Examining the Moral Grey Zone: The Role of Moral Disengagement, Authenticity, and

Situational Strength in predicting Unethical Managerial Behaviour

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Abstract

In the business context there is a broad spectrum of practices that potentially harm others, yet might benefit the organization. We examined the influence of individual and situational differences in predicting (un)ethical behaviour in these moral grey zones using an in-basket exercise that included covert moral issues in which managers could give unethical instructions to their followers. Results show that individual differences in moral disengagement directly predicted unethical behaviour and functioned as a mediator of the relationship between authenticity and unethical behaviour. Furthermore, effects differed in weak compared to strong situations. Study 2, replicated the results from Study 1, developed a direct test of the situational strength hypothesis, and showed that high versus low situation strength moderated the relation of moral disengagement to unethical behaviour.

Unethical behaviour carried out or tolerated by people in leadership positions is a central threat for organizations, their stakeholders, and society as a whole (Asforth, Goia, Robinson, & Treviño, 2008). Although there are surely unethical acts due to unethical motives or a lack of virtue, more recent approaches to explaining unethical behaviour in the corporate world argue that many influences make it difficult for managers to implement ethical practices in their daily enterprise (Bazerman & Gino, 2012; Schweitzer, Ordonez, & Douma, 2004; Treviño, Weaver, & Reynolds, 2006). Today it is widely accepted that these influences have their origins in the person and the situation (Kish-Gephart, Harrison, & Trevino, 2010; Moore & Gino, 2013), but knowledge and evidence are scarce regarding which individual differences are influential in these situations or how and when situational and individual factors interact.

The current research addresses these issues. Drawing on social-cognitive theory of moral thought and action (Bandura, 1991, 1999), we propose that unethical managerial behaviour is more likely if managers disengage from processes related to moral conduct. Moral disengagement describes a conglomeration of self-regulatory processes that allow people to act unethical without feeling bad (Bandura, 1999). For example, in the process of moral justification, injurious actions are made personally and socially acceptable by portraying them as serving moral, social or organizational purposes. Although moral disengagement was originally introduced as a state, research shows that individual differences in self-related processes associated with moral disengagement influence the perception of moral issues and the tendency to translate moral intentions into moral behaviour (Jennings, Mitchell, & Hannah, 2014; Martin, Kish-Gephart, & Detert, 2014; Moore, Detert, Trevino, Baker, & Mayer, 2012).

Aiming at further developing this promising stream of research, we introduce authenticity (i.e., an individual's tendency to accurately represent – privately and publicly –

internal states, intentions, and commitments; Sheldon, 2004) as a potential antecedent of the propensity to morally disengage. We argue that the striving for self-understanding and consistent self-expression that characterize people high in authenticity (Harter, 2002) reduces their propensity to morally disengage, which in the end results in a lower tendency to engage in unethical behaviour. Thus, the research presented here provides further support for moral disengagement's role as a predictor of unethical managerial behaviour but extends its scope by introducing moral disengagement as a process mediating between authenticity and unethical behavior.

In linking authenticity, moral disengagement, and unethical behaviour, we further propose that the concept of moral disengagement can help clarify a controversy in research on moral leader behaviour. Following large-scale ethical failures in the business domain, leadership researchers emphasize authenticity as a central characteristic for moral leaders and managerial integrity (May, Chan, Hodges, & Avolio, 2003; Palanski & Yammarino, 2007). Others question whether authenticity is necessarily linked to morality but argue that authenticity is value-neutral (Algera & Lips-Wiersma, 2012; Shamir & Eilam, 2005). We suggest a way to integrate these seemingly contradictory positions. We propose that authenticity is linked to moral behaviour because it reduces people's propensity to morally disengage, which in the end results in less unethical behaviour for authentic individuals. We test moral disengagements' direct and mediating effects using an in-basket exercise (Petersen & Dietz, 2000, 2008) in which participants behaved in the role of a manager who gives orders to be implemented by his subordinates. This technique allowed us to disguise situations with moral implications among situations that were normal business tasks and were morally neutral.

Analysis of results from our first study revealed that participants' tendency to engage in unethical behaviour differed between situations, a finding we interpreted in terms of the

Situational Strength Hypothesis (Mischel, 1977). As the Situational Strength Hypothesis suggests, the influence of person characteristics differs depending on whether situations are weak or strong, being higher in weak situations. Although the assumption that specific situational factors moderate the effect of individual differences is established in the fields of personality and social psychology, and organizational behaviour, research that directly tests the situational strength hypothesis is scarce and nearly absent in the field of behavioural ethics. As Cooper and Withey (2009, p.64) argue, its acceptance "is based more on the plausibility of the hypothesis and sheer repetition than on any empirical evidence". Thus, as Figure 1 shows, in a second study, we extend our original research model by including situational strength as an additional influence on ethical choices.

In sum, we make four contributions to the literature. We examine whether individual differences in moral disengagement predict: (1) unethical manager behaviour using a subtle simulation study, (2) function as a mediator between authenticity and unethical behaviour; and (3) differ in their relation to moral behaviour in weak compared to strong situations; and (4) we develop a procedure to directly test the Situational Strength Hypothesis in ethics research instead of using proxies for situational strength.

Unethical Behaviour in Organizations: A Moral Grey Zone Approach

Although primarily concerned with profit maximization, business activities affect other people, organizations, and the wider social and physical environment, and therefore have broad ethical implications (Sen, 1997). If actions performed in the business context can harm others, then a moral issue is involved (Velasquez & Rostanowski, 1985), and the question arises as to whether these actions are ethical. However, evaluating the ethicality of actions has substantial difficulties in the business context (Tenbrunsel & Smith-Crowe, 2008). Commonly held notions of ethicality such as doing no harm to others or acting in a socially responsible manner that is responsive to the needs of others (Aquino, Freeman, Reed,

Lim, & Felps, 2009) may be less applicable in a business context. External harm might be

ethically justified if it is accompanied by effects that are highly valued. Moreover, some harm

to individuals and organizations might even be inherent in the nature of market-oriented

business as competitive pressures advance one individual or organization at the expense of

others. Thus, decision-making and behaviour in the business context is confronted with

multiple and sometimes competing standards of conduct and a diversity of options as to how

one should attain these standards. Nevertheless, unethical behaviour in business can be

defined in a way that retains practical and conceptual importance. We define *unethical*

behaviour as behaviour that give one person or organization an advantage that is not

deserved or that cause harm to others in a way the aggrieved party does not deserve and

would not find acceptable.

Primo Levi (1986), when analysing the extreme ethical dilemmas of prisoners of Nazi

concentration camps, introduced the term moral grey zone for a context that "possesses an

incredibly complicated internal structure, and contains within itself enough to confuse our

need to judge" (p. 27). As suggested by Anteby (2008), we think the concept of a moral grey

zone can inform thinking about ethical behaviour in business organizations. Oriented at

Anteby's use of the concept and recent research on the role of ambiguity in the occurrence of

unethical behaviour (see Moore & Gino, 2013; Tenbrunsel & Smith-Crowe, 2008, for

reviews), we defined *moral grey zones as situations that are morally ambiguous and in which*

leaders and followers together engage in practices that are likely to harm others, yet might

benefit the organization, the follower, or the leader. Our research focuses on the leader's part

in creating such a moral grey zone in a way that the leader could give unethical instructions

to his or her followers.

