

# Is Ethicality Itself a Boundary Condition for Ethicality: The Complementary Role of Employees' Exchange Ideology and Moral Awareness in Restricting the Effect of Ethical Leadership in Reducing Workplace Deviance

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### **Abstract**

Ethical leadership (EL) seems to be effective in reducing workplace deviance, questions remain as to whether its benefits are consistent across all situations. Specifically, whether its effectiveness remained in an already ethical environment. In this investigation, we explore two important boundary conditions of ethical leadership that are themselves related to ethicality. We first explore how employees' moral awareness (MA) may lessen the need for ethical leadership. Drawing on substitutes for leadership theory, we suggest that when individuals already possess a heightened level of moral awareness, ethical leadership's role in reducing deviant actions may be reduced. We also contended that Employees' Exchange Ideology - the strength of an employee's belief that the work effort should depend on treatment by the organization- also reduces EL effectiveness. This norm of reciprocity may not be ethical, as the leader's positive or negative efforts towards employees may divert them from doing what is morally right to reciprocate. However, not all individuals value



reciprocity to the same degree, hence higher Employees' Exchange Ideology (EEI) may be another boundary condition of EL effectiveness. We conceptualize this framework by modifying Gok et. al. (2017) model to add Employees' Exchange Ideology as a moderating factor along with Moral Awareness. Workplace Deviance was measured by organizational directed deviance (OD) and supervisor directed deviance (SD). Empirical validity was established by conducting a survey using a close-ended questionnaire. Data was collected from 310 employees working in different organizations in Pakistan and was analyzed using confirmatory factor analysis and structured equation modeling. Results indicated a significant negative complementarity of EEI, in the effect of EL on both dimensions of workplace deviance. This suggested, higher EEI seems to limit the effect of EL on organizational and supervisor-directed deviance. However, the moderating effect of MA was not substantiated for Pakistan. EEI also seems to have a positive effect on both OD and SD, while, SD seems to have a positive effect on OD. Interestingly, EL seems to be causing rather than reducing both OD and SD in the Pakistani environment.

**Keywords:** Ethical Leadership, Employees' moral awareness, Employees exchange ideology, supervisor deviance, Organizational deviance Substitutes for leadership Social exchange theory Social learning theory Field study Cross-cultural



### 1. Introduction

### 1.1 Background to the Study

Lately, ethical leadership (cf. Brown et al., 2005; Brown & Trevin o, 2006) has gotten a "hot issue" in the well-known press, powered in huge part by the significant number of moral scandals that have adversely affected the global economy since 2000. Hence, leaders' remarkable actions typically grasp most of the streamers and claim a huge segment of researchers' attention, employees' im(moral) conducts have also undergone considerable empirical inspection. Since the beginning of the ethical behavior literature, when most studies paid attention particularly to recognizing the drivers of assertive aspects of employee conduct (e.g., organizational citizenship behaviors (OCBs) and philanthropic conduct), researchers have widened and extended their concentration to also incorporate the "clouded side" of employee conduct r (e.g., employee aberrance and counterproductive work behaviors or CWBs). This emerging shift has been inspired, partially, by an identification of the critical costs unethical conduct imposes to industry, including shrinkage because of employee theft, the diminished output from insulting treatment and negative exposure and its destructing effects upon influential partners (Bennett & Robinson, 2000; Tepper et al., 2008; van Gils et al., 2015).

Despite the past studies that have featured the significance of ethical leadership in both refining workplace abnormality and discouraging organizational aberrance, the empirical research exploring these relationships has shown expanded results. Since some research showed that ethical leadership is dealt with high OCB and low deviance (e.g., Mayer et al., 2009), some explored powerless and insignificant (e.g., Detert et al., 2007; Liu et al., 2013).

This broad variety of outcomes propose that the influence of ethical leadership is more complex than it is perceived. Thus, an extensive and concrete analysis of when moral leaders are almost professional in impairing deviance is highly required. Additionally, the scholars have lowered attention towards the boundary constraints that fluctuates the impact of ethical leadership and stress more on either the workplace role, like organizational politics (Kacmar et al., 2011) and Human resource management practices (Kalshoven & Boon, 2012) or features of employees like dignity (Avey et al., 2011) or gender (Kacmar et al., 2011).

Current meta-analytic work by Hoch et al. (2016) sets up ethical leadership as a helpful remedy to the issue of employee aberrance, in addition to other leadership styles (e.g., changeable, genuine and servant leadership). Moreover, numerous organizational researchers have resumed theorize about the interests of ethical leadership, further augmenting the idea that ethical leadership is helpful across nearly all conditions.

In addition, the underlying investigation also enhances the literature on social exchange theory and exchange ideology. The theory of social exchange (Blau, 1964) has given a theoretical framework to determine various workplace phenomena. Specifically, Brown and Trevino (2006) urged that social exchange theory is one of the primary mechanisms through which leaders influence their followers. As it is the first attempt to incorporate exchange ideology as a moderator with the predictor ethical leadership in this study. The results show how exchange ideology significantly moderate the relationship between ethical leadership and workplace deviant conduct. The underlying statement suggests that employees with



strong exchange ideology are more committed to their organizations as compared to those involved in ethical violation with weak exchange ideology. Thus, the caution for leaders with the given reference is that they should prevent unfair situations from growing up and, if such situations are unavoidable, find ways to alleviate the concerns of those with a strong exchange ideology in the most feasible way. We base this argument on emerging research highlighting the role of individuals' moral dispositions as a critical influence on how they respond to strong expressions of ethical leadership (Babalola et al., 2017; Chuang & Chiu, 2017; Kalshoven et al., 2013; Sturm, 2017).

### 1.2 Problem Statement

Deviant behavior at the workplace is approximately a common problem in organizations of a developing country where poverty has its deep roots in the ground and the literacy rate is very low. Many types of workplace deviance exist here like fraud, theft, open hostility against colleagues, harassment, taking long breaks than usual, favoritism, etc. Research shows that in developing countries like Pakistan, those organizations that are run by the government whether autonomous or semi-autonomous have a high deviance ratio. For better performance of organizations in Pakistan, it is essential to find the root cause of the underlying issue and come up with a way out. This research aims to target the counterproductive behavior of employees. With the given statement, this research highlights the role of ethical leadership

Deviant behavior violates the rules, regulations, and norms of an organization under concern (Waseem, 2016). Workplace deviant behavior is defined as the voluntary behavior of an individual against the organizational norms that endanger its members and the well-being of an organization (Robinson & Bennett, 1995). Consistent support and motivation are desired features every employee wants from his leader. As employees are a vital source of human capital and an organization could not survive and generate profit without them. Therefore, it is crucial for an organization and its top management to make its employees feel secure and an important asset of the organization (Alexander, 2011).

Despite the leaders' prominent actions commonly gather most of the headlines and profess a considerable portion of scholars' heed, employees' (un)ethical conducts have also been subjected to greater empirical inspection. Since the beginning era of the ethical conduct literature, when most studies focused entirely on recognizing the drivers of assertive forms of employee conduct (e.g., organizational citizenship behaviors (OCBs) and prosocial behavior), scholars have widened and extended their attention to also incorporate the "dark side" of employee conduct (e.g., employee aberrance and counterproductive work behaviors or CWBs). This precise, but a significant shift has been risen, partially, by a recognition of the reasonable costs unethical behavior poses to industry, including reduction due to employee theft, diminished productivity from offensive treatment and negative exposure and its detrimental impacts upon key partners (Bennett and Robinson2000; Tep-per et al.2008; van Gils et al., 2015). Given the critical issue workplace deviance poses to organizational effectiveness, researchers have looked to find empirically driven cures and for logical reasons, have advanced ethical leadership as one of the most effective answers to this extensive and continuing problem (Brown & Trevin~o, 2006; Den Hartog, 2015; Trevin~o et al., 2014).



Even though previously conducted studies mainly focused on workplace deviance, rare studies attempt to utilize substitutes for ethical leadership to determine deviant workplace conduct. Antecedents relating to workplace deviance and ethical leadership have not been consistent (Detert et al., 2009); the results show that the effects of ethical leadership on employees' behavior depend on the context (Avey et al., 2011; Yukl, 2010). Hence it is worthwhile to scrutinize more about situational factors that may impact ethical leadership and its consequences.

### 1.3 Gap Analysis

Despite this acknowledgment of ethical leadership as an incredible contextual lever to impact assertive change, arising research proposes that a more nuanced and contingent outlook of ethical leadership's role may be more exact. Recently, studies are now showing that the straight influence of ethical leadership may be less effective across certain contents (cf. Avey et al., 2011; Chuang & Chiu, 2017; Kalshoven et al., 2013; Taylor & Pattie, 2014). Moreover, long-standing theoretical views propose that substitutes fur leadership customarily exist (Kerr & Jermier, 1978), serving to abolish the need for solid leadership across all affairs (Babalola et al., 2017).

For this purpose, Gok et al. (2017) employed moral awareness as a moderating state in ethical leadership and workplace deviance nexus. They advocated that ethical leadership's assertive impact on workplace deviance is relied upon the person's moral awareness—useful for those employees whose moral awareness is low. However, this study lacks in exploring other 'ethical' elements that also set a restricting condition on ethical leadership's success. For example, Employees' Exchange Ideology- the strength of an employee's belief that the work effort should depend on treatment by the organization- can also reduce EL effectiveness. Hence, we modified Gok et al. (2017) model to add Employees' Exchange Ideology as a moderating factor along with Moral Awareness.

