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Managerial ethical leadership, ethical climate and employee ethical behavior: does moral attentiveness matter?

Hussam Al Halbusi[a], Pablo Ruiz-Palomino[b], Rafael Morales-Sánchez[c], and Fadi Abdel Muniem (F.A.M.) Abdel Fattah[d]

[a]Department of Management, College of Economics and Political Science, Sultan Qaboos University; [b]Department of Business Administration, Faculty of Social Sciences, University of Castilla-La Mancha; [c]Department of Management and Marketing, Universidad Pablo De Olavide; [d]Department of Management, College of Business Administration (COBA) A'Sharqiyah University

ABSTRACT

Ethical leaders can influence followers' ethical behaviors by establishing an ethical climate. However, followers' responses to an ethical climate may also differ according to the amount of attention they devote to moral questions. This study analyzes whether moral attentiveness augments the positive effect of an ethical climate on employees' ethical behaviors, as well as the indirect effect of ethical leadership on employee ethical behavior through an ethical climate. Data from 270 employees in the Malaysian manufacturing industry indicate that the positive impact of an ethical climate on ethical behavior is greater among employees who exhibit high rather than low moral attentiveness; this moderating role also applies to the relationship between ethical leadership and employee ethical behavior through the ethical climate. This study thus sheds new light on the notable role of moral attentiveness in ensuring that ethical leadership and ethical climate enhance ethical behavior in the workplace.

KEYWORDS

Ethical leadership; ethical climate; moral attentiveness; ethical behavior

INTRODUCTION

Ethical scandals involving well-known businesses generate concern among researchers, governments, practitioners, and society (Babalola et al., 2019), who recognize that unethical actors focus on meeting their own self-interests, at the expense of others both inside and outside their organization. To avoid such unethical behaviors and the risk of serious harm to people, both research and practice suggest the benefits of ethical leadership at managerial level (Babalola et al., 2019; Brown & Treviño, 2006; Mayer et al., 2009). If managers display high moral standards in their own behavior, other organizational members may be more likely to follow and exhibit their own ethical behaviors (Brown et al., 2005; Ruiz-Palomino & Linuesa-Langreo, 2018).

An important mechanism upon which ethical leadership relies to foster ethical behavior is an ethical organizational climate (Elçi & Alpkan, 2009). Defined as "the holistic impression that individuals have regarding ethical policies, practices, and procedures within a work unit or organization" (Mayer et al., 2010, p. 7), an ethical climate can influence employees' actions to reflect ethical criteria (Lu & Lin, 2014; Mayer et al., 2010), because it leads employees to perceive elements such as the ethical foundations of the organization policy, payment systems and decision-making procedures, among others (Ng & Feldman, 2015). Noting that ethical leaders shape the ethical climate (Ruiz-Palomino & Linuesa-Langreo, 2018; Schminke et al., 2005), we predict that an ethical climate mediates the link from ethical leadership to employee ethical behavior (Lu & Lin, 2014; Mayer et al., 2010). That is, even

CONTACT Pablo Ruiz-Palomino Pablo.Ruiz@uclm.es Department of Business Administration, Faculty of Social Sciences, University of Castilla-La Mancha, Avenida De Los Alfares, 44, Cuenca 16071

if both leadership and the climate can communicate expectations of ethical values and behavior (Ruiz-Palomino & Linuesa-Langreo, 2018), ethical leadership drives the spread of these expected values, in the form of shared perceptions among employees, which are then manifested as an ethical climate (Demirtas & Akdogan, 2015; Lu & Lin, 2014; Mayer et al., 2010; Neubert et al., 2009).

Previous research identifies simple forms of this mediated relationship (Lu & Lin, 2014; Mayer et al., 2010), without addressing the likely influence of other variables or defining its boundary conditions. According to Yukl (2006), leadership is a social phenomenon that cannot be understood in isolation, with the context likely determining leadership and its outcomes. Among other contextual categories, *the person who is being led* is arguably critical (Oc, 2018), as defined by demographic features but also personality factors (Treviño, 1986). Notably, the quasi-personality trait of moral attentiveness (De Cremer, 2016; Whitaker & Godwin, 2013), firstly coined by Reynolds (2008), could interact with other contextual factors such as ethical leadership or ethical climate to determine employees' ethical behavior. Moral attentiveness is the extent to which morality is chronically contemplated and perceived in daily experience (Reynolds, 2008) such that the higher the level of this trait in an individual, the greater is the level of attention this person pays to moral matters in their daily perception of the environment (Wurthmann, 2013). As such, this quasi-personality trait may differ across individuals (Reynolds & Ceranic, 2009), so employees with varying levels of such a trait may react differently to an ethical context.

Considering that an ethical climate implies prevailing signals of practices and procedures with ethical content (Demirtas & Akdogan, 2015) that offer cues for expected ethical behavior (Ruiz-Palomino & Linuesa-Langreo, 2018), the level of attention that employees pay to moral content likely determines how well the ethical climate prompts ethical behaviors. Pedersen (2009) recommends cultivating moral attentiveness among employees to ensure they develop moral sensitivity and can solve ethical problems but does not address how it might make moral cues in the organization more salient or influential. We propose that an ethical climate, which increases the salience of moral cues (van Gils et al., 2015), can lead to enhanced ethical behavior when paired with high moral attentiveness among employees. With regards to the indirect impact of ethical leadership on employee ethical behaviors, through the ethical climate, we also predict that because moral attentiveness should augment the positive impact of the ethical climate, it may in turn pave the way for ethical leadership to exert positive indirect effects on employee ethical behavior.

