

A Work Project, presented as part of the requirements for the Award of a Masters Degree in Management from the NOVA – School of Business and Economics

**ETHICAL LEADERSHIP AND UNETHICAL PRO-  
ORGANIZATIONAL BEHAVIOR: A MODERATED MEDIATION  
MODEL OF AFFECTIVE COMMITMENT AND AUTHENTICITY  
AT WORK**

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## **Abstract**

Recently, unethical conduct in the workplace has been a focus of literature and media. Unethical pro-organizational behavior (UPB) refers to unethical conduct that employees engage in to benefit the organization. Given the complexity of UPB, there is an increasing need to understand how and under what conditions this attitude originates within organizations. Based on a sample of 167 employees and seven organizations, results support the moderated mediation model. An ethical leader increases employees' organizational affective commitment which increases the likelihood to engage in UPB. However, the indirect relationship diminishes when employees feel authentic at work.

**Keywords:** ethical leadership, affective commitment, authenticity, unethical pro-organizational behavior

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## 1. Introduction

Enron, Ford Motor Company and Sears represent only a few of the companies that have been involved in several ethical scandals that stained the business world in the past decades (Ordóñez et al. 2009). The growing concern of reducing employees' unethical actions has led recent research to focus on the effects of ethical leadership and unethical conduct in the business world (Treviño et al. 2014). Yet, there is a lot to understand about how unethical behavior arises within organizations, especially unethical pro-organizational behavior (UPB).

UPB (Umphress et al. 2010) is defined as “actions that are intended to promote the effective functioning of the organization or its members and violate core societal values, mores, laws, or standards of proper conduct” (Umphress and Bingham 2011). The conceptualization of UPB is characterized by a) illegal or non-acceptable moral conduct, including acts of commission and omission, b) intended to benefit the organization, whether associated with self-interest or not.

Since the concept development in 2010, studies have started to analyze the process of UPB. So far, research has linked UPB to organizational identification, strong reciprocity beliefs, positive social exchange relationships and shame (Umphress et al. 2010; Umphress and Bingham 2011), as well as identification with the supervisor, transformational and ethical leadership (Miao et al. 2012; Effelsberg et al. 2013). However, there is still a lot to understand about antecedents of UPB and its process.

Therefore, the present study contributes to existing literature by extending knowledge concerning how and under what conditions unethical pro-organizational behavior originates. The first aim of the study is to assess the impact of ethical leadership on employees' unethical pro-organizational behavior through the indirect

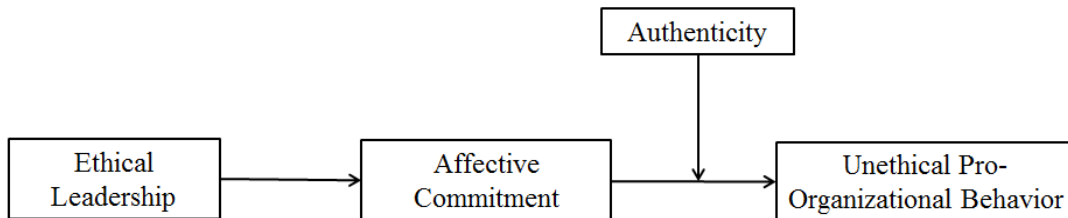
effect of employee's organizational affective commitment (ACO). The mediating role of ACO is justified via social exchange theory (Blau 1964) and the nature that characterizes this type of relationship and reciprocity (Cropanzano and Mitchell, 2005). Affective commitment has been highly associated with social exchange theory (Rhoades et al. 2001; Eisenberger et al. 2010; Neves and Story 2013). However, no previous research has analyzed the link between the mentioned construct and unethical pro-organizational conduct. As a result, the present study hypothesizes that ethical leadership induces employees to engage in UPB, through an increase in ACO. Most research (Walumbwa et al. 2011; Stouten et al. 2012) associates ethical leadership with positive outcomes, yet, in this study, ethical leadership is a source of employees' negative behaviors. Since employees aim to create balanced social exchange relationships by engaging in actions that benefit the organization (Cropanzano and Mitchell, 2005), they may disregard moral standards.

Secondly, the study contributes to literature by analyzing the moderating role of employees' authenticity at work in the mediation. Therefore, the strength of the relationship of ethical leadership and UPB via ACO depends on the level at which employees feel authentic at work. Research has highlighted that moral actions are not only influenced by contextual aspects but also by personal ones (Treviño et al. 2014). The present study sheds light on UPB literature by associating a personal construct such as authenticity at work. The study hypothesizes that authentic people at work are less likely to engage in UPB since authentic people stay true to themselves (Wood et al. 2008) and they are less influenced by the social exchange process.

