Status Differentiation and the Protean Self: A Social–Cognitive Model of Unethical Behavior in Organizations

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ABSTRACT. Based on social-cognitive theory, this article proposes a model that seeks to explain why high status organizational members engage in unethical behavior. We argue that status differentiation in organizations creates social isolation which initiates activation of high status group identity and a deactivation of moral identity. We further argue that high status group identity results in insensitivity to the needs of out-group members which, in turn, results in lessened motivation to self-regulate ethical decision making. As a result of this identity activation, we demonstrate how high status individuals will be more vulnerable to engaging in unethical activities. Individual-level moderators of the relationships are also discussed.

KEY WORDS: moral identity, self-regulation, social-cognitive theory, status differentiation, group identity, social dominance orientation, love of money, social isolation

During the last year, the world experienced the worst financial crisis since the Great Depression. In the U.S., millions of people have become unemployed, businesses have gone bankrupt, and many have lost their savings. Many experts blame the current economic situation on greed and the deceptive or unethical practices of large financial organizations (e.g., the collapse of Lehman Brothers Holdings Inc.'s in September 2008). Many consider executives accepting millions in bonuses after overseeing massive layoffs to be unethical. Yet, despite the current situation, Lord Griffiths, the vice-chairman of Goldman Sachs said, "inequality was good." His comments were made after President Obama stated that he was planning to cut bonus

payouts by 90% to executives of Wall Street banks who obtained billions of dollars during the bailout (Steiner, 2009). The news lately is replete with other examples of high level executives of nearly bankrupt companies cutting jobs, pay, or pensions for rank and file employees with one hand, while accepting bonuses and fantastic perquisites for themselves with the other. For example, less than a week after the American International Group Inc. accepted a $85 billion loan from the U.S. government, its executives went on a $440,000 luxurious retreat which included spa treatments worth $23,380. By engaging in self-interested behavior rather than showing concern for their stakeholders (e.g., rank and file employees), the executives engaged in behaviors which violated the societal norms.

What makes these top level executives engage in practices that observers might consider unethical? How do top executives justify record increases in compensation (Moore and Katz, 2009) for cutting 'costs' such as employee jobs, salaries, and benefits? This article proposes a model to explain why executives in organizations with a great deal of status differentiation may be inclined to behave unethically. We believe that status differentiation in organizations creates social isolation. As a result, executives' high status group identity dominates, and their moral identity is suppressed. The high status group identity results in insensitivity to the needs of out-group members (i.e., less empathy for lower status employees), consequently resulting in decreased motivation to self-regulate ethical decision making. Unlike the majority of research in this area, our model focuses on the role contextual factors (e.g., status related cues in the environment) play in explaining unethical behavior.

Status is the relative standing of an actor in a social system based on some measure of prestige (Thye, 2000). Typical indicators of status in the organizational behavior literature include hierarchical position, pay, special perquisites, and social respect. We do not use the terms status and power synonymously although in reality the two are often related. Power is the ability to control one's own and others resources without social interference (Galinsky et al., 2003). We assume, as do other writers (e.g., Brass and Burkhardt, 1993; Lee, 1997), that it is possible for someone to have status without power (e.g., an organizational vice president who has a title but little authority) as well as for someone to have power but little status (e.g., a secretary who controls access). While we believe that power has the ability to influence negative behaviors (Kipnis, 2006), we are more interested in how the relative position of high status employees affects their willingness to engage in unethical behavior *when there is a wide gap in status between themselves and lower status employees.* Hence, the independent variable of primary interest in this article is *status differentiation*, defined as the degree to which status conferring resources provided by the organization, such as pay, perquisites, and prestige are unequally distributed. We believe that high status individuals will be more inclined to engage in unethical behavior when there is a greater gap and hence more isolation between themselves and the lower echelons of the organization.

Our model is grounded on a social-cognitive theory of human behavior. Social-cognitive theory (Bandura, 2001) posits that conduct is translated into action through self-regulatory mechanisms. Self-regulation refers to the capacity to coordinate cognitive, affective, and behavioral processes in the pursuit of desired goals. Self-regulation is also the ability to inhibit a dominant response, like sleeping late, for another response, like getting up early to exercise. In this article, the self-regulatory process that we are concerned with is the ability to refrain from engaging in unethical acts when the motivation to do so is strong.

One of the mechanisms of self-regulation in social-cognitive theory is the self-system (Bandura, 1999, 2001). The self-system can be conceptualized as the set of mental structures and processes that consist of (1) an ongoing sense of self-awareness, and (2) stable mental representations, or what contem-

porary researchers refer to as the self-concept (Robins et al., 1999). Our model emphasizes the second aspect of the self-system. Based on the mechanisms and principles of social-cognitive theory, we propose that people are more likely to engage in unethical behavior when self-standards and sanctions that would otherwise regulate and restrain such behavior are disabled or replaced by a different set of standards. We argue that self-regulation failure can occur when the self-standards and normative prescriptions associated with one type of personal identity, referred to as *moral identity* (Aquino and Reed, 2002; Weaver, 2006), are supplanted or neutralized by the demands and influences of other identities that have different behavioral prescriptions. Unethical behavior occurs when the self-standards and modes of conduct associated with these other identities are inconsistent with the demands of a person's moral identity. By "inconsistent," we mean that the alternative identity leads people to show less concern for the needs and interests of others and more concern about advancing their own interests even if it means breaking laws, engaging in corrupt behavior, or causing harm to organizational stakeholders.

