

Driven by the Individual or the Group?

Lay Theories of Agency and Workplace Ethical Judgments and Choices

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## ABSTRACT

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How do employees judge a leader who bribes foreign government officials for the market entry of the company's products? What makes employees give biased treatment in favor of their friends at work? In my dissertation, I suggest that employees' lay theories of agency influence their ethical judgments and choices. Lay theories of agency are general preconceptions about intentionality, capacity, and autonomy of individuals and groups.

Chapter 1 reviews research on lay theories, defines lay theories of agency, and distinguishes them from related constructs.

Chapter 2 develops the thesis about how employees' lay theories of agency inform their judgments of leaders' commitment of bribery. Study 1 found that Chinese working adults were more lenient than Americans when asked to imagine that their actual work supervisor had committed bribery and this was because of the stronger Chinese preconception of group agency. Effects of group agency primacy held even after controlling for alternative accounts such as organizational identification, power distance, paternalistic leadership, and personal relationship with the supervisor. Study 2 found that when group (versus individual) agency was experimentally primed, participants became more lenient toward a leader who commits bribery.

Chapter 3 develops the thesis on how lay theories of agency influence employees' own unethical decisions, namely, their favoritism towards friends at work. Studies 3 and 4 found that Chinese employees were more likely to show favoritism at work than Americans, and again this

was mediated by their greater emphasis on group agency. Study 5 found greater favoritism both in and outside the workplace when group (versus individual) agency was experimentally primed.

In each of the theses I discuss the implications to specific literatures and relevant management practices. I also propose several future research directions that could potentially address the limitations of current studies.

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## CHAPTER 1

### LAY THEORIES OF AGENCY

#### Introduction

Unethical behavior in the workplace is consequential not only for employees but also for other stakeholders in the society (Leavitt, Reynolds, Barnes, Schlipzand, & Hannah, 2012).

Researchers and practitioners seek ways to curb unethical behavior and promote ethical conduct. Critical to effective intervention is an understanding of the psychological processes that lead employees to condone unethical behavior by leaders and engage in unethical behavior themselves (Tenbrunsel & Smith-Crowe, 2008). For instance, why are some employees lenient toward a leader who bribes an auditor or a reporter? Why do some employees engage in favoritism toward their friends and associates when making decisions?

Lay people, like scientists, base their judgments and choices on theories. These theories have been called folk theories, implicit beliefs, assumptions, meaning systems, templates, and knowledge structures, just to name a few (Dweck, Chiu, & Hong, 1995a, 1995b; Heider, 1958; Hong, Levy, & Chiu, 2001; Kelly, 1955; Kruglanski, 1990). Lay theories of agency refer to the beliefs about the intentionality and autonomy of individuals and groups (Menon, Morris, Chiu, & Hong, 1999; Morris, Menon, & Ames, 2001). Individual agency denotes that persons act purposively and overcome contextual constraints to reach outcomes. Group agency denotes that groups are also purposive actors, overcome contextual constraints, and produce outcomes. Empirical evidence has indicated that lay theories of agency explain individual and cultural variations in causal attributions, responsibility assignment, and blaming and awarding in a broad array of social occasions (e.g., Friedman, Liu, Chen, & Chi, 2007; Menon et al., 1999; Tetlock, Self, & Singh, 2010).



Given that most ethical decision situations in the workplace involve not only individual actors but also collectives, lay theories of agency affect how the situations are construed. Presumably, lay theories of agency may tell us whether organizational members see an individual's behavior as more driven by the individual's intention and capacity to do so or by the intention and power of the relevant group he or she is embedded in (e.g., the peer group, executive team, division, organization, other social groups). It is possible that group agency theorists tend to see the individual wrongdoer, be it themselves or another person, as a less autonomous and intentional actor whose acts are more driven by the group, and thus they tend to be lenient toward the wrongdoer, holding him or her less responsible and culpable. However, individual agency theorists possibly see the wrongdoer as a more autonomous and intentional actor who has the capacity to control his or her own choices despite external constraints, and thus they tend to be harsh toward the wrongdoer, assigning more responsibility and blame.

To investigate the role of lay theories of agency in ethical judgments and decisions, this dissertation develops two theses concerning employees' reactions to leaders' transgressions (i.e., bribery) and employees' own transgressions (i.e., showing favoritism toward friends at work). Drawing on the tradition of social psychological research on lay theories, I propose that employees' ethical judgments and choices are shaped by their preconceptions about individual versus group agency, which differ across cultures as chronic beliefs and which also can be primed situationally. This research extends theory in several academic literatures and contributes practical insights about managing ethical behavior.

## **Objectives**

This research is designed to make several theoretical contributions. First, past research has predominantly looked at individual agency and group agency conceptions as separate

phenomena. Researchers focus either solely on individual agency perception such as trait versus behavioral inference (Chiu, Hong, & Dweck, 1997) and dispositional versus situational attribution (Hong, Chiu, Dweck, Lin, & Wan, 1999; Morris & Peng, 1994), or solely on group agency perception such as causality inference (Kashima et al., 2005) and stereotyping (Spencer-Rodgers, Williams, Hamilton, Peng, & Wang, 2007). In business ethics literature, wrongdoings by individuals and by organizations are also foci of different research literatures.

However, ethical judgments and choices in many organizational situations involve not only an individual or collectivity, but rather both entities, often with the individual embedded within a collectivity (e.g., Chao, Zhang, & Chiu, 2008; Zemba, Young, & Morris, 2006). The ambiguity of many organizational ethical situations makes them open to interpretations at the individual level and organizational/group level. Hence, the current research on beliefs in the relative agency of individuals versus groups may help better explain ethical judgments in situations where the individual wrongdoer is embedded in social groups.

Second, although wrongdoings by leaders have attracted a lot of scholarship (e.g., ethical leadership, abusive leadership), research has focused on employees who have been harmed—their resultant feelings about their job (e.g., job satisfaction, turnover intentions) and behaviors (e.g., citizenship, deviance; see Brown & Mitchell, 2010; Brown & Treviño, 2006; Treviño, den Nieuwenboer, & Kish-Gephart, 2014). Little is known about how employees evaluate leader transgressions (e.g., bribing the auditor for fraud report) that do not harm them. Some leader transgressions even potentially benefit the organization and thereby indirectly benefit each employee. Examining responses to these sorts of transgressions helps us understand how employees respond to the transgression per se rather than to being harmed.

Third, research on ingroup bias has been primarily based on social identity theory (Tajfel,

1978; Tajfel & Turner, 1986). Individuals favor ingroups to enhance the self (e.g., Rubin & Hewstone, 1998; Seta & Seta, 1996), the group (e.g., Chen, Brockner, & Chen, 2002; Chen, Brockner, & Katz, 1998), or the significant other (Miller, 1998; Rokeach, 1960). An alternative, but less studied, account is that people express ingroup bias because they feel the normative force to help the ingroup member (e.g., Hertel & Kerr, 2001; Yamagishi, Jin, & Kiyonari, 1999). Accordingly, the driving force of ingroup bias may be pressures from others rather than internal desire. This suggests that the role of lay theories of agency will add to our knowledge about the mechanisms of ingroup bias.

The current research will also reveal practical insights. It has been demonstrated that lay theories usually form through socialization as a relatively stable trait (Dweck, 2011; Morris et al., 2001). Therefore, managers can use organizational socialization (e.g., climate, culture, communication, leadership) to foster certain agency beliefs to promote ethics. It has also been found in experimental studies that the temporary salience of a particular lay theory can be effectively primed (Chiu et al., 1997; No et al., 2008). Therefore, managers can also strategically make salient certain agency conceptions to promote ethics.

In this dissertation, I will first review research on lay theories, define lay theories of agency, and discuss their distinctions from relevant constructs (Chapter 1). Then I will introduce two theses on the effects of employees' agency theories: employees' judgment of leaders who commit bribery (Chapter 2), and employees' favoritism toward friends at work (Chapter 3). For each thesis, I will review relevant literatures, develop hypotheses, present studies and findings, and discuss the implications and future research directions.

## **Lay Theories of Agency**

### **Lay Theories**

Lay theories refer to implicit conceptions that structure people's beliefs and inferences. Piaget (1960) described cognitive development as akin to reasoning from theory and observation, and subsequent developmentalists have produced stronger evidence for this so-called "theory theory" of development (Gopnik & Meltzoff, 1997). The scientist metaphor was adopted in Heider's (1958) theory of interpersonal perception and interaction. Observations of other people's behaviors are filtered through preconceptions just as scientists interpret evidence in the context of a theory (see Jones & Thibaut, 1958). However, unlike scientific theories, lay theories are less explicitly formulated and tested (see Levy, Chiu & Hong, 2006, for detailed similarities and differences between scientific and lay theories). Though lay people are somewhat able to express their preconceptions about the general causes of social outcomes when queried, they are generally not aware of how these preconceptions function in their judgments and choices.

Researchers have examined lay theories in various content domains and their impacts on a broad range of social judgments and reactions. For instance, Dweck and colleagues examined lay theories about personal traits such as personality, intelligence, and moral character. They found that compared to people who believe in the malleability of traits, people who believe in fixed traits are more likely to exhibit dispositionism—inferring traits from behaviors (Chiu, Dweck, Tong, & Fu, 1997; Chiu et al., 1997; Dweck et al., 1995a; Dweck, Hong, & Chiu, 1993). Hong, Levy, and other colleagues examined lay theories about social groups such as gender, racial, and occupational categories. They found that compared to people who believe that social groups are socially constructed, people who believe that social groups reflect deep-seated essence show greater stereotyping and prejudice toward the outgroup and less identification and assimilation toward the host culture (Chao, Chen, Roisman, & Hong, 2007; Chao, Hong, & Chiu, 2013; Hong et al., 2004; Levy et al., 2006; Levy, West, Ramirez, & Karafantis, 2006; No et al.,

2008).

Lay theories serve important psychological functions. As suggested by the various labels in the literature such as templates (Kelly, 1955), schemata (Heider, 1958; Ross, 1989), knowledge structures (e.g., Dweck et al., 1995a, 1995b), meaning systems (e.g. Chiu et al., 1997; Dweck & Leggett, 1988; McGarty, Yzerbyt, & Spears, 2002), explanatory frameworks (Hong et al., 2004), and mindsets (Burnette, O'Boyle, VanEpps, Pollack, & Finkel, 2013), lay theories provide sense of meaning, simplify social reality, reduce epistemic uncertainty, and justify judgments and choices (see Lev et al., 2006, for discussion of functions of lay theories).

### **Individual, Group, and Agency**

Lay theories of *agency* are conceptions about the origin of outcomes—who is the prime mover? But what kinds of things in the world possess agency? Before formally defining lay theories of agency, let me first address these issues by briefly reviewing past research on individual perception and group perception, individualism and collectivism, and individual agency and group agency.

#### *Individual Perception and Group Perception*

In the long tradition and rich literature of social perception, individuals are the primary perceptual unit. Perceivers assume “unity, consistency, and essence in personalities of individuals” (Hamilton & Sherman, 1996). This fundamental assumption explains social perceptions such as impression formation and attribution. As revealed by the influential research on the correspondence bias (Jones & Davis, 1965; Gilbert & Malone, 1995), the fundamental attribution error (Ross, 1977), and the spontaneousness of trait inference (Winter & Uleman, 1984), lay perceivers are inclined to make dispositional inferences, grounding their impression on and attributing individual behaviors to personalities, attitudes, motives, and other

dispositional traits.

Compared with research on the prominence of individuals in social perception, research on group perception is sparser and less unified. It was once regarded that psychology of groups is essentially psychology of individuals (e.g., Allport, 1924, p. 4). Nonetheless, the literature on stereotyping (e.g., Fiske, 1998; Hamilton, 1981; Schneider, 2004) suggests that social groups—categories of people defined by gender, age, race, nationality, occupation, political orientation, and other characteristics—are also targets of perception, and that lay people also form impressions and make inferences about groups. Instead of being merely collections of people, groups are perceived to have general traits and abstract properties. Research on categorization and social identity (Tajfel, 1978; Tajfel & Turner, 1979; Brewer, 1991; Hogg, 2000) further suggests that groups are meaningful concepts in lay people's perception.

Unfortunately, the individual perception and group perception literatures have been relatively isolated from each other (Hamilton & Sherman, 1996). The field lacks systematic knowledge about the similarities and differences in individual and group perceptions. Even less is known about how perceivers account for an outcome when both the individual and the group are involved. From an evolutionary perspective, Campbell (1958) argued that groups are less real entities than individuals, because “it is evolutionally adaptive to perceive objects of the size of a human individual or thereabouts as real entities” (Kashima et al., 2005). In reviewing research on individual and group perceptions (conducted mostly in Western cultures), Hamilton and Sherman (1996) proposed that although perceivers also assume unity and coherence in social groups, but to a much lower degree compared to their assumptions about individuals; perceivers are less likely to make dispositional inferences for groups and the process is less spontaneous (Susskind & Hamilton, 1994). In social identity theories, social groups function to serve the

identity need for individuality and the enhancement of self-image.

The universality of this primacy of individuals over groups, however, has been challenged by the expanding culture research on individualism and collectivism (e.g., Hofstede, 1984; Markus & Kitayama, 1991; Triandis, 1995). The psychological significance of individuals is found a phenomenon more common in individualistic societies (e.g., European American) than in collectivistic societies (e.g., East Asian).

### *Individualism and Collectivism*

Although there is an ongoing debate on the definitions and measurements of these constructs (Fisher et al., 2009; Oyserman, Coon, & Kemmelmeier, 2002; Oyserman & Lee, 2008; Schwartz, 1990), individualism and collectivism have been found to be useful and reliable constructs characterizing several fundamental differences between people from different societies (Oyserman et al., 2002; Triandis 1995, 2001). First, individualistic people define themselves as being independent and autonomous, and uniqueness is the core of their identity; collectivist people define themselves in terms of interdependence with others, and memberships are central to their identity. Second, individualistic people treat relationships and memberships more as the means to achieve personal goals and follow the principle of rational exchange (i.e., cost-benefit tradeoffs); collectivistic people value relationships and memberships as ends by themselves and follow the principle of socio-emotional exchange or even generosity. Third, individualistic people prioritize personal goals and seek life meaning from personal achievement and satisfaction; collectivist people prioritize shared goals and seek life meaning from group success and role obligation fulfillment. Last but not the least, individualistic people behave in accordance with personal attitudes and needs; collectivistic people behave in accordance with group norms and needs.

These distinctions between individualism and collectivism suggest that, though both individual and group are meaningful concepts in both types of societies, their relative significance or importance vary. In individualistic societies, individuals are the fundamental units of perception, meanings are organized around individuals, and groups are secondary to individuals. In contrast, in collectivist societies, groups are the fundamental units of perception, meaning construction is always around relationships and memberships, and groups are critical to individuals.

### *Individual Agency and Group Agency*

An implication of the individualism/collectivism distinction is different preconceptions of agency carried by individuals and by groups. When making sense of events and choosing courses of actions, people in individualistic societies may see individuals as the origins of actions, whereas people in collectivist societies may see groups as the primary force. But what makes people to think a particular entity to be a “force” or an “agent”? Below I will discuss three elements key to agency perception: intentionality, capacity, and autonomy.

*Intentionality.* For a social being to be agentic, it first needs to have a “mind”—mental states or cognitive states. In discussing the folk model of mind, D’Andrade (1987) proposed that attribution of mind implies perception of internal states such as beliefs (e.g., expect, assume, reason), desires (e.g., want, like, hope), and intentions (e.g., aim, plan, decide). Bratman (1991) suggested that internal states such as intents, beliefs, and desires are preconditions for an actor’s agency. Mind or intentionality is always imputed and it can be imputed to objects without a brain such as a computer or an institution, corporation, and group. For instance, an organization could be imputed to have intentionality as it is a cognitive system with memory and it has goals, missions, and strategies. As put by Hamilton (2007), for a group to be seen as a real entity or to



have agency, “it must also be motivated, it must have clear motives and goals, and it must have intentions (a will) to act in accordance with ... goals” (Hamilton, 2007).

*Capacity.* An agentic social being also has the capacity to achieve its goals. It is able to carry out actions, exert influences on other parties in the environment, and manage the goal attainment. In his theory of efficacy, Bandura (1982, 1992) argued that human agency is all about efficacy—the operative capabilities to regulate events and produce outcomes to serve purposes. In extending self-efficacy to collective-efficacy, Bandura (2000) further argued that human agency also comes from collective agency—the group’s power to achieve common goals and the synergetic capability to act on shared beliefs. Consistent with this view, researchers on group agency also regard capability as a defining feature of agency (e.g., Abelson, Dasgupta, Park, & Banaji, 1998; Brewer, Hong, & Li, 2004; Kashima, 2004; Kashima et al., 2005). As summarized by Hamilton (2007), “The perception of group agency means that the group is perceived as being able to enact goal-directed behavior, to influence outcomes, and to influence other groups and individuals, all of which relate to the group’s ability to increase the value of its outcomes.”

*Autonomy.* To be agentic, the social being needs not only intentions and the capacity to act on intentions but also autonomy—the independence from control. According to Kant (1786/1949), autonomy is the power of an agent to overcome external constraints in exerting internal wills. In their theory of self-esteem, Deci and Ryan (1995) proposed that being truly agentic implies autonomy. In criticizing Bandura’s efficacy-based view of human agency, they argued that people could be “self-efficacious pawns” (deCharms, 1968), being competent to achieve desired outcomes but being controlled by the outcomes. Although researchers generally regard “can” (capacity) and “try” (intentionality/motivation) as the driving forces of individual

actions according to Heider's (1958) theory, Morris et al. (2001) pointed out that an often neglected force in Heider's theory is the environmental force that constrain personal force and that action is the outcome of interaction between personal forces and environmental forces. Accordingly, to the extent an actor is agentic, it also has the autonomy or freedom from contextual constraints. Hence, like individuals, groups perceived to be agentic are also autonomous and capable of overcome constrains exerted by other forces.

In summary, intentionality, capacity, and autonomy are keys to both individual and group agency perceptions. Intentionality and capacity characterize the internal features of the agent, and autonomy characterizes the agent's relationship with the external environment (Morris et al., 2001).

### **Lay Theories of Agency**

#### *Definition*

According to Morris et al. (2001), lay theories of agency can be broadly defined as "conceptions of kinds of actors, notions of what kinds of entities act intentionally and autonomously." Agentic actors are not limited to individuals and groups but could also be supernatural entities. For instance, those who believe in God attribute all things as the God's making (Boyer, 2001). Young children attribute agency to imaginary entities such as Santa (Woolley, 2000) or an imaginary friend (Taylor, 1999). Even computer can be believed to have agency when people compete against it in a game (Dijksterhuis, Preston, Wegner, & Aarts, 2008).

As the current research is interested in judgments and choices in social, in particular organizational, situations, I choose to focus on lay theories of individual agency and group agency. Based on the above discussion, I define lay theories of agency as lay people's implicit

assumptions or conceptions about the intentionality, capacity, and autonomy of individuals and groups. Throughout the dissertation I use “lay theories of agency” and “agency conceptions” interchangeably.

Individual agency theorists believe that individuals act on their own intents, desires, and goals, they have power to influence their personal outcomes and other social outcomes, and they are capable of overcoming environmental constraints. Group agency theorists believe that groups also have intents, desires, and goals, they have power to influence the outcomes of individuals, the collective, and other social events, and they are capable of overcoming environmental constraints. When interpreting social happenings, individual agency theorists tend to see individuals as the driving force, as the origin of thoughts, as the initiator of activities, and as the cause of outcomes, whereas group agency theories tend to see groups as the agents of the same social happenings (Hernandez & Iyengar, 2001; Morris et al., 2001). These implicit theories set up different frameworks to construe social realities, encoding and decoding based on individuals or groups.

#### *Group (versus Individual) Agency Primacy*

It is important to note that both individual agency theorists and group agency theorists acknowledge the coexistence of individual and group source of actions. It is unlikely that individual agency theorists do not acknowledge any influence of groups and group agency theorists deny any individual intentionality and capability to effect outcomes. The key is that the accessibility of the two schemas differs for them, which leads to different habitual inclinations to pick up a particular agent for social construal. Even in cases where both agents are present in their cognition, individual and group agency theorists differ in the relative weights they assign to the will and power of individuals versus groups. Furthermore, a person may hold opposite

agency beliefs with regard to different domains of social perceptions. For instance, a person may believe in stronger individual agency than group agency about personality formation but believe in the opposite about career achievement.

That being said, the general primacy of either group agency or individual agency over the other could be chronically salient for a person. The more prominent agent is more likely to come to mind and guide social perceptions across most situations. In the terms of social cognition theory (Higgins, 1996), both agency theories may be cognitively available to the person, but their chronic accessibilities differ. A particular lay theory becomes chronically accessible as a result of frequent uses in one's daily life (Higgins, 1996) and serves as an automatic "scanning pattern which a person continually projects upon his world" (Kelly, 1955, p. 145). Therefore, to emphasize the effect of relative salience of individual versus group agency, in this research I define *group agency primacy* as the prominence of group agency than individual agency in one's lay theories. People who have a stronger belief in group agency than individual agency (referred to as group agency theorists hereafter) would score higher on group agency primacy than people who have a stronger belief in individual agency than group agency (referred to as individual agency theorists hereafter).

Past research on knowledge activation has found that, even for a person with high chronic accessibility of a construct, the opposite construct can be made temporarily more accessible through priming and guide subsequent judgments and behaviors (see Bodenhausen & Wyer, 1987; Higgins, 1996; Schwarz, Bless, Wänke, & Winkielman, 2003; Wyer & Srull, 1989; for reviews). Research on lay theories has also shown that a particular theory can be primed regardless of its chronic accessibility as long as it is stored in one's knowledge (e.g., Chiu et al., 1997; No et al., 2008; Coleman & Hong, 2008; Hong et al., 2004). Accordingly, I assume that

the relative primacy of individual versus group agency can also be made temporarily salient and influence subsequent judgments and behaviors.

Being either a chronic individual difference or a temporary state, agency primacy tends to influence interpretations of events and behavioral choices. When the event or the decision situation is ambiguous and involves both individuals and groups, individual agency theorists and those primed with individual agency primacy are inclined to see individuals as the stronger driving force than groups, make inferences and attributions more based on individuals than groups, and behave more on individual wills than group norms. In contrast, group agency theorists and those primed with group agency primacy are inclined to show the opposite judgments and choices.

#### *Cross-Cultural Differences in Lay Theories of Agency*

As mentioned above, the chronic accessibility of a particular lay theory of agency tends to form in a social environment in which the theory is more frequently primed and used. Cross-cultural research finds that individual agency theory is more prominent in Western societies and group agency theory is more prominent in Asian societies.

Morris and his colleagues (Morris et al., 2001) elaborated on how lay theories of agency are embodied in public forms of cultures and chronically primed by these public forms as well. First, texts, be it written or spoken, classic or contemporary, formal or informal, carry lay theories of agency in the culture. For instance, the Judeo-Christian writings are more about individuality whereas Confucius writings are more about group agency over individuals (Munro, 1985). Second, institutions, formal (e.g., laws, educational institutions, family and economic structures) or informal (e.g., rules, norms, network structure), not only carry agency conceptions but also enforce individual or group agency through legal punishment and social sanctioning. For

instance, American education emphasizes self-expression whereas Chinese education emphasizes obedience (Biggs, 1996). Exposure to the texts and institutions carrying conceptions of agency then repeatedly activates the relevant agency knowledge and increases the chronic accessibility of the implicit beliefs about agency.

Lay theories of agency are also carried by personal minds (Morris et al., 2001). Cross-cultural research has accumulated evidence on Western-Asian differences in lay beliefs of individual agency, group agency, and their relative primacy. Most evidence comes from research on attributions. Some evidence comes from direct measurement of the beliefs *per se*.

*Attribution.* With regard to individual agency, Morris and Peng (1994) found that for the same social event Americans made more dispositional attributions whereas Chinese made more situational attributions. Kashima, Siegal, Tanaka, and Kashima (1992) found that Japanese were less likely than Australians to endorse statements on the consistency between individual behaviors and attitudes.

Extending this line of research, Chiu, Morris, Hong, & Menon (2000, study 2) and Menon et al. (1999, study 3) examined dispositional attribution when the actor is unambiguously an individual and when the actor is unambiguously a group. They found that dispositionalism occurred not only among Americans but also Chinese, but Americans made more dispositional attributions than situational attributions only for individual actors whereas Chinese did so only for group actors. For instance, when being asked to make causal attribution for the same wrongdoing conducted by an individual actor (e.g., a middle-level employee, a fireman, a bull) versus by a collective actor (e.g., a group of employees, a fireman team, a herd), Americans' attribution was more dispositional (e.g., irresponsible, lack of courage, aggressive) for individuals than for groups whereas Chinese attribution was more dispositional for groups than

for individuals (Menon et al., 1999, study 3).

Going beyond this parallel comparison, researchers examined the relative weights people in different cultures assign to individual versus group actors in ambiguous situations. A situation is ambiguous when it is open to at least two alternative interpretations (Higgins, 1996). When a situation involves actors at both the individual level and group level, the most accessible concept or implicit theory tends to frame the interpretation. Consistent with this proposition, studies across a wide range of social outcomes have shown that North Americans assign more weights to individual actors than group actors whereas East Asians assign more weights to group actors than individual actors (e.g., Chiu et al., 2000, pilot and study 1; Menon et al., 1999, studies 1 & 2).

These findings suggest that the same social reality could be perceived very differently, depending on the perceiver's lay theory of agency. In the eyes of individual agency theorists such as Americans, the wills and actions of individuals are stronger than those of groups and are the primary causes of most social events. However, in the eyes of group agency theorists such as Chinese, the wills and actions of social groups are more powerful than those of individuals and are the driving forces of many social outcomes. In other words, individual agency theorists emphasize individual agency primacy and group agency theorists emphasize group agency primacy. Lay theory of agency is like the lens through which people view and interpret the world around them.

*Endorsement of Beliefs.* Most research on lay theories of agency uses attribution as the measure possibly because the salience of a construct is better captured by the extent to which the construct draws and holds attention relative to competing constructs (McArthur, 1981; Taylor & Fiske, 1978). However, as suggested by the rich literature on lay theories in many other domains, lay theories can be measured as self-reported endorsement of certain beliefs (e.g., Chiu et al.,

1997; Chiu et al., 1997; Dweck et al., 1995a; Dweck et al., 1993). What is “implicit” about the lay theories is the functioning of the theories rather than the potential for people to explicitly articulate them when being asked. Therefore attribution could be a proxy of lay theories of agency but could also be one of the cognitive outcomes of lay theories.

Cross-cultural differences in endorsement of the lay theories have been shown in a couple of studies. Menon et al. (1999, pilot study) asked participants to indicate their agreement with three statements about individual autonomy from situations and exactly the same three statements about group autonomy from situations (e.g., “In my society, individuals <organizations> take control of the situations around them and exercise free will”). They found that Americans showed more endorsement of individual agency statements than the parallel statements on group agency whereas Singaporean Chinese showed the opposite pattern of endorsement. In another study, Menon et al. (1999, Study 3) asked participants to indicate their agreement with statements on the tensions between individuals and social collectives (e.g., “A coherent group has a will that is stronger than any individual person,” “Society is most healthy and moral if each individual follows his or her internal will”). They found that Americans were more likely to endorse statements supporting individual autonomy and reject statements supporting the limitation of individual autonomy whereas Hong Kong Chinese showed the opposite pattern with regard to collective autonomy. However, none of the studies examined the association between the general beliefs and specific attributions or other judgments.

In summary, the primacy of individual agency and group agency vary across cultures. They are manifested in public and private forms of carriers and reinforced by those carries. Lay theories of agency filter social information, focus attention on the salient agent, and guide sense making of social outcomes.



### *Distinction from Values*

As suggested in past research and the above discussion, individual agency theory tends to develop in individualistic cultures and group agency theory tends to develop in collectivistic cultures. Here individualism and collectivism refer to the country-level characteristics of societies. However, in most empirical studies on the psychological consequences of individualism/collectivism, these constructs are conceptualized and measured at the individual level, encompassing a wide range of values, attitudes, and behaviors (Oyserman et al., 2002). Then the question is what are the differences between individual-level individualism/collectivism and individual/group agency conceptions? Whether lay theories of agency provide the same or additional explanations of cognitions and behaviors to individualism/collectivism?

I argue that, at the conceptual level, lay theories of agency are an aspect of individualism and collectivism as cultural syndromes or systems, reflecting the focus on individuals versus collectives in general. At the empirical level, however, lay theories of agency differ from the attitudes and values measured by individualism/collectivism scales.

