Chapter 19

Experiments in Organizational Behavior

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I INTRODUCTION

Organizations are social systems that pursue their goals by coordinating people to engage in joint production. Organizations are characterized by division of labor and interdependent reward structures, which result in its members trying to accomplish their own, their group’s, and their organization’s goals while competing against other individuals, groups, and organizations. The intense interdependence of work and the resulting mixed motives for its members lead to problems that can negatively impact the productivity of individuals and, by extension, the groups and organizations in which they work. The ultimate goal of the scientific study of organizational behavior is to solve problems that arise from interdependent work (cf. Wagner & Hollenbeck, 1995). In so doing, organizational scholarship aims to generate insights that can help improve the effectiveness of work (e.g., by improving coordination in organizations) as well as the experience of people at work (e.g., by improving the well-being of individuals in organizations).

Examples of interdependence problems include coordination failures, lack of trust, free-riding, and unfairness. Organizational scholarship includes examination of both the role of individual (dispositional) characteristics and features of organizational contexts on these different problems. For example, a study of unfairness in organizations may consider individual differences in social comparison orientation (i.e., individual propensity to compare their inputs and outcomes with others) or the distribution of rewards within organizational subunits to make empirical claims about the relationship between unfairness perceptions
and important work outcomes such as cooperation. Traditionally, organizational behavior scholars have primarily relied on passive observational studies rather than experiments to study these problems. A review by Highhouse (2009) suggests that less than 5% of the studies published in flagship management journals included experiments.

This chapter discusses unethical behaviors as an example of an interdependence-based problem that has used experiments extensively and could therefore serve as an exemplar of what can be achieved by using experiments judiciously. Unethical behaviors refer to actions that violate moral, legal, or conventional agreements. Examples include bullying or harassing co-workers, taking credit for others’ work, or deceiving customers about the quality of products. The whole organization can also be a vehicle of systemic unethical behavior through more or less organized processes of workplace discrimination or exploitation. Victims of unethical behavior suffer psychologically, emotionally, physically, and economically (Aquino & Thau, 2009).

We review and discuss the study of unethical behaviors through experimental methods. The problem of unethical behavior does not define the entirety of problems relevant to organizational behavior research. However, presenting this particular problem in more detail allows us to discuss the role of the experimental method in achieving the goals of organizational behavior research in general. Our review considers the role of experiments in measurement validity and the generalizations of inferences that are common to the entire field of organizational behavior.

Traditionally, organizational behavior scholarship has primarily relied on passive observational studies, varying in the level of sophistication from cross-sectional to studies based on longitudinal data. Experiments have been rarely used (Austin, Scherbaum, & Mahlman, 2002; Dipboye, 1990; Fromkin & Streufert, 1976; Greenberg & Tomlinson, 2004; Highhouse, 2009; Podsakoff & Dalton, 1987; Weick, 1965). The underuse of experiments in organizational behavior is unjustified and unfortunate. Our review of the experimental study of unethical behavior in organizations suggests that important organizational problems are highly amenable to experimental study. Importantly, experimentation is the only method allowing for causal inferences and, thus, is currently the best available method to build strong and robust knowledge about causes of organizational behavior.

II UNETHICAL BEHAVIOR IN ORGANIZATIONS

Joint work, which involves the collective engagement of a number of people, is necessary for achieving organizational goals in many situations. Joint work requires norms, rules, and conventions that promote collective welfare because it gives rise to motivational conflicts between self, group, and organizational interests (Coleman, 1990; Ullmann-Margalit, 1977). However, not everyone
abides by moral and legal expectations; such violations are referred to as unethical behavior. Unethical behavior at the workplace has become a major field of inquiry in organizational behavior research due to its tremendous consequences for business (Kish-Gephart, Harrison, & Treviño, 2010). Consider the example of the negative implications for organizations of just one unethical workplace behavior, employee theft: the United States Chamber of Commerce suggests that employee theft leads to costs of as much as $40 billion annually (U.S. Chamber of Commerce, 2013), nearly 10 times the cost of all street crime combined, including burglaries and robberies (Federal Bureau of Investigation, 2011).

