



## Ethical Dissonance and Response to Destructive Leadership: A Proposed Model

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A new predictive model is proposed that attempts to illustrate the person-organization (PO) exchange cycles that occur in each of four distinct ethical PO fit scenarios: high organizational ethics, high individual ethics; low organizational ethics, low individual ethics; high organizational ethics, low individual ethics; and low organizational ethics, high individual ethics. Previous models that examine ethical decision making in the organization are examined, and the new causal model is described. Recommendations for testing the validity of the model include a combination of quantitative and qualitative measures. Limitations of the model and recommendations for further study are also discussed.

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Considerations of person-organization fit may necessitate more than simple compatibility between a position and an individual's education, experience, and skills. If the organization's values and ethics are not compatible with the individual's ethics, the likelihood of the person remaining in that organization significantly decreases (Sims & Kroeck, 1994; Coldwell, Billsberry, Meurs, & Marsh, 2008). The need for ethical fit extends far beyond the previously established interpretation of the psychological contract, which was either primarily transactional or relational (O'Donohue & Nelson, 2009). Schneider (1987) contended that employees choose to place themselves into and out of work situations, and are therefore often responsible for their work environment, because it is the result of the choices that people are making. Further, Schneider (1987) proposed that when an employee senses a person-organization lack of ethical fit, the employee will choose to leave the organization.

Coldwell, Billsberry, van Meurs, and Marsh (2008) developed an explanatory model of the effect of person-organization ethical fit upon the attraction and retention of employees. They explained, "Individual perceptions of ethical-organizational fit depend on individual's perceptions of their company's ethical orientation and CSR-derived corporate reputation" (p. 611). Variation in employee perception of ethical fit seems to initially stem from variation in levels of moral development (Kohlberg, 1981); however, variations can also increase or decrease with tenure, due to social influence within the organization (Brewer, 2007; Zyglidopoulos & Fleming, 2008; Coldwell et al. 2008; Ashford & Arand, 2003).

Why would some employees choose to leave an environment in which they perceive a lack of PO fit (Schneider, 1987), while others choose to stay (Zyglidopoulos & Fleming, 2008)? The purpose of this paper is to examine the impact of ethical person-organization fit upon employees, and to propose a causal model that will attempt to explain why some who experience ethical dissonance, choose to “blow the whistle” or leave (Sims & Kroeck, 1994; Schneider, 1987; Coldwell et al. 2008), while others choose to stay and become socialized within the system (Padilla, Hogan, & Kaizer, 2008; Zyglidopoulos & Fleming, 2008).

### Previous Research on Ethical Decision Making in Organizations

The majority of models that attempt to address ethical decision making illustrate judgment as the foundational step in a process that entails multiple decisions (Nguyen & Biderman, 2007; Dubensky & Loken, 1989; Jones, 1991; Trevino, 1986).

Rest’s (1986) work is foundational for contemporary research in the field. He proposed four steps in moral decision making. An individual must: (a) recognize that a moral dilemma exists, (b) make a choice based on moral judgment, (c) determine to deem moral concerns more imperative than other concerns, and (d) act upon the moral concerns. According to Rest (1986), success in one of the areas is not predictive of success in any of the other stages. For instance, one could be highly skilled in moral reasoning but lack resolve to act morally, or resolve to act morally but lack the moral reasoning necessary to deliberate and select the moral action. Rest (1979) also developed the Defining Issues Test (DIT) based on Kolberg’s moral development theories, which provided a more reliable method of measuring moral judgment than previous scales.

Jones (1991) developed an explanatory model that merged Rest’s (1986) four-step moral reasoning model with Fiske and Taylor’s (1984) work on social cognition to illustrate the ethical decision making process of an individual who was encountering such an ethical dilemma within the context of work. Jones’ (1991) model (in Figure 1) demonstrates that

*“moral intensity will affect the recognition of moral issues through its impact on the individual’s recognition of the consequences of decisions.... Moral issues of high intensity will be more salient...because (a) [there is] greater magnitude of consequences, (b) their effects stand out, and (c) their effects involve significant others (greater social, cultural, psychological, or physical proximity)” (pp. 380-381).*

Jones’ (1991) work challenged the assumption that individuals will “decide and behave in the same manner regardless of the nature of the moral issue involved” (p. 391).

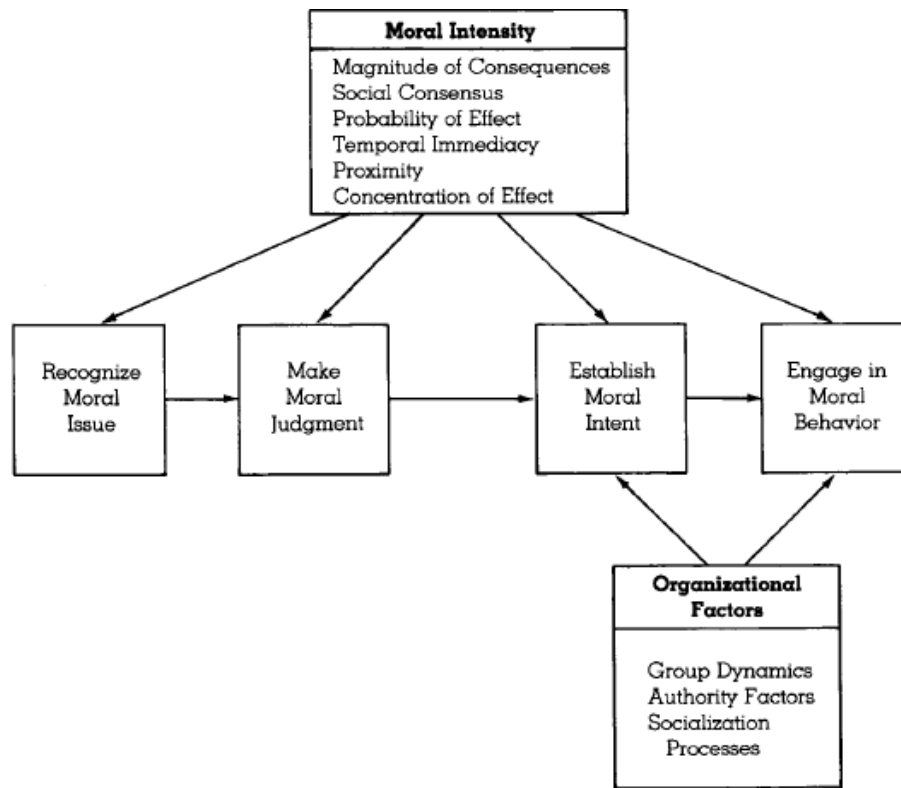


Figure 1. Jones (1991) ethical decision making model.

