Annual Review of Organizational Psychology and Organizational Behavior

Toward a Better Understanding of Behavioral Ethics in the Workplace

David De Cremer1,2 and Celia Moore3

1Department of Management and Organization, Business School, National University of Singapore, Singapore 119245; email: bizddc@nus.edu.sg
2Cambridge Judge Business School, University of Cambridge, Cambridge CB3 0BN, United Kingdom
3Department of Management, Imperial College Business School, London SW7 2AZ, United Kingdom

Keywords
behavioral ethics, business ethics, behavioral business ethics, intrapersonal, interpersonal, organizational behavior

Abstract
The emerging field of behavioral ethics has attracted much attention from scholars across a range of different disciplines, including social psychology, management, behavioral economics, and law. However, how behavioral ethics is situated in relation to more traditional work on business ethics within organizational behavior (OB) has not really been discussed yet. Our primary objective is to bridge the different literatures on ethics within the broad field of OB, and we suggest a full-fledged approach that we refer to as behavioral business ethics. To do so, we review the foundations and research foci of business ethics and behavioral ethics. We structure our review on three levels: the intrapersonal level, interpersonal level, and organizational level. For each level, we provide relevant research examples and outline where more research efforts are needed. We conclude by recommending future research opportunities relevant to behavioral business ethics and discuss its practical implications.
INTRODUCTION

At work, we make decisions on an almost daily basis that carry ethical consequences. Conflicts of interest are pervasive in work life, and making decisions that include these types of conflicts is and remains difficult for many of us (Moore & Loewenstein 2004). Humans also easily falter in the face of temptations to act in self-interested ways, even when they know doing so violates rules, regulations, or moral standards (Gino et al. 2011). In fact, despite the presence of codes of conduct and monitoring systems aimed at punishing any kind of behavior that is considered inappropriate and unethical, ethical failures emerge on a regular basis (Bazerman & Banaji 2004, Schminke et al. 2014).

Indeed, well-documented ethical failures in the business world underscore the idea that the moral fiber of many organizations is not as strong as we would like (De Cremer 2014). We watched as William McGuire, CEO at UnitedHealth, resigned after his role in backdating stock options in order to line his own pockets; as Patricia Dunn of Hewlett Packard explained to Congress the reasons she spied on her own board members; as CEO Martin Winterkorn of Volkswagen lied about his ignorance of the defeat devices his company developed in order to manipulate their vehicles’ emissions data; and as Mark Zuckerberg admitted that he did not take enough responsibility for Facebook’s management of approximately 87 million user profiles that were used for political purposes. These scandals highlight how ethical standards are often violated and, to some extent, how unethical behaviors are even accepted within many organizations.

As De Cremer et al. (2010b, p. 1) note, “these observations make clear that ethical failures have become an important reality for corporations, organizations, and societies at large and as a result there is a growing concern on how to manage and regulate such failures.” When organizations fail to conduct their business in an honorable way, they damage their reputations, the interests of the industries they represent, and eventually the welfare of society as a whole. As a result, trust in business is hit hard, and profits and performance suffer. This makes identifying how organizations can improve the ways in which they manage unethical behaviors more important, and is perhaps why ethics in organizations has never received more research attention than it does today. That business schools were quick to embrace business ethics courses as the new normal testifies to this, as does the increasing popularity of ethics as a research topic in organizational behavior (OB) and management (Podolny 2009).

EMERGING AND INTERSECTING FIELDS OF RESEARCH ON ETHICS IN ORGANIZATIONS

Early accounts of organizational misconduct were published under the umbrella term business ethics, which has been defined as the field that “deals with questions about whether specific business practices are [morally] acceptable” (Ferrell et al. 2008, p. 5). Work in this field typically described deviations from behavior considered to be morally optimal based on normative theories and philosophies. As such, dominant models within business ethics took a prescriptive or normative approach, using insights from philosophy to describe how ethical people should behave (Treviño & Weaver 1994). In this tradition, scholars discussed how management could influence the actions and decisions of employees from a moral standpoint (Ferrell et al. 2008). De Cremer & Vandekerckhove (2017) note the following:

Prescriptive business ethics draws on theories about the nature of what is “good” (ontology) and how we can know what “good” is in specific situations (epistemology). Hence discussions between prescriptive business ethicists are most productive when they happen within a specific paradigm. Utilitarianism, deontology, and virtue ethics are the main paradigms within which prescriptive business ethics is developed. (p. 438)
Obviously, this approach has strong philosophical rigor. Yet we must also consider that one of its important shortcomings is that telling people what is ethical and what is not does not necessarily change their behavior. Reality shows that even when people know what the ethical thing to do is, they may still not do it. According to the prescriptive approach, if people know how they should act, they will be consciously aware of these moral demands and hence display behaviors in line with these oughts and shoulds (Rest 1986, Reynolds et al. 2014). A prescriptive approach thus implies a rational perspective on human behavior, suggesting that bad people will do bad things and good people will do good things. Such a rational viewpoint is strongly grounded in our society, and is responsible for the fact that if people think you are a good person they will assume that you will always behave well (the halo effect). In a similar vein, if people think you are a bad person, they will expect you to behave poorly (the horns effect).

More recent approaches to the study of unethical behavior, however, have documented that many individual organizational members who engage in unethical behavior may not be doing so willingly or consciously. In fact, research suggests that individuals frequently engage in unethical behavior (Gerlach et al. 2019)—although its type and severity can vary with the task. It may well be that much unethical behavior within organizations is conducted by good people who are aware (at least initially) of their bad behavior. Studies show that employees have blind spots about how unethical their behavior is and because of this are able to justify (minor) ethical violations. These insights were provided from what is now called the field of behavioral ethics (Bazerman & Gino 2012; De Cremer & Tenbrunsel 2012; De Cremer & Vandekerckhove 2017; De Cremer et al. 2010a, 2011; Moore & Gino 2015; Treviño et al. 2006).

In this review article, we build a bridge between business ethics and behavioral ethics and show how integrating different perspectives on human nature, different methodologies, and different foci can help us understand our work behavior better, especially as it relates to the effective functioning of organizations and, ultimately, their business outcomes. We preface our review by documenting where the field of behavioral ethics comes from and how it relates conceptually to the more traditional approaches in management research to unethical behaviors in organizations.

**Behavioral Ethics: What Is It?**

We all know that good people can also do bad things (Gino et al. 2011, Shalvi et al. 2011). In fact, an abundance of research has demonstrated that many displays of unethical behavior are not due to deliberate and conscious decisions (Moore & Gino 2015) or instigated by employees who are bad in nature (den Nieuwenboer et al. 2017). How can this be? People are able to evaluate their unethical behavior in ways that can protect their own image of being a good person, and the kind of justifications used to achieve this self-serving goal often operates subconsciously. In other words, when it comes to ethics, people act in strategic and self-serving ways, as they are subconsciously motivated by a desire to lie and cheat “a little bit” (Ariely 2012). The considerable empirical support behind these observations therefore challenges the wisdom of a prescriptive approach. A prescriptive approach considers humans to be rational actors, and therefore unethical behavior can be shown by only bad apples and ethical behavior by only good people. This assumption underlies the idea that people act in line with their personality. As such, a prescriptive approach advocates testing the traits of employees being recruited to hire those with an ethical disposition in order to prevent unethical behavior (see De Cremer 2016). Such an approach makes it also easier to punish wrongdoing, because if so-called bad apples are hired and act in unethical ways, it is reasoned that they are responsible because they have acted deliberately and consciously. Rather, the new behavioral ethics approach suggests that unethical actions by employees often arise not because of deliberate choice, but because they are a function of limitations or tendencies that all individuals have.
Importantly, that unethical actions are not necessarily shown by unethical employees and that such reality is difficult to reconcile with prescriptive business ethics led to the emergence of a new scholarly field, referred to as behavioral ethics (De Cremer & Tenbrunsel 2012; Treviño et al. 2006, 2014). Behavioral ethics is grounded in identifying the nonrational nature of people’s ethical decision-making, and because of this focus it has been able to demonstrate that employees’ unethical actions are not always deliberate or reasoned. Instead, because of their “blind spots” (subconsciously motivated to preserve a positive moral self-image), they fail to see the unethical meaning and consequences of their own behavior. In this sense, behavioral ethics shares a common assumption with behavioral economics, which is that human decision-makers often deviate from rationality, especially so when ethical decisions are required. At the same time, however, behavioral ethics is different from behavioral economics. Behavioral economics aims to understand why people do not always follow their rational self-interest, whereas behavioral ethics wants to understand why people do not always recognize that self-interest almost automatically underlies their actions and therefore leads to unethical behaviors (the concept of automaticity of self-interest; see Moore & Loewenstein 2004).