Research has identified various causes of unethical behavior in organizations. These causes can be broadly classified into individual characteristics, moral issues, and organizational contexts (De Cremer, Van Dick, Tenbrunsel, Pillutla, & Murnighan, 2011; Kish-Gephart et al., 2010; Pillutla, 2011; Treviño, 1986). Individual characteristics refer to dispositional factors that make individuals more or less likely to behave unethically. Moral issue characteristics concern the nature of the (im)moral act and how it might make people more or less likely to engage in the given act. Finally, organizational context characteristics concern situational factors specific to one’s organizational environment, such as explicit or implicit norms of (un)ethical behavior in the organization. We review here select experimental research that significantly advanced our understanding of each type of antecedent of unethical behavior at work, and in so doing we demonstrate why experiments are an appropriate method to investigate important organizational challenges.

First, unethical behavior is difficult to measure in a valid manner through traditional passive observational methods such as self-report measures due to the risks of socially desirable responding and self-deception (Berry, Carpenter, & Barratt, 2012; Lee, 1993). These processes can cause many individuals to underreport their true levels of unethical behaviors, leading to low variance in the variable of interest. This can make it relatively more difficult to detect relationships with important antecedent variables. Because they involve orchestrating and tightly controlling a situation, experiments allow for a reliable and valid way in which unethical behavior can be measured. Numerous experimental studies have used procedures whereby participants are given an opportunity to misrepresent their performance on a task (e.g., solving math problems or anagrams) for financial gain. Unbeknownst to participants, the experimenters design the task in a way that allows them to later compare participants’ actual and self-reported performance, thus objectively measuring unethical behavior (e.g., Gino & Pierce, 2009; Pitesa, Thau, & Pillutla, 2013; Zhong, Bohns, & Gino, 2010). For example, participants are asked to solve a number of anagrams (words in which the letters are scrambled) in an allotted time frame. They are then asked to report how many anagrams they solved. However, the participants do not know that the anagrams have no solution, and the number of anagrams solved can serve as a measure of cheating (Eisenberger & Shank, 1985; Wiltermuth, 2010).
Another example of the ease of measurement of unethical behavior in the experimental setting is deception (Kern & Chugh, 2009; Murnighan, Babcock, Thompson, & Pillutla, 1993; Schweitzer, DeChurch, & Gibson, 2005). For instance, Kern and Chugh asked MBA students to negotiate with another party in a situation in which they could improve their position through deceptive behaviors. The information exchanged during the negotiation can be easily recorded and coded for whether the person behaved ethically or unethically. Although not all participants engage in unethical behavior, such approaches to measuring unethical behavior in experiments often lead to sufficient variation between experimental groups. For this reason, experiments have been used to generate numerous insights about the characteristics of individuals, moral issues, and organizational contexts as drivers of unethical behavior.

The study of individual characteristics has traditionally been conducted primarily using passive observational methods using self-report measures. These self-report studies suffer from self-selection and measurement validity issues (Zuber & Kaptein, 2013). For instance, much research on individual characteristics driving unethical behavior has examined how different moral philosophies, such as relativistic or formalistic thinking, affect people’s tendency to behave unethically (e.g., Barnett, Bass, & Brown, 1994; Forsyth, 1985; Henle, Giacalone, & Jurkiewicz, 2005). This research is grounded in rationalist models of (un)ethical behavior and emphasizes deliberate analysis of moral issues and explicit formulation of evaluations of actions as guides for behavior (Haidt, 2008; Jones, 1991; Sonenshein, 2007). These studies took for granted that people’s views about moral matters affect their propensity to behave unethically. Yet, recent experimental research shows that the causality might flow in the opposite direction. Own behavior may in fact cause people’s judgments about the morality of a situation due to the tendency to justify one’s own actions (Batson, Kobrynowicz, Dinnerstein, Kampf, & Wilson, 1997; Batson, Thompson, Seuferling, Whitney, & Strongman, 1999; Valdesolo & DeSteno, 2007, 2008). People do not want to hold negative self-views (Sedikides & Strube, 1997), so they may judge cheating as less severe as a result of their own behavior and their desire to hold a positive self-view.