This is a novel attempt as no previous study attempted to combine EEI as well as moral awareness in a moderated structural framework. Moreover, no previous study offered to explain the limiting conditions of ethical leadership on workplace deviance in the Pakistani context. Hence, this would further extend the research frontier and provided a much-needed generalization of ethical leadership literature.

### 1.4 Research Objectives

This research aims to identify the relationship between ethical leadership and supervisor-directed deviance and organizational deviance through the moderating effect of employees' moral awareness and employees' exchange ideology. Particularly, we focused if the correlation between ethical leadership and workplace deviance via moderators is conditional or not. We first explore how employees' moral awareness (MA) may reduce the need for ethical leadership. Rely on alternatives for leadership literature, we propose that when people are entirely morally aware, ethical leadership may lose its impact in lessening deviance. We also contended that Employees' Exchange Ideology (EEI) may be another boundary condition of EL effectiveness such as employees with strong exchange ideology



ignore the role of ethical leadership as they are aware of their actions and ready to be accountable for their behavior. To add to this growing body of work, we highlight here the role of individuals' moral awareness (Reynolds, 2006) along with EEI as an important boundary condition of ethical leadership.

### 1.5 Research Questions

The research study addresses the following research questions.

- Is ethical leadership the negative predictor for organization and supervisor-directed deviance?
- Is moral Awareness a substitute for ethical leadership?
- Is the employees' exchange ideology substitute for ethical leadership?
- Does moral Awareness moderate the relationship between ethical leadership, organization, and supervisor-directed deviance?
- Does employees' exchange ideology moderate the relationship between ethical leadership, organization, and supervisor-directed deviance?

### 1.6 Significance

By recognizing this condition, we not just serve to the latest perceptions and filter ethical leadership theory for academic work, but also prepare managers with realistic counseling about where to exactly select their appearance of ethical leadership (i.e., those who are less morally aware). As we will elaborate thoroughly below, we propose that for people who are harmonized to ethical issues (i.e., possess a high degree of moral awareness), having a leader who endeavors to coordinate and fortify an ethics first message might be ineffective in reducing aberrant behavior. While for people who require this higher degree of ethical apprehension, ethical leadership may help them to behave ethically and as a result, inspire them to lower their own deviant actions.

In the context of antecedents, the goal of the present investigation is to understand the mechanisms of ethical leadership to avert workplace deviance by taking into consideration the boundary conditions (Thai et al., 2008; Neves & Story, 2015) that may limit or enhance the efficacy of ethical leadership (Neves & Story, 2015), moral awareness and exchange ideology are incorporated as moderators into this conceptual modeling. These boundary conditions also assist to highlight the contextual clues where retaliatory reactions may happen less likely (Thau et al., 2008). In explaining the sensitivity of ethical leadership and workplace deviance among those lacking in moral awareness, this study contributes to the growing body of work delineating that followers' actions are dependent upon both their moral characteristics (Reynolds, 2008; Moore et al., 2012; Chaung & Choi, 2017) and the antecedents under which leadership occurs (Mitchell & Ambrose, 2012; Michel et al., 2016; Wang et al., 2015). Furthermore, it will be crucial for both scholars and practitioners to identify that ethical leadership, while beneficial in many ways, is neither a panacea nor the only solution that works for all issues. Organization can reap its numerous benefits only through its judicious application.



### 2. Literature Review

### 2.1 Workplace Deviance

Workplace deviant acts might be described as sins of commission rather than sins of omissions, in that their deliberate conducts are planned to breach authoritative standards and hurt organizational operations (Bennett & Robinson, 2000; Robinson & Bennett, 1995). Whether it includes taking from individuals or the organization, harming its belongings, late coming to work, taking unapproved breaks, fail to adhere to guidelines, openly humiliating one's supervisor, sharing private data of the organization, tatting or even violence (Bennett & Robinson, 2000; Berry et al., 2007; Ferris et al., 2009; Vardi & Wiener, 1996), workplace deviance is observed as deplorable and voluntary conduct.

Despite, perceptions of workplace deviance have shifted throughout the years (Bennett & Robinson, 2000; Robinson & Bennett, 1995), the deviance writing has started to identify two essential goals when people try to respond against discerned workplace inequity organization directed deviance and supervisor directed deviance (Hershcovis et al., 2007; Mitchell & Ambrose, 2007). These two aspects of counterproductive appear to be managed by people's inspirations and capacity to reciprocate. While people discern their supervisor has tended them unjustifiable, research proposes that they might be bound to supervisor-directed deviance that is expected to weaken, mocking and confront their supervisors (Baron & Neuman, 1998; Bies & Tripp, 1998). Hence, supervisor-directed deviance is a result of employees' feeling of straight violation via their supervisors. Notwithstanding replaced animosity theory (Dollard et al., 1939) and ensuing empirical work (Mitchell & Ambrose, 2007) also recommend that negative aspects of leadership and management may provoke employees to involve in organization-directed deviance. At the point when individuals further retaliate on accounts of their culprit or are restricted in their capacity to respond directly against him/her, this replaced aspect of animosity toward the organization may be the selected retributory approach (Dollard et al., 1939). Hence both supervisor and organization-directed deviance may be the proper target for people to communicate their annoyance with their leaders.

The present study has also recorded numerous ultimate goals propelling individuals' aberrant behavior. While several researchers have suggested that people might involve in aberrant conduct, merely to encounter the stimulation of opposing power (Bennett & Robinson, 2000), in most cases, research focuses on workplace deviance originated from perceived injustices, disappointment, poor role modeling, and abuse on accounts of one's leader (cf. Tepper et al., 2009). Research also proposes that both contextual and individual elements are related to employees' deviant conduct. Contextual components may incorporate a threatening work climate (Mawritz et al., 2012), psychological contract breaches (Bordia et al., 2008), harsh supervision (Tepper et al., 2008, 2009; Mitchell & Ambrose, 2007; Martinko et al., 2013) and workplace animosity (Hershcovis & Barling, 2010), while including a negative feeling and a desire for retribution (El Akremi et al., 2010). Together, these elements make a convincing argument for considering both the individual and the content simultaneously (Trevin o, 1986), when trying to anticipate whether individuals will engage in deviant actions.



### 2.2 Ethical Leadership

Ethical leadership is a positive influence on others (Hannah et al., 2014; Yukl, 2002). Trevin o et al. (2014). Leaders play a crucial role as a central authority and have a considerable impact on subordinates' conduct and attitude as suggested by Trevin o et al. (2014). Ethical leadership via its clear moral focus elaborates how leaders, by way of their moral conduct, can positively affect their surroundings in the fulfillment of broader organizational goals and objectives (Brown et al., 2005; Sumanth & Hannah, 2014).

Ethical leadership is described as "the exposition of normatively proper conduct through personal activities and interpersonal relationships, and the advancement of such conduct to followers through bilateral communication, fortification, and decision-making" (Brown et al., 2005, p. 120). It depends on the view that moral conduct is a focal aspect of leadership and encircles the whole person, not simply auxiliary dimensions (Mayer et al., 2009). Consequently, Brown et al. (2005) defined ethical leadership as including both trait (i.e., the moral person) and behavior (i.e., the moral manager) dimensions. They contended that ethical leadership can be shown by leader traits such as probity, social duty, justness, and readiness to think through the outcomes of one's actions. Simultaneously, ethical leadership is also shown by conducts, through which the leader advances workplace ethicality. Pulling out from social learning theory (Bandura, 1986), ethical leadership entails affecting persons to engage in ethical practices through conducts displaying of transactional leadership behaviors (e.g., recompensing, communicating, and penalizing). Thus, ethical leadership is built on the faith that ethics constitute a critical element of productive leadership and leaders are accountable for encouraging ethical climates and conduct (Brown & Trevino, 2006). This social aspect is specifically significant with regards to understanding the falling impacts of leader behavior.

The assembled corroboration posits that ethical leadership is positively linked with numerous workplace well-being, whether it be reduced turnover intentions, ameliorated employees' attitude (e.g., job satisfaction, affective commitment and work engagement), (Brown et al., 2005; Kim & Brymer, 2011, Neubert et al., 2009; Ruiz et al., 2011; Tanner et al., 2010), enhanced citizenship behavior (Avey et al., 2011; Kacmar et al., 2011; Piccolo et al., 2010), increased voice (Brown & Trevin o, 2006; Walumbwa & Schaubroeck, 2009), heightened job performance (Ahn et al., 2016; Piccolo et al., 2010; Walumbwa et al., 2011) or lowered deviance and unethical conduct at work (Mayer et al., 2009, 2012), ethical leadership has been shown to manage a host of desirable activities.

### 2.3 Substitutes for Leadership Theory

The substitutes for leadership theory were proposed by Kerr and Jermier (1978), claiming that subordinate individuals, attributes, task qualities and organizational factors can allow direction and constructive outcomes to employees, affecting the adequacy of leadership. Different work standards and a solid feeling of cohesion may affect job performance directly and provide instrumental/task leadership and supportive /relationship leadership worthless. The cohesive workgroup will apply its impact over group members (Loughry, 2002).

