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# THE ROLE OF CONTEXTUAL VARIABLES IN THE RELATION BETWEEN LEADER MORAL DISENGAGEMENT AND INDIVIDUAL OUTCOMES

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by

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# Glossary of Abbreviations

- FARC Revolutionary Armed Forces of Columbia
- HR Human Resources
- IRP In-role Performance
- IT Information Technology
- LMD Leader Moral Disengagement
- OB Organizational Behavior
- OCB Organizational Citizenship Behaviors
- OCB-I Organizational Citizenship Behaviors towards Others
- OCBO -Organizational Citizenship Behaviors towards the Organization
- USA United States of America

#### Abstract

The aim of this paper is to analyze the influence of perceiving leader moral disengagement on employees' outcomes, namely OCB-I, in-role performance, and turnover intentions. Moreover, we propose that climate—namely unethical climate and supervisor distrust (presenteeism climate)—acts as mediator in this relation. Leader moral disengagement is a relatively new construct in organizational literature, and despite the fact that it can have negative results, the effects on individuals and the mechanism underlying such effects are still largely unknown. The relation between perceiving leader moral disengagement and employees' OCB-I and in-role performance was negative and significant, while the effect on turnover intentions was positive and significant. A partial mediation was found between unethical climate and supervisor distrust, which suggests that the climate created by the morally disengaged leader is inclined to facilitate the activation of moral disengagement in employees, as well as their perception of disengagement in leadership. In this way, climate helps to explain employees' negative outcomes.

**Key-Words:** Leader Moral Disengagement, Employee Outcomes, Unethical Climate, Supervisor Distrust-Presenteeism Climate

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#### Resumo

O objectivo deste trabalho, é analisar a influência da percepção de um líder descomprometido moralmente nos *outcomes* dos colaboradores, sendo estes OCB-I, desempenho na tarefa e intenções de saída da organização. É também proposto que o clima – Clima não Ético e Desconfiança do Supervisor (Clima de Presentismo) – tenha um papel mediador nesta relação. Apesar o impacto negativo associado ao descomprometimento moral na liderança, este ainda é um conceito relativamente novo na literatura organizacional, estando os efeitos nos indivíduos e os mecanismos subjacentes a estes efeitos ainda por compreender. A relação entre percepcionar um líder descomprometido moralmente e OCB-I e desempenho na tarefa foi negativa e significativa, enquanto o efeito nas intenções de saída positivo e significativo. Verificou-se uma mediação parcial através do clima não ético e desconfiança do supervisor, indicando que o ambiente criado pelo líder descomprometido moralmente facilita a activação de mecanismos de descomprometimento moral nos colaboradores e a percepção de descomprometimento na liderança. Desta forma o clima contribui para a compreensão dos comportamentos negativos nos indivíduos.

**Palavras-Chave:** Descomprometimento Moral Líder, *Outcomes* Colaboradores, Clima não Ético, Desconfiança Supervisor – Clima de Presentismo

#### I—Introduction

In recent years there has been an increasing preoccupation with ethical issues and deviant behavior, primarily associated with corruption in high-profile management all over the world; some known examples are the Enron and Lehman Brothers cases (Liu, Lam & Loi, 2012; Eichenwald, 2005). Leaders exert influence in every field of the organization and on all stakeholders, showing how important it is to understand why some leaders disengage from their organization and subordinates (Bonner, Greenbaum, & Mayer, 2013). In this way, moral disengagement features in an increasing body of research concerned with explaining why a person may engage in unethical decisions and behaviors (Bandura, 1986, 1999). Nevertheless, leader moral disengagement is, to our knowledge, a recent variable in literature, with few studies showing the impacts in employees (Bonner, et al., 2013). The relation between morally disengaged leaders in organizations and their influence on their subordinates is yet to be more fully explained; as such, we aim to begin unveiling the way in which the leader creates an environment inclined toward moral disengagement, which leads to the individual outcomes.

There have been several morally disengaged leaders who dissimulated their actions; one prime example is Pablo Escobar, one of the most notorious criminals ever to influence history. He became one of the world's most wanted men, a drug lord who used harassment, torture, murder, and kidnapping to target, scare, and influence innocent people (Ahmed, 2016). Even today, Escobar's story generates millions of dollars through television series and documentaries, creating ambiguous public opinion; some people worship his life accomplishments, while others view him as a terrorizing figure (Ahmed, 2016). Through charity, such as giving money to the poor and building social neighborhoods, he was able to shape the reality of people in that economic bracket, being seen as almost a saint as a result. He symbolizes the "Robin Hood mentality"; he took from the rich and gave to those who were most in need. Accordingly, he became representative of a minority group, which caused them to start to depend on him to see changes. As Escobar saw his immoral actions as a fight against oppression and for justice, he did not perceive his crimes and violence as being wrong (Ahmed, 2016). Here, the moral disengagement mechanisms are activated to remove selfcensure associated with reprehensible action (Bandura, 1991, 1999), as he believes he is fighting for a greater cause and sees his competitors as enemies. However, he was subsequently faced by political forces, such as the United States, other drug cartels, and even illegal political groups (FARC), working against him. This was the beginning of a turning

point in the way Escobar was perceived by the people; he began to distrust everybody and became excessively suspicious of with his loyal followers and family. People started seeing past the philanthropic mask, and began to notice the climate of violence and insecurity Escobar had created. They turned against Escobar and his methods, and even reported him to the police, whereas previously they would protect him.

In Pablo Escobar's story is possible to see how a leader who performs immoral and criminal acts can be seen by the population as almost a hero, through the reconstruction of their reality and the huge power of influence. Conversely, the environment created by him enabled people to see his true intentions, through losing contact with their reality, low trust, and performance of immoral acts by his followers. Escobar's history shows the power a morally disengaged leader can gain in order to rise, but also shows how they create their own inevitable fall.

The main contributes presented here are therefore related to the variables: *leader moral disengagement* is characterized by some similarities with the opposite facet of ethical leadership; namely, these leaders show poor moral standards and use moral disengagement mechanisms to make their actions seem less reprehensible and more acceptable (Bandura,1999). Moreover, they focus on their personal goals, toward which they influence others (Beu & Buckley, 2004), creating a sense of obligatory loyalty (Moore, Mayer, Chiang, Crossley, Karlesky, & Birtch, 2018). *Unethical climate* is an environment that allows and perpetuates illegal or morally reprehensible behavior from the larger community in the workplace (Jones, 1991). *Supervisor distrust*, a dimension of *presenteeism climate*, refers to a suspicion by the leader when an employee misses work due to health issues. In this way, they feel pressure to go to work because they sense their supervisor sees them as being dishonest (Ferreira, Martinez, Cooper, & Gui, 2015).

Presenteeism climate has shown a negative correlation with the theory of leader-member-exchange (LMX): the quality of the leader-member relationship (Ferreira, et al., 2015). As leader moral disengagement can be perceived as a self-defense, leaders are not perceived as contributors to the team or company and develop low-quality relationships with employees. Presenteeism climate is associated with low LMX and employee outcomes (Ferreira, et al., 2015); therefore, in the current thesis we propose presenteeism climate as mediator in leader moral disengagement and outcomes. Unethical behavior has also already been associated with leader moral disengagement and employees' perceptions (Moore, et al.,

2018). We draw on the already existing models (Bandura, 1977; Blau, 1964) that demonstrate that morally disengaged leaders use reward-punishment systems and role-modeling to endorse their immoral behaviors in the company and team, and as a result, employees also start adopting the same type of behaviors. We propose that it is through the climate inclined toward moral disengagement—similar to unethical climate—that employees start to perceive the leader's real intentions and disengage their relation with the organization by reducing their own contributions.

This paper will further develop the application of social learning theory (Bandura, 1977) and social exchange theory (Blau, 1964) in the organizational field; moreover, we aim to understand the link that causes morally disengaged leaders to begin to be seen as unethical and destructive. In Escobar's story, there was a turning point at which individuals stopped seeing him as a benefactor and began to see their moral disengagement mechanism as self-defense that only protected Escobar's goals and did not bring any reward to themselves (Bandura, 1977). Thus when individuals perceive that their psychological contract is broken, they stop or reduce their contributions to the leader, or, in the organizational environment, the company (Blau, 1964). We therefore propose that it is through perceiving their colleagues performing immoral acts (unethical climate) and their leader's lack of belief in them (supervisor distrust) that the turning point occurs, and employees start presenting lower OCB-I and in-role performance and higher turnover intentions. In this way, we strive to contribute to the development of a recent variable, leader moral disengagement, that has already had serious destructive effects on companies' longevity (Eihchenwald, 2005; Bonner, et al., 2013; Moore, Treviño, Baker, & Mayer, 2012).