Overall, the conceptual model represents a moderated mediation by exploring the relationship between ethical leadership and unethical pro-organizational behavior, via

ACO, in which the strength of the mediation depends on levels of employees' authenticity at work (see Figure 1).

**Figure 1** Conceptual Model



## 2. Literature Review and Hypotheses

### Ethical Leadership and Unethical Pro-Organizational Behavior

Employees' unethical pro-organizational conduct may bring negative consequences to consumers, external entities and, ultimately, it can endanger the future of the organization. Consequently, understanding antecedents of UPB becomes crucial, particularly the impact of ethical leaders on employees' behaviors.

Brown et al. (2005) defined ethical leadership as “the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making”. Ethical leader is characterized by a) being role model with legitimacy b) that promotes ethics and sets ethical standards in social environment through c) rewarding and disciplining employees' conduct. Also, an ethical leader evaluates d) ethical consequences in decision making.

Given the importance of understanding the effect that this type of leadership has on subordinates' conduct, research has focused on how ethical leaders influence employees' misconduct. Most literature highlights that ethical leadership reduces the employees' probability of engaging in misconduct or unethical actions. Stouten et al.

(2012) found that ethical leadership decreased the likelihood of being bullied. Similarly, Mayer et al. (2011) found a negative relationship of ethical leadership and employees' misconduct, mediated by ethical climate. Neves and Story (2013) study found that ethical leaders reduces likelihood to engage in deviant behavior via an increase in ACO, conditional upon different levels of supervisor's personal reputation for performance. However, some studies had controversial results (Detert et al. 2007; Dineen et al. 2006). Detert et al. (2007), for example, found no evidence of a significant relationship between ethical leadership and employees' counterproductive behavior. Furthermore, UPB can be seen as a contradictory construct since it includes illegal or non-acceptable moral behavior that aims to benefit the organization, thus the effect of such type of leadership on UPB might not be linear (Miao et al. 2012).

Social exchange theory (SET) characterizes interactions between individuals and groups as interdependent and contingent (Blau 1964). Building upon the norm of reciprocity, social exchange relationships are a set of interactions that initiate when a party conducts a positive action and the other one responds accordingly, creating a pattern of social transactions (Cropanzano and Mitchell 2005).

Based on the tenets of SET, Umphress et al. (2010) found that strong reciprocity beliefs strengthens the positive relationship of organizational identification and UPB, building upon individuals' own psychological characteristics. Moreover, Miao et al. (2013) found an inverted U-shape relationship between ethical leadership and UPB, in which, for moderate levels of ethical leadership, the role of social exchange theory prevails over the role of social learning theory.

Ethical leaders are characterized by setting standards, disciplining and promoting ethical conduct as well as showing consistent behavior of caring, listening

and concern for employees (Brown et al. 2005). Hence, employees' perception of leaders will include feelings of trust as they perceive being treated fairly by their supervisor, supporting a positive correlation of ethical leadership and followers' trust in leaders (Brown et al. 2005; Brown and Mitchell 2010; Ponnu and Tennakoon 2009).

Alongside trustworthiness, an ethical leader increases the quality of leader-member exchange (LMX) which refers to greater affective connection between supervisor and subordinate, due to leader's perceived honesty, fairness and loyalty (Walumbwa et al. 2011). As a result, LMX is closely associated with the tenets of SET as found in several studies (Eisenberger et al. 2010; Walumbwa et al. 2011).

Building upon the reciprocation effects created by increased trust, loyalty and mutual commitment (Cropanzano and Mitchell 2005), when a follower perceives good and fair treatment from the leader, one will engage in actions that have positive consequences to the other party. Those actions aim to achieve a balanced social exchange relationship, resulting in a sequence of continuous and interdependent transactions (Blau 1964). Accordingly, several empirical studies have examined outcomes of ethical leadership on employees' conduct, namely organizational citizenship behavior (Kalshoven and Boon 2012), performance, (Walumbwa et al. 2011), and deviant behavior (Stouten et al. 2012; Neves and Story 2013).

In addition, Umphress and Bingham (2011) introduced the role of neutralization in the relationship between ethical leadership and UPB. In the neutralization process, ethical standards are disregarded or overlooked and criteria that differ ethical actions from unethical ones become very unclear. Thus, the combination of neutralization and improved LMX may engender conscious or unconscious unethical conduct that is justified since it aims to benefit organization or leader (Umphress and Bingham 2011).



Therefore, the present study hypothesizes a positive correlation between ethical leadership and unethical pro-organizational behavior given the role played by trust and LMX via the tenets of social exchange theory.

