

# The role of moral decoupling in the causes and consequences of unethical pro-organizational behavior

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## ABSTRACT

In this paper we explore the antecedents and consequences of employees' unethical pro-organizational behavior (UPB) through the lens of moral decoupling—a moral reasoning process whereby individuals separate their perceptions of morality from their perceptions of performance. First, we argue that employees increase their engagement in UPBs when they (1) see their supervisors doing the same and (2) believe that their supervisors endorse moral decoupling. Second, we argue that employees' UPBs are only positively related to supervisors' evaluations of their job performance when supervisors themselves report that they morally decouple. We test these hypotheses in a field sample of supervisor–employee dyads and two experimental studies. This combination of studies highlights the complex link between ethics and perceptions of performance within organizations.

## 1. Introduction

In both the organizational sciences (Mitchell, Vogel, & Folger, 2015; O'Reilly, Aquino, & Skarlicki, 2016) and the broader psychological literature (Goodwin, 2015; Goodwin, Piazza, & Rozin, 2014), scholars have noted a tendency for individuals who act unethically to be perceived less positively than individuals who act ethically (Berry, Sackett, & Wiemann, 2007; Goodwin, 2015; Sackett & Harris, 1984; Sackett & Wanek, 1996). For example, when employees act unethically, they tend to be punished (Bauman, Tost, & Ong, 2016; Trevino & Youngblood, 1990), ostracized (Feinberg, Willer, & Schultz, 2014), and even fired from their jobs (Huhman, 2018). Similarly, research has shown that employees who act ethically are perceived as better leaders (Brown, Treviño, & Harrison, 2005) and as better performers than their peers (Gatewood & Carroll, 1991; James, 2000; Jose & Thibodeaux, 1999).

Typically, employees act unethically in an attempt to obtain better outcomes for themselves. For example, they lie to their coworkers to cover up their mistakes, steal supplies from their offices to avoid buying the supplies themselves, and misrepresent their performance to their supervisors to attain raises, promotions, and other benefits (Treviño, Nieuwenboer, & Kish-Gephart, 2014). For these self-focused unethical behaviors, it is understandable that employees' unethical behavior would be negatively perceived. However, employees' unethical actions

can also be motivated by a desire to benefit their organizations—a phenomenon Umphress and Bingham (2011) refer to as unethical pro-organizational behavior (UPB). Examples of UPB include misrepresenting the truth to make one's organization look good, exaggerating the quality of the organization's products or services to customers, and concealing damaging information about the organization from the public (Umphress, Bingham, & Mitchell, 2010). At its core, UPB involves an inherent tension between organizational performance and ethical principles, sacrificing the latter in the name of the former. This raises the question of whether UPB might be positively perceived in some circumstances.

We examine the conditions under which unethical behavior might be positively perceived within organizations by integrating UPB with a construct recently introduced into the marketing literature—moral decoupling. Briefly defined, *moral decoupling* is a moral reasoning process whereby an individual separates judgments of a person's performance from judgments of that person's morality (Bhattacharjee, Berman, & Reed, 2013). By engaging in moral decoupling, individuals are able to simultaneously condemn the behavior of others while still recognizing them as high performers. As one example of moral decoupling, Bhattacharjee et al. (2013) noted that Tiger Woods, a professional golfer, continued to enjoy the support of many golf fans even after news of infidelity in his private life became public. Rather than

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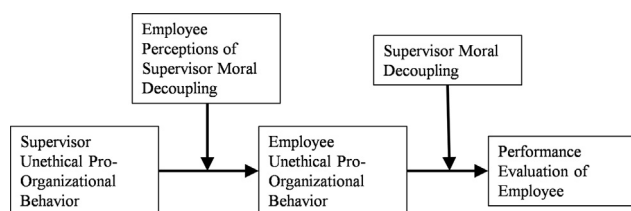


Fig. 1. Hypothesized model.

rationalizing Woods's infidelity, many supporters engaged in moral decoupling by arguing that although such conduct was clearly unethical, his outstanding performance on the golf course warranted their continued support and admiration (Bhattacharjee et al., 2013; Haberstroh, Orth, Hoffmann, & Brunk, 2017).

As shown in Fig. 1, our model sheds light on the tension between ethics and performance within organizations by integrating UPB and moral decoupling from both employees' and supervisors' perspectives. We begin by building on the tenets of social learning theory to examine how supervisors' UPB and employees' perceptions of their supervisors' moral decoupling affect employees' own UPB (Bandura, 1977, 1986). Specifically, we argue that when employees witness their supervisors engaging in UPB, they are most likely to follow suit when they believe that their supervisors decouple ethical behavior from performance. We then examine how supervisors' own self-rated tendencies to decouple influence their actual reactions to employee UPB. We argue that employees' UPB will only have a positive impact on supervisors' evaluations of their performance when supervisors themselves indicate that they decouple. Thus, moral decoupling represents a critical boundary condition both in terms of the degree to which employees mirror the UPB of their supervisors and the extent to which they perceive such behavior as a strategy for success. We test these hypotheses in three studies, including a time-lagged survey of existing supervisor–employee dyads (Study 1), an experiment examining employees' reactions to supervisors' UPB (Study 2a), and an experiment examining supervisors' reactions to employees' UPB (Study 2b). Together, the three studies offer convergent support for our model.

In sum, our research makes several interrelated contributions to the literature. First, we contribute to the ethics literature by demonstrating that the link between employees' unethical behavior and evaluations of their performance is more nuanced than previously assumed. Across a wide range of disciplines within the organizational and psychological sciences, research has tended to focus on the negative impact of unethical behavior on how the person who acted unethically is perceived (Berry et al., 2007; Sackett & Harris, 1984; Sackett & Wanek, 1996). We demonstrate that this linkage is far more complicated, especially in realms where what is ethical and what is good for the organization diverge (Umphress et al., 2010). Second, we contribute to the UPB literature by examining the construct through a social learning lens, diverging from past research which has largely focused on social identity theory to explore the antecedents of UPB (e.g., Chen, Chen, & Sheldon, 2016), thereby allowing for an enriched perspective on both the antecedents and consequences of UPB. Third, we contribute to social learning theory by demonstrating when employees can achieve improved performance evaluations by mirroring their supervisors' ethically-questionable actions. Past research has offered compelling evidence that unethical leader behavior trickles down through organizations (Greenbaum, Mawritz, Onner, Webster, & Kim, 2018; Mawritz, Mayer, Hoobler, Wayne, & Marinova, 2012). However, this past research has only begun to explore the conditions under which such effects are most likely to occur. Our research shows that employees strategically model unethical behavior when it is most likely to benefit them, offering insight into why such modeling of negative behavior might persist over time.

## 2. Theory and hypotheses

### 2.1. Moral decoupling

Unethical behavior influences how people are perceived across a range of domains. For example, within organizations, unethical behavior is a core component of perceptions of fairness and trustworthiness (Colquitt & Zipay, 2015; Mayer, Davis, & Schoorman, 1995). Similarly, ethicality is often assumed to be an important criterion for assessing employee performance (Gatewood & Carroll, 1991). Yet, recent research in the marketing literature suggests that ethics are not always tightly linked to how individuals are perceived. Through a process referred to as moral decoupling, people can selectively disassociate their judgments of performance from their judgments of morality (Bhattacharjee et al., 2013). In other words, they can concede that an individual has acted unethically, yet argue that the individual is nonetheless a good performer (Haberstroh et al., 2017; Lee & Kwak, 2016).

Examples of moral decoupling abound. Although Steve Jobs, the former CEO of Apple, is known to have engaged in ethically questionable behaviors at work (e.g., abusive behavior toward employees; Lashinsky, 2011) and outside of work (e.g., negligent parenting; Brennan-Jobs, 2018), his performance as CEO remains a source of adoration both within Apple and among the company's customers (Isaacson, 2011). Relatedly, on the day she was sentenced to prison for lying to federal investigators about her role in an insider trading scandal, entertainment mogul Martha Stewart "was greeted by a crowd of sympathizers wearing sandwich signs and chef hats" (Hays, 2004). Similarly, after news of an extra-marital affair surfaced, Jack Welch, the former CEO of General Electric, was showered with praise, admiration, and testimonials to his leadership abilities by members of the business community (Orecklin, 2002). Empirical research has also shown that moral decoupling allows baseball fans to feel more comfortable with steroid use, and observers of politics to feel more comfortable with tax evasion—as long as the focal individual is a high performer (Bhattacharjee et al., 2013).

Prior research provides some insight into when and why people might separate morality from performance. For example, past research has shown that when people think about money they tend to overlook issues of ethics, suggesting that financial concerns might sometimes crowd out ethical concerns in the workplace (Kouchaki, Smith-Crowe, Brief, & Sousa, 2013; Vohs, Mead, & Goode, 2006, 2008). Similarly, research has shown that when individuals are primed with a business frame, ethics-related concerns tend to fade, suggesting that ethics are often seen as less relevant to the workplace than in other domains (Tenbrunsel & Messick, 1999). Other research has shown that although unethical behavior typically leads to conflict and ostracism, motivated reasoning processes can mitigate this effect among high performers (Quade, Greenbaum, & Petrenko, 2017).

