COMPROMISED ETHICS IN HIRING PROCESSES? HOW REFERRERS' POWER AFFECTS EMPLOYEES' REACTIONS TO REFERRAL PRACTICES

RELLIE DERFLER-ROZIN
BRADFORD BAKER
University of Maryland

FRANCESCA GINO
Harvard University

In this paper, we explore referral-based hiring practices and show how a referrer's power (relative to the hiring manager) influences other organizational members' support (or lack thereof) for who is hired, through perceptions of the hiring manager's motives and morality. We apply principles derived from the literature on attribution of motives to research on relational power to delineate a model that explains employees' moral evaluations of and reactions to referral practices based on the power relationship between a referrer and a hiring manager. Specifically, we predict that employees are more likely to see the acceptance of a referral from a higher- (as opposed to a lower-) power referrer as a way for the hiring manager to gain more power in the relationship with the referrer, thereby attributing more self-interested motives and more counter-organizational motives to the hiring manager in such situations. These motives are then associated with harsher moral judgments of the hiring manager, which in turn lead to less support for the hiring decision. We find support for our model in two experimental studies and two field studies. We discuss implications for the literature on referral practices, ethics, and observers' reactions to power dynamics.

Hiring friends or others from one's network is not only popular in many firms but is also encouraged, with the practice filling up to 50% of job openings (Bewley, 1999; Fernandez, Castilla, & Moore, 2000). In the management literature, this well-known and often-used practice is referred to as "referrals," and it consists of a hiring manager making selection decisions after receiving a recommendation concerning a particular candidate from a referrer (Bewley, 1999; Fernandez et al., 2000; Granovetter, 1995). Referral practices present a fundamental dilemma. On the one hand, they can be viewed as a source of efficiency in

hiring. Indeed, most past research focuses on how and when organizations can benefit from using referral practices in hiring (e.g., Fernandez et al., 2000; Morehart, 2001). On the other hand, referral practices can be seen as morally murky territory in which special interests and the exchange of favors dominate, above and beyond merit.

The question of whether hiring decisions based on referral practices are perceived to be immoral or not is a relevant one because organizational decisions viewed as immoral likely will not be supported by organizational members (Valentine, Godkin, & Lucero, 2002; Victor & Cullen, 1988), potentially ushering in discord and harming the fabric of the organization. Yet, past work has almost entirely ignored the moral questions surrounding referral-based hiring decisions. In this paper, we propose and test a theoretical model explaining when organizational members are more likely to perceive referral-based hiring decisions as immoral and the extent of their support for the decision that ensues as a consequence of this evaluation.

Lay wisdom suggests that referrals from high-power individuals carry more weight than those from low-power individuals. For example, a recent

blog posting advised that "Candidates should start at the top" (Morgan, 2015)—meaning they should try to get a referral from someone high in the organizational hierarchy to increase their chances of being hired. Although such actions make sense from the job candidate's perspective, they potentially open up the organization and hiring managers to being perceived as engaging in immoral or even illegal activities. For example, a 2015 investigation by the U.S. Securities and Exchange Commission into J.P. Morgan revealed that powerful employees at the bank, such as senior executives, were referring the sons and daughters of Chinese businessmen and businesswomen for coveted jobs. This established, ongoing system led the bank's current employees to feel resentful—especially during the 2008 financial crisis, when banks were laying off employees but continuing to retain some of those who received high-power referrals (Levin, 2015). We might hypothesize counterfactually that, if the referrals had come from less powerful employees at J.P. Morgan, they would not have elicited the same reaction.

We identify a major and nonobvious factor to explain organizational members' reactions to referral-based hiring decisions: the relative power of the referrer to the hiring manager. Though characteristics of the referrer seem relevant when looking at outcomes of such a hire, only recently (Pieper, 2015) have researchers started looking at referrers' characteristics in this context and their post-hire consequences.[1] Every referral-based hiring decision involves a referrer, whose power over organizational dynamics varies. Thus, the factor we focus on matters for understanding *any* referral-based hiring decision, making it a broad and crucial consideration with respect to this phenomenon. We chose to focus on power dependency, since power and hierarchy are deeply embedded in people's mental models (Sidanius & Pratto, 1999), elicited automatically, and are highly salient. This is especially true in organizations, since most have formal hierarchies whereby higher-power employees evaluate and have decision-making power over resources (e.g., salaries, promotions, job assignments) important for lower-power employees (Stevens & Fiske, 2000). Therefore, employees will be attentive to such features of the environment when judging referral-based hiring decisions.

We apply principles from the literature on attribution of motives (Cramwinckel, De Cremer, van Dijke, 2013; Lin-Healy & Small, 2013; Vitell & Muncy, 1992) to research on relational power (Emerson, 1962; Thibaut & Kelley, 1959) to propose that employees' moral evaluations of the hiring manager's acceptance of a referral depend on employees' attributions of the manager's self- and organization-concern motives, and that, in turn, these moral evaluations affect support for the decision. Specifically, we argue that employees will be more (less) likely to suspect hiring managers' self-interested abuse of their organizational positions when the referral came from a high- (low-)power person. We argue that employees will infer that, by accepting a referrer's recommendation, the hiring manager induces a strong feeling of obligation from the referrer to reciprocate this act (Blau, 1964; Cialdini, Vincent, Lewis, Catalan, Wheeler, & Darby, 1975; Gouldner, 1960).

When the referrer is powerful, observers will believe the hiring manager is attempting to increase the referrer's dependence upon him/her (Emerson, 1962), ultimately resulting in future benefits (such as better job assignments, higher performance evaluations, higher raises) for the hiring manager. Abiding by a referral of a higher-power employee can also be perceived as a way for the hiring manager to generally accrue more power in the organization, something that is perceived as counter to the organization's benefit. However, by definition, the hiring manager has less to gain, personally, from a low-power individual's reciprocating act, relative to one from a high-power individual, making attributions of self-interest and power-related ulterior motives less likely. We thus argue that hiring decisions based on referrals from high-power individuals will cause observers to view hiring managers as acting out of self-interested and counter-organizational motives, leading to negative moral judgments and less support of employees for such hiring decisions. We test these predictions in two experiments and two field studies.

There are both theoretical and practical implications for our focus on the power dynamics between the referrer and the hiring manager. The literature on power dynamics has either focused on how individuals are influenced by high-power individuals in their organization (Salancik & Pfeffer, 1978), on how power shapes one's own behavior (Chen, Lee-Chai, & Bargh, 2001; DeCelles, DeRue, Margolis, & Ceranic, 2012), or on the motives that people *infer* are driving high- versus low-power

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[1] Yakubovich and Lup (2006) and Van Hoye, van Hooft, and Lievens (2009) documented how referrers' characteristics, such as high educational and occupational backgrounds, contributed to chances of job offers, but did not examine post-hire consequences.

individuals (Fragale, Rosen, Xu, & Merideth, 2009; Hu, Rucker, & Galinsky, 2016). We show that people who are neither the influencers (i.e., high power-holders) nor those being influenced (i.e., conforming to higher power-holders) are still attentive to power *relations* when making inferences about another person's (e.g., their hiring manager) motives.

We also contribute to the ethics literature by examining moral judgments in the hiring context, generally, and referral-based hiring, specifically, by exploring the role of inferred motives in the decision to condemn or accept other people's (i.e., the hiring managers') behavior. While the ethics literature has been informative on many important life and business phenomena (see Treviño, Weaver, & Reynolds, 2006), some fundamental dilemmas in the business world, such as those posed during the hiring process, have been overlooked. We take an ethical lens to explore support for referral practices by examining employees' direct moral evaluations of their manager's hiring decisions. Specifically, we argue that, while ultimately referrals can be beneficial for organizations, at the subjective-perceptual level, they can seem problematic.

THEORY DEVELOPMENT

Referral Practices Increase Efficiency

Organizations increasingly encourage employee referrals (Dichter, 1966; Harrison-Walker, 2001) in the selection process, since they are cost-effective (Fernandez et al., 2000; Morehart, 2001) and have been shown to have positive consequences for both the new recruit and the hiring organization (Breaugh, 1981; Kirnan, Farley, & Geisinger, 1989; Shinnar, Young, & Meana, 2004). The "better match" account (Fernandez et al., 2000) argues that referrals can enhance employee–organization fit due to both the referrer's informal knowledge transfer about the organization to the referral hire (enhancing realistic job preview; Breaugh & Starke, 2000) and the high-quality information about the referral hire transferred from the referrer to the organization (Williams, Labig, & Stone, 1993). In addition, the social enrichment perspective has focused on relational processes *after* the referred employee is hired (Castilla, 2005; Fernandez et al., 2000; Skolnik, 1987); for example, the newly hired employee's felt obligation toward the referrer and thus his/her commitment to high performance levels (Fernandez & Weinberg, 1997). Employees who serve as referrers may also feel more obliged to train, mentor, and monitor those they

recommended when hired (e.g., Bailey & Waldinger, 1991). Therefore, even if referrals are not the most qualified candidates for the job on an "objective" pre-entry measure (which may often be the case), these factors may play a larger role in terms of future performance benefits.

