DOI: 10.1002/hrm.22060

ORIGINAL ARTICLE

WILEY

# Do leaders condone unethical pro-organizational employee behaviors? The complex interplay between leader organizational identification and moral disengagement

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**Funding information**
National Natural Science Foundation of China, Grant/Award Numbers: 71632005, 71702105, 71872109

## Abstract

Considering recent corporate scandals, organizations have increased their efforts to curb unethical employee behavior. However, little is known about whether leaders comply with these efforts and how they respond to unethical employee behavior, especially when unethical actions benefit the organization. By integrating arguments from social identity and moral disengagement theories, we develop and test a model to explain how leaders respond to unethical pro-organizational behavior (UPB) among employees. Results from one multi-wave, multi-source field study and one experiment showed that leader perceptions of employee UPB were positively related to leader trust in employees when leaders identified strongly with their organization or when they had a strong propensity to morally disengage. Moreover, the results revealed an important three-way interaction effect. Leaders put considerable trust into UPB-enacting employees when leaders both identified strongly with the organization and showed high levels of moral disengagement. In contrast, they put little trust into UPB-enacting employees when leaders identified weakly with the organization and reported low moral disengagement. Furthermore, results showed that leader trust ultimately translated into perceived leader justice toward employees. These findings provide new and important insights into when organizations can(not) rely on their leaders to manage unethical employee behaviors.

**KEYWORDS**
justice, leadership, moral disengagement, moral disengagement theory, organizational identification, social identity theory, unethical pro-organizational behavior

## 1 | INTRODUCTION

Unethical employee behavior has become a key topic in management and organizational research. High-profile corporate scandals, such as Enron's auditing fraud, recent bribery cases at Samsung and Siemens, and the sale of tainted vaccines by CBC, have attracted considerable attention from researchers, practitioners, and the public (Arnaud & Schminke, 2012; McGurn, 2017). In addition to eroding trust in businesses and jeopardizing public health, such unethical actions incur enormous costs (Flandez, 2008). For example, corporate fraud among

American firms results in an annual loss of more than 180 billion U.S. dollars (Dyck, Morse, & Zingales, 2014); the cost of employee theft is estimated at 40 billion U.S. dollars per year (U.S. Chamber of Commerce, 2013).

Unethical employee behavior is often conceptualized as engagement in behaviors that serve one's own interests and/or harm the organization (Kish-Gephart, Harrison, & Treviño, 2010). However, recent studies have identified a second form of unethical conduct that comprises unethical behaviors that serve the interests of the organization (Umphress, Bingham, & Mitchell, 2010). Although this form of *unethical pro-organizational behavior* (UPB) is rather common, our understanding of these actions is still at a nascent stage. A prominent example is the recent Volkswagen scandal, in which employees manipulated emission tests to support the firm's viability (Boston & Bernhard, 2017). Other examples include employee attempts to tamper with university rankings or the disposal of problematic materials to avoid damage to the organization's reputation (Gee, 2018).

Given employee UPB's importance, scholars have devoted considerable attention toward understanding its causes (e.g., Chen, Chen, & Sheldon, 2016; Lee, Schwarz, Newman, & Legood, 2019; Thau, Derfler-Rozin, Pitesa, Mitchell, & Pillutla, 2015). However, they have paid far less attention to understanding how others, including leaders, respond to UPB (for an exception, see Fehr et al., 2019). This is an important shortcoming as organizations are essentially social entities in which the behaviors of one person elicit responses from others (Blau, 1964). Moreover, organizations seek to constrain unethical conduct and, in doing so, rely on their leaders to limit and control such behavior (Chemers, 2001; Tzini & Jain, 2018). Leaders are the crucial point of contact between organizations and their employees, and rewarding and sanctioning employees for their actions is a core leadership function (Ashforth & Anand, 2003). While some scholars have argued that leaders may penalize employees for these behaviors given their unethical nature (Freeman, Wicks, & Parmar, 2011), others have suggested that leaders may condone or even reward UPB given that these behaviors benefit the organization, at least in the short term (e.g., Hoyt, Price, & Poatsy, 2013; Sundaram & Inkpen, 2004).

Against this backdrop, the purpose of this study is to extend UPB theory by describing and testing a model that specifies how leaders respond to employee UPB. Specifically, while the positive (pro-organizational) and negative (unethical) aspects of UPB may *generally* balance each other out in how leaders respond to UPB, we develop a model that proposes that employee UPB can elicit favorable *or* unfavorable responses from leaders. The difference depends on two contingencies: (a) the extent to which leaders identify with the organization (Ashforth & Mael, 1989) and (b) leaders' propensity to morally disengage (Bandura, 1999). Specifically, we contend that perceptions of employee UPB will have a positive relationship with leader trust in an employee for leaders who identify strongly (rather than weakly) with their organization. However, when leader identification with the organization is low, employee UPB may instead undermine leader trust. Relatedly, perceptions of employee UPB should have a more positive impact on leader trust for leaders who have a strong (rather than weak) propensity to morally disengage, but may reduce leader trust if they have a weak tendency to morally disengage. Importantly, we expect that the effects of leader organizational identification and moral disengagement do not emerge independently. Rather, we predict a three-way interaction, such that the association between employee UPB and leader trust in employees is particularly strong when leader organizational identification and moral disengagement are *both* high. In contrast, leader trust in employees who are perceived to engage in unethical pro-organizational deeds should be particularly low among leaders with low organizational identification *and* a weak propensity to morally disengage.

Finally, our model suggests that employee UPB also elicits behavioral responses from leaders in the form of leader justice toward employees. Leader justice describes the extent to which they grant or withhold favorable outcomes (e.g., bonuses, promotions, and interesting tasks) and interpersonal treatment (e.g., sharing information and showing respect) (Colquitt, 2001). It is, thus, a primary way for leaders to influence employee behaviors (Scott, Garza, Conlon, & Kim, 2014). Hence, examining the link between perceived employee UPB and leader justice is important because it helps organizations understand *whether* and *when* leaders actively respond to and manage perceived employee UPB. Moreover, establishing leader organizational identification and moral disengagement as central boundary conditions suggests that measures targeted at these concepts in leadership selection and training can help organizations encourage their leaders to take a more disapproving stance vis-à-vis employees' unethical conduct. The theoretical model is shown in Figure 1.

The present study contributes to the organizational literature in three important ways. First, it complements extant theory and research by shedding light on the *consequences of UPB* and, particularly, on leader responses to these acts. It thus contributes to a new perspective to UPB research. Second, our model offers deeper insights into the important dynamics between leaders and employees regarding unethical conduct. Several studies have demonstrated that leader behaviors can foster or hamper unethical employee behavior (Greenbaum, Hill, Mawritz, & Quade, 2017; Tzini & Jain, 2018). However, as noted above, we know little about the additional component of leader involvement in the dynamics of employee ethics—that is, whether they condone employee unethical actions.

Third, this study contributes to a more comprehensive understanding of another key element of organizational life—organizational identification and its effects on (un)ethical conduct. While some studies have emphasized the positive effects of organizational identification, such as increased helping and extra-role efforts (e.g., Zhang, Kwan, Everett, & Jian, 2012), others have focused on its darker side like its links to immoral deeds for the organization (e.g., Chen et al., 2016). However, few studies have examined whether and when these differential effects may occur. The present study specifies an important boundary condition and suggests that it is not organizational identification per se that drives positive/negative actions, but the interaction between individuals' identification and their moral stance.

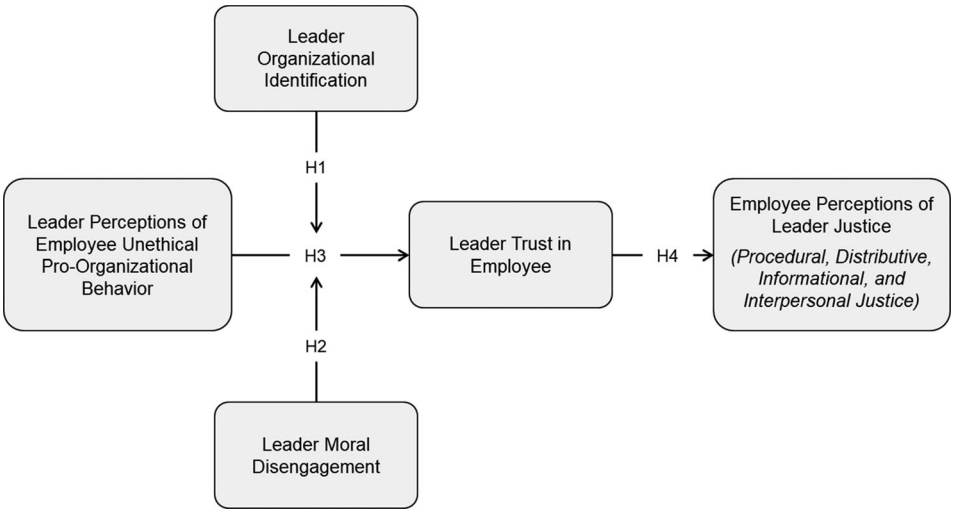


**FIGURE 1** Theoretical model of leader responses to perceived employee unethical pro-organizational behavior (UPB)

## 2 | THEORY AND HYPOTHESES

### 2.1 | Leader perceptions of employee UPB and trust

UPB has been defined as "actions that are intended to promote the effective functioning of the organization or its members (e.g., leaders) and violate core social values, norms, or standards of proper conduct" (Umphress & Bingham, 2011, p. 622). They hold a special place among behaviors studied in organizational research, which tend to be either positive or negative in nature (e.g., task performance, organizational citizenship behavior, workplace deviance, and social undermining) (Lee & Allen, 2002). In contrast, UPB is inherently ambiguous because it combines two contradictory facets. On the one hand, it is pro-organizational, as these behaviors are intended to benefit the organization. This is true at least in the short term. In the long term, however, UPB can have significant negative consequences, such as reputational damages or costs related to fines, as shown in the Volkswagen scandal (Boston & Bernhard, 2017). On the other hand, UPB is also unethical because it violates prevailing moral and social norms (Umphress et al., 2010). This ambiguity not only differentiates UPB from other employee behaviors but presents organizations and their members with a critical challenge—how can a leader deal with employee behaviors that are simultaneously beneficial and harmful? This, we suggest, is a critical question for leaders, as organizations routinely expect leaders to respond to and influence employee actions. In line with this view, a recent study by Fehr et al. (2019) showed that employee UPB influenced leader evaluations of employee performance and that these effects depended on leader beliefs about whether performance ratings should be "decoupled" from moral considerations. In the present study, we extend these insights by showing that leader responses are more complex than prior studies suggest and hinge on other factors besides their moral inclinations. Moreover, we consider leader responses beyond performance evaluations and examine the effects of employee UPB on leader trust and justice toward employees.

