Cover-ups of unethical actions are undesirable and often costly. However, existing theory is unclear on when and why some cover-ups are punished less severely by in-group third parties compared to out-group third parties. Drawing on theories of attribution and social identity, we theorize that the punishment of cover-ups by in- and out-group third parties depends on the type of cover-up: specifically, whether individuals conceal their own unethical transgressions (personal cover-ups) or the unethical transgressions of another individual (relational cover-ups). By highlighting this distinction, we hypothesize and find across three studies that in-group third parties punish relational—but not personal—cover-ups less severely than out-group third parties. Moreover, we theorize and find support for the mediating role of perceptions of group loyalty. Our theory and results reveal the ways in which different forms of cover-ups can escape severe punishment, and offer important theoretical contributions for research on unethical behavior, social identity, and loyalty.
context of cover-ups, this work suggests that in-group third parties will leniently punish those who commit cover-ups relative to out-group third parties. The opening example of Volkswagen provides an illustration of this perspective: in-group third parties within Volkswagen were more lenient toward the ongoing cover-up relative to those who were outside of the company (Hotten, 2015).

In spite of this general tendency, other research has implied that in-group third parties, relative to out-group third parties, may not always lower their ethical standards and show leniency. For example, research on peer reporting of unethical behavior demonstrates that in-group third parties are unlikely to show leniency to their peers’ behavior when the misconduct threatens the interest of group members (Treviño & Victor, 1992). Similarly, more recent work on workplace vigilantes has noted that peers frequently punish deviant behavior within their organization, particularly when they perceive a threat to normative order (DeCelles & Aquino, 2017, 2020). Furthermore, research on the black sheep effect suggests that in-group third parties—compared to out-group third parties—will take an even stronger stand against peers who behave unethically, since in-group third parties aim to distance their group from deviant transgressors (Hutchison & Abrams, 2003; Marques, Yzerbyt, & Leyens, 1988). As such, these perspectives indicate that in-group third parties may not always show leniency toward transgressors, suggesting that they may not punish transgressors differently than out-group third parties. This possibility is important to recognize because existing theory provides limited insights on when in-group third parties punish cover-ups more or less severely. Thus, we lack an understanding of when and why cover-ups are punished in organizations, particularly by in-group third parties who are in the best position to punish transgressors.

To address these inconsistencies and better understand the punishment of cover-ups by third parties, we develop a theoretical framework that examines differences in the punishment of cover-ups by in-and out-group third parties. Building on emerging work that recognizes that people may behave unethically to benefit others rather than only themselves (Thau, Derfler-Rizin, Pitesa, Mitchell, & Pillutla, 2015; Umphress, Bingham, & Mitchell, 2010), we conceptualize personal cover-ups as actions that individuals take to conceal their own unethical behavior, and relational cover-ups as actions that individuals take to conceal the unethical behavior of another person. Drawing on theories of attribution and social identity, we theorize that in-group third parties will punish relational—but not personal—cover-ups less severely than out-group third parties. In other words, the punishment of cover-ups by in-group relative to out-group third parties depends on whether a personal or relational cover-up transpires. Moreover, we propose that perceptions of group loyalty explain these effects, as in-group third parties—relative to out-group third parties—are more likely to view those who carry out relational cover-ups as being committed to the welfare and interests of the group, which leads them to punish transgressors less severely. To test our hypotheses, we use multiple methods across three studies, and the results provide convergent support for our theory.

Our research offers important theoretical contributions to research on social identity, unethical behavior, and loyalty. Through developing distinctions between personal and relational cover-ups, our research identifies when in-group third parties more leniently punish fellow members who engage in cover-ups at work. In doing so, we reveal that in-group third parties are only more lenient than out-group third parties when relational—but not personal—cover-ups transpire, providing an important contingency perspective on in-group favoritism. In addition, our research on cover-ups advances an emerging body of research on prosocial unethical behavior (Gino, Ayal, & Ariely, 2013; Thau et al., 2015; Umphress et al., 2010). By drawing on attribution theory, we demonstrate that third parties do not uniformly ascribe positive motives to unethical behaviors that appear more prosocial (i.e., relational cover-up), which influences their punishment. As such, our research advances theory by offering a third-party perspective on prosocial unethical behavior, which complements extant theory that relies on a first-person perspective. Finally, our theory and findings extend work on group loyalty. Whereas prior research has emphasized person perception variables, such as warmth, to demonstrate why transgressors may be punished more leniently (Efran, 1974; Wellman, Mayer, Ong, & DeRue, 2016), we demonstrate that moral virtues, such as perceptions of group loyalty (Graham, Haidt, & Nosek, 2009), may also inhibit third parties from punishing transgressors more severely.

THEORETICAL BACKGROUND AND DEVELOPMENT

We define a cover-up as an attempt to conceal unethical or ethically questionable actions. A key
attribute of a cover-up that sets it apart from other unethical actions is that a cover-up emerges in direct response to a prior unethical action (Bonner, Greenbaum, & Quade, 2017; Welsh, Ordóñez, Snyder, & Christian, 2015). As a result, third parties are likely to construe it as an intentional form of unethical behavior, since transgressors are both aware of the original unethical action and act in a way to conceal it from others. In this way, we conceptualize cover-ups as blatant infractions in response to a prior unethical action (Fragale, Rosen, Xu, & Merideth, 2009; Polman, Pettit, & Wiesenfeld, 2013). This stands in contrast to other actions that employees may take in the aftermath of unethical behavior, such as silence (Kish-Gephart, Detert, Treviño, & Edmondson, 2009; Morrison, 2011), moral objection (Kennedy & Anderson, 2017; Wellman et al., 2016), or whistleblowing (Mayer, Nurmihamed, Treviño, Shapiro, & Schminke, 2013; Near & Miceli, 1995).

Since cover-ups allow problematic behavior to continue and often cause additional damage, scholars have argued that it is important for third parties to punish cover-ups when they occur (Ashforth & Anand, 2003; Dragoni, 2005). Indeed, research on unethical behavior has documented the ways in which third parties respond to the unethical behavior of others (Malle, Gügìelmo, & Monroe, 2014), highlighting the importance of punishment, or “the application of a negative consequence or the withdrawal of a positive consequence” (Treviño, 1992: 649). For example, punishment may involve withholding pay or delivering scolding feedback (for a review, see Bauman, Tost, & Ong, 2016). Importantly, punishment reflects both the likelihood that a third party implements a punishment and the severity of that chosen punishment. Third parties, or those who learn about an employee’s unethical activity (O’Reilly & Aquino, 2011; Skarlicki & Kulik, 2005), use punishment as a means to spur behavioral change, whereby they hope to deter the transgressor from engaging in similar behavior in the future (Arvey & Jones, 1985) but also hope to prevent others from engaging in similar behavior as well (Ferrell & Gresham, 1985). By punishing unethical behavior, third parties can attempt to earn restitution to mitigate the damage caused by the unethical action and ensure that others are aware of ethical standards to prevent similar behavior from reoccurring (Ashforth & Anand, 2003; Litzky, Eddleston, & Kidder, 2006).

Given that third parties play an important role in punishing unethical behavior, it is important to investigate whether in-group and out-group third parties punish cover-ups with different severity. Theories of in-group favoritism argue that an individual’s self-concept is derived from the social groups1 to which they belong (Tajfel & Turner, 1979; Turner, Brown, & Tajfel, 1979). This research suggests that in-group third parties are motivated to defend transgressors to preserve a positive image of their group and thus are inclined to administer less severe punishment (Ellemers, van Rijswijk, Roefs, & Simons, 1997; Van Vugt & Hart, 2004). By administering less severe punishment, third parties can signal that the behavior was not problematic, thereby protecting their positive view of their group. This is consistent with work demonstrating that in-group third parties are more likely to assume positive motives for transgressors, compared to out-group third parties (Brewer, 1999; Weidman, Sowden, Berg, & Kross, 2019). In doing so, in-group third parties can maintain a positive perception of their group (Abrams & Hogg, 1988).

Drawing on these perspectives, in-group third parties are likely to punish cover-ups less severely than out-group third parties. Consistent with work on in-group favoritism and social identity, in-group third parties will be more inclined to interpret cover-ups in ways that facilitate positive attitudes and preserve a positive image of their group. As such, in-group third parties—compared to out-group third parties—will be more likely to ascribe positive motives to those who commit cover-ups, as they are inclined to believe that fellow group members would not act in a way that was potentially problematic or harmful (Boeckmann & Tyler, 1997). In this vein, in-group third parties are also more likely to perceive that the transgressor acted with more benevolent motives (Staub, 2016). Therefore, we hypothesize that, in response to cover-ups, in-group third parties will punish cover-ups less severely than out-group third parties.

**Hypothesis 1.** In-group third parties punish transgressors who engage in cover-ups less severely than out-group third parties.

Although we argue that in-group third parties will generally punish cover-ups less severely than out-

---

1 As other scholars in this domain have, we adopt a holistic view of group membership that can be derived from a variety of factors, ranging from institutional membership (e.g., university) to a specific work group. Given the multitude of ways that groups and subgroups can be formed (Carton & Cummings, 2012), the relevant group or subgroup in the case of third parties can vary depending on contextual factors.
group third parties, this idea appears to be at odds with some existing work suggesting that in-group third parties may not show leniency toward transgressors. Indeed, several researchers have noted that in-group third parties are unlikely to show leniency when misconduct threatens the interests of group members (Treviño & Victor, 1992) or represents a threat to normative order (DeCelles & Aquino, 2020), as it is important to distance the group from deviant transgressors in these situations (Hutchison & Abrams, 2003; Marques et al., 1988). This implies that in-group third parties may not always demonstrate leniency toward cover-ups. To address this, we distinguish between two types of cover-ups—personal versus relational—and propose that differences in punishment by in-group compared to out-group third parties depend on which type of cover-up transpires.