Accordingly, our research aim is to test the boundary conditions of an indirect effect of managerial ethical leadership on employee ethical behavior through an ethical climate. Following calls to investigate potential moderation by moral attentiveness in ethical behavior contexts (Zhu et al., 2016), we seek to identify its augmenting role, linked to both the effects of the ethical climate and the indirect effect of ethical leadership on employee ethical behaviors through shaping an ethical work climate. While previous research has already investigated this moderating role, it has done so in the direct relationship between ethical leadership and employee deviance behavior (van Gils et al., 2015). However, van Gils et al. (2015) found that this interacting (strengthening) effect of moral attentiveness was mainly driven by low ethical leadership rather than by high ethical leadership. We therefore add to existing research by testing whether this moderating role might also exist for the indirect effect of high ethical leadership on employee ethical behavior, by shaping an ethical work climate. Managerial ethical leadership offers incremental predictive power beyond that of an ethical climate, thus meaning that an ethical climate is not a mere substitute for managers' ethical leadership (Ng & Feldman, 2015) but rather a mechanism on which ethical managers rely to impact the ethical behavior of their subordinates (Lu & Lin, 2014). Thus, by investigating whether moral attentiveness may also moderate the positive impact of a distinct organizational ethics-related variable (i.e., ethical climate), and/or whether moral attentiveness can moderate the positive indirect effect of managerial ethical leadership on their subordinates' ethical behavior (via an ethical work climate), we clarify the nature of the expected interactive role of moral attentiveness in the ethical context (D. Dawson, 2018; van Gils et al., 2015) to predict (augment) the ethical behavior of employees. In short, we sought to better understand *how* and *when* the ethical leadership of managers can help enhance employee ethical behaviors. This

could lead to a set of valuable recommendations for managers in terms of *which* actions they can also focus on (e.g., actions directed to shaping an ethical work climate) to ensure that their ethical leadership effectively enhances their subordinates' ethical behavior.

As an added contribution, this study tests these predictions in the understudied context of Malaysia, as a representative of Islam nations in South Asia (Weintraub, 2011). The cultural characteristics of this society (high power distance, short-term orientation, high collectivism; Hofstede Center, 1967–2010) might affect employees' reactions to the context. For example, high power distance affects employees' views of managers and responses to managerial behavior (Wang et al., 2012); a short-term orientation prompts people to stick with established rules (Hofstede Center, 1967–2010); and collectivism relates to a tendency to engage in "we" thinking over "I" thinking (Hofstede Center, 1967–2010), such that collectivists might consider various stakeholders in their decision making and more readily identify ethical dilemmas (Thorne & Saunders, 2002). We thus advance findings regarding the moderating role of moral attentiveness that were obtained from a study conducted in a country (i.e., the Netherlands, van Gils et al., 2015) with very different cultural features (i.e., low power distance, high long-term orientation, low collectivism; Hofstede Center, 1967–2010). Thus, testing how Malaysian cultural features might affect the relationship between ethical leadership, ethical climate and employee ethical behaviors, including the moderating role of moral attentiveness in these relationships, may offer insights into the context-sensitivity of the theories underlying these relationships.

THEORETICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

Ethical leadership and employee ethical behavior: the mediating role of ethical climate

Ethical leadership fosters ethical behavior within an organization (Brown et al., 2005; Mayer et al., 2010, 2009), as suggested by social learning theory (SLT, Bandura, 1977) and social exchange theory (SET, Blau, 1964). In line with SLT (Bandura, 1977), "salient authority figures . . . garner attention and convey attractive information" (Ruiz-Palomino & Linuesa-Langreo, 2018, p. 245), and when they display ethical leadership, they signal their integrity (trustworthiness, fairness), concern for others, and ethics (Mayer et al., 2010, 2009), with these being likely to spread throughout the organization, through social learning processes (Ng & Feldman, 2015). In terms of SET (Blau, 1964), these leaders demonstrate caring behavior and fair treatment to their direct reports, so subordinates are likely to reciprocate with behaviors designed to benefit the managers (Blau, 1964), such that they may be less likely to behave unethically (Mayer et al., 2010).

Although the ethical leadership of managers can be enough to directly encourage ethical behavior among the subordinates, this influence can also be exerted through other work mechanisms. One of these mechanisms is the ethical work climate, which is defined as "prevailing perceptions of typical organizational practices and procedures that have ethical content" (Victor & Cullen, 1988, p. 101). Ethical climate reflects normative values and beliefs about moral issues that are shared by the employees of the organization (Treviño et al., 1998), and is heavily shaped by leaders in the organizations (Shin, 2012; Zohar & Luria, 2005). Leaders, by providing clues about what will be rewarded and supported, represent primary sources of information about appropriate behaviors in the immediate environment (Dickson et al., 2001; Zohar & Luria, 2005). Thus, with the practice of ethical leadership, managers are helping shape a work climate that signals ethical behavior is highly expected and valued (Brown & Treviño, 2006). Given that an ethical work climate is heavily influenced or shaped by leaders (CEOs, Shin, 2012; managers, Mayer et al., 2010) and that it has great potential to encourage employee ethical behavior (Lu & Lin, 2014; Mayer et al., 2010), an ethical climate is likely to be critical in transmitting the "ethical" message that managers or supervisors are willing to transmit to their employees through their practice of ethical leadership.

