Power Motives and Core Self Evaluation as Correlates of Managerial Morality

Aline Masuda

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Recommended Citation
DOI: 10.58809/VSVQ2582
Available at: https://scholars.fhsu.edu/alj/vol9/iss1/41

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Academic Leadership Journal

The crisis of confidence in corporations has stimulated much debate among scholars and practitioners regarding leadership morality (Bartunek, 2002; Lefkowitz, Ilgen, Lee, Locke, Lowman & Schneider, 2003). Similarly, leadership scholars have acknowledged that leadership ethics rests upon the moral character of leaders and their choices of values (Bass & Steidlmeier, 1999). They argued that, compared to others, some leaders possess values and characteristics that make them more resilient to social pressures to engage in unethical behaviors (Bass & Steidlmeier, 1999; O'Connor, Mumford, Clifton, & Connelly, 1995).

This study identifies ethical leadership values and explores its correlates. According to Bandura (1986), a code of morality is defined by the choices of personal values. Values are principles that are important to one’s life, and they are the fundamental guides to ones’ behavior (Schwartz, 1994). Schwartz states that, “values guide selection or evaluation of behavior, people and events” (p.20). Hence, values are instrumental to the study of leadership morality. The choice of leaders’ values should influence their tendency to engage in unethical behavior.

Utilitarian approaches to understanding ethics suggest that an ethical action produces the greater good for the greatest number of people (Folger & Cropanzano, 2001, Bass & Steidlmeier, 1999). Thus, values that lead to ethical behavior are values that will benefit the moral agent as well as the society in which this agent belongs. Hence, a code of morality can be defined by the values that managers choose as their standards to gauge organizational behaviors, and to enhance their life and the life of their organization.

Leadership theorists have acknowledged the importance of honesty, integrity, and justice to the success of both leaders and their organization (Bass & Steidlmeier, 1999, Locke 2001, & Yukl, 2001). Leaders are honest when they refuse to fake reality (Locke, 2000). Honest leaders avoid lying or cheating by attending to all relevant facts to the best of their ability.

Honest leaders are likely to be successful (Locke, 2001). As Bass argues (1998) leaders “concerned about doing what is right and honest are likely to avoid stretching the truth or going beyond the evidence for they want to set an example to followers about the value of valid and accurate communication in maintaining the mutual trust of the leaders and their followers (Bass, 1998a, p.174).


Although justice and honesty are fundamental values for leadership ethics, leaders will lack integrity if they claim to value honesty and justice but do not act accordingly. Cox and Cooper (1989) found that
integrity was one of the most important leadership values. Integrity means that leaders’ behaviors are rationally consistent with their espoused values (Yukl, 2001). We argue that moral leaders value honesty and justice, and they intend to act according to their values.

Hypothesis 1: Managerial morality will be defined as a higher order construct that will be explained by honesty, integrity and justice values.

Bass & Steidlmeier, (1999) explain that immoral leaders’ primary motive to lead is to gain power for self-aggrandizing and not for the fulfillment of their responsibilities as leaders. Leaders who desire power are likely to react to organizational problems by focusing on the consequences these problems will have on their self-image. These leaders are not motivated to solve organizational problems, but instead, they are motivated to gain admiration. Hence, these leaders are likely to behave in a destructive manner (Mumford, Gessner, Connelly, O’Connor, & Clifton, 1993(a)). As Bass & Steidlmeier (1998) stated “pseudo transformational [immoral] leaders seek to become the idols (rather than the ideals) of their followers” (p. 190).

There is research evidence showing that power motives relate to unethical behaviors (Mumford and colleagues, 1992). People who display power motives in the absence of a sense of responsibility are more likely to select actions that will harm the organization (Mumford, et.al. 1993a). Leaders high on power motives also scores high on integrity tests (Mumford et.al. 2001). As such, we argue that power motive will be related to managerial morality.

Hypothesis 2: Power motive will be negatively related to managerial morality.

