Antecedents of moral disengagement: Preliminary empirical study in Malaysia

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1

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ABSTRACT: *This study, conducted in Malaysia is part of the pilot study carried out as a pre-test procedure to a main study on moral disengagement. According to social cognitive theory, moral disengagement is the key to deactivate individual self- regulatory process. Once it is deactivated an individual will be freed from any psychological feeling of discomfort in performing unethical behaviour. Hence, based on social cognitive theory this study aims to identify the antecedents of moral disengagement by investigating the individual differences (gender and personality) and environmental influence (organizational ethical climate). ANCOVA and hierarchical regression were applied to test the hypotheses. There was a moderate gender difference in the level of moral disengagement between male and female employees. As predicted, conscientiousness and extraversion were found to have a negative significant relationship with moral disengagement. Further, organizational ethical climate was found to be negatively and modestly related to moral disengagement.*

Keywords: moral disengagement, ethics, social cognitive theory, Malaysia

In recent years, reports on unethical behaviour among employees at all levels of organization have become a common issue in the media and in management literature (Grace and Cohen 2010; Shaw, Barry, and Sansbury 2009). Following this attention, ethics has become a heightened issue of concern within business communities. The worrisome fact is that the majority of people who become involved in wrong-doing are not necessarily inherently bad (Bersoff 1999). Anand and colleagues (2005) argue that most of the unethical practices in the workplace are committed by ethical individuals. In fact, studies reveal that the offenders of white-collar crimes are psychologically "normal" (Colman 1987). Thus, a logical question to ask is that what makes these apparently ethical and psychologically normal people engage in unethical behaviour?

Understanding individual psychological processes has been argued as the best way to explain unethical behaviour in organisations (Messick and Bazerman 1996; Tenbrunsel and Messick 2004). Specifically, social cognitive theory provides a promising concept to explain unethical behaviour in organizations known as moral disengagement. Moral disengagement, if used, could enable individuals to perpetrate unethical behaviour while at the same time maintain a positive self-image (Bandura et al. 1996; Bandura 1999). In other words, moral disengagement allows individuals to be freed from any psychological feeling of discomfort when they perform any unethical behaviour. Bandura (2002,p.101) makes several assertions:

2

Moral agency has dual aspects manifested in both the power to refrain from behaving inhumanely and the proactive power to behave humanely; moral agency is embedded in a broader socio-cognitive self-theory encompassing affective self-regulatory mechanisms rooted in personal standards linked to self-sanctions; moral functioning is thus governed by self-reactive selfhood rather than by dispassionate abstract reasoning.

As moral disengagement could be the reason for unethical behaviour in organizations (Moore 2008) and also could be used as a predictor of future behaviour (McAlister, Bandura, and Owen 2006; Vollum, Buffington-Vollum, and Longmire 2004), this paper intends to investigate factors which might have a tendency to influence the level of moral disengagement of employees. We do this by examining individual differences (gender and personality traits) and organisational ethical climate. To date, much research examines the outcomes of moral disengagement. By studying antecedents, we expand knowledge on what influences individuals to engage in unethical conduct in business settings, and how these influences particularly relate to moral disengagement.

THEORETICAL FRAMEWORK AND HYPOTHESES

The variables hypothesized to influence moral disengagement are shown in the theoretical framework in Figure 1. This theoretical framework is developed based on social cognitive theory (Bandura 1986). The framework identifies the independent variables of gender, personality and organizational ethical climate and the dependent variable of moral disengagement. The selection of these variables is based on the concept of reciprocal determinism. This aspect of social cognitive theory posits that behaviour, cognitive and other personal factors, together with environmental influences all operate interactively as determinants of each other (Bandura 1986,p. 23). Therefore, gender and the two selected personality traits represent individual differences, while the environmental influence is represented by organizational ethical climate.

