

Fairness, Feelings, and Ethical Decision-Making: Consequences of Violating Community Standards of Fairness

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ABSTRACT. In this article, we describe the influence of violations of community standards of fairness (Kahneman, Knetsch, and Thaler, 1986a) on subsequent ethical decision-making and emotions. Across two studies, we manipulated explanations for a common action, and we find that explanations that violate community standards of fairness (e.g., by taking advantage of an increase in market power) lead to greater intentions to behave unethically than explanations that are consistent with community standards of fairness (e.g., by passing along a price increase). We find that perceptions of justifiability mediate this relationship. We also find that individuals derive significant psychological *benefits* (greater satisfaction, greater happiness, and reduced anger) from engaging in unethical behavior following perceived violations of fairness.

KEY WORDS: unethical behavior, fairness, deception, emotions, community standards, justification

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Introduction

Judgments of fairness can have profound implications for both social and economic systems. When individuals perceive outcomes to be fair, they experience satisfaction (Hegtvedt and Killian, 1999; Ordóñez et al., 2000) and are likely to be supportive of both the outcome and the parties involved (Barry and Oliver, 1996). However, when individuals perceive outcomes to violate fairness, they are likely to experience anger (Allred, 1999; Bies, 1987; Bies et al., 1997; Homans, 1974) and retaliate (Folger, 1993). Reactions to perceived violations of fairness include rejecting valuable offers (Pillutla and Murnighan, 1996), increased absenteeism (Hulin, 1991), stealing, and vandalism (Greenberg, 1990, 1993; Skarlicki and Folger, 1997).

Judgments of fairness are not always made in a manner that is consistent with economic rationality. Instead, judgments of fairness are guided by a number of psychological principles (Kahneman et al., 1986a). Kahneman et al. (1986b, p. 299) identify “systematic implicit rules” that guide individuals to categorize actions as either fair or unfair. They label these rules *community standards of fairness*. In this article, we use the term *community standards of fairness* to reflect these lay perceptions. Kahneman et al. (1986b, p. 299) define the “community” broadly, as including people variously in the roles of “customers, tenants, and employees,” and we follow this definition here. We recognize that while different communities may make different types of decisions, they are likely to make similar judgments about fairness.

In this article, we explore the mechanics and consequences of individual judgments of fairness on ethical decision-making. We investigate reactions

to a common action that are accompanied by an explanation that includes a reason that either violates or conforms to community standards of fairness. We explore both psychological and emotional reactions, and we focus on subsequent intentions to behave unethically. While prior work has considered emotional costs for engaging in unethical behavior, such as feelings of guilt (Lewicki, 1983), in this work we consider emotional *benefits* for engaging in unethical behavior, such as reduced anger and greater satisfaction.

We define ethical decision-making by adapting a definition of ethical behavior developed by Jones (1991): an *ethical* decision is one that is morally acceptable to the larger community. Prior research in ethical decision-making has begun to identify a number of important factors that influence ethical behavior. This work includes both theoretical models of ethical decision-making (e.g., Lewicki, 1983; Trevino, 1986) and empirical studies of ethical behavior (see Bazerman and Banaji, 2004; Ford and Richardson, 1994; Loe et al., 2000 for reviews). This work has identified a number of individual factors (Lewicki and Robinson, 1998; Trevino and Youngblood, 1990), psychological factors (Baron, 1997; Bazerman et al., 2002; Robben et al., 1990; Schweitzer and Hsee, 2002; Steinel and DeDreu, 2004), and organizational factors (Schminke, 2001; Schweitzer, Ordonez, and Douma, 2004) that influence ethical behavior. Important questions remain, however, with respect to how ethical decision-making is influenced by prior communication (e.g., explanations for prior outcomes) and emotions.

The effect of explanations on fairness judgments

Explanations are a type of social account representing an attempt by an actor to provide a rationale for a decision or procedure (Ployhart et al., 1999). Prior research has found that providing an explanation for a decision has a positive effect on an individual's reaction to that decision, especially when the outcome of the decision is unfavorable (Bies, 1987; Bies and Shapiro, 1988; Greenberg, 1993). Providing an explanation can be an effective conflict management

strategy because explanations can mitigate negative attitudes (Sitkin and Bies, 1993).

In this article, we focus on explanations that include different justifications for an unfavorable outcome (e.g., a price increase). Justifications represent a subset of explanations in which an actor assumes responsibility for the outcome, but attempts to legitimize it (Rosenfeld et al., 1995). Justifications attempt to reframe the outcome in a way that appeals to an individual's values or goals (e.g., "Salary cuts are necessary for the survival of the company"), or attempt to change an individual's referent of comparison (e.g., "Salary cuts are better than layoffs"). Bies (1987) labeled justifications that focus on an individual's values and goals as *ideological accounts*, and justifications that invoke comparisons as *referential accounts* (see also Schlenker, 1980; Sitkin and Bies, 1993). In this article, we focus on differences in perceived fairness following contrasting ideological justifications.