Because most dispositional traits can be readily activated in the laboratory (Mischel & Shoda, 1995; Tett & Guterman, 2000), experiments can solve the self-selection and reverse causality issue by manipulating individual characteristics and studying their impact on unethical behavior. Consider, for example, individual differences in the degree to which individuals espouse ethical values. This construct has been shown to affect the propensity to behave unethically and has been measured in various ways, with the most important one being individual differences in individuals’ moral identity (Aquino & Reed, 2002; Aquino, Reed, Thau, & Freeman, 2007). Moral identity refers to how central people define morality to their self-concept. The construct can be measured by traditional self-report methodology (Aquino & Reed, 2002), but it can also be readily manipulated. To manipulate people’s moral identity, Aquino,
Freeman, Reed, Lim, and Felps (2009) asked participants to list either the five largest cities in the United States (the control condition) or as many of the 10 Commandments as they could. Another manipulation involves a task in which participants are led to believe researchers are interested in the analysis of their handwriting. Participants are then asked to write down a list of moral or neutral words (Aquino et al., 2007). Thinking about the moral principles associated with the Commandments or handwritten words triggered morally relevant knowledge structures in memory, activating moral identity.

A different example of research that manipulated individual factors to explain a range of unethical behaviors relevant to organizations is work on individual power and unethical behavior (Kipnis, Castell, Gergen, & Mauch, 1976; Pitesa & Thau, 2013a, 2013b). Organizations solve problems of joint production through hierarchical arrangements, in which some people have more or less control over others’ outcomes (French & Raven, 1959; Lukes, 1986; Thibaut & Kelley, 1959). These differences in outcome control translate into individual differences in people’s perception of their own power. To examine experimentally whether this individual difference has a causal effect on people’s propensity for unethical actions, researchers in organizational behavior can make use of robust experimental methods developed in the social psychological study of power (Inesi, 2010; Malhotra & Gino, 2011; Schweinsberg, Ku, Wang, & Pillutla, 2012; Sivanathan, Pillutla, & Murnighan, 2008). The two main power manipulations are recall primes and structural manipulations. Both have been used successfully in studying unethical behaviors. Recall primes involve asking participants to recall an episode in which they had power over another person, another person had power over them, or a neutral life episode. Structural manipulations of power involve assigning people to roles in which they either control others’ outcomes or others control their outcomes. For example, participants can be given (not given) the opportunity to decide on additional rewards that other participants receive for a performed task (Kipnis et al., 1976; Pitesa & Thau, 2013a, 2013b).

We emphasize that the approach to studying the role of dispositional factors allows for strong causal inferences concerning the role of a given individual characteristic in people’s propensity to behave unethically. The linkage between people’s own unethical behavior and their inferences about their own dispositions is an important example demonstrating the indispensability of experimentation.