Some factors are out of leaders' control as proposed by substitute theory. It may be utilized to elaborate on why a leader who is seen to be exceptionally viable does not appear to have any



effect on unit outcomes. The situation assumes a job.

Entering the new century with organization smoothing and the arousing of individuals' self-consciousness, individuals and groups cannot be fully inspired simply by formal leadership. Although substitutes for leadership theory call attention from scholars, there are yet numerous studies that do not grasp the core of the theory while applying it. Research studies exhibit that, in many spots, leadership may be pointless or redundant. Certain elements can act as substitutes for leadership or neutralize the leader's impact on subordinates (Hovell & Dorfman, 1986; Kerr & Jermier, 1978).

Substitutes for leadership conduct can describe job expectations, inspire organizational members, or satisfy individuals (making it superfluous for the leaders to endeavor to do as such). At times, these substitutes supplement the conduct of a leader. Occasionally it is a group member's attributes that make leadership less worthy, as when an expert craftsperson or highly skilled workers perform up to their exclusive requirements without requiring any outside prompting. Sometimes the task's features dominate, as when the work itself- solving a fascinating issue or dealing with a familiar job – is truly satisfying. Sometimes the attributes of the organization make leadership less significant, as when work roles are so clear and explicit that laborers know precisely what they should do without assistance from the leader.

An advantage of the substitutes-for-leadership model is its identification of the role of supporters in the leadership procedure, instead of simply the qualities and conduct of the leadership. As noted prior, the latter is often over-stressed prompting the 'sentiment of leadership' (Meindl et al., 1985). Despite the presence of subtitles for leadership, nonetheless, research proposes that leaders do have an impact and can have a productive effect on the attitudes and conducts of their followers.

### 3. Hypothesis Development

### 3.1 Ethical Leadership and Workplace Deviance

To well comprehend the many pros of ethical leadership, researchers have looked to social learning (Bandura, 1986) and social exchange (Blau, 1964) as the psychological mechanism through which ethical leadership may work. This work has provided three useful explanations until now- (a) leaders' role demonstrating (b) leaders' impact on individuals' attitude and practices and (c) social exchange /reciprocity norms of conduct — each of which we depict below.

First, social learning theory asserts that individuals seek social surroundings for signs regarding the types of conduct that are expected, compensated, and punished (Bandura, 1986; Brown et al., 2005). Although individuals may act and learn through their own will and self-impact (Johns & Saks, 2014), social learning theory posits that people principally learn through evaluating others' conduct and the outcomes such conduct elicits (Davis & Luthans, 1980). Mostly, people take in what comprises normative conduct from their leaders. Through a cycle of social learning and evaluating, individuals learn their leaders' values and standards regarding moral conduct and how to react to moral issues at work (Avolio et al., 2004; Sims & Brinkman, 2002). Leaders who act in exploitative ways may lead their employees'



involvement in counterproductive work practices (CWB) such as, burglary, sabotage, withdrawal, and production aberrance (Bennett & Robinson, 2000; Ferris et al., 2009; Tepper et al., 2009).

Various studies have indicated that a leader's ethical behavior has a cascading impact on employees lower in the chain of command through social learning system and role modeling (Brown & Trevin~o, 2006; Mayer et al., 2009). Conversely, when leaders constantly show a significant level of integrity, they get honor for being tenable and reliable sources of information and instructions (Brown & Trevin~o, 2006; Kouzes & Posner, 2011). This honor, thusly, assists with developing employees' feeling of trust in and obligation to their leaders and organizations (Ng & Feldman, 2015). Such leaders are positive role models that individuals admire, respect, and model their conduct after (Bryan & Test, 1967; Mayer et al., 2010; Piccolo et al., 2010).

Research also observes that leaders with having high moral values and usually uphold moral principles are imitated by subordinates (Mayer et al., 2012; Schaubroeck et al., 2012; Schminke et al., 2005) and ranked by them as ethical leaders (Brown & Trevin~o, 2014). Thus, leaders who reliably engage in ethical behaviors can serve as robust moral models for their workers. Ethical leaders may help prevent workplace deviance by improving employees' workplace attitudes (Trevin~o & Brown, 2005; van den Akker et al., 2009). When leaders show cogitation, support and trust in their employees, employees are inclined to behave more positively about their leaders and their workplace domain (Chullen et al., 2010). These positive emotions, attitudes, and beliefs of employees about their leaders help to encourage a firm sense of connection to the organization (Brown & Trevin~o, 2006; Neves & Story, 2015; Schminke et al., 2005).

Importantly, these ameliorated employee views of the leaders help to lessen occurrences of workplace offense. When employees undergo ethical leadership, they tend to have a higher affective commitment, which serves to lessen their organizational deviance, specifically when their supervisor has a reputed personality (Neves & Story, 2015). Therefore, leaders who serve as firm ethical role models and show high levels of competence can reduce the frequency of workplace aberrance by fortifying employees' attitude, commitment, and readiness to confide those in positions of authority.

Employees may also be involved in less deviant conduct because of reciprocity and reward their leaders in positive ways. One of the most generally applied theories to problems of organizational life over the last 50 years (cf. Dulebohn et al., 2012), social exchange theory postulates that individuals follow a norm of reciprocity that commits them to react in kind (Blau, 1964; Homans, 1961; Thibaut & Walker, 1975). Investigation shows that when leaders act inattentive way toward their employees, employees respond by engaging in more regular citizenship practices, such as voicing supportive thoughts for organizational improvement (Wang et al., 2005; Van Dyne et al., 2008).

However, a social exchange can also work contrarily, promoting more damaging aspects of reciprocity. When leaders operate at the low end of the ethical leadership range, they promote employee perceptions of doubt, distrust and discomfort that may spur unethical follower



conduct (Brown & Trevin o, 2004; Tepper et al., 2009; Thau et al., 2009). When leaders reliably and deliberately act in a way that degrades, disparages, and denigrates those around them, people are more prone to retaliate to try and "get even" (Cropanzano & Mitchell, 2005; Gouldner, 1960). This proposes that leaders who engage in unethical conduct create a context that promotes the negative retaliation where employees follow the unethical conduct, they see exhibited towards them (Trevin o & Brown, 2004; Brown & Mitchell, 2010). Thus, while high ethical leadership spurs followers to respond with moral conduct, low ethical leadership spurs followers to show negative conduct, either through modeling, breaches in the exchange relationships, or reduced recognition (van Gils et al., 2015, p. 3).

However, the various manners by which employees may respond to (Un)ethical leadership, the goal of employees' retaliation (i.e., organization vs. supervisor) may likewise differ. When employees feel frail and powerless of influencing significant change with their supervisor directly, employees may decide to direct their hostility generally toward the organization rather than their leaders (Tepper et al., 2009; Xu et al., 2012; Schyns & Schilling, 2013). Supporting this view, Hershcovis and Barling (2010) discovered that supervisor's aggression derived in not just negative employee perspectives (e.g., lower job satisfaction, lower affective commitment and expanded turnover aim), but also considerable deviance directed at the organization.

This is due to responding directly against one's supervisor can be risky and vulnerable to one's career and has the potential to backfire in the deviant actor (Rehg et al., 2008; Sumanth et al., 2011).

Consequently, employees may select counter against the organization (e.g., participating in deviant work conduct, retaining, and diminishing effort, ignoring to be a good corporate citizen), deeming it a secure way to pay back to their leaders. In other cases, employees may pick to respond directly against their supervisors. When leaders act in offensive ways toward employees who already purpose on leaving an organization, supervisor-directed deviance is almost certain (Tepper et al., 2009).

Different studies likewise uphold the view that negative leader behaviors render as a powerful trigger for supervisor-directed deviance (e.g., Mitchell & Ambrose, 2007; Tepper et al., 2008). In their meta-analysis of catastrophic leadership and its results, Schyns and Schilling (2013) reported firm positive correlations between catastrophic leadership and employees' counterproductive work conduct directed particularly at the leader. These findings propose that although employees may select subtler methods of responding against their supervisor's unethical conduct (i.e., directing organizational deviance), in events where employees perceive a firm and direct tyranny executed against them by their supervisor, employees may almost respond directly against their supervisors.

Altogether, this proof proposes that both high and low degrees of ethical leader will directly affect how employees react attitudinally and behaviorally toward their supervisors and organizations (Brown & Trevin~o, 2006; Mayer et al., 2009). Through a combination of both social learning and social exchange motives, individuals may participate in more constructive organizational actions when backed by a leader who persistently shows ethical



leadership conduct. Conversely, low degrees of ethical leadership may have a contrary impact on employees and urge them to respond against their supervisors and organizations to reinstate a sense of fairness and equity to the relationship. Thus, we propose the following hypothesis:

Hypothesis 1a Ethical leadership will be negatively associated with employees' deviance directed at the organization.

# Hypothesis 1b Ethical leadership will be negatively associated with employees' deviance directed at the supervisor.

### 3.2 The Moderating Role of Moral Awareness

Our underlying hypothesis that ethical leadership will be linked with lower degrees of aberrance directed at both the organization and supervisor is barely provocative and has been generally upheld in prior research. The recognition of events where ethical leadership may not be significant, or its outcomes largely moderated, however, provides scholars and practitioners something unique and attractive to consider.

