EARNINGS MANAGEMENT IN RESPONSE TO FAIR TREATMENT: THE ROLES OF ORGANIZATIONAL IDENTITY AND MORAL IDENTITY

by

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DISSERTATION

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ABSTRACT

EARNINGS MANAGEMENT IN RESPONSE TO FAIR TREATMENT:

THE ROLES OF ORGANIZATIONAL IDENTITY AND MORAL IDENTITY

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The University of Texas at Arlington, 2022

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Fraud continues to be an issue that organizations face globally, losing an estimated 5% of annual revenue for a total of $4.5 trillion globally. However, fraudulent behavior is difficult to study due to the unacceptable nature of it. I provide researchers with an adapted measure of earnings management that mitigates the socially undesirable act of earnings management which can suppress findings in self-reported studies. Additionally, based on the target similarity model, my dissertation considers accountants' perception of fair treatment by the organization on willingness to engage in earnings management benefiting the organization. I survey 123 financial and managerial accountants to understand this relationship as explained through organizational identification, a social exchange indicator. Results support a positive indirect relationship between organizational justice and unethical pro-organizational behavior–earnings management, mediated by organizational identification. Furthermore, moral identity moderates the relationship between organizational identification and earnings management such that the relationships is weakened for individuals with high moral identity as compared to those with low moral identity.

Keywords: Organizational Justice, Organizational Identification, Moral Identity, Earnings Management, Fraud

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DEDICATION

First and foremost, I dedicate this dissertation to God. I hope my research continually glorifies you. Additionally, I dedicate this dissertation to my parents who always encouraged me to attend college.

Finally, I dedicate this to my amazing husband, Chad Bates, and our two sweet boys, Chet and Chase Bates. Thank you, Chad, for doing double duty, taking over many of my mom duties so that I could pursue a degree I never thought possible. I could never have finished this without your encouragement and love. I am blessed to be your wife. And I thank our boys for your encouragement, sweet notes, hugs, and understanding these past four years. I am blessed to be your mom.

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CHAPTER 1

INTRODUCTION

Fraud continues to be an issue that organizations face globally as they lose an estimated 5% of annual revenue for an estimated total of $4.5 trillion (ACFE, 2020a). It is such a concern that the Association of Certified Fraud Examiners (ACFE) provides a fraud update in their *Report to the Nations: Global Study on Occupational Fraud and Abuse* every two years. The *Report to the Nations* defines occupational fraud as the "use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets" (ACFE 2020a: 6). The report explores occupational fraud in terms of three categories - financial statement fraud, asset misappropriation, and corruption. Financial statement fraud is the least frequent but reported the highest median loss per event (ACFE, 2020a). It includes intentional omission or material misstatement of financial statements (ACFE, 2020a). Asset misappropriation includes theft and misuse of company assets (ACFE, 2020a). Corruption includes schemes such as bribery and extortion (ACFE, 2020a). The *Report to the Nations* identifies 10% of reported fraud cases as financial statement fraud, which is the focus of my dissertation. The median loss is $954,000 per event. Asset misappropriation schemes make up 86% of reported cases with a median loss of $100,000 per event; while corruption accounted for 43% of the reported cases with a median loss of $200,000 per event. Some fraud incidences included in this report span across multiple categories, therefore the percentages do not add up to 100%.

The historical COVID-19 pandemic will certainly affect the number of organizational fraud cases reported in the next *Report to the Nations,* as 71% of fraud examiners expect overall fraud to increase – including an expected 44% slight to significant increase in financial statement fraud (ACFE & Grant Thornton, 2021). According to ACFE & Grant Thornton's *The next normal: Preparing for a post-pandemic fraud landscape*, the increased percentage of expected fraud cases is due to shifting changes in business and consumer environments. Specifically, organizations shifted to remote work and online consumer transactions. Additionally, 77%, 71%, 77% of certified fraud examiners experienced an increased challenge in preventing, detecting, and investigating fraud, respectively, due to fraud examiner limitations such as travel restrictions, remote interviewing, and lack of access to evidence as we move through the pandemic (ACFE, 2020b). Organizations are actively making changes to anti-fraud programs, including updating and conducting internal fraud awareness training to address new threats (ACFE & Grant Thornton, 2021). Fraud is becoming more of an issue for organizations, making it more relevant for researchers as well.

In academia, accounting and management scholars approach the study of fraud differently. Consider fraudulent financial reporting where financial statements are misreported, typically to reflect the organization's financial position in a more positive light. Accounting scholars are generally concerned with detecting fraud; considering red flags - indicators of fraud - such as unusual changes in key ratios (Albrecht, Albrecht, Albrecht & Zimbelman, 2019). Auditors search for red flags in considering material misstatement due to fraud in accordance with PCAOB AS 2401 -formerly SAS No. 99 - (Ramos, 2003; Trompeter, Carpenter, Desai, Jones & Riley, 2013) which takes into consideration the elements of the fraud triangle (Cohen, Ding, Lesage & Stolowy, 2012). I will discuss the fraud triangle in more detail later.

Management scholars study the behavior of the individual committing fraud, including antecedents such as presence of wealth (Gino & Pierce, 2009) and propensity to morally disengage (Moore, Detert, Trevino, Baker & Mayer, 2012). Both approaches are critical in understanding, preventing, and detecting fraud to minimize the impact on organizations, shareholders, creditors, employees, and other stakeholders.

I focus on earnings management, a form of financial statement fraud. The estimated impact of fraudulent activities is estimated to eliminate 5% of an organizations' revenue (ACFE, 2020a). Losses from misappropriation of asset schemes deplete organizations of resources, such as cash, supplies, and inventory. While financial statement fraud benefits the company in the short term - such as higher stock prices - long term returns are lower (Abernethy, Bouwens, & Kroos, 2017). This occurs because schemes cannot continue indefinitely. Multiple stakeholders incur losses from financial statement fraud (ACFE, 2020a), such as the organization, vendors, stockholders, and customers. My dissertation explores earnings management which results in misreporting. Earnings management is a form of financial statement fraud and occurs for a variety of reasons including loosening debt covenant restraints (DeFond & Jiambalvo, 1994) and maximizing management bonuses (Ibrahim & Lloyd, 2011; Cheng & Warfield, 2005; Guidry, Leone & Rock, 1999; Feng, Ge, Luo, & Shevlin, 2011). Although earnings management is a subset of financial statement fraud, I will use earnings management, misreporting and financial statement fraud interchangeably.

Perpetrators of fraud often start with small schemes, increasing over time (Albrecht et al., 2019). Fraud schemes of less than six months have a median loss of $50,000 per incident, while schemes lasting 25-36 months have a median loss of $300,000. Schemes lasting more than 60 months have a median loss of $740,000 (ACFE, 2020a). Organizations, and therefore researchers, must continue to address mitigating the losses of fraudulent behavior. Studying antecedent, mediators, and moderators of fraudulent behavior provide organizations with knowledge that can be used during hiring, initial training, and ongoing training of employees. Research disciplines must work together in considering all aspects of fraud. In combining accounting and management literature, this dissertation answers the call from Cooper, Dacin, & Palmer (2013) for interdisciplinary research in fraud.

My dissertation explores the behavior of fraudsters, complementing previous behavioral research of perpetrators in an effort to mitigate the potential for fraudulent acts to occur. Based on the target similarity model (Lavelle, Rupp, & Brockner, 2007), I examine the relationship between organizational justice and fraudulent behaviors targeting the organization, mediated by organization identification – a social exchange indicator (Lavelle et al., 2007; Rupp, Shao, Jones & Liao, 2014). Additionally, this study considers boundary conditions of the relationship between the mediated construct of organizational identification and earnings management. In this second stage moderated mediation model, I explore the interaction of an individual's moral identity. Past justice research supports a negative relationship to unethical behaviors such as counterproductive work behaviors (Cohen-Charash & Spector, 2001; Colquitt, Conlon, Wesson, Porter & Ng, 2001; Fox, Spector, & Miles, 2001; Spector, Fox, Penney, Bruursema, Goh & Kessler, 2006; Berry, Ones, & Sackett, 2007; Hershcovis, Turner, Barling, Arnold, Dupre, Innes, LeBlanc, & Sivanathan, 2007; Jones, 2009; Colquitt, Scott, Rodell, Long, Zapata, Conlon & Wesson, 2013; Rupp et al., 2014; Lavelle, Harris, Rupp, Herda, Young, Hargrove, Thornton, & McMahon, 2018); one might expect justice to negatively predict fraud – an unethical behavior. However, in my study of 123 financial and managerial accountants, results support an indirect positive relationship between organizational justice and earnings management benefitting the organization (UPB-EM) mediated by organizational identification. Additionally, my study finds a positive direct relationship between OI and earnings management intending to benefit the organization. Earnings management is a form of financial statement fraud that typically benefits the organization, although it may help the perpetrator as well.

To my knowledge no other studies have found a significant relationship between OI and earnings management, although it has been considered (Abernethy et al., 2017; Mahlendorf, Matejka & Weber, 2018). Earnings management is a socially unacceptable behavior which can suppress self-reporting in surveys. Seeking to mitigate this, accounting scholars Mahlendorf et al, (2018) survey controllers and CFOs using a specific measure – although not accounting specific - of unethical behavior benefitting the organization. They use Umphress, Bingham & Mitchell's (2010) UPB scales. Unethical pro-organizational behavior (UPB) captures the phenomenon of employees' unethical behavior intended to, at least in part, benefit the organization (Umphress et al., 2010). Although intended to benefit the organization, UPBs may harm the organization in the long run. An individual that destroys company documents in an effort to conceal wrongdoing has traded one trouble for another; if external auditors become aware of it, it will cause concern and bring further scrutiny (Umphress & Bingham, 2011). The UPB scale includes items such as "If it would help my organization, I would misrepresent the truth to make my organization look good" and "If my organization needed me to, I would withhold issuing a refund to a customer or client accidentally overcharged" (Umphress et al., 2010). Similar to items in the UPB scale, fraudulent financial reporting helps the organization by portraying a false, typically more positive, picture of the financial state of the organization. Overstating revenues, understating expenses, and overstating assets are generally used in misreporting (Trompeter et al., 2013). Fraudulent reporting deceives decision makers such as investors and creditors, inhibiting them from making decisions based on truthful information. Misreporting has many negative outcomes such as banks loaning money and vendors extending credit to an organization that may not be able to repay it. Additionally, customers of manufacturing companies select vendors that are a dependable link in their supply chain; if the vendor is unstable and cannot provide parts as expected, the customer's production process is disrupted. Mahlendorf et al. (2018) find a positive relationship with UPB, but not a significant relationship with earnings management. Unlike Mahlendorf et al. (2018) and Abernethy et al. (2017), I find a positive relationship between organizational identification and an adapted version of earnings management. Specifically, I combine the pro-organization framing from the UPB scale with an accounting specific earnings management scale. I name this scale UPB-EM. Next, I will discuss the relevance of studying financial statement fraud.

Financial Statement Fraud

As discussed, financial statement fraud occurs less frequently than misappropriation of assets, but each event results in a median loss of almost ten times more than each misappropriation of asset scheme (ACFE, 2020a). Enron investors lost $64.2 billion between August 2000 and December 2001 due to accounting schemes inflating profits (Neuman, 2005). The once large energy giant went down, along with their Big 5 Auditors, Arthur Anderson. In 2005, WorldCom CEO, Bernie Ebbers, and CFO, Scott Sullivan were sentenced to 25 and five years, respectively, in prison for their part in an $11 billion financial statement fraud scheme (Zarroli, 2020) involving inappropriately capitalizing expenses as assets, keeping them off the income statement and exaggerating profits. Management felt "the cost of telling the truth was too high – the stock price would get hammered..." if they reported actual results that did not meet earnings expectations (Johnson, Fleischman, Valentine & Walker 2012: 911; Cooper, 2008: 5). Cynthia Cooper, former Director of Internal Audit, eventually blew the whistle on the massive fraud scheme, but not before considering the impact it would have on the company. More recently, in 2015, Toshiba released an independent investigation report (https://www.toshiba.co.jp/about/ir/en/news/20150725_1.pdf) uncovering overstatement of profits by more than $1 billion in their financial statements for fiscal years 2009 through 2013 (Mochizuki, 2015). Toshiba initiated the investigation after financial regulators expressed concern over their accounting inaccuracies (Soble, 2015). According to the investigation report released by Toshiba, the overstatements were due to various inappropriate accounting treatment schemes across multiple Toshiba businesses. In the wake of the findings, two executives – former CEOs resigned – Atsutoshi Nishida and Norio Sasaki and eight of the 16 board of directors resigned (Du, 2015). Toshiba agreed to pay about $60 million in fines imposed by Japan's Securities and Exchange Surveillance Commission (Perriello, 2015). Additionally, the company faced over two dozen lawsuits totaling $900 million from "individuals and institutional investors, including Japan's national pension fund, the world's biggest" (Breitbart, 2017). Toshiba's fraudulent accounting misled investors beginning in 2009, but eventually caught up with them in 2015. Misreporting causes immense harm to a variety of stakeholders (ACFE, 2020a).

In considering antecedents to fraud, my dissertation considers the indirect relationship between justice and earnings management (EM) through organizational identification (OI) as a mediator. My model is based on the target similarity model (Lavelle et al., 2007) integrating social exchange theory and social identity theory. Social exchange theory highlights a phenomenon where parties reciprocate positive treatment received by giving positive treatment in return. Based on a multifoci approach to justice, the target similarity model predicts that when an individual perceives organizational justice, fair treatment, from the organization they are inclined to return the treatment with citizenship behaviors toward the organization (Lavelle et al., 2007). Additionally, group-value model gives insight into why employees feel safe identifying with the organization when they are treated fairly. Fair treatment makes individuals feel important, giving them legitimacy. In turn, they feel safe investing their identities in the group. As explained through the group-value model and in line with past research (e.g. Olkkonen & Lipponen, 2006; De Clercq, Kundi, Sardar, & Shahid, 2021), I find organizational justice is positively related to organizational identification. Behaviors associated with OI stem from social identity theory explaining when an individual feels salient with a social group, their conduct begins to align with the social group's behavior (Hogg, Terry, & White, 1995) – such as protecting the organization by engaging in accounting fraud (Graham, Ziegert, & Capitano, 2015). Accordingly, an individual identifying with their organization will behave as if they are a microcosm of the organization (Ashforth, Harrison, & Corley, 2008). Supporting that an individual perceiving fair treatment will be inclined to help and protect the organization by participating in helping behaviors such as misreporting, I find a positive relationship between OI and earnings management benefiting the organization. Overall, based on social exchange theory and social identity theory, I find justice is indirectly and positively related to UPB-EM through OI, a social exchange indicator (Rupp et al., 2014). Additionally, this study considers boundary conditions of the relationship between the mediated construct of organizational identification and EM. In this second stage moderated mediation model, I find that moral identity interacts with OI such that the relationship is weakened for individuals with high moral identification as compared to individuals with low moral identity.

Contributions

This dissertation makes several contributions. First, I provide researchers with an adapted measure of earnings management that mitigates the socially undesirable act of earnings management that can suppress findings in self-reported studies. Past research suggests ethicality of earnings management, an unethical behavior, is perceived more positive when organizational consequences are positive; this line of thinking lends support to adding pro-organizational framing to an earnings management scale. Specifically, in a diverse study of 264 participants, including professionals attending an Institute of Management Accountants CPE course and college students, Johnson et al. (2012) found that when perceived organizational consequences of a behavior are positive, the perceived ethicality of earnings management behavior is greater. In this study, a 2 (Behavior) x 2 (Consequences) experimental design is used with four scenarios including a "mid-level employee with the opportunity to manipulate the timing of revenue- and expense- related events for personal gain" (p. 915). Behavior is manipulated with the employee manipulating earnings and receiving a higher bonus. The employee did not engage in earnings management and actively discouraged other employees from participating in earnings management in the no earnings manipulation condition. Organizational consequences is manipulated as favorable or unfavorable. The favorable condition resulted in an 18 percent increase in profits from the prior year. The unfavorable condition resulted in an 18 percent decrease in profits. Ethical judgement of the four scenarios is assessed with Reidenbach and Robin's (1990) four-item "moral equity" measure assessing the degree the behavior is ethical or unethical. Specifically, participants are asked to indicate how fair, just, morally right, and acceptable to their family the scenarios are on a 7-point scale. As mentioned, ethical judgement was significantly less positive in conditions with unfavorable organizational consequences than favorable consequences. Based on these results, I add the pro-organizational framing of "If it benefits the organization" to capture participant's intention to engage in earnings management when it benefits the organization. In adding UPB formatting to earnings management scales, I label this scale UPB-EM.

Second, my results support Lavelle et al.'s (2007) target similarity model which explains the source of justice predicts the target of citizenship behavior explained through social exchange proxies such as organizational commitment, trust, leader-member exchange (LMX), organizational identification (OI), and perceived support. While this approach has been challenged, with Colquitt et al. (2013) suggesting the focus of justice did not predict a particular outcome target over another, Rupp et al. (2014) provide support for the target similarity model (Lavelle et al. 2007) through meta-analysis of multiple studies, including regressions and path analyses. My dissertation results support target similarity and social exchange literature by explaining the relationship between organizational justice and a citizenship behavior directed at the organization –unethical pro-organizational earnings management (UPB-EM) through organizational identification, a proxy for social exchange (Lavelle et al., 2007; Rupp et al., 2014).

Third, to my knowledge, this is the first time a significant relationship between organizational identification and an earnings management scale has been supported; although accounting scholars Abernethy et al. (2017) and Mahlendorf et al. (2018) have tested it in the past. Seeking to understand pro-organizational unethical behavior involved in earnings management, Mahlendorf et al., 2018 utilize Umphress et al.'s (2010) UPB scale. However, the general context of UPB scales may not capture unethical accounting behavior. Financial statements are prepared in accordance with "an extensive set of rules and principles" (p. 87), known as Generally Accepted Accounting Principles (GAAP) in the United States and

International Financial Reporting Standards (IFRS) internationally (Amernic and Craig, 2010). Earnings management manipulates GAAP and IFRS by altering or preparing false journal entries and therefore misrepresenting actual earnings, or by changing actual behavior by the organization to control the required journal entries recorded (Herda, Dowdell, Bowlin, 2012). Both methods are unethical and are further discussed later in this dissertation. Current earnings management scales accurately capture unethical accounting behavior; however, do not include the rationalization of helping the organization. Earnings management is engaged in for a variety of reasons such as loosening debt covenant restraints (DeFond & Jiambalvo, 1994) and maximizing management bonuses (Ibrahim & Lloyd, 2011; Cheng & Warfield, 2005; Guidry et al., 1999; Feng et al., 2011). Motives may be self-serving, organizationally focused, or both.

In considering UPB (Umphress et al., 2010) literature in management and psychology, and earnings management literature in accounting, I combine two frequently used scales into one, what I refer to as UPB-EM. I include UPB framing of helping the organization with EM scales, which allows for the rationalization that earnings management is helping the organization and offsets the unacceptable nature of earnings management. In support of adding pro-organizational framing to mitigate social desirability bias, Mahlendorf et al (2018) adjusted the UPB scale by replacing the pro-organizational framing of "If it would help my organization" with "If necessary" and found including pro-organizational framing provided "greater endorsement of unethical behavior, than excluding the pro-organizational framing" citing social desirability bias (p. 103). My proposed UPB-EM scale is a more accurate measure of pro-organizational unethical accounting behavior by combining the UPB framing of "if it would help my organization" with the earnings management scale, an unethical accounting behavior. Adding pro-organizational framing to an earnings management scale removes the barrier of social desirability (Mahlendorf et al., 2018) and allows an individual to rationalize EM behavior as helping the organization, which allowed this current study to see the true relationship between OI and EM.

Fourth, I add to limited research exploring the dark side of over identification. Many studies explore the positive outcomes associated with identification, however few studies examine the dysfunctionality of over identification (Ashforth et al., 2008; Naseer, Bouckenooghe, Syed, Khan & Qazi, 2020). As previously discussed, based on social identity theory, an individual identifying with a group – such as an organization - sees themselves and the group as one, the group's successes are their successes (Ashforth and Mael, 1989). While EM is unethical, examining the behavior through the lens of organizational identification takes the focus off of the ethicality of the behavior and instead focuses on how individuals identifying with the organization help and protect the organization. Organizational Identification's positive relationship with misreporting is concerning. This occurs because the perpetrator perceives misreporting as helping the organization; the intention is to make the company's financial statements look better than they are, protecting the organization. Financial statement fraud, including earnings management, is an unethical behavior focused on protecting the organization (Graham et al., 2015); however, multiple stakeholders incur losses from financial statement fraud (ACFE, 2020a), such as the organization itself, vendors, stockholders, and customers. The quandary of an individual helping the organization by falsifying financial statements answers the call to explore conditions that "tip the scale" (p. 359) from positive to negative aspects of over identification (Ashforth et al., 2008).

Finally, to my knowledge, this is the first time results support moral identity as a moderator with earnings management as a dependent variable. It has been found to moderate numerous other unethical behavioral relationships (e.g. Aquino et al., 2007; Gino et al., 2011; Skarlicki et al., 2008, 2016; Johnson and Umphress, 2019; Wang et al., 2019); my study extends the moderating role of moral identity by linking it to a new dependent variable, UPB-EM. Furthermore, results support a second stage moderated mediated relationship where organizational identification explains the positive indirect relationship between justice and earnings management; and moral identity interacts with organizational identification such that the positive relationship is weakened for individuals high vs low in moral identity.

The remaining portions of this paper will review the literature on fraud, justice, organizational identification, and moral identity - synthesizing the literature as it relates to this study. Second, I will develop hypotheses and present my model. Then, I will discuss methods, followed by the results. Finally, I will provide a discussion and analysis including theoretical implications, limitations and future studies.

CHAPTER 2

LITERTURE REVIEW

As discussed earlier, fraud studies span across multiple disciplines and include various constructs. I begin this section with an overview of fraud, including accounting literature's approach to fraud as compared to management and psychology's approach to fraud. Next, I examine justice and organizational identification as they relate to fraud. Finally, I review moral identity.

Fraud

Fraud includes "deliberate actions taken by management at any level to deceive, con, swindle, or cheat investors or other key stakeholders" (Zahra, Priem & Rasheed, 2005:804; Schnatterly, Gangloff & Tuschke, 2018: 2407). Twenty-one percent of global occupational fraud cases reported to the Association of Certified Fraud Examiners (ACFE) in 2020 resulted in losses of over one million dollars. Based on the results of the study, ACFE estimates organizational fraud costs companies more than $4.5 trillion each year; with each organization losing 5% of revenue to fraud annually (ACFE, 2020a). The Association of Fraud Examiners must estimate fraud loss because actual fraud loss is unknown and many cases are not reported. Forty-six percent of the organizations identified in the *Report to the Nations* did not turn the perpetrators into law enforcement, believing that internal discipline was sufficient. Additionally, much fraud goes on undetected for years; twenty-nine percent of the fraud cases reported in the 2020 Report to the Nations extended over 24 months. In addition to fraud being underreported, fraud is difficult to research because individuals are not likely to admit to committing fraud. Another issue hindering research is that individuals convicted of fraud are not easily accessible as they are incarcerated or wish to put the event behind them. Therefore, scholars capture unethical behavior as proxies of fraud, such as low quality accruals and restatements (Mahlendorf et al, 2018), and fraudulent intentions captured in experiments (Lee, Gino, Jin, Rice, & Josephs, 2015; Wiltermuth, Bennett & Pierce, 2013; Gino, Schweitzer, Mead, & Ariely, 2011; Gino & Bazerman, 2009; Gino & Pierce, 2009; Hershfield, Cohen & Thompson, 2012; Niven & Healy, 2016; Tzini & Jain, 2018) and in self-reported surveys (Mahlendorf et al., 2018; Bailey, 2017; Moore et al., 2012; Chen, Tang, & Tang, 2014; Hershfield et al., 2012; Ashton & Lee, 2008).