The Moderating Role of Personal versus Relational Cover-Ups

In the past, organizational scholars have anecdotal descriptions of individuals concealing their own unethical transgressions (Tenbrunsel & Smith-Crowe, 2008) or the unethical transgressions of another individual (Ashforth & Anand, 2003; Stashefsky & Weisberg, 2003), but these distinctions have not been systematically or empirically studied. Building on these perspectives, we define a personal cover-up as an attempt to conceal one’s own unethical or ethically questionable actions, whereas a relational cover-up is an attempt to conceal the unethical or ethically questionable actions of another individual or group member. Both forms of cover-ups involve transgressors concealing a prior unethical or ethically questionable behavior, but their manifestation is markedly different. In the case of a personal cover-up, the transgressor is responsible for committing the prior unethical action, whereas, in the case of a relational cover-up, another person committed the prior unethical action. Our theory recognizes this distinction as important because it shapes how in-group versus out-group third parties view the transgressor who commits the cover-up.

To understand how cover-up type moderates the effects of third-party group membership on punishment of cover-ups, we draw on attribution theory, which provides an insight into how third parties develop explanations for others’ behavior (Kelley & Michela, 1980; Martinke, Harvey, & Dasborough, 2011; Rodell & Lynch, 2016; Zalensy & Ford, 1990). According to attribution theory, individuals aim to develop explanations for events that deviate from norms and expectations (Grant, Parker, & Collins, 2009; Heider, 1958; Pyszczynski & Greenberg, 1981). Existing research has documented that, when evaluating unethical behavior, third parties aim to ascertain the motives of the transgressor (Feather, 1996; Fehr, Gelfand, & Nag, 2010; Kleineke, Wallis, & Stalder, 1992; Weiner, 1995). Scholars have suggested this is because motives reveal transgressors’ objectives (Rozin, Lowery, Imada, & Haidt, 1999).

Applying this research to cover-ups, it stands to reason that third parties would decide whether to punish cover-ups severely or not based on whether or not they attribute positive motives to the transgressor. Existing research has documented that, when evaluating unethical behavior, third parties often perceive that transgressors lack positive motives. For example, transgressors who engage in intentional unethical actions are often seen as having unfavorable objectives and problematic goals (Fragale et al., 2009; Darley & Piltman, 2003; Kakkar, Sivanathan, & Gobel, 2020; Rozin et al., 1999). However, attribution theory reveals that third parties may also attribute positive motives (i.e., intending to do “good”), particularly when they are members of the same group. This is important because research suggests that third parties respond more favorably to individuals with positive motives (Grant et al., 2009; Rodell & Lynch, 2016). Therefore, understanding whether third parties attribute positive motives is important when determining how severely they will punish transgressors.

Drawing on this research, we theorize that in-group third parties, relative to out-group third parties, will punish transgressors less severely when they engage in a relational cover-up. Specifically, we suggest that in-group third parties are likely to perceive the transgressor as having positive motives because they put themselves at risk to protect a fellow group member, even though they were not responsible for the prior unethical action. Indeed, in-group third parties are more likely to justify the actions of an unethical group member and be willing to take their perspective (Galinsky & Moskowitz, 2000). As a result, they are more likely to see the transgressor’s actions in a relational cover-up as other-oriented (Grant et al., 2009). In contrast, out-group third parties are less likely to perceive that the transgressor had positive motives, as they are not motivated to view the group or the transgressor favorably. Research reveals that out-group third parties—unlike in-group third parties—are less inclined to minimize or generate excuses for the misdeeds of transgressors, regardless of transgressors’ actual motives (Castano,
al cover-up, suggesting that in-group tives toward a transgressor who engages in a relation- tuous acts in business contexts (Furnham, 2003; Giacalone & Promislo, 2013). Therefore, out-group third parties are less inclined to ascribe positive moti- tives toward a transgressor who engages in a relation- al cover-up, suggesting that in-group—relative to out-group—third parties will punish a transgressor who engages in a relational cover-up less severely.

In contrast, we theorize that both in-group and out-group third parties will punish transgressors equally severely when they engage in a personal cov- er-up. We suggest this is because both in- and out- group third parties will not attribute positive moti- tives toward the transgressor. Indeed, since trans- gressors are the primary beneficiaries of personal cover-ups, both in-group and out-group third parties are unlikely to view personal cover-ups as other-ori- ented (Parks & Stone, 2010). Additionally, transgres- sors who act instrumentally are viewed negatively by both in- and out-group members (Steinmetz, Sez- er, & Sedikides, 2017). Based on this idea, in-group third parties are unlikely to perceive that the trans- gressor holds positive motives, since they put the group at risk for their own benefit. Similarly, out- group third parties will similarly not perceive posi- tive motives, since the transgressor aimed to protect themselves by engaging in a personal cover-up. Ac- cordingly, we hypothesize that both in- and out- group third parties will punish the transgressor who engages in a personal cover-up equally severely, as both are unlikely to ascribe positive motives to the transgressor. Therefore, we propose that the effect of group membership on the punishment of the trans- gressor depends on whether a personal or relational cover-up occurs.

Hypothesis 2. Cover-up type (personal vs. relational) moderates the relationship between third-party group membership and punishment, such that in-group third parties punish transgressors who engage in rela- tional cover-ups—but not personal cover-ups—less severely than out-group third parties.

The Mediating Role of Perceptions of Group Loyalty

To better understand why in-group third parties, relative to out-group third parties, punish cover-ups less severely or not, we further propose that percep- tions of group loyalty underlie why in-group third parties ascribe more positive intentions toward those who commit relational cover-ups. Loyalty is defined as a “principle of partiality toward an object (e.g., a group) that gives rise to expectations of behavior on behalf of that object such as sacrifice, trustworthiness, and prosociality” (Hildreth, Gino, & Bazerman, 2016: 17). Group loyalty is an important consideration when understanding unethical behavior in groups, in part because third parties often justify behavior by appeal- ing to the higher principle of loyalty (Moore & Gino, 2013) and because loyalty is considered a core moral foundation that can mitigate concerns of wrongdoing (Graham et al., 2009).

We contend that in-group third parties, relative to out-group third parties, will perceive transgressors who commit relational cover-ups as more loyal to the group. Because a relational cover-up involves putting oneself at risk of punishment to protect a peer, in-group third parties are likely to view the transgressor as someone who is loyal to the group. Sociological and anthropological research on police and naval officers has revealed that demonstrating allegiance to peers can be one of the strongest signals of loyalty within an organization (Heck, 1992; Moore & Gino, 2013; Pershing, 2002). Likewise, Burris (2012) indicated that loyalty is a principle that signals to peers whether a person values being part of a group. Based on this, in-group third parties are more likely to believe that a transgressor who commits a relational cover-up is aiming to protect the group and thus is acting loyally. In contrast, out-group third parties are not likely to perceive the same de- gree of loyalty when transgressors commit relational cover-ups. Studies demonstrate that individuals belong- ing to the same group are viewed as more ho- mogenous by out-group third parties than in-group third parties (Allison & Messick, 1985; Messick & Mackie, 1989; Mullen & Hu, 1989). Additionally, out-group third parties are generally less motivated to perceive a loyalty motive, as they are less con- cerned about the group’s image (Baumeister & Leary, 1995). Thus, they are less likely to consider the per- sonal sacrifice involved in a relational cover-up and are more likely to consider the ramifications of the transgressor’s behavior. This indicates that out- group third parties are less likely to perceive that transgressors who commit relational cover-ups are aiming to protect their group. As a result, we suggest that out-group third parties, relative to in-group third parties, will perceive the transgressor as less loyal to the group when a relational cover-up occurs.

In the case of personal cover-ups, however, we ar- gue that both in- and out-group third parties are un- likely to perceive the transgressor as loyal to the
parties are likely to view the transgressor as undermining organizational goals, which leads them to believe that the transgressor lacks loyalty (Burris, 2012; Mowday, Steers, & Porter, 1979). Given the self-serving benefits that a personal cover-up offers to the transgressor, alongside its potential risks to the group, in-group third parties are likely to believe the transgressor acted to protect only themselves from potential retribution and thus were not acting loyally to the group. Similarly, since out-group third parties are less likely to generate excuses for transgressors, in part because they also understand the negative impact of a personal cover-up on the group, they are likely to share the perception that the transgressor was not acting loyally. Indeed, they too will recognize that the individual acted in a way that was self-serving and deliberately undermined group norms. As a result, out-group third parties are unlikely to perceive that the transgressor was acting loyally. Thus, in- and out-group third parties will view transgressors who engage in personal cover-ups as acting with low levels of group loyalty.

Since we propose that in-group third parties, relative to out-group third parties, will view transgressors who commit relational—but not personal—cover-ups as being more loyal to the group, we posit that they will punish them less severely than out-group third parties would. Previous research on loyalty suggests that perceptions of loyalty can mitigate third-party retaliation (Elliston, 1982; Graham & Keeley, 1992). Since loyalty is considered a moral virtue (Greene & Haidt, 2002), third parties are less likely to believe that the transgressor behaved in a morally problematic way, and instead are more likely to believe their behavior was appropriate. Indeed, research has suggested that perceptions of loyalty may silence observers and inhibit the severity of their reactions (Rothwell & Baldwin, 2007). Furthermore, loyalty has been shown to lead individuals to downplay concerns of wrongdoing (Anand, Ashforth, & Joshi, 2004). Individuals may even be more likely to trust those who engage in loyal, but unethical acts (Levine & Schweitzer, 2015). Thus, we expect third parties to respond to loyal behavior with less severe punishment. In summary, we theorize that perceptions of group loyalty explain why in-group third parties, compared to out-group third parties, punish transgressors who commit relational cover-ups—but not personal cover-ups—less severely.

