Do ethical leaders enhance employee ethical behaviors?

Organizational justice and ethical climate as dual mediators and leader moral attentiveness as a moderator—Evidence from Iraq’s emerging market

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Abstract
Corruption devours profits, people, and the planet. Ethical leaders promote ethical behaviors. We develop a first-stage moderated mediation theoretical model, explore the intricate relationships between ethical leadership (member rated, Time 1) and employee ethical behaviors (leader rated, Time 3), and treat ethical climate and organizational justice (member rated, Time 2) as dual mediators and leaders’ moral attentiveness (leader rated, Time 3) as a moderator. We investigate leadership from two perspectives—leaders’ self-evaluation of moral attentiveness and members’ perceptions of ethical leadership. We theorize: These dual mediation mechanisms are more robust for high moral leaders than low moral leaders. Our three-wave data collected from multiple sources, 236 members and 98 immediate supervisors in the Republic of Iraq, support our theory. Specifically, ethical leadership robustly impacts organizational justice’s intensity and magnitude, leading to high employee ethical behaviors when leaders’ moral attentiveness is high than low. However, ethical leadership only influences the ethical climate’s intensity but has no impact on the magnitude when leaders’ moral attentiveness is high than low. Therefore, organizational justice is a more robust mediator than the ethical climate in the omnibus context of leader moral attentiveness. Our findings support Western theory and constructs, demonstrating a new theory for Muslims in Arabic’s emerging markets. Individual decision-makers (subordinates) apply their values (ethical leadership) as a lens to frame their concerns in the immediate (organizational justice and ethical climate) and omnibus (leader moral attentiveness) contexts to maximize their expected utility and ultimate serenity-happiness. Ethical leadership trickles down to employee ethical behaviors, providing practical implications for improving the ethical environment, corporate social responsibility, leader-member exchange (LMX), business ethics, and economic potentials in the global competitive markets.

Extended author information available on the last page of the article
Keywords  Ethical leadership · Organizational Justice · Ethical Climate · Moral attentiveness · Ethical behavior/Behavioral Ethics · Leader-member (follower/collaborator) exchange/LMX · Contextualization/Culture · Muslim · Monetary wisdom · CSR

Introduction

Recent corruption and unethical scandals (Enron, National Irish Bank, and Volkswagen) provoked grave concerns for researchers, practitioners, and many societies worldwide (Babalola et al., 2019; Fatima, 2020; Jamali et al., 2021; Palanski et al., 2021). Ethical leaders’ moral values, or the lack thereof, create a trickle-down effect from CEOs to top management teams (TMT) and lower-level employees in organizations (Brown & Treviño, 2006, 2014; O’Keefe et al., 2020). On the dark side, focusing on self-interests at others’ expense, Enron’s CEO earned $132 million; TMT raked in $282.7 million. Without concerns for Corporate Social Responsibility (CSR), corruption destroyed Enron and Arthur Andersen, incarcerated executives, and disrupted the careers of 110,000 employees worldwide (Schaubroeck et al., 2007; Treviño et al., 2014). Corruption devours the triple bottom line—profits, people, and the planet—at the individual, organization, and society-global levels (Elkington, 1998; Moore, 2016; Tang, 2021b; Xu et al., 2021).

On the bright side, ethical leaders enhance followers’ ethical behaviors (Al Halbusi et al., 2019, 2020a; Gu et al., 2015; Zhu et al., 2021), yet very few researchers have explored beyond the intricate mechanisms of ethical leadership and subordinates’ ethical behaviors. Ethical climate helps employees behave ethically in the work environment (Mayer et al., 2012; Parboteeah et al., 2018). Further, organizational justice deals with fair treatment in the work milieu, helping employees gain confidence, reduce uncertainty, and behave ethically (Al Halbusi et al., 2021a, b; Colquitt, 2012). Ethical leaders have the legitimate power to control organizations’ resources and employees, creating robust impacts on climate and justice perceptions (Brown et al., 2005). Very little research has examined these issues simultaneously using a comprehensive framework.

Moreover, leaders’ moral attentiveness (Reynolds, 2006, 2008) sets the boundary in the mediated relationships between ethical leadership and employee ethical behaviors. Leaders’ moral attentiveness is a quasi-personality trait (De Cremer, 2016; Reynolds & Ceranic, 2009; Whitaker & Godwin, 2013), helping them become responsive to ethical clues (Zhu et al., 2016).

Jamali and Karam (2018) reviewed 452 articles spanning two-and-a-half decades (1990–2015), summarized the global interests in CSR and local expressions, provided a multilevel review, and identified the critical differentiating attributes of the literature on CSR in developing countries. CSR is related to depictions of “CSR Thinking” and “CSR Doing” (p. 32). These expert scholars “invited authors to continue to push forward in this fascinating domain of scholarship around CSR and its antecedents and consequences in those contexts where it is most critically needed” (p. 50). Multinational enterprises (MNEs)
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and societies focus on CSR, expanding the triple bottom line—profits, people, and the planet to the emerging markets (Elkington, 1998).

There is a dearth of research on ethics in an under-researched region of the world. In emerging countries, institutional pressures from international markets, inter-governmental organizations, and parent companies are essential drivers of CSR’s managerial motivations (Jain et al., 2017). “CSR in developing countries has evolved into a significant body of scholarship that retains its nuances, peculiarities, and distinctiveness as a platform for knowledge generation” (p. 50). “Yet, emerging markets may feature countervailing forces that would provide firms with a sound rationale for the adoption of CSR practices under specific conditions” (Doh et al., 2015, p. 113). After invading Kuwait on August 2, 1990, Iraq suffered from the devastating destruction of two Persian-Golf Wars (Tang & Ibrahim, 1998; Tang & West, 1997; Tang et al., 2002).

States emerging from conflict are most vulnerable to economic exploitation (C4ADS, 2018) and corruption, sapping resources at all levels (Flintoff, 2007). Hofstede (1967/2010) showed that people in this Islam-based nation value high power distance (score = 95), uncertainty avoidance (85), long-term orientation (25), and collectivism (30). High power distance affects employees’ perceptions of and responses to their supervisors (Smith & Hume, 2005). A long-term orientation prompts people to stick with established rules. Collectivists’ thinking (we over I) helps them adopt various stakeholders and identify ethical dilemmas (Husted & Allen, 2008). Minimal research has explored business ethics in the Republic of Iraq (Budur & Demir, 2019).

This study fills the void. We answer the call and make the following contributions. First, we investigate critical constructs related to business ethics—the relationships between member perception of ethical leadership (member rated, Time 1) and subordinate ethical behaviors (leader rated, Time 3). Second, we theorize that ethical climate and organizational justice (member rated, Time 2) are two independent mediators impacting ethical behaviors. Third, ethical leaders foster subordinate ethical behaviors via ethical climate (Schminke et al., 2005) and organizational justice (Colquitt et al., 2001), yet moral attentiveness sets the mediated relationships’ boundaries. Fourth, we follow Western theories and constructs in the English-speaking literature (Aguinis & Glavas, 2012) and propose a first-stage moderated mediation theoretical model. Fifth, we collect data from multiple sources using a three-wave panel design. Finally, we answer Jamali and Karam’s (2018) call and “push forward in this fascinating domain of scholarship around CSR and its antecedents and consequences in those contexts where it is most critically needed” (p. 50). We test our theoretical model in an under-researched region of the world—the Republic of Iraq. Compared to Western cultures, Iraq, with unique contexts with various cultures, religions, values, untapped opportunities, and huge growth potential, is emerging as one of the top consumer markets in the Middle East (Research and Markets, 2018).