While organizations may desire to accrue such benefits, these gains may become a liability when the organization's own members do not support such practices or specific hiring decisions. Because the organization determines their outcomes, members have a high stake in its fairness and internal functioning (Blader & Tyler, 2005). Perhaps more importantly, how subordinates react to their managers' decisions (including hiring decisions) has important implications for these subordinates' motivation, engagement, and performance. In fact, research has shown that commitment to supervisors is more strongly associated with high performance than commitment to the organization as a whole (Becker, Billings, Eveleth, & Gilbert, 1996). Thus, any strain on the employee–manager relationship could be detrimental to employees' motivation and functioning in the workplace. Research has also documented that followers react negatively (e.g., by engaging in counterproductive work behaviors) when they perceive their leaders to be unethical (Thau, Bennett, Mitchell, & Marrs, 2009; van Gils, Van Quaquebeke, van Knippenberg, van Dijke, & De Cremer, 2015). Finally, employees' post-hire support of a managerial decision to hire a specific referred candidate can also affect how those employees react to the newly hired person—namely, whether they support him or her (Padgett & Morris, 2005)—a factor directly related to the efficiency gains of referral practices.

An Ethical Prism on Referral Practices

Taking an ethical lens on referral practices, it may be obvious that qualifications of the referral will matter: when the referral is perceived as less qualified compared to other nonreferred candidates, employees are more likely to perceive the hiring manager as being unethical and harming both the organization and other potential nonreferred candidates. However, people might interpret qualifications differently, especially when there is no clear objective criterion for selection. When comparing two candidates, members of the organization might disagree about who is more qualified, based on their own reasoning and motivated by their preferences. Predicting support for a specific hiring decision based on a referral from candidates' qualifications

might therefore prove difficult. It is necessary to examine what situational factors (other than the referral's qualifications) affect ethical evaluations of the hiring manager. One situational factor we allude to is relative power of the referrer.

Referrer–Hiring Manager Power Dynamics and Inferred Motives of the Hiring Manager

There are three actors involved in the execution of referral practices: the referrer (the person inside the organization who refers a certain candidate), the referral hire (the candidate referred for the job), and the hiring manager (the person acting upon the referral and making the final hiring decision). Emerson (1962) defined power as a property of social relations and, specifically argued that the dependence of Party B upon Party A is directly proportional to Party B's motivational investment in goals mediated by Party A, and inversely proportional to the availability of these goals to B outside of the A–B relationships. This definition is similar to the definition of power as *asymmetric* control over valued resources in social relations (Blau, 1964; Magee & Galinsky, 2008; Pfeffer & Salancik, 2003), but focuses more on the relational/dyadic feature of power. In our context, power is the amount of control one person (referrer) would have over resources and influence in the organization, as a function of their organizational position *relative* to another person (hiring manager) they are interacting with.

Research has documented *lay people's intuitive attributions* about power holders: holding a high-power position, or merely being in a psychological mindset of high power, is linked to a *layperson view* of having more self-interested motives (Fragale et al., 2009) and behaving less ethically (Hu et al., 2016). For example, Fragale et al. (2009) showed how people attribute more intentionality (associated with more self-benefiting and less concern-for-other attributions) when judging the same transgression coming from a high-status as opposed to low-status person (these authors mention status rather than power, but their operationalization of status is of organizational hierarchy, which is similar to our conceptualization of organizational power). Hu et al. (2016) found that individuals believe that powerful people *should* behave more ethically than the powerless, but that the powerful in fact behave *less* ethically than the powerless. Our theorization focuses on power as a *relational* process observed by other people. We are interested in what attributions employees (a third-party audience) make about the *motives* of the hiring

manager as a consequence of his or her *interaction* with the higher-power referrer. We propose that organizational agents attend to the power differential between the referrer and the hiring manager, as this power differential, when skewed toward a powerful referrer, may dictate potential benefits for the manager abiding by a referrer's request.

Though there is obviously variance in terms of the degree to which any single individual exhibits career-striving behaviors (London, 1983), most employees, including hiring managers, desire to attain status (Anderson, Hildreth, & Howland, 2015), receive positive performance evaluations (Bretz, Milkovich, & Read, 1992), and receive more formal rewards, such as salary raises, promotions, and assignments to lucrative projects (Ng, Eby, Sorensen, & Feldman, 2005). Generally, then, and regardless of the referral situations, the hiring manager can accrue benefits from any higher-power person in the organization that can provide such benefits. We argue that the hiring manager is perceived as proactively acting upon this goal of achieving these benefits when abiding by a referral request from a higher-power referrer.

Specifically, we argue that, when the referrer holds higher power compared to the hiring manager, employees' perceptions would be that, by complying with the referral request made by the referrer, the hiring manager satisfies goals important to a referrer; namely, the direct goal that the referred candidate is hired and the indirect goal of endowing the referrer with more status due to complying with their referral.[2] By doing so, the hiring manager is perceived to increase the referrer's dependency on him/her and

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[2] Emerson (1962) theorized about four generic types of "balancing operations"; namely, acts that try to make relationships more balanced in dependency. These four generic operations are: (1) Party B reduces motivational investment in goals mediated by Party A (withdrawal); (2) Party B cultivates alternative sources for gratification of these goals (extended network); (3) Party A increases motivational investments in goals mediated by Party B (status giving); and (4) Party A is denied alternative sources for achieving their goals (coalition formation). The balancing operation that is of interest to us is the one in which Party A increases motivational investments in goals mediated by Party B (what has been labeled "status giving"). We chose to focus on this specific balancing operation because it is the one that will be most feasible for employees (exiting the organization or caring less about resources, such as promotions and job assignments, is not realistic in many cases), and to some extent is a more subtle strategy that is less likely to lead to confrontation (explicit coalition-building can lead to such confrontation).

therefore is perceived as proactively acting to gain additional desired future benefits and resources that the power holder, the referrer, holds. These attributions are heavily reliant on basic principles of the norm of reciprocity and social exchange (Blau, 1964; Flynn, 2003; Gouldner, 1960; Regan, 1971). That is, when the hiring manager abides by the referral request of the referrer, the referrer is more likely to feel obligated to return this "favor" in the future. As noted above, when the referrer holds higher power than the hiring manager, this return of a favor can take the form of better performance evaluations, promotions, job assignments, etc., making the act of reciprocity in the future even more important from the point of view of the hiring manager. When the referrer holds a relative lower-power position, however, the hiring manager will be perceived as having much less to gain personally from abiding by the referrer's referral request. We therefore hypothesize:

Hypothesis 1a. When the referrer holds a higher- (as opposed to lower-)power position than the hiring manager, employees are likely to infer more self-interested motives to a hiring manager accepting the referral.

We also argue that employees observing a hiring manager abiding by a referral request of a higher-power referrer are more likely to infer counter-organizational motives of the hiring manager. A hiring manager abiding by a request of a high-power referrer is being evaluated by employees not only as satisfying the self-interest of gaining tangible benefits in the future (e.g., better project assignments, promotions etc.), but is also more generally perceived as proactively strengthening their relationship with a more powerful individual (similar to an ingratiation tactic; Yukl & Falbe, 1990), thereby also proactively seeking greater power in the organization.

Literature has documented that people tend to react in an aversive manner to others who are perceived as proactively engaging in "power moves" and seeking to gain power and influence over them (Brehm, 1966). They are therefore more likely to intuitively think about this power-seeking behavior as something that is not benefitting the organization. This prediction is also in line with literature on the attributions people make about individuals climbing to power positions (Hahl & Zuckerman, 2014). Hahl and Zuckerman (2014) suggested that observers tend to denigrate people who climb to power positions, unless they signal very explicitly that their actions are authentic, stemming from pro-others (or, in our case, pro-organizational and not counter-organizational) motives. As noted above,

a situation is which the hiring manager accepts a request made by a high-power referrer is more likely to be attributed in observers' mind to a power-seeking motivation and counter-organizational motivation. Employees are therefore more likely to perceive the hiring managers' motives as counter to benefiting the organization. Formally:

Hypothesis 1b. When the referrer holds a higher- (as opposed to lower-)power position than the hiring manager, employees are likely to infer more counter-organizational motives to a hiring manager accepting the referral.

Motives Matter for Moral Evaluation

Moral judgments are internally represented rules that guide judgments about moral violations, backed up by an emotional component—that is, what "feels" wrong (Kumar, 2015; Nichols, 2004). When people are gathering information about others, they make instantaneous attributions of morality and give those attributions primary importance in their judgments (Brambilla, Rusconi, Sacchi, & Cherubini, 2010). The distinction between behaviors intended to benefit the self or others is relevant to people's moral evaluations and general social outcomes (Blount, 1995; Ross & Fletcher, 1985).

Indeed, the connection of motives to moral judgments is well documented. Research has shown that, given a similar positive outcome (e.g., the same charitable donation), people are more likely to discount the charitable act when they attribute a self-interested motive to the donation, in the form of emotional selfishness (donor having had a personal relationship with the donation target; Lin-Healy & Small, 2013). This may also be the case when people judge negative behaviors. Research in moral psychology has hinted to the possibility that observers of unethical behaviors seek harsher punishments to the degree that the actor benefited from the act (Cramwinckel et al., 2013; Vitell & Muncy, 1992). Generally, Ridgeway (1981, 1982) found that people have more respect for and make more positive evaluations of group members with a group-oriented rather than self-oriented motivation. Thus, we argue that, given a similar act, people are more likely to have harsher moral evaluations of an actor whom they judge as behaving more out of self-interest. Indeed, Haidt (2012: 270) defined morality as "interlocking sets of values, virtues, norms, practices, identities, institutions, technologies, and evolved psychological mechanisms that work together to suppress or regulate self-interest and make cooperative societies possible," suggesting

that self-interested tendencies are likely to be perceived as less moral. We formally hypothesize:

Hypothesis 2a. Employees who infer more self-interested motives of the hiring manager who made a referral-based hiring decision are more likely to have harsher moral judgments of the hiring manager.

