Leaders Matter Morally: The Role of Ethical Leadership in Shaping Employee Moral Cognition and Misconduct

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There has long been interest in how leaders influence the unethical behavior of those who they lead. However, research in this area has tended to focus on leaders' direct influence over subordinate behavior, such as through role modeling or eliciting positive social exchange. We extend this research by examining how ethical leaders affect how employees construe morally problematic decisions, ultimately influencing their behavior. Across four studies, diverse in methods (lab and field) and national context (the United States and China), we find that ethical leadership decreases employees' propensity to morally disengage, with ultimate effects on employees' unethical decisions and deviant behavior. Further, employee moral identity moderates this mediated effect. However, the form of this moderation is not consistent. In Studies 2 and 4, we find that ethical leaders have the largest positive influence over individuals with a weak moral identity (providing a "saving grace"), whereas in Study 3, we find that ethical leaders have the largest positive influence over individuals with a strong moral identity (catalyzing a "virtuous synergy"). We use these findings to speculate about when ethical leaders might function as a "saving grace" versus a "virtuous synergy." Together, our results suggest that employee misconduct stems from a complex interaction between employees, their leaders, and the context in which this relationship takes place, specifically via leaders' influence over employees' moral cognition.

Keywords: ethical leadership, moral disengagement, moral identity, unethical behavior, employee deviance

Leadership is often singled out as a critical driver of both ethical and unethical behavior inside organizations (Brown & Mitchell, 2010; Brown & Treviño, 2006; Ng & Feldman, 2015). Prior research has found that ethical leadership—that is, "the demonstration of normatively appropriate conduct through personal ac-

tions and interpersonal relationships and the promotion of such conduct to followers through two-way communication, reinforcement, and decision making" (Brown, Treviño, & Harrison, 2005, p. 120)—predicts a wide range of subordinate outcomes. Most research on ethical leadership has focused on positive outcomes, from organizational commitment (Hannah, Jennings, Bluhm, Peng, & Schaubroeck, 2014) and job satisfaction (Avey, Wernsing, & Palanski, 2012), to prosocial helping behaviors (Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009) and voice (Tu & Lu, 2013), to task and job performance (Piccolo, Greenbaum, den Hartog, & Folger, 2010). Research has also related ethical leadership to employee deviance and unethical behavior (Mayer, Aquino, Greenbaum, & Kuenzi, 2012; Mayer et al., 2009).

Researchers have been slower to explore the mechanisms through which ethical leadership elicits these outcomes (Brown & Treviño, 2006). In keeping with the roots of ethical leadership's theoretical grounding in social learning (Bandura, 1977, 1986) and social exchange (Blau, 1964) traditions, the limited number of studies about how ethical leadership elicits positive outcomes have focused predominantly on mechanisms implied in the definition of ethical leadership itself. To date, the three main categories of

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mechanisms that have been explored are (a) "demonstrating nor-matively appropriate conduct," implying mediators such as role modeling and ethical climate (Mayer, Kuenzi, & Greenbaum, 2010; Neubert, Carlson, Kacmar, Roberts, & Chonko, 2009); (b) "interpersonal relationships," implying mediators such as trust (Ng & Feldman, 2015); and (c) "two-way communication [and] rein-forcement," implying mediators such as the desire to reciprocate the positive social exchanges ethical leaders initiate (Piccolo et al., 2010). As some researchers have noted (Antonakis, 2017), focus-ing on mechanisms implied by the definition of the construct can lead to circular theorizing and runs the risk of testing explanations where the mediating mechanisms are actually captured by the independent variable itself.

Extending prior research, we focus on how ethical leaders influence morally problematic subordinate behaviors by looking at how ethical leaders shape the way employees construe decisions with moral import. Research has identified the way an individual construes a decision with moral import as a key determinant of whether the decision ultimately made is ethical or not (Moore & Gino, 2015). How an individual construes moral choices has been studied in terms of how the decision is framed (Kern & Chugh, 2009; Tenbrunsel & Messick, 1999), whether we are appropriately aware of our choice's moral implications (Reynolds, 2006), and whether we are attentive to those implications (Reynolds, 2008; van Gils, Van Quaquebeke, van Knippenberg, van Dijke, & De Cremer, 2015).

Another way to think about how an individual construes moral choices is in terms of that individual's propensity to morally disengage (Moore, Detert, Treviño, Baker, & Mayer, 2012). Ban-dura (1991, 1999a) originally described moral disengagement as a set of eight cognitive mechanisms—moral justification, euphemis-tic labeling, advantageous comparison, diffusion, displacement of responsibility, distorting consequences, dehumanization, and at-tributing blame to others—that individuals use to facilitate behav-ior that contravenes moral standards without feeling distress. The extent to which individuals agree with statements that reflect morally disengaged thinking (e.g., believing that it's acceptable to do something if everyone else is doing it) is a strong predictor of their likelihood of engaging in deviant and unethical behaviors (Bandura, Barbaranelli, Caprara, & Pastorelli, 1996; Detert, Treviño, & Sweitzer, 2008; Moore et al., 2012).

Offering moral disengagement as a mechanism to explain how ethical leadership is related to subordinate behavior goes beyond modeling, affective, and exchange-based explanations of ethical leadership's effects, and suggests that ethical leaders influence how employees construe moral choices (their cognitions). Show-ing that ethical leaders can affect how their subordinates construe decisions with moral import represents an important extension of ethical leadership theory and tests a mechanism for its effects that is more distal from previously described mediators. Further, be-cause ethical leaders may not have uniformly profound effects on their subordinates, it is also important to examine subordinate characteristics that might govern how leaders' behavior is associ-ated with how their employees construe moral choices. Thus, we also explore how employee moral identity (Aquino & Reed, 2002) may interact with ethical leadership to predict employee moral disengagement and, ultimately, misconduct.

We aim to make a number of contributions to the literature. Our foremost contribution is to the literature on ethical leadership.

First, offering moral disengagement as a mechanism to explain how ethical leadership influences subordinate behavior goes be-yond observational learning and modeling explanations of ethical leadership's effects, and suggests that ethical leadership influences employees on a cognitive as well as a behavioral level. Second, we contribute to the literature on moral disengagement by showing leaders behavior is related to how employees construe decisions with moral import, ultimately affecting their unethical behavior through this influence over employees' cognitions. This is a find-ing of central importance to organizations. If leaders influence the extent to which their employees morally disengage, organizations need to be more mindful of whom they promote, since leaders will shape their subordinate's moral cognitions, ultimately affecting the extent to which they engage in deviant and unethical behavior. Third, we contribute to the moral identity literature, by showing how the extent to which an employee's moral identity interacts with the ethicality of his or her leader, which can ultimately result in more virtuous outcomes, or more vicious ones.

Our perspective is consistent with the view that employee mis-conduct is an outcome of the interaction between individuals and their situational context, rather than a case of a few bad apples (Martin, Kish-Gephart, & Detert, 2014; Moore & Gino, 2013; Treviño, 1986). Though we have long understood unethical be-havior to be a function of the interaction between individual and situational characteristics (Treviño, 1986), the complex ways in which such factors interact to produce outcomes are less often studied. In this article, we provide a more comprehensive exami-nation of how leader behavior interacts with subordinate charac-teristics to influence employee deviance and unethical behavior. We test our moderated mediation model in four studies spanning lab and field contexts, including multiple measures of employee misconduct rated by different sources, data from a diverse set of companies across different countries, and controlling for alterna-tive mechanisms.

Theoretical Background

The role of an organizational leader is to influence how his or her subordinates are motivated and act (Bass, 1960). Employees' immediate supervisors exert a strong influence over the way em-ployees make sense of their job and its responsibilities, determin-ing what they consider appropriate and inappropriate behavior (Ashforth & Anand, 2003), and influencing their attitudes and perceptions (Podsakoff, Bommer, Podsakoff, & MacKenzie, 2006). In other words, they create the context within which em-ployees act (Ashforth & Anand, 2003).

Ethical Leadership and Employee Moral Disengagement

Ethical leadership theory is grounded in social learning theory (Bandura, 1977), a fundamental premise of which is that individ-uals look to role models for behavioral cues and guidance. The power and status of leaders make them salient role models to their employees (Bandura, 1986). As a result, much of the early work on ethical leadership focused on how the presence of ethical role models is positively associated with engaging in more positive behaviors (Treviño, Brown, & Hartman, 2003; Treviño, Hartman, & Brown, 2000). A fundamental underpinning of ethical leader-ship theory is that leaders have a substantial effect on their sub-

ordinates, because they represent key models for normative and appropriate behavior, as well control over the way their subordinates' behavior is penalized or reinforced, through both praise (intangible benefits) and rewards (tangible benefits).

However, a social–cognitive perspective emphasizes that true learning requires behavior to be integrated into an individual's own cognitive functioning (Bandura, 1986, 1991). From this perspective, if subordinates truly learn from their leaders, ethical leaders should do more than make subordinates more aware of and attendant to ethical concerns (Reynolds, 2008; Treviño et al., 2003) and actually affect how employees understand ethically meaningful decisions. Accordingly, we examine whether leader behavior is related to how employees construe moral decisions, through affecting their propensity to morally disengage (Moore et al., 2012).

Social–cognitive theory proposes that, even though one's moral conduct remains strongly influenced by one's context, self-regulation ultimately governs moral behavior (Bandura, 1991). Childhood socialization helps individuals develop internally driven self-sanctions against behaving unethically. These self-sanctions are reinforced socially as well as by one's own reasoning about the consequences of potential actions to oneself and others. When internal controls are working properly, when an individual anticipates a potentially morally problematic action, they become activated. Self-regulatory processes then kick in to inhibit these immoral choices. Yet, as Bandura explained, our contexts can habituate us to use mechanisms of moral disengagement that shift, over time, how we construe potentially immoral choices:

> Disengagement practices will not instantly transform considerate persons into cruel ones. Rather, the change is achieved by gradual disengagement of self-censure. People may not even recognize the changes they are undergoing. Initially, their self-reproof has been diminished through repeated enactments . . . until eventually . . . inhumane practices become thoughtlessly routinized. (Bandura, 1999a, p. 203)

In other words, individuals can become accustomed to using mechanisms of moral disengagement and the extent to which an individual has become habituated in their use will affect the behavior he or she believes is justifiable or morally acceptable.

We argue that leaders are a key influence on the extent to which their subordinates become habituated in the use of morally disengaged cognitions in the workplace. Leaders play a central role in employees' sense-making processes and are instrumental in framing their employees' environments (Hoffman, Bynum, Piccolo, & Sutton, 2011; Piccolo & Colquitt, 2006). Over time, employees shift their own ethical decision-making frameworks to align with those their supervisors use (Schminke, Wells, Peyrefitte, & Sebora, 2002). Our argument builds on this work, and proposes that leaders not only influence the formal ethical frameworks their subordinates use, but also the extent to which they morally disengage.

There are two ways to think about how ethical leadership might influence subordinates' moral disengagement. First, highly ethical leaders might dampen subordinates' propensity to morally disengage. For example, a leader who sets an example of how to do things the right way in terms of ethics makes it harder for employees to displace responsibility for their actions onto their supervisor or diffuse responsibility to others using a belief that "everyone else is doing it." Leaders who listen to what others say, have others' best interests in mind, and make fair and balanced decisions likely thwart the ease with which employees might disregard others' feelings and attribute the blame for their own suspect actions onto their victims.

Pope Francis provides some concrete examples of ethical leadership behaviors that would likely dampen his followers' propensities to morally disengage. During his first year as Pope, Francis abandoned the traditional practice of bending for a "token swipe at the feet of twelve selected priests" on Holy Thursday and, instead, literally washed and kissed the feet of 12 juvenile delinquents, including two Muslims and two females (Carroll, 2013). Seeing the Pope engage with marginalized people in this way would make it more difficult for other religious leaders to dehumanize the disenfranchised. Pope Francis also abandoned the Apostolic Palace for a two-room apartment and replaced the papal Mercedes with a Ford Focus, which likely curtailed the opportunity for other priests to displace onto their leader responsibility for their own potential extravagances. The Pope cannot change Church doctrine, yet his behaviors have shifted the ways in which that doctrine is presented and as a senior Jesuit in the papal headquarters recently stated, "The way we practice our faith affects how we believe" (Carroll, 2013).