***Hypothesis 1:*** Ethical leadership is positively correlated to unethical pro-organizational behavior.

### **The mediating role of Affective Commitment**

The concept of unethical pro-organizational behavior is complex, as it refers to illegal or morally non-acceptable behavior that aims to benefit the organization. As a result, there is a need to have a clear understanding of mechanisms that influence the relationship of ethical leadership and employees' conduct. For that reason, organizational affective commitment was introduced in the model to better justify the relationship between leader's profile and employees' behavior.

Meyer et al. (1991) developed the concept of organizational commitment that characterizes employee-organization relationship and likelihood to maintain this relationship. Affective organizational commitment refers to "employees' emotional attachment to, identification with and involvement in the organization" (Meyer et al. 1991). In addition, ACO determines the extent to which employees want to remain working for the same employer or change (Meyer et al. 1993).

Existing literature has examined outcomes of ACO as being mostly associated with reduced turnover intentions and absenteeism (Meyer et al. 1991; Somers 2009), and improved in-role performance and organizational citizenship behavior (Meyer et al. 1991; Eisenberger et al. 2010; Vandenberghe et al. 2004). Moreover, antecedents of ACO have been related to different types of leadership and LMX (Eisenberger et al. 2010; Neubert et al. 2009).

The first argument clarifying the connection between leaders' profile and ACO is related to the way most leaders are seen as representatives of the organization. Since leaders coordinate and delegate tasks, evaluate performance and provide feedback through rewarding and disciplining followers' conduct, frequently their actions are perceived to be on behalf of the organization (Eisenberger et al. 2010). Since supervisors are perceived to be agents of the organization, employees' social exchange relationship with the supervisor will not differ much from social exchange relationship with the organization (Eisenberger et al. 2010).

Moreover, Meyer et al. (1993) mentioned strong affective commitment is developed when work experiences consistently meet employees' psychological needs and expectations. As mentioned in the present study, ethical leadership fosters feelings of trust, loyalty and mutual commitment between leader and follower, resulting in an improved quality of social exchange relationship that is extended to organizational level. Some empirical studies have analyzed the relationship between ethical leadership and affective commitment (Neubert et al. 2009; Kalshoven et al. 2011; Neves and Story 2013), providing evidence that affective commitment was at the same time influencing employees' conduct. Neves and Story's (2013) study, for example, analyzed the carryover effects of ethical leadership on organizational deviance via affective commitment under the framework of social exchange relationship. Due to the increase of ACO and to achieve a balanced social exchange relationship with supervisor and organization, employees reciprocate the positive treatment (Blau 1964; Cropanzano and Mitchell 2005). Therefore, the emotional attachment will induce subordinates to adopt actions that favor the organization, even if it means disregarding ethical standards.

No empirical study has examined the mediating effect of ACO on the relationship between ethical leadership and unethical pro-organizational behavior. Therefore, the present study contributes to existing literature by clarifying the mechanisms under which unethical conduct in the name of the organization originates. Paradoxically, two concepts that are usually associated with positive outcomes, may endorse unethical conduct due to the role of SET. The norm of reciprocity induces non-acceptable moral behaviors that favor the organization, creating a sense of emotional blindness in which employees disregard ethical standards to achieve a strong and balanced relationship with the supervisor and organization.

Consequently, the present study hypothesizes that ethical leadership increases UPB through an increase in ACO, given social exchange theory's process.

***Hypothesis 2:*** Employee's organizational affective commitment mediates the positive relationship of ethical leadership and unethical pro-organizational behavior.

### **The moderating role of Authenticity at work**

Unethical pro-organizational behavior has been examined based on the leader's profile and one's emotional relationship with the organization, describing how the contextual environment may impact on employees' attitudes. However, in this study, no measure has yet considered personal differences. To have a clear understanding of the extent to which followers' individual characteristics affect the likelihood to endorse this type of unethical behavior, the role of follower's authenticity at work was introduced.

Wood et al. (2008) developed a tripartite construct of authenticity composed by a) self-alienation, b) authentic living and c) acceptance of external influence. Authentic living refers to the consistency between one's actions or behaviors and conscious awareness, thus staying true to oneself (Wood et al. 2008). The present study considers

authentic living sub-scale adapted to work context and it assesses whether employees feel that they can be consistent with own values and beliefs as well as if they feel free to behave and stand up for what they believe in.