A number of studies have linked explanations with perceptions of fairness. Prior organizational justice research has examined individuals' perceptions of fairness in a variety of organizational processes, including recruitment and selection procedures (Ployhart et al., 1999), job rejection letters (Gilliland et al., 2001), layoff decisions (Brockner et al., 1990) and reductions of employee pay (Greenberg, 1990). Most of the research involving explanations, however, is limited in that it examines only the presence or absence of some quantity of information and does not compare various types of information (Ployhart et al., 1999). For example, Bies and Shapiro (1987) found that the presence of a justification led to greater ratings of fairness than the identical outcome without an explanation, and Greenberg (1993) varied the quantity of information provided in an explanation for reducing pay – but not the type of information.

The effect of justifications as a specific type of explanation, and their effect on perceived fairness, has received limited research attention (Bobocel and Farrell, 1996). Conlon and Ross (1997) found that disputants evaluate outcomes imposed by a third party intervention as more fair when they receive a justification rather than an apology or an excuse (see also Conlon and Murray, 1996). Bobocel and Farrell (1996) found that a justification that was perceived as adequate in a promotion decision increased percep-

tions of interactional justice (that is, whether individuals thought they were treated with dignity and respect). They also found that an ideological justification functioned better than a causal account. Horvath et al. (2000) found that both the type of explanation (causal, ideological, or referential) and outcome favorability interacted with participants' self-efficacy in determining perceptions of validity and fairness. Gilliland et al. (2001) found that while explanations involving referential justifications increased perceptions of fairness, explanations using ideological justifications did not consistently result in increased perceptions of fairness. Prior work has demonstrated that explanations can influence perceptions, but surprisingly little is known about how the specific content of explanations influences perceptions and subsequent behavior. Our work is the first to explore the relationships among violations of community standards of fairness, the mechanics of ethical decision-making, and emotions.

The effect of fairness judgments on behavior

Prior research in economics, negotiation, and justice suggest that perceptions of unfairness can lead to resistance and rejection behavior. For example, players in ultimatum games tend to reject offers they perceive as unfair (see, Binmore et al., 1985; Guth et al., 1982). Pillutla and Murnighan (1996) conducted an ultimatum game experiment that varied whether or not respondents had enough information to evaluate the fairness of the offer. They found that when respondents could evaluate the fairness of the offer they were significantly more likely to reject small offers. Similarly, Piron and Fernandez (1995) found that consumers were willing to incur costs to retaliate against firms that engaged in unfair business practices.

The theoretical mechanism proposed by these studies draws on Adams' (1965) equity theory. When the inputs an individual offers to others (e.g., an employee offers to an organization or a participant offers to another person in an ultimatum game) are not matched by outcomes, the individual feels a sense of inequity. Feelings of inequity tend to produce negative emotions, including frustration, resentment, and anger, and prior work has found that unexpected adverse outcomes can have a large

emotional impact (Coughlan and Connolly, 2001). These negative emotions can prompt individuals to harm another person or the organization (Skarlicki and Folger, 1997). This relationship has been documented in a number of domains, including complaining (Bies et al., 1988), increased rates of absenteeism or turnover (Brockner et al., 1990) and employee theft (Greenberg, 1990). Konovsky and Cropanzano (1991), for example, found that employees' perceived fairness of drug testing procedures impacted both their attitudes (increased job satisfaction) and their behavior (employee performance).

Hypotheses

We investigate ethical decision-making and changes in emotional states following a counterpart's action that is explained in a way that either does or does not violate community standards of fairness (Kahneman et al. 1986a, b). This approach allows us to explore the relationships among perceived violations of fairness, emotions, and subsequent unethical behavior.

Perceptions of fairness, justification, and unethical intentions

Our null hypothesis predicts no effect for whether or not an explanation conforms to community standards of fairness. The null hypothesis is supported by two possible accounts. The first account assumes the application of a constant moral standard. In this case, a decision-maker is guided by a moral code that ignores morally irrelevant factors, such as the nature of an explanation for a prior action. The second account assumes that people act as if they were rational economic agents. Economic theory predicts that people will be influenced by economic incentives. In this case, we expect people to react to the expected economic costs and benefits of engaging in a particular unethical behavior. Explanations for prior actions related to community standards of fairness are irrelevant in this regard, and as a result, we might expect explanations not to influence behavior.

Against this foil, we develop our alternative hypotheses. We build upon Lewicki's (1983, p. 80) cost-benefit model of deception, which includes

“contingent rewards and punishments” an individual considers prior to engaging in unethical behavior. We extend the set of costs and benefits Lewicki outlines to include the psychological costs of justifying an unethical action to oneself (self-justification) and potential psychological *benefits* from engaging in unethical behavior.

Consistent with Kahneman et al.’s (1986a, b) findings, we expect individuals to perceive a counterpart’s prior actions as unfair if they are explained in a way that violates community standards of fairness. We expect these perceptions of fairness to influence the ease with which individuals justify their own unethical actions. Subsequently, we expect this self-justification process to influence their likelihood of engaging in unethical behavior. Specifically, we expect individuals who believe that their counterpart has acted unfairly to be more likely to self-justify unethical actions and to incur lower psychological costs for engaging in unethical behavior. Consequently, we expect individuals who perceive their counterpart’s actions as unfair to be more likely to engage in unethical actions than individuals who perceive their counterparts’ actions as fair, and we expect perceptions of justifiability to mediate this relationship.