Jones' (1991) model illustrated the impact that moral intensity has upon ethical choices and behavior, and acknowledges that organizational factors influence the establishment of moral intent and behavior. However, the model fell short of reflecting the cyclical, ongoing dynamic exchange between the individual and the organization, which impacts the development and sustaining of one's code of conduct in the organizational context. Jones and Hildebeitel (1995) filled this gap when they conducted a study of organizational influence upon moral decisions, and proposed a model that demonstrated organizational influence upon the moral decision-making process. Like Jones (1991), Jones and Hildebeitel (1995) based their study and proposed model upon Rest's (1986) moral reasoning and Kohlberg's (1976) cognitive moral development theory.

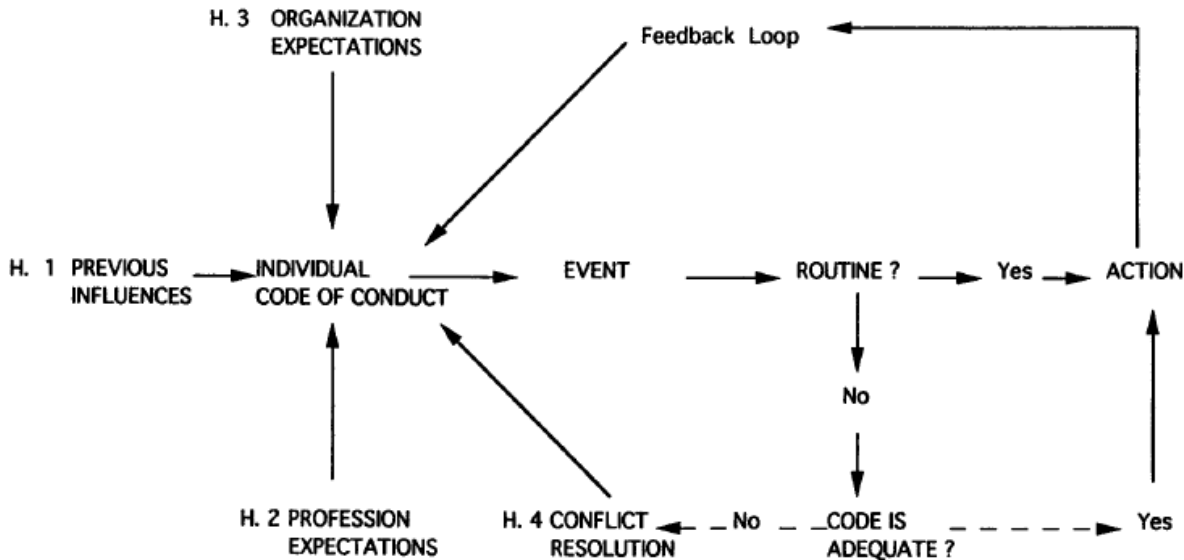


Figure 2. Jones and Hildebeitel (1995) Formation and revision of an individual's code of conduct.

Jones and Hildebeitel's (1995) model was unique because it illustrated two distinct choice-cycles that one could experience in relation to one's personal code of ethics. When employees were called upon to do tasks in events that were considered "routine" (implying no internal conflict or cognitive dissonance), actions taken were almost automatic, and feedback followed to evaluate ethical fit. However, when an ethical issue was presented in an event that diverged from the routine, one referred to one's personal code of conduct for ethical cues. In some cases, however, the individual's code of conduct would be insufficient to help the individual make the necessary moral decision. In such a case, the individual would return to the formation stage of his or her code of conduct and consider all of the influencing factors that impacted his or her code of conduct, to resolve the conflict. Professional and organizational influences, as well as previous personal influences impact the formation (and at times, re-formation) of the individual's code of ethics, and the influences that are the strongest are the ones that determine the re-formation of the individual's code of conduct. The process that Jones and Hildebeitel (1995) describe is reflective of Wieck's (2005) sensemaking process within organizations, in which the members discuss confusing or unusual stimuli together, in order to formulate a shared perception of the issue and, consequently, a shared directional decision. Haslam's (2004) self-identity theory proposes that one's self-concept is not immutable, which is also compatible with Jones and Hildebeitel's (1995) study. While a wealth of research has been dedicated to the development of models based upon ethical decision making (Jones, 1991; Jones & Hildebeitel, 1995; Trevino, 1986; Donaldson & Dunfee, 1994), social and psychological contracts

(O'Donohue & Nelson, 2009; Bunderson, 2001; Thompson & Hart, 2006; Gosling & Huang, 2009) , and moral development (Kohlberg, 1976; Rest, 1986; Wood & Bandura, 1989), little attention has contributed to the examination of the impact of ethical person-organizational fit upon the person-organization exchange, within each of the four potential fit options. Two options possess high person-organization fit (a) high organizational ethics, high individual ethics (High-High) (b) low organizational ethics, low individual ethics (Low-Low); and two possess low person-organization fit (c) high organizational ethics, low individual ethics and (High-Low) (d) low organizational ethics, high individual ethics (Low-High). The proposed Ethical Dissonance Cycle model attempts to fill this gap by demonstrating the cyclical, dynamic person-organization exchange that occurs when one finds oneself in any of these four scenarios.