In their comprehensive review of measurement instruments of individualism/collectivism, Oyserman et al. (2002) found that using scales to rate values and attitudes is the most commonly used method. However, the scales in use are quite distinct in terms of the arbitrariness of item selection and customization for specific research purposes and in terms of the diversity of aspects of the constructs addressed. In 27 available individualism/collectivism scales, the authors identified seven content domains assessed in individualism scales and eight content domains assessed in collectivism domains. The individualism scale items generally assess valuing of personal independence, striving for personal achievement, personal competition and winning, personal uniqueness, privacy, self-

knowledge, and direct communication of wants and needs. The collectivism scale items generally assess seeing others as an integral part of the self, desire for and enjoyment of belongingness, willingness to fulfill duty and sacrifice, concern for group harmony, advice and help seeking, adjustment to contexts, respecting hierarchy and authority, and preferring working in groups.

These content domains of individualism/collectivism are primarily about personal values, preferences, engagements, desired way of working and living, and internalization of commitments (Fischer et al., 2009; Fischer & Schwartz, 2011; Schwartz, 2006). Simply put, individualism/collectivism is about what people value and willing to act on. However, lay theories of agency, as defined previously, are about people's cognitive construal of social reality and knowledge framework organizing meanings. They are not necessarily what people value and internalize, and their influences on acts are not necessarily out of value expression.

Therefore, the values and the lay theories are closely associated as well as distinctive from each other. On the one hand, the values and lay theories may simultaneously form in an environment with certain socio-ecological features such as high/low social mobility or low/high population density. Espousing individualism/collectivism values likely result in cognitive primacy of individual/group agency and even valuing of the agency; being socialized in a world seen as primarily driven by individuals or groups likely result in internalization of individualistic or collectivistic values. On the other hand, the values and agency conceptions may not go consistently with each other within a person. People who believe in and succumb to group agency may not value prioritizing group interest above personal interests; people who value individual independence may not privately believe in individual agency and may not be successful in exerting individual agency in his or her daily life (and this is possibly why they

value and desire individual independence).

In summary, lay theory of individual agency is more prevalent in individualistic societies and lay theory of group agency is more prevalent in collectivistic societies. Lay theories of agency are constructs distinctive from individualism/collectivism value orientations. They influence judgments and choices through different psychological paths.

### **Overview of Chapters Ahead**

In the next two chapters I will develop two theses about the effects of lay theories of agency on ethical judgments and choices. Chapter 2 is on employees' leniency toward leaders who commit bribery. Chapter 3 is on employee's favoritism toward friends and other associates in the workplace. For each thesis, I will review relevant literature, develop hypotheses based on the discussion in Chapter 1, present findings of empirical studies, and discuss implications and future research directions.

**CHAPTER 2**  
**LAY THEORIES OF AGENCY**  
**AND LENIENCY TOWARD LEADERS**

Wal-Mart de Mexico was an aggressive and creative corrupter, offering large payoffs to get what the law otherwise prohibited. It used bribes to subvert democratic governance — public votes, open debates, transparent procedures. It used bribes to circumvent regulatory safeguards that protect Mexican citizens from unsafe construction. It used bribes to outflank rivals.” — *The New York Times*, December 17, 2012

Its chief executive, Eduardo Castro-Wright, [was] identified by the former executive as the driving force behind years of bribery... “the increasingly important role of one man: Eduardo Castro-Wright.” — *The New York Times*, April 21, 2012

**Introduction**

Wal-Mart committed large-scale bribery for years in Mexico. Some news stories blamed the firm’s culture and strategy. Others focused on the CEO’s ambition and ruthlessness. Should the individual leader or the organization take more responsibility? What makes people construe the same events as driven by the individual or by the organization?

These questions apply not only to the Wal-Mart case but also to many bribery cases; leaders often use organizational resources to give money, gifts, or favors to outside parties (e.g., government officials, auditors, lawyers, news media personnel) in order to protect or advance the organizational interest. Answers to these questions are import. Knowing why perceivers (e.g.,

regulators, employees, the public) see bribery as more out of the will of the individual leader or the organization can tell us a lot about how perceivers respond (e.g., assigning more blames and punishments to the individual leader or the organization). The knowledge may also shed light on how to manage unethical behavior—and the perception of it—through encouraging particular construals of agency.

The present research focuses on employees' perception of their leaders who commit bribery. In such situations, it tends to be ambiguous to average employees whether the bribery is initiated by the individual leader or by the organization. I argue that, employees' lay theories of agency—implicit assumptions or conceptions about the intentionality, capacity, and autonomy of individuals versus groups—tend to guide their construal of the situation. For instance, if an employee believes that individuals are capable of overcoming environmental constraints and acting on their own desires, wills, and intentions rather than on those of groups, then the employee may see the bribery as the leader's preferred way of doing business and thus judge the leader harshly, holding him or her more responsible and blameworthy. In contrast, if an employee believes that groups are more powerful actors and their wills and norms have more influence on individual actions, the employee may see the bribery as imposed by the organization and thus go easy on the leader, not holding him or her so much responsible and culpable. The goal of the present research is to examine how the primacy of individual versus group agency in employees' lay theories set up a meaning system which frame their representation of social reality in general and their interpretation of bribery by their leaders.

In the following, I will first generate hypotheses on the effect of agency conceptions on leniency toward leaders' bribery. Then I will discuss some alternative accounts suggested by relevant literatures. I conducted two studies to examine the effect of agency conceptions versus

that of alternative accounts (Study 1) and the causal effect of agency primacy (Study 2). The implications of the findings will be discussed at the end of the chapter.

### **Lay Theories of Agency And Leniency Toward Leader Bribery**

As elaborated in Chapter 1, lay theories of agency tend to guide judgments and choices in ambiguous situations that are potentially open to multiple interpretations. Leaders' bribery is such a situation. For instance, when the employee learned that the leader in charge of overseas market development bribed the foreign government officials to get market entry support, the event is ambiguous in several senses. It is not clear whether the act is for the leader's personal interest or for the organizational interest as the leader could show his or her performance by doing so while the organization could also benefit from expanding its market. Moreover, it is not clear whether the bribery is initiated by the leader or the company. It is possible that the leader did so because he or she determined it to be the best method or because it is merely his or her characteristic practice. It is also possible that the company required him or her to take that action because of its current needs or its standard operating procedures or because it felt external pressures. Hence at least two possible interpretations could be made: the bribery is driven by the individual leader's preferences or habits or driven by the organization's strategies or procedures.

Although the individual and the organization are both relevant and potential forces behind the bribery, the primacy of group versus individual agency in employees' implicit theories may orient them to assign unequal weights to these forces. Whereas individual theorists emphasize the primacy of individual agency over group agency, group theorists emphasize the primacy of group agency over individual agency. Therefore, individual agency theorists may see the bribery as driven more by the individual leader than by the organization, because they are predisposed to see individuals as agentic actors, being purposive and powerful to exercise their

wills despite environmental constraints. Hence, they may see the leader as a relatively independent decision maker and acting upon his own discretion and judgment with the power and resource endowed to his position.

In contrast, group agency theorists may see the bribery as driven more by the organization than the leader, because they are predisposed to see groups or collectives as agentic actors, being more purposive and powerful to exercise collective wills despite contextual constraints. Hence, they may see the leader as a decision maker with restricted independence and acting upon the organization's decision. The organization is perceived as the primary agent of the bribery, who has the capacity and obligation to monitor and control the leader's actions (Chao et al., 2008; Levinson, 2003). Therefore, compared with individual agency theorists, group agency theorists should be more lenient toward the leader, blaming the leader less and holding the leader less responsible. Accordingly, I hypothesize:

*H1: Group agency primacy is associated with greater leniency toward leaders who bribe.*

As discussed in Chapter 1, past research suggests that individual agency primacy is more salient in American culture and group agency primacy is more salient in Chinese culture (e.g., Menon et al., 1999; Morris et al., 2001). Hence, I predict a country difference in employees' leniency toward the leader. However, the difference results not from the country *per se* but from the concomitant conceptions of agency:

*H2: Compared to Americans, Chinese are more lenient toward leaders who bribe.*

*H3: The above effect of country on leniency (H2) is mediated by the effect of agency primacy (H1).*

### **Alternative Accounts of Leniency Toward Leaders**

Although little research has examined how employees react to leaders' transgressions that

potentially benefit the organization, several lines of relevant research provide some possible explanations of leniency toward leaders in such a situation. Below I will discuss these alternative explanations in terms of the three value orientations that influence how employees perceive their leader.

### *Organizational Identification*

First, the leader is a representative or proxy of the organization, and through him or her employees interact with the organization. Therefore how employees react to the leader may be partially dependent on how employees see their relationship with the organization. According to social identity theory, employees highly identifying with the organization internalize organizational goals and treat organizational success as their own. Though the positive consequences of strong organizational identification has been shown throughout the literature, Dukerich, Kramer, and Parks' (1998) theoretical model on the dark side of organizational identification suggests that strong identification may result in selectively ignoring illegal or unethical acts, covering up these acts, or even actively engaging in these acts. According to social exchange theory (Blau, 1964), people tend to reciprocate the beneficial treatment they receive from the organization (Cropanzano & Mitchell, 2005). Consistent with these theories, the field studies conducted by Umphress, Bingham, and Mitchell (2010) found that employees with a strong organizational identification and a positive reciprocity belief are more likely to engage in unethical pro-organizational behaviors such as misrepresenting the truth to make the organization look good and concealing from the public information damaging organizational image.

If employees with strong organizational identification tend to engage in unethical but pro-organizational behaviors themselves, it stands to reason that they will also be lenient towards



others who engage in such behaviors. Therefore, these employees with strong organizational identification may be lenient toward the leader whose bribery could potentially benefit the organization.

#### *Individual-Level Power Distance and Paternalistic Leadership*

Employees also view leaders from a hierarchical perspective. Employees are subordinates at the lower level of organizational rank whereas leaders are supervisors or authorities at the higher level of organizational rank. Although obedience and deference of subordinates to supervisors is prescribed by an authority relationship universally (Fiske, 1992), people follow this norm to various degrees (Chen, Friedman, Yu, Fang, & Lu, 2009). Though power distance was defined at the societal level to characterize a society's acceptance of unequal distribution of power (Hofstede, 1980), the construct has also been defined and operationalized at the individual level (Kirkman, Lowe, & Gibson, 2006) to refer to an individual's acceptance of unequal distribution of power (Clugston, Howell, & Dorfman, 2000). Cross-cultural research shows that people endorse low power distance or equal distribution of power (e.g., Americans) defer to authority less than people endorse high power distance (e.g., Asians) who value deference to authority (e.g., Brockner et al., 2001; Dorfman & Howell, 1988).

In many Asian countries, leaders are also seen as “parents.” A model of paternalistic leadership (Cheng et al, 2014) identified three dimensions of leadership: (1) authoritarianism—leaders' control and subordinates' compliance, (2) benevolence—leaders' concern and subordinates' gratitude, and (3) morality—leaders' virtue and subordinates' respect.

Accordingly, employees who hold high power distance value or subscribe to a paternalistic conception of leadership are less likely to challenge the leader's power, right, and authority to act in certain ways. They may even blindly follow the leaders' implicit or explicit

orders, which results in “crimes of obedience” (Hamilton & Sanders, 1995). Friedman, Hong, and Simon (2014) found that Indian subordinates judged their boss’s broken promises less harshly than did Americans. Likewise employees endorsing high power distance or paternalistic leadership should show greater leniency toward their leader’s bribery.

### *Friendship and Guanxi*

Still another perspective from which employees view leaders is in terms of interpersonal relationship. In the workplace, some employees develop personal relationship with their leader outside the workplace—they may be friends hanging out after work or sharing common hobbies. Employees may also have categorical *guanxi* with the leader—they may have common social affiliations such as kinships, alma maters, and birthplaces (Tsui & Farh, 1997). Past research shows that interpersonal friendships and *guanxi* are associated with favoritism, cronyism, and violation of justice (e.g., Chen, Chen, & Xin, 2004; Khatri, Tsang, & Begley, 2006; see Chen & Chen, 2009). The literature on ingroup bias also shows that participants judge and treat ingroup members more favorably even when the group is formed on an arbitrary basis (Brewer, 1979; Tajfel & Turner, 1986). Therefore, it is possible that employees who have friendship or *guanxi* with the leader who bribes tend to be more lenient.

In sum, employees have symbolic, hierarchical, and interpersonal relationships with their leader. Relatedly, employees’ leniency toward the leader’s bribery could be accounted by organizational identification, individual-level power distance, perception of paternalistic leadership, friendship and *guanxi*, though there could be some other accounts. A common psychological feature of these accounts of leniency is that employees’ judgment is biased by their value orientations. Employees tend to be lenient because they “love” their organization, respect the authority and defer to his or her legitimacy, and care about the person whom they feel

psychologically close to.

However, as discussed in Chapter 1, the agency-based account and value-based accounts of social judgments and choices are correlated but divergent in the underlying psychological mechanisms. Hence, I expect the afore-hypothesized effect of group agency primacy will hold even when these alternative predictors of leniency are counted.

### **Plan of Study**

To test the hypotheses, I conducted two studies. In both studies, working adults were asked to imagine that their actual supervisor committed bribery and then indicate their leniency. In a quasi-experimental design (Study 1), groups of working adults in the United States and the Mainland China were compared. I measured their lay theories of agency and variables on the proposed alternative accounts. The association between culture, group agency primacy, and leniency were analyzed. In an experimental study (Study 2), I manipulated the temporary salience of group agency primacy versus individual agency primacy among a group of American working adults. The casual effect of agency primacy was tested.

### **Study 1**

Study 1 aimed to test the hypothesis that Chinese are more lenient than Americans toward their leaders who bribe (H2) and the hypothesis that group agency primacy are associated with greater leniency (H1). More importantly, Study 1 examined the mediating effect of group agency primacy on American-Chinese difference in leniency (H3).

As the study pertained to employees' perceptions of leaders, I surveyed working adults in the United States and Mainland China. The American participants were US nationals on Amazon Mechanical Turk (MTurk, <https://www.mturk.com>). MTurk is a reliable source of data from a wide range of participants (Buhrmester, Kwang, & Gosling, 2011; Paolacci, Chandler, &

Ipeirotis, 2010). Chinese participants were Chinese nationals on a parallel China-based platform called Sojump (<http://www.sojump.com>). It has been used by both American researchers and researchers from other cultures (e.g., Yang, Liu, Fang, & Hong, 2014).

Another purpose of Study 1 is to examine whether agency conceptions explains country difference in leniency above and beyond the alternative explanations discussed previously. Therefore, besides measuring lay theories of agency, the survey asked participants their identification with their actual work organization, endorsement of power distance, perception of paternalistic leadership, personal friendship and *guanxi* with their actual supervisor. Participants also indicated their leniency toward hypothetical transgressions by their supervisor. I expected that group agency would associate with leniency positively even after controlling for the effects of these alternative predictors.

## **Method**

### *Participants*

Two hundreds and seventeen American working adults participated in this study via MTurk and 214 Chinese working adults participated in the study via Sojump. After excluding those who failed the check questions<sup>1</sup>, the final sample sizes used for data analysis was 192 Americans (63.0% female;  $M_{age} = 35.96$ ,  $SD_{age} = 12.88$ ) and 195 Chinese (50.3% female;  $M_{age} =$

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<sup>1</sup> I did the following to identify responses that might be of low quality. (1) Five questions were embedded in the scales throughout the survey asking participants to select a particular answer (e.g., "If you are reading this statement, please select "strongly agree.") (2) Time taken to finish the survey was recorded. On average American participants spent 20.45 minutes ( $SD = 18.70$ , with the means for the lower and upper 5% being 11.08 and 35.57) and Chinese participants spent 25.15 minutes ( $SD = 19.40$ , with the means for the lower and upper 5% being 11.10 and 57.08). So I chose 10 minutes and 60 minutes as the cutting points. Any participant who failed on one of the five questions or was outside the time range was excluded. Nineteen were excluded from the 214 Americans and 25 were excluded from the 217 Chinese. Those who were excluded were not systematically different from those who were included in demographic characteristics. All the analyses were conducted for the datasets with and without exclusion respectively and found the same patterns of results.

29.56,  $SD_{age} = 6.65$ ). Compared with the Chinese sample, the American sample had a significantly larger proportion of females, higher mean age, longer tenure, lower educational level, lower hierarchical rank in organization, and lower subjective estimate of their socioeconomic status (subjective SES) (See Table 1). These six demographic variables were included in analyses as control variables. The majority of the American sample (77.6%) claimed to be “White, non Hispanic (includes Middle Eastern).” All participants in the Chinese sample were Chinese.

### *Measures and Procedure*

Data were collected in a large-scale survey, which included measures of variables for the current study and for a different study. Participants were informed that the survey consisted of multiple sections that were to gain a comprehensive understanding of people’s attitude and decision-making in various organizational and personal contexts. Participants were first asked to provide information about their demographic background including their employment situation. They were then asked to put down the acronyms or nicknames of the organization they were working at then and their immediate supervisor, respectively, because “one task later includes questions regarding the organization and your immediate supervisor.” Those who were unemployed were asked to recall their experience with the organization and immediate supervisor they most recently worked for. The names appeared in later parts of the survey whenever the organization or the supervisor was mentioned.

Next, I measured the following seven variables that could provide alternative accounts for participants’ leniency toward their supervisor’s bribing acts: organizational identification, power distance, three dimensions of paternalistic leadership, friendship with supervisor, and *guanxi*.

*Organizational Identification.* Mael and Ashforth's (1992) 6-item scale was used to measure organizational identification (e.g., "My organization's successes are my successes.") Participants rated the degree to which they agreed with each statement on a 5-point Likert scale (1 = "strongly disagree", 5 = "strongly agree"). The Cronbach's Alphas were .90 in the American sample and .83 in the Chinese sample. Chinese participants ( $M = 4.00$ , 95% CI = [3.87, 4.13]) showed stronger organizational identification than American participants ( $M = 3.46$ , 95% CI = [3.33, 3.59]),  $F(1, 379) = 26.28, p < .001, \eta_p^2 = .07$ , controlling for demographic differences.

*Individual-Level Power Distance.* Dorfman and Howell's (1988) 6-item scale was used to measure power distance at the individual level in work context (e.g., "Employees should not disagree with management decisions.") Participants rated the degree to which they agreed with each statement on a 5-point Likert scale (1 = "strongly disagree," 5 = "strongly agree"). The Cronbach's Alphas were .59<sup>2</sup> in the American sample and .67 in the Chinese sample. American participants ( $M = 2.54$ , 95% CI = [2.24, 2.42]) showed higher endorsement of power distance than Chinese participants ( $M = 2.33$ , 95% CI = [3.33, 3.59]),  $F(1, 379) = 7.57, p = .006, \eta_p^2 = .02$ , controlling for demographic differences. This is surprising and may be due to the idiosyncrasy of the samples.

*Paternalistic Leadership.* A modified version of the 14-item scale developed by Cheng, Chou, Wu, Huang, and Farh (2004) was used to measure participants' perception of their immediate supervisor's paternalistic leadership. Participants rated the frequency they observed or experienced each given situation on a 6-point Likert scale (1 = "never", 6 = "frequently, if not

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<sup>2</sup> The Cronbach's Alpha for the American sample could be increased to .61 if one item were deleted. When the index score based on the scale excluding the item was used in all the analyses the results were not different significantly from the results when the item was included in the scale.

always”). The scale consisted of three dimensions: (1) Authoritarianism was measured with five items (e.g. “My immediate supervisor determined all decisions in the organization whether they are important or not.”) The Cronbach’s Alphas were .87 in the American sample and .87 in the Chinese samples. (2) Benevolence was measured with five items (e.g., “My immediate supervisor is like a family member when he/she gets along with us.”) The Cronbach’s Alphas was .93 in the American sample and .92 in the Chinese sample. (3) Morality was measured with four items (e.g., “My immediate supervisor sets an example to me in all aspects.”) The Cronbach’s Alphas was .90 in the American sample and .92 in the Chinese sample.

Chinese participants ( $M = 3.80$ , 95% CI = [3.62, 3.99]) showed higher ratings than Americans ( $M = 3.49$ , 95% CI = [3.30, 3.68]) on their supervisor’s authoritarianism,  $F(1, 379) = 4.09$ ,  $p = .044$ ,  $\eta_p^2 = .01$ , controlling for demographic differences. American participants ( $M = 4.22$ , 95% CI = [4.01, 4.42]) showed higher ratings than Chinese participants ( $M = 3.64$ , 95% CI = [3.44, 3.84]) on benevolence,  $F(1, 379) = 12.27$ ,  $p = .001$ ,  $\eta_p^2 = .03$ , controlling for demographic differences. American participants ( $M = 4.21$ , 95% CI = [3.99, 4.42]) and Chinese participants ( $M = 4.18$ , 95% CI = [3.90, 4.33]) did not differ in their ratings on morality,  $F(1, 379) = .24$ ,  $p = .619$ ,  $\eta_p^2 = .001$ , controlling for demographic differences.

*Friendship.* Personal friendship between the participant and his or her immediate supervisor was measured with a 3-item scale (e.g., “The supervisor is a personal friend of mine.”) Participants rated the extent to which they agreed with each statement on a 6-point Likert scale (1 = “strongly disagree”, 6 = “strongly agree”). The Cronbach’s Alphas was .92 in the American sample and .89 in the Chinese sample. American participants ( $M = 3.39$ , 95% CI = [3.15, 3.63]) and Chinese participants ( $M = 3.58$ , 95% CI = [3.35, 3.82]) did not differ in their friendship with their supervisor,  $F(1, 379) = 1.00$ ,  $p = .317$ ,  $\eta_p^2 = .003$ , controlling for demographic differences.

*Guanxi*. This was measured with the number of informal, direct ties or the common associations between the participant and supervisor (Tsui & Farh, 1997). Participants were asked to check “Yes” or “No” on a list of eleven ties (e.g., relatives, from the same hometown, schoolmate). The number of “Yes” was used as the index of *guanxi*. American participants ( $M = .58$ , 95% CI = [.44, .72]) reported more *guanxi* with their supervisor than Chinese participants ( $M = .37$ , 95% CI = [.23, .51]) with marginal significance,  $F(1, 379) = 3.35$ ,  $p = .068$ ,  $\eta_p^2 = .01$ , controlling for demographic differences.

*Leniency towards Supervisor*. Participants were then presented with the following instruction.

The following questions need you to use some imagination. Imagine: Your organization, [their firm’s name], is the organization described in the hypothetical scenarios below. You and your supervisor, [their supervisor’s name], are still working in this organization as subordinate and supervisor. In other words, imagine everything you reported in the previous questions about your experience with the organization and the supervisor keeps the same except that the organization is running a different business and your supervisor is in a different role in that organization.

To address the concern with the applicability of a single scenario in two different cultures, we presented participants with three hypothetical scenarios in a random order. Each of the scenarios described an act of bribery by the supervisor (e.g., giving favors to foreign government officials, giving favors to news media personnel, admitting non-qualified children of government officials to university) that could potentially benefit the organization (e.g., expanding the company’s overseas market, protecting the firm’s public image from being damaged by a case of customer injury, developing good relationship between the university and



some government departments).

After reading each scenario, participants rated on an 8-item scale to indicate their leniency toward their supervisor (e.g., excusable, culpable), with responses ranging from 1 = “strongly disagree” to 6 = “strongly agree”. The Cronbach’s Alphas of the 8-item scale for each of the three scenarios was .94, .93, and .92 respectively in the American sample and .94, .95, and .96 respectively in the Chinese samples. The average score of the eight items was then computed for each of the three scenarios. The Cronbach’s Alpha of the average scores across the three scenarios was .68 in the American sample and .78 in the Chinese samples. The index of *Personal Leniency* was then computed by taking the mean of the three average scores, with higher values indicating greater personal leniency.

Participants also rated on a 5-item scale to indicate the extent to which they expected the organization to treat the supervisor leniently (e.g., punishing, forgiving), with responses ranging from 1 = “absolutely should not” to 6 = “absolutely should”. The Cronbach’s Alphas of the 5-item scale for each of the three scenarios was .81, .85, and .79 respectively in the American sample and .87, .92, and .92 respectively in the Chinese samples. The average score of the five items was computed for each scenario. The Cronbach’s Alpha of the average scores across the three scenarios was .67 in the American sample and .76 in the Chinese samples. The index of *Expected Organization Leniency* was computed by taking the mean of the three average scores, with higher values indicating expectation of the organization to be more lenient.

The last question asked participants to indicate the likelihood they would report the supervisor either anonymously or directly to the organization, with responses ranging from 1 = “highly unlikely” to 6 = “highly likely”. This variable was labeled as *Whistleblowing*.

*Lay Theories of Agency*. Participants were asked to fill out a questionnaire, which was

“no longer about any particular organization or supervisor”. Lay theories of agency was measured with the 12-item Lay Theory of Agency Scale developed by Hong (2002), with six items on the individual agency sub-scale (e.g., “In this society, what happens in an individual’s life is his or her own making.”) and six items on the group agency sub-scale (e.g., “In this society, social groups and organizations influence what happens in an individual’s life.”) (See Appendix A for all the items in the scale.) Participants rated on a 6-point scale their agreement with each statement (1 = “strongly disagree”, 6 = “strongly agree”). The Cronbach's Alphas for the individual agency sub-scale was .82 in the American sample and .79 in the Chinese sample; the Cronbach's Alphas for the group agency sub-scale was .76 in the American sample and .72 in the Chinese sample. The indices for *Individual Agency Belief* and *Group Agency Belief* were calculated by taking the mean of the six items in the individual and group agency sub-scales, respectively, with higher values indicating stronger beliefs.

As individual agency belief and group agency belief were negatively correlated ( $r = -.33$ ,  $p < .001$ ), and as my theory is about the primacy of group agency versus individual agency, an index of *Group Agency Primacy* was calculated by subtracting individual agency belief score from group agency belief score, with higher values indicating greater group agency primacy. Specifically, for participants with positive scores (71.8% of the Chinese participants and 26.6% of the American participants), higher values indicate stronger beliefs in group agency than individual agency. For participants with negative scores (73.4% of the American participants and 28.2% of the Chinese participants), higher absolute values indicate stronger beliefs in individual agency than group agency.

The questionnaire was in English for the American sample and in simplified Chinese for the Mainland Chinese sample. Two Chinese-English bilinguals translated and back-translated the

materials to ensure measurement equivalence (Brislin, 1970).<sup>3</sup>

## **Results**

### *Reliability and Validity Considerations*

All constructs displayed satisfactory levels of reliability, as reported above. Because all data were self-reported and collected in the same survey, common method biases may distort the true relationships among the theoretical constructs. Following the suggestions by Podsakoff, MacKenzie, Lee, and Podsakoff (2003), I adopted several procedural and statistical techniques to address the concern. First, I explained to participants that there were no right or wrong answers and true thoughts and responses were encouraged. Second, participants were guaranteed that the survey was anonymous and they could put down the acronyms or nicknames of their organization and supervisor. Third, as the variables were about participants' own beliefs, experiences, and judgments, I was not able to separate the measurements methodologically (from different sources). So I tried to psychologically separate the measurements of the independent variables (e.g., agency beliefs) and dependent variables (e.g., judgments of supervisor's bribing acts). Forth, I randomized the order in which some measures were presented. Besides, to ensure the reliability of my measurements, I used established scales for all the variables, which showed acceptable Cronbach's alphas in the current study as in past studies, except for the dependent variable, which I measured with non-ambiguous, simple questions and multiple choices developed by myself.

I also employed the Harman's single-factor test for a diagnostic purpose. All the items of variables were entered into an exploratory factor analysis using un-rotated principal components to determine the number of variables necessary to account for the variance in the variables (e.g.,

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<sup>3</sup> The same procedure was employed for study 3 and 4.

Podsakoff, Todor, Grover, & Huber, 1984; Krishnan, Martin, & Noorderhaven, 2006). Neither did a single factor emerge, nor one general factor accounted for the majority of the covariance among the variables. The first (largest) factor did not account for a majority of the variance (20.10%). Though the remedies I took may not fully control common method biases, they reassure us that common method bias had if anything a limited impact on the results.

### *Correlations*

Table 2 shows the descriptive statistics and bivariate correlations among all variables. Correlation analysis suggested potential country differences in some key variables. There were significantly positive relationships between country (US = 0, China = 1) and personal leniency, expected organization leniency, group agency belief, and group agency primacy. There also were significantly negative relationships between country (US = 0, China = 1) and whistleblowing and individual agency belief.

Group agency primacy showed significantly positive relationships with personal leniency and expected organization leniency, and a significantly negative relationship with whistleblowing. Furthermore, organizational identification, benevolence, morality, friendship, *guanxi* showed positive correlations with personal leniency and expected organization leniency and negative correlations with whistleblowing.

### *Country Difference in Group Agency Primacy*

A one-way Analysis of Covariance (ANCOVA) was conducted with country as the between-subject variable, group agency primacy as the dependent variable, and the six demographic variables as covariates. The country effect was significant,  $F(1, 379) = 70.31, p < .001, \eta_p^2 = .16$ . The estimated mean of group agency primacy was  $-.56$  (95% CI =  $[-.76, -.35]$ ) in the American sample and  $.82$  (95% CI =  $[.62, 1.02]$ ) in the Chinese sample, which suggested that

group agency primacy is greater among Chinese than among Americans.