In the last decade, growing importance has been given to authenticity and its implication for psychotherapy, especially in the work environment. Overall, authenticity has been linked with increased well-being and self-esteem as well as decreasing levels of stress and depression (Neff and Harter 2002; Goldman and Kernis 2002; Wood et al. 2008). Few empirical studies examined authenticity in organizations, mainly focusing on authentic leadership (Avolio and Gardner 2005) and external stakeholders' perception of company authenticity (Jones et al. 2010). More recently, studies have analyzed authenticity at work from employees' perspective. In terms of outcomes, authenticity at work was associated with increased well-being (Ménard et al. 2011) and work engagement, burnout, job satisfaction, turnover and performance (Van den Bosch and Taris 2014). Moreover, Yagil and Medler-Liraz's (2013) study analyzed the relationship of service employees' transient authenticity and their interactions with customers. Reis et al. (2014) examined antecedents of authenticity, particularly how different types of organizational culture influence authenticity at work, as well as a positive relationship with employees' work engagement.

Deci and Ryan (2000) have suggested, theoretically, the link between authenticity and self-determination in which authentic people are characterized for reflecting autonomy and choice due to the role of self-regulation. In contrast, unauthentic people are usually influenced by the external environment, conditioning their behavior on what they perceive is expected from them (Goldman and Kernis 2002). Also, Wood et al. (2008) provided strong evidence of scale inter-correlations in which authentic living was

always negatively correlated with accepting external influence. Therefore, when one faces high levels of authentic living, the probability of engaging in actions due to external influence decreases.

Moreover, Cropanzano and Mitchell (2005), in an interdisciplinary review of SET, have highlighted that the level in which people endorse reciprocity differs greatly based on individual characteristics. Similarly, recent literature has studied how employees' personal characteristics condition the extent to which followers embrace unethical pro-organizational conduct. Umphress et al. (2010) introduced employees' positive reciprocity beliefs, whereas Effelsberg et al. (2013) later presented followers' disposition towards ethical/unethical behavior as an influencer. Both studies provided empirical evidence that personal characteristics have effect on UPB.

Therefore, the present study hypothesizes that employees' authenticity at work moderates the relationship between ACO and unethical pro-organizational behavior such that for high levels of authenticity at work, the strength of the relationship diminishes. Since authentic people are self-determined and less influenced by external environment, the norm of reciprocity via SET will have less impact. Thus, authentic people are less influenced by organizational emotional attachment, not embracing UPB, as they act consistently with their values and beliefs. In contrast, for low levels of authenticity at work, the strength of the mediated relationship is stronger. As mentioned previously, unauthentic people do not feel free to stand up for what they believe in and they are likely to be influenced by external environment and what they perceive is expected from them. As a result, the combination of organizational affective commitment and low authenticity at work endorses employees to behave unethically in

favor of the organization as they will want to reciprocate and try to meet external expectations.

**Hypothesis 3:** Employees' authenticity at work moderates the mediated relationship of ethical leadership and UPB via affective commitment, such that under high levels of authenticity, the relationship is weaker and under low levels of authenticity, the mediated relationship is stronger.

In summary, the present study examines a moderated mediation (Preacher et al. 2007) in which the relationship between ethical leadership and UPB is mediated by ACO contingent upon different levels of followers' authenticity at work.

### **3. Method**

#### **Sample and Procedures**

Several organizations were asked to participate in this study and seven of them agreed to participate (42% response rate). Organizations were from health (14%), consultancy (44%), insurance (14%), telecommunications (14%) and utilities (14%) sectors. HR managers and functional managers were asked to participate. Four organizations agreed to conduct the surveys on paper while three of them preferred the online format with a response rate of 88% and 60%, respectively. As expected, response rate of surveys on paper was higher because they were delivered personally. In addition, two organizations agreed to conduct surveys on two parts, separated temporally by two weeks. The first part assessed predictors while the second part questioned outcomes of the study. The aim of this procedure was to reduce the common method variance by decreasing the probability of contextual responses rather than measure related responses, which is possible through short-term memory (Podsakoff et al., 2003).

Overall, 265 employees were approached to fill out the survey but only 176 agreed to participate (response rate of 66%). The final sample is composed of 167 responses since nine incomplete responses were disregarded for purpose of the study.

Employees were 52% female and 28% of the employees were 24 to 34 years old and 35 to 44 years old. Thirty-four percent of respondents had more than a Bachelor degree and 44% had a Bachelor Degree. Subordinates represented 70% of employees assessed.

## **Measures**

### Control Variables

In this study, control variables are age, gender, education, position held, survey format and organization. The mentioned demographic variables were considered control variables since some studies have highlighted the importance of assessing mean differences between groups regarding the dependent variables as well as correlations with ACO and authenticity at work (Wood et al., 2008, Mayer et al., 2002).