### The Ethical Dissonance Cycle

The Ethical Dissonance Cycle model contributes to existent literature by attempting to illustrate the interaction between the individual and the organization, based upon perceived person-organization ethical fit at various stages of the contractual relationship in each potential ethical fit scenario. To some extent, one's relation to the community with which one identifies plays a role in self-definition (Haslam, 2004), suggesting that one's nature responds to social contracts in which it is immersed (Jones & Hildebeitel, 1995; Kohlberg, 1976). The EDC also attempts to illustrate how ethics levels and perceived PO fit impact interaction with the community and self-definition.

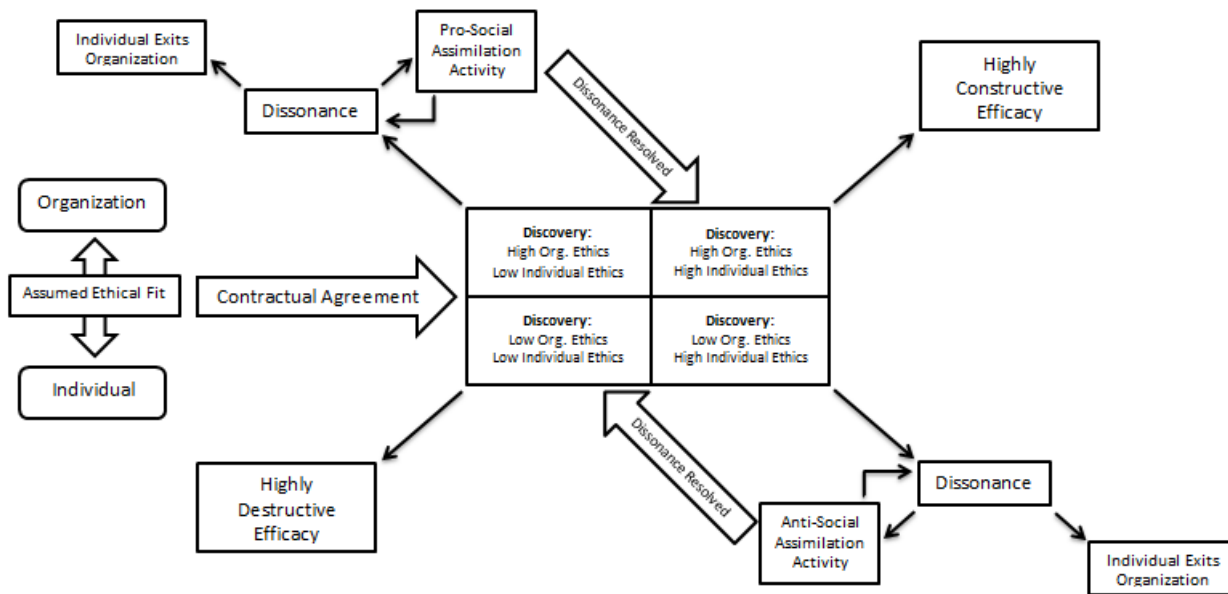


Figure 3. Ethical dissonance cycle.

## **Initiation of the Relationship - the Contractual Agreement**

The Ethical Dissonance Cycle model begins with the employee's entry into the organization, at which moment person-organization (PO) ethical fit is, at least, initially assumed (Coldwell et al. 2007; Sims & Kroeck, 1994). Coldwell et al. (2007) proposed their model from the position that ethical-organizational fit is dependent upon the way an individual perceives the ethical orientation of the company, as well as the corporate reputation which is based upon the organization's level of demonstrated CSR. This is not a new concept. Judge and Cable (1997) found that individuals search for employment from organizations that share their core values, and Posner, Kouzes, and Schmidt (1985) also found that employers attempt to match up potential employees' values with those of the organization prior to entry into a contractual agreement.

## **Entry into the Discovery Process Quadrants**

Both individuals and organizations assume a relative level of person-organization ethical fit upon entry into a contract (Coldwell et al., 2008). However, over time, through observation of behavior and discursive activity, the perceptions of individual and corporate sense of meaning, values, significance, and direction emerge through the process of sensemaking (Weick, 2005). The discovery process will cause both the individual and the organization to realize whether or not the initially assumed ethical congruence exists in actuality (Coldwell et al., 2008) as both parties attempt to locate in which quadrant they jointly belong.

In two polar quadrants (high-high and low-low), no ethical dissonance exists. Person-organization fit is optimal, and the organization is highly effective, either to constructive or destructive ends (Pervin, 1968, Padilla et al., 2007). The other two quadrants demonstrate a lack of person-organization fit in the realm of ethics and values (high-low and low-high). Once perception of fit (or lack of fit) is assessed, Interligi (2010) proposes that both the organization and the individual initiate engagement in a process designed to either create or sustain compliance. Interligi (2010) describes this process on two levels: the organization-environment interface, in which the expectations of the stakeholders attempt to shape organizational behavior, and the organization-employee interface, in which organizations purpose to steer and sway the behavior of their employees. Whether the ethical shortfall is on the part of the individual or the organization, it triggers a cycle of socialization that will attempt to resolve the dissonance. This process is necessary for the organization, because, in the words of Ralston and Pearson (2010), "when ethical congruence does not exist [between subordinates and supervisors], trust cannot exist; and when trust is lacking, work productivity influenced by this relationship diminishes" (p.150). When individuals are identified to be ethical misfits "that either exceed or fall short of perceived organizational ethical performances" (Coldwell et al., 2008, p. 611), it will be significantly more difficult to acquire an employment contract if they are not yet hired,

or retention will require specific behavioral adjustments. Still, Coldwell et al. (2008) recognized “that once employed, specific leadership and company socialization processes can themselves enhance individuals’ moral reasoning” (p. 611). This “enhancement of individuals’ moral reasoning” cannot be assumed to always be constructive. Socialization and assimilation processes initiated by transformational leadership can also be destructive (Bass & Steidlmeier, 1999). Some of the most destructive and unethical leaders in history were charismatic leaders, but they used their charisma for evil instead of good (Luthans, Peterson, & Ibraveva, 1998; Kellman & Hamilton, 1989; Padilla et al., 2007). The following section will use existent literature to explain the process illustrated in the Ethical Dissonance Cycle (EDC) model.