The second set of explanations for unethical behavior in organizations focuses on differences in moral issues. Much research in the area is guided by the classification of moral issue features proposed by Jones (1991), such as the magnitude of consequences (the extent to which one’s actions affect other people), concentration of the effect (i.e., whether the harm is entirely concentrated on one person or distributed across many people to a proportionally smaller degree), or social consensus (i.e., whether the behavior is unambiguously seen as unethical or whether there are contrasting views as to the appropriateness
of the act). Again, moral issue features are highly amenable to experimental manipulation. Prior research used scenario methodology to vary different aspects of moral issues (e.g., McMahon & Harvey, 2007; Morris & McDonald, 1995). This approach has the advantage of a high level of standardization across conditions and a tight control over the study procedure. However, research has also varied features of moral issues that participants faced in a real-world context. For instance, Pitesa et al. (2013) gave participants an opportunity to misrepresent their performance for financial gain and varied whether participants believed their actions would (vs. would not) affect specific other participants by manipulating the instructions of the task to suggest that overreporting of performance might harm (vs. would not harm) others (see also Pillutla & Chen, 1999). Therefore, features of moral issues can be manipulated effectively in different ways through experimentation. In addition, similar to the research on individual differences discussed previously, an additional benefit of using experimentation in this domain is that passive observational studies focusing on the role of moral issues are susceptible to the reverse causality problem. A passive observation of a correlation between people’s interpretation of moral issues and their (un)ethical behavior might be because the interpretation of the situation guides behavior, but it might also be that people rationalize their actions by altering their view of the situation.

Finally, with respect to organizational context characteristics, the majority of research has used passive observational methodology to examine how the work environment affects people’s propensity to behave (un)ethically (e.g., Treviño, Butterfield, & McCabe, 1998; Victor & Cullen, 1988; Wimbush, Shepard, & Markham, 1997). A variety of self-report scales exist that ask participants to report on their perceptions of the kind and strength of ethical values endorsed by their context. The studies pertaining to this stream of research are very informative because they allow comparability of, for example, ethical cultures across different types of organizations. At the same time, we believe it is both possible and necessary to supplement passive observational studies on the role of organizational context characteristics in unethical behavior with experimental studies. One compunction researchers might have in relation to using experimental methodology to study the effects of organizational contexts is that this factor might be difficult to reproduce in the laboratory in a manner that would lead to conclusions generalizable to actual organizations (Greenberg & Tomlinson, 2004; Griffin & Michele Kacmar, 1991; Ilgen, 1985; Scandura & Williams, 2000; Stone-Romero, 2002). However, as Highhouse (2009) noted, the goal of research is not to generate conclusions that generalize to organizations but, rather, across organizations. Research findings in organizational behavior that would be aimed at explaining behavior specific to the context of one particular organization would in fact arguably not be generalizable to organizations more generally. Instead, the goal of organizational scholarship is to generate insights that are generalizable across a range of possible organizational contexts. We believe that experiments allow for this kind of generalization inasmuch as they can
Experiments in Organizational Behavior  Chapter | 19  439

manipulate factors relevant to an “average” organizational context. The question then becomes whether a given study examines contextual factors that are general enough to speak to a feature common to all, or at least to a particular organizational form. Passive observational studies are typically embedded in the context of a single organization, domain, or activity. Because of this design feature, passive observations are by no means better suited to accomplish the important goal of generalization. Because experiments can distill organizational features to their fundamental and crucial elements common to many different organizations, they are particularly able to accomplish the goal of generating generalizable insights.

Several examples illustrate how the role of organizational context elements in unethical behavior at work can be tested using experimental methodology. Aquino and Becker (2005) manipulated organizational ethical climate, or “typical organizational practices and procedures that have ethical content” (Victor & Cullen, 1988, p. 101), by explicitly informing participants of others’ expectations in relation to their (un)ethical conduct (see also Pitesa & Thau, 2013a). This manipulation varies the essence of this organizational feature, social norms (Treviño et al., 1998; Victor & Cullen, 1988), and is therefore very generalizable across organizations. Similarly, Pitesa and Thau (2013b) examined the role of organizational accountability systems in employees’ unethical behavior. They varied whether people are held accountable for the procedure by which they arrived at a particular decision or for the outcome of their decisions. The manipulation consisted of explicitly informing participants of the way in which their behavior would be assessed, which is consistent with the way accountability expectations are communicated in the real world (Merchant & Van der Stede, 2007; Rynes, Gerhart, & Parks, 2005; Tetlock, 1985). At the same time, those manipulations are free from idiosyncratic characteristics of any particular organization, thus making generalization across various types of organizations using these accountability arrangements more (rather than less) likely.