Indeed, one effective lens to understand leader reactions to employee UPB can be found in the notion of interpersonal trust (Lewicki & Bunker, 1995; Zaheer, McEvily, & Perrone, 1998). Trust, or positive expectations regarding a person's intentions and actions, is one of the most fundamental sentiments that we have toward others and is a key conclusion that leaders can form about their employees (Lau & Liden, 2008; Yukl & Fu, 1999). Examining leader trust is particularly relevant for responses to unethical employee behaviors, given that unethical deeds, such as deception and lying, can strongly undermine trust (Gillespie & Dietz, 2009). At its core, trust involves vulnerability toward the other person and a "willingness to allow a trustee to have significant influence over their working lives" (Colquitt & Rodell, 2011, p. 1184; Lewicki & Bunker, 1995). Consistent with this point, trust has been found to be a powerful predictor of positive dynamics between leaders and employees because of its impact on pleasant communication, interpersonal support, information sharing, and active involvement in decision-making processes (Yukl & Fu, 1999).

However, it is well-established that leaders do not develop trusting relationships with all of their employees (McAllister, 1995), and prior work has shown that leaders' *perceptions of employee behaviors* are important determinants of when and why leaders develop trust. Leader perceptions of employee behaviors that support the organization, such as in-role and extra-role performance, tend to increase leader trust (Brower, Lester, Korsgaard, & Dineen, 2009). In contrast, perceptions of actions that breach ethical values are likely to undermine leader trust (Dunlop & Lee, 2004). Given that UPB consists of both pro-organizational and unethical elements, it is unclear how leaders will respond to this particular form of employee conduct. Indeed, it is plausible that the positive and negative aspects of UPB may generally cancel each other out in eliciting responses from others, and that leaders' responses may depend on other contingencies (i.e., whether their attention is drawn to the positive or negative side of UPB). Identifying these contingencies is the central aim of this study.

To develop our model, we draw on aspects of Umphress and Bingham's (2011) original theory of UPB. These researchers proposed that organizational identification and moral disengagement are central

drivers of UPB. Specifically, the authors suggested that a strong sense of organizational identification can motivate employees to engage in pro-organizational actions, and that a propensity to disregard or neutralize immoral aspects may make UPB particularly likely. While Umphress and Bingham's (2011) work focused on UPB's intrapersonal motivators, we believe that their theoretical premises also provide an important starting point for understanding how leaders perceive and respond to employees who engage in UPB. In the following sections, we seek to explain how these dynamics unfold.

## 2.2 | Leader organizational identification

Organizational identification is a key concept in organizational research that explains a range of firm-oriented behaviors (Haslam, 2004). Organizational identification has its origin in the social identity approach, which contends that individuals not only define themselves in terms of their idiosyncratic personal characteristics (i.e., their personal identity, "I") but also in terms of the groups that they belong to and the distinct features of these groups (i.e., their social identity, "we"). The social identity approach further argues that this self-definition in terms of a group has important behavioral consequences (Tajfel & Turner, 1979; Turner, Hogg, Oakes, Reicher, & Wetherell, 1987). Applied to the organizational context, this body of theorizing asserts that employees can identify more or less strongly with their organization in ways that create a sense of oneness and belongingness with it (Ashforth & Mael, 1989). If employees identify strongly with their firm, they are motivated to engage in behaviors that support the organization as these actions express and advance their collective self (Zhang et al., 2012).

Consistent with this logic, organizational identification has been found to be a powerful predictor of various group-oriented attitudes and behaviors (for meta-analyses, see Lee, Park, & Koo, 2015; Steffens, Haslam, Schuh, Jetten, & van Dick, 2017), most of which are desirable in nature, but some of which go beyond the common boundaries of morality. Specifically, employees who identify strongly with their organization tend to show enhanced performance and engage in extra-role behaviors; however, they sometimes also actively harm outgroup members in an effort to benefit the collective (Haslam, 2004; Lee et al., 2015). In view of these findings, Chen et al. (2016) concluded that organizational identification can motivate employees to "serve the organization's interests by all means available" (p. 1083).

While organizational research has largely focused on the effects of organizational identification on people's *own behaviors*, the social identity approach also provides important insights into perceptions of and responses to *other people's* behaviors (Tajfel & Turner, 1979; Turner et al., 1987). Specifically, self-categorization theory argues that organizational identification implies a qualitative shift in people's orientation toward others so that they become sensitive to the implications that others have for their collective self ("What are the other person's intentions toward *my in-group*—i.e., the organization?") rather than their personal self ("What are the other person's intentions toward *me*?"). For people who feel strongly connected to the group or organization, the group-based motivation of another person will become a central source of attraction to and trust in them (Turner et al., 1987). Accordingly, people who strongly identify with their group tend to have more positive perceptions of others who actively stand up for the interests of the group, who support other in-group members, and who exert themselves on behalf of the group (e.g., Jetten, Duck, Terry, & O'Brien, 2002; Steffens et al., 2014). Furthermore, they tend to respond negatively to others who do not seem to have the group's best interests at heart (Haslam, 2004).

Building on these insights, it follows that employee UPB will be a critical source of leader perceptions of and responses to employees for leaders who identify strongly with their organization. As noted above, UPB is essentially group-oriented and allows an employee to contribute to the organization beyond what can be accomplished through ethical means alone (Umphress et al., 2010). Thus, it can be interpreted as a strong signal of an employee's dedication to the organization (Thau et al., 2015). Hence, as employees who engage in UPB affirm their loyalty to the organization, leaders who strongly identify with their organization may develop positive impressions about these employees' group-oriented intentions and behaviors. Accordingly, perceptions of employee UPB can serve as a foundation for trust among leaders high in organizational identification (Lewicki & Bunker, 1995). In contrast, leaders who do not identify strongly with their firm should place less importance on the group-oriented aspect of UPB. These leaders feel less connected with the organization and, hence, the link between UPB and an employee's dedication to advancing the organization's interests is less salient. Based on the preceding arguments, we predict:

**Hypothesis 1 (H1).** *Leader perceptions of employee UPB and leader organizational identification will interact to predict leader trust in employees. Specifically, leader perceptions of employee UPB will be more positively linked to leader trust in employees when leader organizational identification is high rather than low.*

## 2.3 | Leader propensity for moral disengagement

A social identity analysis provides important group-based insights into leader responses to perceptions of employee UPB. Nevertheless, when responding to perceptions of employee UPB, leaders may not only focus on the group-oriented nature of these actions but may weigh these in light of their broader beliefs about the appropriateness of (un)ethical behavior (Treviño, Weaver, & Reynolds, 2006). It is well-established that individuals differ in the extent to which they attend to normative moral and ethical values when judging their own actions and the behavior of others (Bandura, 1999; Moore, Detert, Treviño, Baker, & Mayer, 2012). Given their powerful position, this is especially true for leaders. While some leaders focus on morality and condemn unethical conduct, others may accept unethical deeds as a legitimate means of achieving personal and organizational goals (Bonner, Greenbaum, & Mayer, 2016). Hence, when examining leader responses to perceived employee UPB, it is crucial to consider variations in the leader's general engagement with moral issues.

Moral disengagement theory, a part of social cognitive theory, provides an influential account of leader attitudes toward morality (Bandura, 1999, 2002). Indeed, the dynamics of moral disengagement and neutralization are central aspects in Umphress and Bingham's (2011) conceptual work and in subsequent empirical studies on UPB (e.g., Chen et al., 2016; Lee et al., 2019). Moreover, moral disengagement theory offers a well-developed and widely applied approach to analyze (un)ethical behaviors in organizations (Moore et al., 2012) that seeks to explain when and why people engage in or refrain from (un) ethical behaviors (Bandura, 1999, 2002). Central to this theory is the idea that acting against one's ethical standards creates a sense of discomfort and dissonance, and that the anticipation of such aversive sentiments will prevent or at least reduce unethical conduct. As Moore et al. (2012) argued, "transgressive behavior is deterred through the self-condemnation individuals anticipate they would suffer were they to engage in behavior that conflicts with their internalized moral standards" (p. 4). However, to explain why people engage in unethical acts, moral disengagement theory also asserts that individuals can apply strategies to reduce the negative sentiments of immoral conduct and that some individuals—those with a high propensity to morally disengage—are particularly likely to do so (Bandura, 2002). In line with this, people with a high propensity to morally disengage have been found to be more willing to engage in morally questionable actions, such as deceiving, cheating, and stealing; they are also less likely to denounce unethical conduct (Knoll, Lord, Petersen, & Weigelt, 2016; Moore et al., 2012).

In a similar way, we expect that leader propensity to morally disengage may influence their responses to employee UPB as moral disengagement strategies allow them to reduce the aversive sentiments associated with these behaviors (Bandura, 1999). Specifically, leaders who morally disengage may reframe perceived employee UPB as righteous and suggest that these behaviors were intended to serve a greater good (e.g., "this employee helped the organization"). These leaders may also diffuse responsibility, for example, by noting that UPBs are a "common practice in our industry." Moreover, they may deny the harmful consequences of these acts by comparing them to more grave deeds ("they did not kill anybody") or by belittling the outgroup target of these behaviors ("the customer should have been more careful"). These strategies all serve to downplay the unethical connotations of UPB. Accordingly, leaders who morally disengage may focus less on the immorality of employee UPB than on its positive group-enhancing consequences. In contrast, for leaders with a low propensity to morally disengage, the unethical aspect of perceived UPB may be more salient. Indeed, individuals with low moral disengagement have been found to express particularly negative reactions to unethical behaviors given the uncomfortable emotions that these behaviors can trigger (Bandura, 2002). On this basis, we hypothesize the following:

**Hypothesis 2. (H2).** *Leader perceptions of employee UPB and leader propensity for moral disengagement will interact to predict leader trust in employees. Specifically, leader perceptions of employee UPB will be more positively linked to leader trust in employees when leader moral disengagement is high rather than low.*

## 2.4 | The joint effects of leader organizational identification and moral disengagement

Our theorizing thus far suggests that leaders may focus on the group-oriented nature of perceived UPB *or* be guided by their general concerns for moral issues. However, we believe that a full appreciation of leader responses to perceived UPB requires us to also consider the *joint effects* of a leader's bond to their organization and their propensity to morally disengage (Ellemers, Pagliaro, & Barreto, 2013). Specifically, although a social identity perspective suggests that employee UPB may influence leader trust given UPB's group-oriented nature, it cannot fully account for UPB's unethical aspects. Similarly, moral disengagement theory focuses on the immoral nature of UPB without considering the group-oriented signaling of UPB. Integrating the two frameworks may, therefore, provide a more comprehensive account of the responses to perceived UPB. Indeed, a close inspection of Umphress and Bingham's (2011) work shows that they did not suggest that organizational identification and a propensity to disregard moral values would work in isolation, but rather that both would *jointly* motivate UPB. However, Umphress and Bingham (2011) did not spell out what form this combined impact might take, and this may be one reason why extant empirical work on UPB has largely neglected these interactive dynamics.