By adding to our model supervisor distrust (presenteeism) and unethical climate, we aim to better understand the underlying mechanisms that allow leader moral disengagement to affect subordinates. Prior studies already establish unethical behavior as the result of moral disengagement in leadership (Moore, et al., 2012); however, supervisor distrust does not have an extensive body of research and lacks clear links with the variables in studies. By introducing the climate variables to this study, we intend to achieve a broader approach than previous literature (Bonner, et al., 2013; Moore, et al., 2018; O'Fallon & Butterfield, 2005), taking into account all contexts in which these relations and behaviors are developed, and identifying the missing links that explain how morally disengaged leaders influence individuals' outcomes.

# II—Theory

#### Moral Disengagement

The concept of moral disengagement (Bandura, 1986, 1991, 1999) appears as an extension of the social learning theory (Bandura, 1977). Moral disengagement theory (Bandura, 1986, 1991, 1999) conceives that people develop personal standards of moral behavior, which play a regulatory role; these standards reinforce good behavior by anticipating what an individual would suffer if they carried out any action that could be in conflict with these guidelines. Individuals normally behave according to these standards in a consistent way, and when their actions go against these guidelines, the result is self-condemnation and discomfort. When people are in a situation in which they could behave inhumanely, or when their moral standards collide with behaviors, they are in a state of cognitive dissonance and can use self-influence to behave according to their principles (Bandura, 1991). The self-influence is guided by internal standards and can be exercised through evaluation of the motivations and regulations in the moral conduct. This self-regulation mechanism is activated and deactivated selectively, with moral disengagement as the main trigger of the process (Bonner, et al., 2013).

The moral disengagement process has eight interrelated mechanisms, as suggested by Bandura (1986). The propensity to morally disengage appears to differ between individuals, so is treated as a personality trait (Bonner, et al., 2013), and the mechanisms are used to reduce the dissonance between behavior and moral standards (Elliot & Devine, 1994). These mechanisms are divided into three areas; the first ones increase moral acceptability by cognitively restructuring deviant behavior, thus comprehending moral justification, euphemism labeling, and advantageous comparison. Moral justification refers to reconstructing harmful actions by making them look less harmful: for example, Enron's decision makers justifying fraudulent behavior with the excuse they were creating a better energy market (Eichenwald, 2005). When we use neutral language to rename harmful actions, we attempt to make them look less reprehensible; in this case the mechanism used is euphemistic labeling, for example framing lying to your competitors as strategic misrepresentation (Detert, Sweitzer, & Treviño, 2008). Whenever we try to make a behavior seem more acceptable by comparing it to a worse one, we are using advantageous comparison. Therefore the unethical facet of the action is decreased, transforming it to a less reprehensible and more acceptable one; as an example, employees may excuse taking a

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company's material, such as stationery, because it has less severe repercussions than misappropriating organizational funds (Bonner, et al., 2013).

Displacement of responsibility, diffusion of responsibility, and distortion of consequences emerge by distorting the results of harmful actions on others (Bandura, 1986). When individuals decrease the importance of their part in a harmful action by placing accountability on superiors' orders, the mechanism triggered is displacement of responsibility. Negative group behavior and peer pressure can incite diffusion of responsibility, for example in organizational teams it is easier to disseminate the blame in a department, where people can go unnoticed, lessening their perceived cost of deception due to a decreased feeling of personal accountability for the effects (Lewicki, 1983). Distortion of consequences leads to a disconnection in the self-sanction given when a sanctionable act is committed; by minimizing the effects, actions becomes less condonable (Detert, et al., 2008), for example when an employee steals from a big company, saying that it is so big they won't even notice.

When the identification with the victim is reduced, the mechanisms triggered are dehumanization and attribution of blame. The "us-versus-them mentality" developed by groups (Brewer, 1979) will permit individuals to perpetuate harmful acts on others outside the group more easily, because it is more difficult to activate internal standards toward these others, who are seen as having less human qualities (Struch& Schwartz, 1989). Along the same lines, when the self is exonerated by assigning the guilt to the victim-by describing them as deserving, attribution of blame is active. This mechanism seems to explain many unethical behaviors such as white-collar crimes (Moore, et al., 2012) or exclusion of an employee who accuses a well-liked manager of sexual harassment by conceiving that she or he dressed provocatively (Christian & Ellis, 2014).

Moral disengagement does not happen instantly; it is a continuous process in which people begin to tolerate harmful actions that initially cause them discomfort by repeatedly diminishing the victims and continuously increasing the level of harm. These practices can become regular because they do not bring any anguish or self-censure (Bandura, 2002). This gradual process is shown by Sprinzak (1990) with radicals on the political Left or Right evolving gradually into terrorists.

Research on moral disengagement has primarily focused on its outcomes, particularly the positive relation with aggression in children in the educational field, or, in the military field with the decisions to support a military action (Detert, et al., 2008). Other studies try to

explain the antecedents of moral disengagement or the propensity that a person has to morally disengage (Detert, et al., 2008). Moral disengagement has been studied relating to wrongdoing in social psychology, however, this variable has been poorly explicated in terms of organizational and ethical problems (Barsky, 2011).

In a study by Moore and colleagues (2012) with a focus on moral disengagement in the organizational environment, the authors discovered that the individual propensity to morally disengage can predict several outcomes, such as self-reported unethical behavior, self-serving decisions, and, most importantly for our study, an increase in the supervisors' and co-workers' reported unethical behaviors.

Most of the studies were, however, in educational contexts, and there are scarce studies in the organizational field. One such study is carried out by Bonner and colleagues (2013), in which leader moral disengagement was shown to influence employees' perceptions of ethical leadership. The authors used individual propensity to morally disengage as a way to explain employees' outcomes such as OCB and performance. However, this study does not take into consideration the impact of the climate created by the morally disengaged leader, which sets the underlying values that influence not only the leader's relationships with employees, but also the organization as a whole. These leaders have the power to disguise their harmful actions, dissipating the dissonance in their subordinates, manipulating the environment in a way that causes individuals to start to accept and, gradually, perpetuate the same beliefs as the morally disengaged leader (Bandura, 2002). Building on the moraldisengagement model (Bandura, 1986, 1991, 1999), as well as previous insights by Moore and colleagues (2012) and Bonner and colleagues (2013), we propose to fill this gap in the literature by studying leader moral disengagement through employees' perceptions and investigating how the climate created by the leader can influence individual and organizational outcomes.

# Leader Moral Disengagement

Leader moral disengagement is, to our knowledge, a relatively new variable in the HR / OB literature. We will therefore build on the previous construct of ethical leadership, due to the extensive literature regarding this theme, as well as the similarities between variables in the approach engaged by leaders regarding moral issues.

In recent years, with the increased attention to morality problems (Kalshoven, Den Hartog, & De Hoogh, 2011), ethical leadership has started to be considered as an independent leadership style characterized by a set of behaviors that focus on the ethical components (De Hoogh & Den Hartog, 2008). The social exchange theory approaches ethical leadership with a focus on the reciprocity norm (Turner, Barling, Epitropaki, Butcher, & Milder, 2002) as the reason why employees reciprocate when treated by their superiors fairly and with care (Cropanzano & Mitchell, 2005). The responsible use of power is also referred to as an ethical leader characteristic that affects subordinates' actions toward goal achievement in a socially responsible way (De Hoogh & Den Hartog, 2009).

Contrary to ethical leadership, a morally disengaged leader fails in following the rules regarding setting goals for what are good work practices and ethical values within the company. Their words are not in accordance with their actions and employees then start having a cognitive dissonance (Barsky, 2011). Showing poor moral standards and reinforcing these ideals to subordinates also leads to the opposite side of ethical leadership, resulting in employees displaying similar characteristics to the morally disengaged leader. These leaders show through their behavior that success is defined only in terms of results, leading to moral justification mechanisms. Additionally, an authoritarian and obligatory sense of loyalty is requested from employees, which facilitates displacement of responsibility; alternatively, the leader's absolute focus on goals and efficiency can create an environment in which there seems to be no victim (Moore, et al., 2018).

Accordingly to Bandura (1991), the decision on how to act depends on the strength of individuals' self-approval versus the social blame associated with a behavior, despite the fact that the self-censure decreases by using absolvitory reasoning and as a result of influence from the social environment (Moore, 2008). The morally disengaged leader can cognitively reconstruct an event, making it seem ethical or acceptable. Thus employees do not even consider that there is an ethical problem; if any employee displays moral dissonance or ethical dilemma, the leader is able to tell him or her that the action is acceptable and take the responsibility from the subordinate, enhancing the positive effects related to the action (Beu & Buckley, 2004). Loyalty to the leader and organization is also exacerbated to a sort of moral obligation (Kelman & Hamilton, 1989), and when an order is given, employees obey because they see it as being in the company's best interest. In these ways, leaders induce moral disengagement in their employees and are capable of reaching their desired goals regarding the effects on the organization and individuals (Beu & Buckley, 2004).