[Insert Figure 1 here]

Individual Differences and Moral Disengagement

Individual differences are believed to influence a person's cognitive component, which influences how they behave (Loch and Conger 1996; Trevino 1986). Individual differences such as empathy, trait cynicism, locus of control and moral identity have been previously linked to moral cognition and action (Andersson and Bateman 1997; Aquino and Reed 2002; Miller and Eisenberg 1988; Trevino and Youngblood 1990). Since moral disengagement is concerned with an individual cognition (Pajares 2002) specifically, the self regulatory function (Bandura 1986) it is logical to assume that different individuals would have different tendencies towards being morally disengaged. In line with this assumption, Detert and colleagues (2008) made the first attempt to study individual differences in relation to moral disengagement. They found four individual differences which were significantly related to moral disengagement. Empathy and moral identity were negatively related to moral disengagement, while trait cynicism and chance locus of control were found to be positively related.

Motivated by their work, this study investigates two other important individual differences; namely, gender and personality traits. Past literature has suggested that individual differences of gender (Powell and Johnson 1995; Chung and Monroe 1998, 2001; Aruson et al. 2001) and personality (Foran and DeCoster 1974; Chenhall and Morris 1991; Sankaran and Bui 2003; Dole and Schroeder 2001) may have some influence on decision behaviour.

Gender

As for cognitive aspects, ethical reasoning has been linked to gender differences by many scholars (Bruess and Pearson 2002; Chung and Monroe 2001; Powell and Johnson 1995; Skoe et al. 2002). In regard to ethical reasoning, Gilligan (1982) supports the existence of gender differences. Women, for example, are more prone to base their moral judgments on obligations to care for and avoid hurting others, whereas men are more justice based (Gilligan 1982, 1979).

Based on a gender socialization approach , Schminke (1997) explains that gender differences are due to the fact that men and women use different ethical frameworks in their judgments. Men prefer competitive success and extrinsic rewards such as financial and status rewards; hence, they are more likely

4

to break rules since they view achievement as competition. In contrast, women are more likely to adhere to rules, as they are more concerned with completing their tasks efficiently and effectively.

In a more recent study on self-regulatory efficacy concerning information privacy practices in Taiwan, female subjects were found to exhibit a higher level of self-regulatory efficacy than males for the protection and non-acquisition of personal privacy information (Kuo, Lin, and Hsu 2007). We suggest previous studies reveal the likelihood that females are more consciously engaged morally, therefore we posit the following hypothesis:

> *Hypothesis 1:* *Female employees demonstrate lower levels of moral disengagement compared to their male counterparts.*

Personality

Personality traits refer to relatively stable internal states that help to explain how a job incumbent or applicant will behave at work (Epstein 1979; Furnham 1992; Gangestad and Snyder 1985; Hogan 1991; McCrae and Costa 1990). According to McKenna (1994), possessing a certain trait does not guarantee predictable behaviour; however, individuals with a certain trait will be more disposed to respond to a given situation in a certain way.

Many past studies used the Five-Factor Model (FFM) (Epstein 1979; Epstein and Teraspulsky 1986) of personality as an organizing framework in examining the relationship between personality and employee behaviour (Barrick and Mount 1991; Judge and Ilies 2002). The FFM (Burger 2008) posits that personality may be described in terms of five higher order factors, i.e. neuroticism or emotional stability; extraversion; openness to experience; agreeableness; and conscientiousness (Digman 1990; Goldberg 1992). Many scholars claim that most individual differences in personality can be best understood in terms of these five basic traits (Barrick and Mount 1991; Costa and McCrae 1992; Hurtz and Donovan 2000). However, only conscientiousness and extraversion were considered in this study because both traits are associated with work performance (Barrick and Mount 1991; Hough 1992; Salgado 1997; Tett, Jackson, and Rothstein 1991). Conscientiousness is important in predicting success across jobs whereas extraversion correlates with success in sales and management jobs as well as with training performance.

5

Personality is said to influence self-control and self-regulation (Williams 1997; Stewart, Carson, and Cardy 1996). Since moral disengagement is dealing with an individual's self-regulatory function, the two personality traits chosen in this study were based on the likelihood that these traits would influence moral disengagement. The first is conscientiousness. Individuals with this trait could be described as reliable, hardworking, self-disciplined, dependable, achievement oriented, planning-oriented, organized, and persevering (Barrick and Mount 1991; McCrae 1987). These traits have been related to higher work performance across occupations.

