

# From Machiavellianism to Unethical Behavior: A Cross-Level Examination of Cultural Factors

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**Abstract.** This study establishes the relationship between a manager's Machiavellian personality and unethical behavior. It also tests the cross-level interaction effects of collectivism and power distance on the relationship between a Machiavellian personality and unethical behavior. The multi-level and multi-source data are collected from 22 public sector organizations from which 202 responses from managers about their personalities, power distance, and collectivism, and 626 subordinates' ratings of the managers' unethical behavior were received and used. The results show that Machiavellian personality has a positive relationship with unethical behavior. The cross-level interaction effects also show that cultural dimensions such as power distance, and collectivism—significantly and positively moderate the relationship between Machiavellian personality and unethical behavior. Based on the study's findings, implications for theory and practice are offered.

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Unethical behavior of organizational members is an issue of growing importance for researchers around the globe because of its high prevalence and severely detrimental effects, including the threats to organizational goodwill, financial status, and organizational progress (Dahling et al., 2012; Kaptein, 2008). Unethical behaviors are defined as acts that are harmful to others and are “illegal or morally unacceptable to the larger community” (Jones, 1991; p. 367).

The literature categorizes the antecedents of organizational members' unethical behavior into two types: Internal factors and external factors (Bereczkei & Czibor, 2014; Hauser et al., 2020; Jones & Paulhus, 2009). Internal factors refer to an individual's trait which is closely associated with (un)ethical behavior in organizations (Jones & Paulhus, 2009). The literature has evidenced that the Machiavellian personality trait is noted for its lack of moral development and ethical values (Dahling et al., 2009; Greenbaum et al., 2017; Hauser et al., 2020; Ruiz-Palomino & Linuesa-Langreo, 2018).

Machiavellianism is defined as “a strategy of social conduct that involves manipulating others for personal gain, often against the other's self-interest” (Wilson et al., 1996, p. 285). Applying personality trait theory, which states that a Machiavellianism is characterized by opportunistic behavior for personal gain, scholars have established that the disposition of Machiavellians is that “the end justifies the means”; combined with their power and authority over money, makes these individuals likely to engage in unethical behavior (Dahling et al., 2009; Hauser et al., 2020). A Machiavellian in a leadership position tends to have both authority over money and a tendency to engage in unethical practices (Hauser et al., 2020). Dahling et al. (2012) asserted that there is a dearth of evidence concerning the Machiavellianism exhibited by the leaders at workplace settings and its impact. Therefore, this study incorporates the Machiavellian personality of organizational leaders as an internal determinant of their unethical behavior.

Additionally, knowledge about the impact of Machiavellians on unethical behavior remains limited, as

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attention has not been paid to external conditions that intensify the Machiavellians' innate tendencies to engage in unethical behavior (Hauser et al., 2020; Ruiz-Palomino & Linuesa-Langreo, 2018). Therefore, studying the impact of Machiavellianism on unethical behavior requires incorporating the effects of external factors such as culture (Dahling et al., 2012; Greenbaum et al., 2017; Hauser et al., 2020). Research has shown that culture often becomes the basis for unethical behavior that supports organizational members in rationalizing criminality (Scholl & Schermuly, 2020).

Culture provides guidelines to individuals on what to do, how to think and what to feel (Matsumoto & Hwang, 2013) therefore, it is a key determinant of individuals' behavior. Literature revealed that culture is an important factor that explains cross-country variation to engaging in unethical behaviors (Getz & Volkema, 2001; Scholl & Schermuly, 2020). Pillay and Dorasamy (2010) contended that understanding specific cultural dimensions of unethical practices plays a vital role in developing policies to combat unethical behaviors. Therefore, we posit that collectivism and power distance are more prevalent in the Pakistani organizational settings and have important bearing on managerial decision-making. These dimensions are inherent in organizations because of the group structure and hierarchical nature, respectively (Yang et al., 2007). Collectivists value group solidarity, prefer group goals over organizational goals, and perform activities that favor their groups (Oyserman & Lee, 2008). Literature suggests that in highly collectivist societies, serving group goals through misuse of authority and power penetrate organizations such as in exchange for favors to their social

groups, friends, and family (Islam, 2004; Pillay & Dorasamy, 2010). Similarly, a high-power-distance culture leads people to accept the power and status differences in their groups. In societies with high-power distance, individuals who hold top positions are not questioned (Islam, 2004). Therefore, in high-power-distance societies, leaders are more likely to engage in unethical behavior. Studies that have incorporated these cultural dimensions have usually measured them at an individual level, which limits their ability to see all of the effects (Yang et al., 2007), so researchers have suggested using the cultural dimensions at the group level or organizational level to include the convergence among organizational members to the appropriate level of collectivism and deference to power concerning organizational processes (Wu & Chatuvedi, 2009; Yang et al., 2007). Drawing on trait activation theory (Tett & Burnett, 2003), which supports person-situation interaction's ability to predict unethical behavior, this study examines the cross-level interaction effects of collectivism and power distance on the Machiavellian personality and leaders' unethical behavior (FIG 1).

This study was conducted in Pakistan, as the country is underdeveloped and ranked high on the Corruption Perception Index. Transparency International ranked Pakistan 124<sup>th</sup> out of 180 countries surveyed on the corruption index (Transparency International Pakistan, 2020). Most of the earlier studies on the phenomena under investigation had been conducted in Western and developed countries that are low on collectivism and power distance index, and results of those studies could not be generalized to the developing countries due to cultural and economic differences.