This personalized use of power is sometimes challenging, due to different employees with various objectives; the process of managing their wills into the leader's goals is extremely complex (Beu & Buckley, 2004). Leaders use creative language, such as soothing expressions, and reframe employees' actions as a way to decrease or erase employees' conflict between requirements and definitions of the situation (Bandura, 1986). These cognitive reconstructions seem to be the most effective at eliminating self-censure. If the leader can inspire and create a vision (Ammeter, Douglas, Gardner, Hochwarter, & Ferris, 2002), the ambiguity is dissolved, and employees start appropriating the language, rituals, and values desired as a result of the leader opening the door to a culture that accepts and sees unethical behavior as good (Beu & Buckley, 2004). Individuals with a predisposition to morally disengage have a higher probability of becoming leaders as they are seen by organizations as doing anything to achieve organizational goals (Moore, 2008). When they are in a leadership position, they have ample opportunities to model, reward, and integrate unethical practices in the organization's social system (Ashforth & Anand, 2003); in this way, leaders start affecting their employees' attitudes toward work, as we will describe.

# Moral Disengagement and Extra and In-Role Performance

The literature has shown the undeniable link between OCB and in-role performance. Extra-role behaviors, such as OCB, help to maintain the social and psychological context that supports task performance (in-role behavior) (Organ, 1988).

Contextual performance can be represented in subsets by such variables as organizational citizenship behavior (Goodman & Svyantek, 1999). Nevertheless, the variable OCB can be described as discretionary behaviors of individuals, which are not recognized directly or explicitly by the organization, but in the end increase organization efficiency and effectiveness (Organ, 1988). OCB originally had eight dimensions, such as virtue, courtesy, and cheerleading; these emphasize moral quality (Organ, 1990).

Williams and Anderson (1991) showed OCB behaviors can be divided in OCBO, directed toward the organization, for example not taking longer breaks than allowed, and OCB-I, toward other people, which refers to more personally focused actions such as assisting others who were absent or have heavy workloads (Turnley, Bolino, Lester, & Bloodgood, 2013). This study only focuses on the behavior toward others (OCB-I) because it is an intrinsic component of the job, present in the independent variable.

The formal prescribed responsibilities in the job—what is officially required of the employee in terms of behavior and outcomes that directly serve organizational goals—are called in-role performance (Taris, 2006). The task activities contribute directly or indirectly to the technical aspects of the organization, with variation between jobs and dependence on knowledge, skills, and abilities (Borman & Motowidlo, 1993). In-role behavior seems to be the primary construct for measuring performance, since it is related to the prescribed job requirements (Cho, Faerman, & Yoon, 2012), hence the choice in this study.

If an individual has low moral disengagement, it means he or she has less propensity to take part in the mechanism that cognitively reconstructs reality to seem less harmful; he or she will feel more discomfort, and will pay more attention to ethical business behavior (Bonner, et al., 2013). Therefore, when employees perceive their leaders as being highly morally disengaged, always using excuses and behaving unethically, they feel discomfort, and in accordance with the social exchange theory (Blau, 1964; Organ, 1988), want to reciprocate in the same manner. There is a breach in the psychological contract, as they feel a discrepancy between what they were promised and what they receive; as a result, they start seeing that the relationship with their leader is not equal and does not represent a fair social exchange (Organ, 1990). Thus if employees feel that their leader fails to adequately meet their obligations while they continue delivering their part of the deal, they will take actions trying to rebalance the relationship, reducing their contributions in order to achieve that (Turnley, et al., 2003). Employees think "If my supervisor does not work as much as I and gets more rewards, such as payment, then why should I go the extra mile?" (Blau, 1964). Employees start presenting less interest in colleagues and disengage with work itself as a way to restore what was missing in the relationship, in this case, from the leader (Turnley, et al., 2003).

Moral disengagement, specifically the mechanism related to the rationalization process, has broad research showing a clear link to goal-directed work behaviors (Barsky, 2011). In a study of Italian workers, Fida, Paciello, Tramontano, Fontaine, Barbaranelli, and Farnense (2015) confirmed that moral disengagement can lead to counter-productive work. Similarly, in a study of nurses and police officers, Bakker and Heuven (2006) found that emotional dissonance (present when the leader is morally disengaged) is negatively related to in-role performance when embedded in a more complex model. On the other hand, OCB behaviors in employees are increased by fair and consistent treatment (Ehrhart, 2004) and a strong relationship built easier when the leader has people orientation (Cropanzano & Mitchell, 2005).

When employees perceive their assigned performance goals as an implicit instruction to behave unethically, the supervisor, who exercises authority, is transmitting what he or she expects from his or her subordinates (Barsky, 2011). Even if that was not the intended performance goal, the employees may start acting however they see fit, trying to achieve the goals unethically, and displacing their responsibilities to the supervisor (Barsky, 2008). The leader probably has to question and change employees' behaviors by showing them that the existing beliefs and attitudes are no more likely to lead to goal achievement; in the end, if they believe the situation is important and can see the behavior as performable, subordinates become motivated and willing to adopt new perspectives and consequent actions (Beu & Buckley, 2004). Due to the elevated relation between OCB-I and in-role performance (Organ, 1988), when morally disengaged leaders find themselves in difficult situations they disengage, not only in relations but with work itself, sending a message to their subordinates as to how to behave and what is valued in the organization (Barsky, 2011). This leads to lower in-role performance in the subordinates too, through reciprocal modulation in the behavior.

H1 —Employees who perceive higher moral disengagement in leaders tend to develop lower OCB-I.

*H2*—Employees who perceive higher moral disengagement in leaders tend to develop lower in-role behaviors.

#### Moral Disengagement and Turnover Intentions

Turnover intentions are a form of job-related withdrawal that happens as a coping behavior due to negative stressors in the workplace (Jensen, Patel, & Messersmith, 2013). The concept is self-explanatory, however, it can be described as an individual intention or planned behavior to terminate their job in the organization in which they currently work (Bothma & Roodt, 2013). As Tett and Meyer (1993) added, it is a conscious and deliberate intention to leave the company.

Petriglieri (2011) presented a model to explain turnover, called the theory of identity-threat responses. This model argues that individuals use two coping strategies—identity-protection responses and identity-restructuring responses—when they feel their identity is threatened and that they do not have enough social support. Turnover appears as restructuring mechanisms that erase the identity threat, by carrying out an identity exit and leaving the

company. The choice to exit an organization can come as a result of performing an immoral act. When confronted with choosing between competing duties and obligations, employees are expected to follow orders of authority, however, they can transgress these orders according to their personal integrity, which usually leads to loss of power and privileges (Beu & Buckley, 2004).

A psychological contract is created when someone works in an organization, which is composed of transactional and relational components. The first are related to payment and benefits, while the relational components focus on an exchange relationship that includes development of opportunities and support from supervisors (Robinson & Rousseau, 1994). When employees feel their leaders are morally disengaged, they feel a cognitive dissonance between their actions and their intentions (Bandura, 1991). In this way, they maintain the transactional aspects so they can receive payment, but they start to disengage on the relational aspects (Christian & Ellis, 2014). This is because they do not see a long-term and flexible relationship with the supervisor and the company itself as they feel pressure to go against their identity, and the leaders start to be seen as threats. As a coping mechanism, employees may start having intentions to leave the company to psychologically detach themselves (Burris, et al., 2008) and neutralize all the relational aspects that are missing.

Lee and Mitchell (1994) also present the unfolding model, in which a shocking event causes individuals to start to analyze their jobs and develop an intention to leave the company. Weaver and Yancey (2010) showed in a study of manufacturing employees that negative leaderships can lead to turnover intention. According to their adaptation on the social exchange theory, these leaders use tactics such as focusing on their goals, deteriorating others' goals, or destroying the process of reciprocal social exchange. The authors suggested these breaches or continuous misbehaviors, which are also present in the morally disengaged leader, would result in deterioration in the relation, causing subordinates to put their work in perspective, which could ultimately lead to them leaving the company.

H3—Employees who perceive higher moral disengagement in leaders tend to increase their turnover intentions.

Leader moral disengagement (LMD) leads to several organizational outcomes, however, the literature seams to fail to explain how this relation develops. In the following section we suggest that the relation between LMD and its outcomes through the role of supervisor distrust or unethical climate may mediate the previous hypothesized model.

# Mediating Role of Unethical Climate

Unethical behavior is, in accordance with Jones's conceptualization, "either an illegal or morally unacceptable behavior to the larger community" (1991, p.367).