We emphasize that behavioral ethics scholars did not aim to change prescriptive theories, but rather to develop a social science that will have its own unique effect on how organizations can manage ethical transgressions (see also Brief 2012). For this reason, a behavioral ethics approach is a useful addition to the field of business ethics, as it helps us to better understand why good people (selected and recruited by organizations) can still do bad things (revealing damage to the organization’s reputation). Because of this reality, behavioral ethics research therefore refuses the dominant influence of the individual’s personality and sees the situation—via activating unconscious tendencies—as the more primary influence on unethical behavior. This approach to the personality-situation debate has led to the suggestion that the behavioral ethics field treat personality—just as the behavioral economics field does—as a malleable variable, and thereby presents a new view on the relationship between behavior and internalized values (Brief 2012).

**On the Position of Behavioral Ethics in Managing Responsible Organizational Behavior**

Determining the roots of a new academic movement is never simple, and often many people and research groups can be credited. The emergence of the field of behavioral ethics is no exception. We recognize behavioral ethics as a research movement that emerged from the fields of social psychology, management, OB, and behavioral economics, and we highlight the following events and publications. According to Schminke & Priesemuth (2012), the use of behavioral approaches within economics, now known as behavioral economics, inspired several scholars in the fields of OB and management to wonder whether a similar behavioral approach could be used to study ethics. One of those scholars was Rob Folger, who used the term behavioral ethics to describe this emerging field for the first time at an Academy of Management meeting in 2003, and continued to do so in several workshops, research incubators, and conferences in the years after. While scholars from both the management and organizational behavioral side started to pick up the notion of behavioral ethics, the concept itself was a subject of study in three prominent books.

The first important book is *Codes of Conduct: Behavioral Research Into Business Ethics*, which was edited by Messick & Tenbrunsel (1996) and included several essays about how social psychology could help us understand ethical behavior in business. The prominent role given to a social psychological approach to study the field of business ethics, was aptly noted by Brief (2012, p. 22), when he stated that, “more than a decade after the publication of Messick and Tenbrunsel's work, [in the field of business ethics] we have a changing world populated by an increasing number of social-psychological-driven-articles.” Messick & Tenbrunsel (1996) also made explicit what
behavioral scholars, inspired by the emerging field of behavioral economics, had already been thinking for some time, when they stated, “This book is based on the conviction that there are many domains of research in psychology and behavioral economics that are relevant to business ethics” (p. 2).

A second prominent book on behavioral ethics is Managing Ethics in Business Organizations by Trevino & Weaver (2003). As the title makes clear, these authors adopted a traditional management research approach to understand how organizations deal with the management of unethical behavior by, for example, implementing ethics programs and interventions and how leadership, culture, and the individual tendencies and moral development of employees plays a role in this dynamic management process. In addition, by including the word business, these authors also explicitly made clear that managing unethical behavior is directly related to business outcomes as underpinning the existence of the field of business ethics.

In 2012, De Cremer & Tenbrunsel (2012) published Behavioral Business Ethics: Shaping an Emerging Field, with the aim of taking stock of the enormous number of studies being published in the field, which were becoming messy and diverse in their approaches. The book presented views from both the social psychology perspective and the more behavioral management perspective presented, revealing situational, normative, and cognitive processes underlying ethical behavior. This diversity in research approaches created a platform for behavioral ethics and business ethics to come together under the umbrella of behavioral business ethics.

These three books can help us to understand how the field of OB addresses ethics in organizational settings. We describe OB here as a field examining how people act, behave, and decide in groups, with the aim of using those insights to manage organizations to perform better and more effectively. This definition first makes clear that OB is a field that integrates insights from social psychology (i.e., behavior within groups) and management (managing organizations to perform). Second, this dual approach also implies that OB approaches the study of ethical behavior in two ways: (a) by looking at how ethical behavior in organizations is managed and (b) by adopting a social psychological approach in understanding the processes responsible for why employees show ethical or unethical behavior in the first place.

Building on the above insight makes clear that an OB perspective includes studying the processes leading to unethical behavior (why) that help improve the actual management of unethical behaviors in organizations (how), with the aim of improving business outcomes (what). This sequence reveals three stages of OB research (i.e., why, how, and what questions) leading to a more complete understanding of why unethical behavior emerges, how it may lead to unethical escalations in the management of organizations, ultimately affecting the business results that are achieved. Behavioral ethics is situated in the first stage, asking the why question by adopting a social psychology approach, whereas the traditional field of business ethics addresses the how and what questions with its focus on the organizational management of unethical behavior. In other words, this idea of three stages corresponds well with both the definition of behavioral ethics as a field of enquiry. Put together, conceptualizing the field of OB as including these three stages to understand human behavior, its workings, and its outcomes allows us to arrive at today’s research platform referred to as behavioral business ethics. This notion combines the behavioral ethics approach with the business ethics approach to arrive at a better understanding of the how, what, and why of business failures due to unethical behavior (see Figure 1).

The obvious benefit of such a combination is that it allows a review of the OB literature based on the differences in methodology, research focus, and analytic level as dictated by the research traditions used in the behavioral ethics and business ethics fields. Specifically, the behavioral ethics side is dominated in large part by a social psychology approach and the business ethics side more by a traditional behavioral management approach. We outline these differences in Table 1.
Business ethics
Focus on managing behavior (how) and business outcomes (what)

Behavioral ethics
Focus on social psychological processes (why)

Behavioral business ethics

Figure 1
The relationships between business ethics, behavioral ethics and behavioral business ethics.