In accordance with past studies, this current study uses self-reported surveys to capture fraudulent intention. Specifically, willingness to engage in fraudulent financial statement fraud will be assessed using an earnings management survey (Mahlendorf et al., 2018). As discussed previously, I will add UPB framing to the scale by adding "If it would benefit my organization" to the beginning of each scale item. Adding the UPB framing clearly identifies earnings management as benefiting the organization. Scales are further discussed in the methods portion of this dissertation.

Accounting Literature

Accounting and management researchers approach the study of fraud differently. Accountants' focus on fraud stem from auditors' "responsibility to detect material misstatement "whether caused by error or fraud"." (Hamilton & Smith, 2021: 225; PCAOB 2003: P2). Due to the practicality of auditors' interests, accounting scholars are interested in material misstatement due to errors or fraud. Therefore, accounting research tends to focus on outcomes such as red flags, or indicators, of fraud. Common outcomes considered in accounting literature are "low quality accruals, restatements, Securities and Exchange Commission (SEC) fraud allegations, or propensity to meet or beat earnings benchmarks to infer unethical behavior (Armstrong, Jagolinzer, and Larcker, 2010)" (as cited by Mahlendorf et al., 2018: p. 82). Accounting researchers examine an organization's actual financial misconduct by analyzing historical data in four common databases (Karpoff, Koester, Lee, & Martin, 2017), as well as other sources. Financial misconduct is often measured by restatement of financial statements (The Government Accountability Office and Audit Analytics databases), class action lawsuits (Securities Class Action Clearinghouse (SCAC) database), and Securities Exchange Commission (SEC) enforcement actions (Center for Financial Reporting and Management (CFRM) database), to name a few. Accounting literature typically focuses on detecting fraud after it has occurred using historical data. Many accounting scholars focus on fraud detection through internal controls because auditors have a responsibility to detect material misstatements in financial statements (Hamilton & Smith, 2021). Internal controls are used by organizations to "increase the likelihood" (p. 120) that improper accounting is detected (Fiolleau, Libby & Thorne, 2018). In a review of accounting literature, Fiolleau et al. (2018), find that controls reduce the opportunity for employees to participate in dysfunctional acts such as earnings management. While these are important aspects of fraud, management and psychology scholars explore the psychological aspect of the behavior which will be discussed later.

Fraud Triangle. Fraud in accounting literature is typically discussed in connection with the fraud triangle. Classic fraud theory, also known as the fraud triangle, posits that fraud is more likely to occur when three elements come together – opportunity, pressure, and rationalization (Albrecht, Holland, Malagueno, Dolan & Tzafrir, 2015, Murphy, 2012; Free & Murphy, 2015; Bailey, 2017). A fraudster perceives an opportunity to commit fraud when they believe no one will find out about the fraudulent act (Fiolleau et al., 2018). Opportunity is typically mitigated through implementing internal controls (Albrecht et al., 2015; Fiolleau et al., 2018). Internal controls for a business are similar to preventing theft of a vehicle - an individual typically locks their car and sets the alarm, just in case theft is attempted. Likewise, controls are in place to discourage and prevent accounting dishonest behavior. In a business, internal controls are mechanisms put into place that control access and availability to vulnerable processes and assets. Many types of internal controls exist; for example, an organization should separate responsibilities for the physical custody and recording of inventory and cash. Keeping the duties separated prevents someone from stealing, and then concealing the act by writing it off as a business expense. In considering misreporting of financial statements, an example of a control includes one individual preparing the journal entry, a second individual reviewing the entry, and a third individual uploading the entry into the accounting software. Massive fraud schemes running rampant through Enron, a powerful energy giant, was the demise of both Enron and their Big 5 audit firm, Arthur Anderson. Had the company implemented tight controls, the fraud could have been detected before it destroyed Enron. The Enron scandal brought about The Sarbanes Oxley Act of 2002, Section 404, requiring public organizations to assess internal controls (Herda, Notbohm & Dowdell, 2014; Ettredge, Li & Sun, 2006).

Pressure, or motivation, is another element of the fraud triangle. Pressure can be external or internal pressure. External pressure can include meeting deadlines or paying off debt, to name a few. Conversely, internal pressure could be maintaining the perception of being wealthy and living a certain lifestyle. There are many forms of pressure that may not be obvious - such as a drug, gambling, or spending habits. These habits require money to feed the addiction, putting pressure on the individual to come up with extraordinary amounts of money. It should be emphasized that pressure does not necessarily have to be real, it could be a perceived pressure. Each individual has a different threshold for perceived pressure. Deadlines, quotas, and budgets are meant to motivate employees; however, organizations must balance motivation with setting realistic goals that do not motivate employees to reach a goal at any cost. A case study of a large publicly traded "Fortune 500" organization caught in financial statement fraud revealed the CFO and management felt immense pressure as they considered their inability to meet public earnings forecasts; initially engaging in "aggressive accounting methods" (p. 806), they soon resorted to full-fledge financial statement fraud including "false-revenue recognition, and understatement of liability and expenses to perpetrate the fraud" (Albrecht et al., 2015: 806). A study of firms engaged in "outside of GAAP" (p. 1968) earnings manipulation found that although the firms met earnings expectations 86 percent of the time (compared to 75 percent for the controlled population), they begin to miss earnings projections after the manipulation period (Chu, Dechow, Hui & Wang, 2019). The decrease emphasizes the fleeting results of earnings manipulation, it cannot be maintained indefinitely. Perceived pressure is a strong element of the fraud triangle.

Rationalization is the ability of an individual to justify an unethical act (Fiolleau et al., 2018). Fraudsters rationalize unethical acts by justifying the act. A fraudster may believe they are underpaid and therefore entitled to use the company's assets to compensate for the lack of perceived unfair wages. A financial manager preparing fraudulent financial statements may justify the unethical act by thinking it will increase stock prices and therefore help investors, as well as the fraudster and the organization. Rationalization allows an individual to reduce negative feelings associated with misreporting (Fiolleau et al, 2018). However, the fraudster is not considering that the purpose of financial statements is to communicate the true financial position of the business (Albrecht et al., 2015), not a theoretical state. Regardless of the fraudster's rationalization, users of the financial statements are unable to make informed decisions when fraudulent financial statements are presented.

While all three elements provide an environment for fraud to occur, they do not need be perceived at the same strength (Albrecht, Romney, Cherrington, Paine & Roe, 1981). For example, an individual with high pressure and ability to rationalize the fraud act can exploit a narrow opportunity and commit fraud. Additionally, an individual with high opportunity - such as an organization with almost no internal controls - and the ability to rationalize the fraudulent act, but with low pressure, may take advantage of the organization's lack of internal controls.

Accounting Literature Studies. While much of accounting literature focusses on the effects of fraud, there are behavioral studies in accounting literature considering antecedents to earnings management and misreporting. A few dispositional antecedents include psychopathy (Bailey, 2015; Bailey, 2017), attitudes favoring earnings management or misreporting (Murphy, 2012), and Machiavellianism (Murphy, 2012). Situational antecedents include agent type (Kipp, Curtis, & Li 2020) equity or bonus incentives (Abernethy et al., 2017, Ibrahim & Lloyd, 2011; Cheng & Warfield, 2005; Guidry et al., 1999), and authority figure pressure to misreport (Bishop, DeZoort, & Hermanson, 2017; Mayhew & Murphy, 2014, Feng et al., 2011). Additionally, accounting literature has recently considered antecedents to UPBs - although the authors use Umphress et al.'s (2010) general UPB scale that is not specific to accounting as my UPB-earnings management scale is. Antecedents to UPBs in the accounting literature include bonus as a percentage of salary, proximity to retirement, and OI (Mahlendorf et al., 2018). These studies are discussed next in detail. A summary of these fraud studies in accounting, management, and psychology literature can be found in Table 1.

Psychopathy. Accounting scholar, Bailey (2015), finds non-clinical psychopathy is positively related to accounting faculties' publication count, mediated by acceptance of unethical acts in research and publication. In considering the rationalization aspect of the fraud triangle, Bailey surveys tenure track accounting faculty in the US and Canada publishing in the top 11 accounting journals. Psychopathy is operationalized using Levenson's Self-Reported Psychopathy 16-item Scale (Levenson, Kiehl & Fitzpatrick, 1995), including items such as "Success is based on survival of the fittest; I am not concerned about the losers". Acceptance of unethical acts in research and publishing is operationalized using an 11-item scale such as asking faculty "how serious an ethical concern (how wrong, not how prevalent) do you consider the behavior to be?". The 11 items are a combination of three previously used scales. Four items include Acts by a Journal Reviewer (Bailey, Hermanson & Louwers, 2008) such as "Negatively reviewing a manuscript to discourage research in the reviewer's area". Another four items include Acts by a Journal Editor (Bailey et al., 2008) such as "Sending a paper to "friendly" or "unfriendly" reviewers to influence the outcome of the review process". The last four items are from Acts by a Researcher (Bailey, Hasselback & Karcher, 2001) such as "Manipulation of data by fabricating it or inappropriately deleting/modifying observations". Finally, Bailey operationalized publication count in a unique way to maintain participant anonymity. Publication count from a website, Accounting Rankings (http://www.byuaccounting.net/rankings/univrank/rankings.php/), lists faculty, their university affiliation, and their publication count. Bailey then grouped faculty in sets of at least 50 based on publication counts. Faculty are emailed, with each group given a different URL to submit survey responses. This process linked faculty survey responses with publication counts without requiring participants to identify themselves. As mentioned, results indicate psychopathy is indirectly and positively related to publication count through acceptance of unethical acts in research and publication. Bailey concludes these results contribute to understanding fraudulent behavior in research and financial frauds.

In another self-reported study, accounting students are surveyed. Bailey (2017) finds psychopathy is positively related to acceptance of unethical practices. Bailey, again, sets the study up in the framework of the Fraud Triangle. Unethical practices includes four earnings management items (Grasso, Tilley & White, 2009; adapted from Merchant, 1989) such as "Ask a consulting firm to delay invoicing for work already done until next year" and four "self-enriching acts" (p. 18) such as "Deposit a check, received in payment of a written-off account, to one's own personal bank account". Psychopathy is measured using Levenson's Self-Reported 16-item Scale (Levenson et al., 1995), including items such as "Success is based on survival of the fittest; I am not concerned about the losers". As in Bailey's (2015) study, psychopathy is positively related to unethical behavior.

***Attitude towards Misreporting and Machiavellianism*.** Murphy (2012) considers the attitude/rationalization element of the fraud triangle as well. Results indicate that individuals favoring misreporting are more likely to misreport; high Machiavellians are also more likely to misreport. Additionally, Murphy finds high Machiavellians that misreport feel less guilt than others that misreport. Prior to the experiment, participants completed the 'attitude toward reporting the results of one's own performance' scale and the Machiavellianism scale. The attitude survey included 10 items such as "I have been tempted to overstate my credentials on college applications". The Machiavellianism scale included 20 items, such as "The best way to handle people is to tell them what they want to hear". Two weeks after completing the survey items, participants visit the lab where they complete a survey measuring negative and positive affect. Participants reflect on how they feel right now; words such as disappointed and regretful measured negative affect while words such as friendly and good measured positive affect. Next, participants were asked to take an accounting quiz and self-report the results, giving them the opportunity to misreport. Participants were paid based on their results. As mentioned, both high Machs and those that view misreporting favorably are more likely to misreport.

To understand the rationalization element, the experiment included separating participants into groups where Murphy manipulated ease of rationalization for misreporters. There were three manipulations: baseline, delicate and concentrated. In the delicate condition, participants were informed that misreporting will result in financial hurt to the student playing the role of reviewer. The intention is to impede rationalization by eliminating a common rationalization that misreporting will not hurt anyone. Participants that misreported were asked "Why did you report more than you earned?"; this question is asked on the computer where participants typed out their answer. Answers were coded as rationalization or not. The concentrated condition impeded rationalization even further by removing other rationalizations, including phrases such as "Though you may argue that reporting more than you earned is a minor offense compared to many other acts, do you think that makes it acceptable to misreport your income?”. The baseline condition did not include impediments to rationalize. Results indicate that rationalization was used for most participants that misreported. Further, fewer participants misreported in the concentrated condition where rationalization was impeded the most. Murphy suggests that auditors keep in mind that high Machs are more likely to misreport with a lower "emotional burden" (p. 254). Murphy concludes misreporters do rationalize their behavior, linking unethical behavior with the fraud triangle. Additionally, she suggests that while opportunity and motivation are more understood aspects of the fraud triangle, the attitude/rationalization aspect should be further researched to understand other predispositions that predict misreporting.

Agent Type. Kipp, Curtis and Li (2020) find that control and diffusion of responsibility explain the relationship between agent type and autonomy on managers' financial reporting decisions. Specifically, managers with less autonomous agents engage in less aggressive reporting decisions than managers with more autonomous agents. Managers with intelligent agents engage in less aggressive financial reporting decisions than managers with human agents. Perception of control and diffusion of responsibility explains the relationships. For example, managers with less autonomous agents perceive more control over the agent. The more perceived control of the agent, the less diffusion of responsibility – the idea is that the agent is performing based on what the manager told them to do. The less managers are able to diffuse of responsibility, the less likely they are to engage in aggressive reporting decisions. Results reflect that managers engage in aggressive reporting decisions when the agent is autonomous because they can diffuse responsibility to the agent because they perceive a lack of control.

The study is based on results from a 2 x 2 (Agent Type x Agent Autonomy) experimental design task. One hundred forty six white-collar employees with management work experience were surveyed through Amazon's Mechanical Turk (AMT) platform. Participants are asked to assume they are a divisional manager from a fictitious publicly traded company. Participants are to assume they are not currently meeting their financial performance expectations – and will only be able to meet expectations by reducing expenses. Meeting the performance expectations is needed to achieve the possibility of a promotion. They are to review several situations that potentially required an adjustment to expenses. The scenario suggests increasing expenses is more appropriate than decreasing expenses based on the given situations. They are also made aware that an external auditor would audit the division and report any unrealistic estimates. Agent type is manipulated as a human agent named Bob, or an intelligent agent – a computerized agent named B.O.B. Autonomy is also manipulated, less autonomous agents are described as following their managers' instructions and performing as the manager requested. More autonomous agents are portrayed as usually following managers' instructions in following managers' instructions, but may deviate as well. The authors also note that human agents make judgement decisions, while intelligent agents are incapable of making judgments as humans do. Control is measured with two items such as "I expect Bob (B.O.B.) to always follow orders". Diffusion of responsibility is measured with three items, such as "I should not be blamed for trouble caused by Bob (B.O.B.)". Managers' financial reporting decision is based on how much the manager decides to expense, from -$300,000 to $300,000. Lower amounts to expense indicate a more aggressive financial reporting decision.

Performance-Based Incentives. In a survey of 183 financial controllers associated with the NBA-VRC, the Dutch financial controllers association, Abernathy et al. (2017) found that performance-based incentives are positively associated with earnings manipulation, negatively moderated by organizational identification. Performance-based incentives is operationalized by the participant's "maximum of performance-based incentives they may earn, expressed as a percentage of their based salary, which is set at 100%" (p. 5). Organizational identification is operationalized using Mael and Ashforth's (1992) six-item scale, answering to what extent the participant agrees with a statement such as "when someone makes positive remarks about my organization, it feels like a personal compliment". Earnings manipulation is operationalized with a three-item scale adapted from Merchant's (1990), with items such as "Please indicate how often your unit postpones necessary expenditures to shift future profits into the current period." While OI negatively moderated the positive relationship between incentives and earnings manipulation, the authors found no direct relationship between OI and earnings management.

In considering the effect of financial and non-financial performance measures on earnings management, Ibrahim and Lloyd (2011) collect data on performance measures used by S&P 500 firms in granting management cash bonuses. They find that firms using both financial performance measures (FPM) and non-financial performance measures (NFPM) have lower discretionary accruals – an indicator of fraud - when compared to firms using FPMs only. Data used for this study is public data from 281 S&P 500 firms (2,465 firm/year observations). Management's cash bonus performance measures are collected from the firms' proxy statements in the Security and Exchange Commission's (SEC) Electronic Data Gathering, Analysis, and Retrieval System (EDGAR) database. Proxy statements are required by public firms before shareholder vote; it includes disclosures of items to be voted on by the shareholders – such as executive compensation (sec.gov; investor.gov). Earnings management is measured with two proxies: abnormal or discretionary accruals (DAC) based on Jones (1991) and frequency for meeting or just beating their earnings benchmark. To measure DAC, they use a regression model incorporating financial statement line items from public financial information such as total accruals, sales, change in accounts receivable, return on assets, total assets, and property, plant, and equipment. Meeting or just beating an earnings benchmark is captured with a 1 if the firm met or exceeded Earnings per Share (EPS) by one cent, or 0 otherwise. Data for forecasted EPS and actual EPS is retrieved from Thomson Reuters' Institutional Brokers' Estimate System. Results indicate NFPM have lower DAC than FPMs. However, NFPM does not have lower frequency of meeting or beating earning projections. Ibrahim and Lloyd conclude firms can reduce earnings management behavior by using non-financial performance measures for management.

Cheng & Warfield (2005) find management with equity incentives is positively related to earnings management. Based on option valuation theory, which explains the desire to diversify by selling shares due to exposure risks, they find the relationship between equity incentives and earnings management is mediated by management's ability to profit off of future stock shares. The authors' data includes 9,472 firm/year observation, extracting data from S&Ps ExecuComp database. Equity incentives considered from the data include unexercisable options, exercisable options, and stock ownership. Earnings management is operationalized by measuring the difference between analysts' forecasts and actual earnings, known as earnings surprises. Meeting or just beating analysts' forecasts can be an indicator of earnings management, that is zero or one cent earnings surprise. CEOs' trading data is used to operationalize the mediator, management's ability to profit off of future stock shares. Specifically, CEO net sales is calculated as open market sales less the combination of open market purchases and share received from options exercised. CEO sales data is retrieved from the SEC ownership reporting system data file. Results indicate a positive relationship between unexercisable options and ownership with both CEO net sales in the future and meeting or just beating analysts' forecast; thus indicating equity incentives are positively related to earnings management. Cheng & Warfield note that exercisable options are not related to CEOs' future stock shares or earnings management, with the explanation that future trading exposure risks do not exist due to the ability to exercise the options now.

In an attempt to focus on bonus only-excluding confounding variables such as stock incentives - Guidry et al. (1999) use business unit data from US division of a large multinational manufacturing conglomerate to study the relationship between bonus and earnings management. Business unit managers are considered in this study because they have little or no stocks, but receive a bonus based on unit earnings. Results confirm Healy's (1985) theory - bonus-maximizing hypothesis - that management maximizes short-term bonus compensation by engaging in discretionary accrual manipulation. Bonus compensation is measured using business-unit managers' actual bonus compensation. Earnings management is operationalized using three discretionary accrual calculations. The first discretionary accrual is based on Healy's (1985) model by subtracting change in current liabilities and depreciation expense from non-cash current assets. A second discretionary accrual is based on Jones' (1991) model mentioned previously. The third earnings manipulation measure is a discretionary accrual unique to this specific organization and is used based on discussions with management. Management indicates that inventory reserves provide "more opportunity for earnings manipulation in our sample" (p. 126). Results indicate DAC are significantly related to bonus maximizing. Guidry et al. (1999) suggest this is strong evidence supporting the bonus-maximizing hypothesis because the sample excluded upper management that may have other motives to engage in earnings management, such stock-based incentive compensation or long-term performance.

Authority Figure Pressure. In a study of 69 public company CFOs, Bishop et al. (2017) find pressure from the CEO to engage in earnings management is positively related to earnings management. Additionally, the authors find a negative relationship between years of CFO accounting experience and earnings management. CEO pressure is operationalized using between subjects experimental task. A scenario is presented explaining that current EPS is above analysts' forecasted EPS. A proposed inventory write-down by the participant - the CFO - will result in an EPS below analysts' projections. Pressure is manipulated as three conditions: compliance pressure where the CEO *asks* the CFO to adjust the write-down so as not to miss the target, obedience pressure where the CEO *tells* the CFO to adjust the write-down so as not to miss the target EPS, and no pressure where the CEO tells the CFO it is their decision to make. Earnings management is measured by the CFOs' likeliness to adjust the required inventory write-down. Results reflect CEO pressure is related to earnings management. Additionally, CFO accounting experience is captured by years of experience. An interesting find is that CFOs choosing to misreport do not displace blame to the CEO. Participants' responses indicate CFOs take responsibility for financials, a responsibility that Sarbanes-Oxley (SOX) certification requirements are meant to emphasize. Under SOX Section 302 certification requirements, CFOs and CEOs are liable for misreporting (Bishop et al., 2017).

In a lab experiment with 88 students from a North American university, Mayhew & Murphy (2014) find pressure from an authority figure is positively related to misreporting, fully mediated by displacing blame. The authors base their findings on moral disengagement theory where individuals displace responsibility as a way to rationalize unethical behavior. Additionally, Mayhew & Murphy link moral disengagement rationalization to the rationalization aspect of the fraud triangle. In the experiment, students are randomly assigned to two conditions. In both conditions participants are given two quizzes and earn money based on their responses. A "boss" gives them directions throughout the experiment and informs participants that he will receive money based on their responses as well. In condition A, participants are not instructed to misreport on quiz 1; however, the boss tells the participants to misreport before beginning quiz 2 by telling participants he wants them to misreport because both he and the participant will receive more money. In Condition B, the boss tells participants to misreport before beginning quiz 1; similar to condition A, the boss tells participants that both he and the participants will receive money. Results indicate that participants in condition A, quiz 2 and condition B, quiz 1 and 2 were more likely to misreport than on quiz 1 in condition A where the boss did not tell them to misreport. Misreporting is measured by participants over reporting actual results. The mediator, displacing blame is captured by asking participants why they misreported more than they earned. Two coders categorize their answers as no rationalization or one of five moral disengagement categories: advantageous comparison, moral justification, minimizing the consequences, displacing responsibility, or diffusing responsibility. As mentioned, displacing responsibility fully mediates the positive relationship between an authority figure directing a participant to misreport and actual misreporting.

In considering feelings of guilt and discomfort after behaving unethically, at the end of each quiz, participants are asked how they feel by indicating if the given word ‘does not apply’ through ‘applies very much’. Guilt is captured with words such as shamed and regretful. Discomfort is captured with words such as negative and tense. Positive self is captured with words such as friendly and good. Misreporting participants in the condition where they were told to misreport feel less discomfort and guilt than misreporters that were not told to misreport. In comparing misreporters and honest reporters in the conditions where participants were told to misreport, misreporters report higher levels of guilt and discomfort than honest reporters.