**Hypothesis 3.** The interaction between third-party group membership and cover-up type on punishment is mediated by perceptions of group loyalty.

**OVERVIEW OF STUDIES**

To test our theory, we conducted three studies. In Study 1, we combined the critical incident field study technique (Flanagan, 1954) with a between-subjects experimental design by asking employees about instances in which they observed an individual inside or outside their organization engaging in a personal or relational cover-up and had them report their punishment recommendations. Study 2 strengthens inferences of causality and advances our findings from Study 1 in a laboratory experiment with a behavioral measure of punishment. Lastly, to further enhance the internal validity of our package of studies and examine our causal mechanism with a different study design, Study 3 tests our full theoretical model in an online experiment in which we examine the interactive effects of group membership and cover-up type on punishment through perceptions of group loyalty. In our online supplement (available at https://osf.io/wvtdj), we provide further evidence of the interactive effects of group membership and cover-up type on group loyalty (Supplemental Study S1). We additionally test the discrete effects of group loyalty on punishment (Supplemental Study S2). In sum, we use multiple methods with offsetting weaknesses to enhance the internal and external validity of our research (Campbell & Fiske, 1959) and constructively replicate our theoretical model (Lykken, 1968).

**STUDY 1: METHODS**

**Sample, Design, and Procedures**

Study 1 tested Hypothesis 1, which posits that in-group third parties will punish cover-ups less severely than out-group third parties. Additionally, Study 1 also tested Hypothesis 2, or that cover-up type moderates this relationship, such that in-group third parties punish relational—but not personal—cover-ups less severely than out-group third parties. In addition, we sought to test our hypotheses in the context of cover-ups that occurred in organizational
settings. To maximize the potential for participants to recall real-world organizational examples, we recruited 400 full-time working employees in organizations from Prolific (https://prolific.co). In our sample, 45.2% of the employees were female and they averaged 32.95 years of age \( (SD = 9.37) \); 82% were White, and the mean tenure of work experience was 12.25 years \( (SD = 9.27) \).

To test our first two hypotheses (Hypotheses 1 and 2), we combined the critical incident field study technique (Flanagan, 1954) with a 2 \((\text{third-party group membership: in-group vs. out-group}) \times 2 \) (cover-up type: personal vs. relational) between-subjects experimental design. The critical incident technique is valuable because it allows researchers to capture employees’ responses to real events they had actually experienced, as opposed to hypothetical scenarios (Aquino, Tripp, & Bies, 2006; DeRue & Wellman, 2009; Mitchell, Vogel, & Folger, 2015; Wellman et al., 2016). Furthermore, researchers previously have employed the critical incident technique to examine how third parties respond to unethical behavior at the workplace (Mitchell et al., 2015).

In this study, we manipulated third-party group membership and cover-up type by providing participants specific instructions about what type of event to recall. After responding to questions about their work status (i.e., whether they are working full time or not), we randomly assigned participants to one of our four conditions. At that point, we introduced our manipulations of third-party group membership and cover-up type.

**Manipulation: Third-party group membership.** Given that we were interested in how in- and out-groups responded to cover-ups, we manipulated third-party group membership by asking participants to recall an instance of when a transgressor was either a member of the same organization as themselves (in-group) or a member of a different organization (out-group). We chose organizational membership because it represents a salient form of group membership for employees who work in organizations (Blader, Patil, & Packer, 2017), allowing us to assign participants to in- and out-group conditions.

**Manipulation: Cover-up type.** To manipulate cover-up type, we asked participants to recall a time when an individual at work engaged in an “unethical or ethically questionable behavior at work and then took steps to cover-up what they had done” (personal cover-up) or “covered up unethical or ethically questionable behavior that another individual committed” (relational cover-up).

### Measures

**Punishment.** To assess punishment, participants were asked to complete a three-item measure developed by Bauman et al. (2016). Specifically, we asked respondents to indicate how (1) severely, (2) strongly, and (3) harshly they would punish the transgressor, using a 7-point scale anchored at 1 \( (\text{not at all}) \) to 7 \( (\text{very}) \) \( (\alpha = .90) \).

**Control variables.** Although we used random assignment, we were concerned that participants may be likely to recall certain instances that systematically varied based on the condition to which they were assigned. To mitigate these concerns, we followed prior research by controlling for factors related to the individual and the event (Mitchell et al., 2015). Because research on third-party reactions suggests that those with legitimate power may face less severe retribution from third parties (Wellman et al., 2016), we controlled for the transgressor’s legitimate power with the one-item measure from Wellman et al. (2016): “This individual held a high-level formal position in their organization” \( (\text{rated from 1 = strongly disagree to 7 = strongly agree}) \). We also controlled for the transgressor’s gender, as research has suggested that gender may influence third-party reactions to unethical behavior (Kennedy, McDonnell, & Stephens, 2016; Malamut & Offermann, 2001). Finally, we controlled for the severity of the baseline unethical action to ensure that the cover-up, not the initial unethical action, was driving third-party punishment. To do so, we used adapted a question from Wellman et al. (2016): “How severe was the initial unethical or ethically questionable violation?” \( (\text{rated from 1 = not at all severe to 7 = very severe}) \). Indeed, prior research has shown that severity of an ethically relevant situation can elicit more retributive responses (Aquino et al., 2006; Miller & Vidmar, 1981), so it was important to account for this possibility in our analyses. The direction and pattern of our results remained the same when excluding these three control variables, or including any combination of them.

### STUDY 1: RESULTS AND DISCUSSION

**Excluded Participants**

Ten participants indicated that they could not recall an event matching the criteria we provided, and a further five participants did not write a description of an event. Because the critical incident requires participants to report on their own experiences, we excluded these participants from our analyses, resulting in a final sample of 385 participants.
Manipulation Checks

To ensure that our manipulations were effective, we asked participants to respond to questions measuring group membership and cover-up type in the study using a 7-point Likert scale (1 = strongly disagree to 7 = strongly agree). Our third-party group membership manipulation check consisted of two questions. The first question asked participants to rate their agreement with the statement, “The individual I recalled was an in-group member.” As expected, a between-subjects ANOVA showed that participants in the in-group third party condition (M = 4.67, SD = 2.14) were more likely to agree than participants in the out-group third party condition (M = 2.14, SD = 1.78), F(1, 382) = 158.36, p < .001. The next question asked the participants to rate their agreement with the statement, “The individual I recalled was an out-group member.” As expected, a between-subjects ANOVA showed that participants in the in-group third party condition (M = 5.30, SD = 2.17), F(1, 382) = 291.01, p < .001.

We also tested our cover-up type manipulation with two questions. The first asked the participants to rate their agreement with the statement, “The individual I recalled covered up their own unethical actions.” As expected, a between-subjects ANOVA showed that participants in the personal cover-up condition (M = 5.57, SD = 1.76) were significantly more likely to agree than participants in the relational cover-up condition (M = 3.12, SD = 2.21), F(1, 382) = 145.15, p < .001. The next question asked the participants to rate their agreement with the statement, “The individual I recalled covered up unethical actions committed by someone else.” As expected, a between-subjects ANOVA demonstrated that participants in the personal cover-up condition (M = 2.20, SD = 1.60) were significantly less likely to agree than participants in the relational cover-up condition (M = 4.61, SD = 2.33), F(1, 382) = 140.93, p < .001. Thus, our manipulations of third-party group membership and cover-up type were effective.

Preliminary Analyses

We conducted a content analysis of employees’ recalled events to understand more about the nature of cover-ups that occur within organizations. Specifically, we followed protocol from Wellman et al. (2016) to categorize responses from a critical incident study. Following procedures described by Gioia, Corley, and Hamilton (2013), we had two undergraduate research assistants read participants’ responses and assign each a code describing the nature of the cover-up. The two undergraduate research assistants then met with the first author to group similar codes into second-order codes. With this set of second-order codes established, the two undergraduate research assistants then individually coded each response. Agreement in the coding was high (κ = .91; Landis & Koch, 1977). Next, the research assistants met to resolve discrepancies in their coding. These themes and representative responses are summarized in Table 1. The most frequent cover-ups reported by employees involved lying, followed by fabricating or manipulating records, failing to disclose, and the destruction of evidence. Furthermore, these events were similarly represented across both personal and relational cover-up type conditions.

Hypothesis Testing

The descriptive statistics and correlations between study variables are presented in Table 2. A between-subjects analysis of covariance revealed that the manipulation of third-party group membership, F(1, 379) = 14.83, p < .001, had a significant effect on punishment, such that in-group third parties punished cover-ups less severely (see Table 3). Thus, Hypothesis 1 was supported.

Hypothesis 2 predicted that in-group third parties would punish relational—but not personal—cover-ups less severely than out-group third parties. Consistent with Hypothesis 2, we found a significant interaction effect between group membership and cover-up type on punishment, F(1, 378) = 5.27, p = .02 (see Figure 1). To interpret this interaction, we conducted simple effects tests. This analysis revealed that in-group third parties punished relational cover-ups (M = 4.30, SE = .14) significantly less severely than out-group third parties (M = 5.18, SE = .14), F(1, 378) = 18.93, p < .001. However, as predicted, this was not the case for personal cover-ups, as there was no difference between how severely in-group third parties punished personal cover-ups (M = 4.97, SE = .14) compared to out-group third parties (M = 5.21, SE = .14), F(1, 378) = 1.43, p = .23. Therefore, we found support for Hypothesis 2.

Study 1 provides initial support for our first two hypotheses in a sample of employees who reported prior instances of cover-ups in organizations. Specifically, we found that in-group third parties punished cover-ups less severely. Additionally, we found that cover-up type moderates the relationship between...
third-party group membership and punishment, as in-group third parties punished relational cover-ups—but not personal cover-ups—less severely than out-group third parties. To triangulate our results and enhance the internal validity of our package of studies, we aimed to constructively replicate our findings in Study 2 with different manipulations of group membership and cover-up type, as well as a behavioral operationalization of punishment, in a more controlled laboratory experiment.