By integrating arguments from the moral disengagement and social identity perspectives, we expect that leaders will respond positively to perceived employee UPB if they have both a high propensity to morally disengage *and* strongly identify with their organization. Leaders with a strong propensity to morally disengage will likely disregard or justify the unethical nature of perceived employee UPB (Moore et al., 2012). At the same time, if leaders identify strongly with their organization, they are more likely to interpret these behaviors as group-oriented in nature (Chen et al., 2016). For example, a leader who observes an employee withholding negative information about the firm's products or services from a customer may discount the unethical aspects of this behavior and focus solely on the expressed organizational loyalty and benefits of this action. In other words, such a leader largely ignores the negative (unethical) side and emphasizes the positive (group-oriented) aspects of employee UPB, which should result in positive expectations about the employee's intentions and actions and, thus, foster trust (Zaheer et al., 1998). Conversely, a leader who has a strong propensity to morally disengage but *does not* identify with the firm will largely ignore the negative immoral side of these behaviors but will also have little reason to see the group-oriented element as particularly salient or important. Hence, this leader's impression of an employee engaging in UPB may not be damaged by the immorality of UPB, but will also not be bolstered by the group-oriented nature of this action. Compared to a leader with a high propensity to morally disengage and high organizational identification, such a leader should thus respond in a more neutral way to employee UPB.

In contrast, leaders should be particularly disapproving of perceived employee UPB if they have both a low propensity to morally disengage *and* only weakly identify with their organization. Such leaders are strongly aware of the unethical nature of UPB and respond negatively to it (Bandura, 2002). At the same time, the group-oriented nature of

UPB is not particularly relevant to them. These leaders may even perceive employees who display a strong group-orientation as promoting the interests of a group that they see as of little self-relevance and, hence, may be skeptical of these employees' intentions and future conduct (Haslam, 2004). For example, a leader with a low propensity to morally disengage and low organizational identification who discovers that employees have been falsifying the organization's safety documents may feel negatively about these unethical behaviors ("This is clearly wrong") in a way that is not ameliorated by their group-oriented nature ("I would never do something like this for the firm"). Thus, we expect these leaders to have the most negative views about employee UPB and, hence, the lowest trust in these employees. In contrast, a leader with a low propensity to morally disengage and a strong identification with their firm is likely to respond less negatively to UPB. Such a leader is aware of the negative (immoral) side of UPB but also sees the positive (group-oriented) element. These two countervailing forces of perceived UPB may, to a certain extent, balance each other out. Hence, compared to a leader with a low propensity to morally disengage and low organizational identification, this leader may respond in a more neutral way to perceptions of employee UPB. This reasoning leads us to the following hypothesis:

**Hypothesis 3 (H3).** *Leader perceptions of employee UPB, leader organizational identification, and leader propensity to morally disengage will interact to predict leader trust in employees. Specifically, at high levels of leader moral disengagement, the relationship between perceived employee UPB and leader trust will be more positive to the extent that leader organizational identification is high rather than low. In contrast, at low levels of leader moral disengagement, the relationship between perceived employee UPB and leader trust will be more negative to the extent that leader organizational identification is low rather than high.*

## 2.5 | The link between employee UPB and leader justice

As a final step, this study also seeks to provide insights into downstream leader responses to perceived employee UPB. Producing positive outcomes for their organization while avoiding negative ones is a central leadership task. Thus, leaders respond positively (or negatively) toward employees' desirable (or undesirable) behaviors with the aim of encouraging such behaviors (Chemers, 2001). To examine leader responses, we focus on leader justice toward employees, which seems to be particularly relevant for understanding responses to unethically tinged behaviors. Indeed, some of the primary reasons for leaders to act justly are to foster compliance and to create a sense of fairness among employees (Scott et al., 2014; see also Lerner, 1980).

Previous research has identified four forms of justice (Colquitt, 2001; Greenberg, 2002): (a) *procedural justice*, which describes the fairness of a leader's decision-making processes (i.e., whether employees are involved and heard and whether the decision-making process is free of biases); (b) *distributive justice*, which refers to the decision outcomes, such as the way the leader allocates tasks, assignments, bonuses, and promotions (i.e., whether employees believe that their ratio of outcomes to input is equivalent to those of relevant others); (c) *interpersonal justice*, which refers to fairness of interactions (i.e., whether employees perceive that their leader treats them with dignity and respect); and (d) *informational justice*, which refers to a leader's fairness when communicating and sharing information (i.e., whether employees receive accurate, timely, and relevant information).

We expect that leader trust will have a positive relationship with all four facets of justice as *perceived* by employees. Our focus on employees' perceptions of leader justice is consistent with prior research (e.g., Scott, Colquitt, & Zapata-Phelan, 2007; Zapata, Olsen, & Martins, 2013). First, *procedural justice* implies that employees are involved in important decisions and can influence them. This entails clear risks for leaders because it shifts power and control to employees (Yukl & Fu, 1999). For example, employees may misuse their influence to advance their personal agenda (Colquitt & Rodell, 2011). As trust researchers have noted, behaviors that involve risk are perhaps "the most proximal behavioral outcome or expression of trust" (Colquitt, Scott, & LePine, 2007, p. 910). Hence, a leader's trust in an employee is likely related to the employee's perception of procedural justice on the part of the leader.

Second, *distributive justice* focuses on the fairness of decision outcomes, including the distribution of assignments, evaluations, and rewards (Greenberg, 2002). Such decisions are likely influenced by a leader's trust in their employees. For example, if a leader has a positive impression of an employee's actions and intentions, they are more likely to provide them with important and interesting tasks (Seppälä, Lipponen, Pirttilä-Backman, & Lipsanen, 2012). In contrast, they are likely to give lower-quality tasks to less-trusted employees. Importantly, such lower-level tasks are often associated with smaller rewards (De Pater, Van Vianen, Bechtoldt, & Klehe, 2009). As employees often overestimate their own performance, this can lead to them feeling unfairly treated.

Third, *informational justice* captures the extent to which leaders share important information and communicate in a candid manner (Bies & Moag, 1986). This form of justice is likely influenced by a leader's trust in an employee because sharing information often involves giving control to employees (Colquitt, 2001). Similar to our reasoning above, leaders should be more willing to render themselves vulnerable in this way if they have positive expectations about an employee's actions and intentions.

Last, a leader's trust in an employee is also likely to influence their politeness and respect toward them—behaviors that are at the heart of *interpersonal justice* (Bies & Moag, 1986). Trust has been linked to friendliness as well as to the affiliative behaviors of helping and caring (Seppälä et al., 2012). In contrast, when trust is low, people tend to behave in a more distant, controlling, and defensive manner (McAllister, 1995), which may reduce employees' perceptions of interpersonal justice. In line with our reasoning, prior research has provided initial evidence for a link between leader trust and employee perceptions of all four facets of leader justice (Seppälä et al., 2012; Zapata et al., 2013).

Taken together, our arguments and prior findings suggest important extensions of our first three hypotheses and imply conditional,

indirect links between leader perceptions of employee UPB and perceived leader justice. Specifically, they suggest that leader perceptions of employee UPB will be associated with leader trust and that these links are contingent on leader identification with their firm, their moral disengagement, and the interplay of these two moderators. Moreover, they imply that employees will perceive higher levels of justice if leader trust is high rather than low. In sum, we predict:

**Hypothesis 4 (H4).** *Leader perceptions of employee UPB, leader organizational identification, and leader moral disengagement will jointly and indirectly predict employee perceptions of leader (a) procedural justice, (b) distributive justice, (c) informational justice, and (d) interpersonal justice toward employees* via *leader trust. At high levels of moral disengagement, the indirect effects will be more positive to the extent that leader organizational identification is high rather than low. In contrast, at low levels of moral disengagement, the indirect effects will be more negative when leader organizational identification is low rather than high.*

## 3 | OVERVIEW OF THE STUDIES

We conducted one field study and one experiment to test our hypothesized model. This allowed us to combine research methods with high internal validity (i.e., the experiment) and high external validity (i.e., the field study; Dipboye, 1990).

## 4 | STUDY 1

### 4.1 | Procedure and participants

For Study 1, we used a two-wave design to collect data from an industrial company located in China. With the approval of the company's CEO, we met with the human resources (HR) director to introduce our research and discuss the procedure of the survey distribution. We collected the data on-site with paper-pencil surveys. During both data collection points, the corresponding author visited the company and hand-distributed the surveys to the participating leaders and employees. He stayed on-site to answer any questions as the participants gathered in a meeting room to take part in the survey. In exchange for completing the questionnaire, participants received a small gift (worth approximately two U.S. dollars). Each questionnaire had a unique identifier code to match the data, and all data were kept confidential. At Time 1, 134 leaders and 588 employees completed the survey. Four weeks later, at Time 2, we received complete and matched data from 110 leaders and 387 employees. The matched response rate was 82% for leaders and 66% for employees. All participants in our sample worked in sales and customer service departments, which are areas that have ample opportunities to engage in UPB (Umphress et al., 2010).

Eighty-three percent of the leaders were male, and most of them fell in the age group of 31–35 years (38.2%). On average, they had 13.44 years of work experience (*SD* = 6.68). Of the employees, 25% were male, and most of them were between 26 and 30 years old (30.7%). They had 8.75 years of average work experience (*SD* = 7.70) and had worked with their current supervisor for an average of 2.32 years (*SD* = 4.28).

### 4.2 | Measures

Unless stated otherwise, all items were presented with 7-point scales (1 = *strongly disagree*; 7 = *strongly agree*). To translate them from English into Chinese, we followed the recommendations of Brislin (1986), and the translation was conducted by two bilingual researchers. One researcher translated the items into Chinese, and the second researcher translated them back into English. Comparison of the original and back-translated versions of English showed large convergence. Smaller discrepancies were resolved through discussion. At Time 1, leaders completed the items on perceived employee UPB, organizational identification, moral disengagement, and demographic variables. We also collected information on employee demographics directly from the employees. At Time 2, leaders indicated their trust in the employee, and employees rated their perceptions of leader justice. This approach allowed us to separate the antecedent variable (perceived employee UPB) from the mediators/outcomes by time and source, thereby reducing common method variance (Podsakoff, MacKenzie, & Podsakoff, 2012). This approach is also consistent with our theoretical model in which perceived UPB precedes a leader's responses.

#### 4.2.1 | Employee UPB

We assessed leader perceptions of employee UPB with the six-item scale developed by Umphress et al. (2010). Sample items were "If it helps the organization, this employee misrepresents the truth to make the organization look good" and "This employee exaggerates the truth about my company's products or services to customers and clients to help my organization." Items were rated on a six-point scale (1 = *strongly disagree*; 6 = *strongly agree*) ($\alpha$ = .90).

#### 4.2.2 | Leader organizational identification

To measure this concept, we used the four-item scale developed by Doosje, Ellemers, and Spears (1995). Sample items included "I identify with my organization" and "I see myself as a member of my organization" ($\alpha$ = .90).