Seeking to understand if CFOs engage in material misstatements for personal financial gain or due to CEO pressure, Feng et al. (2011) analyze firms with material misstatements in Accounting and Auditing Enforcement Releases (AAERs). AAERs include “financial reporting related enforcement actions concerning civil lawsuits brought by the Commission in federal court…” (sec.gov). Due to CFOs playing a "critical role in accounting manipulations" (p. 23), Feng et al. examine 74 firms (116 firm-year observations) with AAERs issued by the SEC. They compare this group to a control group including firms in the same industry and approximate total assets. CEO and CFO compensation data is retrieved from the S&P ExecuComp database or from proxy statements with the SEC Edgar. Results indicate CEOs (but not CFOs) of firms with material misstatements have higher equity incentives than CEOs of the control group. Equity incentives is operationalized with a pay-for-performance sensitivity formula that captures "total change in value of the executive's stock and stock option portfolio in response to a one percent change in the stock price" (p. 27) divided by the same amount plus salary plus bonus. Additionally, the authors find that CEOs of firms with material accounting manipulations are more powerful than CEOs in the control group. CEO power is operationalized in three ways. The first way considers CEO total compensation as a percentage of the sum of the top five executives' total compensation. The second and third capture whether the CEO is the chairman and/or founder. Results indicate CEOs of firms in the misreporting sample have more power than CEOs in the control group. Feng et al. conclude the CFOs in their sample engage in material accounting manipulations due to pressure from the CEO.

UPB as an Outcome. Introducing Umphress et al.'s (2010) unethical pro-organizational behavior construct to accounting literature, Mahlendorf et al. (2018) find bonuses based on financial targets and organizational identity are positively associated with willingness to engage in unethical pro-organizational behavior (WUPB), while proximity to retirement is negatively associated with WUPB. Their survey includes 253 controllers and CFOs from Germany, Austria, and Switzerland. WUPB is operationalized using Umphress et al.'s (2010) six item UPB scale including items such as "If it would benefit my organization, I would withhold negative information about my company or its products from customers and clients." Target bonus is captured by asking respondents compensation information regarding their salary, annual bonus, payouts from a long-term cash bonus plan and equity awards. Bonus information is then analyzed, identifying performance measures for the target bonus - financial vs non-financial measures. Close to retirement is identified as those 60 years or older. Organizational identification is measured using Mael and Ashforth's (1992) five-item scale with items such as "My organization's successes are my success." This study will be discussed further in the OI section.

As discussed, accounting literature is beginning to consider behavioral antecedents to fraud more often. Additionally, accounting scholars recently organized an interdisciplinary conference to “draw on diverse disciplines that have addressed issues of fraud in organizations and society” (Cooper et al., 2013: 441). My dissertation answers this call by synthesizing both accounting and management literature, and answers accounting literature’s call for further interdisciplinary research (Cooper et al., 2013).

Management and Psychology Literature

Management and psychology scholars seek to understand the behavior of individuals committing fraud. Several theories are used to explain why individuals participate in unethical behavior including coping theory (Lee et al., 2015); moral disengagement theory (Moore et al., 2012; Beaudoin, Cianci & Tsakumis, 2015); utilitarian theory and agency theory (Wiltermuth et al., 2013); utility theory and justice (Gino & Pierce, 2009), theory of planned behavior, affective, behavioral and cognitive model of an attitude, and theory of free will (Chen et al, 2014), bounded ethicality (Gino & Bazerman 2009), goal setting and social cognitive theory (Niven & Healy, 2016), and social comparison theory (Tzini & Jain, 2018). I will briefly discuss the theories in more detail next, followed by specific details of each study.

Coping theory states that when a person becomes stressed, behaviors are exhibited to reduce the stress and anxiety. In a novel study Lee et al., (2015) measure cortisol, a stress hormone, and testosterone before giving participants the opportunity to cheat. Lee et al. (2015)

found a positive correlation between participants most likely to cheat - those with high levels of testosterone and cortisol - and a decrease in cortisol measured as cortisol before cheating compared to cortisol after cheating. Specifically, “the more a participant cheated, the greater the participant’s decrease in cortisol” (p. 894). Based on these results, an individual’s stress levels are reduced the more they cheat (Lee et al., 2015), encouraging unethical behavior because it provides stress relief. Similarly, the authors found negative affect is reduced for participants more likely to cheat – those with high levels of testosterone and cortisol - the more the participant’s cheated. Lee et al. (2015) suggest mental health be considered in unethical behavior literature. The results may be helpful in physiologically and psychologically supporting fraud perpetrators reduction in stress and negative affect once they have ‘solved the problem’, perhaps by managing earnings to meet analysts’ projections or stealing from the company to maintain a lavish lifestyle.

Moore et al. (2012) study the relationship between propensity to morally disengage and unethical behavior based on moral disengagement theory. This theory states that people can selectively “turn off” internal moral standards through relabeling unethical activity, displacing responsibility, and blaming others. Moore et al., (2012) provide scales to measure an individual’s propensity to morally disengage. The authors find a positive relationship between moral disengagement and cheating, lying, and stealing in Study 2, misrepresenting facts to a client in Study 3, self-serving behavior in Study 4, and third-party assessed unethical work behavior in Study 5. Beaudoin et al. (2015) also identify moral disengagement theory to explain why CFOs with low earnings management ethics engage in earnings management. Specifically, they found propensity to morally disengage mediates the indirect relationship.

Wiltermuth et al. (2013) reference agency and utilitarian theory to explain results indicating participants with a utilitarian predisposition positively predicting unethical behavior when acting on behalf of a third party that also had a utilitarian predisposition. When participants are given the opportunity to earn money for the counterpart by misreporting in a die rolling experiment, they are acting as an agent for the counterpart. In this experiment, the authors find that utilitarians – who believe the end justifies the means – are more likely to misreport when the counterpart they are representing believes the same.

Gino and Pierce (2009) identify both distributive justice and utility theory to explain the results of their experiment resulting in the presence of wealth predicting unethical behavior. Wealth is manipulated with two conditions, giving participants the opportunity to cheat in both. In the wealth condition, an excessive amount of money is displayed on a table. The control condition had only enough money displayed to pay participants. Participants in the wealth condition consistently misreport more than in the control condition. This is similar to an employee perceiving their salary to be low compared to the profit the company makes. Distributive justice explains that participants think it is unfair when there is a lot of wealth available and their earnings are not fair when considering their input and outputs. The researchers also consider utility theory which reflects that people perceive the value of a dollar is less when someone has a lot of money compared with the same dollar in the hands of someone with little money is worth more.

In explaining that unethical behavior is a planned cold-hearted behavior where individuals intentionally behave unethically and not as a result of temptation, Chen et al. (2014) consider theory of planned behavior; the affective, behavioral, and cognitive model of an attitude; and theory of free will. The authors find that, overall, temptation is indirectly and negatively related to unethical behavior through monetary intelligence. Theory of planned behavior explains that intentions to behave a particular way, lead to the behavior. Theory of free will suggests individuals are capable of making their own decisions. The authors rely on affective, behavioral, and cognitive model of an attitude where getting rich (affective), impulsive behavior (behavioral) and cognitive impairment (cognitive) are indicators of temptation.

Bounded ethicality refers to a condition where individuals act unethically unknowingly, they do not recognize the ethicality of a behavior. Gino and Bazerman (2009) find support for this in an experiment where participants do not recognize the ethicality of a situation when conditions slowly erode. Specifically, the mean of approvals in an unethical situation is higher when they are slowly acclimated to it than when there is an abrupt change.

Niven and Healy (2016) find that goal setting theory explains why individuals with specific goals are more likely to engage in unethical activity. Goal-setting theory explains that individuals with specific goals perform better than those with vague goals. Additionally, the authors find that individuals able to justify their unethical behavior overstate their performance as explained by social cognitive theory. Social cognitive theory of self-regulation explains that individuals disengage from moral barriers which enables them to behave unethically, moral disengagement theory is an extension of social cognitive theory.

In Tzini and Jain’s (2018) study, social comparison theory explains why individuals are more unethical when performance evaluations are relative to others as compared to when performance evaluations are based on an objective goal. The above theories give insight into why individuals engage in unethical behavior. My dissertation will focus on justice theory to explain how fair treatment by the organization leads to unethical accounting behavior.

Management and Psychology Studies. Management and psychology scholars have identified many antecedents that uncover attitude and rationalization aspects of individuals that commit fraud as well. The most prominent antecedents can be classified as dispositional and situational in nature, similar to the accounting literature studies. Dispositional antecedents include earnings management ethics (Beaudoin et al., 2015), moral disengagement (Moore et al., 2012), continuity to future selves (Hershfield et al., 2012), love of money (Chen et al., 2014), hormone/stress (Lee et al., 2015) and utilitarianism/formalist disposition (Wiltermuth et al., 2013). Situational antecedents include specific vs vague goal performance (Niven & Healy, 2016), performance evaluation (Tzini & Jain, 2018), consequential reflection (Tzini & Jain, 2018), temptation (Chen et al, 2014), private or open work environment (Chen et al., 2014) gradual ethical degradation (Gino & Bazerman, 2009), presence of wealth (Gino & Pierce, 2009), and depletion of self-control (Gino et al, 2011). Next, I will discuss the studies in detail. Studies previously discussed when considering theories used in fraud studies will be discussed again, but in more detail.

Earnings Management Ethics. In a study of 83 financial officers with the title of CFO or equivalent, Beaudoin et al. (2015) find that moral disengagement mediates the relationship between Earnings Management (EM)-Ethics and earnings management, depending on incentive conflict. In this study, an individual with low EM-Ethics are more willing to engage in earnings management. An individual with high EM-Ethics is less willing to engage in earnings management. Results indicate that when an incentive conflict is present, individuals high in EM-Ethics have lower propensity to morally disengage tendencies, which then have lower earnings management behavior. Individuals low in EM-Ethics have a higher propensity to morally disengage and have a higher earnings management behavior in the presence of incentive conflict.

While results do not support a direct relationship between EM-Ethics and earnings management, there is an interaction between EM-Ethics and incentive conflict such that when EM-Ethics is low, participants engage in higher earnings management behavior when an incentive conflict is present than when an incentive conflict is absent.

The participants were provided with a scenario involving a discretionary accrual decision. Specifically, they were to assume the role of controller deciding on whether to accrue expenses associated with a $3.3 million dollar service contract with a vendor with an estimated one year completion date. Earnings management is operationalized by asking the participants "How much do you recommend be recorded for consulting and advisory services for which you have not yet been billed?" Moral disengagement is operationalized with Moore et al.'s (2012) eight-item measurement including items such as "Considering the ways people grossly misrepresent themselves, it's hardly a sin to inflate your own credentials a bit." Incentive conflict is manipulated within the scenario as incentive conflict or no incentive conflict. The participants in the incentive conflict condition were given a financial incentive to manage earnings. Specifically, they were told their bonus is contingent on meeting financial targets. Additionally, they were told that could incur an additional $3 million in expenses during the current year without jeopardizing their current year bonus; accruing more money this year – when they can absorb the expense – would benefit them in a future year. The absent condition included a fixed bonus that is not contingent on a financial target. EM-Ethics is measured with a 14-item survey by Graham et al. (2005), including a question stem of "Using accounting discretion allowed within GAAP, I am willing to make an accrual…". A sample item is "to achieve a personal bonus."

Propensity to Moral Disengagement. Moore et al. (2012) create scales to measure an adult's propensity to morally disengage. Based on Bandura's (1986) social cognitive theory of self-regulation, Bandura (1986, 1990a, 1990b, 1999, 2002) posits moral disengagement theory explains the process an individual works through to disconnect from their moral identity, enabling them to behave unethically. Moral disengagement theory identifies "eight interrelated cognitive mechanisms that facilitate unethical behavior" (Moore et al., 2012: 5). Moore et al., (2012) discuss the mechanisms beginning with the first three that reframe the unethical act to appear "less harmful" (p. 5). The first mechanism is moral justification, where the individual believes the behavior is acceptable because of the benefits it provides someone or a group. The second mechanism is renaming the unethical act through euphemistic labeling; the third is advantageous comparison where the unethical act is compared to a behavior that is more unacceptable. Displacement of responsibility and diffusion of responsibility remove the individual from being responsible for the act, and instead place responsibility on someone else or a group of individuals. Finally, the last three mechanisms are distortion of consequences, dehumanization, and attribution of blame; these last few phases seek to downplay the consequences and end with blaming the victim. Moore et al. (2012) create scales to operationalize one's propensity to morally disengage in Study one of their paper. Additionally, they empirically test the relationship between the new construct and unethical behaviors, citing the importance of understanding fraudulent behavior and the financial losses associated with fraud. Study two includes undergraduate students self-reporting unethical behavior using Detert, Trevino, & Sweitzer's (2008) cheating, lying, and stealing scales - including "Taking low-cost items from a retail store". Results indicate a positive relationship between propensity to morally disengage and cheating, lying, and sealing. International MBA students were given Badaracco &

Useem's (2006) "Conflict on the Trading Floor" unethical dilemma in study three. Results indicate a positive relationship between propensity to morally disengage and the students' intention of sending fraudulent information to a client. Study four participants are undergraduate students. Unethical behavior is operationalized using a self-serving ethical dilemma. Propensity to morally disengage is positively related to the unethical self-serving behavior, where participants chose to blame someone else - instead of themselves - for an error that one of their subordinates made. The scenario specifies the employee that made the error is unknown. Finally, a fifth study is conducted by recruiting employees and their coworkers and supervisors. The employees are asked to complete the propensity to morally disengage scale while their coworkers and supervisors complete a survey assessing the employee's unethical work behavior. Unethical work behavior is operationalized using measures adapted from Robinson and O'Leary-Kelly's antisocial work behavior scale (1998) and Bennett and Robinson's organizational deviance scale (2000); a few items include "Falsifying a receipt to get reimbursed for more money than you spent on business expenses", "Discussing confidential company information with an unauthorized person", "Damaging property belonging to my employer", and "Taking property from work without permission". Results indicate a positive relationship between propensity to morally disengage and unethical work behavior. Through these studies Moore et al. (2012) provided much support for their new propensity to morally disengage scale and the positive relationship it has to various measures of unethical work behavior.

Self-continuity. Citing corporate scandals such as Bernie Madoff's Ponzi Scheme, Hershfield et al. (2012) study the relationship between future self-continuity and ethical judgements. Based on Strotz (1955) multiple-self model positing that individuals "do not possess a continuous self over time" (Hershfield et al. 2012; 299), but instead have "an infinity of multiple selves who are present and then absent with each successive unit of time" (Hershfield et al., 2012: 299). The authors hypothesize future self-continuity and unethical behavior have a negative relationship. Throughout five studies this hypothesis is supported. Future self-continuity measures the extent an individual believes their current self is similar to their future self. Future self-continuity is measured using the Future Self-Continuity Scale (Bartels & Rips, 2010; Ersner-Hershfield, Garton, Ballard, Samanez-Larkin & Knutson, 2009) by displaying seven sets of varying degrees of overlapping circles. The first circle depicts their current self and the second circle depicts their future self in 10 years. Participants are asked to choose the set of circles that depict them. Choosing the pair of circles that almost completely overlap reflects almost high continuity with their future self. Choosing a circle set with very little overlapping reflects the participant believes their future self is much different than their current self. The authors find that the latter situation - low future self-continuity - predicts unethical behavior. Unethical behavior is operationalized in various ways throughout the five studies: Ashton & Lee's (2008) Unethical Business Decisions (UBD) Scales including six dilemmas such as "how likely it is they would vote for their company to begin a financially lucrative but environmentally hazardous mining operation for which they could receive a large bonus"; subscales from SINS II Scale (Lewicki, Saunders, & Barry 2007); a deception game experiment adapted from Cameron and Miller (2009) where participants are given the opportunity to lie to earn more money; anagram experiment where participants can cheat - misreport the number of words unscrambled - to earn more money. Additionally, one study included consideration of future consequences scales (Strathman, Gleicher, Boninger, & Edwards, 1994) as a mediator between future self-continuity and unethical behavior - the mediation was supported.

Utilitarian vs Formalist. Wiltermuth et al. (2013) perform three experimental studies in considering a third-party benefiter of the perpetrator's unethical behavior. Based on utilitarian and agency theory, the authors hypothesize that utilitarians are more likely to misreport, earning a third-party more money, if the participant perceives the third-party is also utilitarian. Utilitarian theory posits that maximizing the good determines how one should act. In contrast, formalists actions are "based on rules or principles of behavior" (p. 281), giving little or no weight to the consequences. Additionally, in line with agency theory, when a utilitarians actions affect a third-party they become an agent of the party. Wiltermuth et al. (2013) believe the participant will consider the third-parties beliefs in making a decision to misreport; if the third party has a utilitarian disposition as well, the authors predict the participant is more likely to misreport - earning the third-party more money.

In a series of three studies, the authors find support for this interaction. The authors operationalize the participants ethical behavior several ways including two ethical predisposition items from Gosling, Rentfrow, and Swann's (2003) 10-item personality scale in study one and Baugher and Weisbord's (2009) ethical consequences and ethical rules subscales in study two and three. One question from Gosling et al.'s scale asked the participant if "one should act only on that maxim through which one can, at the same time, will that it become a universal law without contradiction" or "the greatest good for the greatest number is the best measure of right and wrong" best scribes themselves. Similarly, Baugher and Weisbord's scale captured the participants ethical predisposition regarding consequences and rules of behavior. The moderator, third-parties ethical predisposition is operationalized by an actual third-party's answer to Gosling et al.'s scales for study one. Study two provided fictitious third-party results of Baugher and Weisbord's scales. Study three again utilized fictitious third-party results, but with a more direct message of either "My name is Chris, I am a student from Ohio. I need the money, so please say you solved a lot of them" or "My name is Chris, I am a student from Ohio. I need the money, but please be honest about your word count". The dependent variable allowed the participant the opportunity to misreport, earning both themselves and their counterpart more money. Unethical behavior is operationalized with a die roll experiment in study one - the number rolled determined the money earned. Study two and three utilized a word jumble exercise where the more words identified earned more money. As mentioned, results in all three studies indicate utilitarians, but not formalists, over report when they perceive the third-party is also utilitarian.

Specific or Vague Performance Goals. In response to corporate scandals, Niven and Healy (2016) consider goal setting as a predictor of unethical behavior. Goal-setting theory posits setting specific goals leads to better performance. Their study provides insight into the possibility of better performance due to unethical actions. The study includes 106 full-time workers ages 18 and older from Ireland and the UK. Niven and Healy use an experimental design. Two unethical behavior outcomes are used, operationalizing unethical behavior using vignettes. Participants were randomly assigned to one of two conditions - specific performance goal or vague performance goal where participants were told to "do your best". Three ethical vignettes and three non-ethical vignettes were given. An example of an ethical vignette is whether they should use a component in their production process that would save £100,000, but product durability would be reduced. A non-ethical vignette was whether the company should train employees on a new sales software. Performance overstatement was assessed using an experimental design with the same two goal-setting conditions. However, the participants were given an anagram task and asked to report the number of words they could form. Participants were told researchers could not see their responses and asked to self-reported the results.

Performance overstatement was measured by the number of words actually created compared to the number of words self-reported. Results indicate individuals with specific performance goals were more likely to act unethically, however, results for overstatement of performance were not significant. Additionally, based on social cognitive theory, participants' moral justification is considered as a moderator and assessed with Barsky's (2011) four-item scale. Results indicate that moral justification moderated the relationship between goal type and overstatement of performance only. Specific performance goals only affect overstatement of performance for individuals with high dispositional moral justification.

Relative or Absolute Performance Evaluation and Consequential Reflection. Citing corporate scandals such as Lehman Brothers, Tzini & Jain (2018) conduct experiments considering the impact that relative performance evaluations have on unethical behavior. The authors discuss social comparison theory (Festinger, 1954) as a basis for theorizing employees under relative performance evaluations (RPE) will behave more unethically than employees under absolute performance evaluations. The authors find support for this relationship and more. Social comparison theory posits that people perform better and more competitively when they are compared to others. Study one finds that participants believe someone in the RPE condition will behave more unethically as compared to participants in the absolute or no performance condition. The participants are given a scenario where an employee has the opportunity to behave unethically in an effort to increase their compensation. Participants in the RPE condition are told his compensation depended on how well he did compared to his peers; the absolute performance condition relayed the employee's compensation depended on his performance only, while the employee had a fixed salary in the controlled condition. Participants in the RPE condition expected the employee would behave unethically more so than the other conditions.

Study two allowed students to misreport the results of an online quiz. Participants in the RPE condition were told the top scorers would receive a bonus. The absolute condition were told bonuses would be awarded randomly; participants were not informed about a bonus in the control condition. Similar to study one, participants in the RPE condition behaved unethically more so than the other two conditions. Specifically, RPE participants cheated more by misreporting the results of the quiz.

Study three and four considered how the effects of reflecting on consequences of their actions would mitigate the effects of RPE on unethical behavior. Study three results indicate that consequential refection is negatively related to unethical behavior, mediated by their assessment index. All of the following conditions were under RPE conditions only. Students were asked to assume the role of a university professor seeking a tenure. In attempting to publish a paper at a top journal, the professor realizes the data is not resulting in desirable results. Faced with the opportunity to manipulate the data, participants are asked how likely they are to manipulate the data - the measurement for unethical behavior. The consequential reflection condition asks participants to list positive and negative consequences of manipulating the data; the controlled condition did not include this step. After participants indicated the likelihood of manipulating the data all participants were asked to rate perceived risks and benefits. Tzini & Jain (2018) totaled risk results and subtracted benefit results for each participant creating an assessment index. Results indicate that consequential reflection is negatively related to unethical behavior, mediated by assessment index. Next, study four found the participant's decision-making style moderates the negative relationship between consequential reflection and unethical behavior such that the negative relationship was stronger for intuitive decision-makers.

Temptation, Love of Money, Private or Open Work Environment. Responding to corporate scandals, such as Enron and WorldCom, Chen et al. (2014) hypothesize a negative direct effect of temptation on unethical behavior because they posit perpetrators of scandals are intentional and calculating, not relying on temptation. Additionally, the authors predict an indirect relationship with unethical behavior through the mediator of monetary intelligence (MI). Poor monetary intelligence means the perpetrator has a high Love of Money (LOM), but are "poor stewards of money" (p. 205). The authors explore unethical behavior in two studies. Study one surveys students in both US and Chinese universities. Based on theory of planned behavior, ABC (affect, behavior, and cognitive) model of an attitude, and theory of free will, the authors find temptation is negatively and indirectly - but not directly - related to unethical behavior through poor monetary intelligence (MI) as a mediator. The study is survey based, operationalizing temptation using a 5-factor scale with 15 items such as "Temptations provoke us to think and act irrationally". Monetary intelligence is operationalized using a 10-factor 30-item scale including the following categories: affective motive of money, the behavioral stewardship of money, cognitive meaning of money. Sample items from each category include "I want to be rich", "I find smarter and better ways of making money", "Money makes people respect me in the community", respectively. Unethical behavioral intentions is operationalized with a 3-factor scale - theft, corrupt intent, deception - including nine items such as "Borrow $20 from a cash register overnight without asking", "Abuse the company expense accounts and falsify accounting records", and "Overcharge customers to increase sales and to earn higher bonus". Mixed results were found when considering culture. Specifically, the indirect relationship between temptation and unethical behavior through MI was negative for American students and not significant for Chinese students.

Chen et al. (2014) consider if results were not significant for the Chinese sample because the survey was administered in an open classroom. To gain insight into unethical behaviors of Chinese students, the authors conduct a second study. In Study two, Chinese students participated in a lab experiment. Students completed the affective motive of money scale - the authors label this the Love of Money (LOM) - portion of the MI scales as a predictor of unethical behavior. The students were asked to self-report the number of words found in a matrix exercise. Unethical behavior is measured as percentage of students cheated and the amount of cheating. Students in condition one completed the matrix exercise in an open classroom. Students in condition two completed the matrix exercise in private cubicles. Results from study two indicate the students in open classrooms cheated much less than those in private cubicles. Additionally, LOM is correlated with the cheating behavior for these students.