As noted above, apart from the aversion to pure self-interest, which colors moral judgment, we also argue that power of the referrer relative to the hiring manager relates to counter-organizational motives, as the hiring manager is perceived to be playing power games and trying to generally gain more power in the organization. It is easy to see how pure counter-organizational motives are related to harsher moral judgments of the hiring manager, as employees expect and trust the hiring manager to act in the benefit of the organization, and, among other things, to enact justice and fairness in their decisions (Tyler & Lind, 1992). The perceived ulterior motive of the hiring manager gaining more power and benefits will therefore make employees less likely to trust that the motives of the hiring manager, in accepting the referral, were to benefit the organization, resulting in harsher moral judgment. Formally:

Hypothesis 2b. Employees who infer more counter-organizational motives of the hiring manager who made a referral-based hiring decision are more likely to have harsher moral judgments of the hiring manager.

Hypothesis 3. Employees' attributions of the motives of the hiring manager will mediate the relationship between referrer's power (as compared to the hiring manager) and employees' moral judgments of the hiring manager.

It is important to note that we are not making predictions about the *outcome* of abiding by a request of a high- versus low-power referral. We are not suggesting that the outcome of abiding by a request from a high-power referrer necessarily hurts the organization or is in contrast to organizational benefits gained from abiding by a request from a low-power referrer. We are only making predictions about employees' attributions about the *intentions* or *motives* of the hiring manager and how these attributions affect moral judgment.

Understanding how a subordinate views and morally judges his/her manager based on the manager's decisions—and, in this context, a hiring decision—is important because moral judgments are a major driver of potentially punitive or negative reactions and behaviors on the part of the "judge" (Cramwinckel et al., 2013; Vitell & Muncy, 1992). Harsher moral judgments of an individual (i.e., a manager) generally

translate into harsher reactions to the actor's decision (i.e., a hiring decision), which has been consistently shown in the literature on third-party reactions to unethical behavior. We therefore predict:

Hypothesis 4. Employees' harsher moral judgments of the hiring managers' action will be associated with a lower likelihood of employees to support the hiring decision.

Finally, connecting Hypotheses 1–4, we formally hypothesize:

Hypothesis 5. Inferences about self-interested and counter-organizational motives and moral judgments of the hiring manager will mediate (in a serial fashion) the relationship between the referrer's power (as compared to the hiring manager) and employees' support for the referral-based hiring decision.

OVERVIEW OF STUDIES

To examine our theoretical model (depicted in Figure 1), and with the aim of balancing both the internal and external validity of our studies, we conducted one experimental vignette study (Study 1), one experimental lab study (Study 2), and two field studies—one that sampled employees who witnessed their supervisor engaging in referral-based hiring (Study 3a) and one time-lagged experimental scenario study with a sample of employees (Study 3b). We therefore used a multi-method approach to test our theoretical model. Additionally, within each study, we collected data to test for plausible alternative mechanisms and find support for our model, also in the presence of these alternative mediators. For all the studies, materials (appendices), data, and syntaxes for the analyses (as well as elaborated regression tables for Studies 1, 2, and 3b) can be found online at: https://osf.io/twb9p/?view_only=c15f65bb4e5247ef9a855db97565d2fa.

STUDY 1

The purpose of Study 1 was to simulate the use of referrals in the controlled environment of a laboratory, where participants responded to a scenario-based hiring decision, depending on the referrer's power relative to the hiring manager. In addition to lower and higher relative power conditions, in this study (as well as in Study 3b), we also include a middle/same relative power condition to explore what attributions employees might make when the referrer and the hiring manager hold similar amounts of power. In that case, one could predict that the hiring manager could

FIGURE 1
Theoretical Model
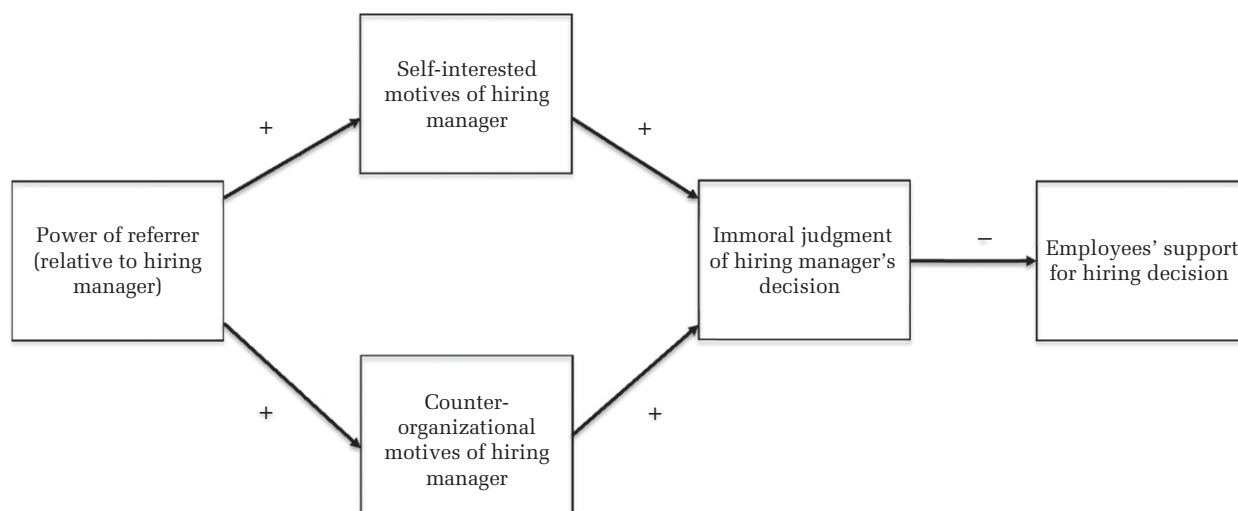
still benefit from the future reciprocity of the referrer (e.g., by sharing resources or standing by the hiring manager when dealing with top management), further enhancing the general perception that the hiring manager is acting out of self-interest and is accumulating more power (using coalition building) with the hiring decision. Thus, employees may attribute more self-interested and counter-organizational motives to the hiring manager. This type of middle-power referrer situation would resemble the higher power of the referrer. In contrast, one could predict that a self-interested (and especially counter-organizational) motives inference is only likely to occur when the power of the referrer is made salient (by the referrer having significantly more power than the hiring manager) and therefore the middle-power condition will look more like the low-power condition. It is difficult to make a priori predictions about such a condition. In line with recent work that encourages the use of a control (baseline) condition in power research (see Schaerer, du Plessis, Yap, & Thau, 2016) to clarify whether the effect is driven by the high end (high power) or low end (low power) of the continuum by making comparisons to the mid-power position, we included in Study 1 (as well as in Study 3b) a middle-power condition.

Methods

Participants. We recruited 148 participants, all students at a large university on the East Coast of the United States. Participants received course credit in exchange for their participation. The mean age was 23.72 (SD = 4.52) and 56% of participants were

female. We did not exclude any participants from our analyses.

Design and procedure. Participants were told that they would be involved in a hiring simulation and would assume the role of an employee at Beta Services, a research and development company. They were told they had been recently appointed to a hiring committee and would review four résumés for a project manager position with Beta Services and select the most qualified candidate. Participants were also told they would receive information from three other members of the hiring committee—two of their coworkers and their team leader, Jake Carpino, who would act as the hiring manager. Finally, participants were told that, although all members of the committee should contribute their opinion on who should be hired, the hiring manager would make the final decision. Each participant sat at a conference table equipped with privacy dividers and was presented with the job posting and four résumés of people who applied for the job. They reviewed these materials and then selected their top candidate.

Power-of-the-referrer manipulation. Next, to manipulate the power of the referrer, we presented participants with a message from the hiring manager (see Online Appendix B), which acted as our experimental manipulation. The referrer, Steven Smith, was described as an administrative assistant (low power, coded as 1), a mid-level manager (moderate power, coded as 2), or an executive vice president (high power, coded as 3). Participants were told that the final decision the manager made was to hire a different candidate than they had selected, based

on this referral.[3] Participants then responded to the study measures.

Measures

All continuous items were measured on a seven-point scale. Sample items are included for each measure; Online Appendix B contains the complete items for each measure.

Manipulation check. We checked for perceptions of whether the employee who made the referral (i.e., Steven Smith) was perceived as having low, moderate, or high power using a two-item measure (e.g., "In general, how much organizational power does Steven Smith have?"; $\alpha = .91$). Higher scores indicate perceptions that the referrer has more power. We also checked for relative power between the referrer and the hiring manager (i.e., "Compared to Jake Carpino [the hiring manager], how much organizational power does Steven Smith [the referrer] have?").

Motives of the hiring manager. To assess perceptions that the hiring manager had self-interested motives, we used a four-item measure (e.g., "The hiring manager accepted the recommendation made by Steven Smith [the referrer] out of self-interest"; $\alpha = .87$). To assess perceptions that the hiring manager had counter-organizational motives, we used a four-item measure (e.g., "The hiring manager accepted the recommendation made by Steven Smith [the referrer] because it would benefit the organization"; $\alpha = .88$) and reverse coded this measure. These two measures were positively correlated, $r = .27$, $p < .001$.

Moral judgment of the hiring manager. To assess participants' moral judgment of the hiring manager's decision, we used a five-item measure (e.g., "The hiring manager accepting the referral was immoral"; $\alpha = .94$). Higher scores indicate that participants perceived the hiring manager as more immoral.