### **High Organizational Ethics, High Individual Ethics (High-High)**

Highly ethical individuals who find themselves in an organization with ethical standards that meet their expectations and match their own ethics will typically choose to continue to stay employed in the organization (Sims & Kroeck, 1994). Numerous studies point to a highly constructive efficacy when both the individual and the organization possess high ethical standards. Barker (1993) described the resulting momentum that is produced when employees expressed their mutual commitment to one another and their organization, by submitting to and enforcing the rules that they collaboratively wrote. Impartial principles of bureaucracy were introduced, documented and strengthened by perpetual peer supervision in this ethical climate. As a result, new employees were removed from probation when they demonstrated that they embraced the ethical standards by enforcing and obeying the rules (Barker, 1993). In addition to positive and smooth socialization, according to Koh and Boo (2001) morale, organizational commitment, and organizational performance have a statistical likelihood of steadily increasing when both personal and ethical ethics are high. Koh and Boo (2001) identified three distinct measures of organizational ethics: support for ethical behavior from top management, the ethical climate of the organization, and the connection between career success and ethical behavior, and found a link between these measures and job satisfaction. Koh and Boo (2004) then discovered that organizational commitment is also positively affected by ethical behavior. Specifically, Koh and Boo (2004) found that “positive ethical culture and climate produces favorable organizational outcomes... by setting down the ethical philosophy, rules of conduct and practices, [a code of ethics] can enhance corporate reputation and brand image” (p. 687), enabling employees to associate ethical behavior with success in their career. When top management proactively focuses on these variables, they are able to “enhance job satisfaction and organizational commitment... by promoting and developing a more benevolent ethical climate” (p. 686). These findings demonstrate that both external outputs (between the stakeholders and the organization) and internal outputs (between the employees and the organization) achieve maximized efficacy when personal and

organizational ethics are both high (Pervin, 1968; Posner, Kouzes, & Schmidt, 1985; Gosling & Huang, 2010).

### **Low Organizational Ethics, Low Individual Ethics (Low-Low)**

Although PO fit is most typically associated in research with constructive outcomes (Pervin, 1968; Posner et al., 1985; Gosling & Huang, 2010), PO fit simply implies agreement between leadership/organization and followers; it has no inherent moral implication. Howell and Avolio (1992) assert, as this paper proposes, that leadership in this context is essentially a value-neutral social influence, measured in terms of the leader's effectiveness in empowering the team to reach its collective objectives. From this perspective, a leader may be highly effective in terms of group performance outcomes, but a distinction is made between constructive and destructive leaders (Kellerman, 2004). Hitler, for example, can thus be described as a very effective leader, but he was "a prime example of destructive leadership" (Padilla et al., 2007, p. 179).

When both the individual and the organization possess low moral or ethical development, PO fit exists, but momentum is thrust into a negative direction (Brewer, 2007; Zimbardo, 2007). Brief, Buttram, and Duke (2001) found that when corruption has infiltrated an organization to the point of becoming an institution-wide force, it has its own momentum and life. At this point, it takes more conscious effort to stop the corruption than to participate in it (Ashforth & Anand, 2003). Because ethical PO fit exists, the employee will be immersed into the organization's highly effective, highly destructive momentum (Padilla et al., 2007), typically defined by domination and oppression rather than influence and commitment (Howell & Avolio, 1992), self-centered orientation (Bass & Steidlmeier, 1999; Luthans et al., 1998; Kellman & Hamilton, 1989). Additionally, collaboration and development, equipping, or empowering of followers is not typically the mark of low-low ethical combinations (Conger, 1990), because follower empowerment would detract from the leader's personal influence (Howell & Avolio, 1992; Bass & Steidlmeier, 1999).

Padilla et al. (2007) contended that "dysfunctional leader behaviors and susceptible followers interacting in the context of a contributing environment" (p. 179) produce negative organizational outcomes in which "followers must consent to, or be unable to resist, a destructive leader" (p. 179). Low-low ethical combinations emphasize the "leader-centric" nature of the construct (Kellerman, 2005, Yukl, 2005), and emphasize the dynamic interplay between the leader's destructive nature, the followers' level of susceptibility, and the ethical environment, because "the roles of followers and environmental contexts have not received adequate attention" (Padilla et al., 2007, p. 179). This creates an organizational petri dish for perpetuating collective unethical, destructive behavior in otherwise "normal" people (Brewer, 2007; Zimbardo, 2007, Zyglidopoulos & Fleming, 2008). Members will continue to remain in this cycle until

either the organization itself finally implodes, or the individual re-evaluates his or her value, perceives a lack of fit, and chooses to exit (Brewer, 2007). It should thus be noted at this point that since one's self-perception is not immutable (Haslam, 2004), it is possible for individuals to move from one ethical PO fit quadrant to another if their self-perception is altered, their concept of the organization is altered, or something occurs out of the ordinary to challenge their code of conduct (Jones & Hildebeitel, 1995; Brewer, 2007; Jones, 1991).

### **Low PO Ethical Fit Conditions**

After the "organizational honeymoon" wears off, organizations or individuals may encounter stimuli that challenge their initial perception of the other party's ethical standing (Coldwell et al., 2008). When such issues and circumstances are encountered, ethical dissonance may emerge. "Moral stress" results when incongruence between personal ethics and those perceived to be held by the organization emerges (Waters & Bird, 1987). Kelman and Hamilton (1989) proposed that one's propensity to challenge authority when one encounters such a situation is derived from the interaction of two forces that stand in polarity to one another: binding forces (forces that strengthen the structure of authority), and opposing forces (which challenge and resist authority).