One stream of the OB approach to study unethical behavior is dominated by experimental social psychology and focuses largely on the (unconscious) processes involved in explaining the emergence of unethical behavior (the why question). This stream of research particularly focuses on situational cues that amplify or mitigate unethical behavior (e.g., Desai & Kouchaki 2016). In doing so, it extends the rational and awareness models of Rest and Jones (Moore & Gino 2015) by including the view that good people can (irrationally) do bad things. This research does not focus on personality and individual differences. Also, most attention is directed toward understanding unconscious antecedents of unethical behavior, with very little attention to its consequences. Furthermore, and in a related manner, the use of unethical behavior as a dependent variable is limited in that social psychology scholars do not define clearly what ethical behavior is (Warren & Smith-Crowe 2008). At its worst, this “literature does not reflect a concern for the ethical behavior being studied, thus, implicitly considering all ethical behaviors equivalent” (Brief 2012, p. 22). For this reason, this stream of research is criticized for not being clear enough in understanding the consequences of specific types of unethical behavior. This is important, as base rates of different kinds

Table 1 Organizational behavior research approaches to unethical behavior

<table>
<thead>
<tr>
<th>Research focus</th>
<th>Experimental social psychology</th>
<th>Traditional management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research approach</td>
<td>Process approach (flexibility)</td>
<td>Descriptive approach (stability)</td>
</tr>
<tr>
<td>Role of unethical behavior in data collection process</td>
<td>Unethical behavior often the outcome variable (a focus on the situational triggers of good people doing bad things)</td>
<td>Unethical behavior often the predictor variable (a focus on the consequences of unethical individual or climate-related predictors)</td>
</tr>
<tr>
<td>Outcomes</td>
<td>Experimental social psychology typically measures actual behavior; however, the behavior is narrowly operationalized (most often cheating, lying, and stealing), which limits generalizability. It implicitly considers all unethical behaviors to be substitutes.</td>
<td>Traditional management measures a much broader range of behaviors; however, it is often measured in terms of self-reports or perceptions rather than actual behavior. It is a very general approach, which limits confidence in what is being measured.</td>
</tr>
<tr>
<td>Role of context</td>
<td>Looks at context as influencing the malleability of the individual</td>
<td>Looks at context as a structural feature</td>
</tr>
</tbody>
</table>
of unethical behavior vary widely as a function of their type and the context in which they are studied (Gerlach et al. 2019).

As Table 1 outlines, the research focus and associated research procedure of experimental psychology differs significantly from the more traditional management approach. As a case in point, organizational justice, an important research topic within the managerial tradition of OB, is considered by many scholars as included in the field of behavioral ethics (see also Brief 2012), yet integrating the organizational justice and behavioral ethics literatures has hardly begun, even though, conceptually speaking, the room for integration is there. As suggested earlier, the reason for this is a difference in focus. Tenbrunsel & Chugh (2015, p. 207) explain the difference as “organizational justice focusing on the impact of other’s behaviors and attitudes on an individual and behavioral ethics focusing on the viewpoint of the actor” (see also Rupp et al. 2014). As such, Tenbrunsel & Chugh also conclude that “behavioral ethics has ignored the aftermath or consequences of unethical behavior” (2015, p. 207).

The managerial approach to behavioral ethics thus has to be considered as an effort to promote our understanding of unethical behavior, but by paying more attention to defining specific unethical behaviors (employee misconduct, abusive supervision, ethical leadership, rewards, ethical infrastructure) and by focusing on how the management of unethical behavior reveals which consequences in a work setting are dependent variables, at the individual, interpersonal, and organizational levels. This is important because understanding the consequences of how specific types of unethical behavior are managed can help us—in line with the goal of business ethics field—to understand what organizations will achieve in terms of their business outcomes. As such, this stream of research does not focus as much on the processes underlying specific unethical behaviors, but focuses more on specific organizational conditions, cultures, and individual differences that can function as antecedents to unethical behavior that will, in turn, predict business outcomes.

So far, the aim of our review has been to make readers aware of how OB as an academic field has approached the topic of managing ethics in organizational settings, and in doing so we identified two research approaches (social psychology and management of behavior). These two approaches relate to business ethics (the management research approach) and behavioral ethics (the social psychology research approach). Making these conceptual relationships salient as such allows us to better integrate business ethics and behavioral ethics into the broader home of behavioral business ethics. This conceptual integration not only highlighted the richness of research efforts and insights provided by the field of OB, but importantly also helps us identify a framework to look at the fragmented literature in these respective areas and structure its research findings at three levels: intrapersonal, interpersonal, and organizational (see Figure 2).

A REVIEW OF FINDINGS AT THREE LEVELS OF ANALYSIS

There have been several reviews of behavioral business ethics over the past decade (Bazerman & Gino 2012; Moore & Gino 2013, 2015; Tenbrunsel & Chugh 2015; Treviño et al. 2006, 2014; Zhang et al. 2014), as well as edited collections (Ambrose et al. 2014, De Cremer 2009, De Cremer & Tenbrunsel 2012). All of these reviews, in different ways, overview research that examines individuals’ ethical judgments and behaviors. Each had its own focus, from intrapsychological processes that affect moral behavior (Moore & Gino 2015) to external factors that influence moral behavior (Moore & Gino 2013), to field evidence about ethical behavior (Pierce & Balasubramanian 2015), to interventions that increase ethical behavior (Zhang et al. 2014), to broad overviews of research on ethical behavior in organizational contexts (Treviño et al. 2006, 2014).
Figure 2
A comprehensive framework of the research efforts of the fields of behavioral ethics and business ethics.

Most of these reviews, however, were not written with the aim of understanding how research on unethical behavior in organizations fits in the field of OB. As we discussed in detail earlier, when it comes to the study of ethics at work, the field of OB includes two dominant approaches, with each corresponding to the area of business ethics or behavioral ethics. The first uses largely survey- or archival-based field data to describe and understand the management of employees’ ethical behavior in actual organizations in the field. The second uses largely experimental data collected in behavioral labs with students as participants or online with a wide variety of adults to understand the causes of behavior. On the basis of this analysis, our present review has its own focus. Specifically, we focus on research that has been published within the past decade, using these two approaches. We organize the review in three sections (see Table 2): intrapersonal (within individuals), interpersonal (across individuals), and organizational (the interaction between individuals and their institutional context). Within each section, we overview work conducted from

Table 2  Focus of research and practical implication of the field of behavioral business ethics at three levels of analysis

<table>
<thead>
<tr>
<th>Focus of research</th>
<th>Practical implications</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intrapersonal level:</strong></td>
<td></td>
</tr>
<tr>
<td>■ Cognitive processes</td>
<td>■ Train employees to refrain from moral licensing</td>
</tr>
<tr>
<td>■ Affective processes</td>
<td>■ Promote moral resilience</td>
</tr>
<tr>
<td>■ Identity-based processes</td>
<td></td>
</tr>
<tr>
<td>■ Individual differences</td>
<td></td>
</tr>
<tr>
<td><strong>Interpersonal level:</strong></td>
<td></td>
</tr>
<tr>
<td>■ Ethical leadership</td>
<td>■ Train leaders on specific ethical dimensions</td>
</tr>
<tr>
<td>■ Experience of power</td>
<td>■ Train ethical leaders in evidence-based ways</td>
</tr>
<tr>
<td>■ Exercising agency by low-power holders</td>
<td></td>
</tr>
<tr>
<td><strong>Organizational level:</strong></td>
<td></td>
</tr>
<tr>
<td>■ Ethical climate</td>
<td>■ Ethical interventions need to eliminate frequency of unethical behavior.</td>
</tr>
<tr>
<td>■ Control and monitoring systems</td>
<td></td>
</tr>
<tr>
<td>■ Macroeconomic or environmental forces</td>
<td></td>
</tr>
</tbody>
</table>
| **Table 2** Focus of research and practical implication of the field of behavioral business ethics at three levels of analysis

De Cremer • Moore
both of the dominant empirical approaches and endeavor to draw general conclusions from integrating across them.

**INTRAPERSONAL**

Moore & Gino’s (2015) review describes several different intrapersonal processes that influence moral behavior, including (a) cognitive processes such as deliberation and judgment, (b) affective processes, and (c) identity-based processes. These processes can work independently but typically work interactively to produce moral behavior. These psychological processes are also influenced by and interact with individual differences.