Finally, another reason why experimentation is indispensable in studying the effects of organizational contexts is again the risk of reverse causality—a risk that we believe is high in the study of the interaction between individuals and their social contexts (cf. Giddens, 1984). Unethical social contexts can make people more unethical (Cialdini, Petrova, & Goldstein, 2004; Gino, Ayal, & Ariely, 2009; Narayanan, Ronson, & Pillutla, 2006; Pillutla & Thau, 2009), but it is also the case that individual actions shape organizational contexts (Pinto, Leana, & Pil, 2008). A sufficient number of “bad apples” can create an unethical organizational context (Pierce & Snyder, 2008; Pinto et al., 2008), whereas a few influential but ethical individuals can increase the ethicality of an organization (Brown, Treviño, & Harrison, 2005; Mayer, Aquino, Greenbaum, & Kuenzi, 2012; Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009). Passive observational studies can have difficulty detecting whether organizational contexts affect individuals or whether individuals affect organizational contexts.
Because experiments can systematically vary one of the two features while keeping everything else constant, they are the only means by which researchers can answer such important questions.

III CONCLUSION

Compared to passive observation, the use of the experimental method in organizational sciences is relatively limited (Austin et al., 2002; Dipboye, 1990; Fromkin & Streufert, 1976; Greenberg & Tomlinson, 2004; Highhouse, 2009; Podsakoff & Dalton, 1987; Weick, 1965). In this chapter, we provided arguments and reviewed evidence suggesting this situation is unjustified and unfortunate. Our review started from the notion that the ultimate goal of the scientific study of organizational behavior is to solve problems inherent to interdependent work. We believe that to accomplish these ambitious and important goals, organizational researchers should use the most effective methods at their disposal. We focused on one key challenge of interdependent work that organizational behavior scholarship aims to solve: unethical behavior. We reviewed how experiments have been used to advance the understanding of this challenge of interdependent work and to generate practical insights for managing it. Our review shows that many key causes of unethical behaviors are highly amenable to experimental investigation. To the extent that individual characteristics and organizational contexts are also considered key explanations in other problematic phenomena in organizations, we believe the same logic for experimentation applies to those phenomena.

The case for more experimentation in organizational behavior can also be made by a broader consideration of the philosophy of science underpinning our field. As in any other positivistic science, explanations in organizational behavior research consist of causal statements and their respective boundary conditions (Hempel & Oppenheim, 1948). The empirical tests of organizational behavior explanations should therefore allow for causal inferences. An experiment with random assignment is the only methodology that makes such inferences possible. Many articles in organizational behavior using passive observational methodology discuss their inability to draw causal inferences as one of their main empirical study limitations (Scandura & Williams, 2000). Why then not use experiments to test theories in the first place? Passive observational studies, regardless of their sophistication in design or data-analytical technique, do not allow for causal inferences. All of the sophistication in design and data analysis in passive observational studies in organizational behavior (e.g., the inclusion of control variables, multiwave designs, and longitudinal designs) is brought about to approximate the causal inferences that experiments with random assignment allow for. Unless organizational behavior researchers collectively subscribe to another philosophy of science in which explanations come absent of causal statements, or they devise a methodology that allows for causal inference in the absence of random assignment to conditions and a systematic
manipulation of presumed causes, we do not see an alternative to a greater use of experiments in organizational behavior.