Second, leaders with low-ethical standards might amplify their subordinates' propensities to morally disengage. For instance, if one has a leader who defines success in terms of results rather than the means through which they are obtained, subordinates could more easily morally justify short-changing customers in the interest of profit (and the greater good of company performance). Leaders who demand obedience or absolute loyalty from their subordinates facilitate their subordinates' displacement of responsibility, such that individual employees can shift their moral agency onto their domineering leader (Milgram, 1974). A leader who refers to clients or competition as a resource to be exploited or an enemy to be overcome can support euphemistic labeling of harmful practices or the attribution of blame for mistreatment onto those whom they are harming. Similarly, a leader's exclusive focus on profits, emphasizing meeting targets, goals, and operational efficiencies can create a situation in which unethical behavior has no apparent victim (Beu & Buckley, 2004).

An example of how leaders with low ethical standards can facilitate moral disengagement comes from the trial of Kweku Adoboli, the rogue trader from UBS ultimately sentenced to 7 years in prison for illegal activity that cost the bank $2.3 billion. During his testimony, Adoboli revealed that his supervisor had told him, "You don't know you are pushing the boundaries hard enough until you get a slap on the wrist" (Fortado, 2012). Even after having been caught numerous times for violating internal controls, Adoboli received only one warning from his supervisors, and his actions were never restricted, suspended, or further scrutinized (Swiss Financial Market Supervisory Authority [FINMA], 2012). In fact, after earning $6 million on a trade that exceeded his daily limit by $100 million, his supervisor congratulated rather than penalized him (FINMA, 2012). This treatment from his leaders communicated that what Adoboli was doing was perfectly acceptable. Later testimony recounted that "the mantra coming from above was revenue, revenue, revenue" (Fortado & Moshinsky, 2012). When Adoboli later said that his actions had all been "for the benefit of the bank" (UBS 'rogue trader' sobs: 'I only tried

my best', 2012), it suggests that these leadership messages facilitated his belief that his actions were in the service of the bank's greater good (i.e., moral justification).

Moral disengagement theory states that the self-regulatory mechanisms that govern our moral conduct do not come into play unless they are activated, and the fact that self-regulatory mechanisms can be activated selectively helps explain why individuals with the same moral standards can behave differently in different circumstances (Bandura, 1999a). Our argument here is that leadership as a key contextual contingency that can influence the extent to which subordinates depend on morally disengaged cognitions in the course of their work, ultimately explaining when self-regulatory mechanisms are activated (mitigating the likelihood of behavior that counters moral standards) or not (amplifying this behavior). A highly ethical leader may remind employees of their own internal sanctions against immoral behavior, whereas a leader with low ethical standards will provide no such activation.

This argument is consistent with the idea of moral disengagement as a "dynamic disposition" (Bandura, 1999b) that can shift as a function of a wide range of situational contingencies. For example, research has documented that individuals' tendencies to morally disengage are heightened in environments in which individuals feel coerced or pressured (Hodge & Lonsdale, 2011), cannot participate in setting their own performance goals (Barsky, 2011), where there is a wide berth to behave in self-serving ways without noticeable consequences (Kish-Gephart, Detert, Treviño, Baker, & Martin, 2014; Shu, Gino, & Bazerman, 2011), or when one feels particularly connected to someone who is engaging in unethical behavior themselves (Gino & Galinsky, 2012).

Together, the work showing the importance of leaders in determining employee decisions and behaviors, coupled with the understanding of moral disengagement as a "dynamic disposition" susceptible to contextual influence, suggests that ethical leadership will dampen employees' tendencies to morally disengage.

Hypothesis 1: Ethical leadership will be negatively related to employee moral disengagement.

Moral Disengagement and Employees' Deviant Behavior

High levels of moral disengagement predict a wide range of generally undesirable behaviors, such as unethical work behavior (Detert et al., 2008; Moore et al., 2012), social undermining (Duffy, Scott, Shaw, Tepper, & Aquino, 2012), sexual harassment (Claybourn, 2011), and computer hacking (Rogers, 2001). The magnitude of the effects these studies report is also impressive. In one recent study, the effect size for the role of moral disengagement in unethical behavior was $\rho = .36$ (aggregating across four studies and 857 individuals, see Moore et al., 2012). The next largest effect size we could find for an individual disposition affecting unethical behavior was $\rho = .27$ for Machiavellianism (aggregating across 11 studies and 2,290 individuals, see Kish-Gephart, Harrison, & Treviño, 2010). If ethical leadership is associated with the extent to which their subordinates morally disengage, this will ultimately increase the likelihood that those subordinates will make morally problematic decisions and engage in unethical behavior. We intentionally link employee moral disengagement with a broad set of morally undesirable outcomes, consistent with extensive research documenting the numerous

problematic behaviors resulting from the propensity to morally disengage (for a review, see Moore, 2015).

Hypothesis 2: Employee moral disengagement will be positively related to employee deviance and unethical decision making.

Hypothesis 3: Moral disengagement will mediate the relationship between ethical leadership and employee deviance and unethical decision making.

The Moderating Role of Moral Identity

According to social–cognitive theory, moral functioning is explicitly interactive, an outcome of the interplay between personal and social influences (Bandura, 1991, 2002). The salience of ethical leadership on an individual's level of moral disengagement will thus depend on the individual characteristics they bring to the situation. *Moral identity*, an individual trait referring to the extent to which one's self-conception, is strongly rooted in moral characteristics (Aquino & Reed, 2002). Moral identity is a powerful motivator of pro-social behavior (Reed & Aquino, 2003; Reynolds & Ceranic, 2007) as well as an important inhibitor of antisocial behavior (Aquino & Becker, 2005). The motivational potency of moral identity arises from the psychological desire to strive for self-consistency (Blasi, 1984), because acting immorally would elicit feelings of inconsistencies with the moral self that is central to one's identity.

Aquino and Reed (2002) identified two main facets of moral identity: symbolization and internalization. The *symbolization* dimension taps the degree to which one's actions reflect one's moral self. It is associated with less consistent outcomes than the internalization dimension (Jennings, Mitchell, & Hannah, 2014). Moreover, because this aspect of moral identity is reflected in one's actions, it is more often associated with pro-social behavior (rather than the motivation to resist unethical behavior), particularly when individuals are publically recognized or rewarded for their moral actions (Ormiston & Wong, 2013; Winterich, Aquino, Mittal, & Swartz, 2013).

In contrast, the *internalization* dimension taps how central morality is in an individual's working self-concept. It is identified more consistently as the facet of moral identity that denotes "the strength to act morally" (Reynolds & Ceranic, 2007, p. 1621), helping one self-regulate against temptations to engage in unethical behavior (Gino, Schweitzer, Mead, & Ariely, 2011; Mayer et al., 2012; O'Fallon & Butterfield, 2011; Perugini & Leone, 2009). Research has also documented a negative relationship between moral identity internalization and moral disengagement (Aquino, Reed, Thau, & Freeman, 2007; Detert et al., 2008; McFerran, Aquino, & Duffy, 2010; Moore et al., 2012). Thus, we focus on *moral identity internalization* as a potential moderator of our effects (and is what we refer to hereafter when using the term *moral identity*).

We represent the possible patterns that a moderated relationship could take in Figure 1. Panel A represents what the relationship between ethical leadership and moral disengagement would look like if moral identity does not moderate it. In this case, we would expect to observe two independent effects. Moral identity should have a dampening effect on moral disengagement (as, indeed, several studies have found; see Aquino et al., 2007; Detert et al.,
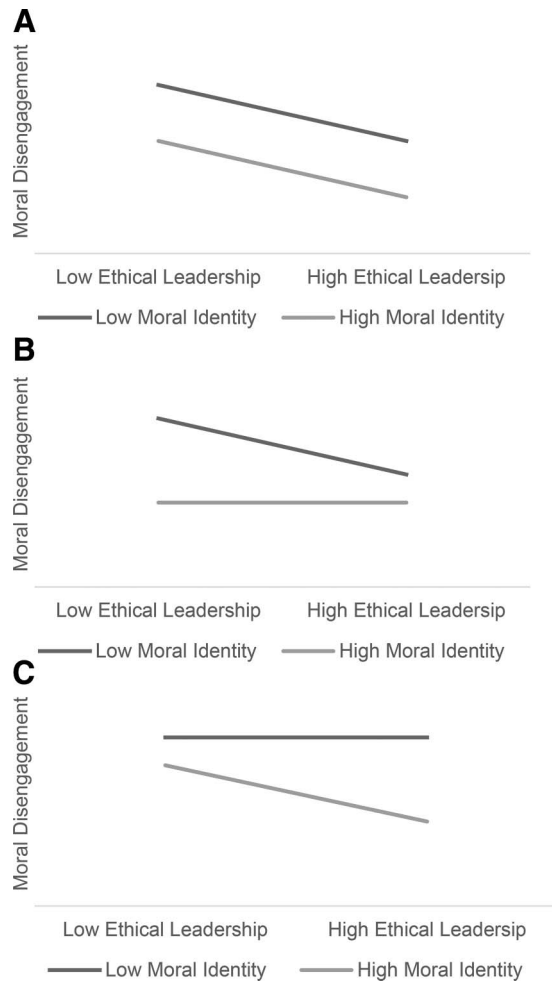
Figure 1. Graphic representations of the competing predictions of Hypothesis 4. Panel (A) The relationship between ethical leadership and moral disengagement is not moderated by moral identity. Panel (B) Ethical leaders as a "saving grace" (Hypothesis 4a): Ethical leaders will influence those low in moral identity, whereas individuals high in moral identity will have stable, low levels of moral disengagement. Panel (C) Ethical leaders as catalyzing a "virtuous synergy" (Hypothesis 4b): Ethical leaders will influence those high in moral identity, while individuals low in moral identity will have stable, high levels of moral disengagement.

2008; Hardy, Bean, & Olsen, 2015; Moore et al., 2012) as should ethical leadership (our prediction in Hypothesis 1). If there is no moderation, the two lines should be parallel: Those with a weak moral identity (dashed bar in Figure 1) will be more morally disengaged than those with a stronger moral identity (solid bar in Figure 1), and the two bars will both slope downward and be higher for those with less ethical leaders (the left side of Figure 1), and lower for those with highly ethical leaders (the right side of Figure 1).

If there is a moderating relationship, however, the influence of ethical leadership on moral disengagement will differ as a function of the strength of the employee's moral identity, and the two lines will deviate from parallel. Moral identity has been recognized as an important moderator of the effect of several contextual variables on individual attitudes and behavior (Aquino, McFerran, & Laven, 2011; Aquino et al., 2007; Caldwell & Moberg, 2007; Reed, Aquino, & Levy, 2007). How this moderation plays out, however, seems to depend largely on the context in which moral identity is activated and on the outcome it influences. Extant research provides evidence for two possible patterns the moderation might take, which we represent in Panels B and C of Figure 1, and theorize, in the following text, as competing hypotheses.

Figure 1, Panel B: Ethical leaders as providing a "saving grace." One perspective is that ethical leaders will have a more substantial influence on subordinates with a weak moral identity, whereas subordinates with a strong moral identity will be largely immune to it. The argument for this pattern hinges on the fact that the moral self is chronically accessible to individuals with a strong moral identity as part of their working self-concept (Markus & Kunda, 1986). The drive for self-consistency will require these individuals to behave in alignment with their moral self-concept regardless of the contextual triggers their local environment presents, suggesting they will neither be led astray by less ethical leaders, nor overly influenced by highly ethical ones. Rather, their moral identity will be consistently associated with low levels of moral disengagement and morally problematic behavior, regardless of their leader.

A number of studies support the idea that individuals with a strong moral identity will be more immune to contextual triggers that may tempt one to engage in unethical behavior. For example, individuals with strong moral identities were able to resist the temptation to cheat after their self-regulatory resources were depleted, while individuals with weak moral identities succumbed (Gino et al., 2011). In another study, the authors found that a highly central moral identity made one less susceptible to the cognitive protections that moral disengagement affords (Aquino et al., 2007). A strong moral identity, in other words, may provide a vaccination against morally disengaged reasoning.

