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The Abundance Effect: Unethical Actions Taken When Money is Present

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Abstract

Three lab experiments looked into the theory that money could affect people's inclination to act unethically in order to benefit financially. In the trials, subjects had the option to falsify their results on an anagram problem in order to cheat. One group was stimulated in each trial by the obvious presence of financial prosperity. We discovered that cheating was more common in environments of abundance than in those of shortage. Our studies also looked into the possible processes underlying this effect. The findings demonstrated that the existence of copious riches provoked feelings of jealousy towards those who were affluent, which in turn encouraged unethical behaviour. Our research sheds light on the circumstances surrounding and motivations for immoral behavior.

Key words: abundance effect, unethical actions, money

Introduction:

An experienced attorney suggests to a new associate in John Grisham's novel The Firm that they charge clients for every minute they spend considering a case (Grisham, 1991). These dishonest billing practises are widespread in legal firms across the nation and extend well beyond the realm of fiction (Altman, 1998). The practise of overstating performance or effort is part of a larger epidemic in organisations, where workers frequently inflate business expenses, candidates frequently include medical information on their resumes, and wage-based employees frequently overreport hours on timesheets.

In what circumstances are these people most prone to compromise their moral principles and exaggerate their efforts at the detriment of their institutions, clients, and organisation? Studies indicate that an individual's surroundings may have an impact on their propensity to act unethically. Organisational unethical behaviour has been demonstrated to be influenced by various factors, including reward systems (e.g., Hegarty & Sims, 1978), norms and culture (Treviño, Butterfield, & McCabe, 1998), and rules of conduct (Cressey & Moore, 1983; McCabe, Treviño, & Butterfield, 1996). Related psychological research has shown that people's behaviour is significantly influenced by environmental signals, such as visual stimuli (e.g., Aarts & Dijksterhuis, 2003; Cialdini, Reno, & Kallgren, 1990). For example, it has been observed that visual cues about money, such as images of cash, greatly boost the tendency towards self-interested and self-serving behaviour (Vohs, Mead, & Goode, 2006, 2008). According to these findings, environmental cues have the power to significantly alter behaviour in relation to moral and social norms.

In addition to the evidence that money has an environmental impact on self-interest, little is known about how financial incentives may motivate an important category of unethical behaviour, such as overreporting for one's own benefit. Given the frequency of these actions and the widespread presence of cash and other assets in businesses, it is reasonable to wonder if affluent settings have a significant role in encouraging immoral behaviour of this kind. In this research, we investigate explicitly if the wealth of the environment leads to more unethical behaviour, such as performance overreporting. We investigate this suggested connection in three lab experiments by employing significant amounts of cash as a visible indicator of wealth in the surroundings.

With an emphasis on financial resources related to the environment, abundant wealth is characterised by a sizable pool of resources that are either owned by or shared by members of the organisation. Notably, wealth inside the organisation is rarely dispersed equally across staff members. A company can cultivate an affluent atmosphere for the advantage of its most valuable staff and clients, but many employees operating in such an environment might not share much of its benefits. We propose that the existence of copious money contributes to the perception of inequality among those who function in the affluent milieu without partaking in its plenty. These views of unfairness then lead to sentiments of jealousy, which in turn spur immoral actions like stealing and falsely exaggerating one's accomplishments. Unavoidable comparisons between an affluent setting and an individual's personal financial situation can therefore incite workers to partake in immoral behaviour that they otherwise might refrain from. Because of this "abundance effect," immoral behaviour may therefore be more prevalent in wealthy environments than in ones that are scarce.

Method

Engage in Active Participation

A total of 53 individuals took part in the study, with 53% of them being male. The mean age of the participants was 25, with a standard deviation of 9.2. The majority of participants (64%) were derived from colleges in close proximity to one another within a metropolitan area located in the northeastern region of the United States.

The present discourse concerns the topics of strategy and execution.

The first study was done within the context of two contiguous courses at a university located in the northeastern region of the United States. The participants were randomly allocated to either the affluent condition (N = 27) or the impoverished condition (N = 26) in the corridor adjacent to the classrooms. The wealthy condition was overseen by a second female experimenter who was around the same age, but the poor condition was supervised by a female experimenter.

Through manipulating the monetary quantities within the cash piles that were utilised for disbursing payments in both rooms, we successfully exerted an impact on the participants' perceptions of affluence. The currency was placed upon a table positioned at the focal point of each classroom, so ensuring visibility to all those involved. In both experimental settings, as participants entered the classroom, they encountered a money table and were afterwards provided with a stack of twenty-four one-dollar bills by the experimenter situated nearby. The funds were distributed from a substantial sum of money that was organised on two distinct tables (consisting of roughly $7000 in one-dollar bills; see to Figure 1 for visual documentation). The sole monetary compensation provided to the participants, which was in a state of disrepair, was located on the table. Following the presentation of the monetary incentive, the participants proceeded to occupy individual workstations, so ensuring the prevention of visual access to one another's responses.