Gradual Ethical Degradation. Gino and Bazerman (2009) find that people are more likely to accept unethical behavior when there is a gradual erosion versus an abrupt change, labeling this the "slippery-slope effect". They posit this is due to the induction mechanism which "argues that people use past actions as benchmarks when they evaluate new actions” (Gino & Bazerman., 2009). The authors mention the relativity of the slippery-slope effect when considering unethical management behavior at companies such as Enron and accounting firms' complicity in companies' misreporting. Additionally, the authors find evidence that implicit bias, at least partially, explains why the slippery-slope effect occurs. Gino and Bazerman (2009) believe bounded ethicality (Banaji, Bazerman, and Chugh, 2003) provides support for participants implicit bias; bounded ethicality means not all individuals recognize questionable situations as being an ethical dilemma and therefore unethical behavior is not intentional.

Four experiments support their findings. The slipper-slope and abrupt change conditions are provided to participants by way of an experiment displaying a series of pictures of a jar with pennies in it. The participants are given an amount that a third-party predicted is in the jar. They are asked to approve or reject that the guess is within 10% of the correct amount. This continues for 16 rounds with the first round reporting the correct amount and the last round misreporting. In the slippery-condition, the misreporting by the third-party is gradual. In the abrupt change condition, the misreporting abruptly begins in round 11. It should be noted that prior to the experiment, participants practice estimating the amounts in the jar so they can become familiar estimating pennies in the jar. Participants are paid a flat fee, plus an opportunity to earn a bonus. The bonus is given if the approver accepts the estimate with a random audit periodically of the approver. If the approver was caught accepting a misreported amount, they would lose money. This simulates an accounting firm being incentivized to accept management's word regarding financial statement truthfulness. As mentioned, results indicate participants in the slipper-slope effect were more likely to accept misreported amounts than the abrupt-change condition. In an effort to rule out acceptance of misreporting due to incentives, one study manipulates receipt of financial rewards. Results continue to indicate acceptance of misreporting in the slippery-slope condition more so than the abrupt change condition, regardless of receiving an incentive or not.

In considering if approval of misreporting was implicit, not intentional, the authors asked participants to compete a word challenge after the above experiment. The word challenge provided word fragments such as CH_ _ _ and asked participants to finish the word. This word could be completed with an ethical word, CHEAT, or with a non-ethical word, CHIME. The authors predict the participants will complete the word with CHEAT if they were aware they were cheating. Participants in the abrupt change condition completed more ethical words – such as cheat - than the slippery-slope condition, results indicate participants in the slipper-slope condition were not intentional in cheating - meaning implicit bias partially explains more approvals of misreporting in the slipper-slope effect. Finally, in study four, authors provided an incentive to detect fraudulent misreporting. Participants in the slipper-slope condition were still more likely to approve misreporting of the pennies in the jar.

Presence of Wealth. Gino & Pierce (2009) examine the effect of the presence of wealth on over reporting. Based on distributive justice research, the authors believe abundance of wealth in an experiment will lead to over reporting - mediated by feelings of envy. Throughout three lab experiments the authors find support for this. The wealth condition is operationalized by displaying an excessive amount of money, more than necessary to pay participants, on a table. In contrast, the poor condition displayed only enough money to pay the participants. All participants are given 24 one-dollar bills and asked to pay themselves based on their performance in an anagram task where participants are paid each round they meet a quota of words created from a set of letters. In all three studies, participants in the wealth condition over report significantly more than participants in the poor condition. Additionally, the authors considered an indirect relationship where feelings of envy mediate this relationship. Envy is measured on a 7-point scale with survey questions such as "I feel envious now" and "I lack some of the things others here have". Results indicate that envy partially mediates the relationship as expected. Gino & Pierce (2009) conclude abundance of wealth stimulates feelings of envy which lead to unethical behavior. Results of this study indicate both situational and individual characteristics affect an individual's engagement in unethical behavior. The authors indicate the results of the study are relevant to situations where employees self-report, such as overstating hours worked or reimbursement of expenses.

Depletion of Self-Control. Acknowledging the ethical downfalls of Enron, WorldCom, and Bernie Madoff, Gino et al. (2011) consider that some people intend to behave ethically, but as self-regulating resources are depleted they succumb to unethical behavior. Based on the strength model of self-regulation individuals have a limited amount of self-regulating resources; as those resources are used, less self-regulating resources are available for future decisions (Gino et al., 2011; Muraven, Tice, & Baumeister, 1998; Muraven & Baumeister, 2000). Through a series of four experiments the authors findings include depletion of self-regulatory resources is positively related to unethical behavior; this relationship is mediated by moral awareness; this relationship is moderated by moral identity; finally, the authors find that while depletion of self-regulatory resources is related to unethical behavior, the process leads to further depletion of self-regulatory resources.

Self-regulatory of resources is operationalized in several ways. Participants in study one watch a video with no audio and unrelated words at the bottom of the screen (e.g. DeWall, Baumeister, Stillman & Gailliot, 2007). In the depletion condition, participants are told not to look at or read the words. In the no-depletion condition, participants are not given any instructions. In studies two and three, participants are given a writing exercise (Schmeichel, 2007). Participants in the self-depletion condition are instructed not to use words containing A and N; participants in the no-depletion condition were instructed not to use words containing X and Z. Participants in the no-depletion condition for study four are asked to read color words with the same color of font, for example "RED" in red font; whereas participants in the depletion condition were asked to read color words in different colored font, for example "GREEN" written in red font. Unethical behavior is operationalized through experiments giving participants the opportunity to earn money by self-reporting results for exercises. Study one participants were shown number matrices and asked to find two numbers that, when added together, summed to 10. The computer recorded their actual performance, but they were asked to self-report the number of matrices solved and submit their self-reported numbers to the experiments for money - earning more money for each matrix solved. Study two, three, and four used a similar exercise. Results indicate depletion of self-regulatory resources is positively related to unethical behavior.

Hormones and Stress. Lee et al. (2015) examine a novel approach to unethical behavior by considering biological antecedents to unethical behavior. The authors discuss 2014 ACFE fraud report results, labeling it "troubling data" (p. 891). In an experiment, the authors find a combination of high testosterone and high cortisol - a stress hormone - predict unethical behavior. Further, they find that unethical behavior leads to a reduced level of cortisol. A saliva sample taken prior to the experiment measures the participant's testosterone and cortisol levels. Unethical behavior is operationalized with a math matrix exercise (Gino et al., 2011) where participants self-report matrices solved. Additionally, the authors' measure hormone levels 15 minutes after the experiment, finding a dose-response relationship misreporting and a reduction in cortisol levels; Lee et al. (2015) discuss cheating as a stress reliever and call for further research in physiological aspects of unethical behavior.

As discussed in the aforementioned studies, management scholars provide deep insight into the individuals themselves and centers around the perpetrator's unethical behavior. In integrating accounting literature, behavior can be understood in the context of the rationalization element of the fraud triangle. A summary of these studies is in Table 1.

Table 1. Fraud (Unethical Behaviors) Studies

Study	Sample	Antecedent	Theory	Outcome	Key findings
Abernethy et al. (2017)[1]	183 financial controllers from Netherlands	Performance-based Compensation	Organization Identity Theory; Social Identity Theory	Earnings Management	Performance-based incentives are positively related to earnings management, negatively moderated by OI.
Bailey (2015)[1]	546 accounting faculty from US and Canada	Psychopathy	Fraud Triangle	Publication Count	Psychopathy is positively and indirectly related to publication count, mediated by acceptance of unethical acts in research and publication.
Bailey (2017)[1]	253 undergraduate and graduate accounting students from US	Psychopathy	Theory of Fraud Detection and Prevention; Fraud Triangle	Earnings Management	Psychopathy positively related to unethical behavior opinion of EM
Beaudoin et al. (2015)[2]	83 Financial Officers	Earnings Management Ethics	Moral Disengagement Theory	Earnings Management	Perception of EM-Ethics is negatively related to EM, mediated by propensity to morally disengage.
Bishop et al. (2017)[1]	69 CFOs from US public companies	CEO pressure; CFO accounting experience	Power Theory; Obedience Theory; Social Impact Theory; Arousal Theory; Transactional Process Theory	Earnings Management	CEO pressure influences CFO's participation in earnings management; CFO experience is negatively related to EM
Chen et al. (2014)[2]	492 US univ. students; 256 Chinese univ. students (Study 1); 87 students from Chinese univ. (Study 2)	Temptation (Study 1), Love of Money (Study 2), Environmental Context (Study 3)	Theory of Planned Behavior; ABC (Affect, Behavioral, Cognitive) Model of an Attitude; Theory of Free Will	Unethical Behavior (theft, corruption, deception); Misreporting	Overall results indicate temptation is indirectly, negatively related to unethical intentions through low MI for the whole group. However, there were mixed results based on nationality and gender; Love of Money is positively related to cheating; Students in open classrooms cheated significantly less than in a cubicle.
Cheng & Warfield (2005)[1]	9,472 firm/year observations from US	Executive's Stock-Based Compensation and Stock Ownership	Option Valuation Theory	Earnings Management	Equity incentives are positively related to earnings management.
Feng et al. (2011)[1]	74 firms / 116 firm-years from Accounting and Auditing Enforcement Releases from US	CEO's equity incentives; CEO pressure	N/A	Misreporting	Firms with material misstatements have CEOs with higher equity incentives.

Study	Sample	Antecedent	Theory	Outcome	Key findings
Gino & Bazerman (2009)[2]	76 (Study 1); 74 (Study 2); 148 (Study 3); 65 (Study 4) students from US univ.	Gradual ethical degradation	Slippery-slope effect; Bounded ethicality	Unethical behavior	Individuals are more likely to accept unethical behavior of others (an unethical behavior itself) when the unethical behavior of others occurs gradually. Additionally, implicit bias partially explains this relationship.
Gino & Pierce (2009)[2]	53 (Study 1); 150 (study 2); 74 (study 3) mostly students from US	Presence of wealth	Distributive Justice Utility Theory	Misreporting	Abundance of money significantly predicts misreporting; Envy partially mediates this relationship.
Gino et al. (2011)[2]	101 (Study 1); 97 (Study 2); 65 (Study 3); 92 (Study 4) students from US univ.	Depletion of Self-Control	Strength Model of Self-Regulation	Misreporting; Depletion of Self-Control	Depletion of self-control positively predicts misreporting; Moral awareness mediates the positive relationship between depletion of self-control and misreporting; moral identity moderates the relationship between depletion of self-control and misreporting.
Guidry et al. (1999)[1]	118 different business units / 179 business-unit years from US division of a large multinational manufacturing conglomerate	Earnings-based bonus plans	Bonus-Maximization Hypothesis	Earnings Management	Earnings-based bonus plans are positively related to earnings management for business unit managers.
Hershfield et al. (2012)[2]	147 adults (Study 1a); 214 adults (Study 1b); 145 adults (Study 2); 27 students (Study 3); 117 students (Study 4); 86 adults (Study 5) from US	Future Self-Continuity	Multiple Self Model	Unethical Business Decisions: Subscale from SINS II scale; Misreporting	Low future-self continuity is positively related to unethical behavior. Consideration of future consequences mediated above relationship in one study.
Ibrahim & Lloyd (2011)[1]	281 S&P 500 firms / 2,465 firm/year observations from US	Bonus Performance Measures	Bonus-Maximization Hypothesis	Earnings Management	Firms with both financial and non-financial performance measures for cash bonus compensation have lower discretionary accruals when compared to firms using financial performance measures only.

Study	Sample	Antecedent	Theory	Outcome	Key findings
Kipp et al. (2020)[1]	146 Experienced Managers	Agent Autonomy; Agent Type	Earnings Management	Moral Disengagement Theory	Managers with less autonomous agents engage in less aggressive reporting decisions than managers with more autonomous agents. Managers with intelligent agents engage in less aggressive financial reporting decisions than managers with human agents. Perception of control and diffusion of responsibility explains the relationships.
Lee et al. (2015)[2]	120 adults (58% male)	Testosterone and cortisol (stress hormone) levels	Coping Theory	Misreporting	The interaction of high testosterone and high cortisol hormones positively predicts cheating. Cortisol decreases after cheating relative to the cheating. When cortisol was low, interaction was insignificant.
Mahlendorf et al. (2018)[1]	253 controllers and CFOs from Germany, Austria, Switzerland	Proximity to retirement; organizational identification; bonus measures	N/A	UPB	Financial target-based bonus incentives and OI are positively related to UPB, while proximity to retirement is negatively related to UPB.
Mayhew & Murphy (2014)[1]	88 students from a North American university	Pressure from authority figure	Moral Disengagement Theory; Obedience Theory; Fraud Triangle	Misreporting	Pressure from an authority figure to misreport is positively related to misreporting. Displacing responsibility to the authority figure mediates the relationship.
Moore et al. (2012)[2]	245 students from US univ. (Study 2); 248 international MBA students (Study 3); 225 students from US univ. (Study 4); 129 employees from US (Study 5)	Propensity to morally Disengage	Theory of Self-Regulation; Social Cognitive Theory; Moral Disengagement Theory	Cheating, Lying, Stealing; Unethical Behavior, including CWB-O	Results indicate moral disengagement is positively associated with unethical behavior.
Murphy (2012)[1]	206 students from North American universities	Predisposition toward misreporting; Machiavellianism	Fraud Triangle Economic Theory	Misreporting	Predisposition toward misreporting and high Machiavellians are more likely to misreport; Participants higher in Machiavellianism feel less guilt than those lower in Machiavellianism that misreport.

Study	Sample	Antecedent	Theory	Outcome	Key findings
Niven & Healy (2016)[2]	106 employees from Ireland and UK	Specific vs Vague Goal Performance Goal	Goal-Setting Theory; Social Cognitive Theory	Unethical Behavior; Misreporting	Individuals given a specific performance goal were more likely to act unethically.
Tzini & Jain (2018)[2]	164 students from Europe (Study 1); 160 participants from US (Study 2); 184 participants from US (Study 3); 218 participants from US (Study 4)	Performance Evaluation; Consequential Reflection	Social Comparison Theory	Misreporting; Unethical Behavior	Relative performance is positively related to unethical behavior, while consequential reflection is negatively related to unethical behavior - mediated by assessed risks/benefits.
Wiltermuth et al. (2013)[2]	114 students from US univ. (Study 1); 270 participants (Study 2); 223 participants (Study 3)	Participants' ethical preference (Utilitarian/Formalist disposition)	Utilitarian Theory; Agency Theory	Misreporting	Participants with utilitarianism disposition positively predicts misreporting when third-party also had utilitarian disposition.

Note: [1]Accounting Literature; [2]Management Literature
Some articles in the above table conducted multiple studies. The most relevant studies to this literature review are included.

I have reviewed unethical behavior in accounting, management and psychology literature. While management and psychology scholars measure misreporting, or proxies, management literature utilized various other unethical behaviors to understand accounting fraud. Next, I will discuss justice, OI, and moral identity literature and studies that are relevant to my dissertation.

Justice

Greenberg (1987) synthesizes several past perspectives used in studying justice, labeling the combination of them, organizational justice. Greenberg explains “the perspectives address the relative fairness of the outcomes received by various organizational units (typically either individuals or groups)” (Greenberg, 1987: 10). The content dimension of theories at that time address the “resulting distribution of outcomes” (p. 10); while the process dimension of theories “focuses on how various outcomes (in organizations, pay and recognition are good examples) are determined” (p. 10). In other words, individuals and groups are consciously or subconsciously considering if outcomes, and the processes by which those outcomes are decided, are free of bias - whether or not if they are being treated fairly.

Current literature separates justice into three types: procedural, distributive and interactional. Interactional justice can further be separated into two sub-categories, informational and interpersonal (Lavelle et al., 2018). Procedural justice (PJ) is the perceived fairness associated with the procedures and explanations involved in decision making used in arriving at employee outcomes (Lavelle et al., 2007), we can see this stems from the process dimension Greenberg (1987) discussed. For example, the procedures that management uses to give raises and distribute the workload (Tepper, 2001). Perceived procedural injustice occurs when an employee perceives the procedures used to arrive at an outcome is unfair (Greenberg, 1990; McFarlin & Sweeney, 1992). Distributive Justice (DJ) is the perceived fairness of allocating resources or outcomes to individuals, for example compensation, pay raises, and workload (McFarlin & Sweeney, 1992; Tepper, 2001). Greenberg (1987) also discussed this in the content dimension of justice. Colquitt (2001) separates interactional justice (IJ) into two sub-categories, informational and interpersonal. The interpersonal aspect of IJ includes being treated with respect, listened to, and spoken in a tone that is not rude. Informational IJ considers if the content of the exchange is truthful and is backed up with an explanation to justify a decision.

Justice Theories

Three main theories are used to explain why fairness matters to people. The first two, instrumental and relational, have been around longer and describe perceived fairness based on one's self-interest (Turillo, Folger, Lavelle, Umphress, and Gee, 2002). Turillo et al. provide detailed explanations of instrumental and relational, as well as evidence of a third theory, deontic. Deontic is based on an individual's moral beliefs instead of self-interest benefits.

The instrumental approach to justice, referred to as 'material' by Turillo et al. (2002), centers around an individual's perception of fairness based on self-interest of economical receipts from the organization (Turillo et al., 2002). Cropanzano, Goldman, and Folger (2003) posit that the instrumental approach may explain an individual's desire to maintain psychological control, as well as an economic self-interest. The group-value model or relational (sometimes referred to as interpersonal) approach to fairness also centers on self-interest, but the focus for the individual is not economical receipts; the individual's sense of fairness is based on being accepted or approved by others in their group (Turillo et al., 2002). Injustice occurs when their relational standing in the group is threatened (Cropanzano et al., 2003). In both approaches, the individual's perception of fairness hinges on what the individual gets back from an organization or party – whether it be economical or relational benefits.

The deontic approach is a newer approach. It posits an individual may base fairness on something other than 'what's in it for me'. The deontic approach considers set of perceived morals; fairness is achieved when the moral code is not broken. Moreover, the deontic approach means individuals may make "self-sacrifices" (p. 841) in order to restore a moral balance (Turillo et al., 2002). Empirical studies provide evidence that deontic reasoning can explain behavior in some injustice situations (Turillo et al., 2002; Rupp, 2003). Study participants were willing to sacrifice their monetary benefit to restore fairness (Turillo et al., 2002). It is cautioned that while the deontic approach implies individuals are not motivated by self-interest in regards to economic or relational benefits, one could argue a self-interest motive to "protect their self-image or avoid feelings of doubt" (Colquitt & Greenberg, 2001: 221; Turillo et al, 2002: 862).

Justice Outcomes

Colquitt (2001) describes outcome as what an individual receives in assisting the organization with a goal such as maximizing production. Organizational behavior scholars explain outcomes of justice through equity theory (Greenberg, 1987; Greenberg, 1990) and social exchange theory (Colquitt 2001). Equity theory posits that people consider what they give in exchange for what they receive back from an organization compared to what other employees give and receive (Greenberg, 1987; Greenberg, 1990; Tepper, 2001). Social exchange theory explains ongoing interactions between employees and organizations where one party acts in a way that is beneficial to the other party, and in return that other party reciprocates in a behavior that benefits the original party (Colquitt 2001).

Social exchange theory is based on the norm of reciprocity where an individual responds to another party with a kind act because the other party "does something beneficial" (Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009: 3) for the individual. Specifically, it is about the expectations parties have of each other in a mutual social relationship (Cropanzano & Mitchell, 2005). Exchanges can be tangible or intangible. Economic exchange involves exchange of tangible resources, and is short-term, while social exchange occurs between parties over time and includes intangible benefits. In either case, the social exchange relationship is an ongoing reciprocal exchange with parties that have mutual trust and commitment for each other (Lavelle et al., 2007). In a work environment, fair treatment from an organization can result in extra-role behaviors.

Employees and the organization have an employee-employer relationship. Employees receive things such as wages, bonuses, and promotions in turn giving effort to the organization (Rubenstein, Allen, & Bosco, 2019). Employees may go beyond the agreed upon effort, by way of organizational citizenship behaviors (OCB), if an employee feels they have been treated fairly. Conversely, employees may participate in behaviors that harm the organization, counterproductive work behaviors (CWB), if they perceive injustice. Unethical pro-organizational behaviors (UPB) fall into a third category that seem to overlap OCBs and CWBs. Umphress & Bingham (2011) define it as “actions that are intended to promote the effective functioning of the organization or its members (e.g., leaders) and violate core societal values, morals, laws, or standards of proper conduct” (p. 622). My dissertation focuses on organizational outcomes in the UPB category explained through a social exchange indicator, organizational identification (OI). It should be mentioned that justice is related to many other outcomes such as health (Tepper, 2001), turnover and guest services (Simons and Roberson, 2003), workplace messenger’s refusal and distancing when delivering bad news (Lavelle, Folger, Manegold, 2016), and customer-directed sabotage (Skarlicki, Van Jaarsveld, & Walker, 2008). Next, I will review outcomes of justice related to my dissertation, including organizational identification (OI), organizational citizenship behaviors (OCB), counterproductive workplace behaviors (CWB), and unethical pro-organizational behaviors (UPB).

Organizational Identification. My dissertation model explores the relationship between justice and fraud, mediated through organizational identification as a social exchange indicator. Incorporating social identity theory, the group-value model (Lind & Tyler, 1998; Tyler, 1989; Tyler & Lind, 1992) explains the relationship between procedural justice and organizational identification in that treatment of the group in a neutral, trustworthy and dignified way is appreciated by individuals (Tyler & Lind, 1992; Smith, Tyler, Huo, Ortiz & Lind, 1998). When employees are treated this way, they feel like valued members of the organization and a sense of pride in the group (Lind and Tyler, 1988; Tyler, Degoey & Smith., 1996). Tyler et al. (1996)

found that procedural fairness in an organization is related to both perceived respect within the group and pride in the group. Additionally, the group-value model posits the group's treatment of an individual is an indication of the individual's position in the group. While both the group-value model and social identity provide identity-based explanations of behavior, the group-value model focusses on relationships within the group - "intragroup" relationships - whereas social identity theory focuses on "intergroup" relationships (Tyler et al., 1996: 915). Specifically, the group-value model explains that fair treatment of the group – procedural justice - provides an individual with feelings of being respected by the group and a sense pride in the group, which leads to strong group identification. The group engagement model is an extension of the group-value model (He, Zhu, & Zheng, 2014), explaining why individuals with strong group social identities are inclined to behave in a way to help the group be successful (Blader & Tyler, 2009). Fair treatment by the organization gives the employee confirmation that they are an important part of the group and affirms that they "can safely invest their social identities" (p. 447) in the group (Blader & Tyler, 2009). As individuals' identities become closely intertwined with the group, they are inclined to behave in a way that aligns with the group's interest (Blader & Tyler, 2009). Next, I will discuss portions of several studies related to my dissertation model that support the positive relationship between justice and OI.

He et al. (2014) empirically test the group engagement model and find OI mediates the relationship between procedural justice and employee engagement. Two-hundred twenty-two participants participated in an online survey. Procedural justice is measured with Rupp and Cropanzano's (2002) four-item scale, including items such as, "The organization's procedures and guidelines are very fair." Organizational identification is measured with Mael and Ashforth's (1992) four-item scale including, "When someone criticizes X, it feels like a personal insult."

Employee engagement is measured with an adapted version of Rich, Lepine, & Crawford (2010) scale including the following three components: physical engagement, emotional engagement, and cognitive engagement. A sample from each component includes “I work with intensity on my job”, “I am enthusiastic in my job”, and “At work, my mind is focused on my job.” Results support a direct relationship between procedural justice and OI, as well as OI mediating the relationship between procedural justice and employee engagement.