### TABLE 1

<table>
<thead>
<tr>
<th>Event</th>
<th>Count</th>
<th>Representative Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lying</td>
<td>120</td>
<td>“They lied about [behavior]. They then continued with the lie when confronted about it.” “[Initial] lied to [the organization] about [Initial’s] behavior, saying that the incident never happened.”</td>
</tr>
<tr>
<td>Fabricating or manipulating</td>
<td>82</td>
<td>“[Initial] forged the record afterwards, making it seem like she had legitimately administered it.” “[Initial] doctored the results so that the nurse, who was a trainee, did not have to go through disciplinary hearings.”</td>
</tr>
<tr>
<td>Failure to disclose</td>
<td>73</td>
<td>“The person went on vacation so as not to arouse suspicion.” “[Initial] did not want this scandal to show up in public and damage the reputation of the company. He chose not to report this incident even though he was required to.”</td>
</tr>
<tr>
<td>Destruction of evidence</td>
<td>61</td>
<td>“In attempting to cover up this behavior, [Initial] removed and shredded cash reconciliation sheets from the files.” “The manager deleted the security cam footage and told others later that the cams are out of service.”</td>
</tr>
<tr>
<td>False accusation</td>
<td>18</td>
<td>“[Initial] blamed it on a customer when they were close to getting caught. It almost worked, too.” “When suspicion arose, they blamed another coworker.”</td>
</tr>
<tr>
<td>Bribe</td>
<td>16</td>
<td>“[Initial] tried to sneak their way out of it and tried to offer bonuses to the client.” “They paid off [Initial] with a large cash payment to buy their silence.”</td>
</tr>
<tr>
<td>Other</td>
<td>15</td>
<td>“[Initial] engaged in a conversation with our boss so that our colleague had time to get rid of the person.”</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>385</td>
<td></td>
</tr>
</tbody>
</table>
and what had already been completed. Importantly, we instructed participants that all comments would be deleted from the final proposal and study administrators would not read them. As a result, we informed participants to communicate openly and freely with their peers. Before starting on the live document, we provided participants three minutes to brainstorm different ideas, to enhance the psychological realism of the study.

**Manipulation: Third-party group membership.**
After brainstorming independently, we told participants that we were going to show them what others from Penn (in-group) or Johns Hopkins (out-group) had created thus far. We informed participants that this was to ensure that they understood what a proposal should look like and to increase accountability across groups. In doing so, we manipulated third-party group membership, given that participants who saw a Penn’s group proposal saw a proposal that had originated from members of their in-group, whereas participants who saw a Johns Hopkins’s group proposal saw a proposal that had originated from out-group members.

We chose Johns Hopkins as an out-group because of its similarity and stature in academic ranking relative to Penn (U.S. News, 2017). Given that prior research has demonstrated that group members may go to extremes to punish rivals (Kilduff & Galinsky, 2017; Kilduff, Galinsky, Gallo, & Reade, 2015; Yip, Schweitzer, & Nurmohamed, 2018), we also chose Johns Hopkins as an out-group over other institutions (e.g., Princeton) since Penn students were less likely to consider it as a rival. Interviews with five Penn students corroborated that they regarded Johns Hopkins similarly in academic prestige and did not consider its students to be “rivals” according to the criteria developed by Kilduff, Elfenbein, and Staw (2010). We also told participants that, while students from Johns Hopkins would work in their own group and develop their own ideas, this task was not a competition and study administrators would ultimately select the best pieces from each proposal to create a final proposal.

**Manipulation: Cover-up type.** We manipulated the type of cover-up (i.e., personal or relational) in the tracked changes participants read when they previewed either group’s proposal. Across all conditions, participants saw a subsection of the proposal that had been filled out in extensive detail, including various statistics and details about the Mid-Atlantic.

### Table 2
#### Study 1: Descriptive Statistics and Correlations

<table>
<thead>
<tr>
<th></th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Legitimate power</td>
<td>4.35</td>
<td>1.89</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2</td>
<td>Gender</td>
<td>0.30</td>
<td>0.46</td>
<td>—02</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>3</td>
<td>Baseline severity</td>
<td>5.61</td>
<td>1.21</td>
<td>—15</td>
<td>—02</td>
<td>—13</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>4</td>
<td>Group membership</td>
<td>0.50</td>
<td>0.50</td>
<td>—01</td>
<td>—01</td>
<td>—10</td>
<td>—13</td>
<td>—</td>
</tr>
<tr>
<td>5</td>
<td>Cover-up type</td>
<td>0.49</td>
<td>0.50</td>
<td>—11</td>
<td>—02</td>
<td>—07</td>
<td>—03</td>
<td>—</td>
</tr>
<tr>
<td>6</td>
<td>Punishment</td>
<td>4.91</td>
<td>1.53</td>
<td>—14</td>
<td>—03</td>
<td>—38</td>
<td>—23</td>
<td>—13</td>
</tr>
</tbody>
</table>

Notes: n = 385. Dummy variables are gender (1 = female, 0 = male), group membership (1 = in-group third party, 0 = out-group third party), and cover-up type (1 = relational cover-up, 0 = personal cover-up).

**p < .001**
**p < .01**
*p < .05*
†*p < .10

### Table 3
#### Study 1: Regression Results

<table>
<thead>
<tr>
<th>Variables</th>
<th>M1: Punishment</th>
<th>M2: Punishment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>2.69***</td>
<td>2.62***</td>
</tr>
<tr>
<td></td>
<td>(.42)</td>
<td>(.42)</td>
</tr>
<tr>
<td>Legitimate power</td>
<td>.08</td>
<td>.08</td>
</tr>
<tr>
<td></td>
<td>(.04)</td>
<td>(.04)</td>
</tr>
<tr>
<td>Gender</td>
<td>−.05</td>
<td>−.06</td>
</tr>
<tr>
<td></td>
<td>(.16)</td>
<td>(.15)</td>
</tr>
<tr>
<td>Baseline severity</td>
<td>.42***</td>
<td>.41***</td>
</tr>
<tr>
<td></td>
<td>(.06)</td>
<td>(.06)</td>
</tr>
<tr>
<td>Group membership</td>
<td>−.55***</td>
<td>−.24</td>
</tr>
<tr>
<td></td>
<td>(.14)</td>
<td>(.20)</td>
</tr>
<tr>
<td>Cover-up type</td>
<td>−.36</td>
<td>−.04</td>
</tr>
<tr>
<td></td>
<td>(.14)</td>
<td>(.20)</td>
</tr>
<tr>
<td>Group membership × Cover-up type</td>
<td>−.65</td>
<td>−.65</td>
</tr>
<tr>
<td></td>
<td>(.28)</td>
<td>(.28)</td>
</tr>
</tbody>
</table>

Notes: n = 385. Standard errors in parentheses. Dummy variables are cover-up type (1 = relational cover-up, 0 = personal cover-up) and group membership (1 = in-group third party, 0 = out-group third party).

**p < .001**
**p < .01**
*p < .05*
†*p < .10
In the tracked changes, they read an initial comment from a participant that detailed their choice to use Google to find this information, despite the fact it was against the rules of the study. Consistent with prior work, this constituted the initial unethical action, as they were not permitted to use the Internet to complete the task and doing so violated the ethical standards of the task and behavioral lab policies (Mayer et al., 2013).

In the *personal cover-up* condition, the focal participant (Participant 3) was responsible for Googling the information and leaving the associated comment about their behavior. Upon realizing that they may face repercussions, this focal participant left an additional comment detailing a cover-up. Specifically, they decided to clear the search history on the lab PCs so that administrators would not be alerted to the fact that they had used the Internet. Furthermore, this participant also commented that they planned to inform lab administrators that they were an economics major and knew this information “off the top of [their] head.”

Conversely, in the *relational cover-up* condition, a different participant in the group (Participant 2) was responsible for Googling the detailed information. However, the focal participant (Participant 3) decided to engage in the same cover-up behaviors listed above, clearing the history on the PCs and lying to study administrators. See Appendix A for our detailed manipulations.

**Measures**

*Punishment.* Consistent with existing research on punishment (Bauman et al., 2016; Treviño, 1992), we measured punishment using a binary variable: whether participants decided to rescind the focal transgressor’s bonus or not. Specifically, at the end of the study, we informed participants that the focal participant (Participant 3) had earned a bonus for their performance in the study. Given that they monitored Participant 3’s behavior, current participants were tasked with determining whether Participant 3 should lose their bonus or not. Participants who did not rescind the bonus were coded as a “0,” denoting that they still permitted the participant to be rewarded for their behavior, whereas participants who rescinded the bonus were coded with a “1,” signifying that they relinquished a monetary award from the participant.

**Study 2: Results and Discussion**

**Excluded Participants**

We employed two attention checks. First, we asked participants to indicate *disagree* for a scale item before the study began. A total of eight participants failed this check. Furthermore, we asked participants to identify the group (Johns Hopkins or Penn) that the participant they evaluated was from, and a total of seven participants failed this check. Although we took steps to enhance the believability of our design, 10 participants expressed suspicion as to the authenticity of the study during debriefing and were excluded. Since one participant failed the first two attention checks, this resulted in a final sample of 273 participants.