According to social-cognitive theory, the self-system is influenced by the social environment (Bandura, 2001), and so our model proposes that the environmental condition of status differentiation can contribute to the displacement of a high status person's moral identity by his/her high status group identity. *High status group identity* is a social identity based on membership in a privileged group within the organization. When status differentiation is high, status cues will be more prevalent and one's high status group identity will be more salient. Identity displacement occurs because the status differentiation influences whether people experience a sense of social isolation which will enhance the salience of one's high status group identity. Identity salience refers to the momentary activation, or accessibility, of a particular identity in conscious awareness such that it is readily available for processing and acting on social information (Reed, 2004). The increased salience of one's high status group identity will displace or depress one's moral identity (no matter how strong that identity is), hence, making one less attentive to moral issues and hence less likely to self-regulate unethical tendencies. Our model of the

relationship between status differentiation and unethical behavior is depicted in Figure 1.

One limitation of social-cognitive theory is the lack of attention it pays to context (Reynolds and Ceranic, 2009). Treviño et al. (2006) call for research to investigate contextual factors which can depress moral schemas. Our model answers that call by integrating contemporary models of the self-and social-structural conditions associated with the distribution of status within an organization to further understanding of behavioral ethics. No previous theory of unethical behavior has directly or indirectly linked status distribution to the activation of identities that people might use as a basis for self-definition and then to unethical behavior.

In the following sections, we outline the theoretical rationale for the relationships depicted in our model. We begin, first, by reviewing studies linking status differentiation and social isolation. Next, we link social isolation with the activation of two types of identities derived from recent theoretical perspectives on the malleability of the self. Third, we relate identity activation to the motivation to engage in unethical behavior through the psychological state of insensitivity to the needs of out-group members.

Finally, we propose several moderators of the relationships in our model.

Unethical behavior and the moral self

According to Treviño et al. (2006), unethical behavior is defined as that which violates the generally accepted (societal) moral norms of behavior. Our model is consistent with this definition because it stresses that unethical behavior must be evaluated within a broader normative framework that prescribes acceptable and unacceptable behavior (Bennett et al., 2005; Robinson and Bennett, 1995) and can include behaviors such as misuse of authority, lying, and stealing. In the absence of normative standards, it becomes impossible to evaluate a given behavior as being unethical. Our model is dynamic rather than static because it captures the notion that the self is not a fixed entity, but a malleable and contingent structure that is to some degree susceptible to situational influence.

Before we delve more deeply into the model, we first present two assumptions that underlie our theorizing. First, we assume that unethical behavior
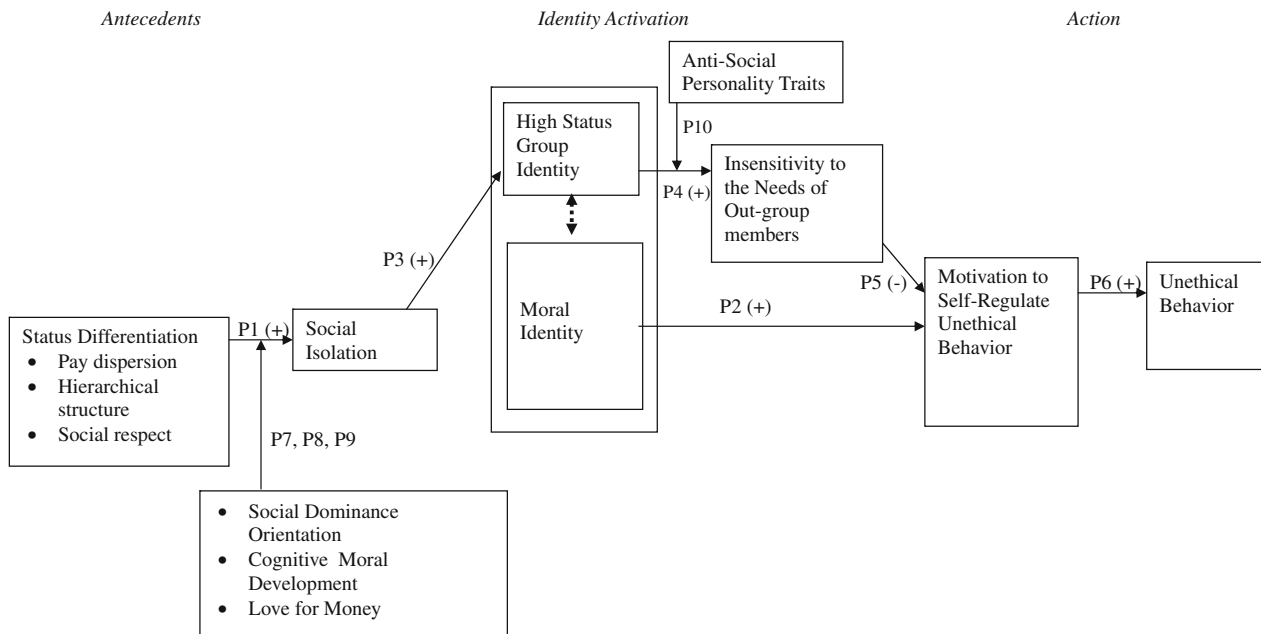

Figure 1. A framework of unethical behavior.

involves a conflict between moral and/or ethical concerns and economic and/or political power (Klitgaard, 1998). When ethical and moral concerns become secondary to economic and/or political motives, a person is more likely to perform unethical acts (e.g., corruption) (Joshi et al., 2007; Steinmann, 2008). We focus on the self-interested behaviors of higher status individuals who unjustly disadvantage lower status individuals.