### Ethical Leadership

Ethical Leadership (Cronbach's  $\alpha = 0.907$ ) was assessed based on the 10-item measure developed by Brown et al. (2005). Sample items include "My supervisor has the best interests of employees in mind." and "My supervisor can be trusted".

### Affective Commitment

ACO (Cronbach's  $\alpha = 0.875$ ) was assessed based on the 6-item measure developed by Meyer et al. (1993). Sample items include "I really feel as if the organization's problems are my own" and "I do not feel part of this organization" (reverse item).

### Unethical Pro-Organizational Behavior

UPB (Cronbach's  $\alpha = 0.728$ ) was assessed based on the 6-item scale developed by Umphress et al. (2010). Sample items include "If it would help my organization, I would misrepresent the truth to make my organization look good" and "If needed, I would conceal information from the public that could be damaging to my organization".

### Authenticity

Authenticity at work (Cronbach's  $\alpha = 0.741$ ) was assessed based on the 4-item authentic living subscale of the authenticity measure developed by Wood et al. (2008). Original items of authentic living subscale were adapted to work context. Therefore, sample items include "At work, I can behave in accordingly with my values and beliefs" and "At work, I always feel free to stand by what I really believe in".

With exclusion of demographic variables, all measures were evaluated based on 5-point Likert-type scales, anchored in 1- Completely disagree and 5- Completely agree.

## **4. Results**

Firstly, data analysis includes descriptive statistics followed by the study of control variables and confirmatory factor analysis (CFA). Afterwards, the mediation and moderation tests were conducted to assess whether hypotheses could be accepted.

Table 1 presents the descriptive statistics including mean and standard deviations as well as reliabilities and zero-order correlations. Based on the table, one can conclude that ethical leadership is positively correlated to affective commitment ( $r = 0.48$ ;  $p < 0.01$ ) and to authenticity at work ( $r = 0.55$ ;  $p < 0.01$ ). In addition, affective commitment is positively correlated to UPB ( $r = 0.19$ ;  $p < 0.05$ ) and to authenticity at work ( $r = 0.61$ ;  $p < 0.01$ ). Since none of the control variables were correlated to UPB,



variables were dropped from further analysis. As recommended, uncorrelated control variables with dependent variable, which may be spurious suppressors, should not be included as they can reduce power of the analysis (Becker 2005).

**Table 1** Descriptive statistics, reliabilities and zero-order correlations

VARIABLES	M	SD	1	2	3	4	5	6	7	8
1. Subordinate's age	2.72	1,17	-							
2. Subordinate's gender	0.47	0.50	0.04	-						
3. Education level	4.10	0.82	-0,45**	0.06	-					
4. Position in organization	1.50	0.86	0,33**	0.16*	0.21**	-				
5. Ethical Leadership	3.62	0.81	-0.17*	-0.11	0.08	0.13	(0.91)			
6. Organizational Affective Commitment	3.66	0.98	-0.10	-0.03	0.16*	0.22**	0.48**	(0.88)		
7. Authenticity at Work	3.77	0.81	-0.01	-0.06	-0.02	0.11	0.55**	0.61**	(0.74)	
8. Unethical Pro-Organizational Behavior	2.86	0.70	-0.01	0.01	0.02	0.13	0.11	0.19*	0.05	(0.73)

N = 167. Age was coded as 1 = less than 24 years old; 2 = 24 to 34 years; 3 = 35 to 44 years; 4 = 45 to 54 years; 5 = 55 to 65 years; 6 = more than 65 years. Gender was coded as 0 = Female and 1 = Male. Education level was coded as 1 = less than secondary education (9<sup>th</sup> grade); 2 = secondary education (9<sup>th</sup> grade); 3 = high school (12<sup>th</sup> grade); 4 = undergraduate; 5 = more than undergraduate. Position was coded as 1 = Subordinate; 2 = First level manager; 3 = Middle Manager; 4 = Top Manager. Cronbach's  $\alpha$ 's are provided in parentheses.

\*\*  $p < 0.01$ ; \*  $p < 0.05$

Concerning control variables, there may be potential differences between organizations, surveys conducted online or on paper and surveys conducted on two times or one time. Therefore, significant differences between means of dependent variables between groups were tested through a t-test to partial out the effects of other predictors (Becker 2005). No significant differences were found as significant values were at least greater than 0.05.

