

# Results-focused Organizational Atmosphere and Unethical Behaviors<sup>†</sup>

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## 〈Abstract〉

With frequent incidents of unethical practices and acts in organizations, organizational leaders need to understand some of the causes that facilitate such negative organizational behaviors to lessen the chances of unethical behaviors from occurring. In an effort to understand some of the causes of unethical behavior, this study looks at competitive atmosphere and results-focused performance evaluation as some of the influencing factors on employees' tendency to decide to behave unethically. Competition culture can spur unethical behavior and evaluation culture with emphasis on results-focused which can create a perception among employees of a narrow view of work and how it is defined. The argument of this paper is that such characteristics can create environment for unethical behaviors and serve as an added push upon employees to choose to behave unethically. Collection of survey results from those working in Busan area were used to test the hypotheses using regression. Data analysis showed that in organizational atmosphere that is overly competitive and results-focused can influence employees to behave unethically. Implications and future research suggestions are discussed in conclusions.

Key Words: Results-focused, Competitive Atmosphere, Unethical Behaviors

## I. Introduction

Frequent incidents of unethical practices and acts in organizations and society over the years have pushed management and government leaders to find counter measures. There have been increasing efforts to counter unethical organizational and employee practices and actions through laws and regulations in Korea. However, to lessen the chances of unethical behaviors, management leaders need to understand some of the causes that facilitate such negative organizational behaviors.

In a competitive and dynamic business environment, as many organizations battle to get ahead and make profit, organizations aim to motivate and promote highly productive performance from their employees. In so doing, they set up policies and create an organizational culture to support their objectives. Employees are vulnerable to the cultural environment in their organization. To achieve performance success, employees will take cues from the things their organization rewards and encourages. Whether that is in the form of financial incentives or praises bestowed, employees use it as a guideline in their decision-making and behaviors in the workplace. The organizational guideline for praiseworthy employee behaviors may lead to good behaviors, but in some cases, it may lead to unethical behaviors. Causes for unethical behaviors are various and can be many. Organizations may have, knowingly or unknowingly, created characteristics in their

culture or policies that encourage unethical behaviors.

In an effort to understand some of the causes of unethical behavior, this study will look at common organizational characteristics such as competitive atmosphere and results-focused performance evaluation. Based on review of past research, performance-related variables that can influence employees' tendency to decide to behave unethically were chosen. In this paper, we will look at the effect of competitive organizational atmosphere and results-focused performance evaluation, on employees' tendency to commit unethical behavior.

Competition in an organization or among groups can be a source of motivation to improve performance, efficiency, and effectiveness, but can it also spur unethical behavior? Another organizational characteristic that we should examine is results-focused atmosphere which can create a perception among employees of a narrow view of work. It can be an added push upon employees to choose to behave unethically. We need to know factors that facilitate unethical behaviors in organizations. In this study, these two factors will be examined as it relates to employees' tendency to decide to behave unethically. We hope that it would increase our understanding of some of the causes of unethical behavior.

## II. Literature Review

Organizations focus on those performance measures because the success of organizations are very often measured by the profits and results achieved. When organizations show concerns about the results achieved, their employee performance evaluations will reflect organizational objectives. Given the organizational focus, employees consider those factors when they make decisions. Behavioral intentions were inquired of the respondents since we cannot actually observe employees actually committing unethical acts (Jones and Kavanagh, 1996). We are looking at the likelihood that employees will commit unethical act by complying with their supervisor's instructions or suggestions to do something unethical. Since whether employees' intentions are actually carried out cannot be observed directly, we can only ask if they will choose to behave unethically.

One might argue that in a Korean work organization, supervisors normally have immense control over subordinate's work and subordinates, that even without these organizational characteristics they would choose to comply with the supervisor's wishes and choose to do an unethical act. However, if such organizational characteristics and atmosphere were not present, they would be less obliged to and could find excuses to back out of doing it. They may also try to persuade their supervisor. The individual may be prone to comply with their supervisor even if these

characteristics did not exist. However, individuals are more prone to do so under the organizational characteristics we will look at in this study. They find greater need to do so, particularly due to being pushed to comply by the environment they work in. Employees decide on whether to do unethical behavior after assessing costs and benefits of the action (Kilduff, Galinsky, Gallo, and Reade, 2016; Greve, Palmer, and Pozner, 2010). After their analysis, employees decide to choose to do unethical behavior. The influence of supervisor alone is not the factor, but other organizational factors. In the following, some characteristics of environment that will influence employees' decision to behave unethically will be discussed.