Although the phenomenon of moral decoupling has only recently entered into the research lexicon, a handful of studies have examined its nomological network. In their initial examination of the construct, Bhattacharjee et al. (2013) demonstrated that customers who decouple are more supportive of unethical public figures than customers who do not decouple. Subsequent research has similarly demonstrated that customers' perceptions of brands endorsed by unethical individuals hinge on the customers' moral decoupling (Lee & Kwak, 2016). In another recent study, customers who decouple were shown to be more willing than their peers to buy products from unethical companies (Haberstroh et al., 2017). This study also showed that the effects of moral decoupling were driven by judgments of performance but not by judgments of immorality, consistent with how the construct is theorized to operate. Yet another study showed that moral decoupling increases the perceived benefits likely to be gained by purchasing counterfeit goods, which in turn increases purchase intentions (Chen, Teng, & Liao, 2018). Although prior studies have primarily focused on moral

decoupling from the customer's perspective, they offer initial evidence for the validity of moral decoupling as a construct. In particular, they demonstrate that moral decoupling operates by negating the penalties consumers normally levy on brands for their unethical behavior, despite recognizing that those behaviors are unethical.

As a cognitive process, moral decoupling can either be chronically activated or temporarily activated. At the temporary level, moral decoupling can be primed by situational cues, such as witnessing one's peers engage in moral decoupling or reading a passage depicting moral decoupling in a favorable light (Chen et al., 2018; Haberstroh et al., 2017; Lee, Kwak, & Moore, 2015). At the same time, individuals dispositionally differ in the frequency and ease with which they deploy moral decoupling reasoning (Bhattacharjee et al., 2013). Whereas some people utilize moral decoupling reasoning with relative ease, others tend to use the strategy less often. Regardless of whether moral decoupling emerges due to an individual's proclivities (trait-like moral decoupling) or contextual primes (state-like moral decoupling), the activation of moral decoupling as a reasoning process is presumed to have a meaningful impact on how individuals evaluate the behavior of others (Bhattacharjee et al., 2013; Lee et al., 2015; for a review of the chronic and temporary activation of individual differences, see Higgins, 2011).

Importantly, moral decoupling is distinct from other moral reasoning strategies that have permeated the organizational literature, such as moral justification and the broader set of strategies referred to as moral disengagement. With moral justification, employees justify an unethical action toward one group by pointing to the benefits for another group (Bandura, 1977; Moore, Detert, Treviño, Baker, & Mayer, 2012). Notably, in these instances the unethical behavior itself is rationalized to be ethical. Similarly, with moral disengagement strategies that deny individuals' agency, such as displacement of responsibility, the action itself is no longer immoral, as the individual in question becomes absolved of responsibility (Aquino, Reed, Thau, & Freeman, 2007; Beu & Buckley, 2004; Detert, Treviño, & Sweitzer, 2008; Moore et al., 2012; Moore, 2008). In contrast, moral decoupling is unique in allowing the evaluator to simultaneously praise an individual's performance while also maintaining the belief that this individual acted unethically. Put simply, moral disengagement requires the evaluator to excuse an unethical act whereas moral decoupling does not. It only requires the evaluator to selectively emphasize the high performance of the focal actor.

## 2.2. Implications for the impact of supervisor UPB on employee UPB

Building on this existing customer-focused literature, we argue that moral decoupling also has important implications for supervisor–employee interactions, particularly within the context of UPB. UPB involves two components. First, it involves an employee acting unethically—committing an act that is “either illegal or morally unacceptable to the larger community” (Jones, 1991, p. 367). Second, it involves an employee acting in a way that was not specified in a job description or ordered by a superior, but nonetheless benefits the organization. As noted by Umphress et al. (2010), UPBs can involve acts of commission (e.g., lying on accounting documents to improve the organization's financial image) or acts of omission (e.g., failing to divulge a safety flaw in a new car model). Both forms of UPB are surprisingly common in organizations (Umphress & Bingham, 2011).

To date, UPB research has largely coalesced around a social identity perspective, arguing that UPB is driven by employee identification processes (Castille, Buckner, & Thoroughgood, 2018; Effelsberg, Solga, & Gurt, 2014; Matherne & Litchfield, 2012; Umphress et al., 2010). Here, we extend established theorizing by adopting a social learning approach. According to the basic tenets of social learning theory, people obtain information about how to act in a given environment by observing salient role models' behaviors (Bandura, 1977). For the social learning process to be activated, the learner must be aware of the role

model, pay close attention to his or her actions, and be able to recollect the observed behavior at a later time. Additionally, the theory emphasizes that for social learning to occur, the learned behavior must be reinforced or lead to a desired outcome (Bandura, 1977).

Since social learning theory was first proposed, management scholars have shown that employees tend to model their behavior after high-powered individuals in their organizations, most notably their supervisors (e.g. Lian, Ferris, & Brown, 2012; Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009). For instance, research has demonstrated that employees learn to be ethical from ethical supervisors (Mayer et al., 2009), to be inspirational from inspirational supervisors (Voorn, Walter, & Stoker, 2013), and to be abusive from abusive supervisors (Mawritz et al., 2012). Although this literature has yielded valuable insights, it often implicitly assumes that employees mirror everything their supervisors say and do. Consistent with the idea that learned behavior must be reinforced (Bandura, 1977, 1986), we argue employees only mirror behavior that they believe will garner positive reactions from their supervisors, highlighting the importance of not simply asking *if* employees mirror their supervisors' behaviors, but *when* this is most likely to occur.

Within the context of UPB, we hypothesize that employees are most likely to mirror a supervisor's UPB when they believe their supervisor endorses morally decoupling. In other words, they will most readily engage in UPB when they believe the supervisor separates perceptions of morality from perceptions of ethics. Employees could be expected to derive their perceptions of a supervisor's moral decoupling from a range of experiences, independent of the supervisor's tendency to engage in UPB. For instance, even if an employee sees the supervisor engage in UPB, the employee might also see the supervisor reprimand employees who act unethically themselves. In such a situation, the employee would perceive that the supervisor has a “do what I say, not what I do” mindset. Conversely, an employee might seldom see the supervisor engaging in UPB, but notice that employees who accomplish the organization's goals through questionable means receive praises and other benefits.

When an employee perceives that her supervisor does not morally decouple, she is unlikely to believe that mirroring her supervisor's UPB will result in improved performance evaluations. Conversely, when an employee perceives that his supervisor does morally decouple, he is likely to believe that mirroring his supervisor's UPB will positively impact his performance ratings. In this scenario, the employee should also be less concerned that the unethical behavior will be punished, given that it benefits the organization and that the employee believes his supervisor endorses such actions. Thus, the employee is particularly likely to perceive the supervisor's UPB as appropriate behavior to role model. In sum, we hypothesize that employees will tend to mirror their supervisors' UPBs, but that this effect will be most pronounced when an employee also believes that the supervisor morally decouples.

**Hypothesis 1.** Supervisor UPB is positively related to employee UPB.

**Hypothesis 2.** Employee perceptions of supervisor moral decoupling moderate the effect of supervisor UPB on employee UPB, such that the effect is strongest when perceptions of supervisor moral decoupling are high.

## 3. Implications for supervisors' evaluations of their employees

The question then becomes, once employees opt to engage in UPB, how are their supervisors likely to react? Specifically, how and when is an employee's UPB likely to affect the supervisor's evaluations of the employee's overall performance? To answer this question, we again turn to the phenomenon of moral decoupling. Supervisors' appraisals of their employees' performance are driven by an array of factors. Beyond employees' objective task performance, it is well-established that desired discretionary behaviors, such as organizational citizenship and

voice, positively influence supervisors' evaluations of employee performance (Whiting, Podsakoff, & Pierce, 2008). Similarly, undesired discretionary behaviors, such as deviance and unethical behavior, negatively influence supervisors' evaluations of employee performance (Dunlop & Lee, 2004). Nonetheless, supervisors' evaluations of their employees' performance are not wholly objective. Rather, they are also driven by the supervisors' own attitudes, preferences, personalities, and biases. For example, studies have shown that supervisors give higher ratings to employees who share similar work schedules with them (Yam, Fehr, & Barnes, 2014), have similar attitudes and values (Liden, Wayne, & Stilwell, 1993), and are demographically similar (Kraiger & Ford, 1985).

In considering how supervisors will evaluate the performance of employees who engage in UPBs, we focus on supervisors' own self-rated moral decoupling. Whereas employees' perceptions of their supervisors' moral decoupling can be expected to correlate with supervisors' self-ratings, the two phenomena are nonetheless distinct. An employee might perceive a supervisor as high in moral decoupling, for instance, due to a single highly salient instance that the employee observed. Similarly, an employee's perceptions might be shaped by discussions of a supervisor's preferences with coworkers, leading an employee to perceive that the supervisor morally decouples even if that perception does not match the supervisor's own self-perceptions. Conversely, a supervisor might hold strong moral decoupling beliefs yet keep those beliefs private, again emphasizing the distinctiveness of employees' perceptions and supervisors' own self-perceptions.