Overall, the ethical leadership of managers is likely to shape the ethical climate perceptions of their direct reports, such that these employees may perceive procedures and practices that signal and

reinforce the importance of behaving in an ethical manner (Lu & Lin, 2014). Thus, the influence of the ethical leadership of managers on the ethical behavior of subordinates may be indirect, through shaping an ethical climate that ultimately has a positive impact on their subordinates' ethical behavior.

Hypothesis 1: An ethical work climate mediates the relationship between managers' ethical leadership and employees' ethical behavior.

The intensifying role of employee moral attentiveness

In addition to contextual factors, individual factors can determine employees' ethical behavior (Craft, 2013) and interact with contextual factors to explain ethical behavior (Treviño, 1986; Treviño et al., 2006). Thus, individual factors might explain the relationship of the ethical climate with employee ethical behavior. In particular, the extent to which employees exhibit higher or lower levels of attentiveness to moral content may strengthen this relationship, with further effects on the indirect link between managerial ethical leadership and employee ethical behavior, through the ethical climate.

Three elements have been studied in relationship to recognizing the moral issue which a critical stage in the ethical decision-making process designed by Rest (1986). These elements are moral attentiveness, moral awareness and moral sensitivity. Moral attentiveness, a relatively new concept in literature (Reynolds, 2008; Wurthmann, 2013) refers to the "extent to which an individual chronically perceives and considers morality and moral elements in his or her experiences" (Reynolds, 2008, p. 1028) and differs in content from moral awareness. Moral awareness is the person's determination that a situation should encompass moral content that deserves consideration from a moral point of view (Reynolds, 2006); moral attentiveness instead pertains to attention paid to moral content or clues and may be construed as sensitivity to moral clues (van Gils et al., 2015). Reynolds (2008) explains that a difference between moral awareness and moral attentiveness is that anyone may achieve the effect of moral awareness if the characteristics of the problem are sufficiently salient. However, moral attentiveness pertains to the process by which an individual actively screens and considers stimuli related to morality. Finally, moral sensitivity is "the awareness of how one's actions affect others and the different responses that are available to the actor in an ethical situation" (Jordan, 2007, p. 324). Moral sensitivity can be distinguished, therefore, from moral attentiveness, in that the former refers to an individual's ability to identify moral issues when they exist (Sparks & Hunt, 1998), while the latter is a trait that assumes that any target can have moral dimensions that are relevant to the individual (Reynolds, 2008). The relationship between these two variables is as follows: "Whereas moral sensitivity lies latent, waiting to be triggered by a moral event, moral attentiveness is proactive, engaging stimuli and constructing moral issues. Of course, greater moral attentiveness means the individual is more aware of the moral aspects of every experience, and therefore the morally attentive individual would likely demonstrate greater moral sensitivity in the face of definitively moral issues" (Reynolds, 2008, p. 1028). In sum, in line with Reynolds and Miller (2015), we can differentiate all these elements by stating that "moral awareness refers to an event experienced by the individual, moral sensitivity refers to the individual's skill at regularly achieving moral awareness, and moral attentiveness captures an innate tendency to perceive issues as moral issues" (p. 114).

Despite the likely interrelationships that may exist among these three elements, moral sensitivity is the one that has been explicitly incorporated in the first stage of Rest's (1986) ethical decision-making model. This model suggests that an individual facing a moral problem passes through four different stages (Rest, 1986): moral sensitivity, moral judgment, moral motivation and moral character. After having recognized an ethical issue (moral sensitivity), individuals may make moral judgments, through which they put a moral label on every possible action, irrespective of any personal interest (Morales-Sánchez & Cabello-Medina, 2013). Although moral judgment could be confounded with moral attentiveness, there are differences between the two constructs. Whereas moral attentiveness "involves a perceptual aspect in which information is automatically colored as it is encountered and

a more intentional reflective aspect by which the individual uses morality to reflect on and examine experience" (Reynolds, 2008, p. 1028), moral judgment requires judging "which" alternatives are ethically acceptable, and "which" are not, to ultimately determine the uprightness of the intention (Melé, 2005). Thus, we can say that moral attentiveness is an aspect that predicts an individual's moral judgment rather than the reverse (Mihelič & Culiberg, 2014; Reynolds, 2008). Next, after a moral judgment has been made, moral intention/motivation, that is, the "willingness to take the moral course of action, placing moral values (human goods) above other values, and taking personal responsibility for moral outcomes" (Melé, 2005, p. 104), is the next stage of the ethical decision-making process. Finally, once the individual has established his or her moral intention/motivation, the process continues toward the moral character stage, the stage that, according to Rest (1986), involves the individual ultimately executing and implementing the moral behavior.