Second, we recognize that some people have a compromised level of morality and will be more likely to engage in unethical behavior. Some employees possess the dark triad of personality (Machiavellianism, Narcissism, and Psychopathy) (Jakobwitz and Egan, 2006) and exhibit personality disorders (e.g., narcissistic and antisocial personality disorders) (Allio, 2007; Goldman, 2006) that make them more prone to exhibit antisocial behaviors. Machiavellianism, for example, has been found to be related to ethical judgments (Shafer and Simmons, 2008), ethical orientation (Rayburn and Rayburn, 1996), and the acceptability of unethical practices (Winter et al., 2004). Nevertheless, we assume that while people differ in how their moral identities are cognitively represented in conscious awareness and memory, their notions of right and wrong have a common basis that are built into human cognition and physiology. This assumption is in accord with Hume's (1751) speculation that morals imply some sentiment common to mankind. Our assumption that all people are capable of experiencing similar moral emotions and intuitions is critical to our theory because it implies that even though people may adopt various ethical frameworks (e.g., utilitarian, deontological), they are likely to share a similar conception of the characteristics that define the moral character (Lapsley and Lasky, 2001). Given that this "moral prototype" is also associated with certain behavioral standards of social responsiveness, justice, and personal agency (Lapsley and Lasky, 2001; Lapsley and Narvaez, 2004), the salience of a person's moral identity should be related to engagement in behaviors that can affect others' well-being. According to many philosophers (e.g., Kant, 1959) and psychologists (e.g., Eisenberg, 2000), responsiveness to the needs and interests of others is the defining characteristic of moral behavior. In most cases, we assume that engaging in unethical behavior is likely to negatively impact the well-being of others (e.g., stakeholders) even though it might temporarily benefit the unethical person. Consequently, we believe that such behavior will often be experienced by the person exhibiting it as being inconsistent with his or her understanding of what it means to be a moral person. Having outlined the key assumptions underlying the model, we turn to the proposed effects of status differentiation.

The effect of status differentiation

Sociological research suggests that income inequality is related to a variety of negative social outcomes. For example, the disparity of income distribution in society is related to shorter life expectancies, homicide and violent crimes, expenditures on medical care, lower birth rates, and other undesirable societal outcomes (Marmot, 2003; Rodgers, 2002). Numerous studies have demonstrated the paradoxical finding that among the developed countries in the world, it is *not* the richest countries that have the best health, the longest life expectancies, and the least crime, but those that have the smallest income differences between the rich and poor (Wilkinson, 1999). In other words, while the median wealth of a country does improve the health of its citizenry, once the median income is controlled for, the *distribution* of wealth or status has a remarkably independent effect on health, longevity, crime, etc. For instance, Daniels and his colleagues (Daniels et al., 2000) demonstrate statistically how citizens of wealthy countries with more equal distributions of income, such as Sweden and Japan, have life expectancies ranging from 2 to 5 years greater than the citizens of the United States, a comparably wealthy nation with less equal income distribution. The authors conclude that the health of a population is influenced by the size of the economic pie as well as the way the pie is distributed (e.g., degree of relative deprivation within a society).

The explanation for the "inequality hypothesis" is that when societies are egalitarian (i.e., status resources, such as money, prestige, social respect, etc., are allocated more equally), social cohesion and community life improve. On the other hand, when an extreme *disparity* in income, wealth, and influence exists within a society, people feel more isolated from one another. People experience isolation because they are no longer integrated into a wide

pattern of social networks (Berkman, 1995; Putnam, 2000). Instead, the boundary imposed by their relative status causes them to restrict their social involvement. For example, in a society with high status differentiation, country club members who reside in gated communities are likely to become increasingly isolated both physically and psychologically from working class individuals who live in the city or in more permeable suburban developments.

Applying these observations about society to organizations, we propose that an organization with high status differentiation would be one where, for example, the top management executives dine in an elegant, penthouse dining room while lower level employees eat in a colorless, basement cafeteria. Other markers of status differentiation in such a company might be the use of limousine service and corporate jets by top management whose time is considered valuable, while lower status employees, whose time presumably has less value, take mass transit or fly coach. Under these conditions, we propose that status indicators (e.g., pay and perquisite dispersion, levels of organizational hierarchy, perceived distribution of social respect, and esteem) serve as identity cues which heighten group identification (Ashforth, 2001; Ashforth et al., 2008) and enhance in–group bias. These high status identity cues contribute to increased feelings of isolation between high and low status employees. This argument echoes Marmot's (2003) claim that the creation of such in–group and out–group distinctions increases peoples' feelings of isolation from the other group.

Proposition 1: Greater status differentiation within the organization will result in high status employees experiencing more social isolation from lower status employees.

We have argued that the status differentiation can increase social isolation which increases the salience of high status group identity. Our model then shows how the increased salience of one's high status group identity results in a depression of one's moral identity and the resulting moral schemas that influence one's ethical decision–making behavior. This process of identity activation and the psychological state it elicits is what we now turn to.

Identity activation

The organizational literature has generally assumed a fairly stable view of identity and has focused on identity as a static sense of being (Demo, 1992; Elsbach, 1999). However, the self is a complex mental structure and psychologists as far back as James (1890) have recognized that individuals possess multiple ''selves'' rather than a single self (Ashforth et al., 2008; Kihlstrom and Cantor, 1984). Furthermore, only a subset of selves will be active in cognition at a given time, depending on situational cues that make them salient (Aaker, 1999; Ashforth and Johnson, 2001).[1] As mentioned earlier, we define a salient identity as one that is active and available for processing social information. In complex and fragmented contexts like modern organizations where people assume multiple roles and have many commitments, different identities are likely to be salient for employees at different times. Managers can play the role of a mentor to a subordinate one moment and in the next have to play the role of a leader and reprimand the employee for poor performance.