#### 4.2.3 | Leader moral disengagement

We measured this concept using the eight-item scale by Moore et al. (2012). Sample items included "People can't be blamed for doing things that are technically wrong when all their friends are doing it

too" and "Taking personal credit for ideas that were not your own is no big deal" ($\alpha$ = .93).

#### 4.2.4 | Leader trust

Leader trust in employees was assessed using the three-item scale developed by Giessner and van Knippenberg (2008). Sample items were "I absolutely trust this employee" and "I would give this employee a lot of leeway" ($\alpha$ = .86).

#### 4.2.5 | Leader justice

We measured employees' perceptions of leader justice using the 20-item scale by Colquitt (2001). This scale measures four forms of perceived justice: (a) procedural justice (seven items), (b) distributive justice (four items), (c) interpersonal justice (four items), and (d) informational justice (five items). In line with previous research, we treated these four forms of justice as separate concepts. Before completing the scales, employees were asked to refer to the behaviors of their direct supervisor toward them (De Cremer et al., 2010; Scott et al., 2007). For *procedural justice*, employees were asked about the procedures of their leader in relation to decisions at work, including decisions about assignments, pay, rewards, and promotions (Colquitt, 2001). A sample item is "I am able to express my views during these procedures" ($\alpha$ = .89). Similarly, for *distributive justice*, employees referred to the outcomes they received from their supervisors, such as assignments, pay, rewards, promotions, etc. A sample item is "Those outcomes are appropriate for the work I have completed" ($\alpha$ = .92). An example of an *informational justice* item is "My supervisor tailors his/her communications to meet my needs" ($\alpha$ = .82), and an example of an *interpersonal justice* item is "My supervisor treats me in a polite manner" ($\alpha$ = .92).

#### 4.2.6 | Control variables

We controlled for leader age and gender, employee age and gender, and the tenure of the leader–employee dyad. Prior research has shown that such variables can be linked to employee unethical behaviors (Umphress et al., 2010) and to leader sentiments toward employees (Scott et al., 2007). We also conducted all our analyses without any controls. The results are essentially the same in terms of patterns and levels of significance.

### 4.3 | Analytic strategy

Given the nested nature of the data, we tested our hypotheses using random coefficient modeling with hierarchical linear modeling (Raudenbush & Bryk, 2004). Employee variables were modeled at Level 1 (i.e., employees UPB, leader trust, and perceived leader justice) and leaders' cross-level moderators at Level 2 (i.e., leader organizational identification and moral disengagement). We applied group-mean centering for all Level 1 variables to examine inter-person variance, while controlling for between-leader confounds (Enders & Tofighi, 2007). We used grand-mean centering for all Level 2 variables to facilitate the interpretation of results. Before testing our hypotheses, we estimated a null model in which no predictors were specified for leader trust, procedural, distributive, informational, and interpersonal justice to test the between-supervisor level residual variance of the intercept. The between-supervisor variances were .30, .16, .13, .12, and .16, respectively, and the intra-class correlations (ICC) were .62, .27, .23, .17, and .23, respectively. This indicates that 62, 27, 23, 17, and 23% of its variance resided between supervisors (Bliese, 2000). Results also showed that the within-supervisor variance of the five variables were .18, .42, .49, .59, and .53, respectively; all *F*-values were significant at $p < .05$. Together, these results justify the use of multilevel models to test our hypotheses.

### 4.4 | Results

Table 1 presents the descriptive statistics. We conducted a multi-level confirmatory factor analysis and created item parcels for the scales of six or more items, that is, moral disengagement, perceived employee UPB, and procedural justice (Little, Cunningham, Shahar, & Widaman, 2002). The eight-factor measurement model included six Level 1 variables (UPB, leader trust, and the four forms of perceived justice) and two Level 2 variables (leader organizational identification and moral disengagement). The results showed that this model had a good fit with the data, $\chi^2_{(213)} = 514.49$, $p < .001$; standardized root mean square residual $(SRMR)_{(Level\ 1)} = .04$; $SRMR_{(Level\ 2)} = .06$; root mean square error of approximation (RMSEA) = .06; comparative fit index (CFI) = .93. Tucker-Lewis index (TLI) = .91. It also fit the data significantly better than all alternative models. The next best fitting (inferior) alternative model was the seven-factor model that combined leader organizational identification and moral disengagement while treating all other scales as separate factors, $\chi^2_{(214)} = 622.24$, $p < .001$, $SRMR_{(Level\ 1)} = .04$, $SRMR_{(Level\ 2)} = .21$, RMSEA = .07, CFI = .90, TLI = .88; delta-$\chi^2$ to measurement model = 107.75; $p < .001$. These results suggest that the variables were empirically distinct.

The results of our hypothesis tests are presented in Table 2. Consistent with H1, we found a significant interaction between perceived employee UPB and leader organizational identification in predicting leader trust in the employee ($\gamma$ = .36, *SE* = .18, $p$ = .04; see Table 2, Model 1). Results from subsequent simple slope analyses indicated that perceived employee UPB was significantly and positively related to leader trust when leaders identified strongly with the organization ($\gamma$ = .22, *SE* = .10, $p$ = .03), but not when their organizational identification was low ($\gamma$ = –.19, *SE* = .15, $p$ = .22; see Figure 2).

The results also provided support for H2, that is, the interaction between perceived employee UPB and leader moral disengagement in predicting trust. As hypothesized, this interaction was significant ($\gamma$ = .21, *SE* = .07, $p$ = .002; see Table 2, Model 2). Moreover, the

**TABLE 1** Means, standard deviation, and correlations among variables (Study 1)

| | Mean | *SD* | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Level 1 variables | | | | | | | | | | | | | | |
| 1. Employee age[a] | 2.71 | 1.48 | | | | | | | | | | | | |
| 2. Employee gender[b] | 1.78 | .41 | −.07 | | | | | | | | | | | |
| 3. Employee–leader dyadic tenure | 2.31 | 4.26 | .50*** | −.14** | | | | | | | | | | |
| 4. Employee UPB | 2.92 | 1.07 | −.02 | .13* | .10* | | | | | | | | | |
| 5. Leader trust in employee | 5.18 | .67 | −.09 | −.02 | .10* | .00 | | | | | | | | |
| 6. Procedural justice | 4.84 | .75 | −.04 | .02 | .00 | .15** | .18*** | | | | | | | |
| 7. Distributive justice | 5.06 | .79 | .01 | −.05 | .05 | .10* | .21*** | .76*** | | | | | | |
| 8. Informational justice | 5.04 | .84 | .00 | .02 | .01 | .09 | .07 | .69*** | .58*** | | | | | |
| 9. Interpersonal justice | 5.09 | .83 | −.03 | .00 | .01 | .16** | .09 | .75*** | .57*** | .80*** | | | | |
| Level 2 variables | | | | | | | | | | | | | | |
| 10. Leader age[a] | 3.71 | 1.32 | .27*** | −.07 | .24*** | −.11* | .01 | −.05 | −.03 | −.09 | .11* | | | |
| 11. Leader gender[b] | 1.85 | .35 | .10* | .31*** | .01 | −.01 | −.17** | .08 | .02 | .05 | .05 | .15** | | |
| 12. Leader OI | 5.64 | .57 | .03 | −.05 | .10 | −.09 | .23*** | −.11* | −.05 | .00 | −.09 | −.11* | −.10 | |
| 13. Leader MD | 2.34 | .85 | .01 | .03 | −.05 | .41*** | −.15** | .12* | .09 | .10* | .12* | −.19*** | .09 | −.18** |

*Note:* $N$ = 110 leaders (Level 2) and 387 employees (Level 1).

Abbreviations: MD, moral disengagement; OI, organizational identification; UPB, unethical pro-organizational behavior, as perceived by the leader. Leader procedural, distributive, information, and interpersonal justice as perceived by the employee.

[a]Age: 1 = below 25 years, 2 = 26–30 years, 3 = 31–35 years, 4 = 36–40 years, 5 = 41–45 years, 6 = 46–50 years, 7 = 51–55 years, 8 = 56–60 years, 9 = > 60 years.

[b]Gender, 1 = female, 2 = male.

*$p$ < .05; **$p$ < .01; ***$p$ < .001, two-tailed.

**TABLE 2** Hierarchical linear modeling results for the links between employee unethical pro-organizational behavior (UPB) and leader trust and justice (Study 1)

| | Interactive links between leaders' perceptions of employee UPB and leader trust | | | | | | Links between leader trust and employees' perceptions of leader justice behaviors | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Leader trust | | | | | | Procedural justice | | Distributive justice | | Informational justice | | Interpersonal justice | |
| | Model 1 | | Model 2 | | Model 3 | | Model 4a | | Model 4b | | Model 4c | | Model 4d | |
| Variables | γ | *SE* | γ | *SE* | γ | *SE* | γ | *SE* | γ | *SE* | γ | *SE* | γ | *SE* |
| Constant | 5.18*** | .05 | 5.19*** | .06 | 5.18*** | .06 | 4.83*** | .05 | 5.03*** | .05 | 5.03*** | .06 | 5.07*** | .06 |
| Level 1 | | | | | | | | | | | | | | |
| Employee gender | −.01 | .05 | .01 | .06 | −.01 | .07 | −.01 | .10 | −.09 | .10 | .02 | .12 | −.07 | .11 |
| Employee age | .02 | .02 | .02 | .02 | .03 | .02 | −.04 | .03 | −.03 | .03 | .00 | .03 | .00 | .04 |
| Employee–leader dyadic tenure | .00 | .01 | .00 | .00 | .00 | .01 | .01 | .01 | .02 | .01 | .01 | .01 | .00 | .01 |
| UPB, $\gamma_{10}$ | .02 | .09 | −.07 | .09 | −.13 | .10 | .08 | .04 | .06 | .05 | .03 | .05 | .10 | .05 |
| Leader trust in employee, $\gamma_{20}$ | | | | | | | **.20**** | **.06** | **.23**** | **.05** | **.05** | **.07** | **.09** | **.06** |
| Level 2 | | | | | | | | | | | | | | |
| Leader gender | −.28* | .11 | −.30** | .11 | −.27 | .16 | .19 | .14 | .10 | .15 | .10 | .18 | .12 | .17 |
| Leader age | .02 | .04 | −.02 | .05 | .00 | .04 | −.04 | .04 | −.04 | .04 | −.07 | .05 | −.09 | .05 |
| Leader OI, $\gamma_{01}$ | .29** | .10 | | | .27** | .10 | −.21* | .08 | −.17 | .10 | .00 | .10 | −.17 | .09 |
| Leader MD, $\gamma_{02}$ | | | −.10 | .06 | −.08 | .07 | .06 | .08 | .04 | .08 | .10 | .09 | .00 | .09 |
| Leader OI × leader MD, $\gamma_{03}$ | | | | | .01 | .15 | .02 | .15 | .02 | .17 | −.10 | .19 | .01 | .17 |
| Cross-level interactions | | | | | | | | | | | | | | |
| UPB × leader OI, $\gamma_{11}$ | **.36*** | **.18** | | | **.76**** | **.25** | −.13 | .09 | −.18 | .10 | −.11 | .10 | .01 | .09 |
| UPB × leader MD, $\gamma_{21}$ | | | **.21**** | **.07** | **.33**** | **.10** | .02 | .04 | .06 | .06 | −.02 | .05 | .05 | .05 |
| UPB × leader OI × leader MD $\gamma_{31}$ | | | | | **−.58*** | **.25** | .07 | .10 | .06 | .13 | .14 | .12 | −.02 | .10 |
| Between-leader variance | | .27 | | .29 | | .27 | | .09 | | .09 | | .11 | | .13 |
| Within-leader variance | | .18 | | .18 | | .17 | | .45 | | .50 | | .60 | | .55 |
| Model deviance[a] | | 654.15 | | 660.61 | | 651.16 | | 878.60 | | 915.41 | | 988.03 | | 965.07 |

*Note:* $N$ = 110 leaders (Level 2) and 387 employees (Level 1).
Abbreviations: MD, moral disengagement; OI, organizational identification.
[a]Model deviance = −2 × log-likelihood of the full maximum likelihood estimate.
*$p$ < .05; **$p$ < .01; ***$p$ < .001, two-tailed.

