudes, job performance, and organizational citizenship behavior (Gerstner & Day, 1997; Ilies, Nahrgang, & Morgeson, 2007; Judge, Piccolo, & Ilies, 2004; Podsakoff, Bommer, Podsakoff, & McKenzie, 2006).

The study of leadership has focused primarily on dimensions of effectiveness. Research on leader-member exchange (Graen & Uhl-Bien, 1995), transformational and transactional leadership (Burns, 1978), charismatic leadership (House, 1977), and ethical leadership (Brown, Treviño, & Harrison, 2005) has been mostly positive in nature in that the focus has been on identifying “correct” behaviors and/or characteristics of leaders that induce positive subordinate behavior. Theory and empirical investigations of inappropriate leadership have been relatively sparse (Tierney & Tepper, 2007).

Research on inappropriate leadership has only recently begun to emerge within the organizational deviance literature. Abusive supervision, for example, is defined as “the sustained display of hostile verbal and nonverbal behaviors, excluding physical contact” (Tepper, 2000, p.

178). Behavior that socially undermines others has also emerged as a construct of interest. Supervisor undermining is defined as “behavior that is intended to hinder, over time, the ability [of subordinates] to establish and maintain positive interpersonal relationships, work-related success, and favorable reputations” (Duffy, Ganster, & Pagon, 2002, p. 332).

The current study investigates unethical leadership. Unlike abusive or undermining behavior, this study investigates unethical leadership that is not directed towards subordinates, namely, supervisor morally questionable expediency (SMQE). That is, subordinates’ perceptions of whether their supervisors engage in morally questionable behavior to expedite their work for self-serving purposes are measured. Studying SMQE contributes to the leadership literature because there is a dearth of knowledge on this subject matter. Morally questionable supervisory behavior may be overlooked by higher-level managers. This oversight may be associated with “hidden costs” such as subordinate dissatisfaction and a decrease in job performance (Cialdini, Petrova, & Goldstein, 2004).

A supervisor’s preoccupation with the bottom-line is investigated as an antecedent of SMQE. Further, an integration of justice as “deonance” (attention to moral duty) (Folger, 1998; 2001) as well as psychological contract theory (Rousseau, 1989) is used to explain *moral psychological contract*. Rousseau’s (1989) definition of psychological contract is adapted to define “moral” psychological contract as “an individual’s belief in the mutual [moral] obligations between that person and another party, such as an employer” (Rousseau, 2000, p. 1). *Moral psychological contract violation* is an emotional or affective state (Morrison & Robinson, 1997) that may emerge when an employer fails to uphold a moral psychological contract. It is examined as a mediator of the relationship between a subordinate’s perceptions of SMQE and

subordinate job performance, antisocial behavior, and supervisor-directed deviance—because subordinates are hypothesized to respond negatively if they perceive SMQE. This is due to the discrepancy that occurs between a supervisor’s behaviors and a subordinate’s internalized ethic of how a leader should behave. Behaving ethically and fairly is widely viewed as a moral obligation and duty (Folger & Cropanzano, 2001). It is part of the mutual obligations employees perceive between themselves and the organization that employs them.

## CHAPTER II: LITERATURE REVIEW AND HYPOTHESES

In this chapter, a conceptual review of the unethical leadership literature is provided, followed by an empirical review. I begin with a conceptual review because unethical leadership research is still in the *evaluation* stage of Reicher and Schneider's (1990) construct life cycle. The conceptualization and operationalization of key constructs is still being developed, and little empirical research exists. This is followed by a conceptualization of supervisor morally questionable expediency. Thereafter, a bottom-line mentality is fully explained. Theory is provided for its relationship with perceptions of supervisor morally questionable expediency. The integration of justice as deonance and psychological contract theory is then presented. This is followed by the hypotheses to be tested.

### Unethical Leadership

Brown, Treviño, and Harrison (2005) defined ethical leadership as “the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making” (p. 120). Subsequently, there has been a surge of empirical studies in the past four years on this topic. Extant research suggests that ethical leadership correlates positively with both supervisor effectiveness and group-level organizational citizenship behavior, and negatively with group-level deviance and counterproductive behaviors (Brown et al., 2005; Greenbaum, Piccolo, & Hartog, 2007; Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009).

Nonetheless, the existing literature on ethical leadership has yet to take into account the effects of unethical leadership. Research findings on ethical leadership are not necessarily the opposite of those that might be obtained from studying unethical leadership. Low levels of

ethical leadership do not necessarily suggest that a leader is unethical (Treviño, Brown, & Hartman, 2003). A leader may remain ethically neutral by being deliberately vague regarding inappropriate/appropriate behavior. For example, leaders who are rated low on disciplining employees who violate ethical standards may not endorse the violation of ethical standards. Rather, they see themselves as not wanting to initiate conflict.

The literature that does exist on unethical leadership has been primarily conceptual. Forms of unethical leadership have been described as hypocritical leadership (Treviño, Hartman, & Brown, 2000), pseudo-transformational and unethical charismatic leadership (Bass & Steidlmeier, 1999; Howell & Avolio, 1992), destructive leadership (Tierney & Tepper, 2007), and immoral management (Carroll, 1987). Specific forms of unethical leadership have also been examined in the organizational deviance literature, namely abusive supervision (Tepper, 2000) and supervisor undermining (Duffy et al., 2002). This review, however, focuses on broader forms of unethical leadership, and concludes with a specific form of unethical leadership, namely SMQE. Unlike abuse and undermining, SMQE captures supervisory behavior that is not directed at subordinates. A deontic justice (Folger, 1998, 2001) approach to fairness contends that people care when others behave immorally, even when those behaviors do not directly affect them. One goal of this research is to test this argument by examining subordinates' reactions to SMQE.

### *Unethical and Hypocritical Leadership*

In terms of managing, unethical leaders have been described as emotionally abusive and sometimes violent (Treviño et al., 2000). Unethical leaders often use large rewards to entice employees to engage in unethical behaviors from which they would normally refrain.

Additionally, unethical leaders employ questionable managerial practices in order for the

organization to seem more profitable, and they often make promises that they cannot implement. Unethical leaders send verbal and behavioral messages that suggest that the bottom-line is more important than the interests of stakeholders (Treviño et al., 2000), team cohesiveness, and moral values (Levinson, 1970). As people, unethical leaders are dishonest and selfish.

Hypocritical leaders may appear to be moral managers by discussing ethical principles (Treviño et al., 2000). Subordinates perceive hypocritical leadership, however, when an incongruence exists between a leader's words and actions (Dineen, Lewicki, & Tomlinson, 2006). Thus, subordinates are likely to see the leader as inauthentic and untrustworthy. Hypocritical leadership may be more detrimental than leadership that does not promote ethics at all (e.g., ethically neutral leadership) (Treviño et al., 2000). This is because hypocritical leaders draw attention to ethical principles that otherwise would not be salient. Subordinates clearly see that their leaders ignore ethical principles and may conclude that they can do the same.

#### *Pseudo-transformational and Unethical Charismatic Leadership*

Transformational leadership is composed of four dimensions. First, idealized influence, or charisma, occurs when a leader demonstrates admirable conduct with which followers can identify (Bass, 1985). Second, inspirational motivation occurs when a leader articulates a vision and provides a clear organizational purpose that followers find attractive. Third, a transformational leader instigates "intellectual stimulation" by encouraging followers to question the status quo and to find new ways of completing work assignments. Fourth, individualized consideration occurs when a leader is attentive to the specific needs of followers, and continuously encourages them to embrace their full potential.



Although transformational leadership and charisma in particular, have been viewed as desirable in nature, many researchers have suggested that there may be a dark side (Bass & Steidlmeier, 1999; Howell & Avolio, 1992). Charismatic leadership, for example, has been heralded as a key source of organizational turnarounds and extraordinary organizational productivity (House, 1977). Nevertheless, some charismatic leaders have successfully induced followers to behave unethically (e.g., Jim Jones, Adolf Hitler).

Ethical charismatic leaders are concerned with the collective good (Howell & Avolio, 1992). Unethical charismatic leaders are inherently selfish. They use their power to get what they want, often by manipulating followers who have low self concepts (Howell & Shamir, 2005). Characteristics of unethical charismatic leaders include those who (1) use their power for personal gain, (2) promote selfish visions, (3) censure opposing views, (4) only accept blind obedience to authority, (5) primarily exhibit one-way communication, (6) are insensitive to followers, and (7) rely on opportunistic moral standards that serve to promote their own agendas (Howell & Avolio, 1992).

Characteristics of pseudo-transformational leaders are similar to those of unethical charismatic leaders (Bass & Steidlmeier, 1999). They, too, instill idealized influence for their own power and success, to the detriment of their followers. Although they paint a façade of honesty and trustworthiness, their goals are contrary to organizational objectives. In addition, these leaders appear to embrace intellectual stimulation while using persuasion and arbitrary reasoning to manipulate those who initially question their authority. They take credit for their followers' ideas in order to advance their own success. Rather than embracing individualized consideration and encouraging the development of followers, these leaders promote follower

dependence. By doing so, they continuously promote their own status while inhibiting the status of followers. Instead of attending to each follower's needs, they show favoritism and encourage dysfunctional competition among subordinates.

### *Destructive Leadership*

Destructive leadership is defined as “the systematic and repeated behavior by a leader, supervisor or manager that violates the legitimate interest of the organization by undermining and/or sabotaging the organization's goals, tasks, resources, and effectiveness, and/or the motivation, well-being or job satisfaction of subordinates” (Einarsen, Aasland, & Skogstad, 2007, p. 208). Einarsen et al. distinguish between destructive leadership directed towards subordinates and the organization. Subordinate-directed destructive leadership includes abusive supervisors (Tepper, 2000), petty tyrants (Ashforth, 1994), and bullies (Namie & Namie, 2000). Organization-directed destructive leadership includes leader sabotage, theft, and corruption (Dunkelberg & Jessup, 2001; Kellerman, 2004; Lipman-Bluman, 2005).

Einarsen et al. (2007) further specify three types of destructive leadership. *Tyrannical* leaders mistreat subordinates, but do not necessarily affect the organization's goals. Rather, they manipulate, intimidate, and humiliate subordinates to facilitate organizational goals. *Derailed* leaders simultaneously mistreat subordinates and engage in anti-organizational behaviors by being excessively absent, shirking, and stealing. *Supportive-disloyal* leaders treat subordinates well, but to the detriment of the organization. These leaders give subordinates excessive privileges at the cost of the organization's welfare. They also encourage social loafing and subordinate misconduct.

### *Immoral Management*

Carroll (1987) described immoral management in terms of opposition to five organizational characteristics: (1) ethical norms, (2) motives, (3) goals, (4) orientation toward law, and (5) strategy. These managers actively pursue immoral business practices with the knowledge that what they are doing is wrong. They are also motivated by self-interest and organizational profits to the exclusion of other considerations. Their goal is to do whatever it takes to be seen as profitable and personally successful. Carroll argued that immoral managers see laws and codes as a hindrance to their success—as something to get around in order to pursue what is “important,” namely, profits.

### *Empirical Findings*

Although a considerable number of empirical studies have investigated subordinate-directed unethical leadership (e.g., abusive supervision, undermining, petty tyranny) (Tepper, 2007), much less has investigated other forms of unethical leadership. Most empirical research that does exist has been exploratory. Rasch, Shen, Davies, and Bono (2007) used a critical incident technique to create a taxonomy of ineffective leadership. Their results suggest that nine categories constitute ineffective leadership: (1) avoiding conflict and people problems, (2) poor emotional control, (3) over-controlling, (4) poor task performance, (5) poor planning, organization and/or communication, (6) rumor-mongering and inappropriate use of information, (7) procrastination and time delays, (8) failure to consider human needs, and (9) failure to nurture and manage talent. Similarly, Birkland, Glomb, and Ones (2008) used a critical incident technique to create a universal list of leader wrongdoing. They found that eight categories of leader wrongdoing exist across ten countries: (1) falsification and manipulation of documents

and records, (2) theft of organizational funds, assets, and resources, (3) misuse of organizational funds, assets, and resources for personal purposes, (4) condoning or overlooking wrongdoing, (5) lying and deception, (6) imposing harsh or unreasonable work conditions, (7) nepotism, favoritism, and preferential treatment, and (8) uncivil abusive communication or behavior.