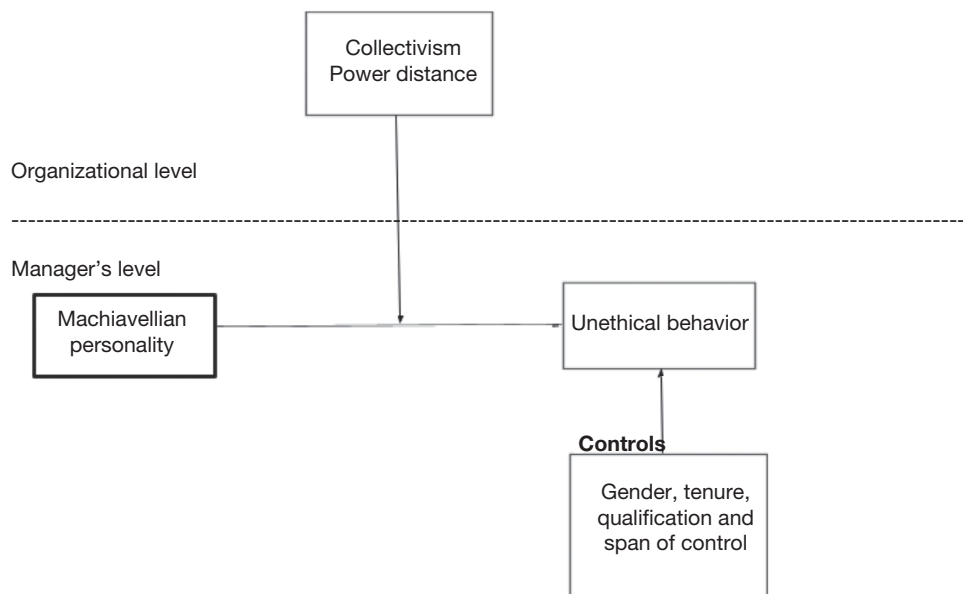


Figure 1. The Conceptual Framework

Most of the developing countries on the other hand, are high on collectivism and power distance that are also facing high corruption, present an interesting case to study unethical behavior of the managers. Therefore, public-sector organizations in Pakistan are considered more suitable for studying the underlying phenomena because unethical behaviors (in a form of corruption) remain one of the major obstacles for Pakistani public organizations and most governance indicators reveal an unchanging situation in the country, with corruption perceived as systematic, widespread, and deeply rooted in all levels of public organizations (Chêne, 2008).

This study advances the literature in several ways. First, it scrutinizes the important factors at multiple levels that influence leaders' unethical behaviors. Brown and Mitchell (2010) noted that much has been learned about ethical leadership, but literature still lacks the understanding of leader's unethical behaviors. They portrayed the far-reaching harms that unethical acts of the leaders can inflict on employees, organizations, and society are much greater in intensity than the employees due to their position and authority. Therefore, they called for concentrated efforts to identify the antecedents of leaders' unethical behaviors. Thus, our study responds to such calls by incorporating the psychological and social factors as predictors of leader's unethical behaviors. Second, scholars also highlighted those distinct national cultural factors that are likely to impact leaders' (un)ethical behaviors differently, hence they emphasized on the need to investigate questions such as, whether the cultural antecedents, correlates and outcomes are universal or distinct for each culture? (Brown & Mitchell, 2010; Hauser et al., 2020; Modesto & Pilati 2020; Scholl & Schermuly, 2020). This study extends the literature by investigating the moderating effects of very specific cultural dimensions—power distance and collectivism in organizations. Previous studies have mostly investigated general cultural dimensions such as gender and religiosity (Scholl & Schermuly, 2020). The present study has broadened the literature by incorporating the specific cultural factors to deepen the understanding of the causes as to why managers in developing countries are higher at unethical behavior as compared to the managers in the developed countries. A better understanding of these factors may help to bring down the level of unethical behaviors in the countries sharing same culture of collectivism and power distance.

Third, at the individual level, Dahling et al. (2012) pointed out that prior studies have presented mixed results about the behaviors of Machiavellian leaders; these studies have asserted that leaders react in different ways to different situations. Hence, the extant research still lacks the situations that instigate Machiavellian real personality. They declared this as a critical shortcoming

of the literature. Later, they emphasized that future research should focus on the impact of Machiavellian leaders on unethical behaviors in specific conditions. Ruiz-Palomino and Linuesa-Langreo (2018) established that person-situation interaction as a central phenomenon for understanding individuals' behaviors and called for further studies to investigate the possible contingencies that link Machiavellian leaders with (un)ethical behaviors. Present study responds to such calls and adds to the literature of Machiavellianism by examining very specific conditions that can provide a favorable environment for the Machiavellian leaders to later indulge in unethical behaviors.

Fourth, this study extends the trait activation theory that had been used as a reference model for identifying the situations that are likely to trigger a trait activation process (Tett & Burnett, 2003). Trait activation process occurs when a person views a situation is compatible with his/her goals and facilitates him/her to engage in trait-expressive work behavior (Greenbaum et al., 2017; Murray, 1938). Greenbaum et al. (2017) labeled it as "situation-trait relevance" that refers to the situations that provide cues to the organizational members for the expression of their personality. By using *abusive supervision* as a Machiavellian trait activator, they suggested extending the application of trait activation theory by identifying the conditions that intensify Machiavellian personality. In line with the suggestions, our study proposes cultural dimensions such as collectivism and power distance are the important social influences that activate Machiavellian trait leading to trait expression in the form of unethical behaviors.

The remainder of the paper is comprised of four sections. The next section presents a review of the related literature and formulations of the study's hypotheses. Then the research methodology is described, followed by a presentation of the results. Finally, the results and implications of the results are discussed.

## Theory and Hypotheses

### *Machiavellianism*

Machiavellianism, originated in the writing, "The Prince" of Niccolò Machiavelli who was labeled amoral by scholars. This conception remains influential to organizational and political scientists on the subject of ethics (Dahling et al., 2012). In classical literature, Christie (1970) was amongst the pioneers who presented it as a dark personality trait and explained that people high on Machiavellianism have three characteristics. First, they hold a cynical view of the world and others that presumes that individuals are mainly self-interest driven and they behave to safeguard their interests. Second, they are manipulative to meet their desires. Third, they are ready to engage in unethical behaviors especially

when engaging in unethical behaviors serves their goals.

Dahling et al. (2009) defined Machiavellianism in organizational context and presented its four dimensions those include *distrust of others*, *amoral manipulation*, *desire for control* and *desire for status*. In defining the *Distrust of others*, they broadened the earlier conception of the cynical view by stating that Machiavellians are not just cynical rather “they are actively distrustful of the actions of others and the potential for the negative actions that may occur because of those actions” (p. 227). *Amoral manipulation* refers to the “willingness to disregard from the standards of morality and see values in those behaviors that benefit the self at the expense of others” (p. 228). *Desire for control* refers to “a need to exercise dominance over interpersonal situations to minimize the extent to which others have power” (p. 228). *Desire for status* shows “a desire to accumulate external indicators of success” (p. 228).

Machiavellians manifest such behavior because, for them, careerism is the only end they pursue in life, so they are unconcerned about the cost their organizations pay because of their selfish decisions (Feldman & Weitz, 1991).

#### *Unethical Behaviors*

Kaptein (2008) observed that earlier studies on unethical behaviors have attached different meanings to the term, due to its subjective nature, for example, some of the various interpretations connected with unethical behaviors have been: Violation of social and moral norms (Vardi & Weitz, 2003); political misbehavior (Kacmar & Carlson, 1997); rule-breaking (Tyler & Blader, 2005); noncompliance (Neill et al., 2005); workplace deviance and sabotage (Analoui, 1995); counterproductivity and corruption (Ashforth & Anand 2003; Dalal, 2005; Lou, 2005). He also noted that some explanations are even contradicting each other, such as in contrast with rule-breaking, which refers to noncompliance with implicit informal moral standards, criminal behavior is a violation of explicit formal laws. Likewise, according to some studies, unethical behavior does not necessarily bring or intend to bring harm to any of the organizational stakeholders. Kaptein (2008) contended that this is in contrast with the construct of counterproductivity and corruption. He further explained that though the previous studies have made significant contributions in the field but none of those have covered unethical behaviors holistically.