Conversely, the moral self is less chronically accessible for individuals low in moral identity. As a result, such individuals may be more affected by contextual cues, in particular their leader's ethical conduct. O'Fallon and Butterfield (2011) found that individuals without a strong moral identity were particularly influenced by the ethicality of their peers: Those with unethical peers were more likely to engage in unethical behavior, if their moral identity was not central to their self-concept. Caldwell and Moberg (2007) also found results consistent with this idea in their study exploring the role of ethical culture in activating moral imagination: Ethical culture only amplified individuals' moral imagination for individuals without a strong moral identity; the moral imagination of those with a strong moral identity was consistently high, regardless of culture. In a similar way, highly ethical leaders may function as a "saving grace" for individuals with weak moral identities, providing a contextual cue that dampens their moral disengagement tendencies. Taken together, these results lead to the following hypothesis:

Hypothesis 4a: The mediated effect of ethical leadership on employee deviance and unethical decision making via moral disengagement will be moderated by moral identity, such that

the positive effect of ethical leaders will be stronger for those low in moral identity than for those high in moral identity.

Figure 1, Panel C: Ethical leaders as catalyzing a "virtuous synergy." A second perspective on moral identity leads to the opposite prediction: that ethical leaders will have a more substantial influence on subordinates with a strong moral identity, whereas subordinates with a weak moral identity will be largely immune to their influence. This view focuses on moral identity as being subject to different degrees of "activation potential" (Higgins & Brendl, 1995), depending on its centrality in one's self-concept. In this view, when an individual's morality is highly central in his or her self-concept, it is more easily accessible, and thus more easily activated by situational cues. As Aquino and colleagues argue, "if a situational factor increases the current accessibility [of moral identity] within the working self-concept, then it strengthens the motivation to act morally" (Aquino, Freeman, Reed, Felps, & Lim, 2009, p. 123).

From this perspective, individuals with highly central moral identities will be more susceptible to the positive situational influences of highly ethical leaders because they will assign more relevance and weight to the ethically positive aspects of their context. Evidence in support of this point of view can be found in Aquino and colleagues' study that found that moral priming had more durable positive effects on cooperative behavior for individuals with highly central moral identities (Aquino et al., 2009). The authors argue for the importance of salient situational cues in reinforcing individuals' moral identities, particularly when other available situational cues may dampen the importance of morality within one's working self-concept.

Leaders represent a particularly effective and available contextual cue determining appropriate behavior. In fact, Aquino and colleagues explicitly discuss the importance of studying exemplars in terms of how they can positively prime more virtuous behavior, particularly among those with highly central moral identities (Aquino et al., 2009). Reynolds and colleagues made a similar argument about how implicit assumptions interact with cues in the environment in shaping moral behavior (Reynolds, Leavitt, & DeCelles, 2010). Although merely recalling the moral behavior of general "others" does not seem to affect one's moral self-view or unethical behavior (Jordan, Mullen, & Murnighan, 2011), leaders are particularly well situated to be a moral exemplar to their employees (Moberg, 2000).

This second argument focuses on the "virtuous synergy" that might be created when an employee with a highly central moral identity is paired with a highly ethical leader. Empirical support for this argument is provided in an article that examined the interaction between moral identity centrality and moral elevation in inspiring charitable behaviors. Individuals watched a moral elevation video, a video designed to elicit a positive mood, or a control video and were then asked to donate to a charitable cause. Individuals who watched the moral elevation video were more likely to donate, particularly so if they had highly central moral identities (Aquino et al., 2011). The authors concluded that individuals with strong moral identities are positively predisposed to engage in more ethical behavior as a function of ethical environmental cues, whereas individuals with weak moral identities will be more indifferent to these virtuous environmental triggers. This perspective leads to the following hypothesis:

Hypothesis 4b: The mediated effect of ethical leadership on employee deviance and unethical decision making via moral disengagement will be moderated by moral identity, such that the positive effect of ethical leaders will be stronger for those high in moral identity than for those low in moral identity.

Overview of Studies

We test our hypotheses in four studies using both field and laboratory data. Our goal in using this multimethod and multicontext design was to ensure that our conclusions are robust and represent "full cycle" organizational research (Chatman & Flynn, 2005). In Study 1, we examine the mediating role of moral disengagement in explaining the relationship between ethical leadership and deviant and unethical workplace behaviors and compare moral disengagement to two other potential mediators (Machiavellianism and moral attentiveness) that also tap differences in how individuals approach moral decisions. In Study 2, we manipulate ethical leadership in an experimental design to investigate its causal effect on employee moral disengagement, and subsequent unethical behavior. We also test the role of the centrality of one's moral identity as a potential moderator of this mediating effect, and find the mediated relationship holds for individuals low (but not high) in moral identity. In Study 3, we use a three-wave field survey of 208 employees and their supervisors in China to test our proposed moderated mediation a second time. Though we again find that moral identity moderates the mediated relationship between ethical leadership and employee behavior through moral disengagement, in this case we find the mediated relationship holds for individuals high (but not low) in moral identity. A fourth study attempts to shed light on why the moderated relationship takes different forms. The results show that moral identity moderates the mediated effect but replicates the pattern found in Study 2, which suggests that something in the broader cultural context (China vs. the United States) or something unique to the organizational context of Study 3 are the most likely culprits driving these different results.

Study 1

Study 1 provides an initial test of the role of moral disengagement as a mediator of the relationship between ethical leadership and unethical employee behavior, in a broad-based sample of employees, their supervisors and coworkers. We also use Study 1 as an opportunity to compare the explanatory roles of moral disengagement, Machiavellianism and moral attentiveness in translating ethical leadership's effects on negative employee behaviors. These alternative mechanisms represent additional measures of how individuals construe decisions with ethical import, and affect how potential moral choices are understood. Testing them simultaneously represents a useful test of the explanatory power of moral disengagement.

Method

Participants and Procedure

We extended an invitation to participate in this study to 625 undergraduate students attending a large university in the United States. A total of 432 students volunteered to take part; they

received extra credit for their involvement. Each student was given a packet that included three instruction sheets: one for a focal employee, one for the employees' immediate supervisor, and one for a coworker of the focal employee. The student then returned to the researchers the personal e-mail address of the focal employee, supervisor, and coworker whom they solicited. Each of these 1,296 individuals received an individual link via their personal e-mail address to the version of the survey appropriate to them (employee, supervisor, or coworker). This snowball sampling method (e.g., Morgeson & Humphrey, 2006; Skarlicki & Folger, 1997) has been used to reduce potential error caused by single-source bias. We had data available for all relevant measures for 252 focal employees (a 58% response rate) and were able to match 193 employee-supervisor dyads and 202 employee-co-worker dyads on all the relevant measures.

The 252 focal employees were employed in a variety of industries, including finance (19%), health care and social assistance (15%), manufacturing (13%), professional services (10%), education (9%), real estate (4%), and retail trade (4%). Of the focal employees, 43% were male, and 92% were full-time employees. Their average age was 44.0 years ($SD = 12.3$). Nine percent had been at their employer for less than 1 year, 31% had an organizational tenure of between 1 and 5 years, 18% had between 6 and 10 years, and 43% had 11 or more years. Two thirds (68%) were in management positions, and 32% were in nonmanagerial roles. Seventy-eight percent of the respondents were White, 3% Hispanic or Latino/a, 4% African American, 11% Asian American, and 3% indicated "other."

Of the 193 supervisors we were able to match back to employee responses, 68% were male and 98% were full-time employees (2% worked part-time). Their average age was 49.5 years ($SD = 9.1$). Nineteen percent had between 0 and 5 years organizational tenure, 20% had 6 to 10 years tenure, 12% had 11 to 15 years tenure, and 49% had 16 or more years of organizational tenure. Eighty-three percent of the respondents were White, 2% Hispanic or Latino/a, 2% African American, 10% Asian American, and 3% indicated "other." Of the 202 coworkers we were able to match back to employee responses, 43% were male and 91% were full-time employees (9% worked part-time). Their average age was 42.0 years ($SD = 11.7$). Nine percent had been at their employer for less than 1 year, 34% had between 1 and 5 years organizational tenure, 22% had 6 to 10 years tenure, and 35% had 11 or more years of organizational tenure. Eighty-two percent of the respondents were White, 5% Hispanic or Latino/a, 2% African American, 10% Asian American, and 1% indicated "other."

The University of Michigan's Institutional Review Board approved this research protocol (HUM00107807) under the application "Field Survey–MO 300/302." These data are part of a broader data collection effort, and this study is the first publication from that effort.

Measures

All response scales ranged from 1 (*strongly disagree*) to 7 (*strongly agree*), unless otherwise noted.

Ethical leadership. Focal employees completed the 10-item ethical leadership scale developed by Brown and colleagues (2005). Sample items include, "My supervisor disciplines employ-ees who violate ethical standards" and "My supervisor discusses business ethics or values with employees" ($\alpha = .93$).

Moral disengagement. Focal employees completed an eight-item measure of moral disengagement developed by Moore and colleagues (2012). The stem for the items was "At work," and a sample item is, "taking personal credit for ideas that were not your own is no big deal" ($\alpha = .85$).

Machiavellianism. Focal employees completed the five-item Mach* version (Rauthmann, 2013) of the traditional Mach-IV scale (Christie, 1970). This measure was developed using item response theory to create a more parsimonious measure by identifying the items from the original scale that provide the most information and best measurement precision (e.g., "Anyone who completely trusts anyone is asking for trouble"; $\alpha = .68$).

Moral attentiveness. Seven items (e.g., "In a typical day, I face several ethical dilemmas") measured focal employees' *perceptual moral attentiveness*, the extent to which "the individual recognizes moral aspects in everyday experiences" ($\alpha = .74$), and five items (e.g., "I regularly think about the ethical implications of my decisions") measured *reflective moral attentiveness*, the extent to which "the individual regularly considers moral matters" ($\alpha = .84$; Reynolds, 2008, p. 1038).

Employee organizational deviance. We measured organizational deviance using Bennett and Robinson's (2000) 12-item measure (e.g., "This person has taken property from work without permission"), reported both by the focal employees' supervisor as well as a coworker ($\alpha = .88$, $\alpha = .90$, respectively).

Employee unethical behavior. We also asked both supervisors and coworkers to report on the focal employee's unethical behavior, with Akaah's (1996) 17-item measure of observed unethical behavior in the workplace, using a scale that ranged from 1 (*not at all*), to 4 (*occasionally*), to 7 (*frequently*). Raters were provided the stem, "To what extent does this employee [your subordinate/your coworker]" followed by practices such as "use company services for personal use," "falsify time/quality/quantity reports," "divulge confidential information," and "fail to report others' violations of company policies" ($\alpha = .92$ for supervisors and $\alpha = .87$ for coworkers).

Control variables. On the basis of previous findings (Barling, Dupre, & Kelloway, 2009; Mitchell & Ambrose, 2007), we also asked employees to report their gender, age, organizational tenure (1 = *less than a year*, 2 = *1–5 years*, 3 = *6–10 years*, 4 = *11–15 years*, 5 = *16–20 years*, 6 = *21–25 years*, and 7 = *25+ years*), and whether they had managerial responsibilities.

Results and Discussion

To examine the distinctiveness of the measured variables, we conducted a confirmatory factor analysis (CFA; maximum likelihood, Lisrel 8.8; Jöreskog & Sörbom, 2006). The measurement model consisted of nine factors: ethical leadership, moral disengagement, Machiavellianism, perceptual moral attentiveness, reflective moral attentiveness, coworker-rated organizational deviance, coworker-rated unethical behavior, supervisor-rated organizational deviance, supervisor-rated unethical behavior. Because of the large number of constructs and items relative to the sample size, we used the balanced item parceling technique described in Little, Rhemtulla, Gibson, and Schoemann (2013), with three parcels per construct. The measurement model provided

good fit to the data: $\chi^2(288) = 393.94$ $p < .01$, (root mean square error of approximation [RMSEA] = .049, confirmatory fit index [CFI] = .97, standardized root mean square residual [SRMR] = .053. We compared this model with a five additional models: A seven-factor model that combined deviance and unethical behaviors into respective supervisor and coworker factors, $\chi^2(303) = 728.27$ $p < .01$, (RMSEA = .095, CFI = .90, SRMR = .068) provided a significantly worse fit to the data, $\Delta\chi^2(15) = 334.33$ $p < .01$, as did a six-factor model that combined deviance and unethical behaviors into a single factor, $\chi^2(309) = 1288.40$ $p < .01$, (RMSEA = .143, CFI = .80, SRMR = .120), $\Delta\chi^2(21) = 894.46$ $p < .01$, a model that combined independent variables into one factor and dependent variables onto a second factor, $\chi^2(323) = 2255.99$ $p < .01$, (RMSEA = .196, CFI = .58, SRMR = .170), $\Delta\chi^2(35) = 1862.05$ $p < .01$, and a single factor model, $\chi^2(324) = 2569.31$ $p < .01$, (RMSEA = .211, CFI = .52, SRMR = .180), $\Delta\chi^2(36) = 2175.37$ $p < .01$. Because the hypothesized measurement model demonstrated a superior fit to the data compared to all comparison models, we were confident that our measures were adequate and distinct from one another.

