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Introduction

We have faced waves of economic crisis in the last decade. The millennium began with the dot-com bubble. A few years later, in 2008, a worldwide financial crisis ensued with the housing bubble. Many large companies, audit firms, credit rating agencies and governments played a role in this event. In addition to these major crises, the daily news was replete with stories of scandals involving fraud and corruption. Recently, in 2012, the scandal surrounding Libor made headlines: it turned out that an index that has been in use since 1986 had been manipulated by leading financial institutions.

In Brazil it seems an endemic situation. A recent research from KPMG among 500 executives of top Brazilian firms resulted in an astonishing result of 62% of respondents admitting that their companies could be engaged in corruption, and an even higher percentage, 85%, believed that the competitor would do it. Moreover, PWC researched 132 firms in 2013 in Brazil and found that 27% admitted to having a real case of engagement in some unethical behavior such as bribery, fraud, assets deviations, among others (TORRES, 2014).

However, this is not a specific case of Brazil, or Brazilian companies. According to Ernest Young research, the value of the fines in the period 2008 to 2013 resulting from the United States' Foreign Corrupt Practices Act (FCPA) totaled US$ 5.83 billion. Among the top twenty firms with the highest fines, there are companies with strong brand names and from developed countries, such as Siemens and Deutsche Telecom from Germany, Halliburton and ALCOA from the USA, BAE from England, Alcatel-Lucent and Total from France, Panalpina from Switzerland and Marubeni and JGC from Japan (TORRES e VIRI, 2014). Thus, the following question arises: are these isolated cases or is this "business as usual?"

In a review of the empirical ethical decision-making literature, O'Fallon and Butterfiled (2005) concluded that "the perceived prevalence of illegal and unethical corporation behavior is fueling skepticism and uncertainty about the role of ethics in modern business practices." Despite the increased interest (and more recently, stronger enforcement from law) by corporations to reduce unethical behavior, it seems that there is a contradiction between the need to prevent such behavior and what is internally valued: individual characteristics that can easily adapt a situation to bring short-term results and a promising career. Is there a gap between the walk and the talk?

This section is organized in four parts. First, the study's objectives are presented, followed by delimitation of scope in section 1.2. The relevance of this research, for both academic and business, is outlined in section 1.3. Section 1.4 details how this document is organized.

1.1. Objectives

As some commentators have suggested, to a certain degree, relationships in business have been transformed into a "marketplace" of contacts to ensure competitive advantage by any means, including corruption and other unethical behaviors (AYIOS, JEURISSEN, MANNING and SPENCE, 2014). Unethical behavior involves relationships among actors, and the network structure of relationships can constrain or enable unethical actions. In addition, attitudes and values are not formed in isolation but are the result of social influence (BRASS, BUTTERFIELD and SKAGGS, 1998). Therefore, to understand unethical actions it is necessary to focus on the network of the individual (NIELSEN, 2003).

As Lin (2001) argued, social capital is "investment in social relations with expected returns in the marketplace." The network of relationships is the result of investment strategies, "conscious or unconscious" (BOURDIEU, 1986), which can be used in the short or long term for an individual to have access to other actors' resources. This definition leads to the main question of how to invest, as well as: For how long? How much? Assuming what risk? What are the expected returns? Investments, such as in a pension fund, health, or consumer habits, are related to many different individual distinctions. One very important factor in investment is time. Time perspective, a cognitive process, has influence over

decisions and actions (ZIMBARDO and BOYD, 1999), including investment decisions in financial savings (ERSNER-HERSHFIELD, GARTON, BALLARD, SAMANEZ-LARKIN and KNUTSON, 2009) and the creation of different patterns of social relationships (HOLMAN and ZIMBARDO, 2009).

On the other hand, considering that the object of investment is social relations, another important individual difference is self-monitoring – the ability to perceive social cues and adapt behaviors to impress others. The theory of self-monitoring suggests that high self-monitors build their social relationships to function as instruments of status enhancement, whereas low self-monitors build theirs to support the reputation of sincere people (GANGESTAD and SNYDER, 2000). Given the "social and interpersonal focus (…) this is especially relevant to understanding (…) attitudes, behaviors and outcomes" (DAY and SCHLEICHER, 2006) in organizational settings.

Some authors have recently called for the adoption of an integration of multiple factors on ethical decision-making (e.g. KISH-GEPHART, HARRISON and TREVINO 2010; COHEN, DING, LESAGE and STOLOWY, 2011; PENDSE, 2012), including individual and situational factors to predict unethical decision-making. Beyond the application of multiple predictors, this study proposes a hitherto untried approach of mutual interplay: how individual factors may influence the creation of social networks, and how the linking of these factors can reveal the dark side of business decision-making. Snyder and Kendzierski (1982) explained the relevance of such an approach:

> *"… it becomes all the more important to understand the process by which individuals choose social situations. For therein may be found a basis for conceptualizing and investigating the mutual interplay and reciprocal influences of individuals and social situations – by their choices of social situations, individuals may determine the social situation that in turn may determine their own behavior."*

Therefore, the main research question is:

How do an individual's social network, self-monitoring and future orientation relate to ethical decision-making?