### 1. Results-focused performance evaluation

Greater the emphasis of performance evaluation on results rather than process or methods of goal achievement, the more likely it is going to encourage behaviors that may not thoroughly check on the process of goal achievement but only the end result. Whether explicitly or implicitly expressed, if employees perceive that their organization focuses on the end results to a greater extent than proper process or methods used to achieve the goals, it will encourage employees to disregard ethics in their work to make greater achievements. Presence of incentives encourages employees to act immorally (Harkrider, Tamborski, Wang, Brown, Mumford, Connelly, and Devenport,

2013). Gill, Prowse, and Vlassopoulos (2013) report that presence of incentives like bonuses make employees cheat more and act unethically. Caughron, Antes, Stenmark, Thiel, Wang, and Mumford (2013, p.1493) noted that research showed that "competition between members of the same organization may impact the way in which an individual interprets (i.e., makes sense of) her or his circumstances, and would thus be expected to impact the individual's ethical decision making as a result." When the organization gives the perception that results matter more than the proper process and methods used to achieve results, employees will take it as a cue to do whatever they can to achieve the results. Therefore,

*Hypothesis 1: If there is more emphasis on results than on the process, there is more tendency for employees to choose to behave unethically.*

## 2. Competitive atmosphere among groups

A review of past research found that a situational variable such as competitive atmosphere attributed to encouraging employees to choose to behave unethically. Competition within the organization among individuals and groups can cause people to choose to behave unethically. People tend to resort to unethical tactics, such as deception and unethical practices, when competing against rivals

(Kilduff, Galinsky, Gallo, and Reade, 2016). Individuals find their self-worth to be linked to their work performance in relation to their competitors(Kilduff et al., 2016). Study by Nam and Kwag(2011) on ethical decision-making looked at behavioral intentions in the organizational context and found that effect of monetary desires had effect on behavioral intentions. Peers or coworkers influence employees to behave unethically because they establish the standards and norms of behaviors(Jones and Kavanagh, 1996). Employees' observing competitive atmosphere in their organization and how other employees behave under such pressure, it could serve as reference to do what one can, even unethical behavior, to succeed.

*Hypothesis 2: The presence of high competition among departments is likely to play a mediating role in influencing employees to choose to behave unethically.*

## III. Methods

The sample for this research was collected from four large global companies operating in Korea. The surveys were distributed to employees in each of the companies by an employee in each company. The total number of respondents were 386, and after eliminating missing answers related to the variables, was 342. Table 1 shows the descriptive statistics of the data. The industries of the companies

sampled belonged to securities, electronics, chemical, or petroleum. The composition of the respondents is as follows. For education levels of the respondents, 78.7% were college graduates, 11.7% attended graduate school, and 9.6% have high school education. With age groups, 14.9% were between ages 19-29, 43.3% were between ages 30-39, 33.9% were between ages 40-49, and 7.9% were between 50-58. As for gender, 78.4% were males and 21.6% were females. With tenure at one's current organization, 5 years or fewer were 50.9%, 6-10 years were 20.2%, 11-20 years were 24.5%, and 21-32 years were 4.4%.

The variables were measured on a Likert scale of 1 through 5. A rating of 1 meant "Strongly Disagree" and 5 meant "Strongly Agree." The dependent variable, Behavior, is a statement that says "If my boss or the company asks me to do something unethical, I think I would have to comply," which measures one's likelihood for unethical behavior. The independent variable, Results-focused, is a statement that says "My organization focuses more on the results of our performance than the process," which measures employees' perception of organization's work culture. Competition, a mediating variable, is a statement that says "In my organization, there is excessive level of competition among departments/units," which measures how intense the competition is among departments or units in one's organization. Results-focused, the independent variable, and Competition, the mediating variable, used the same Likert scale as the dependent variable.