Another argument for an increased use of experiments is that the organizational literature heavily emphasizes the development of new theories (cf. Hambrick, 2007)). Unlike some other domains of science in which a small number of theoretical paradigms guide most research in the field, organizational behavior research is characterized by a continued proliferation of theories. Top journals in the field openly require development of new theories for papers to be considered for publication (Hambrick, 2007; Kozlowski, 2009). Regardless of the fact that this perspective causes incentives to produce noncommensurable facts (Pillutla & Thau, 2013), the primary requirement of the tests of new theories is to provide internally consistent tests, or tests that provide conclusive evidence of causal relationships (Mook, 1983; Shadish, Cook, & Campbell, 2002). Experiments are the only approach that allows for such tests. Therefore, the insistence on new theory building in the organizational literature would suggest that much, if not most, empirical work in this domain should rely on experimentation to provide internally valid tests of the many new theories. However, as we described previously, ironically the situation is exactly the opposite: although papers are required to build new theories, the norm in the field is that most papers provide empirical tests using nonexperimental methods. If the field of organizational scholarship is serious about theory building and refinement, a drastically greater use of experimentation needs to be embraced.

One common concern about the use of experiments in organizational behavior research is that experiments most often rely on samples that are not representative for people working in organizations (Highhouse, 2009). Traditionally, most experiments have been conducted on undergraduate samples that might have no or limited work experience. It might seem inappropriate to test theories about work behavior on subjects who have no real exposure to work. We agree with the view that in certain cases, studying work-relevant phenomena might render the use of the usual subjects—undergraduate students—inappropriate. But we argue that this fact does not preclude the use of experiments for two reasons. First, many theories about how people behave at work concern more general psychological and social processes. Few of these theories make explicit assumptions about specific work contexts or experiences. It is illogical that theories making no such assumptions require empirical tests that do. For instance, research on trust, which is arguably particularly relevant to organizations (Bhattacharya, Devinney, & Pillutla, 1998; Kramer, 1999) and is heavily represented in the field of organizational behavior (Colquitt, Scott, & LePine, 2007; Derfler-Rozin, Pillutla, & Thau, 2010; Pillutla, Malhotra, & Murnighan, 2003), concerns primarily processes that readily occur in the absence of specific work contexts (e.g., perceived benevolence as a cause of trust; see Deutsch, 1960). Second, even in cases in which theories cannot be meaningfully tested using a sample that does not possess a specific work-related characteristic (e.g., experience in a certain industry) or is currently in a specific work situation (e.g., employees within an organization undergoing a major organizational change), we argue that the solution
is not to settle for (only) passive observational studies. In such cases, researchers should simply strive to conduct experiments in the field.

In emphasizing the importance of experiments throughout this chapter, we do not wish to imply that passive observational research is unimportant or should be abandoned altogether. Experiments provide internally valid tests of theories and in that way demonstrate that a certain phenomenon can occur, not that it does actually occur in the real world (Mook, 1983). In psychological science, this is often sufficient because it uncovers truths about the functioning of the human mind. In organizational behavior research, it is often not sufficient. Much organizational behavior research seeks to explain phenomena that do exist, such as the occurrence of more or less unethical behavior within and across organizations as a function of specific individual or contextual factors. In such cases, we advocate a mixed methods approach that includes both experimentation (allowing for an internally consistent test of the theory) and passive observation (allowing for evidence that the phenomenon of interest behaves according to the predictions of the theory in the real world).

The distinction between documenting phenomena that do exist and investigating whether and when phenomena can exist also reveals an additional advantage of using experiments in organizational behavior research. By allowing researchers to investigate what behaviors can result as a function of experimental manipulations, experimental methods can provide a way to design, modify, or change characteristics of organizations with the goal of bringing about more desirable outcomes. For instance, experiments can be used to investigate whether a specific intervention in employee training or modifications of organizational features makes employees more productive or more satisfied with their work. By merely documenting the current state of affairs through passive observational studies, it is impossible to generate this kind of useful information about the effectiveness of interventions.

In conclusion, we urge organizational scholars, particularly those testing new theories and those investigating the effectiveness of new organizational policies, to supplement their use of passive observational methods with experiments, whether in the field or the lab. This approach offers the only internally valid evidence from which researchers can draw their conclusions. A transition to this more balanced and more methodologically robust approach to organizational research is necessary if organizational science is to move closer to its ultimate goal of solving problems inherent to interdependent work and improving the effectiveness and experience of people at work.

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