Giacalone and Pollard (2001) examined subordinates' acceptance of their supervisor's unethical behavior. Bank employees received a fictitious description of a manager who deceptively asked an interviewee inappropriate questions. The results suggest that subordinates are less likely to accept their supervisor's unethical behavior when they perceive high levels of deception. Although this research examines how subordinates react to unethical supervisory behavior in the form of acceptance, it does not investigate subordinates' behavioral reactions.

De Hoogh and Den Hartog (2008) examined subordinates' reactions to despotic leadership. Despotic leaders are domineering and authoritative to serve their own self interests (Aronson, 2001). They are unwilling to give up control of projects and expect unquestioning obedience. They are self-aggrandizing and exploitive of others. De Hoogh and Den Hartog (2008) found that despotic leadership is negatively related to subordinates' perceptions of leader social responsibility. Further, despotic leaders are not as likely to work for voluntary, non-profit organizations. Contrary to expectations, despotic leadership was not related to subordinates' perceptions of management effectiveness and optimism. It could be that some situations call for the authoritarian nature of a despotic leader. Although this study examined subordinates' perceptual reactions to despotic leadership, it did not measure subordinates' behavioral reactions.

### Supervisor Morally Questionable Expediency

Most unethical leadership research, broadly speaking, has been conceptual. Empirical progress is starting to be made to understand unethical leadership. Yet, subordinate-directed unethical leadership (Einarsen et al., 2007) has a considerable amount of empirical research (Tepper, 2008). This research has largely focused on subordinate reactions. There is a dearth of research, however, on subordinates' reactions to broad forms of unethical leadership, and organization-directed unethical leadership.

Extant research suggests that subordinates experience depression, anxiety (Tepper, 2000), emotional exhaustion (Harvey, Stoner, Hochwarter, & Kacmar, 2007; Tepper, 2000), somatic complaints, reduced self-efficacy (Duffy et al. 2002) and lower self-esteem (Burton & Hoobler, 2006) when their supervisors direct unethical behavior towards them. Further, these employees reduce job performance (Harris, Kacmar, & Zivnuska, 2007) and organizational citizenship behavior (Zellars, Tepper, & Duffy, 2002), and they increase counterproductive work behavior (Mitchell & Ambrose, 2007; Tepper, Henle, Lambert, Giacalone, & Duffy, 2008; Thau, Aquino, & Wittek, 2007). Some argue that subordinates care about their own mistreatment because it threatens their higher order need to belong (De Cremer & Blader, 2006; Gillespie & Greenberg, 2005). They may feel that their standing within their work group has been challenged (Tyler & Blader, 2003). They may also question who they are as a person (Skitka, 2002). Further, when subordinates are victims of unethical leadership, they are psychologically proximal to the unethical behavior and thus may have stronger moral reactions (Jones, 1991). It is less clear, however, if subordinates react similarly to unethical leadership behavior that is less proximal to their own interests, namely organization-directed unethical behavior.

If Folger's (1998, 2001) deontic justice arguments are correct, subordinates should also respond negatively to organization-directed unethical leadership. A leader's unethical behavior violates general expectations regarding how the leader should behave to maintain a just social order. Thus, employees respond negatively even if the leader's behavior does not affect them.

The *Webster's New World College Dictionary* (2000) defines expediency as "the doing or consideration of what is of selfish use or advantage rather than of what is right or just; self-interest" (p. 500). In this research, supervisor morally questionable expediency (SMQE) is defined as *subordinates' perceptions that their supervisors engage in morally questionable behavior to expedite their work for self-serving purposes* (Greenbaum, 2007; Greenbaum & Folger, 2008). SMQE likely occurs when supervisors engage in behaviors that falsely enhance their performance level. They may be perceived as cutting corners to complete work assignments and changing performance numbers in order to appear successful. Supervisors who engage in morally questionable expediency are also likely to ignore company rules when negotiating with others, and to only enforce the rules for self-benefitting reasons. In short, these people find ways to expedite their responsibilities to suit the attainment of their personal goals.

SMQE is a specific form of organization-directed unethical leadership behavior (Einarsen et al., 2007). (See Figure 1 for a diagram of the relationships between unethical leadership concepts.) Unlike Einarsen et al's (2007) conceptualization, a leader's expedient behavior may not be perceived as clearly working against the organization, and may thus fall within the gray area of behavioral ethics (Carroll, 1987; Nel, Pitt, & Watson, 1989; Treviño et al., 2003). By expediting their work, leaders may be perceived as pro-organizational. However, this is less likely the case when subordinates' perceive that their supervisors are solely behaving

in accordance with their own self-interest (Aronson, 2001; Carroll, 1987; Howell & Avolio, 1992; Treviño et al., 2000). Further, a lower level SMQE may cause harm for the organization that is ambiguous. It may be unclear whether cutting corners and breaking rules adversely affects the organization. Yet, a high level of SMQE can be sufficiently deleterious to cause organizational harm similar to that of the Enron, WorldCom, and Tyco leadership scandals.

In sum, SMQE may not affect a subordinate directly, and therefore a subordinate's negative reactions may not be entirely explained by self-interest arguments, such as those provided for subordinate-directed unethical leadership. If deontic justice arguments (Folger, 1998, 2001) are correct, however, SMQE should generate negative subordinate reactions. Consequently, SMQE may cause substantial hidden costs related to what initially appears to be ethically questionable behavior. Although higher-level managers may ignore supervisor morally questionable expediency because the harm associated with it is not always clear, these costs may become substantial because of unfavorable subordinate responses (Cialdini et al., 2003).

#### Supervisor Bottom-line Mentality: An Antecedent of Supervisor Morally Questionable Expediency

If it is true that subordinates may perceive that their supervisors engage in SMQE for self-benefitting purposes, then it is important to understand why supervisors engage in such behavior that lends itself to these perceptions. A possible explanation is that supervisors adopt a frame of mind that causes them to engage in ethically questionable behavior for their own benefit, namely a bottom-line mentality. Although some have argued that organizational practices, such as goal setting, may lead to unethical behavior (Barsky, 2008; Latham & Locke, 2007; Schweitzer, Ordóñez, & Douma, 2004; Pringle & Longenecker, 1982), I am interested in

bottom-line mentality, as frame of mind, that may emanate from these practices to serve as an antecedent of SMQE. In particular, the idea of a bottom-line mentality leading to unethical behavior has been described by Wolfe (1988). Further, Barsky (2008) described an extension of goal shielding theory (Shah, Friedman, & Kruglanski, 2002), and Tenbrunsel and Messick (1999) described the adoption of a business frame, both of which may be related to a bottom-line mentality. Empirical research examining this has been limited (Tenbrunsel & Smith-Crowe, 2008).

A bottom-line mentality is a preoccupation with business outcomes (Wolfe, 1988). It is one-dimensional thinking in that the bottom line is seen as more important than anything else (Wolfe, 1988). Many economists argue that a primary, if not the primary, goal of an organization is to maximize shareholder wealth (Easterbrook & Fischel, 1991; Friedman, 1970). Supervisors are expected to abide by norms of efficiency and profit maximization (Brenner & Molander, 1977; Treviño et al., 2003; Treviño et al., 2000). They are typically evaluated and rewarded accordingly (Crotts, Dickson, & Ford, 2005; Drucker, 1963; Latham & Locke, 2007; Pringle & Longenecker, 1982). This expectation may have adverse consequences if the bottom-line alone is viewed as important (Treviño et al., 2000; Wolfe, 1988).

A sole focus on the bottom-line may lend itself to goal shielding (Shah, Friedman, & Kruglanski, 2002) as described by Barsky (2008). People align their behaviors in accordance with a desirable outcome. When an outcome is salient enough, they may disregard thought processes and actions that they deem ineffective in reaching their desired end state. In particular, Barsky (2008) argued that people focus on outcomes that they have identified as most important, and disregard ethical obligations. Levinson (1970), too, argued that when people place



substantial emphasis on reaching quantifiable outcomes, they tend to exclude more subtle, but equally important, initiatives such as team cohesiveness and moral values. Barsky and Levinson, however, did not obtain data to support these contentions.

Further, when people focus solely on the bottom-line, they may engage in unethical behavior because they are morally unaware (Rest, 1986; Tenbrunsel & Smith-Crowe, 2008). They do not perceive that a moral situation exists (Treviño, Weaver, Reynolds, 2006). Tenbrunsel and Smith-Crowe (2008) argued that if people face situations that are business oriented, their thought processes can tend to be less moral than otherwise might be the case. In an experimental study, Tenbrunsel and Messick (1999) examined the effects of sanctioning systems on individuals' frame of reference (i.e., whether they adopted a business frame or an ethical frame). A sanctioning system triggered a "business frame" whereby responses to ethical dilemmas were based on cost-benefit analyses that led to unethical decisions. In the absence of sanctioning systems, participants were more likely to adopt an "ethical frame" when responding to these same dilemmas. Similarly, Parboteeah, Bronson, and Cullen (2005) found that people with a performance orientation were more likely to engage in unethical behavior.

It could be that a supervisor's bottom-line mentality represents a state of mind that supervisors adopt as a result of business pressures. Ethical principles might become muted in favor of other considerations such as profits (Tenbrunsel & Smith-Crowe, 2008). Indeed, Jones (1991) argued that a person's schemata may operate to serve economic rationality and not moral principles. This could lead to unethical behavior. By thinking solely in terms of the bottom-line, supervisors might engage in ethically questionable behavior that serves to maintain the bottom-

line, namely SMQE. By cutting corners and breaking rules, supervisors expedite their work to serve their interest in maintaining the bottom-line. I therefore hypothesize the following:

*Hypothesis 1: Supervisor bottom-line mentality is positively related to perceptions of supervisor morally questionable expediency.*

### Justice as Deonance and Psychological Contract Theory

Fairness as deonance (attention to moral duty) argues that people hold each other accountable based on normative standards of how people “ought” to behave (Folger, 1998, 2001). Situations that threaten or violate standards of fair conduct arouse moral considerations that are independent of (yet sometimes concurrent with) self-interest (Folger & Salvador, 2008). Thus, people respond to unfairness based on conceptions of moral obligation. A sense of moral obligation stems from pressures to abide by a set social order that constrains individuals’ freewill, and thereby tends to create a level playing field for society as a whole (Folger, 1998). The limits on an individual’s autonomy in light of legitimate moral obligations (thereby assuring a system of checks-and-balances) correspond with widely-held principles of morality (e.g., these principles create expectations regarding how people ought to behave). Consequently, people respond unfavorably to moral transgressions, including unfairness, based on widely-held moral principles, and not necessarily because such behaviors directly affect them.

Widely-held moral principles are derived from value-based systems that may emanate from societal expectations, religion (Cropanzano, Goldman, & Folger, 2003), or from evolutionary behaviors for handling problems that occur because people must live among one another (Folger, Cropanzano, & Goldman, 2005). Similarly, hypernorms represent globally shared values or beliefs regarding what people want or need, and are based on human survival

(Donaldson & Dunfee, 1994, 1999; Warren, 2003). They may emanate from basic human needs that are experienced cross culturally, such as the need for food, shelter, and security. The idea of hypernorms, or widely-held moral principles, allows for ethical theory to apply to multiple, global expectations regarding fairness, justice, duties, and virtue (Warren, 2003).

Fairness and ethical compliance, as moral obligations, become embedded in psychological contracts (Folger, & Cropanzano, 2001), namely employees' perceptions regarding the mutual obligations that exist between themselves and the organization (Rousseau, 1989). Employees are expected to abide by implicit and explicit rules of conduct that serve to uphold a just social order (Folger & Cropanzano, 2001). Likewise, employees expect their organizations to abide by the same widely-held principles of morality.