Following the participants' seating, the researcher proceeded to orally deliver the instructions. The participants were given explicit instructions to utilise a predetermined set of seven letters in order to construct words. Subsequently, they were required to meticulously document these words within the designated workbook. To ensure the preservation of their identity, participants were provided with instructions to document the quantity of words they generated on the answer form positioned on their desk upon the termination of the experiment. Participants were instructed to document the quantity of valid words they produced for each round on the provided response sheet. Furthermore, the participants were duly notified that upon completion of the study, they would be required to surrender their response paper to the researcher and deposit their workbook into a securely sealed container located at the forefront of the room.

To acquaint participants with the task and experimental protocol, a practise round was conducted at the onset of the experiment. Subsequently, the participants engaged in eight iterations of the experiment. The participants were provided with instructions regarding the appropriate timing to proceed to the subsequent page of their workbook in order to initiate a new round. Furthermore, the researcher closely monitored the participants' time during the task. The study required participants to adhere to specific parameters, which mandated that they construct words using a given set of seven letters within a time limit of two minutes. These guidelines explicitly stated that each word must consist of a minimum of two letters. The study was conducted under two experimental conditions.

Result:

Several metrics of unethical behaviour were employed. In line with the study conducted by Schweitzer et al. (2004), our main measure, referred to as the overstatement score, involved the process of coding to assess the level of agreement between the stated and factual productivity of the individuals involved. The overstatement score of a participant reflects the ratio of instances in which they exaggerated productivity compared to the number of instances in which they failed to meet the target and had the chance to exaggerate productivity. The scores in question have a potential range of 0 to 1, with 0 representing a complete absence of productivity exaggeration and 1 suggesting a consistent tendency to inflate productivity. To ensure the robustness of the study, three distinct indicators of unethical behaviour were employed: an overstatement of the number of cycles, an overstatement of the average amount of words, and the inclusion of a binary variable denoting the occurrence of at least one incidence of cheating. When employing these parameters, our research produces consistent outcomes.

As part of our inquiry, we additionally collected demographic data. In each study, the initial analyses were performed with age, gender, and work status serving as independent variables. No primary or interaction effects were identified for these factors. Hence, the outcomes of our study were consolidated across several demographic classifications.

Disregarding the factor of motive.

The results for productivity and misreporting in the two treatment conditions are presented in Table 1. In order to determine the motivational impacts of affluence, an initial step was quantifying the quantity of valid sentences that participants identified in both scenarios.

Additionally, an investigation was conducted to identify individuals who exhibited a tendency towards carelessness by consistently overestimating their production. However, no such participants were discovered during the course of the study. The observed distinction exhibited a little level of significance, with a marginal p-value of .072, as indicated by the statistical analysis ($F(1, 51) = 3.37$, $g2 = .06$). On average, individuals in the affluent condition produced a greater number of valid words compared to those in the deprived condition (12.03 vs. 10.69). However, it is important to note that this disparity did not reach statistical significance.

Is there a correlation between money and immoral behaviour in individuals?

In line with Hypothesis 1, the mean overstatement score for individuals in the affluent condition was substantially greater than in the destitute condition ($M = 0.61$, $SD = 0.29$) ($t(46) = 4.76$, p .001). The results presented in Table 2 (Study 1) provide additional support for the findings, demonstrating that individuals in the wealthy condition were more inclined to overstate their performance compared to those in the destitute condition, as evidenced by different measures of unethical behaviour. Is there an increase in the prevalence of cheating among individuals?

Subsequently, we conducted an inquiry into the underlying factors contributing to the heightened level of amplification observed in the wealthy state. The observed prevalence of exaggeration can potentially be attributed to two factors: firstly, an overestimation of production by a significant portion of persons, and secondly, a corresponding level of exaggeration exhibited by a similar number of individuals. To differentiate between these two hypotheses, we initially assessed the proportions of people who exaggerated their production in at least one round under both experimental settings. The proportion observed in the wealthy condition (85.2%) was significantly higher than that in the poor condition (38.5%), as indicated by the statistical analysis ($v2$ [$1, N = 53$] $= 12.31$, p.001). Subsequently, we conducted a tally of the occurrences in which participants engaged in the act of exaggerating their output, while omitting those individuals who did not engage in such behaviour at least once. There was no statistically significant difference observed in the average number of inflated rounds between the affluent and poor settings ($t(31) = 1$, $p = .89$). The researchers also analysed the extent of the overstatement ratings based on the different conditions. In the affluent condition, 20% of individuals had an overstatement score below 0.5, but in the poverty condition, this percentage increased to 74%. The data presented suggests that there is a notable distinction in the extent of overestimation across a similar group of individuals, despite the slight variation in the mean number of exaggerated rounds across different scenarios.

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