Moral awareness is "a person's assurance that a situation contains moral substance and truly can be viewed from an ethical outlook" (Reynolds, 2006, p. 233). Specifically, moral awareness is the disposition of some people to identify situations that probably cause distress or moral wrong to people and entities (VanSandt et al., 2006). In this way, moral awareness is a pivotal feature of individuals' moral reasoning and moral decision making (Rest, 1986) and serves as a forerunner to their amalgamation of moral components into situational discernment.

In a leadership context, we contend that employees who have a high moral awareness will be less affected by their leader's ethical conduct than employees who do not already own high moral awareness. Thus, moral awareness acts as a substitute for ethical leadership, stable with the substitutes for leadership structure (Kerr & Jermier, 1978) initially set forth as an augmentation of House's path-goal theory (House, 1971). Kerr and Jermier (1978, p. 395) described leadership substitutes as "someone or something acting or used instead of another...[that] deem(s).... leadership not only unfeasible but also needless." Precisely, "a substitute is a person or thing in the leader's climate that decrease the leader's capacity to impact subordinate attitudes, perspectives, or conducts, and, in effect, replaces the influences of their conduct (Podsakoff et al., 1993, p. 2).

Because of ethical leadership, the leader's conduct is significant because of being displayed to an employee. Then, this model is trailed by the employee based on social learning (Bandura, 1986). When an employee's moral awareness is already high, however, the leader's ethical model will be mostly unessential and just serve to reinstate the employee's existing beliefs. Although, when an employee's moral awareness is low, a distinct reaction is probable. In such cases, the leader's un(ethical) conduct serves as the employee's primary ethical cue and model for ethical action. Consequently, we would expect individuals with low moral awareness to follow their leader's ethical example much more closely than those who have a high level of moral awareness, since the latter already possess a strong moral foundation for



making ethical judgments.

Thus, we hypothesize:

Hypothesis 2a Employees' moral awareness will moderate the negative relationship between ethical leadership and organization-directed deviance, such that the relationship will be more negative when employees' moral awareness is low.

Hypothesis 2b Employees' moral awareness will moderate the negative relationship between ethical leadership and Supervisor-directed deviance, such that the relationship will be more negative when employees' moral awareness is low.

## Hypothesis 2c Moral awareness has a positive effect on Organization-directed deviance Hypothesis 2b Moral awareness has a positive effect on Supervisor-directed deviance

3.3 Moderating Effects of Employees' Exchange Ideology

There have been blended discoveries concerning the effects of ethical leadership on employees' conduct. For example, Mayer et al. (2009) asserted that ethical leadership among top management applied positive and significant effects on group-level deviant conduct. In contrast, several studies have exhibited statistically insignificant relationships between ethical leadership abs organizational conduct among employees, such as aberrant and discriminatory conduct (Detert et al., 2007; Dineen et al., 2006). These mixed discoveries propose that the impacts of ethical leadership may vary relying on the context or situation, such as on follower features (Yukl, 2010; Yun et al., 2006). Here, we recommend that the effects of ethical leadership can vary – particularly followers' exchange ideology.

According to theoretical defense on ethical leadership, ethical leaders deal with their followers in just and ethical ways and have the finest social exchange relationships with their followers, ensuing in more beneficial job performance conducts among employees. Precisely, as discussed above, ethical leaders devise social exchange relationships that are long-term and include intangible resources. Additionally, such social exchanges are relied on fairness and are firmly identified with procedural and relational justice (Scott & Colquitt, 2007). Thus, supporters of ethical leaders exert more effort into their work-related conduct according to the norms of reciprocity. Even though the norms of reciprocity may be human universal (Cropanzano & Mitchell, 2005), not everyone values reciprocity to the same level. Consequently, neglecting distinctions in individual exchange norms may give the wrong inferences (Takeuchi et al., 2011). In this respect, we propose that the individual inclination toward exchange ideology can affect the relationship between ethical leadership and employees' work-related practices.

Exchange ideology refers to "the strength of an employee's belief that the work exertion should rely on treatment by the organization (Eisenberger et al., 1986, p. 503). Numerous studies concerning exchange ideology have been conducted; results have clarified that people with solid exchange ideology are bound to respond if the other party has contributed to the relationship. For instance, Scott and Colquitt (2007) revealed that exchange ideology was a notable moderator of the relationship between organizational justice (e.g., relational justice)



and behavioral response (e.g., job performance and citizenship conduct). Moreover, Witt et al. (2001) found that people with a solid exchange ideology bind their affective commitment conducts relying upon the view of equity, but people with a weak exchange ideology did not change their affective commitment conducts anyhow of their impression of equity. In the context of prior research, we suggest that exchange ideology moderates the relationship between ethical leadership and employees' job performance.

Hypothesis 3a employees' exchange ideology will moderate the negative relationship between ethical leadership and organization-directed deviance, such that the relationship will be more negative when employees' exchange ideology is strong.

Hypothesis 3b employees' exchange ideology will moderate the negative relationship between ethical leadership and Supervisor-directed deviance, such that the relationship will be more negative when employees' exchange ideology is strong.

# Hypothesis 3c Employees 'exchange ideology has a positive effect on Organization-directed deviance

# Hypothesis 3d Employees 'exchange ideology has a positive effect on Supervisor-directed deviance

### 3.4 Research Framework

As shown in Fig.1, our research model elaborates the boundary condition for ethical leadership, the moderating role of moral awareness and employees' exchange ideology to restrict the effect of ethical leadership in reducing workplace deviance. The framework shows the negative impact of ethical leadership on deviance directed at supervisors and organizations. It extends the moderating effect such that the relationship between ethical leadership and workplace deviance will be more negative with high low moral awareness and weak exchange ideology.

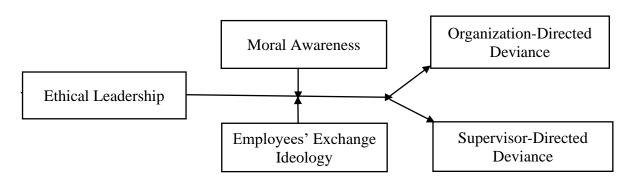


Figure 1. Conceptual framework

### 4. Methodology

### 4.1 Research Design

The quantitative research method is used in this study. The research is descriptive. The



collected data were tested through smart PLS 3 where techniques of algorithm and bootstrapping have been applied to obtain the results. The non-probability convenience sample method was used to collect data and descriptive statistics is used to analyze the individual's responses to the questionnaire. Confirmatory factor analysis (CFA) and structural equation modeling (SEM) was used for inference.

### 4.2 Sampling and Data Collection

The non-probability convenience sampling technique is used in data collection that means obtaining required data from the cluster of individuals who are willing and easily accessible. The samples were taken from working professionals. The type of data is primary, and a structured questionnaire was prepared with close-ended questions including demographic characteristics. The respondents participate willingly without any financial incentives offered to them.

The sample consists of 301 usable respondents out of 310 samples. An organized survey was intended for the collection of research information by using the previously mentioned scholars. Moreover, the questionnaire was spread via the internet for further data collection. 250 questionnaires were filled online whereas 60 questionnaires were distributed to the consumers in Karachi. Online data via Qualtrics is collected. Approaching respondents is made possible through social-networking websites, various forums, through LinkedIn mailing and offline data is obtained through random questionnaire distribution. In our research, we have considered a structured survey to get more respondents in a constrained timespan.

### 4.3 Measures

Ethical leadership has been estimated through the ethical leadership scale (ELS) constructed by Brown et al. (2005). This scale includes 10 items (e.g., "My leader listens to what employees have to say") (a =. 92). This variable was assessed by using a five-point frequency scale where 1 = "Strongly agree" and 5 = "Strongly disagree".

Moral awareness was assessed by a five-item scale built by Arnaud (2010) (e.g., "I do not pay attention to ethical issues in this organization") (a =. 84). Moral awareness was evaluated using a five-point frequency scale where 1 = "Strongly agree" and 5 = "Strongly disagree".

Employees' exchange ideology was evaluated utilizing the eight-item scale employed by Employees' exchange ideology was measured using the eight-item scale used by Eisenberger et al. (2001). As a sample of one item was "Employees should only go out of their way to help their organization if it goes out of its way to help them" (a =. 89). This variable was measured by utilizing the five-point frequency scale where 1 = "Strongly agree" and 5 = "Strongly disagree".

Organization-directed deviance was estimated employing a 12-item scale developed by Bennett and Robinson (2000) (e.g., "I have come in late to work without permission") (a = .93). This variable was assessed through a five-point frequency scale where 1 = "Never" and



5 = "Always".

Supervisor-directed deviance was gauged using a ten-item scale constructed by Mitchell and Ambrose (2007) (e.g., "I have made fun of my supervisor at work") (a =.91). This variable likewise organization-directed deviance was evaluated utilizing a five-point frequency scale where 1 = "Never" and 5 = "Always". -directed deviance was measured using Mitchell and Ambrose's (2007) 10-item scale (e.g., "I gossiped about my supervisor") (Study 1 a = .95; Study 2 a = .90). Like our measure of organization-directed deviance, this variable was measured using a 5-point frequency scale where 1 = "Never" and 5 = "Very often."