Psychological contracts were first described as having two primary components—transactional and relational obligations (Rousseau, 1989; 1995). Transactional obligations involve the exchange of economic resources. Relational obligations involve the exchange of socio-emotional resources. Psychological contract theory, however, can be extended to include a moral component. Thompson and Bunderson (2003), for example, described “ideological currency” as a component of psychological contracts. It focuses on the organization's commitment to pursue a valued cause or principle that is not limited to self-interest. Thompson and Bunderson argued further that ideological currencies often carry moral significance because employees internalize the value or principle that the organization upholds. Failure to uphold an ideology elicits moral reactions when the organization abandons its obligation to the very cause that employees have internalized as the correct thing to do.

Implicit moral obligations are also likely to be embedded in psychological contracts. Organizations, as “juristic persons” (Cropanzano, Chrobot-Mason, Rupp, & Prehar, 2004) are responsible for upholding the same widely-held principles of morality that an individual is expected to uphold. An organization’s representatives (e.g., supervisors) can break a moral psychological contract regardless of whether the organization as a whole explicitly endorses the issue at hand (Morrison & Robinson, 1997). This is because when people first enter an organization, they have moral obligations embedded within their psychological contracts that can be violated when the organization or its representatives fail to abide by widely-held principles of morality.

#### Perceptions of Supervisor Morally Questionable Expediency and Moral Psychological Contract Violation

Organizations are morally responsible for the actions of their agents (Levinson, 1965). Supervisors, as organizational representatives, act in ways that transmit information regarding appropriate organizational conduct. Likewise, supervisors serve as “contract makers” (Rousseau, 1995). Therefore they can become sources of a psychological contract violation. When a supervisor fails to abide by principles of morality, subordinates may respond with indignation.

Expectations regarding the correct and ethical way to complete work assignments (Brown et al., 2005; Treviño, et al., 2003) are consistent with widely-held principles of morality (Folger, 1998, 2001; Folger et al., 2005). By engaging in morally questionable expediency, supervisors arguably create a different “game,” a game that places fairness on the sidelines, and instead promotes self-interest by expediting their work responsibilities. Accordingly, employees are likely to perceive SMQE as a violation of their moral psychological contract. This is because a

supervisor does not abide by expectations regarding how supervisors, as organizational representatives, “should” behave.

*Hypothesis 2: Perceptions of supervisor morally questionable expediency are positively related to moral psychological contract violation.*

Although a bottom-line mentality may lead to unethical behavior (Wolfe, 1988), having a bottom-line mentality alone should not lead to unfavorable subordinate reactions. This is because a primary concern of business is to maintain the bottom-line (Easterbrook & Fischel, 1991; Friedman, 1970) and employees are often rewarded accordingly (Crotts, Dickson, & Ford, 2005; Drucker, 1963; Latham & Locke, 2007; Pringle & Longenecker, 1982). Thus, a subordinate is not expected to respond negatively to a supervisor’s bottom-line mentality unless it is accompanied by perceptions of unethical behavior, namely SMQE. If a supervisor’s bottom-line mentality is positively correlated with SMQE, it is subordinates’ perceptions of SMQE that explains moral psychological contract violation. This is because subordinates recognize a discrepancy between their supervisors’ behavior and an internalized ethic of how their supervisors ought to behave (Folger, 1998, 2001). Given these arguments, and preceding hypotheses, I predict that SMQE serves as a mediator between supervisor bottom-line mentality and subordinate moral psychological contract violation.

*Hypothesis 3. Subordinates’ perceptions of SMQE mediate the relationship between supervisor bottom-line mentality and moral psychological contract violation.*

### Moral Psychological Contract Violation and Subordinate Outcomes

Supervisors who engage in morally questionable expediency have the ability and hence the choice to refrain from this conduct. Thus they are accountable for this behavior (Folger &

Cropanzano, 1998). Robinson and Morrison (2000), for example, found that employees' most intense feelings of violation occurred when they thought their organization purposely failed to uphold their obligations. Therefore, employees are expected to have strong feelings of violation when they perceive SMQE.

Folger (2001) argued that employees feel a sense of tension or discomfort when they observe immoral conduct. This tension may be analogous to a moral psychological contract violation. Employees seek to reduce the tension they are experiencing by engaging in retributive justice towards the accountable party, namely, their supervisors. They experience a "deontic" response (one shaped by perceptions regarding moral obligations) that encourages them to behave in ways that address the injustice for which their supervisor is responsible (Folger et al., 2005).

In line with existing psychological contract research (Aselage & Eisenberger, 2003), employees are expected to respond to supervisor morally questionable expediency and resultant contract violations by exhibiting behaviors that are unfavorable to their supervisors. They are also expected to exhibit behaviors that are directly unfavorable to their organization because organizations are responsible for the behavior of their representatives (Levinson, 1965). Past research on psychological contract violations, for example, has found that violations are negatively related to the level of contributions employees are willing to provide to their employers (Robinson, Kraatz, & Rousseau, 1994). Likewise, employees are expected to reduce their performance when they experience a moral psychological contract violation. Job performance, in particular, is examined because supervisors are expected to engage in morally

questionable expediency to appear more successful, but may nevertheless undercut their own objectives by inadvertently causing employees to reduce their contributions.

Employees are expected to engage in retributive justice towards the party responsible for the psychological contract violation. Prior research provides evidence that employees seek revenge or retaliation when they experience various types of violations (e.g., Fisher & Baron, 1982; Greenberg, 1990; Skarlicki & Folger, 1997). When employees experience moral psychological contract violations, they are expected to demonstrate general antisocial behavior that affects the organization, and they are expected to direct deviant behaviors towards their supervisor in particular (Mitchell & Ambrose, 2007). Therefore, I hypothesize the following:

*Hypothesis 4: Moral psychological contract violation is negatively related to subordinates' (a) performance, and positively related to subordinates' (b) antisocial behavior, and (c) supervisor-directed deviance.*

Employees' reactions to supervisor morally questionable expediency, namely in the form of moral psychological contract violations, are expected to be a causal variable of subsequent behavioral responses. Perceptions of SMQE cause subordinates to experience a sense of tension or discomfort in the form of a moral psychological contract violation. It is this tension that then causes them to engage in retaliatory behavior against the accountable party (Folger et al., 2005). Given these arguments, and preceding hypotheses, I predict that moral psychological contract violation serves as a mechanism by which perceptions of SMQE are related to subordinate behavior.

*Hypothesis 5: Moral psychological contract violation mediates the relationship between perceptions of supervisor morally questionable expediency and subordinate (a) job performance, (b) antisocial behavior, and (c) supervisor-directed deviance.*



## CHAPTER III: METHOD

### Participants and Procedures

Five hundred and thirty three junior- and senior-level business administration students from a large southeastern university in the United States were invited to participate in this study. I used a method whereby working students either participated directly in the study (i.e., if they were currently working 20 hours/week or more) or recruited working adults to serve as focal respondents. Those who agreed to participate then asked their immediate supervisor to complete an additional supervisor survey. In this way, the sample consisted of dyadic pairs of focal and supervisor respondents, wherein focal and supervisor respondents assessed different variables in the proposed model, a design similar to those used by Lee and Allen (2002), Mayer et al. (2008), and Morgeson and Humphrey (2006). I administered surveys to participants through a secure online website and had participants use a unique three-digit code for the purpose of matching paired surveys while assuring participant anonymity.

The purpose of having surveys from multiple respondents was to avoid same-source biases (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Although some researchers question whether same-source biases inflate the relationships between study variables (Spector, 2006), I still took procedural steps to avoid this. Spector (2006) argued that researchers should not be overly concerned with same-source biases unless the measured variables are expected to be affected by some form of systematic bias. Self-reports of the criterion variables may be susceptible to social desirability; therefore, I followed recommendations of Spector (2006) and Podsakoff et al. (2003) and had supervisors rate the focal respondents on the criterion variables (viz., performance, antisocial behavior, and supervisor-directed deviance).

Additional procedural steps were taken to avoid potential same-source biases. Following recommendations by Podsakoff et al. (2003), respondents were ensured that there were no right or wrong answers and that their responses would remain anonymous. Respondents were also asked to answer each question as honestly as possible.

Although observers (e.g., supervisors) are appropriate sources for measuring behavioral variables, measures of psychological, perceptual, emotional, and attitudinal variables are best obtained through self reports (Spector, 2006). The focal respondents, therefore, rated their moral psychological contract violation. Furthermore, the supervisor respondents rated their own bottom-line mentality.

Participants were recruited from a variety of industries including technology, government, insurance, financial, legal, retail, manufacturing, and medical industries. Three hundred and fourteen focal participants responded to measures of supervisor morally questionable expedience, abusive supervision (a control variable), moral psychological contract violation, and demographic variables (e.g., age, gender, ethnicity). Two hundred and ninety supervisor participants responded to measures of bottom-line mentality, performance, antisocial behavior, supervisor-directed deviance, and demographic variables. I received matched responses from 259 focal-supervisor dyads, for a total response rate of 49%. Participants worked in a variety of industries, including retail, health care, real estate, education, finance, construction, aerospace, restaurant, and hospitality.

Fifty-four percent of the focal respondents were male, and the average age of the focal respondents was 25.8 years ( $SD = 8.3$ ). The focal respondents had an average organizational tenure of 3.3 years ( $SD = 4.2$ ). Forty-six percent of the sample was employed full-time (54%

part-time). In terms of ethnicity, 11.5% were African American, 8.9% Asian American, 57.2% Caucasian/White, 12.1% Hispanic, 2.9% Latino/a, 3.5% Biracial, and 3.8% marked “other” or did not indicate an ethnicity.

Sixty percent of the supervisor respondents were male, and the average age of the supervisor respondents was 38.9 years ( $SD = 10.9$ ). The supervisor respondents had an average organizational tenure of 9.2 years ( $SD = 7.8$ ). Ninety-seven percent were employed full-time (3% part-time). In terms of ethnicity, 8.2% were African American, 4.5% Asian American, 73.6% Caucasian/White, 5.9% Hispanic, 3.3% Latino/a, 0.7% Native American, 2.2% biracial, and 1.5% marked “other” or did not indicate an ethnicity.

### Measures

All items for the following measures are shown in the Appendix C.

#### *Bottom-line Mentality*

Supervisors rated their own bottom-line mentality by responding to the 4-item bottom-line mentality measure that was developed and validated by Greenbaum (2007), here slightly adapted to reflect supervisors’ own ratings rather than their subordinates’ ratings. Greenbaum (2007) found evidence of convergent, discriminate, and criterion-related validity, as did Greenbaum and Folger (2008). Ratings were made using a 7-point Likert-type scale (1 = *strongly disagree*; 7 = *strongly agree*). Supervisors indicated the extent to which they agreed with statements such as (a) “I care more about profits than my employees’ well-being,” and (b) “I treat the bottom line as more important than anything else” ( $\alpha = .88$ ).

### *Supervisor Morally Questionable Expediency*

Focal respondents rated their perceptions of supervisor morally questionable expediency by using the 7-item measure developed and validated by Greenbaum (2007). Greenbaum (2007) found evidence of convergent, discriminate, and criterion-related validity, as did Greenbaum and Folger (2008). It should be noted that this measure was created to assess perceptions of SMQE, rather than observed behaviors, because a subordinate may perceive that a supervisor engages in morally questionable behavior without having conclusive evidence. As seen in the organizational justice literature (Greenberg, 1987), subordinates' perceptions alone can arouse subsequent attitudinal and behavioral reactions (Cohen-Charash & Spector, 2001; Colquitt, Wesson, Porter, Conlon, & Ng, 2001).

Focal respondents first read the following instructions:

Employees experience a number of different kinds of supervisors, good and bad, ethical and unethical. Some supervisors have been known to do somewhat unethical things at times in order to make their own performance look better than it really is. In this section, we are interested in learning more about whether you believe that your immediate supervisor engages in these types of behaviors. How likely is it that your supervisor would participate in the following actions, aimed at falsely enhancing his/her own performance level?