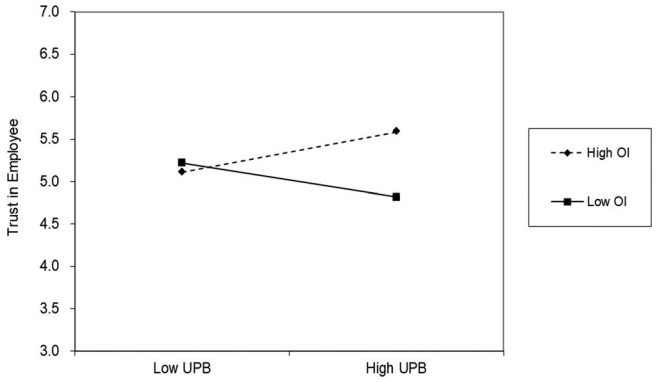


**FIGURE 2** The two-way interaction between perceived employee unethical pro-organizational behavior (UPB) and leader organizational identification (OI) in predicting leader trust in employees (Study 1)

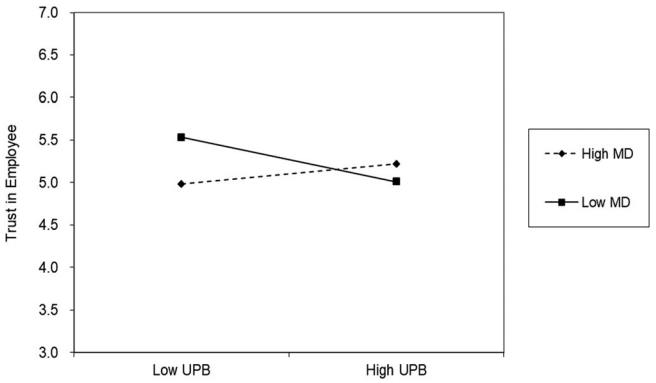


**FIGURE 3** The two-way interaction between perceived employee unethical pro-organizational behavior (UPB) and leader moral disengagement (MD) in predicting leader trust in employees (Study 1)

simple slope analyses revealed that the relationship between perceived UPB and leader trust was significantly positive when leader moral disengagement was high ($\gamma$ = .11, *SE* = .05, *p* = .03). The relationship was negative and marginally significant when leader moral disengagement was low ($\gamma$ = −.25, *SE* = .14, *p* = .08; see Figure 3).

In line with H3, the three-way interaction between perceived employee UPB, leader organizational identification, and leader moral disengagement was also significant ($\gamma$ = −.58, *SE* = .25, *p* = .02; see Table 2, Model 3). We conducted simple slope analyses to examine the nature of this interaction. Results showed that when leader moral disengagement was high, the relationship between perceived employee UPB and leader trust was positive and significant for leaders who identified strongly with the organization ($\gamma$ = .30, *SE* = .13, *p* = .02) but not for those who identified weakly with their firm ($\gamma$ = −.01, *SE* = .15, *p* = .94; see Figure 4a). Moreover, when leader moral disengagement was low, the relationship between perceived employee UPB and trust was negative and significant when leader organizational identification was low ($\gamma$ = −1.12, *SE* = .34, *p* < .01) and nonsignificant when leader organizational identification was high ($\gamma$ = .30, *SE* = .23, *p* = .20; see Figure 4b).

As a last step in our analysis, we examined the conditional indirect effects proposed in H4. We adopted Edwards and Lambert's (2007) moderated path analytic approach, which allowed us to test these conditional indirect effects in a holistic, simultaneous way. To support a conditional indirect effect, three conditions must be met (Hayes, 2018). First, the interactive effect of the antecedent (perceived employee UPB) and moderators (leader organizational identification and moral disengagement) must be significant. As reported above, this condition was met for all two- and three-way interactions. Second, the mediator (leader trust in employees) must be significantly linked to the outcome variables (perceived leader justice), while controlling for all antecedents and their interactions. The results for this step are reported in Table 2, Models 4a–4d. As can be seen, leader trust in employees significantly predicted perceived procedural justice ($\gamma$ = .20, *SE* = .06, *p* < .01) and distributive justice ($\gamma$ = .23, *SE* = .05, *p* < .01). However, unexpectedly, leader trust did not significantly relate to perceived informational justice ($\gamma$ = .05, *SE* = .07, *p* = .48) or

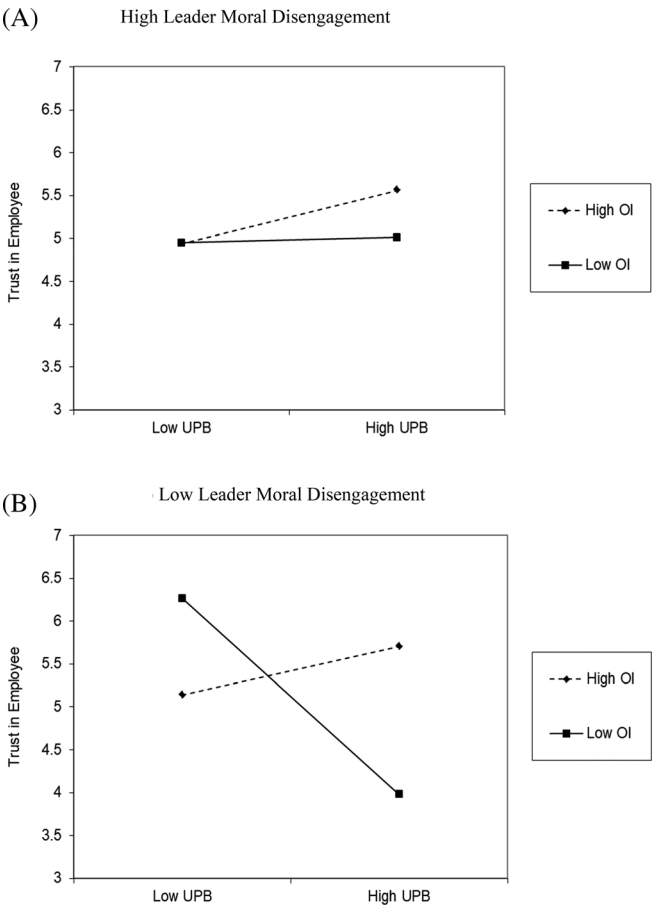


**FIGURE 4** The three-way interaction between perceived employee unethical pro-organizational behavior (UPB), leader organizational identification (OI), and leader moral disengagement (MD) in predicting leader trust in employees (Study 1). (a) High leader moral disengagement. (b) Low leader moral disengagement

interpersonal justice ($\gamma$ = .09, *SE* = .06, *p* = .10). These results satisfied the requirements of conducting our analyses of conditional indirect effects for perceived leader procedural and distributive justice. As the last requirement, the conditional indirect effect needs to be significantly different from zero. To examine whether this was the case, we

**TABLE 3** Path analytic results of the proposed conditional indirect effects (Study 1)

| | Conditional indirect effects of leaders' perceptions of employee UPB on employees' perceptions of leader justice | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | DV: Procedural justice | | DV: Distributive justice | | DV: Informational justice | | DV: Interpersonal justice | |
| | Est | 95% CI | Est | 95% CI | Est | 95% CI | Est | 95% CI |
| When leader MD is high | | | | | | | | |
| Simple paths for high leader OI | **.06*** | **[.01, .14]** | **.07*** | **[.01, .15]** | **.02** | **[−.03, .07]** | **.03** | **[−.01, .08]** |
| Simple paths for low leader OI | −.002 | [−.06, .06] | −.003 | [−.08, .07] | −.001 | [−.03, .02] | −.001 | [−.03, .03] |
| When leader MD is low | | | | | | | | |
| Simple paths for high leader OI | .06 | [−.03, .18] | .07 | [−.04, .20] | .01 | [−.03, .08] | .03 | [−.02, .10] |
| Simple paths for low leader OI | **−.22*** | **[−.44, −.06]** | **−.26*** | **[−.50, −.08]** | **−.06** | **[−.24, .10]** | **−.10** | **[−.26, .02]** |

*Note:* $N$ = 110 leaders (Level 2) and 387 employees (Level 1).
Abbreviations: DV, dependent variable; MD, moral disengagement; OI, organizational identification.
*$p$ < .05, two-tailed.

calculated confidence intervals (CIs) using parametric, bias-corrected bootstrapping analysis (95% CIs; 5,000 bootstrapping samples). The results are presented in Table 3.When leader moral disengagement was *high* (+1 *SD*), the conditional indirect effects of perceived UPB on perceived procedural and distributive justice were significant and positive at high levels of leader organizational identification (+1 *SD*). The specific results were as follows: indirect effect$_{\text{procedural justice}}$ = .06, 95% CI = [.01, .14] and indirect effect$_{\text{distributive justice}}$ = .07, 95% CI = [.01, .15]. In contrast, at low levels of leader organizational identification (−1 *SD*), the indirect effects on leader justice were not significant: indirect effect$_{\text{procedural justice}}$ = −.002, 95% CI = [−.06, .06] and indirect effect$_{\text{distributive justice}}$ = −.003, 95% CI = [−.08, .07].