When opposing forces are more powerful than the forces that bind, one will tend to resist authority. Opposing forces are directly impacted by physical distance and psychological distance. When psychological or physical proximity increases, challenges to authority are more likely (Kelman & Hamilton, 1989). When an individual's personal ethical ideologies, values, or developmental stage of cognitive morals are mismatched with what is perceived to be held within the organization, Wyld and Jones (1997) proposed that "the contextual influence of the ethical work climate type(s) perceived by the individual in that person's referent organization will differentially influence [both] that person's perception of ethical matters [and]... that person's process of resolving ethical matters" (p. 469). In other words, if the individual perceives moral intent, despite the dissonance, the individual's perceptions and actions may be affected. This is illustrated by the processes observed in the two opposing ethical PO fit quadrants: (a) high organizational ethics, low individual ethics, and (b) low organizational ethics and high individual ethics. While optimal efficacy is not experienced in these quadrants in the manner enjoyed by the two quadrants that possessed PO fit (Pervin, 1968), the socialization/assimilation processes are extremely active in these quadrants (Interligi, 2010).

### **High Organizational Ethics, Low Individual Ethics (High-Low)**

If the individual possesses lower ethics than that which is held by the organization, a lack of person-organization (PO) fit will be perceived the closer the leader is to the follower (Kelman & Hamilton, 1989). If not exposed in some blatant act of challenge or

resistance (Kelman & Hamilton, 1989), the discovery of an individual's lack of PO ethical fit is often pointed out by the socialized members within the ethical organization. Stansbury and Victor (2009) found that when an organization with high ethical standards has effectively assimilated their employees to embrace their standards, "a greater appreciation of the degree of informal pro-social control exercised by work groups upon members" (p. 282). Members who are already assimilated in such an organization have a greater likelihood of engaging in whistle-blowing activities when they identify an individual with ethical dissonance (Stansbury & Victor, 2009), initiating further pro-social activities to attempt to socialize the individual and alleviate the ethical dissonance. The process of pro-social assimilation (constructive socialization) would be initiated if a highly ethical organization discovered a member's ethical shortfall. Once this ethical dissonance has discovered, likelihood of turnover rises (Coldwell et al., 2007; Sims & Kroeck, 1994; Gosling & Huang, 2010). The more the individual's personal decisions are seen to be in conflict with the ethical decisions that are perceived to be encouraged by the organization, the greater the experienced (and potentially expressed) discomfort within the individual (Sims & Keon, 2000). Should the contract between the individual and the organization not be terminated, the individual would encounter proactive, pro-social activities to facilitate ethical socialization. This process could uncover further dissonance (Sims & Keon, 2000), and upon each discovery both parties have the option to continue (or re-engage in) the constructive socialization process, or terminate the contract (Sims & Kroeck, 1994; Coldwell, et al., 2008; O'Donohue & Nelson, 2009). The individual must then decide how to respond to this interaction.

Judge, Locke, Durham, and Kluger's (1998) study revealed that an individual may initially have job satisfaction despite a lack of fit, because of high self-perception; however "if an individual's job satisfaction is based on a distorted view of reality, it seems unlikely that these self-deceptive tendencies will prove to be adaptive in the long run" (p. 32). With this in mind, the individual with low ethical standards may find that he or she is unwilling to make the necessary personal alterations, and opt to exit the organization. If, however, the individual is responsive to the constructive socialization process, over time the dissonance will be resolved and they are able to graduate to the high/high (high organizational ethics, high individual ethics) quadrant, and will be capable of participating in the highly constructive corporate and individual efficacy that results (Pervin, 1968; Victor & Cullen, 1988 Gosling & Huang, 2009).

### **Low Organizational Ethics, High Individual Ethics (Low-High)**

According to Koh and Boo (2004), when employees are striving to be personally ethical but "perceive little top management support for ethical behavior, an unfavorable ethical climate in their organization and/or little association between ethical behavior and job success" (p. 679), the resulting dissonance will trigger a reduction in job satisfaction.

Once this ethical dissonance is discovered, likelihood of turnover rises (Coldwell et al., 2007; Sims & Kroeck, 1994). Sims and Keon (2000) found a significant relationship between the ethical rift between one's personal decisions and the perceived unwritten/informal policies of the organization, and the individual's level of comfort within the organization.

Specifically, the greater the difference between the decisions that the individual made and the decisions perceived as expected and reinforced by the organization, the greater levels of discomfort the individual would feel, and the more likely the individual was to report these feelings of discomfort (Sims & Keon, 2000). If the contract between the individual and the organization remains, the individual would encounter the resulting process demonstrated on the proposed model. Statistically, the employee's core self-evaluation scores in self-esteem, self-efficacy, locus of control, and neuroticism (Judge, Locke, Durham, & Kluger, 1998) will be a predictive factor in determining the employee's response. If the employee scores high in self-esteem, high in self-efficacy, high in internal locus of control, and low in neuroticism, he or she will be more likely to either exit the organization or "blow the whistle" (Coldwell et al., 2007). If the employee scores low in self-esteem, low in self-efficacy, high in external locus of control, and high in neuroticism, he or she will be more likely to be vulnerable to abusive supervisor behavior (Burton & Hoobler, 2006) which would then potentially cause further cognitive dissonance and promote lower core self-evaluation scores (Judge et al., 1998). Many scholars have found individuals who were previously ethically "normal" willing to stay in unethical environments and eventually become socialized to conform to the organization's destructive norms and adopt the unethical behavior themselves (Padilla et al., 2007; Zimbardo, 2007; Brewer, 2007; Zyglidopoulos & Fleming, 2008).