Hypothesis 1 Individuals will judge a counterpart’s actions as less fair if the counterpart provides reasons for his or her actions that violate community standards of fairness than if their counterpart provides a reason that is consistent with community standards of fairness.

Hypothesis 2 Individuals will be more likely to engage in unethical actions if their counterpart provides a reason for his or her prior behavior that violates community standards of fairness than if their counterpart provides a reason that is consistent with community standards of fairness.

Hypothesis 3 Individuals will judge their own unethical actions as more justified if

their counterpart provides a reason for his or her prior behavior that violates community standards of fairness than if their counterpart provides a reason that is consistent with community standards of fairness.

Hypothesis 4 Individuals’ self-justification will mediate the relationship between the types of reasons provided for prior behavior and ethical intentions.

Emotional responses to unfairness

We also expect violations of community standards of fairness to generate emotional responses. Anger is a common response to feelings of unfairness (Folger, 1993; Homans, 1974; Hegtvedt and Killian, 1999), but in addition to anger, we expect violations of community standards of fairness to decrease satisfaction and happiness. Prior equity and social justice research suggests that individuals will experience negative emotions when they perceive that they have been treated unfairly (Adams, 1965; Homans, 1974; Pillutla and Murnighan, 1996, 2003). Thus, we predict:

Hypothesis 5 When individuals perceive an explanation for a negative outcome to be unfair, they are likely to feel greater anger and less satisfaction and happiness than if they perceive an explanation to be fair.

Emotional responses to engaging in unethical behavior

Surprisingly little research has examined individuals’ own reactions to their use of unethical tactics (Lewicki et al., 1994, p. 389). We predict that individuals’ emotional reactions will differ depending upon whether they perceive the explanation for a negative outcome to be fair or unfair.

If the explanation is regarded as fair, individuals are likely to experience psychological costs for engaging

in unethical behavior. Lewicki et al. (1994) argue that negotiators who knowingly engage in unethical behavior such as deception or lying may feel increased guilt, personal stress, discomfort, and remorse. This work suggests that individuals will experience more negative emotions such as guilt and fewer positive emotions such as satisfaction and happiness when they engage in unethical behavior.

However, we predict that if the explanation is perceived to be unfair, individuals' emotional responses to their own unethical behavior are likely to be different. In particular, we expect individuals who engage in unethical behavior following explanations perceived to be unfair to feel fewer negative and more positive emotions. There are two theoretical rationales for making this prediction. First, equity theory suggests that individuals will seek to balance their feelings of inequity by engaging in behaviors or cognitions to alter their own or others' inputs or outputs (Adams, 1965). When unethical behavior is perceived to be undertaken in response to unfair actions on the part of another, it could be viewed as a way of correcting the inequity. Although prior work has not explicitly measured emotional responses following actions taken to correct an inequity, an implication of equity theory is that individuals should experience a reduction in dissatisfaction following such actions.

A second and related theoretical rationale involves theories of revenge. Engaging in unethical behavior, in addition to being seen as resolving an inequity, may be seen as a way to punish the actions of a counterpart. For example, prior research has shown that a prominent emotional response to ultimatum outcomes that are perceived to be unfair is wounded pride and anger (Pillutla and Murnighan, 1996). An individual's reluctance to accept a counterpart's ultimatum offer can be seen as a spiteful act to punish a counterpart, especially since the rational economic model suggests that an individual should not agree to sub-optimal gains (Pillutla and Murnighan, 2003). Recent research also finds that engaging in acts to punish perceived unfairness by a counterpart elicits pleasure among those exacting – and observing – this revenge (Tripp et al., 2002).

While both the equity and revenge explanations suggest that an individual will “feel better” following actions to correct injustice, prior work has not investigated this proposition, and little consideration

has been given to whether or not this emotional response will be tempered by the ethicality of the actions taken. We postulate that individuals who regard a prior explanation as unfair will be more likely to self-justify unethical behavior, and more likely to experience a decrease in negative emotions such as anger, and an increase in positive emotions such as satisfaction and happiness, when they engage in unethical behavior.

Hypothesis 6 Compared to individuals who receive explanations consistent with community standards of fairness, individuals who receive explanations that violate community standards of fairness will experience greater satisfaction, greater happiness, less guilt, and less anger when they engage in unethical behavior.

In Study 1, we test hypotheses 1 through 4. In Study 2, we test hypotheses 1 through 6.

Study 1

In Study 1, we explore the relationship between violations of community standards of fairness and ethical intentions. We use survey methods similar to those used by Kahneman et al. (1986a), and we consider the role of perceptions of justifiability in mediating the relationship between perceptions of fairness and ethical decision-making.