Seeking power and admiration are strategies to regulate self-esteem. Specifically, personality theorists have found that people regulate their self esteem through three sources “(1) unbiased self evaluations (2) self regard based on esteem from others (3) self regard based on living up to ones’ own ideals” (p. Raskin, Novacek, & Hogan, 1991, p.33). They argue that when self-esteem is based on unbiased self-evaluations, a person should experience a relatively healthy self-concept. However, if the person’s self-esteem is based on self-aggrandizing, a person should experience an “unhealthy” self-concept. This argument is consistent to findings on the pathological personality literature that shows that exhibitionism was related to depression (Watson & Biderman, 1993).

The concept of core self evaluations defined as, “basic fundamental appraisal of one’s worthiness, effectiveness, and capability as a person,” can be a measure of a healthy self-concept (Judge, Bono, & Thoresen, 2003). According to Judge et.al. (2003) core self evaluation is a higher order trait indicated by four sub-traits: self esteem, generalized self efficacy, neuroticism, and locus of control . Positive core self evaluations is positively related to life and job satisfaction (Judge, Locke, Durham, & Kluger, 1998), and it is also related to self-regulation and motivation variables (Erez & Judge, 2001; Judge & Bono 2001b).

If (a) people with an unhealthy self-concept use power or admiration seeking strategies to enhance their esteem, and (b) core self-evaluation is a measure of healthy self-concept, than (c) lower core self evaluation will lead to higher power motives.

Hypothesis 3. Core self evaluation will be negatively related to power motive. Specifically, positive core self evaluation will lead to lower power motive.
The components of core self evaluations have been related to ethical behaviors in several studies. For example, people with low self-esteem (Lowenstein, 1994, Ford, King, Hollender, 1988), low self efficacy (Mumford et.al. 1993a), external locus of control(Hegarty & Sims, 1978), and high anxiety (Mumford et.al, 1995) were found to engage in deceptive behavior, unethical acts, and unethical decision making. Additionally, Mumford et.al. (1995) found support for a model of leadership ethics in which personality variables influenced ethical behaviors indirectly through power motives. Taken together, these findings suggest that core self evaluation should relate to both power motive and morality. Consistent to these findings, a weak self-concept should influence morality through the desire to seek power.

Hypothesis 4: Core self-evaluation will be positively related to managerial morality

Hypothesis 5. Power motives will mediate the relationship between core self-evaluation and managerial morality. Specifically, the effect of core self evaluation on managerial morality will be weaker when controlled for power motive.

Methods

Participants

MBA students from seven universities volunteered to participate in this study. A total of 1800 students received an email asking them to volunteer to participate in this study. Two hundred and three students decided to participate in this study, which is an 11% response rate. 47.1% were female and 52.5% were male, 36.8% were part time students 62.3% were full time students. 45.6 % were full time employees, 33.3% were part time employees and 20.6 % were unemployed. Examinations of descriptive statistics among the different samples do not show any significant differences among respondents from the different universities.

Procedures

Prior to the study, the morality scale was developed based on Locke’s (2001) definitions of justice, honesty, and integrity, and his proposed virtue scale. We reviewed items to ensure that they were conceptually relevant to the higher order construct and that they covered all of the three concepts defined as part of morality. The items were constructed as future intentions to behave morally because the sample was MBA students and not necessarily in managerial positions at the time of the study. Intentions have been defined as reflection of personal values (Boldero & Francis 2002). We revised the items to reduce socially desirable responding and bias. Fifteen undergraduate students piloted these items using a 5-point response option. Items that had lower variability were modified or eliminated. The responses options were changed to a 7-point frequency scale to ensure variability. Exploratory and confirmatory factor analysis were performed to test the structure of the scale based on the theoretical rational proposed.