### **5.** Results and Interpretation

### 5.1 Demographics

Table 1. Respondents' profile

Variables	Category	Frequency	Percentage
Gender	Male	215	30.6%
	Female	95	69.4%
Age	20 or less	10	3.2%
	21-30 years	195	62.9%
	31-40 years	77	24.8%
	41-50 years	19	6.1%
	51-60 years	7	2.2%
	Above 60	2	0.6%
Education	Undergraduate	26	8.4%
	Graduate	157	50.6%
	Postgraduate	127	41%
Work Experience	1-3 years	113	36.4%
	4 – 6 years	70	22.5%
	7 – 9 years	56	18%
	10 years and above	71	22.9%
	Less than 20,000	34	10.9%
	Rs 20,000 – Rs 50,000	106	34.1%
Income	Rs 50,000 – Rs 100,000	79	25.4%
	Rs 100,000 – Rs 200,000	33	10.6%
	More than Rs 200,000	13	4.1%
	Prefer not to say	45	14.5%

We have selected demographic variables in our investigation including gender, age, education, work experience and income. The given table shows the demographic characteristics of the targeted population. The structured close-ended questionnaire is prepared that enables individuals to record responses for each question by selecting one of the given options. Data



is collected from 310 employees associated with different organizations in Pakistan. In this study, 301 responses are finalized out of 310 responses.

Based on calculations in the given table, 69.4% of the respondents are male whereas 30.6% are females. Going forward, most of the respondents belong to the age group of "21-30" years which represents 62.9% of the total sample. On the other hand, 24.8% of the respondents belong to the age group of "31-40" years. The rest of the respondents represent 6.1% from the age group of "41-50" years, 3.2% from the age group of "20 or less", 2.2% belong to the age group of "51-60" years and 0.6% belong to the age group of "above 60". Similarly, a higher number of respondents have completed their "graduation" forming 50.6% of the total sample. Whereas 41% of the respondents are "postgraduates" and 8.4% of the respondents represent the "undergraduate" category. Besides, concerning the work experience, most respondents' experience lies between "1-3" years which contributes 36.4% of the total sample. Similarly, 22.9% fall in the category of "10 years and above", 22.5% having experience of "4-6" years and 18% possess "7-9" years' experience. Lastly, on the income side, most of the participants earn "20,000 to 50,000" forming 34.1% of the total sample. Likewise, the second-highest income group is "50,000 to 100,000" contributing 25.4% of the total sample. However, 14.5% of the respondents preferred not to disclose their income. Additionally, 10.9% of the respondents belong to the group of "less than 20,000", 10.6% belong to the group of "100,000 to 200,000" and 4.1% belong to the group of "more than 200,000".

### 5.2 Descriptive Statistic

The descriptive analysis serves researchers to reposition or interpret the responses as per their results (Zikmund, 2003). It is generally used to briefly describe the basic features of the sample and measures in a study. The table of descriptive analysis including research variables is given below. This research consists of five variables in total having different numbers of questions. Each question has an equal number of responses that is 310 out of which 301 responses have been finalized for research purposes. The responses have been recorded in the range of 1 to 5. The questions below range 3 indicate that those responses are more likely to either disagree or strongly disagree. Likewise, the questions which are approximately near to range 3 reflect the neutrality of the responses. Similarly, the questions which are above range 3 show that the responses are inclined towards either agree or strongly agree. Lastly higher standard deviation suggests that the data is dispersed concerning the mean whereas a lower standard deviation means the data are clustered around the mean.



Table 2. Descriptive statistics

Quest	Questions		iptive ats	Confirn A	natory F nalysis	actor
		Mean	SD	Outer Loading	T Stats	P Values
EL1	My leader listens to what employees have to say.	3.528	1.128	0.759	21.142	0.000
EL2	My leader disciplines employees who violate ethical standards.	3.595	1.029	0.822	36.877	0.000
EL3	My leader conducts his/her personal life in an ethical manner.	3.588	1.003	0.779	24.937	0.000
EL4	My leader has the best interests of employees in mind.	3.542	0.959	0.770	25.121	0.000
EL5	My leader makes fair and balanced decisions.	3.585	1.052	0.777	24.956	0.000
EL6	My leader can be trusted.	3.515	1.080	0.773	27.531	0.000
EL7	My leader discusses business ethics or values with employees.	3.498	1.080	0.733	22.733	0.000
EL8	My leader sets an example of how to do things the right way in terms of ethics.	3.478	1.020	0.784	30.744	0.000
EL9	My leader defines success not just by results but also by the way that they are obtained.	3.485	1.098	0.765	27.791	0.000
EL10	My leader when making decisions, asks "what is the right thing to do?"	3.638	1.108	0.733	20.621	0.000
MA1	I am aware of ethical issues in this organization.	3.332	1.029	0.777	25.026	0.000
MA2	People in my department recognize a moral dilemma right away.	3.455	1.067	0.829	37.379	0.000
MA3	If a rule or law is broken, I am quick to notice in this organization.	3.548	1.029	0.739	19.058	0.000
MA4	People in my department are very sensitive to ethical problems.	3.435	1.124	0.793	22.709	0.000
MA5	I do not pay attention to ethical issues in this organization.	3.472	0.987	0.793	23.298	0.000
EEI1	Employees should not care about the organization that employs them unless that organization shows that it cares about its employees.	3.601	0.978	0.672	18.365	0.000
EEI2	Employees should only go out of their way to help their organization if it goes out of its way to help them.		1.018	0.808	31.588	0.000
EEI3	An employee should work as hard as possible no matter what the organization thinks of his or her efforts.	3.591	1.045	0.809	28.145	0.000
EEI4	If an organization does not appreciate an employee's efforts, the employee should still work as hard as he or she can.		1.095	0.764	24.636	0.000



EEI5	An employee who is treated badly by a company should work less hard.	3.551	1.079	0.826	35.159	0.000
EEI6	An employee's work effort should depend partly on how well the organization deals with his or her desires and concerns.	3.505	1.074	0.761	27.551	0.000
EEI7	An employee should only work hard if his or her efforts will lead to a pay increase, promotion, or other benefits.	3.475	1.140	0.784	23.708	0.000
EEI8	An employee's work effort should not depend on the fairness of his or her pay.	3.458	1.058	0.686	14.395	0.000
SD1	I have made fun of my supervisor at work.	3.711	1.005	0.696	18.428	0.000
SD2	I have played a mean prank on my supervisor.	3.628	1.041	0.724	23.028	0.000
SD3	I have made an obscene comment or gesture toward my supervisor.	3.641	0.987	0.723	16.721	0.000
SD4	I have acted rudely toward my supervisor.	3.512	1.092	0.752	23.827	0.000
SD5	I have gossiped about my supervisor.	3.591	1.013	0.756	23.312	0.000
SD6	I have made an ethnic, religious, or racial remark against my supervisor.	3.575	1.034	0.773	24.273	0.000
SD7	I have publicly embarrassed my supervisor.	3.415	1.101	0.726	18.822	0.000
SD8	I have sworn to my supervisor.	3.525	0.956	0.766	27.358	0.000
SD9	I have refused to talk to my supervisor.	3.528	0.990	0.784	32.507	0.000
SD10	I have said something hurtful to my supervisor at work.	3.585	0.993	0.776	31.492	0.000
OD1	I have taken property from work without permission.	3.502	1.071	0.717	18.253	0.000
OD2	I have spent too much time fantasizing or daydreaming instead of working.	3.581	1.071	0.692	17.754	0.000
OD3	I have falsified a receipt to get reimbursed for more money than I spent on business expenses.	3.422	1.158	0.705	11.493	0.000
OD4	I have taken an additional or longer break than is acceptable at my workplace.	3.681	1.059	0.589	15.634	0.000
OD5	I have come in late to work without permission.	3.508	1.086	0.671	14.796	0.000
OD6	I have littered my work environment.	3.518	1.017	0.668	15.603	0.000
OD7	I have neglected to follow my boss's instructions.	3.392	1.150	0.672	20.571	0.000
OD8	I have intentionally worked slower than I could have worked.	3.518	1.043	0.712	17.600	0.000
OD9	I have discussed confidential company information with an unauthorized person.	3.551	1.100	0.676	14.161	0.000
OD10	I have used an illegal drug or consumed alcohol on	3.621	1.029	0.684	17.279	0.000
	the job.					
OD11	the job.  I have put little effort into my work.	3.578	1.037	0.701	20.309	0.000



The mean value of ethical leadership ranges from 3.478 to 3.678 with a deviation range from 0.959 to 1.128. The overall mean of ethical leadership is 3.578 which means that the data is not dispersed and close to the mean value. The mean value for moral awareness lies between 3.332 to 3.548 alongside deviation ranges from 0.987 to 1.124. The overall average of moral awareness is 3.44 which is closer towards 'agree' on a five-point frequency scale. The mean value of employees' exchange ideology ranges from 3.458 to 3.601 with deviation ranges from 0.978 to 1.140. The overall average of EEI is 3.529 reveals that most responses agreed with the statements given in EEI. The mean value of organization-directed deviance ranges from 3.392 to 3.681 with deviation ranges from 1.017 to 1.158. The overall average of ODD is 3.536 which indicates that responses were in the positive range. The mean value of supervisor-directed deviance ranges from 3.415 to 3.711. Besides deviation is 0.956 to 1.101. The overall mean value is 3.563 which clarifies that respondents were very close to 'agree' on a frequency scale.