Support for the hiring decision. To assess participants' support for the hiring decision after they learned about the hiring manager's final decision, we used two measures, representing the dependent variables in our model. The first item was a binary choice that asked participants if they would vote for (coded as 0) or against (coded as 1) re-opening the search. The second item asked participants to rate how likely they would be to vote for re-opening the search, and was reverse coded such that, similarly to the binary one, higher responses represent more support.[4] Because selection committees are fairly prevalent in organizations, we used this measure here and in subsequent studies, and told participants they were part of a group making a decision, to make our dependent variable more realistic and relevant.

Alternative mediator: Lack of agency. One alternative mechanism connecting power of the referrer and support for the hiring decision (albeit in the opposite direction compared to our prediction) is that, when a high-power employee makes a request, the target needs to comply. Thus, the hiring manager is not necessarily acting unethically, but simply complying with the wishes of a more powerful individual, and would therefore be "excused" for such compliance. To assess participants' views that the hiring manager lacked agency, we used a three-item measure (e.g., "The hiring manager could not have acted differently"; $\alpha = .62$).

Results

Manipulation checks. A one-way analysis of variance (ANOVA) with the experimental condition as the grouping variable and the manipulation check assessing power of the referrer as the dependent variable revealed a significant main effect, $F(2, 146) = 113.84$, $p < .001$, $\eta_p^2 = .61$. Importantly, all pairwise comparisons between the low- ($M = 2.87$, $SD = 1.43$), moderate- ($M = 4.95$, $SD = .80$), and high-power ($M = 6.13$, $SD = .90$) conditions were significant and in the expected directions. We found a similar pattern of results when we looked at relative power (comparing the power of the referrer to the power of the hiring manager) as the dependent variable, such that the model was significant, $F(2, 146) = 73.24$, $p < .001$, $\eta_p^2 = .50$, and all pairwise comparisons between the low- ($M = 2.52$, $SD = 1.70$), moderate- ($M = 4.77$, $SD = 1.49$), and high-power ($M = 6.10$, $SD = 1.15$) conditions were significant. Thus, our manipulation was effective. The power condition positively related to perceptions of self-interested motives ($b = .28$, $SE = .13$, $p = .04$, $R^2 = .03$), suggesting that accepting

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[3] The referral was always made for Thomas Hollister, whose résumé was slightly inferior to the résumés of other candidates (though still represented a good fit for the job; see full résumés in the online link given above). Eight participants chose Thomas Hollister as their top candidate, and the study was designed to accommodate this possibility and not disrupt the flow. We re-ran our analyses excluding the eight participants who chose Thomas Hollister as their top candidate, and the results were similar.

[4] For brevity reasons, we only report the full results of the binary measure below. The results of the continuous outcome were similar to binary outcomes across all four studies; full results are available in the Online Appendix A.

a referral from a high-power employee is associated with perceiving the hiring manager as more self-interested, supporting Hypothesis 1a. Moreover, the power condition positively related to perceptions of counter-organizational motives ($b = .49$, $SE = .12$, $p < .001$, $R^2 = .10$), supporting Hypothesis 1b.

As a supplement to Hypothesis 1a and 1b, we probed where the effect originated from; we conducted a one-way ANOVA with the experimental condition as the grouping variable and self-interested motives as the dependent variable. The overall model was significant, $F(2, 145) = 2.97$, $p = .05$, $\eta_p^2 = .04$, and the pairwise comparisons showed that the effect emerged from the difference between the low-power condition ($M = 3.87$, $SD = 1.36$) and both the moderate- ($M = 4.42$, $SD = 1.02$) and high-power ($M = 4.43$, $SD = 1.45$) conditions; the contrast between the moderate- and high-power conditions was nonsignificant. For counter-organizational motives as the dependent variable, the model was significant, $F(2, 145) = 8.32$, $p < .001$, $\eta_p^2 = .10$, and, opposite of the self-interested effects, the pairwise comparisons showed that the effect emerged from the difference between the high-power condition ($M = 5.23$, $SD = 1.14$) and both the moderate- ($M = 4.63$, $SD = 1.19$) and low-power ($M = 4.26$, $SD = 1.21$) conditions; the contrast between the moderate- and low-power conditions was nonsignificant.

Perceived self-interested motives were positively associated with immoral judgments of the manager ($b = .33$, $SE = .09$, $p < .001$, $R^2 = .10$), supporting Hypothesis 2a, and perceived counter-organizational motives were positively associated with immoral judgments of the manager ($b = .45$, $SE = .09$ $p < .001$, $R^2 = .15$), supporting Hypothesis 2b. We used PROCESS for SPSS (Model 4; Hayes, 2013) to test Hypothesis 3. Results of this analysis suggest that the indirect effect of power of the referrer on immoral judgments via perceived self-interested motives was significant, $b = .09$, 95% CI [.01, .20]. The indirect effect of power of the referrer on immoral judgments via perceived counter-organizational motives was also significant, $b = .22$, 95% CI [.11, .36], supporting Hypothesis 3. With respect to Hypothesis 4, with self-interested motives as the mediator, immoral judgments of the manager were negatively related to support for the decision, $b = -.84$, $SE = .20$, $p < .001$, $R^2 = .19$. With counter-organizational motives as the mediator, immoral judgments were also negatively related to support for the hiring decision, $b = -.75$, $SE = .20$, $p < .001$, $R^2 = .22$), supporting Hypothesis 4.

One particularly interesting observation from looking at the means of attributions of self-interested

and counter-organizational motives in the mid-power referrer condition is that self-interested motives were above the midpoint (3.5) of the scale in this condition (in fact, the low-power condition was above the midpoint), and counter-organizational motives were also above the midpoint. This pattern of results may suggest that attributions for the hiring manager accepting a referral are generally more negative, and it seems as if the high-power referral condition makes employees more likely to make attributions of more self-interested and counter-organizational motives of the hiring manager as opposed to the low-power condition, which seems to make employees attribute *less counter-organizational* motives. It is therefore the association between the high-power condition and self-interested and counter-organizational motives of the hiring manager that seems to drive the results, as opposed to the association between the low-power condition and more *pro-organizational* motives of the hiring manager.[5]

Full model. To examine our full model, we used PROCESS (Model 6), with self-interested motives and counter-organizational motives as parallel mediators and immoral judgment as a serial mediator. We also wanted to test this model while taking into account the possibility that a lack of agency on the part of the hiring manager could act as an additional mechanism; thus, we included this measure as a parallel mediator. Results of these analyses suggest that the indirect effect of power of the referrer on support for the hiring decision via perceived self-interested motives and immoral judgment was significant, $b = -.05$, 95% CI [−.15, −.01]. The indirect effect of power of the referrer on support for the hiring decision via perceived counter-organizational motives and immoral judgment was significant, $b = -.12$, 95% CI [−.27, −.04]. The indirect effect of power of the referrer on support for the hiring decision via lack of agency was nonsignificant, $b = -.17$; 95% CI [−.60, .13]; power of referrer was related to lack of agency of the hiring manager, $b = .76$, $p < .001$, but lack of agency did not relate to support, $b = -.22$, $p = .28$). While participants recognized issues of agency, these did not make the hiring decision more permissible. Therefore, our full model was generally supported.[6]

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[5] We thank an anonymous reviewer for suggesting this interpretation of the results.

[6] The direct effect was significant, $b = .88$, $p = .01$, but the total effect was nonsignificant, $b = -.29$, 95% CI [−.91, .24].

Discussion

In Study 1, we used a lab simulation in which participants selected their top candidate and then were introduced with additional information and prompted to make decisions regarding their anticipated behaviors in a hiring situation. Though providing a controlled setting, Study 1 lacks a behavioral dependent variable. To address this concern and increase the overall realism of the situation, we conducted Study 2, an online experiment in which employees were told they were engaging with other employees and had to make a hiring decision that would affect, in aggregation, a real decision.

Study 2 also seeks to address a different aspect of power of the referrer that may affect employees' perceptions of the referral practice: attribution of legitimacy. A social-psychological perspective on legitimacy describes "the belief that authorities are entitled to be obeyed" (Tyler, 1997: 323). When the referral comes from a relatively high-power authority in the organization, it may also carry greater legitimacy (see also Tost, 2011), which should potentially garner more organizational support. This would suggest an opposite effect of relative power of the referrer on moral judgment and support for the hiring decision. In Study 2, we assess legitimacy perceptions to examine whether the relationship we propose between the power of the referrer and moral judgment and support through attributions of self-interested and counter-organizational motives hold, while accounting for the potential effect of power on legitimacy.

STUDY 2

Methods

Participants. Since our theory focuses on third-party reactions to referral practices within the workplace, we aimed to recruit from a diverse and wide-ranging population of U.S. workers. We contacted a third-party agent (ClearVoice) to assist us with the identification and recruitment of working adults, a strategy employed by other scholars (e.g., Carton, Murphy, & Clark, 2014). In total, we recruited 88 employees from the United States. Forty percent were female, 73.91% were White, the average age was 41.86 (SD = 10.55), and the average number of years of work experience was 20.24 (SD = 10.96). We paid ClearVoice $10 for each employee who completed the survey. We had to remove 10 participants who did not complete the study or follow the instructions; thus, their data were unusable. This was the only reason a participant was excluded.

Design and procedure. Participants were told that they would be involved in a real hiring decision and that they would work with a virtual hiring committee to make that decision. The cover story that we used in the introduction of the survey was that the business school running this study often collaborates with organizations to help them improve the way they function and that a tech firm recently reached out to the business school for help validating its process for hiring new employees. Participants were told that, because the tech firm uses a three-person virtual team process to review candidates, composed of a diverse range of employees, participants would use the same process and would be introduced to real résumés of candidates who applied for a specific job. Finally, participants were told that each team would get to vote for a single candidate (determined by the hiring manager, who would be appointed) and that the actual hiring decision would be based on the aggregation of votes across all teams.