Focal respondents then indicated the likelihood that their supervisors engaged in morally questionable expediency by making ratings on a 7-point Likert-type scale (0 = *not at all*; 6 = *very much*). Sample items included: "How likely would your supervisor be to... (a) cut corners in

order to complete work assignments more quickly?” and (b) “change his/her performance numbers in order to appear more successful?” ( $\alpha = .95$ ).

#### *Moral Psychological Contract Violation*

Robinson and Morrison’s (2000) global measure of feeling of violation (4-items) was adapted to reflect moral psychological contract violation. Ratings were made using a 7-point Likert-type scale (1 = *strongly disagree*; 7 = *strongly agree*). Sample items include (a) “I feel a great deal of anger towards my supervisor because he/she does not abide by ethical standards,” and (b) “I feel that my supervisor has violated moral obligations” ( $\alpha = .97$ ).

#### *Job Performance*

Supervisor respondents rated the focal respondents’ job performance using a 6-item subset from Alper, Tjosvold, and Law’s (2000) “manager ratings of team effective performance” scale. Items were used from this scale because it provides an index of supervisor-rated employee performance when objective measures are not available. Respondents indicated the extent to which they agreed that the focal respondent engaged in job performance, using a 7-point Likert-type scale (1 = *strongly disagree*; 7 = *strongly disagree*). Sample items include (a) “works effectively,” and (b) “meets or exceeds his/her productivity requirements” ( $\alpha = .92$ ).

#### *Antisocial Behavior*

Supervisor respondents rated the focal respondents on antisocial behavior using 7 items from Robinson and O’Leary-Kelly’s (1998) antisocial behavior scale. Respondents indicated the extent to which the focal respondent engaged in antisocial behavior, using a 7-point Likert-type

scale (1 = *strongly disagree*, 7 = *strongly agree*). Sample items include (a) “gripes with coworkers,” and (b) “criticizes people within the organization” ( $\alpha = .93$ ).

### *Supervisor-directed Deviance*

Supervisor respondents indicated the extent to which the focal respondents engaged in supervisor-directed deviance. Mitchell and Ambrose (2007) adapted items from Bennett and Robinson’s (2000) interpersonal deviance scale and Aquino, Lewis, and Bradfield’s (1999) deviance scale to create a 10-item measure of supervisor-directed deviance. Supervisor participants made ratings using a 7-point Likert-type scale (1 = *strongly disagree*, 7 = *strongly agree*). Sample items include (a) “makes fun of you at work,” and (b) “played a mean prank on you” ( $\alpha = .77$ ).

### *Control Variables*

One goal of this research was to test deontic justice (Folger, 1998, 2001) arguments by showing that people care when others behave immorally, even when those behaviors do not directly affect them. I thus controlled for abusive supervision (i.e., unethical supervisory behavior directed at subordinates). By controlling for abusive supervision, I removed variance that accounts for subordinates’ negative reactions that exist because their supervisors direct unethical behavior towards them. This construct was measured with five active abuse items from Tepper’s (2000) abusive supervision scale (Mitchell & Ambrose, 2007). Sample items include (a) “My supervisor ridicules me,” and (b) “My supervisor tells me my thoughts or feelings are stupid.” Responses for these items were made on a 7-point response scale where 1 = “never” and 7 = “always” ( $\alpha = .94$ ).

## CHAPTER IV: RESULTS

### Exploratory Factor Analyses

The SMQE measure used in this study is relatively new, and the moral psychological contract violation measure was adapted for the purpose of this study. Further, SMQE, moral psychological contract violation, and abusive *supervision all* have a common referent (i.e., the supervisor), and they were rated by the same source (subordinates). I therefore conducted a pilot study ( $N = 126$ ) that included the SMQE, moral psychological contract violation, and abusive supervision items. With these data, I conducted an exploratory factor analysis (EFA) with maximum likelihood estimation to examine the unidimensionality of each construct. “Promax” rotation was used to extract factors from these data because the relationships between the measures were expected to be nonorthogonal. As expected, and as demonstrated by a scree plot, three factors were extracted, with each item loading highly on its respective factor. The EFA results are shown in Table 1.

### Descriptive Statistics

The means, standard deviations, and intercorrelations among the key variables are presented in Table 2.

### Hypotheses Tests

#### *Measurement Model*

I used structural equation modeling with LISREL 8.8 (Jöreskog & Sörbom, 2006) to test my hypotheses. Prior to testing the hypothesized structural model, I tested to see if the

measurement model had good fit (Anderson & Gerbing, 1988). I tested a measurement model that had seven latent factors (i.e., supervisor bottom-line mentality, supervisor morally questionable expediency, abusive supervision, moral psychological contract violation, performance, antisocial behavior, supervisor-directed deviance) and 43 indicators (4 items for supervisor bottom-line mentality, 7 items for SMQE, 5 items for abusive supervision, 4 items for moral psychological contract violation, 6 items for job performance, 7 items for antisocial behavior, and 10 items for supervisor-directed deviance). The measurement model had an acceptable fit ( $\chi^2 = 2366.77$ ,  $df = 839$ ,  $p \leq .001$ ; RMSEA = .08; CFI = .96, NNFI = .96) (Arbuckle, 1997; Bollen, 1989; Browne & Cudeck, 1993), and all of the indicators had statistically significant ( $p \leq 0.01$ ) loadings on their intended constructs.

### *Confirmatory Factor Analyses*

In addition to examining the measurement model, I conducted a series of confirmatory factor analyses to determine the distinctiveness of the study variables. I compared the measurement model described above with (a) a six-factor model (where SMQE and abusive supervision were combined into a single “unethical supervision” factor),  $\chi^2 = 3787.19$ ,  $df = 845$ ,  $p \leq .001$ ; RMSEA = .12; CFI = .94; NNFI = .94; (b) a five-factor model (where SMQE, abusive supervision, and moral psychological contract violation were combined into a single “focal-rated” factor),  $\chi^2 = 5265.39$ ,  $df = 850$ ,  $p \leq .001$ ; RMSEA = .14; CFI = .92; NNFI = .91; (c) a six-factor model (where antisocial behavior and supervisor-directed deviance were combined into a single factor),  $\chi^2 = 3419.01$ ,  $df = 845$ ,  $p \leq .001$ ; RMSEA = .11; CFI = .95; NNFI = .94; (d) another five-factor model (where all outcome variables were combined into a single “outcome”



factor),  $\chi^2 = 4819.98$ ,  $df = 850$ ,  $p \leq .001$ ; RMSEA = .13; CFI = .93; NNFI = .92; (e) a four-factor model (where supervisor bottom-line mentality and the outcomes were combined into a single “supervisor-rated” factor),  $\chi^2 = 5393.59$ ,  $df = 854$ ,  $p \leq .001$ ; RMSEA = .14; CFI = .92; NNFI = .91; (f) a two-factor model (where all focal-rated items were combined into a single factor and all supervisor-rated items were combined into a single factor),  $\chi^2 = 8318.58$ ,  $df = 859$ ,  $p \leq .001$ ; RMSEA = .18; CFI = .87; NNFI = .87; and (g) a one-factor model (where all items were combined to form one factor),  $\chi^2 = 13724.83$ ,  $df = 860$ ,  $p \leq .001$ ; RMSEA = .24; CFI = .83; NNFI = .82. The seven-factor measurement model produced a significant improvement in chi-squares over the six-factor model ( $\Delta \chi^2 = 1420.42$ ,  $df = 6$ ,  $p \leq .001$ ), the five-factor model ( $\Delta \chi^2 = 2898.62$ ,  $df = 11$ ,  $p \leq .001$ ), the second six-factor model ( $\Delta \chi^2 = 1052.24$ ,  $df = 6$ ,  $p \leq .001$ ), the second five-factor model ( $\Delta \chi^2 = 2453.21$ ,  $df = 11$ ,  $p \leq .001$ ), the four-factor model ( $\Delta \chi^2 = 3026.82$ ,  $df = 15$ ,  $p \leq .001$ ), the two-factor model ( $\Delta \chi^2 = 5951.81$ ,  $df = 20$ ,  $p \leq .001$ ), and the one-factor model ( $\Delta \chi^2 = 11358.06$ ,  $df = 21$ ,  $p \leq .001$ ), thus suggesting a better fit than the alternative models (Schumacker & Lomax, 1996).

### *Hypothesized Model*

Having confirmed the measurement model had good fit, I tested the proposed structural model. A model of the proposed relationships among the study variables and the standardized path coefficients are presented in Figure 2. I allowed the disturbance terms to correlate for the outcome variables because these variables are related for reasons beyond their common antecedent. Performance and counterproductive behavior (e.g., antisocial behavior and supervisor-directed deviance), for example, are both considered dimensions of job performance

(Rotundo & Sackett, 2002), which suggests that a relationship exists between these variables that extends beyond their mutual association with moral psychological contract violation. Results of the structural analysis of the proposed model provides an acceptable fit to the data ( $\chi^2 = 2489.38$ ,  $df = 850$ ,  $p \leq .001$ ; RMSEA = .09; CFI = .96; NNFI = .96) (Arbuckle, 1997; Bollen, 1989; Browne & Cudeck, 1993; Hox, 2002).

In support of Hypothesis 1, the path coefficient between supervisor bottom-line mentality and SMQE ( $b = .31$ ,  $p \leq .001$ ) was positive and significant. In support of Hypothesis 2, the path coefficient between SMQE and moral psychological contract violation ( $b = .39$ ,  $p \leq .001$ ) was positive and significant, while controlling for abusive supervision. In support of Hypothesis 4, the path coefficients between moral psychological contract violation and (a) performance ( $b = -.33$ ,  $p \leq .001$ ), (b) antisocial behavior ( $b = .35$ ,  $p \leq .001$ ), and (c) supervisor-directed deviance ( $b = .32$ ,  $p \leq .001$ ) were significant and in their predicted directions.

Hypothesis 3 predicted that SMQE would mediate the relationship between supervisor bottom-line mentality and moral psychological contract violation, and Hypothesis 5 predicted that moral psychological contract violation would mediate the relationship between SMQE and the outcome variables. To test for full mediation, I followed recommendations provided by James, Mulaik, and Brett (2006). First, a statistically significant relationship must exist between the predictor and the mediator. Second, a statistically significant relationship must exist between the mediator and the outcome. Finally, a goodness-of-fit test is conducted to determine whether the only path from the predictor to the outcome is through the mediator. The structural equation results shown in Figure 3 provide support for a mediated model based on James et al.'s first and second steps.

To test the goodness-of fit of SMQE as the mediator between supervisor bottom-line mentality and moral psychological contract violation, and moral psychological contract violation as the mediator between SMQE and the outcomes, I followed recommendations outlined by MacKinnon, Lockwood, Hoffman, and Sheets (2002) and calculated the product of coefficients by using LISREL's (Jöreskog & Sörbom, 2006) effect decomposition statistics. Statistically significant indirect effects suggest that the relationships between the antecedents and the outcomes occur through the mediator. In support of Hypothesis 3, the indirect effect was significant for the relationship between supervisor bottom-line mentality and moral psychological contract violation ( $b = .12, p \leq .001$ ). In support of Hypothesis 5, the indirect effects were significant for the relationships between SMQE and (a) performance ( $b = -.13, p \leq .001$ ), (b) antisocial behavior ( $b = .14, p \leq .001$ ), and supervisor-directed deviance ( $b = .13, p \leq .001$ ).

#### *Post-hoc Analyses*

Although structural equation modeling should be used to test theoretically-derived models (James et al., 2006), I still explored a number of alternative models. First, I examined full versus partial mediation. I compared the hypothesized fully mediated model shown in Figure 2 with a series of partially mediated models. The best fitting partially mediated model is shown in Figure 3. This model includes direct paths from SMQE and abusive supervision (as a control) to the outcome variables.