The above example of the fluid nature of identity illustrates the dynamic, contingent nature of the self. Similarly, Pratt's (2000) study on organizational sense–making and identification stresses the dynamic nature of identities. Pratt's findings suggest that identification is ''not a one-time, all or nothing process'' (p. 485) rather that employees change their identification states depending on socio–psychological processes (e.g., sense–making), which are largely influenced by socialization practices within the organization. Pratt (2000) illustrates that factors in the environment, specifically organizational practices, can influence employees to change their identification states. Butterfield et al. (2000) demonstrated in their scenario study that (im)moral behavior can be triggered by a competitive framework. Wade-Benzoni et al. (2007) also used contextual triggers to influence the salience of respondents' environmentalist self-identities; they found that the identity that is the most salient guides the behavior of an individual. The malleability of the self has implications for the regulation of unethical behavior. Our theoretical arguments are grounded in *a self-schema* model of identity-based motivation (Markus, 1977; Oyserman and Markus, 1993). The

self-schema model assumes that the self-concept is made up of cognitive schemas, which mediate perception and regulate, affect motivation and behavior (Oyserman and Markus, 1993). Schemas motivate action by providing incentives, standards, plans, strategies, and scripts for behavior (Oyserman and Markus, 1993). A self-schema model focuses on the temporal flow of identities rather than their hierarchical organization of identities so that within this theory it is assumed that some identities, like those associated with domains that are highly valued in one's social context, are more likely to be highly elaborated and more chronically accessible than those identities that are irrelevant for the context. The more salient a role identity is to an employee, the more likely opportunities to perform the role will be sought out and the more likely a given situation will be perceived as an opportunity to perform role-specified behaviors (Hillman et al., 2008; Kreiner et al., 2006; Stryker and Serpe, 1982; Wade-Benzoni et al., 2007).

The self-schema model recognizes that an employee could adopt a social identity basis for self-definition as well as a more individualized basis such as being a thoughtful, imaginative, or determined person. Brewer and Gardner (1996) refer to the individualized type of self-construal as a personal identity. Whether one's identity basis is social or personal, the boundaries of any particular identity are fuzzy, and it is possible and even likely that some identities and their associated behavioral demands and prescriptions overlap. For instance, an environmentalist may find him/herself working for a progressive company that is on the leading edge for developing carbon-neutral manufacturing processes. Erikson (1968) refers to this merging of two compatible and overlapping identities as *mutual assimilation*. But multiple identities are not always compatible; and there will be times when salient identities conflict. For example, perhaps for economic reasons, the same environmentalist may later have to work for a company that manufactures sport utility vehicles. Erikson (1968) suggested that people experiencing identity conflict might reject or suppress one of the conflicting identities, a process he labeled *selective repudiation*. Alternatively, identity conflict may be resolved by *absorbing identification*, which occurs when different identifications are viewed as separate but none of the identities are

rejected (Erikson, 1968). For example, a religious employee who accepts bribes at work may compartmentalize (Pratt and Foreman, 2000) his/her religious and business spheres to alleviate psychic distress.

It is beyond the scope of our theory to explain which cognitive maneuvers people are likely to use to deal with multiple identity demands. For our purposes, it is sufficient to say that whichever identity assumes the highest priority within the working self determines whether a person is able to effectively regulate unethical behavior. What our model does specify are the situational factors that can make one identity more salient relative to others thereby strengthening the influence of that identity on the cognitive states that precede unethical behavior. The sequential enactment of identities, triggered by environmental cues, as well as peoples' ability to manage identity conflicts are key assumptions of our model. Our model recognizes that multiple identities coexist and that managing sometimes conflicting identities is a dynamic process. Finally, we assume that the most proximal predictor of unethical behavior is the identity that is *relatively* more salient than others in the particular context and point in time when the behavioral choice of whether or not to engage in unethical behavior occurs. Our model focuses on how the high status group identity, an example of a social identity, can be triggered by environmental status cues in an organization with a high degree of status differentiation and how this activation can displace moral identity, a form of personal identity, of the high status employee.

Moral identity has been argued to be one of the most powerful determinants of moral conduct (e.g., Aquino and Reed, 2002; Blasi, 1984; Lapsley and Lasky, 2001). The concept of moral identity has been discussed by developmental psychologists for some time, but it has only recently been applied to organizational contexts (e.g., Aquino and Freeman, 2009; Weaver, 2006; Reynolds and Ceranic, 2007; see review by Shao et al., 2008). Moral identity has been conceptualized by some writers (e.g., Aquino and Reed, 2002; Lapsley and Lasky, 2001; Lapsley and Narvaez, 2004) as a cognitive schema. A growing body of empirical evidence shows that a schema-based conception of moral identity has predictive utility and can explain various forms of moral behavior, including both prosocial behaviors

like charitable giving (Aquino and Reed, 2002) and ethically questionable behaviors like lying (Aquino et al., 2009; Reynolds and Ceranic, 2007). Aquino and Reed (2002) proposed that moral identity influences moral behavior by acting as a self-regulatory mechanism rooted in people's internalized notions of right and wrong. Consequently, we expect moral identity to motivate the self-regulation of unethical behavior directly such that people whose moral identity is highly salient within the working self will be less motivated to engage in unethical behavior. The reason this will occur is because unethical behavior is inconsistent with what it means to be a moral person; that is, to be someone who shows concern for the needs and interests of others.

But in a dynamic, schema-based model of the self, moral identity can be highly activated in one situation, and only weakly activated or even deactivated in another. In other words, the salience of moral identity across time and circumstances differs, and so the demands and prescriptions associated with this particular identity will not always dominate the working self-concept. As we argued above, people show considerable flexibility in accessing different identities (Brewer, 1991; Turner, 1999), and so certain external conditions could lead people to shift their self-definition to a different identity category (Treviño et al., 2006). A shift in identity focus can influence the accessibility of associated expectations, motives, values, knowledge, and goals (Ashforth and Johnson, 2001; Skitka, 2003).

Therefore, what could cause the deactivation of one's moral identity? Our model proposes that a heightened salience of a high status group identity may do so. *High status group identity* refers to a specific type of social identity that centers on membership in a privileged organizational group. Social identity is shaped by the groups people belong to, their social role in those groups, and the reflected appraisal or standing that they have in relation to other group members (Tajfel and Turner, 1986). In the context of our theory, we expect a high status group identity to be salient among organizational members who have acquired the symbols and advantages of high rank and prestige such as hierarchical position, high pay, special perquisites, and social respect. These signals are likely to be more salient in organizations with a higher degree of status

differentiation. When a high status group identity becomes salient, we theorize that high status employees will be motivated to view themselves primarily in terms of their in-group membership and to act in ways that advance the welfare of their in-group even if doing so comes at the expense of other groups (Brewer and Gardner, 1996; Brickson, 2000).