Afterwards, Harman's single factor test was conducted to assess common method variance (CMV), since all constructs were collected from subordinates (Podsakoff et al. 2003). CMV means the extent to which measures and covariances among items were influenced, being a potential problem as analysis may be biased. Results indicate that 32.5% of the variance is explained by one factor, which is an encouraging result (Podsakoff et al. 2003). Later, CFA tested construct distinctiveness, since this statistical tool analyzes the relationship between measures and factors to test

the model fit (Brown 2006). CFA was conducted for ethical leadership, organizational affective commitment, authenticity at work and UPB. In addition, results of the conceptual model (four-factors) were compared with results of four different models of three, two and one factors that combined different variables. Table 2 displays outcomes of CFA, being possible to observe that the conceptual model of four-factor provides the best fit ( $\chi^2(293) = 666.89^{**}$ ; CFI = 0.84; RMSEA = 0.09). Results are encouraging since CFI is closer to one, meaning that model fit is closer to optimal and RMSEA is closer to zero, which denotes that error of approximation is small (Brown 2006). In comparison with other models, the conceptual model provides the best fit as Chi-square differences tests show alongside with increasing RMSEA and reduced CFI.

**Table 2** Confirmatory Factor Analysis

	$\chi^2$	df	$\Delta\chi^2$	CFI	RMSEA
Conceptual model	666.89**	293		0.84	0.09
Model 1 – 3 Factors Authenticity and UPB combined	925.07**	296	258.18*	0.72	0.11
Model 2 – 3 Factors Ethical leadership and ACO combined	1011.06**	296	85.99*	0.68	0.12
Model 3 – 2 Factors ACO, authenticity and UPB combined	953.43**	298	-57.63*	0.71	0.12
Model 4 – 1 Factor All combined	1296.98**	299	343.55*	0.56	0.14

\*\* p < 0.01

Afterwards, the moderated mediation model was assessed by testing Hypotheses 1 and 2 through a simple mediation and then Hypothesis 3 was assessed by looking at the entire conceptual moderated mediation model (Preacher et al. 2007).

Tests of simple mediation were conducted using Preacher and Hayes (2008) SPSS PROCESS application, including bootstrap analyses. Table 3 illustrates the results of the simple mediation in which an ethical leader increases employees' organizational affective commitment that then increases likelihood to engage in unethical pro-organizational behavior. The total statistical effect of ethical leadership on unethical

pro-organizational behavior was not significant ( $B = 0.09$ ;  $p > 0.05$ ) which provides evidence to reject Hypothesis 1. Moreover, a positive direct effect of ethical leadership on ACO was found ( $B = 0.58$ ;  $p < 0.00$ ) and a positive direct effect of organizational affective commitment on UPB was also found ( $B = 0.13$ ;  $p < 0.05$ ). Results provide evidence to support Hypothesis 2 since the bootstrapping 95% confidence interval of indirect effect of ethical leadership on unethical pro-organizational via ACO did not include zero, ranging values between [0.01;0.16]. Since the direct effect of ethical leadership on UPB does not exist, results support a full mediation.

**Table 3** Results of Simple Mediation

	Mediator – Org. Affective Commitment				Outcome - UPB			
	<i>B</i>	SE	<i>t</i>	<i>p</i>	<i>B</i>	SE	<i>t</i>	<i>p</i>
Total effect					0.09	0.07	1.43	0.15
Direct effects								
Ethical Leadership	0.58	0.08	6.99	0.00	0.02	0.08	0.24	0.81
Org. Affective Commitment					0.13	0.06	2.14	0.03
					M	SE	95% CI	
Indirect effect (bootstrapping)					0.08	0.04	0.01;0.16	

Bootstrap sample size = 5,000; M average bootstrap estimate; 95 % Confidence Interval.

Similarly, moderated mediation was tested through SPSS PROCESS application developed by Preacher et al. (2007) that includes a bootstrapping analysis and, as Cohen et al. (2003) recommended, ethical leadership and authenticity at work were previously mean centered. Table 4 illustrates results of moderation mediation analysis and it provides evidence to support Hypothesis 3 since the interaction between affective organizational commitment and authenticity at work was significant ( $B = - 0.13$ ;  $p < 0.05$ ;  $\Delta R^2 = 0.03$ ). As expected, workplace authenticity diminished the positive indirect effect of ethical leadership on UPB via affective organizational commitment.

**Table 4** Results of Moderated Mediation Analysis

	Outcome - UPB			
	<i>B</i>	SE	<i>t</i>	<i>p</i>
Direct effects				
Ethical Leadership	0.05	0.08	0.59	0.55
Org. Affective Commitment	0.16	0.07	2.30	0.02
Authenticity at Work	-0.17	0.09	-1.79	0.07
ACO x Authenticity	-0.13	0.06	-2.13	0.03
R <sup>2</sup> ( $\Delta R^2$ after cross-product term added)	0.08 (0.03)			
Conditional indirect effects and bootstrap results				
	M	SE	95% CI	
Authenticity - 1 SD	0.15	0.06	0.05;0.27	
Authenticity	0.09	0.04	0.02;0.19	
Authenticity + 1 SD	0.03	0.06	-0.07;0.16	

Bootstrap sample size = 5,000; M average bootstrap estimate; 95 % Confidence Interval.