To refine and operationalize unethical behavior, Kaptein (2008) argued that business organizations have discrete relationships and interdependency with multiple stakeholders including organizations, groups, and individuals. Due to this interdependency, mutual

expectations of complying with moral norms arise between each of the stakeholders and organization. Based on this interpretation, he developed five behavioral subscales, clustered around the most important stakeholder groups such as unethical behavior toward financiers, customers, employees, suppliers, and society. He further asserted that an organizational action that damages any of the stakeholders’ trust will be considered unethical behavior. Applying the same argument, this study measures unethical behaviors as target-specific, that is, towards financiers, customers, employees, suppliers, and society.

#### *Relationship between Machiavellianism and Unethical Behavior*

Machiavellian’s tendency to distrust and manipulate others shows that they may engage in unethical behaviors directed towards stakeholders such as investors, customers, suppliers, employees, and general society as well (Dahling et al., 2012; Greenbaum et al., 2017). Machiavellians consider that manipulating the distinct stakeholders is a valid and effective mechanism for achieving their personal goals, and they enjoy their ability to manipulate others (O’Boyle et al., 2015). For example, a Machiavellian employee may engage in falsifying or manipulating the financial information to overstate the financial performance, misappropriating the organizational assets, and breaching the data security of customers, and suppliers. Such behaviors result in deceiving financiers and customers. Moreover, Machiavellian employees target suppliers by their opportunistic behaviors, that encourage them to break rules for personal gains such as violating rules in supplier selection and contracts’ awarding, and accepting the kickbacks, gifts and favors. Machiavellians’ desires for status and control lead them to engage in socially undermining behaviors within the organization, towards their coworkers to put them at disadvantage (Greenbaum et al., 2017; Hegarty & Sims, 1978). Machiavellians maneuver to gain power by manipulating others to get what they want, using unethical behavior like lying, cheating, sabotaging, and corruption if required (Jones & Paulhus, 2009).

Literature has also revealed that, as leaders, Machiavellians exploit their power to reach their desired goals (Christie, 1970; Cosans & Reina, 2018; Hegarty & Sims, 1979; Wolfson, 1981). They are also engaged in acts that sabotage the interests of their organizations, including providing misleading information about revenue, spreading hazardous rumors about the organization, and damaging the organization’s reputation (Giacalone & Knouse, 1990). They adapt easily and can create a good impression even while engaging in unethical behavior that affects their subordinates and

organizations (Becker & O’Hair, 2007; Dahling et al., 2009). A large body of literature had revealed that Machiavellianism is the strongest predictor of unethical behavior of organizational members (Greenbaum et al., 2017; Gürlek, 2020; Hauser et al., 2020; Ruiz-Palomino & Linuesa-Langreo, 2018). Therefore, we expect that;

$H_1$ : Machiavellianism is positively related to unethical behavior.

#### *The Moderating Role of Cultural Factors: Collectivism and Power Distance*

In accordance with trait activation theory, the environmental situation activates individuals’ cognitive processes, leading them to engage in work behaviors that express their traits (Tett & Burnett, 2003). Hence, trait activation theory, which suggests that behavior is the result of the integration of personality traits with certain environmental factors, can serve as a theoretical basis for predicting individuals’ positive and negative behavior in a particular workplace (Granitz, 2003; Tett & Burnett, 2003). In addition, the basic model, which is based on trait activation theory, denotes environmental factors often intensify the relationship between a Machiavellian personality and unethical practices, although researchers tend to assign these factors less importance (Tett & Burnett, 2003). Such complexities highlight the need to consider multiple levels of analysis, including culture (Greenbaum et al., 2017).

Islam (2004, p. 311) defines culture as “learned and shared ways of thinking and acting among a group of people or a society,” while Hofstede (1991) refers to culture as a type of mental programming and mind software, where the programming starts in the family and expands to the neighborhood, school, social groups, the workplace, and the overall community. Therefore, the differences in individuals’ values and attitudes in the workplace are due to the interaction of respective personality traits and cultural values (Cray & Mallory, 1998). Hofstede’s (1991) dimensions of national culture provide a useful typology with which to describe Pakistan’s cultural factors (Cray & Mallory, 1998; Hofstede, 1991). The present study uses Hofstede and Bond’s (1988) findings about Pakistan’s national culture as a point of departure for an in-depth analysis of leaders in public offices’ involvement in unethical behavior. Pakistan is a country with high levels of collectivism and moderately high on power distance, both of which variables influence employees’ behavior at work (Islam, 2004), so this study uses trait activation theory to examine the moderating effects of collectivism and power distance on the relationship between Machiavellian personality and unethical behavior.

#### *The Moderating Role of Collectivism*

Collectivism refers to the degree to which the people in a culture are integrated into strong and cohesive groups, exchanging unquestioning loyalty, and protecting each other throughout their lifetimes (Hofstede, 1991). Researchers have contended that collectivism is related to phenomena like morality, modernism, religiosity, economic development, social systems, social pathology, and psychological well-being (Hofstede, 2001; Oyserman & Lee, 2008; Triandis, 1995). Scholars have also noted that most advanced and wealthy industrial societies are more individualistic and moral than collectivist societies because collectivism facilitates unethical behavior; in most of the collectivist societies, people with similar (unethical) motives will join hands to pursue immoral practices without fear of being evaluated morally, legally, and socially by their groups (Huang et al., 2015; Li et al., 2019). Past studies revealed the positive association between collectivism and unethical behavior with some exceptions of the countries where political and legal institutions are comparatively stronger (Huang et al., 2015; Zheng et al., 2012). For example, Jha and Panda (2017) noted that previous literature revealed that other than culture, there are a variety of institutional, political, and economic factors that determine unethical behaviors. Thus, corruption tends to be lower in economically developed collectivist countries as these countries have devoted heavy resources to fight against corruption. Likewise, in some collectivist countries like Japan, strong political and legal institutions reduce corruption by punishing the corrupt officials.

People in collectivist societies that have weak political and legal institutions like Pakistan, Korea, and Panama tend to prefer close-knit social frameworks, have a strong belief in group decisions, value group loyalty above efficiency (Davis & Ruhe, 2003), and may create lasting relationships that can facilitate abnormal or illegal transactions (Getz & Volkema, 2001).