After participants read the cover story, they were randomly assigned to their role in the team (see the "power" manipulation below for a detailed description). Following the team assignment, participants entered the first live-chat session, where they were instructed to introduce themselves (e.g., "Please write three to five sentences about yourself so that your team members can get to know you"); the confederate, who played two roles simultaneously, used a script for Jake Carpino's and Steven Smith's introduction (see Online Appendix B). Participants then reviewed the résumés and job description (as in Study 1) and selected their top choice. After making their candidate choice, participants entered the second live-chat session and were asked to discuss the candidates. Again, the confederate used a script to control this conversation as much as possible. The hiring manager (i.e., the confederate) was always present when the participant arrived at the second live-chat (since they had immediate backdoor access to this chat session) and asked the participant to discuss the candidates first. After the focal participant stated which candidate was his/her top choice and why, the hiring manager agreed with that choice and then asked Steven Smith (also played by the confederate) to discuss his top choice. Steven Smith then noted that he actually knew about the focal company and job; this set-up was designed to be realistic since, in the cover story, the tech company was described as based in Washington, D.C. and that "they recruit primarily by advertising open positions through universities (i.e. job fairs, announcements to MBA list-serves, alumni associations, etc.)." In Steven Smith's

introduction (during the first live-chat), he stated, "I went to school at Georgetown in D.C. and work out here now for a tech consulting firm that does a lot of work for the federal government. In terms of hobbies, I am pretty active in the Georgetown Alumni Club." Specifically, during the second live chat, Steven Smith stated the following:

> Hi team. Steven Smith here. So it looks like both [name of participant inserted here] and Jake are saying [name of participant's top choice] is their top choice. Like I said in my little introduction at the beginning, I went to Georgetown and do a lot of work with the Alumni Association. And I am pretty sure that the same tech company that [partnering university] is working with for this study also reached out to the Alumni Association a few weeks ago about this job and I forwarded it to a few friends of mine in that group who were looking for jobs. Super random, but it looks like my buddy Thomas Hollister actually applied. He was a year below me, but we spent a lot of time together at GT and I think he would do a pretty good job. I also know that he needs the job so I want to help him. Even though I understand that he may not be the most qualified, I think he would still do great. So that's actually who I selected.

Participants then saw a message from the hiring manager stating that he has decided to vote to offer the job to Thomas Hollister.[7] Finally, participants responded to our survey questions.

We went to great lengths to enhance the realism of the study. First, the recruitment materials that ClearVoice used to advertise the study told participants they would engage in a virtual team study where they would be making a real hiring decision. Second, when calling participants to schedule their time slots, ClearVoice staff emphasized how important it was for participants to sign into the study at the exact time they selected, as they would need to "move through" the survey with their two other team members at the same time. Third, to decrease the likelihood that participants would become skeptical about the study's realism as a result of our questions, we presented participants with eight different situations that might have happened in their team, only one of them reflecting that "Someone in the team made a personal endorsement for one of the candidates, which the hiring manager accepted," noting that

their choice will determine the kind of questions they will encounter. All participants selected this option.

Power-of-the-referrer manipulation. To manipulate the power of the referrer, we told participants that they would be randomly assigned to one of three roles. In reality, these roles were always fixed (i.e., a trained confederate took the role of the other two team members), and participants always saw the same descriptive text (depending on power condition). Participants were always assigned to the role of a hiring committee member (i.e., "This person provides important suggestions on who should be hired"). Jake Carpino was always assigned to be the hiring manager (i.e., "This person has the final say in who should be hired; even though everyone votes and makes suggestions on the candidates, the hiring manager has the final say in who the team will endorse"). Steven Smith was always a low- or high-power team member. In the low-power condition, Smith was a note-taker/secretary (i.e., "This role is similar to an administrative assistant or secretary. In addition to making suggestions on who should be hired, this person takes notes about the process, which will be submitted to the hiring manager at the end"). In the high-power condition, Smith was an executive director (i.e., "In addition to providing important suggestions on who should be hired, this person will review the team's performance at the end and will be able to make decisions about additional rewards based on the individual performance of each team member [i.e., possible additional payment for participating in this study].)" As a manipulation check, after presenting this information, we asked participants to rank the power of different roles in the team (1 = highest, 3 = lowest).

We reemphasized the power manipulation in two ways. First, participants were prompted to re-state their role in the team during that chat and in the low-power condition, Smith wrote, "And it looks like I am just a note-taker/secretary, so won't have much power in the team, ha"; in the high-power condition, Smith writes, "And it looks like I am the executive director on the team. So it looks like I will have a bunch of power, ha." Second, when participants entered the second live-chat, they were again reminded of the team role assignments.

Measures

We used identical measures as in Study 1 to assess (a) perceptions of the hiring managers' self-interested motives ($\alpha = .92$) and counter-organizational motives ($\alpha = .96$), which were positively correlated, $r = .19$,

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[7] Two participants chose Thomas Hollister as their top candidate. The study was designed to accommodate this possibility and not disrupt the flow; we re-ran our analyses excluding these participants and the results were similar.

$p = .08$; (b) moral judgments of the hiring manager ($\alpha = .95$); (c) support for the hiring decision (through both a binary and a continuous measure); and (d) the hiring managers' lack of agency ($\alpha = .52$), which acted as an alternative mediator.

As noted above, in this study, we also examined whether the power of the referrer is associated with more legitimacy and if this is what leads to support (or rejection) for the hiring decision. To assess participants' views of whether the referrer was qualified to make the endorsement, we used a three-item measure (e.g., "How qualified is Steven Smith [the referrer] to make this type of recommendation?"; $\alpha = .84$). See Online Appendix B for all materials.

Results

Manipulation checks. To check the effectiveness of our manipulation, we conducted a one-way ANOVA with condition as the grouping variable ($1 = $ low power, $2 = $ high power) and power ranking of the referrer as the dependent variable, controlling for power ranking of the hiring manager (in order to capture relative power of the referrer). Participants in the low-power condition ranked the referrer as having significantly less power ($M = 2.53$, $SE = .07$) than those in the high-power condition ($M = 1.78$, $SE = .07$), $F(1,85) = 56.66$, $p < .001$, $\eta_p^2 = .40$.[8] Therefore, our manipulation of the relative power of the referrer was effective.

We found that power of the referrer positively related to perceptions of self-interested motives of the hiring manager, $b = .81$, $SE = .32$ $p = .01$, $R^2 = .07$, suggesting that accepting a referral from a high-power employee is associated with perceiving the hiring manager as more self-interested, supporting Hypothesis 1a. Further, power of the referrer positively related to perceptions of counter-organizational motives of the hiring manager, $b = .61$, $SE = .29$, $p = .04$, $R^2 = .05$, supporting Hypothesis 1b. Perceived self-interested motives were positively associated with immoral judgments of the manager, $b = .50$, $SE = .10$, $p < .001$, $R^2 = .22$, supporting Hypothesis 2a, while perceived counter-organizational motives were positively associated with immoral judgments of the manager, $b = .55$, $SE = .11$ $p < .001$, $R^2 = .22$, supporting hypothesis 2b. The indirect effect of power of the referrer on immoral judgments via perceived

self-interested motives was significant, $b = .41$, 95% CI [.10, .85], and the indirect effect of power of the referrer on immoral judgments via perceived counter-organizational motives was also significant, $b = .33$, 95% CI [.07, .78], supporting Hypothesis 3. With self-interested motives as the mediator, immoral judgments of the manager were negatively related to support for the hiring decision, $b = -.94$, $SE = .25$, $p < .001$, $R^2 = .31$, and, with counter-organizational motives as the mediator, immoral judgments of the manager were negatively related to support, $b = -.89$, $SE = .24$, $p < .001$, $R^2 = .32$, supporting Hypothesis 4.

Full model. We used the same approach as in Study 1 (i.e., Model 6 in PROCESS). We tested this model while taking into account the possibility that (a) a lack of agency on the part of the hiring manager and (b) legitimacy of the referrer to make the referral could act as alternative mechanisms (that would work in the opposite direction, predicting that higher power is related to more support). We included both measures as parallel mediators.[9] Results of this analysis suggest that the indirect effect of power of the referrer on support for the hiring decision via perceived self-interested motives and immoral judgment of the hiring manager was significant, $b = -.20$, 95% CI [$-.66$, $-.01$]. The indirect effect of power of the referrer on support for the hiring decision via perceived counter-organizational motives and via immoral judgment of the hiring manager was significant, $b = -.14$, 95% CI [$-.58$, $-.01$]. The indirect effect of power of the referrer on support for the hiring decision via perceived lack of agency of the hiring manager was nonsignificant, $b = .00$, 95% CI [$-.40$, .63]; power of referrer was related to perceptions of lack of agency of the hiring manager, $b = .46$, $p = .07$, but lack of agency did not relate to support, $b = .00$, $p = .99$. Similar to Study 1, while participants recognized the issue of agency, this did not make the decision more permissible. The indirect effect of power of the referrer on support for the hiring decision via perceived legitimacy of the referrer was also nonsignificant, $b = .10$, 95% CI [$-.22$, .72]; power of the referrer was related to the legitimacy of the referrer,

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[8] Note that higher numbers represent less power. The means reported in this analysis are estimated marginal means controlling for the perceived power of the hiring manager.