Whereas employees' behavior should be most impacted by their perceptions of supervisor moral decoupling, supervisors' behavior should be most impacted by their actual moral decoupling (i.e., self-rated). When supervisors self-report high levels of moral decoupling, they are indicating that they do not believe that ethicality is relevant to assessments of performance. In assessing overall performance, these supervisors may primarily value objective measures of employee performance, such as the number of houses sold in a real estate agency or the daily production rate of a factory worker. These supervisors are likely to focus on the positive implications of UPBs for the organization and, consequently, view UPBs as a positive indicator of performance. For example, a supervisor who sees an employee misrepresenting the company to make it look good may focus primarily on the positive effects of the employee's actions for the organization, and not on the unethicality of those actions. Conversely, supervisors who self-report low levels of moral decoupling are indicating that they view employee morality as a relevant dimension of performance. For these supervisors, outcomes associated with objective performance represent only one facet of an overall performance evaluation in which the means through which outcomes are achieved is a relevant consideration. Thus, for supervisors with low levels of moral decoupling, employee UPB is unlikely to increase supervisors' evaluations of employee performance.

**Hypothesis 3.** Supervisor moral decoupling moderates the effect of employee UPB on supervisors' employee performance evaluations, such that the effect is only positive when supervisor moral decoupling is high.

Taken in conjunction, our hypotheses suggest a potentially unsettling causal chain of supervisor–employee interactions. Consistent with the tenets of social learning theory, we argued that employees look to their supervisors for insight into appropriate work behavior. In particular, they look for guidance related to how their behavior will influence performance evaluations made by their supervisor. Upon witnessing their supervisors engaging in UPB (e.g. lying to customers to improve sales for the company), employees ask themselves if the supervisor separates judgments of performance from judgments of ethics. When employees believe that their supervisor does morally decouple, employees should be more likely to engage in UPB. This process of social learning highlights the extent to which employees will mirror the behavior of their supervisors, particularly when they believe such

behavior will lead to desired outcomes.

After an employee decides to engage in UPB, the supervisor's reaction depends on the extent to which he or she decouples ethics and performance. Scholars have noted that performance evaluations capture the perceived value of employee behavior to the organization (Motowidlo, 2003). For supervisors who morally decouple, employee UPBs are more likely to be perceived as valued behavior. If the means to that valued behavior are considered irrelevant, the UPB should be associated with favorable performance evaluations. In the parlance of social learning theory, the unethical behavior will be reinforced. In sum, we hypothesize a conditional indirect effects model, whereby (a) supervisor UPB and employee perceptions of supervisor moral decoupling interact to predict employee UPB, which in turn (b) interacts with supervisor self-reported moral decoupling to predict supervisor evaluations of employee performance.

**Hypothesis 4.** Supervisor UPB has a conditional, positive indirect effect on their evaluations of employee performance via employee UPB, such that the indirect effect is positive when both employee perceptions of supervisor moral decoupling and supervisors' self-rated moral decoupling are high.

#### 4. Research overview

Data were collected across three studies to avoid the limitations associated with any single study or empirical design. In Study 1, we conducted a field study to test our model in a sample of existing supervisor–employee dyads. We then conducted two experiments, with the first focusing on employees and the second focusing on supervisors. In Study 2a, we conducted an experimental replication of the first half of our model, confirming the theorized interactive effects of supervisor UPB and employee perceptions of supervisor moral decoupling on employee UPB. In Study 2b, we conducted an experimental replication of the second half of our model, confirming the interactive effects of employee UPB and supervisor moral decoupling on supervisor evaluations of employee performance. All data, syntax, and materials are available through the Center for Open Science at [https://osf.io/zqjif/?view\\_only=458a961a66e744188ed8193466ab6a62](https://osf.io/zqjif/?view_only=458a961a66e744188ed8193466ab6a62).

#### 5. Study 1

##### 5.1. Sample and procedures

We conducted a field test of our hypothesized model with a sample of employees enrolled in a part-time Master of Business Administration (MBA) program at a major university in central China. Participants worked full time and took evening and weekend MBA courses. To participate in the research study, employees were asked to contact their direct supervisors regarding their willingness to be involved. Out of 182 supervisor–employee dyads contacted, 176 dyads provided usable responses, yielding a response rate of 96.7%. Financial compensation and consistent communication with the participants helped to facilitate this high response rate. The sample of employees was 51.2% male with an average age of 29.05 ( $SD = 4.92$ ). Supervisors were 68.4% male with an average age of 36.92 ( $SD = 6.16$ ). Participants worked in a wide range of industries, such as manufacturing, sales, technology, financial services, etc.

We collected data at two points in time, from two sources, in order to reduce the potential for common method variance (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). At Time 1, employees reported the UPB of their supervisors as well as their perceptions of their supervisors' moral decoupling. Supervisors reported the UPB of the focal employee and their own moral decoupling. At Time 2—approximately two weeks after the completion of the first survey—supervisors provided a performance evaluation of the focal employee. All measures were originally compiled in English. Once the list of measures was complete, the



**Table 1**  
Means, standard deviations, and correlations among variables, Study 1.

Variable	M	SD	1	2	3	4	5	6
1. Supervisor UPB	2.14	1.38	(0.94)					
2. Employee perceptions of supervisor moral decoupling	2.84	1.47	0.20**	(0.93)				
3. Employee UPB	2.20	1.25	0.34**	0.16*	(0.94)			
4. Supervisor moral decoupling	3.02	1.36	0.15	0.47**	0.27**	(0.84)		
5. Performance evaluation	5.46	1.21	0.01	-0.03	0.03	-0.14	(0.95)	
6. Supervisor moral disengagement	2.13	1.18	0.31**	0.16*	0.44**	0.26**	-0.16*	(0.93)

Notes.  $n = 176$  dyads. Coefficient alphas are presented on the diagonal in parentheses.

\*  $p < .05$ .

\*\*  $p < .01$ .

items were translated into Mandarin by a bilingual research assistant. They were then translated back into English by a separate bilingual research assistant (Brislin, 1986). Discrepancies were addressed through conversation within the author team.

## 5.2. Employee measures

### 5.2.1. Supervisor unethical pro-organizational behavior

Supervisor UPB was assessed using a six-item measure adapted from Umphress et al. (2010). Some of Umphress et al. (2010) original items were context-specific, referencing, for instance, the tendency to “withhold issuing a refund to a customer or client accidentally overcharged.” Accordingly, we broadened the wording of the items to make them applicable to the wider range of organizations represented by our participants. Sample items included “Misrepresent the truth to make your organization look good” and “Conceal information from the public that could be damaging to our organization” (1 = *Never* to 7 = *Always*;  $\alpha = 0.94$ ). Given that self-reported UPB might suffer from social desirability biases, we followed the extant UPB literature (e.g., Umphress et al., 2010) and adopted an other-reported format that asked employees to rate their supervisors’ UPB. A list of all items used in this study is presented in the Appendix A.

### 5.2.2. Perceptions of supervisor moral decoupling

Employee perceptions of supervisor moral decoupling were measured with five items adapted from Bhattacharjee et al. (2013). Sample items included “An employee’s unethical actions do not change my supervisor’s assessments of that employee’s performance on work tasks” and “My supervisor believes that judgments of performance on work tasks should remain separate from judgments of morality” (1 = *Strongly disagree* to 7 = *Strongly agree*;  $\alpha = 0.93$ ).

## 5.3. Supervisor measures

### 5.3.1. Employee unethical pro-organizational behavior

Employee UPB was assessed using the same six-item measure, adapted from Umphress et al. (2010), that we used to measure supervisor UPB. The only exception is that the referent was changed to the employee. Supervisors were asked to indicate the frequency with which the focal employee engaged in a variety of UPBs (1 = *Never* to 7 = *Always*;  $\alpha = 0.94$ ).

### 5.3.2. Moral decoupling

Supervisors rated their own level of moral decoupling using the same five items, adapted from Bhattacharjee et al. (2013), that we used to measure employee perceptions of supervisor moral decoupling. The only exception is that the items were changed to a self-referent format (e.g., “An employee’s unethical actions do not change my assessments of that employee’s performance on work tasks”; 1 = *Strongly disagree* to 7 = *Strongly agree*;  $\alpha = 0.84$ ).

### 5.3.3. Performance evaluation

At Time 2, supervisors provided performance evaluations of the focal employees with three items from MacKenzie, Podsakoff, and Fetter (1993). Items included “This person is one of my best employees,” “All things considered, this employee is outstanding,” and “All things considered, this employee performs his/her job the way I like to see it performed” (1 = *Strongly disagree* to 7 = *Strongly agree*;  $\alpha = 0.95$ ).