### 5.3 Confirmatory Factor Analysis

Confirmatory factor analysis (CFA) is a statistical procedure to check the existence of the relationship between observed variables and their underlying latent constructs. Moreover, the purpose of CFA is to test whether the data being observed fit a hypothesized measurement model. To provide the initial evidence of construct validity, and consistent with prior recommendations from research (Bagozzi et al., 1991), we conducted a confirmatory factor analysis of all survey items using smart PLS version 3 with maximum likelihood estimation. In the given table, factor loadings determine the relationship between the observed variables and their corresponding latent common factors (Hair et al., 2010). Hence factors loadings factor loadings have also been calculated in the context of previous studies. Although the factor loadings that have computed values above 0.5 are acceptable according to the research conducted by Kline (2015). In the light of the following statements, values of all the constructs are above 0.5 and are considered so significant

The minimum acceptable value for a two-tailed analysis is 1.96 as suggested by James et al. (2013). In this perspective, all t-values are considered as significant as the minimum value in the given table is 11.493. Moreover, the p-values indicate acceptance and rejection level in correspondence with the null hypothesis that relies on upper and lower bounds of the confidence interval. Since all the p-values of given questions are <0.05 and are considered significant. Collectively based on CFA it can be deduced that all the constructs of this study which are ethical leadership, Moral Awareness, Employees' Exchange Ideology, supervisor-directed deviance, and organization-directed deviance are significant.

### 5.4 Structural Equation Modeling

To test the hypothesis of the study, structural equation modeling has been used through smart PLS software. Moreover, the analysis of the direct and indirect effects of all the constructs has been done through the software. The (SEM) structural equation modeling is considered as the pioneering technique that is used for different regression models and methods (Barron & Kenny, 1986). It is used to assess the relationship b/w exogenous and endogenous variables. The regression equation in this study is used to target all the constructs to test the



cause-and-effect relationship while all the factors included in the casual model could indicate their cause-and-effect relationship at the required time. Similarly, the use of this model ascertains to apply bootstrapping technique which has been observed as reasonable for both small and large sample size and does not need any type of indirect effects (Hayes, 2013). The bootstrapping technique is implemented to check all the direct and indirect effects (Shrout & Bolger, 2002). This method was associated with Baron and Kenny (1986) and is used in a wide range of studies despite several criticisms (Mackinnon, 2008). We analysed the model items at first and measure the significance of the relationship b/w measured and latent variable.

### 5.5 Measurement of Outer Model

In structural equation modeling (SEM) analysis, the outer model is the relationship between the latent variables and their indicators. The basic objective of the measure of fit in the measurement of the outer model is to analyse the reliability and validity of the constructs included in the research. We execute the test of convergent validity and discriminant validity to check the significance and reliability of the constructs through Smart PLS.

### 5.6 Composite Reliability

Reliability ensures the strength of questionnaire results. It signals internal consistency and duplication of the survey is excessive. Composite reliability is used to examine the reliability of the constructs. Reliability can be estimated through a degree of constancy among different variables (Hair et al., 2010). The magnitude of the significant value of composite reliability is 0.7. However, no value of composite reliability is less than 0.8 in this research which means that the variables are reliable and consistent.

Table 3. Composite reliability

Variables	Composite Reliability
Ethical leadership	0.936
Moral awareness	0.890
Employees' exchange ideology	0.918
Organization-directed deviance	0.937
Supervisor-directed deviance	0.927

### 5.7 Convergent Validity

As per an established rule of thumb, convergent validity determines the degree to which two measures of similar constructs are related that should be related theoretically (Carmines & Zeller, 1979). Cronbach Alpha measures the internal reliability and consistency of the data. It determines whether the data is suitable for statistical analysis (Lee Cronbach, 1951). The general magnitude for the value of Cronbach alpha is 0.7. If the variables in the model have a strong correlation, then the value of alpha is increased.



Table 4. Convergent Validity

	Cronbach's Alpha	rho_A	<b>Composite Reliability</b>	Average Variance Extracted (AVE)
EL	0.924	0.924	0.936	0.593
MA	0.846	0.850	0.890	0.619
EEI	0.899	0.909	0.918	0.586
OD	0.930	0.933	0.937	0.467
SD	0.913	0.914	0.927	0.560

In the above table, ethical leadership, organization, and supervisor-directed deviance show strong internal bonding with CA values of 0.924, 0.930 and 0.913. Also, it has been pointed out that the CA value for employees' exchange ideology and moral awareness is 0.899 and 0.846 which indicate internal consistency. Since all the values of CA are greater than 0.7 in this respect which ensures the existence of internal consistency and reliability among the variables in the model. According to Hair et al. (2016), the threshold value of (AVE) is 0.5. Thus, in the perspective of prior mentioned criterion, the values of all the constructs are above 0.5 except for only one construct where the value is 0.46. Additionally, in relevance to the study of Ab Hamid, Sami, and Sidek (2017), AVE is used to test the convergent validity of the constructs.

### 5.8 Discriminant Validity

Discriminant validity refers to the extent to which a construct differs (Wang et al., 2010) from other constructs in the model (Carmines & Zeller, 1979). The results of discriminant validity are satisfactory when items are not highly correlated as mentioned theoretically. Two methods have been used in this study to assess discriminant validity which are Fornell and Larcker criterion and the HTMT criterion. However, authors mostly consider the HTMT criterion as a more reliable source to check discriminant validity (Ab Hamid, Sami, & Sidek, 2017). To assess the establishment of discriminant validity, it is assumed that the elements in diagonal are significantly higher than those elements in off-diagonal in the parallel rows and columns.

Table 5(a). Discriminant validity

	EEI	EL	MA	OD	SD
EEI	0.765				
EL	0.311	0.770			
MA	0.371	0.792	0.787		
OD	0.526	0.751	0.870	0.683	
SD	0.599	0.458	0.450	0.717	0.748

Another method to assess discriminant validity in the present study is the heterotrait-monotrait (HTMT) ratio which has been presented in the table given below. It is a general assumption that the constructs should be distinct which specifies that there should be



least or no correlation among the constructs of the study. The threshold value for this purpose is 0.85, which confers that any value above this limit can be viewed as inadequate or invalid (Henseler, Tingle, & Sarstedt, 2015). However, the threshold value has been criticized by some authors which are 0.9 (Ab Hamid, Sami, & Sidek, 2017). No value in the table is exceeding the threshold value 0.85 which indicates the presence of discriminant validity in the study.

Table 5(b). Discriminant validity

Heterotrait-N	Heterotrait-Monotrait Ratio (HTMT)								
	EEI	EL	MA	OD	SD				
EEI									
EL	0.326								
MA	0.404	0.896							
OD	0.570	0.772	0.919						
SD	0.624	0.498	0.504	0.814					

### 5.9 Model Fit Measures

The fitness of the model in SEM-PLS is defined by various measures such as standardized root-mean-square residual (SRMR), and the exact model fits like d\_ULS and d\_G, Normed Fit Index (NFI), and  $\chi 2$  (Chi-square). The model fit measures consisting of the measured value of both the saturated model as well as the estimated model are reported in the above Table. The saturated model assesses the correlation between all constructs. The estimated model, on the other hand, takes model structure into account and is based on the total effect scheme.

**Table 6.** Model fit summary

	Saturated Model	<b>Estimated Model</b>
SRMR	0.08	0.12
d_ULS	7.18	15.67
d_G	1.56	1.82
Chi-Square	2486.42	2721.84
NFI	0.58	0.54

### 5.10 Hypothesis Testing

Bootstrapping is one of the key features that provide approximate consistency between factors in PLS (SEM). In this procedure, sub-data are drawn from the primary model including replacement (Hair, Mathew, & Sarstedt 2017). In bootstrapping, a massive sub-test is drawn from the first replacement (Hair et al., 2016). Following results have been presenting the given table. On the ground of f-squares and p-values results, only one variable



has an insignificant impact on one of the dependent variables (supervisor-directed deviance) that are moral awareness. The rest of the variables have a significant impact on both dependent variables, organization-directed deviance, and supervisor-directed deviance in the organization of Pakistan. Hence their corresponding hypothesis is supported. Moreover, the value of r <sup>2</sup>determines the variation in dependent variables due to the predictors of the study (Wan, 2013). The trajectory diagram is given below.