Method

We recruited 198 participants from a large Northeastern train station to complete one of two versions of a survey. The versions included two different explanations for a common action – a price increase. In this study, we focus on Kahneman et al.'s (1986a, p. 732) “occasions for pricing decisions.” These “occasions” are the reasons for changing prices or the terms of an exchange. Kahneman et al. (1986a) identify three classes of occasions: profit reductions (e.g., rising costs), profit increases (e.g., falling costs), and increases in market power (e.g., temporary excess demand).

In our study, the price increase is for a snow shovel sold by a hardware store following a snowstorm. One version explains the price increase in terms of the storeowner taking advantage of his market power: realizing that demand for snow shovels would increase, he raised the price of snow shovels. The reason provided in this explanation violates community standards of fairness and we expect this explanation to be regarded by individuals as unfair. The second version explains the price increase in terms of a profit reduction: the store was passing along a price increase instituted by the manufacturer. The reason provided in this explanation is consistent with community standards of fairness. We compare the influence of the two types of explanations on intentions to behave ethically.

Specifically, individuals were presented with the following vignette:

After a large snowstorm, you realize that you need to buy a new snow shovel. The nearest hardware store is an independently owned store just two blocks away. You make the trip to the store and find the shovel you need. As you get ready to pay for the shovel another customer tells you that he just bought the same shovel yesterday for \$15. Right after his purchase the store owner raised the price they charge for the shovels from \$15 to \$25, because...

Version 1: the store expected that more people would want shovels after the snowstorm.

Version 2: the shovel manufacturer increased the price they charge the store.

We asked individuals to evaluate this scenario and answer three questions. First, we asked individuals to assess the fairness of the store's decisions. Specifically, we asked, "How fair is the store's decision to raise the price?" (1 = *completely unfair*; 7 = *completely fair*). Next, we asked individuals to consider the following ethical dilemma and answer two additional questions: "As you pay for the shovel, the storeowner mistakenly gives you an extra \$10 in change. How justifiable is it for you to keep the money?" (1 = *completely unjustifiable*, 7 = *completely justifiable*), and finally, "How likely would you be to return the \$10 to the cashier?" (1 = *definitely would not return the \$10*, 7 = *definitely would return the \$10*).

Results

A total of 198 individuals completed one of two versions of the survey. We report means, standard deviations, and correlations for the key study variables in Table I. Overall, we find that intentions to behave ethically were significantly influenced by the explanation provided for the price increase. Further, we find that this relationship was mediated by the perceived justifiability of behaving unethically.

Supporting Hypothesis 1, we find that the explanation offered for the price increase significantly affected perceptions of fairness. When the explanation involved an increase in market power, individuals perceived the store's decision to raise the price as significantly less fair than when the explanation involved a profit reduction, 4.18 (SD = 1.74) versus 5.16 (SD = 1.65), $t(196) = 4.08$, $p < 0.001$.

Supporting Hypothesis 2, we find that the explanation offered for the price increase significantly affected individuals' intentions to behave

TABLE I
Descriptive statistics and correlations among key variables, study 1 ($N = 198$)

Variables	Mean	SD	1	2	3
1. Explanation ^a					
2. Perceived Fairness	4.67	1.8	0.28 **		
3. Perceived Justified	2.98	1.9	-0.21 **	-0.10	
4. Return Money	4.71	2.0	0.21 **	0.14 *	-0.65 **

^a Consistent explanation (manufacturer increased price)=1; Violation explanation (greater demand)=0

** Correlation is significant at the 0.01 level (2-tailed)

* Correlation is significant at the 0.05 level (2-tailed)

ethically. When the explanation involved an increase in market power, individuals' intentions to behave ethically were significantly lower than when the explanation involved a profit reduction, 4.31 (SD = 2.14) versus 5.12 (SD = 1.74), $t(196) = 2.93$, $p < 0.01$.

Supporting Hypothesis 3, we find that the explanation offered for the price increase significantly affected the perceived justifiability of acting unethically. When the explanation involved an increase in market power, individuals perceived the decision to keep unearned money as more justifiable than when the explanation involved a profit reduction, 3.38 (SD = 1.96) versus 2.57 (SD = 1.78), $t(196) = 3.04$, $p < 0.01$.

We next examine the role of self-justification in mediating the relationship between explanations and intended ethical behavior using mediation analysis (Baron and Kenny, 1986). We report results from this analysis in Figure 1. Supporting Hypothesis 4, we find that the explanation offered for the price increase significantly impacts individuals' perceived justifiability of acting unethically. When the explanation involved an increase in market power, individuals perceived the decision to keep unearned money as more justifiable than when the explanation involved a profit reduction. We find that perceptions of justifiability are significantly related to ethical intentions, and that perceptions of justifiability fully mediate the relationship between fair explanations and ethical intentions (Sobel test, $Z = 2.94$, $p < 0.01$).

Discussion

We find that the nature of the explanation significantly affects ethical decision-making. Consistent with Kahneman et al.'s (1986a, b) community standards of fairness, we find that perceptions of fairness are labile. More importantly, we find that perceived violations of fairness increase the use

of retaliatory unethical behavior, and that the self-justification process mediates this relationship. Specifically, when explanations for an action (e.g., a price increase) violate community standards of fairness (e.g., by taking advantage of market power), individuals are significantly more likely to engage in unethical behavior than when explanations for the same action do not violate community standards of fairness (e.g., by passing along a cost increase). That is, individuals believe that unethical behavior is more justified if they perceive that they have been the target of "unfair" behavior.