**Cognitive Processes**

Historically, cognitive processes were dominant among the intrapersonal processes studied as influences on ethical behavior. Rationalist approaches to ethical decision-making, based in frameworks like Rest’s (1986), focused on how individuals consciously and logically reason their way through ethical dilemmas and decisions to arrive at optimal responses. Although some researchers remain committed to studying how deliberative cognitive processes lead to moral judgment and behavior (Moore & Tenbrunsel 2014, Paxton et al. 2012, Reynolds et al. 2014), the tide has shifted in this area to a focus on (a) motivated reasoning processes, which often lead to suboptimal moral responses, and (b) the ways in which deliberative processes become interrupted, compromised, or amplified by affective, identity-based, or physiological processes.

When there are strong incentives to engage in behavior that contravenes moral obligations or values, we become motivated to reason in ways that validate and justify our preferred courses of action, leading to bounded awareness of the ethical implications of our actions (Bazerman & Sezer 2016), thus resulting in bounded ethicality (Chugh & Kern 2016). Very little work has explored how motivated reasoning processes work inside organizations. One exception is Paharia et al. (2013), who demonstrated in a series of studies how individuals were more likely to use motivated reasoning to justify attractive consumer purchases that were produced in an ethically compromised way if they were considering those purchases for themselves, compared to when they were considering them for others.

There is, however, a substantial and growing literature on the role of moral disengagement in organizations (Martin et al. 2014, Moore 2015). Moral disengagement refers to a cognitive process that decouples one's actions from one's moral standards, paving the way to engage in behavior that contravenes one's moral standards without feeling distress. Individuals morally disengage in order to reduce the dissonance they might experience upon acting contrary to their moral values, and as such this can be considered a motivated reasoning process.

Very little work actually unpacks how morally disengaged reasoning processes work, particularly in organizations. A few papers forecast the type of morally disengaged reasoning that might occur in order to justify morally problematic acts. For example, Page & Pina (2015) imagine how individuals who sexually harass others might employ morally disengaged reasoning in order to justify their actions. White et al. (2009) dissect the language from several hundred publicly available documents from morally problematic industries, including the tobacco, lead, and chemical industries, and detail how those industries employ mechanisms of moral disengagement to justify their practices and products. But research has yet to accurately or fully capture how moral disengagement functions during the process of justifying bad behavior. Related work by Dang et al. (2017) explores how individuals react when their organizational superiors use morally disengaged language to justify unethical behavior. They find that individuals with a low predisposition to morally disengage react negatively if their superiors use morally disengaged...
language, ostracizing individuals who use them, whereas individuals who are already predisposed
to morally disengage have no negative reactions to the use of such language.

Another stream of research that relates cognitive processes to ethical behavior takes a sense-
making approach (Sonenstein 2007). Notably, a sense-making approach to moral behavior is cog-
nitive without being rationalist, as previous cognitive models of moral behavior have been (Rest
1986), leaving room for narratives, interpretations, and justifications—all cognitive in nature—
without the requirement that those cognitions follow rational or logical forms. One interesting
recent study that explores the role of cognition in organizationally relevant ethical behavior used
qualitative data to examine how officials at the Fairtrade Standards Committee arrive at what they
consider a fair price for the products (e.g., cotton, coffee) they certify (Reinecke & Ansari 2015).
The authors find that navigating this ethically ambiguous decision-making involves a complex in-
terplay of cognitive (efforts to use objective and quantifiable data in setting the prices), affective
(checking whether the prices set “feel” right), and relational (a sensitivity to local circumstances
and individual relationships) processes, even though the latter two were often minimized in an
effort to make cognitive approaches officially dominant.

**Affective Processes**

As work that focuses on cognitive approaches to ethics has been in decline, work that explores
the role of affect in ethical behavior has burgeoned. Much of this work explores the role of dis-
crete emotions in moral behavior. A first line of research has directed its attention to the kind of
emotions that unethical behavior elicits. Specifically, a substantive body of research has focused on
guilt and shame as fundamental moral emotions, showing that unethical behavior elicits, in partic-
ular, guilt (Smith et al. 2002), which, in turn, motivates reparative actions (De Hooge et al. 2007).
More recently, research shifted its focus to affect as an antecedent of behavior by examining the
high arousal emotional processes that are implicated in morally problematic behavior, such as fear,
which is most often associated with silence (Kish-Gephart et al. 2009); anxiety, which promotes
unethical behavior as a reaction to perceived threat (Kouchaki & Desai 2015); and anger, which
can lead to unethical behavior by motivating the desire for retribution (O’Reilly et al. 2016).

Furthermore, the specific emotion envy has also been linked causally to unethical behavior in
organizational contexts (Gino & Pierce 2009a,b). Envy is an emotion of inadequacy and scarceness,
motivating those who feel it to repair the perceived disadvantage they feel they have as compared to
their targets. Duffy and colleagues (2012) showed in groups of both hospital employees and MBA
student teams that envious other group members led to undermining them, a negative intragroup
outcome. However, envy can also motivate equity-restoration of a different sort. Gino & Pierce
(2010) found that envy of wealthy customers and empathy toward poorer ones motivated vehicle
emissions testers to help poorer customers pass emissions tests illicitly when they shouldn’t have.
That is, the object of the envy motivates the type of response individuals have to it.

Less often, positive moral emotions are linked to ethical behavior. Elevated moral emotions,
such as gratitude or awe, lead to altruistic behavior (Aquino et al. 2011, Schnall et al. 2010). Un-
expectedly, positive emotions have also been linked to unethical behavior, both as an antecedent
(Vincent et al. 2013) and as a consequence (Ruedy et al. 2013). These findings question norma-
tively derived expectations that unethical behavior ought to be associated with negative emotions
alone, and they help to explain why unethical behavior might be more attractive than we realize.

Interestingly, studies on the role of affect in morally problematic behavior show that moral
disengagement plays a role in the relationship between the emotion and the behavior, such that
the emotion triggers moral disengagement, to make the morally problematic behavior justified.
Moral disengagement has been shown to mediate the relationship between negative emotions and
morally problematic behavior (social undermining; Duffy et al. 2012), as well as the relationship between positive affect and morally problematic behavior (theft; Vincent et al. 2013). This represents just one way that affect and cognition can work as a dual process to lead to unethical behavior.

**Identity-Based Processes**

One of the most promising avenues that recent research in behavioral ethics has explored is the role of identity in motivating more ethical behavior. Although moral identity has long been understood as an important motivator of ethical behavior (Blasi 1984), only recently has the true power of moral identity been explored empirically. In a large-scale field study, Shu et al. (2012) found that signing car insurance policy renewal forms in advance of reporting one’s mileage for that year reduced dishonesty. Signing one’s name primes one’s identity (Kettle & Häubl 2011), and because there is a near-universal drive to see oneself as moral, priming one’s identity motivates moral behavior.

Certain types of identity, however, may motivate the opposite. Using a population of investment bankers, Cohn et al. (2014) found that priming individuals’ identities as bankers elicited more dishonest behavior for personal profit; additionally, Cohn et al. (2015) found that priming a criminal identity among maximum security inmates did the same. Relatedly, when our positive self- or social-identity comes under threat, we are more likely to lie to protect our positive self-views (Winterich et al. 2014). Thus, although making moral identities salient does appear to elevate ethical behavior (Winterich et al. 2013), other identities, or identities under threat, may not.