### 5.3.4. Moral disengagement

At Time 2, we measured supervisors’ self-reported moral disengagement as a control variable. Moral disengagement is an alternative moral reasoning strategy to moral decoupling which has been shown to impact phenomena related to supervisor-employee relationship quality such as social undermining (Lee, Kim, Bhawe, & Duffy, 2016) and interpersonal deviance (Huang, Wellman, Ashford, Lee, & Wang, 2017). We utilized the eight-item version of Moore et al. (2012) moral disengagement scale. Sample items included “It is okay to spread rumors to defend those you care about” and “Taking something without the owner’s permission is okay as long as you’re just borrowing it” (1 = *Strongly disagree* to 7 = *Strongly agree*;  $\alpha = 0.93$ ).

## 5.4. Results

### 5.4.1. Analytical strategy and preliminary results

The means, standard deviations, and correlations of the focal variables are presented in Table 1. Before examining our hypotheses, we conducted a confirmatory factor analysis to ensure that our focal constructs (supervisor UPB, employee UPB, supervisor-rated moral decoupling, employee perceptions of supervisor moral decoupling, performance evaluations, and supervisor moral disengagement) demonstrated satisfactory discriminant validity. As shown in Table 2, results indicated that the six-factor structure fit the data well. Our hypothesized structure was also superior to alternative models, including a model in which the two moral decoupling scales were set to load on a single factor and a model in which supervisor moral decoupling and moral disengagement were set to load on a single factor. To remove non-essential multicollinearity between the variables and their product terms, we mean-centered all predictor variables before testing our hypotheses (Cohen, Cohen, West, & Aiken, 2003; Cortina, Chen, & Dunlap, 2001).

We examined our hypotheses with and without our control variables (i.e., supervisor moral disengagement and its interaction term with employee UPB) and found the same pattern of results. As these controls did not affect our hypothesis testing, we followed suggested guidelines and only present results without those controls (Becker, 2005; Carlson & Wu, 2012). Notwithstanding, results with these controls are available from the first author upon request.

### 5.4.2. Hypothesis testing

Hypothesis 1 predicted that supervisor UPB is positively related to employee UPB. Consistent with social learning theory, we found that

**Table 2**  
Confirmatory factor analyses of measurement models, Study 1.

Model	$\chi^2$	df	$\Delta\chi^2$	CFI	RMSEA	SRMR
M0: Hypothesized six-factor model	1002.96	480		0.94	0.08	0.054
M1: Five-factor model combining employee perceptions of supervisor moral decoupling and supervisor moral decoupling into one factor	1338.40	485	335.44	0.92	0.10	0.082
M2: Five-factor model combining supervisor moral decoupling and supervisor moral disengagement into one factor	1502.91	485	499.95	0.91	0.11	0.10

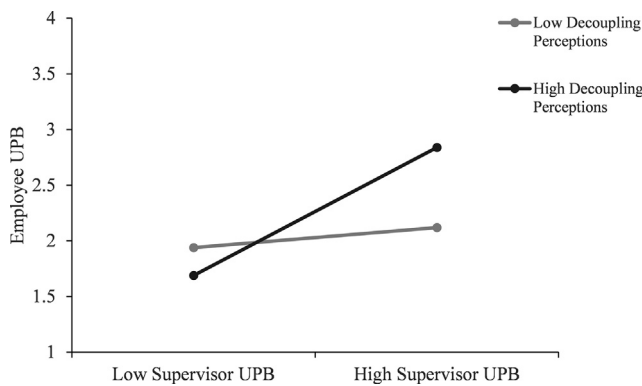
Notes.  $n = 176$  dyads. All chi-square values are significant at  $p < .01$ . The six-factor model is the hypothesized model, with all six measures loading on separate factors. The numbers reported from the chi-square difference test are a comparison to the hypothesized six-factor model. All chi-square difference tests were significant at  $p < .01$ . CFI = comparative fit index; RMSEA = root mean square error of approximation; SRMR = standardized root mean square residual.

**Table 3**  
Coefficient estimates for the conditional indirect effects model, Study 1.

Variable	First Stage (dependent variable = employee UPB)			Second Stage (dependent variable = performance evaluation)		
	<i>b</i>	<i>SE</i>	<i>t</i>	<i>b</i>	<i>SE</i>	<i>t</i>
Constant	-0.05	0.09	-0.55	5.40	0.09	58.68**
Supervisor UPB	0.24	0.07	3.62**	-0.03	0.07	-0.44
Decoupling perceptions	0.08	0.06	1.27			
Supervisor UPB × decoupling perceptions	0.12	0.04	3.13**			
Employee UPB				0.04	0.08	0.53
Supervisor moral decoupling				-0.17	0.07	-2.40*
Employee UPB × moral decoupling				0.13	0.05	2.68**
$R^2$		0.17			0.06	
$\Delta R^2$ for interaction		0.05			0.04	

Notes.  $n = 176$  dyads. Unstandardized regression coefficients are reported.

\*  $p < .05$ .  
\*\*  $p < .01$ .



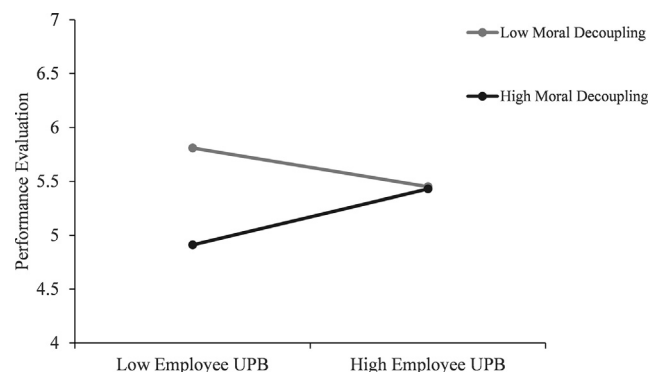
**Fig. 2.** The effects of the interaction between supervisor UPB and employee perceptions of supervisor moral decoupling on employee UPB, Study 1.

supervisor UPB was significantly and positively related to employee UPB ( $b = 0.31, SE = 0.06, t = 4.82, p < .01$ ). Hypothesis 2 predicted that employee perceptions of supervisor moral decoupling would amplify the positive effect of supervisor UPB on employee UPB, such that the effect would be stronger when perceptions of supervisor moral decoupling were high. In support of Hypothesis 2, we found a significant interaction effect, in which perceptions of supervisor moral decoupling strengthened the link between supervisor UPB and employee UPB ( $b = 0.12, SE = 0.04, t = 3.13, p < .01$ ; see Table 3). The form of the interaction is plotted in Fig. 2 and is in the expected direction. Plotting the simple slopes revealed that at one standard deviation below the mean of perceived moral decoupling, the effect of supervisor UPB on employee UPB was not significant ( $simple\ slope = 0.06, t = 0.81, p = .42$ ). At one standard deviation above the mean, this effect was significant ( $simple\ slope = 0.42, t = 5.13, p < .01$ ).

Hypothesis 3 predicted that supervisor self-reported moral decoupling would moderate the effect of employee UPB on supervisors' performance evaluations of employees, such that there would only be a

positive effect when supervisor moral decoupling was high. As expected, we found a significant interaction effect, in which supervisor self-reported moral decoupling strengthened the link between employee UPB and performance evaluations ( $b = 0.13, SE = 0.05, t = 2.68, p < .01$ ; Table 3). The form of the interaction is plotted in Fig. 3 and is in the expected direction. Plotting the simple slopes revealed that at one standard deviation below the mean of supervisor self-reported moral decoupling, the effect of employee UPB on performance evaluations was not significant ( $simple\ slope = -0.14, t = -1.39, p = .17$ ). At one standard deviation above the mean, this effect was significant ( $simple\ slope = 0.22, t = 2.20, p = .03$ ). Thus, Hypothesis 3 was supported.

Finally, we tested the full conditional indirect effect model with both first- and second- stage moderators, as predicted by Hypothesis 4. We used Model 21 in the PROCESS macro (Hayes, 2018) with 5000 resamples to produce 95% confidence intervals around the estimated indirect effects. As shown in Table 3, we found significant interactions between supervisor UPB and employee perceptions of supervisor moral decoupling in predicting employee UPB ( $b = 0.12, SE = 0.04, t = 3.13,$



**Fig. 3.** The effects of the interaction between employee UPB and supervisor moral decoupling on performance evaluations, Study 1.

**Table 4**  
95% Confidence Interval (CI) results for the conditional indirect effects.

Condition	Indirect effect	SE	Boot LL 95% CI	Boot UL 95% CI
Low perceptions, Low self-rated	−0.01	0.03	−0.079	0.031
Low perceptions, High self-rated	0.01	0.03	−0.043	0.089
High perceptions, Low self-rated	−0.07	0.05	−0.166	0.019
High perceptions, High self-rated	0.09	0.05	0.005	0.192

Notes. Perceptions refers to employee perceptions of supervisor moral decoupling. Self-rated refers to supervisor self-rated moral decoupling. Unstandardized regression coefficients are reported. Bootstrap sample size = 5000. LL = lower limit; UL = upper limit.