Based on data from the emerging markets, we offer several novel discoveries. Ethical leadership impacts organizational justice’s intensity and magnitude, leading to high employee ethical behaviors when leaders’ moral attentiveness is high than low. However, ethical leadership affects the ethical climate’s intensity but not the magnitude. Organizational justice is a more robust mediator than the ethical climate. We support the notion that individual decision-makers (subordinates) apply
their values (ethical leadership) as a lens to frame their concerns in the immediate (organizational justice and ethical climate) and omnibus (leader moral attentiveness) contexts to maximize their expected utility and ultimate serenity (cf. Tang, 2021a, b). Our findings help improve the ethical environment, CSR, business ethics, and economic potentials among Muslims in Arabic’s emerging markets.

**Theory and hypotheses**

States emerging from conflict are vulnerable to economic exploitation. In April 2003, the Iraqi economy collapsed due to pervasive misconduct, mismanagement, corruption, and power misuse (Al Halbusi et al., 2020a, b). Public and private sectors suffered from traditional bureaucracy, rigid organizational structure, authorities’ exploitation of powers, favoritism, and the absence of ethical leadership, ethical environment, and fairness, exacerbating corruption (Arab & Atan, 2018). According to the 2018 Corruption Perceptions Index (CPI), Iraq ranked 168 out of 180 countries, and a CPI score of 18 out of 100, suggesting rampant corruption. In 2020, the country’s ranking improved to 160 and CPI to 21. With a population of over 39 million, untapped opportunities, huge
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Ethical leadership fosters ethical behaviors (Path 1) (Bedi et al., 2016). Following social learning theory (Bandura, 1977), managers’ outstanding authority, garnering attention, and conveying attractive information make employees imitate, learn, and acquire new behaviors (Brown & Treviño, 2006). Ethical leaders’ moral behaviors contribute to followers’ moral development (Brown et al., 2005) and influence employees’ actions (Chin et al., 2021; Xu et al., 2021). Ethical leaders’ morality (Treviño et al., 2014) helps employees quickly learn appropriate and ethical behaviors. Ethical leaders (Pircher Verdorfer & Peus, 2020; Tang & Liu, 2012) reveal a moral dimension as a person (integrity, concern for others, fairness, and trustworthiness) and manager (role modeling, ethical standards, reward and punishment...
systems, and communication) (Brown et al., 2005). Leaders with high social responsibility show higher ethical leadership and lower despotic leadership. Leader values also trickle down and impact employee behaviors (Chin et al., 2021; Xu et al., 2021). Ethical leadership enhances top management team effectiveness and subordinates’ optimism (De Hoogh & Den Hartog, 2008). When top management stresses ethical behavior, professionals show high job satisfaction and ethical optimism (Vitell & Davis, 1990). These salient characteristics influence employees’ ethical behaviors and attract subordinates’ attention (Gu et al., 2015; Lu & Lin, 2014).

Leaders’ fair treatment and genuine concern demonstrate clear intentions to care for their employees’ welfare and benefits. The principle of reciprocity helps employees reciprocate their behaviors and actions, behaving ethically, benefiting the managers and organizations (Mayer et al., 2009). Iraq’s collectivistic culture and values support these arguments (Al Halbusi et al., 2020a; Babalola et al., 2019; Presbitero & Teng-Calleja, 2019), leading us to assert a positive relationship between ethical leadership and employee ethical behaviors.

**Hypothesis 1:** Ethical leadership is positively related to employee ethical behaviors

**The ethical climate as a mediator**

Victor and Cullen defined ethical climate as “prevailing perceptions of typical organizational practices and procedures that have ethical content” (1988, p. 101). Following social exchange theory (Blau, 1964), individuals attain information about themselves and others from the social environment. Organizational social life involves sequential transactions between two or more parties (Mitchell et al., 2012). It establishes their internal standards and regulations in the work settings (Brown et al., 2005; Gouldner, 1960). Reciprocity facilitates the exchange of resources and the (good/bad) deeds between two parties (Cropanzano et al., 2017) and determines the quality of these exchanges. Ethical leaders foster an ethical climate (Bedi et al., 2016; Zhang et al., 2021) through the policies, procedures, and processes, promoting a moral climate (Mayer et al., 2009; Schminke et al., 2005). Path 2 suggests a consistent impact of ethical leadership on ethical climate (Ethical Leadership → Ethical Climate) (Al Halbusi et al., 2021a, b; Engelbrecht et al., 2005; Parboteeah et al., 2018; Xu et al., 2021).

Subsequently, the ethical climate is essential in influencing employee ethical behaviors (Path 3: Ethical Climate → Ethical Behaviors). Several reasons signify ethical climate as a mediator. First, ethical climate involves ethical standards, practices, policies, and processes in a work environment, setting an essential objective and mission (Brown et al., 2005; Trevinõ et al. 2014). Second, it reflects what is right or wrong in organizations and encourages employees to behave ethically (Kuenzi et al., 2020; Parboteeah et al., 2018). Third, ethical climate signals organization expectations, rules, practices, and procedures, helping followers successfully recognize and resolve ethical issues. Hence, subordinates apply ethical climate as a point of view to frame their daily decision-making processes. Ethical climate serves as a lighthouse, shining in the darkness, guiding employees to achieve business
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objectives, and leading to excellent and honest behaviors (Decoster et al., 2019; Mayer et al., 2009).

Leaders’ ethical values are consistently associated with organizations’ ethical climate (Choi et al., 2015; Engelbrecht et al., 2005; Enwereuzor et al., 2020). As role models, ethical leaders help create a moral climate in organizations and excite subordinates to do the right things. An ethical environment motivates employees to act ethically (Mayer et al., 2009; Peng & Wei, 2020; Xu et al., 2021). We posit that the ethical climate is a mediator between ethical leadership and employee ethical behaviors (combine Paths 2 and 3):

**Hypothesis 2:** Ethical climate mediates the relationship between ethical leadership and employee ethical behaviors.

Organizational justice as a mediator

Organizational justice involves four sub-constructs: distributive justice, procedural justice, interpersonal justice, and informational justice (Colquitt, 2001). Ethical leaders enforce justice perceptions (Path 4) by applying fair procedures equally across various contexts, communicating clearly and honestly, listening to subordinates, showing genuine care, treating employees well, and making equitable decisions (Al Halbusi et al., 2020a; Colquitt et al., 2001; Cropanzano et al., 2001; Demirtas, 2015). Organizational justice leads to high employee ethical behaviors (Path 5) for the following reasons.