These results have important theoretical implications. Our results identify the self-justification process as a key antecedent to unethical behavior and offer insight into the mechanics of ethical decision-making. Consistent with Lewicki's (1983) cost-benefits model, we find that individuals judge their unethical behavior as more acceptable (i.e., less costly) when they perceive that they have been treated unfairly.

Study 2

In Study 2, we extend our investigation in an important direction. In this study, we measure the role of emotions following perceived violations of fairness and we explore how emotions change in response to one's own unethical actions. In addition to considering emotional costs (e.g., guilt) from engaging in unethical behavior, in this study we consider the potential role of emotional *benefits* (e.g., decreased anger, increased satisfaction).

As in Study 1, following an explanation that either violated or was consistent with community standards of fairness, we asked individuals to assess their ethical intentions. We then asked participants to imagine how they would feel if they did engage in an unethical behavior. In this study, the unethical behavior involved misrepresenting billable hours.

Method

We recruited 116 participants from a large North-eastern train station to complete one of two versions of a survey. As in Study 1, we adapted a vignette from Kahneman et al. (1986a). In this study, we manipulated the explanation for not receiving a

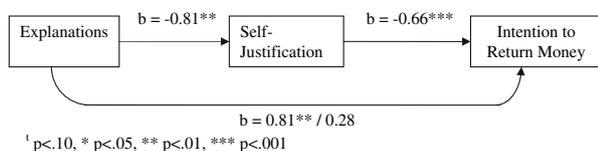


Figure 1. Self-Justification as a Mediator (Study 1) [†].

raise. In one version we offered an explanation consistent with community standards of fairness (by passing along economic costs), and in the other we offered an explanation that violated community standards of fairness (by taking advantage of market power).

Specifically, individuals read the following:

Imagine that you work for a large consulting company with over 1,000 employees. This past quarter, you worked very hard. You worked long hours and you volunteered for a number of important business trips that nobody else in your department wanted to take. You even took a training class (at the suggestion of your supervisor) to learn about a new software program that will benefit the company.

When you met with your supervisor to discuss your raise, ...

Version 1. he explains that the company is in an area experiencing high unemployment. As a result, there are many people eager to work at the company, so management could easily replace anyone who chooses to leave. Even though the company made a profit this year, your supervisor informs you that you will not receive a raise. The only reason you will not receive a raise this year is that there are many other people who want to work at the company.

Version 2. he explains that the largest division in the company worked with clients who were hit hard by a local recession. As a result, these clients did not pay their consulting bills, and the company lost money this year. Since the company lost money, he informs you that you will not receive a raise. The only reason you will not receive a raise this year is that the company lost money.

We asked participants to evaluate this scenario and answer five questions. The first question assessed how participants would rate their company “in terms of fairness” (1 = *very unfair*, 7 = *very fair*). Next, we asked participants to assess how they would feel after meeting with their supervisor along the following dimensions: *satisfied*, *guilty*, *happy*, or *angry* (1 = *not at all*, 7 = *extremely*).

We then presented individuals with an ethical dilemma involving a bonus for reaching a goal. Prior research has shown that being close to the completion of a goal promotes unethical behavior (Schweitzer et al., 2004). The vignette read:

Later that same day you sit down to complete your time sheet for the week. This is an important time sheet, because it is the last time sheet you will complete this quarter.

In addition to paying you a base salary, your company pays a \$500 bonus for consultants who bill at least 500 hours per quarter. You are very close to the 500 hour target. Although you are not supposed to include training time, you would have hit this target if the hours you spent in training class qualified for your time sheet. You are only 5 hours short of the 500 consulting hour target.

Following the vignette, we asked individuals three questions. First, we asked individuals how justifiable they thought it was to “enter a slightly higher number” on their time sheet (1 = *not at all justifiable*, 7 = *very justifiable*), and second, how likely they were to put down a slightly higher number (1 = *not at all likely*, 7 = *extremely likely*). We then asked individuals to imagine how they would feel after entering a higher number on the time sheet. We assessed these emotions using the same scale as above for *satisfied*, *guilty*, *happy*, and *angry*.

Results

A total of 116 individuals completed the survey. On average, individuals were 31.8 years old and had 14.6 years of work experience. Men made up 59.5% of the sample. We report means, standard deviations, and correlations for the key study variables in Table II. Overall, as in Study 1, we found that intentions to behave ethically were significantly influenced by the perceived fairness of the explanation provided. We also found that this relationship was mediated by the perceived justifiability of behaving unethically. In addition, we found that participants’ emotional reactions to their own unethical behavior differed significantly as a function of the perceived fairness of the explanation.