Olkkonen and Lipponen (2006) find support for the group engagement model as well. They find that OI is a mediator between organization-focused justice and extra-role behaviors directed towards the organization. Olkkonen and Lipponen (2006) find support for the indirect relationship, as well as a direct relationship between justice and OI. Specifically, they find a positive relationship between organization-focused procedural and distributive justice and extra-role behavior directed toward the organization, mediated by OI. Additionally, support is found for a negative relationship between organization-focused procedural and distributive justice and turnover intentions, mediated by OI. Lastly, supervised-focused justice is related to work-unit outcomes. Specifically, supervised-focused interactional justice is positively related to extra-role behavior directed towards their work-unit, mediated by work-unit identification. The study included 160 Finnish research employees. Organization-focused justice includes distributive and procedural justice. Distributive justice is measured with five items from Moorman’s (1991) distributive justice scale including items such as “In my organization I am fairly rewarded for the amount of effort I put in”. One additional item is added to the scale – “In my organization I am fairly rewarded with respect to the rewards received by others doing a similar job”. Procedural justice is measured with a Finnish version of Moorman’s (1991) seven item procedural justice scale including items such as “everyone who is affected by the decision has a chance to voice his or her opinion". Supervisor-focused justice includes interactional justice measured with a Finnish version of Moorman's (1991) interactional justice scale. Items such as "my supervisor shows concern for my rights as an employee" are included. OI and work-unit identification are measured with six items from two scales: the Finnish version of Mael and Ashforth's (1992) scale including "When I talk about (name of the organization or the work-unit), I usually say 'we' rather than 'they'" and Allen and Meyer's (1990) Affective Commitment Scales including items such as "I feel emotionally attached to (name of the organization or the work unit)". Turnover intentions is measured with four items from Bozeman and Perrewe (2001) and Sager, Griffeth, and Hom (1998) and included items such as "I have often thought about quitting working in (name of the organization)". Extra-role behaviors are defined as "behavior which benefits the organization and/or is intended to benefit the organization, which is discretionary and which goes beyond the existing role expectations" (Van Dyne, Cummings, and McLean Parks (1995, p. 218). Scales developed by O'Reilly and Chatman (1986) and Tyler and Blader (2000), and scales of organizational altruism developed by Smith, Organ and Near (1983) were used. The extra-role behaviors toward an organization include four-items such as "I have made suggestions to improve the (name of the organization)". Extra-role behaviors towards the work-unit include four items such as "I have volunteered to help others in my work unit when they have a heavy workload". Relevant to my dissertation is the mediated relationship between justice and extra-role behaviors through OI as a mediator. Additionally, the authors found a positive direct relationship between justice and OI, as well as a positive direct relationship between OI and extra-role behaviors.

In Blader & Tyler's (2009) study of 831 employee-employer participants, results support social identification – measured with items based on Mael & Ashforth's (1992) OI scale with questions such as, “Working at my company is important to the way that I think of myself as a person” – as mediating the relationship between procedural justice and extra-role behaviors based on the group engagement model. Additionally, procedural justice is directly and positively related to OI. Procedural justice is measured with 10-items such as, “Decisions that affect me are usually made in fair ways at my company”. Extrarole behavior is measured with supervisor ratings with seven items measuring how often employees do extrarole behaviors such as, “volunteer to do things that are not required in order to help the organization.”

Organizational Citizenship Behaviors. Organization citizenship behaviors (OCB) are voluntary employee behaviors that benefit the organization; they are not required, expected, or formally rewarded by the organization (Lavelle et al., 2007). Employees engage in OCBs at their discretion, benefitting the organization (Williams and Anderson, 1991). Justice has been shown to positively predict OCB (Lavelle, Brockner, Konovsky, Price, Henley, Taneja, & Vinekar (2009) and post-employment OCBs (Herda and Lavelle, 2011). The outcome considered in this study, fraudulent financial statements, is a discretionary helping behavior; however, it is unethical and therefore considered a UPB, which will be discussed further momentarily.

Counterproductive Work Behaviors. Counterproductive Work Behaviors (CWB) are voluntary deviant behaviors that “violate organizational norms” (p. 349) directed at an individual or the organization with the intent to harm (Bennett & Robinson, 2000). CWBs include behaviors such as being “uncooperative, wasting time and resources, acting rudely or aggressively, and stealing” (Lavelle et al., 2018: 1022); A few other examples include aggression, failing to follow instructions, and doing work incorrectly (Fox et al., 2001). CWBs are behaviors that intentionally hurt an organization or individual, whereas earnings management is not meant to intentionally harm. My UPB-EM measure specifically includes pro-organizational framing in each item.

Unethical Pro-Organizational Behaviors. Unethical pro-organizational behavior (UPB) is a voluntary employee behavior that is intended to benefit the organization similar to OCBs, however UPB is considered unethical based on “justice, law, or widely held social norms” (Umphress and Bingham, 2011: 622). It is a relatively new construct and will be further discussed because my earnings management outcome, can be considered a UPB.

Umphress et al. (2010) create a UPB scale with six items including the following: “If it would help my organization, I would misrepresent the truth to make my organization look good”, “If it would help my organization, I would exaggerate the truth about my company’s products or services to customers and clients”, “If it would benefit my organization, I would withhold negative information about my company or its products from customers and clients”, “If my organization needed me to, I would give a good recommendation on the behalf of an incompetent employee in the hope that the person will become another organization’s problem instead of my own”, “If my organization needed me to, I would withhold issuing a refund to a customer or client accidentally overcharged”, and “If needed, I would conceal information from the public that could be damaging to my organization”.

To assess discriminant validity, Umphress et al. (2010) perform confirmatory factor analyses (CFA) with three ethical and extra-role behaviors: Lee and Allen’s (2002) in-role behavior measure, Williams and Anderson (1991) individual organizational behavior (OCB-I) measure, and Lee and Allen’s (2002) OCB-organization (OCB-O) measure. Results indicate the four-factor model including OCB-I, OCB-O, in-role behaviors, and UPB provides a better fit than a one-, two-, or three-factor model, providing support that UPB is empirically distinct from OCB.

UPBs are distinct from necessary evils, deviance, and organizational misbehavior (Umphress & Bingham, 2011; Mishra, Ghosh, & Sharma, 2021). Specifically, necessary evils include tasks required by the job, causing emotional or physical harm to people to achieve a "perceived greater good or purpose" (Molinsky & Margolis, 2005: p. 245). Duties such as teachers giving negative feedback to students or healthcare workers performing painful procedures are considered necessary evils (Molinsky & Margolis, 2005). Separating necessary evil tasks from UPBs is that UPBs are voluntary, unethical, and have a smaller scope - benefiting the organization (Umphress & Bingham, 2011; Mishra et al., 2021).

Deviances and organizational misbehavior overlap and include UPBs. Although UPBs are more narrowly defined. Warren (2003) describes employee deviance as "behavioral departures from norms of a reference group" (p. 622). In this context, deviances encompass a wide range of behaviors such as lying, theft, and whistleblowing (Warren, 2003). As UPBs are unethical in nature, they "violate core societal values, mores, laws, or standards of proper conduct" (Umphress and Bingham, 2011: 622). However, UPBs include a second condition – they are "actions that are intended to promote the effective functioning of the organization or its members" (Umphress and Bingham, 2011: 622). In integrating deviance research, Warren (2003) considers not only the reference group, such as an organization, but also global norms - which she refers to as hypernorms. Although details of this two-dimension typology is outside the scope of my dissertation, Mishra et al. (2021) discuss the differences between Warren's categories of deviance and UPBs. UPBs do not fit in any four subsets of deviant behavior because UPBs violate hypernorms and may, or may not, violate organizational norms (Mishra et al., 2021). In considering organizational misbehavior, Mishra et al. (2021) define it as Vardi and Weiner (1996) do - “any intentional action by members of organizations that violates core organizational and/or societal norms” (p. 151). The latter part of this statement is explained as including three types of misbehaviors: conform with societal norms, but violate organizational standards; conform to organizational standards but violate societal norms; violate both societal norms and organizational standards (Mishra et al., 2021). The literature review authors note that UPBs are a subset of organizational misbehavior. Additionally, Umphress et al. (2010) perform a CFA comparing UPB to Bennett and Robinson’s (2000) interpersonal deviance (CWB-I) and organizational deviance (CWB-O) scales. Results indicate a three-factor model fits best confirming that UPB is distinct from these measures as well. Overall, Umphress & Bingham (2011) discuss UPB is unlike any similar construct because it focusses on how positive social exchange and organizational identification leads to unethical behavior intended to help the organization.

While UPBs are intended to benefit the organization, they “may ultimately cause harm (e.g. destroying incriminating documents to protect the organization may heighten external auditors’ suspicion and prompt fines or more negative consequences)” (Umphress et al., 2010: 770). The intention of benefiting the organization may be coupled with benefiting themselves and still be considered a UPB; however, if the unethical intention is to benefit the self only - it would not be considered a UPB but instead a pro-self unethical behavior (Mishra et al., 2021). Because both the perpetrator and the organization may benefit from UPB (Umphress et al., 2010), it creates a win-win situation in the mind of the individual; perhaps providing further rationalization for the behavior.

Related to my dissertation, an example of a UPB occurs when an employee engages in "cooking" (p. 770) the books to meet expected earnings projections (Umphress et al., 2010), also known as earnings management. As discussed, EM occurs when management intentionally misreport, such as increasing revenues or decreasing expenses in an attempt to mask underperformance. EM results in misleading financial statements that typically give the impression of more favorable results than actual results, and is a form of financial statement manipulation. Earnings management can be classified as either accounting or operating related. Accounting related EM involves "aggressive or fraudulent application of accounting principles" (Johnson et al., 2012: 910). Accrual-based earnings management falls in the accounting related category, it violates GAAP and results in restated financial statements. However, real earnings management does not violate GAAP (Herda et al., 2012) and involves management decisions to change the timing of operating activities that influence the recording of accounting transactions, enabling management to manage earnings. This type of EM is referred to as operating related EM (Johnson et al., 2012); changing operations to manage earnings can result in disrupted operations, marketing, and production activities leading to long-term consequences (Grasso et al., 2009). Additionally, "many large-scale frauds begin with small and seemingly inconsequential decisions to manage earnings" (Johnson et al., 2012: 911-912; Prentice, 2007) In either case, EM is an unethical accounting behavior that deceives financial statement users. It should be emphasized that EM only temporarily benefits the organization; the methods used to falsify financial statements and manipulate timing of operations do not portray accurate results, are not sustainable, and deceive stakeholders into believing the organization is performing better than they actually are. Additionally, EM has been said to "probably be the most important ethical issue facing the accounting profession" (Merchant and Rockness, 1994:79; Johnson et al, 2012: 912).

Many studies have been performed since Umphress et al. (2010) introduced UPB scales. Antecedents include organizational identification (Umphress et al., 2010; Chen, Chen & Sheldon., 2016; Mahlendorf et al., 2018; Naseer et al., 2020), justice (Bryant & Merritt, 2021), positive social exchange relationships (Umphress and Bingham, 2011), leadership (Miao, Newman, Yu & Xu, 2013, Effelsberg, Solga & Gurt, 2014; Graham, Ziegert, & Capitano, 2015; Cheng, Wei, & Lin , 2019; Miao, Eva, Newman, Nielsen, & Herbert, 2020), moral identification (May, Chang, & Shao, 2015; Matherne, Ring, & Farmer, 2018), ethical climate (Jiang, Hu, Hong, Liao & Liu, 2016), work passion (Kong, 2016), job insecurity (Lawrence & Kacmar, 2017; Ghosh, 2017), Machiavellianism (Castille, Buckner, & Thoroughgood, 2018) incentive structure (Mahlendorf et al., 2018), proximity to retirement (Mahlendorf et al., 2018), depletion of self-regulatory resources (Baur, Soucek, Kuhnen, & Baumeister, 2019), supervisor UPB (Fehr, Welsh, Yam, Baer, Wei, & Vaulont, 2019), work ethic (Grabowski. Chudzicka-Czupala, Chrupala-Pniak, Mello & Paruzel-Czachura, 2019), entitlement (Lee, Schwarz, Newman, & Legood, 2019), organizational politics (Valle, Kacmar, & Zivnuska, 2019), mutual employee-employer investment (Wang, Long, Zhang, & He, 2019), power and status (Yu, Hays, & Zhao,, 2019), workplace ostracism (Zhang, 2019), supervisors' bottom-line mentality (Babalola, Mawritz, Greenbaum, Ren, & Garba, 2020), egoistic norms (Graham, Resick, Margolis, Shao, Hargis & Kiker, 2020), organizational embeddedness (Lee. Oh, & Park, 2020), risk climate (Sheedy, Garcia, & Jepsen, 2020), and workplace spirituality (Zhang, 2020). Similar to my proposed study, several of these studies identify social exchange theory (Umphress et al., 2010; Umphress and Bingham, 2011; Miao et al., 2013; Ghosh, 2017; Wang et al., 2019; Babalola et al., 2020; Zhang, 2020; Bryant & Merritt, 2021) and social identity theory (Umphress et al., 2010; Umphress & Bingham, 2011; Effelsberg et al., 2014; Lee et al, 2020; Naseer et al., 2020).

Relationships between justice and UPBs, as well as organizational identification and UPBs, are most relevant to my study and will be further discussed. In considering the relationship between justice and UPB, Bryant and Merritt (2021) find a positive relationship between interpersonal justice and UPB, mediated by a "social exchange quality between employee and supervisor" (p. 779, leader member-exchange (LMX). Additionally, they find a negative relationship between moral identity and UPB. Their study focuses on the employee-supervisor relationship based on social exchange theory and Lavelle et al.'s (2007) target-similarity model. Bryant and Merritt's sample included 378 employees recruited through Amazon Mechanical Turk (MTurk). Interpersonal justice is measured using Colquitt's (2001) four-item scale by asking the participant to answer items related to their supervisor, such as "Has he/she treated you in a polite manner?". LMX is operationalized using Leader- Member Exchange-Multi-Dimensional Measure (LMX-MDM) (Liden and Maslyn, 1998) scales including 12 items across four dimensions – affect loyalty, contribution, and professional respect. The scale included items such as "I like my supervisor very much as a person". UPB is operationalized with Umphress et al.'s (2010) six-item scale previously discussed, modified to be directed to their supervisor. Modifications include adapting the preface of "If it would help my organization" to "If it would help my supervisor". While results did not support a direct relationship between interpersonal justice and UPB, an indirect relationship is fully mediated through LMX is supported. They also considered moral identity as a moderator, however it was not significant. They did find a direct significant relationship between moral identity and UPB. Moral identity was measured with Aquino and Reed's (2002) internalization subscale. Next, I will discuss organizational identification and social identity theory along with multiple studies supporting the positive relationship between OI and UPB.

Organizational Identification

Organizational identification (OI) "is the perception of oneness with or belongingness to some human aggregate" (Ashforth & Mael, 1989: 21); OI is based on social identity theory (SIT) and self-categorization theory (Turner, Hogg, Oakes, Reicher & Wetherell, 1987; Hogg & Terry, 2000) where individuals group themselves into various social categories (Tajfel & Turner, 1979, 1986) such as teachers, Texans, and mothers. SIT posits an individual's self-concept includes their social group identification, along with their personal identity (Ashforth & Mael, 1989).

In understanding SIT, Tajfel & Turner (1979, 1986) explain an individual's social behavior when interacting with others can be explained as a point on a continuum between two extremes. One extreme explains behavior with others as based only on interpersonal relationships and individual characteristics, Tajfel & Turner (1979, 1986) refer to this as interpersonal. In this situation, their social group does not affect the way they interact with other people. An individual's social behavior on the other end of the continuum is based entirely on their social group membership. Tajfel & Turner (1979, 1986) refer to this extreme as intergroup behavior; stating that almost all individuals are neither one extreme nor the other, but somewhere in between. Social identity refers to the individual's identification based on their social group membership; their membership defines their place in society (Tajfel & Turner, 1979, 1986). Their group provides a point of "self-reference" (p. 40) in comparison to other groups; for an individual "internalizing their group membership", where becomes "an aspect of their self-concept" (Tajfel & Turner, 1979, 1986: 41). The individual's identity becomes intertwined with their group's identity as comparison to other groups. Specifically, the group – and therefore the individual – determines if they are "better or worse than members of other groups" (Tajfel & Turner, 1979, 1986: p. 40).

In understanding an individual's behavior in the context of their social identity, Tajfel & Turner (1979, 1986) posit that a positive social identity is important to individuals and is based on comparison of their group to other relevant groups. Additionally, if their social identity is unacceptable - in an effort to achieve positive social identity – they will strive to leave the group, join a more positive group, or improve their existing group. The individual's group identification provides a way to differentiate themselves from others in an effort to "maintain or achieve superiority" (Tajfel & Turner, 1979, 1986: p. 41) over other groups.

In the context of an organization, SIT explains that an individual may develop a perceived oneness with their organizational social group. Individuals identifying with their organization take on the identity of the organization and "vicariously partake in the successes and status of the group" (Ashforth & Mael, 1989: 22). The individual becomes a "microcosm of the organization" (Ashforth et al., 2008). In discussing CEOs' organizational identification from Duchon and Drake's (2009) study, Amernic and Craig (2010) conclude destructive narcissists over-identify by believing they are the "embodiment of the company they lead" (p. 85). When speaking about the organization, an individual identifying with the organization uses the word "we" when talking about the organization. Their actions are on behalf of the organization. When the organization is criticized, they take it personally as if they are being attacked. Conversely, when the organization is praised they feel a sense of pride because they feel praised. Organizational over-identification occurs when an individual's identity stems almost entirely from their membership in the organization (Dukerich, Kramer, Parks & Whetton, 1998) and is "more excessive than organizational membership and loyalty" (Amernic & Craig, 2010: 85).

There has been some confusion between OI and organizational commitment (OC). As previously mentioned, OI describes the oneness an individual feels with an organization. While "commitment represents a positive attitude toward the organization: The self and the organization remain separate entities" (Ashforth et al., 2008). Attitudinal organizational commitment (AOC) can be further separated into three forms: affective, continuance, and normative (Allen and Meyer, 1990). Affective organizational commitment is the ''employees emotional attachment to, identification with, and involvement in, the organization'' (Allen & Meyer, 1990: 1). As the definition suggests, it includes a component of identification. While, OI and AOC are highly coordinated, they are empirically distinct as they correlate with different constructs (Riketta, 2005). Specific to this study, Riketta's (2005) meta-analysis found that extra-role behaviors are more strongly related to OI than AOC. Although the two constructs overlap, the author describes OI as a narrower focus than AOC. This current study is interested in the narrower construct of OI.

Organizational Identification Outcomes

Organizational identification is associated with a variety of positive and negative outcomes. Considering OI through the lens of social identity theory, where an individual's identity is intertwined with the organization, the division between the organization and the individual is blurred. A behavior that benefits the organization is perceived to also benefit the individual. Conversely, a behavior that harms the organization, harms the individual. In an effort to protect the organization, an individual identifying with the organization disregards ethical norms in an effort to defend the organization (Umphress and Bingham, 2011; Vadera and Pratt, 2013; Graham et al., 2015). In a situation where the organization is performing poorly, falsifying financial statements could protect the organization (Amernic and Craig, 2010; Ertugrul and

Krishnan, 2011; Graham et al., 2015) from bad press, decrease in stock prices, and default on loan covenants, to name a few.

In studying this phenomenon, based on social identity theory, researchers can substitute the individual in place of the organization in considering how the individual might behave. If the individual feels threatened, they are inclined to protect themselves. Similarly, when the organization is threatened, an individual identifying with the organization feels personally threatened because of the blurred line between their identity and the group's identity. Numerous studies find OI is positively related to unethical behaviors that benefit the organization, UPBs, (Umphress et al., 2010; Effelsberg et al., 2014; Chen et al., 2016; Mahlendorf et al., 2018; Naseer et al., 2020). My dissertation considers a positive relationship between justice and UPB as explained through organizational identification, a social exchange indicator (Rupp et al., 2014). I will discuss OI studies related to UPB, after I briefly discuss the more common outcomes associated with OI – positive outcomes such as helping behaviors.

Riketta (2004). Many OI studies consider the positive relationship between OI and positive outcomes (Conroy et al., 2017). Riketta (2004) performs an OI meta-analysis including 96 studies. Behavioral outcome results include that OI is negatively correlated to intention to leave, while in-role and extra-role performances were positively correlated.

Lee, Park, & Koo (2015) also perform an OI meta-analysis including 114 studies performed before or during April 2014. Results include a stronger correlation between OI and extra-role performance than in-role performance. Outcomes such as OCB, helping behavior, voice behavior, and safety performance were coded as extra-role behaviors. The meta-analysis found positive correlations with other variables such as job involvement, job satisfaction, and affective organizational commitment as well. The authors note they were not able to include the dark side of OI due to only a small number of studies available, citing one study for turnover, one for absenteeism and three for counterproductive workplace behaviors.

Umphress et al. (2010). After confirming construct validity of their UPB measure, Umphress et al. (2010) perform studies considering if constructs, such as organizational identification and positive reciprocity beliefs (positive social exchange), typically thought to encourage productive behaviors, may also encourage unethical pro-organizational behaviors. Umphress et al. (2010) find that employees with high organizational identity and strong reciprocity beliefs are likely to engage in UPBs. Organizational identification is measured with Mael and Ashforth's (1992) six-items scale including items such as "My organization's successes are my successes". Positive reciprocity is operationalized using Eisenberger, Lynch, Aselage, & Rohdieck (2004) 10-item scale including "When someone does something for me, I often find myself thinking about what I have done for them". While this particular study did not find a direct relationship between organizational identification and UPBs, future studies do.

Effelsberg et al. (2014). Effelsberg, et al., (2014) consider OI as a mediator in the positive relationship between transformational leadership and UPB in a study of German employees and managers. Results confirm this relationship, with the relationship between OI and UPB moderated by disposition towards ethical/unethical behavior such that the relationship between OI and UPB is stronger for those having a predisposition towards unethical behavior. Additionally, transformational leadership has a direct positive effect on OI and OI had a direct positive relationship to UPB. Transformational leadership is measured using the German version of Bass and Avolio's (1995) MLQ 5 x Short (Felfe, 2006). The scale included 20 items such as "My supervisor seeks differing perspectives when solving problems". OI is measured with Mael and Ashforth's (1992) 6-item scale including items such as, "This company's successes are my successes. UPB is measured with five of the six items from Umphress et al.'s (2010) scale, translated to German. The scale included items such as, "If my organization needed me to, I would withhold issuing a refund to a customer or client accidentally overcharged." Personal disposition toward ethical/unethical behavior was measured in Study 1 using five amorality items from Dahling, Whitaker, and Levy (2008). Machiavellian Personality Scale, including items such as "I am willing to be unethical if I believe it will help me succeed. Study 2 utilized three fairness items from Ashton and Lee's (2009) HEXACO-60 Honesty-Humility Scale, including items such as "I would never accept a bribe, even if it were very large."

Chen et al. (2016). Based on social identity theory and social-cognitive theory, Chen et al. (2016) find organizational identification positively relates to UPB, mediated by moral disengagement. This relationship is stronger for employees perceiving a high level of industry competition. The findings are based on a series of three survey-based studies in China and the United States. Organizational identification is measured adapting Mael and Ashforth's (1992) six-item scale. The measure was adapted to a store context in Studies 1 and 2 because the survey was given to store employees. Scale items were adapted with wording such as, "When someone criticizes (name of store), it feels like a personal insult." Study 3 operationalized organization identification using a scenario adapted from Van Knippenberg, Martin, and Tyler (2006) with two levels of organizational identification. High identification included phrases including the company was "a good fit" for them and that they and their coworkers held "very similar attitudes about the direction of and vision for the company." Low organizational identification is manipulated with phrases including that the company was a "poor fit" for them and that they and their coworkers held "very different attitudes about the direction of and vision for the company."