Pakistan scores low in individualism and conversely high in collectivism (Hofstede, 2001): Of the fifty-two countries Hofstede (2001) compared, Pakistan ranked thirty-eighth in individualism. Newberg (2002) claimed that the practice of collectivism in Pakistan has imposed a system of mutual obligations that propagates such unethical behavior by leaders in government and private enterprises as patronage, corruption, and nepotism. Many times, officials in Pakistan are pressurized by their family and kinship groups to engage in unethical practices to benefit them (Islam, 2004). Therefore, employees in Pakistan value groups’ goals instead of their organizations’ goals and perform only those activities that favor their groups (Triandis et al., 1988). Hence, if a leader owes his or her employment to relatives regardless of competence and receives support in



disputes irrespective of any criteria related to justice, his or her relatives will demand acceptance of unethical behavior in exchange (Newberg, 2014). Thus, every action of promotion, discipline, and severance by organizational leaders is viewed as having selfish motives (Braibanti, 1965).

Additionally, in highly collectivist cultures, subordinates value interpersonal harmony with in-group members, especially with supervisors. This value motivates them to ignore their supervisors' deviant actions, as they want to support their supervisors in all their actions (Fang & Lim, 2002). Li et al. (2019) averred that the process of increasing collectivism plays a moderating role in the relationship between modernity and collectivism and suggest exploring the role of collectivism in the mechanisms that lead to unethical behavior in other highly collectivist countries that also have high levels of corruption—like Pakistan. Taking that lead, the present study proposes that, because of their greater acceptance of the unethical behavior of in-group members and their exchange of loyalties, in highly collectivist countries having weak legal institutional structures, leaders with a tendency toward malpractice (Machiavellians) are likely to indulge in unethical behavior. Hence, the present study expects that collectivism strengthens the positive association between a Machiavellian leader and unethical behavior.

*H<sub>2</sub>: Collectivism positively moderates the relationship between a Machiavellian personality and unethical behavior.*

#### *The Moderating Role of Power Distance*

Power distance refers to the degree of inequality that people in a culture accept and consider normal. The degree of tolerance for power distance influences the behavior both leaders and subordinates adopt (Hofstede & Bond, 1988). In high-power distance societies, subordinates are highly dependent on their superiors and are reluctant to disagree with them, which give leaders leeway to engage in corrupt activities without fear of resistance (Yang et al., 2007). They also asseverated that underdeveloped and developing countries are characterized by a weak governance system both at the organizational and national level that provides an opportunity for corruption to the managers (Yang et al., 2007). Particularly, leaders with manipulative personalities tend to be compatible with high-power distance cultures (Newberg, 1995).

Lian et al. (2012) argued that high-power distance is likely to decrease a subordinate's intention to assess his or her leader's behavior accurately, so employees in these societies may be unlikely to question or

suspect a supervisor's real motives and may even perceive a Machiavellian supervisor's unethical behavior to be genuine. In high-power distance cultures, subordinates tend to be submissive to and compliant with their supervisors and to avoid questioning the authenticity of the supervisor's behavior mainly to avoid confrontation with a leader. Leaders in high power distance society use their power and take advantage of weak governance for achieving their personal goals against the interests of others. Therefore, the present study proposes that the combination of high-power distance in organizations and Machiavellian leaders affects the leader's unethical behavior (Javidan et al., 2006).

Pakistan has a moderately high score on the power distance index, ranking eighteenth among a group of fifty-two countries (Hofstede & Bond, 1988). The country also has a weak governance system both at organizational and national levels (Faisal & Jafri, 2017). The country's high power distance index and weak governance system show that Pakistanis tolerate a comparatively high degree of inequality and corruption (Faisal & Jafri, 2017; Islam, 2004), which facilitate Machiavellian leaders' efforts to behave unethically. Therefore, this study proposes that, in the high-power distance, Pakistani culture (Hofstede, 1991), leaders with Machiavellian personalities are likely to indulge in unethical behavior, and so power distance is expected to play a moderating role in the positive relationship between Machiavellian leaders and unethical behavior.

*H<sub>3</sub>: Power distance positively moderates the relationship between a Machiavellian personality and unethical behavior.*

## **Method**

### *Sample and Data*

The study was conducted using a sample of public sector organizations in Pakistan. Department managers (e.g., human resources, administration, finance, marketing, operations, maintenance, and procurement, and so on) who were supervising at least five employees were respondents for the study. Multi-source data were collected from two surveys. The first survey was used to obtain managers' ratings on Machiavellian personality, and the cultural dimensions of collectivism and power distance, while the second was used to obtain subordinates' ratings of their managers' unethical behavior. This approach overcame the limitations associated with obtaining scores for predictor and criterion variables from the same source (Podsakoff et al., 2003), and the multi-source data and multilevel method strengthens

the study's usefulness (Podsakoff et al., 2003; Wu & Chaturvedi, 2009).

Before administering the surveys, we created a unique code for the managers and their respective subordinates so their responses could be matched. We visited the respondents during office hours to brief them about the purpose of the survey and to ask for their consent to administer the questionnaires. The decision to participate in the survey was purely discretionary. Each survey was accompanied by a cover letter that explained the purpose of the survey and assured the respondents the confidentiality of their responses. We administered 350 questionnaires to the managers and more than 1,500 to their subordinates in twenty-five public sector organizations. We received 245 filled questionnaires from the managers and discarded 20 for incomplete and inappropriate responses, resulting in 225 valid responses from the managers. We received 880 completed questionnaires from among the 1,500 distributed to subordinates and, after discarding 200 for incomplete or inappropriate responses, had 680 valid responses from subordinates.

Earlier research has considered three to five respondents for multilevel studies an acceptable standard for multi-source data (Ambrose & Schminke, 2003; Yang et al., 2007). We also followed the same criterion in requiring at least three valid responses from the subordinates of each manager. The matching process reduced the sample to 22 organizations, 202 managers, and 626 subordinates.

The demographic analysis of the managers revealed that 181 (90%) managers were men and 21 (10%) were women. Among the managers in the sample, 119 (58.9%) held a master's degree, 39 (19.3%) held a doctorate degree, 25 (12.4%) held an advanced master's degree in research, 17 (8.4%) held a bachelor's degree and 2 (1%) held a higher secondary school certificate. The mean age was 38.09 years (standard deviation of 5.89 years), and the mean length of experience was 12.5 years (standard deviation of 5.22 years).

Analysis of the subordinates' demographics showed that 457 (73%) were men and 169 (27%) were women. Among the subordinates in the sample, 271 (43.3%) held master's degrees, 131 (20.9%) held bachelor's degrees, 110 (17.6%) held advanced master's degrees in research, 73 (11.7%) held doctorate degrees, and 38 (6.1%) held higher secondary school certificates. Their average age was 33.17 years (standard deviation 4.00 years), and the mean length of experience was 7.08 years (standard deviation 4.10 years).

English is the official language of Pakistan. The respondents of the study were also qualified and had a reasonable command of English. Therefore, surveys were prepared using a standard version of the English language.