Furthermore, when leader moral disengagement was *low* (−1 *SD*), the conditional indirect effects of UPB on perceived procedural and distributive justice through leader trust were significant and negative at low levels of leader organizational identification (−1 *SD*): indirect effect$_{\text{procedural justice}}$ = −.22, 95% CI = [−.44, −.06] and indirect effect$_{\text{distributive justice}}$ = −.26, 95% CI = [−.50, −.08]. In contrast, at high levels of leader organizational identification (+1 *SD*), the indirect effects were not significant: indirect effect$_{\text{procedural justice}}$ = .06, 95% CI = [−.03, .18], and indirect effect$_{\text{distributive justice}}$ = .07, 95% CI = [−.04, .20]. Together, these results provide partial support for H4 in so far as there was evidence of the proposed conditional indirect effects for perceived procedural and distributive justice, but not for perceived informational and interpersonal justice.[1]

### 4.5 | Discussion of Study 1

The results of Study 1 provide initial evidence for the idea that leader organizational identification and propensity to morally disengage shape leader responses to perceived employee UPB. Specifically, and consistent with our hypotheses, the results showed that perceived employee UPB was positively linked to leader trust if leaders had a strong psychological bond with their firm (in support of H1) or if they tended to disregard the immoral aspects of employee UPB (in support of H2). Moreover, the results indicated that considering leader organizational identification or moral disengagement *alone* did not fully explain leader reactions to employee UPB. Rather, we found that leaders responded positively to perceived employee UPB mainly when leader identification with their firm and their moral disengagement were *both high*. In contrast, the results showed that perceived employee UPB was (marginally) negatively related to leader trust when leader organizational identification and moral disengagement were *both low* (in support of H3). Finally, the results provide support for the proposed conditional indirect effect of perceived employee UPB on leader procedural and distributive justice (in partial support of H4). Taken together, these findings are important in extending our understanding of how leaders respond to perceived employee UPB. Additionally, they provide initial support for the notion that organizational identification and moral disengagement *jointly* shape leader responses to employee UPB (Umphress & Bingham, 2011).

Although the results of Study 1 are consistent with our hypotheses, the study is not without limitations. First, even though the results of Study 1 supported the proposed interactions between perceived employee UPB, leader organizational identification, and leader moral disengagement, it is important to try to replicate them given the potential influence of type II errors, especially with regard to three-way interactions. Second, given the correlational nature of our data, we were not able to test the causal flow implied in our research model. To address these limitations, we conducted an experimental study.

## 5 | STUDY 2

### 5.1 | Participants and design

In line with recent studies on employee UPB, we used a scenario experiment to further examine our theoretical model (e.g., Chen et al., 2016; Fehr et al., 2019). Participants were randomly assigned to one of four experimental conditions (organizational identification: high vs. low and perceived employee UPB: high vs. low). Participants'

propensity to morally disengage was measured and used as a quasi-factor. We collected the dataset through Amazon Mechanical Turk, which allowed us to reach a wide range of employees from various backgrounds and industries (Berinsky, Huber, & Lenz, 2012). Participation was restricted to employees from the United States.

We collected data from 396 participants. To check whether the participants accurately read and completed the study, we inserted several attention check items (e.g., "For this statement, please click answer 1"). Twenty-nine participants were excluded because they answered one or more attention check items incorrectly. Our final sample thus consisted of 367 participants. Their average age was 36.78 years (*SD* = 10.44) and 37.1% were female. The participants had an average work experience of 13.32 years (*SD* = 10.08) and worked in various industries, mainly information technology (18%), finance (17%), and manufacturing (12%).

## 5.2 | Procedure

Participants were invited to take part in a study on "behavior in organizations." To reduce the potential impact of demand characteristics, participants were informed that they would participate in two unrelated studies: Part 1, a short survey on attitudes at work and Part 2, in which they would be presented with a work situation and asked to state their opinions. The participants first read and agreed to a consent form. They then completed the survey part of the study, which was clearly marked as "Part 1," including the scale on moral disengagement and several filler items on job satisfaction and taking charge behaviors, which were added to further disguise the purpose of the study. Afterwards, the participants entered "Part 2" and were presented with one of four versions of a scenario, which included our manipulations of organizational identification and perceived employee UPB. The manipulation of organizational identification was based on the study by Chen et al. (2016), and the manipulation of employee UPB was based on the study by Fehr et al. (2019). Specifically, participants read that they had been working for some time at the company "Gava Paints," that they were the leader of a team in that firm, and that they were responsible for the team to achieve its goals. They were then shown the manipulation of organizational identification. In the condition of *high (low)* organizational identification, they read:

> "Thinking about your time working for this company, you realize that you strongly (that you don't) identify with it. It has become clear that there is (isn't) a good fit between you and the firm and you (don't) have strong ties with the other employees. When someone praises the company, it feels (doesn't feel) like a personal compliment to you. In fact, you (don't) see the company's successes as your own successes. And when someone criticizes your organization, it feels (doesn't feel) like a personal insult to you."

Next, the scenario showed the manipulation of the perceived employee UPB. In the condition of *high (low)* perceived employee UPB, it stated:

> "One of your subordinates is Tom. You have the following impressions of him: You have observed that Tom always tries to do what is best for the company (what is ethical even if that comes at the expense of organizational success). For example, when Tom speaks about the firm's products, he is very positive. Indeed, he even exaggerates the truth (However, he is careful not to exaggerate the truth) when he needs to close an important deal. You also remember a situation some weeks ago. There was a problem with one of your firm's products. The product's quality was not very good, and if your customers or the media had found out about it, it would have significantly hurt the company's image. To help the firm, Tom downplayed the problem and withheld some negative information (However, rather than downplaying the problem and withholding some negative information, Tom decided to be transparent and honest about the problem). You believe that Tom does these kinds of things in order to help the company (in order to be ethical). Indeed, one of your colleagues recently mentioned to you that Tom clearly is a guy who 'puts the company first' ('puts ethics first')."

Finally, the participants completed the manipulation checks, the measures on trust in the employee, and the scales on justice.

## 5.3 | Measures

To measure participants' moral disengagement, trust in the employee, and justice, we used the same scales as in Study 1. All items were presented with 7-point scales (1 = *strongly disagree*; 7 = *strongly agree*). Cronbach's alphas were high ($\alpha_{\text{moral disengagement}}$ = .95; $\alpha_{\text{trust}}$ = .85; $\alpha_{\text{procedural justice}}$ = .86; $\alpha_{\text{distributive justice}}$ = .89; $\alpha_{\text{informational justice}}$ = .86; $\alpha_{\text{interpersonal justice}}$ = .85). The manipulation of organizational identification was checked with two items from Doosje et al. (1995): "I identify with the company Gava Paints" and "I'm glad to be a member of this company" (*r* = .87). The UPB manipulation was checked with two items based on Umphress et al. (2010): "If it helps the company, Tom withholds negative information about the firm" and "If it helps the company, Tom misrepresents the truth" (*r* = .87).

## 5.4 | Results

The descriptive statistics and intercorrelations between the variables are reported in Table 4. We conducted CFAs to examine whether the constructs of our study could be differentiated. Consistent with the field studies, we used item parceling for the measures of moral disengagement and procedural justice. The results showed that the six-factor measurement model including participants' moral disengagement, trust, and the four forms of justice had an acceptable fit with the data, $\chi^2_{(205)}$ = 537.15; RMSEA = .067; SRMR = .097; CFI = .949.

**TABLE 4** Means, standard deviation, and correlations among variables (Study 2)

| | Mean | *SD* | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|---|---|
| 1. Employee UPB | 0.01 | 1.00 | | | | | | | |
| 2. Organizational identification | −0.02 | 1.00 | −.02 | | | | | | |
| 3. Moral disengagement | 3.34 | 1.75 | .03 | .01 | | | | | |
| 4. Trust in employee | 5.01 | 1.40 | −.16** | .19*** | .32*** | | | | |
| 5. Procedural justice | 5.55 | 0.96 | −.06 | .11* | −.22*** | .45*** | | | |
| 6. Distributive justice | 5.44 | 1.10 | −.15** | .17*** | −.15** | .53*** | .74*** | | |
| 7. Informational justice | 5.67 | 1.00 | −.02 | .09 | −.37*** | .24*** | .70*** | .62*** | |
| 8. Interpersonal justice | 5.84 | 0.98 | −.07 | .08 | −.43*** | .24*** | .70*** | .62*** | .79*** |

*Note:* $N = 367$.

Abbreviations: MD, moral disengagement; OI, organizational identification; UPB, unethical pro-organizational behavior.

*$p < .05$; **$p < .01$; ***$p < .001$, two-tailed.

TLI = .937. It also fit the data significantly better than all alternative models. The next best fitting (inferior) model was the five-factor model that combined interpersonal and informational justice while treating all other scales as separate factors, $\chi^2_{(210)} = 576.55$; RMSEA = .070; SRMR = .098; CFI = .944. TLI = .932; delta-$\chi^2$ to measurement model = 39.40; $p < .001$. These results suggest that the variables were empirically distinct.

### 5.4.1 | Manipulation checks

To examine whether participants interpreted the scenario as intended, we conducted two 2 (organizational identification) × 2 (employee UPB) analyses of variance (ANOVAs) with the manipulation checks of organizational identification and UPB as the respective dependent variables. The results showed that both manipulations worked as planned. Participants in the high organizational identification condition reported significantly stronger identification with the firm (mean = 6.08; *SD* = 1.00) than participants in the low organizational identification condition (mean = 3.41; *SD* = 1.96; $F[1, 363] = 267.24$, $p < .001$). The main effect of employee UPB and the interaction of organizational identification and UPB were not significant. Similarly, the results of the second ANOVA showed that participants in the high UPB condition perceived significantly higher employee UPB (mean = 5.83; *SD* = 1.34) than participants in the low UPB condition (mean = 2.92; *SD* = 1.99; $F[1, 363] = 268.59$, $p < .001$). The main effect of organizational identification and interaction were not significant.

### 5.4.2 | Hypothesis tests

To examine our hypotheses, we used hierarchical regression analysis, which allowed us to simultaneously test the effects of the categorical independent variables (organizational identification and perceived employee UPB; contrast-coded) and continuous independent variable (moral disengagement) (Aiken & West, 1991). To reduce potential issues of multicollinearity, prior to the analysis, the measure of moral disengagement was mean-centered and the related interaction terms were built using mean-centered values. To examine the proposed conditional indirect effects (H4), we conducted bias-corrected bootstrapping analysis to construct 95% CIs based on 5,000 bootstrap samples.

First, and consistent with H1, results showed a significant two-way interaction between employee UPB and organizational identification in predicting participants' trust ($b = .16$, $SE = .07$, $p = .02$; see Table 5). Simple slope analyses showed that for participants with high organizational identification, the effect of perceived UPB on trust was nonsignificant ($b = -.06$, $SE = .10$, $p = .57$), whereas it was negative and significant for participants with low organizational identification ($b = -.38$, $SE = .10$, $p < .001$; see Figure 5). Consistent with H1, these results suggest that participants with high organizational identification responded more favorably to employee UPB than those with low organizational identification.