**Manipulation Checks**

To ensure that our manipulations were effective, we pre-tested our stimuli using TurkPrime (now CloudResearch; https://www.cloudresearch.com) (*n* = 94) (Litman, Robinson, & Abberbock, 2017). Using a 7-point scale anchored from 1 (*strongly disagree*) to 7 (*strongly agree*), respondents indicated their agreement that Participant 3 covered up an unethical action that they had committed. When answering this question, participants who read the personal cover-up stimuli more strongly agreed that the transgressor covered up their own unethical transgressions (*M* = 6.15, *SD* = 1.26) than did participants who read the relational cover-up stimuli (*M* = 4.41, *SD* = 2.38), *F*(1, 92) = 19.71, *p < .001. Additionally, participants indicated their agreement that Participant 3 covered up an unethical action that someone else committed. As expected, participants who read relational cover-up stimuli more...
strongly agreed that the transgressor covered up the unethical actions of their team member (M = 6.15, SD = 1.12) than participants who read the personal cover-up stimuli (M = 2.92, SD = 2.28), F(1, 92) = 75.51, p < .001.

Hypothesis Testing

Given that our dependent variable was a binary variable, we conducted a series of logistic regression analyses. Table 4 displays the results of the analyses. In the first step, we included the binary variables for third-party group membership (1 = in-group, 0 = out-group) and cover-up type (1 = relational cover-up, 0 = personal cover-up). Main effects tests revealed a marginally significant effect of third-party group membership, suggesting that in-group third parties were less likely to punish the transgressor (M1: \( B = -0.43 \), SE = 0.25), \( p = .080 \). Thus, Hypothesis 1 is supported when the significance level was relaxed to \( p < .10 \).

Hypothesis 2 predicted that cover-up type would moderate the relationship between third-party group membership and punishment, such that in-group third parties would punish relational cover-ups—but not personal cover-ups—less severely than out-group third parties. Supporting Hypothesis 2, the results showed a significant interaction between third-party group membership and cover-up type on withholding the bonus (M2: \( B = -1.37 \), SE = 0.50), \( p = .006 \). Figure 2 illustrates the results. As predicted, in-group third parties were less likely to withhold the bonus from the transgressor who engaged in a relational cover-up (34%), as compared to out-group third parties (61%) \( B = -1.11 \), SE = 0.36, \( p = .002 \), but there were no significant differences in withholding the bonus when a personal cover-up occurred between in-group third parties (61%) and out-group third parties (55%) \( B = 0.25 \), SE = 0.35, \( p = .47 \). Thus, we found support for Hypothesis 2.

Consistent with our theory, Study 2 extended the findings from Study 1 by testing for the interaction between group membership and cover-up type with experimental manipulations in a controlled lab experiment. Although we did not find statistically significant support for the main effect of group membership on punishment, we found that cover-up type moderates this relationship, as in-group third parties punished relational cover-ups—but not personal cover-ups—less severely than out-group third parties. Moreover, Study 2 builds on Study 1 by using a behavioral measure of punishment as participants had an opportunity to rescind the bonus of the transgressor. Taken together, Studies 1 and 2 demonstrate that, while in-group third parties may generally be more lenient toward cover-ups than out-group third parties, cover-up type plays a key role in moderating this relationship. However, our results do not explicitly test for the mediating role of perceptions of group loyalty. To address this limitation, we conducted an experiment, in Study 3, that was designed to test our

---

**TABLE 4**

<table>
<thead>
<tr>
<th>Variables</th>
<th>M1: Withdrawing Bonus</th>
<th>M2: Withdrawing Bonus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>0.54*</td>
<td>0.20</td>
</tr>
<tr>
<td></td>
<td>(0.22)</td>
<td>(0.24)</td>
</tr>
<tr>
<td>Group membership</td>
<td>−0.43†</td>
<td>0.25</td>
</tr>
<tr>
<td></td>
<td>(0.25)</td>
<td>(0.35)</td>
</tr>
<tr>
<td>Cover-up type</td>
<td>−0.43†</td>
<td>0.24</td>
</tr>
<tr>
<td></td>
<td>(0.25)</td>
<td>(0.35)</td>
</tr>
<tr>
<td>Group membership × cover-up</td>
<td>−1.37**</td>
<td>(.50)</td>
</tr>
<tr>
<td>type</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: \( n = 273 \). Standard errors in parentheses. Dummy variables are group membership (1 = in-group third party, 0 = out-group third party) and cover-up type (1 = relational cover-up, 0 = personal cover-up).

* \( p < .001 \)
† \( p < .01 \)
* \( p < .05 \)
† \( p < .10 \)

---

2 The direction and pattern of results are consistent when using a general linear model with a binomial probability distribution and logit link function.
full theoretical model. Lastly, as well as the relational and personal cover-up conditions, we also included an additional condition of baseline unethical behavior. Prior work has anecdotally implied—but not empirically established—that third parties would actually punish transgressors involved in cover-ups more severely than those who commit the original unethical action (Ashforth & Anand, 2003; Darley, 1994), so we included this additional condition to empirically test this idea.

**STUDY 3: METHODS**

Sample, Design, and Procedures

Study 3 employed a 2 (third-party group membership: in-group vs. out-group) × 3 (cover-up type: personal cover-up, relational cover-up, or baseline unethical action) between-subjects design and tested our full theoretical model. In this study, we sought to use a larger sample (100 full-time employees per condition) to increase confidence in the replicability of the findings (Simmons, Nelson, & Simonsohn, 2011). Thus, we recruited 602 participants from Mechanical Turk (MTurk; https://www.mturk.com) to participate in the study. Participants had an average age of 36.04 years (SD = 10.21), 68% were male, 75.40% were White, and their average work experience was 15.55 years (SD = 10.26).

We recruited participants to this study on the basis that they would evaluate questionable behavior of online workers who ostensibly participated in a different online study. Our current participants were told that we conducted this prior study with the intention of evaluating the data quality of two online survey platforms; specifically, MTurk (https://www.mturk.com) and MTurk. To manipulate out-group membership, we chose “Clickworker,” a real online work platform, because it is frequently suggested as an alternative to MTurk and crowdsources work in a similar manner (Shah, 2010). Given this manipulation, we limited recruitment to MTurkers who did not use any other crowdsourcing platforms. To evaluate each platform, we told participants about an anagram study that we had conducted. Specifically, we told participants the following about the prior study:

Participants completing this task were assigned to work with four others from their respective platform (MTurk or Clickworker). Here, we hoped to see whether virtual teams from MTurk or Clickworker could complete more anagrams as a group. We gave each group of participants 20 anagrams to complete. An anagram can be solved by rearranging letters to form a word (e.g., “REETS” would make “TREES”). Anagrams can vary in difficulty, from easy to extremely difficult. Each member of the team would receive a $2 bonus if they completed 17/20 anagrams as a group. Group members could communicate with each other through a group chat that was embedded into the survey. Participants were told that they were only permitted to use other group members for assistance and that they were not allowed to use the Internet or other outside resources.

After reading the details of the prior study, we told participants that we had observed questionable behavior in chat logs that we recovered from this prior study. To this end, participants saw a chat log that varied depending on the cover-up condition to which they were assigned. In each chat log, we asked participants to focus on the behavior of one prior participant (Participant 3) who had communicated in the chat log. After reading the chat log, participants completed survey items that referred to this participant.

**Manipulation: Third-party group membership.** We manipulated third-party group membership by altering whether the chat log belonged to a group from MTurk or Clickworker. Although participants were told that both Clickworkers and MTurkers were recruited for the study, they only saw a chat log from a group on one of these two platforms. Participants in the in-group third party condition saw that the chat log mentioned “MTurk Participant 3” while those in the out-group third party condition saw “Clickworker Participant 3.”

**Manipulation: Cover-up type.** Participants saw one of the three cover-up conditions. All chat logs began with dialogue intended to reassure the participants that the chat log was real (the complete chat logs are provided in Appendix B).

In the personal cover-up condition, participants read about how a participant (Participant 3) decided to use Google to solve the anagrams. Upon realizing that they may face sanctions for their behavior, this participant wrote that they would hack the chat survey software to delete the chat log from the requestor’s survey, making it look like there was an error that had accidentally deleted the chat log. In the relational cover-up condition, the focal participant (Participant 3) engaged in the same cover-up behaviors after a different participant (Participant 2) Googled information and wrote about it in the chat log. In the baseline unethical action (i.e., no cover-up) condition, the focal participant (Participant 3) only Googled for answers to the anagrams online but did not engage in a cover-up. Therefore, this condition involved the original unethical behavior, but it did not
involve a subsequent cover-up. Although this was not the focus of our theoretical model, we used this condition to compare how third parties punished the original unethical act relative to personal and relational cover-ups in our supplementary analyses.

Measures

**Punishment.** To constructively replicate our findings from the prior studies, we assessed punishment in two ways. First, participants completed the same three-item scale from Study 1 (α = .98). This measure captures participant’s punishment intentions, as opposed to actual behavior.

As a second measure, we coded for participants’ language severity as an additional measure of punishment. After receiving the manipulations and assessing punishment recommendations, we asked participants to write a one-paragraph message to the participant in question, detailing their opinions of their behavior and outlining certain punishments that they believed were appropriate. It provided an opportunity for participants to punish transgressors in this study, such as by scolding or ostracizing them in their note (Hollinger & Clark, 1982). This provided a behavioral measure of punishment as it allowed us to code the severity of the language that third parties used toward transgressors. To code the positivity or negativity of the messages, we adapted the coding techniques outlined in Wellman and colleagues (2016). First, two independent coders, blind to hypotheses and condition, rated the content of the messages using a 5-point, Likert-type scale (1 = very positive, 5 = very negative). Negative messages scolded, criticized, or berated the participant for their behavior. An example of a negative message from a participant was, “Your lazy behavior put your group at risk. This was incredibly selfish. A person who is able to hack into a system is more than capable of doing a simple anagram.” Positive messages congratulated or condoned the participant’s behavior. An example of a positive message from a participant was, “Good job. Stick it to the man.” Consistent with prior research, we used the average of the two raters’ language severity scores for analysis, as the average rater reliability (ICC2 = .81, p < .001) was well within conventional guidelines (LeBreton & Senter, 2008).