[9] Due to a limit of four parallel mediators in PROCESS Model 6, we modeled agency as a parallel mediator to our sequential mediators of motives and immoral judgment while controlling for legitimacy. We then modeled legitimacy as a parallel mediator to our sequential mediators of motives and moral judgment controlling for agency.

$b = .47$, $p = .07$, but the legitimacy of the referrer did not relate to support, $b = .22$, $p = .56$.[10]

Discussion

The results of Study 2 provided further support for our theoretical model using an experiment with high realism, in which participants interacted in real time with a confederate, who played the role of other team members, and were told that their own hiring decision counted toward an actual hiring decision. In addition, we used Study 2 to rule out alternative mediators for the relationships between power of the referrer and support for the hiring decision— namely, lack of agency of the hiring manager and higher legitimacy of the referrer.

Both lack of agency and legitimacy did not mediate the relationship between power of the referrer and the moral judgment of the hiring manager. There could be two reasons for that. First, as the work on fundamental attribution error (e.g., Heider, 1958; Ross, 1977) suggests, when judging others' actions, people are more likely to overweigh predisposition and under-weigh the strength of the situation. Thus, while a situation in which a higher-power referrer makes a referral request can be labeled as a strong situation (Mischel, 1977), wherein most people would feel obliged to comply, employees are less likely to appreciate the strength of the situation and likely to make negative attributions— that is, that the hiring manager is someone who acts out of self-interested and counter-organizational motives—as opposed to more benign attributions.

A second reason concerns what Miller (1999) labeled the "norm of self-interest"—the common expectation that others' motives are selfish, despite the fact that self-interest is not the basis of many human actions. Such expectation is more likely to exist when such inferences are easier to make, as when the hiring manager can benefit from the future social exchange of a higher-power referrer. The strength of such inferences might overshadow more benign explanations for why a hiring manager abided by the request of a high-power referrer.

STUDY 3A

Study 3a was designed to increase the external validity of our findings and to sample employees who had actually witnessed referral-based hiring decisions within their organizations.

Methods

Participants. We recruited 165 employees, using an online panel provided by ClearVoice (a non-overlapping sample from Study 2). All participants were from the United States, 39% were female, 83.62% were White, the average age was 38.02 ($SD = $ 10.77), and participants had an average of 15.12 ($SD = $ 10.76) years of work experience. Because we were only interested in sampling employees who had witnessed their manager engaging in referral-based hiring (i.e., she or he hired an employee based on a referral from an existing employee), we set up a filter at the beginning of the survey that allowed only participants who met these criteria to complete the survey. Therefore, 100% of participants had witnessed this phenomenon. One participant passed the filtering questions, but, in an open-ended question, stated that there is no way for them to experience referrals as their system is computerized and anonymous. We therefore excluded this person from the analysis, and our final analysis included 164 employees. Including this person in the analysis does not change the results obtained. We paid ClearVoice $5 for each employee who completed the survey.

Measures

All continuous items were measured on a seven-point scale. Sample items are included for each measure (see Online Appendix B for full measures). After reminding employees that they indicated they had witnessed their manager hiring someone who was a friend/acquaintance of another employee, we asked them to recall this incident and explained that we were going to ask questions regarding the employee who made the recommendation and their manager.

Referrer's power. To assess the referrer's power, we provided employees with the following script: "Please answer the questions below with regard to **the person who made the hiring recommendation** (e.g., the person who recommended his/her friend or acquaintance for a job in the organization)." To assess the referrers' power, we used a three-item measure (e.g., "How powerful was this person in the organization at the time the hiring decision was made?"). Higher scores indicate that the referrer had more power.

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[10] The direct effect, $b = 1.36$, $p = .07$, and total effect, $b = -.96$, 95% CI [-2.07, .13], were nonsignificant.

Self-interested motives of the hiring manager. We assessed perceived self-interested motives of the hiring manager when she or he made the hiring decision with a two-item measure (e.g., "My manager made the decision out of self-interest").

Moral judgment of the hiring manager. To assess employees' moral judgment of their manager when she or he made the hiring decision, we used a two-item measure (e.g., "My manager was very ethical when making the hiring decisions"). This measure was reverse coded so higher scores indicate that the employee viewed his or her manager's hiring decision as more immoral.

Support for the hiring decision. To assess how much employees supported the hiring decision, we used a three-item measure (e.g., "I was supportive of this hiring decision"). Lower scores indicate less support for the hiring decision.

Controls. Considering the nature of our data collection, it was important to control for certain variables and rule out alternative explanations. To control for the employee's relationship with the referrer, which could affect how legitimate employees viewed the referral to be, we used a four-item measure (e.g., "I feel close to the employee who made the recommendation"). To control for employees' leader–member exchange (LMX) with their supervisor, which could affect employees' general judgments of their hiring manager, we adapted four items from the Bauer and Green (1996) measure (e.g., "My manager recognizes my potential"). To control for the prevalence of referral-based hiring, which could impact support (or rejection) for these types of hiring decisions, we used a single-item measure ("In your organization, how prevalent is it for a position to be filled by someone who was recommended by a fellow employee?"). To control for perceptions that the organization's hiring practices were fair, we used a four-item measure

(e.g., "The hiring process at my organization is fair"). Finally, to control for how much power the manager who made the hiring decision had, thereby ruling out that the results obtained stem from the power of the hiring manager rather than the referrer, using a separate survey question (conducted for a different project with managers who were matched with our employee sample), we asked the employees' manager to self-rate his or her power using a two-item measure (e.g., "Purely based on your role in the organization, how much organizational power do you have?"). The results reported below support our model with or without the control variables.

Results

Table 1 provides a summary of the means, standard deviations, correlations, and reliabilities. Table 2 reports the results of our regression analyses.

Power of the referrer was positively related to attributions of self-interested motives of the hiring manager, $b = .35$, $SE = .13$, $p = .01$ (Model 1), supporting Hypothesis 1a. Perceived self-interested motives of the hiring manager were positively associated with immoral judgments of the manager, $b = .10$, $SE = .03$, $p = .01$ (Model 2), supporting Hypothesis 2a. The indirect effect of power of the referrer on immoral judgments via perceived self-interested motives was marginally significant, $b = .03$, 90% CI [.01, .08]. Finally, immoral judgments of the manager were negatively related to support for the hiring decision, $b = -.40$, $SE = .08$, $p < .001$ (Model 3), supporting Hypothesis 4.

Full model. As with Study 1, we used PROCESS (Model 6). Results of this analysis suggested that the indirect effect of power of the referrer on support for the hiring decision via perceived self-interested motives and via immoral judgment of the hiring manager

TABLE 1
Means, Standard Deviations, and Correlations for Study 3a Measures

	M	SD	1	2	3	4	5	6	7	8	9
1. Power of referrer	5.06	1.10	(0.91)								
2. Perceived self-interested motives	3.99	1.85	0.25	(0.86)							
3. Immoral judgment	2.26	1.14	−0.06	0.28	(0.87)						
4. Support for hiring decision	5.61	1.14	−0.04	−0.32	−0.75	(0.82)					
5. Relationship with referrer	4.55	1.30	0.19	0.28	−0.13	0.17	(0.87)				
6. LMX with the manager	5.95	0.93	0.09	−0.20	−0.58	0.57	0.07	(0.87)			
7. Prevalence of referral-based hiring	4.81	1.05	0.22	0.30	0.03	−0.05	0.22	0.12	—		
8. Fairness of the hiring process	5.66	1.23	0.05	−0.19	−0.79	0.73	0.14	0.69	0.03	(0.93)	
9. Manager's self-rated power	5.32	1.10	0.27	−0.07	−0.32	0.27	0.18	0.41	0.21	0.32	(0.87)

Notes: $n = 164$. Cronbach's alphas in diagonal; all values greater than |.17| are significant below a .05 *p*-value.

| | Self-interested motives | | Immoral judgment | | Support for hiring decision | |
| | Model 1 | | Model 2 | | Model 3 | |
	b	*(SE)*	b	*(SE)*	b	*(SE)*
Relationship with referrer	0.32*	(0.10)	−0.06	(0.04)	0.11*	(0.05)
LMX with the manager	−0.31	(0.20)	−0.05	(0.08)	0.13	(0.09)
Prevalence of referral-based hiring	0.44*	(0.13)	0.05	(0.06)	−0.04	(0.06)
Fairness of the hiring process	−0.13	(0.15)	−0.66*	(0.06)	0.27*	(0.08)
Manager's self-rated power	−0.21	(0.13)	−0.05	(0.06)	0.00	(0.06)
Power of referrer	0.35*	(0.13)	−0.05	(0.05)	−0.08	(0.05)
Perceived self-interested motives			0.10*	(0.03)	−0.08*	(0.04)
Immoral judgment					−0.40*	(0.08)
R^2	0.24*		0.66*		0.65*	

Note: $n = 164$.
* $p < .05$

was significant, $b = −.01$, 95% CI $[−.05, −.002]$; no controls, $b = −.06$, 95% CI $[−.14, −.02]$.[11]

Discussion

Study 3a complemented our prior studies by providing external validity to our model through an examination of employees' reactions to referral practices, depending on how they evaluated the power of an employee who made an actual referral. However, aside from the managers' self-rated measure of power, all of the data came from a single source, thus common method bias is a potential concern. We could not fully address this concern in Study 3b, in which measures were still self-rated. However, one of the concerns about common source bias is that participants report self-desirable responses, especially when they complete both independent and dependent variables at one time, since they might guess the intention of the researcher and answer in a way that satisfies the researcher's predictions (demand effect). We attempted to address this specific concern in a separate study with working adults, Study 3b. In this field study, we also further attempted to rule out alternative mechanisms discussed in Studies 1 and 2.