This brings us to an interesting question. How can a high status individual, who may also have a high moral self-identity (and hence consider him/herself to be a moral person), engage in an unethical practice (such as laying off rank-and-file employees while, at the same time, increasing their own executive bonuses)? Several theories have been proposed to explain this seeming detachment from one's internal moral compass. Bandura (1986, 1999) suggested that one way individuals can morally disengage from their internal self-regulations is by dehumanizing those who suffer as a result of one's unethical actions. Opotow's (1990) theory of moral exclusion similarly suggests that out-group members are seen as "outside the boundary in which moral values, rules, and considerations of fairness apply" (p. 1). Those who perceive themselves to be part of the in-group not only dehumanize and exclude those in the out-group from moral considerations, they also enhance their own value to bolster their self-esteem (Sedikides and Strube, 1997). An example of this self-enhancement bias is when high status group members persuade themselves that their contributions to the organization are more valuable than those made by lower status employees (out-group), therefore justifying their receiving bonuses while the rank-and-file experience lay-offs and pay cuts. We believe that it is the salience of the (high status) in-group identity (and resulting schema) which triggers the depression of one's moral self-regulatory systems in such situations.

We theorize that the prescriptive demands associated with the activation of a high status group identity will sometimes be incompatible with the demands associated with the activation of moral identity. Hence, when these identities happen to co-exist within the working self-concept, employees are likely to experience a dissonant psychological state. Our rationale for making this argument is based on the application of circumplex models of human goals (Grouzet et al., 2005) and values (Schwartz, 1992, 1994; Schwartz and Boehnke,

2004). The central notion of circumplex models is that human goals and values can be arrayed in a way that reflects their degree of similarity and difference from one another in terms of underlying dimensions. In Grouzet et al.'s (2005) model, for example, goals like popularity, image, and financial success (factors related to status differentiation) are intrinsic and closely related to one another. In contrast, goals like affiliation and community feeling are extrinsic and, therefore, diametrically opposed to intrinsic goals. In Schwartz's (1992) model, achievement and power are closely related to values reflecting self-enhancement and are diametrically opposed to universalism and benevolence, closely related values reflecting self-transcendence which is related to moral identity. Both Grouzet et al.'s (2005) and Schwartz's (1992) models have been rigorously validated across diverse cultures (Grouzet et al., 2005; Schwartz, 1992, 1994; Schwartz and Boehnke, 2004), indicating that they are broadly applicable.

The two circumplex models both posit an inherently antagonistic relationship between self-transcendent, moral goals, and values and self-interested/self-enhancement-related goals and values. In the model of human goals (Grouzet et al. 2005), the goal of being a moral person (called "community feeling" by these scholars, and measured with items like "I will assist people who need it and ask nothing in return") is in direct opposition from the self-interested goals. Similarly, Schwartz and Boehnke (2004) found that the moral value of benevolence, which includes related concepts such as honesty, forgiveness, and helpfulness, is almost exactly in opposition to the self-interested value of personal achievement which includes related concepts such as being successful and ambitious. Consequently, we expect that when high status group identity is salient (because of environmental cues such as privileged perquisites such as special parking, special elevators, and special dining areas), goals like image, financial success, personal achievement, and power will be salient, and values such as universalism and benevolence will be suppressed.

Research aimed at examining how self-interest-related goals and values affect behavior supports an incompatibility between self-interest goals (e.g., high status group identity) and moral identity. Aquino and his colleagues (Aquino et al., 2009) showed that giving people a financial incentive for task perfor-

mance increased the current accessibility (i.e., momentary salience) of achievement-oriented facets of identity and decreased the current accessibility of moral identity. When this occurred, people were more likely to report an intention to lie to another person during a negotiation. Based on these findings, we propose that the salience of moral identity (or lack thereof) can influence the self-regulation of unethical behavior.

Proposition 2: High status employees whose moral identity is salient within their working self-concept will be more motivated to self-regulate unethical behavior than high status employees whose moral identity is less salient.

The process of shifting back and forth among various self-defining identities depending on situational circumstances is indicated in our model by the bi-directional arrows connecting the high status group and moral identities in Figure 1. An important question based on the dynamic nature of the self then becomes: "What determines whether a particular identity becomes salient and more influential as a regulator of unethical behavior?" We theorize that social isolation heightens social identification among high status group members thereby increasing the salience of a high status in-group identity. This occurs because a lack of interaction with other groups will lead high status people to strengthen their relations to in-group members (e.g., Turner et al., 1987). Categorization of the self as part of a social group reduces the uncertainty of social relations (Hogg and Terry, 2000). As a result, the self-concept will likely be dominated by the social identity associated with in-group membership. Glover (2000) argues that when a person's self-conception builds upon a tribal (group) identity, they are more likely to feel disconnected from their moral identity, which can weaken the latter's influence on thought and behavior. Ashforth and Anand (2003) suggest that physical and social distance between groups enhances group members' ability to depersonalize or dehumanize the other group and hence to psychologically distance themselves from the other groups' experiences. Similarly, Milgram's infamous study (1974) demonstrated that physical proximity of the victim reduced individuals' willingness to engage in harmful behavior whereas

distance from the victim enhanced willingness to hurt another. We propose that certain situational cues in an organization (e.g., plush executive offices accessed by private executive elevator from a private executive parking area), especially those resulting in greater physical and social distance between groups, can result in high status groups feeling isolated from lower status groups. As a result, a high status group identity will become highly activated within the working self-concept, potentially supplanting the influence of the moral identity.