**Mediator: Perceptions of group loyalty.** After participants completed the measure of punishment recommendations, they rated the loyalty of the participant to the group that they were asked to evaluate using three items adapted from Burris (2012) (e.g., “This group’s needs are important to this person”; α = .88).

**STUDY 3: RESULTS AND DISCUSSION**

**Excluded Participants**

We included the same two attention checks from Study 2 to identify participants who were not paying attention or displayed careless responding. Our first attention check, before participants began the study, asked participants to select disagree for a survey item. Twelve participants failed this attention check. Our second attention check, placed at the end of the survey, asked participants to identify which platform the transgressor was from. Here, 72 participants incorrectly identified the group that the participant they evaluated was from, as 41 participants from the in-group (MTurk) condition did not identify the correct platform and 31 participants from the out-group (Clickworker) condition failed to accurately identify the platform. These participants were not included in our analyses. Finally, despite attempts to ensure that participants crafted genuine emails, 21 participants did not. These participants did not pay attention to the prompt (e.g., provided their actual email) and thus were excluded. This left us with a final sample of 502 participants, as five participants failed more than one attention check.

**Manipulation Checks**

To ensure that our manipulations were accurate, we adapted the same manipulation check items from Study 2. The first asked the participants to rate their agreement with the assertion that “the participant covered up their own attempt to Google information.” As expected, a between-subjects ANOVA, F(2, 498) = 301.49, p < .001, revealed a significant main effect. Pairwise comparisons revealed that participants in the personal cover-up condition (M = 5.77, SD = 1.72) were more likely to agree than both participants in the relational cover-up condition (M = 2.21, SD = 1.80), p < .001, and the baseline unethical action condition (M = 1.98, SD = 1.17), p < .001. The second question asked participants to rate their agreement with the assertion that “the participant covered up another group member’s attempt to Google information.” As expected, a between-subjects ANOVA, F(2, 498) = 476.78, p < .001, indicated a significant main effect. Pairwise comparisons revealed that participants in the relational cover-up condition (M = 6.23, SD = 1.34) were more likely to agree than both participants in the
personal cover-up condition ($M = 2.26, SD = 1.91), $p < .001$, and the baseline unethical action condition ($M = 1.69, SD = 0.93), $p < .001$. The third and final question asked participants to rate their agreement with the assertion that “the participant Googled information but did not cover it up.” As expected, a between-subjects ANOVA, $F(2, 498) = 504.99, p < .001$, revealed a significant main effect. Pairwise comparisons revealed that participants in the baseline unethical action condition ($M = 6.30, SD = 0.95$) were more likely to agree than both participants in the personal cover-up condition ($M = 2.20, SD = 1.70), $p < .001$, and the relational cover-up condition ($M = 1.92, SD = 1.45), $p < .001$.

**Hypothesis Testing**

Table 5 presents the descriptive statistics and correlations between the study variables, and Table 6 provides the means and standard deviations for each condition. As shown in Table 5, the two measures of punishment are positively correlated, such that individuals who punished the transgressor more severely are more likely to write a similarly severe letter ($r = .40, p < .001$).

Since we have three categories in the cover-up type manipulation (personal, relational, or baseline unethical action) and sought to test how relational versus personal cover-ups influenced punishment severity, we created two binary variables for our analyses: a binary variable for relational cover-ups ($1$ = relational cover-up, $0$ = personal cover-up or baseline unethical action) and a binary variable for the baseline unethical action ($1$ = baseline unethical action, $0$ = personal cover-up or relational cover-up). In other words, personal cover-ups again served as the reference category (Aiken & West, 1991) for our set of binary variables, enabling us to compare relational cover-ups to personal cover-ups in our analyses.

A between-subjects ANOVA (with the relational cover-up variable, baseline unethical variable, and third-party group membership) revealed a main effect for third-party group membership on punishment intentions, $F(1, 498) = 6.18, p = .013$, as in-group third parties punished the transgressor less severely.
than out-group third parties. Thus, we found support for Hypothesis 1.

Hypothesis 2 predicted cover-up type would moderate the relationship between third-party group membership and punishment, such that in-group third parties would punish relational cover-ups—but not personal cover-ups—less severely than out-group third parties. To test this hypothesis, we entered interaction terms for group membership × baseline unethical action and group membership × relational cover-ups after including the main effect variables. As expected, we found a significant relationship between third-party group membership and the relational cover-up variable on punishment intentions, $F(1, 496) = 4.96, p = .026$ (see Figure 3a). To interpret this interaction, we conducted simple effects. Consistent with Hypothesis 2, we found that in-group third parties punished the transgressor ($M = 4.52, SD = 1.69$) significantly less severely than out-group third parties ($M = 5.28, SD = 1.54$), $F(1, 496) = 9.30, p = .002$, when the transgressor committed a relational cover-up, but, when a personal cover-up occurred, there were no significant differences in the punishment of the transgressor between in-group third parties ($M = 5.04, SD = 1.63$) and out-group third parties ($M = 5.04, SD = 1.50$), $F(1, 496) = 0.74, p = .39$. Therefore, we found support for Hypothesis 2.

We performed similar analyses to test for the interactive effects of third-party group membership and cover-up type on our second behavioral punishment dependent variable: language severity. A between-subjects ANOVA revealed a main effect for third-party group membership, $F(1, 498) = 9.52, p = .002$, as in-group third parties punished the transgressor less severely than out-group third parties. Thus, we found support for Hypothesis 1 with this dependent variable.

Next, we sought to test Hypothesis 2 when using language severity as our dependent variable. Once again, we entered interaction terms for group membership × baseline unethical action and group membership × relational cover-ups after including the main effect variables. As in our prior analyses, we found there was a significant interaction between third-party group membership and the relational cover-up variable on punishment recommendations, $F(1, 496) = 8.02, p = .005$ (see Figure 3b). Consistent with Hypothesis 2, we found that in-group third parties punished the transgressor ($M = 2.79, SD = 1.09$) significantly less severely than out-group third parties ($M = 3.45, SD = 0.91$), $F(1, 496) = 13.58, p < .001$, when the transgressor committed a relational cover-up, but, when a personal cover-up occurred, there were no significant differences in the punishment of the transgressor between in-group third parties ($M = 3.31, SD = 1.05$) and out-group third parties ($M = 3.37, SD = 1.13$), $F(1, 496) = 0.57, p = .45$. Therefore, we found support for Hypothesis 2.3

Hypothesis 3 predicted that the interactive effect of group membership and cover-up type on punishment would be mediated by perceptions of group loyalty (i.e., direct effect and first-stage moderated

---

3 Table 7 shows support for Hypothesis 2 using ordinary least squares regression (refer to M2b for punishment recommendations as the dependent variable and M3b for language severity as the dependent variable).
mediation). To test for Hypothesis 3, we followed the bootstrapping-based analytic approach of Hayes (2017) with 10,000 resamples and computed bootstrapped confidence intervals.

Table 7 presents the results of the moderated mediation analyses. We first conducted analyses with group loyalty as the dependent variable to compare whether third parties punish relational versus personal cover-ups differently based on their group membership. After entering the binary variables for baseline unethical actions, relational cover-ups, and group membership (M1a), we computed and included the interaction terms for group membership × baseline unethical action and group membership × relational cover-ups (M1b). Our results showed a significant interaction between group membership and relational cover-ups on group loyalty ($b = 0.72, SE = 0.30, p = .017$), indicating the effect of in-group membership—relative to out-group membership—on group loyalty depends on cover-up type. Figure 4 depicts the interaction. An analysis of the relative conditional effects revealed that in-group third parties (relative to out-group third parties) viewed relational cover-ups as significantly more loyal to the group ($b = 0.55, SE = 0.21, 95\% CI [0.13, 0.97]$), but this was not the case for personal cover-ups ($b = -0.17, SE = 0.21, 95\% CI [-0.59, 0.24]$).

We followed up by examining the full moderated mediation model (i.e., direct and first-stage moderation) (Hayes, 2017) with punishment intentions as the dependent variable. After including the binary variables for baseline unethical actions, relational cover-ups, and group-membership (M2a) and the interaction terms between group membership × baseline and group membership × relational cover-up (M2b), we included group loyalty (i.e., the mediator)
in the model (M2c). Our results demonstrate that group loyalty has a significant negative effect on punishment (M2c: $b = -0.37, SE = 0.05, p < .001$) after accounting for the binary main effect and interaction term variables. An examination of the relative conditional effects demonstrates that there is a negative effect of in-group third-party group membership on punishment recommendations through group loyalty when the transgressor committed a relational cover-up ($b = -0.20, SE = 0.09, 95\% CI [-0.39, -0.03]$) but not when the transgressor committed a personal cover-up ($b = 0.06, SE = 0.07, 95\% CI [-0.08, 0.22]$). Additionally, the index of moderated mediation was significant as it excluded zero ($\Delta$ indirect effect $= -.27, SE = 0.12, 95\% CI [-0.50, -0.04]$). This indicates that the negative indirect effect of in-group third-party membership on punishment recommendations via group loyalty occurs when transgressors committed a relational cover-up, but not a personal cover-up. In sum, the results demonstrate that in-group third parties view relational cover-ups as more loyal than out-group third parties, which leads them to punish relational cover-ups less severely than out-group third parties. Therefore, we find support for Hypothesis 3 with punishment intentions as our dependent variable.\(^4\)

Similarly, we tested for moderated mediation with loyalty as the mediator and language severity as the dependent variable using the same approach by Hayes (2017). Table 7 displays the results.\(^5\) After including the main effect binary variables for baseline unethical actions, relational cover-ups and group membership (M3a) and the interaction terms for group membership $\times$ baseline unethical action and group membership $\times$ relational cover-ups (M3b), we included group loyalty in the model (M3c). As in the prior analyses for punishment recommendations, we found that group loyalty has a significant negative effect on language severity (M3c: $b = -0.15, SE = 0.031, p < .001$) when controlling for binary main effect variables and interaction terms in the analyses. An examination of the relative conditional effects demonstrates that there is a negative effect of in-group third-party group membership on language severity through group loyalty when the transgressor committed a relational cover-up ($b = -0.08, SE = 0.04, 95\% CI [-0.17, -0.01]$) but not when the transgressor committed a personal cover-up ($b = 0.03, SE = 0.03, 95\% CI [-0.04, 0.09]$). Once again, the index of moderated mediation was significant as it excluded zero ($\Delta$ indirect effect $= -.11, SE = 0.05, 95\% CI [-0.22, -0.02]$). This indicates that the negative indirect effect of in-group third-party membership on language severity via group loyalty occurs when transgressors committed a relational cover-up, but not a personal cover-up. In sum, our results provide additional support for Hypothesis 3 with language severity as our dependent variable.