### Manager-Level Measures

*Machiavellian Personality.* We measured the Machiavellian personality using Dahling et al.'s (2009) scale, which is a multi-dimensional scale with four dimensions: Amoralism, desire for control, desire for status, and distrust of others. We used five items each for amoralism and distrust of others, and three items each for the desire for control and desire for status. Sample items included "The only good reason to talk to others is to get information that I can use to my benefit," "I enjoy having control over other people," and "I dislike committing to groups because I do not trust others."

*Unethical Behavior.* We measured managers' unethical behavior using Kaptein's (2008) scale, which captures the extent to which managers have an unethical behavioral tendency toward stakeholders like financiers, customers, employees, suppliers, and society. Thirty-seven items were used to measure this tendency, ten for unethical behavior toward financiers, eight for customers, five for employees, and seven each for suppliers and society were used. Sample items included "My manager falsifies or manipulates financial information reporting," "My manager enters into customer contracts without proper terms, conditions, or approval," "My manager does business with disreputable suppliers".

### Organization-Level Measures

A multi-level research study requires an appropriate composition model (Chan, 1998), which refers to the relationship between various constructs at various levels of analysis that fundamentally have the same content but are different qualitatively (Bliese, 2000). Therefore, this research used a reference-shift consensus composition model, as the researchers were interested in the managers' aggregate perceptions of collectivism, and power distance. For this purpose, the measures of these variables were designed with a collective entity as the focus, as has been done in previous studies (e.g., Tse & Dasborough, 2008).

*Collectivism.* Collectivism was measured with an eight-item scale developed by Triandis and Gelfand (1998) that captures individuals' beliefs concerning their collectivism orientation. Sample items included "It is my duty to take care of my family, even when I have to sacrifice what I want" and "I feel good when I cooperate with others." Using Jackson et al.'s (2006) approach, we calculated collectivism as an organization-level construct by taking the aggregated scores of managers from the same organization.

*Power Distance.* Power distance orientation was measured with a six-item scale from Dorfman and Howell (1988) that captures individuals' power distance orientation in terms of their beliefs about how the relationships between people of different statuses should be

structured. Sample items included “Employees in an organization should pay high respect to their direct supervisors.” Following previous researchers’ approach (e.g., Chan, 1998; Yang et al., 2007), we aggregated the scores of the managers from the same organization to form power distance as an organization-level construct. Responses on all measured items were collected on a five-point Likert scale ranging from 1 (*strongly disagree*) to 5 (*strongly agree*).

*Control Variables.* We controlled for the effects of individual-related factors like gender, qualifications, and tenure and organization-related factors like the span of control that may affect the likelihood of unethical behavior (Hauser et al., 2020). We included these factors as, for example, the tendency to engage in unethical behavior may differ between male and female managers. Researchers have reported that women (in general) maintain higher ethical standards than men (in general) do (Lehnert et al., 2016). Similarly, researchers have suggested that the tendency of managers who are qualified and experienced to practice unethical behavior differs from that of those who are less qualified and less experienced (Zahra et al., 2005). Accordingly, a wider span of control results in low-quality work relationships between supervisors and subordinates (Thiel et al., 2018), as managers might take advantage of a wider span of control and engage in unethical behavior.

## Data Analysis

### Level of Analysis

This study examines the effects of organization-level collectivism and power distance on the relationship between managers’ Machiavellian personality and unethical behavior. Ratings on unethical behavior were obtained from multi-subordinates, and three to five respondents for each manager were considered a valid criterion (Ambrose & Schminke, 2003; Yang et al., 2007). Before aggregating the multi-source subordinates’ ratings for managers’ unethical behavior, inter-rater reliability is required to justify if aggregation at the same level could be appropriate. Inter-rater reliability measures the level of agreement between or more raters (Bliese, 2000). To test inter-rater reliability, two types of ICC were estimated: ICC(1) indicates the part of variance that results from organizational variability, whereas ICC(2) indicates the degree to which organizations can be differentiated based on respondents’ ratings of a construct. According to researchers, ICC(1) should be different from zero, with a value of .12 or above indicating high values for cross-level analysis. As for ICC(2), a value higher than .60 justifies aggregating the variables (Bliese, 2000; Glick, 1985). The results show that values of ICC(1) = .23, ICC(2) = 0.91,  $F = 10.34$ , and  $p < .01$  for

unethical behavior satisfied both criteria to aggregate subordinates’ scores for each manager.

Further, ratings on moderators (collectivism and power distance) were obtained from the managers but these constructs were conceptualized at organizational level. Therefore, justification as to whether collectivism and power distance can be aggregated as organizational level variables requires to compute  $r_{WG}$  scores in addition to inter-rater reliability scores (Hofmann, 1997; Rousseau, 1985). An  $r_{WG}$  was calculated to measure the inter-rater agreement regarding these variables in each of these organizations to determine how the reliability of ratings of organizational collectivism and power distance differs within each of the organizations compares to the differences between organizations. A value greater than .70 is required to determine inter-rater agreement (James et al., 1984).

### Data Analysis Strategy

As this study used constructs that were conceptualized at varying levels of analysis (i.e., the manager level and the organization level), hierarchical linear modeling (HLM), an appropriate and robust approach that has clear advantages over conventional regression approaches (Hofmann, 1997), was used to test the study’s cross-level hypothesized relationships. HLM allows multilevel data to be analyzed simultaneously without concern for the biases that may occur in traditional aggregation and disaggregation of data approaches and allows the relationships between variables conceptualized at varying levels of analysis to be studied while considering that their variance may be caused by different sources. Moreover, HLM allows the cross-level moderation effects to be modeled at the organization level (Level 2) and allows the individual level (Level 1) predictors to be modeled on individual-level dependent variables (Hofmann et al., 2000). Our study conceptualized Machiavellian personality (the predictor) and managers’ unethical behavior (outcome variable) at Level 1, whereas collectivism and power distance (moderating variables) were conceptualized at the organization level of analysis (Level 2).

### Measurement Model

Confirmatory factor analysis (CFA) with maximum likelihood estimation technique (MLE) was employed in AMOS 25.0 to test the factor structures and distinctiveness of the latent constructs used in this study (fit indices of the plausible models are reported in Table 1). MLE demands to meet the assumption of multivariate normality. It works in an efficient and unbiased manner to find the “most likely” values of the parameters that achieve the best fit of the model (Hair et al., 2010). To test multivariate normality, skewness and kurtosis values of the



**Table 1.** Fit Indices of Plausible Models

Measurement Models	CMIN/DF	RMSEA	CFI	IFI	TLI
Four-factor model	1.49	.051	.91	.91	.90
Three-factor model	2.32	.053	.73	.73	.72
Two-factor model	3.95	.057	.51	.52	.49
Single factor model	4.67	.066	.49	.50	.50

Note. CMIN/DF = chi-square that shows minimum discrepancy per degree of freedom; RMSEA = root mean square error of approximation; CFI = comparative fit index; IFI = incremental fit index; TLI = Tucker-Lewis index.