An ethical leadership has two components: the moral manager and the moral person. The first is about how a leader is likely to behave: showing honesty, integrity, fairness, trustworthiness, and clarifying responsibilities (Treviño, Hartman, & Brown, 2000). As moral managers, leaders influence subordinates' ethical behavior and, consequently, their ethical climate. They do so by setting an example, as they are models of expected behavior, providing a focus on moral outcomes, not only results, and communicating ethical conduct in their decision making (Bandura, 1986; Brown, et al., 2005; Gini, 1998; Brow, Treviño, & Harrison, 2005). They essentially expect that employees behave ethically and hold their actions against moral standards (Liu, et al., 2012), reinforcing ethical conduct. On the contrary, morally disengaged leaders are less probable to show ethical behavior; their words and actions are not consistent, as they are protected from the self-censure brought about by an immoral action or decision. They probably give role-modeling signifiers of low standards and even unethical behavior, as they do not see it as being wrong, leading to a disengagement with ethical practices and their promotion because they are not associated with any benefits and the leader's immoral acts are not perceived as destructive (Bonner, et al., 2013). If the morally disengaged leaders have good political skills, they are even able to influence an elevated number of individuals to behave unethically, by creating a climate inclined toward moral disengagement (Beu & Buckley, 2004).

In accordance with the social learning theory, individuals learn ethical behavior by observing influential others (Bandura, 1977). In that way, morally disengaged leaders create poor ethical standards; they cannot see the benefit of engaging in ethical practices and would not take proactive steps to promote ethics by, for example, rewarding or punishing employees' ethical/unethical behavior (Brown, et al., 2005). When there is legitimate authority, power, access to rewards and sanctions, and social skills, leaders create the perception of legitimacy and are able to influence others to behave unethically by rolemodeling (Bandura, 1977). The morally disengaged leader takes all accountability for the consequences of the actions, which creates a sort of obligation to be followed notwithstanding employees' own moral values (Beu & Buckley, 2004).

By disassociating a harmful act from individual guilt, it is very easy to break internal standards and undertake unethical behaviors (Bandura, Barbaranelli, Caprara, & Pastorelli 1996). Duffy, Aquino, Tepper, Reed, and O'Leary-Kelly (2005) found that moral justification had a positive effect on undermining co-workers in a hospital environment. Displacement of responsibility through circumstances beyond an individual's control, like supervisor orders, existing precedents, everyone else doing the same, and "playing a small part," seem to play an important role in explaining why people may morally disengage (Greenberg, 1998). Individuals do not feel guilt when behaving unethically because the personal sanctions associated with deviant behavior are cognitively removed (Bonner, et al., 2013). O'Fallon and Butterfield (2005) found that moral disengagement plays a role in the ethical decision making in an organizational context.

The social exchange theory (Blau, 1964) proposes that when leaders perform abusive behaviors, subordinates may engage in unethical behaviors, such as stealing or arriving late. This happens as a result of a violation in the relationship between leader and subordinate and is an attempt to restore the balance (Bennett & Robinson, 2000). Individuals feel the need to reciprocate behaviors as a way to balance the relationship (Uhl-Bien & Maslyn, 2003), and inside organizations, this reciprocal exchange process is a defining characteristic that takes the form of a psychological contract (Valle, Kacmar, Zivnuska, & Harting, 2019).

Bonner and colleagues (2013) found that perceptions of ethical leadership had a mediating role in the relation between self-reported supervisor moral disengagement: both OCBs and in-role performance. They went even further and suggested that influence of moral disengagement and ethical leadership is moderated by employee propensity to morally disengage. Drawing on the previous authors, we seek to explore not only the individual level of influence of the leader and subordinate, but also how the climate can help explain this relation through the integration of all contexts in which the action is developed. Hence, we propose that individuals who perceive leader moral disengagement tend to develop behaviors contrary to what is expected in the organization, because they perceive that all their colleagues behave the same, which can explain the outcomes, leading to hypotheses 4.

H4a—It is expected that unethical behavior acts as a partial mediator in the relation between perceiving the leader as morally disengaged and OCB-I.

*H4b*—It is expected that unethical behavior acts as a partial mediator in the relation between perceiving the leader as morally disengaged and in-role performance.

*H4c*—It is expected that unethical behavior acts as a partial mediator in the relation between perceiving the leader as morally disengaged and turnover intentions.

#### Mediated Role of Presenteeism Supervisor Distrust

Presenteeism is a concept normally associated with health research, which when related to organizational behavior, refers to negative actions (Grinyer & Singleton, 2000) in which employees are present at a workplace but do not perform completely due to physical or psychological problems (Hemp, 2004). Essentially, employees go to work without feeling fully operational, which makes this construct a compromise between absenteeism and full work, caused mainly by behavioral and psychological constraints such as back pain, arthritis, and lung infection in the physical field, and, psychologically, anxiety, depression, and stress (Ferreira, et al., 2015). By continuing to go to work without being fully operational, employees further decline their mental and physical health, in a spiral effect (Hobfoll & Freedy, 1993).

Presenteeism climate is composed of several dimensions: *Extra-time valuation*, in which employees' performance depends on how much time they spent at work; *Co-worker competitiveness*, which relates to the pressure that peers exercise on each other to stay long hours after the working time, which generates a climate of competitiveness and presenteeism; and *supervisor distrust* (Ferreira, et al., 2015), which occurs when a worker has the perception that his leader sees his absence as illegitimate or suspicious or believes that he is using an excuse to skip work (Rentsch & Steel, 2003). In the present study, supervisor distrust was chosen due to the intrinsic connection with leader moral disengagement, as the decision of going to work or staying home is related to the relationship employees have with their supervisor (Halbesleben, Whitman, & Crawford, 2014).

Presenteeism climate focuses on the psychological variables (Asif, 2011), giving importance to the "psychological contract" (Nicholson & Johns, 1985)—reciprocal expectations between an organization and employees—or the mechanisms that translate collective influence into individual behaviors (Schein, 1992). This establishes a specific environment in the group formed by two dimensions: the values and beliefs of the society and those of the group. Thus presenteeism climate is modulated by the values and beliefs deeprooted in the society they exist within (Ferreira, Martinez, Mach, Martinez, Brewster, Dagher, Perez Nebra, & Lisovskaya, 2017). It can be seen as counter-productive behavior or

The Role of Context in the Relation between Leader Moral Disengagement and Individual Outcomes organizational citizenship depending on the interdependence in the environment (Johns, 2010).

The presenteeism climate influences employees, but there are individual differences that can make this relation vary (Ferreira, et al., 2015), such as gender, hierarchical position (Addae & Johns, 2002), wage benefits, and responsibilities. Occupations in the caring, helping, and teaching sectors, however, tend to have more incidences of presenteeism, due to loyalty to and concern for vulnerable clients, such as patients and children (Aronsson, Gustafsson, & Dallner, 2000).

Thus presenteeism climate has an important role in increasing the actual presenteeism; pressuring employees to be present can generate higher stress levels that decrease performance (Ferreira, et al., 2015) by increasing the number of mistakes made (Demerouti, Le Blanc, Bakker, Schaufeli, & Hox, 2009). Presenteeism climate pressurizes employees and supervisors to work more time than necessary to maintain the quality of their performance while ill. This is a result of various organizational causes and leader behaviors (Ferreira, et al., 2017), which lead to absenteeism, actually missing work, and, ultimately, turnover (Johns, 2010). When the option to be absent is not available, however, the productivity loss is exacerbated (Bycio, 1992). Not only does the individual performance decrease but also the team suffers as a result of having a member that cannot fully perform; ordinarily, other colleagues take time to help this employee, which ultimately affects the company productivity (Demerouti, et al., 2008).

As the dimension supervisor distrust has not yet been much developed, to our knowledge, the variable supervisor trust was chosen in the literature due to it being the inverse and already having shown to relate with a variety of employees' outcomes and antecedents (Dirks & Ferrin, 2002). Supervisors act as models of conduct in organizations (Agle & Caldwell, 1999); some studies demonstrated that perceiving their leader as being fair (Treviño & Weaver,2001) or having high moral standards (Brown, et al., 2005) makes it easier for employees to report problems. In a study, Podsakoff, MacKenzie, Paine and Bachrach (2000) suggest that when subordinates experience leader support they will probably behave more cooperatively. Ferreira and colleagues (2017) also stated that supervisor support influences employees' attitudes by increasing psychological resources and preparing them for change. Cohen-Charash and Spector (2001) also show that deciding to go to work can be

based on a perception of fair distribution, which ultimately influences employees' performance, extra-role behavior, and attitudes.