Study 1

Several approaches suggest that acting ethically need not be explicitly motivated, but

rather, that moral notions are an inherent aspect of people's self-understanding (Bandura, 1991; Blasi, 1983; Haidt & Kesebir, 2010). Research shows that, for example, infants are born with at least rudiments of intuitive ethics processes, having an innate and early emerging moral-perceptual system that creates negative affect towards harmdoers (e.g., Haidt & Kesebir, 2010; Hamlin, Wynn, & Bloom, 2007). Societies nurture ethical behaviour as explained, for example, in Bandura's (1991) social-cognitive theory of moral thought and action. According to Bandura, people construct moral standards in the course of socialization from diverse sources of influences such as education, evaluative social reactions to one's conduct, and exposure to the self-evaluative standards modelled by others or in mass media. They use these personal standards as guides for positive self-sanctions (i.e., they cause satisfaction and build a sense of self-worth) if one's actions conform to one's moral standards; alternatively negative self-sanctions occur if one's actions violate one's moral standards. As a consequence, a deeply rooted aim to avoid harming someone who does not deserve such treatment becomes part of most individual's self-standards, having origins as we noted in the innate responses of infants, and being reinforced by many social processes. Because of its centrality to the self, this norm may be used implicitly without careful consideration. Thus, it is most appropriate to examine ethical behaviour using situational tests rather than asking subjects to directly evaluate the ethicality of a given situation. It may also be necessary to understand the role of the self in such situational actions.

Moral Disengagement

According to the social-cognitive theory of moral thought and action, unethical acts such as harming others or arranging unjust distributions often require processes that disengage several processes related to self-regulation of moral behaviour (Bandura, 1999). This argument is in line with considerable research that documents the vital role of the self in an individual's moral agency (Jennings et al., 2014) and the role of leader self-concepts for

moral leader behaviour (May et al., 2003; Palanski & Yammarino, 2007). One central finding

is that reduction of self-referent processes such as self-awareness, self-organizing, and self-

regulatory processes increases an individuals' tendency to conduct unethical acts (Bandura,

1999; Gino, Schweitzer, Mead, & Ariely, 2011). Moral disengagement (Bandura, 1999) has

received considerable research attention as an umbrella term that synthesizes a number of

situational induced processes that predispose people to deviate from their standards and enact

unethical behaviour (see Martin et al., 2014, for a recent overview). They do so when they a)

reconstruct an action so that it is not viewed as being immoral, b) reduce their sense of

agency by minimizing their role in a situation, c) fail to see the consequences that result from

an action or inaction, and/or d) change how the victims of the action are regarded.

Recently, moral disengagement has been introduced as a personal characteristic

(Moore et al., 2012) suggesting that people differ in their propensity to morally disengage.

This research is particularly interesting for understanding unethical behaviour of managers as

they, given the nature of their work role, might be especially prone to succumb to factors that

reduce self-referent processes (Bazerman & Gino, 2012; Josten, van Dijke, van Hiel, &

DeCremer, 2014). Moreover, their behaviour has implications for their followers either via

direct order or social learning processes. Against this background, a higher propensity to

morally disengage could increase managers' tendency to engage in unethical behaviours as

moral disengagement may inhibit them from noticing the moral content of a situation and

provide managers with excuses which allow them to circumvent self-sanctions. Thus, we

expect:

Hypothesis 1: The propensity to morally disengage is positively related to amount of

unethical behaviour.

Authenticity

Although some research already established the relevance of moral disengagement to

(un)ethical leadership (e.g., Liu, Lam, & Loi, 2012), a concept that received considerable more attention as an attribute of moral leaders is authenticity (May et al., 2003; Palanski & Yammarino, 2007). This link between authenticity and morality, however, has been questioned by researchers referring to the conceptual roots of authenticity which are self-knowledge and self-consistent expression (Harter, 2002; see Algera & Lips-Wiersma, 2012, for a discussion of the relationship between authentic leadership and ethicality). We argue that self-knowledge and consistent self-expression are not necessarily related to moral behavior, however, they may facilitate or inhibit processes that influence the occurrence of (im)moral behavior. More specifically, we argue that considering moral disengagement might help clarifying the relationship between authenticity and moral behavior and contribute some evidence to the mainly conceptual controversy in authentic leadership research.

Given that people differ with regard to the role morality plays in their self-concept (Aquino & Reed, 2002), it seems plausible that authenticity need not always be linked to moral behaviour. However, because authentic functioning involves motivated self-awareness and consistent self-expression, and also because prior research links authenticity to lower defensiveness, ego-involvement, and non-contingent self-esteem (see Heppner & Kernis, 2007; Kernis & Goldman, 2006, for reviews); it seems plausible that authenticity may decrease managers' tendency to morally disengage. Consequently, authenticity may have an indirect effect on unethical behaviour operating through moral disengagement.

Authenticity is supposed to be comprised of two facets: 1) a *self-oriented facet* that includes a high motivation to understand one's thoughts and feelings, an awareness of self-relevant information, and the aim to integrate different self-aspects in a coherent whole; and 2) an *expression-oriented facet* that is indicated by a motivation to express the self in a consistent way (Knoll, Meyer, Kroemer, & Schroeder-Abé, 2015; see Gardner, Avolio, Luthans, May, & Walumbwa, 2005 for a similar model of authentic leadership). High values

in self-awareness and integration may shield against distractions that lead to unethical

behaviour via moral disengagement. Self-awareness makes personal standards salient, and

thus individuals are less likely to be engulfed by competing standards that are made salient by

the situation (Fenigstein, Scheier, & Buss, 1975) which may facilitate moral disengagement.

Self-integrity, in turn, should keep different parts of the identity salient and thus works

against possible excuses when one domain of the self is dominant while another is seen as

less relevant in a specific situation (Leavitt, Reynolds, Barnes, Schilpzand, & Hannah, 2012).

The motive to maintain self-consistency and commitment to one's intentions even when

facing obstacles – which is captured in the *expression-oriented facet* of authenticity – has

been argued to be a central explanation for the implementation of moral intentions (Bergman,

2002; Blasi, 1980; Nucci, 2004). Therefore, it should decrease moral disengagement

processes such as diffusion and displacement of responsibility.

Furthermore, moral disengagement is more likely to occur when individuals are

motivated to preserve a positive self-image or resolve cognitive dissonance emerging from

behaviours that violate self- or societal standards (Bandura, 1999; Martin et al., 2014).

Research that established the link between authenticity and non-contingent self-esteem

showed that individuals high on authenticity are less vulnerable to self-esteem challenges and

thus have a lower tendency to engage in self-protective and self-enhancing strategies that

protect against threat (see Heppner & Kernis, 2007, for a discussion). Moral disengagement

processes such as moral justification can be seen as such strategies. Finally, people who give

themselves or their group or organization an advantage that is not deserved may experience

the need to justify their behaviour through moral disengagement. This need should be lower

for people high on authenticity as these also score high on the honesty/humility dimension of

the HEXACO personality scale (Maltby, Wood, Day, & Pinto, 2012).

In sum, as shown in Figure 1, we argue that processes that are associated with

authenticity such as the desire to express the self consistently, higher self-awareness, a lower tendency to engage in self-defensive cognitions and behaviour, decrease the likelihood of moral disengagement, which in the end result in less unethical behaviour.

Hypothesis 2: The propensity to morally disengage mediates the relationship between authenticity and unethical behaviour.