**Individual Differences**

Even though business ethics research has long acknowledged that ethical behavior is a function of the interaction between an individual and his or her environment (Treviño 1986), there remains a fascination with understanding individual differences in isolation to explain unethical behavior (De Cremer 2016): Who are the bad apples, and how can they be identified? Historically, this research has been dominated by the study of individual differences that tap moral content directly, such as Machiavellianism, cognitive moral development, or one’s moral philosophy (Kish-Gephart et al. 2010). In addition, in line with understanding the more cognitive underpinnings of people’s moral judgments, research has also identified that individual differences in perceiving and being attentive to moral dilemmas plays an important role in ethical behavior at work (Reynolds 2008). More recently, work on moral character has focused on more general individual differences to explain moral behavior, including humility, empathy, guilt-proneness, conscientiousness, and the consideration of future consequences (Cohen et al. 2014), while other work has focused on the role the Big Five play in workplace deviance (Mount et al. 2006). Finally, individual differences that go beyond dispositions have been linked to unethical behavior. For example, creativity—both trait-based as well as manipulated—has been shown to be an important individual characteristic that can lead to unethical behavior (Vincent & Kouchaki 2016).

**INTERPERSONAL LEVEL**

Within organizations, individuals have relationships with peers, subordinates, and superiors. These others have tremendous influence over the way we behave, through implementing rewards and sanctions, creating norms, and generating positive and negative feedback. Organizations are hierarchies, which imply both power imbalances across individuals, including as traditional leaders and followers. Because of their different foci, managerial approaches to ethical behavior within hierarchies have focused on leadership, whereas social psychological approaches have focused on power differentials across individuals.
Ethical Leadership

Brown et al.’s (2005) influential paper on—and measure of—ethical leadership has inspired a large body of work on this topic. More than 100 studies have tested predictions about the antecedents and outcomes of ethical leadership, defined 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” (Brown et al. 2005, p. 120). Meta-analytic findings confirm its positive associations with perceived leader effectiveness, satisfaction with and trust in the leader, job satisfaction, motivation, organizational commitment, task performance, voice, and organizational citizenship behavior and negative associations with job strain, counterproductive work behavior, and turnover intentions (Ng & Feldman 2015).

Ethical leadership also shares conceptual ground with abusive supervision (Mackey et al. 2015) and destructive leadership (Schyns & Schilling 2013), and the constructs share similar correlates. Nevertheless, ethical leadership has been theoretically distinguished from forms of unethical leadership (Brown & Mitchell 2010), which deserve their own consideration. Several papers have also looked at the mechanisms through which ethical (or unethical) leaders’ effects accrue, including increasing positive perceptions of the climate, and thus job satisfaction (Neubert et al. 2009), triggering the desire to reciprocate positive social exchanges that ethical leaders initiate (Piccolo et al. 2010), dampening moral disengagement tendencies (Moore et al. 2019), and generating positive affect (Vianello et al. 2010).

The Experience of Power

Research from a more social psychological perspective on interpersonal relationships within organizations has often focused on the interpersonal consequences of holding power or having a sense of power. Dozens of studies have focused on outcomes of feeling powerful, which is presumed to track actual powerholding in organizations, but the connection between feeling powerful (and the outcomes of that feeling) and being powerful (and the outcomes of that structural position in organizations) deserves greater exploration (Tost 2015, van Dijke et al. 2018). Research on the ethical implications of power confirms that feeling powerful can amplify both ethical and unethical behavior (De Cremer & van Dijk 2008, Lammers et al. 2015), depending on individual moral identity (DeCelles et al. 2012), and predispositions toward self-orientation versus orientation toward others (Tost 2015).

Foreknowledge that someone with power over resources will have to justify and report to others about the reasons for their decisions elicits less self-interested or unethical behavior (Desai & Kouchaki 2016, Rus et al. 2012). Desai & Kouchaki (2016) elicited accountability by requiring individuals to include more detail in their billing forms, which led to less overbilling of clients. Communicating to a leader that he or she is behaving unfairly can also instigate better treatment. In two series of experimental studies using multi-round resource allocation paradigms, Oç et al. (2015, 2019) show that offering individuals in positions of power candid feedback about how unfair they are being can stem natural tendencies for those in positions of power to behave more selfishly over time.

Exercising Agency From Positions of Low Power

Some of the most exciting findings in recent behavioral ethics focuses on how individuals in positions of lower power in organizations, such as followers or subordinates, can exercise agency and influence those with power over them to behave better.
For example, in a creative set of experiments, Desai & Kouchaki (2016) show that subordinates who display moral symbols (for example, by using email signatures that include quotes with moral content) are less likely to be asked by their superiors to engage in unethical acts. Other work has focused on what subordinates can do in order to receive more fair treatment from supervisors. In a set of two field studies, Wee et al. (2017) found that, over time, subordinates could alleviate the worst treatment they received from abusive supervisors to the extent to which they could rebalance the power dependence between them. Specifically, when subordinates develop skills to make themselves more valuable to the leader or emphasize how integrated they are with the other members of the team, this shifts the interpersonal dynamics to make leaders more dependent on them (and them less dependent on the leader), reducing how abusive those supervisors were later on.

Another key—and practically critical—area of current research involves how to encourage individuals in positions of lower power to speak up and, ultimately, refuse to engage in the unethical behavior their superiors request. Not nearly enough research has explored what creates the conditions under which individuals are better and more effectively able to speak up to those in positions of power and against corrupt practices. People easily obey and even tend to become silent around others in positions of authority (Tost 2015). Making it worse, perhaps, is that holding power appears to make one less likely to engage in dissent (Kennedy & Anderson 2017), and being achievement oriented is also associated with a lower likelihood of speaking up (Tangirala et al. 2013), but people react poorly to those who voice moral objections when they are not perceived to have legitimate power (Wellman et al. 2016). Thus, the people most likely to be listened to are perhaps the least likely to do something, whereas those who might do something are unlikely to be taken seriously.

ORGANIZATIONAL LEVEL

Historically, behavioral ethics has accepted the idea that the organizational environment can have a strong influence on employees’ unethical behavior. In so doing, it has focused predominantly on measurable aspects of ethical climate (e.g., Mayer et al. 2009). The concept of ethical climate was introduced by Victor & Cullen (1987) and has inspired a substantial amount of field studies, looking at both antecedents such as leadership (Dickson et al. 2001) and consequences such as ethical intentions and decision-making (Buchan 2005).

At the same time, behavioral ethics research has conducted experimental work on organizational factors, exploring situational stimuli that prime more or less ethical behavior. For example, the presence of money in the environment (Gino & Pierce 2009b, Kouchaki et al. 2013) can lead to less ethical behavior, whereas the presence of moral symbols (Desai & Kouchaki 2016), or even images of eyes—to prime the idea that one is being watched (Ernest-Jones et al. 2011)—can improve ethical behavior. These primes are typically considered to function beneath conscious awareness (Welsh & Ordóñez 2014) but still have meaningful effects on individuals’ actual behavior.

A few studies have explored how organizations, tasks, or processes can be structured in order to enhance ethical behavior. For example, the study that demonstrated that accountability could reduce overbilling used a manipulation of work-report formatting in eliciting the accountability that ultimately decreased overbilling practices (Desai & Kouchaki 2016). Other studies have found that structuring tasks to maximize variety can mitigate rule-breaking by increasing the level of cognitive complexity that individuals bring to their tasks (Derfler-Rozin et al. 2016). A recent theory piece suggested that organizational interventions such as increasing autonomy and specific feedback will lead to better behavior because they will elicit guilt as a response to failure, which will motivate restorative actions (Bohns & Flynn 2013). However, the effects of such predictions have yet to be tested.
Other experimental work speaks to organizational factors in a different way. Several studies have shown, in various ways, that our ability to be ethical (exercise the self-control that is needed to avoid tempting opportunities to be self-serving) diminishes when our self-regulatory resources are depleted. This is true when we have not had enough sleep (Barnes et al. 2011), when it’s the end rather than the beginning of our day (Kouchaki & Smith 2014), when we are under high cognitive loads (Gino et al. 2011), or when we have the subjective experience of performance pressure (Mitchell et al. 2019). Organizational contexts with high time and regulatory demands are thus likely to be at odds with moral employee behavior.