The findings from Burton and Hoobler's (2006) study reinforce this principle when they revealed that abusive supervision was a causal factor in employee state self-esteem. This cycle continuously repeats to create "learned helplessness" (Luthans et al., 1998) until there is no longer a conscious cognitive dissonance within the follower, and unless he or she leaves the organization (Brewer, 2007; Coldwell, et al., 2008; Sims & Kroeck, 1997), the follower is immersed into a highly destructive, but highly effective leadership dynamic (Padilla et al., 2007). Zyglidopoulos and Fleming (2008) describe this process as a "continuum of destructiveness in relation to organizational corruption" (p. 265). Their study demonstrated how wrongdoing can snowball as members in the organization participate in increasingly unethical behaviors, and identified four types of actors within this continuum, ranging from full innocence to complete guilt: "innocent bystanders, innocent participants, active rationalizers and guilty perpetrators" (p.265). Members can progress from bystander to perpetrator through the process of socialization. Unlike the socialization process in an ethical organization, the assimilation process is anti-social in the sense that it creates toxic or destructive loyalties (Brewer, 2007; Zyglidopoulos & Fleming, 2008). The methods may include punitive approaches,

such as threat of losing their job or opportunities for promotions, isolation, abusive supervisory interaction and peer pressure (Brewer, 2007; Burton & Hoobler, 2006), but the destructive socialization need not include aversive consequences (Harmon-Jones, Brehm, Greenberg, Simon, & Nelson, 1996).

Numerous studies have demonstrated that induced compliance can be attained in many by introducing consonant cognitions that counterbalance the dissonant cognitions, such as providing rewards for unethical behavior or for failing to report it (Brewer, 2007), or by minimizing the significance of the effects (Harmon-Jones et al., 1996; Zyglidopoulos & Fleming, 2008). Over time, normalization of the unethical behavior occurs and permeates the individuals throughout the organization's ethical culture. Zyglidopoulos and Fleming (2008) describe the process this way: "...this banality of corruption is rather indicative of how it gains a contextual momentum of its own, becomes rationalized and then normalized so that it is deemed more acceptable to the people involved" (p. 267). Ashforth and Anand (2003) state that rationalization is a crucial component for justifying both past, present, and future unethical actions, such as denying responsibility, appeals to higher or more significant loyalties, denying victimhood, and social weighing. According to Ashford and Anand (2003), these techniques for rationalization are utilized within an organization to negate potentially paralyzing conviction of ethical wrongdoing. Corrupt activity can then become routine within the culture, and infiltrate the corporate decision making process, enabling otherwise "law abiding" individuals to commit otherwise unthinkable acts (Staub, 1989; Darley, 1992; Zimbardo, 2007).

A perplexing consensus among researchers who have studied this destructive phenomenon has emerged, which proposes that virtually any individual is capable of being "transformed into a criminal wrongdoer given the right institutional pressures, rewards, and sanctions" (Zyglidopoulos & Fleming, 2008, p. 267). Further, Zyglidopoulos and Fleming (2008) "propose that the very distance between an act and its ethical consequences (ethical distance) may also play a determining role...in the transitional process" (p.265). Their findings are in alignment with Brewer (2007), Zimbardo (2007), Padilla et al. (2007), and Kellman and Hamilton (1989). Ultimately, the goal of the organization is to resolve the dissonance within the employee so the individual can move into the quadrant of mutually low ethics on the model (Brewer, 2007; Zyglidopoulos & Fleming, 2008), and become an active or passive participant in the organization's highly destructive efficacy (Padilla et al., 2007; Brewer, 2007; Zyglidopoulos & Fleming, 2008).

## Future Testing

To optimally test the Ethical Dissonance Model, the proposed research method is to conduct a three-part study of a minimum of 160 participants who are employed in

various positions, roles, departments and locations of corporations of various sizes. This minimum number meets the general rule of thumb to require at least 20 participants for each of the independent variables and regression analyses that would be conducted (D. Fields, personal conversation, November, 2010). Respondents would be selected by personally emailing the link to a SurveyMonkey survey to all non-traditional students in bachelor's and master's degree programs at a private, independent, non-profit university in central California through their school email account. This would protect their anonymity at work, while making each respondent easy to track through institutional email. Respondents would be guaranteed full anonymity, and assured that identities will not be included in the publication of results. Every respondent must have at least one year tenure in their present company, in order to establish the observation of behavioral and ethical patterns that are in line with the organization's actual behaviors, as opposed to the employee's expected ethical behaviors and standards upon entry (Coldwell et al., 2008; Brewer, 2007). This requirement would be articulated on the online survey.

### **Phase One: Placement in Ethical PO Fit Quadrants**

The goal of the first phase will be to place each respondent within one of the four quadrants of the Ethical Dissonance Cycle model, utilizing a general quantitative study. In this phase, upon self-classification as "lower-level, mid-level, or upper-level" employees, the participants will be asked to respond to three measures designed to assess the participants' ethical development, and their perception of ethical fit within the organization. The measures to be used are: the Defining Issues Test (Rest, 1990) to measure the ethical development of the employees, the Individual Beliefs about Organizational Ethics measure (Froelich & Kotte, 1991, as cited in Fields, 2002) to determine which employees accept ethically deviant behavior within an organizational context, and the Work Context Measure (DeMuth, 2006), to assess employee perception of the organization's values and ethical standards, coworkers, supervisors, personal support, advocacy, and authority.

Rest's (1990) Defining Issues Test (DIT) contains six scenarios that require the respondent to deliver an overall action judgment and rank the importance of several factors in his/her decision making through the use of both a ranking procedure and a 5-point Likert scale. The test produces three major indices, namely the P, D, and U scores (Wyld, Jones, Cappel, & Hallock, 1994). The P-score, which stands for "principled morality," demonstrates the percentage of responses that a subject produces which imply the utilization of principled moral reasoning (Rest, 1975; Wyld et al., 1994). The D-score is a composite score that measures every level of moral reasoning that a respondent demonstrates (Davison & Robbins, 1978; Wyld et al., 1994). The U-score, also called the "utilizer dimension" (Wyld et al., 1994), demonstrates a mediating variable in order to improve the power to predict actual behavior as well as cognitive

moral development (Thoma, Rest, & Barnett, 1986; Thoma, 1985, as cited in Wyld et al., 1994). The test-retest reliability of the P, D, and U indices of the DIT, range from .70 and .85 as measured by Chronbach's Alpha (Rest, 1990).