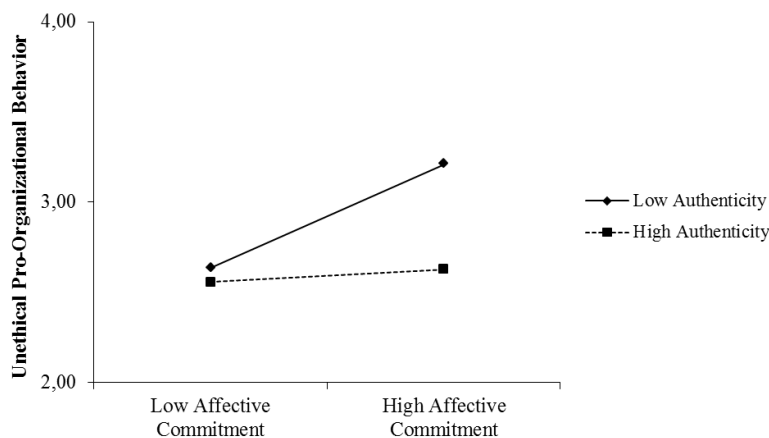
**Figure 2** Plot of interactions effect of affective commitment and authenticity on UPB

Figure 2 illustrates the plotted simple slopes for values of one standard deviation below and above the mean of authenticity. For low levels of authenticity at work, the moderation effect is significant (*simple slope* = 0.27; *t* = 3.47; *p* < 0.01) whereas non-existent for high levels of authenticity (*simple slope* = 0.07; *t* = 0.75; *p* > 0.05).

Accordingly, bootstrapping results of confidence intervals provide support for different values of the moderator. The indirect effect of ethical leadership on UPB via ACO was stronger for low and medium levels of authenticity at work, since the confidence intervals did not include zero (M – 1 SD; average bootstrap estimate = 0.15; 95 % CI [0.05; 0.27]) and (M; average bootstrap estimate = 0.09; 95 % CI [0.02; 0.19], respectively).

## 5. Discussion

The present study aimed to clarify how and under what conditions unethical pro-organizational behavior appears within organizations. Findings support the moderated mediation model. Even though, ethical leaders did not directly influence UPB, the indirect effect via ACO was significant. An ethical leader increases employees' emotional attachment with the organization, which induces subordinates to engage in UPB. Moreover, the mediation diminishes as authentic at work increases. When one feels authentic at work, behaviors are consistent with one's values and, despite the organizational emotional attachment, employee will not engage in UPB.

This study contributes to existing literature in several aspects. Firstly, studies have found that ethical leadership diminishes employees' unethical conduct (Stouten et al. 2012; Mayer et al. 2011). In general, literature has failed to address unethical conduct in favor of the organization. Organizations' reputation and future may be endangered by UPB, thus it can be as damaging as any other type of unethical conduct. Since the concept development, a handful of studies have addressed this topic (Umphress et al. 2010; Umphress and Bingham 2011; Effelsberg et al. 2013) and given its complexity, it is hard to find a direct and linear relationship between ethical leadership and UPB (Miao et al. 2013). Similarly, a direct effect per se becomes insufficient to describe the influence of ethical leaders on employees' behaviors.

Interestingly, results support that ethical leadership leads to unethical pro-organizational conduct as it increases employees' organizational affective commitment. The underlying mechanism of ACO is possible given the role of SET process. Indeed, having an ethical supervisor fosters feelings of trust, honesty and loyalty between leader and follower (Cropanzano and Mitchell 2005), creating a stronger social exchange

relationship. Based on the tenets of SET, interactions are interdependent and consistent to achieve long term balanced relationships with leader and organization (Blau 1964). The norm of reciprocity makes them pursue actions that benefit the organization, even when it means commission or omission of information from customers or external entities. The emotional blindness induces employees to value the direct beneficial consequences rather than focusing on conduct's unacceptable moral aspect. In a theoretical work, Ordóñez et al. (2009) points out the lack of ethical consistency in the evaluation and reward system. While goal setting has been largely associated with increased motivation and performance, existing literature has failed to address that to achieve goals, employees may be induced to disregard moral standards. For example, to achieve a certain sales level, employees may have to exaggerate a product's characteristics or try to sell products that do not meet customer's needs.