$p < .01$ ) and between employee UPB and supervisor self-rated moral decoupling in predicting performance evaluations ( $b = 0.13$ ,  $SE = 0.05$ ,  $t = 2.68$ ,  $p < .01$ ), providing evidence of conditional effects at two different points along the causal chain. As shown in Table 4, we found that the only significant indirect effect was observed when both employee perceptions of supervisor moral decoupling and supervisor self-rated moral decoupling were high (indirect effect = 0.09,  $SE = 0.05$ , 95% CI = 0.005, 0.19). Thus, Hypothesis 4 was supported.

#### 5.4.3. Robustness check

To ensure that our hypothesized model offered the best description of the data, we also tested an alternative mediated model. In this model, supervisor UPB impacted employee perceptions of supervisor moral decoupling, which in turn mediated the effect of supervisor UPB on employee UPB. We tested this hypothesis using Model 4 in the PROCESS macro, again with 5000 resamples to produce 95% confidence intervals around the estimated indirect effect. The data indicated that employee perceptions of supervisor moral decoupling did not mediate the effect of supervisor UPB on employee UPB (indirect effect = 0.02,  $SE = 0.02$ , 95% CI = −0.01, 0.06).

#### 5.5. Study 1 discussion

Study 1 offered initial support for our moderated mediation model of UPB and moral decoupling. In the first stage of our model, we demonstrated that supervisor UPB positively impacts employee UPB, and that this effect is strongest when employees believe that their supervisors morally decouple. In the second stage of our model, we demonstrated that supervisors reacted most positively to employee UPB, as measured by their performance evaluations, when they self-rated as high in moral decoupling. Our use of employees and supervisors across a range of industries strengthens the external validity of our findings, while our reliance on multiple sources and time periods mitigates common method variance concerns. Nonetheless, the internal validity of our findings is limited, as we did not manipulate any of the variables in our model. We also did not control for alternative factors potentially associated with UPB, such as organizational identification (Chen et al., 2016). In Studies 2a and 2b, we address these potential limitations with a pair of experiments, offering evidence of internal validity while constructively replicating our findings.

### 6. Study 2a

#### 6.1. Sample and procedures

To obtain a sample of adults employed across a variety of occupations, we collected data using Amazon Mechanical Turk (MTurk). Using G\*Power (Faul, Erdfelder, Lang, & Buchner, 2007), we estimated that we would need 158 participants to detect an effect size of 0.05 with 0.80 power. Given concerns that power analyses conducted with G\*Power might underestimate the power needed to detect interaction effects (e.g., Giner-Sorolla, 2018), we targeted approximately 300 participants for data collection. Ultimately, 327 participants located in the United States completed the study. We removed 30 participants who had duplicate IP addresses, entered random or irrelevant

information when asked to describe what they were being asked to do, or reported that they were not native English speakers, leaving a final sample size of 297 participants ( $M_{\text{age}} = 32.5$ ; 46.1% male). In terms of employment, 92.6% were employed full-time, 3.4% were employed part-time, 2.3% were self-employed, and 1.7% were not currently employed.

Participants were presented with an ethical decision-making scenario adapted from Gino and Ariely (2012) that is included in the Appendix A. The scenario involves an employee who is an operations manager at a company that produces pesticides and fertilizers for lawns and gardens. Participants are told that they have just had an important meeting with their boss, Steve, regarding some new developments. Unusually hot weather this year has reduced the demand for lawn-related products but has increased the demand for insecticides. As a result, these changes could have a significant financial impact on the organization. Additionally, a chemical the company uses in its insecticides is going to be banned in a year. This chemical is purchased from wholesalers. There is some evidence that this chemical may be linked with certain health risks. As a result, the chemical is extremely cheap to purchase right now. Participants are told that there is an opportunity to purchase a large quantity of this chemical in order to greatly increase sales and revenues this year. As the operations manager, participants must decide how to proceed. To remove any legal concerns, participants are told that the legal department has determined that because the company buys this product rather than producing it in house, there is no legal risk associated with using the product while it is still available. Prior to making a decision, participants received a follow-up email from their boss in which we embedded the manipulations of supervisor UPB and supervisor moral decoupling.

#### 6.2. Manipulations and measures

##### 6.2.1. Supervisor unethical pro-organizational behavior

Supervisor UPB was manipulated via an email that participants received from their boss, Steve, as a follow up to the described meeting (see Appendix A). In the high UPB condition, Steve indicates that his approach has always been to do whatever it takes to help the organization succeed. He then describes a time when he withheld some negative information about one of the organization's products that could have hurt the company's image, indicates that he will exaggerate the truth in order to close important deals, and mentions an instance in which he downplayed damaging events related to a potential scandal. Finally, Steve notes his reputation as someone who puts the company first. In the low UPB condition, Steve indicates that his approach has always been to do what is ethical, even if this comes at the expense of organizational success. He then describes how he behaved ethically when confronting the same three situations related to withholding negative information, exaggerating the truth, and downplaying damaging events. Steve then notes his reputation as someone who puts ethics first. Notably, these behaviors all closely mirror those utilized in the Study 1 scale measure of UPB (Umphress et al., 2010).

##### 6.2.2. Perceptions of supervisor moral decoupling

We manipulated participants' perceptions of their supervisor's moral decoupling at the end of the email from their boss, Steve, that

participants received as a follow-up to their earlier meeting (see Appendix A). Steve mentions that participants' performance evaluation is coming up next month. Drawing on the Bhattacharjee et al. (2013) measure of moral decoupling, in the high perceptions of supervisor moral decoupling condition, Steve informs participants his only concern is with their job performance. In the low perceptions of supervisor moral decoupling condition, Steve indicates that he is concerned with their job performance and also with whether or not they acted ethically.

### 6.2.3. Employee unethical pro-organizational behavior

We selected this ethical decision-making task from Gino and Ariely (2012) because it reflects unethical behavior that seeks to benefit the organization—UPB. The chemical that is about to be banned poses potential health risks to consumers. However, the current low cost, increased demand, and lack of legal liability make the use of this chemical very profitable for the organization. Specifically, participants indicated their decision by rating their level of agreement with the following three statements: “I have decided to continue using this chemical,” “I will keep using this chemical while it is available,” and “I plan to keep using this chemical as long as I can” (1 = *Strongly disagree* to 7 = *Strongly agree*;  $\alpha = 0.96$ ).

### 6.3. Results

To ensure that our manipulations were effective, we asked participants at the end of the study to rate the supervisor's UPB and moral decoupling, mirroring the Study 1 measures (1 = *Strongly disagree* to 5 = *Strongly agree*). As expected, mean supervisor UPB was rated significantly higher in the high supervisor UPB condition ( $M = 4.61$ ,  $SD = 0.57$ ) than in the low supervisor UPB condition ( $M = 1.87$ ,  $SD = 1.20$ ;  $t[295] = -25.11$ ,  $p < .01$ ). Mean perceptions of supervisor moral decoupling were significantly higher in the high perceptions of supervisor moral decoupling condition ( $M = 3.56$ ,  $SD = 1.22$ ) than in the low perceptions of supervisor moral decoupling condition ( $M = 2.82$ ,  $SD = 1.31$ ;  $t[295] = -5.04$ ,  $p < .01$ ).

Hypothesis 1 theorized a main effect of supervisor UPB on employee UPB. To test this hypothesis, we conducted a  $t$ -test, comparing means of our DV between the two supervisor UPB conditions. Results confirmed a significant effect, with participants engaging in higher levels of UPB in the high supervisor UPB condition ( $M = 3.25$ ;  $SD = 2.05$ ) than in the low supervisor UPB condition ( $M = 2.21$ ,  $SD = 1.53$ ,  $t[295] = 4.99$ ,  $p < .01$ ). Hypothesis 2 in turn theorized that the main effect of supervisor UPB on employee UPB would be moderated by perceptions of supervisor moral decoupling. To test this hypothesized interactive effect, we conducted a two-way ANOVA. As hypothesized, we found a significant interaction effect ( $F[1, 293] = 4.30$ ,  $p = .04$ ). As depicted in Fig. 4, a series of post-hoc  $t$ -tests confirmed that UPB in the high UPB–high decoupling condition was higher than in the low UPB–low decoupling condition ( $t[144] = -4.60$ ,  $p < .01$ ), the high UPB–low decoupling condition ( $t[143] = 2.45$ ,  $p = .02$ ), and the low UPB–high decoupling condition ( $t[148] = 4.78$ ,  $p < .01$ ). These findings provide support for our theoretical model by demonstrating the moderating effect of perceptions of supervisor moral decoupling on the relationship between supervisor UPB and employee UPB.