**Macroeconomic or Environmental Forces**

More recently, researchers have begun to explore the role of forces beyond the organization: macroeconomic or environmental factors that can lead to unethical behavior. One interesting study in this vein focused on the likelihood that CEOs would backdate their stock options (an always morally questionable—and later outright illegal—behavior) as a function of macroeconomic conditions and found that CEOs were more likely to backdate in boom times than in bust ones, and additionally have a higher general propensity to backdate if they began their careers during a period of prosperity (Bianchi & Mohliver 2016). The authors surmise that this effect might be a function of overconfidence and risk-taking, both of which are more prevalent in times of plenty. Using a 9-year panel data set of crimes in more than 9,000 US cities, and bolstered by a series of experiments, another recent study (Lu et al. 2018) draws causal connections between environmental pollution and unethical behavior. Nevertheless, little work has explored the connection between macrolevel factors that distal on individual ethical behavior, but it is a course worth pursuing.

**Future Directions for Behavioral Business Ethics Research**

As our review illustrates, in the OB field, scholars have generated a vast amount of studies informing us of the many cognitive processes and, more recently, the affective and identity processes driving employees’ unethical behavior. In this scientific endeavor, most research seems to have been conducted at the intrapersonal level. At the interpersonal level and especially so at the organizational level, it is rarer to see combinations of behavioral ethics research approaches (social psychology) and business ethics ones (managing behavior). And, finally, linking the management of unethical behavior, based on process-based insights, to actual business outcomes is virtually missing. From that point of view, we therefore make the following suggestions for future research in the area of behavioral business ethics.

**Designing ethical infrastructures.** If we know the processes responsible for why good employees can do bad things, the next step is to identify situations that may enhance or minimize the influence of those processes. In short, we need more research on how to design our organizations so that ethical behavior is encouraged and perceived as the way to act, such that people’s automatic tendency to behave self-interestedly is overruled. Tenbrunsel et al. (2003) coined the term “ethical infrastructures” to refer to the “organizational elements that contribute to an organization’s ethical effectiveness” (p. 285). Although their focus was on formal and informal systems that support and encourage ethical behavior, including sanctioning systems, policies and procedures, and ethical climate, there remains a good deal of scope and promise in future work exploring the conditions under which organizations can encourage more ethical behavior.

One of the most active and optimistic areas of current research in behavioral business ethics involves designing and testing interventions—referred to as nudges in behavioral economics—to improve ethical behavior or reduce unethical behavior. This approach marries the experimental
methodology of social psychology with the external validity of testing hypotheses in field contexts, and has had an important and wide-ranging effect on public policies as well as human resource policies globally (Sunstein et al. 2018). Several types of nudges are now commonplace. One of the first types of nudge that were studied involved default choices. Varying default choices in organ donation policies from opt-in to opt-out, for example, can increase the percentage of a country’s population that is organ donors by more than 50%, with substantial consequences for lives saved (Johnson & Goldstein 2003). Another type of nudge involves simplifying language. Organizations can increase enrollment in retirement savings plans by 10–20%, for example, by collapsing the multitude of possible options available down to two (Beshears et al. 2013). Making it easier to do the right thing in other ways, such as setting automatic appointments for flu shots, increases vaccination rates by 12 points, relative to baseline (Chapman et al. 2010).

Interventions have more often been studied in the arena of public policy than they have inside organizations. Nevertheless, a handful of studies have studied interventions within organizations, and their findings have broader implications for designing ethical infrastructures. A very common recommendation is to increase ethical behavior in general, and in organizations in particular, is to better monitor ethical behavior in order to determine when enforcement efforts are necessary as well as potential sanctions. Staats et al. (2017) explored the role of monitoring on increasing hand-washing rates in hospitals, an ethical behavior with meaningful implications for patient health and safety. They found that although monitoring did increase compliance overall, several contingencies were notable. First, there was significant variability in the rate of compliance increases across units, suggesting an important role of local culture in uptake. Second, units with higher rates of preactivation compliance had greater gains from monitoring than units with lower rates of compliance, suggesting that baseline rates of behavior influence the effectiveness of interventions. Third, the effects of monitoring began to degrade after two years, suggesting that monitoring interventions cannot effect meaningful change and lasting positive habit formation by themselves. Finally, they found that terminating oversight led to compliance rates dropping to below preactivation levels.

In some ways this last finding is consistent with Gneezy & Rustichini’s (2000) discovery that parents were more likely to pick up their children late from day care after a fine for lateness was introduced than they were before, and that removing the fine did nothing to remedy the new, worse norm. Although a fine differs from monitoring as an intervention, both are extrinsic motivators, and these studies show that the consequences of these types of interventions defy intuitive expectations. Even more so, these findings clearly suggest that organizations need to be aware that simply implementing monitoring systems that punish unethical behavior when needed may backfire, because the mere existence of having such a control system in place signals to people that the organization does not trust them (Mulder et al. 2006). Under such circumstances, monitoring and subsequently punishing unethical behavior only functions as an extrinsic incentive to refrain from unethical behavior (i.e., to avoid punishment), but does nothing to help internalize the idea that ethical behavior is the preferred behavioral option in the company (i.e., reward voluntarily ethical behavior).

Other recent work looks at subtler ways that organizations can increase ethical behavior. For example, Derfler-Rozin et al. (2016) find that increasing task variety in jobs that involve repetitive work can increase rule compliance, through activating System 2 cognitive processing. Martin (2016) finds that a storytelling intervention as part of onboarding training in a large technology firm has a significant effect on increasing later altruistic (ethically positive) and decreasing deviant (ethically negative) behaviors. These effects are particularly pronounced when newcomers generated and told stories about socially close (i.e., peer-like) others. Individual roles inside organizations might also make a difference. In one recent study, “ethical champions”—individuals who
argue in favor of ethical outcomes in groups prior to group decisions—can lead teams to make more ethical decisions by increasing group ethical awareness (Chen et al. 2019).

**Ethical behavior and the new technology era.** Management of unethical behavior takes place within organizational contexts and this introduces challenges and constraints that affect the emergence of unethical behaviors as well as views on what is ethical versus not. Today the organizational context is changing very rapidly, and with the introduction of artificial intelligence (AI) and the use of algorithms, employees are being confronted with an increasingly automated work environment. AI is already being used in a wide range of administrative jobs, and the notion of management by algorithm is becoming a buzz word within the business world. The implementation of AI into the management of organizations creates several situational challenges with respect to how to manage unethical behavior and its consequences.