To further understand the country difference, a 2 Country (US, China)  $\times$  2 Agency Belief (individual, group) General Linear Model (GLM) was conducted with country as a between-subject variable, agency belief as a within-subject variable, and the six demographic variables as covariates. Neither of the main effects was significant. The interaction effect was significant,  $F(1, 379) = 70.31, p < .001, \eta_p^2 = .16$ . As depicted in Figure 1, American participants showed a stronger belief in individual agency ( $M = 4.65, 95\% \text{ CI} = [4.51, 4.79]$ ) than group agency ( $M = 4.09, 95\% \text{ CI} = [3.97, 4.21]$ ),  $F(1, 379) = 29.05, p < .001, \eta_p^2 = .07$ , whereas Chinese participants showed a stronger belief in group agency ( $M = 4.65, 95\% \text{ CI} = [4.53, 4.78]$ ) than individual agency ( $M = 3.84, 95\% \text{ CI} = [3.70, 3.98]$ ),  $F(1, 379) = 64.23, p < .001, \eta_p^2 = .15$ . Comparing across samples, the belief in individual agency was stronger among American participants than among Chinese participants,  $F(1, 379) = 50.13, p < .001, \eta_p^2 = .12$ , whereas the belief in group agency was stronger among Chinese participants than among American participants,  $F(1, 379) = 32.43, p < .001, \eta_p^2 = .08$ .

#### *Country Difference in Leniency toward Supervisor*

To test the hypotheses, I conducted hierarchical multiple regression analysis on each of the three dependent variables (i.e., personal leniency, expected organization leniency, and whistleblowing). Model 1s in Table 3 were the baseline models that included the six demographic control variables and the other seven control variables relating to one's experience with the organization and supervisor which could provide alternative accounts of leniency. The results suggested that those who were more lenient toward their supervisor had shorter work experiences, higher ranks in organization, stronger organizational identification, stronger endorsement of power distance, and closer friendship with their supervisor. The same pattern

was found for expected organization leniency, plus a positive association with subordinate-supervisor *guanxi*. The whistleblowers tended to have longer work experiences, lower ranks, weaker organizational identification, weaker friendship and *Guanxi* with supervisor, and saw their supervisor more as an authoritarian.

In Model 2s country was added to the regressions and showed a significant effect on personal leniency ( $\beta = .49, p < .001$ ), expected organization leniency ( $\beta = .44, p < .001$ ), and whistleblowing ( $\beta = -.29, p < .001$ ).<sup>4</sup> As depicted in Figure 2, Chinese participants were more lenient than American participants toward their supervisor ( $M_{\text{Chinese}} = 3.80, 95\% \text{ CI} = [3.65, 3.96]$ ;  $M_{\text{American}} = 2.71, 95\% \text{ CI} = [2.55, 2.87]$ ),  $F(1, 372) = 66.55, p < .001, \eta_p^2 = .15$ , had higher expectation of their organization to be lenient toward the supervisor ( $M_{\text{Chinese}} = 3.92, 95\% \text{ CI} = [3.78, 4.07]$ ;  $M_{\text{American}} = 3.05, 95\% \text{ CI} = [2.90, 3.19]$ ),  $F(1, 372) = 50.54, p < .001, \eta_p^2 = .12$ , and less likely to be whistleblowers ( $M_{\text{Chinese}} = 2.69, 95\% \text{ CI} = [2.48, 2.90]$ ;  $M_{\text{American}} = 3.46, 95\% \text{ CI} = [3.25, 3.67]$ ),  $F(1, 372) = 18.81, p < .001, \eta_p^2 = .05$ .<sup>5</sup> Hence, H1 was supported.

#### *Group Agency Primacy and Leniency toward Supervisor*

In Model 3s group agency primacy (instead of country) was added to Model 1s. Regardless of the country the participants were in, group agency primacy was associated with greater personal leniency ( $\beta = .27, p < .001$ ), greater expected organization leniency ( $\beta = .27, p < .001$ ), and smaller likelihood of whistleblowing ( $\beta = -.13, p = .013$ ).<sup>6</sup> Consistent with

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<sup>4</sup> When Model 2s only included country without any control variables, its effect was still significant on all the three dependent variables at the level of  $p < .001$ .

<sup>5</sup> The same analyses were conducted for each of the three scenarios separately. The results were not substantially different from the main analysis results. The  $p$  values for the country effect were smaller than 0.005.

<sup>6</sup> When Model 3s only included group agency primacy without any control variables, its effect was still significant on all the three dependent variables at the level of  $p < .001$ .

propositions in past research, those who were lenient had stronger organizational identification ( $\beta = .12, p = .022$ ), stronger endorsement of power distance with regard to their supervisor ( $\beta = .19, p < .001$ ), and closer friendship with their supervisor ( $\beta = .18, p = .006$ ). The results suggest that group agency primacy afforded incremental predictive validity over and above the alternative explanations. Hence, H2 was supported.<sup>7</sup>

In addition, those who expected their organization to be lenient toward their supervisor also had stronger organization identification ( $\beta = .15, p = .003$ ), stronger endorsement of power distance ( $\beta = .20, p < .001$ ), closer friendship ( $\beta = .13, p = .045$ ) and more *Guanxi* with the supervisor ( $\beta = .11, p = .011$ ). In opposite, whistleblowers had weaker organizational identification ( $\beta = -.11, p = .043$ ), weaker friendship ( $\beta = -.18, p = .010$ ), and less *Guanxi* ( $\beta = -.09, p = .052$ ), and saw their supervisor more as an authoritarian ( $\beta = .16, p < .003$ ).

#### *Group Agency Primacy as a Mediator*

In Model 4s both country and group agency primacy were entered. The magnitude of country effect was reduced on personal leniency (from  $\beta = .49, p < .001$  to  $\beta = .42, p < .001$ ), expected organization leniency (from  $\beta = .44, p < .001$  to  $\beta = .36, p < .001$ ), and whistleblowing (from  $\beta = -.29, p < .001$  to  $\beta = -.26, p < .001$ ). The effect of group agency primacy was still significant on personal leniency ( $\beta = .16, p = .002$ ), expected organization leniency ( $\beta = .17, p =$

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<sup>7</sup> When group agency belief and individual agency belief were added to Model 1s as two separate variables, the effect of group agency belief was significant and positive on personal leniency ( $\beta = .23, p < .001$ ), expected organization leniency ( $\beta = .18, p < .001$ ), but not on whistleblowing ( $\beta = -.09, p = .108$ ). The effect of individual agency belief was significant and negative on personal leniency ( $\beta = -.11, p = .025$ ) and expected organization leniency ( $\beta = -.15, p = .003$ ) but not significant on whistleblowing ( $\beta = .08, p = .155$ ).

.001), and whistleblowing ( $\beta = -.06, p = .301$ ).<sup>8</sup> These results suggested that group agency primacy could possibly be a mediator of the country effect on personal leniency and expected organization leniency (but not on whistleblowing).<sup>9</sup>

To formally test the mediation, I conducted bootstrapping mediation analysis developed by Preacher and Hayes (2004, 2008) using 5000 bootstrap samples with bias corrected (BC) 95% confidence interval (CI). The indirect effect of country through group agency primacy was significantly different from zero on personal leniency (BC 95% CI = [.07, .29]) and on expected organization leniency (BC 95% CI = [.08, .27]), but not on whistleblowing (BC 95% CI = [-.21, .06]). The results suggested that group agency primacy was a partial mediator of the country differences in two of the three measures of leniency (MacKinnon, Fairchild, & Fritz, 2007). Hence, conceptually H3 was supported.<sup>10</sup>

#### *Additional Analysis on Alternative Mediators*

A noteworthy result in the regression analyses shown in Table 3 is the significant effects of individual-level power distance, friendship, and *guanxi* in Model 4s. Although the finding that group agency primacy was a significant mediator of country difference in leniency was based on

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<sup>8</sup> When Model 4s only included country and group agency primacy without any control variables, both main effects were significant on all the three dependent variables (with  $p$  values < .002) except for the effect of group agency primacy on whistleblowing, which was not significant.

<sup>9</sup> When country, group agency belief and individual agency belief were entered into regression, the effects of country and group agency were significant on personal leniency and expected organization leniency. The effect of individual agency belief was not significant on any of the three dependent variables.

<sup>10</sup> When group agency belief and individual agency belief were treated as two separate mediators, the indirect effect of country through group agency belief was significantly different from zero on personal leniency (BC 95% CI = [.06, .23]) and expected organization leniency (BC 95% CI = [.03, .18]) but not on the whistleblowing (BC 95% CI = [-.15, .04]). None of the indirect effects of country through individual agency belief on the three dependent variables was significantly different from zero (for personal leniency: BC 95% CI = [-.08, .12]; for expected organization leniency: BC 95% CI = [-.02, .16]; for whistleblowing: BC 95% CI = [-.15, .10]).



analyses controlling for the effects of these variables, it is possible that some of the country variance in leniency was due to country differences in these variables. Hence, I conducted the mediation analysis with power distance, friendship, and *guanxi* as mediators simultaneously with group agency primacy.

The direct effect of country was reduced but still significant on all the three dependent variables ( $p$  values  $< .001$ ). As shown in Figure 3, the indirect effect of country on personal leniency was significant through group agency primacy (BC 95% CI = [.06, .28]) and power distance (BC 95% CI = [-.18, -.03]) but not significant through friendship and *guanxi*. The indirect effect of country on expected organization leniency was also significant through group agency primacy (BC 95% CI = [.06, .25]) and power distance (BC 95% CI = [-.16, -.03]) but not significant through friendship and *Guanxi*. The indirect effect of country on whistleblowing was not significant through any of the mediators. The results suggested that, besides group agency primacy, power distance was another possible explanation of the country difference in leniency toward supervisor.<sup>11</sup>

However, the indirect effect of country through power distance was negative. As described earlier, American participant showed more endorsement of power distance than Chinese participant, which was opposite to extant findings and possibly due to imperfectly representative samples. Nevertheless, as shown in Model 4s, power distance was positively associated with personal leniency and expected organization leniency, suggesting that regardless of country, those who endorsed power distance more were more lenient toward their supervisor.

## Discussion

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<sup>11</sup> Results of the same patterns on the three dependent variables were found when all the seven potential accounts (i.e., organizational identification, power distance, three dimensions of paternalistic leadership, friendship, and *guanxi*) were included as mediators simultaneously with group agency primacy.

Study 1 showed that compared to American employees, Chinese employees were more lenient toward their supervisor's bribery. Regardless of country, group agency primacy is associated with greater leniency, even after controlling for alternative accounts. Furthermore, group agency primacy mediated the country effect on personal leniency and expected organization leniency, but not on whistleblowing, maybe because taking actions to report involved more complicated psychology that was beyond the capturing of agency beliefs.

Analyses on alternative accounts of the country differences in leniency suggested that individual-level power distance might be an explanation in addition to group agency primacy. Other variables such as organizational identification, seeing the leader as a "parent" (being authoritarian, benevolent, or moral), personal friendship with the supervisor, or *guanxi* did not explain country differences in leniency, when group agency primacy (as well as individual-level power distance) was taken into account.

In sum, compared with Americans, Chinese tended to see individuals (e.g., the supervisor) as less agentic than groups (e.g., the organization), and thus they may have attributed the bribery more to the organization's will and power than to the supervisor's discretion and preference, and therefore they were less blaming or more lenient toward their supervisor.

## **Study 2**

To complement the correlational methodology in Study 1, Study 2 aimed to test the causal effect of agency primacy on leniency by experimentally making salient either the individual or group agency primacy. Before conducting the main experiment, I conducted two pilot studies.

The first pilot study was to test the possibility of shifting agency perception and blame assignment through changing the *facts* about agency in specific organizational situations. In two

business cases, I described the background information of a company such as its composition and decision making process, which suggested greater agency of the individual leader (i.e., the CEO) than the agency of the group (i.e., the board of director, the top executive team) or vice versa. Then an act of bribery by the leader was described. Participants indicated the extent to which they thought a set of factors should be blamed for the leader's act. I expected that in the scenarios characterizing individual agency primacy, factors related to the CEO's individual characteristics would be blamed more, whereas in the scenarios characterizing group agency primacy, factors related to the group's characteristics would be blamed more.

The second pilot study was to pre-test the materials I developed to increase the temporary accessibility of implicit theories about individual or group agency primacy. I adopted the mock article paradigm widely used in past studies for priming implicit theories (e.g., implicit theories of personality, Study 5 in Chiu et al., 1997; implicit theories of race, Study 2 in No et al., 2008; implicit theories of gender, Study 2 in Coleman & Hong, 2008; implicit theories of human character, Study 2 in Hong et al., 2004). In a reading comprehension task, participants read an article allegedly published in a public scientific website. The article made the case either for individual agency primacy or group agency primacy. Though conceptions are familiar ideas (cognitive availability), the salience and likelihood of using a conception (cognitive accessibility) can be temporarily elevated by reading a scientific article advocating that conception. I expected that, after being primed with individual or group agency primacy they should endorse statements consistent with the conception.

After the two pilots, I conducted the main study to examine whether shifting the salience of agency primacy by using the materials can produce the same change in leniency as in blame assignment in the first pilot. After working on the reading comprehension task which was to

manipulate agency primacy, participants worked on a task of social judgment and decision making which required participants to indicate their perceptions of and reactions to an imaginary bribery committed by their supervisor. As predicted in H2, I expected that leniency toward the leader would be greater when group agency primacy is primed, relative to when individual agency primacy is primed.

## **Study 2 Pilot A**

### **Method**

#### *Participants*

Eighty-one American working adults were recruited via MTurk to participate in an online study.<sup>12</sup> No participant was excluded from the data analysis.

#### *Procedure*

The study has a 2 Situational Agency Primacy (individual, group) × 2 Scenario (bribing foreign government, bribing media personnel) between-subject design. To increase the generalizability of the potential finding, I used two scenarios. Participants were randomly assigned to read one of two business cases. Both cases were presented in two parts. The first part described the background information of a company such as how the company was established, the composition of the board of directors or top executive team, how the CEO worked with the group, and how they participate in organizational decision making. This served as the manipulation of the facts of agency primacy. After reading this part participants answered questions on manipulation check. The second part of the cases described an act of bribery by the CEO. Then participants answered questions on their perceptions of and reactions to the CEO's act. (See Appendix B for complete scenarios.)

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<sup>12</sup> Unfortunately, demographic information was not collected.

## *Measures*

*Manipulation of Agency Primacy.* In the individual agency primacy condition, the company's background information suggested that the CEO had more agency than the group (i.e., board of director in scenario 1, top executive team in scenario 2). In the group agency condition, the group was described as having more agency than the CEO. After reading, participants indicated on a 6-point Likert scale the extent to which they thought the CEO and the group, respectively, "has control over decision-making," "has power to exert his/its will," and "has autonomy to take actions" with responses ranging from 1 = "not at all" to 6 = "very much". The Cronbach's Alphas of the 3-item scale with regard to the CEO and the group were .93 and .91, respectively. The indices of *perceived individual agency* and *perceived group agency* were calculated by taking the mean of the three items for the CEO and the group, respectively. Higher scores indicated perceptions of stronger agency of the particular agent.

*Blame Assignment for the CEO's Act.* Participants indicated on a 6-point Likert scale the extent to which they thought each of a set of factors should be blamed for the CEO's act (1 = "not at all" to 6 = "to a great extent"). The factors fell in three categories: (1) individual traits (i.e., the CEO's personal characteristics, personal interest, intention, and decision power), (2) group traits (i.e., the director board's/the top executive team's characteristics, interest, intention, and decision power), and (3) situational factors (i.e., the business context, pressure from the government officials/media personnel, the implicit norms, business competition, the routine practice).

The Cronbach's Alphas for the 4-item scale on CEO traits, the 4-item scale on group traits, and the 5-item scale on situational factors were .83, .92, and .84 respectively. The indices of *individual*, *group*, and *situation* were calculated by taking the mean of the items in each scale,

respectively, with higher values indicating more blame assigned to the individual CEO, the group, or the situation.

## Results

### *Manipulation Check*

A 2 Agency Primacy (individual, group)  $\times$  2 Agent (individual, group)  $\times$  2 Scenario (1, 2) GLM analysis was conducted on perceived agency, with agency primacy and scenario as between-subject variables and agent as a within-subject variable. Scenario did not show any main effect or interaction effect, suggesting that perceptions of individual and group agency did not vary across the two scenarios. There was a significant main effect of agent,  $F(1,77) = 14.42$ ,  $p < .001$ ,  $\eta_p^2 = .16$ , suggesting that in general participants perceived the CEO ( $M = 4.65$ , 95% CI = [4.39, 4.91]) to have more agency than the board of directors or top executive team ( $M = 4.32$ , 95% CI = [4.08, 4.56]).

The two-way interaction effect of Agency Primacy  $\times$  Agent was significant,  $F(1,77) = 46.90$ ,  $p < .001$ ,  $\eta_p^2 = .39$ . As shown in Figure 4, in the individual agency primacy condition, the CEO ( $M = 5.42$ , 95% CI = [5.12, 5.72]) was perceived to have more agency than the group ( $M = 3.88$ , 95% CI = [3.51, 4.25]),  $F(1,75) = 53.19$ ,  $p < .001$ ,  $\eta_p^2 = .42$ , whereas in the group agency primacy condition, the group ( $M = 4.54$ , 95% CI = [4.19, 4.89]) was perceived to have more agency than the CEO ( $M = 4.10$ , 95% CI = [3.82, 4.38]),  $F(1,75) = 4.98$ ,  $p = .029$ ,  $\eta_p^2 = .06$ . Comparing in another way, the CEO in the individual agency condition was perceived to have more agency than the CEO in the group agency condition,  $F(1,75) = 41.78$ ,  $p < .001$ ,  $\eta_p^2 = .36$ , whereas the group in the group agency condition was perceived to have more agency than the

group in the individual agency condition,  $F(1,75) = 6.70, p = .012, \eta_p^2 = .08$ .<sup>13</sup> Hence the manipulation worked as expected.

### *Blame Assignment*

A 2 Agency Primacy (individual, group)  $\times$  3 Blame Target (individual, group, situation)  $\times$  2 Scenario (1, 2) GLM analysis was conducted on the extent of blaming, with agency primacy and scenario as between-subject variables and blame target as a within-subject variable.

Scenario did not show any main effect or interaction effect, suggesting that blame assignment to different factors did not vary across the two scenarios. The main effect of blame target was significant,  $F(2,76) = 49.23, p < .001, \eta_p^2 = .56$ . Pairwise comparisons found that in general more blame for the CEO's bribery was assigned to the CEO ( $M = 5.05, 95\% \text{ CI} = [4.91, 5.19]$ ) than to the group ( $M = 3.74, 95\% \text{ CI} = [3.51, 3.97]$ ),  $F(1,77) = 93.85, p < .001, \eta_p^2 = .55$ , or the situation ( $M = 4.67, 95\% \text{ CI} = [4.47, 4.87]$ ),  $F(1,77) = 9.67, p = .003, \eta_p^2 = .11$ . This is possibly due to people's general assumption about CEOs' agency within organizations; CEOs are generally perceived as more powerful, intentional, and autonomous decision makers than the director boards or top executive teams, and thus they are blamed more.

However, the relative blame assigned to these factors may differ depending on whether the scenarios suggested individual or group agency primacy. Consistent with my expectation, the two-way interaction effect of Agency Primacy  $\times$  Blame Target was significant,  $F(2,76) = 8.12, p = .001, \eta_p^2 = .18$ . As shown in Figure 5, the CEO in the individual agency primacy condition ( $M = 5.24, 95\% \text{ CI} = [5.04, 5.44]$ ) was blamed more than the CEO in the group agency primacy condition ( $M = 4.85, 95\% \text{ CI} = [4.65, 5.05]$ ),  $F(1,77) = 7.68, p = .007, \eta_p^2 = .09$ ,

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<sup>13</sup> A 2 Agency Primacy (individual, group)  $\times$  2 Agent (individual, group) GLM analysis was also conducted on each of the two scenarios separately and found the same results with  $p$  values for the interaction effect significant at the level of  $p < .001$ . The nature of the interactions was the same as that in the main analysis.

whereas the group in the group agency primacy condition ( $M = 4.09$ , 95% CI = [3.77, 4.41]) was blamed more than the group in the individual agency primacy condition ( $M = 3.39$ , 95% CI = [3.06, 3.71]),  $F(1,77) = 9.41$ ,  $p = .003$ ,  $\eta_p^2 = .11$ . The two conditions were not different in blame assigned to situational factors ( $M = 4.62$ , 95% CI = [4.33, 4.91] and  $M = 4.72$ , 95% CI = [4.44, 5.00] in the individual and group agency primacy conditions respectively),  $F(1,77) = .27$ ,  $p = .606$ ,  $\eta_p^2 = .00$ .

Comparing within each condition, more blame was assigned to the CEO than to the group in both the individual and the group agency conditions. However, as suggested by the significant two-way interaction, the mean difference was significantly larger in the individual agency primacy condition ( $M_{\text{difference}} = 1.86$ ) than in the group agency primacy condition ( $M_{\text{difference}} = .76$ ), suggesting that the tendency to blame the CEO more than the group was much stronger in the individual agency primacy condition than in the group agency primacy condition.<sup>14</sup> In sum, participants were relatively more lenient toward the CEO in the group agency condition than in the individual agency condition. Hence, H3 was supported.

## Discussion

This pilot study found that participants' blame assignments were shifted by their perception of the facts about agency primacy suggested by specific organizational contexts. As people's implicit beliefs tend to form in environments that chronically suggest the primacy of individual or group agency, their beliefs may guide their interpretations of a new, ambiguous situation. Therefore, in the main study, I will prime beliefs about agency primacy (with materials developed in pilot 2) and see whether it can shift people's judgments of the leaders'

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<sup>14</sup> A 2 Situational Agency Primacy (individual, group)  $\times$  3 Blame Target (individual, group, situation) GLM analysis was also conducted on each of the two scenarios separately and found the same results with  $p$  values for the interaction effect being .011 and .027 in scenarios 1 and 2, respectively. The nature of the interactions was the same as that in the main analysis.



bribery.

## Study 2 Pilot B

### Method

#### *Participants*

I recruited 93 American working adults (43 % female;  $M_{age} = 35.43$  years,  $SD_{age} = 13.09$  years) via MTurk. No participant was excluded from the data analysis. On average, they had 15.07 years ( $SD = 12.70$ ) of work experience, and subjectively perceived their socioeconomic status to be middle in the society ( $M = 4.52$  along a 9-point scale,  $SD = 1.68$ ). More than half of them (61.3%) reported to have a college degree. The majority of the sample (78.5%) claimed to be “White, non Hispanic (includes Middle Eastern).”

#### *Materials and Procedure*

The study was introduced as “an investigation of people’s comprehension and memory in daily reading.” Participants were randomly assigned to read one of four articles. The article was presented as a snapshot of an article from the website of *Science Daily* ([www.sciencedaily.com](http://www.sciencedaily.com)), which is a real website. The two target articles<sup>15</sup> were mock articles I developed to manipulate the salience of individual and group agency primacy, which were titled “Individual action plays strongest role in shaping society” and “Social groups play strongest role in shaping society” (See

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<sup>15</sup> The articles were modified based on the earlier versions that were pre-tested in a sample of 73 American nationals on Mturk. The 2 Article  $\times$  2 Agency Belief interaction effect was significant,  $F(1,32) = 56.65, p < .001, \eta_p^2 = .64$ . Those who read the individual agency primacy article showed greater agreement with the individual agency statements ( $M = 4.94, 95\% CI = [4.46, 5.43]$ ) than with the group agency statements ( $M = 3.29, 95\% CI = [4.86, 5.58]$ ),  $F(1,32) = 16.67, p < .001, \eta_p^2 = .34$ , whereas those who read the group agency primacy article showed greater agreement with the group agency statements ( $M = 5.01, 95\% CI = [4.54, 5.48]$ ) than with the individual agency statements ( $M = 2.34, 95\% CI = [1.88, 2.58]$ ). However, pairwise comparisons among the two mock articles and two real articles found that the individual article was perceived more difficult to understand than one real article and the group article was perceived less credible than one real article. Therefore I modified the two mock articles, which were used in Study 2 Pilot 2.

Appendix C for the articles). To make sure the mock articles were as comprehensible and persuasive as the average scientific articles that people would normally read, I included two real articles adapted from the website of *Science Daily*, which were titled “Secret leaves us physically encumbered” and “Beauty in the eyes of beer holder”.

In the two agency primacy manipulation conditions, right after reading the mock article participants indicated on the 12-item Lay Theory of Agency Scale (Hong, 2002) their agreement with each of the statements based on their understanding of the article, with responses ranging from 1 = “strongly disagree” to 6 = “strongly agree”. The Cronbach’s alphas for the 6-item group agency sub-scale and the 6-item individual agency sub-scale were .92 and .96, respectively. The indices of *individual agency belief* and *group agency belief* were calculated by taking the mean of the six items in the respective sub-scale.

For all the four articles participants answered the same four questions by rating on a 6-point Likert scale the difficulty of comprehension, persuasiveness of the arguments, credibility of the research findings, and agreement with the views espoused in the article. At the end they provided demographic information.

## **Results**

### *Manipulation Check*

A 2 Article (individual agency primacy, group agency primacy)  $\times$  2 Agency Belief (individual, group) GLM analysis with article as a between-subject variable and agency belief as a within-subject variable. The only significant effect is the 2-way interaction,  $F(1,43) = 136.06$ ,  $p < .001$ ,  $\eta_p^2 = .76$ . As shown in Figure 6, participants who read the article on individual agency primacy showed greater agreement with the individual agency statements ( $M = 5.22$ , 95% CI = [4.86, 5.58]) than with the group agency statements ( $M = 2.58$ , 95% CI = [2.23, 2.92]),  $F(1,43)$

= 87.10,  $p < .001$ ,  $\eta_p^2 = .67$ , whereas those who read the article on group agency primacy showed greater agreement with the group agency statements ( $M = 4.94$ , 95% CI = [4.60, 5.27]) than with the individual agency statements ( $M = 2.96$ , 95% CI = [2.60, 3.31]),  $F(1,43) = 50.98$ ,  $p < .001$ ,  $\eta_p^2 = .54$ . Comparing across articles, agreement with the individual agency statements was greater in the individual article condition than in the group article condition,  $F(1,43) = 81.55$ ,  $p < .001$ ,  $\eta_p^2 = .66$ , and agreement with the group agency statements was higher in the group article condition than in the individual article condition,  $F(1,43) = 97.75$ ,  $p < .001$ ,  $\eta_p^2 = .70$ . Hence the manipulation worked as expected.

I also compared the two mock articles with the two real articles by conducting a one-way analysis of variance (ANOVA) on difficulty, persuasiveness, credibility, and agreement separately. The main effect of article was not significant on any of the dependent variables. Pairwise comparisons also found no significant difference between any two of the four articles along the four dimensions.

## **Discussion**

As repeatedly shown in past research, this mock article approach was effective in shifting the temporary salience of implicit theories. And these articles were perceived as “real” as similar types of articles that people would normally read. In the main study these two mock articles were used to prime individual and group agency primacy. I expected that the priming would shift people’s judgments of leaders’ bribery—making participants primed with group agency primacy more lenient than participants primed with individual agency primacy.

## **Study 2 Main Experiment**

### **Method**

#### *Participants*

I recruited 59 American working adults (45.8 % female;  $M_{age} = 33.02$  years,  $SD_{age} = 13.03$  years) via MTurk. On average, they had 13.06 years ( $SD = 11.16$ ) of work experience and subjectively perceived their socioeconomic status to be middle in their society ( $M = 4.51$  along a 9-point scale,  $SD = 1.59$ ). More than half of them (52.5%) reported to have a college degree. The majority of the sample (88.1%) claimed to be “White, non Hispanic (includes Middle Eastern).”

### *Measures and Procedure*

The study was introduced “to investigate people’s cognitive capacity to work on multiple tasks” and participants expected to work back and forth on two separate tasks.

*Manipulation of Agency Primacy.* The first task was titled as “Comprehension and Memory”. Participants were asked to read a snapshot of a scientific article from the website of *Science Daily* and answer the questions that followed. Participants were randomly assigned to one of two conditions. In the individual/group agency primacy condition, participants read the article on individual/group agency primacy that was pre-tested in Study 2 Pilot 2. To reinforce the manipulation effect, participants were then asked to write down the main argument in the article and the findings or points that they found convincing.