The MBA Directors of seven major Universities volunteered to send four emails to their MBA students informing them about the opportunity to participate in this study. A multiple contact strategy was used in order to improve response rate (Dillman, 2000). The first email was a pre notice email informing participants that they would be receiving other emails with information about volunteering for a research project regarding MBA students’ careers and aspirations. The second email contained the informed
consent and the link for a web survey containing the measures. The informed consent explained the purpose of the study and procedures for ensuring confidentiality. Participants were told that their participation was voluntary and they could withdraw from the study any time they wished. They were also told that by reading the informed consent and completing the web survey they would have provided their consent to participate in this study. The third email thanked the students who participated and also reminded the students who did not have a chance to participate that they could still access the link for web survey. The fourth email was included to inform participants that they would have an opportunity to enter a drawing to win one prize of $150 and two prizes of $50 dollars each. The last email was included to boost response rate. The winners were contacted via email and received the money via personal checks.

Measures

Demographics: Participants reported GMAT and GPAs, salary before entering the MBA program, number of years in college, number of years as managers, gender, age, student and employment status (See Table 1)

Managerial Morality Scale: 12 items were created based on the definitions of integrity, honesty and justice (See Table 2). Based on the EFA and CFA described below, 10 items were kept. Four items measured honesty, three items measured integrity and justice. Honest (a = .70) integrity (a = .61) justice (a = .53)

Core evaluation: A total of 11 items measured core evaluations. These items were validated across different samples (Judge, Erez, Bono, & Thoresen, 2003). Sample items are “Sometimes when I fail I feel worthless, “Sometimes I do not feel in control of my life” and “I am confident I get the success I deserve in life.” Responses were based on a 1 (strongly disagree) to 5 (strongly agree) scale. (a = .84)

Power Motives: Two items measured power motive. These items were taken from Srivastava, Locke, & Bartol (2001) motives for making money scale. Participants were asked to rate 1 (not important) 10 (very important) to make money in order to “To earn money is important to be the top dog and make others do what I want” “to earn money is important to have power over others” (a = .94)

Results

Descriptive statistics and correlations are shown in Table 1.

*Table 1. Descriptive statistics and correlations among variables*
Hypothesis one stated that the honesty, integrity and justice are three constructs that can be explained by a higher order construct of managerial morality. To test this hypothesis, we conducted an exploratory factor analysis and a confirmatory factor analysis. The score on all scale items were negatively skewed. Therefore, log transformations were performed at an item level to normalize the data. A principal factor extraction with promax rotation and eigenvalues over one was conducted to estimate the number of factors. Three factors were found to have eigenvalues over one, and they combined to account for approximately 54% of the variance. The three factors had eigenvalues of 3.73, 1.55, and 1.18 respectively. Inspection of the scree plot also suggested three factors which could be specified later when conducting confirmatory factor analysis. Looking at the pattern matrix, we logically determined if the questions it lumped together did in fact, seem to be the questions that was originally written to describe the concepts of honest, integrity and justice. Based on this analysis and on theoretical rationale, we determined which items would be used as indicators of the factors in the confirmatory factor analysis. Specifically items one, three and five were used as indicators of the concept of honesty. Items two, seven, and eight were used as indicators of the concept of integrity, and items ten, eleven, and twelve were used as indicators of the construct of justice. The loading of each variable on each factor, and the descriptions of the items are shown on Table 2. Items nine, four and six cross loaded on other factors because they did not pass the test of explaining variance less than half of that of the intended loading. For example, item nine was originally developed to measure the concept of justice. However, this item also loaded higher on the concept of integrity. The same happened to items four and six. Item four was developed to measure the honesty factor but loaded both on honesty and integrity, and item six was designed to measure integrity but loaded on honesty and justice.
Confirmatory Factor Analysis was performed to determine whether the three factors can be explained by a higher order construct (i.e. morality). The AMOS software with maximum likelihood estimation was used to compare the fit of three models. The first model proposed that responses to the scale could be explained by one factor. The second model proposed that responses to the scale could be explained by three factors, and the three factors would be correlated and measurement error terms would be uncorrelated. The third model proposed that the scale measured three factors that represent a higher order construct of managerial morality. The first order factors are explained by some higher order structure, which in this case is the construct of managerial morality. The results of this analysis are shown in Table 3.