Second, consistent with H2, the results also revealed a significant two-way interaction between perceived employee UPB and participants' moral disengagement in predicting trust ($b = .22$, $SE = .04$, $p < .001$). Simple slope analyses showed that perceived employee UPB had a nonsignificant impact on trust for participants with high moral disengagement ($b = .14$, $SE = .09$, $p = .13$), whereas its impact on trust was negative and significant for those with low moral disengagement ($b = -.63$, $SE = .09$, $p < .001$; see Figure 6).

In support of H3, the three-way interaction between employee UPB, organizational identification, and moral disengagement was also significant ($b = -.08$, $SE = .04$, $p = .02$). Simple slope analyses showed that when participants' moral disengagement was high, the effect of perceived employee UPB on trust was more positive when organizational identification was high ($b = .19$, $SE = .12$, $p = .13$) rather than low ($b = .15$, $SE = .12$, $p = .22$; see Figure 7a). However, the slopes were not statistically significant. In contrast, when participants' moral disengagement was low, the impact of perceived employee UPB on trust was more negative when organizational identification was low ($b = -.94$, $SE = .12$, $p < .001$) than when organizational identification was high ($b = -.33$, $SE = .13$, $p = .01$; see Figure 7b). Taken together, these results provide partial support for H3.

**TABLE 5** Regression results for the links between employee UPB and leader trust and justice (Study 2)

| | Interactive links between leaders' perceptions of employee UPB and leader trust | | | | | | Links between leader trust and employees' perceptions of leader justice behaviors | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Trust | | | | | | Procedural justice | | Distributive justice | | Informational justice | | Interpersonal justice | |
| | Model 1 | | Model 2 | | Model 3 | | Model 4a | | Model 4b | | Model 4c | | Model 4d | |
| Variables | *b* | *SE* | *b* | *SE* | *b* | *SE* | *b* | *SE* | *b* | *SE* | *b* | *SE* | *b* | *SE* |
| Constant | 5.01*** | .07 | 4.99*** | .06 | 5.00*** | .06 | 3.62*** | .17 | 3.16*** | .20 | 4.27*** | .19 | 4.44*** | .18 |
| UPB | −.22** | .07 | −.24*** | .07 | −.23*** | .06 | .05 | .04 | −.04 | .05 | .06 | .05 | .01 | .05 |
| Trust in employee | | | | | | | **.39*** ** | **.03** | **.46*** ** | **.04** | **0.28*** ** | **.04** | **0.28*** ** | **.04** |
| OI | .26*** | .07 | | | .26*** | .06 | .01 | .04 | .07 | .05 | .02 | .05 | .01 | .05 |
| MD | | | .26*** | .04 | .26*** | .06 | −.22*** | .04 | −.21*** | .03 | −.28*** | .03 | −.31*** | .03 |
| OI × MD | | | | | −.13*** | .04 | .00 | .02 | −.03 | .03 | .00 | .03 | .00 | .02 |
| UPB × OI | **.16*** | **.07** | | | **.16**** | **.06** | .13* | .04 | .12* | .05 | .15*** | .04 | .12** | .04 |
| UPB × MD | | | **.22*** ** | **.04** | **.23*** ** | **.04** | .01 | .02 | .02 | .03 | −.02 | .03 | .00 | .02 |
| UPB × OI × MD | | | | | **−.08*** | **.04** | −.02 | .02 | .00 | .03 | .00 | .03 | .01 | .02 |
| $R^2$ | | .08*** | | .21*** | | .29*** | | .37*** | | .41*** | | .30*** | | .36*** |
| Delta-$R^2$ of interaction[a] | | .01* | | .08*** | | .01* | | | | | | | | |

*Note:* $N = 367$.

Abbreviations: MD, moral disengagement; OI, organizational identification; UPB, unethical pro-organizational behavior, as perceived by the leader.

[a]After adding the two-way interactions in Models 1 and 2 and after adding the three-way interaction in Model 3.

*$p < .05$; **$p < .01$; ***$p < .001$, two-tailed.

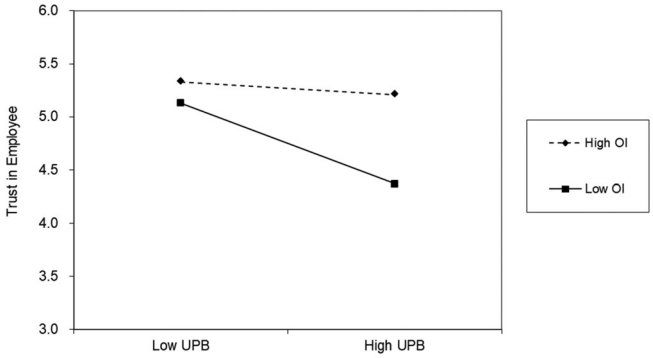


**FIGURE 5** The two-way interaction between leader perception of employee unethical pro-organizational behavior (UPB) and leader organizational identification (OI) in predicting leader trust in employees (Study 2)

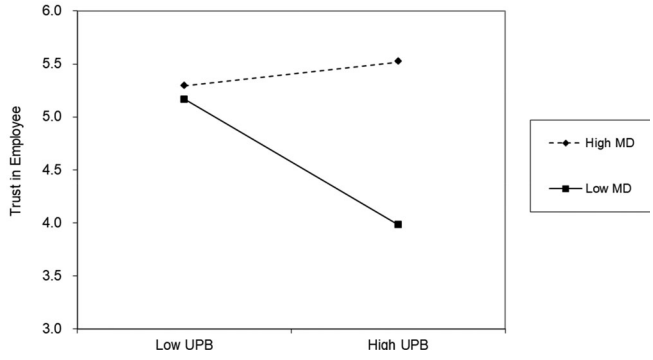


**FIGURE 6** The two-way interaction between leader perception of employee unethical pro-organizational (UPB) and leader moral disengagement (MD) in predicting leader trust in employees (Study 2)

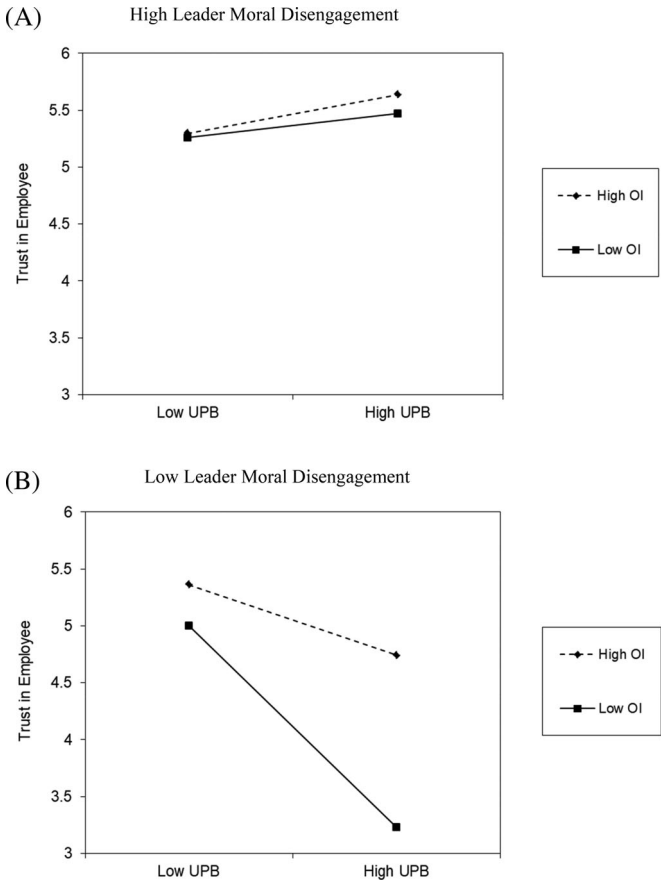


**FIGURE 7** The three-way interaction between leader perception of employee unethical pro-organizational behavior (UPB), leader organizational identification (OI), and leader moral disengagement (MD) in predicting leader trust in employees (Study 2). (a) High leader moral disengagement. (b) Low leader moral disengagement

Finally, we examined the conditional indirect effects proposed in H4 using the approach of Edwards and Lambert (2007). As noted in Study 1, to support a conditional indirect effect, three conditions must be met (Hayes, 2018). First, the interactive effect of the antecedent (employee UPB) and moderators (leader organizational identification and moral disengagement) must be significant. As reported above, this condition was met for all two- and three-way interactions. Second, the mediator (i.e., leader trust in employees) must be significantly linked to the outcome variables (i.e., the four facets of leader justice) while controlling for all antecedents and their interactions. The results showed that this condition was met for all four types of justice (see Table 5, Models 4a to 4d).

As the last requirement, the proposed conditional indirect effects need to be significantly different from zero. Consistent with H4, this was true for all four facets of justice (see Table 6). Specifically, when participants' moral disengagement was high (+1 *SD*), the conditional indirect effects of UPB on all four forms of justice were significant and positive at high levels of organizational identification (+1 *SD*): indirect $\text{effect}_{\text{procedural justice}}$ = .07, 95% CI = [.01, .15]; indirect $\text{effect}_{\text{distributive justice}}$ = .09, 95% CI = [.02, .17]; indirect $\text{effect}_{\text{informational justice}}$ = .05, 95% CI = [.01, .11]; indirect $\text{effect}_{\text{interpersonal justice}}$ = .05, 95% CI = [.01, .11]. At low levels of organizational identification (−1 *SD*), the indirect effects on the four forms of justice were not significant: indirect $\text{effect}_{\text{procedural justice}}$ = .06, 95% CI = [−.01, .14]; indirect $\text{effect}_{\text{distributive justice}}$ = .07, 95% CI = [−.01, .16]; indirect $\text{effect}_{\text{informational justice}}$ = .04, 95% CI = [−.003, .10]; indirect $\text{effect}_{\text{interpersonal justice}}$ = .04, 95% CI = [−.003, .10].

Furthermore, when participants' moral disengagement was low (−1 *SD*), the conditional indirect effects of UPB on all four forms of justice through trust were significant and negative at low levels of organizational identification (−1 *SD*): indirect $\text{effect}_{\text{procedural justice}}$ = −.36, 95% CI = [−.51, −.24]; indirect $\text{effect}_{\text{distributive justice}}$ = −.43, 95% CI = [−.60, −.29]; indirect $\text{effect}_{\text{informational justice}}$ = −.26, 95% CI = [−.39, −.16]; indirect $\text{effect}_{\text{interpersonal justice}}$ = −.26, 95% CI = [−.38, −.17]. At high levels of organizational identification (+1 *SD*), the indirect effects were smaller and not always significant: indirect $\text{effect}_{\text{procedural justice}}$ = −.13, 95% CI = [−.26, −.003]; indirect $\text{effect}_{\text{distributive justice}}$ = −.15, 95% CI = [−.31, −.003]; indirect $\text{effect}_{\text{informational justice}}$ = −.09, 95% CI = [−.20, −.002]; indirect $\text{effect}_{\text{interpersonal justice}}$ = −.09, 95% CI = [−.20, −.01]. Together, these results support H4.