Research demonstrates that humans readily display forms of algorithm aversion (Dietvorst et al. 2015), and this seems especially true when AI is employed to make decisions of an ethical nature (Bigman & Gray 2018; see also D. De Cremer, M. Mai, J. McGuire & A. Van Hiel, manuscript under review). This aversion follows from the fact that humans possess the idea that ethical decisions require a full human mind as well as the ability to show empathy. Clearly, AI does not possess these abilities (yet?), as demonstrated by research indicating that AI is considered not ready to connect to people’s needs for trust (De Cremer et al. 2019). As a result, this aversion toward AI in the management of organizational members’ behaviors may result in retaliation and an increase of cheating behavior toward algorithms, as such significantly disrupting the functioning of organizations. To manage such unethical behavior in an automated setting, recent research shows that organizational leadership will have to allow participation from humans in decision-making to provide them with a sense of control and meaning (De Cremer et al. 2019). This intervention as based on the human need for control and meaning is an example of how process-based knowledge can lead to better management of employees’ unethical behavior as induced by the work environment. Taken together, that AI is becoming increasingly more impactful in our work lives will create new challenges and ways of managing that fall under the umbrella of behavioral business ethics research. We therefore urge future researchers to promote our understanding of the why, how, and what of unethical behavior in the new technology era.

**Behavioral business ethics across cultures.** Another important contextual variable that can affect the emergence of unethical behavior and serve as a useful setting to combine our behavioral ethics and business ethics research approaches concerns the influence of cross-cultural differences in society and organizations. Several challenges have delayed research on behavioral ethics cross-culturally, including challenges with measuring ethical behaviors in distant field sites and simultaneous access to multiple international samples such that findings and conclusions can be adequately compared.

However, differences across cultures are not always as substantive as has typically been assumed (Saucier et al. 2015). Cross-national data using ultimatum game offers and reactions across 25 countries show that mean offers in ultimatum games remain steady at approximately 40% of the pot, ranging from only 26% (Peru), with the next lowest offer at 34% (United Kingdom) to 46% (Honduras), a relatively small spread (Oosterbeek et al. 2004). One of the largest cross-cultural studies of individual ethics, including close to 9,000 respondents in 33 countries, found that typical measures of values and morality show much more variation within than across countries (Saucier et al. 2015; see also Graham et al. 2011). Nevertheless, individuals prioritize these values differently, these priorities are associated with aspects of one’s culture, and behavioral differences result from them. For example, experimental data from 23 different
countries show that patterns of honesty and dishonesty within a country vary in ways that are consistent with their cultural legacies (Gächter & Schulz 2016). Individuals are less honest in countries with a history of institutional rule violations (e.g., corruption and tax evasion), and this individual-level dishonesty then likely weakens the institutions charged with maintaining the rule of law, further undermining individual honesty in a reciprocal fashion.

Overall, there is general consensus that beliefs about the moral status of specific acts, as well as behavioral norms, vary across cultures more so than the values that underpin those judgements and norms (Henrich 2015). Much of this work can be viewed through the lens of moral foundations theory (Graham et al. 2011, 2013), which propose five foundations of human morality: harm, fairness, authority, loyalty, and sanctity (Graham et al. 2011, 2013). A sixth moral foundation, liberty, was added later (Iyer et al. 2012). These foundations are observable across nations and cultures; however, different cultures endorse different foundations. For example, in the West, acts are considered immoral as a function of how much harm they have caused, compared to the East, where an action’s morality is more a function of its civility (Emma et al. 2015). Conservatives and liberals also value different moral foundations (Graham et al. 2009). Other theories that have been applied to regional variation in moral norms focus on the historical prevalence of pathogens in the local environment. In places where pathogens have historically been more prevalent, and thus the individuals more susceptible to disease, communal moral foundations (authority, loyalty, and sanctity) are more emphasized; in places where individuals were less vulnerable in this way, individualistic moral foundations (harm, fairness, liberty) hold more sway (van Leeuwen et al. 2012).

Triangulating across multiple methods. So far, we have identified several new exciting research directions based on the idea of bridging behavioral ethics and business ethics research foci and approaches. One of the most exciting developments in this new movement of behavioral business ethics research is the increasing number of studies that combine the face validity and generalizability of field data with the certainty about causal identification that lab experiments provide (see, e.g., De Cremer & Van Knippenberg 2002, Derfler-Rozin et al. 2016, Gino & Pierce 2010, and Moore et al. 2019 for examples). Increasingly, studies use both methods to triangulate across their results. Triangulation allows us to understand how processes drive behaviors while ensuring it does naturally occur in organizational contexts. The one important link missing in this research process is to identify how management and intervention tools to decrease unethical behavior—based on process-based insights—translate into business outcomes such as, for example, service, revenue, and organizational reputation.

Practical Implications

The goal of OB as a scholarly field is to generate basic knowledge regarding important individual behaviors in organizational contexts. In terms of understanding the impact of unethical behavior in organizations, OB as a field searches for this knowledge by (experimentally) testing the basic processes involved (behavioral ethics) and how and when behavior needs to be managed to encourage more ethical behavior (business ethics). The notion of behavioral business ethics does not only have conceptual and theoretical implications, but also practical implications, as the concept itself underscores the importance of bringing our basic knowledge to life by promoting insights in what managers and organizational leadership should do to (a) ensure unethical behavior does not damage their business reputation and promote ethical behavior so the organization will perform better and (b) be more profitable, which ultimately contributes to the long-term survival of the organization. We organize our discussion of practical implications by using again the three levels
of analysis that we used earlier when discussing the relevant research findings in the behavioral business ethics field (see Table 2).

**Implications at the intrapersonal level.** Understanding what drives people to act unethically is essential to the behavioral ethics approach. Behavioral business ethics helps us identify psychological processes that can be harnessed to ensure that employees and managers do not fall prey to basic human frailties that can derail one’s good behavior. One important practical goal of a behavioral business ethics approach is to gather evidence so managers can be trained to act more ethically themselves, and elicit more ethical behavior from their subordinates, as well as to refrain from moral licensing, where people give themselves credit for initial ethical behavior, allowing them to follow it up with unethical behavior (Lin et al. 2016). We refer to this kind of continued motivation to maintain ethical behavior as moral resilience.

We use the word resilience because, building on insights from both behavioral ethics and business ethics approaches, it is clear that continued unethical behavior is not easy. First of all, acting in ethical ways and putting continuous effort to be cautious about your own biases so as not to slip into bad behavior consumes much (physical and mental) energy. As we have discussed, being depleted facilitates unethical behavior (Gino et al. 2011). In order to not become depleted by acting ethically in a consistent manner, depletion can be counteracted by putting the enacting manager in a positive mood and offering affirmation about what he or she is doing (Tice et al. 2007). From an intuitive point of view, one would expect that consistently acting ethically will lead to others behaving similarly, reinforcing positive mood and affirming the leaders’ actions. Recent evidence, however, suggests that this may not be the case. Research by Stouten et al. (2013) revealed that people actually do not particularly like leaders who act consistently ethically over time. Their results showed that employees cooperated less with leaders who always acted ethically compared to leaders who were moderately effective in acting ethically. Leaders acting ethically in consistent ways were perceived as too ethical, an ambition that is too hard to achieve for many. As a result, employees are not that supportive of managers who put effort into being ethical leaders.

These observations emphasize the existence of a paradox: It takes a lot of energy to be an ethical leader, but this effortful way of leading is not appreciated that much by those being led. This conclusion implies that if organizations want to train their leaders such that they can act in ethical ways consistently over time and people, then they do have to ensure that those leaders do not become depleted when maintaining their ethical efforts, but also realize that simply providing such support is not sufficient. Instead, psychological support that feeds the resilience levels of leaders has to be provided so they can cope with the conflicting situation of putting effort into being ethical and it not being reciprocated in positive ways by their followers.