*Leniency toward the Leader.* The second task was titled as “Social Judgment and Decision Making”. As in Study 1, to increase participants’ engagement, they were asked to provide the name of the organization they were working at then and the name of a leader they knew in the organization. Next they were asked to imagine that their organization (shown in the name they provided) was a university, which needed to deal with certain government departments and maintain good relationship with them, and that the leader (shown in the name they provided) was in charge of student admission and admitted children of several officials from

those departments, even though the children did not meet the admission criteria. Then participants answered the same questions as in Study 1 that measured personal leniency (Cronbach's alpha = .91), expected organization leniency (Cronbach's alpha = .83), and whistleblowing.

*Other Variables.* Although imagining about their real organization and leader may increase participants' engagement in thinking about their judgments in the situation, their existing relationship with the organization and the leader may influence their judgments. Therefore, I asked them to indicate the years they had worked in the organization ( $M = 6.13$ ,  $SD = 7.49$ ) and the years they had known their leader ( $M = 4.85$ ,  $SD = 4.98$ ).

*Manipulation Check.* Though the effectiveness of the articles had been pre-tested in the pilot study, in this main study I checked the manipulation after participants worked on questions measuring the dependent variables. Participants rated their agreement with the 12 statements in the Lay Theory of Agency Scale (Hong, 2002). The Cronbach's alphas for the 6-item individual agency sub-scale and for the 6-item group agency sub-scale were .95 and .88, respectively.

## **Results**

### *Manipulation Check*

A 2 Article (individual, group)  $\times$  2 Agency Belief (individual, group) GLM analysis was conducted with article as a between-subject variable and agency belief as a within-subject variable. Neither of the two main effects was significant. The interaction effect was significant,  $F(1,57) = 97.55$ ,  $p < .001$ ,  $\eta_p^2 = .63$ . As shown in Figure 7, participants who read the article on individual agency primacy showed greater agreement with the individual agency statements ( $M = 5.18$ , 95% CI = [4.78, 5.58]) than with the group agency statements ( $M = 2.94$ , 95% CI = [2.63, 3.25]),  $F(1,57) = 54.55$ ,  $p < .001$ ,  $\eta_p^2 = .49$ , whereas those who read the article on group agency

primacy showed greater agreement with the group agency statements ( $M = 4.87$ , 95% CI = [4.58, 5.16]) than with the individual agency statements ( $M = 3.04$ , 95% CI = [2.67, 3.41]),  $F(1,57) = 43.03$ ,  $p < .001$ ,  $\eta_p^2 = .43$ . Comparing across articles, agreement with the individual agency statements was greater in the individual article condition than in the group article condition,  $F(1,57) = 61.45$ ,  $p < .001$ ,  $\eta_p^2 = .52$ , and agreement with the group agency statements was higher in the group article condition than in the individual article condition,  $F(1,57) = 83.68$ ,  $p < .001$ ,  $\eta_p^2 = .60$ . Hence the manipulation worked as expected.

### *Leniency toward the Leader*

A one-way ANCOVA was conducted with article as the between-subject variable, years of working at the organization and years of knowing the leader as the covariates, and each of personal leniency, expected organization leniency, and whistleblowing as the dependent variable. The effect of article was significant on personal leniency,  $F(1, 55) = 9.62$ ,  $p = .003$ ,  $\eta_p^2 = .15$ , marginally significant on expected organization leniency,  $F(1, 55) = 3.72$ ,  $p = .059$ ,  $\eta_p^2 = .06$ , and significant on likelihood to report,  $F(1, 55) = 4.28$ ,  $p = .043$ ,  $\eta_p^2 = .07$ . As shown in Figure 8, compared with those who read the article on individual agency primacy, participants who read the article on group agency primacy showed greater personal leniency ( $M_{\text{group}} = 2.97$ , 95% CI = [2.64, 3.20];  $M_{\text{individual}} = 2.15$ , 95% CI = [1.77, 2.54]), greater expectation of organization leniency ( $M_{\text{group}} = 3.14$ , 95% CI = [2.83, 3.45];  $M_{\text{individual}} = 2.69$ , 95% CI = [2.35, 3.03]), and lower likelihood to whistle blow ( $M_{\text{group}} = 3.01$ , 95% CI = [2.49, 3.52];  $M_{\text{individual}} = 3.81$ , 95% CI = [3.25, 4.37]). Hence, H2 was supported.

### **Discussion**

The current study suggested that the mock scientific articles increased the temporary cognitive accessibility of individual versus group conceptions, which successfully shifted

participants' perception of the leader's bribery. Just like how the facts of group (vs. individual) agency primacy in specific organizational situations led to less blame assignment to the individual leader (Study 2, Pilot 1), temporary salience of general conceptions of group (versus individual) agency led to more leniency toward the leader.

### **General Discussion**

Findings from two current studies consistently suggest that employees' leniency toward leaders was positively associated with group agency primacy, either as a chronic individual difference or a temporary state. The quasi-experiment (Study 1) showed that Chinese employees were more lenient toward the leader than American employees, which was because of stronger group agency primacy in Chinese' lay theories of agency than in Americans' lay theories of agency. More importantly, group agency primacy showed a positive effect on leniency above and beyond other value-based alternative accounts regardless of country. The experiment successfully primed group (versus individual) agency primacy and induced greater leniency.

### **Implications**

The current research provides several important implications. First, for the literature on organizational ethical judgment, the current research examined a less-studied but no-less-frequent form of unethical behavior—leader's commitment of bribery. The findings suggested a agency-based account alternative to the value-based accounts. Second, for the literature on corruption, this research examined perceptions of individual actor and organization actor at the same time, which were foci of isolated literatures in the past. Third, for the literature on lay theories of agency, the current research extends the scope of consequence from attribution to ethical judgment. Methodologically, this research showed country difference in lay theories of agency by directly measuring the lay beliefs rather than using attribution as a proxy. It also

established the causal effect of agency primacy through experimental priming. The findings shed light on the practice of organizational ethics management.

### *Organizational Ethical Judgment*

Ethics of leaders has attracted a lot of scholarship, as suggested by the expanding research on ethical leadership, abusive leadership, and related topics. The literature has several characteristics. First, “ethics” is defined broadly, in general concerning the leaders’ fairness, caring for subordinates, and promotion of ethical conduct (Brown & Mitchell, 2010). Second, the victims of unethical acts by leaders are always employees. Third, examinations of unethical acts by leaders focus on employees’ work-related attitude (e.g., job satisfaction, turnover intentions) and behaviors (e.g., citizenship, deviance; see Brown & Mitchell, 2010; Brown & Treviño, 2006; Treviño et al., 2014).

However, an “ethical” leader may pursue a course of morally questionable action, which does not harm the employees but potentially benefits the organization. Bribery is an example of such actions. Although employees are not directly involved in the bribery, their work attitudes and behaviors may be influenced depending on how they judge the leader’s act. If they judge it leniently, they may see it as the normative way of doing business, be silent instead of voicing on it, and engage in similar acts or other unethical conduct. If they judge it harshly, they may feel unsatisfied, decrease their trust toward the leader and the organization, and even withdraw. Therefore, knowing employees’ perception of the leader’s bribery can help to learn about the psychological mechanisms underlying their reactions.

Relevant research suggests several value-based accounts for employees’ leniency toward leaders’ bribery, such as high identification with the organization, endorsement of high power distance, obedience to the leader as to a “parent”, and favoritism toward the leader as a personal



friend. Alternatively, the current research proposes an agency conception-based account. Employees tend to judge the bribery based on their construal of the driving force behind it. Whether they see it as being driven by the leader's personal will, desire, and preference or by the organization's decision, goal, and procedure is influenced by their lay theories of agency. Individual agency theorists who assume the primacy of individual agency over group agency are likely to attribute the bribery more to the leader than to the organization, whereas group agency theorists who assume the primacy of group agency over individual agency are likely to attribute the bribery more to the organization than to the leader. These propositions were indeed validated in the current studies. In this sense, the current research makes an important contribution by suggesting an alternative angle to understand organizational ethics.

#### *Corruption/Bribery*

The literature on corruption is primarily on the receiving end of the corruption, possibly because demanding bribes is more morally questionable (Martin, Cullen, Johnson, & Parboteeah, 2007). What is less investigated is the supply side, which also plays important roles, no matter proactive or passive, in any corruption deal (Ashforth, Gioia, Robinson, & Treviño, 2008). Some initial research on bribe paying has shown that some people (e.g., Mazar & Aggarwal, 2011) and some organizations (e.g., Martin et al., 2007) are more willing than others to bribe. However, we lack knowledge of how most people (e.g., the public, the average employees) perceive the few who have power and resources to bribe. The current research suggests that employees tend to interpret their leaders' bribery in quite different ways depending on their lay theories of agency. Whether they see it as individual driven or organization driven affects the extent to which they judge the leader harshly or leniently. Understanding employees' reaction sheds light on their own behavioral choices and the formation of an ethical versus corrupt culture

in organization (Ashforth & Anand, 2003).

Furthermore, although researchers have recognized that both “individuals within organizations” and “organization themselves” could be corrupt actors (Ashforth et al., 2008), organizational actors and individual actors have been studied in different literatures. Some initial effort has been made to compare perceptions of briberies unambiguously committed by individuals and those by organizations. For instance, Liu et al. (2015) found that Chinese are less tolerant of organizational bribery than individual bribery whereas Americans are less tolerant of individual bribery than organizational bribery, and that this is because Chinese make more internal attributions for organization bribe payers whereas Americans make more internal attributions for individual bribe payers. They argue that the country differences in attribution and tolerance are underlined by country differences in lay theories of agency. Complementary to their findings, the current research directly measured lay theories of agency among American and Chinese employees and examined how it influenced judgment of ambiguous situations of bribery that could be interpreted either as an individual bribery or as an organizational bribery. The findings not only showed the association between agency conceptions and leniency toward bribery but also the causal effect of agency conceptions.

#### *Lay Theories of Agency*

Past research has shown cross-cultural differences in lay theories of agency by examining attributions for individual actors and group actors. Instead of treating attribution as a measure or proxy of lay theories of agency, the current research asked participants to self-report their endorsement of statements supporting individual or group agency primacy. The findings suggested that Americans and Chinese differ in their general conceptions of individual and group agency, which underlined their differences in bribery judgment. Furthermore, the current

research is the first to show the causal effect of lay theories of agency by increasing the temporary accessibility of either individual or group agency primacy.

The current research is also among the first to extend the examination of lay theories of agency to bribery judgment. Many situations in organizations involve not only actors at the individual level but also actors at the group or collective level. In the case of leaders' bribery, it is not clear whether the bribery is the leader's preferred way of doing business or the organization's decision. Our findings suggest that employees judged the same situation differently contingent on their agency conceptions. Accordingly, we can surmise that employees with different agency beliefs may also make divergent judgment of other situations and assign blames, awards, and responsibilities differently. In this sense, this research contributes to the general understanding of workplace judgments and behaviors.

#### *Practical Implication*

The current findings shed light on the negative consequences of leaders' bribery. When employees see the leader as the agent of bribery, they may develop distrust toward the leader and decrease their commitment. When they see the organization as the agent of bribery, they may either perceive bribery as the organizational norm and follow the norm or dis-identify with the organization and leave the company. Therefore, the advice our research provides to managers and organizations is not to maneuver agency primacy to bias employees' judgment but to emphasize the agency of individuals, groups, and the organization. It is a mal-interpretation that individual agency can be used as a justification by organizations to exonerate themselves from misbehaviors by scapegoating; it is also misleading to suggest that group agency can be used as a justification by individuals to deny responsibility with the excuses of obedience or organizational coercion. To develop ethical leadership and organizational culture, managers need to emphasize

both the organization's agency in initiating individual acts and individuals' capacity of acting on their moral compass despite external pressures.

### **Limitations and Future Directions**

In discussing several limitations of in this research, I am also suggesting some areas for future research. First, past research examined lay theories of agency as individual differences and country differences in dispositional versus situational attributions. The current research, as discussed in Chapter 1, complement past research by experimentally manipulating agency primacy and directly measuring agency conceptions through self-report of agreement with statements emphasizing individual or group agency. Given that attribution is a critical psychological process involved in lay theories of agency or the most proximal outcome of agency conceptions, future research should examine attributions and see whether attributions mediate agency conception effect on bribery judgment.

Second, future investigations can further examine the psychological mechanisms underlying lay theories of agency. As individual and group agency theorists assume different levels of intentionality, capacity, and autonomy of individual actors and group actors, their judgment of the leader's bribery may vary as a function of the characteristics of the leader and the characteristics of organization on these three dimensions. A promising avenue to examine this is to vary the perception of individual potency (e.g., the leader is described as intimidating, brilliant, or tightly disciplined) versus group potency (e.g., the organization is described in the same way—being composed of brilliant people etc.). Relative to the control condition, individual agency theorists might be much harsher towards the potent leader than group agency theorists, whereas group agency theorists might be much more lenient than individual agency theorists.

Another intriguing direction for future research is to go beyond perceptions and

judgments of leader's bribery to examine the downstream consequences. In field research, surveys can be conducted to investigate the associations between agency conceptions, attributions of leaders' bribery, and behavioral and attitudinal reactions toward the leader such as trust, toward the organization such as turnover intention and organizational identification, toward oneself such as engagement in other unethical acts. In experimental studies, participants could be assigned to a bribing or non-bribing leader and then interact with the leader. Behavioral reactions such as verbal communication, eye contacts, and interaction frequency can be analyzed to see whether they vary as a function of agency conceptions.

In addition, future research can investigate unethical acts by leaders or by the organization that are for personal interest or for organizational interest. In the current research, it is ambiguous whether the bribery is initiated by the individual or the organization, as the act is physically conducted by an individual but the act employs organizational resources and could potentially benefit the organization. It is worthwhile to develop a theoretical framework and conduct studies on the effect of agency conceptions on ethical judgment as a function of level of the actor (individual or organization), nature of consequence (benefit or harm), and affected party (individual, organization, other employees, or the public).

## **Conclusion**

In conclusion, I hope this research calls for the attention to the role of agency conceptions in ethical judgment in the workplace. Leaders serve as representatives of organizations and act as role models and authority. Their bribery has consequential impact on subordinates' perception of organizational culture and ethical codes. This package of studies shows that agency conceptions make a difference in interpretation of the bribery and judgment of the leader. This enriches our knowledge of ethical judgment in the workplace and offers organizations an additional

dimension to consider in ethics management.

## CHAPTER 3 LAY THEORIES OF AGENCY AND FAVORITISM TOWARD FRIENDS

What do I do when my love is away?  
(Does it worry you to be alone?)  
How do I feel by the end of the day?  
(Are you sad because you're on your own?)  
No I get by with a little help from my friends  
Mm I get high with a little help from my friends  
Mm gonna try with a little help from my friends

— The Beatles

### Introduction

While the Beatles sang about getting help from friends in the bedroom, it also happens a lot in the workplace. Whenever managers or employees have discretion over a decision and there is not close oversight or a strict rule, there is good chance that favoritism will be shown to friends—or to relatives, schoolmates, compatriots, homies, and the like.

The literature on organizational behaviors investigated prosocial organizational behaviors (e.g., Katz, 1964; Breif & Motowidlo, 1986) such as citizenship behavior (e.g., Smith, Organ, & Near, 1983) and whistleblowing (e.g., Miceli & Near, 1992), and unethical behaviors such as unethical acts by employees to harm coworkers (e.g., Thau, Aquino, & Poortvliet, 2007), to harm the organization (e.g., Skarlicki & Folger, 1997), to benefit the self (e.g., Greenberg, 2002), or to benefit the organization (e.g., Umpress et al., 2010). Less studied, but no less frequent, is favoritism—giving preferential treatment to another person who has particular relationship with the employee, which benefits that person but harms the organization. What makes a relationship so important that one would violate the workplace rules or ethical standards to help the other person? Why do some employees commit favoritism while others do not?

Most existing accounts of ingroup favoritism, rooted in social identity theory, emphasize

an individual's favorable treatment toward ingroup members to enhance the self (Tajfel, 1978; Tajfel & Turner, 1986), or to enhance the group that the individual values and attaches significance to (e.g., Chen et al., 2002; Chen et al., 1998). That is, ingroup favoritism is value-based; people favor an ingroup member out of their valuing of the positive self-image or group welfare. An alternative account, though less tested, emphasizes that people favor ingroup members because they feel pressured by the group to do so (e.g., Hertel & Kerr, 2001; Yamagishi et al., 1999). That is, ingroup favoritism is not internally driven by individual intention but externally driven by group norms or pressures.

As discussed in Chapter 1, people differ in their assumptions about the intentionality, capacity, and autonomy of groups versus individuals in initiating actions and effecting outcomes (Menon et al., 1999; Morris et al., 2001). Accordingly, it is possible that employees who assume more group agency than individual agency show greater favoritism at work—they succumb more to social group pressure and expect more powerful enforcement of norms by the group in which the relationship is embedded. The current research therefore aims to explore this external drive account of favoritism in workplace.

Before developing hypotheses, it is important to clarify which group is relevant in the favoritism situation. In Chapter 1 employees' judgment of the leader's bribery is contingent on the extent to which they assume the individual (the leader) or the group (the organization) has greater agency, because either the individual or the organization could be the cause of the bribery. The embeddedness of the individual actor in the group makes group power a concern for group agency theorists. In this chapter on workplace favoritism, employees' own behavioral choice is also contingent on the extent to which they assume the individual (they themselves) or the group (the informal social group) has greater agency. The embeddedness of the relationship



between the employee and the potential favor-receiver (e.g., a job applicant who is a schoolmate) makes the informal group norms such as helping schoolmate a concern for group agency theorists.<sup>16</sup> The informal group norm of helping constrains a person's freedom and autonomy to follow universal and objective rules, pressuring the person to be preferential. Given that individual agency theorists assume individual capacity to overcome social constraints whereas group agency theorists assume the power of groups over individual decisions, I expect group agency theorists will show greater favoritism than individual agency theorist who will follow general workplace rules and professional norms.

In the following, I will briefly discuss related research in the past and develop hypotheses based on the theory developed in Chapter 1. Then I will present four studies testing the hypotheses in online and lab studies with quasi-experimental and experimental designs among student participants and working adult participants.

### **Theoretical Overview**

Social identity theory (Tajfel, 1978; Tajfel & Turner, 1986) research found that people treat ingroup members preferentially, a path to self-esteem via social identities (Aberson, Healy, & Romero, 2000). Cross-cultural research argues that this self-enhancement is found in individualistic cultures; in collectivist cultures, ingroup favoritism could be the end in its own right rather than the means, as collectivist people put group interests ahead of personal interests when having to choose between them (Chen et al., 2002; Chen et al., 1998). Be it for self-enhancement or group enhancement, ingroup favoritism is what people *like* to do because they “have affection for in-group members who share similar values and attitudes with them (e.g.,

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<sup>16</sup> Although the organization can also be seen as a “group,” its rules such as being fair, honest, and professional in this case serve more as universal standards that every person is supposed to follow regardless of the group context.

Rokeach, 1960) or because people derive a measure of self-esteem from group identity (e.g., Billig & Tajfel, 1973; Tajfel et al., 1971)” (see Yamagishi, Jin, & Miller, 1998, p.316).

Alternative to the value-based accounts, research on agency conceptions suggested that people show ingroup favoritism not because of their internalization of it as a value but because of their construal of stronger group force over individual force in making the choice. Group agency theorists assume that social groups have purposes and norms that control their individual members and exert influence on their environment, whereas individual agency theorists assume that groups are artificial categories, less real entities than individuals, who can act on their personal beliefs and values. This difference in agency conception presumably orients different ethical choices in the workplace. When facing the dilemma whether to adhere to professional rules and objective standards or to help a friend, individual agency theorists may be more likely to discount the weight of groups associated with the friend and stick to the general rules. In contrast, group agency theorists may be more likely to acquiesce to the informal norms of the social group and violate general rules.

This role of group agency in ingroup favoritism has been suggested, though not directly studied, in some research. For instance, Yamagishi, Jin, and Kiyonari (1999) found that ingroup favoritism was more likely to occur when participants learned that their favor-giving would be observed by other ingroup members and socially rewarded. Hertel and Kerr (2001) found that participants perceived more normative expectation of ingroup favoritism after being primed with the idea of group loyalty.

Therefore, I predict individual differences in favoritism as a function of agency conceptions. As discussed in Chapter 1, Americans and Chinese differ in their prioritizing of individual agency versus group agency. Hence, I also predict country difference in workplace

favoritism and the mediating effect of agency primacy.

*H4: Group agency primacy is associated with greater favoritism at work.*

*H5: Compared to Americans, Chinese show greater favoritism at work*

*H6: The above effect of country on favoritism (H5) is mediated by the effect of agency primacy (H4).*

### **Relationship Embeddedness**

Previously I argued that group agency theorists favor friends because they perceive relationships carry group norms. In other words, it is the group in which the relationship with the person is embedded that influences decisions toward the person. The importance of relationship embeddedness is a fundamental tenet in social network theories. If an ego is strongly tied to the alters and the alters are strongly tied to each other, that is, when the social network is highly dense (or a clique), the individuality and behavioral options of the ego is greatly restricted by group norms (Burt, 1982; Krackhardt, 1998, 1999; Simmel, 1950). Consistently, research on social mobility (such as residential mobility, job mobility, relationship mobility) suggests that the degree to which people are able to exit or switch social groups, jobs, or residences has consequential impact on people's tendency to help (e.g., Levine, Martinez, Brase, & Sorenson, 1994; Oishi et al., 2007) and to sanction group norm-violating behaviors (Roos, Gelfand, Nau, & Carr, 2014; Roos, Gelfand, Nau, & Lun, 2015; Wang & Leung, 2010; Whitson, Wang, Kim, Cao, & Scrimshire, 2015).

Although this ecological feature of social environment tends to foster the evolution of different lay theories of agency (e.g., individual agency theory in high mobility society and group agency theory in low mobility society; see Oishi, 2010), the specific social environment and one's agency conception may interact and jointly impact judgment and choice. When the

relationship is highly embedded, that is, when the potential favor giver and receiver share many social ties and have great overlap between their networks, the demand characteristic of the group becomes exceptionally salient to group agency theorists who are habitually attentive and tuned to group wills and norms.

When the relationship of the same strength is not highly embedded, that is, when the potential favor giver and receiver do not share many common ties and have mere overlap between their networks, the pressure of group wills and norms tends to be weaker. In this situation, group agency theorists do not have to acquiesce to group pressure, as the object contextual characteristic does not prescribe it, though they subjectively subscribe to group norms and goals.

For individual agency theorists, the degrees of embeddedness may not make as much a difference as for group agency theorists. Though their decision may also be somewhat influenced by the high relationship embeddedness, their construal of individuals as more independent decision makers who have the moral capacity to follow universal standards or general rules makes them less susceptible, if not totally immune, to the group pressure.

In other words, although group agency theorists are generally more likely to show favoritism than individual agency theorists, the likelihood is much higher when embeddedness is high than when embeddedness is low.

*H7: The positive association between group agency primacy and favoritism (H4) is stronger when the relationship embeddedness is higher.*

### **Plan of Study**

To test the hypotheses, I conducted four studies. In studies 3 and 4 quasi-experiments were conducted among working adults in the U.S. and the Mainland China. Study 3 was to

develop a scenario-based scale of workplace favoritism and establish the phenomenon that Chinese show greater favoritism at work than Americans. Study 4 was to examine the mediating effect of agency conceptions on the country difference in favoritism. Studies 5 and 6 used different experimental designs to test the causal effect of agency primacy on favoritism by temporarily increasing the salience of either individual or group agency through priming. Study 6 further examined the moderating effect of relationship embeddedness.

### **Study 3**

Study 3 has two purposes. The first is to test the hypothesis that Chinese employees are more likely than Americans to show favoritism at work (H5). As the study pertained to employees' ethical decisions in work contexts, participants were expected to have some concrete work experience and possibly have performed or observed workplace favoritism. Hence, I conducted the survey with working adults in the United States and in Mainland China. The American participants were U.S. nationals on Amazon Mechanical Turk (MTurk, [www.mturk.com](http://www.mturk.com)). Chinese participants were Chinese nationals on the China-based platform called Sojump ([www.sojump.com](http://www.sojump.com)).

The second purpose of the current study is to develop a multiple situation-based measure of workplace favoritism. Although the theoretical argument for Chinese being more likely to show favoritism than Americans persists in literature, empirical examinations are not coherent and well organized. Two broad categories of approaches have been employed in relevant literatures. First, the ingroup bias literature usually adopts the minimal group paradigm originally developed in Tajfel's research (e.g., Billig & Tajfel, 1973; Tajfel, Billig, Bundy, & Flament, 1971). Though the paradigm enables demonstration of the robustness and persistence of ingroup favoritism even when group members have no past histories, the approach has certain limitations

with regard to the current research purpose.

Participants in these experiments are mostly students, who worked in quite artificial settings (Lewis & Sherman, 2003) and were grouped based on trivial criterion (e.g., preference of artists or the result of a coin flip; cf. Diehl, 1990; Jetten, Spears, & Manstead, 1996). This raises the issues that the essence of social groups in people's daily life may not be captured and the workplace decision context may be over-simplified—no substantive pressure from real social groups. Second, favoritism is usually operationalized as higher trait ratings of ingroup (vs. outgroup) members and more resource allocations such as points or money to ingroup (vs. outgroup) members in lab experiments (see Gramzow, 2007). In other words, the favorable treatment does not always be the favoritism in its daily sense, which has a negative connotation. Third, though the treatment is in favor of ingroup member, there is no ostensible conflict between friends' interests and workplace norms or professional ethical standards, which is the focus of the current research.

The other line of empirical examination of favoritism is primarily conducted by Trompenaars and his colleagues (e.g., Smith, Dugan, & Trompenaars, 1996; Trompenaars, 1993; Trompenaars & Hampden-Turner, 2005, 2010; Trompenaars & Woolliams, 2003). Based on large scale, multi-national surveys, they found cross-cultural difference in following universal standards versus giving preferential treatment to friends. They reported the findings in consultant and pop books rather than theory-driven, peer-reviewed academic journals. Though cited in some academic research (e.g., Kirkman & Shapiro, 2001; Newman & Nollen, 1996), their method and scale were not employed in research-oriented studies. The approach also has certain limitations with regard to the current research purposes.

First, their findings are based on limited methods. They used single-scenario surveys.

Using multiple scenarios or behavioral descriptions is a better approach to capture the behavioral domain of interest (e.g., Bennett & Robinson, 2000; Robinson & Bennett, 1995). Also their response format was a binary choice in an imaginary situation (e.g., in a car accident whether to favor a friend by lying to court or not). Although the binary choice is advantageous in forcing participants to make a choice, it can fail to reveal the degree of preference. Hence, I used multiple workplace scenarios with Likert-scale response format.

Second, the target of favoritism in past surveys was always friends. While friendship is a type of relationship more interpersonally defined, other relationships based on shared group membership are present in favoritism situations. For instance, an alumnus applying for a job position is not even familiar with the employee in charge, but the social group norm of helping alumni may be a concern in this situation. Therefore the target of favoritism investigated in my study expanded from friend to a broader range of relationships such as kin relationships, marriage relationships, and other social relationships such as schoolmates, compatriots, homies, and other common affiliations. (For the ease of referring, I use “friend(s)” in this chapter).

Third, the scenarios in past surveys were not always in the work context and usually involved severe harm to the third party and obvious law breaking such as lying to the court. However the favoritism cases frequently encountered at work are more subtle, though long-term prevalent practice of them would still result in great harm. Therefore, I focus on scenarios that only happen in the work context, do not clearly break the law, and have no severe harm involved.

Fourth, beyond employees’ own behavioral choices, the current study also explores their perceptions of the descriptive norm of favoritism (i.e., most people’s behavioral tendency), prescriptive norm of favoritism (i.e., most people’s expectation of one’s behavioral choice), and interpersonal expectation (i.e., the friend’s expectation to receive the favor). I expect that

Americans and Chinese are different not only in their personal tendency to show favoritism but also in perceptions of the social norms.

## **Method**

### *Participants*

I recruited 243 American nationals (63.4% female;  $M_{age} = 34.72$ ,  $SD_{age} = 13.27$ ) via MTurk and 230 Chinese nationals (57.8% female;  $M_{age} = 29.32$ ,  $SD_{age} = 5.14$ ) via Sojump to participate in an online study. Compared with the Chinese sample, the American sample had significantly higher mean age, longer tenure, lower educational level, and lower hierarchical rank in organization (see Table 4). These demographics were included in later analyses as control variables.

### *Measures*

Participants received brief descriptions of ten situations in various work contexts. All situations involve the conflict between following general rules or professional standards and giving favorable treatment to a target person who has a particular relationship with the favor giver such as friend, former classmate, cousin, etc. An example situation is “Person A has the responsibility of filling a position within the firm. Person A’s former college classmate has applied for the position and is qualified, but there is another applicant who seems to be better qualified.” I minimized the use of specific names and “he” or “she” to avoid any potential effect of gender or particular names.