Related to moral attentiveness, we anticipate that people differ in the amount of attention they pay to moral cues, in line with social cognitive theory (Bandura, 1986). This theory predicts that the environment and individual cognitive frameworks determine behavioral processes; people's behavior is always filtered by their cognitive schemas and the processes through which they perceive the immediate context (Whitaker & Godwin, 2013). Thus, people might process some environmental aspects but ignore others, depending on how salient, vivid, and cognitively accessible the environmental information or stimuli are (Fiske & Taylor, 1991). If people are highly attentive to moral issues, they will be curious about them and will perceive the issues as highly vivid and salient. In addition, their cognitive framework should leave these people more ready to identify and process information pertaining to such ethical issues. They then likely assess and analyze incoming information in moral terms, using a morality lens (van Gils et al., 2015; Whitaker & Godwin, 2013; Wurthmann, 2013). Moral attentiveness thus defines how stimuli are screened and considered in relation to their morality (Wurthmann, 2013), and spans two components: *perceptual*, or the screening of information and recognition of moral aspects on a day-to-day basis, and *reflective*, or the extent to which day-to-day experiences are addressed through a morality lens (Reynolds, 2008; van Gils et al., 2015; Wurthmann, 2013). With higher moral attentiveness, employees should be more likely to access cognitive frameworks for perceiving and reflecting on the morality of their experiences (Wurthmann, 2013).

Although moral attentiveness generally motivates moral behavior (Reynolds, 2008; Wurthmann, 2013), it does not require that the person always behave ethically. Rather, moral attentiveness refers to how people perceive stimuli, such that those with high moral attentiveness are highly conscious of the moral content or consequences of incoming information (Reynolds, 2008); from a social cognitive perspective, moral attentiveness grants people chronic access to cognitive frameworks that increase the agility with which they can encode relevant information (Bargh & Thein, 1985), in an automatic manner (Bargh, 1989). That is, with a higher level of moral attentiveness, information is more likely to be automatically colored (perceptual moral attentiveness) and morality to be used to reflect on past experiences (reflective moral attentiveness), which leads to a chronically accessible framework of morality with which the individuals cognitively recognize the moral content of the stimuli more automatically (Reynolds et al., 2012). It is not surprising then that moral attentiveness can impact on the way an ethical climate is interpreted (D. Dawson, 2018), and can therefore lead employees to be more positively impacted by such a climate. Because morally attentive employees possess sensitivities to moral clues or content (van Gils et al., 2015), situational cues, such as those available in an ethical climate, should enhance their ethical behavior far more than among employees low in moral attentiveness. Moral attentiveness evokes strong preferences for morality-rooted aspects (i.e., fairness) which fit well with their perception of "the right thing to do" (Reynolds, 2008). Thus, the moral clues available in an ethical climate may be more vivid, salient, and accessible to morally attentive employees, such that the positive impact of the ethical climate on their ethical behavior would be stronger.

Hypothesis 2: Moral attentiveness moderates the relationship between ethical climate and employee ethical behavior in such a way that the relationship is stronger for employees who are higher rather than lower in moral attentiveness.

Moral attentiveness might have similar implications for the predicted indirect effect of managerial ethical leadership on employee ethical behavior through the ethical climate managers help shape. This is likely to occur for two main reasons. On the one hand, the social contagion process guided by the interactions of managers who perform ethical role modeling with their subordinates, as well as the social learning process arising from the punishment/rewarding or communication systems put forth by managers (Bandura, 1977, 1986), help build the shared perceptions of an ethical climate (Neubert et al., 2009). On the other hand, moral attentiveness makes individuals consider morality in their day-to-day experience and to become strongly cognizant of the moral cues the work climate releases (van Gils et al., 2015). These two factors, together with the social exchange theory argument (SET, Blau, 1964) that reciprocity is a norm for social behavior that emerges when benefits result from an interpersonal relationship with someone else (Gouldner, 1960), lead us to expect that employees high in moral attentiveness will respond to a strong ethical climate with a stronger ethical behavior. This works as a way to signal to managers that workplace living norms are appropriately aligned with what they regard as "the right thing to do" (Reynolds, 2008). It has been shown that employees high in moral attentiveness tend to prefer moral behavior (Reynolds, 2008; Wurthmann, 2013), and engage in frequent assessments of their own and others' behavior relative to ethical principles (van Gils et al., 2015). As such, when these individuals perceive their work climate as ethical, they are likely to enhance their ethical behavior in response to the perception of a context (an ethical climate) which managers have helped shape, and which fits their cognitive schema of how things should be done in the workplace.

Overall, the ethical climate is principally developed by social contagion processes (between managers and subordinates) and by the presence of other mechanisms (e.g., punishment/rewards systems) through which managers transmit the appropriate actions in which to engage at work (Dickson et al., 2001). Thus, the predicted strengthening role of moral attentiveness in the positive impact expected of an ethical climate on employees' ethical behavior (H2) should also apply for the predicted indirect effect of managerial ethical leadership on employees' ethical behavior through the ethical climate. This means that the indirect effect of managerial ethical leadership via shaping the ethical climate should be stronger for individuals with high rather than low moral attentiveness.