Method

Procedure

We examined the influence of individual differences in moral disengagement and authenticity on unethical behaviour using an in-basket exercise that is often used in Assessment Centers for management positions and which is, therefore, expected to have high external validity (Bartol & Martin, 1990). As in-basket exercises consist of a number of managerial tasks, this technique allows for a subtle examination of decisions with moral implications along with decisions without such qualities (Petersen & Dietz, 2000, 2008). Further, this technique allows examining unethical behaviours of different clarity and consequences without an obvious focus on morality in the study.

In the in-basket exercise that we used, participants adopted the role of a manager of a fast-food chain. The first section of the in-basket exercise contained information about the structure of the company and a particular manager's responsibilities. Then, the manager had to decide how to proceed in eight situations, and it was indicated that his direct reports or his assistant would act upon these decisions. For every situation, two or three possible answers were given and the participants had to choose one alternative. Four of the situations did not contain moral issues (e.g., approval for an application to take leave) and, therefore, were used as filler tasks. The tasks of interest for the present study were four situations that represented moral issues as one of the response options was an unethical behaviour, meaning that when choosing this option, the consequences will harm one or more other people (Velasquez &

Rostankowski, 1985). The four situations were as follows:

In *Situation 1*, the manager was confronted with the problem that the company was too late to obtain a preferred exhibition booth. The response option that included a moral issue was that they could ask a follower to make a back-door arrangement with his acquaintance in the distribution committee. The ethical option was to accept the failure and not to give someone else a disadvantage. In *Situation 2*, participants had to decide whether or not to correct the widespread underpayment of staff. The manager could increase the salary to common standard, increase it to some extent or leave it as it is. Choosing a partial increase or no increase at all represented unethical behaviour as this behaviour is to the disadvantage of staff despite them being entitled to higher salary. In *Situation 3*, the manager had to decide on a typical salary for a new employee who, in her job interview, asked for a salary that was substantially below the company standard for the respective position. The manager could choose between granting the typical salary, granting the requested salary, or granting a salary between the two previous options. Only the first option represented ethical behaviour as the other options exploit the applicant's inexperience in order to deny a legitimate salary. In *Situation 4*, the manager could agree to an incorrect posting of an accounting transaction in a prior quarter although the transaction was not finished yet. The ethical response was to refuse to do so and post the transaction in the later quarter.

Participants

The sample was comprised of 213 employees (84% female) with a mean age of 32.8 years ($SD = 9.0$; Range = 17 to 62). Participants were employees enrolled in a distance education psychology program at a German university. They took part in partial fulfillment of course requirements. Thirty-one per cent of the employees worked in small organizations of up to 20 employees, 34% worked in middle-size organizations of 21-500 employees, 23% worked in bigger organizations of 501-10,000 employees, and 12% worked in large

organizations of more than 10,000 employees. Seventy-two per cent held entry-level

positions, 15% were lower management, and 13% were at middle or higher levels of

management. Different branches were represented in the sample, most of which were social

and health care (24%), education (15%), trade and distribution (9%), industry (9%),

administration (8%), and other services (20%).

Measures

Unless noted otherwise, participants responded to all survey items on seven-point

scales with response anchors ranging from 1 (does not apply to me at all) to 7 (does apply to

me entirely). All items were in German.

Moral disengagement was measured with Moore et al.'s (2012) Propensity to Morally

Disengage scale. The scale assesses eight forms of moral disengagement with one item each.

For example, diffusion of responsibility is measured with the item "People can't be blamed

for doing things that are technically wrong when all their friends are doing it too." Moore et

al. suggest aggregating the scores on the eight items to form a comprehensive score.

Cronbach's alpha was .78.

Authenticity was measured with the Integrated Authenticity Scale (IAS; Knoll et al.,

2015). The IAS comprises eight items to assess the self- (e.g., "I understand well why I

behave like I do") and the expression-oriented dimension (e.g., "I always stand by what I

believe in") of authenticity which were adapted from the Authenticity Inventory 3 (Kernis &

Goldman, 2006) and from the Authenticity Scale (Wood, Linley, Maltby, Baliousis, &

Joseph, 2008). Knoll and van Dick (2013) used the scale in a study on employee silence, and

it showed good psychometric properties (factor structure, alpha reliabilities, and stability).

Cronbach's alpha was .81.

(Un)ethical behaviour was measured by the number of unethical options selected by

the participants in the in-basket exercise.

Results

Descriptive statistics and correlations of all study variables are presented in Table 1. On average, across the four situations with moral implications, participants selected 1.99 (*SD* = 0.89) unethical behaviours. The distribution among the participants was: no unethical option chosen: 4%, one unethical option: 24%, two unethical options: 47%, three unethical options: 21%, four unethical options: 5%. Thus, distribution among participants approximates a normal curve.

As can be seen in Table 1, moral disengagement was positively related to amount of unethical behaviour across the four situations with moral implications ($r = .19$, $p < .01$) fully supporting Hypothesis 1. Hypothesis 2 predicted that moral disengagement would mediate the relationship between authenticity and unethical behaviour. To test this mediating effect, structural equation modeling (SEM) was performed using Mplus (v. 7.2, Muthen & Muthen, 2008-2014). As shown in Figure 2, we found an indirect effect from authenticity to unethical behaviour via moral disengagement, $\beta = -.05$, $SE = .03$, $p = .03$. In addition to using the Sobel test, we looked at the bootstrap (1000 iterations) confidence intervals to see whether conclusions would change. Results showed that the true indirect effect is 95% likely to range from -.12 to -.02 – the estimated effect was -.07. As zero does not occur between the lower and the upper boundary, we can conclude that the indirect effect for this mediator is significant. Thus, Hypothesis 2 was supported.

Post-hoc analyses and situational strength hypothesis

When analyzing the distribution of unethical behaviour choices in the four situations that contained a moral issue, we noticed that the tendency of participants to choose the unethical option was much lower for the fourth situation than for the other three. The mean value (0 = unethical choice, 1 = ethical choice) for the fourth item was 0.14 (*SD* = 0.35), whereas the average mean of the three other items was 0.62 (*SD* = 0.26). Paired sample t tests

confirmed that the difference between the two means was significant, $t(212) = 17.17$, $p < .01$.

A possible theoretical explanation for this finding can be found in the *Situational Strength Hypothesis* (Mischel, 1977; see Cooper & Whitey, 2009, for a recent review) that proposes that behavioural variability is restricted if specific situational characteristics are present, namely if a situation is strong. *Strong situations* "lead everyone to construe the particular events the same way, induce uniform expectancies regarding the most appropriate response pattern, provide adequate incentives for the performance of that response pattern, and require skills that everyone has to the same extent" (Mischel, 1977, p.347). *Weak situations*, in turn, neither constrain options nor do they provide clear signals concerning desired or expected behaviour. According to the Situational Strength Hypothesis, laws and explicit and widely accepted norms should channel almost everyone into legal/moral behavior (Cooper & Whitey, 2009); whereas in weak situations, personal factors are more likely to be influential. In our study, the unethical option in Situation 4 was also illegal whereas the unethical options in Situations 1 to 3 were not illegal pointing at the possibility that Situation 4 is a strong situation whereas Situations 1 to 3 are weak situations.

In order to test whether the influence of personal factors is lower in strong situations than in weak situations, we analyzed the relationships predicted in Hypotheses 1 and 2 separately for the weak and the strong situations. As can be seen in Table 1, moral disengagement was still related to unethical behaviour when assessed through the three supposedly weak situations ($r = .19$, $p < .01$). In contrast, moral disengagement was not related to unethical behaviour in the strong situation ($r = .06$, $p = .39$). SEM results revealed that the indirect effect from authenticity to unethical behaviour via moral disengagement remained at a comparable level for the three weak situations ($\beta = -.05$, $SE = .03$, $p = .03$), but disappeared when the strong situation was used as dependent variable ($\beta = -.02$, $SE = .02$, $p = .52$). Thus, the direct and mediating effect of moral disengagement (Hypotheses 1 and 2) was

found in weak situations only.