**TABLE 6** Path analytic results of the proposed conditional indirect effects (Study 2)

| | Conditional indirect effects of leaders' perceptions of employee UPB on employees' perceptions of leader justice | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | DV: Procedural justice | | DV: Distributive justice | | DV: Informational justice | | DV: Interpersonal justice | |
| | Est | 95% CI | Est | 95% CI | Est | 95% CI | Est | 95% CI |
| When MD is high | | | | | | | | |
| Simple paths for high leader OI | **.07*** | **[.01, .15]** | **.09*** | **[.02, .17]** | **.05*** | **[.01, .11]** | **.05*** | **[.01, .11]** |
| Simple paths for low leader OI | .06 | [−.01, .14] | .07 | [−.01, .16] | .04 | [−.003, .10] | .04 | [−.003, .10] |
| When MD is low | | | | | | | | |
| Simple paths for high leader OI | −.13* | [−.26, −.003] | −.15 | [−.31, .003] | −.09* | [−.20, −.002] | −.09* | [−.20, −.01] |
| Simple paths for low leader OI | **−.36*** | **[−.51, −.24]** | **−.43*** | **[−.60, −.29]** | **−.26*** | **[−.39, −.16]** | **−.26*** | **[−.38, −.17]** |

*Note:* $N = 367$.
Abbreviations: DV, dependent variable; MD, moral disengagement; OI, organizational identification.
*$p < .05$, two-tailed.

## 6 | GENERAL DISCUSSION

In this research, we developed a comprehensive model of the relationship between employee UPB and leader responses, which include the mechanisms and central boundary conditions of this linkage. The results of a field study and an experiment showed that leader perceptions of employee UPB were positively related to leader trust and justice among leaders who were highly identified with their organizations. This link was also positive for leaders who had a high propensity to morally disengage. However, the results also revealed that perceived UPB was only positively related to leader trust and justice when both moderators were high—that is, when leaders were both strongly identified with the organization and were morally disengaged. In contrast, when leaders weakly identified with their organization and had a low propensity to morally disengage, employee UPB was related to *lower* leader trust and justice.

### 6.1 | Theoretical implications

As noted at the outset, the existing theory and research on UPB has overwhelmingly focused on the drivers of employee engagement in behaviors that are unethical but benefit the organization. In contrast, and consistent with the notion that organizations are social entities in which an employee's behaviors elicit responses from others, the present study offers a more complete perspective on employee UPB, which centers on the dynamic relationship between leaders and employees. It adds to an emerging stream of research that examines how leader perceptions of various employee behaviors may affect leaders' responses (Schuh, Zhang, Morgeson, Tian, & Van Dick, 2018). However, it also shows that, compared to other employee actions (e.g., in-role performance), UPB poses a particular challenge for observer interpretations and responses. While most employee behaviors tend to prompt mainly positive *or* negative leader responses, we found evidence for *both* types of leader responses. This finding underscores the unique, dualistic nature of UPB and suggests that leader responses to employee actions are more complex than previously assumed.

In addition, our findings specify when employee UPB may have these differential effects by uncovering two important moderators. The fact that leader organizational identification and moral disengagement tilted them toward more favorable or unfavorable responses is important because it directly tests the (hitherto untested) links implied by UPB theory (Umphress et al., 2010). In addition, this finding complements recent studies that suggest that employees engage in UPB because they expect positive outcomes, such as recognition and favorable treatment from other organizational members—consistent with the notions of equity and reciprocity wherein positive behaviors for the organization should be rewarded (Thau et al., 2015). However, our results suggest that these expectations may not always be justified, at least when considering possible leader responses. This study is also important because it is among the first to shine a spotlight on the *negative* consequences of employee UPB and it contributes to a more nuanced view of this novel concept.

The differential effects found in this study also provide important insights into one of our moderator variables—the role of organizational identification—and its effects in organizational settings. Indeed, recent studies have argued that employees may engage in UPB and other unethical actions *because* they feel a strong bond with their organization (Chen et al., 2016). At first glance, this reasoning seems compelling. However, it also rests on the implicit assumption that organizational identification can almost automatically override most moral considerations—a notion that has been recently contested by social identity researchers (Ellemers et al., 2013). In contrast, the present findings indicate that organizational identification alone may not be sufficient to justify unethical deeds. Instead, organizational members will only approve of such deeds if they perceive them as morally acceptable. This finding is important because it can point toward a more nuanced and accurate view of the role that organizational identification plays in perceiving and reacting to unethical behavior.

One unexpected and interesting finding in Study 1 was that leader trust significantly predicted perceived procedural and distributive justice, but not interpersonal and informational justice. This finding was surprising given that theory and prior studies have documented a link between leader trust and all four forms of justice—

consistent with the results of Study 2 (Seppälä et al., 2012; Zapata et al., 2013). However, in hindsight, the more robust effects on procedural and distributive justice also align with recent findings, which suggest that leaders may leverage different types of justice for different reasons. Specifically, Scott et al. (2014) found that leaders mainly used procedural and distributive justice when they sought to elicit employee compliance. In contrast, informational and interpersonal justice were more strongly fueled by the leader's sentiments toward an employee. Given its unethical nature, it is plausible that UPB may have triggered leader intentions to induce compliance, and thus prioritized procedural and distributive justice concerns. While speculative, this reasoning points toward an interesting avenue for future research—to develop a more complete view of leaders' differential applications of justice.

### 6.2 | Practical implications

Our findings also address an important practical question: whether and to what extent organizations can rely on their leaders to appropriately manage unethical employee conduct. Although many organizations count on their leaders to sanction unethical employee behaviors, our findings support a somewhat pessimistic view of the leader's role in managing ethics in organizations (Hoyt et al., 2013). However, they also suggest several measures that organizations can employ to encourage their leaders to take a more ethical stance.

Indeed, the boundary conditions examined in this study may offer important levers. While it may not be advisable for organizations to curb leader organizational identification because of its positive effects on employee attitudes, performance, and health (Haslam, 2004), targeting leader moral disengagement may prove more promising. Even for leaders who identified strongly with their organization, we found that they would not reward unethical employee behaviors if they showed little propensity for moral disengagement. Prior research has identified several ways for organizations to address moral disengagement. For example, while many organizations use traditional indicators of leader effectiveness to select their candidates (e.g., measures of transformational leadership; Bass, 2008), our study indicates that organizations should also assess their leaders' stances toward morality. This may help them to select leaders who guide employees toward high performance, but also ensure that these leaders do not push too hard and seek to win at all costs. There are various ways to reliably assess leader moral disengagement, including behavioral tasks suitable for assessment centers and the self-report scales used in this study.

Leader moral disengagement can also be addressed through training and coaching. Various studies suggest that aspects of morality can be influenced through external interventions (Ritter, 2006). For example, training on moral disengagement can raise leader sensitivity to unethical dynamics among their employees and help them to identify and reduce their own tendencies to legitimize immoral actions (Moore et al., 2012). However, such interventions in selection and training will rarely be effective if they are implemented in a stand-alone fashion; they tend to be considerably more effective if they are embedded in clear organizational policies and values (Arnaud & Schminke, 2012). Moreover, implementing such measures will benefit from active involvement from top management, as this will signal that morality is a clear priority within the organization. Clearly, comprehensive initiatives require substantial investments in terms of money and time, and results will not emerge overnight. However, such initiatives are likely to pay off in the medium- to long-term by reducing the reputational damage and financial costs of UPB.

### 6.3 | Strengths, limitations, and future research

The present findings need to be considered in light of several strengths and limitations. One noteworthy feature of Study 1 is its multi-source, multi-wave design, which allowed us to reduce the potential impact of common method variance (Podsakoff et al., 2012). However, limitations are the correlational nature of our data, which did not allow us to test for causality, and that this dataset was collected in one country only, which may give rise to questions of generalizability. For example, based on its largely collectivistic nature, it could be argued that the effects of organizational identification may be particularly strong in China (House, Dorfman, Javidan, Hanges, & de Luque, 2013). However, importantly, prior studies suggest that most leadership dynamics and effects of organizational identification are very similar in Eastern and Western countries (Schuh, Egold, & van Dick, 2012; Steffens et al., 2014). Moreover, we addressed these concerns in Study 2. The experimental design provided evidence for the causal effects of perceived employee UPB. Moreover, the fact that the data were collected in the United States, an individualistic culture, provided evidence for the generalizability of our model (House et al., 2013).

A promising next step for future research would be to constructively expand the current model. Indeed, the present study focused on two leader characteristics as the central boundary conditions. To generate a more complete understanding of leader responses to employee UPB, it would be interesting to add variables at other levels of analysis. For example, prior research suggests that positive leader responses can depend on leader-follower similarity or employee charisma (Byza, Schuh, Dörr, Spörrle, & Maier, 2017). At the contextual level, scholars have found that competitive pressure can influence (un) ethical dynamics in organizations (Chen et al., 2016). Integrating these findings with the present model would be promising because it could ultimately result in a comprehensive framework of leader responses to employee UPB.

## 7 | CONCLUSION

In light of organizations' desire to minimize unethical conduct, it is crucial to understand how leaders respond to unethical employee behavior. The present study shows that employee UPB can influence leader trust and fairness and, thus, contributes a novel perspective on the

moral dynamics between employees and their leaders. We hope that these findings will spark future research interest into leader responses to UPB and, ultimately, help organizations in their efforts to encourage responsible and ethical conduct that benefits not only the organization but also the societies in which they are embedded.

## DATA AVAILABILITY STATEMENT

The data is available upon request from corresponding author

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## ENDNOTE

[1] While our model suggests that leader perceptions of employee UPB influence leader trust and justice, it is also possible that the causal flow is reversed. Specifically, employees may engage in more UPB because they feel that their leader knows that they are exercising their best judgment about what is best for the organization given that they feel trusted by their leader. Hence, we tested alternative models in which leader trust and employee perceptions of leader justice were treated as the independent variables and employee UPB as the outcome. The results showed that these relationships were not significant.

Another potential concern is that we collected our data from only one firm. Hence, it is not clear whether the results are generalizable and replicable in other companies. Accordingly, we retested the central parts of the model (i.e., the proposed conditional links between perceived employee UPB and leader trust in a different company and industry). This new dataset was collected in an insurance firm using a two-wave design and responses from 68 leaders and 310 employees. The results are essentially the same as in Study 1 in terms of patterns and levels of significance. They are available from the corresponding authors upon request.

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**How to cite this article:** Schuh SC, Cai Y, Kaluza AJ, Steffens NK, David EM, Haslam SA. Do leaders condone unethical pro-organizational employee behaviors? The complex interplay between leader organizational identification and moral disengagement. *Hum Resour Manage*. 2021;60: 969–989. https://doi.org/10.1002/hrm.22060