Proposition 3: The experience of social isolation will increase the likelihood that a high status group identity will be highly salient within the working self-concept of high status employees.

Figure 1 shows that moral identity occupies a critical position in the identity-activation process. Its position in the model is meant to show that moral identity probably exists at *some* level of cognitive accessibility within the working self-definitions of all the employees. Of course, the salience of moral identity within the working self can vary for each employee as would be expected based on a dynamic, self-schema model of identity. What we argue is that moral identity is less a product of one's particular circumstances as an *organizational member* and more directly tied to one's membership in the human family. In other words, both high status and low status employees can adopt a moral identity as a basis for self-definition because this identity cuts across the social roles that they occupy. We base our assertion on the well-established social psychological finding that people are highly motivated to perceive themselves as morally good and they strive to maintain this self-perception even in the face of evidence to the contrary (Steele, 1988; Taylor and Brown, 1988). These findings suggest that most people are likely to hold some conception of their moral character within their overall self-schemas. The crucial question that our model tries to answer is under what circumstances the self-regulatory power of this particular schema is likely to be weakened, neutralized, or supplanted by the social identity of high status group member. Our answer is that this can occur when identities become salient because of status differentiation cues in the environment such as executive dining rooms and other

special perquisites. If this occurs, then we postulate that high status employees will show more insensitivity to the needs of low status out-group members.

Membership in and identification with highly salient and hierarchically organized groups affects individuals' acceptance of 'legitimizing myths' (Sidanius and Pratto, 1999). Legitimizing myths are values, attitudes, beliefs, causal attributions, and ideologies that provide moral and intellectual justification for social practices that increase, maintain, or decrease levels of social inequality among social groups. Examples of these hierarchy-enhancing values and beliefs are the protestant work ethic, the divine right of Kings, and other hierarchy-enhancing ideologies (Sidanius and Pratto, 1999). The dominant in-group enhancing nature of these "legitimizing myths" further demonstrates the desensitization towards out-group members.

Proposition 4: If a high status group identity becomes more salient within the working self than moral identity, then high status group members will show greater insensitivity to the needs of low status out-group members.

When a high status group identity becomes salient, individuals will behave in a more self-interested manner that enhances the outcomes of their in-group and, therefore, themselves. Therefore, when high status identity is salient, employees are less likely to pursue goals associated with universalism and benevolence, since such goals prescribe that the person show concern for those who are outside their in-group. Since the identities in our model may produce a dissonant psychological state when both of them are active within the working self-concept, we adopt the position of theorists like Erikson (1968) those who argue that people will engage in a variety of cognitive maneuvers to reduce dissonance. We already described two of these maneuvers: selective repudiation and absorbing identification. It is also possible that people may rationalize their prioritized identity's prescribed behavior (Ashforth and Anand, 2003; Ashforth and Mael, 1989) or engage in moral exclusion (Opotow, 1990) or moral disengagement (Bandura, 1999). What all of these theoretical perspectives suggest is that, in some manner, (high status) individuals deceive themselves about the ethical nature of the issues they face through

psychological processes that hide the ethical issues from view (Tenbrunsel and Messick, 2004). Regardless of which maneuver is executed to ease the discomfort of cognitive dissonance, we expect the identity that acquires the highest priority within the working self by virtue of its being more salient will exert the dominant influence on the motivational states that allow people to regulate unethical behavior or weaken their resolve to do so. These states and their link to self-regulation are what we now turn to.

Insensitivity to others and self-regulation failure

Our theoretical argument as to why insensitivity to the needs of out-group members can result in the failure of the self-regulatory mechanisms that inhibit unethical behavior is based on the role of emotions in managing moral behavior. We assume that certain emotions, such as empathy and sympathy, are central to understanding morality (Haidt, 2003). Empathy is defined as an affective response that is influenced by comprehension of another's emotional state or condition and resembles what the other person is feeling or is expected to feel (Eisenberg, 2000). Unlike empathy, sympathy is associated with further cognitive processing and typically follows an empathetic response. When a person responds sympathetically, his or her response will first be based on empathic sadness and then encompass perspective-taking or encoded cognitive information which is relevant to another person's situation (Eisenberg, 2000).

Researchers have shown that sympathy can motivate moral behavior in specific situations (Batson et al., 1997) as well as alter a person's concern about the welfare of others (Batson et al., 1995). According to Eisenberg and her colleagues (e.g., Eisenberg, 2000; Miller and Eisenberg, 1988) both empathy and sympathy can inhibit people from harming others. Building on studies regarding the effect of empathy and sympathy on social behavior, we propose that high status employees who have become insensitive to the needs of out-groups are more likely to harm others through their unethical behavior because the emotional mechanisms of empathy and sympathy that might otherwise lead them to show concern for those who will be

adversely affected by their behavior are either weak or non-existent.

Proposition 5: High status employees' insensitivity to the needs of out-group members will weaken their motivation to self-regulate unethical behavior.

Logically, the weaker the one's motivation to regulate unethical behavior, the more the likely such behavior will be exhibited.

Proposition 6: High status employees who are not motivated to self-regulate unethical behavior are more likely to engage in unethical behavior.

To support this point, our theoretical framework proposes that structural factors can activate one's social identity (in our case, a high status group identity) that plays a central role in determining a person's ability to self-regulate unethical behavior. We also highlight insensitivity to the need of others, a psychological mechanism which mediates the relationships among key constructs in our model. Finally, we proposed that moral identity acts as a countervailing source of motivation that inhibits unethical behavior but that its ability to do so depends on its salience within the working self relative to a person's high status group identity. We now consider individual factors that might moderate some of these relationships.

The role of moderators

We propose that individual's traits may moderate the effect of status differentiation on unethical behavior. In particular, we believe that social dominance orientation (SDO), cognitive moral development, and love of money may accentuate the impact of high status differentiation on social isolation. In addition, antisocial personality disorders may moderate the relationship between high status group identity and the needs of out-group members.