Moreover, the present study contributes to literature by analyzing the moderating role of authenticity at work. Some studies have already addressed the importance of individuals' characteristics in influencing UPB (Umphress and Bingham 2011; Effelsberg et al. 2013). However, no study has analyzed how the different levels of workplace authenticity influence the relationship of ACO and UPB. The present study found that authenticity moderates the indirect relationship by diminishing the positive effect of ACO on UPB. Authenticity is a measure of congruence between one's values and beliefs and actions, associated with little acceptance of external influence (Wood et al. 2008). Even though one may perceive good treatment from an ethical leader and detain great emotional attachment with the organization, if one is authentic at work, there is less probability of engaging in UPB. In contrast, when one is unauthentic at work, there is a high likelihood of accepting external environment and engaging in

actions to meet perceived expectations or to create balanced social exchange relationships (Deci and Ryan 2000). Authenticity reduces the effect of emotional blindness created by the norm of reciprocity and brings conscious rationality to decision making and attitudes taken. Interestingly, this study highlights the importance of avoiding combined ACO and workplace unauthenticity, as this combination endorses unethical pro-organization behavior within organizations.

Based on the findings, there are also some practical implications associated with this study. As ethical leadership induces to engage in UPB through ACO, organizations should pay attention to emotional attachment that employees develop with the organization. Moreover, Miao et al. (2013) pointed out that some aspects of ethical leadership might not be clear on employees' minds. An ethical leader may show concern about ethical and moral aspects, but reinforcement and disciplining may not be clearly perceived by followers. Therefore, when subordinates have to choose between ethics or business related actions, they will select what is perceived to be most valued by leaders. It is important to incorporate ethics in the core aspects of the organization such as its values, mission and vision. Regarding the evaluation and rewarding system, management should have a special concern in goal setting by ensuring there is congruency between the different departments within the organizations and that goals provide a good balance between financial gains and ethical standards.

Moreover, as results supported that higher levels of authenticity at work weakened the positive indirect relationship, it becomes crucial for organizations to promote workplace authenticity and to foster employees that are authentic. Robinson et al. (2013) highlighted that work environment is the context in which people reported to be less authentic. This fact represents a major challenge that organizations should

address and focus on. Therefore, organizations should assess levels of employees' workplace authenticity in different departments. Moreover, managers and leaders should promote flexibility in the work environment such that employees can adapt their tasks based on their capabilities and strengths, reinforcing that one's personal characteristics bring benefits for the company. Also, organizations may create mentoring or coaching programs to promote authentic leaders and managers by helping them to define their leadership and communication style, to build trust and promote authentic behaviors within teams.

### **Limitations and Future Research**

Regardless of the findings of the present study, one should bear in mind its limitations, being a cross-sectional study. Firstly, all measures were collected from one source which can cause common method variance (CMV). However, employees were providing ethical leadership levels of supervisors and it is believed that self-reported unethical pro-organizational behavior is closer to reality since leaders may not be aware of employees' UPB. Moreover, results of Harman's single factor test showed that a small percentage of the variance was explained by only one factor, thus CMV may not be a major concern. Secondly, some surveys were collected on paper while others were conducted online and given the response rate difference, the data collection procedure may constitute a limitation. Similarly, significant differences between means of dependent variables were assessed through a t-test and no significant differences were recorded. Thirdly, the sample size of the study ( $N = 167$ ) can represent a limitation as a small sample size can bias relationships between variables. However, based on variables' communality, the recommended sample size is not far from optimal (MacCallum et al. 1999). Moreover, seven organizations from diverse sectors and



dimensions participated, and employees were randomly selected to fill out the survey in which confidentiality was assured, which diminishes concerns associated with CMV.

The present study sheds light for future research directions. Firstly, longitudinal studies could assess effects of time on UPB. Secondly, future studies should also consider different underlying mechanisms that affect the relationship between ethical leadership and UPB. Due to authenticity at work importance in diminishing UPB, literature may focus on antecedents of authenticity as they may play an indirect role.

### **Conclusion**

To conclude, the present study contributes to literature by analyzing how and under what circumstances unethical behavior originates within organizations. A significant moderated mediation was found since the positive indirect effect of ethical leadership on UPB via ACO diminishes when authenticity at work increases. Firstly, the study highlights the danger of employees' emotional attachment with the organization, based on the tenets of SET. Secondly, ethical leadership, which is usually associated with good outcomes, may indirectly induce UPB. Finally, as authentic employees are less influenced by SET process, companies should understand the importance of developing authentic employees to avoid UPB.

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