On the contrary, leader moral disengagement is expected to be associated with a transactional leadership, as leaders create a distance with employees' problems and reality (Beu & Buckley, 2004) and base their control on reward and punishment (Kohlberg, 1969), such as information and payment. These leaders also develop poor quality relationships, due to showing low ability and little benevolence or integrity, as well as lack of support and feedback, which are essential to develop fair relations (DeConinck, 2011; Grestner & Day, 1997). Moreover, these leaders begin to be seen as unfair, which creates distrust in the relation with employees. A transactional leader creates an environment in which employees see their job as a pure economic exchange (Tremblay, 2010), so they disengage on the relational aspects and focus mostly on the rewards (e.g. payment).

Morally disengaged leaders are mostly driven by their personal goals, only recognizing their subordinates' needs when they meet their own agenda (Beu & Buckley, 2004). Thereby, employees are afraid of failing leaders' goals and requests by missing work, believing that their leaders do not trust them and would see their illness as an excuse, with their absence leading to consequential repercussions (Valle, et al., 2019), for example in payment. If a leader possesses high social skills and has a relation with employees who have a lack of trust, or they recognize distrust in the climate with other workers, employees tend to go to work even when they are sick (presenteeism). Since the literature (Johns, 2010) shows this variable is associated with higher turnover intentions and lower OCB and IRP, it is expected that supervisor distrust could mediate the relation between LMD and his outcomes. However, only a partial mediation is expected, because the influence of the leader in subordinates is such a complex relation, with different variables that can help explain the relation.

*H5a*—Supervisor distrust acts as a partial mediator in the relation between perceiving the leader as being morally disengaged and OCB-I.

H5b—Supervisor distrust acts as a partial mediator in the relation between perceiving the leader as being morally disengaged and in-role performance.

*H5c*—Supervisor distrust acts as a partial mediator in the relation between perceiving the leader as being morally disengaged and turnover intentions.

#### III—Method

#### Procedure

Data in this study was collected using a three-wave, self-reported survey delivered through social media and TurkPrime (Litman, Robinson, & Abberbock, 2016), an online crowdsourcing platform. The website has research showing data collected through them has as much reliability as data obtained via traditional methods (Buhrmester, Kwang, & Gosling, 2011; Goodman, Cryder, & Cheema; 2013; Paolacci & Chandler, 2014). The participants from TurkPrime were paid around 1 USD for survey. Participants came from two countries: a minority from Portugal, where the survey was conducted by social media, and the majority from the United States, where input was obtained via TurkPrime (Litman, et al., 2016). In order to prevent common-method variance, the variables were not measured at the same time (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003).

All the questionnaires were created using QualtricsXM (Qualtrics, Provo, UT). The first wave was distributed to the participants in Portugal through social media, and an email address was requested, to which the next phases were sent directly. The participants who answered the first survey via TurkPrime were sent email triggers alerting them when the next phases were available. The first wave was in mid-November 2018, while the second phase took place two months later, in January 2019, and the final one occurred at the end of February 2019. The phases had an average duration of two weeks, and email alerts were sent during that time. All the participants had an identification code to match the three phases: the codes for the respondents from Portugal were created by the participant, who selected a number combination, while TurkPrime generated an automatic code for each participant from the United States.

Each of the questionnaires had an average duration of 10 minutes. The participants agreed to voluntarily participate in the study by consenting to start the survey; anonymity and confidentiality were assured in the introduction. There was no ethical review for the study because it did not put any participant in danger.

# **Participants**

In the first wave of questionnaires there were a total of 430 answers: 101 from Portugal and 329 from the United States. Demographic data was measured in this phase. The second wave had a total of 272 answers, with 48 from Portugal and 224 from the United States. The final wave had a total of 216 answers, of which 30 were from Portugal and 186 were from the United States, however, only 169 were usable cases; 47 were eliminated due to incomplete answers or random responses.

The final sample consists of 169 participants, with 56.2% male respondents. 8.9% are Portuguese, 0.6% Spanish, 0.6% Canadian, and 89.9% American. Out of these nationalities there are 9.5% who live in Portugal and 90.5% who reside in the USA. On average, participants were 36.16 years old (SD=.79) and had worked in their jobs for 15.52 years (SD=.78) with a mean of 6.43 years in the company at which they worked at the time of the survey (SD=.42). The sector with the highest proportion of participants is Retail and Wholesale Trade, with15.4% of the answers; 14.8% of the participants worked in Human Health and Social Support Activities, followed by Education, with 11.8%, and Finance and Insurance Activities with 11.2%. The other sectors did not have high percentages, with values below 5.5%, however, the option Other Sector received 26% of the answers; here were stated such jobs as IT, Military, HR, and Manufacturing.

In the demographic questions, participants were asked to characterize their leaders, 62.1% of whom were male. The leaders were, on average, 46.44 years (SD=.89), and had been working in the company for an average of 12.65 years (SD=.72).

In order to control possible cultural bias, a test to compare means was conducted between the Portuguese and American participants. It was found that there were only significant differences between, supervisor distrust (t(167)=1.96, p=.01), ethical climate (t(167)=.38, p=.01) and leader moral disengagement (t(167)=.58, p=.00).

#### Measures

The questionnaires were delivered in Portuguese and English, allowing participants to answer in their native language. There were scales, like moral disengagement, that followed Brislin's (1980) translation-back-translation procedure, to ensure the translation from English to Portuguese and vice-versa were correct and presented the same quality in both languages.

Leader Moral Disengagement—Employees' perceptions that their leaders are morally disengaged were measured through a combination of two scales: the propensity to morally disengage scale developed by Moore and colleagues (2012), and the organizational moral disengagement scale created by Barsky, Islam, Zyphur and Johnson (2006). The measures were both adapted, with four items used from the first and five used from the second. Both instruments were in the first person and assessed the propensity to moral disengage in the subject. In this study we altered them to measure the perception that individuals had of their leaders' propensity to moral disengage. The final scale had a total of nine items with answers on a seven-point Likert scale (1= strongly disagree and 7=strongly agree); an example of an item is "My direct boss has shown our team that if an employee needs to stretch the truth to do their job, they cannot be blamed for lying." This scale integrated the second wave.

The principal component analysis carried out with an oblique rotation showed, as suggested, the existence of one unique factor, which accounted for 69.06% of the variable variance. All items presented validity values above 0.5, maintaining the nine original items. The reliability score was good ( $\alpha$ =.94).

A confirmatory analysis was conducted with reference to the program AMOS 23 (Arbuckle, 2014), showing that in the leader moral disengagement scale all the categorical variables load highly on a single factor, with weights ranging between .69 and 1. Showing a good fit to the data, the Chi square presented a significant value ( $\chi^2$ =112.42, p< .001,  $\chi^2$ /df=27) with a comparative fit index of .96 and a RMSEA of .08.

*Unethical Climate*—To evaluate the unethical behaviors presented in their work team, participants responded to a scale developed by Cordeiro (2018), which is an adaptation of the employee ethics scale (Vardi, 2001). This scale had ten items with answers through a fourpoint Likert scale (1=never and 4=most of the time). The scale contained such items as "My co-workers arrive work late and leave early without boss permission" and was part of wave two.

A principal component analysis was carried out, followed by oblique rotation, as the literature suggested only one dimension. However, the variable showed the items loaded in two factors. When the items 1, 7, and 10 were taken out, due to cross-loading, the scale turned to the one factor previously suggested. This one dimension accounted for 54.47% of the unethical climate variance and the Chronbach alpha for this scale was .84.

A confirmatory analysis was conducted showing that all the categorical variables load highly on a single factor, with weights ranging between .63 and .91. Showing a good fit to the data, the Chi square presented a significant value ( $\chi^2 = 68.15$ , p < .001,  $\chi^2/df=14$ ) with a comparative fit index of .92 and a RMSEA of .09. Accordingly to MacCallum, Browne, and Sugawara (1996) a RMSEA in the range of .05 to .1 is considered an indicator of a fair fit.

Supervisor Distrust (Presenteeism Climate)—Supervisor distrust is a dimension of the variable presenteeism climate, which was assessed using the Presenteeism Climate Questionnaire developed by Ferreira and colleagues (2015). This scale had a total of three dimension and ten items, however, only one dimension was used, composed of four statements. The answers were rated on a seven-point Likert scale (1=strongly disagree and 7=strongly agree). An example of an item is "When I call my boss saying that I'm sick I feel I'm being misunderstood". This scale integrated the first wave of questionnaires.

A principal component analysis was carried out, followed by varimax rotation. The variable presenteeism climate presented the existence of three factors. All items exhibited high validity values, with a weight of more than 0.5. The only item deleted was item 7, because it presented cross-loading in factor 2 and 3. According to Kaiser Method, the variable has three dimensions, and therefore accounted for 69.11% of the variance in presenteeism climate. The dimension supervisor distrust alone accounted for 45.79% of the variance and had a good internal consistence ( $\alpha$ =.87).