### Alternative Mechanisms

Although we found support for the mediating role of perceptions of group loyalty, we also examined two alternative explanations for our findings. One possibility was that in-group third parties viewed those who engaged in relational cover-ups as more warm than out-group parties did. To account for this alternative mediator, we measured warmth perceptions using three items from prior research (Fiske, Cuddy, Glick, & Xu, 2002; Goodwin, Piazza, & Rozin, 2014; $\alpha = .90$). We did not find that warmth perceptions mediated the interactive effects of third-party group membership and cover-up type on punishment intentions ($\Delta$ indirect effect $= -.006, SE = 0.07, 95\% CI [-0.15, 0.14]$) or language severity ($\Delta$ indirect effect $= 0.001, SE = 0.02, 95\% CI [-0.03, 0.03]$). Furthermore, after including warmth perceptions as an additional parallel mediator in our model, we still observed that the mediating role of perceptions of group loyalty was significant for both punishment recommendations ($\Delta$ indirect effect $= -.18, SE = 0.09, 95\% CI [-0.38, -0.03]$) and language severity ($\Delta$ indirect effect $= -.12, SE = 0.05, 95\% CI [-0.22, -0.04]$) as dependent variables. Therefore, perceptions of group loyalty remain significant after controlling for warmth as an alternative mediator.

Furthermore, an additional alternative explanation for our findings is that in-group third parties punish relational cover-ups less severely than out-group third parties because of differences in the number of unethical actions committed. Since we did not include this measure in our study, we tested our stimuli again among a similar sample of Turk-Prime participants ($n = 298$) to examine whether third parties perceived differences in the number of unethical actions committed across our conditions. In conducting our analyses, we created the same relational cover-up and baseline unethical action...
dummy variables. When entering the relational cover-up variable, baseline variable, and group membership variable into a between-subjects ANOVA, our results revealed no main effect for third-party group membership, $F(1, 294) = 0.051, p = .82$. Additionally, our results revealed no main effect for the relational cover-up variable, $F(1, 294) = 0.16, p = .69$. Next, we entered interaction terms for group membership $\times$ baseline unethical action and group membership $\times$ relational cover-ups. Our results revealed that there was not a significant interaction between third-party group membership and the relational cover-up variable on the number of unethical actions, $F(1, 292) = 0.13, p = .72$. Thus, the number of unethical actions is unlikely to account for the effect of group membership on punishment or the interactive effects of group membership and cover-up type on punishment.

Supplementary analyses. Given that we included a baseline unethical action condition, we examined whether the baseline unethical action condition was punished less severely than relational or personal cover-ups. Scholars have noted that cover-ups would be punished more severely than the baseline unethical action, but prior work has yet to empirically compare how cover-ups are punished relative to the initial unethical action. After including group membership in the first step of the regression, we included the binary variables for personal ($1 =$ personal cover-up, $0 =$ relational or baseline) and relational ($1 =$ relational cover-up, $0 =$ personal or baseline) cover-ups to allow us to compare the punishment of these type of cover-up to the baseline condition (i.e., the baseline unethical action was the reference category). When using the punishment intentions dependent variable, personal cover-ups ($b = 1.37, SE = 0.17, p < .001$) and relational cover-ups ($b = 1.25, SE = 0.17, p < .001$) were both punished more severely than the baseline unethical action. When using the language severity dependent variable, the same was found to be true, as personal cover-ups ($b = 0.74, SE = 0.11, p < .001$) and relational cover-ups ($b = 0.54, SE = 0.11, p < .001$) were both punished more severely than the baseline unethical action. This indicates that both personal and relational cover-ups are punished more severely than the original unethical action.

**GENERAL DISCUSSION**

Despite the repercussions of cover-ups for organizations, existing research is unclear on when and why third parties punish cover-ups. Our theory introduced and distinguished between personal and relational cover-ups to provide an insight into differences in the punishment of cover-ups by in- and out-group third parties.

Integration of Study Results

Our studies, situated in both the experiences of working employees and the lab, provide convergent support that in-group third parties, relative to out-group third parties, punish transgressors who engage in relational cover-ups less severely. However, when a personal cover-up occurs, there are no significant differences in punishment between in- and out-group third parties. Moreover, our results indicate that in-group third parties punished transgressors who engaged in relational cover-ups less severely than all other conditions, where there were not any differences in punishment severity (i.e., out-group—relational cover-up, out-group—personal cover-up, and in-group—personal cover-up). In summary, the pattern of results reveal that, despite having the same consequences as the other types of cover-ups, in-group third parties more leniently punish relational cover-ups, suggesting that this particular form of cover-ups may be seen as less egregious by members of the organization.

Moreover, Study 3 and our online supplementary studies using an experimental-causal-chain design (https://osf.io/wvtdj/) documented the role of perceptions of group loyalty as a mechanism explaining these effects. Our study results revealed that in-group third parties viewed transgressors engaged in relational cover-ups, but not personal cover-ups, as having more loyalty than out-group third parties. That is, while both in- and out-group third parties viewed relational cover-ups as more loyal than personal cover-ups, in-group third parties viewed relational cover-ups as significantly more loyal than out-group third parties. However, this difference did not emerge for personal cover-ups.

We found mixed support for Hypothesis 1 that in-group third parties would punish cover-ups less severely than out-group third parties. That is, we found significant support for Hypothesis 1 in Studies 1 and
3, but not in Study 2 (i.e., it was marginally significant). This reinforces the importance of distinguishing between personal and relational cover-ups, as ingroup third parties relative to out-group third parties only punished relational cover-ups less severely across our studies.

**Theoretical Contributions**

Our central contribution lies in introducing two key theoretical distinctions—group membership and cover-up type—in building a theory of punishment severity of cover-ups. Our work responds to the call from Kakkar et al. (2020) to shed further light on how social identity impacts the punishment of unethical behavior, and, in particular, when in-group third parties show leniency. Indeed, while some research implies that in-groups will show leniency toward cover-ups (Brewer, 1979; Hogg & Terry, 2000; Tenbrunsel & Smith-Crowe, 2008), not all theories support this perspective (DeCelles & Aquino, 2017; Marques et al., 1988; Treviño & Victor, 1992). Our work integrates these separate lines of inquiry into a parsimonious theoretical framework, demonstrating that in-group third parties punish cover-ups less severely than out-group third parties, and this occurs when relational cover-ups—but not personal cover-ups—transpire. Unlike extant work that has generally treated cover-ups as a unitary phenomenon and assumed that third parties reprimand this form of unethical behavior (Darley, 1994; Dozier & Miceli, 1985; Moberg, 2006), our theory challenges this assumption by revealing that the distinction between personal and relational cover-ups is critical to understanding whether third parties are punitive toward cover-ups. Overall, our perspective provides a new lens through which we can understand when and why third parties are less punitive toward some cover-ups in organizations.

In this way, our third-party perspective on the punishment of cover-ups advances theory on prosocial unethical behaviors. To date, theory and research has generally offered a first-person perspective for why employees may be motivated to behave unethically to help others in their group (Thau et al., 2015; Umphress et al., 2010), but it provides a limited understanding of how third parties respond to this form of unethical behavior. This is important because a first-person theoretical perspective does not recognize the role that third parties—here, individuals who are not directly involved in unethical transgressions—may play in the proliferation of prosocial unethical behaviors. Moreover, it fails to consider how third parties may differ in the degree to which they ascribe prosocial motives to unethical actions. Drawing on attribution theory, we pivot extant theory to a third-party perspective on when and why unethical behaviors that appear more prosocial (e.g., relational cover-ups) are punished less severely (Baker, Derfler-Rozin, Pitesa, & Johnson, 2019). In doing so, we demonstrate that third parties do not uniformly ascribe positive motives to those who engage in unethical behaviors that could be seen as more prosocial, which has important implications for how such actions are punished. Our theory represents an initial step toward developing a more comprehensive, unifying theory of unethical behavior that has the potential to help others at work.

Lastly, our theory and findings identify perceptions of group loyalty as an important explanation for why unethical behavior occurs. Prior theory at the intersection of behavioral ethics and person perception theory has highlighted perceptions of warmth as a key driver for why third parties may leniently punish others (Efran, 1974; Wellman et al., 2016). However, our research reveals that loyalty, not warmth, explains leniency in punishment. This is important because current perspectives that focus on warmth perceptions overlook virtue-based mechanisms rooted in morality. Loyalty has been conceptualized as a primary foundation of morality (Graham et al., 2009) and has been described as a motive that is high on morality but lower on warmth (Goodwin et al., 2014). Building on research that shows how loyalty may drive individuals to either act ethically or unethically (Hildreth et al., 2016), our findings indicate that, although out-group third parties also perceive that relational cover-ups are more loyal than personal cover-ups, this effect is stronger among ingroup third parties. In this respect, our work complements scholars who have recently proposed that in-groups prefer those who uphold binding moral virtues such as loyalty more than out-groups (Waytz & Young, 2018). Thus, our research deepens scholarly understanding of how moral values such as loyalty to the group may prevent some third parties from severely punishing unethical behavior.