The capability of conscientiousness in predicting self-discipline, achievement striving, and dutifulness have become a topic of interest (Barrick and Mount 1991; Barrick, Mount, and Strauss 1993; Barrick and Mount 1993; Costa and McCrae 1992; Stewart and Carson 1995). An individual high on the conscientiousness dimension is said to display considerable self-direction (Stewart, Carson, and Cardy 1996). Conscientiousness is also found to be positively and strongly associated with self-management skills (Williams et al. 1995). Further, conscientiousness is found to be positively related to goal commitment (Barrick, Mount, and Strauss 1993; Colquitt and Simmering 1998). On the basis of these findings, conscientiousness is expected to be negatively related to moral disengagement. Thus, the following hypothesis is proposed:

Hypothesis 2a: Conscientiousness is negatively associated with moral disengagement.

The second personality trait which has been chosen is extraversion (Spangler and Palrecha 2004). Extraversion could be described as the extent to which a person is assertive, gregarious and enthusiastic (Barrick, Mount, and Strauss 1993; George 1996; Burger 2008). People high in extraversion tend to feel self efficacious (George 1996). Williams and colleagues (1995) revealed that extraversion is positively related to self-management skills. Extroverts are optimistic (Hills and Argyle 2001). Scholars have found that optimism is positively associated with self-regulation (Cantor and Zirkel 1990; Kirschenbaum 1987; Scheier and Carver 1985). Thus, extroverts may also be at better self-regulation. Therefore, the following hypothesis is asserted:

Hypothesis 2b: Extraversion is negatively associated with moral disengagement.

Organizational ethical climate and moral disengagement

Generally, situational and organizational factors are known to influence the behaviour and attitudes of employees (Trevino 1986). Triadic reciprocity in social cognitive theory (Bandura 1986) also supports this concept. Research has established that organizational climate could be a significant factor in shaping the behaviour of employees (Schneider 1975). Other earlier studies posit a substantial relationship between climate and behaviour (Dieterly and Schneider 1974). Later, Turnipseed (1988) found that organizational climate has significant impact on employee behaviour and Michael et al.(2004) relates this to leadership in ethics. Organizational climate includes climate for service, climate for safety compliance, climate for innovation (Schneider 1987) and ethical climate (Victor and Cullen 1988).

The literature has demonstrated that organizational ethical climate has significant influence on employees' ethical behaviour (Deshpande, George, and Joseph 2000; Fritzsche 2000; Trevino, Butterfield, and McCabe 1998). Ethical climate refers to a group of prescribed climates reflecting organizational procedures, policies, and practices with moral consequence (Martin and Cullen 2006, p.177). Climates which constitute a strong emphasis on ethical behaviour tend to have less occurrence of deviant behaviour (Peterson 2002). For example, Kurland (1995) found that financial services agents working in organizations concerned with ethical practices were less likely to withhold information from clients in order to secure sales. As employees' ethical behaviour is very much influenced by their perceptions of organizational policies and practices (Wimbush and Shepard 1994; Litzky, Eddleston, and Kidder 2006),working in an organization which upholds ethical principles and practices will likely reduce the tendency to be morally disengaged. Therefore, the following hypothesis is posited:

> *Hypothesis 3:   Organizational ethical climate is negatively associated with moral disengagement.*

METHODOLOGY

This study is part of the pilot study carried out as a pre–test procedure. Convenience sampling was used in selecting the sample. This sampling method was applied because a small number of respondents with certain characteristics were deemed to be more efficient in exploring errors in survey instrument design

than respondents chosen randomly from the population of interest (Reynolds and Diamantopoulos 1998). In all, 50 respondents from Malaysia participated, which is an adequate number for statistical testing (Luckas et al 2004).