Discussion

Results supported our hypotheses regarding moral disengagement as a predictor of unethical behaviour and as a mediator of the relationship between authenticity and unethical behaviour. Although the moral issues were interspersed throughout a more extensive in-basket exercise, additional analyses revealed situational differences regarding the predictive power of the individual difference measures. We applied the Situational Strength Hypothesis as a possible explanation.

Although the results are provocative, our interpretations are subject to several limitations. One is that we did not directly measure situational strength but our judgments of strong and weak situations were based on a proxy that was the application of legal principles and accounting rules, and the meaning of these distinctions to subjects were not empirically investigated. Another is that there was an imbalance with only one strong versus three weak situational stimuli. Finally, we could not directly test the proposed moderating effect of situational strength which would suggest that processes of moral disengagement are relevant in weak, but not in strong, situations. Therefore, we conducted a second study to replicate our findings and address these limitations.

Study 2

Study 2 was designed to replicate the results achieved in Study 1, address its limitations, and develop a direct test of situation strength. We then used this measure to examine whether situational strength moderates the influence of moral disengagement on unethical behaviour.

To reach our first aim, we used the same procedure as in Study 1 and expect to find a direct effect of moral disengagement on unethical behaviour (Hypothesis 1) and that moral disengagement mediates the relationship between authenticity and unethical behaviour

(Hypothesis 2). In our interpretation of the differences in unethical choices in the four situations included in Study 1, we argued that Situations 1 to 3 represent weak situations, whereas Situation 4 represents a strong situation. To more thoroughly test this interpretation in this second study, we asked participants to rate the four situations according to the four criteria of situational strength as introduced in Mischel's (1977) conceptual framework (see Measures section for details). The reliability of our use of the Situational Strength Hypothesis to interpret the post-hoc findings from Study 1 was also limited by the imbalance of three weak vs. one strong situation. To address this limitation, we included three additional moral issues in the in-basket exercise and hoped that at least two of them would score high on the situational strength measure. A balanced measure of three strong and three weak situations would then allow for a direct test of the Situational Strength Hypothesis.

As explained in the additional analyses of Study 1, the Situational Strength Hypothesis proposes that strong situations reflect consensus in construal, expectancies for response patterns, adequate incentives for this pattern of responses and, skills that are uniform across a sample (Mischel, 1977). Strong situations restrict behavioural variability and thus reduce the relevance of person characteristics for predicting behaviour (Cooper & Withey, 2009; Mischel, 1977). Weak situations, in contrast, lack strong signals for appropriate behaviour; they give room for individual reasoning which, in turn, increases a) behavioural variability across actors, and b) permits individual differences to relate to other variables. As a first test of the usefulness of the Situational Strength Hypothesis in the domain of unethical behaviour, we aim to replicate post-hoc findings from Study 1 with a more balanced set of items and expect:

Hypothesis 3: Situational strength moderates the direct and mediating effects of moral disengagement (measured as the propensity to morally disengage) on unethical behaviour; these effects will occur in weak but not in strong situations.

Method

Participants

The sample comprised of 231 participants (72% female) with a mean age of 31.6 years (*SD* = 8.9; Range = 20 to 64). One-hundred and forty-two participants were employed, 35 were self-employed, and 54 were not employed at the time of the study. The sample was similar to the sample in Study 1 in relevant characteristics. Participants were enrolled in a distance education psychology program at a German university and took part in partial fulfillment of course requirements.

Procedure

We used the same in-basket exercise as in Study 1. However, it was modified so that we presented eleven situations to the participants to achieve a more balanced set of weak and strong situations. Seven situations comprised a moral issue whereas four situations were used as filler tasks. The filler tasks and four of the moral issues were taken from Study 1. In brief, the three new situations were as follows: *Situation 5*: Giving versus withholding unfavourable facts in a report to the executive board of the company in the process of an acquisition; *Situation 6*: After being informed that taxes of some branches have not been paid and that this has not yet been discovered by officials, the manager decides whether to get in contact with officials and pay taxes, do nothing at the moment, or suggesting that employees prepare a plan to dispose of the branches; *Situation 7*: After being informed that the milk received from one supplier had likely been contaminated, the manager decides whether to take the milk from the market in advance of conclusive information or to wait till more information is available and to only take milk off the market if necessary.

Measures

We used the same measures for *moral disengagement* and *authenticity*, as in Study 1. Cronbach's alpha was .69 for moral disengagement and .83 for authenticity.

Situational strength was measured with the four items Cooper and Withey (2009) suggested as criteria based on Mischel's (1977) conceptual framework. Specifically, we asked participants to rate all eleven situations according to the criteria of: common construal (item: "Almost everyone would interpret this situation in the same way."), uniform expectancies ("Almost everyone would agree on how to respond to this situation."), adequate incentives ("If you had to decide how to respond to this situation in a manager AC, would you know which response will be judged positively and which negatively by the judges?"), and requisite skills ("Almost everyone has the ability to make the right decision in this situation."). The aggregated score of the four criteria represents a measure for situational strength for each situation. Internal consistency was acceptable with Cronbach's α's $\geq$.70 for 10 out of 11 situations. Participants also rated whether each situation contained a moral issue (*ethical norm violation*) and whether one of the response options of each item could interfere with the law.

Unethical behaviour was measured as the number of unethical responses that participants choose in the seven situations that comprised a moral issue.

Results

Descriptive data on the seven situations that contained moral issues are presented in Table 2. For each situation, column 2 shows participants' ratings of whether a violation of ethical norms occurred. In line with our intention, ratings for the seven situations that were supposed to represent moral issues were all substantially higher compared to the corresponding ratings of the four filler tasks, which showed ratings of 2.14 (SD = 1.69), 3.00 (1.95), 3.25 (2.03), and 3.37 (2.06). As shown in column 3, Situation 4 that was assumed to represent a breach of the law in Study 1 was rated as more likely containing a response option that might break the law than the other three situations from Study 1 (Moral Issues 1-3).

Situational strength measure and confirmation of Study 1's post-hoc categorizations

As shown in the fourth column of Table 2, the situational strength scores for the seven situations that represented moral issues varied considerably indicating that the measure is sensitive to distinguish between strong and weak situations in the moral domain. Out of the four moral issue situations that were included in Study 1 (i.e., Situation 1 to 4), Situation 4 received higher scores on the situational strength measure compared to the three other items suggesting that Situation 4 represents a strong situation. A paired sample t test comparing the situational strength of Situation 4 with the mean of the measures of Situations 1, 2, and 3 supported our assumptions made in Study 1, $t(225) = -3.481, p < .01$.

To achieve a more balanced measure for situational strength, we extended the in-basket exercise by three newly created situations. We hoped that at least two of the newly created situations would complement Situation 4 to produce a balanced measure of three strong and three weak situations. We conducted an exploratory factor analysis (EFA) to examine whether the situations loaded on different factors based on situational strength ratings. A first EFA using the extraction criterion Eigenvalue > 1 suggested only one factor (factor loadings 3.27, 0.88, 0.77…), which explained 39% of the variance. This was interpreted as indicating that all situations reflect a moral issue, as desired. We then conducted a second EFA in which we forced the extraction of two factors, using a Promax (oblique) rotation.