Chi square differences suggest that the there are significant differences
between the one factor model and the three-factor models. There are no significant differences between the first order three-factor model and the second order three-factor model. This is not surprising giving that a second order factor model is mathematically and functionally equivalent to a first order correlated factor model (Byrne, 2001). As such, hypothesis one was supported whereby the factors of honesty, justice, and integrity explain a higher order construct here called managerial morality. See Table 4 for the factor loadings for the second order model.

Table 4. Confirmatory Factor Analysis Loadings

<table>
<thead>
<tr>
<th>Items</th>
<th>Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Factor 1</td>
</tr>
<tr>
<td></td>
<td>Honesty</td>
</tr>
<tr>
<td>1. In business it will be necessary to lie in order to get what I want</td>
<td>.79</td>
</tr>
<tr>
<td>3. Loyalty to my company will be more important than loyalty to the truth or moral principles</td>
<td></td>
</tr>
<tr>
<td>5. In business I believe that promises are made to be broken</td>
<td></td>
</tr>
<tr>
<td>2. When making decisions at work, I will attend to all facts even those that I do not want to hear</td>
<td></td>
</tr>
<tr>
<td>7. As a manager, if I know something is the right thing to do, I will act accordingly</td>
<td></td>
</tr>
<tr>
<td>8. In business, my actions will be consistent to my convictions</td>
<td></td>
</tr>
<tr>
<td>10. When making business decisions about rewards, I will let feelings override the facts</td>
<td></td>
</tr>
<tr>
<td>11. As a manager, I will consider office politics rather than strictly basing decision on employee merit</td>
<td></td>
</tr>
<tr>
<td>12. As a manager I will give employees reward based strictly on employees’ level of competence and achievement</td>
<td></td>
</tr>
</tbody>
</table>

Notes: RMSEA = Root-mean-square error of approximation, * p < .05.
evaluation, power motive and the three constructs that comprise managerial morality (See Table 1). In order to test Hypothesis 5 regarding the mediating effects of power motives on the relationship between core self-evaluations and managerial morality, two structural models were specified using AMOS with maximum likelihood estimation. Before testing the hypothesis, the power motive scale was transformed using square transformation to reduce skewness. Fit statistics of the two structural models are shown in Table 5. Although several indices did not meet the criteria of .90, the RMSE for the indirect model met the criteria for both structural models. The use of RMSE is recommended when testing the model with a small sample size.

The models suggest that core self evaluation has an indirect effect on managerial morality through power motives (See Figure 3). In order to test for these effects, I calculated the Sobel test for each of the three dependent variables (honesty, integrity, and justice) (Baron and Kenny, 1986). The results show that core self-evaluation had a significant indirect effect on honesty (Sobel test t = 3.865, p < .001) and integrity (Sobel test t = 2.55, p < .01). However, core self evaluation did not have as significant indirect effect on justice (Sobel test t = 1.85, ns). These results partly support the hypothesis 5.

Discussion

The purpose of this study was threefold 1) to investigate the content of managers’ moral character 2) to create and validate a self-reported measure of managerial morality; and 3) to identify correlates of managerial morality.

Managerial morality scale was better modeled by a three-factor higher order model, in which morality was explained by intentions to act with honesty, justice, and integrity. Core self evaluation related to managerial morality. Specifically, a person with an “unhealthy” self-concept was more likely to report intentions to act against moral values.

The effect of core self evaluation on morality was mediated by power motives. Interestingly, power motives mediated the relationship of core self-evaluation with honesty and integrity only and not with justice. Raskin and colleagues (1991) suggested that individuals with an unhealthy self-concept are likely to use power-seeking strategies to regulate self-esteem. Because these individuals source of esteem is power, they would not mind violating moral values to gain power and esteem. However, healthy individuals’ source of esteem is integrity to their values. As such, healthy individuals would feel more distress when violating their values in order to gain power. The values of honesty and integrity are important because it pertains to not only being true, but also being true to oneself. Individuals with weak self-concepts could lie to others and to themselves in order to gain power and admiration from others.