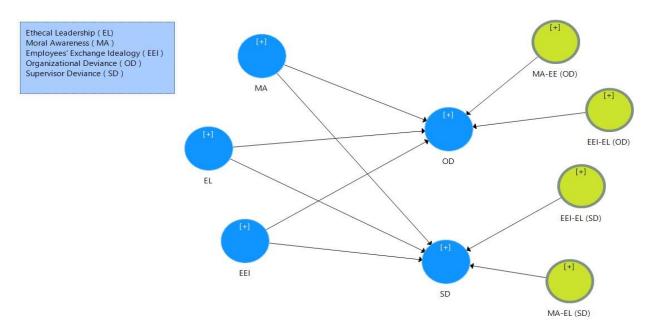


Figure 2. Research model

Table 7. Hypothesis testing and path analysis

Hypothesis	Structural Path	Path Coefficient	f-square	T Stat.	P Values	Decision
H1 (a)	Ethical leadership -> Organization-directed deviance	0.134	0.035	3.296	0.001	Supported
H1 (b)	Ethical leadership -> Supervisor-directed deviance	0.235	0.036	2.956	0.003	Supported
H2 (a)	Moral awareness - Ethical leadership (OD) -> Organization-directed deviance	-0.025	0.005	1.212	0.226	Unsupported
H2 (b)	Moral awareness- Ethical leadership (SD) -> Supervisor-directed deviance	-0.002	0.000	0.054	0.957	Unsupported
H2 (c)	Moral awareness -> Organization-directed deviance	0.641	0.805	15.783	0.000	Supported
H2 (d)	Moral awareness -> Supervisor-directed deviance	0.032	0.001	0.474	0.636	Unsupported
	Employees 'exchange ideology - Ethical eadership (OD) -> Organization-directed deviance		0.026	2.889	0.004	Supported



	Employees 'exchange ideology - Ethical					
H3 (b)	leadership (SD) -> Supervisor-directed	-0.120	0.042	2.712	0.007	Supported
	deviance					
H3 (c)	Employees 'exchange ideology ->	0.217	0.222	7.642	0.000	Supported
113 (C)	Organization-directed deviance	0.217	0.222	7.042	0.000	Supported
П3 (4)	Employees 'exchange ideology ->	0.474	0.355	9.102	0.000	Supported
H3 (d)	Supervisor-directed deviance	0.474	0.333	9.102	0.000	Supported

In the given table, any f-square value greater than this assumed threshold value 0.02 is considered significant (Cohen, 1988) Hence in this regard, ethical leadership employees exchange ideology and moral awareness have significant values. Moreover, f-square values near 0.02 indicate a minor effect whereas a value greater than 0.15 can be assumed to have a moderate effect. However, values above 0.35 delineate the intensive effect. The t-value of more than 1.96 shows that the relationship is considerable at a 95% certainty level (a=0.05). Also, the significance level for this study is 5%, therefore p-values less than 0.05 are considered as significant whilst higher values are as insignificant.

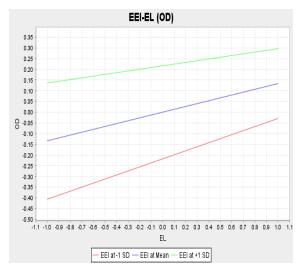
The path model built per the research questions indicates that all the paths of this model are significant. The path coefficient value 0.134 indicates 13.4% variation in the dependent variable (organization-directed deviance) due to the independent variable (ethical leadership), owing to the t-value (3.29>1.96) and p-value (0.001<0.05) determines that ethical leadership is a strong negative predictor of organization-directed deviance. Hence our results support hypothesis 1(a). Furthermore, the path coefficient value 0.235 indicates 23.5% variation in the dependent variable (supervisor-directed deviance) due to the independent variable (ethical leadership), owing to the t-value (2.95>1.96) and p-value (0.003<0.05) explains that ethical leadership is a strong negative predictor of supervisor-directed deviance. Thus, our results support hypothesis 1(b).

The path coefficient value - 0.025 shows a negative relationship between ethical leadership and moral awareness when predicting organization-directed deviance. The negative relationship between ethical leadership and moral awareness discloses that they are substitutes for each other. The t-value (1.21>1.96) and p-value (0.226>0.05) declare that the relationship between ethical leadership and organization-directed deviance will not be more negative when moral awareness of employees is low in the case of Pakistan. Ultimately, the results did not support hypothesis 2(a). The path coefficient value - 0.002 indicates a negative relationship between ethical leadership and moral awareness when predicting supervisor-directed deviance, beholding t-value (0.054>1.96) and p-value (0.957>0.05) delineates that the relationship between ethical leadership and supervisor-directed deviance will not be more negative despite low moral awareness in case of Pakistan. As a result, hypothesis 2(b) is unsupported.

The path coefficient value - 0.055 indicates a negative relationship between ethical leadership and employees 'exchange ideology when predicting organization-directed deviance. The negative relationship between ethical leadership and employees' exchange ideology indicates



they are substitutes for each other. The t-esteem (2.889>1.96) and p-value (0.004<0.05) explain that the negative relationship between ethical leadership and organization-directed deviance will be more negative when employees' exchange ideology is strong. Therefore, hypothesis 3(a) is supported based on empirical evidence. The path coefficient value - 0.12 represents a negative relationship between ethical leadership and employees' exchange ideology when predicting supervisor-directed deviance, owing to the t-value (2.712>1.96) and p-value (0.007<0.05) show the negative relationship between ethical leadership and supervisor-directed deviance will be more negative when employees have strong exchange ideology in case of Pakistan. Hence, hypothesis 3(b) is supported based on acquired results.



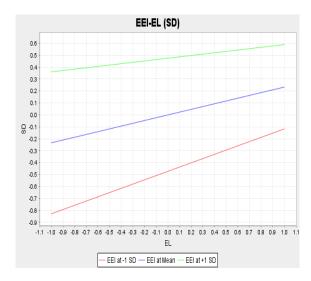
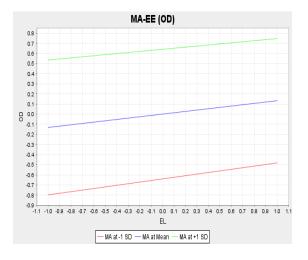


Figure 3.

Figure 4.

The hypothesis sought to ascertain the moderating role of MA between EL and OD & SD. The results disclosed that MA moderates the relationship between EL and OD (B = -.025, t = 1.212, p > .226) and SD (B = -.002, t = .054, p > .957). However, the graphs show (see fig. 3 & fig. 4) that at higher MA, the EL fails to reduce OD and SD. Similarly, moderating graphs reveal that at lower MA, the EL was found to have a stronger impact on OD and SD.





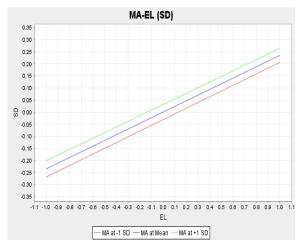


Figure 5.

Figure 6.

The hypothesis ensured the moderating role of EEI between EL and OD & SD. The results disclosed that EEI moderates the relationship between EL and OD (B = -.055, t = 2.889, p > .004) SD (B = -120, t = 2.712, p > .007). However, the graphs show (see fig. 5 & fig. 6) that at stronger EEI, the EL fails to reduce OD and SD. Similarly, moderating graphs reveal that at weaker EEI, the EL was found to have a powerful impact on OD and SD.

### 6. Discussion

In this dynamic era of the global business environment, the ethical responsibilities of leaders have become a pivotal matter for contemporary organizations (Loi et al., 2012). As organizations strive to seek solutions concerning ethical violations of workplace deviant behavior, this study is an effort to delineate how leaders can contribute to restricting such occurrences. Organizational scholars promote the concept of ethical leadership as one of the potentially key factors to minimize this problem by frequently arguing on its ability to facilitate organizational functioning and lessen unethical workplace conduct (Brown & Trevino, 2006; Mo & Shi, 2017). Even though ethical leadership has prospects to reduce the frequency of unethical conduct, few studies have recognized that there are some specific conditions as well where its impact becomes less effective (Babalola et al., 2017; Chuang & Chiu, 2017). In this perspective, the goal of this study is to enhance knowledge about ethical leadership by evaluating not only antecedents and outcomes but also their boundary conditions.

This study sheds light on role of ethical leadership to minimize workplace deviance in Pakistani organizations. The study also extends the complementary role of moral awareness and exchange ideology to moderate or limit the impact of ethical leadership based on different situations. For this purpose, the method of structural equation modelling has been used through Smart PLS software. A total of 301 out of 310 respondents became the part of this study and their responses have been assessed by using various tools. Demographic characteristics show that there are more male professional workers than females in Pakistan. However, the results of confirmatory factor analysis and convergent validity manifest the significance and reliability of all the variables with respect to factors loadings, composite



reliability (CR) and average variance extract (AVG). Likewise, the use of HTMT demonstrate the discriminant Validity.

The path analysis of the structural model indicates that this study supports hypothesis 1(a), 1(b), which describe that ethical leadership is negatively related to organization and supervisor directed deviance and 3(a), 3(b) which takes the assumption that employees' exchange ideology moderates the negative relationship between ethical leadership and deviation directed at organization and supervisor, such that the relationship between variables will be more negative when employees 'exchange ideology is weak. However, hypothesis 2(a), 2(b) have been rejected which takes the assumption that employees' moral awareness will moderate the negative relationship between ethical leadership and deviance directed at organization and supervisor, such that the relationship will be more negative when employees' moral awareness is low which mean that despite present moral awareness in Pakistan, ethical leadership could not effectively play its role in reducing deviant workplace behavior. There might be various reasons for this issue such as lack of incentives and motivations, job insecurity, work pressure, financial stress, etc.