[Insert Table 1 here]

Table 1 presents the profile of respondents. All information was presented in actual figures and percentages to facilitate interpretation. The majority (32%) of the respondents were from communications and telecommunications industries. Almost all of the respondents worked for large companies, i.e. 1000 or more employees. As for respondents experience, the sample represented an equal percentage (36%) of employees who had experience working for less than 5 years and working for more than 10 years. More than half of the respondents were female (56%) and the remaining (44%) were male. The majority of the respondents were Malay (46%) and only 8 percent were Chinese. As for age, more than half of the respondents were between 35 to 44 years old. Lastly, most of the respondents had a Bachelor degree (62%) and the remaining had either a Master's degree (22%) or other qualification (16%).

Measures

Given the fact that respondents were from Malaysia and little research using the specified measures has been conducted outside of western countries, we utilised a back-translation process to minimize any possible variance due to cultural and linguistic differences.

Gender

Respondents were asked to indicate their gender by circling either option. This dichotomous variable was scored such that Male = 1 and Female = 2.

Personality

In this study, the two personality traits (conscientiousness and extraversion) were measured using Mini-IPIP scale (Donnellan et al. 2006) . The Mini-IPIP is a short form of personality scale which shows very good test-retest reliability, convergent, discriminant and criterion related validity. Each personality trait was measured using four items, for a total of eight questions, on a 6- point scale ranging

from 1 (very inaccurate) to 6 (very accurate). Scores for individual items from each scale were summed to produce a total score for each of the two scales.

Organizational ethical climate

Organizational ethical climate was measured based on the scale used in the study by Schwepker (2001). This scale has been widely used to measure the presence and enforcement of codes of ethics, corporate policies on ethics and top management actions related to ethics (Schwepker and Hartline 2005; Jaramillo, Mulki, and Solomon 2006; Schwepker 2001; Schwepker, Ferrell, and Ingram 1997; Qualls and Puto 1989). Respondents were asked to indicate on a 6-point Likert scale ranging from 1 (strongly disagree) to 6 (strongly agree) the extent to which they agreed with the statements describing the existence of ethical climate in their firm. Responses were averaged such that a higher score reflected an employee's perception of a more ethical climate.

Moral disengagement

Moral disengagement was measured to determine an individual's predisposition to disengage from moral self-regulation (Bandura et al. 1996). The 32 items scale, developed by Bandura and used in multiple studies by Bandura and others (Bandura et al. 1996; Bandura et al. 2001; Pelton et al. 2004; Detert, Trevino, and Sweitzer 2008), was adapted to measure moral disengagement of employees in this study.

Moral disengagement was composed of eight subscales corresponding with the eight interrelated moral disengagement mechanisms. Since Bandura's scale was developed for use with children and young adolescents, the researcher adapted this scale to fit the sample of this study. Respondents were asked to rate their agreement or disagreement on the statements given on a 6-point Likert scale ranging from (1) strongly disagree to (6) strongly agree. The sum of the items on the moral disengagement scale represents the score for moral disengagement.

Control variables

Organizational size, age and work experience are included as control variables. Literature suggests that large organization tends to have a wider span of control, which can lead to lack of

supervision of employees and ambiguous standards (Meier and Bohte 2000; Woodward 1980). These conditions might influence employees' tendency to be morally disengaged and commit unethical acts. Hence, size of the organization was measured by the number of employees. Age of employees is also treated as control variable as past research suggests that age is related to deviant reactions (Aquino and Douglas 2003; Grasmick and Kobayashi 2002). Finally, employees' working experience is controlled given that previous research indicates that work experience affects ethical decision making (Craig Keller, Smith, and Smith 2007) and ethical judgment (Eweje and Brunton 2010).

RESULTS

To test reliability of the measures, we measured the Cronbach alpha (Nunnally 1978). Cronbach alphas for this study ranged from 0.69 to 0.92, all within acceptable ranges described in the literature (Nunnally 1978) (Table 2).

[Insert Table 2 here]

A one way analysis of covariance (ANCOVA) was used to test hypothesis 1. The results are presented in Table 3. Age (F = 0.992; p= 0.324) and size (F = 0.609; p = 0.439) of organizations are not significantly related to moral disengagement. On the other hand, work experience shows a moderately significant relationship with moral disengagement; (F = 3.491; p= 0.068). There is also a moderately significant effect of gender (F = 3.726; p = 0.060) on moral disengagement when age, organizational size and work experience are statistically controlled (Table 3). Thus, the results suggest some support for hypothesis 1.