### 6.4. Study 2a discussion

Study 2a offers convergent support for the interactive effects of supervisor UPB and perceptions of supervisor moral decoupling on employee UPB. Consistent with Study 1, when employees see their supervisors engaging in UPB and perceive that their supervisors morally decouple, they tend to respond by engaging in UPB themselves. In contrast, when employees do not see their supervisors engaging in UPB or do not believe that their supervisors morally decouple, they are much less likely to engage in UPB themselves. Study 2a's use of an experimental methodology is particularly useful in establishing the

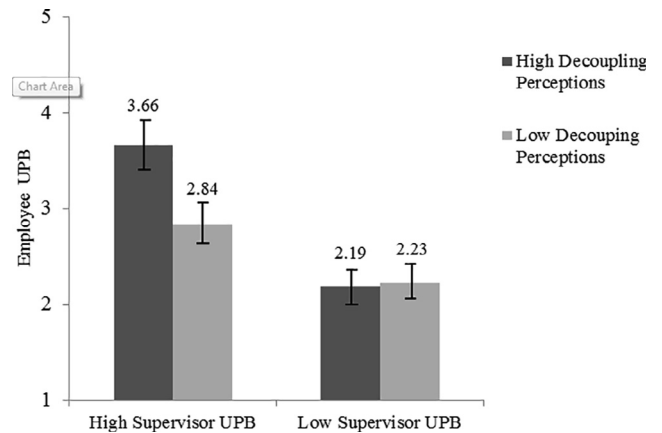


Fig. 4. The effects of the interaction between supervisor UPB and employee perceptions of supervisor moral decoupling on employee UPB, Study 2a. Error bars represent standard errors.

theorized causal interactive effects of supervisor UPB and perceptions of supervisor moral decoupling on employee UPB, complementing our field study's emphasis on external validity and generalizability. In Study 2b we turn to the supervisor's perspective, examining how employee UPB and supervisor moral decoupling ultimately influence supervisors' evaluations of their employees' performance.

## 7. Study 2b

### 7.1. Sample and procedures

In order to secure a sample of participants in supervisory roles across various organizations, we designed a recruiting procedure, utilizing Qualtrics Panels, that has been used in past research in organizational behavior (e.g., DeCelles, DeRue, Margolis, & Ceranic, 2012; Yam, Christian, Wei, Liao, & Nai, 2018).<sup>1</sup> Using G\*Power (Faul et al., 2007), we estimated that we would need 196 participants to detect an effect size of 0.04 with 0.80 power. Mirroring Study 2a, we again oversampled, targeting approximately 300 participants for data collection. 325 participants completed the study. As in Study 2a, we screened for duplicate IP addresses, for participants who entered random or irrelevant information when asked to describe what they were listening to, and for participants who were not native English speakers. This left a final sample of 281 participants ( $M_{age} = 55.6$ ; 42.7% male). Participants were required to be managers to participate in the study and we specifically asked participants if they managed other people as part of their work.

Participants were told that they would be participating in a job candidate recruitment exercise, providing the opportunity to manipulate and examine reactions to a potential employee's UPB at zero acquaintance while maintaining realism. They were informed that they were being randomly matched with one of several job candidates, who had previously answered several interview questions. As part of the exercise, the participants would listen to the candidate's answers to

<sup>1</sup> Qualtrics panelists are pre-screened respondents who have expressed a willingness to participate in longitudinal online surveys. Before the panelists are recruited, they have to answer a set of profiling questions, which include their gender, age, ethnicity, income, managerial status, and so on. These panelists are also incentivized to update their profile regularly. To ensure high quality responses from its panelists, Qualtrics has stringent recruitment quality checks, which include double-opt-in and invite-only survey processes; these processes require panelists to verify items, including their mailing and email addresses. Furthermore, Qualtrics has adopted digital fingerprinting and de-duplication technology to ensure the same person completes the survey only once.



three interview questions. The first two questions were filler questions, designed to acclimate participants to the procedure. The first question asked: “How many years of full-time work experience do you have, and why are you applying for this job?” The second question asked: “What do you consider to be your greatest strength as an employee? Please provide an example from a current or recent job.” In answer to the first question, the candidate reported eight years of previous work experience and a desire to apply for the job because the work seems interesting and there are opportunities for advancement. In answer to the second question, the candidate referenced being a fast learner and provided examples of the range of tasks learned in a past role.

The third question, described in detail in our manipulations and measures section, asked the candidate to provide an example of something he or she was particularly proud of from his past or current job. The candidate’s answer to this question served as our manipulation of employee UPB. After going through the three interview questions, participants were asked to rate the employee’s job performance as part of the job interview procedure. Then, they completed measures of moral decoupling, moral disengagement, and demographics, after which they were debriefed.

## 7.2. Manipulation and measures

### 7.2.1. Employee unethical pro-organizational behavior

Employee UPB was manipulated via the third interview question. In that question, the job candidate was asked to describe “something you did at a current or recent job that you’re particularly proud of.” In the high UPB condition, the candidate described a retail job he recently worked at, where he “sometimes exaggerated the truth about the products to help sell them.” The candidate went on to provide an example of a line of store-brand luggage which was not high quality, but made more money for the store than other brands of luggage. The candidate explained that he would tell customers that he used the store brand himself, liked it, and that it was their best and most popular luggage. He explained that his actions made more money for the store and that he was glad he acted the way he did. In the low UPB condition, the candidate again referenced the store-brand luggage. He explained that some employees exaggerated the quality and popularity of the luggage, but that he did not do the same because it did not seem like the ethical thing to do, even if it cost the store some money. The exact scripts used across the two conditions are available in the [Appendix A](#).

### 7.2.2. Moral decoupling

Participants rated their own level of moral decoupling at the end of the study, using the same five items from Study 1 ([Bhattacharjee et al., 2013](#)). The only exception is that the items were changed to a self-referent format (e.g., “An employee’s unethical actions do not change my assessments of that employee’s performance on work tasks”; 1 = *Strongly disagree* to 7 = *Strongly agree*;  $\alpha = 0.84$ ).

### 7.2.3. Performance evaluation

Employee job performance was assessed with a five-item measure from [Janssen and Van Yperen \(2004\)](#). Sample items include “This employee fulfills all responsibilities required by his/her job,” “This worker never neglects aspects of the job that he/she is obligated to perform,” and “This worker always completes the duties specified in his/her job description” (1 = *Strongly disagree* to 7 = *Strongly agree*;  $\alpha = 0.84$ ).

### 7.2.4. Moral disengagement

As with Study 1, we measured participants’ self-reported moral disengagement—for use as a control variable—with the eight-item version of [Moore et al. \(2012\)](#) moral disengagement scale (1 = *Strongly disagree* to 7 = *Strongly agree*;  $\alpha = 0.93$ ).

## 7.3. Results

Because we manipulated only one very specific form of UPB, we opted for an open-ended manipulation check question following the audio listening exercise. We asked participants to describe the behavior the job candidate reported engaging in. Participants were more likely to mention the candidate engaging in upselling subpar products in order to benefit the organization in the high-UPB condition than in the low-UPB condition, indicating that our manipulation was successful,  $\chi^2(1, N = 281) = 184.79, p < .01$ . As in Study 1, results were similar with and without the inclusion of moral disengagement and its interaction term with employee UPB as controls. We report our results without the inclusion of the control variables, but results controlling for moral disengagement are available upon request.

To test the hypothesized interactive effects of UPB and moral decoupling on employee performance evaluations, we conducted a hierarchical regression. After centering our independent and moderating variables, we entered UPB and participant moral decoupling in Step 1, and the interaction between UPB and moral decoupling in Step 2. The interaction between employee UPB and moral decoupling was significant ( $b = 0.29, SE = 0.11, t = 2.61, p = .01$ ). Simple slopes analyses indicated that the effect of UPB on participants’ performance evaluations was significant and positive at values of the moderator one standard deviation above the mean (*simple slope* = 0.41,  $t = 2.46, p = .01$ ; See [Table 5](#)), and significant and negative at one standard deviation below the mean (*simple slope* =  $-0.39, t = -2.34, p = .02$ ; See [Fig. 5](#)). These findings provide support for our theoretical model by demonstrating the moderating effect of supervisor moral decoupling on the relationship between employee UPB and performance evaluations.

## 7.4. Study 2b discussion

As with Study 2a, Study 2b offers convergent support for the Study 1 findings. Here, Study 2b specifically offers a constructive replication of the interactive effects of employee UPB and supervisor moral decoupling on how supervisors evaluate employee performance. The findings demonstrate that supervisors who are high in decoupling view UPB as a positive indicator of employee performance, while supervisors who are low in decoupling do not. Furthermore, Study 2b offers causal evidence for the impact of the interactive effects of employee UPB and supervisor moral decoupling on employee performance evaluations. Next, we turn to our general discussion, identifying several key theoretical contributions of our work, as well as practical implications, future directions, and limitations.

**Table 5**

Test of [Hypothesis 3](#) with supervisor moral disengagement and the interaction of employee UPB, Study 2b.

Variable	DV = Employee Performance Evaluation					
	b	SE	t	b	SE	t
Constant	4.94	0.08	63.78**	4.97	0.08	64.07**
Employee UPB	0.02	0.16	0.10	0.01	0.16	0.09
Supervisor moral decoupling	0.33	0.06	5.89**	0.33	0.06	5.88**
Employee UPB × Supervisor moral decoupling				0.29	0.11	2.61**
R <sup>2</sup>		0.11			0.13	
Δ R <sup>2</sup>					0.02	

Notes.  $n = 281$ . Unstandardized regression coefficients are reported.