The partially mediated model provides an acceptable fit to the data ( $\chi^2 = 2432.17, df = 844, p \leq .001$ ; RMSEA = .09; CFI = .96; NNFI = .96), and it does provide an improvement in fit over the fully mediated model (chi-square difference test:  $\Delta \chi^2 = 57.21, df = 6, p \leq .001$ ). As

shown in Figure 3, this model provides support for Hypotheses 1 and 2. Further, the indirect effect for the relationship between supervisor bottom-line mentality and moral psychological contract violation ( $b = .12, p \leq .001$ ) was significant, thus providing support for mediation (H3). Unlike the fully mediated model, this model does not show statistically significant path coefficients between moral psychological contract violation and the outcomes (H4). Additionally, the indirect effects between SMQE and (a) performance ( $b = -.04, ns$ ), (b) antisocial behavior ( $b = .02, ns$ ), and (c) supervisor-directed deviance ( $b = -.03, ns$ ) were not significant (H5). This model does, however, show statistically significant direct effects between SMQE and the outcomes, and abusive supervision and the outcomes.

Second, although abusive supervision was included in the hypothesized model as a control variable, I examined additional partially mediated models whereby (a) only SMQE had direct relationships with the outcomes, and (b) only abusive supervision had direct relationships with the outcomes. The overall best fitting model is shown in Figure 4. This model includes direct paths from abusive supervision to the outcomes.

This model provides an acceptable fit to the data ( $\chi^2 = 2436.40, df = 847, p \leq .001$ ; RMSEA = .09; CFI = .96; NNFI = .96), and it does provide an improvement in fit over the fully mediated model (Figure 2) (chi-square difference test:  $\Delta \chi^2 = 52.98, df = 3, p \leq .001$ ); however, it does not provide an improvement in fit over the partially mediated model shown in Figure 3 (chi-square difference test:  $\Delta \chi^2 = 4.23, df = 3, ns$ ). Nevertheless, the rule of parsimony (James et al., 2006) suggests that this model (Figure 4) is indeed best choice when interpreting alternative models.

As shown in Figure 4, this model provides support for Hypotheses 1 and 2. Examination of the indirect effects suggests that SMQE mediates the relationship between supervisor bottom-line mentality ( $b = .12, p \leq .001$ ) and moral psychological contract violation (H3). The path coefficient between moral psychological contract violation and performance was negative and significant, but the path coefficients between moral psychological contract violation and antisocial behavior and supervisor-directed deviance were not significant, thus providing partial support for Hypothesis 4. The indirect effects suggest that moral psychological contract violation mediates the relationship between SMQE and performance ( $b = -.06, p \leq .05$ ) (H5a), but not between SMQE and antisocial behavior ( $b = .05, ns$ ) (H5b) and supervisor-directed deviance ( $b = .00, ns$ ) (H5c). The direct path coefficients between abusive supervision and the outcomes were also significant. I therefore examined the indirect effects between abusive supervision and the outcomes and found a significant indirect effect for (a) performance ( $b = -.07, p \leq .05$ ), but not for (b) antisocial behavior ( $b = .06, ns$ ) and (c) supervisor-directed deviance ( $b = .03, ns$ ), thus suggesting that moral psychological contract violation mediates the relationship between abusive supervision and performance, but not between abusive supervision and antisocial behavior and supervisor-directed deviance.

## CHAPTER V: DISCUSSION

Few empirical studies have investigated broadly conceptualized forms of unethical leadership (Birkland et al., 2008; Rasch et al., 2007), and even fewer have specifically examined organization-directed unethical leadership (Einarsen et al., 2007). This study contributes to the literature by examining subordinates' reactions to supervisor morally questionable expediency, a form of organization-directed unethical leadership. Deontic justice (Folger, 1998; 2001) arguments contend that people care about fairness and morality even if it does not directly affect them. Thus, subordinates are expected to respond unfavorably to SMQE, even though these behaviors do not directly affect them, but instead have the potential to effect the organization. This study also contributes to the literature by examining supervisor bottom-line mentality as an antecedent of SMQE. Further, deontic justice (Folger, 1998; 2001) arguments are integrated with psychological contract theory (Rousseau, 1989) to propose a moral psychological contract. Subordinates are expected to respond to SMQE by experiencing moral psychological contract violations that motivate them to redress their supervisors' wrongdoings by engaging in unfavorable behavior.

Structural equation modeling (SEM) results supported the hypothesized relationships; however, examination of an alternative partially mediated model revealed that moral psychological contract violation may not always be the best explanation for why subordinates respond unfavorably to SMQE. In this alternative model, SMQE had a direct negative relationship with job performance, and a direct positive relationship with antisocial behavior and supervisor-directed deviance. These results were found while controlling for abusive supervision. As predicted, SMQE had a direct positive relationship with moral psychological contract

violation, yet the relationship between SMQE and the criterion variables was not carried through moral psychological contract violation as a mediator. The results also suggest that supervisor bottom-line mentality is positively related to SMQE, and SMQE serves as a mediator between supervisor bottom-line mentality and moral psychological contract violation.

### Theoretical Implications

Although a primary, if not necessarily the only, concern of organizations is to remain profitable (Easterbrook & Fischel, 1991; Friedman, 1970), a supervisor's focus on the bottom-line alone may have negative consequences. The significant positive relationship between supervisor bottom-line mentality and SMQE suggests that supervisors may disregard ethical considerations and instead engage in ethically questionable behavior that serves to maintain the bottom-line. Although subordinates are likely to believe that supervisors need to focus on the bottom-line (Brenner & Molander, 1977; Treviño et al., 2003; Treviño et al., 2000), a sole focus on the bottom-line that results in unethical behavior may cause subordinates to respond unfavorably by experiencing moral psychological contract violations. This is supported by the statistically significant indirect effect between supervisor bottom-line mentality and moral psychological contract violation, thus suggesting that this relationship is mediated by SMQE.

These findings are consistent with Barsky's (2008) arguments that extend goal shielding theory (Shah et al., 2002). When supervisors become preoccupied with the bottom-line, they are likely to shield other, equally important, organizational practices from their thought processes. Thus, ethical considerations may be ignored in favor of doing whatever it takes to obtain desired outcomes. Likewise, a bottom-line mentality appears to be consistent with a business frame. When a decision is particularly salient to the success of an organization, supervisors may not

consider ethics at all (Tenbrunsel & Messick, 1999; Tenbrunsel & Smith-Crowe, 2008). They may instead behave in ways that are conducive to the business decision. In this way, a bottom-line mentality represents a state of mind that supervisors adopt because of organizational pressures. This preoccupation can trump ethical considerations, leading to unethical leadership behavior, and subsequently, unfavorable subordinate responses.

Thompson and Bunderson (2003) argued that employees internalize organizational values and principles that become embedded in their psychological contracts. These values and principles are often based on pro-social motives of the organization, such as helping the needy or donating money to a charity. Employees begin to believe that their organizations are morally responsible for upholding these ideologies. When organizations fail to do this, employees might respond with moral outrage. Likewise, an integration of deontic justice (Folger 1998, 2001) ideas and psychological contract theory (Rousseau, 1989) suggests that employees have the potential to form moral psychological contracts. Unlike ideologies, however, moral psychological contracts do not need to be based on explicit principles set forth by the organization. Rather, employees might have general expectations regarding how organizations and their representatives should behave in terms of morality. A failure to uphold moral principles may result in perceptions of a moral psychological contract violation, an emotional or affective state that may lead to unfavorable subordinate behaviors.

Providing some support for the integration of deontic justice (Folger, 1998; 2001) and psychological contract theory (Rousseau, 1989), the results do suggest that SMQE is positively correlated with moral psychological contract violation. Interpretation of the theoretically-derived structural equation model also suggests that moral psychological contract violation mediates the



relationship between SMQE and subordinate outcomes. Deontic justice (Folger 1998, 2001) arguments contend that people first experience emotional discomfort in response to another's immorality (Folger et al., 2005), which can be equated to the perception of a moral psychological contract violation. Thereafter, people are motivated to reduce the discomfort they are experiencing by engaging in behavior to redress the wrongdoing. Consistent with these arguments, the results of the hypothesized model suggests that subordinates respond to moral psychological contract violation by reducing performance and engaging in antisocial behavior and supervisor-directed deviance. Examination of an alternative, partially mediated model, however, does not support this contention.

Although James et al. (2006) encourage the examination of alternative causal models, it should be noted that the objective of examining alternative models is not to confirm or disconfirm a specific model. Rather, the objective should be to contrast models with the goal of identifying useful information (James, Mulaik, & Brett, 1982). The following model is therefore analyzed to provide an alternative interpretation. Examination of the partially mediated model shown in Figure 3 does not provide support for moral psychological contract violation as a mediator. The results do suggest, however, that there is a direct relationship between SMQE and subordinate outcomes, even when controlling for abusive supervision. It could be that other mediators better explain this relationship. Role modeling may be one explanation for why employees respond to SMQE by engaging in deviance. Social cognitive theory posits that people learn by observing others (Bandura, 1977; 1986). Subordinates may be particularly attentive to their supervisor's behavior because of the legitimacy of his or her role. Perceptions of SMQE

may thus communicate to subordinates that unethical behavior is acceptable, which could cause them to model similarly egregious behavior.

Role modeling unethical behavior may be even more likely when subordinates have a high tolerance for unethical behavior. Froelich and Kottke (1991) argued that some people believe unethical behavior is acceptable if it serves to support the organization. Perhaps some employees do not have moral reactions to SMQE, but rather see these behaviors as acceptable and thus engage in similarly destructive behavior.

Although social cognitive arguments may provide an explanation for why employees respond to SMQE by engaging in deviance, I am inclined to believe that deontic justice (Folger 1998, 2001) ideas are still playing a role in this effect. It may be true that the relationship between SMQE and subordinate outcomes is best explained by social cognitive theory (Bandura 1977, 1986), but only under certain conditions, such as when subordinates have a high tolerance for unethical behavior (Froelich & Kottke, 1991). At other times, deontic justice (1998, 2001) arguments may provide better explanations. Support for deontic justice arguments may depend on the form of retributive punishment examined. Further, people with particular dispositions may be more inclined to experience moral psychological contract violations that subsequently lead to punishment. Greenbaum, Bardes, Mayer, and Priesemuth (2009), for example, found that subordinates who strongly believed that their supervisors had a moral obligation to behave fairly were more likely to respond to observed abusive supervision by having less organizational commitment and higher turnover intentions, whereas those low in supervisor moral obligation were more likely to respond by engaging in deviance. Likewise, it could be that some people respond to moral psychological contract violation by withdrawing from the organization,

whereas others engage in more active forms of punishment, such as engaging in counterproductive behavior. These possibilities were not tested, and thus serve as speculation at this time; however, it should be noted that controlling for abusive supervision does provide some support for other deontic justice postulations.

Deontic justice arguments (Folger 1998, 2001) posit that people respond unfavorably when others fail to abide by moral obligations, even if the other's behavior does not directly affect them. Statistically significant relationships between SMQE and subordinate outcomes were found even when controlling for abusive supervision. Controlling for abusive supervision accounts for subordinates' unfavorable reactions that may be attributed to their own mistreatment. Thus, the results account for some self-interest explanations that are normally used to explain why subordinates react unfavorably to subordinate-directed unethical leadership. Subordinate reactions need not be limited to their own self interest (Folger & Salvador, 2008). Moral reactions may operate independently of self interest, but may also operate concurrently with self-interest (Folger, 2001). Although the results do not completely rule out self-interest, they do lend some support to Folger's (1998, 2001) idea that morality, too, can explain unfavorable subordinate reactions.

This may be especially true given that the harm associated with SMQE has the potential to be unclear. Perceptions of these behaviors are described as morally questionable because cutting corners and breaking rules may seem like an acceptable business practice if no one is clearly harmed. Yet, deontic justice (Folger, 1998, 2001) arguments suggest that subordinates might react unfavorably if their supervisors are perceived as having failed to uphold principles of morality and fairness. This is particularly likely given that supervisors are perceived as behaving

in accordance with their own self-interest, with little regard for how their behavior may alter the rules of fairness for those around them. By expediting their work for self-serving purposes, supervisors might create the expectation that fairness is on the sidelines and self interest is paramount. Thus, even though the direct harm associated with SMQE is not always clear, subordinates might still respond unfavorably because supervisors fail to behave in ways that they ought to behave for the sake of fairness.