TABLE II
Means, standard deviations, and correlation matrix for study 2 ($N = 116$)^a

Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Explanation	3.35	1.83	0.66													
2. Perceived Fairness	2.59	1.52	0.54	0.72												
3. Pre-lie Satisfaction	1.44	0.89	0.05	0.11	0.26											
4. Pre-lie Guilt	2.20	1.32	0.42	0.52	0.57	-0.01										
5. Pre-lie Happiness	4.60	1.76	-0.58	-0.70	-0.58	0.01	-0.53									
6. Pre-lie Anger	4.05	1.77	-0.59	-0.72	-0.65	-0.06	-0.45	0.72								
7. Perceived Justified	3.12	1.87	-0.54	-0.59	-0.48	-0.00	-0.32	0.59	0.72							
8. Tendency to Lie	5.74	1.07	-0.60	-0.60	-0.50	-0.13	-0.11	0.55	0.65	0.72						
9. Post-lie Satisfaction	7.42	2.86	0.65	0.68	0.53	0.15	-0.44	-0.57	-0.68	-0.68	-0.77					
10. Post-lie Guilt	4.45	1.74	-0.49	-0.53	-0.40	-0.03	0.40	0.60	0.64	0.67	0.79	-0.68				
11. Post-lie Happiness	2.19	1.27	-0.14	-0.20	-0.21	-0.01	-0.43	0.33	0.29	0.23	0.06	-0.19	0.13			
12. Post-lie Anger	1.41	0.49	0.06	0.09	0.14	0.15	-0.11	-0.15	-0.17	-0.31	-0.19	0.17	-0.18	-0.12		
13. Participant Sex ^b	31.77	9.65	0.01	0.03	0.05	-0.14	0.01	-0.14	-0.04	-0.16	-0.04	0.05	-0.12	0.08	0.09	
14. Participant Age	14.61	10.32	-0.02	-0.04	-0.00	-0.17	0.13	-0.07	0.01	-0.07	-0.02	0.06	-0.09	0.15	-0.04	0.92
15. Participant Work Exper.																

^aCorrelations larger than 0.18 are significant, $p < .05$ (2-tailed).

^bMale respondents = 1, female respondents = 2.

Hypothesis 1 stated that individuals would judge a counterpart’s actions as less fair if the explanation violates community standards of fairness. We found support for this hypothesis: participants in the unfair condition rated the outcome as significantly less fair than did participants in the fair condition, 2.11 (SD = 1.1) versus 4.52 (SD = 1.6), $t(114) = 9.41$, $p < 0.001$.

Unfairness and unethical behavior

We also found support for Hypothesis 2. Relative to participants in the fair condition, participants in the unfair condition claimed that they were significantly more likely to lie, 4.16 (SD = 1.7) versus 2.15 (SD = 1.4), $t(114) = 6.87$, $p < 0.001$. Compared to participants in the fair condition, participants in the unfair condition also viewed lying as significantly more justifiable (Hypothesis 3), 5.13 (SD = 1.4) versus 3.05 (SD = 1.4), $t(114) = 7.78$, $p < 0.001$.

We next examine the role of self-justification in mediating the influence of explanation type on ethical intentions (Hypothesis 4). We conducted mediation analysis (Baron and Kenny, 1986), and report our results in Figure 2. Results from this analysis indicate that perceptions of justifiability mediate the relationship between fair explanations

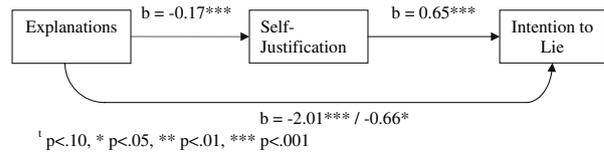


Figure 2. Self-Justification as a Mediator (Study 2) †.

and intentions to lie (Sobel test, $Z = -5.59$, $p < 0.001$).

Fairness, emotions, and unethical behavior

We also found support for Hypothesis 5. Relative to individuals in the fair explanation condition, individuals in the unfair explanation condition felt more anger 5.66 (SD = 1.4) versus 3.62 (SD = 1.5), $t(114) = 7.63$, $p < 0.001$, less satisfaction 1.75 (SD = 0.9) versus 3.37 (SD = 1.6), $t(114) = -6.73$, $p < 0.001$, and less happiness 1.63 (SD = 0.8) versus 2.73 (SD = 1.5), $t(114) = -4.96$, $p < 0.001$.

We next examined changes in emotion ratings across conditions. We report emotion ratings in Table III and depict changes in emotion in Figures 3–6. We computed differences between pre- and post-deception ratings for each emotion, and to test Hypothesis 6 we compared these differences across conditions. Our results support Hypothesis 6.

TABLE III
Emotions before and after engaging in unethical behavior (study 2)

	Fair condition	
	Pre-Lie M(SD)	Post-Lie M(SD)
Satisfied	3.37 (1.58) _a	2.85 (1.45) _a
Guilty	1.48 (0.98) _a	5.42 (1.45) _b
Happy	2.73 (1.49) _a	3.63 (1.56) _b
Angry	3.62 (1.47) _a	2.02 (1.20) _b
	Unfair condition	
Satisfied	1.75 (0.88) _a	4.98 (1.40) _b
Guilty	1.39 (0.78) _a	2.88 (1.56) _b
Happy	1.63 (0.78) _a	5.32 (1.49) _b
Angry	5.66 (1.41) _a	2.38 (1.33) _b

Note: The subscripts denote comparisons across rows. Within each row, significantly different means are noted by different subscripts ($p < 0.01$).