The confirmatory analysis indicated a reasonable fit, with all the categorical variables loading strongly on a single factor (loadings ranging between .64 and .88). The Chi square had a significant value ( $\chi^2 = 38.09$ , p < .001,  $\chi^2/df=2$ ) with a comparative fit index of .95 and a RMSEA of .2. Despite the high RMSEA (superior to .08), the model fit is considered reasonable, due to having a very low df, which could be artificially heightening the RMSEA (Kenny, Kaniskan, & McCoach, 2015).

*In-Role Performance*—In-role performance was measured with an adaptation of the organizational citizenship and in-role behaviors scale developed by Williams and Anderson (1991). Only four items were used, and the scale had such statements as "Performs tasks that are expected of him/her". The answers were collected using a seven-point Likert scale (1=strongly disagree and 7=strongly agree). This variable was part of wave three.

A principal components analysis was carried out, followed by an oblique rotation, and the one factor suggested in the literature was confirmed. All items presented high validity values, weighting more than 0.5. The discovered dimension accounts for 82.57% of the variable and by analyzing Chronbach's alpha, it was ensured that the scale presented good reliability ( $\alpha$ =.92).

For this variable the confirmatory analysis suggests that all the categorical variables load strongly on one single factor, with loads ranging from .75 and .94. The model demonstrates a good fit to the data, with a significant Chi square ( $\chi^2 = 5.00$ , p < .001,  $\chi^2/df=2$ ) and a comparative fit index higher than .9 (CFI=1). The RMSEA is also lower than .08 (RMSEA=.06), which demonstrates that the model is suitable for one factor.

*OCB-I* —The scale chosen to assess organizational citizenship behaviors toward others (OCB-I) was adapted from the same questionnaire as the variable in-role performance: the organizational citizenship and in-role behaviors scale, created by Williams and Anderson (1991). In this case only five items were selected from the original scale, measured in a seven-point Likert scale (1=strongly disagree and 7=strongly agree). This scale was part of wave three, like the previous one.

A principal components analysis was carried out, followed by an oblique rotation, and again the one factor was confirmed. All the items presented high validity values, with a weight of more than 0.5. According to the Kaiser Method, the variable had only one dimension, and therefore accounted for 70.46% of the variance. The scale shows good internal consistency, with a Chronbach alpha of .89

In the confirmatory analysis, all the categorical variables weigh heavily on one single factor, with loadings ranging from .64 and .82 and the model presented a good fit to the data, with a significant Chi square ( $\chi^2 = 13.51$ , p < .05,  $\chi^2/df = 5$ ). The comparative fit index was.99 and the RMSEA was lower than .08 (RMSEA=.06), which confirmed the one factor.

Turnover Intentions—The turnover scale used in this study was developed by The University of Michigan (1975) and is part of the Michigan Organizational Assessment Package. There are three items in the questionnaire and the answers are measured through a five-point Likert scale (1=Totally Disagree and 5=Totally Agree). The scale contains items like "I thought about leaving my job" and integrated wave three.

When analyzing the principal component analysis, followed by the oblique rotation, the one factor was confirmed. All the items presented high validity values with the discovered dimension accounting for 88.1% of the variance. The reliability was measured by Chronbach's alpha and the scale showed excellent internal consistence ( $\alpha$ =.94), with a confidence interval of 95%.

For the turnover intention variable, the confirmatory analysis confirmed the model is fit for one factor. All the categorical variables load high on one single factor, with loadings ranging from .85 and .95. The model presented a good fit to the data, with a significant Chi square ( $\chi^2 = .00$ , p < .001,  $\chi^2/df = 0$ ). The comparative fit index was 1 and the RMSEA was .46; even though the RMSEA is so high, the fit is good, because as Kenny and colleagues demonstrated (2015), a low degree of freedom has the effect of artificially increasing RMSEA.

# Measurement Model and Common-Method Variance

Taking into account that the variables leader moral disengagement and unethical climate were measured at the same time, which is usually associated with common-method variance, a CFA was conducted. Results show that the model with two correlated factors presented a better fit—indices ( $\chi 2(104)=432.37,p<.001$ ; comparative fit index (CFI)=.88; Tucker-Lewis index(TLI)=.85; root-mean-square error of approximation (RMSEA)=.084; lower bound (LO)=.076; upper bound HI=.093)—than a single factor ( $\chi 2(104)=617.38$ , p<.001; CFI=.82; TLI=.76; RMSEA=.105; LO=.097; HI=.113). Therefore, the variables are measuring two distinct constructs.

The same analyses were carried out for the variables OCB-I, in-role performance, and turnover intentions. Again, a single-factor model did not provide good fit indices ( $\chi$ 2(54)=979.82, p<.001; CFI=.53; TLI=.36; RMSEA=.196; LO=.186; HI=.207). The model including three factors revealed a much better fit ( $\chi$ 2(54)=239.45, p<.001; TLI=.86;CFI=.91; RMSEA=.088; LO=.077; HI=.099).

To conclude, the evidence from the confirmatory factor analyses confirmed the distinctness of the variables, ensuring different constructs were being measured.

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IV—Results

# Descriptive Statistics

Table 1 presents the means, standard deviations, and correlations of the variables in this study. The variable with the higher mean was in-role performance and that with the lower mean was unethical climate, ranging from 6.09 to 1.61. There are significant correlations between all the variables in study. Leader moral disengagement and unethical climate had the highest correlation (r=.58, p<.01), followed by in-role performance and OCB-I (r=.-.53, p<.01), which is in accordance with the literature (Organ, 1988). On the contrary, the lowest correlation was between supervisor distrust and OCB-I (r=-.26, p<.01

**Table 1**—Means, Standard deviation, Chronbach's alphas, and Spearman correlations

	M	SD	LMD	Unethical Climate	Supervisor Distrust	ОСВ-І	IRP	
Leader Moral Disengagement	2.74	1.32	(.94)					
<b>Unethical Climate</b>	1.61	1.31	.58**	(.84)				
Supervisor Distrust	2.86	1.41	.36**	.38**	(.87)			
ОСВ-І	5.48	.97	31**	30**	26**	(.89)		
In-Role Performance	6.09	.86	43**	44**	27**	.53**	(.92)	
<b>Turnover Intentions</b>	2.67	1.31	.34**	.34**	.33**	43**	29**	(.94)

<sup>\*\*</sup> p< .01

**Notes:** Between parentheses, at the end of each line, is the Chronbach's alpha of the correspondent scale; M= Mean; SD= Standard Deviation LMD= Leader Moral Disengagement, OCB-I= Organizational Citizenship Behaviors toward others; IRP= In-role Performance

# Hypotheses Testing

We used PROCESS software for SPSS (Hayes, 2013), namely model 4, to test our hypotheses that unethical climate and supervisor distrust had a mediating effect in the relation between leader moral disengagement and his or her outcomes.

Table 2 and table 3 indicate that perceiving the leader as morally disengaged had a negative and significant effect on OCB-I (B= -.19 and B= -.23, respectively; p< .001) and inrole performance (B= -.23 and B= -.28, respectively; p< .001).On the other hand, the effect in turnover intentions was significant and positive (B= .30 and B= .33, respectively; p<.001); therefore, hypotheses 1, 2, and 3 were confirmed.

The results indicated a positive and significant effect between the independent variable and both mediators, unethical climate (B= .23, t= 10.156, p< .001) and supervisor distrust (B= .40, t= 5.131, p< .001).

Table 2 shows bootstrapping (95% confidence interval (CI) around the indirect effect; 5000 samples) with bias-corrected confidence estimates that confirmed the mediation hypotheses, because the indirect effects did not contain 0 (Preacher & Hayes, 2004). Thus unethical climate mediates the relation between leader moral disengagement and OCB-I (-0.156,-0.007), in-role performance (-0.186,-0.049), and turnover intentions (0.017, 0.226).

After, as shown in table 3, the mediating role of supervisor distrust was tested. Bootstrapping (95%CI around the indirect effect; 5000 samples) revealed that the indirect effect did not contain 0, neither with any of the outcomes -OCB-I (-0.100, -0.004) nor in-role performance (-0.086, -0.013) or turnover intentions (0.025, 0.170). In this way, we found that supervisor distrust mediates the relation between leader moral disengagement and the outcomes.

Bootstrapping (95%CI, 5 000 samples) with bias-corrected confidence estimates around the direct effects also did not contain 0 in all models ,i.e. when the mediator was considered in the model, the independent variable did not stop affecting the outcomes. The mediations were all partial, therefore confirming hypotheses 4 and 5; primarily supporting H4c and H5c that unethical climate and supervisor distrust partially mediates the relation between leader moral disengagement and turnover intentions.