Hypothesis 3: Moral attentiveness moderates the indirect effect of managerial ethical leadership on employee ethical behavior through the ethical climate, such that the indirect effect is stronger for followers who are higher rather than lower in moral attentiveness.

Figure 1 summarizes the hypotheses proposed in the form of a research model.

MATERIALS AND METHODS

Sample and procedure

To determine a sufficient sample size, we used G-Power 3.1 (Faul et al., 2007). Based on Cohen (1988), for a power of 0.95 (at a minimum, it should be greater than 0.80) and a medium effect size of 0.15, G-Power 3.1. revealed the need for a sample size of 129 cases to test our model with three predictors. After obtaining the approval of senior Human Resources Managers from 12 manufacturing firms located in Selangor (Malaysia), we collected data from employees that reported directly to upper/middle managers in these firms, worked full-time, and had direct and frequent contact with their immediate managers. To avoid common method variance (CMV) and social desirability bias (SDB) as much as possible, we included a cover letter where participants were assured of total confidentiality (Podsakoff et al., 2003, 2012), and were encouraged to return the questionnaire directly to researchers, using a pre-stamped envelope. A two-wave survey design with a three-week time lag was also used to avoid CMV (Podsakoff et al., 2012), through which we distributed surveys to 300 subordinates working under 110 supervisors, with each supervisor having about 5–10 subordinates. For the first

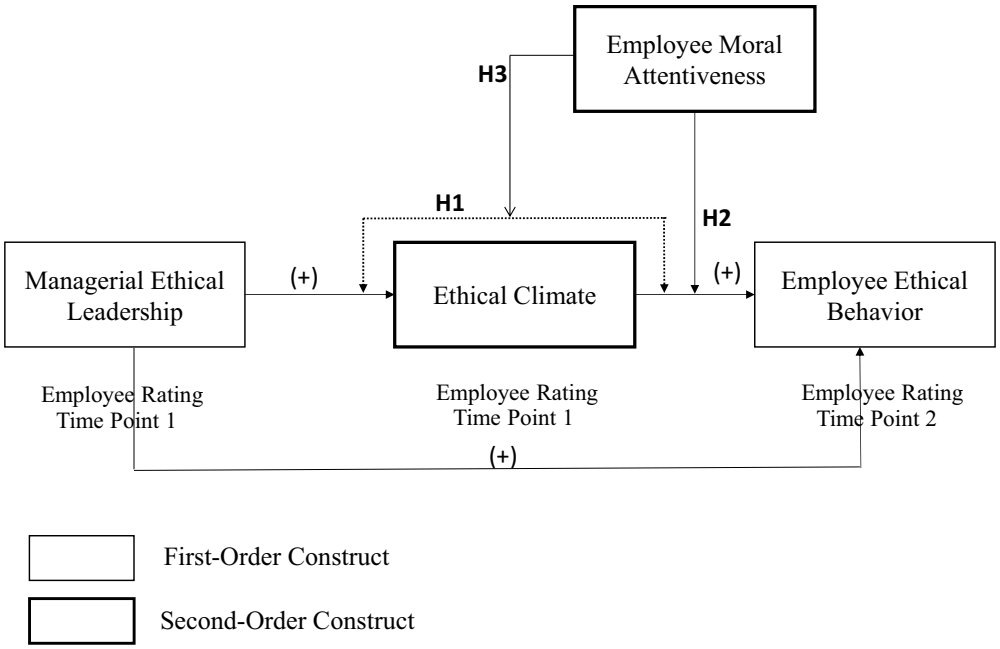

Figure 1. Proposed research model.

wave, subordinates provided demographic details, and responded to questions on their immediate supervisors' ethical leadership, the ethical climate perceived and their moral attentiveness. Three weeks later (second wave), employees rated their own employee ethical behavior. In total, we received 270 valid responses.

Although non-response bias was practically non-existent, we still tested whether this issue could have affected our findings (Collier & Bienstock, 2007). By following Armstrong and Overton (1977) in assuming late respondents as non-respondents, we compared the first and last quartiles of submissions received. An independent sample t-test revealed no significant differences across the study variables, which suggests that non-response bias is likely not to be a concern in this study. In terms of demographics, respondents were mostly male (74.44%) and young (only the 30.38% were more than 40 years old). Respondents were also highly educated (66.64% had a bachelor's degree, as a minimum) and had long job experience (75.55% had worked in the same job for longer than 6 years) (see Table 1).

Measurement

We adopted scales used in previous research, and Brislin's (1980) translation–back-translation procedure translated the survey items into Malayan and confirmed their semantic equivalence with the English version. The survey questions were also read and approved by six expert leadership and business ethics informants. Pretesting based on interviews with 18 employees suggested some slight adjustments to enhance the questionnaire's clarity, readability, and suitability. The nature of the variables for this study enabled us to differentiate first- and second-order constructs. Thus, we used first-order modeling to capture managerial ethical leadership, employee ethical behavior, and social desirability bias (SDB) in Mode A, formed through linear combinations of their indicators (Hair et al., 2017). The second-order modeling designs for ethical climate and employee moral attentiveness acknowledged that these multidimensional constructs exist at a higher level of abstraction. Specifically, these variables were designed as reflective–reflective second-order composites (Sarstedt

Table 1. Respondents' profiles.