Regression analysis was used to test the relationship between Results-focused and Behavior. Then, hierarchical regression was used to test for the effect of the mediator variable, Competition, in the relationship between Results-focused and Behavior. The Sobel's test (Baron and Kenny, 1986) was used to examine the significance level of the mediating variable.

#### IV. Results

The descriptive statistics of the variables are in Table 2, which shows the means, standard deviations, and correlations among the variables. All the correlations are significant at  $p < .01$ , and correlations between Results-focused and Behavior is .324. Table 2 shows result of simple linear regression analysis of the relationship between Results-focused and Behavior.

The result in Table 3 shows that  $F = 39.853$  ( $p < .001$ ) and the regression model is very significant. The variables Results-focused and Behavior have a positive relationship, meaning the more employees perceive their organization as results-focused than process, the more employees are likely to behave unethically. Table 4 shows the results of hierarchical regression of the effect of results-focused culture on employees' unethical behavior intent with competitive atmosphere as a mediating variable. In each step, the  $p$ -values for the regression models are either very significant

( $p < .001$ ) or significant( $p < .05$ ). The R-square increased with the presence of the mediator variable. The mediator variable, Competition, does play an important role in the relationship between Results-focused and Behavior. To test

the significance of the mediating variable, the Sobel's test was conducted and showed that the relationship was very significant( $p < .001$ ). Therefore, Hypotheses 1 and 2 are supported.

<Table 1> Descriptive Statistics of the Variables(N=342)

Characteristics				
Education	High School(9.6%)	College(78.7%)	Graduate(11.7%)	
Ages	19-29(14.9%)	30-39(43.3%)	40-49(33.9%)	50-58(7.9%)
Tenure(years)	<5 (50.9%)	6-10(20.2%)	11-20(24.5%)	21-32(4.4%)
Gender	Male(78.4%)	Female(21.6%)		

<Table 2> Means, Standard Deviations, and Correlations(N=342)

Variables	Mean	S. D.	1	2
1. Behavior	2.54	.945		
2. Results-focused	3.39	.934	.324**	
3. Competition	2.87	1.005	.219**	.317**

Note: \*\* $p < .01$

<Table 3> Regression Result of the Effect of Results-focused Culture on Employees' Unethical Behavioral Intent

Dependent Variable	Independent Variable	B	Standard Error	$\beta$	t	p-value
Behavior	Intercept	1.431	.183	.324	7.830***	.000
	Results-focused	.328	.052		6.313***	.000
F = 39.853***		R <sup>2</sup> = .105	Adj. R <sup>2</sup> = .102			

Note: \*\*\* $p < .001$

<Table 4> Regression Results for the Effect of Results-focused Culture on Employees' Ethical Behavioral Intent with Competitive Atmosphere as Mediator

Steps	Indep. Var.	Dep. Var.	$\beta$	t	p-value	R <sup>2</sup>
1	Results-focused	Competition	.317	6.154***	.000	.100
2	Competition	Behavior	.219	4.137***	.000	.048
3	Results-focused, Competition	Behavior	.283 .129	5.268*** 2.408*	.000 .017	.120

Note: \*\*\* $p < .001$ , \* $p < .05$

## V. Discussion and Conclusions

This study examined the effect of some organizational cultural characteristics on employees' unethical behavioral tendencies. Many organizations aim to achieve high performance results and create an internal environment setting that will bring about high productivity among employees. However, when organizations place excessive amount of emphasis on results that are produced, employees take that as a guideline to becoming a high-performing employee. An organization, advertently or inadvertently, can make mistakes in misleading employees about what their organization wants. The importance of results cannot be understated in this competitive environment, but organizational leaders need to keep in mind that policies and system in place to increase performance of employees can send wrong message to the employees. Employees will be tempted to consider unethical ways to achieve what their organization wants. The study found that results-focused culture and overly competitive atmosphere among groups can encourage unethical behavioral tendency among employees. When organizations press employees to produce results and evaluate their work performance based on the results produced, the pressure and tension imposed on the employees can push them to use improper or unethical ways to achieve results. In addition, if the work environment is intensely competitive among groups of individuals, the pressure and burden increase. If the supervisor