In order to answer the proposed research question, the following intermediate questions have been addressed:

- How does a temporal orientation of an individual affect his/her investments in social relationship?
- What are the main differences in the social capital of low self-monitors versus high self-monitors regarding content and structure?
- How do individual factors – temporal orientation and self-monitoring – combine to determine the structure of social capital? Does gender play a role in such determination?
- How is an individual's social network related to unethical decision-making?
- What are the possible interactions between individual characteristics and social networking to unethical intention?
- Does an individual's social network and personal characteristics moderate the relationship between his/her ethical intention and ethical behavior?

This research draws on social capital theory, self-monitoring and temporal perspective theories of individual behavior, as well as on ethical decision-making models. Figure 1 presents the conceptual model proposed in this research.

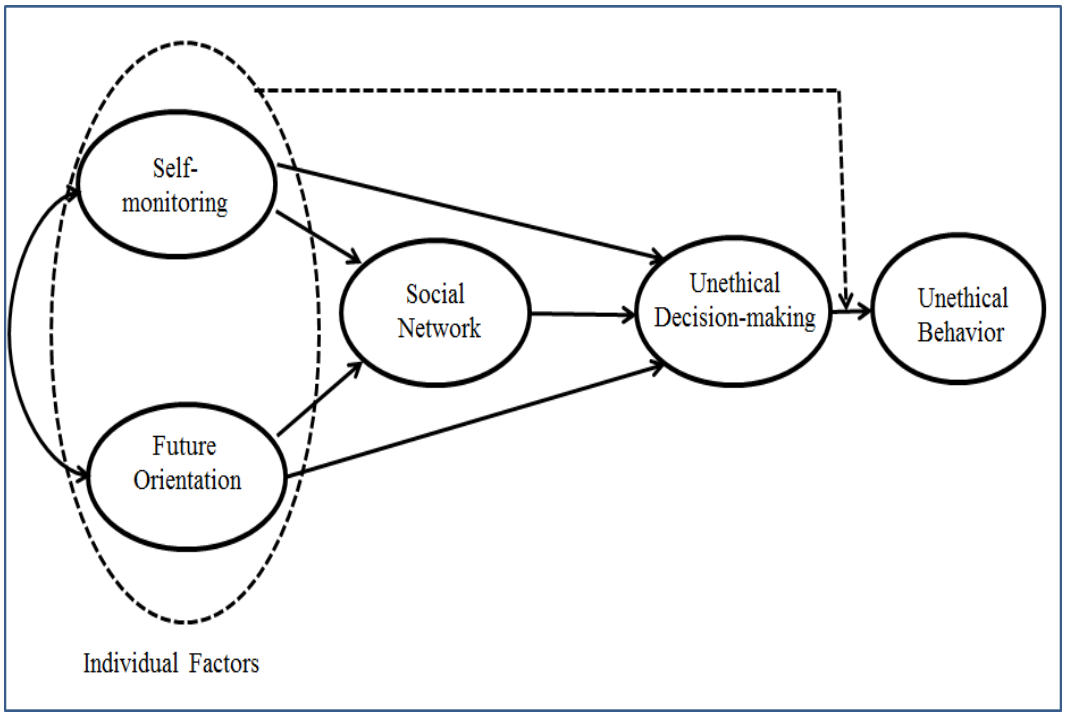

Figure1 - Proposed Model
Source: Elaborated by the author

1.2. Delimitations

This study proposes the following delimitations:

- First, this study researches ethical decision-making in business. Other non-business areas of ethical dilemmas are not investigated.
- The focus is on the micro-level of analysis, specifically from the standpoint of individual differences and one's network of relationships in a current job and his/her choices regarding unethical decision-making.
- The investigation relies on the precursors of social capital (such as individual temporal orientation and self-monitoring) and how social capital constrains or enables action. It does not study the mobilization of social capital.

1.3. Relevance

This study is relevant to both practitioners and researchers. Section 1.3.1 outlines the relevance to the academy, considering theory development and methodology. The last section discusses relevance to management.

1.3.1. Academic Relevance

1.3.1.1. Theory Development

This study contributes to academic research regarding theory development in three main areas: a) individual differences in organizations, more specifically temporal orientation and self-monitoring; b) social capital, and c) (un)ethical decision-making.