**Table 2.** Descriptive Statistics, Reliability, Validity and Correlation Results

Variables	AVE	MSV	CR	M	SD	1	2	3	4	5	6	7	8
1. Gender	–	–	–	–	–								
2. Tenure	–	–	–	6.36	4.67	–.16*							
3. Qualification	–	–	–	–	–	.19**	–.21**						
4. Span of Control	–	–	–	17.94	20.57	–.02	.46**	.20**					
5. Machiavellian Personality	.53	.19	.80	3.54	.50	–.13	.28**	–.40	–.08	(.87)			
6. Collectivism	.71	.12	.91	2.05	.71	–.16*	.19**	–.02	.20*	.07	(.91)		
7. Power Distance	.50	.03	.86	2.78	.51	.02	–.05	.01	.02	–.06	.21**	(.86)	
8. Unethical Behavior	.80	.19	.92	3.06	.51	–.23	.20	–.41	–.04	.43**	.33**	.16*	(.96)

Notes. Age is in years; Cronbach's Alpha reliability scores are reported in parentheses. M = mean; SD = standard deviation; AVE = average variance extracted; MSV = maximum shared variance; CR = composite reliability.

\* $p < .05$ . \*\* $p < .01$ .

study's variables were computed. The values of skewness and kurtosis were within  $\pm 1$  that indicate that data follow the normal distribution (Hair et al., 2010). The data normality results supported to conduct CFA with MLE.

At first, we constructed a first-order measurement model by specifying the indicators on their respective constructs. The results of first-order measurement model revealed that five indicators (one from amorality, one from vertical collectivism, two from unethical behaviors towards employees, and one from unethical behavior towards society) were having suboptimal loading scores ( $< .50$ ) and therefore, these indicators were deleted. All other indicators showed loading scores greater than .50 (Hair et al., 2010) significant at the level  $p < .01$ , those provided sufficient evidence to proceed for second-order measurement model. At second step, we constructed second-order measurement model by specifying Machiavellian personality, collectivism, and unethical behavior as second-order constructs and loaded their dimensions, respectively. After obtaining the factor loading scores of second-order measurement model, we computed average variance extracted (AVE), composite reliability, and maximum shared variance (MSV) to test the convergent and discriminant validity. The results revealed that in all cases, AVE scores were greater than .50 that indicate the sufficient convergent validity (Table 2). Additionally, the

comparison of AVE with MSV scores revealed that AVE scores were greater than MSV scores (Table 2) thereby showing the evidence of discriminant validity (Hair et al., 2010).

As for the reliability test, the values of composite reliability and Cronbach Alpha ( $\alpha$ ) were also greater than their cut-off values .80 and .70 respectively that also show adequate reliability (Nunnally & Bernstein, 1994).

#### Common Method Bias

Despite collecting multi-source data on predictor (managers reported) and criterion (subordinates reported), data on moderator variables (collectivism and power distance) were obtained from managers and ratings on predictor and moderators were obtained at a single point in time. The data collected from a single source at a single point in time may be subject to common method bias (Podsakoff et al., 2003). First, to address the issue of common method bias, we applied a pre remedial strategy by placing the measures of predictor, and moderators in three different sections. Second, for the robustness of evidence concerning the nonsignificant effects of common method bias, we used two diagnostic tests such as Harman single factor test and alternative models to determine if data from a single

source is subject to common method bias. The Harman single factor test showed that first factor accounted for only 18% of the total variance (that is less than 50%). The results showed that common method bias is not a threat to the study’s results. Additionally, the fit indices of plausible models (Table 1) also confirmed the distinctiveness of the latent constructs. Third, the cultural factors such as collectivism and power distance were operationalized at the organizational level, and moderating effects hypotheses were formulated at cross-level, therefore, it is unlikely that findings were substantially affected by common method bias (Hofmann et al., 2000; Yang et al., 2007). Thus, common method bias effects are not a serious threat to the study’s results.

*Data Aggregation at Organizational Level*

The between-organization variability and within-organization variability of collectivism and power distance must be evaluated to justify empirically their aggregation of as organization-level constructs (LeBreton & Senter, 2008). The ICC(1) and ICC(2) values were obtained for moderating variables: ICC(1) = .73, ICC(2) = .92,  $F = 10.49, p < .01$  for collectivism; ICC(1) = .50, ICC(2) = .86,  $F = 6.96, p < .01$  for power distance. These ICC(1) and ICC(2) scores are significant and well above the acceptable level of .12 for ICC(1) (Glick, 1985) and the acceptable level of .60 for ICC(2) (Glick, 1985). Next, the average  $r_{WG}$  scores (for within-group agreement) for collectivism and power distance were .88, and .93, respectively, which are well above the

acceptable cut-off value of 0.70 (James et al., 1984). Thus, these results warrant the aggregation of collectivism and power distance as organization-level constructs. *Descriptive Statistics*

Table 2 presents the mean (M), standard deviations (SD), Cronbach’s Alphas ( $\alpha$ ), and correlations between the study’s variables. The correlation between the predictor variable (Machiavellian personality) and the outcome variable (unethical behavior) was statistically significant and provides initial support for all the proposed relationships (Table 2). None of the control variables was significantly related to unethical behavior, the outcome variable. We excluded the control variables from the HLM analysis for hypotheses testing, as Becker (2005) suggested that such “impotent” control variables result in biased parameter estimates by exaggerating degrees of freedom and have no other utility for hypotheses testing.

*Hypotheses Testing*

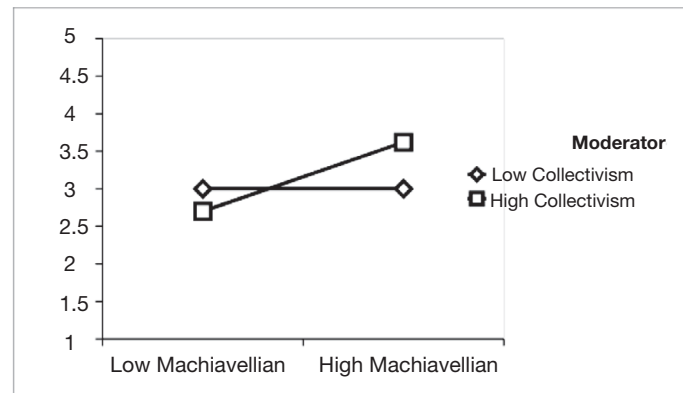
We used HLM 7.0 to test our hypotheses. Before testing the proposed relationships, HLM requires testing a null model, that is, the only dependent variable in the HLM equation with no predictor, for all outcome variables (i.e., unethical behavior in this study) to determine whether sufficient between-organization variance exists in the outcome variable. The results of the null model reported in Table 3, showed a significant ICC value of .65 ( $\chi^2 = 352.99, p < .01$ ), indicating a 65% between-organization variance in the case of unethical behavior,