Social dominance orientation
The SDO is an individual difference variable that expresses the degree to which people support group-based hierarchies and the domination of ''inferior'' groups by ''superior'' groups (Sidanius and Pratto,

1999). People who are high in SDO are expected to accept legitimizing, hierarchy-enhancing myths that justify practices and policies that preserve social inequality. On the other hand, people low in SDO reject these myths and support hierarchy-attenuating policies (e.g., welfare, affirmative action, redistributive tax policies) that reduce group-based inequality. When high status differentiation exists in organizations, employees who are high in SDO will more likely to be socially isolated because they support group-based hierarchies. Based on the theoretical conception of SDO proposed by Sidanius and Pratto (1999), we expect this variable to moderate the relationship between status differentiation and social isolation. That is,

Proposition 7: The SDO will moderate the relationship between status differentiation and social isolation, such that when presented with a situation of high status differentiation (e.g., pay dispersion, hierarchical structure, and differential social respect), people high in SDO should be more likely to isolate themselves.

Cognitive moral development

Individuals vary in their cognitive moral development (Kohlberg, 1969). Kohlberg (1969) argues that there are three stages of cognitive moral development: pre-conventional, conventional, and post-conventional. Individuals at the pre-conventional level judge the morality of an action by its direct consequences. The morality of decisions is judged by the external consequences (reward or punishment for the behavior); there is no internalized moral compass. Hence, those at this level are solely concerned with the self in an egocentric manner. Individuals at the conventional level judge behaviors' morality relative to societal standards. They tend to rigidly adhere to rules to maintain societal approval. Post-conventional moral reasoning, according to Kohlberg (1969), involves individuals surpassing blindly following the law and making their own decisions about right and wrong according to their internal standards. We hypothesize that individuals at the highest level of development (post-conventional) are less likely to be influenced by status triggers in the environment and are likely to act independently of their peer group's expectations (as those at the

conventional level would be likely to) or of their own self-interest (as those at the pre-conventional level would be likely to). Since those at post-conventional levels of moral reasoning believe in universal principles of justice and are likely to consider others' viewpoints before deciding what is fair (Crain, 1985), we believe they are likely to be more empathetic to lower status individuals and to consider the effect of their decision on others in the hierarchy.

Proposition 8: Cognitive moral development will moderate the relationship between status differentiation and social isolation, such that when presented with a situation of high status differentiation (e.g., pay dispersion, hierarchical structure, and differential social respect), people at lower levels of cognitive moral development (e.g., pre-conventional and conventional) should be more likely to isolate themselves.

The love of money

We propose that the love of money will influence the status differentiation on social isolation. The construct of the love of money has an affective, behavioral, and cognitive component (Tang, 1996; Tang and Chiu, 2003). A person who has a love of money (1) believes that money is good rather than evil (affective), (2) views that money represents success (cognitive aspect), and (3) will budget his/her money well. The literature suggests that some people are more likely to have a love for money compared to others. In particular, corporate psychopaths are driven to climb the organizational hierarchy because of their love of money and power (Boddy, 2006). Similarly, narcissists have a love of money due to their drive to gain power and sense of entitlement (e.g., Allio, 2007; Maccoby, 2000; Shulman et al., 1988). Tang and Chen (2008) also found that a love of money is positively related to Machiavellianism. Individuals with a high love of money and who want to get rich easily are more likely to use manipulative tactics.

Research has shown that men who value money will more likely prefer to reward those in high positions while offering little to those in low positions (Tang, 1996; Tang and Chiu, 2003). Since people with a love for money believe that those in power

deserve to have more money, it is expected that employees who value money will be more to likely socially isolate themselves when they are in a high status differentiation situation. We hypothesize that

Proposition 9:   The love for money will moderate the relationship between status differentiation and social isolation, such that when presented with a situation of high status differentiation (e.g., pay dispersion, hierarchical structure, and differential social respect), people with a love for money (e.g., pre-conventional and conventional) should be more likely to isolate themselves.

Antisocial personality disorders

Finally, we propose that antisocial personality disorder moderates the relationship between high status group identity and insensitivity to the needs of out-group members. Some people are more likely to possess insensitivity to others and to demonstrate a profound lack of empathy. For instance, the central characteristic of corporate psychopaths is that they lack empathy and have no remorse about harming others (Babiak, 1995; Babiak and Hare, 2006; Boddy, 2006; Hare, 1994, 1999). Similarly, employees high in the trait of Machiavellianism are more likely to attempt to achieve their goals without regard for the feelings of others (Bedell et al., 2006; Wilson et al., 1996) and corporate sociopaths exhibit a propensity to engage in destructive behavior because of their desire to ''win at all costs'' (Cangemi and Pfohl, 2009; Clark, 2005; Yolles, 2009). Since individuals with certain antisocial personality disorders (e.g., psychopaths, Machiavellianism, and sociopaths) tend to exhibit a consistent lack of empathy and concern for others, having an activated high status group identity will have little additional effect on their insensitivity to the needs of out-group members. Consequently, we expect these dark personality traits to moderate the relationship between high status group identity and insensitivity to the needs of out-group members. Corporate psychopaths who are already extremely insensitive to others' feelings are unlikely to be become more insensitive when their high status identity is activated.

Proposition 10:   Antisocial personality traits such as Machiavellianism, Psychopathology, and Sociopa-

thology will moderate the relationship between high status group identity and insensitivity to the needs of out-group members.

Discussion

The recent review of behavioral ethics research by Treviño et al. (2006) calls for more research to understand the circumstances under which the depression of moral schema occurs. Our model attempts to respond to this plea by integrating social structural factors (degree of status differentiation) with the concept of the changing self to predict unethical behavior by high status individuals in organizations. We propose a theoretical mechanism that can explain how people who might otherwise view themselves as being moral or virtuous might nevertheless engage in unethical behaviors. Such behavior occurs, we contend, when a person's moral identity is rendered less potent by the activation of high status group identity, another identity, with competing behavioral prescriptions.

