

How Self-Construal Influence Competitive Orientation and Unethical Decision Making? An Empirical Study in Banking Industry

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Introduction

If an employee is given the freedom to report on his/her attendance or time spent on work or on a project without being inspected by the organization, that employee may misrepresent facts rather than report them accurately in order to maximize his/her benefits. Similarly, in order to win a negotiation, an employee could deceive another to achieve a more favorable outcome for himself/herself or for the company. This implies that an individual's self-centered actions may harm society and may even (consciously or unconsciously) breach ethics. Ethics are regarded as accepted social norms. It is argued that the purpose of ethics is to align the interest of actors in the social system (Cojuharenco *et al* 2011). The social system "is made up of the interactions of individuals" (Lockwood, 1956 p. 135). Therefore, ethics can be viewed through the perspective of individual independence and interdependence. Although researchers have identified many individual factors related to unethical decision making (UDM) (Kish-Gephart *et al* 2010), UDM viewed through the perspective of individual independence and interdependence is very limited (eg: Cojuharenco *et al* 2011). Therefore, while being anchored on the self-construal theory (Markus and Kitayama, 1991) and the work that has been carried out by

Cojuharenco *et al.* (2011), this research aims to expand the scope of the literature in the field by exploring how the elements of self-construal theory associate with UDM. Further, this research gap of *how* unethical decisions are made is filled using another theoretical lens – that of competitive orientation (Chen *et al* 2011).

Self-construal theory explains the consequences of an individual's construal of himself/herself as independent or interdependent or, in other words, “the extent to which a person thinks of himself or herself as independent from or interdependent with social others” (Cojuharenco *et al* 2011, p. 447). Since self-construal is closely associated with the social system, it can be assumed to have an influence on unethical behaviour. Competitive orientation is an individual's inclination to perform better than others (Chen *et al* 2011). Therefore, a competitive person desires to maximize his/her self-interest (Chen *et al* 2011). Thus, rivals who are competing with one another may use competitive tactics which are unethical.

This research contributes to the literature in two ways: firstly, to the literature on UDM by explicating how self-construal relates to UDM. Secondly, the research explores the relationships between specific dimensions of self-construal and UDM. Thirdly, it reveals novel possibilities to regulate UDM by using specific self-construal dimensions.

Self-Construal and Competitive Orientation

The literature identifies three dimensions of self-construal. These are: the independent self, the relational self and the collective self (Sedikides and Brewer, 2001). The independent self relies on individual traits and emphasizes independence from others,

whereas the relational-self and the collective-self emphasise relationships with others and with a collective membership, respectively. It is important to note that all these dimensions define self with respect to psychological relationships with others. Researchers have identified that all these dimensions affect different workplace behaviours such as negotiation and wellbeing (Gelfand *et al* 2006).

The independent-self does not consider how decisions will affect others or whether they violate societal norms. Violation of societal norms can be considered as unethical behaviour (Trevino and Brown, 2004). Cross and Madson (1997, p. 7) have pointed out that “for these persons, individual rights, goals, and wishes are the primary basis for moral choices. The goals and needs of society, family members, or others are secondary or subordinate...”. Therefore, it can be argued that the independent-self engages in more self-focused behavior; these people are less empathetic, which can be conceptualized as a form of competitive orientation. Thus, competitive orientation may be the reason why a person who is categorized as an independent-self makes unethical decisions. The researcher thus suggests that the independent-self is associated with competitive orientation and competitive orientation, in turn, relates to UDM.

The relational-self is driven by the motive to protect and enhance social relationships (Cross *et al* 2000). Johnson *et al.* (2006) also specify that greater interpersonal interactions between persons are categorized as belonging to the relational-self. The collective-self focuses more on interdependency. “Individuals with high levels of collective-self define themselves in terms of group membership rather than their relationships with specific others” (Cojuharenco *et al* 2011 p.450) The collective self is more focused on group goals and is more likely to protect social

obligations. These people honour rules and conduct themselves in a pro-social manner. Therefore, the researcher argues that the relational self and collective self (of the dimensions of self-construal) have lower levels of competitive orientation and that therefore, there is a lower level of association between these dimensions of self-construal and UDM.