As shown in Table 3, the resulting pattern matrix showed that Situations 5, 4, and 7 had their highest loadings on Factor 1 while Situations 2, 6, 3, and 1 had highest loadings on Factor 2. Considering the scores on the situational strength measure (see column 4 in Table 2), we interpreted Factor 1 as a 'strong situation' and Factor 2 as a 'weak situation' dimension. Based on this, ethical behaviour scores from Situations 4, 5, and 7 were combined to create a strong situation measure, and scores from Situations 1, 2, and 3 were similarly

combined to create a weak situation measure. (The score from Situation 6 was not used as we wanted to create a balanced measure, and Situation 6 showed relatively high cross-loadings and nearly identical loadings on both factors. In addition, using the same three situations to represent weak situations as in Study 1 (i.e., Situation 1, 2, and 3) increased comparability of the results.) A paired sample t test revealed that the mean situational strength score of the three weak situations ($M = 4.08$, $SD = 0.81$), aggregated to a single measure, differed from the mean score of the three strong situations ($M = 4.57$, $SD = 1.04$), $t(226) = -7.948$, $p < .01$.

Hypothesis testing

Descriptive statistics and correlations of all study variables are presented in Table 1, and results from structural equation modeling are presented in Figures 2 and 3. As can be seen in Table 1, in line with Hypothesis 1, moral disengagement was positively related to the composite measure of unethical behaviour (consisting of seven situations), $r = .29$, $p < .01$. As can be seen in Figure 2, in line with Hypothesis 2, structural equation modeling revealed an indirect effect of authenticity to unethical behaviour via moral disengagement, $\beta = -.07$, *SE* $= .02$, $p < .01$. Notably, as shown in Table 1, moral disengagement was negatively related to perceived ethical norm violation, a measure that we created to check whether participants experienced the moral issues as such (which was supported by the higher scores on that measure of the seven moral issues compared to the four filler tasks as reported above), indicating that individuals high on moral disengagement are less sensitive with regarding to moral issues. Individuals high on authenticity showed higher sensitivity to ethical norm violations, however, this effect was significant in strong situations, only.

Deriving from Study 1 results and post-hoc interpretations, Hypothesis 3 predicted that the direct effects of moral disengagement, and thus the effects of authenticity mediated through moral disengagement, should hold for weak but not for strong situations. To test for these moderated effects, we modified our model so that there were two separate dependent

variables representing unethical behavior in weak and in strong situations, as shown in Figure

3. This allowed for a test of within-person moderation by situation strength, using the

aggregate values of unethical behaviour in Situations 1, 2, and 3 as measure for unethical

behaviour in weak situations and the aggregate value of unethical behaviour in Situations 4,

5, and 7 as measure for unethical behaviour in strong situations, as previously described.

To test for moderation, we estimated and compared the fits of two structural equation

models (Ritter & Lord, 2011). Model 0 constrained the two paths from moral disengagement

to unethical behaviour in weak and in strong situations to be equal, whereas Model 1 allowed

these two paths to be estimated freely (thus allowing them to potentially differ in value). We

used χ^2 difference test to compare the fit of these two models. Results support Hypothesis 3,

as the constrained model fit significantly worse than the free model, $\Delta\chi^2_{diff} = 10.236$, $df = 1$, p

$= .001$.

Furthermore, our theoretical argument proposed that effects should be stronger for

weak than for strong situations. As can be seen in Figure 3, in line with Hypothesis 3, the

path from moral disengagement to unethical behaviour was significant for weak situations, β

$= .29$, $p < .05$, but not significant for strong situations, $\beta = .05$, $p = $ n.s. Results also differed

between weak and strong situations for the indirect effects from authenticity to unethical

behaviours via moral disengagement. We found a significant indirect effect for the weak

situations, $\beta = -.07$, $SD = .03$, $p = .01$, but not for the strong situations, $\beta = -.01$, $SD = .02$, $p = $

$.50$. These analyses were also repeated using bootstrapped confidence intervals (1000

iterations), and conclusions remained the same. For weak situations, the 95% confidence

interval for the indirect effect did not include zero 95% CI [-.15, -.03], but it included zero for

the strong situations, 95% CI [-.05, .02]. Finally, as another indicator for the greater relevance

of individual differences for explaining behaviour in weak compared to strong situations, the

amount of explained variance in the model was greater for unethical behaviour in weak

situations ($R^2 = .08$) than in strong situations ($R^2 = .02$).

In sum, Study 2 results replicated findings from Study 1 with an extended set of moral issues as dependent variable. Importantly, these results also confirmed the post-hoc interpretations we suggested in Study 1 regarding the assignment of the different situations. Moreover, Study 2 further illustrated the potential use of situational strength as a moderator variable that predicted when individual differences were related to unethical behaviour. In line with results from Study 1, individual differences in moral disengagement emerged as a significant predictor of unethical behaviour and mediated the relationship between authenticity and unethical behaviour in weak situations, but not in strong situations.

General Discussion

Results from two studies provide evidence that individual differences in moral disengagement increase the tendency to engage in unethical behaviour as measured by a subtle criterion (i.e., a manager's advice to behave unethical as assessed in an in-basket exercise). In Study 1 and in Study 2, moral disengagement also functions as mediator between authenticity and unethical behaviour. We further applied the Situational Strength Hypothesis (Mischel, 1977) to examine unethical behaviour in the business context which we argue takes the form of a moral grey zone – situations that are morally ambiguous and in which leaders and followers together engage in practices that potentially harm others, yet might benefit the organization, the follower, or the leader. While we merely used it as a post-hoc explanation for Study 1 findings (i.e., a situation-contingent tendency of a leader to demand unethical behaviours from his followers); in Study 2, we directly tested hypotheses based upon Mischel's theoretical framework and used a scale that we developed based on Cooper and Withey's (2009) suggestions. Results using structural equation modeling indicate that the Situational Strength Hypothesis might be a fruitful approach to increase our understanding of leader behaviour in a moral grey zone. Our results show consistently over

both studies that when situations are strong and, thus individuals perceive signals about

which behaviour is appropriate in that particular situation, individual differences in moral

disengagement do not influence unethical behaviour. When situations are weak, in contrast,

individual differences in moral disengagement are likely to predict unethical behaviour and

function as a mediator between authenticity and unethical behaviour.

Implications

Our research supports approaches that conceptualize unethical behaviour as a function

of personal and situational factors (e.g., Kish-Gephart et al., 2010; Moore & Gino, 2013) and

extends understanding of how these factors' effects might be integrated. With regard to the

influence of personal factors, our research shows that individual differences in moral

disengagement predict unethical behaviour but, at the same time, that these effects depend on

the nature of the situation. This is similar to Reynolds and Ceranic' (2007) finding that the

effects of moral judgement and moral identity on moral behaviour were higher in situations

of low social consensus (i.e., the extent to which there is a general concurrence within society

about the moral status of the issue). This is not surprising because our situational strength

measures included consensus judgments. However, the situational strength approach is

broader, integrating social consensus and other cues such as laws or norms of proper conduct

that make the person perceive particular behaviours as appropriate in particular situations.

The measure for the estimation of the strength of situations that we validated based on

Mischel's (1977) theoretical framework and Cooper and Withey's (2009) items, seems to be

useful for further research on these topics.