**Table 3.** Hierarchical Linear Modeling (HLM) Results for Unethical Behavior

Variables	Null Models		Unethical Behavior		
	Coefficient	$\chi^2$	Model 1	Model 2	Model 3
Individual-Level Analysis					
Intercept			3.09(.08)**	3.08(.06)**	3.09 (.08)**
Unethical Behavior $\tau_{00}$	.18	352.99**			
Machiavellian Personality			.24(.06)**	.23(.07)**	.22(.10)**
$R^2$			.13		
$\chi^2$			387.49**		
<b>Cross-Level Analysis</b>					
Collectivism				.08(.02)**	
Power Distance					.18(.08)*
Machiavellian Personality $\times$ Collectivism				.23(.04)**	
Machiavellian Personality $\times$ Power Distance					.22(.09)**
$\Delta R^2$				.02	.04
$R^2$				.15	.18
$\chi^2$				171.84**	294.01**

Note.  $\tau_{00}$  represents variance in Level–2 residuals; standard errors are reported in parentheses; Level–1,  $N = 202$  managers; Level–2,  $N = 22$  organizations;  $R^2$  is calculated with the procedure given in Kreft and De Leeuw (1998).

\* $p < .05$ . \*\* $p < .01$ .



**Figure 2.** The Combined Effects of High and Low Degrees of Machiavellian and Collectivism on Unethical Behavior

the outcome variable. These results indicate a high between-organization variance in the outcome variable, which justified the use of HLM for cross-level data analysis (LeBreton & Senter, 2008).

*Individual-level Relationships.* The study's first hypothesis proposed that managers' Machiavellian personality is positively related to unethical behavior. The results, as shown in Table 3's Model 1, revealed that Machiavellian personality has significant positive relationship with unethical behavior ( $\Gamma = .24$ ,  $p < .01$ ), thus empirically supported  $H_1$ . The model's  $R^2$ , which measures the direct relationship between Machiavellian personality and unethical behavior, is .13, reflecting the percentage variance caused by the Machiavellian personality in managers' unethical behavior.

*Cross-level Relationships.* Hypotheses 2 and 3 proposed that organization-level collectivism and power distance moderate the direct relationship between Machiavellian personality and managers' unethical behavior at Level 1. To test these cross-level interactions, we entered (a) predictor (Machiavellian personality), (b) moderator (collectivism and power distance), and (c) interaction term (Machiavellian personality  $\times$  collectivism, and Machiavellian personality  $\times$  power distance) in two separate HLM models to determine the unique variance accounted for by each set of predictors in the slope that relates Machiavellian personality to unethical behavior (Hofmann et al., 2000).

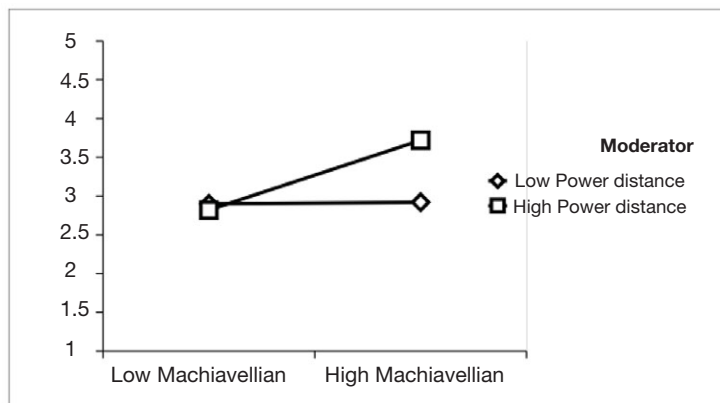
The findings of Models 2, and 3 reported in Table 3, indicated that both moderators; collectivism ( $\Gamma = .08$ ,  $p < .01$ ) and power distance ( $\Gamma = .18$ ,  $p < .05$ ) are positively related to unethical behavior. The results concerning the cross-level interaction effects showed that interaction effects of Machiavellian personality and collectivism on unethical behavior ( $\Gamma = .23$ ,  $p < .01$ ), and Machiavellian personality and power distance on unethical behavior ( $\Gamma = .22$ ,  $p < .01$ ) are significant and positive, thus providing empirical support to  $H_2$  and  $H_3$ . Specifically,

the results showed that the interaction between a Machiavellian personality and collectivism accounted for 2 percent of the variance in unethical behavior. Next, the interaction between a Machiavellian personality and power distance explained 4 percent of the variance in the outcome variable, unethical behavior. Cohen et al. (2003) explained that moderators typically cause between 1 percent and 4 percent of the variance in the dependent variable, so the size of the change in  $R^2$  that is attributable to the moderating variables is within the interaction estimation range and shows empirically the hypothesized moderation relationships.

We conducted the slope analysis of moderating effects by plotting the low and high degrees of predictor (Machiavellian) and moderator variables (collectivism and power distance) on unethical behaviors. We defined the low as one standard deviation below the mean ( $\mu - 1\sigma$ ) and high degree as one standard deviation above the mean ( $\mu + 1\sigma$ ). The Figure 2 shows the combined effects of the different degrees of Machiavellian personality and collectivism on unethical behaviors. The Figure 3 shows the combined effects of the different degrees of the Machiavellian personality and power distance on unethical behaviors. Both figures show that at high degrees of Machiavellian personality and cultural factors (collectivism and power distance), unethical behavior is also at the highest level and vice versa.

## Discussion

Our study used multi-level analysis to analyze the antecedents of unethical behavior at two levels, individual and organizational—specifically, the Machiavellian personality at the individual-level (Bereczkei & Czibor, 2014), the cultural factors such as collectivism and power distance (Hofstede, 2001) at organizational-level against leaders' inclination to engage in unethical behavior (Kuenzi et al., 2020). We found a positive relationship between Machiavellianism and the



**Figure 3.** The Combined Effects of High and Low Degrees of Machiavellian and Power Distance on Unethical Behavior

likelihood of a leader's involvement in unethical practices; both moderators (collectivism and power distance) play incremental roles in this relationship. Taken together, the results supported our hypotheses. Based on the study's findings, theoretical and managerial implications are discussed below.

This study's findings are in line with previous literature that has stated that Machiavellian leaders tend to indulge in unethical behavior (Dahling et al., 2009; Greenbaum et al., 2017; Gürlek, 2020). Our results also corroborated Hauser et al.'s (2020) finding that favorable contexts in terms of collectivism and power distance are situational factors that activate a Machiavellian leader's amoral desire to carry out unethical behavior.