Although abusive supervision was included in this study to serve as a control, some interesting findings should be noted about this variable. First, the relationship between abusive supervision and subordinate outcomes was stronger than SMQE (Figure 3). Subordinates may respond more strongly to abusive supervision because they are more psychologically proximal to the harm (Jones, 1991). They also have more to lose as victims of abusive behavior. Their self-esteem (Burton & Hoobler, 2006), self-efficacy (Duffy et al., 2002), and self-identity (Skitka, 2002; Tyler & Blader, 2003) may be threatened.

Second, post-hoc analyses revealed that the best choice structural equation model included a direct relationship between abusive supervision and the outcomes, but not between SMQE and the outcomes (Figure 4). The purpose of this study was not to examine abusive supervision as a stand-alone predictor variable, but rather to include it as a control. Nevertheless, these results are interesting and warrant discussion. This model suggests that subordinates might respond to abusive supervision, but not to SMQE, by engaging in deviance. It could be that abusive supervision causes enough direct harm to subordinates that they respond with an “an eye for an eye” mentality. They may feel that their supervisors deserve equal retribution for their unethical behavior. Conversely, SMQE may cause negative reactions, but antisocial behavior and

supervisor-directed deviance may seem too extreme, given the nature of the supervisor's unethical behavior.

Interestingly, moral psychological contract violation did serve as a mediator between SMQE and job performance, and between abusive supervision and job performance. It could be that moral psychological contract violation leads to some forms of punishment, but not others. It is also possible that the moral psychological contract violation measure used in this study does not appropriately capture the deontic effect. Additionally, the fact that supervisors rated the criterion variables might have biased the accurate reporting of subordinates' deviant behavior. These possibilities are only speculation and should be examined in future research.

Finally, the fact that abusive supervision has direct relationships with the outcomes in this model, but SMQE does not, may lend credence to the idea that employees do indeed respond differently to SMQE. Previous research has shown that there is a positive relationship between abusive supervision and subordinates' counterproductive behavior (Mitchell & Ambrose, 2007; Tepper et al., 2008; Thau et al., 2007), and a number of self-interest theories justify this relationship (De Cremer & Blader, 2006; Gillespie & Greenberg, 2005). Morality, too, might be explaining this relationship, as suggested by the positive relationship between abusive supervision and moral psychological contract violation. But at the same time, theoretical arguments, such as self-interest, may not apply to subordinates' reactions to SMQE, and this could be why employees do not react by deviating. Although caution should be taken when interpreting null results (Cortina & Folger, 1998), this speculation does provide room for future research. It should be noted that although speculation of this post hoc model is interesting, the

theoretically-derived model should be interpreted for the sake of hypothesis testing (James et al., 2006).

### Practical Implications

There are a number of practical implications of this research. First, organizations should be aware that supervisors with bottom-line mentalities may be more likely to engage in unethical behavior. Organizations should be careful when rewarding employees (Kerr, 1975), establishing goals (Locke, 1997; Latham & Locke, 2007), and asking for solutions to business decisions (Tenbrunsel & Messick, 1999), as these practices may have the unintended effect of creating bottom-line mentalities that lead to unethical behavior. Kerr (1975) discussed the folly of rewarding one behavior, while hoping for another behavior. By solely rewarding profit maximization and merely hoping for ethical compliance, organizations may inadvertently discourage ethical behavior. Goals, too, have the potential to become dysfunctional if they cause employees to focus too heavily on their attainment (Barsky, 2008; Latham & Locke, 2007). Certain business decisions may also cause employees to focus on what is best for the business without considering ethical implications (Tenbrunsel & Smith-Crowe, 2008).

Organizations may find that they can best avoid these situations by rewarding and promoting ethical compliance (Treviño & Nelson, 1998). Further, organizations that promote ethical climates (Mayer, Kuenzi, & Greenbaum, in press; Treviño, Butterfield, & McCabe, 1998) may find that they can simultaneously promote profit maximization while ensuring ethical compliance. An ethical climate is “shared perception of what is correct behavior and how ethical situations should be handled in an organization” (Victor & Cullen, 1987, p. 51). Extant research has found that ethical climates are positively related to ethical behavior (Aquino, 1998;

DeConinck, 2003) and perceptions of successful management (Deshpande, 1996; Deshpande, George, & Joseph, 2000), and negatively related to unethical behavior (Peterson, 2002; Ross & Robertson, 2000; Schwepker & Good, 2007; Vardi, 2001). Additionally, ethical leaders, too, care about maintaining the bottom-line (Treviño et al., 2000). Yet they define success not just by results, but also by the way they are obtained (Brown et al., 2005). Thus, organizations may be able to avoid negative outcomes associated with bottom-line mentalities by employing leaders who enforce ethical compliance while pursuing desired end results.

A second practical implication of this research is that organizations should monitor organization-directed unethical leadership, even if the harm associated with this behavior is unclear. Organizations may disregard supervisors' morally questionable behavior, especially when this behavior appears to work in favor of performance outcomes. Organizations may decide that cutting corners and breaking rules is acceptable behavior if it leads to quicker results. This behavior, however, has the potential to cause high-impact harm, as seen with the Enron, WorldCom, and Tyco leadership scandals. Consequently, unethical behavior that appears to be relatively minor (deemed ethically questionable at worst) has the potential to cause dire consequences.

Organizations should also monitor all forms of unethical leadership because of subordinates' unfavorable reactions. Cialdini et al. (2003) argued that organizations may incur substantial hidden costs related to unethical behavior. These costs are hidden because the harm associated with unethical behavior may appear to be relatively innocuous but may still have the unintended effect of causing unfavorable subordinate reactions. Although the harm associated with subordinate-directed unethical behavior has been well documented (Tepper, 2007), this

research demonstrates that other forms of unethical leadership are also related to unfavorable subordinate reactions. Even ethically questionable behavior may have the unintended effect of causing unfavorable subordinate reactions. Thus, organizations should be attentive to all forms of unethical leadership.

### Limitations

As with all research, this study has a number of limitations. Although attempts were made to reduce same-source bias by having supervisor respondents rate bottom-line mentality and the criterion variables, some same-source bias still exists because subordinate respondents rated their perceptions of SMQE, moral psychological contract violation, and abusive supervision. The nature of these variables, however, made it necessary for subordinates to rate them. First, the conceptualization of SMQE and abusive supervision suggests that they originate from the subordinates' perspective. Second, moral psychological contract violation falls within the realm of psychological, emotional, and attitudinal variables that are best obtained through self reports (Spector, 2006).

Common method variance also serves as a potential limitation of this research. All data were obtained using a survey methodology. To avoid common method variance, it would be worthwhile to use multiple methodological approaches such as a combination of survey, longitudinal, and experimental designs (Campbell & Fiske, 1959).

Another limitation of this research is that it is cross sectional. Although structural equation modeling was used, the cross sectional nature of these data prevents causality from being inferred. Longitudinal and experimental designs would address this problem. Further, they would provide evidence of predictive validity (Shadish, Cook, & Campbell, 2002).



### Future Research

This study provides many opportunities for future research. First, antecedents of bottom-line mentality should be examined. Although this study mentioned some potential antecedents of bottom-line mentality, empirical research on this topic has been limited. Bottom-line mentality, as a state of mind, should be examined as a mediator between organizational practices and unethical behavior. Goal setting, for example, could lead to a bottom-line mentality that subsequently leads to unethical behavior. Schweitzer et al. (2004) and Bardes (2009) have found positive relationships between goal setting and unethical behavior, but moderators and mediators still remain to be studied.

Additional moderators and mediators should also be examined for the relationship between multiple forms of unethical leadership and unfavorable subordinate reactions. In particular, future research should examine the conditions under which subordinates are more likely to experience deontic reactions, and the conditions under which they are more likely to role-model unethical behavior. It would also be interesting to explore whether some subordinates experience deontic reactions while simultaneously role modeling the very behavior they find offensive.

Future research should also examine additional outcome variables associated with moral psychological contract violation. It would be interesting to study whether moral psychological contract violation leads to constructive rather than destructive forms of punishment. Tepper, Duffy, and Shaw (2001), for example, found that personality traits affected whether subordinates responded to abusive supervision by engaging in constructive rather than destructive resistance. Additionally, individual differences, such as a person's propensity to abide by moral obligations,

may also affect how a person responds to moral violations. Those high in moral obligation may be more likely to punish the organization by displaying withdrawal attitudes and behaviors, whereas those low in moral obligation may be more likely to overtly punish the organization by engaging in deviance (Greenbaum et al., 2009). If this speculation is true, it could be that subordinates with strong moral convictions eventually leave the organization, whereas those who remain contribute to the contagion of unethical behavior.

Deontic justice (Folger 1998, 2001) arguments contend that people respond to unfairness based on widely-held principles of morality. Although widely-held principles of morality may emanate from societal expectations, religion, evolution (Cropanzano et al., 2003; Folger et al., 2005) or from basic human needs (Donaldson & Dunfee, 1994, 1999; Warren, 2003), it would still be worthwhile to examine cross-cultural variations. It could be that some cultures are more likely to produce self-interest reactions in response to unethical behavior, whereas other cultures are more likely to produce deontic reactions. It is also possible that the type of unethical behavior leading to deontic reactions varies cross culturally.

There are also many research opportunities to examine the moral psychological contract in greater detail. Although longitudinal and experimental studies are always important for establishing predictive validity (Shadish et al., 2002), these designs are particularly important for psychological contract research because the parameters of a psychological contract must be established before determining whether a violation truly occurred. Consequently, many psychological contract studies have used longitudinal designs (e.g., Robinson, Kraatz, & Rousseau, 1994; Robinson & Morrison, 2000). A moral psychological contract, however, is based on the idea that moral expectations emanate from widely-held principles of morality. The

same principles of morality that apply to humans also apply to organizations. If this contention is correct, then employees should enter the organization with these expectations, regardless of whether the organization explicitly endorses them. For this reason, it may not be necessary to first establish whether employees embed morality into their psychological contracts.

Nevertheless, longitudinal studies would provide stronger evidence that this does indeed occur. This may be particularly important to investigate given that some people expect organizations to behave unethically (Froelich & Kottke, 1991), and thus may not apply the same widely-held principles of morality to organizations.

Research on the moral psychological contract can also be extended to include a moral psychological contract breach. Perceived breach occurs when employees cognitively recognize their organization has failed to meet its obligations (Morrison & Robinson, 1997). Violation, however, is used to describe the emotional or affective state employees may experience when they believe that their organization has failed to uphold its obligations (Morrison & Robinson, 1997). A central aspect of deontic justice (Folger, 1998, 2001; Folger et al., 2005) is that people experience deontic emotions that are instinctive. These emotional responses then lead to behavioral reactions. It would be interesting, however, to examine a moral psychological contract breach that would represent the cognitive component of a deontic reaction. Affective events theory (Lord & Brown, 2004; Weiss & Cropanzano, 1996) posits that people respond to events by having primary emotional reactions that are followed by more cognitive secondary reactions. This could apply to deontic justice and moral psychological contract. Whether a breach or a violation occurs first or simultaneously would also be interesting to investigate and could have implications for subordinates' subsequent reactions.

## Conclusions

The Enron, WorldCom, and Tyco leadership scandals that occurred over the last decade make salient the need to study unethical leadership. It may be equally important to study leader behavior that appears to be morally questionable. Although the direct harm associated with this behavior is not always clear, it could have the unintended effect of causing subordinates to respond unfavorably. Additionally, just as subordinates have unfavorable reactions to their own mistreatment, they may also have unfavorable reactions to unethical leadership that does not directly affect them. Examination of the relationship between supervisor morally questionable expediency and unfavorable subordinate outcomes provides some evidence to support these contentions. Although this research provided necessary first steps to study these ideas, it is my hope that future research will continue to examine the nomological networks of SMQE and bottom-line mentality, and the theoretical relevance of deontic justice and moral psychological contract.