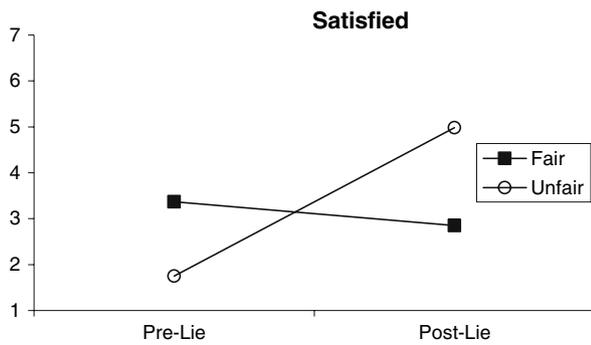


Figure 3. Changes in Satisfaction (Study 2).

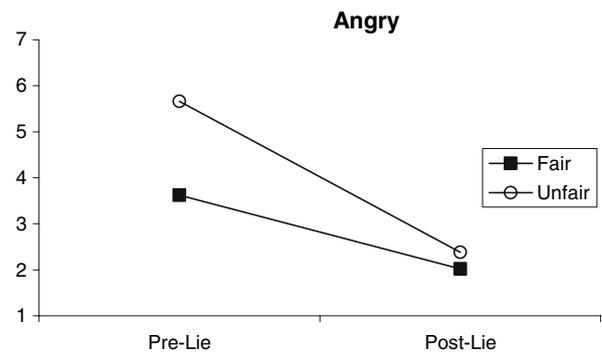


Figure 6. Changes in Anger (Study 2).

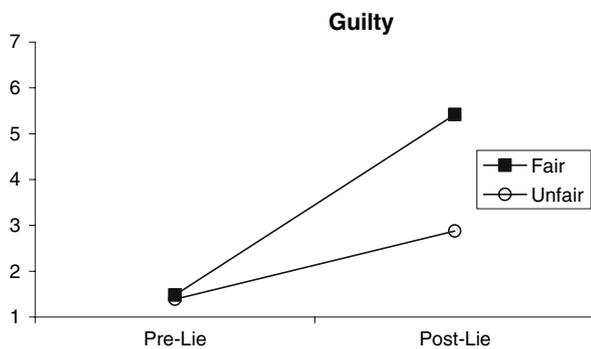


Figure 4. Changes in Guilt (Study 2).

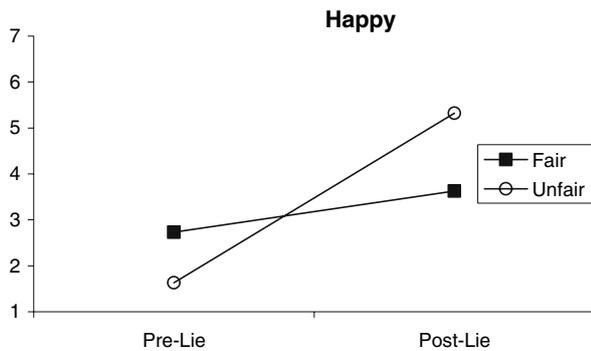


Figure 5. Changes in Happiness (Study 2).

Compared to individuals who received explanations consistent with community standards of fairness, individuals who received explanations that violated community standards of fairness experienced more positive and fewer negative emotions from engaging in unethical behavior. Compared to individuals in the fair explanation condition, individuals in the unfair condition experienced a greater increase in satisfaction [4.98–1.75 = 3.23 (SD = 1.8)] versus

[2.85–3.37 = .52 (SD = 2.5), $t(114) = 3.75$, $p < 0.001$], a greater increase in happiness [5.32–1.63 = 3.70 (SD = 1.8)] versus [3.53–2.73 = 0.9 (SD = 2.5),], $t(114) = 2.80$, $p < 0.001$, a smaller increase in guilt [2.88–1.39 = 1.48 (SD = 1.6)] versus [5.42–1.48 = 3.93 (SD = 1.7)], $t(114) = 2.45$, $p < 0.001$, and a larger decrease in anger [2.38–5.66 = –3.29 (SD = 1.8)] versus [2.02–3.62 = –1.60 (SD = 1.39)], $t(114) = 5.65$, $p < 0.001$.

Another way of comparing the emotional response to unethical behavior is to assess individuals' absolute level of each emotion in the fair versus unfair explanation conditions. This analysis provides further support for Hypothesis 6. Comparing post-deception ratings of individuals in the fair explanation condition to those of individuals in the unfair explanation condition, we found that individuals in the unfair condition were more satisfied [2.85 (SD = 1.4) versus 4.98 (SD = 1.4), $t(114) = 8.00$, $p < 0.001$], more happy [3.63 (SD = 1.6) versus 5.32 (SD = 1.5), $t(114) = 5.95$, $p < 0.001$], less guilty [5.42 (SD = 1.5) versus 2.88 (SD = 1.6), $t(114) = -9.08$, $p < 0.001$], and similarly angry [fair, 2.02 (SD = 1.2) versus unfair, 2.38 (SD = 1.3), $t(114) = 1.53$, p -value n.s.].