With respect to social capital – "conceptualized as social network" (SEIBERT, KRAIMER and LIDEN, 2001) – some scholars have argued that there is much to be understood regarding how individual differences affect social network structures. They have called for more research – following the micro foundations of structural patterns – on how individual differences contribute to the development of the social network structure, as well as to enable or constrain

actions (MEHRA, KILDUFF and BRASS, 2001; KILDUFF and KRACKHARDT, 2008). In a review of social capital research from 1989 to 2008 within the context of organizations, Payne, Moore, Griffis and Autry (2011) noted that there was a "relative dearth" of studies that analyzed social capital antecedents.

On the other hand, ethics has "largely been missing from previous reviews of social capital," and social capital's dark side "remains largely unknown terrain" (AYIOS, JEURISSEN, MANNING and SPENCE, 2014). In four successive reviews of empirical research on ethical decision-making in business (FORD and RICHARDSON, 1994; LOE, FERREL and MANSFIELD, 2000; O'FALLON and BUTTERFIELD, 2005; CRAFT, 2013), only one article – Flynn and Wilthermuth (2000) – focused on the relationship between unethical decision-making and social capital. Jackson, Wood and Zboja (2013), in a recent review of unethical decision-making in business, argued that internal and external networks should be researched further, as these may be sources of unethical behavior.

This research examines two different individual differences – temporal orientation (and specifically the future dimension) and self-monitoring – as both are relevant to explain the creation of social capital and ethical decision-making. As mentioned earlier, future orientation can be an individual difference that affects the creation of a social network in the organizational context. Furthermore, future orientation has only recently been studied as a predictor of unethical behavior, and much more research remains to be done (HERSHFIELD, COHEN and THOMPSON, 2012).

Considering self-monitoring research, despite an extensive body of knowledge (DAY, SCHLEICHER, UNCKLESS and HILLER, 2002; LEONE, 2006), this construct was not studied in the literature review of empirical ethical decision-making research conducted in the last twenty years. However, it is worth investigating for many reasons. First, some unethical facets of self-monitoring have been identified in the self-monitoring literature (e.g. HEWLIN, 2003; OZCELIK, 2012; HOGUE, LEVASHINA and HANG, 2013; BOLINO, KLOTZ, TURNLEY and HARVEY, 2013). Second, although the self-monitoring personality has been identified as an important construct in understanding how relationships are formed (DAY AND SCHLEICHER, 2006), there are few studies that analyze self-monitoring and social capital in an organizational context (e.g.

MEHRA, KILDUFF and BRASS, 2001). Moreover, a more significant focus on low self-monitors is called for; indeed, Mehra *et al*. (2001) argued that low self-monitors are largely absent from the literature, and most research has discussed contributions and outcomes of the "more visible" high self-monitors. In addition, Day and Schleicher (2006) suggested a possible snowball cycle of self-monitor promotions, which could create a similar snowball effect for unethical decision-making.

1.3.1.2. Methodological Contribution

This study proposes to contribute to academic research considering different data collection methods – surveys and experiment, as well as different quantitative analytical tools: structure equation modeling, cluster analysis and binary logistic regression.

First, this study recognizes the need to collect data for both ethical intention and behavior, as individual and situational moderators affect the intention-behavior relationship. Data about ethical behavior is collected using a web experiment based on similar previous lab experiments in research on ethics.

Second, this study uses structure equation modeling (SEM) to clarify the complexity of ethical decision-making considering individual factors, organizational factors and different moral issue cases. In addition, it also uses confirmatory factory analysis (CFA) to improve the construct validity of measures (Aguinis and Edwards, 2014). Furthermore, cluster analysis is used to present SEM results from another perspective, offering a rich view of the data. Binary logistic regression is used to analyze ethical behavior, i.e., to obtain statistical comprehensiveness in relation to the experiment.

1.3.2. Practical Relevance

Companies, governments and society in general strive to curb unethical behavior and corruption. Consequently, it is important not only to understand the many compelling advantages of the development of social networks, but also to discuss the respective risks and challenges, including the lack of control over ethical standards. This research seeks to support management in both identifying

how individual differences can affect the development of social networks and shedding some light on how such individual differences in certain networks may foster harm from the standpoint of ethics.

1.4. Document Organization

This study is organized into nine sections. Following this introduction, the literature review is presented in section 2. It begins with reviews of ethical decision-making models followed by empirical ethical decision-making research. Next, the method used for the literature review of social capital and the individual variables – self-monitoring and temporal orientation – are presented. The results of the literature review of these concepts are shared in the last part of section 2. Next, section 3 has the theoretical position of this study and presents the proposed hypotheses. Section 4 presents, in detail, the data collection and measures used, describing each part of the survey and the experiment, as well as the analytical tools proposed. Results are presented in section 5. Conclusion of this study is presented in section 6, including a discussion of contributions, limitations and future research suggestions. Section 7 has an extensive list of references, followed by a social capital and network glossary in section 8. The last section, section 9, is an Appendix that includes the print-screen of the web data collection tool developed for this study.