## APPENDIX A: FIGURES

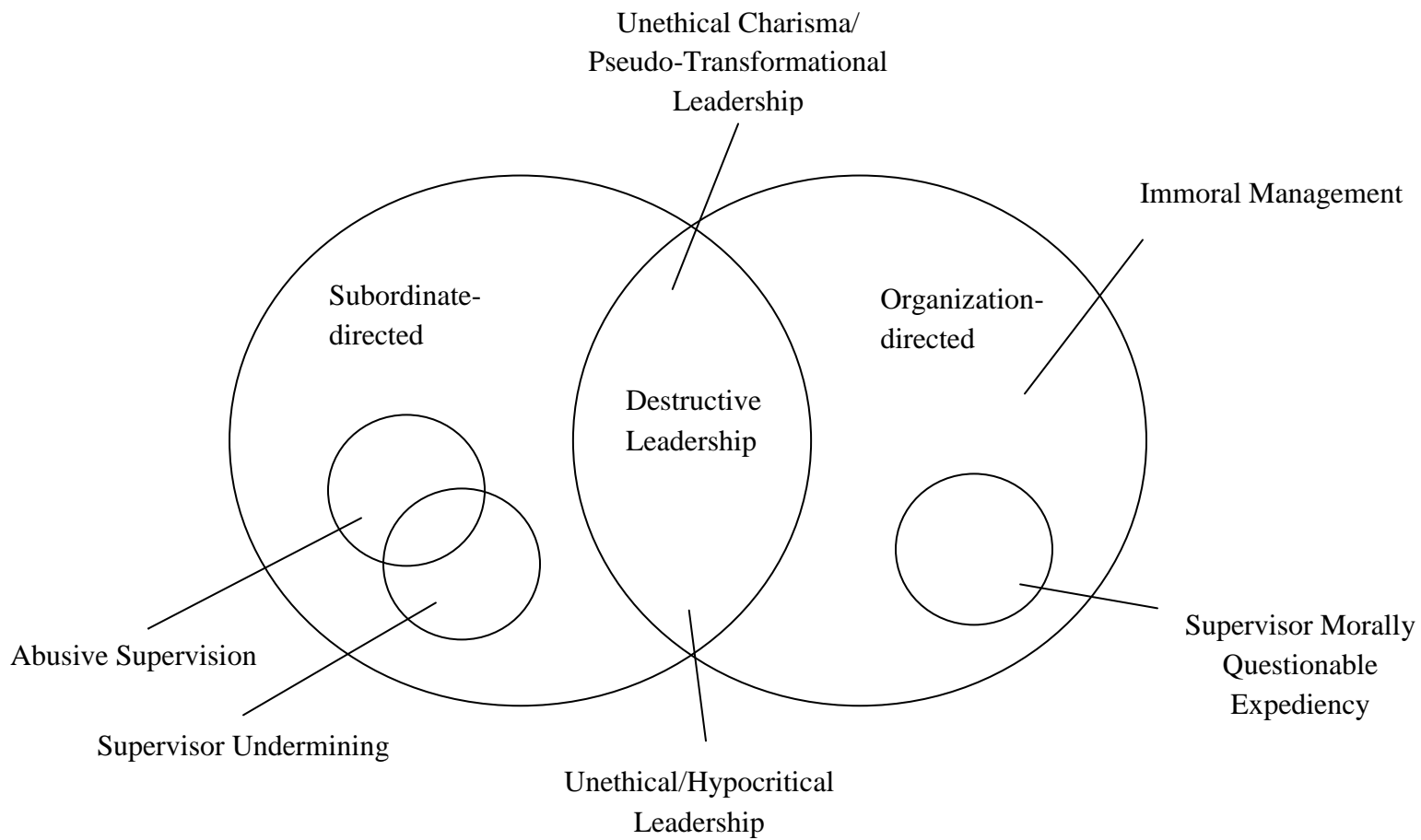


Figure 1: Unethical Leadership Concepts and Constructs

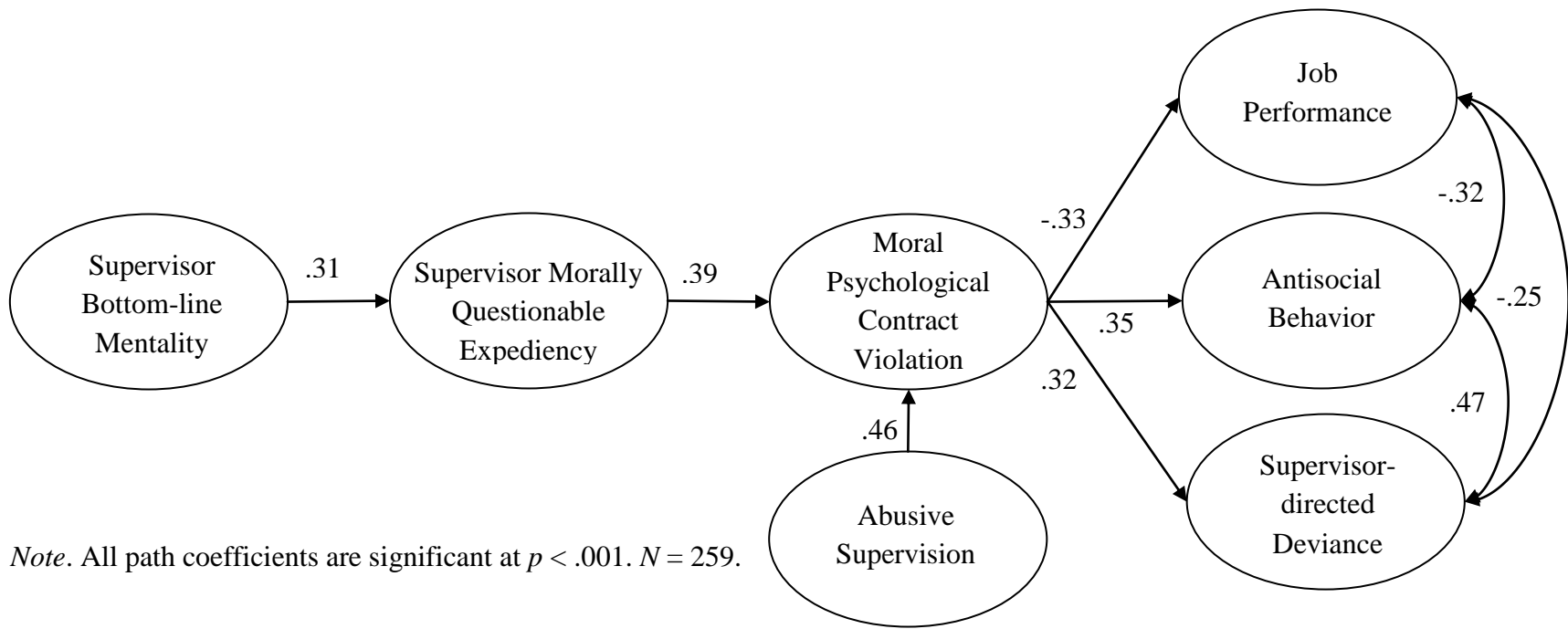


Figure 2: Hypothesized Model and Structural Equation Modeling Results

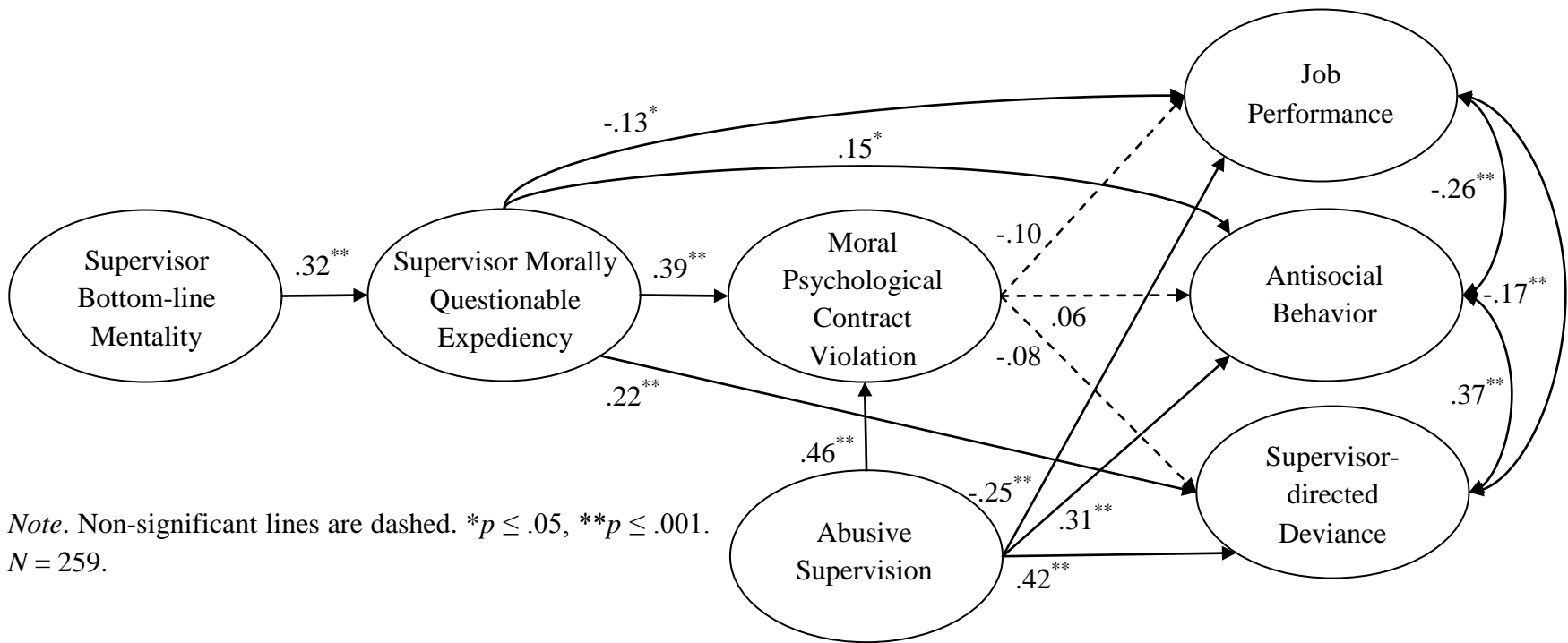


Figure 3: Best Fitting Partially Mediated Model with Abusive Supervision as Control (Post-hoc Analyses)