[Insert Table 3 here]

To test hypotheses 2a, 2b, and 3, hierarchical regression analysis was used. Prior to testing, multicollinearity was assessed by examining variance inflation factors (VIF) and tolerance values. VIF ranged from a low of 1.108 to a high of 1.559. Tolerance values were no lower than 0.641. Based on these results, multicollinearity was likely not a problem (Hair et al(1998).

[Insert Table 4 here]

Table 4 displays the results of the regression analysis. The results indicate that the three control variables do not have any significant influence on the dependent variable. As for the independent variables, conscientiousness (β= -0.477; p=0.000) and extraversion (β= -.302; p=0.013) are found to have a significant negative relationship with moral disengagement. Organizational ethical climate is found to have a negative and modestly significant relationship with employee's moral disengagement (β = -.195; p=0.052). Therefore hypotheses 2a, 2b and 3 are confirmed.

DISCUSSION

The findings of this study support the existence of gender differences in the level of moral disengagement of employees, although statistical tests suggest the relationship is weak. Nevertheless, this result is in line with socialization theory, which indicates that gender differences have important implications for ethical choice.   In addition, the findings offer evidence that employees' personality traits and organizational ethical climate have a significant influence on moral disengagement. Hypotheses 2a, 2b and 3 were confirmed. Based on the findings, a few implications are put forth.

First, previous studies indicate the existence of strongly significant gender differences in the level of moral disengagement (Bandura 1986; Turner 2008) . However, the modest results in the current findings should be interpreted with caution. By example, previous studies used school children as a sample, while the current study applied the moral disengagement scale to adults. For that reason, gender differences in moral disengagement might not be too obvious as adults in general have higher moral reasoning abilities compared to school children (Rest 1990) and there were no gender differences in the levels of moral awareness among adults (Moore 2008). Further, one of the covariates (employees' work experience) was found to have a modest influence on moral disengagement (Table 3). As a result, employees' work experience could further constrain gender differences in the current study. Work experience has been previously associated with the development of an individual's ethical standards (Keller, Smith, and Smith 2007) and ethical behaviour (Veit and Murphy 1996). Thus, the findings indirectly indicate that work experience could influence employees' tendency to be morally disengaged regardless of their gender differences.

Second, our findings provide evidence on the influence of personality traits on moral disengagement. The two selected personality traits (conscientiousness and extraversion) were found to be significantly and negatively related to moral disengagement. The results support individual level differences, as conscientiousness is the best predictor among the Big Five personality traits of overall job performance (Barrick, Mount, and Judge 2001). Moreover, conscientiousness is found to be related to a desire to   exercise self-control (Costa and McCrae 1992) and capable of predicting self-discipline, achievement striving and dutifulness (Barrick and Mount 1991, 1993; Costa and McCrae 1992; Mount, Barrick, and Strauss 1994; Stewart and Carson 1995). As for extraversion, this trait has been found to be related to high job performance, job satisfaction, team performance and low absenteeism (Judge, Thoresen, and Martocchio 1997; Judge and Bono 2000; Judge and Ilies 2002; Kichuk and Wiesner 1997; Tett, Jackson, and Rothstein 1991). Supported by these previous findings, our results suggest that conscientious employees apply more effort as well as more persistence to overcome work-related challenges. As a result, conscientious employees have a stronger commitment to their organizations and are thus less likely to be morally disengaged. Similarly, employees high in extraversion tend to be high performers and committed to their organizations and have fewer tendencies to be morally disengaged. From a theoretical perspective the results suggest that personality is manifest in individual differences, using the cognitive function of moral disengagement. Personality could be said to influence future behaviour in the very moment of the occurrence of the behaviour.