Demographic Item	Categories	Frequency	Percentage
Gender	Male	201	74.44
	Female	69	25.56
Age	Less than 25 Years	15	5.55
	25– 30 Years	60	22.22
	31– 40 Years	113	41.85
	41– 50 Years	58	21.48
	More than 51 Years	24	8.90
Education Background	High School	33	12.22
	Diploma	49	18.14
	Bachelor's Degree	159	55.90
	Master's Degree	18	6.67
	Doctorate Degree	11	4.07
Job Experience	2 Years or Less	15	5.55
	3– 5 Years	51	18.90
	6 –10 Years	104	38.51
	11– 15 Years	29	10.74
	16 Years or More	71	26.30

et al., 2019). All measures relied on five-point Likert response formats (1 = strongly disagree; 5 = strongly agree) and appear in Table 2.

Managerial ethical leadership

This variable was measured using Brown et al.'s (2005) highly reliable ten-item Likert scale. Employees were asked to assess the extent to which their supervisor represented a moral person (e.g., exhibited concern for others, justice, trustworthiness, integrity) and a moral manager (e.g., holding followers accountable for complying with ethical norms, communicating, emphasizing ethical standards, being an ethical role model). Higher scores on this scale scores indicated a stronger ethical leadership of the managers of the participants in this study.

Ethical climate

We measured ethical climate using a short version (14 items) of the Victor and Cullen (1988), pp. 26-item scale, which encompasses five dimensions, caring (3 items), independence (3 items), law and code (3 items), rules (2 items), and instrumental (3 items) (see Huang et al., 2012). The 14 items measure the extent to which employees share perceptions of the work environment and its support for the importance of ethical values as a guide of behavior (Victor & Cullen, 1988). Given the egoistic criterion involved in the instrumental climate and its strong association with the lowest stage of moral development (Ambrose et al., 2008), we reverse scored the three items selected to measure this climate dimension, for this dimension to be aligned with the rest of Victor and Cullen (1988) climate dimensions. The five ethical climate dimensions were used to build the second-order construct of ethical climate, such that higher scores indicate a stronger ethical climate as perceived by the participants in this study.

Employee moral attentiveness

We measured moral attentiveness using Reynolds's (2008), pp. 12-item scale, which includes both perceptual (7 items) and reflective (5 items) dimensions. The perceptual dimension refers to screening incoming information according to a moral perspective; the reflective dimension refers to using morality to consider and reflect on information (Reynolds, 2008). In one slight change to Reynolds's (2008) original scale, we reworded a negatively framed item ("I rarely face ethical dilemmas") to make it positive ("I always face ethical dilemmas"), as recommended by participants in the pretest. The perceptual and reflective dimensions combined to build the moral attentiveness second-

Table 2. Measurement model, item loadings, construct reliability and convergent validity.

First-Order Constructs	Second-Order Constructs	Items		Loading (> 0.5)	CR (> 0.7)	AVE (>0.5)
Managerial Ethical Leadership		MEL1	My supervisor listens to what employees have to say.	0.637	0.925	0.556
		MEL2	My supervisor disciplines employees who violate ethical standards.	0.613		
		MEL3	My supervisor conducts his/her work in an ethical manner.	0.756		
		MEL4	My supervisor has the best interests of employees in mind.	0.826		
		MEL5	My supervisor makes fair decisions.	0.726		
		MEL6	My supervisor can be trusted.	0.748		
		MEL7	My supervisor discusses business ethics or values with employees.	0.752		
		MEL8	My supervisor sets an example of how to do things the right way in terms of ethics.	0.810		
		MEL9	My supervisor defines success not just by results but also the way that they are obtained.	0.763		
		MEL10	When making decisions, my supervisor asks, "what is the right thing to do?"	0.797		
	Ethical Climate					
Caring		EC1	The most important concern is the good of all the people in the organization as a whole.	0.861	0.887	0.725
		EC2	What is best for everyone in the organization is the major consideration here.	0.860		
		EC3	Our major concern is always what is best for the other person.	0.832		
Independence		EC4	In this organization, employees are expected to follow their own personal and moral beliefs.	0.900	0.868	0.767
		EC5	In this organization, employees are guided by their own personal ethics.	0.846		
		EC6	Each employee in this organization decides for themselves what is right and wrong	Dropped		
Law and Code		EC7	In this organization, the law or ethical code of their profession is the major consideration.	0.819	0.868	0.687
		EC8	In this organization, employees are expected to strictly follow legal or professional standards.	0.859		
		EC9	Employees are expected to comply with the law and professional standards over and above other considerations	0.807		
Rules		EC10	Successful employees in this organization go by the book.	0.804	0.849	0.739
		EC11	Employees in this organization strictly obey the organization policies.	0.912		
Instrumental		EC12	Employees are expected to do anything to further the organization's interests, regardless of the consequences*.	0.983	0.751	0.622
		EC13	In this organization, people protect their own interests above all else*.	0.527		
		EC14	There is no room for one's own personal morals or ethics in this organization*.	Dropped		
	Ethical Climate	Caring		0.897	0.870	0.587
		Independence		0.694		
		Law-Code		0.881		
		Rules		0.775		
		Instrumental		0.520		
	Employee Moral Attentiveness					
Reflective Moral Attentiveness		RMA1	I regularly think about the ethical implications of my decisions.	0.850	0.886	0.609
		RMA2	I think about the morality of my actions almost every day.	0.784		

(*Continued*)

Table 2. (Continued).