First, fairness is one of the most important characteristics of ethical leadership. Ethical leaders display explicit integrity, honesty, and trustworthiness (Brown et al., 2005; Colquitt et al., 2001; Koo & Park, 2018). Organizational justice confidently eliminates uncertainty, develops trust in organizations, and encourages ethical behaviors (Chen et al., 2011; Özbek et al., 2016). However, unfair treatment and inconsistency cause feelings of dissatisfaction, which excite employees to steal in the name of justice, equity, and retaliation, leading to unethical behaviors (Brown et al., 2005; Gino & Pierce, 2009; Greenberg, 1993; Pan et al., 2018; Shah et al., 2017). Organizational justice serves as a vital tool to infer how leaders have treated them (Lin et al., 2009).

Second, the practice of distributive, procedural, interpersonal, and information justice (Colquitt & Greenberg, 2003) conveys organizational justice and the expectation of integrity—the consistency between espoused values and action in organizations (Simons, 2002). However, low justice perceptions lead to cynical unethical behaviors to get even (Gino & Pierce, 2009; Karam et al., 2019). Organizational justice mediates the relationship between ethical leadership and ethical behaviors. We hypothesize the following mediation effect (Ethical Leadership → Organizational Justice → Ethical Behaviors).

**Hypothesis 3:** Perceived organizational justice mediates the relationship between ethical leadership and employee ethical behaviors.
Leader’s moral attentiveness as a moderator

We treat moral attentiveness as a moderator of our first-stage moderated mediation theoretical model. Reynolds (2008) defined moral attentiveness as “the extent to which an individual chronically perceives and considers morality and moral elements in his or her experiences” (p. 1028). This moderator reflects interpersonal differences (Zhu et al., 2016) with two components: (1) reflective and (2) perceptual perspectives. From the reflective perspective, high moral attentive leaders consider ethical issues regularly (Reynolds, 2008; Whitaker & Godwin, 2013). Following social learning theory (Bandura, 1977), subordinates admire ethical leaders’ authority and power, aspire to please them, and want to be like them, causing employees to behave ethically (Brown et al., 2005; Brown & Treviño, 2006; Tang & Liu, 2012).

From the perceptual perspective, employees’ recognitions of daily moral experiences and primarily concerns establish information coding (Reynolds, 2008; Whitaker & Godwin, 2013), generate followers’ perceptions, and curb any chances of unethical behaviors.

First, subordinates read, adapt, and accept their leaders’ moral attentiveness, reflecting leaders’ intra-individual variations (Nelissen et al., 2007; Reynolds, 2008; van Gils et al., 2015). When leaders’ cues are exposed consistently, subordinates in the same unit establish shared perceptions about the importance of upholding moral traits, creating collective moral attentiveness. Working under high moral vigilant leaders ultimately motivates members’ ethical behaviors (Reynolds & Ceranic, 2009; Xu et al., 2021). We assert: Leaders’ moral attentiveness stimulates followers’ attention toward the righteous direction, demonstrating normative behavior and addressing ethical complexities, concerns, and standards (Zhu et al., 2016). Leaders with high moral attentiveness are aware of informational cues’ moral consequences, alerting them to ethically charged situations (Culiberg & Mihelič, 2016; Miao et al., 2020).

Second, moral attentiveness varies from leader to leader (Reynolds, 1998). The social learning theory recognizes individual differences in morality and ethical matters. Leaders with high moral attentiveness communicate moral dilemmas, set ethical standards, provide feedback about ethical decisions, offer insightful and constructive comments to their employees, provide directions, and create a trickle-down effect. Those without moral attentiveness may not have the same results. Three factors—saliency, vividness, and accessibility—define attention (Fiske & Taylor, 1991). We refer to saliency, vividness, and accessibility as the contextual significance of stimuli, the excitement level, the individual’s cognitive frameworks, and their capacity to identify or recognize triggers. Fiske and Taylor (1991) distinguished regular sources of accessibility from more chronic sources. Standard or customary sources of accessibility are temporarily available to the individual but do not necessarily dominate cognition. Chronically accessible frameworks shape individuals’ attention. Participants under stress with a chronically accessible category for honesty could
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Recall selective information about honest and dishonest targets’ behaviors better than those without such type (Bargh & Thein, 1985).

Zhu et al. (2016) used the social cognitive theory to posit that ethical leadership would influence subordinates’ moral attentiveness. They argued that strong ethical leaders direct the attention of subordinates in an ethical direction, which primes them to notice and attend to ethical issues. As Zhu et al. explained, ethical leaders can be particularly persuasive because they are seen as legitimate and credible role models. Given that ethical leaders are compelling role models, and given that they tend to regularly communicate about ethical issues, it makes sense that the followers of ethical leaders should attend to ethical issues. As a result, we take the approach that self-conscious moral orientation can be developed through the social learning processes such as those fostered by ethical leaders. Therefore, we argue that ethical leadership should have a positive effect on the reflective moral attentiveness of employees in an organisational context, the social learning theory posits that due to the status and power of leaders within the organisational hierarchy, leaders are important sources of observation and emulation, and can act as role models for employees. By engaging employees in discussions about the morality and ethics of their decisions and behaviours (Eva et al., 2018), and highlighting regularly that they should reflect on moral issues before making decisions (Brown et al., 2005), subordinates working under an ethical leader will learn that it is appropriate to reflect on moral issues. We discuss the two paths in two separate sections below.

**Moral attentiveness moderates path 2 (ethical leadership to ethical climate)** Moral attentiveness makes subordinates aware of their actions’ consequences, salience in the omnibus context (Wurthmann, 2013; Zhu et al., 2016), their cognitive frameworks, and agility in encoding relevant information automatically (Bargh, 1989). Morally attentive leaders are highly sensitive to moral clues and situational cues in the context, helping them augment ethical behaviors (Giessner & van Quaquebeke, 2010; Martin & Cullen, 2006). Leader moral attentiveness promotes a strong preference for moral-rooted aspects of fairness, showing subordinates the right thing to do (van Gils et al., 2015).

Leaders with high moral attentiveness pay more intense attention to the relationships between ethical leadership and ethical climate, making them more vivid and accessible than those with low vigilance. Ethical leaders’ positive impact on creating an ethical climate and employee ethical behaviors is more robust for leaders with high moral attentiveness than those with low moral attentiveness (Zhu et al., 2016).

**Moral attentiveness moderates path 4 (ethical leadership to organizational justice)** Moral attentiveness constitutes a distinct cognitive classification, making honest information more cognitively accessible (Reynolds, 2008; van Gils et al., 2015). First, leaders with high moral attentiveness use morality as a concern to process the incoming stimuli and utilize these chronically accessible morality concepts to
interpret incoming information (fairness or justice perspectives), generally and regularly, in all ethical aspects of daily lives (Zhu et al., 2016).

Second, moral attentiveness’ reflective and perceptual aspects consider ethical matters and reflect on their honest experiences. Leaders with high moral attentiveness may call on their followers to identify unfair moral issues facing them within the workplace. Individuals’ moral attentiveness is associated with increased ethical awareness and moral behaviors. Thus, leaders with high moral attentiveness will interact with organizational justice, and these interactions are likely to reflect on the followers. We simultaneously explore leadership from two sources: ethical leadership (member rated, Time 1) and moral attentiveness (leader rated, Time 3). Climate and justice perceptions are mediators, and moral vigilance serves as a moderator.