<table>
<thead>
<tr>
<th>Fit Statistics</th>
<th>Type of Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of Model</td>
<td>Direct Effect</td>
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<tr>
<td>Degrees of freedom</td>
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<tr>
<td>Chi-square ($\chi^2$)</td>
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</tr>
<tr>
<td>Difference in chi-square ($\Delta \chi^2$)</td>
<td>---</td>
</tr>
<tr>
<td>RMSEA</td>
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<tr>
<td>Goodness of fit index</td>
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</tr>
<tr>
<td>Comparative fit index</td>
<td>.82</td>
</tr>
<tr>
<td>Relative fit index</td>
<td>.66</td>
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</table>

Notes: RMSEA=Root-mean-square error of approximation, * p < .05.
others. However, people with high self-concept will not lie to themselves in order to gain admiration from others. Perhaps power motive is not related to justice because justice has to do with making decisions about others outcome and it is not related to the person’s self.

Limitations and Implications for Future Research

The limitations of this study must be acknowledged. First, the managerial morality scale measured intentions to act morally and not actual moral behaviors. Therefore, we cannot conclude that leaders who scored high on the measure of managerial morality will actually behave more ethically compared to other leaders. Besides personality factors, situational factors should determine the likelihood of a leader to engage in destructive behavior (Mumford et. al, 1993a). Future studies that investigate whether managerial morality predicts ethical behavior under strong situational conditions are desirable.

Second, because participants’ self reported their personalities and values, it is likely that the results suffer from common method bias. Future studies could establish inter source agreement by using significant others to fill out questionnaires regarding participants personality and values. Third, although our self reported measure of managerial morality was internally consistent, we did not test this measure for discriminant and convergent validity. However, we believe we took the necessary steps to ensure construct validity. We defined the concepts objectively and formulated items that have a commensurable and logical relationship with the definition. Definitions of concepts are fundamental to the establishment of construct validity (Locke, 2001).

Finally, the sample in this study may not be representative. Unfortunately, only 11% of participants who were contacted by email answered the survey. However, we cannot guarantee that the students read the email. Some students may not use their school account as often or others may delete emails without readings. If this is the case, our initial sample was much less than what we expected.

It is important to note that by defining managerial morality as comprising of values of honesty, justice, and integrity, we by no means intent to restrict moral character to these values. Other values that were not included in the managerial morality scale could also explain the construct of managerial morality. For example, a leader who is benevolent and have a sense of civic responsibility may have a higher moral character than a leader who does not have a sense of civic responsibility. Items including the concept of civic responsibility could be created and included in the scale of managerial morality in future studies.

Despite the challenges (e.g. social desirability) of creating a self reported measure of managerial morality; we believe this measure is important to study individual differences regarding morality. A scale that measures managerial morality is desirable and can be useful to advance theories on ethical leadership. Despite the limitations of this study, we believe that we provided some insight to moral character of future managers. The fact that scores on the managerial morality scale was related to power motives and core self-evaluations suggests that managerial morality can be a useful construct to utilize in studies of leadership ethics. Theories of morality and ethics have ignored the content of morality (Bandura, 1999). This study began to look at the content of managerial morality by identifying and measuring important values. Hopefully, this study will stimulate further research attempting to understand the character of leaders.

(This article was modified from a presentation at the 20th annual meeting of the Society for Industrial
Organizational Psychology (SIOP), Los Angeles CA, April 2005.

Reference


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Figures

**Figure 1. Morality as a Higher Order Construct explaining variance on lower order constructs.** **p < .01**

**Figure 2. Direct Relationship of Core evaluation and Managerial Morality**
Figure 3. Indirect effects of Core evaluations on Managerial Morality