By incorporating the self-system into a model of unethical behavior, we identify a key cognitive process that has been largely ignored by previous models. For example, Klitgaard's (1998) economic model argues that unethical behavior (e.g., corruption) will occur when moral and ethical concerns become secondary to the attainment of political power, especially when risks of being caught or punished are minimal. Although this perspective is similar to our social-cognitive model in that both stress the inverse relationship between competing concerns, our model goes further by proposing that people can define themselves in terms of various self-schemas that might impair their ability to self-regulate unethical behavior.

Although our model focuses on unethical behavior, it complements Ashforth and Anand's (2003) description of the normalization of corruption whereby corrupt practices become embedded in organizations when otherwise ethical people engage in ethically questionable activities and convince themselves that their behavior is normal. Our model is similar to what Ashforth and Anand (2003) characterize as the embedding phase of the institutionalization process. In this phase, employees are

influenced by the particularistic cultural demands of their environment. To minimize the conflicting demands inherent in their various roles (e.g., parent, citizen, employee), Ashforth and Anand (2003) propose that people cognitively compartmentalize their identities. The process of identity compart-mentalization has some conceptual overlap with the identity activation process in our model. However, a key difference between our model and Ashforth and Anand's (2003) is that we focus on explaining individual-level unethical behavior whereas they are more concerned with describing how corruption becomes an accepted practice within the organiza-tion. Also, Ashforth and Anand's (2003) model pays more attention to the processes that allow people to justify such behavior to themselves and others. One way to integrate our model with Ashforth and Anand's (2003) would be to examine the role that moral identity might play in weakening the ability of rationalization processes to influence unethical behavior (Aquino et al., 2007). It may be that moral identity acts as a cognitive defense against organi-zational pressures toward amoral (or immoral) thought and action (Weaver, 2006). If so, then the influence of the group-level rationalization processes that normalize corruption might be neutralized if employee's moral self-schema is made more rather than less salient.

A key proposition of our model is that the social isolation of high from low status groups is a pre-cipitating condition for unethical behavior. This proposition begs the question of whether designing organizations in a way that minimizes the social isolation of different levels of the corporate hier-archy (e.g., company picnics, open workspace ra-ther than private offices) might discourage unethical behavior. Our model suggests that it can. Decreasing social isolation would work against the formation of a high status in-group identity. One obvious way to decrease social isolation and in-crease transparency would be to minimize the physical barriers that separate employees from one another. Dell's egalitarian culture is best represented by visible artifacts-almost everyone at Dell has cubicles, and walls are kept to a minimum. Direc-tors and VPs have larger cubicles, but they are lo-cated with everyone else in the functions they manage. This use of space sends signals of both equality and access to employees (Sheffi, 2008). We

would expect the level of unethical behavior amongst the higher status employees at Dell to be less than that of high status employees at IBM or another more hierarchical, status-oriented, com-pany.

We would be remiss if we did not offer some suggestions for testing the propositions in our model. Given the number of stages in our model, it seems unlikely that any single study could effectively test every proposition. Thus, we advocate testing various parts of the model separately and then looking at whether the overall pattern of findings supports the theoretical linkages we hypothesized. One research design for testing the first part of our model would involve obtaining employee perceptions of various status differentiation variables such as their pay, special perquisites, and social respect and then assess whether these variables are in fact related to greater perceptions of social isolation and greater salience of their high status group member identity. Alterna-tively, such information might be measured more objectively by using physical indicators of status differentiation within an organization like the number of levels separating the highest and the lowest level employees, or the presence of reserved parking or private dining space for some employees but not others. The more symbolic the status markers are unequally distributed within an organi-zation, the greater would be the degree of status differentiation.

Assessing the identity activation process might be more challenging because it is dynamic. But the challenge is not insurmountable. As a first step, researchers could rely on surveys to measure the extent to which employees define themselves in terms of various identities and then see whether these self-definitions are associated with insensitivity to the needs of out-groups. Capturing the dynamic nature of the self might require more sophisticated designs and techniques that would allow researchers to track changes in identity salience over time. One approach for doing this would be to use event his-tory modeling (Allison, 1984) to analyze longitudi-nal data measuring changes in self-definition as a function of the status differentiation variables in our model.

It is also possible to test the different parts of our model experimentally. A researcher could create conditions of high- and low-status differentiation

and high- and low-social isolation in a lab, and then examine whether these two factors predict the current accessibility of either a moral or in-group identity, and whether the dominant identity impacts unethical decisions by the group members. Further experiments might directly activate the identities in our model using priming procedures to see whether they predict unethical behavior through the mediating mechanism we proposed. An advantage of taking an experimental approach to test our model is that it would permit stronger inferences of causality and greater control over potential confounding variables. The disadvantage, of course, is that experiments raise questions about external validity and generalizability. We suggest that researchers adopt a multi-method approach to test different parts of our model and to see whether the accumulating evidence supports the network of relationships we have proposed.

Practical implications

Our model offers practical recommendations for organizations and managers trying to reduce unethical behavior. First of all, it suggests that organizations should consider the potential cost of creating greater status differentiation among employees. While it may be that doing so has advantages because it motivates performance or rewards the successful – if our model is correct – it might also lay the foundation for unethical activities. We do not advocate eliminating all of the status differentiation. However, what we do propose is that it is worth considering how greater status differentiation might affect the way that groups within the organization perceive and relate to one another, and whether there might be ways to maintain a shared organizational or community identity as opposed to the one that creates separation and isolation between organizational elites and everyone else.

Note

[1] We treat the terms "selves" and "identities" as synonymous.

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