For each situation participants were asked to imagine they were Person A and answer four questions. *Personal favoritism* was measured with the question on the likelihood (1 = “highly unlikely”, 6 = “highly likely”) that participants tended to give favor to the target if put in the situation. *Perceived descriptive norm* was measured with the question on the likelihood (1 =



“highly unlikely”, 6 = “highly likely”) that participants thought most people in their society would give favor to the target if put in that situation. *Perceived prescriptive norm* was measured with the question on the extent (1 = “not at all”, 6 = “to a large extent”) to which participants thought most people in their society would think one should give biased treatment in favor of the target in that situation. *Interpersonal expectation* was measured with the question on the extent (1 = “not at all”, 6 = “to a large extent”) to which participants thought the target would expect one to give the favor.

The questionnaire was in English for the American sample and in simplified Chinese for the Mainland Chinese sample. Two Chinese-English bilinguals translated and back-translated the materials to ensure measurement equivalence (Brislin, 1970).

## **Results**

### *Reliability*

Cronbach’s alphas for each question on favoritism for the 10-situation scale for the American and Chinese samples are reported in Table 5(a). Based on reliability statistics<sup>17</sup>, the final scales for the four indices thus included seven situations (See Appendix D). The Cronbach’s alphas for personal favoritism, perceived descriptive norm, perceived prescriptive norm, and interpersonal expectations were .76, .74, .80 and .85 in the American sample and .82, .78, .82, and .83 in the Chinese sample respectively. The score of each of the four indices were calculated by averaging the scores across the seven situations.

### *Country Difference in Favoritism at Work*

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<sup>17</sup> The “Cronbach’s alpha if item deleted” suggested that dropping the third and eighth situation will improve the reliabilities of personal favoritism and perceived descriptive norm to an acceptable level in both samples. The result in Table 5(b) on the 8-situtaion scale suggested that dropping the ninth situation will further increase the reliabilities of personal favoritism and perceived descriptive norm without decreasing the reliabilities of the other two indices in both samples.

An analysis of covariance (ANCOVA) was conducted on personal favoritism, perceived descriptive norm, perceived prescriptive norm, and interpersonal expectation, respectively, with country as the independent variable and the demographics as covariates. None of the covariates showed significant effect on any of the dependent variables. The main effect of country was significant on all the four dependent variables.

As depicted in Figure 9, compared with American participants, Chinese participants were more likely to show favoritism at work ( $M_{\text{Chinese}} = 4.43$ , 95% CI = [4.31, 4.54];  $M_{\text{American}} = 3.63$ , 95% CI = [3.52, 3.74]),  $F(1, 466) = 86.30$ ,  $p < .001$ ,  $\eta_p^2 = .16$ , to expect most people in their society to show favoritism at work ( $M_{\text{Chinese}} = 4.82$ , 95% CI = [4.72, 4.92];  $M_{\text{American}} = 4.51$ , 95% CI = [4.42, 4.61]),  $F(1, 466) = 17.16$ ,  $p < .001$ ,  $\eta_p^2 = .04$ , and to perceive that most people in their society would think one should give the favor ( $M_{\text{Chinese}} = 4.67$ , 95% CI = [4.57, 4.77];  $M_{\text{American}} = 4.49$ , 95% CI = [4.39, 4.58]),  $F(1, 466) = 5.86$ ,  $p = .016$ ,  $\eta_p^2 = .01$ . Americans were slightly more likely than Chinese to think that the friend would expect to receive favor, ( $M_{\text{American}} = 5.01$ , 95% CI = [4.91, 5.10];  $M_{\text{Chinese}} = 4.87$ , 95% CI = [4.77, 4.96]),  $F(1, 466) = 3.68$ ,  $p = .056$ ,  $\eta_p^2 = .01$ <sup>18</sup>. Hence, H5 was supported.

#### *Additional Analyses*

*Country Differences in Each Situation.* As the seven situations involved various types of relationships and favors, Americans and Chinese may differ in their decisions in different situations. Also, it is possible that the extent of favoritism varies within each culture. Therefore, I conducted a 2 Country (US, China)  $\times$  7 Situation ANCOVA with country as a between-subject

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<sup>18</sup> The same analyses were conducted for the composite scores of the ten situations and found that Chinese were more likely than Americans to show favoritism,  $F(1, 466) = 95.42$ ,  $p < .001$ ,  $\eta_p^2 = .17$ , to expect most people to do so,  $F(1, 466) = 19.27$ ,  $p < .001$ ,  $\eta_p^2 = .04$ , to think most people expect so,  $F(1, 466) = 7.49$ ,  $p = .006$ ,  $\eta_p^2 = .02$ . But the two samples did not differ in their perception of interpersonal expectation,  $F(1, 466) = 2.02$ ,  $p = .156$ ,  $\eta_p^2 = .004$ .

variable, situation as a within-subject variable, and the demographics as covariates. The main effect of country was significant on all the four indices of favoritism ( $p_s < .05$ ). The main effect of situation was significant on perceived descriptive norm and prescriptive norm ( $p_s < .05$ ). The Country  $\times$  Situation interaction was significant on all the four indices of favoritism ( $p_s < .02$ ).

Pairwise comparisons between samples and within each sample were conducted. Table 6 presents the estimated mean levels of favoritism in each situation by Americans and Chinese. Consistent with the main analysis, Chinese showed greater personal favoritism than Americans in each of the seven situations and greater perception of descriptive norm in six of the seven situations. However, Chinese showed greater perception of prescriptive norm than Americans in three situations, whereas Americans showed greater perception of interpersonal expectation than Chinese in three situations. Furthermore, within the Chinese sample favoritism did not vary very much across the seven situation, whereas within the American sample favoritism varied significantly for different relationships and different situations.

*Association between Personal Favoritism and Normative Perceptions.* Table 7 presents the partial correlations between the indices of favoritism with the six demographic variables controlled. In both samples, the four indices are significantly correlated with each other. However, the strength of the correlations significantly varies across samples. Personal favoritism had stronger associations with perceived descriptive norm ( $z = 1.83$ .  $p = .067$ ), perceived descriptive norm ( $z = 3.31$ .  $p < .001$ ), and interpersonal expectation ( $z = 3.65$ .  $p < .001$ ) among Chinese than among Americans. This suggests the possibility that, compared with American participants, Chinese participants' personal choice may be influenced to a greater extent by their perceptions of what most Chinese would do and what most Chinese would think one should do.

Within the American sample, personal favoritism showed a stronger correlation with perceived descriptive norm than with either perceived shared expectation ( $z = 1.52, p = .064$ ) or interpersonal expectation ( $z = 2.50, p = .012$ ). Within the Chinese sample, personal favoritism correlated with the other three indices to the same degree (with  $p$  values  $> .05$  for the  $z$  tests). This suggests the possibility that Americans' personal choice may be more influenced by their perception of what other people would commonly do than by their perception of others' expectation or friends' expectation, whereas Chinese personal choice may involve concerns of all these three factors.

I also conducted regression analysis with personal favoritism as the dependent variable, the other three indices of favoritism as independent variables and the demographics as control variables in the two samples separately. In the American sample, personal favoritism was only associated with perceived descriptive norm ( $\beta = .47, p < .001$ ) but neither with perceived prescriptive norm ( $\beta = -.04, p = .637$ ) nor with interpersonal expectation ( $\beta = .08, p = .329$ ). In the Chinese sample, personal favoritism was associated with both perceived descriptive norm ( $\beta = .32, p < .001$ ) and perceived prescriptive norm ( $\beta = .30, p < .001$ ) but not with interpersonal expectation ( $\beta = .10, p = .249$ ).

Using 5000 bootstrap samples with bias corrected (BC) 95% confidence interval (CI), I conducted mediation analysis with country as the independent variable, personal favoritism as the dependent variable, the other three indices as mediators, and the demographics as covariates. Results found significant mediating effects of perceived descriptive norm (BC 95% CI = [.07, .24]) and perceived prescriptive norm (BC 95% CI = [.01, .09]) but not interpersonal expectation (BC 95% CI = [-.01, .09]). This suggests that the American-Chinese difference in the tendency to show personal favoritism is possibly due to their differences in perceptions of the descriptive

norm and prescriptive norm.

## **Discussion**

Study 3 found that Chinese employees tended to show greater favoritism at work than American employees. The additional analyses suggested that Chinese treated the various types of relationships less discriminately than Americans. The American-Chinese difference in favoritism is possibly because, compared with Americans, Chinese had a stronger perception that favoritism is what people in their society commonly do and what people usually expect one to do in such situations. Furthermore, the presence of association between personal favoritism and perceived prescriptive norm in the Chinese sample and the absence of it in the American sample suggest that perceived prescriptive expectation may play a more important role in orienting personal choice for Chinese who emphasize the primacy of group agency over individual agency.

## **Study 4**

Study 3 established the phenomenon that favoritism at work is greater among Chinese than Americans. Study 4 aimed to examine whether lay theories of agency can explain this country difference. Working adults from both countries participated in a survey, in which they not only indicated their personal favoritism and normative perceptions as in Study 3 but also self-reported their endorsement of individual and group agency beliefs.

## **Method**

### *Participants*

Participants in this study were the same participants in Study 1. There were 192 Americans and 195 Chinese. The two samples differed along several demographic dimensions (See Table 1), which were included in later analyses as control variables.

### *Measures*

Questions measuring favoritism and lay theories of agency were embedded in the survey described in Study 1.

*Favoritism at Work.* The 7-situation scale generated in Study 3 were used to measure personal favoritism, perceived descriptive norm, perceived prescriptive norm, and perceived interpersonal expectation. The Cronbach's alphas for the four measures across the seven situations were .82, .73, .81 and .84 in the American sample and .75, .77, .81 and .82 in the Chinese sample.

*Lay Theories of Agency.* I used the 12-item Lay Theory of Agency Scale (Hong, 2002) described in Study 1, with six items on the individual agency sub-scale and six items on the group agency sub-scale. The indices of individual agency belief, group agency belief and group agency primacy were calculated in the same way as in Study 1. The country differences in these variables were shown in Figure 1.

## **Results**

### *Correlations*

Table 8 shows the descriptive statistics and bivariate correlations among all variables. There were significant and positive correlations between country (US = 0, China = 1) and personal favoritism, perceived descriptive norm, and perceived prescriptive norm. Group agency primacy showed significant and positive correlations with personal favoritism, perceived descriptive norm, prescriptive norm, and interpersonal expectation.

### *Country Difference in Favoritism at Work*

To test the hypotheses, I conducted hierarchical multiple regression analysis on each of the four dependent variables. Model 1s in Table 9 are the baseline models which included the six demographic control variables. Results suggested that participants with shorter work experience

and higher organizational rank were more likely to show favoritism and to expect most people in their society would do so. Participants with higher organizational rank were also more likely to perceive that favoritism is a prescriptive norm in their society.

In Model 2s country was added to the regression and showed a significant effect on personal favoritism ( $\beta = .39, p < .001$ ) and perceived descriptive norm ( $\beta = .13, p = .046$ ), and a marginally significant effect on perceived prescriptive norm ( $\beta = .12, p = .072$ ), but non-significant effect on perceived interpersonal expectation ( $\beta = -.01, p = .834$ ). As depicted in Figure 10, Chinese participants were more likely than American participants to show favoritism at work ( $M_{\text{Chinese}} = 4.46, 95\% \text{ CI} = [4.32, 4.60]$ ;  $M_{\text{American}} = 3.72, 95\% \text{ CI} = [3.58, 3.86]$ ),  $F(1, 379) = 41.77, p < .001, \eta_p^2 = .10$ , to expect most people in their society to show favoritism at work ( $M_{\text{Chinese}} = 4.88, 95\% \text{ CI} = [4.77, 4.99]$ ;  $M_{\text{American}} = 4.70, 95\% \text{ CI} = [4.59, 4.81]$ ),  $F(1, 379) = 4.01, p = .046, \eta_p^2 = .01$ , and to perceive most people in their society would think one should give the favor ( $M_{\text{Chinese}} = 4.80, 95\% \text{ CI} = [4.68, 4.91]$ ;  $M_{\text{American}} = 4.63, 95\% \text{ CI} = [4.51, 4.74]$ ),  $F(1, 379) = 3.26, p = .072, \eta_p^2 = .01$ . Hence, H5 was supported.

#### *Agency Primacy and Favoritism at Work*

In Model 3s group agency primacy (instead of country) was added to Model 1s. Regardless of country, group agency primacy was associated with greater personal favoritism ( $\beta = .26, p < .001$ ), greater perception of descriptive norm ( $\beta = .12, p = .032$ ), and greater perception of interpersonal expectation ( $\beta = .16, p = .003$ ), but not associated with perceived

prescriptive norm ( $\beta = .07, p = .208$ ). Hence, H4 was basically supported.<sup>19</sup> Interestingly, group agency primacy was negatively associated with perceived interpersonal expectation ( $\beta = .15, p = .003$ ).

### *Mediation*

When country and group agency primacy were both added to model 1s, country effect was still significant on personal favoritism ( $\beta = .32, p < .001$ ), but reduced to non-significant on perceived descriptive norm ( $\beta = .09, p = .209$ ), prescriptive norm ( $\beta = .10, p = .157$ ), and interpersonal expectation ( $\beta = -.11, p = .131$ ). The effect of group agency primacy was significant on personal favoritism ( $\beta = .16, p = .004$ ), and interpersonal expectation ( $\beta = .20, p = .001$ ), but not significant on perceived descriptive norm ( $\beta = .09, p = .139$ ) or prescriptive norm ( $\beta = .04, p = .551$ ).<sup>20</sup>

Results in Model 1-4 for the four dependent variables suggested that group agency primacy could possibly be a mediator of country effect on personal favoritism. To formally test the mediation, I conducted bootstrapping mediation analysis developed by Preacher and Hayes (2004, 2008) using 5000 bootstrap samples with bias corrected (BC) 95% confidence interval

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<sup>19</sup> When group agency belief and individual agency belief were added to regression model 1s as two separate variables, the effect of group agency belief was significant and positive on personal favoritism ( $\beta = .20, p < .001$ ), perceived descriptive norm ( $\beta = .17, p = .003$ ), perceived prescriptive norm ( $\beta = .17, p = .003$ ), and perceived interpersonal expectation ( $\beta = .11, p = .046$ ). The effect of individual agency belief was significant and negative on personal leniency ( $\beta = -.12, p = .016$ ) but not significant on either perceived descriptive norm ( $\beta = .01, p = .849$ ), or perceived prescriptive norm ( $\beta = .07, p = .208$ ), or perceived interpersonal expectation ( $\beta = -.09, p = .100$ ).

<sup>20</sup> When country, group agency belief, and individual agency belief were all entered into the regression in Model 4s, the effects of country became smaller but still significant on personal favoritism, and became insignificant on perceived descriptive norm, prescriptive norm, and interpersonal expectation. The effect of group agency belief was significant on all the four dependent variables. The effect of individual agency belief was not significant on any of the four dependent variables.



(CI). The indirect effect of culture through group agency primacy was significantly different from zero on personal favoritism (BC 95% CI = [.02, .28]). Thus, H6 on the mediation is supported.<sup>21</sup>

## **Discussion**

Study 4 replicated the key finding in Study 3 that Chinese were more likely than Americans to show favoritism at work. More importantly, the current study suggested that this country difference was partially because group agency primacy is greater among Chinese than Americans. Besides, Chinese were also more likely than Americans to perceive that people in their society would do so and would think others should do so.

### **Study 5**

To complement the quasi-experimental methodology in Studies 3 and 4, this study aimed to test the causal effect of agency primacy on favoritism by experimentally making salient either individual or group agency conception. As predicted in H4, I expected that favoritism at work tends to be greater when group agency primacy is primed, relative to when individual agency primacy is primed.

In the current study I examined the influence of agency primacy on favoritism not only in the workplace but also outside the workplace. Past research on cross-cultural differences in ingroup bias outside the workplace (e.g., Li, 1993) has shown that Chinese treat filial relationships (e.g., father) as favorably as they treat themselves, whereas Americans reserve their

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<sup>21</sup> The indirect effect of culture through group agency belief was significantly different from zero on personal favoritism (BC 95% CI = [.02, .23]), perceived descriptive norm (BC 95% CI = [.02, .13]), perceived prescriptive norm (BC 95% CI = [.02, .15]), and perceived interpersonal expectation (BC 95% CI = [.01, .11]). The indirect effects of culture through individual agency belief was not significant on personal favoritism (BC 95% CI = [-.06, .12]), perceived descriptive norm (BC 95% CI = [-.09, .04]) and perceived prescriptive norm (BC 95% CI = [-.13, .00]), but significant on perceived interpersonal expectation (BC 95% CI = [.01, .13]).

most favorable treatment only for themselves. Accordingly, I expect that participants primed with group agency primacy tend to treat both themselves and friends more favorably than strangers, whereas participants primed with individual agency primacy tend to treat themselves more favorably than both friends and strangers. By replicating in an experimental setting past findings that were based on quasi-experimental designs, the current study will not only increase the external validity of the causal effect of agency primacy on favoritism within and outside the workplace but also enlighten the mechanism underlying favoritism.

## **Method**

### *Participants*

Fifty American working adults (44.0 % female;  $M_{age} = 35.80$  years,  $SD_{age} = 13.65$  years) participated in an online study. On average, they had 15.16 years ( $SD = 11.96$ ) of work experience and subjectively perceived their socioeconomic status to be middle in their society ( $M = 4.38$  along a 9-point scale,  $SD = 1.58$ ). About half of the sample (44.0%) claimed to have a college degree.

### *Procedure and Measures*

The study was introduced “to investigate people’s cognitive capacity to work on multiple tasks” and participants were instructed to work back and forth on two separate tasks.

*Manipulation of Agency Primacy.* The first task was titled as “Comprehension”. Participants were asked to read a short paragraph that consisted of three statements adapted from the 12-item Lay Theory of Agency Scale. Participants were randomly assigned to one of two conditions. In the individual agency primacy condition, the three statements were all about the primacy of individual agency over group agency, and the vice versa in the group agency primacy condition. After reading participants in both conditions were asked to write three cases of

personal experiences illustrating the statements and explain why.

*Favoritism at Work.* The second task was titled as “Social Judgment and Decision Making”. Participants were asked to make decisions in several hypothetical situations. To make sure the manipulation effect maintain while participants were working on this part, they were randomly presented with three of the seven (rather than all the seven) situations used in Study 2. For each situation, they answered only one question on personal favoritism. The mean score of the three situations was taken as the index of personal favoritism at work, with higher values indicating greater favoritism.

*Favoritism outside Work.* Participants then were randomly assigned to one of three conditions. They were asked to imagine that a friend, a stranger, or themselves exceeded the maximum speed allowed in an area of the city and caused a chain accident. They were asked to decide along a 7-point Likert scale (1 = “minimum amount”, 7 = “maximum amount”) the extent to which they thought the fine should be.

*Manipulation Check.* At the end of the study participants rated their agreement with the 12 statements in the Lay Theory of Agency Scale. The Cronbach’s alpha was .89 for the 6-item group agency sub-scale and .95 for the 6-item individual agency sub-scale. Indices of group agency belief and individual agency belief were calculated.

## **Results**

### *Manipulation Check*

A 2 Agency Primacy Condition (individual, group)  $\times$  2 Agency Belief (individual, group) GLM analysis was conducted with condition as a between-subject variable and agent belief as a within-subject variable. The only significant effect was the interaction effect,  $F(1,48) = 35.43, p < .001, \eta_p^2 = .43$ . As depicted in Figure 11, participants who wrote examples of

individual agency primacy showed a stronger agreement with the individual agency statements ( $M = 5.10$ , 95% CI = [4.71, 5.49]) than the group agency statements ( $M = 3.34$ , 95% CI = [2.95, 3.73]),  $F(1, 48) = 27.12$ ,  $p < .001$ ,  $\eta_p^2 = .36$ , whereas participants who wrote examples of group agency primacy showed a stronger agreement with the group agency statements ( $M = 4.58$ , 95% CI = [4.17, 4.99]) than the individual agency statements ( $M = 3.43$ , 95% CI = [3.02, 3.84]),  $F(1, 48) = 10.58$ ,  $p = .002$ ,  $\eta_p^2 = .18$ . Comparing across conditions, agreement with individual agency statements was greater among participants who wrote examples of individual agency primacy than among participants who wrote examples of group agency primacy,  $F(1, 48) = 35.51$ ,  $p < .001$ ,  $\eta_p^2 = .43$ , whereas agreement with group agency statements was greater among participants who wrote examples of group agency primacy than among participants who wrote examples of individual agency primacy,  $F(1, 48) = 19.30$ ,  $p < .001$ ,  $\eta_p^2 = .29$ . Hence the manipulation worked as expected.

#### *Favoritism at Work*

A one-way ANOVA was conducted with Agency Primacy Condition (individual, group) as the independent variable and favoritism at work as the dependent variable. The effect of Condition was significant,  $F(1,48) = 7.27$ ,  $p = .010$ ,  $\eta_p^2 = .13$ , suggesting that participants who primed with group agency ( $M = 3.90$ , 95% CI = [3.50, 4.31]) tended to show more favoritism at work than those who primed with individual agency ( $M = 3.15$ , 95% CI = [2.76, 3.54]). Hence, H4 was supported.

#### *Favoritism outside Work*

A 2 Agency Primacy Condition (individual, group)  $\times$  3 Driver (self, friend, stranger) ANOVA was conducted on the extent to which participants thought the fine should be. None of the main effects was significant. The interaction effect was marginally significant,  $F(2,44) =$

2.95,  $p = .063$ ,  $\eta_p^2 = .12$ . As depicted in Figure 12, custom hypothesis tests showed that participants primed with group agency thought the fine for the stranger ( $M = 6.54$ , 95% CI = [5.40, 7.68]) should be significantly greater than the fine for the friend ( $M = 4.72$ , 95% CI = [3.92, 5.53]),  $F(1,44) = 6.92$ ,  $p = .012$ ,  $\eta_p^2 = .14$ , and greater than the fine for themselves ( $M = 5.12$ , 95% CI = [4.27, 5.97]),  $F(1,44) = 4.05$ ,  $p = .05$ ,  $\eta_p^2 = .08$ , but the fine for the friend was not significantly different from the fine for themselves,  $F(1,44) = 0.48$ ,  $p = .492$ ,  $\eta_p^2 = .01$ .

Participants primed with individual agency thought the fines for the stranger ( $M = 5.73$ , 95% CI = [4.89, 6.58]), for the friend ( $M = 6.15$ , 95% CI = [5.25, 7.05]), and for themselves ( $M = 5.77$ , 95% CI = [4.92, 6.62]) should not be significantly different from each other, with  $p$  values for the  $F$ -tests of custom hypotheses all above .50.

Comparing across conditions, participants in two conditions did not differ in the extent to which they thought the stranger should be fined, ( $M = 6.54$  vs.  $M = 5.73$ ),  $F(1,44) = 1.31$ ,  $p = .258$ ,  $\eta_p^2 = .01$ , and the extent to which they themselves should be fined ( $M = 5.12$  vs.  $M = 5.78$ ),  $F(1,44) = 1.17$ ,  $p = .285$ ,  $\eta_p^2 = .03$ . However, those primed with group agency ( $M = 4.72$ ) thought the friend should be fined to a significantly smaller extent than did those who primed with individual agency ( $M = 6.15$ ),  $F(1,44) = 5.70$ ,  $p = .021$ ,  $\eta_p^2 = .12$ .

## **Discussion**

The current study suggested that when group agency primacy was made temporarily salient participants tended to show greater favoritism in the workplace than did they when individual agency primacy was made salient. Furthermore, group agency primacy also made participants to treat themselves and their friend equally favorably but a stranger harshly, whereas individual agency primacy made participants to treat themselves, their friend, and the stranger equally. In sum, group agency primacy is associated with greater favoritism toward friends,

within and outside the workplace.

### **Study 6**

The current study has two goals: making methodological improvement of Studies 3-5 and further exploring the psychological mechanism underlying agency conceptions' effect on favoritism. First, this study used different participants and operationalizations of the independent variable (agency primacy) and the dependent variable (favoritism). In Studies 3-5 data were collected among working adults online. Although working adults are presumably more able to understand the workplace scenarios and have more relevant experiences, online studies have less control than laboratory studies over participants' engagement and manipulation of variables. Hence, this study tested the hypotheses among college students in a laboratory setting.

Different from Study 5 which manipulated agency primacy by asking participants to write personal examples, the current study manipulated agency primacy by asking participants to read a mock scientific article that made the case either for individual or group agency primacy. While in Studies 3-5 favoritism was measured as behavioral intentions in hypothetical work situations, the current study measured actual behaviors. Participants were provided with an opportunity to show favoritism behaviorally— by validating their coworker's fraudulently exaggerated performance score.

Another major goal of the current study was to examine the moderating effect of relationship embeddedness. I hypothesized that the association between group agency primacy and favoritism is stronger when the relationship is embedded (versus not) in participants' social network (H7). To test this, I manipulated relationship embeddedness by telling participants that their coworker was either their friend or not. In the unembedded (non-friend) condition, the coworker was another participant who was a student from the same university and in the same

lab session with the participant. Participants had neither past experience nor actual social circle overlap with the coworker. In the embedded (friend) condition, the coworker was a real friend the participant brought to the experiment for the same session. Participants had not only interpersonal experience but also likely higher degrees of social circle overlap with the friend.

First, I expected a main effect of agency primacy manipulation: participants in the group agency primacy condition will show more behavioral favoritism than participants in the individual agency primacy condition (H4). Second, I expected a main effect of relationship embeddedness manipulation: participants will show more favoritism toward the friend (embedded condition) than the non-friend (unembedded condition). More importantly, I expected an interaction between agency primacy condition and relationship embeddedness condition: favoritism is greatest when evaluating an embedded relationship while being in a group agency mindset (the group agency – embedded condition), whereas favoritism is least when evaluating an unembedded relationship while being in an individual agency mindset (the individual agency – unembedded condition).

## **Method**

### *Participants*

One hundred college students were recruited to participate in a lab study. Two participants who failed the manipulation check were excluded. Among the 98 participants, 64% were females. The average age was 23 ( $SD = 4.36$ ). 38.8% claimed to be White (non Hispanic), 36.7% claimed to be Asian or Pacific Islander, 11.2% claimed to be Black (non Hispanic), and 9.2% claimed to be Hispanic or Latino. In the recruitment, the study was described as to understand how people work virtually with each other in the Internet era. So participants were asked to come to lab with someone they knew (such as a classmate, friend, etc.).

### *Design, Procedure, and Measures*

The study has a 2 Agency Primacy (individual, group) × 2 Embeddedness (unembedded/non-friend, embedded/friend) between-subject design. After obtaining consent, the experimenter asked participants to sit in separated computer cubicles and read a hard copy of the overall instruction before working on computer. They were told that they and their coworker will work on one of two different tasks within seven minutes, and then they will evaluate each other's performance. They were also told that besides getting paid the stated going rate (\$7), every participant will have an opportunity to win a bonus (\$15) upon meeting the criterion for his or her own task and whether they receive the bonus is not contingent on whether the coworker receives the bonus and vice versa.

The overall instruction described both tasks to all participants. One task is a writing task, which requires one to read an article and then distill the main points of the article. The coworker will later evaluate the written message along six dimensions such as clarity, persuasiveness, ease of understanding, etc. on a 7-point scale. To get the bonus, at least four of the six dimensions must be rated higher than 5. The other task is a puzzle-solving task, which requires one to solve twenty anagrams and report the number of correct answers. The coworker will later double-check the scoring and indicate their validation. To get the bonus, at least 15 anagrams have to be correctly solved. For both tasks, it was also indicated, "we expect around 23% of the participants to be able to meet the criterion, according to a pilot study with around 20 students."

*Manipulation of Agency Primacy.* Participants were told that the two tasks would be randomly assigned between them and their coworker. However, in reality all participants received the writing task, which served as the manipulation of agency primacy. Participants in each pair was randomly assigned to the individual agency condition or the group agency



condition, with one participant reading the article on individual agency primacy and the other participant reading the article on group agency primacy within four minutes. The mock scientific articles used in the current study were the same articles pre-tested in Study 2 pilot B and used in the main experiment of Study 2.

After reading, participants were given up to three minutes to communicate the main points of the article to their coworker. Hopefully, the reading and writing, together with the expectation of being evaluated and the desire for bonus, would strengthen the manipulation effect, though actually their writing was not evaluated by anyone.

*Manipulation of Relationship Embeddedness.* After finishing writing, participants were shown a message saying “Your performance has been saved to the system. Next, you will evaluate your coworker's performance. Your coworker could either be your friend or another participant in the same session with you. Press proceed >> button. It takes the system several seconds to a minute to retrieve the performance data. JUST WAIT. DON'T REFRESH THE PAGE!” This was to make participants believe that the performance they were going to evaluate was from their coworker. After six seconds, the computer preceded to a message on who was their coworker. Participants were randomly assigned to the unembedded or embedded condition. In the unembedded condition, the message was “Your coworker is the participant who sits in Cubicle [a number].” The number was set to make sure it was not the participant's friend's cubicle. In the embedded condition, the message was “Your coworker is your friend.”