Applying the contextual phenomenon at an organizational level, the present study also contributes to the literature by highlighting two noteworthy cultural variables that are specific to the countries like Pakistan—collectivism and power distance. The present study establishes that these variables play a substantial role in activating the latent potential of Machiavellians to engage in unethical behavior (Greenbaum et al., 2017). In early management studies, an organization's culture was considered a minor cause of unethical behavior because the culture was analyzed primarily in terms of gender and religion (Scholl & Schermuly, 2020). However, contemporary studies have established that neither gender nor religion provides much insight into the root causes of unethical behavior, while other cultural factors identified by Hofstede (2001) may play a significant role (Rose-Ackerman & Palifka, 2016). By investigating two of Hofstede's cultural variables in the high collectivist and power-distant culture of Pakistan, this study identified culture as an important cause of unethical behavior in organizations their countries' resulting economic deterioration (Rose-Ackerman & Palifka, 2016). Therefore, the study's results help to explain the factors that activate the innate tendency of

Machiavellian leaders to engage in unethical behavior in an economically weak nation like Pakistan.

The present study also establishes that, of the two moderators (collectivism and power distance), power distance has a high moderating effect (4%) on the Machiavellian's tendency to engage in unethical behavior. The management literature has argued that, in high-power distance countries, higher-ups and elites design organizational systems to enrich themselves and perpetuate their power, which enables them to achieve their crooked objectives at the cost of the national interest and stakeholders' interest (Scholl & Schermuly, 2020). The results imply that maintaining high-power distance is a deliberate attempt by a privileged class to keep subordinates from pointing out or condemning leaders' unethical actions. In cultures with high-power distance, leaders are not likely to be fearful of being caught, resisted, or challenged, so their path to unethical behavior tends to be smooth (Scholl & Schermuly, 2020).

This study also showed the positive effect of collectivism on the association between Machiavellian leaders and unethical behavior. In collectivist society leaders generally prefer utilitarianism over deontology—implies that if a Machiavellian leader in a collectivist society has to choose between giving a favor by using unethical means and nature of the decision, there is a greater chance that he/she would choose to give that undue favor to satisfy a greater number of people in his/her social group (Ünal et al., 2012).

This study makes important contributions for organizations that seek to prevent unethical practices at the workplace. The results of this study indicate that power distance and collectivism (as cultural variables) moderate the positive association of leader with Machiavellian personality and unethical behaviors. Thus, in countries with such cultural characteristics, special attention should be given by governments and organizations while devising policies. Because it is difficult to change culture in a short time, nevertheless, policy actions that



are compatible with the extant culture to combating unethical behaviors should be developed. For example, government and organizations should formulate and enforce clear and strict laws and regulations to punish unethical behaviors that are due to specific cultural factors (for example, rule-breaking or abuse of position power to take personal benefits or favoring families and friends). Organizations should also encourage a strong sense of noblesse oblige among leaders, a sense of moral obligation among the leaders would result in reduced likelihood of engaging in unethical behaviors. Such behaviors also have the trickledown effect, which might reduce the incentives for unethical behaviors among subordinates (Huntington, 1979).

Further, a large body of literature had cautioned the organizations against the selection of employees with Machiavellian personalities. However, literature had also revealed that due to highly manipulative nature, Machiavellians manage the situations tactfully that make difficult to identify such type of people during the hiring process (Ruiz-Palomino & Linuesa-Langreo, 2018). Therefore, Machiavellian personality can be best managed when it surfaces among employees at the workplace. Organizations should be careful in promoting such individuals to managerial positions due to the greater intensity of the harms as result of their unethical acts (Brown & Mitchell, 2010). One such mechanism is to change a seniority-based promotion policy in developing countries like Pakistan, employees in public sector organizations are promoted to managerial positions based on their seniority. The new promotion policy should also consider performance and previous record of the employees' conduct with seniority while promoting them to managerial positions. If an employee was involved in any form of unethical practice at workplace, he/she should not be appointed on a managerial position.

The growing literature on unethical leadership has argued that eliminating adverse cultural and environmental effects on organizations' normative ethical standards should be a criterion when developing organizational policies (Warren, 2003). In the absence of normative and moral criteria as policy, leaders follow either implicit theory of morality that are acceptable in their culture, even if they are unethical (e.g., Ashforth, 1994; Ünal et al., 2012). Hence, policies should be developed in a manner that supersedes what may be considered legitimate in terms of the descriptive norms of a culture, an organization, or a profession and should be formed based on globally acceptable ethical behavior.

This study also helps organizations to design anti-corruption training by assessing and targeting the antecedents of unethical behavior in a particular culture and in organizational practices. By targeting these factors, training could be an effective way to bring behavioral

change about in the individuals who hold important positions, as well as in their subordinates, by inculcating in them the more upright components of the culture while removing the bad ones (Hauser et al., 2020).

This study makes several important contributions to the literature and for practitioners, but like all scientific investigations, it has some limitations. One limitation is the study's cross-sectional nature because several studies have found positive outcomes of the Machiavellian personality over the long term. As, Machiavellians use their manipulative personalities outside their organizations to gain benefits for their organizations (Dahling et al., 2009). It would be useful to determine the net effect of the Machiavellian personality, considering both its positive and negative impacts in the long run. Future research could conduct longitudinal studies to find support for the causal direction of the predictions made by this study.

Second, while the study's findings are useful for cultures that are characterized by high levels of collectivism and power distance, the differences and similarities of value systems and cultures (Jackson et al., 2006) have significant effects on ethical leadership behavior and the responses of subordinates, so the model should be tested to determine how unethical leadership behavior is viewed across cultures and what comprises leadership prototypes based on cross-cultural values (Javidan et al., 2006).

Third, besides the Machiavellian personality, collectivism, and power distance, future studies could evaluate other factors such as ethical climate, effective accountability structures, reward systems, and checks and balances to further the analysis of organizational factors' effects on ethical and unethical behavior.

This study has linked the managers' Machiavellian personality to unethical behavior. It has also highlighted the moderating role of cultural factors such as collectivism and power distance on the link between Machiavellian personality and unethical behavior. Data were collected from managers and subordinates. The managers rated their personality and cultural factors such as collectivism and power distance, and subordinates rated the manager's unethical behavior. To overcome biases, multi-source ratings on unethical behavior were obtained and three to five subordinates for each manager was considered a criterion. Manager's Machiavellian personality and unethical behavior were operationalized at managers' level and subordinates' ratings were aggregated to calculate unethical behavior scores for each manager. Cultural factors such as collectivism and power distance were operationalized at an organizational level and managers' ratings from the same organization were aggregated to calculate the organizational level scores. The study's hypotheses were tested in HLM. The results showed that

Machiavellian personality was positively associated with unethical behavior. Further, both cultural factors such as collectivism and power distance significantly and positively moderated on Machiavellian personality and unethical behavior. The outcomes of the study's findings in terms of theoretical and practical implications were discussed in detail. In the end, we also suggested some promising areas for future inquiry.

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