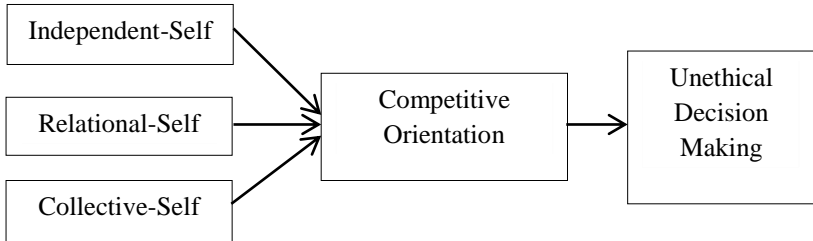


Figure 1: Conceptual framework

Methodology

The research is carried out in the context of banking and considered licensed commercial banks because of two reasons. Firstly, many of the incidents on unethical behaviour are reported from the licensed commercial banks (eg: NTB, Sampath Bank, HSBC, People’s Bank). Secondly, compared to the licensed specialized banks, licensed commercial banks’ contribution to the banking industry is ten times higher (CBSL, 2018). Combining of these two into one sample may be inappropriate due to the heterogeneity of the characteristics, which could disturb the analysis at the same level. Quantitative research approach was used as it can be justified using the similar studies under UDM (Eg: Tang and Chen, 2008; Vitell et al., 2006).

Three hundred and thirty survey questionnaires were administered to bank branch managers in the Colombo district. Three-hundred

and five questionnaires were returned with a response rate of 88%. 53% of the sample was male and 47% was female. 72% of the sample was aged between 28 and 45 years. 94% of these branch managers had at least a diploma. The self-concept scale (Johnson *et al* 2006) was used to measure the self-construal constructs. These 15 statements (each dimension had 5 items) were measured using a 1-5 point Likert scale (1= strongly disagree; 5= strongly agree). The six-item unidimensional scale of Chen *et al.* (2011) was used to measure competitive orientation. This scale ranged between 1 and 5 (1= strongly disagree; 5= strongly agree). UDM was measured using Hoyt and Price's (2015) scale. Branch managers stated their degree of agreement with UDM on a 1 to 5 scale (1= strongly disagree; 5= strongly agree). All the scales exhibited acceptable levels of reliability in the pilot study.

Data Analysis and Results

The structural equation modeling (SEM) technique using partial least squares (PLS) with SmartPLS 3.0 software was utilized to analyse data. The PLS-SEM path analysis has a two-way approach (Henseler *et al* 2009). These are the assessment of the measurement model and the assessment of the structural model. Hair *et al.* (2019) differentiated the specifications related to formative and reflective indicators. The current model comprises reflective measurements. The measurement model assessment established the reliability and convergent and discriminant validities (Table 1). As the second stage, the quality of the structural model was ensured using R^2 , f^2 , Stone–Geisser's Q^2 and VIF values. Then, the hypotheses were tested and all of them were accepted as postulated.

Table 1: Measurement Model Assessment Results

Construct	Factor loading range	Alpha	Composite reliability	AVE
Independent_self	0.766-0.853	0.798	0.820	0.589
Relational_self	0.855-0.884	0.862	0.880	0.598
Collective_self	0.752-0.842	0.786	0.842	0.614
UDM	0.788-0.862	0.887	0.898	0.612
Com_Orientation	0.758-0.852	0.763	0.814	0.569

Discussion and Implications

The research findings revealed that self-construal is a vital predictor of competitive orientation and then procedurally, of UDM. Higher levels of independent-self are associated with increased competitive orientation. However, higher levels of relational-self and collective-self are associated with decreased competitive orientation. Competitive orientation promotes UDM. The findings of the current study do not contradict with the literature, where competitive orientation and higher levels of independent self relates to unethical behaviour (Chen et al 2011; Cojuharenco et al 2011). But the literature does not take both constructs together in establishing the procedure how self-concept relates to UDM. Using these findings, organizations could focus on relationships and competition in the business setting. Thus, research findings contribute to the growing literature on the effects of relationality and uncover novel avenues (*how*) in UDM research.

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