*Favoritism at Work.* Then participants were shown their “coworker's” performance on the anagram task, which provided them a chance to show favoritism. The procedure was designed based on the cheating paradigm developed by Ruedy and Schweitzer (2010). The performance actually was not by their coworker; instead, the same bogus performance was

shown to all participants. They saw three columns: column one listing the twenty anagrams, column two listing the answer keys, and column three listing the answers provided by the “coworker”. Seventeen of the twenty anagrams were solved and only 14 were correct. However, “your coworker’s scoring” was shown to be 15, which was to make participants think that their coworker had over-reported his or her performance. To measure favoritism, participants were asked to choose Yes or No for the question “Do you approve your coworker's scoring?” This created a choice between validating and denying the coworker’s false claim to have reached the bonus-winning performance threshold.

To make participants feel that the bonus payment was real and it was “safe” to validate their coworker’s fraudulent scoring, the instruction asked participants to indicate whether their coworker meet the criterion by writing down “Yes” or “No” on a piece of scrap paper, writing down the coworker’s name on the paper, and putting the paper in one of the envelopes laid on their desk. They were also assured that the information provided on the scrap paper was only for bonus payment and would not be able to be linked to the data collected online. The experimenter collected the envelope while participants were working on the post survey.

*Additional Variables.* To explore participants’ emotional experiences with the decision-making, I asked them to rate the extent to which (1 = “not at all” and 7 = “very much”) they experienced a list of 30 feelings, which included positive emotions (e.g., happy, joyful, interested, proud, satisfied with self) and negative emotions (e.g., nervous, guilty, ashamed, disgusted, dissatisfied with self).

*Manipulation Checks.* The effectiveness of the agency primacy manipulation has been shown in Study 2 and its pilot. And considering the length of the study, I checked the manipulation with a single item instead of the 12-item scale of Lay Theories of Agency.

Participants chose from two titles the one that was the title of the article they previously read.

To check the manipulation of relationship embeddedness, participants were asked to indicate the extent to which they felt they and their coworker were related (1 = “not at all”, 7 = “very much”). In addition, in the embedded condition (but not in the unembedded condition), I measured the actual *relationship embeddedness*. Adopting the paradigm used by Gino and Galinsky (2012) to measure self-other overlap, I asked participants to choose one from eight figures that used two circles with different degrees of overlap to represent different extents to which the relationship is embedded in a social network, with more overlap indicating more common social ties surrounding the relationship.

## **Results**

### *Manipulation Checks*

Two participants failed the manipulation check of agency primacy and thus were excluded from the dataset for analysis. A one-way ANOVA was conducted with relationship embeddedness condition as the independent variable and felt relatedness as the dependent variable. Participants in the embedded condition felt more related with their coworker ( $M = 4.21$ , 95% CI = [3.74, 4.69]) than participants in the unembedded condition ( $M = 2.79$ , 95% CI = [2.03, 3.54]),  $F(1, 96) = 10.03$ ,  $p = .002$ ,  $\eta_p^2 = .10$ . Furthermore, a 2 Agency Primacy (individual, group)  $\times$  2 Embeddedness (unembedded, embedded) GLM analysis was conducted with both independent variables as between-subject variables. Neither the main effect of agency primacy nor its interaction with embeddedness was significant ( $p = .664$  and  $.388$  for the  $F$ -tests respectively), which suggested that the group agency article did not make participants feel more related with the coworker than individual agency article. In addition, on average participants in the embedded condition felt that the social circles of theirs and their friend’s were somewhat

overlapped ( $M = 3.99$ ,  $SD = 1.67$ ).

### *Hypothesis Test*

Logistic regression was used to analyze the effects of agency primacy and relationship embeddedness on the dichotomous favoritism decision. The overall model was marginally significant ( $\chi^2$  ( $N = 98$ ) = 6.77,  $p = .080$ ). The only significant effect was the main effect of embeddedness. In comparison to participants in the unembedded condition (25.0%), participants in the embedded condition (51.4 %) were more likely to show favoritism (odds ratio = .20, Wald = 3.61,  $p = .057$ ). The main effect of agency primacy condition was not significant (odds ratio = .44, Wald = .76,  $p = .384$ ), but the trend was consistent with my expectation—participants in the group agency condition (46.2%) were more likely to show favoritism than participants in the individual agency condition (41.3%).

The interaction effect was not statistically significant (odds ratio = .49, Wald = .45,  $p = .502$ ). Hence H7 was not supported. However, the trend was consistent with my expectations. As presented in Figure 13 and Table 10, the effect of embeddedness seemed stronger in the individual agency condition (50% in the embedded condition versus 16.7% in the unembedded condition choosing to validate the fraudulent performance) than in the group agency condition (52.8% in the embedded condition versus 31.2% in the unembedded condition). Moreover, the individual agency–unembedded condition had the smallest percentage of participants (16.7%) choosing to validate their coworker’s fraud self-scoring, whereas the group agency–embedded condition had the largest percentage of participants (46.2%) choosing to validate their coworker’s fraud self-scoring.

### *Additional Analysis*

*Emotions.* To explore whether participants’ emotions varied as a function of the

manipulation conditions and their choices, a 2 Agency Primacy (individual, group)  $\times$  2 Embeddedness (unembedded, embedded)  $\times$  2 Favoritism choice (no, yes) GLM analysis was conducted on each of the 30 emotions with all the variables as between-subject variables. A significant main effect of agency primacy was found mostly on positive emotions ( $p$  values  $< .05$ ) such that participants in the individual agency primacy condition had more experience of feeling strong, inspired, determined, active, and relieved as well as feeling more scared, hostile, ashamed, jittery, and disgusted. The significant main effect of embeddedness was reflected in the cases where participants in the unembedded (versus embedded) condition experienced stronger negative emotions (i.e., irritable, ashamed, embarrassed, jittery, shaky, disgusted, angry at self, and dissatisfied with self) but also more relieved. The main effect of favoritism choice was significant such that participants choosing to validate their coworker's fraudulent performance felt more excited, inspired, and joyful but less ashamed, disgusted, jittery, and shaky.

The interaction between agency primacy and embeddedness was significant on ashamed,  $F(1, 90) = 5.28, p = .024, \eta_p^2 = .06$ , and disgusted,  $F(1, 90) = 8.47, p = .005, \eta_p^2 = .09$ . Participants in the individual agency–unembedded condition showed the greatest feeling of ashamed ( $M = 3.05$ ) and disgusted ( $M = 1.95$ ) than those in the other three conditions (with ratings on ashamed below 1.73 and ratings on disgusted below 1.25).

## **Discussion**

The current study found that when one's relationship with the coworker is embedded in the surrounding informal network, participants were more likely to show favoritism toward the coworker. The trending results suggested that participants who were in an individual agency mindset and were not actually embedded in a close network were least likely to show favoritism, possibly not only because individual control rather than group power was salient in their mind

but also because there was no objective presence of group pressure. However, participants were most likely to show favoritism when they were in a group agency mindset and were actually dealing with someone having quite some friends in common with them, possibly because not only group power over personal choice was salient but also group pressure was present at the moment.

Admittedly these inferences were only based on statistically non-significant results. In particular, the agency primacy effect did not emerge. Limitations of the design may have contributed to this. We can look at the patterns in the unembedded and embedded conditions separately. Participants in the embedded condition were paired with the friend they brought to lab. According to the experimenter's observation, in general the pairs of participants were quite intimate—they were boyfriend-girlfriend, two sweating guys right after exercise, friends of the same ethnicity and gender (e.g., both were black girls or both were Chinese guys). This highly close relationship may have overwhelmed any effect of agency primacy manipulation. Imagine a person invited a friend to go to lab together to make some cash and the person were provided such an easy chance to help the friend to get some bonus by just approving his or her own over-reporting. Also, as the “coworker” answered 14 anagrams correctly and the threshold for bonus payment was 15, over-reporting only one-point may not be perceived as a serious breaching of the moral principle of honest or justice. Hence whether individual agency or group agency was salient should not matter very much. This might be why participants primed with individual agency primacy (41.3% chose to validate) were as likely as participants primed with group agency (46.2% chose to validate) to show favoritism. The design can be modified by measuring favoritism with a continuous variable and enlarging the discrepancy between the number of correct answers (e.g., 12) and the threshold (i.e., 15). Whether validating the friend's fraudulent

performance may then become a “serious” problem and agency primacy may then effect when one feels ambivalent about whether to collude.

It is noteworthy that in the unembedded condition in which participants were paired with another participant, those primed with individual agency primacy (31.2% chose to validate) were more likely than those primed with group agency (16.7% chose to validate) to show favoritism, though not statistically different. It seems that the agency primacy manipulation made some difference in the unembedded condition. The statistical non-significance might be due to the too few observations in the unembedded condition (12 in the individual agency condition and 16 in the group agency condition). More data can be collected to see whether the effect emerges.

### **General Discussion**

Findings from three current studies (Studies 3-5) consistently suggest that favoritism was positively associated with group agency primacy, either as a chronic individual difference or a temporary state. The quasi-experiments showed that workplace favoritism was greater among Chinese employees than among American employees (Studies 3 & 4), which was because group agency primacy was greater in Chinese agency conceptions than in Americans agency conceptions (Study 4). The experiment primed group (versus individual) agency primacy and induced greater favoritism both in and outside the workplace (Study 5).

### **Implications**

#### *Ingroup Favoritism and Social Identity*

Ingroup favoritism is a robust finding in the psychology literature. The current research extends the scope of examination to the workplace, which involves more complicated social decision-making than usually investigated in the groups created in laboratory settings. I argued for the impact of agency conceptions on employees’ choice between following their conscience

versus favoring the ingroup member. As suggested by the findings, individual agency theorists construe individuals as more independent and powerful social actors than social groups and thus tend to stick with their conscience rather than going along with friend's fraudulent exaggeration of performance. In contrast, group agency theorists construe social groups as more powerful and willful actors than individuals and thus tend to submit their choice to group norms.

This mechanism of favoritism is different from the mechanisms suggested by social identity theory. Social identity influences behavioral choices in several ways. First, it serves as an avenue to satisfy the individual need for good feelings about the self. Membership in a superior group makes up for deficient self-esteem or upholds positive self-image (Aberson, Healy, & Romero, 2000). Accordingly, favoring the ingroup and improving its welfare can help to achieve the individual goal. An alternative way in which social identity influences behavioral choices is that the relationship with the friend or the membership in the group is part of the self (referred as "relational self" and "collective self", Brewer & Gardner, 1996, or "interdependent self", Markus & Kitayama, 1991). Therefore favoring a fellow ingroup becomes the end itself. Recent years of emerging research on culture as intersubjective perceptions (e.g., Chiu, Gelfand, Yamagishi, Shteynberg, & Wan, 2010; Zou et al., 2009) suggested still another implication of social identity – it reflects individual perception of the values most members in the group prioritize rather than the values that individuals personally endorse (Wan et al., 2007). In the case of favoritism as examined in my research, favoring friends involves rule breaking and ostensible collusion with the friend to cheat. Hence it is unlikely to contribute to the self-conscience of being a moral person or a member of a moral group. However, the intersubjective approach to social identity and the disassociation between personal values and group norms reconcile the dilemma of maintaining the social identity while behaving unethically.



### *Organizational Ethics*

Literature on unethical organizational behaviors has focused on more consequential acts such as sabotage (Robinson & Bennett 1995), defaming the organization (Bies & Tripp 1998), distributive, procedural, and interactional injustice (Colquitt, Greenberg, & Zapata-Phelan, 2005), and corruption (e.g., Ashforth et al., 2008). However, more prevalent in the workplace are acts of shading the truth or bending the rules to favor friends. In the long run, however, oversight of these acts may lead to the development of unethical culture and large-scale misconducts. As suggested by research on ethical fading, people do not recognize the moral implication of a decision because “psychological processes fade the ‘ethics’ from an ethical dilemma” (Tenbrunsel & Messick, 2004, p.225). My research revealed agency conception as such a psychological process by showing when and for whom favoritism is more likely to occur. Instead of attributing favoritism to people’s internal value systems, I explain favoritism in terms of people’s construal of individual agency versus group agency. The findings suggested an alternative perspective toward ethical decision-making—being externally driven by normative pressure from social groups.

### *Lay Theories of Agency*

Past research on lay theories of agency is primarily on how agency conceptions influences attributions of others’ behaviors. In my research on employees’ reaction to their leaders’ bribery (Chapter 2), I showed that agency conceptions also influence moral judgments of others’ behaviors. The current research is the first to examine how agency conceptions influence a person’s own behavioral choices. When the person presumes that social groups are powerful agents, the person is more likely to exhibit favoritism to a friend, presumably because they feel the pressure of the group norm to help a fellow group member. The research programs I

conducted suggest a great potential for lay theories of agency to explain a broad range of social behavior and decision-making. When individual actors are members of groups, their acts are open to interpretations at the individual level and the group level and are susceptible to the influences of both their personal characteristics and social forces. Agency conceptions pre-frames meaning construction and orient decision-making.

### *Practical Implication*

People are members of social groups. It is inevitable in the workplace that employees encounter the members from these groups such as their friends, schoolmates, and relatives. Cutting off these social connections is neither feasible nor desirable. According to the findings in the current research, organizations can use socialization to develop the belief that individuals are more autonomous and intentional actor who has the capacity to control his or her own choices and stick to general rules despite external constraints. That being said, organizations could also modify expectations of punishment so that the consequence of breaking rules is larger and more negative than the consequence of being socially sanctioned by the informal group for not helping.

Moreover, organizations should be cautious with the counterproductive effect of some ethics management measures that undermine individual agency. For instance, organizations may promote ethics by emphasizing employees' sense of membership, role obligations to the group, or sacrifice for the organizational interest. These measures may make the individual feel small and powerless in general and be susceptible to group pressure.

### **Limitations and Future Directions**

In discussing several limitations of this research, I am also suggesting some areas for future research. First, the thesis argues for the agency conception-based account of favoritism

alternative to the value-based accounts. This proposition, however, was not empirically tested in the studies. For instance, agency primacy was found to associate with greater favoritism and mediate the country difference. It is inconclusive that when country differences in internal values such as individualism and collectivism were controlled, whether the mediating effect of agency conceptions would still be significant. Although this issue is somewhat addressed in Study 5, which experimentally manipulated agency primacy and showed the causal effect, future research should directly test whether lay theories of agency and values such as individualism/collectivism are competing explanations or are working simultaneously.

Second, this thesis argues that group agency theorists tend to show more favoritism because they assume less individual control than group control over their choices. This psychological process of attribution is core to lay theories of agency in past research. Furthermore, alternative psychological processes that are associated with internal values have also been proposed and examined in other research. For instance, Mazar and Aggarwal (2011) found that participants primed with a collectivistic mindset (by circling *we, us, our*, etc.) were more likely to bribe than those primed with an individualistic mindset (by circling *I, me, mine*, etc.). What is interesting and relevant to my research is that they also found that compared with participants primed with an individualistic mindset, participants primed with a collectivist mindset held themselves less responsible for their acts, but the two conditions did not differ in perceived agency—the extent to which they felt they had power and control and the extent to which they thought they have to bribe without other options. Their findings suggest that individualism/collectivism is associated with felt distribution or sharing of responsibility but not perception of agency. Further research could experimentally manipulate agency primacy and measure these competing psychological mechanisms and see if agency primacy effect on

favoritism is mediated by the feeling of control.

Third, Study 6 was designed to measure favoritism as a behavior rather than as a behavioral intention. This is an empirically challenging task. In ethics literature, being dishonest and cheating for the *self* have been regularly examined and several experimental paradigms have shown their effectiveness in inducing participants to cheat. However, I found no established method to see variations of cheating for *another person* in lab experiment. At the same time, the ingroup bias literature examines favoring another person, but the favor is usually measured with better trait rating, higher liking, and allocation of more points or money. No experiment involves ostensible cheating (such as validating the coworker's fraudulent performance).

Hence, developing a paradigm to examine cheating for others is an endeavor for future research. As discussed at the end of Study 6, several limitations of the design I developed may have contributed to the failure to find the expected results. In improving the design, future research should consider at least the following three issues: (a) Incentive – the friend's welfare must be on the line. (b) Easiness – participants don't have to take active actions that require much cognitive and psychological resource but just an easy action (e.g., approving their friend's wrong counting or covering up the friend's mistake). (c) Anonymity – participants should be made to believe that their covering up wouldn't be discovered. However, the incentive should not be too strong so that most people would be tempted to do favoritism towards their friend; the decision-making should not be too easy for most people to take the action. A balance needs to be achieved to allow the agency conception to make a difference when participants ponder over the decision.

## **Conclusion**

In closing, I hope this research calls for the attention to the role of agency conceptions in

ethical decision-making in the workplace. Curbing unethical acts and reducing violations of workplace rules have always been challenging for organizations. Membership in various social groups and associated norms are always a factor in people's daily decision making. This package of studies shows that whether people assume the agency residing within themselves or in groups makes a difference in being uncompromising and fair or being preferential and biased. This research enriches existing understanding of favoritism in the workplace as well as provides organizations with an additional dimension to consider in ethics management.

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## APPENDICES

### Appendix A

#### Lay Theory of Agency Scale

Instruction: Societies are composed of individuals, groups, and organizations. We are interested in your views about individuals, groups, and organizations in this society. Please rate your agreement with each statement below.

1 = strongly disagree, 2 = moderately disagree, 3 = slightly disagree,  
4 = slightly agree, 5 = moderately agree, 6 = strongly agree

1. In this society, social groups and organizations influence what happens in an individual's life. (G)
2. Individuals' will is the most powerful force in society. (I)
3. An individual's own will can most determine his or her future development. (I)
4. In this society, individuals take control of the situations around them and exercise free will. (I)
5. The social groups and organizations that an individual belongs to determine his or her future development. (G)
6. Very often, individuals choose their own way of living, whether it is good or bad. (I)
7. In this society, social groups and organizations take control of the situations around them and exercise free will. (G)
8. In this society, what happens in an individual's life is or his or her own making. (I)
9. Social groups are more able than individuals to exercise free will, and to act according to their will. (G)
10. In society, the will of social groups is more powerful than that of individuals. (G)
11. Very often, people's way of living is constrained by the social groups and organizations they belong to. (G)
12. Individuals are more able than social groups to exercise free will, and to act in autonomous ways. (I)

*Note:* "I" means the item belongs to the individual agency subscale. "G" means the item belongs to the group agency subscale.

## Appendix B

### Business Cases (Study 2 Pilot 1)

#### Scenario 1: Bribing Foreign Government Officials

*Individual Agency Primacy Condition <Group Agency Primacy Condition>*

##### Part I

HighElectronics is a successful company that owns several brands of home electronics. The company has a twenty-four year history and enjoys a large market share and popularity among consumers in its home country.

The company has a board of directors responsible for corporate governance. The board is composed of the chief executive officer (CEO) and several nonexecutive directors who are executives and advisors on the boards of other companies. The CEO has been with the company longer than most of the board members < The CEO was selected by the board of directors> and is responsible for the management of the business. The board meets rarely and only for critical company issues < frequently to discuss company issues>. The CEO < The board of Directors> closely monitors the company's operations and exerts great influence on most strategic issues. Although the CEO consults the board of directors for suggestions, the CEO has broad authority to make most decisions for the company autonomously < Although the CEO has authority and autonomy in daily decision-making, the CEO always consults and seeks approval from the board before making important decisions for the company>.

##### Part II

Recently, the company started building contacts with a government department in a country where there is a potentially huge market for HighElectronics' products. Successfully securing the contract is critical to the international strategy of the company.

Imagine you are the assistant to the CEO. You just learned about some recent actions taken by the CEO. You found that the CEO had private meetings with several government officials in the foreign country. The CEO gave monetary and nonmonetary favors to those government officials and asked them to support the company's entry.

## Scenario 2: Bribing Media Personnel

*Individual Agency Primacy Condition <Group Agency Primacy Condition>*

### Part I

HighElectronics is a successful company that owns several brands of home electronics. The company has a twenty-four year history and enjoys a large market share and popularity among consumers. Its products frequently appear at or near the top of consumer rating lists reported in popular mass media publications.

The company was started by its current chief executive officer (CEO) who had extensive experience as a business strategy consultant < by a group of five people with diverse backgrounds>. The CEO invited four other people with diverse backgrounds to <The current chief executive officer (CEO) was selected to lead the company by the group because of his extensive experience as a business strategy consultant. The remaining four people in the group> make up the top executive team and hold the posts of chief financial officer (CFO), chief information officer (CIO), chief marketing officer (CMO), and chief operating officer (COO). The group started with strict power differentiation and the company continues to be hierarchical. Although the other four members of the senior leadership team are involved in some decision-making, the CEO has broad authority to make most decisions for the company autonomously <Although the CEO has authority, the CEO always consults and seeks approval from the rest of the top executive team before making important decisions for the company>. The entire top executive team meets relatively infrequently < frequently> and each person on the team focuses primarily on <shares information about> their department and makes decisions independently <jointly makes decisions> regarding departmental issues.

### Part II

Recently, HighElectronics was in trouble with a couple of consumers who claimed compensation for their serious injury caused by the deficiency of HighElectronics' product. The consumers uploaded videos to the Internet and contacted the media to report their incidents. The spread of the news could possibly bring about very negative impact on the company's public image and even its sales and profit.

Imagine you were the assistant to the CEO. You just learned about some recent actions taken by the CEO. You found that the CEO gave monetary and nonmonetary favors to the key personnel in several news media privately and asked them to not report the incidents.

## Appendix C

### Mock Scientific Articles (Study 2 Pilot 2)

#### *Individual Agency Primacy Condition*

#### Individual Action Plays Strongest Role in Shaping Society

*Date:* April 05, 2015

*Source:* Elsevier

*Summary:* Researchers have been trying to understand what drives the development of our society. From both the sociological and the psychological perspectives, and based on historical and modern society evidences, studies show that individual wills and desires play strong roles in individual outcomes and the formation, development, and change within society.

Through years of rigorous research, scientists have concluded that individuals are the most powerful forces in human society. Although individual choices are often constrained by group norms, research consistently suggests that individuals are the primary actors shaping society.

In his new book, William Morris, a sociologist at Harvard University, argues that individual forces are the main drivers of societal development. "History is filled with examples of individual actions driving societal changes," says Morris. "Time and again, we see both great individuals and ordinary people from all over the world breaking through the environmental constraints and changing not only their own fates but also the fates of people around them, and even the path society takes." In a review of social network research in the past fifty years, he concludes that although individuals are embedded in all kinds of social networks, they choose which network they want to be part of and identify with. Individual choices are the driving forces of social network dynamics and social mobility. For instance, interpersonal interactions are found to be more motivated by individual preferences and judgments rather than group norms or interpersonal obligations.

The International Association of Social Psychology Research (IASPR) sponsored an extensive field and archival study in more than 60 countries that reached a similar conclusion. The researchers found that an individual's characteristics, such as personality, values, beliefs, desires, wills, and intentions, are powerful in determining his or her own outcomes and even influencing collective choices. From an evolutionary perspective, they argue "the selective pressure in early hunter/gatherer tribes favored individuals who acted in accordance with personal goals rather than acting only in accordance with group expectations."

Their research also shows that the development of modern society has proceeded with more and more emphases on the power of individual desires and wills. For example, a consumer psychologist at IASPR, Glenn Pham, found that even in collectivistic countries, such as China, Korea, and Japan, more consumers make their consuming decisions based on their personal preferences rather than group preferences or public acceptability. In addition, the chief education psychologist at IASPR, Kanō Masanob, found that in the past decade in both Western and Eastern countries, students' motivation to learn, as well as the outcome of learning, increased greatly for classrooms that adopted more individual learning and provided more time for personal exploration.

In addition, a group of international researchers found evidence of individual power on organizational outcomes in North America and Asia. In their article published in *Journal of Cross-Cultural Management*, they showed that 82 of the 100 most successful companies have a great CEO or founder rather than just a great management team. In another paper they showed that, regardless of culture, individual performance is higher when they work toward individual goals than when working toward group goals.

These studies, together with many others, converge on one major conclusion: Individuals are the most powerful actors in society, determining their own outcomes and the path society takes.

### Story Source:

The above story is based on [materials](#) provided by **Elsevier**. Note: *Materials may be edited for content and length.*

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### Journal Reference:

1. Lilliana Abarca Maas & William Morris. **Historical evidence: The role of individuals in societal development.** *Annual Review of Society Development*, 2013; 33 (1): 220  
DOI: [10.1516/j.arsd.2013.03.158](https://doi.org/10.1516/j.arsd.2013.03.158)



## Social Groups Play Strongest Role in Shaping Society

*Date:* April 05, 2015

*Source:* Elsevier

*Summary:* Researchers have been trying to understand what drives the development of our society. From both the sociological and the psychological perspectives, and based on historical and modern society evidences, studies show that social groups play strong roles in individual decision making and the formation, development, and change within society.

Through years of rigorous research, scientists have concluded that groups are the most powerful forces in human society. Although group choices are often constrained by individual motives, research consistently suggests that groups are the primary actors shaping society.

In his new book, William Morris, a sociologist at Harvard University, argues that group forces are the main drivers of societal development. "History is filled with examples of group actions driving societal changes," says Morris. "Time and again, we see great organizations and groups of ordinary people from all over the world breaking through the environmental constraints and changing not only their members' fates but also the fates of many other people, and even the path society takes." In a review of social network research in the past fifty years, he concludes that individuals are embedded in all kinds of social networks, and these social networks are the driving forces of many social behaviors by individuals. For instance, interpersonal interactions are found to be more motivated by concerns with one's reputation and normative sanctions from the social network rather than purely interpersonal relationships.

The International Association of Social Psychology Research (IASPR) sponsored an extensive field and archival study in more than 60 countries that reached a similar conclusion. The researchers found that the characteristics of social groups, such as group values, beliefs, desires, wills, and intentions, are powerful in determining group outcomes and influencing individual choices as well. From an evolutionary perspective, they argue "the selective pressure in early hunter/gatherer tribes favored groups of individuals who acted in accordance with collective goals and norms rather than acting only in accordance with individual desires."

Their research also shows that the development of modern society has proceeded with more and more emphases on the power of group norms and wills. For example, a consumer psychologist at IASPR, Glenn Pham, found that even in individualistic countries, such as America, Australia, and Canada, more consumers make their consuming decisions based on considerations of group preferences and public acceptability. In addition, the chief education psychologist at IASPR, Kanō Masanob, found that in the past decade in both Western and Eastern countries, students' motivation to learn, as well as the outcome of learning, increased greatly for classrooms that adopted more collective learning and provided more time for group activities.

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DOI: [10.1516/j.arsd.2013.03.158](https://doi.org/10.1516/j.arsd.2013.03.158)

# The layout of the article (shown as a snapshot of the webpage)

Science News

from research organizations

## Social Groups Play Strongest Role in Shaping Society

Date: April 05, 2015

Source: Elsevier

Summary: Researchers have been trying to understand what drives the development of our society. From both the sociological and the psychological perspectives, and based on historical and modern society evidences, studies show that social groups play strong roles in individual decision making and the formation, development, and change within society.

Share: 12 16 8 1 1 Total shares: 38

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RELATED TERMS

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- > Waste management
- > Radioactive waste
- > Waste
- > Landfill
- > Recycling

FULL STORY

Through years of rigorous research, scientists have concluded that groups are the most powerful forces in human society. Although group choices are often constrained by individual motives, research consistently suggests that groups are the primary actors shaping society.

In his new book, William Morris, a sociologist at Harvard University, argues that group forces are the main drivers of societal development. "History is filled with examples of group actions driving societal changes," says Morris. "Time and again, we see great organizations and groups of ordinary people from all over the world breaking through the environmental constraints and changing not only their members' fates but also the fates of many other people, and even the path society takes." In a review of social network research in the past fifty years, he concludes that individuals are embedded in all kinds of social networks, and these social networks are the driving forces of many social behaviors by individuals. For instance, interpersonal interactions are found to be more motivated by concerns with one's reputation and normative sanctions from the social network rather than purely interpersonal relationships.

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Their research also shows that the development of modern society has proceeded with more and more emphases on the power of group norms and wills. For example, a consumer psychologist at IASPR, Glenn Pham, found that even in individualistic countries, such as America, Australia, and Canada, more consumers make their consuming decisions based on considerations of group preferences and public acceptability. In addition, the chief education psychologist at IASPR, Kanō Masanob, found that in the past decade in both Western and Eastern countries, students' motivation to learn, as well as the outcome of learning, increased greatly for classrooms that adopted more collective learning and provided more time for group activities.

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DOI: [10.1516/aj.arsd.2013.03.158](https://doi.org/10.1516/aj.arsd.2013.03.158)

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## Appendix D

### Workplace Favoritism Scale

#### Instruction

In the following section you will see short descriptions of seven organizational situations. The purpose is not to decide right or wrong answers but to see people's views on these issues. Please express your true feelings and predictions. Even if the information provided to you is limited, please answer every question based on your personal opinion.