Lastly, organizational ethical climate was found to have a modest negative relationship with moral disengagement. Referring to literature that suggests that ethical climate has been associated with ethical behaviour (Wimbush, Shepard, and Markham 1997) and organizational commitment (Ostroff 1993), the negative relationship with moral disengagement is supported by this study. In addition, attitudinal theory suggests that individual evaluations of an object lead to attitudes, which subsequently explain behavioural intentions (Ajzen 2001). Hence, in this study, employees' positive evaluation of their organizational ethical climate is negatively related to moral disengagement. It has long been suggested to incorporate ethics into organizations (Grace and Cohen 2010; Robin and Reidenbach 1987; Shaw, Barry,

and Sansbury 2009); thus, the findings of this study are compatible with the notion that creating an ethical climate within organization may provide a means of doing so.

LIMITATIONS AND CONCLUSIONS

This study is not without limitations. The generalisability of the findings is limited because of the small sample size and the application of the convenience sampling. Additionally, as in any ethics research, this study is conducive to socially desirable responses, or a desire to present oneself favourably regarding social norms and standards (Zerbe and Paulhus 1987). However, several preventative steps, such as guaranteed anonymity and confidentiality of individual responses and use of some reversed scored items, were taken to ensure that social desirability bias was minimized (Podsakoff et al. 2003). Finally, the moral disengagement scale applied was previously designed and validated only in samples of children and young adolescents in the western countries (Bandura et al. 1996; Bandura et al. 2001). There might be some possible setbacks of applying this measure to an adult sample in non-western countries such as Malaysia. However, the measures has been carefully adapted and tailored to accommodate the sample of this study through a rigorous back translation process.

In conclusion, although moral disengagement has been widely researched, most previous research has focused on outcomes (McAlister, Bandura, and Owen 2006; Bandura et al. 1996; Bandura et al. 2001; Bandura, Underwood, and Fromson 1975). Little, therefore, is known about the antecedents of moral disengagement. This study provides preliminary evidence on the relationship between employees' individual differences and organizational ethical climate with moral disengagement beyond the ordinary scope of western countries. Further, this study responds to recent calls to investigate individual psychological processes in order to explain unethical behaviour in organizations(Messick and Bazerman 1996; Tenbrunsel and Messick 2004). Our findings confirm that individual personality traits and organizational climates, namely, ethical climates, do impact on moral disengagement. The findings pave the way for further study of antecedent conditions in predicting the extent to which business employees have a predisposition to disengage from moral self-regulation, and to what extent this is manifested in ethical (or unethical) behaviour.