Table 1 presents means, standard deviations, and correlations among the study variables, and Table 2 presents the results of models testing our predicted mediation. We ran these models using the PROCESS macro for SPSS, that is designed to test multiple mediators simultaneously, as well as provide bootstrapped estimates of the significance of indirect (mediated) effects (Hayes, 2013). As control variables did not impact the patterns of results or significance of findings, we excluded them from tables for purposes of clarity and parsimony (Carlson & Wu, 2012); however, results including the control variables are available from the authors.

Under the heading "Mediator models" in Table 2, we present the results of eight regression models, demonstrating how ethical leadership predicts each of our four potential mediator variables (moral disengagement, Machiavellianism, perceptual moral atten-

tiveness, and reflective moral attentiveness) for both supervisor-reported outcomes and coworker-reported outcomes. Ethical leadership is significantly related to both moral disengagement ($b = -.18$, $SE = .06$, $p = .006$ in the models predicting supervisor-reported outcomes; $b = -.17$, $SE = .06$, $p = .005$ in the models predicting coworker-reported outcomes) and Machiavellianism ($b = -.24$, $SE = .07$, $p = .002$ in the models predicting supervisor-reported outcomes; $b = -.16$, $SE = .07$, $p = .018$, in the models predicting coworker-reported outcomes), providing support for Hypothesis 1. Of the two dimensions of moral attentiveness, ethical leadership is marginally positively related to reflective moral attentiveness and only in the models for supervisor-reported outcomes ($b = .19$, $SE = .11$, $p = .060$). These models present what is typically noted as the "A" paths in mediator models and suggest that ethical leadership is related to moral disengagement and Machiavellianism, but not moral attentiveness.

Under the heading "Dependent variable models" in Table 2, we present the results of the four regression models predicting our outcomes of interest, when all of our mediators are included in the models, as well as our independent variable (ethical leadership). Moral disengagement is the only mediator that consistently predicts the outcome across the four dependent variables, albeit in one of the models this relationship is only marginally significant. The only other potential mediator that significantly predicts an outcome is perceptual moral attentiveness, which is significantly negatively related to supervisor-reported unethical employee behavior ($b = -.09$, $SE = .04$, $p = .025$). These models present what is typically noted as the B paths in mediator models, and suggest that, controlling for the independent variable (ethical leadership) and the other potential mediators, moral disengagement is the most consistent predictor of unethical employee outcomes, providing support for Hypothesis 2.

Under the heading "Indirect effects" in Table 2, we present the estimates (from 5,000 bootstrap samples) of the indirect effects of ethical leadership on unethical employee outcomes via the poten-

Table 1

Study 1: Means, Standard Deviations, and Correlations for Relevant Variables

Variable	M	SD	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Sex (male = 1, female = 0)	.43	.50													
2. Age	44.0	12.3	.03												
3. Tenure	3.45	1.8	$.12^\dagger$	$.55^{**}$											
4. Management (yes = 1, no = 0)	.68	.47	.04	$.30^{**}$	$.22^{**}$										
5. Ethical leadership	5.85	.90	−.03	.03	−.03	.10	(.93)								
6. Moral disengagement	1.76	.78	$.16^*$	$−.17^{**}$	$−.11^\dagger$	−.10	$−.20^{**}$	(.85)							
7. Machiavellianism	2.71	.88	.04	−.07	−.04	$−.11^\dagger$	$−.19^{**}$	$.38^{**}$	(.68)						
8. Perceptual moral attentiveness	3.48	1.01	.09	.09	.05	.08	.01	.04	.11	(.74)					
9. Reflective moral attentiveness	4.59	1.23	.00	.01	−.01	.05	$.11^\dagger$	$−.12^\dagger$	.01	$.54^{**}$	(.84)				
10. Supervisor-reported organizational deviance	1.43	.61	.09	$−.14^*$	.00	−.08	$−.13^\dagger$	$.30^{**}$	$.21^{**}$	.03	−.03	(.88)			
11. Supervisor-reported unethical behavior	1.39	.53	.02	$−.18^*$	−.05	−.02	$−.21^{**}$	$.33^{**}$	$.22^{**}$	−.09	−.02	$.71^{**}$	(.92)		
12. Coworker-reported organizational deviance	1.34	.54	.08	$−.24^{**}$	−.10	−.10	$−.16^*$	$.19^{**}$	$.15^*$	−.00	−.04	$.36^{**}$	$.28^{**}$	(.90)	
13. Coworker-reported unethical behavior	1.32	.45	−.07	$−.15^*$	−.12	−.07	−.09	$.23^{**}$	.08	−.09	$−.15^*$	$.28^{**}$	$.26^{**}$	$.55^{**}$	(.87)

Note. Depending on pairwise availability of data, sample sizes range from 143 (supervisor–coworker correlations) to 252 (focal employee–focal employee correlations). Variables in rows 1 through 9 are reported by the focal employee. Tenure was measured categorically (1 = less than 1 year, 2 = 1–5 years, 3 = 6–10 years, 4 = 11–15 years, 5 = 16–20 years, 6 = 21–25 years, 7 = 25+ years). Alpha reliabilities are on the diagonal in parentheses.
$^\dagger p \le .10$. $^* p \le .05$. $^{**} p \le .01$.

Table 2

Study 1: Regression Coefficients and Standard Errors for Model Testing Whether the Effect of Ethical Leadership on Employee Deviance and Unethical Behavior is Mediated by Moral Disengagement

Mediator model	For supervisor-reported outcomes			For coworker-reported outcomes		
	Coefficient	SE	R^2	Coefficient	SE	R^2
Model 1: Constant	2.81	.38		2.77	.36	
Ethical leadership → Moral disengagement	−.18**	.06	.04**	−.17**	.06	.04**
Model 2: Constant	4.14	.44		3.62	.39	
Ethical leadership → Machiavellianism	−.24**	.07	.05**	−.16*	.07	.03*
Model 3: Constant	3.51	−.01		3.26	.45	
Ethical leadership → Perceptual moral attentiveness	−.01	.09	.00	.04	.08	.00
Model 4: Constant	3.47	.59		3.72	.58	
Ethical leadership → Reflective moral attentiveness	.19†	.11	.02†	.15	.09	.01

Dependent variable (DV) model	Organizational deviance		Unethical behavior		Organizational deviance		Unethical behavior	
Constant	1.07	.38	1.53	.32	1.53	.32	1.44	.26
Moral disengagement	.20**	.06	.19**	.05	.10†	.05	.13**	.04
Machiavellianism	.08	.05	.05	.04	.03	.05	−.01	.04
Perceptual moral attentiveness	.00	.05	−.09*	.04	−.00	.05	−.03	.04
Reflective moral attentiveness	.00	.04	.05	.04	−.00	.04	−.03	.03
Ethical leadership	−.04	.05	−.09*	.04	−.07†	.04	−.02	.03
R^2	.11**		.16**		.06*		.07**	

Indirect effects (Ethical Leadership → DV)	Effect [95% CI]	Effect [95% CI]	Effect [95% CI]	Effect [95% CI]
Via moral disengagement	**−.035 [−.106, −.006]**	**−.034 [−.098, −.008]**	−.016 [−.056, .002]	**−.022 [−.060, −.004]**
Via machiavellianism	−.018 [−.055, .004]	−.012 [−.038, .004]	−.006 [−.036, .012]	.001 [−.014, .021]
Via perceptual moral attentiveness	.000 [−.011, .010]	.001 [−.017, .022]	−.000 [−.012, .006]	−.001 [−.016, .001]
Via reflective moral attentiveness	.001 [−.015, .027]	.010 [−.001, .041]	−.000 [−.017, .011]	−.004 [−.032, .002]

Note. $N = 193$ for supervisor reported outcomes, and $N = 202$ for coworkers reported outcomes. We report the 95% confidence intervals (CIs) calculated using 5,000 bootstrap samples, with lower and upper limits in brackets. Statistically significant indirect effects are in bold face text.
† $p \leq .10$. * $p \leq .05$. ** $p \leq .01$.

tial mediators (the AB paths in mediation models) and as the 95% confidence intervals. Our results show that the indirect effects of ethical leadership through employee moral disengagement were significant for supervisor-reported deviance ($b = −.035$, 95% CI [−.106, −.006]) and for both supervisor-reported and coworker-reported unethical employee behaviors ($b = −.034$, 95% CI [−.098, −.008] and $b = −.022$, 95% CI [−.060, −.004], respectively), providing support for Hypothesis 3. Moral disengagement did not mediate the relationship between ethical leadership and coworker reported organizational deviance, though we note that none of the alternative mediators we tested significantly mediated this relationship either.

Thus, our results provide broad support for the argument that employee moral disengagement mediates the relationship between ethical leadership and employee deviance and unethical behavior. Even when testing multiple alternative mediators simultaneously, none of them show the same mediating effect as moral disengagement does in this relationship.

Study 2

Although results from Study 1 suggest that ethical leadership has a negative effect on employee deviance and unethical behavior through moral disengagement, the correlational nature of the study precludes causal claims. To provide better evidence that ethical leadership affects the extent to which their employees morally disengage, in Study 2 we use an experimental design that uses a managerial decision-making simulation in which we manipulated their supervisor's level of ethical leadership. Random assignment into high and low-ethical leadership conditions also helps rule out alternative explanations for our findings in Study 1, such as selection or attraction. Methodologically, this type of decision-making simulation provides participants with more a realistic organizational task than scenarios (Treviño, 1992), and has been used successfully to study unethical behavioral outcomes (Reynolds et al., 2010; Treviño & Youngblood, 1990). We also use Study 2 to provide a first test of the moderating role of the moral identity.

Method

Participants

Two hundred 45 individuals participated online through Amazon Mechanical Turk (MTurk). MTurk is an online labor market, where "requesters" can post short tasks for "workers" to complete for a small fee. Data collected through MTurk is of comparable quality to data collected through more traditional methods (Buhrmester, Kwang, & Gosling, 2011; Horton, Rand, & Zeckhauser, 2011; Paolacci, Chandler, & Ipeirotis, 2010). Participants were 54% male, and their mean age was 32.6 years old ($SD = 8.7$). Participants were paid $3 for participating and were informed that they would earn a bonus of up to $1 extra if their performance

warranted it. In fact, this bonus was paid to all participants, but we wanted to ensure that participants were taking the choices they made seriously and created a more realistic simulation of an actual managerial decision-making task.

Design and Procedure

We used a between-subjects design and included an experimental manipulation of supervisor ethical leadership. Measures were collected in the following order: (1) Before the participants entered the main part of the study, they completed a measure of moral identity centrality (Aquino & Reed, 2002). (2) Participants then entered the simulation and told that they had recently been promoted to the position of insurance claims manager at the managed care company where they worked. In this new role, they would evaluate the more complex or controversial claims for reimbursement and had the authority to decide whether to approve or deny them. They were informed that they would receive a series of emails which would contain queries about contested claims, and they would have to decide whether to approve or deny each of them. We intentionally chose this context for our study as it offers participants the potential to make decisions that are realistic and have been identified as morally problematic (Chan, 2002; Rimler & Morrison, 1993). The participants then (3) read the experimental manipulation, and (4) responded to a set of four items designed to measure temporally activated moral disengagement as our mediator. We then (5) asked the attention check question and (6) engaged the participants in five decisions that comprise the dependent variable. After the main measures were collected, we (7) included a manipulation check and (8) collected demographics.

The first e-mail participants read was a welcome e-mail from their new supervisor. It contained our ethical leadership manipulation, which we based directly on behaviors Brown and colleagues (2005) identified as central to the ethical leadership construct. The e-mail read as follows:

Dear [insert name],

Congratulations on the new position! As an insurance claims supervisor, you need to do your best to manage client relationships while ensuring our costs are kept under control.