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**Table 2**—Mediation Model Analysis. Hypotheses 1, 2, 3, and 4

Independent Variables	Unethical Climate In-Role Performance			ormance	050/ D	oc	B-I	050/ P					
	В	SE	В	SE	95% Bootstrap CI LLCI   ULCI	В	SE	95% Bootstrap CI   LLCI   ULCI	В	SE		ootstrap CI ULCI	
Total Effect Constant			6,83 ***	0,12		6,06 ***	0,15		1,81 ***	0,19			
Leader Moral Disengagement			-0,28***	0,04		-0,23***	0,05		0,33***	0,07			
			R2=0,18 ***			R2= 0,10**	*		R2= 0,11***				
		F(1,20	2)= 45,23			F(1,202)= 21	,62	]	F(1,202)= 25,5	9			
Direct Effect Constant	0,98 ***	0,07	7,30 ***	0,17		6,39 ***	0,21		1,29 ***	0,27			
Leader Moral Disengagement	0,23***	0,02	-0,17***	0,05		-0,15**	0,06		0,21**	0,08			
<b>Unethical Climate</b>			-0,48 ***	0,12		-0,33 *	0,15		0,53 **	0,20			
Indirect Effect			-0,11	0,04	-0,186 -0,049	-0,08	0,04	-0,156 -0,007	0,13	0,05	0,017	0,226	
$\mathbb{R}^2$	0,34*** 0,24 ***					0,12	***		0,14 ***				
	F(1,202)=	F(1,202)=103,15 F(2,201)= 31,7				F(2,201)	= 13,52		F(2,201)= 16,91				

<sup>\*\*\*</sup> $p \le .001$  \*\* $p \le .01$  \*  $p \le 0.05$ 

**Notes:** B= Effect; SE= Standard Error; OCB-I= Organizational Citizenship Behaviors toward others

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**Table 3**—Mediation Model Analysis. Hypotheses 1, 2, 3, and 5

Independent Variables	Supervisor	Distrust	In-Ro Perforn				ОСВ	<b>Turnover Intentions</b>						
	В	SE	В	SE	95% Boo	95% Bootstrap CI				tstrap CI			95% Bootstrap CI	
	Б	SE	Б	SE	LLCI	ULCI	В	SE	LLCI	ULCI	В	SE	LLCI	ULCI
Total Effect														
Constant			6,68 ***	0,15			5,90***	0,16			1,97***	0,22		
Leader Moral Disengagement			-0,23***	0,05			-0,19***	0,05			0,30***	0,07		
			R <sup>2</sup> =0,12***				$R^2 = 0.07^{***}$				$R^2 = 0.09^{***}$			
	F(1,167)= 21,75				F(1,167)= 12,42					F				
DirectEffect														
Constant	1,88***	0,23	6,89 ***	0,17			6,12****	0,19			1,55 ***	0,26		
Leader Moral Disengagement	0,40***	0,08	-0,19***	0,05			-0,14**	0,06			0,21**	0,08		
Supervisor Distrust			-0,11*	0,05			-0,12 *	0,05			0,23**	0,07		
IndirectEffect			-0,04	0,02	-0,086	-0,013	-0,05	0,02	-0,100	-0,004	0,09	0,04	0,025	0,170
$R^2 =$	0,14	***	0,14	***		0,10***					0,14***			
	F(1,167)=26,33 F(2,166)= 13,65				F(2,166)= 8,73					F(2,166)= 13,36				

 $p \le .001 p \le .01 p \le 0.05$ 

Notes: B= Effect; SE= Standard Error; OCB-I= Organizational Citizenship Behaviors toward others

#### V—Discussion

Due to the increasing incidence of workplace deviance, corruption, and criminality in organizations (Liu, et al., 2012), a preoccupation with moral standards and ethical behaviors emerged with great strength in recent years (Valle, et al., 2019; Kalshoven, et al., 2011). The influence of perceiving a moral disengaged leadership on employees can help explain these behaviors and several individual outcomes, such as lower performance and organizational citizenship behaviors, and higher turnover intentions. Furthermore, the climate created by the morally disengaged leader seems to contribute to the further understanding of these processes. Thus perceiving moral disengagement in the leader is linked to employees' outcomes, through its relation to unethical climate and supervisor distrust. The theoretical and practical implications of what was discovered will be further discussed.

# Theoretical Implications

Our study confirmed a negative relation between perceiving leader moral disengagement and employees' in-role performance (H1) and OCB-I behaviors (H2), and in addition, a positive effect was found with the variable turnover intentions (H3). The effect on turnover intentions was slightly stronger, showing that the behaviors presented by the morally disengaged leader can lead to a profound deterioration in the relationship (Lee & Mitchell, 1994). One explanation is that cognitive dissonance with leaders' actions creates breaches in the psychological contract (Valle, et al., 2019). Employees then they try to eliminate the missing relational aspects and detach themselves from the organization (Christian and Ellis, 2014; Burris, et al., 2008), instead of only modulating their behavior in accordance with their leader (Bandura, 1991). This can suggest that most of the time employees do not only reduce their contributions by decreasing in-role performance and OCB-I to eliminate dissonance and discomfort (Bandura, 1991), but also they actually start putting their work in perspective, developing intentions to exit the situation as a coping mechanism in order to deal with the dissonance (Buris, et al., 2008). A second explanation is related to the leader's social skills and his or her legitimacy (Bandura, 1977), as this can explain why the self-censure was not eliminated in employees and the dissonance was not dissipated (Beu & Buckley, 2004). Employees do not see their leaders as role-models; therefore, they cannot use their influence to create a sort of blind loyalty that allows the perpetuation of immoral acts, not only in individuals but also in workgroups and organizations. The results were interpreted according to the social learning theory (Bandura, 1977) and social exchange theory (Blau, 1964), and in

this way contribute to the further development of both theories. Moreover, when adopting an integrative approach by adding Bandura's theory (1977) to the social exchange theory (Blau, 1964), both of these theories complement each other, leading to a better and broader understanding of the phenomenon.

Furthermore, the relation between perceiving the leader as being morally disengaged and unethical climate was statistically significant, as was the relation between unethical climate and employees' outcomes (H4); supervisor distrust also presented the same partial mediation effect (H5). Unethical climate and lack of trust in relationships emerge in this study as characteristics of the climate induced by the morally disengaged leader, which facilitate subordinates realizing the immorality presented in their leaders. This reinforces Bandura's (1977) social learning theory and Blau's (1964) social exchange theory and shows the importance of both cognitive and social aspects of leaders' influence on subordinates, as examined below.

Our results confirmed the influence of leader moral disengagement in unethical climates. In line with the moral disengagement theory (Bandura, 1991), these types of leaders use role-modeling and reward/punishment to spread their "immoral ideals" through the organization, creating a climate that perpetuates the activation of moral disengagement mechanisms, and as a result, allowing the department or group to indulge in immoral acts without remorse (Bonner, et al., 2013). Data also supported the mediating role of supervisor distrust, which contributes to the social exchange theory (Blau, 1964), in which the morally disengaged leader deteriorates the relational aspects of the connection, breaking the psychological contract (Beu & Buckley, 2004) and inducing a climate of distrust. In this way, employees start decreasing their contributions as a way to deal with tension and restore the balance in the relationship (Halbesleben, et al., 2014).

Although unethical climate and supervisor distrust presented significant indirect effects, data suggests climate only partially explained this relation. The influence of the leader on employees is such a complex connection, with so many variables to account for and other contextual constraints, that the partial mediation is relatively normal, as there are many other variables that can help to explain leaders' influence. In any case, the present study expands the literature on leader moral disengagement, by creating an employees' perception measure for organizational contexts, and clarifying the consequences of these leaders on organizations and individuals. Additionally, this paper contributes to the scarce presenteeism climate

literature, by exploring the supervisor distrust dimension with profundity and establishing links with new variables. Furthermore, this paper develops the role of unethical behavior theories, by considering their contributing factors in the organizational context.

#### **Practical Implications**

This paper highlights the importance of ethics and moral development at all levels of organizations, and particularly in leadership positions, which carry the legitimacy to influence others. Individuals in this type of position should have training regarding ethical values and decision making, as a way to endorse awareness toward moral disengagement (Bonner, et al., 2013). Furthermore, coaching in leadership can help identify, modify, and, more importantly, prevent leaders who take part in this practice; by creating a personal relationship, coachers can help leaders to realize the outcomes of their actions and find the best way to change their behavior (Rego, Cunha, Gomes, Cunha, Cabral-Cardoso, Marques, 2015). It is in the recruitment phase, however, that prevention can be most effective (Valle, et al., 2019). Through assessing what an individual's moral values are and how they transmit them before hiring, organizations can select better individuals for their top positions and protect themselves from this destructive behavior.