**Hypothesis 4a:** Leader moral attentiveness moderates the first stage of the mediation effect (ethical climate). A more robust mediated relationship exists for leaders with high moral attentiveness than those with low moral attentiveness.

**Hypothesis 4b:** Leader moral attentiveness moderates the first stage of mediation effect (organizational justice). The mediated relationship is more vital for leaders with high moral attentiveness than those with low moral attentiveness.

**Method**

**Participants and procedure**

Following the IRB’s protocols, we contacted the offices of human resource management (HRM). We received permission from five manufacturing organizations in Baghdad, Iraq to collect data. We informed middle-level managers and subordinates of their voluntary participation and assured their confidentiality and privacy. We would only use survey data for research purposes and present the whole sample’s results without revealing personal information. We obtained their written consent. To avoid common method variance (CMV), we collected data from multiple sources—supervisors and subordinates—across three periods (Podsakoff et al., 2012). We employed G-Power 3.1 to determine the appropriate sample size (Faul et al., 2007; Ryan, 2020). Following Cohen (1992), we set preferable power at 0.90, with a mediating effect size of 0.15, and identified the minimum sample size ($N=119$). Researchers have frequently used non-probability sampling (Hulland et al., 2018). We applied a purposive sampling design and took advantage of many respondents from distinct sectors representing a broader population (Al Halbusi et al., 2020a).

We distributed surveys to 460 subordinates working under 110 supervisors. Supervisor had about 4 subordinates ($M=3.48$, $SD=0.69$). For the first wave of
data collection, we distributed our survey to 460 subordinates and collected their demographic information and their immediate supervisors’ ethical leadership behaviors. Three weeks later (second wave), we distributed our survey to 460 employees and asked them to rate perceptions of the ethical climate and organizational justice. In this two-wave data collection, 385 participants completed the survey (response rate = 83%). Three weeks later (third wave), we distributed questionnaires to 110 supervisors. Ninety-eight supervisors (response rate = 89%) rated their moral attentiveness and subordinates’ ethical behaviors. Across our three-wave of data collection, we obtained data from 236 members and their 98 immediate supervisors.

Measurement

All respondents spoke Arabic. The research team established two focus groups with scholars familiar with both languages and our research objectives and constructs. One focus group translated all measurements from English to Arabic. The other translated from Arabic back to English using a translation-back-translation procedure (Brislin, 1980). The two groups resolved any disagreements and finalized the questionnaire. We applied a 5-point Likert-type scale with strongly disagree (1), disagree (2), neutral (3), agree (4), and strongly agree (5) as anchors.

Ethical leadership We selected the 10-item ethical leadership scale (Brown et al., 2005). Here are two examples: “My supervisor listened to what employees have to say.” “My supervisor sets an example of how to do things the right way in terms of ethics.”

Work ethical climate We adapted the 14-item, 5-factor ethical climate scale (Victor & Cullen, 1988) with five dimensions: 3-item Caring (“our major concern is always what is best for the other person”), 3-item Independence (“in this organization, employees are guided by their own personal ethics”), 3-item Law and Code (“employees are expected to comply with the law and professional standards over and above other considerations”), 2-item Rules (“employees in this organization strictly obey the organization policies”), and 3-item Instrumental (“in this organization, people protect their own interests above all else”). A high score indicated a robust ethical climate.

Organizational justice We selected Colquitt’s (2001) 20-item Organizational Justice Scale involving four sub-constructs: 4-item distributive justice (“does your outcome reflect the effort you have put into your work?”), 7-item procedural justice (“have those procedures been applied consistently?”), 4-item interpersonal justice (“has your superior treated you with dignity?”), and 5-item informational justice (“has your superior explained the procedures thoroughly?”). We applied the same 5-point scale with different anchors: to a very small extent (1), to a small extent (2), neutral (3), to a large extent (4), and to a very great extent (5).
Leader’s moral attentiveness  We selected the 12-item, 2-factor moral attentiveness (Reynolds, 2008) with 7-item perceptual and 5-item reflective sub-constructs. Here are two sample items: “In a typical day, I face several ethical dilemmas.” “I regularly think about the ethical implications of my decisions.”

Employee ethical behaviors  We selected a 12-item scale (Ferrell & Weaver, 1978; Newstrom & Ruch, 1975). We asked leaders to rate subordinates regarding 12 universal moral principles. Here are sample items that will lead them to human growth and the organization’s proper functioning: “Employee conducts only company business on company time.” “Employee completes quality/quantity reports honestly.”

Results

Demographic profile

We collected participants’ gender, age, education, and job experience. Regarding gender, 75.6% of the respondents were male (24.4% female), supporting male dominance in the work environment. Pearson’s chi-square test showed no significant gender differences across cases ($\chi^2 (1) = 6.90, p = 0.087$). Regarding their age, 5.6% were under age 25, 20.6% were between ages 25 and 30, 42.6% were between ages 31 and 40, 22.4% were between ages 41 and 50, and 8.7% were above age 51. Of education, 13.2% had completed high school, 15.3% had a diploma, 54.8% had a bachelor’s degree, 9.0% had a master’s degree, and 6.0% had a Ph.D. Regarding experience, 5.0% had less than two years of experience, 23.1% had 3–5 years, 36.9% had 6–10 years, 12.6% had 11–15 years, and 22.4% had more than 16 years.

Items reliability, internal reliability, and convergent validity

We used Partial Least Squares (PLS) (The Smart-PLS 3.0, Ringle et al., 2015) and followed the two-step procedure (Hair et al., 2017, 2019). We examined individual item reliability, internal consistency reliability, convergent validity, and discriminant validity. All the used items were above the 0.5 thresholds, indicating a medium correlation with the relevant construct. Cronbach’s alpha (internal consistency) varied between 0.71 and 0.92. The Composite Reliability (CR) varied between 0.75 and 0.93. We achieved convergent validity since the Average Variance Extracted (AVE) range was between 0.51 and 0.86. We confirmed the discriminant validity using both techniques (Fornell & Larcker, 1981). We treat the heterotrait-monotrait ratio of correlations (HTMT) as a new approach to assess discriminant validity in variance-based SEM. HTMT was significantly different from 1. AVE’s square roots for each variable were higher than the correlation of each variable with the others (Henseler et al., 2015) (Table 1).