Moral disengagement is measured in Study 1 using Moore et al.'s (2012) eight-item scale items such as "It is okay to spread rumors to defined those you care about". Study 2 and 3 operationalized moral disengagement with a three-item scale created for the paper. It included one item from Moore et al.'s (2012) scale and they added two additional items. The final scale included the following items: "It would be ok to be misleading to protect (my company's) interests," "It would be ok to withhold potentially damaging information to protect (my company's) interest," and "It would be ok to be less than fully truthful to protect (my company's) interest." In Study 1, UPB is operationalized as misreporting on a knowledge task and matrix task to earn one of three prizes to be awarded to the store they worked at – not an individual prize. Study 2 operationalized UPB using Umphress et al.'s (2010) six-item UPB scale. Study 3 presented participants with a work-related ethical dilemma adapted from Umphress et al. (2010) to measure UPB. Specifically, participants were asked if they would write a letter of reference for a low-performing employee. Study 3 added another construct, level of competitiveness, to the model. Competitiveness was manipulated by adding to the UPB ethical dilemma in study 3. Participants were randomly assigned to one of two conditions. The cooperative interorganizational relationship condition explained that the letter of reference for the low-performing employee was for a company that is working with the participant's company on "forming an alliance to jointly explore the international market" (p. 1090). Conversely, the competitive condition explained that the letter of reference was for a company that had "been competing fiercely for market share" with the participant's company. "In fact, the two companies are well known rivals in the industry" (p. 1090). As discussed, individuals with high organizational identification engaged in more UPB, as explained by moral disengagement. Additionally, the relationship is stronger when competition is high.

Mahlendorf et al. (2018). Accounting scholars, Mahlendorf et al. (2018), discuss past research considering the unethical behavior of earnings manipulation for personal gain. However, their study considers financial managers' unethical behavior in an effort to help others as opposed to personal gains. Their study utilizes a self-reported survey "importing a novel instrument from the organizational psychology literature" (p. 82), Umphress et al.'s UPB scale. Two hundred fifty three controllers and CFOs from Germany, Austria, and Switzerland in both private and publicly listed companies provide support for several relationships including: a negative relationship with proximity to retirement, a negative relationship with employees working in a high-growth or publicly listed company, a positive relationship with organizational identification, and a positive relationship with bonuses contingent on financial performance targets – but not with non-financial targets or subjective evaluations. UPB is measured with Umphress et al.'s (2010) six-item scale. Proximity to retirement is captured by a dichotomous variable measures if the participant is 60+ years old. Publicly listed companies are identified with a dichotomous variable for participants answering yes to "Is your company listed on a stock exchange?". Growth is measured by a dichotomous variable for participants responding "growth" to the following question: "Please name the life cycle stage of your company: foundation/birth, growth, maturity, realignment/revival, or decline." Organizational identification is measured with five items from Mael and Ashforth's (1992) organizational identification scale. Bonus data is also collected differentiating between bonus based only on financial measures, nonfinancial measures, and subjective evaluations.

Additionally, in the appendix, Mahlendorf et al. (2018) assess and find construct validity by including a five-item scale for earnings management (Abernethy et al., 2017; Merchant, 1990). Results do not reflect the same relationships between earnings management with the study constructs as they find between UPB and the study constructs. The authors conclude UPB "has greater power to detect an association with incentive design choices than a measure of earnings management" (Mahlendorf et al., 2018: 103). Additionally, the authors conclude that including the pro-organization framing of "If it would help my organization" in the UPB scale eliminates social bias by balancing the unethical behavior with a helping behavior. Specifically, in one version of the survey, the authors replaced "If it would help my organization…" with "If necessary…" for the item "I would misrepresent the truth to make my organization look good". The version including "if it would help my organization" provided "greater endorsement of unethical behavior, than excluding the pro-organizational framing" (p. 103). Based on these results, I expect that adding the pro-organizational framing of "if it would help my organization" to earnings management scales will provide stronger relationships, as I propose in my study.

Naseer et al. (2020). In a study including 306 Pakistan employees, Naseer et al. (2020) found that organizational identification is positively related to UPB- both directly and indirectly. The indirect relationship is mediated by psychological entitlement. Additionally, manipulated personality moderates the relationship between organizational identification and psychological entitlement in that the relationship is stronger for participants with higher manipulative personality scores than those with lower personality scores. Theoretical framework for the model is based on social identity theory. OI is measured using Mael and Ashforth's (1992) six-item scale including items such as "When someone criticizes my organization, it feels like a personal insult". Psychological entitlement is measured using a nine-item scale developed by Campbell, Bonacci, Shelton, Exline & Bushman(2004). The scale included items such as, "I honestly feel I'm more deserving than others." Manipulative personality is operationalized with Jonason and Webster's (2010) 12-item dark triad measure; it included items such as "I tend to want others to pay attention to me" and "I tend to manipulate others to get my way". UPB is measured with Umphress et al.'s (2010) six-item scale with items such as "If it would help my organization, I would misrepresent the truth to make my organization look good."

The results of the studies above indicate a positive relationship between OI and UPB. The studies are relevant because my dissertation considers EM as a pro-organizational unethical behavior. Next, I will discuss moral identity as it relates to the moderating role in my model.

Moral Identity

Social identity explains that individuals have multiple identities (Tajfel & Turner, 1979; 1986). One such identity may be an individual's moral identity; Aquino and Reed (2002) describe this as "the degree that the moral self is important to one's identity and self-concept" and "the chronic accessibility of the moral self" (Skarlicki et al., 2008: 1335, 1338). Aquino and Reed's (2002) moral identity scale is widely used to measure the extent to which specific moral traits are important in defining one's moral identity. Through a series of studies, the authors identify two dimensions of moral identity: internalization and symbolization (Aquino & Reed, 2002). Internalization refers to moral traits being a central part of the individual's self-concept, while symbolization refers to an individual outwardly expressing morality through actions (Aquino & Reed, 2002). The measure begins with listing nine traits – caring, compassionate, fair, friendly, generous, helpful, hardworking, honest, and kind. Respondents are asked to visualize a person with these traits, either themselves or someone else. Then, they are asked to consider how that person would think, feel, and act. Finally, they are asked a series of questions from the internalization and symbolization subscales. A sample item from the internalization subscale is "It would make me feel good to be a person who has these characteristics". A sample item from the symbolization subscale is "The kinds of books and magazines that I read identify me as having these characteristics." Responses are collected on a 5-point Likert scale (strongly disagree to strongly agree).

Moral Identity Studies

While moral identity is negatively related to unethical behaviors and attitudes (Detert et al., 2008; Bryant & Merritt, 2021), it has also played a moderating role in a number of relationships between various constructs and unethical behavior or judgement. Specifically, moral identity has moderated the relationships between moral disengagement (Aquino, Reed, Thau & Freeman, 2007), justice (Skarlicki et al., 2008; Skarlicki, Van Jaarsveld, Shao, Song & Wang, 2016), depletion of self-regulatory resources (Gino et al., 2011), organizational and supervisor identification (Johnson and Umphress; 2019), employee-organization relationships (Wang et al., 2019) and various unethical behaviors. Most of these studies utilize the internalization subscale as it is a "more robust predictor of (compared with the symbolization subscale) of ethics-related attitudes and behaviors (Aquino & Reed, 2002; Aquino et al., 2007)" (Detert et al., 2008: 380). Next, I will discuss these studies in detail.

Aquino et al. (2007). Aquino et al. (2007) perform two studies supporting moral identity as a moderator. In Study 1, there is a positive relationship between moral disengagement and moral judgement of killing 9/11 perpetrators with low moral identity. However, the relationship was not significant for those with high moral identity. One hundred four participants from a Northeastern university participated in an online survey. Moral identity is measured with Aquino and Reed's (2002) internalization subscale of moral identity as previously described. Moral disengagement is measured with four items from Bandura et al.'s (1996) moral justification subscale. Respondents responded to items such as "It's alright to fight to protect your friends" on a 7-point Likert scale (strongly disagree to strongly agree). Moral judgement is assessed by collecting respondents views on how 9/11 perpetrators should be treated. Responses ranged from "Use any means necessary to kill those responsible for these acts" (1) to "Extend acts of goodwill towards those held responsible in an effort to promote reconciliation and mutual understanding between the parties in conflict." Item (1) is coded as "1", all other responses are coded "0".

Study 2 is a between-subjects experiment with 69 undergraduates, administrative staff, and community members residing in the Northeastern US. Moral identity is primed by presenting the primed group with a matrix containing Aquino and Reed's (2002) nine characteristic traits such as "caring, compassionate, and fair". Participants were asked to write these items, then write a brief story about themselves using these items. In the non-moral identity prime condition, participants were asked to write and use nine positively valence traits such as "carefree, compatible, and favorable". Moral disengagement is measured using four-items the authors developed representing advantageous comparison such as "Compared to the atrocious things Saddam Hussein would have done to our troops, the treatment of Iraqi prisoners was very mild." Participants responded on a 7-point Likert scale (completely disagree to completely agree). Negative emotions is assessed by asking respondents the extent they felt distressed, guilty, ashamed, and upset – on a 5-point scale (very slightly to extremely) after reading about treatment of Iraqi prisoners by US Soldiers. Results support Study 1 findings. In the non-moral identity primed condition, there was a negative relationship between moral disengagement and negative emotions to prisoner treatment. For participants in the moral identity –primed condition, the relationship was not significant.

Detert et al. (2008). A multi-wave study of 307 business and education students by Detert et al. (2008) resulted in findings supporting moral disengagement as a mediator of the relationship between moral identity – as well as empathy, trait cynicism, locus of control - and unethical decision making. Empathy is measured with a 10-item scale from the International Personality Item Pool (Goldberg, 2001), including items such as "I suffer from others' sorrows". Trait cynicism is measured with a five-item scale adapted by Johnson and O'Leary-Kelly (2003) from Wrightsman's (1992) subscale for cynicism as a Philosophy of Human Nature. Three locus of control orientations were assessed – internal, chance, and power with Levenson's (1981) scales. Only chance locus of control was significant. The chance scale measures "how probably it is that events occur because of fate or chance" (p. 380). Moral identity is assessed with Aquino and Reed's (2002) internalization subscale capturing the extent that moral values are a part of their identity. The moral identity internalization subscale (as compared to the symbolization subscale) is used because Aquino and Reed (2002) and Aquino et al. (2007) suggest the internalization subscale is a better predictor of ethics related behavior. Moral disengagement is measured with scales adapted from Bandura et al. (1996, 2001) and Pelton, Gound, Forehand & Brody. (2004). The original scales were developed for children; Detert et al. (2008) adapted the scales to fit adult respondents. A sample item from the scales used is "You can't blame a person who plays only a small part in the harm caused by a group". Unethical decision making is assessed with five scenarios developed for this study. A sample scenario is "You work as an office assistant for a department at [University X]. You're alone in the office making copies and realize you're out of copy paper at home. You therefore slip a ream of paper into your backpack", and then asking the participant to evaluate "How likely is it that you would engage in the behavior described?".

Results indicate empathy and moral identity are negatively related to moral disengagement, while trait cynicism and chance locus of control are positively related to moral disengagement. Moral disengagement is then positively related to unethical decision making. Additionally, moral disengagement mediates the relationship between empathy, trait cynicism, chance locus of control, and moral identity with unethical decision making.

Skarlicki et al. (2008). The authors explore a triple interaction including both dimensions of moral identity. Results support a 3-way interaction where employees high in symbolization strengthens the positive relationship between customer interpersonal injustice and customer-directed sabotage. Additionally, the moderation is weaker for employees high in internalization. Three hundred fifty-eight employees from a Canadian call center participated in the study. Customer interpersonal justice is measured with an eight-item scale the authors created. The items were measured in a 5-point Likert scale (never to frequently) and included items such as asking respondents how often customers "yelled at you." Customer-directed sabotage is measured with five items the authors developed. Employees were asked to respond on a 5-point Likert scale (never to frequently – more than 7 times over the past month) to items such as "Intentionally put the customer on hold for a long period of time." Moral identity was assessed with Aquino and Reed's (2002) moral identity scale including both internalization and symbolism dimensions. An individual is described with the following characteristics: caring, compassionate, fair, friendly, generous, helpful, hardworking, honest, and kind. Employees are asked to respond on a 5-point Likert scale (strongly disagree to strongly agree) to items for symbolization such as "I often wear clothes that identify me as having these characteristics" and internalization such as "I strongly desire to have these characteristics".

Gino et al. (2011). As previously discussed, through a series of four experiments the authors seek to understand how depletion of self-control impacts unethical behavior. Relevant to moral identity, results indicate for individuals with low moral identity - although, not high - there is a positive relationship between depletion of self-regulatory resources and unethical behavior. Moral identity is measured with Aquino and Reed's (2002) internalization subscale consisting of five items as previously described. Further details for the studies can be found in the fraud literature review previously discussed.

Skarlicki et al. (2016). In support of the target similarity model, the authors find a negative relationship between customer justice and customer-directed sabotage when moderated by low supervisor justice and low moral identity. In two studies a three-way interaction with customer justice, supervisor justice, moral identity and moderation was supported. Study 1 included 314 respondents from a North America call center. Customer justice is measured with Skarlicki et al.'s (2008) eight-item 5-point Likert scale (never to frequently) including items such as "please indicate the frequency that a customer yelled at you". Supervisor justice is measured with Colquitt's (2001) eight-item 5-point scale (strongly disagree to strongly agree) with items assessing supervisor informational and interpersonal justice. Moral identity is measured with Aquino and Reed's (2002) five-item 7-point Likert scale (strongly disagree to strongly agree) of internalization. Customer sabotage is measured with Skarlicki et al.'s (2008) five-item 5-point scale (never to frequently – more than 7 times over the past month) including items such as "purposefully transferred the customer to the wrong department". Results indicate a 3-way interaction, supervisor justice strengthens the negative relationship between customer justice and customer-directed sabotage for individuals with low moral identity. Supervisor justice did not moderate the relationship between customer justice and customer-directed sabotage for individuals with high moral identity. Study 2 replicated Study 1 with 265 South Korean call center employees.

Johnson and Umphress (2019). Throughout a lab study and two field studies, the authors find high moral identity weakens a positive relationship between individuals identifying with their organization or supervisor and supervisor-focused UPB. Additionally, moral identity is negatively related to unethical pro-supervisor behavior.

One hundred sixty six students at a US university participated in Study 1. All items in study 1 were measured with a 7-point Likert scale (strongly disagree to strongly agree). Organizational identification is measured with Mael and Ashforth's (1992) six-item scale adapted to their university. It included items such as "when someone criticizes the [university name], it feels like a personal insult. Moral identity is measured with Aquino and Reed's (2002) five-item internalization scale. Unethical pro-supervisor behavior is measured based on Umphress et al.'s (2009) and is measured in a laboratory at time 2. Participants were asked to fill out a performance evaluation for the lab facilitator. They were told the performance evaluation will determine whether the lab facilitator – their supervisor – would receive a full-time research assistant position. Results indicate that when moral identity is low, organizational identification is positively related to pro-supervisor behavior. However, the relationship is not significant when moral identity is high. Additionally, moral identity is negatively related to unethical pro-supervisor behavior. Study 2 includes 250 full-time employees recruited via MTurk. All measures were on a 7-point Likert scale (strongly disagree to strongly agree) except unethical pro-supervisor behavior. Supervisor identification is measured by adapting Mael and Ashforth's (1992) organizational identification scale to a supervisor. It included items such as "when someone criticizes my supervisor, it feels like a personal insult.". Organizational identification and moral identity are measured with the same items as Study 1. Unethical pro-supervisor behavior is measured with Umphress et al.'s (2010) six-item 5-point scale (never to always) adapted to the supervisor, including items such as “because it helped my supervisor, I have exaggerated the truth about my supervisor’s performance to others”. Results support a positive relationship between supervisor identification – but not organizational identification - and unethical pro-supervisor behavior, a negative relationship between moral identity and unethical pro-supervisor behavior, and moral identity as a moderator of the positive relationship between supervisor identification and unethical pro-supervisor behavior such that the relationship is positive for individuals with low moral identity and not significant for individuals with high moral identity. Two hundred full-time employees were recruited via MTurk for Study 3. Supervisor identification, moral identity, and unethical pro-supervisor behavior. Results indicate that moral identity is negatively related to unethical pro-supervisor behavior. Additionally, moral identity moderates the relationship between supervisor identification and unethical pro-supervisor behavior such that the relationship is positive for individuals when moral identity is low. However, the relationship is not significant for individuals when moral identity is high.

Wang et al. (2019). When moral identification is low results support an indirect relationship between employee-organization relationships (EOR) and UPB, mediated by social exchange Study 2 includes 312 employees in China. EOR is measured with Jia, Shaw, Tsui & Park (2014) 27-item scale with two dimensions. The inducement dimension includes developmental and material rewards. A sample item asks managers to what extent their firm provides inducements such as “train employees on knowledge and skills for their jobs and career development.” The contribution dimension includes in-role and extra-role work requirements. A sample item asks participants to what extent their organization emphasize “complete performance goals in quality and quantity”. Social exchange is measured with Shore, Tetrick, Lynch & Barksdale (2006) eight-item 6-point scale (‘not at all’ to ‘to a very large degree’), including “my organization has made a significant investment in me.” UPB is measured with five-items of an adapted version of Umphress et al.’s (2010) scale including “To help my organization, I exaggerated the truth about my company’s product or services to the out-groups.” Participants responded on a 7-point scale (not at all to very frequently). Moral identity is measured with Aquino and Reed’s (2002) 10-item scale including both internalization and symbolism subscales. When moral identity is low, results support a positive indirect relationship between EOR and UBP mediated by social exchange. However, when moral identity is high the indirect relationship is not significant.

Bryant and Merritt (2021). The authors hypothesize moral identity as a moderator of in a second stage moderated mediated model where leader member exchange (LMX) mediates interpersonal justice and UPB. While results support the mediated relationship, they do not support moral identity as a moderator. However, findings support a direct negative relationship between moral identity and UPB. In a study of 378 employees recruited via Amazon Mechanical Turk (MTurk), UPB is measured using Umphress et al.’s (2010) six item scale adapted for a supervisor focus. A sample item includes “If it would help my supervisor, I would exaggerate the truth about my company’s products or services to customers or clients.” Interpersonal justice is measured with Colquitt’s (2001) 4-item 5-point Likert scale (‘to a small extent’ to ‘to a large extent’) including items such as “Has he/she treated you in a polite manner?”. LMX is measured with Liden and Maslyn’s (1998) LMX-MDM 12 item 7-point scale (strongly disagree to strongly agree). It includes four dimensions – Affect, Loyalty, Contribution, and Professional Respect. Moral identity was measured with Aquino and Reed’s (2002) internalization subscale of moral identity as previously described.

I have reviewed studies relating to justice, OI, and moral identity. Table 2 summarizes the studies. The following hypotheses integrate these studies. Furthermore, the overall relationship is based on the multifoci approach to justice, supporting the target similarity model (Lavell et al., 2007). The model is mediated with OI, a social exchange indicator.

Table 2. Justice, OI, EM, Moral Identity Studies

Study	Sample	Antecedent	Outcome	Key Findings Related to this Dissertation
Aquino et al. (2007)	104 (Study 1) and 69 (Study 2) US university participants	Moral Disengagement	Moral Judgement	Moral identity moderates the positive relationship between moral disengagement and moral judgement; the relationship is positive for individuals with low MI, and not significant for individuals with high MI.
Blader & Tyler (2009)	831 matched employee-employer respondents (Study 2)	PJ	OI; Extra-role Behaviors	PJ is directly and positively related to OI. OI mediates the positive relationship between PJ and extra-role behaviors.
Bryant & Merritt (2021)	378 employees	Interpersonal Justice; Moral Identity	UPB	Moral identity (internalization) is negatively related to UPB; Justice is indirectly and positively related to UPB through LMX.
Chen et al. (2016)	73 Chinese employees (Study 1); 240 Chinese employees (Study 2); 183 US employees (Study 3)	OI	UPB	Oi is positively related to UPB, mediated by moral disengagement.
Detert et al. (2008)	307 US university students	Moral Identity	Unethical Decision Making	Moral identity is indirectly and negatively related to unethical decision making, mediated by moral disengagement.
Effelsberg et al. (2014)	290 German employees (Study 1); 319 German employees (Study 2)	Transformational Leadership; OI	OI, UPB	Transformational leadership is positively related to OI; OI is positively related to UPB; Transformational leadership is positively related to UPB, mediated by OI.
Gino et al. (2011)	65 US university students (Study 3)	Self-Regulatory Resources	Unethical Behavior	Moral identity moderates the relationship between self-regulatory resources and unethical behavior such that the relationship is positive for individuals with low internalization and not significant for those with high.
He et al. (2014)	222 online participants	PJ; OI	OI; Employee Engagement	PJ is directly and positively related to OI. OI mediates the positive relationship between PJ and employee engagement.

Study	Sample	Antecedent	Outcome	Key Findings Related to this Dissertation
Johnson & Umphress (2019)	166 US university students (Study 1), 250 employees (Study 2), 200 employees (Study 3)	Moral Identity, OI, Supervisor Identification	Unethical Pro-Supervisor Behavior	Moral identity is negatively related to UPB; Additionally, moral identity moderates the positive relationship between organizational/supervisor identification with supervisor directed UPB such that the relationship is significant for those with low MI and not significant for those with high MI.
Lee et al. (2015)	Meta-Analysis	OI	In-role and Extra-role Performance	Stronger correlation between OI and extra-role performance than in-role performance.
Mahlendorf et al. (2018)	253 controllers and CFOs from Germany, Austria, Switzerland	OI	UPB	OI is positively related to UPB
Naseer et al. (2020)	306 Pakistani employees	OI	UPB	OI is positively related to UPB
Olkkonen & Lipponen (2006)	160 Finnish employees	Organizational-focused PJ and DJ; OI	OI; Extra-role Behavior	Organizationally focused PJ and DJ are positively related to extra-role behaviors, mediated by OI. Additionally, organizationally focused PJ and DJ positively and directly related to OI; OI is positively and directly related to extra-role behaviors.
Riketta (2005)	Meta-Analysis	OI	In-role and Extra-role Performance	OI is negatively related to intentions to leave and positively related to in-role and extra-role performance.
Skarlicki et al. (2008)	358 Canadian employees	Customer Injustice	Customer-Directed Sabotage	Three-way interaction with both dimensions of moral identity and customer injustice; MI symbolization strengthens the positive relationship between customer injustice and customer-directed sabotage, the moderation is weaker for individuals high in internalization.
Skarlicki et al. (2016)	314 North American (Study 1), 265 South Korean (Study 2) employees	Customer Justice	Customer-Directed Sabotage	Three-way interaction between moral identity, supervisor justice, and customer justice. Supervisor justice strengthens the negative relationship between customer justice and customer-directed sabotage for individuals with low MI only.
Umphress et al. (2010)	148 employees (Study 2)	OI	UPB	OI is positively related to UPB for employees with strong reciprocity beliefs.
Wang et al. (2019)	312 Chinese employees (Study 2)	Employee-Organization Relationship	UPB	Moral identity moderates the indirect positive relationship between EOR and UPB, mediated by social exchange. When MI is low the relationship is significant, when MI is high the relationship is not significant.