**Limitations and Future Research Directions**

It should be noted that other mechanisms beyond perceptions of group loyalty might underlie the interactive effects of third-party group membership and cover-up type on punishment. In these studies,
we found that both in-group and out-group third parties evaluated those who engaged in relational cover-ups as being more loyal to the group than those who engaged in personal cover-ups, but only in-group third parties showed leniency toward relational cover-ups, potentially suggesting that only in-group third parties provide credit for loyalty. It is important to note that other mechanisms besides loyalty may be at play here. For example, out-group third parties may view those who engage in cover-ups as incompetent (Cuddy, Fiske, & Glick, 2008) and thus punish transgressors who engage in relational cover-ups more severely than in-group third parties. We encourage researchers to draw on additional theoretical perspectives to unpack when and why perceptions of group loyalty, as well as other mechanisms, influence third-party responses toward cover-ups, as this remains an important unanswered question.

Our results also point to some additional directions for future research. It is interesting to note that, as predicted, we did not find support for in-group favoritism in the context of personal cover-ups. At the same time, other work on the black sheep effect implies that in-group third parties may actually punish transgressors more severely in these situations because they want to distance the group from the transgressor (Marques et al., 1988). It would be interesting for future research to unpack the specific circumstances in which in-group derogation occurs in the context of personal cover-ups. For instance, Gino, Ayal, and Ariely (2009) found that in-group alienation occurs only in the presence of out-group members. Applying this research to cover-ups, it could be that in-group third parties would punish transgressors who commit personal cover-ups more severely than out-group third parties when out-group members are present. We encourage future research to unpack under what conditions in-group third parties punish personal cover-ups more severely than out-group third parties.

The baseline unethical action was limited in severity in Studies 2 and 3, compared to the wider range of events described by employees in Study 1. Although all of our studies involve baseline actions that are unambiguously unethical, third parties may be less likely to punish relational and personal cover-ups differently if the initial unethical action was particularly egregious. Moreover, other features of the cover-up may also affect how third parties respond. For instance, Pizarro, Uhlmann, and Salovey (2003) found that individuals are less likely to sanction harmful actions when they are perceived as more impulsive than deliberate. Based on this, researchers could compare cover-ups to other forms of intentional unethical behavior, such as cheating (Mitchell, Baer, Ambrose, Folger, & Palmer, 2018), to better understand the role of intentionality in influencing punishment. In sum, future research should investigate the dynamic relationship between unethical actions and cover-ups, as well as other features of cover-ups.

Additionally, we encourage researchers to consider how other contextual factors influence the likelihood transgressors who engage in cover-ups face severe punishment. Recent research on moral objection suggests that high-ranking actors who object to morally questionable behaviors face fewer social sanctions than actors who are low in rank (Wellman et al., 2016). With regard to cover-ups, there may be reasons to expect that, in some situations, high-ranking employees are punished more severely than lower-ranking employees, but, in other situations, the reverse occurs. Additionally, future research may want to consider whether other individuals involved in the cover-up are punished or not. For example, it may be fruitful to explore how third parties punish the “original sinner” involved in a relational cover-up or whether leaders responsible for overseeing the transgressors involved in a cover-up are also punished, even when they have no knowledge of the cover-up taking place.

**Practical Implications**

Our findings also have important implications for organizations that seek to reduce unethical behavior by punishing transgressors. Our research does not seek to make normative claims concerning how unethical one form of a cover-up is or whether cover-ups should result in increasing severity of punishment (Caulfield & Laufer, 2018; Simon, 1957). Rather, we seek to explain descriptively how third parties interpret and punish cover-ups. Based on our findings, we believe that senior leadership in organizations should consider the influence of social identity among those who are investigating cover-ups, as group membership might influence their assumptions and recommendations for both the punishment and reintegration of transgressors into the organization. For example, internal review board members who are tasked with assigning punishment to individuals who cover up for others may inadvertently levy sanctions that implicitly signal relational cover-ups are more permissible. To prevent the recurrence of such behavior, organizations should aim to find ways to actively involve and integrate input
from out-group third parties into these decisions to overcome the tendency of in-group third parties punishing relational cover-ups less severely.

In addition, given that perceptions of group loyalty can reduce the punishment of relational cover-ups by in-group third parties, senior leadership and managers should communicate this value cautiously. Management gurus often preach the importance of building loyalty in organizations (e.g., Horn, 2017; Robinson, 2012), rarely recognizing the potential downsides of high levels of loyalty in organizations. Our theory and findings highlight the dangers of employees associating loyalty with favorable treatment toward peers. Furthermore, organizations should ensure that, when in-group third parties are evaluating cover-ups, they also explicitly consider other moral virtues, such as fairness and care, to ensure that they do not exclusively focus on binding moral virtues, such as loyalty.

**CONCLUSION**

Although scholars and practitioners have suggested it is important for third parties to punish cover-ups, prior theoretical perspectives offer inconsistencies regarding how third parties respond to this form of unethical behavior. Our research conceptualizes differences between types of cover-ups and reveals that the punishment of cover-ups by in- and out-groups depends on whether a personal or relational cover-up has occurred. Across three studies, we demonstrate that in-group—but not out-group—third parties leniently punish relational cover-ups compared to personal cover-ups due to heightened perceptions of group loyalty. Thus, our theory reveals when and why some cover-ups escape severe punishment, providing new insights for scholars and practitioners on how to guard against and stop cover-ups from transpiring.

**REFERENCES**


Kakkar, H., Sivanathan, N., & Gobel, M. 2020. Fall from grace: The role of dominance and prestige in the punishment of high-status actors. Academy of Management Journal, 63. Published online ahead of print. doi: 10.5465/amj.2017.0729


Timothy Kundro (timkundro@nd.edu) is an assistant professor of management at the Mendoza College of Business at the University of Notre Dame. He received his PhD from the Wharton School. His research focuses on morality, (un)ethical behavior, and discriminatory treatment.

Samir Nurmohamed (nurmo@wharton.upenn.edu) is an assistant professor of management at the Wharton School at the University of Pennsylvania. He received his PhD from the University of Michigan’s Ross School of Business. His research focuses on the topics of motivation, behavioral ethics, and how individuals respond to adversity and barriers to success.

---

**APPENDIX A: MATERIALS FOR STUDY 2**

**Personal Cover-Up**

Proposal for University of Pennsylvania [Johns Hopkins University] Group

PARTICIPANT 1: FYI everyone, I added the parts on travel infrastructure.

PARTICIPANT 2: I think it’s great! I added more!

PARTICIPANT 3: I know we aren’t supposed to, but I just Googled the financial details about the Mid-Atlantic Region and pasted a few of them in there, I would imagine it would make us look good.

PARTICIPANT 3: Not sure if they would realize though and it’s too late to go back and edit—I cleared the history on these computers so no one knows that anyone Googled anything. I’m also going to leave a note at the end of the study that I’m an econ major and know all of this information off the top of my head.

**Relational Cover-Up**

Proposal for University of Pennsylvania [Johns Hopkins University] Group

PARTICIPANT 1: FYI everyone, I added the parts on travel infrastructure.

PARTICIPANT 2: I think it’s great! I added more!

PARTICIPANT 3: I know we aren’t supposed to, but I just Googled the financial details about the Mid-Atlantic Region and pasted a few of them in there, I would imagine it would make us look good.

PARTICIPANT 3: Not sure if they would realize though and it’s too late to go back and edit—I cleared the history on these computers so no one knows that anyone Googled anything. I’m also going to leave a note at the end of the study that I’m an econ major and know all of this information off the top of my head.

---

**APPENDIX B: CHAT LOGS FOR STUDY 3**

**Personal Cover-Up**

CHAT LOG GROUP #36 11:59:21AM

[CLICKWORKER] MTURK PARTICIPANT 1: what did everyone think for the third anagram? i can’t figure it out....

[CLICKWORKER] MTURK PARTICIPANT 3: I know we’re not supposed to, but I’ve been using Google. I’ve added a few answers based on what I found online.

[CLICKWORKER] MTURK PARTICIPANT 3: But, now that I typed that, the requestor might realize someone used Google. I’m actually a programmer and, from what I can tell, this chat software is really easy to hack. I’m just going to run a program that deletes the chat log from the requester’s computer. I’ll make it look like there was a random error that deleted the chat log. Then the requester won’t know anything...

CHAT LOG ERROR: DELETED 12:02:56PM

---

**Relational Cover-Up**

CHAT LOG GROUP #36 11:59:21AM

[CLICKWORKER] MTURK PARTICIPANT 1: what did everyone think for the third anagram? i can’t figure it out....

[CLICKWORKER] MTURK PARTICIPANT 2: I know we’re not supposed to, but I’ve been using Google. I’ve added a few answers based on what I found online.

[CLICKWORKER] MTURK PARTICIPANT 3: But, now that you typed that, the requestor might realize someone used Google. I’m actually a programmer and, from what I can tell, this chat software is really easy to hack. I’m just going to run a program that deletes the chat log from the requester’s computer. I’ll make it look like there was a random error that deleted the chat log. Then the requester won’t know anything...

---

7 Note that the only difference in this condition was that Participant 2, not Participant 3, decided to use Google.
was a random error that deleted the chat log. Then the requester won’t know anything…

**CHAT LOG ERROR: DELETED 12:02:56PM**

*Baseline Unethical Action*

CHAT LOG GROUP #36 11:59:21AM

[CLICKWORKER] MTURK PARTICIPANT 1: what did everyone think for the third anagram? i can’t figure it out ….

[CLICKWORKER] MTURK PARTICIPANT 3: I know we’re not supposed to, but I’ve been using Google. I’ve added a few answers based on what I found online.