We examined the common method variance (CMV) bias (Podsakoff et al., 2012). We employed Harman’s (1967) single-factor test, selected all items of interest, used exploratory factor analysis (EFA), and identified seven factors with eigenvalues
Table 1 Descriptive statistics, correlation matrix, and discriminant validity (AVE and HTMT)

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<td>1. EL</td>
<td>4.09</td>
<td>0.55</td>
<td>0.627 [0.537; 0.719]</td>
<td>0.653 [0.561; 0.739]</td>
<td>0.439 [0.333; 0.537]</td>
<td>0.605 [0.486; 0.710]</td>
<td>0.100 [0.089; 0.183]</td>
<td>0.070 [0.061; 0.179]</td>
<td>0.087 [0.067; 0.175]</td>
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<td>2. OJ</td>
<td>3.88</td>
<td>0.41</td>
<td>0.55</td>
<td>0.38 [0.667; 0.854]</td>
<td>0.739 [0.434; 0.602]</td>
<td>0.702 [0.643; 0.771]</td>
<td>0.215 [0.162; 0.323]</td>
<td>0.131 [0.106; 0.246]</td>
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<td>3. EC</td>
<td>3.86</td>
<td>0.41</td>
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<td>0.78</td>
<td>0.45 [0.403; 0.584]</td>
<td>0.482 [0.657; 0.805]</td>
<td>0.137 [0.106; 0.252]</td>
<td>0.168 [0.142; 0.252]</td>
<td>0.174 [0.129; 0.277]</td>
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<td>4. MA</td>
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<td>0.60 [0.510; 0.683]</td>
<td>0.593 [0.109; 0.241]</td>
<td>0.131 [0.126; 0.243]</td>
<td>0.151 [0.129; 0.277]</td>
<td>0.098 [0.075; 0.218]</td>
<td>0.137 [0.114; 0.242]</td>
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<td>5. EB</td>
<td>4.04</td>
<td>0.51</td>
<td>0.55</td>
<td>0.63</td>
<td>0.61 [0.532; 0.683]</td>
<td>0.14 [0.137; 0.332]</td>
<td>0.211 [0.114; 0.252]</td>
<td>0.155 [0.124; 0.237]</td>
<td>0.147 [0.076; 0.200]</td>
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<td>6. GE</td>
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<td>–</td>
<td>0.16</td>
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<td>–0.01</td>
<td>0.20</td>
<td>n.a</td>
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<td>0.014 [0.006; 0.175]</td>
<td>0.020 [0.005; 0.156]</td>
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<tr>
<td>7. Age</td>
<td>3.05</td>
<td>1.01</td>
<td>0.03</td>
<td>–0.07</td>
<td>–0.05</td>
<td>0.05</td>
<td>–0.14</td>
<td>–0.05</td>
<td>n.a</td>
<td>0.128 [0.021; 0.257]</td>
<td>0.703 [0.644; 0.765]</td>
</tr>
<tr>
<td>8. ED</td>
<td>2.84</td>
<td>1.24</td>
<td>–0.06</td>
<td>–0.10</td>
<td>–0.17</td>
<td>–0.04</td>
<td>–0.10</td>
<td>–0.01</td>
<td>0.13</td>
<td>n.a</td>
<td>0.113 [0.027; 0.214]</td>
</tr>
<tr>
<td>9. JE</td>
<td>3.28</td>
<td>1.19</td>
<td>0.03</td>
<td>–0.03</td>
<td>–0.02</td>
<td>0.10</td>
<td>–0.07</td>
<td>–0.02</td>
<td>0.70</td>
<td>0.11</td>
<td>n.a</td>
</tr>
</tbody>
</table>

Bold values on the diagonal in the correlation matrix are square roots of AVE (variance shared between the constructs and their respective measures). Off-diagonal elements below the diagonal are correlations among the constructs, where values between 0.13 and 0.16 are significant at \( p < 0.05 \), and values above 0.16 are significant at \( p < 0.01 \) (two-tailed test). Off-diagonal elements above the diagonal are the heterotrait-monotrait ratios of correlations (HTMT), and their respective confidence intervals at the 95% significance level.

EL ethical leadership, OJ organizational justice, EL ethical climate, MA moral attentiveness, EB employees behavior, GE gender, ED education, JE job experience.
greater than 1. The total amount of variance explained was 68%. The first factor accounted for only 25% of the total variance (≤ 50%). Our empirical data offered robust support showing strong construct validity of our measures and no concern for reliability and CMV in this study. We have the confidence to test our hypotheses in our subsequent data analyses.

Our theoretical model

First, we present the mean, SD, and correlations of major variables in Table 1. Table 1 shows the square roots of AVEs (in bold numbers) on the diagonal line of the correlation matrix, correlations among the constructs below the diagonal, and the heterotrait-monotrait ratios of correlations (HTMT) above the diagonal.

We employed the Bootstrap method to test the mediation effects, selected bias-corrected confidence intervals (95% confidence level), and used 5000 Bootstrap samples (Preacher & Hayes, 2004, 2008). Following the suggestions in the literature, the mediation effect is significant when the 95% confidence interval does not cover (straddle) zero.¹ Table 2 presents the results of our analyses. First, Path 1 was significant ($\beta = 0.216, t = 5.020, p < 0.001$), supporting Hypothesis 1 (Ethical Leadership $\rightarrow$ Member Ethical Behaviors) (see Table 2 and Fig. 2).

Second, Table 2 shows a significant mediation effect for ethical climate ($\beta = 0.198, t = 3.762, p < 0.001$). The mediation effect was significant (CI [0.110, 0.308]) supporting Hypothesis 2 (Ethical Leadership $\rightarrow$ Ethical Climate $\rightarrow$ Member Ethical Behavior).

¹ We thank Editor Allan K. K. Chan, Associate Editor Morgan Yang, and two anonymous reviewers for their constructive feedback and suggestions.
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Third, Table 2 also illustrates a significant mediation effect for organizational justice ($\beta=0.170$, $t=3.817$, $p<0.001$). The mediation effect was significant (CI [0.185, 0.260]), supporting Hypothesis 3 (Ethical Leadership → Organizational Justice → Member Ethical Behavior).

The second half of Table 2 explores additional demographic variables and reports non-significant findings. Notably, gender had no significant impact on ethical behaviors. Further, other demographic variables also failed to reach significance (age, educational level, and experience) because the 95% CIs included zero (0).

**Results of our moderated-mediation effect on ethical climate** We used the PROCESS program’s bootstrapping to calculate the moderating effect’s statistical significance (Hayes, 2015, 2017). To detect the positive indirect effect differs at distinct levels of the moderator (moral attentiveness), we set the number of bootstrap samples to 5,000. Table 3 shows that the index of moderated mediation does not include zero (index = 0.186, $SE=0.045$, 95% CI [0.156, 0.263]) (Hayes, 2015, 2017) (Figs. 2 and 3). The positive indirect effect was significantly stronger at one standard deviation above the mean (higher level of moral attentiveness; +1 SD: $B=0.26$, $SE=0.08$, 95% CI [0.18, 0.40]) than at one standard deviation below the mean.
We empirically demonstrated that moral attentiveness moderated the first mediation effect (Paths 2 and 3), supporting Hypothesis 4a (Path 6 on Paths 2 and 3). We provide our visualization of the interaction effect below (Hayes & Rockwood, 2017). We pay attention to the relationships between ethical leadership and ethical climate for leaders with high, medium, and low moral attentiveness. Figure 3 shows positive relationships between ethical leadership and ethical climate. Leaders with high moral attentiveness exhibited a steeper slope than leaders with low moral attentiveness.