keeps demanding their subordinates to do an unethical act, then it can lead to employee turnover and stress (Pierce, Snyder, 2015; Park, Oh, 2017). The more one is exposed to such work environment and culture, the duller one can become to behaving unethically (Kim, Jung, 2008). The supervisor may not have begun behaving unethically from the outset of his career but probably became accustomed to such environment. Employees may lose trust in the organization if it becomes a frequent work environment (Hwang, 2010). One might point out that an organizational cultural characteristic such as supervisory influence is common in Korea. It may be true, but if other situational factors are present in the workplace, employees are more prone to agree to act unethically. By focusing less on results and taking a more balanced approach to evaluating and managing employee work can help reduce potential for unethical activities. Taking into factor the process that employees went through to achieve the results and rewarding employees for work done in an ethical manner can send the right signal to employees that their organization cares about results and process. Organizations can also conduct a cultural audit, which is an assessment of organization's cultural values, to communicate organization's value expectations and ethical conduct guidelines. Future research can examine other organizational and situational factors that can influence unethical behaviors. Examining the effect of different individual behavior types (Cho, Moon and Kim, 2016) on ethical behavioral intentions and how different

demographical characteristics(Ji, Kim and Kwon, 2012) are linked with ethical behavior intentions under different organizational culture types can be done. In addition, looking at organizations with contrasting organizational cultural characteristics from the ones studied here can shed more light on better work environment that promote ethical behaviors.

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## 요약

### 결과집중적인 조직 분위기와 비윤리적인 행동에 관한 연구<sup>†</sup>

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조직에서 직원들의 비윤리적인 행동들이 발생하는데, 경영자들은 그런 행동의 원인에 대하여 알아보고 이해를 해야 한다. 그러므로 미래에 윤리적으로 부정적인 행동들이 발생하는 것을 줄일 수 있다. 본 연구에서는 그 일부 원인들에 대하여 알아보기 위하여 결과 집중적인 조직 문화와 조직내 경쟁적인 분위기가 직원들이 비윤리적인 행동을 하는데에 영향을 주는지에 대하여 알아보았다. 조직 분위기가 결과 집중적이면 직원들은 그런 성과평과 기준에 맞추어 행동을 하게 된다. 조직 분위기가 직원들이 인식하기에 경쟁적이면 직원들은 원하는 결과를 이루기 위하여 비윤리적인 행동도 생각할 수 있다. Data 수집은 부산, 경남지역 직장인들을 상대로 설문조사를 하였으며 regression 분석을 통하여 가설을 검증하였다. 결과는 결과집중적인 조직 문화와 경쟁적인 조직 분위기가 비윤리적인 행동에 영향을 준다고 나왔다.

본 연구에서 시사하는 점은 기업이 이러한 조직 문화가 직원 행동에 영향을 준다는 것을 참작하여서 윤리적인 행동을 할 수 있는 분위기를 조성하는 것이 중요하다. 결과에 대한 압박을 받으면 직원들은 초조한 마음에 여러가지 방법을 동원하여 행동을 할 수 있다. 그런 분위기 속에서 직원들간의 분위기도 경쟁적이면 비윤리적인 행동에 대한 생각을 더 하게 할 수 있다. 조직이 그런 행동을 통제할 수 있는 좋은 문화와 system를 확립하는 것이 필요하다. 결과지향적인 문화보다 과정도 중시한다는 것을 직원들이 인식하게 하여야 한다. 윤리적인 행동에 따른 적절한 보상과 칭찬이 그러한 인식을 자리잡게 해준다. 보상도 중요하지만, 비윤리적인 행동에 따른 불이익을 받을 수 있다는 것도 직원들에게 알려주어야 한다. 교육과 훈련을 통하여 이러한 부분들을 보완할 수 있다.

핵심주제어: 결과집중적, 경쟁적 분위기, 비윤리적 행동

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