First-Order Constructs	Second-Order Constructs	Items		Loading (> 0.5)	CR (> 0.7)	AVE (>0.5)
		RMA3	I often find myself pondering about ethical issues.	0.786		
		RMA4	I often reflect on the moral aspects of my decisions.	0.769		
		RMA5	I like to think about ethics.	0.707		
Perceptual Moral Attentiveness		PMA1	In a typical day, I face several ethical dilemmas.	0.689	0.875	0.539
		PMA2	I often have to choose between doing what's right and doing something that's wrong.	0.623		
		PMA3	I regularly face decisions that have significant ethical implications.	0.746		
		PMA4	My life has been filled with one moral predicament after another.	0.812		
		PMA5	Many of the decisions that I make have ethical dimensions to them.	0.786		
		PMA6	I always face ethical dilemmas.	0.736		
		PMA7	I frequently encounter ethical situations.	0.422		
	Employee Moral Attentiveness	Reflective		0.842	0.891	0.749
		Perceptual		0.888		
Employee Ethical Behavior		EEB1	I take responsibility for my own errors.	0.662	0.926	0.533
		EEB2	I complete time/quality/quantity reports honestly.	0.756		
		EEB3	I use company services appropriately and not for personal use.	0.762		
		EEB4	I am open about (and do not conceal) my errors.	0.743		
		EEB5	I conduct only company business on company time.	0.730		
		EEB6	I do not give gifts/favors in exchange for preferential treatment.	0.702		
		EEB7	I keep confidential information confidential.	0.714		
		EEB8	I take the appropriate amount of time (not longer than necessary) to do a job.	0.677		
		EEB9	I report others' violation of company policies and rules.	0.773		
		EEB10	I lead my subordinates (or peers) to behave ethically.	0.756		
		EEB11	I am careful and do not pilfer company materials and supplies.	0.747		
		EEB12	I come to work unless I am sick.	0.410		
Social Desirability Bias		SDB1	There have been occasions when I took advantage of someone (reverse score).	0.812	0.798	0.570
		SDB2	I sometimes try to get even rather than forgive and forget (reverse score).	0.769		
		SDB3	I have never been annoyed when people expressed ideas very different from my own.	0.678		

Notes: CR = Composite Reliability, AVE = Average Variance Extracted. MEL = Managerial Ethical Leadership; EC = Ethical Climate; EC6 = 0.120 and EC14 = 0.122 were dropped because their low loadings. *These items were reverse scored.
RMA = Reflective Moral Attentiveness; PMA = Perceptual Moral Attentiveness.
EEB = Employee Ethical Behavior; SDB = Social Desirability Bias.

order construct, such that higher scores indicated participants' greater moral attentiveness (employees).

Employee ethical behavior

To assess this first-order variable, we slightly adapted a 12-item scale from previous studies so that instead of reflecting unethical behavior, the items reflected a strong ethical behavior (Ferrell & Weaver, 1978; Newstrom & Ruch, 1975). This scale was initially designed in a North American cultural context more than 40 years ago (Ferrell & Weaver, 1978; Newstrom & Ruch, 1975), and, since then, its items have also been widely used by other researchers in other cultural contexts (e.g., United States., Ferrell & Weaver, 1978; Deshpande, 1997; Israel, see Izraeli, 1988,; Kantor & Weisberg, 2002; Russia, see Deshpande et al., 2000; Uganda, Ntayi et al., 2010), in which similar mean ratings on the scale have been reported; to be precise, in the US, Israeli, Russian and Uganda samples of the studies earlier described, most of the behaviors included in the scale, which are worded to reflect unethical practices, were always reported as highly unethical. Additionally, a similar set of items have been used to measure the ethical behavior of employees in countries such as China (e.g., Lu & Lin, 2014), which, according to Hofstede, is a country that scores very similarly to Malaysia across a high range of cultural values (i.e., power distance, individualism, masculinity, avoidance uncertainty) (Hofstede Center, 1967–2010). Following the above reasoning, this scale was therefore believed to be suitable to measure the level of ethical behavior in our study of Malaysian companies. In particular, we asked our Malaysian sample of employees to assess their agreement on whether they exhibited 12 behaviors that reflect universal principles that lead to human growth and encourage the effective functioning of the company, a sample item being "I conduct only company business on company time". Higher scores on this scale indicated a stronger ethical behavior of the participants in this study (employees).