Question a/b: 1 = highly unlikely, 6 = highly likely

Question c/d: 1 = not at all, 6 = to a large extent

*“xxx” is “Americans” in the American sample and “Chinese” in the Chinese sample.*

#### **Situation 1 (job position, college classmate)**

Person A has the responsibility of filling a position within his firm. Person A's former college classmate has applied for the role and is qualified, but there is another applicant who seems to be better qualified.

- a. If put in this situation, would most xxx give the job to their former college classmate?
- b. If put in this situation, would you give the job to your former college classmate?
- c. To what extent would most xxx expect Person A to give the job to the former college classmate?
- d. To what extent would the former college classmate expect Person A to give him the job?

#### **Situation 2 (promotion, close friend)**

Person A is in charge of selecting an employee for promotion within his department. Two employees are being reviewed as candidates. Person A has been a close friend with one of them for a long time. The friend is less qualified than the other employee.

- a. If put in this situation, would most xxx give the promotion to their close friend?
- b. If put in this situation, would you give the promotion to your close friend?
- c. To what extent would most xxx expect Person A to give the promotion to the close friend?
- d. To what extent would the close friend expect Person A to give him the promotion?

**Situation 3 (download, hiking club friend)**

Person A works in the IT department within A's company. Person A's boss tells A that there has been a substantial rise in the company's network traffic recently. He suspects one or more people are downloading a significant amount of movies and music files over the internet for personal use. He asks Person A to review the log of each employee's email account and websites they have visited to identify abuse. Person A finds four employees are involved and one of them is A's friend in a hiking club.

- a. If put in this situation, would most xxx cover up for their club friend?
- b. If put in this situation, would you cover up for your club friend?
- c. To what extent would most xxx expect Person A to cover up for the club friend?
- d. To what extent would the club friend expect Person A to cover up for him?

**Situation 4 (night shift, cousin)**

Person A is in charge of round-the-clock testing of a new software program A's company has recently developed. Person A has to assign people to two teams: the daytime shift and the nighttime shift. Person A's cousin, who also works at the company, hears the news and asks Person A to assign him to the daytime shift.

- a. If put in this situation would most xxx agree to assign their cousin to the daytime shift?
- b. If put in this situation would you agree to assign your cousin to the daytime shift?
- c. To what extent would most xxx expect Person A to assign the cousin to the daytime shift?
- d. To what extent would Person A's cousin expect Person A to assign him to daytime shift?

**Situation 5 (project secret, mentor)**

Person A's department has been going through some tough times. Person A's mentor has been working on a new project that he believes will help to turn things around. Others in the department are dubious of this project. However, Person A's mentor decides to go ahead with the project and asks Person A to tell others that no decision has been made.

- a. If put in this situation, would most xxx agree to cover for their mentor?
- b. If put in this situation, would you agree to cover for your mentor?
- c. To what extent would most xxx expect Person A to cover for the mentor?
- d. To what extent would the mentor expect Person A to cover for him?

**Situation 6 (performance evaluation, brother-in-law)**

Person A needs to submit an annual evaluation of employees. Person A's brother-in-law also works in the company and has been under-performing in his role. Person A knows that this

evaluation is going to be a major determinant of employees' benefits, bonuses and promotions for the next year.

- a. If put in this situation, would most xxx evaluate their brother-in-law favorably?
- b. If put in this situation, would you evaluate your brother-in-law favorably?
- c. To what extent would most xxx expect Person A to evaluate the brother-in-law favorably?
- d. To what extent would the brother-in-law expect Person A to evaluate him favorably?

**Situation 7 (restaurant review, close friend)**

Person A is a newspaper journalist specializing in writing a weekly review of new restaurants. A close friend has invested all of her savings in a new restaurant. The journalist had eaten in the new restaurant but felt that the food was not very good. The journalist must write a review.

- a. If put in this situation, would most xxx go easy on the review of the friend's restaurant?
- b. If put in this situation, would you go easy on the review of your friend's restaurant?
- c. To what extent would most xxx expect Person A to go easy on the review of the friend's restaurant?
- d. To what extent would the friend expect Person A to go easy on the review?

## TABLES

**Table 1. Sample Demographics (Study 1 and Study 5)**

	US (n = 192)		China (n = 195)		Country difference F(1, 385)
	Mean	s.d.	Mean	s.d.	
Age <sup>a</sup>	35.96	12.88	29.56	6.65	37.95 <sup>***</sup>
Work experience <sup>a</sup>	16.31	11.86	7.04	5.18	99.95 <sup>***</sup>
Education <sup>b</sup>	5.41	1.10	6.01	.63	43.95 <sup>***</sup>
Hierarchical rank <sup>c</sup>	1.38	0.73	2.04	0.90	62.82 <sup>***</sup>
Subjective SES <sup>d</sup>	4.03	1.75	5.28	1.61	53.67 <sup>***</sup>
Female (%)	63.00		50.30		6.42 <sup>**</sup>

Note: a: Age and Work experience are in years.

b: Education was measured with a 7-point scale with 1 = No formal education, 2 = Elementary school, 3 = Junior School, 4 = High School, 5 = College, 6 = Master, 7 = Higher education.

c: Organizational rank was measured with a 4-point scale with 1 = Employee, 2 = First line manager, 3 = Middle level manager, 4 = Top manager.

d: Subjective SES was measured with a 9-point scale with 1 = lowest and 9 = highest.

<sup>\*\*\*</sup> *p* values for *F*-tests are smaller than .001.

<sup>\*\*</sup> *p* values for Person Chi-Square test is smaller than .01.

**Table 2. Descriptive Statistics and Bivariate Correlations (Study 1)**

	Mean	s.d.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1. Country (China =1)	—	—																			
2. Gender (Female = 1)	—	—	-.13*																		
3. Age	32.74	10.70	-.30***	.07																	
4. Work experience	11.64	10.23	-.45***	.10	.90***																
5. Education	5.71	.95	.32***	-.07	-.02	-.13*															
6. Hierarchical rank	1.71	.88	.38***	-.17**	.06	.00	.17**														
7. Subjective SES	4.66	1.79	.35***	-.11*	-.04	-.11*	.34***	.36***													
8. Org. identification	3.73	.87	.35***	.02	-.04	-.06	.16**	.31***	.29***												
9. Power distance	2.43	.57	-.22***	.08	.16**	.18***	-.11*	-.07	-.06	-.08											
10. PL_Authoritarianism	3.65	1.18	.13*	-.04	.12*	.08	-.02	.21***	.07	.02	.06										
11. PL_Benevolence	3.93	1.27	-.11*	-.07	-.12*	-.05	-.00	.07	.11*	.29***	-.05	-.42***									
12. PL_Morality	4.16	1.33	.05	-.02	-.15**	-.13*	.05	-.00	.16**	.29***	-.06	-.37***	.78***								
13. Friendship	3.49	1.54	.20***	-.17**	-.17**	-.14**	.16**	.24***	.24***	.41***	-.16**	-.32***	.64***	.58***							
14. Guanxi	0.47	.85	-.03	-.03	-.03	-.01	.05	.09	.11*	.06	.04	-.07	.08	.08	.21***						
15. Individual agency belief	4.24	.94	-.41***	.04	.15**	.23***	-.17**	-.06	-.01	.04	.11*	.02	.23***	.12*	.04	.01					
16. Group agency belief	4.38	.82	.45***	-.12**	-.20***	-.30***	.18***	.19***	.15**	.23***	-.01	.08	-.05	-.00	.15**	.05	-.33***				
17. Group agency primacy	0.14	1.44	.52***	-.10	-.21***	-.32***	.21***	.14**	.09	.10*	-.08	.03	-.18***	-.08	.06	.02	-.84***	.79***			
18. Personal leniency	3.26	1.12	.52***	-.16**	-.22***	-.28***	.18***	.29***	.21***	.28***	.07	-.02	.12*	.15**	.31***	.13**	-.22***	.42***	.38***		
19. Expected org. leniency	3.49	.99	.45***	-.11*	-.20***	-.26***	.17**	.23***	.20***	.29***	.09	-.11*	.17**	.20***	.31***	.17**	-.22***	.37***	.36***	.85***	
20. Whistleblowing	3.07	1.32	-.35***	.02	.22***	.25***	-.12*	-.17**	-.15**	-.23***	.05	.19***	-.16**	-.20***	-.31***	-.16**	.15**	-.23***	-.23***	-.64***	-.73***

Note. \*\*\* $p < 0.001$ . \*\* $p < 0.01$ . \* $p < 0.05$ .

“PL” refers to paternalistic leadership. “Org.” refers to organizational or organization.



**Table 3. Hierarchical Multiple Regression Analysis on Leniency toward Supervisor (Study 1)**

<i>Dependent variables</i>	Personal leniency				Expected organization leniency				Whistleblowing			
	Model 1	Model 2	Model 3	Model 4	Model 1	Model 2	Model 3	Model 4	Model 1	Model 2	Model 3	Model 4
<i>Demographic control variables</i>												
Gender (Female=1)	-.08 <sup>†</sup>	-.07	-.07	-.06	-.06	-.04	-.04	-.04	-.04	-.05	-.05	-.05
Age	.12	-.04	.04	-.06	.17	.02	.09	.00	-.04	.05	-.00	.06
Work experience	-.36 <sup>**</sup>	-.04	-.21 <sup>†</sup>	.00	-.39 <sup>**</sup>	-.09	-.24 <sup>*</sup>	-.05	.24 <sup>*</sup>	.05	.17	.04
Education	.06	.01	.03	.00	.05	.01	.02	-.00	-.01	.02	.00	.02
Hierarchical Rank	.19 <sup>***</sup>	.08	.17 <sup>**</sup>	.08	.13 <sup>*</sup>	.03	.10 <sup>*</sup>	.03	-.13 <sup>*</sup>	-.07	-.12 <sup>*</sup>	-.07
Subjective SES	-.01	-.05	.01	-.04	.00	-.04	.02	-.02	-.00	.02	-.01	.02
<i>Other control variables (Other potential predictors)</i>												
Org. identification	.14 <sup>**</sup>	.03	.12 <sup>*</sup>	.03	.18 <sup>**</sup>	.08	.15 <sup>**</sup>	.08	-.12 <sup>*</sup>	-.06	-.11 <sup>*</sup>	-.06
Power distance	.19 <sup>***</sup>	.24 <sup>***</sup>	.19 <sup>***</sup>	.23 <sup>***</sup>	.20 <sup>***</sup>	.24 <sup>***</sup>	.20 <sup>***</sup>	.23 <sup>***</sup>	-.05	-.08	-.05	-.07
PL_Authoritarianism	-.02	-.04	-.01	-.02	-.09	-.10	-.07	-.09 <sup>†</sup>	.17 <sup>**</sup>	.18 <sup>**</sup>	.16 <sup>**</sup>	.17 <sup>**</sup>
PL_Benevolence	-.13	.07	-.04	.09	-.09	.08	-.00	.11	.14	.02	.10	.01
PL_Morality	.05	-.03	.04	-.02	.07	-.01	.06	.00	-.06	-.02	-.06	-.02
Friendship	.22 <sup>**</sup>	.14 <sup>*</sup>	.18 <sup>**</sup>	.13 <sup>*</sup>	.17 <sup>*</sup>	.10	.13 <sup>*</sup>	.09	-.20 <sup>**</sup>	-.16 <sup>*</sup>	-.18 <sup>**</sup>	-.15 <sup>*</sup>
Guanxi	.07	.11 <sup>**</sup>	.07	.11 <sup>*</sup>	.11 <sup>*</sup>	.15 <sup>**</sup>	.11 <sup>*</sup>	.14 <sup>**</sup>	-.09 <sup>†</sup>	-.12 <sup>*</sup>	-.09 <sup>†</sup>	-.12 <sup>*</sup>
<i>Predictors</i>												
Country (China = 1)		.49 <sup>***a</sup>		.42 <sup>***a</sup>		.44 <sup>***a</sup>		.36 <sup>***a</sup>		-.29 <sup>***a</sup>		-.26 <sup>***a</sup>
Group agency primacy			.27 <sup>***a</sup>	.16 <sup>**a</sup>			.27 <sup>***a</sup>	.17 <sup>***a</sup>			-.13 <sup>*a</sup>	-.06 <sup>b</sup>
$R^2$	.28	.39	.33	.40	.26	.35	.32	.36	.20	.24	.21	.24
Adjusted $R^2$	.25	.36	.31	.38	.24	.32	.29	.34	.17	.21	.18	.21
$\Delta R^2$	.28 <sup>***</sup>	.11 <sup>***</sup>	.06 <sup>***</sup>	.02 <sup>**</sup>	.26 <sup>***</sup>	.09 <sup>***</sup>	.06 <sup>***</sup>	.12 <sup>**</sup>	.20 <sup>***</sup>	.04 <sup>***</sup>	.01 <sup>*</sup>	.00
$F$	11.01 <sup>***</sup>	16.77 <sup>***</sup>	13.33 <sup>***</sup>	16.71 <sup>***</sup>	10.10 <sup>***</sup>	14.23 <sup>***</sup>	12.26 <sup>***</sup>	14.38 <sup>***</sup>	7.12 <sup>***</sup>	8.27 <sup>***</sup>	7.14 <sup>***</sup>	7.79 <sup>***</sup>

Note. "PL" refers to paternalistic leadership. "Org." refers to organizational or organization.

Numbers are standardized coefficients of regressions.

\*\*\*  $p < .001$ , \*\*  $p < .01$ , \*  $p < .05$ , †  $p < .08$ .

a: The regression coefficient is still significant (with  $p$  values ranging from  $< .001$  to  $< .05$ ) when the model does not include the control variables.

b: The regression coefficient is not significant at the level of .05 when the model does not include the control variables.

**Table 4. Sample Demographics (Study 3)**

	US (n = 243)		China (n = 230)		Country difference <i>F</i> (1,471)
	Mean	s.d.	Mean	s.d.	
Age <sup>a</sup>	34.72	13.27	29.32	5.14	33.38 <sup>***</sup>
Work experience <sup>a</sup>	15.26	17.76	6.85	4.94	48.13 <sup>***</sup>
Education <sup>b</sup>	4.81	.55	5.10	0.39	43.95 <sup>***</sup>
Organizational rank <sup>c</sup>	1.57	1.04	2.10	0.87	36.45 <sup>***</sup>
Subjective SES <sup>d</sup>	4.18	1.81	4.95	1.64	23.48 <sup>***</sup>
Female (%)	63.10		57.80		1.53 <sup>n.s.</sup>

*Note:* <sup>a</sup> Age and Work experience were in years.

<sup>b</sup> Education was measured with a 7-point scale with 1 = No formal education, 2 = Elementary school, 3 = Junior School, 4 = High School, 5 = College, 6 = Master, and 7 = Higher education.

<sup>c</sup> Organizational rank was measured with a 4-point scale with 1 = Employee, 2 = First line manager, 3 = Middle level manager, and 4 = Top manager.

<sup>d</sup> Subjective SES was measured with a 9-point scale with 1 = lowest and 9 = highest.

<sup>\*\*\*</sup> *p* values for *F*-tests were smaller than .001.

<sup>n.s.</sup> *p* value for Person Chi-Square test was not significant.

**Table 5. Reliabilities of Favoritism Indices (Study 3)****(a) Ten situations**

Scale	Personal Favoritism		Perceived Descriptive Norm		Perceived Prescriptive Norm		Interpersonal Expectation	
	US	China	US	China	US	China	US	China
Sample Alpha	0.69	0.73	0.60	0.66	0.81	0.82	0.81	0.82
Situation	Alpha if item deleted							
1	.65	.70	0.58	0.62	0.79	0.81	0.84	0.82
2	.62	.68	0.53	0.59	0.78	0.81	0.83	0.81
3	.68	.74 <sup>a</sup>	0.62 <sup>a</sup>	0.68 <sup>a</sup>	0.81	0.82	0.86 <sup>a</sup>	0.84 <sup>a</sup>
4	.63	.71	0.52	0.63	0.79	0.81	0.84	0.82
5	.66	0.69	0.54	0.60	0.79	0.81	0.83	0.81
6	.68	0.70	0.56	0.60	0.79	0.80	0.84	0.81
7	.65	0.68	0.54	0.58	0.79	0.80	0.83	0.81
8	.74	0.79 <sup>a</sup>	0.69 <sup>a</sup>	0.74 <sup>a</sup>	0.81	0.81	0.85	0.82
9	.67	0.73	0.59	0.64	0.80	0.81	0.83	0.82
10	.64	0.70	0.54	0.61	0.78	0.80	0.83	0.81

**(b) Eight situations**

Scale	Personal Favoritism		Perceived Descriptive Norm		Perceived Prescriptive Norm		Interpersonal Expectation	
	US	China	US	China	US	China	US	China
Sample Alpha	0.75	0.81	0.72	0.77	0.81	0.82	0.87	0.83
Situation	Alpha if item deleted							
1	0.72	0.78	0.71	0.75	0.79	0.81	0.87	0.81
2	0.69	0.77	0.67	0.73	0.78	0.79	0.86	0.81
4	0.72	0.79	0.69	0.76	0.79	0.82	0.86	0.83
5	0.72	0.77	0.68	0.74	0.78	0.80	0.85	0.80
6	0.74	0.78	0.69	0.74	0.79	0.79	0.86	0.81
7	0.72	0.77	0.67	0.73	0.79	0.78	0.85	0.81
9	0.76 <sup>a</sup>	0.82 <sup>a</sup>	0.74 <sup>a</sup>	0.78 <sup>a</sup>	0.80	0.82	0.85	0.83
10	0.71	0.79	0.68	0.75	0.78	0.79	0.85	0.81

*Note.* a – alpha will increase if the item is deleted.

The situations are: 1, give job position to a college classmate; 2, give promotion to a close friend; 3, cover up stationary theft by a cohort; 4, cover up the download of music by a hiking club friend; 5, assign the night shift to the cousin; 6, hiding the secret on project progress for the mentor; 7, over-evaluate performance of the brother-in-law; 8, not assign the neighbor to work in a remote city; 9, write recommendation letter for a high school classmate; and 10, write a undeserved restaurant review for a close friend.

**Table 6. Country Differences in Favoritism in Each Situation (Study 3)**

Situation	Personal Favoritism			Perceived Descriptive Norm			Perceived Prescriptive Norm			Interpersonal Expectation		
	US	China	<i>F</i> (1, 467)	US	China	<i>F</i> (1, 467)	US	China	<i>F</i> (1, 467)	US	China	<i>F</i> (1, 467)
1	3.49 <sup>a</sup>	4.48 <sup>a,b</sup>	55.11 <sup>***</sup>	4.70 <sup>a</sup>	5.07 <sup>a</sup>	11.04 <sup>**</sup>	4.59 <sup>a</sup>	4.77 <sup>a,b</sup>	2.72	4.94 <sup>a</sup>	5.06 <sup>a</sup>	1.16
2	3.16	4.47 <sup>a</sup>	95.92 <sup>***</sup>	4.65 <sup>a</sup>	5.01 <sup>a,b</sup>	9.92 <sup>**</sup>	4.62 <sup>a</sup>	4.81 <sup>a,b</sup>	3.15 <sup>†</sup>	5.02 <sup>a,b</sup>	4.88 <sup>b</sup>	2.04
3	2.84	3.81	47.80 <sup>***</sup>	3.83	4.19	7.23 <sup>**</sup>	4.09	4.15	0.25	4.50	4.39	1.07
4	4.44	4.67 <sup>b,c</sup>	3.63 <sup>†</sup>	5.09	5.05 <sup>a</sup>	0.19	4.92	4.89 <sup>a</sup>	0.08	5.33 <sup>c</sup>	5.04 <sup>a</sup>	9.76 <sup>**</sup>
5	4.16	4.76 <sup>c</sup>	23.83 <sup>***</sup>	4.60 <sup>a,b</sup>	4.86 <sup>b</sup>	4.86 <sup>*</sup>	4.55 <sup>a</sup>	4.73 <sup>b</sup>	2.93 <sup>†</sup>	5.23 <sup>c</sup>	4.91 <sup>a,b</sup>	11.31 <sup>**</sup>
6	3.49 <sup>a</sup>	4.38 <sup>a</sup>	50.06 <sup>***</sup>	4.44 <sup>b,c</sup>	4.90 <sup>a,b</sup>	17.67 <sup>***</sup>	4.38 <sup>b</sup>	4.77 <sup>a,b</sup>	12.85 <sup>***</sup>	5.09 <sup>b</sup>	5.02 <sup>a</sup>	0.52
7	3.92	4.33 <sup>a</sup>	11.36 <sup>**</sup>	4.31 <sup>c</sup>	4.60	6.55 <sup>**</sup>	4.32 <sup>b</sup>	4.50	2.45	4.95 <sup>a</sup>	4.76 <sup>b</sup>	3.73 <sup>†</sup>

*Note.* In each column, means sharing the same subscript were not significantly different from each other at the level of  $p < 0.05$ .

\*\*\*  $p < .001$ , \*\*  $p < .01$ , \*  $p < .05$ , †  $p < .09$ .

The situations are: 1, give job position to a college classmate; 2, give promotion to a close friend; 3, cover up the download of music by a hiking club friend; 4, assign the night shift to the cousin; 5, hiding the secret on project progress for the mentor; 6, over-evaluate performance of the brother-in-law; and 7, write a undeserved restaurant review for a close friend.

**Table 7. Partial Correlations between Favoritism Indices (Study 3)**

	Personal favoritism	Perceived descriptive norm	Perceived prescriptive norm
<i>American Sample</i>			
Personal favoritism			
Perceived descriptive norm	.51		
Perceived prescriptive norm	.40	.71	
Interpersonal expectation	.32	.65	.60
<i>Chinese Sample</i>			
Personal favoritism			
Perceived descriptive norm	.62		
Perceived prescriptive norm	.62	.75	
Interpersonal expectation	.58	.77	.78
<i>Comparisons between the correlation coefficients between the samples</i>			
Personal favoritism			
Perceived descriptive norm	†		
Perceived prescriptive norm	***	n.s.	
Interpersonal expectation	***	**	***

*Note.* The correlation coefficients were calculated after controlling for age, gender, educational level, hierarchal rank in organization, and subjective SES. All correlation coefficients are significant at the level of  $p < .001$ .

\*\*\*  $p < .001$ , \*\*  $p < .01$ , †  $p < .07$ , for z test.

**Table 8. Descriptive Statistics and Bivariate Correlations (Study 4)**

	Mean	s.d.	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Country (China = 1)	—	—													
2. Gender (Female = 1)	—	—	-.13**												
3. Age	32.43	10.51	-.28***	.04											
4. Work experience	11.53	10.04	-.45***	.08	.91***										
5. Education	5.71	.95	.32***	-.05	-.01	-.12*									
6. Organizational rank	1.69	.87	.36***	-.17***	.07	.01	.14**								
7. Subjective SES	4.64	1.80	.35***	-.12*	-.04	-.11*	.32***	.33***							
8. Individual agency belief	4.25	.93	-.38***	.03	.13**	.21***	-.15**	-.04	.00						
9. Group agency belief	4.37	.82	.43***	-.12**	-.20***	-.29***	.18***	.18***	.15**	-.31***					
10. Group agency primacy	0.13	1.42	.50***	-.09 <sup>†</sup>	-.20***	-.31***	.20***	.13**	.08 <sup>†</sup>	-.84***	.78***				
11. Personal favoritism	4.09	.95	.40***	-.12*	-.27***	-.31***	.05	.12*	.11*	-.20***	.34***	.33***			
12. Perceived descriptive norm	4.78	.69	.19***	-.06	-.21***	-.23***	.00	.08 <sup>†</sup>	-.02	-.07	.21***	.17**	.58***		
13. Perceived prescriptive norm	4.71	.71	.13**	-.05	-.06	-.09 <sup>†</sup>	-.02	.10*	-.04	.00	.17***	.10*	.46***	.73***	
14. Interpersonal expectation	5.03	.67	-.04	.09 <sup>†</sup>	.02	.03	-.09 <sup>†</sup>	.03	-.10*	-.08 <sup>†</sup>	.10*	.11*	.34***	.61***	.65***

Note. \*\*\*  $p < .001$ , \*\*  $p < .01$ , \*  $p < .05$ , <sup>†</sup>  $p < .09$ .

**Table 9. Hierarchical Regression Analysis on Favoritism Indices (Study 4)**

Model	Personal favoritism				Perceived descriptive norm				Perceived prescriptive norm				Perceived interpersonal expectation			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Gender (Female=1)	-.08	-.07	-.07	-.07	-.04	-.04	-.04	-.04	-.03	-.03	-.03	-.03	.10 <sup>†</sup>	.10 <sup>†</sup>	.11 <sup>*</sup>	.11 <sup>*</sup>
Age	-.03	-.19	-.12	-.22 <sup>†</sup>	-.03	-.08	-.07	-.10	.07	.02	.05	.02	-.06	-.05	-.12	-.08
Work experience	-.29 <sup>*</sup>	.03	-.12	.07	-.22 <sup>†</sup>	-.12	-.15	-.10	-.18	-.08	-.13	-.07	.05	.04	.15	.09
Education	-.04	-.09 <sup>†</sup>	-.08	-.10 <sup>*</sup>	-.05	-.06	-.06	-.07	-.07	-.08	-.08	-.08	-.08	-.08	-.10 <sup>†</sup>	-.09
Hierarchical Rank	.11 <sup>*</sup>	-.01	.08	-.00	.10 <sup>†</sup>	.07	.09	.07	.13 <sup>*</sup>	.10	.12 <sup>*</sup>	.10	.08	.09	.06	.09
Subjective SES	.04	-.01	.06	.01	-.06	-.08	-.05	-.07	-.08	-.10	-.08	-.09	-.11 <sup>†</sup>	-.11 <sup>†</sup>	-.10	-.08
Country (China = 1)		.39 <sup>***a</sup>		.32 <sup>***a</sup>		.13 <sup>*a</sup>		.09 <sup>a</sup>		.12 <sup>†a</sup>		.10 <sup>b</sup>		-.01 <sup>b</sup>		-.11 <sup>a</sup>
Group agency primacy			.26 <sup>***a</sup>	.16 <sup>**a</sup>			.12 <sup>*a</sup>	.09 <sup>b</sup>			.07 <sup>a</sup>	.04 <sup>b</sup>			.16 <sup>***a</sup>	.20 <sup>**a</sup>
$R^2$	.12	.21	.18	.23	.07	.08	.08	.09	.03	.04	.04	.04	.04	.04	.06	.06
Adjusted $R^2$	.11	.20	.16	.21	.06	.07	.07	.07	.02	.02	.02	.02	.02	.02	.04	.04
$\Delta R^2$	.12 <sup>***</sup>	.09 <sup>***</sup>	.06 <sup>***</sup>	.02 <sup>**</sup>	.07 <sup>***</sup>	.01 <sup>*</sup>	.01 <sup>*</sup>	.01	.03 <sup>†</sup>	.01 <sup>†</sup>	.00	.00	.04 <sup>*</sup>	.00	.02 <sup>**</sup>	.03 <sup>**</sup>
$F$	8.90 <sup>***</sup>	14.41 <sup>***</sup>	11.84 <sup>***</sup>	8.44 <sup>**</sup>	4.95 <sup>***</sup>	4.85 <sup>***</sup>	4.94 <sup>***</sup>	4.53 <sup>***</sup>	2.10 <sup>†</sup>	2.27 <sup>*</sup>	2.03 <sup>†</sup>	2.03 <sup>*</sup>	2.26 <sup>*</sup>	1.94 <sup>†</sup>	3.24 <sup>**</sup>	3.13 <sup>**</sup>

Note. Numbers are standardized coefficients of regressions.

\*\*\*  $p < .001$ , \*\*  $p < .01$ , \*  $p < .05$ , <sup>†</sup>  $p < .08$ .

$\Delta R^2$ : the  $R^2$  change for Models 2 and 3 is in comparison with Model 1. The  $R^2$  change for Model 4 is in comparison with Model 2.

a: The regression coefficient is significant at the level of .05 when the model does not include the six demographic control variables.

b: The regression coefficient is not significant at the level of .05 when the model does not include the six demographic control variables.