\*  $p < .05$ .

\*\*  $p \leq 0.01$ .

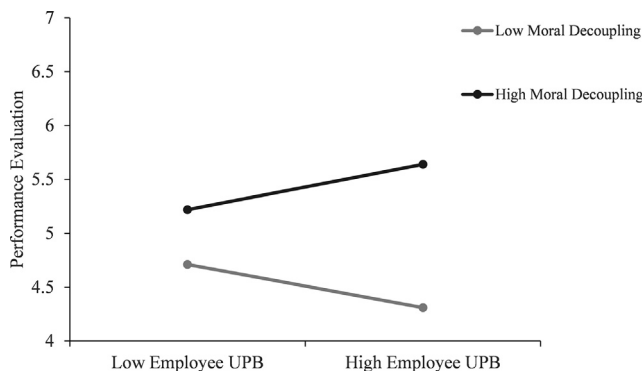


Fig. 5. The effects of the interaction between employee UPB and supervisor moral decoupling on performance evaluations, Study 2b.

## 8. Discussion

Research has generally demonstrated that unethical behavior negatively impacts how employees are perceived by their peers, subordinates, and leaders (Berry et al., 2007; Goodwin, 2015; Sackett & Harris, 1984; Sackett & Wanek, 1996). When unethical behavior is wholly self-interested, this finding makes sense. When employees lie on their timesheets, the organization loses money. When supervisors abuse their employees, the subsequent conflict reduces productivity and increases turnover. Yet, the relationship between unethical behavior and performance is often more complex (Quade et al., 2017). As discussed by Umphress and colleagues (Umphress & Bingham, 2011; Umphress et al., 2010), sometimes unethical behavior can be deployed in direct service to the organization. In this paper, we contribute to the existing literature by integrating UPB with the concept of moral decoupling. Specifically, we explored how moral decoupling influences both employees' decisions to engage in UPB and supervisors' performance ratings of those employees. Drawing on multiple methodological approaches, we demonstrated that perceptions of supervisor moral decoupling strengthen the likelihood that employees will mirror their supervisors' UPB. We further demonstrated that supervisors' self-reported moral decoupling determines how employee UPB affects subsequent performance ratings. In the sections below, we discuss the theoretical and practical contributions of our research, as well as limitations and directions for future research.

### 8.1. Theoretical contributions

First, we contribute to the organizational literature by highlighting the complex relationship between unethical behavior and employee performance ratings. In past research, scholars have primarily focused on the negative relationship between unethical behavior and employee performance, demonstrating for instance that employee unethicality is negatively associated with performance appraisals (Berry et al., 2007; Sackett & Harris, 1984; Sackett & Wanek, 1996). However, the dynamics of ethically questionable behavior are not always so straightforward. In some cases, what is good for the organization and what is ethical may appear to be misaligned, requiring employees and their supervisors to navigate the tension between the two. In our paper, we demonstrated that moral decoupling plays a critical role in how this tension is managed. When employees believe that their supervisors separate ethics from performance, they are more willing to mirror their leaders by engaging in acts that are ethically questionable yet good for the organization in the short run, such as lying to customers and withholding information from the public. When supervisors self-report that they separate ethics from performance, they respond favorably to employees' UPB with higher performance evaluations. Together, these findings present a nuanced view of the link between ethics and performance within organizations and build on previous research

demonstrating that business contexts often lend themselves to a separation between what is ethical and what is expedient (Tenbrunsel & Messick, 1999; Vohs et al., 2006, 2008).

Second, we contribute to the UPB literature by expanding scholars' understanding of its nomological network. Although scholarly interest in UPB is growing, a continued reliance on social identity theory to explain why UPB occurs has somewhat limited the literature's understanding of how the construct operates in organizations. Indeed, extant UPB research has tended to focus on the antecedents of UPB while paying less attention to its consequences. By shifting the focus to social learning theory, we considered how supervisor UPB and perceptions of supervisor moral decoupling might interact to affect employee UPB. Our findings reveal that UPB occurs not merely when employees identify with their organizations, but also when they witness their supervisors engaging in similar behavior and perceive that their supervisors endorse such behaviors. In addition, our findings reveal that UPBs may lead to beneficial effects for the employees who engage in them, particularly when their supervisors morally decouple.

Third, we contribute to social learning theory by demonstrating the ways in which employees strategically mirror their supervisors' behavior. Social learning theory is one of the most ubiquitous theoretical frameworks in the psychological and organizational sciences (Bandura, 1977). Among its core tenets, the theory emphasizes that for individuals to reliably imitate another person's behavior, the behavior must be reinforced. Although this reinforcement component is central to social learning theory, it is unclear why employees would mirror unethical behavior. We contribute to social learning theory by showing that questionable behavior is mirrored when it has implications for how individuals are ultimately evaluated by the people they are imitating. In our study, employees mirrored their leaders' UPB when they believed that the leader separated ethics from performance, implying that they were taking their downstream performance evaluations into account when they opted to propagate their supervisors' UPBs. Thus, UPB became a strategy, at least in the short term, for achieving success within the organization.

### 8.2. Practical implications

As a first practical implication of our research, we note that UPBs are risky for organizations and, ultimately, employees. On the one hand, UPBs might have positive short-term consequences for organizations, such as avoiding negative press. On the other hand, such thinking might be detrimental to long-term organizational performance. Indeed, UPB entails serious reputational risks for organizations. For example, when Herbert Winokur, Chairman of Enron's Finance Committee, testified before Congress, he noted that CFO Andrew Fastow engaged in fraudulent activities because he believed "these transactions would be in the best interests of Enron and its shareholders" (Winokur, 2002). Similarly, although Wells Fargo CEO John Stumpf pushed employees to open an unrealistic number of accounts with customers for the good of the company, Wells Fargo ultimately settled a class action lawsuit with its own shareholders over the fraud, paying them \$480 million (Cowley, 2018). Although these examples highlight the cost of UPB to the organization, they also hint at the negative consequences for employees. In these examples—and in cases like the Volkswagen emissions scandal—the employees who engaged in the UPB paid a substantial price, including termination, fines, and even imprisonment. Put simply, in the long run, UPB is unlikely to be a sustainable source of competitive advantage for employees or their organizations (Umphress et al., 2010). Our research suggests that organizations should explicitly emphasize that, regardless of the short-term benefits, they do not advocate UPB nor will they tolerate it from their employees.

In light of the long-term dangers of UPB, organizations should be mindful of the dangers of focusing on performance to the detriment of ethics. As scholars have recently noted, a narrow focus on performance

goals comes with significant risk, causing employees to overlook how they achieve them (Ordoñez & Welsh, 2015). Conversely, ethical organizational cultures and climates bring many benefits (Newman, Round, Bhattacharya, & Roy, 2018), highlighting the importance of building such cultures and discouraging moral decoupling along the way. Despite competitive pressures, it is critical for organizations to consider the degree to which their performance management systems reward more than just short-term task performance. Additionally, organizations should consider hiring processes that screen out employees who are high in dispositional moral decoupling. They might also explicitly encourage supervisors to take ethics into consideration when conducting their evaluations of employee performance.

### 8.3. Future directions and limitations

Despite the strengths of our approach—replication, time- and source-separated field data, multiple methodologies, and evidence of external and internal validity—our research has some limitations that highlight important directions for future research. First, we focused on moral decoupling as it relates to supervisor–employee interactions. However, moral decoupling is likely to affect a wide array of other workplace behaviors and interactions. Individually, moral decoupling might be utilized to help employees engage in ethically questionable behaviors, allowing them to retain a sense of pride in morally-tainted jobs, such as marketing cigarettes to young people (Ashforth, Kreiner, Clark, & Fugate, 2007). At the group level, moral decoupling might encourage employees to engage in questionable activities in an effort to demonstrate loyalty and dedication to their teams (Thau, Derfler-Rozin, Pitesa, Mitchell, & Pillutla, 2015). By introducing this construct to the organizational sciences, it is our hope that future research will continue to examine its relevance to organizations and employees.

Second, the supervisor ratings of performance in Study 1 only speak to the short-term consequences of employee UPB. Supervisor ratings are important for a number of reasons, including their role in determining assignments, pay, status, and promotions. However, in some cases UPB might actually harm employees' and organizations' performance in the long run, through means such as reputational damage. One way of disentangling these issues might be to consider the short-term versus long-term consequences of UPB. For example, by falsifying emissions tests, senior managers and engineers at Volkswagen might have boosted sales in the short term. However, the stock value of the company dropped more than 30% after the scandal, resulting in long-term repercussions for the company's brand and reputation. The employees responsible have also encountered serious repercussions to their careers. Future research should carefully consider these issues by expanding the consequences of UPB and incorporating longitudinal designs to capture their temporal dynamics.