**Implications at the interpersonal level.** Organizations can promote their management of unethical behavior by knowing when and why it is that employees may act unethically, but they also need to know how to shape the behavior itself. As concerns training leaders who supervise employees, the concept of ethical leadership is an important focus of both research and development. A problem that has arisen in the scholarly approach to understanding what makes for effective ethical leaders is its conceptual ambiguity. As discussed above, the definition provided by Brown et al. (2005) is the one that has motivated most research so far, but at the same time this definition includes a variety of leader behaviors that are related to each other but can also be considered independently that it is hard to see what exactly makes a leader ethical. Indeed, ethical leaders are considered fair, trustworthy, able to punish or reward, to show integrity and respect, to motivate, and to be the example to follow, which are also all leader behaviors that have been examined independently from each other in the literature. This makes it difficult to arrive at a
clear understanding of which components matter more versus less in promoting the ethicality of the leader and, hence, make it difficult to train and develop ethical leaders in organizations. Therefore, more research efforts are needed that are devoted to filtering out which processes exactly contribute to leaders being perceived as ethical and at the same time drive the effectiveness of ethical leaders at the organizational and business levels. Bringing together these insights may then help to identify and train those exact behaviors that are essential in making employees perceive the leader to be ethical, which then will lead automatically to having a significant impact.

**Implications at the organizational level.** Ultimately, a primary reason why understanding ethical behavior in organizations is important is because of the consequences it can have on business outcomes. As our review reveals, little research has been able to connect what we know at the intrapersonal and interpersonal levels to produce ethical, profitable, and sustainable outcomes at the organizational level. Clearly, more research is needed that links more micro levels to business outcomes. Chun et al. (2013) provide one example documenting that how unethical behavior is managed within an organization influences its financial performance. Specifically, management practices designed to constrain the emergence of unethical behavior by promoting organizational commitment and installing norms to help each other can turn companies into more profitable ones. The practical implications of this kind of research is clear, as it demonstrates that ethical interventions and ethics programs in organizations need to be effective in two ways. First, they need to help eliminate the frequency of unethical behavior in the organization. But, second, and more importantly, they need to work on psychological processes that are associated with people’s implicit preferences and biases. As such, understanding why and how employees act will lead to better and more targeted interventions, and this fit between psychological processes and management practice will facilitate translating these efforts in higher levels of productivity, revenue, and overall business reputation (see, e.g., Jiang et al. 2016).

**CONCLUDING THOUGHTS**

Behavioral ethics has been a welcome addition to the study of unethical behavior in organizations, as it highlights the limitations of rational approaches to how morality, values, and ethical awareness develop and influence behaviors and decisions in organizations. Ideas such as bounded ethicality and the automaticity of self-interest brought to light that much unethical behavior at work is not necessarily a conscious choice, pushing us to be more sophisticated about how to manage ethical behavior at work, and encouraging us to apply psychological process-based thinking into the design of interventions (e.g., nudges, task design, communication strategies, reward systems) to improve ethical outcomes. To do so, a marriage between the fields of behavioral ethics and business ethics is warranted to create a platform for behavioral business ethics—where research approaches and findings from social psychology and traditional management will find and speak to each other. We hope that with this review we can inspire current and future generations of scholars to move toward a more integrative and at the same time more comprehensive approach to studying unethical behavior in the context of organizations, ultimately leading to the ethical (while profitable) business outcomes that organizations strive for.

**DISCLOSURE STATEMENT**

The authors are not aware of any affiliations, memberships, funding, or financial holdings that might be perceived as affecting the objectivity of this review.
LITERATURE CITED


Bianchi EC, Mohtiver A. 2016. Do good times breed cheats? Prosperous times have immediate and lasting implications for CEO misconduct. Organ. Sci. 27:1488–503


Dang CT, Umphress EE, Mitchell MS. 2017. Leader social accounts of subordinates' unethical behavior: examining observer reactions to leader social accounts with moral disengagement language. J. Appl. Psychol. 102:1448–61

DeCelles KA, DeRue DS, Margolis JD, Ceramic TL. 2012. Does power corrupt or enable? When and why power facilitates self-interested behavior. J. Appl. Psychol. 97:681–89


Shu LL, Mazar N, Gino F, Ariely D, Bazerman MH. 2012. Signing at the beginning makes ethics salient and decreases dishonest self-reports in comparison to signing at the end. PNAS 109:15197–200


Tost LP. 2015. When, why, and how do powerholders “feel the power”? Examining the links between structural and psychological power and reviving the connection between power and responsibility. Res. Organ. Behav. 35:29–56


# Contents

Becoming an Organizational Scholar  
*Denise M. Rousseau* ................................................................. 1

Regulatory Focus and Fit Effects in Organizations  
*E. Tory Higgins and Federica Pinelli* ........................................... 25

Implicit Leadership Theories, Implicit Followership Theories,  
and Dynamic Processing of Leadership Information  
*Robert G. Lord, Olga Epitropaki, Roseanne J. Foti, and Tiffany Keller Hansbrough* .... 49

The Psychology of Workplace Mentoring Relationships  
*Lillian T. Eby and Melissa M. Robertson* .......................................... 75

Perceived Organizational Support: Why Caring About  
Employees Counts  
*Robert Eisenberger, Linda Rhoades Shanock, and Xueqi Wen* ....................... 101

Beyond Meta-Analysis: Secondary Uses of Meta-Analytic Data  
*In-Sue Oh* .......................................................................................... 125

The Integration of People and Networks  
*Martin Kilduff and Jung Won Lee* .................................................. 155

Discharges, Poor-Performer Quits, and Layoffs as Valued Exits:  
Is It Really Addition by Subtraction?  
*Charlie O. Trevor and Rakoon Piyanontalee* .................................... 181

Measurement Development and Evaluation  
*Michael J. Zickar* ............................................................................ 213

Asian Conceptualizations of Leadership: Progresses and Challenges  
*R. Takeuchi, A.C. Wang, and J.L. Farh* ............................................ 233

Modern Discrimination in Organizations  
*Mikki Hebl, Shannon K. Cheng, and Linnea C. Ng* ............................... 257

Can Teamwork Promote Safety in Organizations?  
*Eduardo Salas, Tiffany M. Bishey, Allison M. Traylor, and Michael A. Rosen* ........ 283

Job Seeking: The Process and Experience of Looking for a Job  
*Connie R. Wanberg, Abdifattab A. Ali, and Borbala Csillag* .................. 315
Assessing the Control Literature: Looking Back and Looking Forward
   Sim B. Sitkin, Chris P. Long, and Laura B. Cardinal .................................................. 339

Toward a Better Understanding of Behavioral Ethics in the Workplace
   David De Cremer and Celia Moore ................................................................. 369

Posttraumatic Growth at Work
   Sally Maitlis ........................................................................................................ 395

Within-Person Job Performance Variability Over Short Timeframes:
   Theory, Empirical Research, and Practice
   Reeshad S. Dalal, Balca Alaybek, and Filip Lievens ........................................... 421

Positive Emotions at Work
   Ed Diener, Stuti Thapa, and Louis Tay ............................................................. 451

Multiteam Systems: An Integrated Review and Comparison
   of Different Forms
   Stephen J. Zaccaro, Samantha Dubrow, Elisa M. Torres,
   and Lauren N.P. Campbell .................................................................................. 479

Big Data in Industrial-Organizational Psychology and Human
   Resource Management: Forward Progress for Organizational
   Research and Practice
   Frederick L. Oswald, Tara S. Bebrend, Dan J. Putka, and Evan Sinar .............. 505

Errata

An online log of corrections to Annual Review of Organizational Psychology and
   Organizational Behavior articles may be found at http://www.annualreviews.org/errata/}

orgpsych