In this consideration, we attempted to contribute to this discussion by introducing the role of moral awareness and employees' exchange ideology as boundary condition of ethical leadership. Results from the working professionals of different field provide a strong and consistent support for the view that ethical leadership is productive in reducing deviance directed at organizations and supervisors specifically for those employees lacking high moral awareness and strong exchange ideology. This context proposes that leaders who attempt to rectify employees conduct by engaging in ethical leadership practices with all of them irrespective of their moral awareness and exchange ideology characteristics may be wasting their time by misallocating leadership resources and valuable cognitive. Therefore, the findings of the study under consideration can be viewed as contradictory with previous studies in respect of moderating effect of moral awareness to explain negative relationship of ethical leadership and workplace deviance. Hence, leaders may need to find other substitutes to reduce workplace deviance when employees possess high moral awareness and strong exchange ideology.

Besides, the underlying investigation also enhances the literature on social exchange theory and exchange ideology. The theory of social exchange (Balu, 1964) has given a theoretical framework to determine various workplace phenomena. Specifically, Brown and Trevino (2006) urged that social exchange theory is one of the primary mechanisms through which leaders influence their followers. As it is the first attempt to incorporate exchange ideology as a moderator with the predictor, ethical leadership in this study. The results show how to exchange ideology significantly moderate the relationship between ethical leadership and workplace deviant conduct. The underlying statement suggests that employees with strong exchange ideology are more committed to their organizations as compared to those involved in ethical violation with weak exchange ideology. Thus, the caution for leaders with the given reference is that they ought to avoid events from growing up and, if such events are unavoidable, find ways to weaken the concerns of those with a strong exchange ideology in the most attainable way.



While this study contributes to both theory and practice, as every research strives, it has a constraint, which enables chances for future research. Moreover, our investigation established moral awareness and employees' exchange ideology as pivotal moderator of the correlation between ethical leadership and workplace deviance, our discoveries are like previous research which lift the chances that other ethical qualities, like integrity and modesty, might be significant in forming employees' aberrant conduct (O'Neill & Hastings, 2011).

### 7. Conclusion, Practical Implication and Limitations

### 7.1 Conclusion

Despite the extensive acknowledgment that moral leaders can affect their organization in a constructive and relevant way, very few investigations have been dedicated to finding low definite individual ethical elements (e.g., moral awareness) and (employees' exchange ideology) connect with different situational elements (e.g., ethical leadership) to anticipate workplace deviance. Our study is significant in promoting the literature by concentrating on the moderating role of moral awareness and employees' exchange ideology as a significant constraint of ethical leadership. As indicating that ethical leadership serves to lessen deviance mainly among those lower in moral awareness, we donated to an increasing work that illustrated that supporters' activities rely upon both their ethical attributes (Reynolds, 2008; Moore et al., 2012; Chuang & Chiu, 2017) and the event under which ethical leadership transpires (Mitchell & Ambrose, 2012; Michel et al., 2016; Wang et al., 2015). Going forward, it will be noteworthy for both researchers and professionals to acknowledge that ethical leadership, although favorable in many aspects, is neither a remedy nor a congruent solution. Organizations can enjoy their various advantages only through its astute implementation.

The study also extends the complementary role of moral awareness and exchange ideology to moderate or limit the impact of ethical leadership based on different situations. For this purpose, the method of structural equation modeling has been used through Smart PLS software. A total of 301 out of 310 respondents became part of this study and their responses have been assessed by using various tools. Demographic characteristics show that there are more male professional workers than females in Pakistan.

Leaders who try to change employees' conduct by involving in ethical leadership operations with them, disregarding their moral attributes, might be misusing their time by misdirecting worthy perceptual, affective and leadership assets. Consequently, leaders might require looking for other substitutes or ways to lessen aberrant behaviors when workers hitherto own a great degree of moral awareness. This discovery, while dormant exasperating, is however persistent with alternatives for leadership theory (Kerr & Jermier, 1978). While ethical leadership is useful for amplifying organizational operation and efficacy (Walumbwa & Schaubroeck, 2009), our discoveries propose it is rare to scoring productive leadership upshots. Contrarily, our research reveals that a high degree of ethicality does less to lower workers' aberrant actions when they are already inclined regarding grasping problems of ethical significance. Through the theory-building viewpoint, this perception serves to promote the ethical leadership literature by pointing the constructs' intrinsic restriction and



boundary conditions. By acknowledging that people have broad and unique views on ethicality and use dissimilar norm to evaluate leader conduct (Giessner & Van Quaquebeke, 2010; Henle, 2005), we admit scholars can facilitate ethical leadership's perceptual and real value by implementing it precisely to definite people (e.g., the less morally aware) and events (e.g., where a moral climate is extinct) where its impact might be worthy. Thus, the benefit and accuracy of our leadership theory are boosted, offering opportunity for researchers and professionals looking to apply these distinct leadership conducts in their work.

The present investigation specifies that recognition of individuals' traits regarding business surroundings by the leaders advances ethical leadership. People respond differently to each situation at work. Due to the intensity of this perceived harm, some may violate organizational norms ultimately damage its operations and productivity (Appelbaum & Shapiro, 2006). Moreover, if preventive measures are not taken immediately, these may pose even economic threats with serious outcomes (Bennett & Robinson, 2000; Appelbaum & Shapiro, 2006; Tepper et al., 2008; van Gils et al., 2014). Organizations attempt to seek remedies to eliminate the detrimental effects of deviant behaviors at work. Hence, research that examines the underlying mechanisms proliferate. There is sufficient evidence in the literature for ethical leadership and positive employee outcomes, still, the call for additional inquiries is efficacious (Mayer et al., 2012; Newman et al., 2013).

### 7.2 Practical Implications

To extend the theory on ethical leadership, deviance and moral awareness, our discoveries likewise offer significant, viable awareness for managers looking to raise moral organizations. First, our study shows that leaders who involve in ethical leadership operations are bound to note a decrease in supporters' aberrant behavior, given the solid negative correlation that subsists between ethical leadership and employees' deviance. Therefore, we alert that such an approach is similar to using the proverbial hammer for anything that resembles a nail. As indicated above, ethical leadership, despite its various purported benefits, is not a "one size fits all" solution to lessening deviant conduct at work. Rather, our findings propose its impact is restrictive, reliant as much on employees' moral attributes as it is on leaders' practices.

We suggest, hence, that leaders take a more customized, tailored approach when choosing to whom to display ethical leadership practices. By comprehending and staying alert that employees' ethical inclinations, much like their inspirations, are special (van Gils et al., 2015), leaders are better prepared to see a prominent return on their investment in ethical leadership practices.

Secondly, another significant implication of this work is calling attention to the critical role-played leaders in selecting and hiring the right people who fit the desired culture is one approach to limit the acts of workplace deviance (Appelbaum et al., 2005). At the point when leaders begin to incorporate people's moral awareness as an applicable and significant selection criterion for employment and promotion, this not only increases the probability of hiring ethical individuals, thereby lowering deviance in the process, but also demonstrates the organization's commitment to ethical values. This serves to fortify and construct a healthy ethical climate and culture, while likewise minimize the ethical burden on current and



upcoming managers to actively manage ethical slips up. However, high moral awareness and strong exchange ideology are contradictory to ethical leadership as individuals are more prudent towards conduct. Going forward, this study recommends that leaders should take a more personalized, tailored approach when deciding whom to exhibit ethical leadership practices.

By being aware that employees' ethical tendencies, much like their motivations, are different (van Gils et al., 2015), leaders are better focused to see a greater return on their investment in ethical leadership practices. Similarly, leaders are better served by being more sensible in how they allocate their leadership resources. Putting efforts to comprehend and appreciate their employees' personalities, moral manners and tendencies can serve to improve leaders' capacity to manage them adequately. Regardless of whether it be through personality and behavioral integrity evaluations, formal ethics workshops or various methods of getting knowledge about their employees' morale dispositions, leaders would be well served by recognizing at an early stage which of their employees would benefit from more intense ethical leadership practices and which of them just need discontinuous and infrequent reminders. Doing so can reduce the pressure upon leaders and allow them to be more strategic and focused on their leadership approach.

### 7.3 Limitations and Future Research

Since the current investigation has recognized important boundary conditions of ethical leadership as it relates to deviance directed at the organization and supervisor (i.e., moral awareness and exchange ideology), there may be other moderators that could help to further strengthen this association. In the pursuance of this study endeavors, the present study has space for future research. Since the data is collected from working professionals belong to different fields established moral awareness and exchange ideology as a significant moderator of the relationship between ethical leadership and workplace deviance. The reliability of this investigation suggests the possibility that other moral characteristics like humility, honesty, ill-treatment, etc., may reveal new ways of shaping deviant workplace conduct (O' Neill & Hastings, 2011). Also, the data collected for this study represent employees' attitudes and behavior at one point in time and due to its cross-sectional design, causality inference is not possible (Cook & Campbell, 1979). Future research may magnify the casual relationship by using various robust approaches with longitudinal data. Additionally, the data is collected from the most appropriate sources to avoid potential problems, it could be beneficial for upcoming studies to take a more heedful approach to avoid any inconvenience (e.g., common-method bias).

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