One implication of our (and related) research is that strong situations might inhibit the

relevance of moral disengagement for the occurrence of unethical behaviour. Of course, this

should not be interpreted in a way that creating strong situations per se is sufficient to prevent

unethical behaviour in organizations. If employees' tendency to engage in (un)ethical

behaviour is influenced by situational strength, then the kind of behaviour which is

channelled through strong situations depends on the signals provided by the context in which

the decision is made. If employees perceive the situation in a way that the unethical

behaviour is the appropriate choice, then situational strength should increase unethical

behaviour. Even more interesting but yet to be examined, our findings might have

implications for the possibility that strong ethical infrastructures might not be sufficient to

prevent some forms of unethical behaviour, namely unethical behaviours that are not

explicitly recognized as such (Martin et al., 2014). Examining employees' perceived

situational strength in combination with moral issues might be way to discover which

behaviours are seen as unethical and whether ethical infrastructures provide a sufficient

impetus not to show these behaviours.

Furthermore, strong applied situations may be rare in contemporary contexts in which

employee uncertainty (Parker, Neal & Griffin, 2007) and managerial discretion (i.e., the

latitude of action or control over how one does one's work; Caza, 2012; Hambrick &

Finkelstein, 1987) are increasing on every hierarchical level (Hambrick, Finkelstein, Cho, &

Jackson, 2005). Our findings suggest that a twofold strategy may be beneficial. First, it seems

important that those who have the chance to influence sensemaking in organizations make

moral issues salient to individuals who are granted greater discretion. That is, they need to be

moral managers (Brown & Trevino, 2006) as well as managers of decision processes

(Bazerman & Gino, 2012). Second, if it is not possible to create strong situations that favour

ethical behaviour in organizations, our findings suggest that emphasis could be put on

selecting employees with particular personal strengths and/or nurturing and encouraging such

characteristics. Our findings with respect to the effects of moral disengagement on unethical

behaviour provide one example for an individual difference that might be particularly

influential in weak situations. However, the negative correlation between moral

disengagement and perceived ethical norm violation indicates that individuals high on moral disengagement are less sensitive in detecting moral issues in strong situations as well. Moral sensitivity training might be particularly beneficial for such individuals, helping them to recognize the moral issues implicit in some situations. Whether this perception effect manifests in unethical behaviour, however, seems to depend on situational strength.

Finally, although our research will not resolve the debate of whether authenticity is necessarily related to ethical behaviour (Algera & Lips-Wiersma, 2012; Shamir & Eilam, 2005), it illustrates one path through which authenticity may be translated into ethical choices. Our research suggests that people high in authenticity might have a lower propensity to morally disengage which in the end reduces their tendency to engage in unethical behaviour. These findings support approaches that emphasized the role of consistent self-expression and self-awareness for the occurrence of (un)ethical behaviour (Blasi, 1980; Pitesa & Thau, 2013). Notably, authenticity was negatively related to unethical behaviour in strong situations which might be due to their higher sensitivity to ethical issues in strong situations (as indicated by the positive correlation between authenticity and perceived ethical norm violation). We interpret these effects in a way that moral disengagement mediates the effect of authenticity on unethical behaviour in weak situations, only, as these situations provide more room for moral disengagement to occur.

Limitations and directions for future research

Applying the situational strength hypothesis to understand the differing influence of individual differences on moral behaviour resulted from an evolving research process. Although we could confirm some of our post-hoc explanations of our Study 1 through the findings in Study 2 (e.g., by providing support for our categorization of the four original moral issues according to their strength using a direct measure of situational strength perception), other points were not entirely solved and some new issues arose. Nevertheless,

our intention to understand unethical behaviour as a function of both individual differences and situational strength became more developed. We address some of the methodological and conceptual limitations in the following paragraphs.

A primary methodological limitation is that we assessed only a limited range of unethical behavior. We drew upon a set of moral issues that has been used in prior research (Petersen & Dietz, 2000, 2008) and we extended the scope of behaviours in our second study. However, a more systematically selected set of situations is needed. Future research could select situations according to criteria that have been shown to influence the tendency to engage in unethical behaviour such as magnitude of consequences, probability of the effect, and proximity to the victim of the unethical behaviour (Jones, 1991; Kish-Gephart et al., 2010).

Considering these characteristics when selecting moral issues in experiments or when categorizing immoral behaviour in real world settings might also help overcoming anomalies in our findings. For example, although there is a match between our perceived situational strength measure and statistical indicators for behavioural variance with dichotomous responses (e.g., low mean scores and standard deviations), this is not as clear as expected. Although strong and weak situations may be opposite ends of a conceptual continuum, people respond to patterns of attributes in a stimuli, and those aspects may be separate from the designation as strong or weak situations with some aspects being shared by items for strong and others for weak situations. For example, our situational strength measure is an explicit assessment of situations by subjects. Behaviour does not always follow from assessments, and there are explicit as well as implicit components to behaviour. As shown for example in the work by Haidt (for an overview, see Haidt & Kesebir, 2010), (im)moral behaviour sometimes follows from immediate emotional impulses and people have great difficulties to explain why they decided in a particular way. Thus, an item could be assessed a weak

situation in terms of conscious perceptions, but implicit aspects of the item might lead people to consistently respond one way or another. It is the problem attributes that promote behaviors, not the classification as strong or weak situations, which is an interpretation provided by researchers trying to build more abstract concepts to understand behavior. Thus, there is no necessary mapping between the conceptual dimension and what is shared among attributes which could be unidimensional, bi dimensional, etc. What is empirically interesting is the clear separation of situations into groups. Further research needs to look at what aspects of situations prompt such a dimensional structure.

Another methodological limitation is that our research is based on self-reports or intended moral behaviour. Studies that include informant reports or allow for the observation of actual moral behaviour would be useful to further confirm our findings. We cannot rule out that participants would act differently when they give instructions to the followers they supervise in their daily job. However, there is evidence (see Bartol & Martin, 1990) that in-basket exercises can realistically simulate the actual decision making environments of managers which might be one reason for their use in personnel selection procedures, and we tried to minimize biases by including items with differing moral content along with filler tasks into the in-basket exercise. We also framed the exercise as examining manager performance rather than as a study on moral behaviour. Future studies could use the situational strength measure that we developed and examine the Situational Strength Hypothesis in real-world settings. Such work should also examine the influence of the situation, person, and their interplay in the emergence of a broader range of unethical behaviours.

On a more conceptual note, we suggest that the relationship between authenticity and moral disengagement deserves more research attention. Our mediation model is based on the assumption that more general processes of the self (i.e., the striving for self-understanding

and consistent self-expression) have an indirect effect on the tendency to engage in unethical behaviour operating through more proximal antecedents of unethical behaviour. Given the nature of the processes that are summarized under the two concepts, we expected that moral disengagement is the proximal/direct antecedent of unethical behaviour whereas authenticity's effect operates more in a more distal/indirect manner. However, based merely on the design of our study, we cannot assess the causal relation among these two variables. Given that both individual characteristics are seen as malleable to some extent (Bandura, 1999; Knoll et al., 2015), longitudinal research is needed to investigate causality between authenticity and moral disengagement.

Besides these expected long-term effects, both authenticity and moral disengagement have been suggested to vary across situations (Martin et al., 2015; Sheldon, Ryan, Rawsthorne & Ilardi, 1997). This view is more established for moral disengagement which originally has been treated as a state which is triggered by specific features of the situation (e.g., the existence of an authority figure allows for denying responsibility). However, there is evidence that more general self-relevant processes such as those associated with authenticity also vary across situations (e.g., depending on the role one embodies; Sheldon et al., 1997). Future research using more than one measuring point could examine whether moral disengagement increases during the in-basket exercise (compared to a baseline measure prior to the experiment). We can even think of a moderator relationship where moral disengagement increases for those low in authenticity only. Although we think that authenticity and moral disengagement are closely related and that authentic individuals are less likely to morally disengage, this relationship deserves further empirical evaluation.