STUDY 3B

Methods

Participants. We recruited 190 participants for a two-part, time-lagged survey, using an online panel

provided by ClearVoice (a nonoverlapping sample from Studies 2 and 3a). All participants were full-time employees in the United States. The mean age was 38.22 ($SD = 3.40$), participants had an average of 9.57 ($SD = 1.41$) years of work experience, 56.8% of participants were female, and 72.6% of participants were White. Participants were paid $1 at Time 1 and $4 at Time 2. We excluded no participants.

Procedure. At Time 1, participants were asked to provide the name of the organization they worked for, the full name of their direct supervisor, and the full names of an employee at their organization who had less power than their direct supervisor, the same power, and more power. Then, we asked participants questions regarding how much power each person had and how much they liked the focal person. Finally, we collected demographic data.

At Time 2, participants were randomly assigned to one of three experimental conditions: where the referrer was a low-, moderate-, or high-power employee. Participants then read a scenario about a hiring decision at their organization, which was based on a referral from another employee. Participants were told that they were part of a hiring committee and that their direct supervisor was acting as the hiring manager; additionally, they were told that their supervisor initially made the same decision about whom to endorse as they had, but changed their mind because of a referral that came from either a low-, moderate-, or high-power employee. For example, if, at Time 1, a participant named John Doe was an employee who had less power than their supervisor, and they were randomly assigned to the low-power condition in the Time 2 survey, they

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[11] The direct effect, $b = −.08$, $p = .16$, and the total effect were nonsignificant, $b = −.02$, 95% CI $[−.09, .04]$.

would see John Doe acting as the referrer; and, if they had listed Jane Doe as someone who had more power than their supervisor, and they were randomly assigned to the high-power condition, they would read about Jane Doe acting as the referrer. This acted as our power-of-the-referrer manipulation.

Importantly, what is unique about this study, as compared to the design used in Study 1 (apart from using a sample of working adults rather than students), is that we used the information provided by participants in Time 1 to populate the names and information in Time 2. For example, when participants encountered the scenario, they saw the name of their actual employer, their direct supervisor, and the real name of an employee who either had less, the same, or more power than their supervisor, based on names they gave in the Time 1 survey. Participants were randomly assigned to one of these three conditions. After reading the scenario, participants responded to the survey measures. See Online Appendix B for the full vignette text.

Measures

All continuous items were measured on a seven-point scale. Sample items are included for each measure; see Online Appendix B for the complete items for each measure.

Referrer's power. In the Time 1 survey, we asked participants to name an employee who had more, about the same, and less power than their direct supervisor; the individuals named by the participant at Time 1 were used as the referrers in the Time 2 survey. As a manipulation check, in Time 1, to assess the referrers' power, we used a three-item measure (e.g., "How much power does [focal person] have in your organization?"; $\alpha = .96$). We also assessed the relative power of the referrer as compared to the hiring manager by asking, "Compared to [participant's supervisor], how much power does [focal person] have?"

Motives of the hiring manager. To assess perceptions of self-interested motives, we used a four-item measure (e.g., "The hiring manager accepted the recommendation made by [a low-, moderate-, or high-power employee named in Time 1] out of self-interest"; $\alpha = .89$). To assess counter-organizational motives, we used a four-item measure (e.g., "The hiring manager accepted the recommendation made by [a low-, moderate-, or high-power employee named in Time 1] because it would benefit the organization"; $\alpha = .89$), and reverse coded this measure. These two measures were positively correlated, $r = .19$, $p = .01$.

Moral judgment of the hiring manager. To assess participants' moral judgment of the hiring manager's decision, we used a five-item measure (e.g., "The hiring manager accepting the referral was immoral"; $\alpha = .95$). Higher scores indicate that participants perceived the hiring manager as more immoral.

Support for the hiring decision. We used two items to assess participants' support for the decision after they learned about the hiring manager's final decision, both binary and continuous.

Alternative mediator: Lack of agency. We assessed participants' views that the hiring manager lacked agency using a three-item measure (e.g., "The hiring manager could not have acted differently"; $\alpha = .68$). We used this measure as a parallel mediator when testing our model.

Alternative mediator: Legitimacy of referrer. To assess participants' views that the referrer was legitimate in making the endorsement, we used a three-item measure (e.g., "How qualified is [focal employee] to make this type of recommendation?"; $\alpha = .85$). We also used this measure as a parallel mediator.

Controls. We used the same controls as in Study 3a for liking of the referrer ($\alpha = .93$) and employees' LMX with their supervisor ($\alpha = 93$), both measured at Time 1. We found the same pattern of results, and significance levels, without controls.

Results

Manipulation checks. A one-way ANOVA with the experimental condition as the grouping variable and the Time 1 measure asking participants to rate the power of either a low-, moderate-, or high-power employee as the dependent variable showed a significant main effect, $F(2, 189) = 144.45$, $p < .001$, $\eta_p^2 = .61$. The pairwise comparisons between the low- ($M = 2.70$, $SD = 1.30$), moderate- ($M = 4.73$, $SD = 1.33$), and high-power ($M = 6.30$, $SD = .97$) conditions were significant and in the expected directions. When using relative power as the dependent variable, the model was significant, $F(2, 189) = 164.67$, $p < .001$, $\eta_p^2 = .64$, and the pairwise comparisons between the low- ($M = 2.25$, $SD = 1.54$), moderate- ($M = 4.33$, $SD = .94$), and high-power ($M = 6.14$, $SD = 1.07$) conditions were significant. Thus, our manipulation was effective. Power of the referrer was positively related to attributions of self-interested motives of the hiring manager, $b = .30$, $SE = .12$ $p = .01$, $R^2 = .09$, supporting Hypothesis 1a, and power of the referrer was positively related to attributions of counter-organizational motives of the hiring manager, $b = .25$, $SE = .11$, $p = .03$, $R^2 = .07$, supporting Hypothesis 1b.

We again probed where the effect originated from; we conducted a one-way ANOVA with the experimental manipulation condition as the grouping

variable (1 = low power, 2 = moderate power, 3 = high power) and self-interested motives as the dependent variable. The model was significant, $F(2, 189) = 4.25$, $p = .02$, $\eta_p^2 = .04$, and the pairwise comparisons showed that the effect emerged from the difference between the high-power condition ($M = 4.70$, $SD = 1.53$) and both the moderate- ($M = 4.09$, $SD = 1.27$) and low-power ($M = 4.08$, $SD = 1.28$) conditions; the contrast between the moderate- and low-power conditions was nonsignificant. With counter-organizational motives as the dependent variable, the model was approaching significance, $F(2, 189) = 2.56$, $p = .08$, $\eta_p^2 = .03$, and, opposite of the self-interested effects, the pairwise comparisons showed that the effect emerged from the difference between the high- ($M = 4.87$, $SD = 1.37$) and the low-power ($M = 4.36$, $SD = 1.18$) conditions, but not the moderate-power ($M = 4.66$, $SD = 1.34$) condition; the contrast between the moderate- and low- and high-power conditions was nonsignificant.

Perceived self-interested motives were positively associated with immoral judgments of the manager, $b = .36$, $SE = .07$, $p < .001$, $R^2 = .17$, supporting Hypothesis 2a. Perceived counter-organizational motives were positively associated with immoral judgments of the manager, $b = .55$, $SE = .07$, $p < .001$, $R^2 = .29$, supporting Hypothesis 2b. The indirect effect of power of the referrer on immoral judgments via perceived self-interested motives was significant, $b = .11$, 95% CI [.02, .24]. The indirect effect of the power of the referrer on immoral judgments via perceived counter-organizational motives was also significant, $b = .14$, 95% CI [.02, .27], supporting Hypothesis 3. With self-interested motives as the mediator, immoral judgments of the manager were negatively related to support for the decision, $b = -1.00$, $SE = .17$, $p < .001$, $R^2 = .29$. With counter-organizational motives as the mediator, immoral judgments were negatively related to support for the decision, $b = -1.01$, $SE = .18$, $p < .001$, $R^2 = .28$; these results support Hypothesis 4.

Full model. Similar to the above studies, we used PROCESS (Model 6) to examine our full model. We also tested this model while taking into account the possibility that a lack of agency on the part of the hiring manager and increased legitimacy on the part of a high-power referrer could act as alternative mechanisms; thus, we looked at both measures as parallel mediators, similar to the analysis conducted in Study 2. Results of these analyses suggest that the indirect effect of power of the referrer on support for the hiring decision via perceived self-interested motives and via immoral judgment was significant, $b = -.08$, 95% CI [−.19, −.02]. The indirect effect of power of the referrer on

support for the hiring decision via perceived counter-organizational motives and via immoral judgment was also significant, $b = -.11$, 95% CI [−.22, −.04]. The indirect effect of power of the referrer on support for the hiring decision via perceived agency of the hiring manager was nonsignificant, $b = .09$, 95% CI [−.08, .28]; power of referrer was related to lack of agency of the hiring manager, $b = .58$, $p < .001$, but lack of agency did not relate to support, $b = .16$, $p = .31$. The indirect effect of power of the referrer on support for the hiring decision via legitimacy of the referrer was nonsignificant, $b = .11$, 95% CI [−.06, .36]; power of referrer was related to legitimacy of the referrer, $b = .40$, $p < .001$, but legitimacy of the referrer did not relate to support, $b = .27$, $p = .16$.[12]

The means for self-interest and counter-organizational motives across the different power conditions showed a consistent trend to the one revealed in Study 1 ($M_{low\_power\_self\_interest} = 4.07$, $SD = 1.28$; $M_{moderate\_power\_self\_interest} = 4.09$, $SD = 1.27$; $M_{high\_power\_self\_interest} = 4.69$, $SD = 1.53$; $M_{low\_power\_counter\_organzational} = 4.36$, $SD = 1.17$; $M_{moderate\_power\_counter\_organizational} = 4.66$, $SD = 1.34$; $M_{high\_power\_counter\_organizational} = 4.87$, $SD = 1.37$). It seems therefore that the effect of motives is derived more from self-interested motive and counter-organizational motive inferences associated with accepting a referral from a higher-power referrer, as opposed to pro-organizational motives associated with accepting a referral from to a lower-power referrer.