Third, our research did not explore the origins of employees' and supervisors' tendencies to morally decouple. Moral decoupling is likely to be both chronically and temporarily accessible, with both being predicted by an interrelated set of antecedents. Chronically-accessible moral decoupling, for instance, might develop as a result of an employee's family upbringing or early employment experiences (Garcia, Restubog, Kiewitz, Scott, & Tang, 2014). Temporarily-accessible moral decoupling might develop due to the language an organization uses in its everyday interactions, the culture and climate of the organization, or the organization's training programs (Newman et al., 2018). Given the evidence on the importance of moral decoupling for how supervisors interact with employees, we encourage future research to explore these issues.

Fourth, future research might employ the notion of moral decoupling to consider the link between performance and *ethical* behavior, in addition to the link between performance and *unethical* behavior. Past research generally suggests that organizations react positively to ethical behavior. For instance, moral character is widely regarded as a positive signal of individuals' other attributes. Yet, it is also likely that

individuals differ in their tendencies to equate ethical behavior with high performance. For instance, Rubin, Dierdorff, and Brown (2010) found that ethical leaders are no more likely to be promoted than their less ethical peers. Some organizations and supervisors, even if they do not actively support unethical behavior, might inadvertently encourage their employees to be morally mute by characterizing ethics as irrelevant to organizational performance (Bird & Waters, 1989).

Finally, we note our research did not explore social learning processes in tandem with other theories of UPB, such as social identity theory. Future research would thus benefit from integrating these perspectives, exploring if they act in parallel or even have synergistic effects on the tendency to engage in UPB. Through such research, scholarly understanding of the multifaceted causes of UPB can be further enhanced.

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### Appendix A. Measures and manipulations

#### Study 1 Measures

#### Unethical Pro-Organizational Behavior (supervisors and employees)

*How often does your [employee/supervisor] engage in these behaviors? (1 = Never, 7 = Always)*

- (1) Misrepresent the truth to make your organization look good.
- (2) Exaggerate the truth about your organization to help the organization.
- (3) Withhold negative information about your organization to benefit the organization.
- (4) Downplay a mistake made by the organization to avoid damaging the organization's image.
- (5) Engage in "questionable" behavior to benefit the organization.
- (6) Conceal information from the public that could be damaging to your organization.

#### Supervisor's Self-Rated Moral Decoupling

*Please indicate your level of agreement with the following items (1 = Strongly Disagree, 7 = Strongly Agree)*

- (1) An employee's unethical actions do not change my assessments of his/her performance on work tasks.
- (2) I believe that judgments of performance on work tasks should remain separate from judgments of morality.
- (3) Reports of wrongdoing do not affect my view of an employee's performance on work tasks.
- (4) I believe that even if an employee acts unethically, he/she can still be a top performer.
- (5) I believe that an employee's unethical actions shouldn't count against my assessments of his/her performance on work tasks.

#### Employee's Perceptions of Supervisor Moral Decoupling

*Please indicate your level of agreement with the following items (1 = Strongly Disagree, 7 = Strongly Agree)*

- (1) An employee's unethical actions do not change my supervisor's assessments of that employee's performance on work tasks.
- (2) My supervisor believes that judgments of performance on work tasks should remain separate from judgments of morality.
- (3) My supervisor believes that reports of wrongdoing should not affect our view of an employee's performance on work tasks.
- (4) My supervisor believes that even if an employee acts unethically,

he/she can still be a top performer.

- (5) My supervisor believes that an employee's unethical actions shouldn't count against assessments of his/her performance on work tasks.

#### Supervisor's Performance Evaluation of the Employee

Please indicate your level of agreement with the following items

(1 = Strongly Disagree, 7 = Strongly Agree)

- (1) This person is one of my best employees.
- (2) All things considered, this employee is outstanding.
- (3) All things considered, this employee performs his/her job the way I like to see it performed.

#### Study 2a Manipulations and Measures

##### UPB Manipulation—High Supervisor UPB

Hey, I wanted to follow up regarding our earlier conversation. As you know, there are some important decisions for us to make. I wanted to share some thoughts with you before that happens.

As you have observed in the past, my approach has always been to do whatever it takes to help the organization succeed.

Remember last year when I withheld some negative information about one of our products from the media that could have hurt the company's image?

When I'm out talking to potential customers, I'm always talking up our products. I'll even exaggerate the truth when I need to close an important deal. Before you worked here, there was a potentially big scandal with some of our selling practices. I had to downplay it with our customers or the company might have gone bankrupt.

I've done these types of things several times in order to help the company. That's why, as you might remember from our last company-wide meeting, the Executive Vice President mentioned that I'm a guy who "puts the company first."

##### UPB Manipulation—Low Supervisor UPB

Hey, I wanted to follow up regarding our earlier conversation. As you know, there are some important decisions for us to make. I wanted to share some thoughts with you before that happens.

As you have observed in the past, my approach has always been to do what is ethical even if that comes at the expense of organizational success.

Remember last year when I could have withheld some negative information about one of our products from the media? I decided to do what was moral and ethical, and to be transparent even though it could have hurt the company's image.

When I'm out talking to potential customers, I'm always talking up our products. But I'm careful not to exaggerate the truth even when trying to close an important deal. Before you worked here, there was a potentially big scandal with some of our selling practices. I could have downplayed it with our customers, but I did the right thing and focused on being honest.

I've refused to do these types of things several times in order to do what is ethical. That's why, as you might remember from our last company-wide meeting, the Executive Vice President mentioned that I'm a guy who "puts ethics first."

##### Perceptions of supervisor moral decoupling manipulation—high supervisor decoupling

This said, we should talk about your performance evaluation that is coming up next month. What will affect my evaluation is your job performance, and your job performance alone.

I hope that my perspective helps you make your decision at this crucial time.

Best,  
Steve

##### Perceptions of Supervisor Moral Decoupling Manipulation—Low Supervisor Decoupling

This said, we should talk about your performance evaluation that is coming up next month. What will affect my evaluation is not only your job performance, but also whether you have performed in an ethical manner.

I hope that my perspective helps you make your decision at this crucial time.

Best,  
Steve

##### Employee UPB Measure

Please indicate your level of agreement with the following items

(1 = Strongly Disagree, 7 = Strongly Agree)

- (1) I have decided to continue using this chemical
- (2) I will keep using this chemical while it is available
- (3) I plan to keep using this chemical as long as I can

#### Study 2b Manipulation and Measures

##### Interview Question: What is an example of something you did at a current or recent job that you're particularly proud of?

##### UPB Condition Audio Script

At that retail job I just mentioned, sales were obviously important. It was especially important to sell the store-brand products because they made the company the most money. So, sometimes I exaggerated the truth about the products to help sell them.

For example, the company had its own line of luggage. The luggage wasn't very good, so it wasn't something I would ever buy. But, I'd tell customers I used the store-brand luggage and really liked it. I'd also suggest that the luggage received a lot of great reviews from other customers. I convinced customers the store-brand was our best and most popular luggage. I was technically stretching the truth, but my approach was to do whatever it took to make the sale and help the company.

I did the same thing with some store-brand chairs that were poorly made and uncomfortable. I strongly recommended them in order to increase the store's profits, even if I had to exaggerate a little in the process.

Ultimately, I made more money for the store by stretching the truth. I'm glad I acted the way I did.

##### Control Condition Audio Script

At that retail job I just mentioned, sales were obviously important. It was especially important to sell the store-brand products because they made the company the most money. So, sometimes other employees exaggerated the truth about the products to help sell them; but I never did.

For example, the company had its own line of luggage. The luggage wasn't very good, so it wasn't something any of the employees would ever buy. But, other employees would tell customers they used the store-brand luggage and really liked it. They'd also suggest that the luggage received a lot of great reviews from other customers. They convinced customers the store-brand was our best and most popular luggage. They were stretching the truth, but my approach was to be honest, even if it cost the company some sales.

I did the same thing with some store-brand chairs that were poorly made and uncomfortable. I refused to recommend them in order to increase the store's profits—I refused to exaggerate the truth.

Ultimately, I cost the store some money by refusing to stretch the truth, but I'm glad I acted the way I did.

##### Participant's Self-Rated Moral Decoupling

Please indicate your level of agreement with the following items

(1 = Strongly Disagree, 7 = Strongly Agree)

- (1) An employee's unethical actions do not change my assessments of his/her performance on work tasks.



- (2) I believe that judgments of performance on work tasks should remain separate from judgments of morality.
- (3) Reports of wrongdoing do not affect my view of an employee's performance on work tasks.
- (4) I believe that even if an employee acts unethically, he/she can still be a top performer.
- (5) I believe that an employee's unethical actions shouldn't count against my assessments of his/her performance on work tasks.

### Participant's Performance Evaluation of the Employee

Please indicate your level of agreement with the following items

(1 = Strongly Disagree, 7 = Strongly Agree)

- (1) This employee always completes the duties specified in his/her job description
- (2) This employee meets all the formal performance requirements of the job
- (3) This employee fulfills all responsibilities required by his/her job
- (4) This employee never neglects aspects of the job that he/she is obligated to perform
- (5) This employee succeeds in performing his/her essential duties

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