Our research might help determine which situational characteristics influence the fluctuation in authenticity and moral disengagement. For example, moral disengagement seems particularly relevant as a proximal antecedent of unethical behaviour in rather

ambiguous situations; however, it has also been argued to increase employees' tendency to

engage in unethical behaviour when strong ethical infrastructures are given (Martin et al.,

2014). More research linking situational strength to unethical behaviour could also integrate a

broader range of theoretical approaches that are relevant for understanding unethical

behaviour. For example, proponents of Cognitive Dissonance Theory (Festinger, 1957) could

argue that people after making unethical decisions might justify their behaviour by

interpreting the situation in a way that relieves them from negative moral emotions such as

guilt and shame. For example, employees could argue that they conducted unethical

behaviour to benefit the organization (Umphress & Bingham, 2011). Considering classical

ideas such as the Cognitive Dissonance Theory might lead to parsimonious explanations of

unethical behaviour and the Situational Strength Hypotheses might explain when dissonance

(reduction) is likely.

Conclusion

Prior research suggests three main influences on unethical behaviour: individual

differences, environmental differences, and differences in moral issues (Kish-Gephardt et al.,

2010). Our research supports this view and provides an approach that might be able to

integrate these three influences. We showed that moral disengagement and authenticity

function as predictors of unethical behaviour, but that these effects were influenced by

situational characteristics as suggested by the Situational Strength Hypothesis (Mischel,

1977). Authenticity was related to unethical behaviour in strong situations but showed only

an indirect effect through moral disengagement on unethical behaviour in weak situations.

This finding might help clarifying a controversial area in leadership research where

authenticity is associated with moral managers. Moral disengagement, in turn, influences

unethical behaviour (directly and as a mediator) in weak situations, only. The Situational

Strength Hypothesis seems intuitively compelling. However, despite being widely used as a

metaphor and operationalized via proxies (e.g., Meyer, Dalal, & Hermida, 2010), studies

which directly test the hypotheses are scarce and little reliable knowledge is available on

when people experience a situation as strong or weak and why. Our studies are only a first

step that may encourage further exploration of the situational strength hypothesis in

behavioural ethics research. Future research might draw upon our findings and our research

model to enrich knowledge about the processes linking strong/weak situations and unethical

behaviour. It might also examine how the nature of the situation and the moral issue

influences when individual differences cause unethical behaviour in organizations.

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Table 1. *Means, standard deviations, and zero-order correlations of Study 1 (upper diagonal) and Study 2 (lower diagonal) variables*

		M	SD	1	2	3	4	5	6	7	M	SD
1	Age	31.61	8.95	-	-.06	-.22**	.14*	-.00	-.07	-.03	32.75	8.99
2	Gender	1.71	0.45	-.04	-	-.23**	.02	.05	.06	.07	1.84	0.38
3	Moral Disengagement	2.48	0.82	-.17**	-.25**	-	-.32**	.19**	.06	.19**	2.34	0.87
4	Authenticity	4.83	0.78	.11	-.07	-.24**	-	$-.13^{\dagger}$	-.05	$-.13^{\dagger}$	3.88	0.53
5	Unethical Behaviour (weak situations)	0.61	0.29	-.02	-.14*	.26**	.05	-	$.13^{\dagger}$	.92**	0.62	0.26
6	Unethical Behaviour (strong situation)	0.34	0.22	-.24**	.01	.08	.13*	.06	-	.51**	0.14	0.35
7	Unethical Behaviour (composite measure)	0.49	0.19	-.14*	-.14*	.29**	-.05	.76**	.58**	-	0.50	0.22
8	Ethical norm violation (weak situations)	5.35	1.32	-.15*	.05	-.13*	.03	-.22**	.10	-.09	-	-
9	Ethical norm violation (strong situations)	5.66	1.25	-.00	-.14*	-.15*	.17*	-.06	-.09	-.11	-	-
10	Ethical norm violation (composite measure)	5.56	1.06	-.08	-.05	-.17*	.11	-.17*	.02	-.11	-	-

Notes. N's = 213 (Study 1) and 231 (Study 2). Gender: 1 = male, 2=female. Unethical behaviour: 0 = ethical choice, 1 = unethical choice. Composite measure of unethical behaviour included 4 items in Study 1 and seven items in Study 2. Weak situations in Study 1 and 2 are identically measured with three items. Strong situation(s) was measured with 1 item in Study 1 and 3 items in Study 2. The measure for whether the situation included an answer option that violate ethical norms (ethical nom violation) was included in Study 2, only. ** $p < .01$; * $p < .05$, $\dagger$ $p < .10$.

Table 2. *Descriptive statistics for situation items included in Study 2, situational strength, and unethical behaviour*

Moral Issue #	Ethical Norm Violation Mean (SD)	Illegal Response Option Mean (SD)	Situational Strength Mean (SD)	Unethical Behaviour Mean (SD)
1*	5.33 (1.98)	3.56 (2.04)	4.09 (1.11)	0.64 (.48)
2*	5.59 (1.64)	3.32 (2.08)	4.13 (1.04)	0.36 (.48)
3*	5.13 (1.90)	2.46 (1.85)	4.04 (1.13)	0.83 (.38)
4*	5.37 (1.87)	6.22 (1.42)	4.35 (1.35)	0.13 (.34)
5	5.18 (1.79)	3.24 (2.06)	4.25 (1.18)	0.73 (.44)
6	5.79 (1.67)	6.04 (1.50)	4.16 (1.22)	0.57 (.50)
7	6.38 (1.33)	5.83 (1.70)	4.99 (1.39)	0.16 (.36)

Note. N = 231. Order of situations as presented to the participants in Study 2: Filler(=F)1, Moral issue(=M)1, F2, M2, M3, F3, M4, M5, M6, F4, M7. The asterisk indicates moral issues that were also in Study 1.

Table 3. *Summary of exploratory factor analysis results for the situational strength measure*

Moral Issue #	*Rotated Factor*	*Loadings*
	1 (Strong Situation)	2 (Weak Situation)
5*	.94	-.09
4*	.58	.14
7*	.35	.15
2*	-.05	.75
3*	.18	.51
6	.33	.43
1*	.05	.37
Eigenvalues	3.27	0.88
% of variance	39.56	4.34