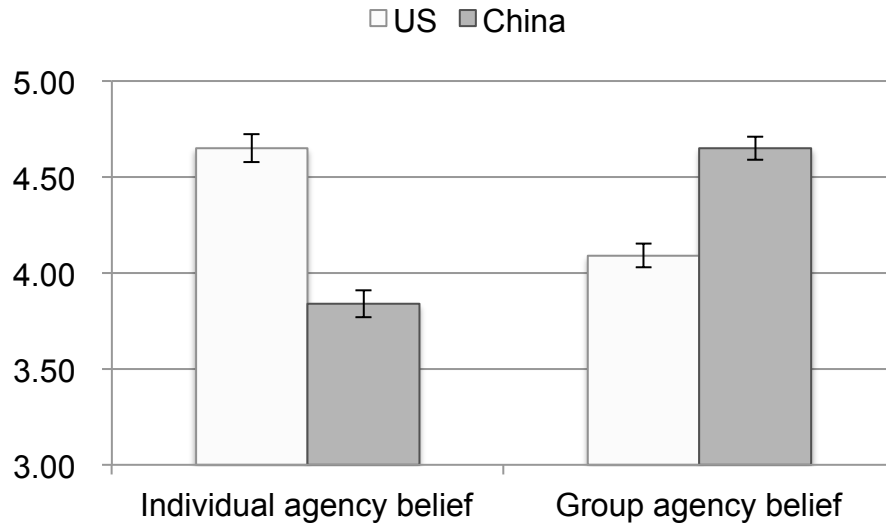
**Table 10. Distribution of Favoritism Choices by Experimental Conditions (Study 6)**

Agency Primacy Condition	Embeddedness Condition			
	Unembedded		Embedded	
	N	%	N	%
<b>Individual</b>				
No	10	83.3	17	50.0
Yes	2	16.7	17	50.0
Total	12	100.0	34	100.0
<b>Group</b>				
No	11	68.8	17	47.2
Yes	5	31.2	19	52.8
Total	16	100.0	52	100.0



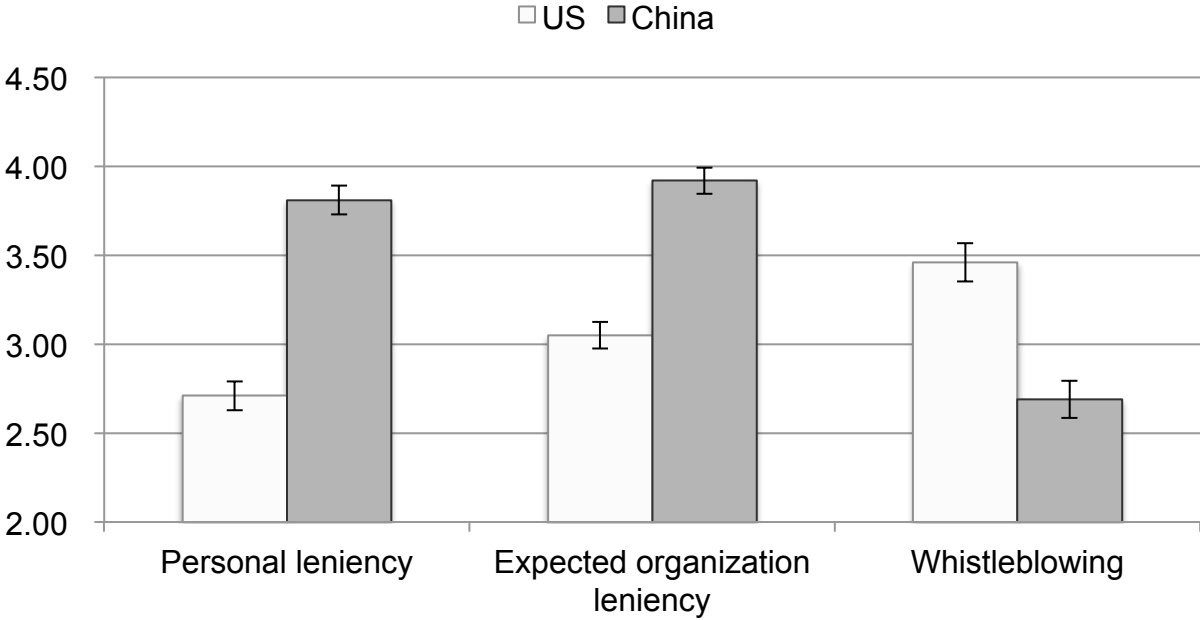
## FIGURES

**Figure 1. Country Differences in Individual and Group Agency Beliefs (Studies 1 & 4)**



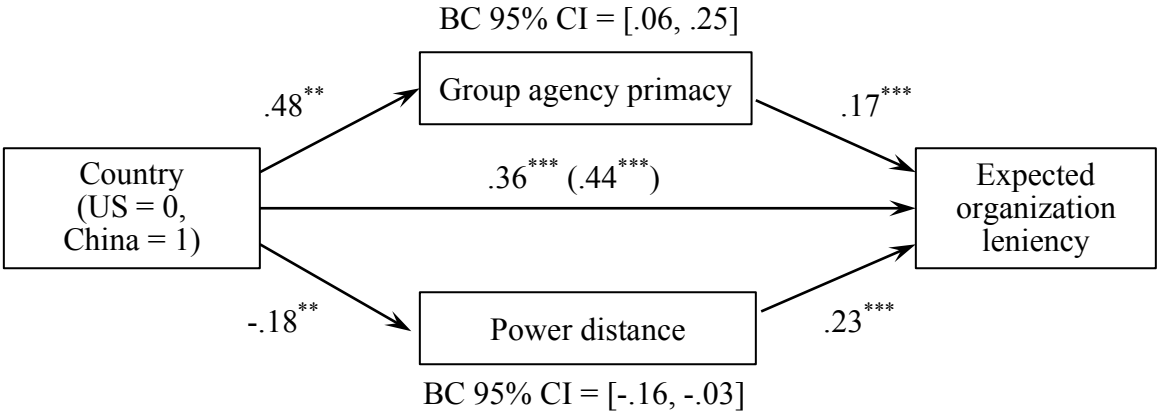
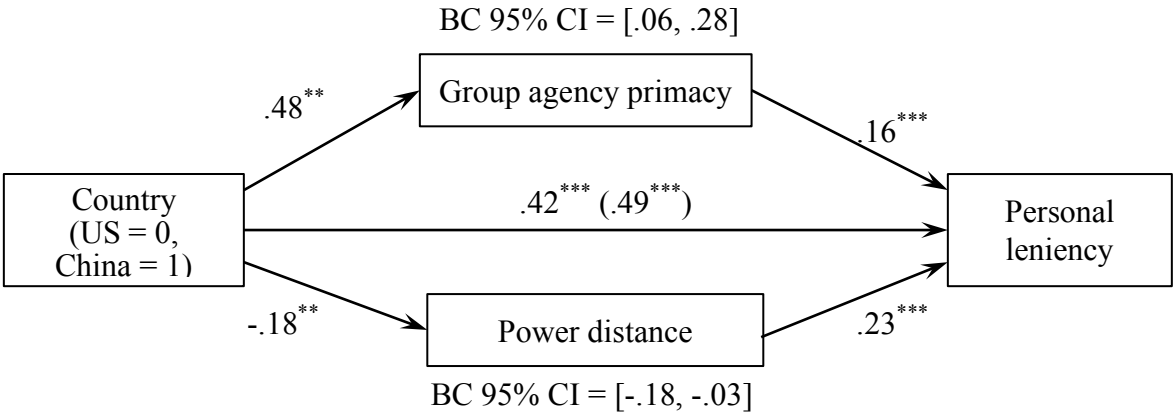
*Note.* Error bars represent standard errors.

**Figure 2. Country Differences in Leniency toward Supervisor (Study 1)**

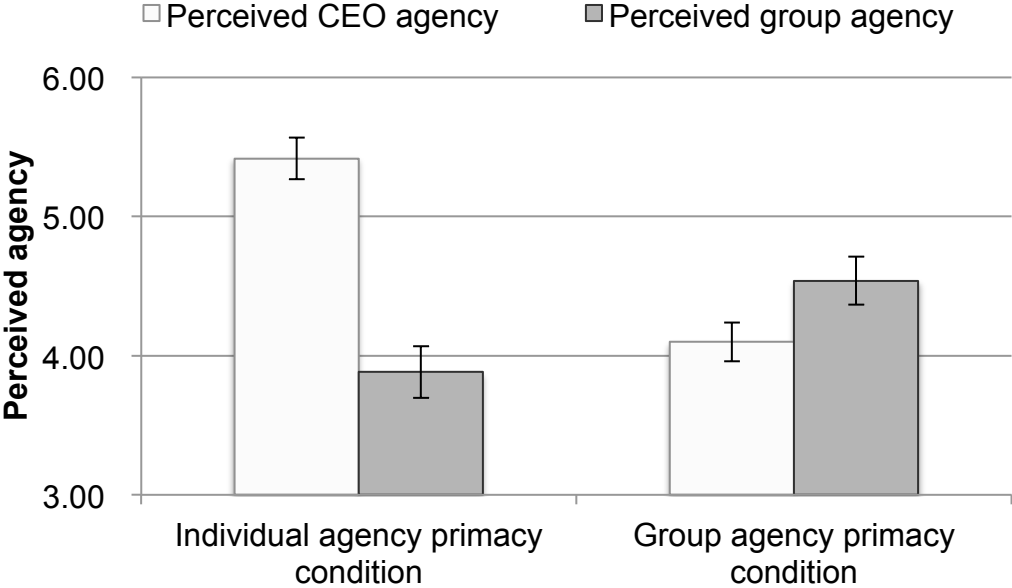


*Note.* Error bars represent standard errors.

**Figure 3. Mediators of Country Differences in Leniency toward Supervisor (Study 1)**

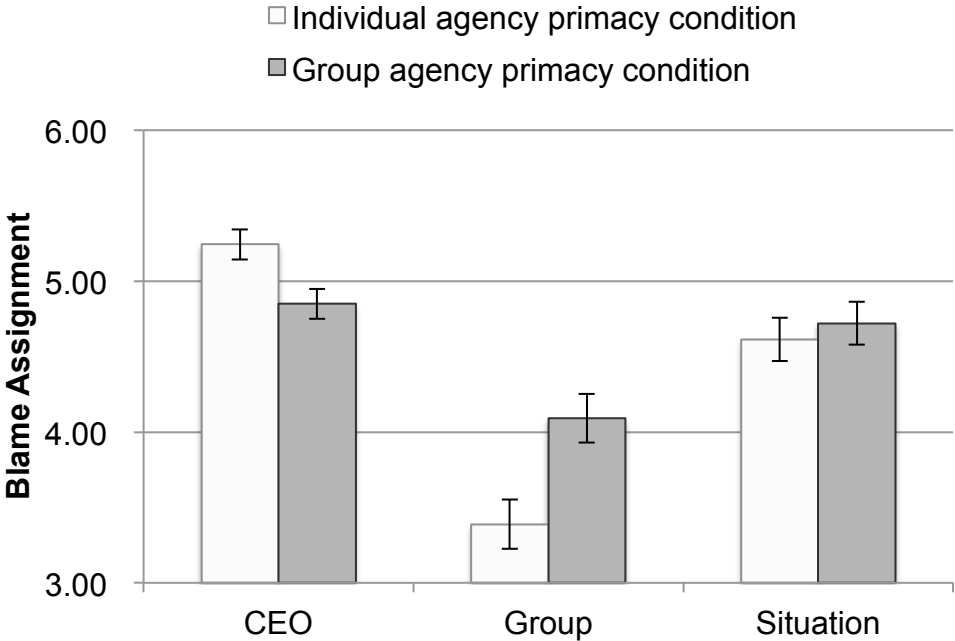


**Figure 4. Situational Agency Primacy Manipulation Check (Study 2 Pilot A)**



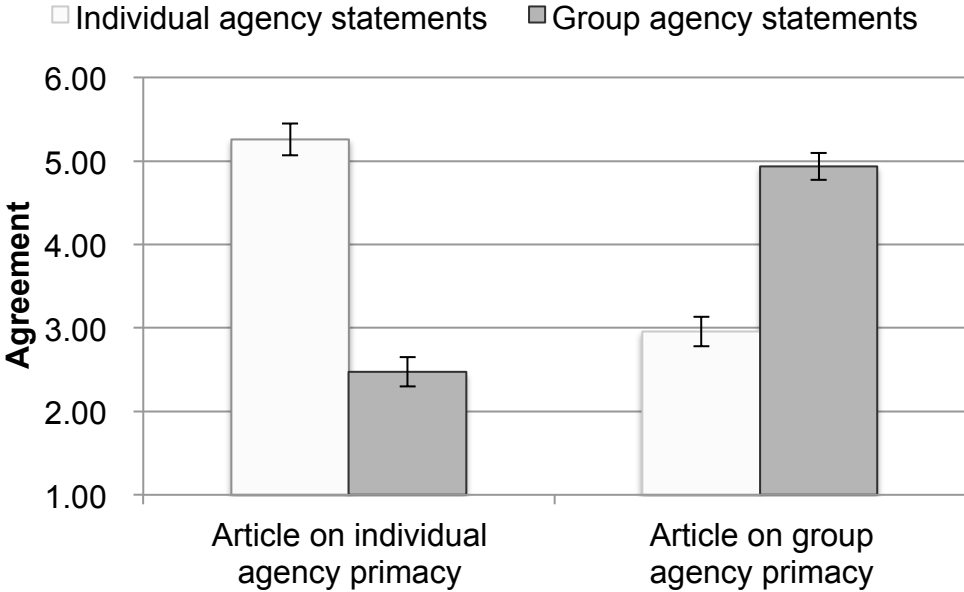
*Note.* Error bars represent standard errors.

**Figure 5. Blame Assignments as a Function of Agency Primacy Condition and Factors**  
**(Study 2, Pilot A)**



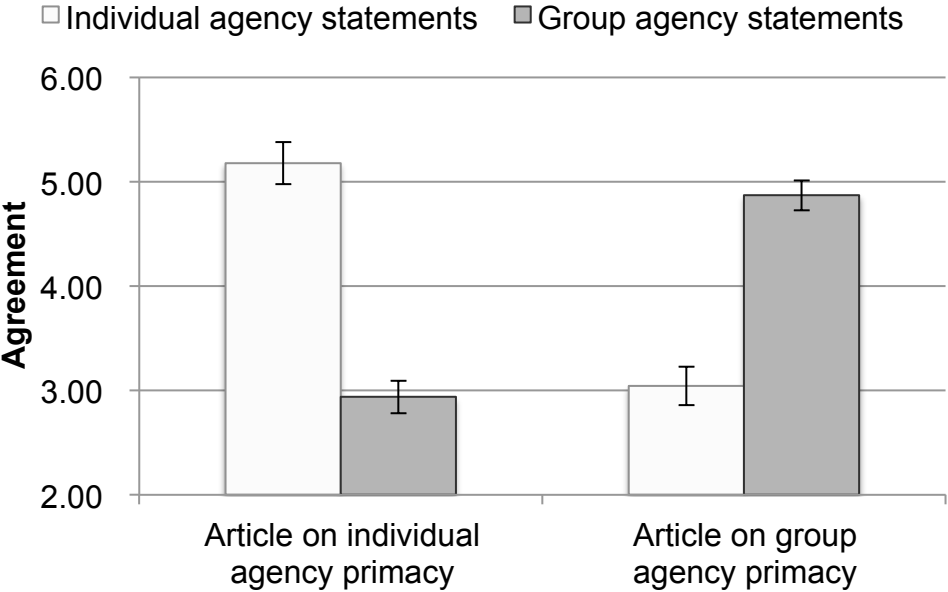
*Note.* Error bars represent standard errors.

**Figure 6. Agency Primacy Manipulation Check (Study 2, Pilot B)**



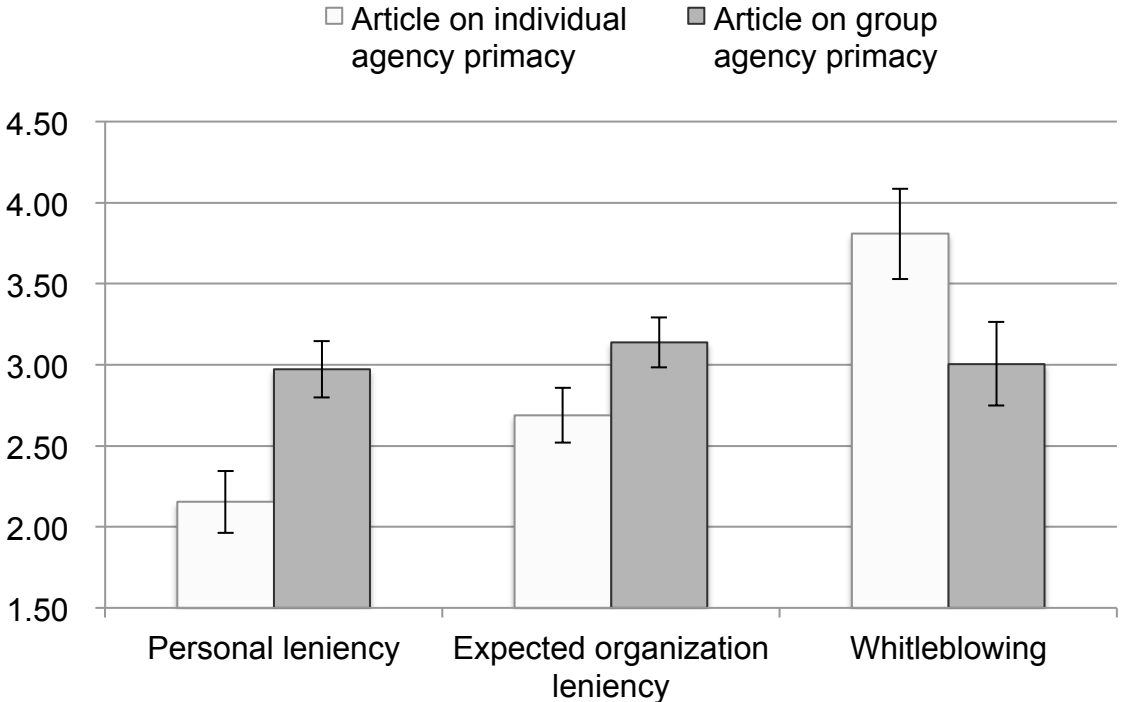
*Note.* Error bars represent standard errors.

**Figure 7. Agency Primacy Manipulation Check (Study 2, Main Experiment)**



*Note.* Error bars represent standard errors.

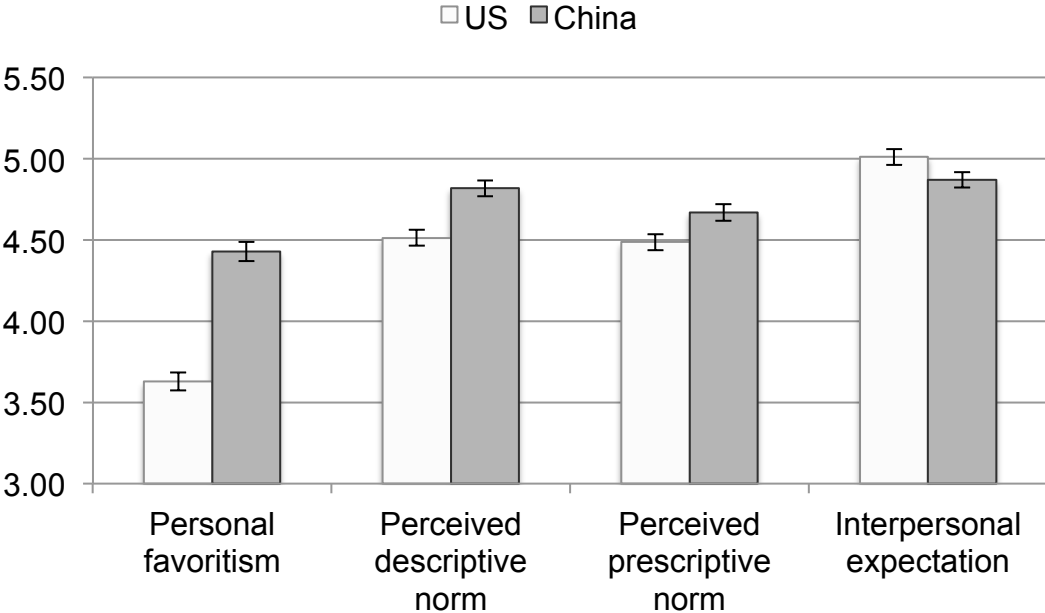
**Figure 8. Leniency toward the Leader as a Function of Agency Primacy (Study 2, Main Experiment)**



*Note.* Error bars represent standard errors.

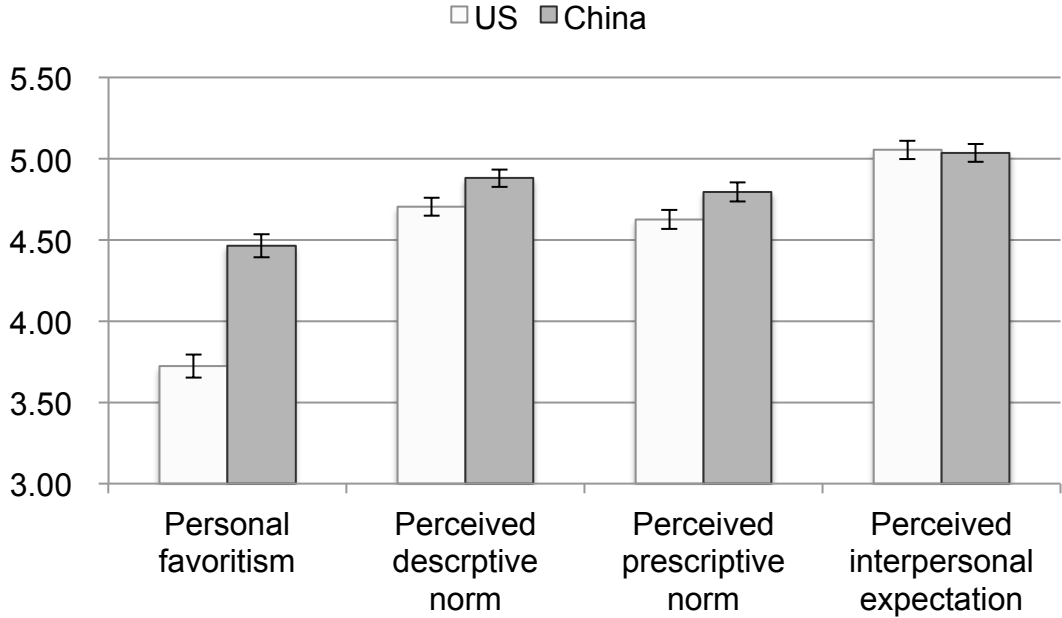


**Figure 9. Country Differences in Favoritism at Work (Study 3)**



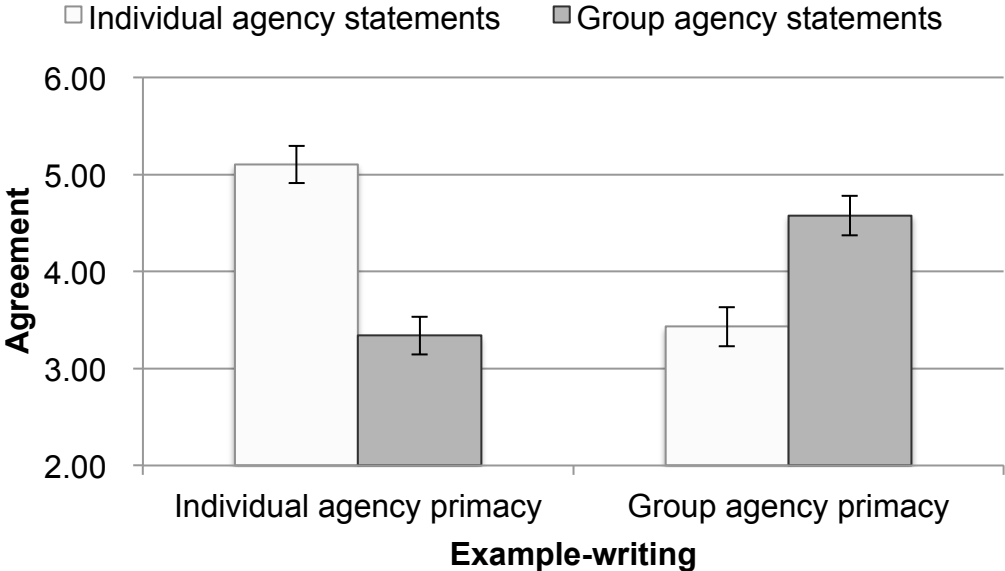
*Note.* Error bars represent standard errors.

**Figure 10. Country Differences in Favoritism at Work (Study 4)**



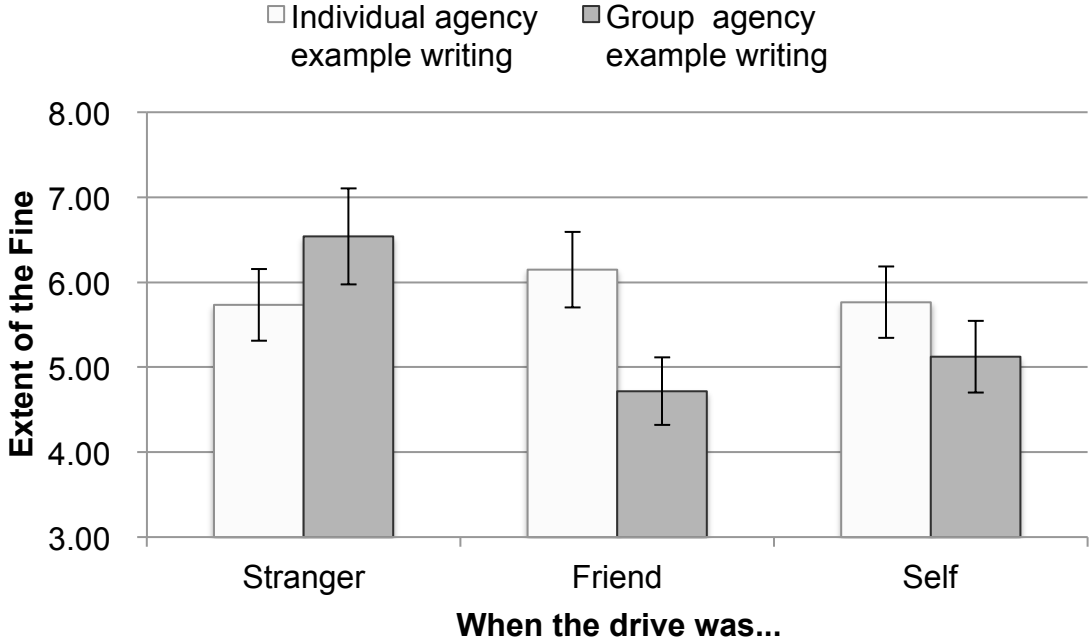
*Note.* Error bars represent standard errors.

**Figure 11. Agency Primacy Manipulation Check (Study 5)**



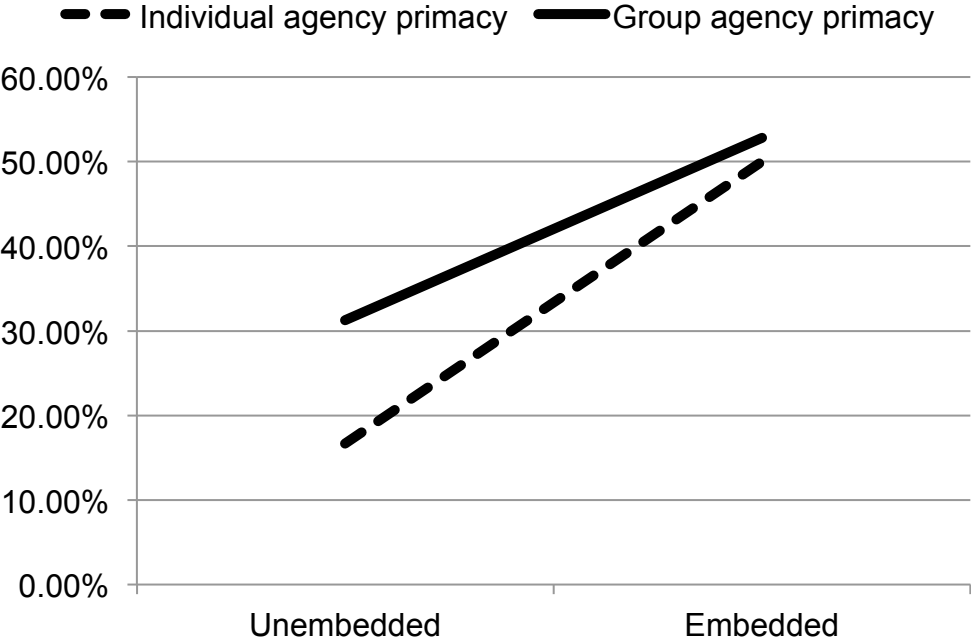
*Note.* Error bars represent standard errors.

**Figure 12. Favoritism as a Function of Agency Primacy Condition and Relationship (Study 5)**



*Note.* Error bars represent standard errors.

**Figure 13. Favoritism as a Function of Agency Primacy Condition and Relationship Embeddedness (Study 6)**



*Note.* Error bars represent standard errors.