[High ethical leadership] I will measure your performance both by your results and how those results are obtained. I want you to focus on making claims decisions that are fair and balanced. When you are doing so, you need to ask yourself, "What is the right thing to do"? You can always question others, including me, during the course of your work.

It's important to do what's best for the business, but making decisions that violate your values are not worth it. I will discipline employees who violate standards of fair treatment of our clients. We want to ensure the best practices of the insurance industry for our clients. They are just people like us, wanting the best care for themselves and their families.

[Low ethical leadership] I measure your performance by your results. When you are doing processing claims, you need to ask yourself, "What is best for the bottom line"? Frankly, I am not that interested in other people's views. I'm the supervisor, and your job is to follow my orders. You're not here to ask questions.

It's important to do what's best for the business. Bringing in your own values here just complicates things. I can overlook decisions that push the

boundaries as long as they meet our minimum responsibility to clients. We want to ensure our clients receive the most common practices of the insurance industry. They will otherwise try to get away with anything, attempting to squeeze everything they can out of us.

I look forward to working with you in this new capacity.

Best regards,

Preston Manfred, Senior VP, Claims Assessment

At this point in the experiment, we included an attention check designed to eliminate participants who may not have been attending carefully enough to the materials. Immediately after reading this e-mail and paging forward [participants could not go backward in the survey], but before beginning their main task of processing claims, they were asked to recall the name of the supervisor whose e-mail they just read. Participants who were unable to recall the supervisor's name ($N = 45$) were directed to the end of the study and did not complete any of the other measures. We report our results for the 200 participants who passed the attention check and completed the decision-making task that comprised our dependent variable. The London Business School Ethics Review Board approved this research protocol (No. REC322) under the application "Ethical Leadership and Deviance Through Moral Disengagement."

Measures

All response scales ranged from 1 (*strongly disagree*) to 7 (*strongly agree*) unless otherwise noted.

Moral identity centrality. We measured the extent to which moral identity was central to participants' identities using Aquino and Reed's (2002) internalization subscale of their measure of the self-importance of moral identity. Respondents were presented with a set of nine adjectives (e.g., caring, compassionate, fair, honest) and informed that the adjectives represent "some characteristics that might describe a person." Respondents assessed the degree to which they agreed with five statements about the characteristics represented an important part of their identity. A sample item was, "Being someone who has these characteristics is an important part of who I am" ($\alpha = .80$).

Moral disengagement. In this study, we were focused on the causal role of ethical leadership on a specific set of ethical decisions via moral disengagement. As others have both noted and empirically demonstrated (Kish-Gephart et al., 2014; White, Bandura, & Bero, 2009), different situations evoke the use of specific moral disengagement mechanisms rather than all of them equally. In experimental settings, moral disengagement is typically measured with items that reflect the moral disengagement mechanisms most relevant to the experimental context (Gino & Galinsky, 2012; Shu et al., 2011). The expectation in these studies is that the context will shift in-the-moment morally disengaged cognitions, not dispositional moral disengagement. Thus, we focused on measuring aspects of moral disengagement of greatest relevance to our experimental context.

Making the decision to deny health care insurance coverage to patients causes harm to them. As Bandura noted, in organizational (collective) contexts, self-exoneration for harm is often accomplished through displacement and diffusion of responsibility, as well as through disparaging the victims (White et al., 2009). We thus focused on those mechanisms in measuring moral disengagement in this

study. Items were adapted from the Moore et al. (2012) measure (adaptations are italicized, and original wording is in brackets). We used two items to measure displacement and diffusion of responsibility: "People shouldn't be held accountable for doing questionable things when they were just doing what an authority figure told them to do," "People can't be blamed for doing things that are technically wrong when everyone else is [all their friends are] doing it too." Blaming customers for their role in the harm the corporation caused has been a longstanding strategy in industries that directly damage customers' health, such as the lead industry (White et al., 2009). Thus, we also asked questions to measure attribution of blame: "People who don't get what they want [get mistreated] have usually done something to bring it on themselves" and "Sometimes in professional contexts you need to ensure that you are not taken advantage of by individuals who don't deserve it" ($\alpha = .61$).

Unethical decisions. Participants had to make decisions about five cases, each drawn from contemporary news accounts about health care insurance companies that denied customers' reimbursement requests for ethically questionable reasons. One decision, taken directly from the news (Rosenthal, 2014), involves whether to deny coverage for additional services a patient received while under general anesthetic, when he or she was, therefore, without the ability to consent to the extra costs. Another involves a request to reimburse a doctor's charge, when all evidence in advance of incurring the cost suggested the doctor was in the managed care network and thus covered by the policy (Rosenthal, 2014).

We intentionally designed the experiment to reduce demand effects that can unduly influence participants to respond in what they perceive to be socially desirable ways (Zizzo, 2010). Using a design that requires participants to make decisions that include options that are widely acknowledged as morally problematic but are not so clear cut that they are likely to trigger simplistic socially desirable responding allows us to be best able to see how subtle leadership messages affect the choices their subordinates make. Our outcome measure was a count of the number of insurance claims that were denied for morally problematic reasons. This number could range from 0 to 5 ($M = 2.74$, $SD = 1.18$).

Ethical leadership. At the end of the study, as a manipulation check we asked participants to characterize the supervisor who had e-mailed them at the beginning of the simulation by responding to the 10 items on Brown, Treviño, and Harrison's (2005) ethical leadership scale ($\alpha = .97$).

Results and Discussion

We examined the distinctiveness of our measured variables using the same approach as Study 1 (CFA, maximum likelihood, Lisrel 8.8). The measurement model consisted of two factors, moral identity and moral disengagement, because in this study ethical leadership was manipulated and our dependent variable was a count. The measurement model provided good fit to the data: $\chi^2(8) = 19.06$ $p < .01$, (RMSEA $= .080$, CFI $= .97$, SRMR $= .069$). We compared this model with a single factor model, $\chi^2(9) = 96.15$ $p < .01$, (RMSEA $= .220$, CFI $= .78$, SRMR $= .140$), which provided a significantly worse fit to the data, $\Delta\chi^2(1) = 77.09$ $p < .01$, supporting the distinctiveness of our measures.

Participants in the high-ethical leadership condition characterized their supervisor as significantly more ethical ($M = 4.10$, $SD = .58$) than participants in the low-ethical leadership condition ($M = 2.19$, $SD = .77$), $t(177) = 18.78$, $p < .001$, suggesting that our manipulation of ethical leadership was effective.[1]

Consistent with Hypothesis 1, individuals in the high-ethical leadership condition ($M = 3.25$, $SD = .96$) reported significantly lower levels of moral disengagement than participants in the low-ethical leadership condition ($M = 3.54$, $SD = .92$, $t(198) = 2.13$, $p = .034$). In addition, individuals in the high-ethical leadership condition ($M = 2.60$, $SD = 1.21$) were marginally less likely than participants in the low-ethical leadership condition ($M = 2.89$, $SD = 1.13$, $t(198) = 1.78$, $p = .077$) to deny patients' insurance claims.

Hypothesis 4 predicted that the mediated relationship of ethical leadership on insurance claims denials through moral disengagement would be moderated by the subordinate's moral identity, though we had competing predictions about whether this mediated relationship would be strongest for individuals with a weak moral identity (Hypothesis 4a) or a strong moral identity (Hypothesis 4b). We tested these competing hypotheses using Model 8 of the PROCESS macro (Hayes, 2013).[2] Specifically, we tested whether the direct effect of ethical leadership on employee unethical decisions is moderated by moral identity, as well as whether the indirect effect of ethical leadership on employee unethical decisions [via moral disengagement] is moderated by moral identity. We present the results in Table 3. This model also provided a few other results worth noting. Consistent with prior research (Detert et al., 2008; Moore et al., 2012), moral identity centrality protects one from the temptation to morally disengage ($b = -.15$, $SE = .06$, $p = .014$). Consistent with Hypothesis 1, ethical leadership also has a main, negative effect on moral disengagement ($b = -.29$, $SE = .13$, $p = .025$). Consistent with Hypothesis 2, there is a (marginally) positive effect of moral disengagement on insurance claims denials ($b = .17$, $SE = .09$, $p = .053$).

With regard to Hypothesis 4, in the mediator (M) model, ethical leadership affects moral disengagement only for those at low or average levels of moral identity; individuals with a strong moral identity are unaffected by the ethicality of their supervisor. This result (see Figure 2, Panel A) is consistent with Hypothesis 4a, the "saving grace" hypothesis (see Figure 1, Panel B) rather than with Hypothesis 4b (see Figure 1, Panel C). The dependent variable (Y) model confirms that the conditional indirect effect of ethical leadership on unethical decisions (via moral disengagement) holds when moral identification is low or average but not when it is high. Although this finding is supportive of Hypothesis 4, the 95% confidence interval around index of moderated mediation (Hayes, 2013) just straddles zero ($-.003$ to $.138$). Thus, although this study does offer evidence of conditional indirect effects that are significantly different from zero, we cannot offer conclusive evidence of moderated mediation in this case. We can merely infer that two specific paths in the mediation model are moderated (the indirect

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[1] There were fewer degrees of freedom in this analysis compared with the primary analysis as there was some respondent attrition after completing the decision-making part of the task (our outcome variable).

[2] We use Model 8 to test the moderated mediation hypotheses in each of Studies 2 through 4, to provide a clean estimate of moral identity's role in moderating the mediating relationship over and above any direct moderating effect it may have in the relationship between ethical leadership and deviance, because this is what the literature would predict (Mitchell, 2008; O'Fallon & Butterfield, 2011). In none of the models are the conditional direct effects significant, and thus, for simplicity, they are not reported in the tables, but are available upon request from the first author.

Table 3

Study 2: Regression Coefficients and Conditional Indirect Effect Estimates

Independent variables	Moral disengagement (M)						Unethical decisions (Y)					
	Path	Coefficient	SE	LLCI	ULCI	p	Path	Coefficient	SE	LLCI	ULCI	p
Constant		3.39	.07	3.264	3.523	<.001		2.14	.31	1.527	2.768	<.001
Ethical leadership (X)	a	−.29	.13	−.554	−.036	.025	c′	−.24	.17	−.565	.092	.157
Moral identity (W)		−.15	.06	−.269	−.030	.014		.14	.07	−.012	.291	.071
X × W		.21	.12	−.027	−.449	.082		−.17	.15	−.467	.135	.279
Moral disengagement (M)							b	.17	.09	−.003	.350	.053
	$R^2 = .07$						$R^2 = .05$					

Moderator	Conditional effect of X on M					Conditional indirect effect of X on Y via M				
Moral identity										
−1 SD	**−.52**	**.19**	**−.891**	**−.158**	**.005**	**−.09**	**.06**	**−.257**	**−.005**	
M	**−.29**	**.13**	**−.554**	**−.036**	**.026**	**−.05**	**.03**	**−.146**	**−.003**	
+1 SD	−.07	.18	−.433	.286	.686	−.01	.03	−.101	.042	

Note. N = 200; LLCI = Lower limit confident interval; ULCI = Upper limit confident interval. Coefficients are centered in all models. EL is a dummy variable that indicates the experimental condition, where 1 = high-ethical leadership and 0 = low-ethical leadership. For the conditional indirect effects, we report the bias-corrected and accelerated 95% confidence intervals (CIs) calculated using 5,000 bootstrap samples. Conditional effects that are statistically significant at the *p* < .05 level are in bold.

effects for those low or average in terms of their moral identity). This provides some support for Hypothesis 4 and motivates further examination.

Study 3

We conducted Study 2 to provide causal evidence of a link between ethical leadership and employee moral disengagement and to run a first test of whether the mediated relationship between ethical leadership and unethical employee outcomes via moral disengagement would be moderated by moral identity. Though our experimental design was useful in allowing us to make causal claims about the relationship between ethical leadership and moral disengagement, our arguments about our complete theoretical model would be more robust if we could replicate the moderated mediation in the field. In Study 3, we return to the field and attempt to replicate the effects from Study 2 in an organizational context. We also undertook the study in a non-U.S. setting, aiding generalizability implications. Study 3 also has the advantage of collecting data at three points in time, reducing concerns associated with cross-sectional data, and providing additional support for the directional effects we propose.