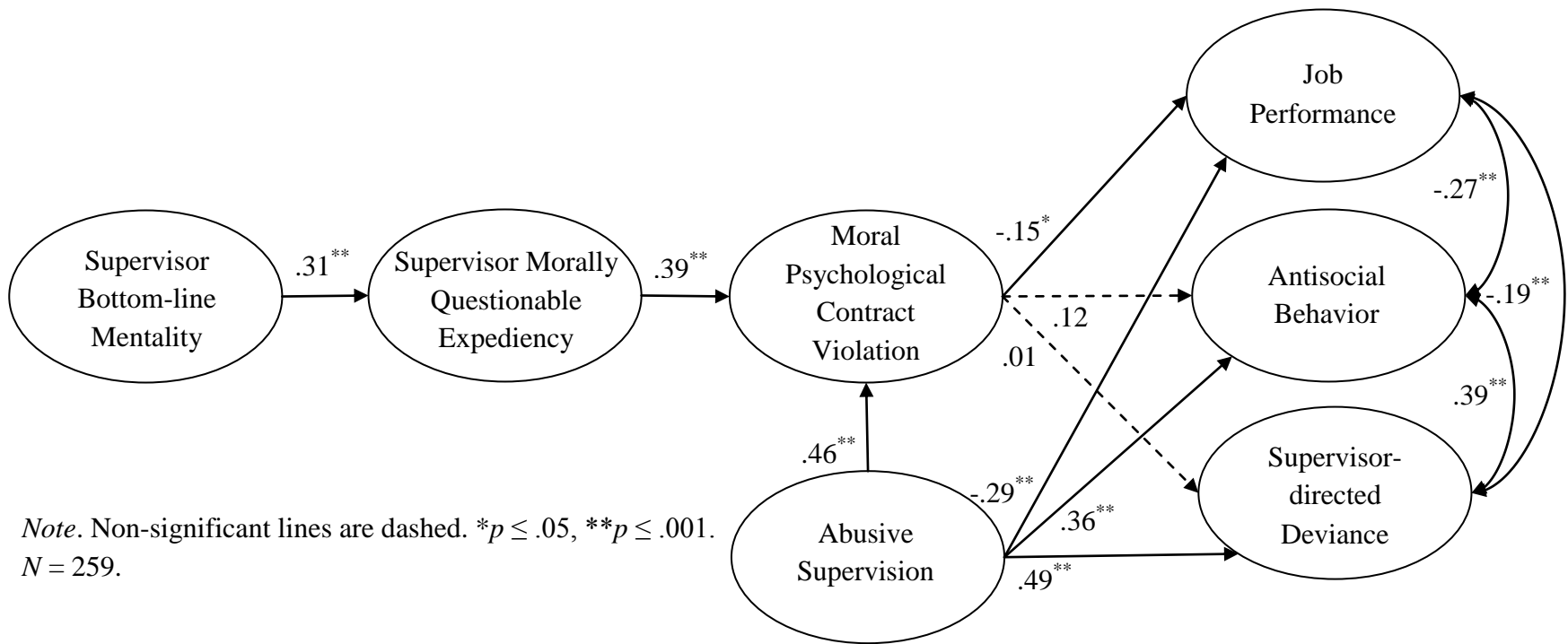


Figure 4: Overall Best Choice Model (Post-hoc Analyses)

## APPENDIX B: TABLES

Table 1: Exploratory Factor Analyses Results

*Exploratory Factor Analysis Loadings and Lambdas for Supervisor Morally Questionable Expediency, Moral Psychological Contract Violation, and Abusive Supervision*

| Item   | Factor 1   | Factor 2   | Factor 3   |
|--|------------|------------|------------|
| Only enforce company rules when they benefit his/her welfare.  | <b>.86</b> | .66        | .42        |
| Ask subordinates to cut corners.   | <b>.84</b> | .34        | .29        |
| Ignore company protocols in order to get what he/she wants.  | <b>.83</b> | .64        | .47        |
| Ignore company standards when negotiating with customers.  | <b>.82</b> | .59        | .50        |
| Allow subordinates to cut corners.   | <b>.81</b> | .32        | .28        |
| Cut corners in order to complete work assignments more quickly.  | <b>.81</b> | .38        | .26        |
| Alter his/her performance numbers in order to appear more successful.                                  | <b>.81</b> | .55        | .38        |
| I feel extremely frustrated by how my supervisor has behaved in terms of ethics.                       | .55        | <b>.96</b> | .37        |
| I feel that my supervisor has violated moral obligations.  | .49        | <b>.95</b> | .37        |
| I feel betrayed by my supervisor for failing to uphold moral obligations.                              | .52        | <b>.93</b> | .33        |
| I feel a great deal of anger toward my supervisor because he/she did not live up to ethical standards. | .43        | <b>.93</b> | .38        |
| My supervisor puts me down in front of others.   | .28        | .39        | <b>.89</b> |
| My supervisor tells me I'm incompetent.  | .25        | .24        | <b>.83</b> |
| My supervisor tells me my thoughts or feelings are stupid.   | .33        | .24        | <b>.82</b> |
| Makes negative comments about me to others.  | .40        | .51        | <b>.77</b> |
| My supervisor ridicules me.  | .40        | .24        | <b>.64</b> |
| Eigenvalue   | 7.74       | 2.18       | 1.91       |
| Percentage of Variance Explained   | 48.39      | 62.01      | 73.96      |

*Note.* Factor analysis results are based on maximum likelihood estimation.

Table 2: Descriptive Statistics

*Descriptive Statistics, Reliabilities, and Correlations among Study Variables*

| Variable                                      | <i>M</i> | <i>SD</i> | 1     | 2     | 3     | 4     | 5     | 6     | 7     |
|---|----------|-----------|-------|-------|-------|-------|-------|-------|-------|
| 1. Supervisor Bottom-line Mentality           | 2.53     | 1.36      | (.88) |       |       |       |       |       |       |
| 2. Supervisor Morally Questionable Expediency | 1.75     | 1.60      | .26   | (.95) |       |       |       |       |       |
| 3. Abusive Supervision                        | 1.60     | 1.07      | .25   | .59   | (.94) |       |       |       |       |
| 4. Moral Psychological Contract Violation     | 2.16     | 1.58      | .25   | .61   | .63   | (.97) |       |       |       |
| 5. Performance                                | 5.97     | 0.84      | -.20  | -.30  | -.37  | -.33  | (.92) |       |       |
| 6. Antisocial Behavior                        | 1.65     | 0.99      | .30   | .36   | .42   | .36   | -.51  | (.93) |       |
| 7. Supervisor-directed Deviance               | 1.43     | 0.80      | .31   | .40   | .50   | .33   | -.42  | .71   | (.94) |

*Note.* Numbers in parentheses are coefficient alphas.  $N = 259$ . All Correlations significant at  $p < .01$ .

## APPENDIX C: STUDY MEASURES

## Study Measures

*Supervisor bottom-line mentality.* To what extent do you agree with the following statements? (1 = *strongly disagree*; 7 = *strongly agree*) (Rated by the supervisor; Greenbaum, 2007)

1. I care more about profits than my employees' wellbeing.
2. I treat the bottom line as more important than anything else.
3. I am solely concerned with meeting the bottom line.
4. I only care about the business.

*Perceptions of supervisor morally questionable expediency.* Employees experience a number of different kinds of supervisors, good and bad, ethical and unethical. Some supervisors have been known to do somewhat unethical things at times in order to make their own performance look better than it really is. In this section, we are interested in learning more about whether you believe your immediate supervisor engages in these types of behaviors. How likely is it that your supervisor would participate in the following actions, aimed at falsely enhancing his/her own performance level? (0 = *not at all*; 6 = *very much*) (Rated by the focal respondent; Greenbaum, 2007)

1. Cut corners in order to complete work assignments more quickly?
2. Alter his/her performance numbers in order to appear more successful?
3. Allow subordinates to cut corners?
4. Ask subordinates to cut corners?
5. Ignore company standards when negotiating with customers?
6. Ignore company protocols in order to get what he/she wants?
7. Only enforce company rules when they benefit his/her welfare?

*Moral psychological contract violation.* To what extent do you agree with the following statements regarding your supervisor? (1 = *strongly disagree*; 2 = *strongly agree*) (Rated by the focal respondent; adapted from Robinson & Morrison, 2000)

1. I feel a great deal of anger toward my supervisor because he/she does not abide by ethical standards
2. I feel betrayed by my supervisor for failing to uphold moral obligations.
3. I feel that my supervisor has violated moral obligations.
4. I feel extremely frustrated by how my supervisor has behaved in terms of ethics.

*Antisocial behavior.* Please respond to the following questions regarding the person who asked you to complete this survey. To what extent do you agree that this person regularly engages in the following behaviors? (1 = *strongly disagree*; 7 = *strongly agree*) (Rated by the supervisor; Robinson & O'Leary-Kelly, 1998)

1. Damages property belonging to the organization.
2. Says or does something to purposefully hurt someone in the organization.
3. Does work badly, incorrectly, or slowly on purpose.
4. Gripes with coworkers.
5. Deliberately bends or breaks a rule(s).
6. Criticizes people in the organization.
7. Does something that harmed the organization or supervisor.

*Supervisor-directed deviance.* The following questions refer to the treatment you receive from the person who asked you to complete this survey. To what extent do you agree with the following statements? (1 = *strongly disagree*; 7 = *strongly agree*) (Rated by the supervisor; Mitchell & Ambrose, 2007)

1. Makes fun of you at work.
2. Plays mean pranks on you.
3. Makes obscene comments or gestures towards you.
4. Acts rudely towards you.
5. Gossips about you.
6. Makes ethnic, religious, or racial remarks against you.
7. Publicly embarrasses you.
8. Swears at you.
9. Refuses to talk to you.
10. Says something hurtful to you at work.

*Performance.* Please respond to the following questions regarding the person who asked you to complete this survey. To what extent do you agree that this person regularly engages in the following behaviors? (1 = *strongly disagree*; 7 = *strongly agree*) (Rated by the supervisor; Alper, Tjosvold, & Law, 2000)

1. Works effectively.
2. Meets or exceed his/her productivity requirements.
3. Puts considerable effort into his/her job.
4. Is concerned about the quality of his/her work.
5. Searches for ways to be more productive.
6. Is committed to producing quality work.

#### Control Variable

*Abusive supervision.* How often does your supervisor engage in the following activities? (1 = *never*; 7 = *always*) (Rated by the focal respondent; Tepper, 2000)

1. My supervisor ridicules me.
2. My supervisor tells me my thoughts or feelings are stupid.

3. My supervisor puts me down in front of others.
4. Makes negative comments about me to others.
5. My supervisor tells me I'm incompetent.



## APPENDIX D: IRB APPROVAL



University of Central Florida Institutional Review Board  
Office of Research & Commercialization  
12201 Research Parkway, Suite 501  
Orlando, Florida 32826-3246  
Telephone: 407-823-2901, 407-882-2901 or 407-882-2276  
[www.research.ucf.edu/compliance/irb.html](http://www.research.ucf.edu/compliance/irb.html)

### Notice of Expedited Initial Review and Approval

From : **UCF Institutional Review Board**  
**FWA00000351, Exp. 5/07/10, IRB00001138**

To : **Rebecca Greenbaum**

Date : **June 19, 2008**

IRB Number: **SBE-08-05710**

Study Title: **Perceptions of Supervisors' Morally Questionable Expediency and Other Ethically Questionable Behaviors**

Dear Researcher:

Your research protocol noted above was approved by **expedited** review by the UCF IRB Vice-chair on 6/19/2008. **The expiration date is 6/18/2009.** Your study was determined to be minimal risk for human subjects and expeditable per federal regulations, 45 CFR 46.110. The category for which this study qualifies as expeditable research is as follows:

7. Research on individual or group characteristics or behavior (including, but not limited to, research on perception, cognition, motivation, identity, language, communication, cultural beliefs or practices, and social behavior) or research employing survey, interview, oral history, focus group, program evaluation, human factors evaluation, or quality assurance methodologies.

A **waiver of documentation of consent** has been approved for all subjects. Participants do not have to sign a consent form, but the IRB requires that you give participants a copy of the IRB-approved consent form, letter, information sheet, or statement of voluntary consent at the top of the survey.

All data, which may include signed consent form documents, must be retained in a locked file cabinet for a minimum of three years (six if HIPAA applies) past the completion of this research. Any links to the identification of participants should be maintained on a password-protected computer if electronic information is used. Additional requirements may be imposed by your funding agency, your department, or other entities. Access to data is limited to authorized individuals listed as key study personnel.

To continue this research beyond the expiration date, a Continuing Review Form must be submitted 2 – 4 weeks prior to the expiration date. Advise the IRB if you receive a subpoena for the release of this information, or if a breach of confidentiality occurs. Also report any unanticipated problems or serious adverse events (within 5 working days). Do not make changes to the protocol methodology or consent form before obtaining IRB approval. Changes can be submitted for IRB review using the Addendum/Modification Request Form. An Addendum/Modification Request Form **cannot** be used to extend the approval period of a study. All forms may be completed and submitted online at <http://iris.research.ucf.edu>.

**Failure to provide a continuing review report could lead to study suspension, a loss of funding and/or publication possibilities, or reporting of noncompliance to sponsors or funding agencies.** The IRB maintains the authority under 45 CFR 46.110(e) to observe or have a third party observe the consent process and the research.

On behalf of Tracy Dietz, Ph.D., UCF IRB Chair, this letter is signed by:

Signature applied by Janice Turchin on 06/19/2008 04:37:52 PM EDT

IRB Coordinator

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