The Individual Beliefs about Organizational Ethics scale (Froelich & Kottke, 1991, as cited in Fields, 2004) identifies more keenly the individuals who are amenable to organizational behavior that is in conflict with social ethical norms. According to Fields (2004), the scale contains 10 items, six that assess the extent of agreement/disagreement with unethical behavior for the sake of support for the company (e.g. pressure to falsify a document); four that assess the extent of agreement/disagreement with unethical behavior for the sake of protecting the company (e.g. lying to a client, supervisor, or other co-worker in order to protect the company). Each item is a statement which respondents must indicate their level of agreement on a 7-point Likert-type scale (1=strongly agree; 7=strongly disagree).

Based on the reliability and validity of these scales (Rest, 1990; Fields, 2004), respondents' composite scores of these two measures should be sufficient to determine participants' ethical developmental levels, and perceived ethical person-organizational fit. The Work Context measure (DeMuth, 2006) will then be given to participants to determine these same employees' perception of their organization's work environment, including ethical/value development in comparison with their own. This measure was selected because it not only measured employee perception of the ethical values of the organization, but other potentially mitigating factors that may emerge as moderating variables in their perception of ethical dissonance (Harmon-Jones et al., 1996). The Work Context measure (DeMuth, 2006) examines six factors that relate to employees' perception of the work environment, including Authority, External Values, Personal Support, Advocacy, Dialogue Structures, and Opportunity to Express Values at Work. *Authority* refers to the degree of formal power one has in the organization, and the freedom to adjust and reshape/redefine one's role at work. Sample items for the Authority section include: "I am given the freedom to make important decisions regarding my job tasks; My boss allows me to determine how to accomplish my tasks; I cannot complete a task until I have approval from my boss on what I have done" (DeMuth, 2006, p. 202). *External values* refer both to values that are formally endorsed by the organization and the informal values that are perceived, including cultural values. Sample questions for external values include: "I really don't notice any clear, consistent values in my organization; The CEO's values fit with my own; I am confused about the way my company's formal values fit with the informal values that I observe in my work group; The CEO of my organization clearly communicates his or her values; The values of my organization seem to change according to the situation; The values of my work group are similar to my own." (pp. 184, 202). *Personal support* refers to the support that a person is given, regardless of the person's position, role, or organizational utility. Sample questions for personal support include: "My boss treats his/her employees as

individuals, rather than all the same; I feel comfortable being myself around my co-workers; I feel a strong sense of support from my peers when I propose a new idea that they agree with" (p. 203). *Advocacy* refers to public formal support of someone else's cause, ideas, efforts, and expression of related values. Advocacy also includes the provision of support in terms of effort, dedication, and loyalty. Sample items for the advocacy subscale include: "I can rely on my boss to stand up for me when there is a problem; When I have an idea for a change, my boss will go to bat for me; I can rely on my boss to support my ideas with decision makers" (DeMuth, 2006, p. 203). *Dialogue structures* refer to organizational structures that facilitate and support dialogical exchange. Sample items for the dialogue structures subscale include: "If an ethical issue arose at work, I would know the proper channels through which to resolve it; My work group has processes in place to address conflicts as they arise at work" (pp. 203-204). *Opportunity to express values at Work* refers to the provision of opportunities and venues to express values in a work context (i.e. while working or through the organization). The Work Context measure (DeMuth, 2006) contains 115 work context items, all using a 6-point Likert scale that ranges from 1 (strongly disagree) to 6 (strongly agree), indicating level of agreement to items that describe one's behavior, CEO behavior, work environment, coworker(s), and supervisor. In DeMuth's (2006) study, its coefficient alpha composite was found to be .94, with all subscale coefficient alphas within acceptable range for reliability (Authority - .83, External Values - .85, Personal support - .82, Advocacy - .87, Dialogue structures - .71, and Opportunity to express values - .88). In terms of validity, it was found to have high correlation to the Psychological Climate measure (Jones & Jones, 1989), and positive correlation was found with job satisfaction and organizational commitment (DeMuth, 2006).

The scores of the Work Context measure (DeMuth, 2006) will then be coded and cross-analyzed with the composite scores of the DIT (Rest, 1974) and the Individual Beliefs About Organizational Ethics (Froelich & Kottke, 1991). Based upon the findings, each respondent will be placed in the ethical PO fit quadrant that reflects their responses. This will demonstrate the principle in the proposed model that every member in the organization will fall into one of the four quadrants, based upon personal ethics and the perceived ethics of the organization.

## **Phase Two: Testing the Person-Organization Exchanges in Each Quadrant**

Now that placement has been established, the processes and dynamic exchanges that the model describes for members in each quadrant must also be tested. In this second phase, the participants in each quadrant will complete the Industrial Relations Event Scale (Kelloway, Barling, and Shah, 1993) and Kacmar and Ferris' (1991) Perceptions of Organizational Politics Scale (POPS).