Table 3  Conditional indirect effect of ethical leadership on employee’s ethical behavior via ethical climate at values of leader’s moral attentiveness

<table>
<thead>
<tr>
<th>Moderator</th>
<th>Indirect effect</th>
<th>Boot SE</th>
<th>LL 95% CI</th>
<th>UL 95% CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>–1 standard deviation (-0.709) at the mean (0.00)</td>
<td>0.15</td>
<td>0.06</td>
<td>0.13</td>
<td>0.36</td>
</tr>
<tr>
<td>+ 1 standard deviation (0.709)</td>
<td>0.21</td>
<td>0.03</td>
<td>0.14</td>
<td>0.29</td>
</tr>
<tr>
<td></td>
<td>0.26</td>
<td>0.08</td>
<td>0.18</td>
<td>0.40</td>
</tr>
</tbody>
</table>

Index of moderated mediation

<table>
<thead>
<tr>
<th></th>
<th>SE</th>
<th>Bias and corrected bootstrap 95% CI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>LL 95% CI</td>
</tr>
<tr>
<td>0.186</td>
<td>0.045</td>
<td>0.156</td>
</tr>
</tbody>
</table>

N = 236. Bootstrap sample size = 5000. SE standard error, LL lower limit, CI confidence interval, UL upper limit 95% bias-correlated CI

(lower level of moral attentiveness; -1 SD: B = 0.15, SE = 0.06, 95% CI [0.13, 0.36]). We empirically demonstrated that moral attentiveness moderated the first mediation effect (Paths 2 and 3), supporting Hypothesis 4a (Path 6 on Paths 2 and 3).

We provide our visualization of the interaction effect below (Hayes & Rockwood, 2017). We pay attention to the relationships between ethical leadership and ethical climate for leaders with high, medium, and low moral attentiveness. Figure 3 shows positive relationships between ethical leadership and ethical climate. Leaders with high moral attentiveness exhibited a steeper slope than leaders with low moral attentiveness.

Fig. 3  Leader moral attentiveness moderates the relationship between the ethical leadership and ethical climate
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**Table 4** Conditional indirect effect of ethical leadership on employee’ ethical behavior via organizational justice at values of leader’ moral attentiveness

<table>
<thead>
<tr>
<th>Moderator</th>
<th>Indirect effect</th>
<th>Boot SE</th>
<th>LL 95% CI</th>
<th>UL 95% CI</th>
<th>Bias and corrected bootstrap 95% CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>−1 standard deviation</td>
<td>0.48</td>
<td>0.042</td>
<td>0.34</td>
<td>0.51</td>
<td></td>
</tr>
<tr>
<td>(−0.307) at the mean (0.00)</td>
<td>0.45</td>
<td>0.037</td>
<td>0.38</td>
<td>0.59</td>
<td></td>
</tr>
<tr>
<td>+1 standard deviation</td>
<td>0.57</td>
<td>0.051</td>
<td>0.41</td>
<td>0.63</td>
<td></td>
</tr>
<tr>
<td>(0.307)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


**Fig. 4** Leader moral attentiveness moderates the relationship between the ethical leadership and organizational justice

**Results of moderated-mediation effect on organizational justice** Table 4 illustrates that the index of moderated mediation does not include zero (index = 0.186, *SE* = 0.045, 95% CI [0.156, 0.263]), supporting our moderated mediation effect (Hayes, 2015, 2017). Figure 4 demonstrates the following novel discoveries.

First, the positive indirect effect was significantly stronger at one standard deviation above the mean (higher level of moral attentiveness; +1 SD: *B* = 0.57, *SE* = 0.051, 95% CI [0.41, 0.63]) than at one standard deviation below the mean.
(lower level of moral attentiveness; -1 SD: $B = 0.48$, SE = 0.042, 95% CI [0.34, 0.51]), supporting Hypothesis 4b (Path 7 on Paths 4 and 5).

Second, the three levels of moral attentiveness did not intersect in Fig. 4. Leaders with high moral attentiveness (leader rated, Time 3) excited a higher level (magnitude) of organizational justice (member rated, Time 2) at one standard deviation above the mean than those at the mean level, which, in turn, was higher than that at one standard deviation below the mean. Thus, moral attentiveness moderated the second mediation effect, showing robust differences in both the magnitude and the intensity of the relationship between ethical leadership (member rated, Time 1) and organizational justice (member rated, Time 2). The positive indirect effect (Hypothesis 4b on Paths 4 and 5) differed at distinct levels of moral attentiveness.

Our model explained employee ethical behaviors ($R^2 = 0.621$), showing a moderate to substantial effect (Hair et al., 2017). The Stone-Geisser blindfolding sample reuse technique revealed $Q^2$ values larger than zero. Our model predicted ethical climate ($Q^2 = 0.121$), organizational justice ($Q^2 = 0.141$), and employee ethical behaviors ($Q^2 = 0.234$). These $Q^2$ values showed that ethical leadership had a substantial effect on employee ethical behaviors. Further, its impact on organizational justice was more robust than ethical climate.

**Discussion**

We investigate the relationship between ethical leadership (member rated) and employees’ ethical behaviors (leader rated). We treat ethical climate and organizational justice (member rated) as two mediators and leaders’ moral attentiveness (leader rated) as a moderator in a first-stage moderated mediation theoretical model. Ethical leadership positively affects ethical behaviors. Ethical climate and organizational justice (both members rated) positively mediate the relationships between ethical leadership and ethical behaviors. Moral attentiveness moderates the relationship between ethical leadership and two moderators.

First, leaders with high moral attentiveness had a steeper slope (higher intensity) and higher level (magnitude) of the relationships between ethical leadership and organizational justice than leaders with low moral attentiveness. Second, leaders with high moral attentiveness had a steeper slope (higher intensity) of the relationships between ethical leadership and ethical climate than leaders with low moral attentiveness, but no differences in the magnitude of the relationships. Therefore, employees’ reactions toward their perceptions of organizational justice and ethical climate in the immediate contexts are different across three levels of moral attentiveness, specifically at one standard deviation above the mean and below the mean. Moral attentiveness is a more robust moderator of the effects of organizational justice than ethical climate on employee ethical behavior.

Our model—developed based on theories and constructs in the Western cultures and the English-speaking language—demonstrates an excellent fit with our data collected from Iraq—Muslims in the Arabic’s emerging markets (Al Halbusi et al., 2020b). We investigate Iraqi leadership from leaders’ self-evaluations of moral attentiveness and...
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members’ perceptions of ethical leadership. For several decades, Iraq has suffered from poor ethical behavior in the Middle Eastern region (Abdullah, 2019).

Interestingly, our discoveries in the present research reflect the reality of the social environment in Iraq. Due to historical background, some organizations may lack ethical principles, leading policy-makers to negative consequences in organizations (Budur & Demir, 2019; Robinson, 2016). In recent years, we have witnessed increasing moral scandals and the lack of transparency, moral values, and ethical leaders in the workplace. These incidents in Iraq have excited researchers’ robust interest. Scholars in management have emerged in conferences and symposiums, discussing these issues and reasons for the existence of unethical practices, favoritism, and exploitation of powers and authorities (Abdullah, 2019; Arab & Atan, 2018). Hence, our novel discoveries provide theoretical and practical implications for studying and analyzing these robust matters (Al Halbusi et al., 2020a).