Method

Participants and Procedure

Respondents were 513 subordinates and their corresponding 513 supervisors (one supervisor rated one subordinate), identified from a workforce of around eight thousand employees from a large manufacturing company group located in a northern city of China. Questionnaires were administered to the random sample of the subordinates and supervisors with help from the HR department. Respondents were informed that the purpose of the survey was to examine human resource practices. Confidentiality was assured. Respondents placed completed surveys in sealed envelopes and returned them to researchers.

Three waves of data collection were conducted over a 10-month period. This procedure was undertaken to help minimize common method bias (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). During Wave 1 (T1), questionnaires were administered to 513 subordinates. Respondents were asked to provide demographic information (e.g., age, gender, position, and tenure) and their perceptions about moral identity and ethical leadership. A total of 375 usable responses were obtained, representing a response rate of 73.1%. Five months later, we conducted Wave 2 (T2) to evaluate moral disengagement. Because eight subordinates left the company between T1 and T2, the potential sample size was reduced to 367. A total of 286 usable surveys were collected, representing a response rate of 77.9%. Five months later, we distributed Wave 3 (T3) questionnaires were distributed to supervisors (who supervised the 286 subordinates), asking them to provide ratings of their subordinates' organizational deviance.[3]

The preceding procedure yielded a total sample of 208 matched manager–subordinate dyads with complete data across all three waves, representing an ultimate response rate of 40.5%. For the 208 subordinates, 59.6% were male, average age was 32.12 years (SD = 7.52), and average organizational tenure was 6.40 years (SD = 4.51). In terms of position, 49.5% were lower level employees, 39.9% were lower level managers, and 11.6% were middle level managers. China Europe International Business School (CEIBS) Ethics Committee approved the use of these data (CEIBS-OBHRM-01282018-1A) under the application "Understanding Ethical Leadership, Moral Values, and Workplace Deviance."

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[3] Unfortunately, we do not know which leaders left the organization over the data collection period, if any. That said, annual bonus structures with considerably high pay outs disincentivize off-cycle turnover at the organization, and thus very few leaders are likely to have changed over the data collection period. Nevertheless, we would expect leader turnover to attenuate our effects, and as such our results may offer overly conservative findings.

Figure 2. How the effect of ethical leadership on moral disengagement is moderated by moral identity centrality, Studies 2 through 4. Panel A: Study 2, experiment (American sample, employed adults, simulated health insurance context). Panel B: Study 3, multisource, time-lagged survey (Chinese sample, manufacturing plant employees). Panel C: Study 4, multisource survey (American sample, employed adults across several industries).

Measures

Unless otherwise indicated, all variables were measured using a five-point Likert-type scale, ranging from 1 (*strongly disagree*) to 5 (*strongly agree*). Because all scales were originally written in English, translation and back-translation was performed to ensure equivalence of meaning (Brislin, 1980). Scales were first translated from English into Chinese by a management professor and then back-translated into English by another professor. Finally, one bilingual management scholar verified and crosschecked the English and Chinese versions of the survey instrument and made modifications to resolve any minor discrepancies.

Ethical leadership. Participants completed the 10-item ethical leadership scale developed by Brown et al. (2005), which was used in Study 1 ($\alpha = .93$).

Moral identity centrality. We measured moral identity centrality using the same five-item measure (Aquino & Reed, 2002) that was used in Study 2 ($\alpha = .87$).

Moral disengagement. In this study, moral disengagement was measured with four items from Bandura, Barbaranelli, Caprara, and Pastorelli's (1996) measure of moral disengagement that tap moral justification.[4] The items were adapted slightly to refer to "colleagues" or "work" where the original items referred to "friends" or "family." A sample item was "It is alright to fight when your work group's honor is threatened" ($\alpha = .82$).

Employee organizational deviance. To measure workplace deviance, we used Stewart, Bing, Davison, Woehr, and McIntyre's (2009) minor adaptations of Bennett and Robinson's (2000) employee deviance scale used in Study 1. The items this scale uses to measure property and production deviance are the same as those Bennett and Robinson used to measure organizational deviance. To make our outcome measure as similar as possible to that of Study 1, we aggregated the eight items from the Stewart measure that are also included in Bennett and Robinson's organizational deviance measure to evaluate organizational deviance ($\alpha = .91$).

Control variables. As in Study 1, we collected data on sex, age, tenure, and level, which are four demographics variables that previous research has shown are associated with workplace deviance.

Results and Discussion

We examined the distinctiveness of the measured variables using the same approach as the prior two studies (CFA, maximum likelihood, Lisrel 8.8). The measurement model consisted of four factors: ethical leadership, moral disengagement, moral identity, and organizational deviance. The measurement model provided good fit to the data, $\chi^2(48) = 44.36$ $p < .01$, (RMSEA = .004, CFI = 1.0, SRMR = .025). We compared this model to a three-factor model where ethical leadership and moral disengagement were combined into the same factor: $\chi^2(51) = 348.18$ $p < .01$, (RMSEA = .168, CFI = .87, SRMR = .160), which provided a significantly worse fit to the data, $\Delta\chi^2(3) = 303.82$ $p < .01$, as did a model that combined independent variables into one factor and dependent variables onto a second factor, $\chi^2(53) = 871.77$ $p < .01$, (RMSEA = .273, CFI = .58, SRMR = .230), $\Delta\chi^2(5) = 827.41$ $p < .01$, and as did a single factor model, $\chi^2(54) = 1047.17$ $p < .01$, (RMSEA = .298, CFI = .45, SRMR = .22), $\Delta\chi^2(6) = 1002.81$ $p < .01$. Because the hypothesized measurement model demonstrated fit superior to comparison models, we were confident that our measures were adequate and distinct.

Table 4 presents the means, standard deviations, and correlations for all key variables, and Table 5 reports the results of the PROCESS models used to test our hypotheses. Consistent with

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[4] The eight-item measure of moral disengagement used in Studies 1 and 4 (Moore et al., 2012) had not been published when these data were collected. Constraints on survey length limited the number of Bandura's (1986) original 32 items that could be included.

Table 4
Study 3: Means, Standard Deviations, and Correlations for Relevant Variables

Variable	M	SD	1	2	3	4	5	6	7	8
1. Sex (male = 1, female = 0)	.59	.49	—							
2. Age	32.12	7.52	$-.27^{**}$	—						
3. Organizational tenure	6.40	4.51	$-.22^{**}$	$.65^{**}$	—					
4. Organizational level	1.61	.67	.03	$.25^{**}$	$.18^{*}$	—				
5. Ethical leadership	3.64	.74	$.16^{*}$	$-.15^{*}$	$-.10$	.01	(.93)			
6. Moral identity	3.93	.79	$-.14^{*}$	.08	$.12^{\dagger}$	.10	.06	(.87)		
7. Moral disengagement	2.72	.88	.08	$-.06$	$-.14^{\dagger}$	.00	$-.30^{**}$	$-.27^{**}$	(.82)	
8. Organizational deviance	1.88	.68	.03	$-.13^{\dagger}$	$-.23^{**}$	.03	$-.20^{**}$	$-.22^{**}$	$.42^{**}$	(.91)

Note. $N = 208$. Rows 1 through 6 are reported by the focal employee at T1, moral disengagement was reported by the focal employee at T2, and organizational deviance was reported by the focal employee's supervisor at T3. Organizational level: 1 = frontline employees, 2 = frontline managers, 3 = middle managers. Alpha reliabilities are on the diagonal in parentheses.
$^{\dagger} p \leq .10.$ $^{*} p \leq .05.$ $^{**} p \leq .01.$

Study 1, we present models without the control variables, though results remain the same whether or not we include them (data are available on request). As predicted in Hypotheses 1 and 2, ethical leadership at T1 has a main negative effect on employees' moral disengagement at T2 ($b = -.31$, $SE = .07$, $p < .001$), and moral disengagement at T2 has a positive main effect on supervisor-reported organizational deviance at T3 ($b = .28$, $SE = .05$, $p < .001$).

Consistent with Study 2, results show that the effect ethical leadership on organizational deviance via moral disengagement is moderated by employees' moral identity, and in this case the 95% confidence interval for the index of moderated mediation excludes zero ($-.178$ to $-.042$), so we can say definitely that the mediating relationship of ethical leadership on deviance through moral disengagement depends on employees' moral identity. However, the pattern of this moderation differs from Study 2. As Table 5 shows, in Study 3, ethical leadership affects moral disengagement only for those at average or high levels of moral identity; individuals with a weak moral identity are unaffected by their supervisor's ethicality. This result (see Figure 2, Panel B) is consistent with Hypothesis 4b, the "virtuous synergy hypothesis" (see Figure 1, Panel C),

rather than with Hypothesis 4a (see Figure 1, Panel B). Table 5 confirms that the conditional indirect effect of ethical leadership on unethical decision making (via moral disengagement) holds when moral identification is average or high, but not low. In this model, the 95% confidence interval surrounding the index of moderated mediation excludes zero ($-.184$ to $-.049$), providing more support for Hypothesis 4b.

Study 4

The results of Studies 2 and 3 suggest that moral identity is an important moderator of the relationship between ethical leadership and morally problematic behaviors via moral disengagement. However, the studies found that ethical leaders influenced moral disengagement for different groups of subordinates. In Study 2, ethical leaders provided a "saving grace," which dampened moral disengagement tendencies for employees low on moral identity but had no influence over those with strong moral identities; whereas in Study 3, ethical leaders catalyzed a "virtuous synergy," which dampened moral disengagement tendencies for employees with

Table 5
Study 3: Regression Coefficients and Conditional Indirect Effect Estimates

Independent variables	Moral disengagement (M)						Organizational deviance (Y)					
	Path	Coefficient	SE	LLCI	ULCI	p	Path	Coefficient	SE	LLCI	ULCI	p
Constant		2.73	.05	2.629	2.85	<.001		1.11	.31	.798	1.41	<.001
Ethical leadership (X)	a	$-.31$	.07	$-.46$	$-.163$	<.001	c'	$-.08$	.06	$-.195$	.044	.214
Moral identity (W)		$-.25$	.07	$-.39$	$-.113$	<.001		$-.11$	.06	$-.217$	.006	.063
X × W		$-.36$	.10	$-.56$	$-.167$	<.001		.00	.08	$-.467$	.135	.976
Moral disengagement (M)							b	.28	.05	.174	.391	<.001
	$R^2 = .21$						$R^2 = .20$					

Moderator	Conditional effect of X on M						Conditional indirect effect of X on Y via M			
Moral identity										
$-1\ SD$		$-.02$	.11	$-.248$	.201	.835		$-.07$	.03	$-.066$	.056
M		**$-.31$**	**.07**	**$-.456$**	**$-.163$**	**.000**		**$-.08$**	**.03**	**$-.151$**	**$-.044$**
$+1\ SD$		**$-.60$**	**.10**	**$-.797$**	**.395**	**.000**		**$-.17$**	**.04**	**$-.269$**	**$-.095$**

Note. $N = 208$; LLCI = Lower limit confidence interval; ULCI = Upper limit confidence interval. Coefficients are centered in all models. For the conditional indirect effects, we report the bias–corrected and accelerated 95% confidence intervals (CIs) calculated using 5,000 bootstrap samples. Conditional effects that are statistically significant at the $p < .05$ level are in bold.

strong moral identities but had no influence over employees with weak moral identities.

There are several differences between Studies 2 and 3 that could explain these different patterns. First, the studies used different empirical paradigms: Study 2 used an experimental design, whereas Study 3 was a multiwave and multisource field survey. Second, one of the implications of these different paradigms is that the studies operationalized the key independent variable differently: Ethical leadership was manipulated in Study 2 and measured in Study 3. Though designed to reflect an absence of the behaviors described in definitions of ethical leadership, the low-ethical leadership condition in Study 2 may have reflected unethical leadership instead of low levels of ethical leadership. Third, the studies operationalized the key dependent variable differently: Study 2 used the number of times the participant denied patients insurance coverage for technically allowable but morally problematic reasons (a measure of unethical decision making), whereas Study 3 used supervisor-reported employee deviance. Fourth, the studies used different organizational contexts: a simulation of a health care insurance company in Study 2 and a Chinese manufacturing firm in Study 3. Finally, the studies were conducted in different cultural contexts: Study 2 uses a U.S.-based sample, whereas Study 3 uses a Chinese sample.