According to Fields (2004), the Industrial Relations Event Scale's (Kelloway et al., 1993) methodology uses life events to provide three scores: "the occurrence of industrial relations events, the perceived negativity of such events, and the positive perception of industrial relations" (Fields, 2004, p. 143). In this measure, participants only score the industrial relations stressors that transpired on a specified day or during a particular period (Fields, 2004). Among the list of 25 events that the IRES measures are: "Conflict with supervisor or subordinates; Unfair labor practices; Dealing with resistance to change; Being discriminated against; Failure to use industrial relations procedures; being victimized; Being intimidated; Being disciplined; Injustice and inequality; Being called abusive names; Not knowing who to turn to; Lack of trust; Job insecurity; Change in working conditions; Not being represented adequately (Fields, 2004, p. 144). Customary measures of reliability are inappropriate for this measure, because each respondent's recorded stressful industrial relations events during the specified time frame, as well as the events' perceived strength and directional impact (positive or negative) will likely vary (Fields, 2004). However, Kelloway et al. (1993, as cited by Fields, 2004) found a positive correlation between positive mood, job satisfaction, and positive industrial relations stress. Negative industrial relations stress was found to be negatively linked to job satisfaction and positive mood, and positively linked to negative mood. Therefore, if the Ethical Dissonance Model is valid, the responses from participants should reflect each quadrant's predictions. In the two quadrants that demonstrate ethical PO fit, positive industrial relations stress scores should be higher (Pervin, 1968; Pozner et al., 1985; Schneider, 1987). Despite lack of ethical PO fit, respondents who land in the High-Low quadrant would still be expected to have higher positive industrial relations stress scores than those who are placed in the Low-High quadrant, because assimilation/socialization techniques in an organization with high ethics will be pro-social (Trevino, 1992). Individuals who are mapped in the Low-High quadrant would be expected to have high negative industrial relations stress scores, due to the unethical, destructive, and antisocial socialization techniques that such organizations employ to attempt to either assimilate or force out those with higher ethical standards (Brewer, 2007; Zyglidopoulos & Fleming, 2008; Zimbardo, 2007).

The Perceptions of Organizational Politics Scale (Kacmar and Ferris, 1991, as cited in Fields, 2004) should further clarify and reinforce the demonstrated nature of the person-organization relational exchanges in each quadrant. This scale evaluates how much an employee perceives the political nature of the job setting, including supervisor behavior and co-worker actions (Fields, 2004). The scale uses 12 items in three dimensions: general political behavior (e.g. "One group always gets their way; favoritism not merit gets people ahead; Don't speak up for fear of retaliation" (Fields, 2004, p. 119), "get ahead" political behavior (e.g. all reverse scored: "Promotions go to top performers; Rewards come to hard workers; No place for yes men" (Fields, 2004, p. 119), and pay and promotion policy items (e.g. "Pay and promotion policies are not politically

applied; Pay and promotion decisions are consistent with policies” Fields, 2004, p. 120). Validity of the described processes within Ethical Dissonance model would be reflected if the respondents in the quadrants of high organizational ethics (High – High and High – Low quadrants) produced low scores in perceived organizational politics. The highest anticipated scores for perceived organizational politics would be expected to be produced by respondents with high ethics who are in an organization with low ethics (in the Low-High quadrant), because based on the proposed model, the organization would be engaged in these political behaviors in an attempt to motivate the individual to resolve the dissonance and assimilate (Brewer, 2007; Zimbardo, 2007). In the Low-Low quadrant, these behaviors are likely to be occurring (Padilla et al., 2008), but due to the low ethical development and active participation of the individual, the respondents would not necessarily be expected to be aware of the politics in which they were now fully engaged (Brewer, 2007; Zyglidopoulos & Fleming, 2008; Zimbardo, 2007; Ashforth & Anand, 2003).

### **Phase Three: Phenomenological Interviews**

Now that respondents have been placed in their respective quadrants and person-organization exchange cycles have been established, the final proposed step is to conduct a qualitative study to bring depth and detail to the quantitative findings (Creswell, 2009). The individual who produced the strongest composite scores for fit in each quadrant would be interviewed from a phenomenological approach. Each of these respondents would be asked the following questions: (a) How did you come to work for your company? (b) How would you describe your approach to ethics at home and at work? (c) How would you describe your perception of the ethical values of your company? (d) Can you describe for me how you interact with your company when you encounter an ethical dilemma? (e) Can you describe for me how your company interacts with you when you encounter an ethical dilemma? (f) Can you describe for me the frequency and intensity of your encounters with ethical issues at work? (g) How have these exchanges between yourself and your company during ethical dilemmas affected you? (h) How have these exchanges between yourself and your company during ethical dilemmas effected your commitment to your company and job?

The responses to these questions would be coded and evaluated. Identified themes would be subjected to multiple regression analysis to determine prime causal forces related to ethical PO fit, ethical development, and organizational commitment. Coding of themes would also be compared with the quantitative findings, to add dimension, depth, and detail to the hard data. This three-phase testing process should effectively test the reliability and validity of the Ethical Dissonance Cycle model by placing each respondent in the appropriate PO fit quadrant and assessing the nature, direction, and intensity of the person-organization dynamic exchange that respondents experience within the context of each quadrant.

## Limitations

The Ethical Dissonance Model is expressly limited to demonstrating the ethical dimension(s) of PO fit and the processes that are associated with each fit option. It is not meant to be generalized to apply to all PO fit issues. A regression threat exists because respondents who are prone to high affective responses may provide extreme scores in such a sensitive area as ethics. In such cases, responses may vary with mood or current work conditions. The researcher will be unable to control which of the students respond, due to the method of survey distribution for the sake of protected anonymity.

Another threat to validity is the potential for diffusion of treatment. All participants will be students at the same private, independent university in central California. If participants discuss their answers during any phase of the research process, their communication can skew the overall outcomes (Creswell, 2009). This will be addressed by requiring a confidentiality agreement in the survey's introductory email. Participants would be required to agree not disclose survey content or responses with other students until the completion of all data collection.

## Conclusion

This paper proposed a new model designed to describe what happens between individuals and organizations once a demonstrable perception of ethical PO fit has been established. The Ethical Dissonance Cycle built upon the work of Kohlberg (1976), and the models of Rest (1990), Jones (1991), and Jones and Hildebeitel (1995). The model fills in an area of lack in research by extending exploration of ethical development in the organizational context beyond the examination of isolated moral and ethical decisions, on either the organization's part or the individual's part, and connecting all ethical PO fit dimensions to their corresponding person-organization exchanges.

Further research is recommended to explore in greater detail the processes experienced in each quadrant, and how these experiences will impact individuals' method for selecting organizations to work for in the future.

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### About the Author

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