Additionally, leadership should be monitored; this could be achieved through testing the climate by measuring variables such as employees' perceptions of supervisor distrust or unethical climate. Organizations' performance appraisal models should contemplate dimensions that can indicate that a leader is morally disengaged; in order to do that, the reward and punishment system should be measured through employees' perceptions. Perceptions of leaders performing or inducing immoral acts should also be measured—by different employees, in order to prevent bias and spread of moral disengagement through teams (Valle, et al., 2019). Regarding the difficulties in implementing these kinds of systems, if they are embedded in the organization's culture, there is more probability of them being accepted and normalized. Thus focusing on leader awareness and monitorization is important. If the organizations can invest in employee training to identify moral disengagement tactics in their leaders, that would better equip them to preserve moral standards and avoid immoral behavior (Bonner, et al., 2013). In this way, if the leader is morally disengaged, there would be a general ethical climate of openness and trust that would facilitate the identification of, and further reporting on, his or her low moral standards or immoral requests.

#### Limitations and Future Research

All the findings in this paper should be interpreted taking into account the limitations presented. First, note the methodological limitations concerning the data collection, with all measures being self-reported data from employees. Subordinates evaluated their supervisor's moral disengagement, which could increase the probability of biases and limit the study's generalization. In order to decrease biases, however, data was collected in three waves to avoid all the responses coming from the same source at the same time, which could artificially increase the correlations between variables (Podsakoff, et al., 2003). Participants came from different sources and two countries, which can decrease the effects of culture on variables such as presenteeism or moral disengagement. However, the percentages from the two countries were not even, and both presented significant cultural differences in the independent variable and mediators. Nevertheless, there is a methodological limitation in terms of the time at which the independent variable and one of the mediators—unethical climate—were assessed, as both were measured in the same wave. Ultimately, the correlational nature of this paper does not allow definitive results, as it does not test cause-effect relations. The direction of the correlations is not confirmed, and as a partial mediation, there are other variables that may better explain the relation.

To address the methodological limitations, future research should approach leader moral disengagement with alternative methodologies, such as laboratory and field studies, that can help determine causality (Tremblay, 2010). There should be a better reasoning between both nationalities, which would permit a comparison between the variables that have variations in different cultures, such as presenteeism climate (Ferreira, et al., 2017) and leader moral disengagement (Bandura, 1991). The sample size should also be bigger as a way to increase data generalization, and the three waves—with the independent variable, mediators, and outcomes—should all be coordinated at different times, avoiding common-method variance (Podsakoff, et al., 2000).

Moral disengagement is a propensity to endorse moral disengagement mechanisms then permits engaging in immoral actions without feeling self-censure (Bandura, 1991); it varies between individuals. Thus a subordinate's propensity to moral disengage can interfere with their perception of their leader being moral disengaged and their perception of ethical behaviors (Bonner, et al., 2013), as they do not see the harm in the leader's actions or decisions either. Future studies should, as control, include the variable individual propensity

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to morally disengage; in this way, it is possible to clarify if the outcomes are due to the leader's influence and not from the individuals themselves.

Additionally, the measure used to assess perceived leader moral disengagement could have further validation. As the scale was created by compiling two questionnaires that assess the propensity for the individual to morally disengage, and then were altered to the perception of leader moral disengagement, we suggest that to get a deeper understanding of the variable, a qualitative approach, such as focus group, should be considered.

The outcomes chosen in this paper were in-role performance, OCB-I, and turnover intentions, due to symbolizing a broad type of individual outcomes. We suggest it would also be interesting to test other outcomes, such as commitment (Bentein, Vandenberg, Vandenberghe, & Stinglhamber, 2005) and workplace deviance (Liu, et al., 2012). Unethical climate and supervisor distrust did not totally explain the influence of leader moral disengagement on individual outcomes. Due to the complexity of the relation, and broad contextual and individual factors that can further explain this relation, we propose that in future studies the variable leader social skills (Beu & Buckley, 2004) and individuals' emotional dissonance (Bakker & Heuven, 2006) are used as mediators. Both variables are associated with moral disengagement; leader social skills influence how the leader passes his or her message to others, and if he or she has good social skills, it is easier to hide his or her intentions, while for employees it becomes harder to recognize the leader's immorality in the climate, as he or she is able to dissimulate and manipulate it. Moral dissonance also seems to have a role in changing subordinates' perceptions of the leader, as the immoral acts start to create an unbearable discomfort, which leads to the necessity to restore balance through the reduction of contributions, and which ultimately leads to the outcomes.

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## VI—Conclusions

In conclusion, this paper enhances the importance of continuing to explore the variable leader moral disengagement in the literature, and how climate, especially unethical behavior and supervisor distrust, helps to explain its influence. For some time, leader moral disengagement can serve a leader's personal goals, but eventually, it makes their employees recognize their immorality, which further leads to the individual outcomes. This study also proposes a questionnaire for the variable in an organizational context, a concept that has not been systematically measured or rarely adapted. Managers or individuals in high hierarchical positions, who have other individuals over their command, should be monitored regarding ethical and moral decisions, as well as their performance, due to the influence they have on their employees and organizations. We hope this study was able to further develop the moral disengagement theory (Bandura, 1986, 1991, 1999) and that the integration of climate in the model as an explanation for individual outcomes can provide a basis for future research regarding the application and links for leader moral disengagement in the organizational context.

## VII—References

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The Role of Context in the Relation between Leader Moral Disengagement and Individual Outcomes

VIII—Appendix

Appendix A – Questionnaires' Items Moral Disengagement Questionnaire items

- My direct boss has shown our team that it's alright to exaggerate the truth to keep your company out of trouble.
- My direct boss has shown our team that if an employee needs to stretch the truth to do their job, they cannot be blamed for lying.
- My direct boss has insinuated that employees cannot be blamed for wrongdoing if they feel that he/she has pressured them to it.
- My direct boss has insinuated that an employee should not be blamed for the wrong doing done on behalf of the organization.
- My direct boss has emphasized that employees cannot be blamed for exaggerating the truth when all other employees do it.
- My direct boss has emphasized that it is unfair to blame an employee who has only a small part in the harm caused by a company's actions.
- My direct boss has suggested that it is hardly a sin to inflate your own credentials a bit, considering the ways people grossly misrepresent themselves.
- My direct boss has indicated that taking something without the owner's permission is okay, as long as you are just borrowing it.
- My direct boss has claimed that taking personal credit for ideas that were not your own is no big deal.

## Presenteeism Climate Questionnaire Items

	- I feel that "living in the workplace" is highly valued in my company
	- I feel that I am judged by the number of hours I stay at work
Extra-time	- I benefit from staying for longer hours at work
valuation	- My career depends on the number of hours (per day) I stay at work
	- I feel more admired if I leave work late without completing my tasks
	rather than if I leave early with my tasks completed
	- When I call my supervisor to say I am sick, I feel misunderstood
Supervision distrust	- My supervisor suspects that the reasons of my absences from work are
	not real
	- I think my supervisor distrusts me if I am absent from work due to a
	health problem
	- I fear that my absence due to a health problem makes my supervisor
	believe I am less important at work
	- Some of my colleagues stay for longer hours at work just for the sake of
	being noticed
Co-workers	- Some of my colleagues stay for longer hours at work because they are
competitiveness	afraid of losing their jobs
	- Some of my colleagues compete among themselves in order to see who
	stays longer at work

## **Unethical Climate Questionnaire Items**

- -My co-workers use the company's cellphone to make calls during work hours and breaks
- -My co-workers miss work without justifying
- My co-workers take home company's equipment and material without permission
- My co-workers verbally abuse each other
- My co-workers work slowly on purpose
- My co-workers make lunch breaks bigger than permitted
- My co-workers arrive work late and leave early without boss permission
- My co-workers give presents in exchange of special treatment
- My co-workers take credit for other people work
- My co-workers take care of personal businesses during work hours

## In-Role Performance and OCB-I Questionnaire items

In-Role Performance	-Adequately completes assigned duties
	-Fulfills responsibilities specified in job description
	- Performs tasks that are expected of him/her
	- Meets formal performance requirements of the job
OCB-I	- Helps others who have been absent
	- Helps others who have heavy work loads
	- Takes time to listen to co-workers' problems and worries
	- Goes out of the way to help new employees
	- Takes a personal interest in other employees

# Turnover Intentions Questionnaire items

- -I thought about leaving my job
- -I planned to look for a new job in the next 12 month
- I would actively search for a new job outside the firm