Note: Some papers in the above table conducted multiple studies. Many contain multiple constructs. The most relevant studies and constructs to this literature review are included.

CHAPTER 3

HYPTOHESIS DEVELOPMENT

Mediating Role of Organizational Identification

Justice literature includes the individual's perception of fairness based on economic receipts (Instrumental), being accepted by a group (Relational), and the moral code (Deontic) (Turillo et al., 2002). Justice reinforces the sense of an organization's approval and appreciation for the employee. Perceiving fair treatment from an organization is linked to organizational outcomes (McFarlin & Sweeney, 1992). Studies support a positive relationship between justice and organizational identification. The group-value model and group engagement model, an extension of the group-value model, supports perceived fair treatment of a group evokes feelings of respect from the group and pride in the group. Additionally, fair treatment allows the employee to feel safe in intertwining their social identify with the group, therefore re-enforcing the individual to identify with the organization. I have discussed several studies supporting a positive relationship between Justice and OI with the group-value and group engagement models. In a study of 160 Finnish employees, Olkkonen & Lipponen, (2006) find support for a positive relationship between organizationally-focused justice and OI in a mediated model where OI mediates the positive relationship between justice and extra-role behavior. Blader & Tyler (2009) and He et al. (2014) found similar results. Blader and Tyler (2009) find justice is indirectly related to extra-role behavior through social identity. He et al. (2014) find justice is indirectly related to employee engagement through organizational identification.

Additionally, a meta-analysis by Rupp et al. (2014) included between 2 and 16 studies that resulted supervisor- and organizational-focused justice and DJ, PJ, and IJ positively correlating with OI. De Clercq et al. (2021) found a negative relationship between injustice and

OI where OI mediates a positive relationship between injustice and CWBs. As mentioned previously, when an individual's identity is intertwined with the organization they become a microcosm of the organization (Ashforth et al., 2008). Based on justice theory, the group-value model, and previous research, I hypothesize that organizational justice is positively related to organizational identification.

H1: Organizational Justice is positively related to organizational identification.

Social identity theory posits that an individual's identity is related to social-group membership (Olkkonen & Lipponen, 2006). When an individual identifies with their organization, they become a microcosm of the organization (Ashforth et al., 2008). Their actions and motivations are self-serving because decisions are approached through the lens that the organization and themselves are intertwined - what helps the organization helps them. As discussed, studies support a positive relationship between OI and UPBs. Introducing UPB to accounting literature in considering earnings manipulation, Mahlendorf et al. (2018) performs a study with 253 controllers and CFOS from Germany, Austria, and Switzerland finding a positive relationship between OI and UPB. Additionally, Naseer et al. (2020) performed a study with 306 Pakistani employees, also finding a direct positive relationship between OI and UPB. Effelsberg et al. (2014) find a positive relationship between OI and UPB in a study of German employees.

Two additional studies do not find a direct relationship between OI and UPB, but are worth mentioning. Umphress et al. (2010) tested the relationship between OI and UPB with 148 employees in their seminal paper creating the original UPB scales. While a direct relationship was not found, results support a relationship moderated by reciprocity beliefs. Specifically, OI is positively related to UPB for employees with strong reciprocity beliefs. A second study by Chen et al.'s (2016) includes Chinese and US employees. They find OI is positively and indirectly related to UPB through moral disengagement. Supporting this line of thought, another study finds that OI is positively related to extra-role behavior - a discretionary behavior that benefits the organization and is not a normal requirement of their job - (Olkkonen & Lipponen, 2006). Specifically, Olkkonen & Lipponen include 160 Finnish employees in their study considering organizationally focused PJ and DJ. In a partially mediated model, justice is positively related to extra-role behavior through OI.

My dissertation will explore an extra-role behavior, albeit unethical, of earnings management. When an individual identifies with their organization all motivations become self-serving because the individual's identity is wrapped up in the organization. The individual ignores their sense of moral values enabling them to behave in a way they believe benefits the organization, even if the behavior is unethical (Naseer et al., 2020). Dukerich et al. (1998) discuss this dark side of organizational identification as employees bypassing ethical norms.

As discussed Umphress et al. (2010) captures unethical pro-organizational behavior in their UPB scale by prefacing statements with pro-organizational framing. Additionally, if the organization performs well, the employee feels a sense of pride - as if the organization's successes are their own (Mael & Ashforth, 1992; Umphress et al., 2010). Individuals highly identifying with the organization are more likely to participate in unethical pro-organizational behavior (e.g. Umphress et al., 2010; Chen et al, 2016; Mahlendorf et al., 2018). Graham et al. (2015) suggest individuals participate in accounting fraud in an effort to protect the organization. While Graham et al. (2015) do not include accounting fraud specifically in their measures, they do find support for a positive relationship between transformational leaders and UPB when the unethical behavior will assist in avoiding a loss. It should be noted that there are real tangible benefits associated with profitable financial statements. Employee bonuses and stock performance are contingent on how well the organization performs. Presenting financial statements that paint a more profitable picture can benefit both the employee as well as the organization. Alternatively, there are benefits to misreporting that are not immediately tied to employee compensation such as meeting analyst predictions or maintaining required bank covenant ratios so as not to default on a loan. However, even in the latter case motivation becomes self-serving because the individual's identity is intertwined with the organization's identity. Regardless of the direct or indirect benefits, misreporting financial statements is an unethical pro-organizational behavior (UPB) because it is both unethical and helps the organization. While misreporting initially helps the organization, it is a short-term helping behavior as it cannot be maintained (Abernethy et al., 2017). Additionally, although it helps the organization, it harms decision makers because they are making decisions based on inaccurate information. Based on social identity theory and prior research, I hypothesize that organizational identification is positively related to the specific UPB of earnings management. An individual identifying with the organization will be inclined to participate in unethical discretionary activities that help the organization.

H2: Organizational identification is positively related to UPB-EM.

Research reflects organizational identification mediates the relationship between justice and extra-role behaviors towards the organization (e.g. Olkkonen & Lipponen, 2006) and CWBs (De Clercq et al., 2021). Based on social exchange theory, OI is a social exchange indicator (Rupp et al., 2014) through which employees perceiving organizational justice, reciprocate behavior for perceived fair treatment. When an individual feels as if the organization is treating them fairly, they are more likely to identify with the organization by considering themselves an extension of the organization. The organization's identity becomes a part of their own identity - where the organization's status affects their own status. Others' interests may be replaced with the organization's interest for employees identifying with their organization (Umphress & Bingham, 2011). An employee seeking to help the organization may disregard the harm their behavior inflicts on others (Umphress et al., 2010; Chen et al., 2016; Mahlendorf et al. 2018). This intriguing behavior of an unethical behavior intending to benefit the organization is captured by researchers as unethical pro-organizational behavior (Umphress et al., 2010). In the same vein, an employee identifying with their organization may be inclined to help the organization by engaging in earnings management. There are many motivators for engaging in earnings management, such as protecting the organization (Graham et al., 2015) – which is consistent with UPBs.

Additionally, my mediated model supports a multi-foci approach to justice. Specifically, it supports Lavelle at al.'s (2007) target similarity model based on social exchange theory by exploring organizationally-focused justice and organizational targeted outcomes – UPB-EM. I hypothesize that OI, a social exchange indicator (Lavelle et al., 2007; Rupp et al., 2014) mediates the relationship between justice and UPB-EM.

H3: Organizational identification mediates the positive relationship between organizational justice and UPB-EM.

Moderating Role of Moral Identity

Now, I consider the moderator of an individual's moral identity. Social identity posits that individuals have multiple identities at any one time (Tajfel & Turner, 1979 1986). An individual that accesses and holds their moral self as an important part of who they are, identify with their moral self (Skarlicki et al., 2008). A dimension of moral identity is internalization. Internalization refers to moral traits, such as being caring, compassionate and honest, being an essential part of their self-concept. This dimension has been found to be a better predictor of unethical behavior (Aquino et al., 2007). Additionally, the internalization dimension of moral identity has been found to frequently moderate unethical behavior. When an individual's self-concept strongly incorporates moral traits, their moral identity "will be invoked across a wide range of situations and the stronger will be its association with moral cognitions and moral behavior" (Aquino & Reed, 2002: 1425). However, adhering to a moral code is more salient with some individuals than others. For those that do not identify strongly with a moral code, their identity is not embedded in adhering to such code – they will not self-regulate when facing an unethical dilemma. Studies reflect that individuals with low moral identity have stronger relationships between antecedents and unethical behavior than individuals with high moral identity (Aquino et al., 2007; Skarlicki et al., 2008; Gino et al., 2011; Skarlicki et al., 2016; Johnson and Umphress, 2019).

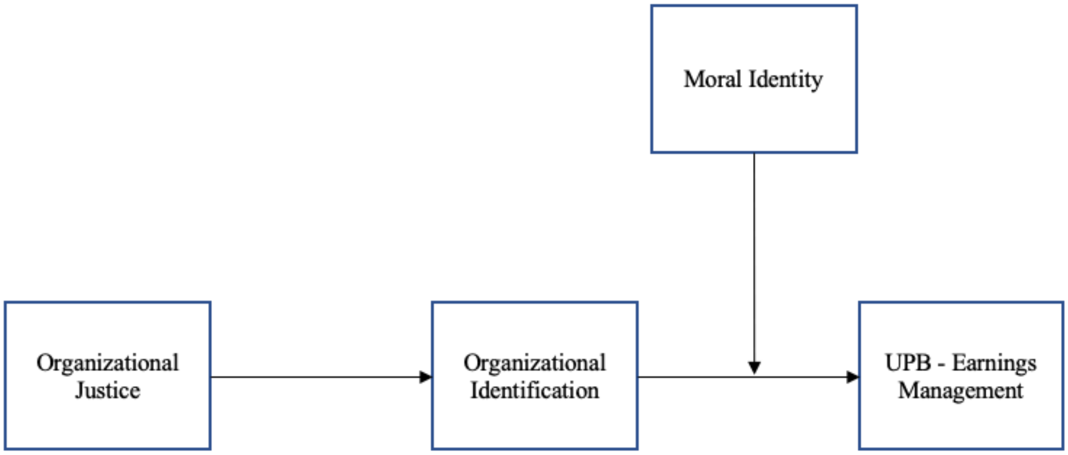
An individual whose identity is consistent with a moral code is less likely to engage in unethical behavior because unethical behavior conflicts with an important part of who they perceive themselves to be. Conversely, behaving unethically for an individual low in moral identity will not affect their self-concept. I hypothesize moral identity will moderate the relationship between organizational identification and UPB-EM such that the relationship will be weaker for individuals with high moral identity as compared to individuals with low moral identity.

H4: The positive relationship between OI and UPB-EM will be weaker when employees are high versus low in moral identity.

Together, these hypotheses posit a second stage moderated mediation model (Hayes, 2017). The positive indirect relationship between organizational justice and UPB-EM is weaker for an individual with high moral identity compared to an individual with low moral identity. Figure 1 depicts the hypothesized model.

H5: The indirect relationship between organizational justice and UPB-EM through organizational identification will be weaker when employees are high versus low in moral identity.

Figure 1. Hypothesized Model



CHAPTER 4

METHODOLOGY

Data Collection

One hundred, sixty-two participants were recruited via Amazon Mechanical Turk (MTurk). Participants were pre-screened to include individuals 18 or older, currently working full-time in the United States, and in financial or managerial accounting. Thirty-two participants did not pass the pre-screening criteria and were eliminated. Another seven participants were eliminated because they did not pass one, or both, attention checks in the survey. The final sample includes 123 full-time financial or managerial accountants working in the United States. Financial and managerial accountants work in areas such as corporate accounting, financial reporting, cost accounting, financial analyst, budget analyst, accounts receivable, accounts payable, and payroll. Fifty-nine percent of the participants were male. The age of participants ranged from 18 - 64 with the largest percentage, 44%, of respondents being between 25 – 34. Table 3 includes a complete list of participant demographics.

Table 3. Demographics of Respondents
N = 123

Age		
18-24	7	5.7%
25-34	54	43.9%
35-44	36	29.3%
45-54	18	14.6%
55-64	8	6.5%
	123	100%
Gender		
Male	73	59.3%
Female	49	39.8%
Other	1	0.8%
	123	100%
Race		
Asian	5	4.1%
Black or African American	15	12.2%
Hispanic or Latino	6	4.9%
White or Caucasian	96	78.0%
Other	1	0.8%
	123	100%
CPA		
Yes	86	69.9%
No	37	30.1%
	123	100%
CMA		
Yes	73	59.3%
No	50	40.7%
	123	100%
Job Title		
Staff Level Accountant	29	23.6%
Supervisor Level Accountant	26	21.1%
Management Level Accountant	60	48.8%
Executive Level Accountant	7	5.7%
Other	1	0.8%
	123	100%

Hours Work per Week		
40-49	97	78.9%
50-59	23	18.7%
60-69	1	0.8%
70 +	2	1.6%
	123	100%
Company on Stock Exchange		
Yes	80	65.0%
No	43	35.0%
	123	100%
Organizational Level		
Corporate	75	61.0%
Business Unit	43	35.0%
Other	5	4.1%
	123	100%
Number of Employees at Your Organization		
Mean		6,355
SD		35,805
Range		1-380,000
Life Cycle of Company		
Startup	13	10.6%
Growth	48	39.0%
Maturity	53	43.1%
Realignment	9	7.3%
	123	100%
Breadwinner		
Yes	99	80.5%
No	24	19.5%
	123	100%
Years Worked in Accounting		
Mean		11
SD		9.4
Range		1 - 55

Survey Design

A survey was conducted online via MTurk where participants were paid $1.50 to complete the survey. To confirm completion of the survey, a random number is displayed after the survey is completed. MTurk participants enter this number in the MTurk request for payment. I compared the number entered with the number generated in the survey to confirm completion of the survey. MTurk participants provide a diverse sample, representing a range of ages, industries, and organizations (Bryant & Merritt, 2021; Mason and Suri, 2012).

Prior to pre-screening questions described previously, participants gave consent for their responses to be included in a research study. Participants passing pre-screening questions were allowed to continue with the survey, answering items measuring the constructs in this study, as well as other survey items. Two attention checks were embedded in the survey requesting participants to select “neither agree nor disagree”: one towards the beginning and one towards the end of the survey. Specifically, they were included in two of the main construct scales: organizational identification and moral identification. The final sample consisting of 123 participants passed both attention checks. Additionally, I followed Bailey (2017) by including Bailey’s (2017) measure that is an acceptable accounting practice to increase sales in my UPB-EM survey items. As this item was not unethical, consistent with Bailey (2017), it was included as a validity check only and not included in the final measurement of UPB-EM. The item was expected to have a higher mean than other UPB-EM items. As expected, the acceptable accounting practice item had a mean of 5.17 while the unacceptable items’ means ranged from 4.03 to 4.56.

Measures

The following items were used to measure items in this study. A complete list of items for each scale is in the Appendix.

Organizational justice. Organizational justice, the independent variable, was assessed with Ambrose and Schminke’s (2009) three-item scale measuring the individual's personal justice experience at their organization. The items were measured on a 7-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree) and include items such as “Overall, I’m treated fairly by my organization.” The Cronbach’s alpha for my sample was 0.89.

Organizational identification. Organizational identification, the mediator, was assessed with Mael & Ashforth’s (1992) six-item scale. As suggested by Mael & Ashforth, scales were modified to target the participants' organization. Specifically, this study used Abernathy et al.’s (2017) adaption of the scale for organizational. The items were measured on a 7-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree) and include items such as “When someone makes positive remarks about my organization, it feels like a personal compliment.” The Cronbach’s alpha for my sample was 0.88.

Unethical pro-organizational behavior – earnings management. The dependent variable, unethical pro-organizational behavior - earnings management (UPB-EM), was formed by adapting an earnings management scale (Mahlendorf et al., 2018; Abernethy et al., 2017; Merchant, 1990). The five-item earnings management scale was adapted to include unethical pro-organizational behavior framing from Umphress et al.’s (2010) unethical pro-organizational behavior (UPB) scale. As discussed Umphress et al.’s. (2010) UPB scale includes framing such as, “If it would help my organization”. I include this framing for each earnings management item by prefacing the earnings management scale with this phrase. The items are measured on a 7-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree) and included items such as “If it would help my organization, I would strategically book an entry to make some line items look better, for example by booking expenses to discontinued operations.” The Cronbach’s alpha for my sample was 0.92.

Moral Identity. Moral identity, a moderator in this study, is measured with Aquino & Reed’s (2002) internalization dimension of moral identity scale. This five-item scale is measured on a 7-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree). After describing a person that has the following characteristics - caring, compassionate, fair, friendly, generous, helpful, hardworking, honest, kind – the respondent is asked the extent to which they disagree or agree with items such as "It would make me feel good to be a person who has these characteristics." The Cronbach's alpha for my sample was 0.75.

Controls. Earnings management is a socially unacceptable behavior. To control for this bias, social desirability is measured with short version Form B (Reynolds, 1982) of Crowne & Marlow's (1960) scale (Loo & Thorpe, 2000). The short version is a 12-item scale with True or False statements and includes items such as "No matter who I'm talking to, I'm always a good listener." One item was deleted to increase Cronbach's alpha. The Cronbach's alpha for my sample was 0.60, which is consistent with Loo & Thorpe's (2000) Cronbach's alpha for Form B of 0.61. Cronbach's alpha reports an identical coefficient to K-R 20, which is used to calculate internal consistency in dichotomous scales (Cronbach & Shavelson, 2004; https://www.ibm.com/docs/en/spss-statistics/SaaS?topic=analysis-reliability-statistics).

Certified Public Accountants (CPAs) and Certified Management Accountants (CMAs) are responsible for adhering to a code of ethics including fair and objective reporting. To control for this, participants were asked to respond with a "yes" or "no" if they are a CPA, and separately "yes" or "no" if they are a CMA.

Results

Preliminary Analysis

I reviewed descriptive statistics, frequencies, correlations, and reliabilities using SPSS v28. On the basis of a small "sample size relative to the large number of parameters to be estimated in SEM" (Huang et al., 2017: 1574), I created item parcels to reduce the number of indicators for scales with more than three indicators to assess the measurement model. Additionally, parceling can minimize distributional concerns in skewed scales (Little, Rhemtulla, Gibson & Schoemann, 2013; Lavelle et al., 2018). Organizational identification, UPB-EM, and moral identity included 6, 5, and 5 items, respectively. For organizational identification and UPB-EM, items were randomly assigned to parcels. Three 2-item parcels were formed for organizational identification. Two 2-item parcels were formed and designated to load on UPB-EM along with the remaining single item. Two of the five items for moral identity are reverse coded. I followed the suggestion of Little, Cunningham, Shahar and Widaman (2002) and Little, Oettingen, and Baltes (1995) in creating parcels for scales that include both positively and negatively worded items. Specifically, I created two parcels pairing one positive and one negative item. The parcels formed were designated to load on the expected factor along with the remaining item. Table 4 includes the means, standard deviations, reliabilities, and Pearson correlations among the variables.

Table 4. Means, Standard Deviations, Reliabilities and Correlations

Variable		M	SD	1	2	3	4	5	6	7
1	CMA	0.59	0.49	-						
2	CPA	0.70	0.46	.68**	-					
3	Moral Identity	5.34	1.19	-.49**	-.46**	(.75)				
4	Organizational Identification	5.31	1.21	.39**	.38**	.02	(.88)			
5	Organizational Justice	5.75	1.13	.05	.03	.27**	.65**	(.89)		
6	Social Desirability	0.49	0.21	-.27**	-.35**	.44**	.03	.06	(.60)	
7	UPB - Earnings Management	4.39	1.70	.65**	.62**	-.40**	.50**	.17	-.34**	(0.92)

Note: N = 123. Internal consistency reliabilities (Cronbach α) appear in parentheses.
CMA = Certified Management Accountant; CPA = Certified Public Accountant;
UPB - Earnings Management = Unethical Pro-organizational Behavior - Earnings Management.

CPA: Yes = 1, No = 0; CMA: Yes = 1, No = 0; Social Desirability: Low = 0; High = 1

**p < .01.

I conducted several CFAs in Mplus version 8 to assess measurement model fit, discriminant validity and common method bias. I examined the expected four-factor model with indicators loading on designated constructs as previously discussed. The four-factor model including organizational justice, organizational identification, UPB-EM, and moral identity resulted in a good fit ($\chi^2(48) = 71.975$, CFI = .975, RMSEA = .064). All loadings were significant. See Model 3 in Table 5.

Due to the high correlation between organizational justice and organizational identification ($r = .65$, $p < .01$), I conducted a CFA to assess discriminate validity and confirm they should be separate constructs, referred to as Model 1 in Table 5. The model was a poor fit. Supporting the distinction, the hypothesized four-factor model fit the data significantly better than a three-factor model ($\Delta\chi^2 = 86.52$, $\Delta\, df = 1$, $p < .001$). Organizational identification and UPB-EM were also highly correlated ($r = .50$, $p < .01$). I conducted another CFA to confirm they should be separate constructs; this model is referred to as Model 2 in Table 5. The model was a poor fit. Once again, supporting the distinction, the hypothesized four-factor model fit the data significantly better than the three-factor model ($\Delta\chi^2$ = 152.72, Δ df = 1, p < .001).

Table 5. Chi-Square Difference Test for Measurement Model

	χ^2 (df)	CFI	RMSEA	$\Delta\chi^2$	Δdf
(1) Two-factor model (ORG justice and ORG identification perfectly correlated @1)	158.498 (49)	0.888	0.135	86.52 *	1
(2) Two-factor model (ORG identification and UPB-EM perfectly correlated @1)	224.697 (49)	0.820	0.171	152.72 *	1
(3) Four-factor model	71.975 (48)	0.975	0.064		

N = 123. Change in chi-square for Models 1 and 2 are in comparison to Model 3. The four-factor model (Model 3) is the hypothesized model with all four constructs (organizational justice, organizational identification, UPB-EM, and moral identity). Model 1 perfectly correlates organizational justice and organizational identification at 1.0. Model 2 perfectly correlates organizational identification and UPB-EM at 1.0. Models 1 and 2 are a subset of (nested within) the four-factor hypothesized model.
* p < .001.

Common method bias is considered because participants responded to the survey at one point in time (P. Podsakoff, Mackenzie, Lee, and N. Podsakoff, 2003). Common method variance (CMV) was assessed with Harman's one-factor test. An exploratory factor analysis with organizational justice, organizational identification, moral identity, and UPB-EM items loaded onto one factor explained 36.5% of the variance, suggesting CMV is not a major concern. Additionally, a one-factor model reflects a poor fit (χ^2 = 539.470, df = 54, CFI = .504, RMSEA = .270).

Hypothesis Testing

Statistical Analysis of the Mediated Model. I tested the hypothesized model in Figure 1 using the SPSS PROCESS script (Hayes, 2018; Preacher and Hayes, 2004). Unethical pro-organizational behavior – earnings management is the dependent variable, organizational justice is the independent variable, organizational identification is the mediator, and moral identity is the moderator. Covariates included in the model are social desirability, CPA status, and CMA status.

I follow Bailey's (2015) presentation of the mediation analysis results in Table 6. Specifically, it includes two regressions and the indirect effects of the hypothesized mediation. To test the mediation, SPSS Macro PROCESS (Hayes, 2018; Preacher and Hayes, 2008) was used for path analysis. Model 4 was used for direct effects and mediation. Hypothesis 1 stated that organizational justice is positively related to organizational identification. As observed in Table 6 Panel A, organizational justice is positively related to organizational identification (b = .67, $t = 10.66$, $p < 0.01$), supporting Hypothesis 1. Hypothesis 2 stated organizational identification is positively associated with UPB-EM. Panel B of Table 6 reflects that organizational identification is positively related to UPB-EM (b = .48, $t = 3.54$, $p < 0.01$), supporting Hypothesis 2. As observed in Table 6, zero is not between the lower level confidence interval and upper level confidence interval for either path.