We designed a fourth study—a second field study in the United States—in an effort to rule out some of these alternative explanations while providing a better understanding of why the pattern of the moderation differed across the two studies. We designed the field study to mimic several aspects of Study 3, measuring ethical leadership and employee deviance in the same way, but by using a U.S.-sample of participants from a broad array of organizations. If this study finds a "saving grace" pattern to the moderation (similar to Study 2), we could rule out (1) the experimental paradigm, different operationalizations of the (2) independent and (3) outcome variables, and (4) the use of the insurance industry as the organizational context as reasons for the different patterns of the moderation observed in Studies 2 and 3. Indeed, finding this pattern of results would suggest that the different pattern might be a function of the cultural context (China vs. United States) or that it might be attributable to something idiosyncratic about the specific organization that provided the setting for Study 3. If, however, this study finds a pattern of the moderation reflecting a "virtuous synergy" (similar to Study 3), we could rule out the cultural context (China vs. the United States) or something unique to the organization sampled in Study 3 as the reasons for the different pattern. This pattern of results would suggest instead that the pattern of the moderation is more likely a function of the experimental paradigm or measures used in Study 2.

Method

Participants and Procedure

The procedure of this study followed the snowball sampling procedure used in Study 1. A total of 322 students volunteered to take part in a study using a snowball sampling procedure; they received extra credit for their involvement. Each student was given a packet that included an instruction sheet for a focal employee and for a coworker of that employee. The student then returned to the

researchers the personal e-mail address of these two employees, who received an individual link via their personal e-mail address to the appropriate version of the survey. We had data available for all relevant measures for 272 focal employees (an 84% response rate) and were able to match 175 employee-co-worker dyads on all the relevant measures.

Of the 272 focal employees who completed the survey, 41% were male, and 89% were full-time employees (11% worked part time). Their average age was 43.2 years ($SD = 13.2$). They represented several industries, including health care and social assistance (15%), manufacturing (14%), education (13%), professional services (12%), finance (10%), real estate (6%), and retail trade (3%). Eleven percent had an organizational tenure of less than 1 year, 36% had an organizational tenure between 1 and 5 years, 17% had an organizational tenure between 6 and 10 years, and 36% had an organizational tenure of 11 or more years. Two thirds (67%) were in management positions (33% were in nonmanagerial roles). Eighty-one percent of the respondents were White, 2% Hispanic or Latino/a, 2% African American, 13% Asian American, and 2% indicated "other."

Of the 175 coworkers we were able to match back to employee responses, 41% were male, and 91% were full-time employees (9% worked part-time). Their average age was 42.0 years ($SD = 12.3$). Eleven percent had an organizational tenure of less than 1 year, 40% had an organizational tenure between 1 and 5 years organizational tenure, 18% had an organizational tenure between 6 and 10 years, and 31% had an organizational tenure of 11 or more years. Seventy-five percent of the respondents were White, 7% Hispanic or Latino/a, 3% African American, 12% Asian American, and 2% indicated "other."

The University of Michigan's Institutional Review Board approved this research protocol (HUM00107807), under the application "Field Survey–MO 300/302." These data are part of a broader data collection effort; this study is the first publication from that effort.

Measures

All response scales ranged from 1 (*strongly disagree*) to 7 (*strongly agree*) unless otherwise noted.

Ethical leadership. Focal employees reported their perceptions of their supervisor's ethical leadership using same the 10-item ethical leadership scale (Brown et al., 2005) as all other studies ($\alpha = .94$).

Moral disengagement. Focal employees reported moral disengagement using same the eight-item measure (Moore et al., 2012) as used in Study 1 ($\alpha = .89$).

Moral identity centrality. Focal employees reported their moral identity centrality using the same five-item measure (Aquino & Reed, 2002) as used Studies 2 and 3 ($\alpha = .88$).

Organizational deviance. Coworkers reported the focal employee's organizational deviance using the 12-item measure (Bennett & Robinson, 2000) as used in Study 1, ($\alpha = .94$).

Employee unethical behavior. Coworkers also reported on the focal employee's unethical behavior, using the 17-item measure (Akaah, 1996) as used in Study 1 ($\alpha = .92$).

Control variables. As in Studies 1 and 3, we collected information about employee's sex, age, tenure, and level to use as control variables.

Results and Discussion

As with the prior studies, we examined the distinctiveness of the measured variables via CFA (maximum likelihood, Lisrel 8.8, balanced parcels). The measurement model consisted of five factors: ethical leadership, moral disengagement, moral identity, organizational deviance, and unethical behavior, $\chi^2(80) = 122.58\ p < .01$, (RMSEA = .055, CFI = .98, SRMR = .050). We compared this model to a four-factor model where deviance and unethical behaviors were combined: $\chi^2(84) = 201.18\ p < .01$, RMSEA = .090, CFI = .96, SRMR = .053, which provided a significantly worse fit to the data, $\Delta\chi^2(4) = 78.60\ p < .01$, as did a two-factor model that combined IVs into one factor and DVs onto a second factor, $\chi^2(89) = 966.69\ p < .01$, (RMSEA = .238, CFI = .72, SRMR = .180), $\Delta\chi^2(9) = 844.11\ p < .01$, as did a single factor model, $\chi^2(90) = 2179.00\ p < .01$, (RMSEA = .365, CFI = .40, SRMR = .30), $\Delta\chi^2(10) = 2056.42\ p < .01$. Because the hypothesized measurement model demonstrated a superior fit to the data than all comparison models, we were confident that our measures were adequate and distinct from one another.

Table 6 presents the means, standard deviations, and correlations among the study variables; Table 7 presents the results of the regression models designed to test our predicted moderated mediation. Consistent with Studies 1 and 3, we present models without the control variables, though results remain the same whether or not we include them (data available on request). Consistent with all the other studies, ethical leadership was negatively related to employees' moral disengagement ($b = -.10$, $SE = .06$, $p = .088$). Moral disengagement was in turn positively related to coworker reported organizational deviance ($b = .11$, $SE = .05$, $p = .033$) as well as coworker reported unethical behavior ($b = .15$, $SE = .06$, $p = .009$).

In this study, the pattern of the moderation matched Study 2 rather than Study 3: Ethical leadership is related to moral disengagement only for those at low levels of moral identity rather than for individuals with a strong moral identity. In addition, as in Study 3, the 95% confidence interval for the index of moderated mediation excludes zero for both outcome variables (.004 to .101 for organizational deviance and .003 to .110 for unethical behavior), providing definitive evidence that the mediating relationship of ethical leadership on deviance and unethical behavior through

moral disengagement depends on employees' moral identity. This result (see Figure 2, Panel C) is consistent with Hypothesis 4a (see Figure 1, Panel B) and Study 2—the "saving grace" hypothesis—rather with Hypothesis 4b (see Figure 1, Panel C) and Study 3—the "virtuous synergy" hypothesis. Table 7 confirms that the conditional indirect effect of ethical leadership on coworker reported organizational deviance (via moral disengagement) holds when moral identification is low, but not high. The same pattern was observed for coworker reported unethical behavior (via moral disengagement): the relationship was present when moral identification is low but not when it was high.

This pattern of results helps rule out several explanations for the different pattern of the moderation observed in Studies 2 and 3. First, replicating the same pattern of results across experimental and field studies reduces concerns that features of the experiment created an artificial effect. Specific features of concern were (1) the empirical paradigm used (a scenario with a fictitious boss and no long-term job implications for performing poorly on the task or for actually harming others with one's decisions), (2) the independent variable (the experiment potentially tapped a different range of ethical leadership than the other studies, with the manipulation creating a condition that represented unethical leadership rather than low levels of ethical leadership), (3) the dependent variable (operationalizing as a count of specific decisions compared to more general deviant behaviors), and (4) the organizational context used in Study 2 (an insurance company and role of claims adjuster vs. a variety of industries and job roles). Instead, the pattern of the results did not replicate the Chinese field study. This implies that something to do with the cultural context or a unique feature of the organization likely explains why we found a different pattern of the moderation across Studies 2 and 3. We explore this in greater detail in the General Discussion.

General Discussion

Three primary findings emerge from these four studies. First, we consistently find a negative relationship between ethical leadership and employee moral disengagement. This supports our primary hypothesis: leader behavior is associated with how employees construe decisions with ethical import. Our manipulation of ethical leadership and its resulting effects provide confidence that ethical

Table 6
Study 4: Means, Standard Deviations, and Correlations for Relevant Variables

Variable	M	SD	1	2	3	4	5	6	7	8	9
1. Sex (male = 1, female = 0)	.36	.48									
2. Age	42.70	12.72	.04								
3. Organizational tenure	3.15	1.72	.05	.48**							
4. Organizational level	4.63	1.28	−.38**	−.26**	−.11						
5. Ethical leadership	5.87	.82	.08	−.03	.00	−.06	(.94)				
6. Moral identity	6.41	.69	−.12	.01	.03	.06	.24**	(.88)			
7. Moral disengagement	1.61	.75	−.17*	−.11	−.05	−.05	−.25**	−.52**	(.89)		
8. Coworker-reported organizational deviance	1.20	.42	−.08	−.04	.01	.16*	−.08	.00	.14†	(.94)	
9. Coworker-reported unethical behavior	1.34	.46	−.15†	−.07	.00	.10	−.02	−.02	.17*	.80**	(.92)

Note. N = 165–175 (10 individuals did not complete certain demographic characteristics). Tenure (1 = less than 1 year, 2 = 1–5 years, 3 = 6–10 years, 4 = 11–15 years, 5 = 16–20 years, 6 = 21–25 years, 7 = 25+ years) and level (1 = CEO/owner, 2 = top management team, 3 = vice–president, 4 = middle management, 5 = supervising employee, 6 = low ranking employee) were measured categorically. Alpha reliabilities are on the diagonal in parentheses.
† $p \le .10$. * $p \le .05$. ** $p \le .01$.

Table 7
Study 4: Regression Coefficients and Conditional Indirect Effect Estimates

Independent variables		Moral disengagement (M)						Coworker reported organizational deviance (Y)					Coworker reported unethical behavior (Y)				
	Path	Coefficient	SE	LLCI	ULCI	p	Path	Coefficient	SE	LLCI	ULCI	p	Coefficient	SE	LLCI	ULCI	p
Constant		1.57	.04	1.481	1.666	<.001		1.02	.09	.844	1.193	<.001	1.06	.10	.913	1.299	<.001
Ethical leadership (X)	a	−.10	.06	−.216	.015	.088	c'	−.03	.04	−.114	.046	.399	.01	.04	−.081	.095	.872
Moral identity (W)		−.45	.07	−.590	−.307	<.001		.06	.05	−.043	.172	.235	.05	.06	−.067	.170	.393
X × W		.29	.07	.150	.427	<.001		−.03	.05	−.131	.068	.534	−.06	.06	−.167	.053	.310
Moral disengagement (M)							b	.11	.05	.009	.216	.033	.15	.06	.038	.266	.009
		$R^2 = .35$						$R^2 = .03$					$R^2 = .04$				

Moderator	Conditional effect of X on M					Conditional indirect effect of X on Y via M								
Moral identity														
−1 SD	**−.30**	**.07**	**−.446**	**−.155**	**<.001**	**−.03**	**.02**	**−.101**	**−.005**	**−.05**	**.02**	**−.108**	**−.006**
M	−.10	.06	−.216	.015	.088	**−.01**	**.01**	**−.039**	**−.000**	−.01	.01	−.041	.001
+1 SD	.07	.07	−.075	.215	.341	.01	.01	−.005	.041	.01	.01	−.008	.051

Note. N = 175; LLCI = Lower limit confident interval; ULCI = Upper limit confident interval. Coefficients are centered in all models. For the conditional indirect effects, we report the bias-corrected and accelerated 95% confidence intervals (CIs) calculated using 5,000 bootstrap samples. Conditional effects that are statistically significant at the $p < .05$ level are in bold.

leadership has a direct causal influence over employee moral disengagement. In addition, this finding was consistent in both American and Chinese work contexts, suggesting the effect is not culturally bound. Second, we also found evidence across all four studies that moral disengagement functions as a mechanism to explain the relationship between ethical leadership and employee unethical decisions and behaviors. Again, this result was consistent across time- and respondent-separated field studies and an experiment, in American and Chinese organizations, and using different measures of our primary constructs, providing important assurance of the generalizability of our findings and bolstering our confidence that moral disengagement as an important, unique, and robust mechanism to explain ethical leaders' positive effects within their organizations.