Note. $N = 231$. The asterisk indicates items that were selected to represent strong and weak situations in the subsequent analyses.
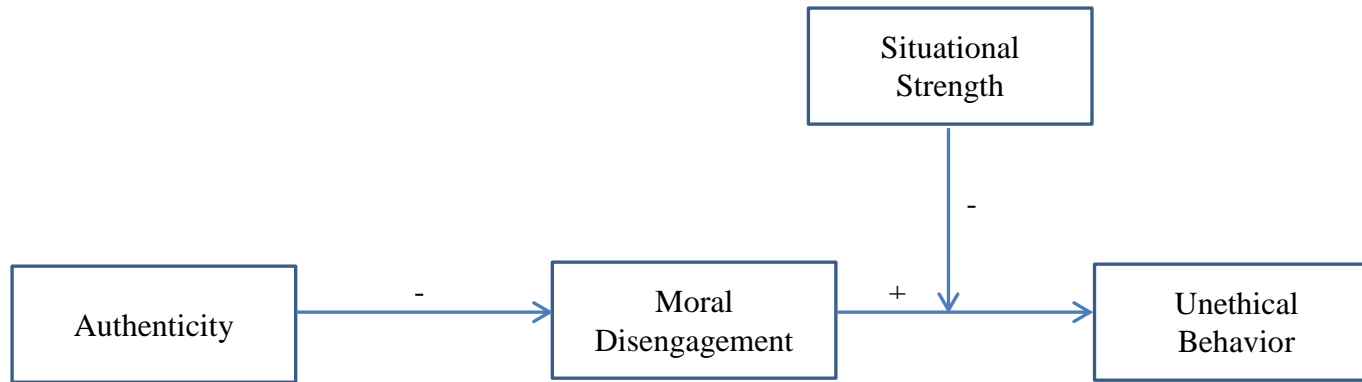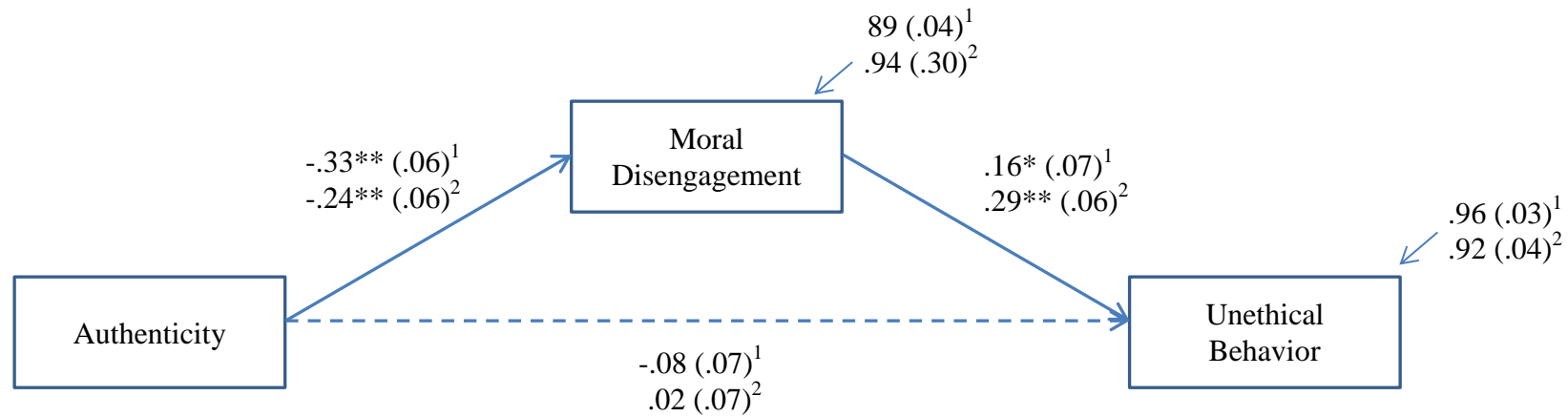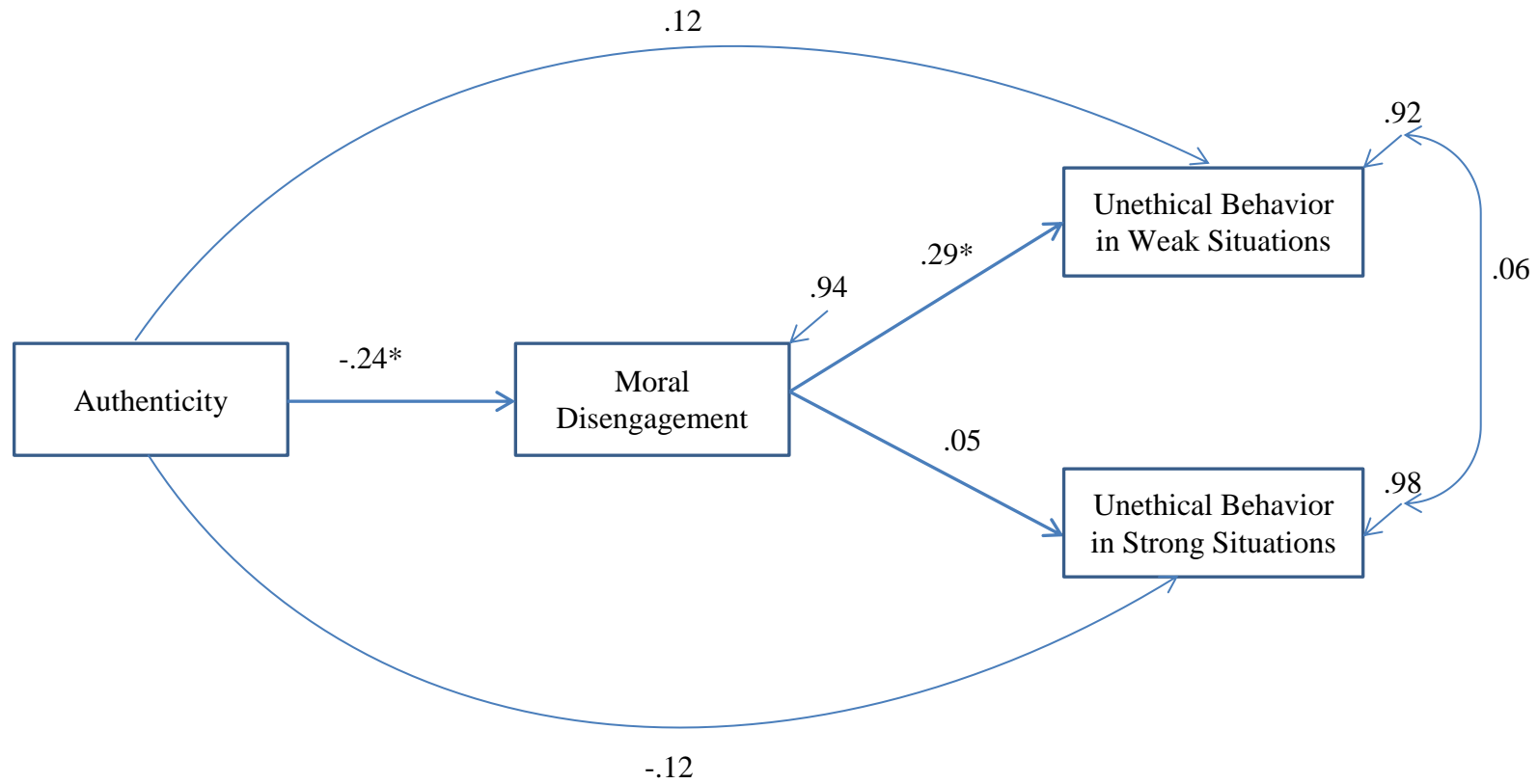
Figure 1. Theoretical model.

Note. Superscripts indicate Study 1 and Study 2 values. The indirect effect from authenticity to unethical behaviour via moral disengagement

for Study 1 was -.05 (*SE* = .03), *p* = .03, and for Study 2 it was -.07 (*SE* = .02), *p* < .01. *N*'s were 213 for Study 1 and 231 for Study 2. ** *p* < .01; *

p < .05

Figure 2. *Mediation results. Standardized effects are shown for Study 1 and Study 2.*

Note. Standardized effects are shown. The indirect effect from authenticity to unethical behaviour via moral disengagement for weak situations was -.07 (*SE* = .03), *p* = .01, and for strong situations it was -.01 (*SE* = .02), *p* > .50. * *p* < .05

Figure 3. *Moderation model results.*