Hypothesis 3 stated that organizational identification mediates the positive relationship between organizational justice and UPB-EM. Mediation was assessed with PROCESS (Hayes, 2018) Model 4 using a 95% confidence interval and 10,000 bootstrap confidence interval. Table 6 Panel C reflects that organizational justice is positively related to UPB-EM through organizational identification (Effect = 0.3190, SE = 0.1037, LLCI = 0.1256 and ULCI = .5336), supporting Hypothesis 3.

Statistical Analysis of Moderated Mediation. Second stage moderated mediation is tested in SPSS using PROCESS macro (Hayes, 2018), Model 14. Moderated mediation is tested by observing conditional indirect effects of organizational justice on UPB-EM through organizational identification at different levels of the moderator, moral identity. In testing for moderated mediation, three conditions should be observed (Hernandez et al., 2016). First, the indirect effect should be significant; second, there should be a significant interaction between the mediator and the moderator in predicting the dependent variable; and third, the conditional indirect effect of the independent variable on the dependent variable should differ at high and low levels of the moderator. As previously discussed, results in Table 6 satisfy the first condition of moderated mediation.

Table 6. Mediation results using PROCESS (Hayes, 2018) Model 4

Panel A: Regression of Organizational Identification on Organizational Justice and Demographic Covariates

Variable	Predicted Sign	Coefficient Estimate	t-statistic	p-value	95% Confidence Interval Lower Limit	95% Confidence Interval Upper Limit
Intercept		0.2665	0.6286	0.5308	-0.5731	1.1062
Organizational Justice	H1: + (path a)	0.6696	10.6564	0.0000	0.5451	0.7940
Social Desirability		0.8198	2.2892	0.0238	0.1106	1.5291
CPA		0.7148	3.2880	0.0013	0.2843	1.1452
CMA		0.5032	2.5428	0.0123	0.1113	0.8952

R^2 = 59.50% $p < .01$

n = 123

Panel B: Regression of UPB-EM on Organizational Identification and Demographic Covariates

Variable	Predicted Sign	Coefficient Estimate	t-statistic	p-value	95% Confidence Interval Lower Limit	95% Confidence Interval Upper Limit
Intercept		1.9137	3.0794	0.0026	0.6829	3.1444
Organizational Justice	Null (path c')	-0.0936	-0.7264	0.4690	-0.3486	0.1615
Organizational Identification	H2: + (path b)	0.4764	3.5369	0.0006	0.2096	0.7432
Social Desirability		-1.4843	-2.7716	0.0065	-2.5449	-0.4237
CPA		0.7375	2.2191	0.0284	0.0793	1.3956
CMA		1.1577	3.8928	0.0002	0.5687	1.7467

R^2 = 56.31% $p < .01$

n = 123

Panel C: Indirect effect of Organizational Justice on UPB-EM

Indirect effect a*b = .6696 * .4764	Predicted Sign	Boot SE	Bootstrapped 95% Confidence Interval (10,000 Iterations) Lower Limit	Bootstrapped 95% Confidence Interval (10,000 Iterations) Upper Limit
0.3190	H3: +	0.1037	0.1256	0.5336

Note: All coefficients are unstandardized.

Hypothesis 4 is that moral identity will moderate the positive relationship between the mediator, organizational identification, and UPB-EM such that the relationship will be weaker for an individual with high moral identity than an individual with low moral identification. Hierarchical regression (Aiken et al., 1991) results using Hayes PROCESS Model 14 can be seen in Table 7; again, I follow Bailey's (2015) presentation of PROCESS analyses results. All interaction terms in this study were constructed with mean centered variables. Panel B reflects a significant interaction between organizational identification and moral identity (b = -.147, $p < .01$), supporting Hypothesis 4. The moderating effect of moral identity explained an additional 3.07% of the relationship between organizational identification and UPB-EM ($R^2 = .0307$, $p < .01$).

Table 7. Second Stage Moderated Mediation using PROCESS (Hayes, 2018) Model 14

Panel A: Regression of Organizational Identification on Organizational Justice and Demographic Covariates

Variable	Predicted Sign	Coefficient Estimate	t-statistic	p-value	95% Confidence Interval Lower Limit	95% Confidence Interval Upper Limit
Intercept		-5.0451	-11.8986	0.0000	-5.8848	-4.2055
Organizational Justice	H1: + (path a)	0.6696	10.6564	0.0000	0.5451	0.7940
Social Desirability		0.8198	2.2892	0.0238	0.1106	1.5291
CPA		0.7148	3.2880	0.0013	0.2843	1.1452
CMA		0.5032	2.5428	0.0123	0.1113	0.8952
	R^2 = 59.50%	p < .01				
	n = 123					

Panel B: Moderation of Moral Identity on Relationship Between Organizational Identification and UPB-EM

Variable	Predicted Sign	Coefficient Estimate	t-statistic	p-value	95% Confidence Interval Lower Limit	95% Confidence Interval Upper Limit
Intercept		4.5192	4.9495	0.0000	2.7106	6.3278
Organizational Justice		-0.0685	-0.5341	0.5943	-0.3226	0.1856
Organizational Identification (OI)		0.5431	4.1161	0.0001	0.2818	0.8045
Moral Identity (MI)		-0.2620	-2.1870	0.0308	-0.4993	-0.0247
Interaction OI*MI	H4: -	-0.1470	-2.9649	0.0037	-0.2452	-0.0488
Social Desirability		-1.3112	-2.3920	0.0184	-2.2397	-0.2254
CPA		0.5209	1.5848	0.1158	-0.1302	1.1721
CMA		0.9084	2.9799	0.0035	0.3046	1.5122
	R^2 = 59.90%	p < .01				
	n = 123					
Interaction of Organizational Identification and Moral Identity						
	R^2 = 3.07%	p < .01				

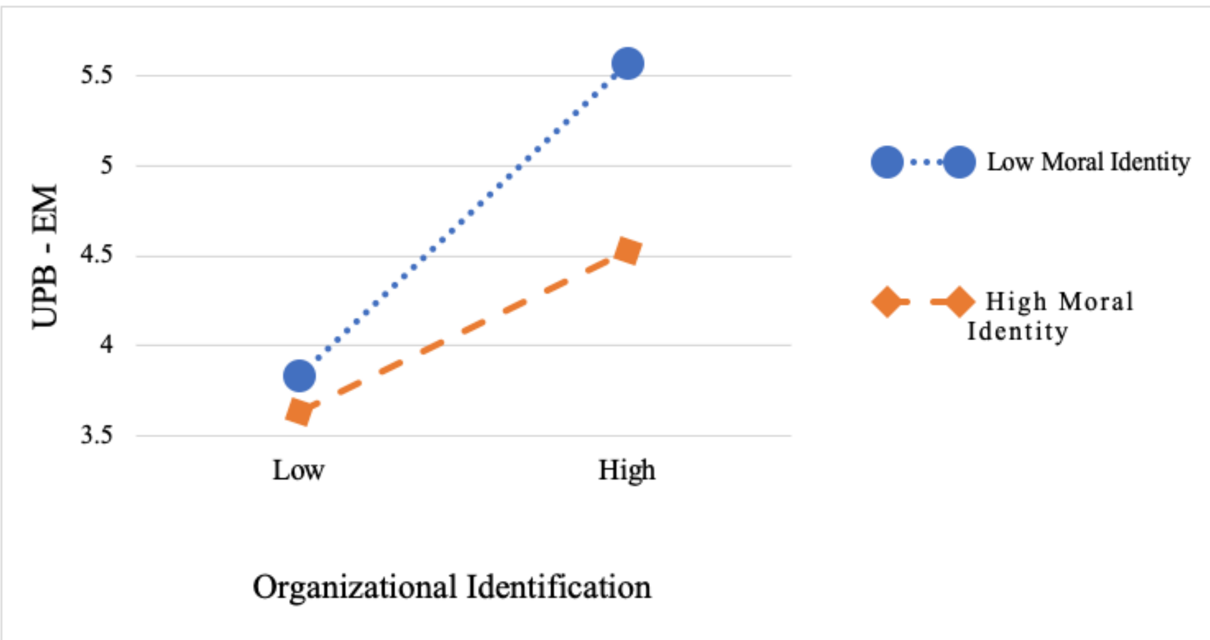
Panel C: Moderation Mediation result for UPB-EM

Bootstrap Values of Moderator	Hypothesis	Conditional Indirect Effect ORG justice -> ORG ID -> UPB-EM	Boot SE	Bootstrapped 95% Interval (10,000 Iterations) Lower Limit	Bootstrapped 95% Interval (10,000 Iterations) Upper Limit
Moral Identity					
-1 SD	H5	0.4805	0.1393	0.2919	0.8338
0	H5	0.3637	0.1115	0.1852	0.6255
1 SD	H5	0.2468	0.1110	0.0391	0.4776
Index of moderated mediation					
Moral Identity		-0.0984	0.0493	-0.2312	-0.0381

Note: All coefficients are unstandardized.

To visualize the interaction, I plotted simple slopes of the interaction. Figure 2 depicts a weaker positive relationship between organizational identification and UPB-EM at high levels of moral identity as compared to a stronger positive relationship between organizational identification and UPB-EM at low levels of moral identity. This satisfies the second condition of moderated mediation and supports Hypothesis 4.

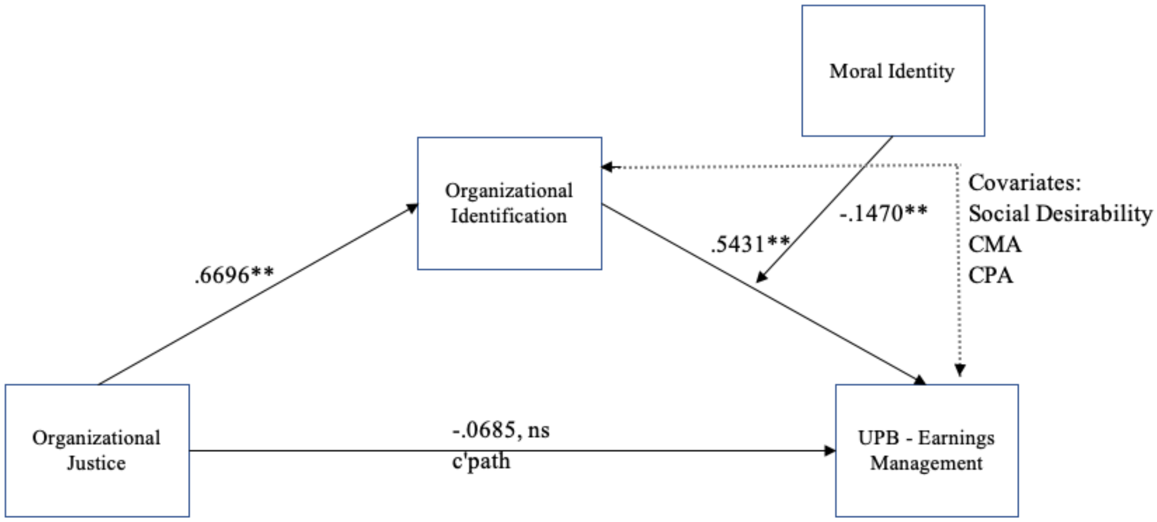
Figure 2. The Interactive Effects of Organizational Identification and Moral Identity on UPB-EM



Note: UPB-EM = Unethical pro-organizational behavior - earnings management

The second stage moderated mediation model is hypothesized in Hypothesis 5 where the mediated positive relationship between organizational justice and UPB-EM explained through organizational identification will be weaker for individuals with high moral identity as compared to individuals with low moral identity. The indirect effect of organizational justice on UPB-EM across different levels of organizational identification using PROCESS Model 14 with 10,000 bootstrap iterations supports Hypothesis 5, as can be seen in Table 7 Panel C. The index of moderated mediation provides a formal test of moderated mediation (Hayes, 2018) and was significant (index = -.0984, 95%, LLCI = -.2312, ULCI = -.0381). The indirect effect was strongest at the lowest level (-1 SD; indirect effect = .48, 95%, LLCI = .2919, ULCI = .8338) of moral identity and weakest at the highest level (+1 SD; indirect effect = .25, 95%, LLCI = .0391, ULCI = .4776) of moral identity. The moderated mediation is significant as zero is not between the 95% confidence interval. The results from Table 7 support Hypothesis 5 and the third condition of a moderated mediation. Specifically, the indirect positive relationship between organizational justice and UPB-EM explained through organizational identification is moderated by moral identity such that the relationship is weaker for individuals with high moral identity as compared to individuals with low moral identity. I also considered propensity to morally disengage as a moderator. However, the results were not significant. Figure 3 depicts the results of the supported second stage moderated mediation.

Figure 3. Second Stage Moderated Mediation Results



Note: All coefficients are unstandardized. Organizational identification and moral identity are mean centered.
**p < .01

CHAPTER 5

DISCUSSION AND ANALYSIS

Fraud eliminates an average of 5% of an organization's revenue annually (ACFE, 2020a), making it a cost that must be addressed. Financial statement fraud is the costliest form of fraud when considering the loss per incident (ACFE, 2020a). My dissertation explores a specific type of financial statement fraud, earnings management. Earnings management occurs when employees manipulate financial statements to reflect something other than the truthful state of the organization. Falsifying financial statements leave a number of victims behind; virtually all stakeholders incur losses because earnings management schemes cannot be maintained indefinitely.

Sarbanes Oxley Act (SOX) Section 302, holds CEO and CFO responsible for certifying that the "financial statements fairly present, in all material respects, the financial condition and results of operations" (https://www.congress.gov/bill/107th-congress/house-bill/3763). Further, SOX Section 807 allows for punishment including fines and imprisonment (https://www.congress.gov/bill/107th-congress/house-bill/3763). Due to the seriousness of financial statement fraud, scholars have a difficult time researching it. Perpetrators may not honestly answer researcher surveys, even an anonymous survey, because of the socially unacceptable nature of the behavior and fear of repercussions if they are identified.

Accountants' anonymous responses, along with my UPB-EM measure in this study, mitigate the socially undesirable aspect of EM. My study sheds insight on the behavior of individuals willing to engage in earnings management. Specifically, I find that employees perceiving fair treatment by their organization are inclined to identify with their organization;

they become a microcosm of the organization itself. In turn, they return an organizational citizenship behavior, albeit unethical, of UBP-EM, for fair treatment. Further, results indicate that the indirect relationship between organizational justice and UPB-EM through organizational identification, is weakened for individuals with high moral identity as compared to those with low moral identity.

Theoretical Implications

This study contributes to both management and accounting literature, answering the call for an interdisciplinary approach to fraud (Cooper et al., 2013). First, I propose an adapted measure of EM from accounting literature by adding UPB framing from management literature. Second, the results provide support for the target similarity model (Lavelle et al., 2007), integrating group-value model and social identity theory. To my knowledge, this is the first time organizational justice has been indirectly linked to EM and organizational identification has directly been linked to EM. Fourth, it answers the call to explore the dark side of overidentification (Ashforth et al., 2008). Specifically, results support the unethical accounting behavior of earnings management is a negative outcome of overidentification. Finally, to my knowledge, this is the first time moral identity is supported as a moderator in a relationship with earnings management as a dependent variable. Next, I will discuss each of these contributions.

This current study provides earnings management scholars with a scale that measures EM while mitigating the socially unacceptable aspect of it. Specifically, I merged an EM scale (Mahlendorf et al., 2018) with unethical pro-organizational framing from Umphress et al.'s (2010) UPB scale. I coin this scale UPB-EM. The UPB framing allows for the respondent to justify – a key element of the fraud triangle - the unethical act of earnings management as helping the organization. In support of this UPB-EM scale, internal consistency is high with

Cronbach's alpha of .92 which is considerably higher than Mahlendorf et al.'s (2018) EM scale (α = .69). Additionally, my study supports a positive relationship between OI and UPB-EM whereas Mahlendorf et al. (2018) and Abernethy et al. (2012) did not find a significant relationship, although Mahlendorf et al. (2018) did find a positive relationship between OI and UPB. However, as discussed UPB does not directly address the accounting specifics of EM.

Results from this study reflect a positive indirect relationship between organizational justice and UPB-EM, supporting Lavelle et al.'s (2007) target similarity model which posits the perceived fair treatment from an organization predicts the organization as a target of citizenship behaviors, explained through a social exchange indicator. Further, the group-value and group engagement models suggest individuals perceiving fair treatment from their organization are inclined to allow the organization to become a part of their identity (Tyler & Lind, 1992; Tyler et al., 1996; Smith et al., 1998; Blader & Tyler, 2009), which is supported by the positive relationship between organizational justice and organizational identification.

To my knowledge this is the first time organizational justice has been indirectly linked, and organizational identification has been directly linked to a measure of EM. This find is a critical discovery in accounting fraud literature that calls for looking at fraud from perspectives beyond the assumption that fraud, specifically earnings management, is unethical (Cooper et al., 2013). The results from this study suggest accountants are willing to engage in EM to return the favor of being treated fairly.

The mediated role of organizational identification in this study supports the group-value and group engagement models as OI explains the indirect positive relationship between organizational justice and UPB-EM. This study extends studies on the dark side of overidentification. As discussed earlier, many studies support positive outcomes of organizational identification such as a negative relationship with intentions to leave and positive relationship with in-role and extra-role performances (Riketta, 2004). However, this study answers the call to consider situations where organizational identification leads to negative outcomes (Ashforth et al., 2008); UPB-EM is a situation where accountants engage in unethical behavior under the pretext of helping the organization.

Finally, this study extends the moderating role of moral identity. Past studies support moral identity as moderating unethical behavioral relationships such as moral judgement (Aquino et al., 2007), customer-directed sabotage (Skarlicki et al., 2008, 2016), misreporting (Gino et al., 2011) and UPB (Johnson & Umphress, 2019; Wang et al., 2019). To my knowledge, this is the first time moral identity has moderated a relationship with the dependent variable of earnings management. As with previous studies, low moral identity strengthens the positive relationship with UPB-EM, similar to other unethical behaviors. Additionally, moral identity as a moderator, in combination with organizational identification as a mediator, provides insight into UPB-EM.

Practical Implications, Limitations and Future Directions

The findings from this study caution organizations that fair treatment of accountants has an unintentional effect on accountants' willingness to engage in EM. Specifically, accountants identifying with the organization are willing to engage in EM as a citizenship behavior intending to help the organization. Management should clearly communicate that EM is unacceptable, hurts the organization in the long-run and is not accepted. Additionally, for individuals with high moral identity, this relationship is weakened when compared to individuals with low moral identity. The moderating effect of moral identity provides organizations with an important trait to look for when hiring accountants. Organizations should also emphasize that ethicality is admired and expected.

I recognize this study has limitations that future research could address. I followed Umphress et al.'s (2010) UPB scale, by assessing UPB-EM as a willingness to engage in EM; it did not assess whether the respondents actually engaged in UPB-EM, but rather their willingness to engage. While theory of planned behavior suggests that intentions predict behavior, measuring actual EM might provide further insight into this unethical behavior. Additionally, this study is a self-reported survey. Respondents may be less likely to respond honestly to UPB-EM scales because unethical behaviors are socially undesirable. As a result, the strength of the relationships with EM may be suppressed; future studies could consider if it is possible to use self-reported surveys for the antecedent and historical data as the dependent variable. Furthermore, my UPB-EM scale includes pro-organizational framing as a rationalization for EM in an attempt to mitigate the socially undesirable nature of EM. As Umphress et al. (2010) mention, individuals engaging in UPBs may also benefit personally from their behavior. Future research should seek to understand how antecedents differ for EM intended for a personal benefit as compared to EM intended for organizational benefit.

Another limitation to this study includes the use of a cross-sectional design for testing mediation. However, Spector (2019) suggests a cross-sectional design is the method of choice when a variable is introduced to a new domain, as well as when covariance has not been established. Specifically, I am considering the relationship of an adapted measure of EM with organizational identification – to my knowledge, this relationship has not been supported in the past. Similarly, a cross-sectional survey is appropriate when considering "whether moderators might be at play" (Spector, 2019: 133). This study considers moral identity as a moderator - to my knowledge, moral identity has not been supported with a measure of EM as a dependent variable. Additionally, I followed Spector's (2019) recommendation of considering alternative explanations by including relevant control variables.

In addition to the future research mentioned above, other moderators should be considered in the model presented in this study. The consequences of EM on organization stakeholders, and eventually the organization itself, is detrimental – as can be seen in numerous accounting scandals such as Enron and WorldCom. The positive indirect relationship between fair treatment by the organization and UPB-EM explained through OI is concerning. Organizations are, presumably, not intentionally encouraging accountants to engage in EM; however, results indicate that accountants are willing to engage in EM because they identify with the organization. As this study highlights, an encouraging find is that high moral identity weakens this relationship. Future research should consider other variables that moderate this relationship.

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APPENDIX

SCALES USED FOR VARIABLES

Organizational Justice
Please indicate the extent to which you agree or disagree with the following statements (7-point Likert scale from strongly disagree to strongly agree).

1. Overall, I'm treated fairly by my organization.
2. In general, I can count on this organization to be fair.
3. In general, the treatment I receive at my organization is fair.

Organizational Identification
Please indicate the extent to which you agree or disagree with the following statements (7-point Likert scale from strongly disagree to strongly agree).

1. When someone makes positive remarks about my organization, it feels like a personal compliment.
2. When someone criticizes my organization, it feels like a personal insult, even if I do not know the person.
3. I am very interested in what others think about my organization.
4. When I talk about my organization, I usually say "we" rather than "they".
5. This organization's successes are my successes.
6. If a story in the media criticized my organization, I feel embarrassed.

Unethical Pro-organizational Behavior – Earnings Management
If corporate performance is not meeting expectations, organizations often look for ways to affect or "adjust" earnings, or to otherwise make the financial statements look better. Please indicate the extent to which you agree or disagree with the following statements (7-point Likert Scale from strongly disagree to strongly agree).

1. If it would help my organization, I would postpone necessary expenditures to shift future profits into the current period.
2. If it would help my organization, I would accelerate sales to shift profits into the current period.
3. If it would help my organization, I would shift funds between accounts to avoid budget overruns.
4. If it would help my organization, I would strategically book an entry to make some line items look better, for example by booking expenses to discontinued operations.
5. If it would help my organization, I would build slack into budgets.
6. *If it would help my organization, I would work overtime to ship everything possible before the end of the year to meet the annual budget target.

*This item is not unethical (Bailey, 2017). It is included as a validity check and not included in the final measurement of UPB-EM. As expected, the mean of this item was higher (5.17) as compared to the other five items (ranging from 4.03 to 4.56).

Moral Identity
Listed below are some characteristics that might describe a person: caring, compassionate, fair, friendly, generous, helpful, hardworking, honest, kind.

The person with these characteristics could be you or it could be someone else. For a moment, visualize in your mind the kind of person who has these characteristics. Imagine how that person would think, feel, and act. When you have a clear image of what this person would be like, answer the following questions.

Please rate the extent to which you disagree or agree with each statement below (7-point Likert Scale from strongly disagree to strongly agree).

1. It would make me feel good to be a person who has these characteristics.
2. Being someone who has these characteristics is an important part of who I am.
3. I would be ashamed to be a person who had these characteristics (R).
4. Having these characteristics is not really important to me (R).
5. I strongly desire to have these characteristics.

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