Discussion

The results of Study 3b provided additional support for our theoretical model using an additional sample of working adults. Importantly, we used a two-wave data collection design in which, at Time 1, employees rated the power of and their relationship with different colleagues in their respective organizations, and then, in Time 2, were presented with a scenario depicting our phenomenon of interest with real names of people they provided in Time 1 embedded in the situation, while being randomly assigned to the different power-of-referrer conditions. The consistent results across both field studies (each having different strengths as well as limitations) gives us more confidence in the robustness of our results.

GENERAL DISCUSSION

Referral practices are an integral part of organizational life. They have become institutionalized in

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[12] The direct effect, $b = .10$, $p = .70$, and the total effect, $b = -.25$, 95% CI [−.59, .18], were both nonsignificant.

light of evidence for enhanced efficiency gains for organizations (Bailey & Waldinger, 1991). However, as we suggest, such gains can be undermined due to a lack of internal support for a hiring decision that is based on an internal referral in specific situations—namely, when the referral comes from a relatively high-power person. We gain support for our theoretical model in four studies using data from both the laboratory and the field.

Theoretical Contributions

First and foremost, this paper contributes to the revived theoretical conversation around hiring decisions; specifically, the conversation around referral practices. While the topic of hiring received a great deal of attention in the past, mainly from a human resources perspective on ways to improve hiring decisions, it has been relatively dormant as of late. The recent economic crisis, along with rising concerns about inequality and corruption (Frank, 2013), enhances the importance of examining this context, especially in relation to ethical conduct. While the traditional personnel selection literature has examined the adequacy and fairness of using different selection tools from the perspective of the organization (see Schmidt & Hunter, 1998, for a summary and meta-analysis), the effects of different processes and selection tools on those experiencing these procedures (Arvey & Sackett, 1993; Ryan & Ployhart, 2000; Schmitt & Gilliland, 1992), and issues of perceived justice and fairness with regard to selection processes (Alder & Gilbert, 2006), relatively little attention has been devoted to an explicit "hiring a friend" practice, despite its prevalence in organizations (Fernandez et al., 2000). This paper examines this practice through "micro lenses" that focus on how employees inside the organization react to the practice.

Second, this paper connects the notion of power and moral judgment using a novel perspective that focuses on how the power of the *referrer* affects an internal observer's (the employee) evaluation of the motives that underlie the behaviors of the *hiring manager*, who is *interacting* with the referrer. While previous research has extensively investigated how one's power relates to one's motives and actions (e.g., Galinsky, Gruenfeld, & Magee, 2003; Georgesen & Harris, 1998), we argue that, given the relational nature of power, there is merit in examining observers' lay perceptions of how power *dynamics* between parties affect one party's decisions. We theorize and find that people do hold lay theories that are consistent with meta-perceptions of social exchange and reciprocity (Blau, 1964; Cialdini et al., 1975; Gouldner, 1960). Doing so

also allows us to contribute to the more general literature on attribution theory (e.g., Heider, 1958; Ross, 1977). Our paper adds to this literature by suggesting that people make what may be biased or inaccurate attributions about a hiring manager's underlying motives based on power *dynamics* they perceive to be operating in the situation (Heider, 1958; Ross, 1977). We therefore enlarge the scope of such processes, examining not only attributions people make about others based on others' behaviors, but also on attributions about dynamics between two individuals.

Limitations and Future Directions

Our paper has some notable limitations that can inform future research. First, we did not assess more downstream consequences of support for the hiring decision, such as those that relate to the amount of support/mentoring given to the referee, as well as down-the-line respect for the manager and workplace engagement. Future studies could benefit from using a specific organizational context that allows observation of how employees and managers react to the same referral practice. It might also be interesting to look at the difference between employees' reactions to referral practices when they observe them in their own versus other organizations.

In line with recent research that encourages the use of a control condition, especially in power research (see Schaerer et al., 2016), we included high-, low-, and mid-power referrer conditions (all relative to the hiring manager) in two of our studies. Though the effect of power on self-interested and counter-organizational motives was directionally linear, in Study 1, the effect of referrer's power on self-interested motives was driven by a referral coming from a low-power referrer (meaning that, going from lower to same-level power, significantly more self-interested attributions kicked in). However, the effect of power on counter-organizational motives was driven by the referral coming from a high-power employee (meaning that attributions of more counter-organizational motives kicked in only when moving from same to high power). However, the pattern of results in Study 3b was different, showing that the effect of power on self-interested motives was driven by the high-power condition, while the effect on counter-organizational motives was driven by the low-power condition. One possible explanation for the difference between the studies could be the different way in which power was operationalized.[13] In Study 1, we used

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[13] We thank an anonymous reviewer for making this suggestion.

administrative assistant, mid-level manager, and executive vice president, and, in Study 3b we used less, same, or more power (compared to the focal participant's hiring manager), respectively. It is possible that the mid-level manager language was perceived as potentially more beneficial for the hiring manager, in terms of future reciprocating benefits he or she can provide (after all, they are still managers) as opposed to language that discusses "same power." Relatedly, the difference in power between the administrative assistant and mid-level manager in terms of power may be perceived as larger than the difference between low and equal power. It is possible that participants experienced the shift from the low-power to the mid-power condition as more substantial in Study 1 in terms of self-interest motives inferences. In contrast, for counter-organizational motives, the inferred motivation of power seeking made more sense for the difference between a mid-level manager and an executive, presumably because, for an administrative assistant, this path for power seems less plausible. However, this is merely a post hoc speculation that deserves future consideration.

Another interesting avenue for future research would be to examine our model in different cultures. For example, some European contexts are considered high in warmth (Cuddy, Fiske, & Glick, 2008), where business relationships are often rooted in interpersonal relationships. Such contexts could enhance the prevalence of referral practices, which could in turn influence the perceived legitimacy of this practice.

Practical Implications

Our paper also offers some practical advice for managers and organizations. Employees do not assess the power of the referrer in isolation when they evaluate referral-based hiring decision, but take into account the overall situation and the power *dynamics* they perceive to take place between the hiring manager and the referrer. Managers who pay attention to such possible implications can better prepare the way they handle and internally manage the impressions of their employees throughout a referral-based hiring process. Given the documented benefits of referral practices, understanding the potential costs of these practices is important. Doing so may lead scholars and practitioners to identify interventions that can help employees feel more comfortable with such referrals. This is especially important because such inferences (i.e., inferring self-interested and counter-organizational motives of a hiring manager) may not be accurate and may

represent heuristic thinking, thereby enhancing the importance of better understanding and mitigating such concerns from employees.

Relatedly, if power of the referrer affects employees' reaction to the referral practice systematically, as we argue and document here, then organizations may want to better consider the design of a referral system. One suggestion could be creating a system in which referrers are anonymous, at least for an initial period of time pre- and post-hire, while simultaneously providing enhanced transparency regarding the *reasons* for the referral, thereby shifting the focus from characteristic of the referrer to the referral himself/herself and how information about them provides a valid cue with regard to their fit and potential performance in the organization. A final practical contribution of this paper is to alert high-power referrers to be more cognizant and prudent in the referrals they are making. Given that our studies document higher vigilance of employees to the relative power of the referrer, high-power referrers should probably be selective and cautious about whom they refer and why.

CONCLUSION

This paper uses power and ethics lenses to examine a common and important organizational phenomenon: employees' acceptance of referral practices. Consistent with the ethics literature, we document different employees' reactions to the same outcome/act of hiring, depending on different moral attributions employees make. Because moral attributions are malleable, and may or may not be grounded in reality—that is, the hiring manager may or may not have acted out of self-interest or counter to the organization's benefit—it behooves us to examine such attributions to better inform organizations on how to leverage the benefits of referral practices without paying unnecessary costs associated with the use of these practices. Given the prevalence of referral practices, we hope this research will inspire other management scholars to examine additional micro-mechanisms that affect employees' support for such practices.

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Rellie Derfler-Rozin (rderfler@rhsmith.umd.edu) is an assistant professor of management and organization at the Robert H. Smith School of Business, University of Maryland. She received her PhD in organizational behavior from London Business School. She studies behavioral ethics as well as relational dynamics at the workplace, focusing specifically on status, interpersonal relationships, and attribution processes.

Bradford Baker (bradfordbaker@rhsmith.umd.edu) is a doctoral candidate in the Management and Organization Department at the Robert H. Smith School of Business, University of Maryland. His research interests include behavioral ethics, team processes, and proactive behaviors.

Francesca Gino (fgino@hbs.edu) is the Tandon Family Professor of business administration in the Negotiation, Organizations, & Markets Unit at the Harvard Business School, Baker Library, Bloomberg Ctr. 447, Soldiers Field Rd., Boston, MA 02163. Her research focuses on individual decision making, negotiation, and ethics. She received her PhD in economics and management from the Sant'Anna School of Advanced Studies.

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