Theoretical implications

Without concerns for CSR triple bottom line—profits, people, and the planet, unethical leaders focused on meeting their self-interests at others’ expense (Schau-broeck et al., 2007). Enron’s CEO and TMT made a lot of money for themselves but destroyed their corporation and Arthur Andersen, served their terms in prisons, and damaged many employees’ careers worldwide (Al Halbusi et al., 2021a, b; Bedi et al., 2016). In many societies worldwide, corruption causes disruptions in all three aspects of CSR—profits, people, and the planet (Treviño et al., 2014; Al Halbusi & Tehseen, 2017). In this study, we focus on the bright side—ethical leadership and employee ethical behaviors in an emerging country—the Republic of Iraq. This study’s full-time participants have experienced institutional pressures from international markets, inter-governmental organizations, and parent companies (Jain et al., 2017). Our novel discoveries in a highly corrupt environment contribute to the bright side of CSR. We help researchers and practitioners understand CSR in developing countries. Our findings contribute to “a significant body of scholarship that retains its nuances, peculiarities, and distinctiveness as a platform for knowledge generation” (Jamali & Karam, 2018, p. 50). We list our contributions to the literature below.

First, we extend prior studies on the positive effect of ethical leadership on employee ethical behaviors (Al Halbusi et al., 2020b; Lu & Lin, 2014). We identify two vital mediation mechanisms in one coherent theoretical model simultaneously—ethical climate and organizational justice. Leader’s moral attentiveness moderates the mediated relationships between ethical leadership and subordinate ethical behaviors via two mediators—ethical climate and organizational justice (Hannah et al., 2011; Reynolds & Ceranic, 2009), revealing intricate mechanisms of transforming moral influences on ethical behaviors (Tenbrunsel & Smith-Crowe, 2008; van Gils et al., 2015; Zhu et al., 2016). Our novel results confirm that high and low levels of moral attentiveness (rated by leaders) differently influence the positive impact of ethical leadership (rated by members) on ethical climate and organizational justice (both rated by members), which, in turn, influence employee ethical behaviors (rated by leaders). Our findings advance our understanding of
how leaders’ moral attentiveness can improve members’ ethical practices in a very intricate and innovative process.

Moral attentiveness subconsciously promotes the automatic processing and active screening of information in the social environment and activates moral awareness (Reynolds, 2008). Attentiveness is a conscious process of comparing alternatives against ethical standards, searching for moral cues (Kohlberg, 1981). Testing moral attentiveness in the moderated mediation model adds a vital value to business ethics literature. Exploring these issues in a unique environmental context—Iraq represents a fresh and novel look at moral issues and ethical practices in a highly corrupted context.

The interaction effect between moral attentiveness (leader rated) and ethical leadership (member rated) on ethical climate is significant (Fig. 3). First, the relationships between ethical leadership and ethical climate for leaders with high, medium, and low moral attentiveness are positive. Second, high moral attentiveness leaders exhibit a steeper slope than low moral attentiveness leaders. Third, all three lines of moral attentiveness cross at one point. There are no significant differences in the magnitude of ethical climate across three levels of moral attentiveness.

Figure 4 offers additional insights regarding organizational justice. First, the positive relationships between ethical leadership and organizational justice exist across high, medium, and low moral attentiveness. Second, high moral attentiveness leaders exhibit a steeper slope than low moral attentiveness leaders. Third, the three lines (high, medium, and low) of moral attentiveness do not cross each other, showing significant differences in the magnitude of organizational justice. High moral attentiveness leaders (leader rated) exhibit the highest organizational justice (member rated), followed by medium and low levels. The impact of moral attentiveness is more robust on organizational justice than ethical climate. We speculate that organizational justice, involving four different and separate constructs, is more specific and concrete than the ethical climate in the work-related context. This novel discovery deserves future researchers’ theoretical and empirical attention.

Our discoveries offer researchers and practitioners (1) enormous value-added contributions to the leadership and business ethics literature, (2) new hope for Iraqi people to improve employee ethical behaviors in a highly corrupt environment, and (3) practical implications to enhance business ethics, CSR, environment, and responsibilities in the emerging markets. Moral attentiveness from leaders’ self-evaluations at Time 3 and ethical leadership from members’ perceptions at Time 1 establish a combined impact on improving organizational justice more robustly than ethical climate, which excite employee ethical behaviors. Thus, our findings offer us the hope to reduce corruption and enhance future CPI scores. Our robust evidence provokes academic scholars to engage further theory development and testing of these essential constructs in the business ethics literature and offer ethical practices in a just environment across cultures (Mitchell et al., 2017).

Managerial implications

Bureaucratic state systems and a highly corrupted milieu damage Iraq’s international trust and reputation in the global economic markets. With a strong focus on profits, most Iraqi organizations lack moral values, principles, and codes of ethics (Al Halbusi et al., 2020b;
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Tang & Chen, 2008; Tang & Chiu, 2003). Iraq’s 2019 anti-government-and-corruption protests resulted in the death of 250 protesters (Arraf, 2019). Organizations must enhance ethical standards, achieve effectiveness and efficiency, and increase competitive advantages in the world market. In 2018, Iraq ranked 50th globally, with a GDP of $225,915 million and an annual growth rate of 14.28% (GDP per capita=$5,878). Iraq is becoming one of the emerging markets due to increased stability and security (Research and Markets, 2018). Our novel discoveries offer timely insights into the intricate relationships of ethical leadership, climate, justice, and ethical behaviors, helping policy-makers in Iraq combat corruption, enhance untapped opportunities, and promote growth potential in global markets. We offer the following managerial implications for organizations, emphasizing employee ethical behaviors in the globalization context.

Members’ perceptions of ethical leadership excite leaders’ evaluations of employee ethical behaviors. Perceptions, indeed, do matter. Managers must develop ethical leadership by emphasizing ethical climate and organizational justice—two critical mediators—that enhance employee ethical behaviors. To create a conducive work environment in organizations, leaders must respect ethical, social norms, moral values, ethical standards, policies, procedures, and practices. Executives must treat employees fairly, develop a sound and equitable compensation system in organizations, respect follower integrity and dignity, empower employees, and enrich all justice perceptions. Perceptions of ethical leadership create a robust, rippling effect. Leaders shape employees’ collective congruence of moral values and behaviors in work teams, impacting other workgroups and the entire organization.

At the organizational level, policy-makers must incorporate ethical organizational culture as part of their CSR. Ethical leadership plays a critical role in shaping ethical climate and organizational justice (Brown & Treviño, 2006; Lu & Lin, 2014; Schminke et al., 2005). Organizations apply diverse management practices (open communications, fair and ethical organizational policies) to reinforce all laws, professional standards, and reward and punishment policies (Victor & Cullen, 1988; Whitaker & Godwin, 2013). Due to the importance of organizational justice, decision-makers must train their leaders, provide subordinates with adequate justification and explanations on managerial decisions, and treat employees with dignity and respect throughout the decision-making processes (Brown & Treviño, 2006).