Discussion

We find that violations of community standards of fairness increased participants' willingness to behave unethically. This relationship was mediated by perceptions of justifiability. Participants in the unfair condition viewed the use of unethical behavior as more justifiable and they claimed that they would be more likely to engage in unethical behavior.

Results from this work also identify an important emotional component to the relationship between unfairness and unethical behavior. While prior work has assumed that people incur psychological costs for engaging in unethical behavior (e.g., Lewicki, 1983; Schweitzer and Hsee, 2002), our work identifies potential psychological *benefits* for this behavior. Specifically, when people perceive that they have been treated unfairly, they may feel *more satisfied, happier, less angry* and *less guilty* when they engage in unethical behavior toward their counterpart.

General discussion

Our findings demonstrate that the content of explanations for a prior behavior influence the cognitive and emotional calculus of engaging in unethical behavior. Individuals who receive explanations that violate community standards of fairness are significantly more likely to engage in unethical behavior than are individuals who receive explanations consistent with community standards of fairness. We find that perceptions of justifiability mediated ethical intentions. Using Lewicki's (1983) cost-benefit framework, our results suggest that unfair explanations lower the psychological cost of engaging in unethical behavior. Perceived unfairness provides a justification for engaging in an act that is typically regarded as unethical.

In addition, we find that individuals receive emotional benefits for engaging in unethical behavior. While Lewicki et al. (1994) argues that individuals incur affective *costs* (e.g., guilt and remorse) for engaging in unethical behavior, we find that in some cases individuals may anticipate affective *benefits* from engaging in unethical behavior. Following an unfair explanation, we find that unethical actions can increase satisfaction, increase happiness, and decrease anger.

Our findings also contribute to research on retaliatory behavior in organizations. Our findings with respect to anger are consistent with Allred's (1999) model of anger-driven retaliation and Bies, Tripp and colleagues' conceptualization of revenge (Bies et al., 1997; Tripp and Bies, 1997). In these models, an individual's perceptions of injustice by another party or judgments of responsibility for harm produce anger, which leads to retaliatory impulses

and behavior. Neither of these models, however, explores the affective consequences of actually engaging in retaliatory behavior.

Our findings provide an empirical measure of the affective benefits of engaging in retaliatory unethical behavior. Our work identifies an affective process: perceiving that a counterpart is treating an individual unfairly increased the individual's feelings of anger, a negative emotional experience. Providing an opportunity to engage in unethical behavior allowed individuals not only to mitigate this negative experience but also to derive positive emotional benefits.

Future research

Our findings raise important questions for future research. First, we did not disentangle the benefits individuals derived from engaging in unethical behaviors from the harm they caused others. Quite possibly, people derive psychological benefits from both. Further research should examine the degree to which retaliatory behavior is related to an equity approach that is responsive to behavior that benefits the individual, versus a revenge approach, which emphasizes punishing counterparts who engage in unfair behavior.

Second, future work should extend our findings to consider the role of detection and both positive and negative consequences for engaging in unethical acts. Results from this work may offer insight into the relationships among unethical behavior, expected outcomes, and emotion.

Third, future research should examine how unethical behavior is influenced by the combination of different types of explanations and different explanation sources. For example, future work should manipulate dimensions of the explanation such as the personalization of the explanation and credibility of the messenger. This work should also consider potential moderators, such as the extent to which an individual (e.g., an employee) identifies with the person offering the explanation (e.g., a manager) and power dynamics. For example, prior work has found that actions undertaken by high-status individuals are perceived to be less fair than the same actions undertaken by low-status individuals (Seligman and Schwartz, 1997). As a re-

sult, future work should explore whether a manager's ability to use explanations to affect perceptions of fairness interacts with his or her position of power.

Implications for practice

Our results also inform a number of prescriptions. Specifically, our findings suggest that individuals who provide reasons for actions that are consistent with community standards of fairness may be able to curtail unethical behavior, and that individuals should avoid providing explanations for their behavior that violate community standards of fairness. For example, representatives for music or software companies should take particular care to explain price increases. Explanations for price increases that include reasons related to increased recording and production costs, that are consistent with community standards of fairness, may be more likely to curtail piracy than explanations that include reasons that violate these standards. Similarly, managers engaged in negotiations should take particular care to provide reasons for their offers with respect to community standards of fairness. Quite possibly, negotiators may be able to use (or avoid the use of) different types of reasons to reduce their likelihood of being deceived.

Taken together, our results extend our understanding of how fairness perceptions impact the ethical decision-making process. Different explanations for the same action significantly affect perceptions of fairness, the ease with which people justify their own unethical behavior, and their emotional responses to that behavior. The justification process represents a key antecedent to unethical decision-making and explanations represent an important managerial tool for curtailing unethical behavior.

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