Finally, we found persistent evidence that the centrality of an employee's moral identity plays a key role in the relationship between ethical leadership and employee unethical decisions and behavior (through moral disengagement). However, the nature of this moderated relationship varied across studies. In the experiment (Study 2) and the U.S. field study (Study 4), the form of the interaction supported the idea that ethical leadership has a "saving grace" effect, wherein ethical leaders dampen the propensity of individuals with a weak moral identity to morally disengage. In the Chinese manufacturing organization (Study 3), this interaction took the form of a "virtuous synergy," wherein ethical leaders have the strongest effect on individuals with a strong moral identity, dampening their propensity to morally disengage specifically.

These studies make three important contributions, despite somewhat conflicting results. First, they lend empirical support to the idea that ethical leadership is related to how employees construe decisions with moral import. Second, through this cognitive mechanism, ethical leaders can limit their employees' unethical decisions and deviant behavior. Third, an employee's moral identity influences the mediated relationship between ethical leadership on employee deviance and unethical behavior through moral disengagement. However, the nature of this relationship is complex, with ethical leaders sometimes providing a saving grace for employees low in moral identity or sometimes a virtuous synergy for

employees high in moral identity. The findings suggest that the pattern that occurs depends less on methodology (lab vs. field, or the operationalization of independent and dependent measures) and more on context (whether cultural or organizational). Below we elaborate on the opportunities for theorizing these divergent results provide.

Theoretical Implications

Implications for ethical leadership theory. Our primary contribution rests in testing a novel cognitive mechanism to explain the relationship between ethical leadership and employee behavior. Although a growing body of work enumerates the consequences of ethical leaders, researchers have historically devoted less effort toward identifying the various pathways through which these effects may emerge (Brown & Treviño, 2006). Moreover, many of the mechanisms that have been tested to date are actually captured by the independent variable itself (Antonakis, 2017), raising concerns about circular theorizing. Showing that ethical leaders can affect how their subordinate construe decisions with moral import represents an important extension of ethical leadership theory, and it offers a more distal mechanism from those previously described in the literature.

In addition, as work on ethical leadership rapidly advances, it is critical to examine boundary conditions of its effects on employee cognition and behavior. Our findings highlight moral identity as a critical individual difference moderator of ethical leadership's effects, but the different pattern of results we found across the studies suggests that the way this individual difference interacts with ethical leadership likely differs across contexts, highlighting the need for continued research on boundary conditions of the relationship between ethical leadership and employee cognition and conduct.

We also note, as have others (Brown & Mitchell, 2010), that the relationship between ethical and unethical leadership requires further theoretical and empirical clarification. We primarily explored the role of ethical (rather than unethical) leadership in mitigating employee unethical behavior and deviance via moral disengage-

ment, and we consistently find that higher levels of ethical leadership are associated with lower levels of misbehavior via lower levels of moral disengagement. However, whether someone who scores very low on a measure of ethical leadership is the same thing as an unethical leader remains a somewhat open question. One could argue that our manipulation of low-ethical leadership in Study 2 actually represented a manipulation of unethical leadership, and the fact that we replicated the findings of Study 2 in Study 4 using a traditional measure of ethical leadership provides some indication that low levels of ethical leadership may actually slide into the unethical realm.[5]

Implications for understanding moral disengagement. Moral disengagement has emerged as one of the strongest predictors of deviant and unethical workplace behavior (Claybourn, 2011; Moore et al., 2012; White et al., 2009). However, whether aspects of our organizational context can mitigate or exacerbate this key individual-level factor has remained a largely open question. We find that moral disengagement is at least partly determined by others in their work environment—namely, their leaders. Consistent with social–cognitive perspectives on individual differences as "dynamic dispositions" (Bandura, 1999b), we found convergent evidence across four studies that ethical leadership is related to the extent to which their employees morally disengage with detrimental behavioral consequences. This work falls in the emerging literature highlighting how moral disengagement can be influenced by one's context and is not solely a stable trait (Barsky, 2011; Martin et al., 2014).

Implications for moral identity theory. Our exploration of the complex ways in which moral identity moderates the mediating relationship between ethical leadership and employee deviance through moral disengagement is also important because it specifies the boundary conditions of ethical leadership (i.e., when it is more or less important as a determinant of employees' thoughts and behavior). Our examination suggests a somewhat complex picture about the ways in which moral identity interacts with leadership to affect moral disengagement, and in turn workplace deviance.

Saving grace or virtuous synergy? We found evidence that ethical leaders provide a "saving grace" for individuals who are low in moral identity in two studies that used different paradigm and different measures of the key independent (ethical leadership) and dependent (employee deviance and unethical decision making) variables. Thus, we cannot attribute the difference in the patterns to these reasons. We found evidence that ethical leaders provide a "virtuous synergy" for individuals high in moral identity in Study 3, which was conducted in China rather than in the United States. By process of elimination, the national context or something unique to the organization sample in China are the most likely explanations for the difference in the results.

There is some evidence that ethical leadership may function and be perceived differently in the United States and China. A qualitative study that explored employees' perspectives on ethical and unethical leadership in both the United States and China found that themes tapping leadership accountability dominated in the United States compared with China, whereas themes tapping social relationships and responsibility toward others dominated in China compared with the United States (Resick et al., 2011). Accountability is often about holding people responsible for missteps; thus, it might make sense that ethical leaders in the United States provide a "saving grace" for those more likely to veer from an

upright path. Conversely, the relational themes dominant in China might make highly ethical leaders particularly inspirational, creating the "virtuous synergy" we see in Study 3.

Prior research has also identified significant differences between the United States and China in terms of the extent to which one accepts that power in institutions and organizations is distributed unequally (Hofstede, 2001). This cultural value, known as *power distance*, is posited to have "a more theoretically direct relationship to leadership reactions than other cultural values" (Kirkman, Chen, Farh, Chen, & Lowe, 2009, p. 745) and has been found to affect leaders' influence on employee moral judgment (Ho & Lin, 2016). Subordinates in high power-distance cultures are more submissive to those with power over them, following their leads. Resisting the negative influence of a less ethical leader is likely easier in low power-distance cultures, which might explain why individuals in China show consistently high levels of moral disengagement when they have less ethical leaders, regardless of the strength of their moral identity.

Nevertheless, these ideas are speculative and caution is warranted, as the different pattern of the moderation in Study 3 could also be simply an artifact of the specific company or sample it used. We did not measure and thus cannot tell the extent to which the company's ethical climate (Mayer et al., 2010) or its history of leader–employee relations may have affected results. Accordingly, more research is needed in both country contexts before firm conclusions can be drawn regarding the specific role of moral identity in the relationship between ethical leadership and moral disengagement. Nevertheless, the central role of ethical leadership in shaping deviance via moral disengagement, and the critical role of moral identity in this process, is clear.

Practical Implications

Our research has several practical managerial implications. Our findings demonstrate that ethical leadership has a measurable impact on the way employees construe decisions with moral import. When supervisors exhibit ethical leadership, employees are more likely to have lower levels of moral disengagement and avoid engaging in deviant behavior. Thus, supervisors can play a critical role in reducing their employees' misconduct through the way they influence how they construe moral choices and activate their self-regulatory processes. Since leaders play such significant roles in organizations, practices that facilitate ethical leadership can help to mitigate deviant behavior throughout the organization (Mayer et al., 2009).

Our results also suggest that although attraction and selection processes may be useful for bringing ethical people into organizations (particularly those with strong moral identities), the context employees enter into (particularly that set by their supervisors) also influences their level of moral disengagement and ultimately their misconduct. Thus, hiring managers must be astutely aware that selection is important and virtuous cycles are possible but that it is critical to have the right leadership to encourage appropriate behavior.

Finally, our research suggests that leaders can influence their employees' propensities to morally disengage. Efforts aimed at bolstering employee moral engagement may help break the dele-

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[5] We thank our anonymous reviewers for pointing this out.

terious cycle of less ethical leaders and organization-wide deviant behaviors. It is not simply that bad people do bad things. Rather, the organizational environment and the social relationships embedded therein impact workers' moral disengagement and misconduct.

Strengths, Limitations, and Future Directions

Our research has a number of strengths that deserve mention. We provide consistent evidence across diverse settings that ethical leaders matter in employees' moral cognitions. In particular, our ability to replicate the lab findings in our U.S.-based field study provide evidence that the saving grace effect was not a mere artifact of the experimental design, measurement, artificially contrived setting, lack of relationship history between leader and employee, something unique to the insurance industry or task, the presence of performance incentives or personal outcomes, or other differences between the experimental and field designs. Replication is critical to the advancement of social science but remains underused in organizational research (Tsang & Kwan, 1999). We offer an example of full cycle organizational research; that is, research that uses diverse methodologies, "beginning with the observation of naturally occurring phenomena and then taking steps to establish the power, generality, and conceptual underpinnings of the phenomenon of interest" (Chatman & Flynn, 2005, p. 435).

Of course, our research also has limitations. We should be clear that we are making an argument about the role that leadership plays in affecting their subordinates' propensities to morally disengage, and we demonstrate leaders' influence over this form of moral construal in four studies. Our data do not allow us to speak to the micropsychological mechanisms through which leaders trigger moral disengagement or to explore how the process of moral disengagement unfolds in real time. We remain largely in the dark about how the process of moral disengagement unfolds at a microlevel, and this remains an important research question (Reynolds, Dang, Yam, & Leavitt, 2014). What is clearer—and what our research is designed to address—is that organizational leaders affect employees' tendencies to morally disengage, which influences later deviant behavior and unethical choices.

It is important to note that the studies used different operationalizations of moral disengagement: Studies 1 and 4 measured moral disengagement using Moore and colleagues' (2012) measure, Study 2 used four items from that measure adapted to the experimental context, and Study 3 used four items adapted from Bandura and colleagues' (1996) measure. Though research on moral disengagement has amped up in recent years (Moore, 2015), there remain several different measures of the construct in frequent use (e.g., Bandura et al., 1996; Detert et al., 2008; Moore et al., 2012). It is also common to develop measures of moral disengagement that are unique to a study's context (e.g., Hodge & Lonsdale, 2011; Rogers, 2001; Shu et al., 2011). This raises reasonable concerns that studies that claim to be measuring moral disengagement may not be studying the same thing. As a multifaceted construct that is context-dependent (Bandura, 1991, 1999a), multiple operationalizations will remain a reality in moral disengagement research. It also points to the usefulness of meta-analytic techniques to determine the extent to which the several hundred

empirical studies now published on moral disengagement are measuring similar constructs, an area ripe for future research.

In addition, although we used differences in the pattern of the moderation effects in Studies 2 and 3 to theorize about how moral identity may differentially interact with leadership to affect moral disengagement and misconduct, we did not design these studies to test cultural context as a key explanatory factor, and thus our theorizing here is post hoc. Study 4 helps to rule out several alternative explanations, but a definitive answer to the question of how moral identity will moderate the relationship between ethical leadership and moral disengagement remains at least partially open. What we can conclude is that the role of moral identity is closely tied to both moral disengagement and to the contextual force that leadership provides. Accordingly, we believe our thoughts provide an interesting avenue for future theory-building and empirical research on the varied ways in which moral identity moderates many important antecedents of both positive and negative organizational behaviors (Aquino & Freeman, 2009; Jennings et al., 2014). For us to better understand the ultimate effects of ethical leaders on their subordinates, it clearly behooves us to take the strength of their moral identities into account.

Conclusions

One of the most common responses to the discovery of corporate misconduct is to replace the CEO (Arthaud-Day, Certo, Dalton, & Dalton, 2006). Part of what motivates this strategy is the belief that removing the leader who oversaw or authorized the misconduct will allow the organization to reestablish a more optimal moral equilibrium. However, our research points to one of the reasons why "cleaning house" of morally compromised leaders after scandals may be less effective than we might expect. The fact that leadership affects the extent to which subordinates morally disengage means that their influence may be more profound and nefarious than one might conclude given earlier understandings of the mechanisms through which ethical leadership elicits its outcomes. One can eliminate perverse incentives and remove poor role models, but once a leader shifts how subordinates cognitively construe decisions with ethical import, their continuing influence on employee misconduct may be harder to undo.

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