Both leaders and employees are fully aware of the interaction between managers and members in the milieu on moral issues (Reynolds, 2008). Ultimately, individuals select their deep-rooted ethical and moral values to frame the immediate and omnibus context to maximize the expected utility and ultimate serenity-happiness (Tang, 2021a, b; Tang, Chen, et al., 2018; Tang, Sutarso, et al., 2018). Organizations’ reward and control systems (Whitaker & Godwin, 2013) promote moral attentiveness. Individuals initially comply with norms for strategic self-presentation; over time, standards change managers’ identity and responsibility for moral action (Tice, 1992). Properly aligned moral values create pressure to comply with ethical actions (Jones & Ryan, 1998). Through social learning, ethical role models reinforce efficacy to act morally over time to build greater moral attentiveness and confidence to address ethical challenges. This mechanism explains how ethical values and moral standards diffuse to others (Mayer et al., 2009). Decision-makers in upper echelons must understand and identify leaders with high or low moral attentiveness. Leader moral attentiveness helps create organizational justice and ethical climate,
affecting subordinates’ ethical social environment and ethical behaviors in organizations (Al Halbusi et al., 2020b).

Training programs develop moral attentiveness through employee routines (scripts) when facing threats in the context. Leaders with high moral alertness pay attention to ethical issues before they appear (Osswald et al., 2010). Moral awareness exerts impacts on both the actors-leaders and observers-members. They come to believe that they all dare to successfully meet similar ethical threats in the omnibus context (Walker & Hennig 2004). Following Jamali et al.’s (2020) call, it pays to go green, improve CSR, focus on the environment and responsibilities, and become ethical. Here are our reasons. Due to the 2001 Enron scandal, the US Congress passed the Sarbanes–Oxley Act in 2002 to improve transparency and curb corruption and dishonesty. Robust cultural, economic, legal, and political infrastructures enhance transparency at the organization and country levels.

Further, creating visible moral brand equity in the society helps organizations set up rigorous talent acquisition policies for ethical talents, offer their talented employees ethical training and development programs, and enhance leaders’ and employees’ ethical behaviors (Tang et al., 2018a, b; Zhou et al., 2018). Mindfulness training helps people focus on present-moment events, reflect on moral values, moral complexities, social and cultural factors (Treviño et al., 2014), and avoid distractions and wandering. Mindfulness (Mindfulness-Based Stress Reduction training) enhances ethical intentions directly and indirectly by reducing avaricious monetary aspirations (the love of money attitude) (Dane, 2021; Gentina et al., 2020). The love of money (not money) is the root of all evils (Tang & Chiu, 2003). Among highly paid employees, high income reduces managers’ love of money. Sound talent management strategy (TMS) (coaching and mentoring)—helps organizations reduce exhaustion, increase satisfaction, and inspire commission among boundary-spanning employees. TMS promotes intangible positive feelings—reducing burnout and enhancing job satisfaction and life satisfaction—and excites tangible and objective sales commission.

Interestingly, life satisfaction (not job satisfaction) excites sales commission—employees’ financial success and the company’s economic bottom line (Srivastava & Tang, 2021). Job satisfaction spills over to life satisfaction, and vice versa. Making people happy on the job is not enough. This pattern prevails for males but not females. Talent management professionals must focus on the holistic approach to enhance satisfaction and improve sales commission. Corporations with high employee satisfaction outperform their peers by 2.35% to 3.8% per year (Edmans, 2011). The World’s Most Ethical Companies achieved a 4.88% ethics premium than the standards in 2018 (Ethisphere, 2018), reaping their ROI. Therefore, it pays to be ethical. The rich get richer. This principle (the Matthew Effect) applies to people and ethical contexts at the individual, organization-industry, and country-global levels (Tang, 2021b).

Limitations and future research

We explore sensitive issues in a highly corrupt context—Iraq. We obtained data from multiple sources in three waves and applied different anchors for our scales, reducing measurement concerns (Podsakoff et al., 2003). The lack of identical constructs across
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three waves from the same participants prevented us from examining attrition analyses and changes (Wang et al., 2020). Our six-week time lag reflects only a short-term impact. We did not measure social desirability concerns. Our anonymous data reduce social desirability concerns. Our intricate relationships in the Islamic context may or may not exist in other cultures. We caution readers for inferencing our present findings to different cultures and religions. Future research may match supervisor-subordinate ratings, use a longitudinal research design, and conduct cross-level analyses (Aguinis et al., 2013).

Importantly, in a Middle Eastern country, Iraqi participants’ steadfast adherence to religious values (Moaddel & Karabenik, 2010) plays a role in our findings. Ethnic diversity exists in Iraq with Arabs, Kurds, and others. There are differences in each ethnic group’s beliefs, ideology, religion, and values (Harff, 2018). Ethical leadership (subordinate rated) and leader moral attentiveness (leader rated) are related to leadership from two different perspectives. Scholars may switch leaders’ moral identity with moral attentiveness in a theoretical model and include other new constructs both theoretically and empirically in the future.

Researchers may incorporate indigenous and context-sensitive constructs, e.g., religious values, religiosity, spirituality (Chen & Tang, 2013; Ribberink et al., 2018; Tang & Tang, 2012; Sulaiman et al., 2021; Tarip, 2020), Islamic work ethics (Ali & Al-Owaihan, 2008), and the love of money attitude (Tang, 1992, 2016, 2020a, b, 2021a, b) into theoretical models. Avaricious monetary values (the love of money attitudes) predict dishonesty, corruption, and unethical intentions (Tang, Sutarso, et al., 2018) and actual cheating behaviors in experiments (Chen et al., 2014), college students’ low objective academic course grades (Tang, 2016), investors’ longitudinal low stock happiness, portfolio changes (Tang, Chen, et al., 2018), and voluntary turnover 18 months later (Tang et al., 2000). Studies have provided empirical support for the notion: The love of money, not money, is the root of all evils (Gentina & Tang, 2018; Tang & Chiu, 2003). Future scholars may collect longitudinal data, incorporate additional constructs (avaricious monetary attitudes), empirically replicate survey and experimental findings, and engage in theory building and theory testing.

Conclusion

We develop a first-stage moderated mediation theoretical model, explore the relationships between ethical leadership and employee ethical behaviors, and treat ethical climate and organizational justice as dual mediators and leaders’ moral attentiveness as a moderator. Results based on data collected from multiple sources in three waves involving 236 members and 98 immediate supervisors in the Republic of Iraq support our theoretical model. Ethical leaders promote an ethical climate and organizational justice, creating a conducive work environment, which leads to employee ethical behaviors. High moral attentiveness leaders (leader rated) with ethical leadership (subordinate rated) impact organizational justice significantly more in both

For Christians, see the Holy Bible (1 Timothy 6: 9–10). For Muslims, see the Holy Quran (2: 188; 2: 60; 4: 29).
intensity and magnitude than the ethical climate in intensity only, leveraging ethical behaviors than low moral attentiveness leaders. We shed new light on leader moral attentiveness, ethical leadership, climate, justice, and subordinate ethical behaviors in Iraq’s emerging markets, providing practical implications for corporate social responsibility, leadership, business ethics, environment, and responsibility.

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Declarations

Ethics approval  Researchers conduct studies involving human participants per institutional and national research committee’s ethical standards and the 1964 Helsinki Declaration and its later amendments or comparable ethical standards.

Consent to participate  We obtained informed consent from participants.

Conflict of interest  The authors declare no competing interests.

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