13

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14

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17

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22

FIGURES

Figure 1: Theoretical Framework

23
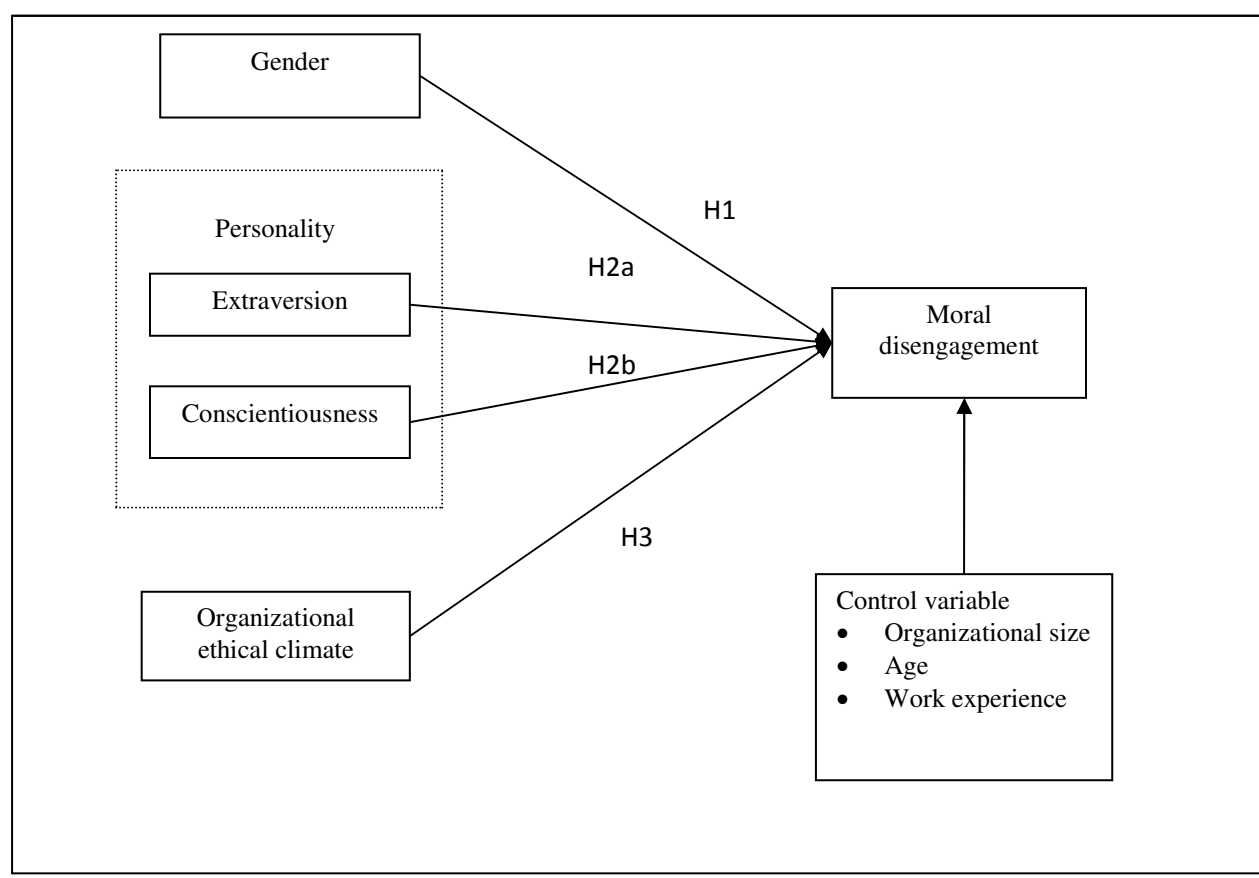
TABLES

Table 1: Profile of Respondents

Demographic profile	Number of respondents (N=50)	Valid percentage (%)
Industry		
Accounting	5	10.0
Finance	6	12.0
Banking	7	14.0
Communications & Telecommunications	16	32.0
Construction	5	10.0
Manufacturing	6	12.0
Others	5	10.0
Size of organization		
< 1000 employees	2	4.0
1000-1900 employees	29	58.0
2000-2900 employees	13	26.0
3000-3900 employees	4	8.0
>4000 employees	2	4.0
Years working in present organization		
< 5 years	18	36.0
5-10 years	14	28.0
>10 years	18	36.0
Gender		
Male	22	44.0
Female	28	56.0
Race		
Malay	46	92.0
Chinese	4	8.0
Age		
Up to 25	6	12.0
26-34	17	34.0
35-44	26	52.0
Above 45	1	2.0
Educational qualification		
Undergraduate degree	31	62.0
Master's degree	11	22.0
Other	8	16.0

24

Table 2: Reliability Tests

Constructs	Cronbach's Alpha
Moral disengagement	0.728
Ethical culture	0.694
Extraversion	0.915
Conscientiousness	0.840

Table 2: Reliability Tests

25

Table 3: Analysis of Covariance

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Age	82.848	1	82.848	.992	.324
working experience	291.448	1	291.448	3.491	.068
Size of organization	50.819	1	50.819	.609	.439
Gender	311.037	1	311.037	3.726	.060
Error	3756.731	45	83.483		
Total	386640.000	50			

Table 4: Regression Analysis

Variable	Model 1	Model2
Age	.185	.076
Work experience	-.262	-.150
Size of organization	-.125	-.057
Conscientiousness		-.477**
Extraversion		-.302*
Organizational ethical climate		-.195***
R square Adjusted R square F F change Sig. F change	.065 .004 1.073	.630 .578 12.202** 21.872 .000

*p<.05;**p<.001;***p<.10