Control variables

Age, job experience, education and gender served as control variables given their potential relation to ethical behavior (Collins, 2000; Craft, 2013; O'Fallon & Butterfield, 2005). However, there are inconclusive findings regarding the sign of such impact, according to numerous reviews conducted so far (Collins, 2000; Craft, 2013; Ford & Richardson, 1994; O'Fallon & Butterfield, 2005). For example, using Kohlberg's (1969, 1981) framework, age, job experience and education should positively relate to ethical behavior. Age is associated with possessing universal values (Marques & Azevedo-Pereira, 2009), and universalism represents an advanced stage of moral development (Kohlberg, 1969, 1981). Furthermore, formal education is positively associated with one's moral cognitive development (Kohlberg, 1969, 1981), and job experience leads to a higher number of encounters with situations, from which learning that leads to a greater growth in maturity and morality may be acquired (Musbah et al., 2016). However, despite these arguments, many studies find no significant relationship, nor even a negative relationship, between these variables and the ethical decision making of employees (Collins, 2000; Craft, 2013; O'Fallon & Butterfield, 2005). The same occurs for gender; although according to socialization theory (Gilligan, 1982), men and women experience different socializations during childhood (e.g., caring for others in the case of women; ambition in the case of men) (Ruiz-Palomino et al., 2019) that lead women to become especially sensitive to ethical issues (Fang & Foucart, 2013), mixed and inconclusive findings regarding this relationship have thus far been reported (Collins, 2000; Craft, 2013; Ford & Richardson, 1994; O'Fallon & Butterfield, 2005).

In any event, either positively or negatively, these sociodemographic factors can potentially relate to ethical decision making, so the inclusion of these variables in our research model is useful to control for common variance among the predictors and avoid overestimated parameters. Thus, age, job experience and education were measured with an ordinal scale anchored between 1 (younger, shorter job experience, lower education,) and 5 (older, longer job experience, higher education). Gender was, however, dichotomized (0 = male, 1 = female).

Finally, because respondents had to evaluate their own ethical behavior, we controlled for SDB, as it controls the extent to which respondents may answer in such a way as to appear better than they actually are. To be precise, three items from Fischer and Fick (1993) were used to measure SDB. Some of these items were negatively worded, so were re-coded in a way that higher scores indicated a stronger SDB of the participants in this study, that is, a higher tendency of these participants to give socially desirable responses about their behavior(s). No participant was, however, excluded for this reason; the variable served as a way to remove any potential SDB effect from our results.

Common method variance (CMV)

As described above, we followed many procedural remedies (Podsakoff et al., 2003, 2012) to avoid the occurrence of CMV in the data. However, despite CMV being unlikely to inflate our interaction terms (Podsakoff et al., 2012), which are the central focus of this study, we decided to check whether CMV had affected our findings. Harman's (1976) single-factor test revealed no concerns; using an exploratory factor analysis, we investigated whether a single factor might explain the majority of the covariance among the items in the study. The test showed five factors with eigenvalues greater than 1, accounting for 68% of the total variance, and the variance of the first factor accounts for only 22% of the total variance. Thus, this test suggested CMV was not a serious concern (Podsakoff et al., 2003).

Data analysis

To test the hypotheses, we applied structural equation modeling (SEM) with partial least squares (PLS), using Smart PLS 3.2.8 (Ringle et al., 2018). This powerful, robust statistical procedure does not require strict assumptions about the distribution of the variables and is appropriate for complex causal analyses with both first- and second-order constructs (Hair et al., 2017). To test the statistical significance of the path coefficients, the PLS analysis used 5,000 subsamples to generate bootstrap t-statistics with n – 1 degrees of freedom (where n is the number of subsamples).

RESULTS

Measurement model

We examined individual item reliability, internal consistency reliability, convergent validity, and discriminant validity. For item reliability, the results reveal no serious problems; most items exceeded the recommended 0.707 level (Hair et al., 2017; Table 2) or were above the 0.5 threshold (Hulland, 1999; Table 2), indicating at least a medium correlation with the relevant construct. Only two items of the ethical climate measure (EC6, EC14) showed loadings below 0.2 and were dropped. Two other items achieved loadings between 0.4 and 0.5 (PMA7, EEB12). We retained them, however, because their inclusion did not affect the measurement quality of their corresponding first- or second-order constructs (Hair et al., 2017). To evaluate the constructs' internal consistency, we used composite reliability, which ranged from 0.751 to 0.926, higher than the 0.70 cutoff (Hair et al., 2017). In support of convergent validity, the average variance extracted (AVE) for the constructs ranged from 0.533 to 0.767, in excess of the 0.5 threshold (Hair et al., 2017).

For discriminant validity, we uncovered no issues; the AVE for each construct was greater than the variance that each construct shared with the other latent variables (Table 3) (Hair et al., 2017). In addition, as Table 3 shows, the heterotrait-monotrait ratio (HTMT) of correlations are below 0.90 and differ significantly from 1, which confirms the discriminant validity of each pair of variables (Hair et al., 2017).

Structural model: hypothesis tests

Of the demographic characteristics included as control variables (age, gender, education, job experience), only age showed a significant, negative relationship with employee ethical behavior (β = −0.126, $p < .05$, Figure 2). While age should increase the likelihood that individuals will become more self-reflective about what is morally acceptable in society and thus relate to ethical behavior positively (Holtbrügge et al., 2010), the negative effect we found is unsurprising and is in line with previous review studies that have reported mixed and inconsistent findings on this relationship (Craft, 2013; O'Fallon & Butterfield, 2005). SDB showed a non-significant link to ethical behavior (β = 0.057 not significant, Figure 2), thus indicating this bias is unlikely to have affected our findings.

Tables 4–6 present the findings related to H1–H3. We noted no multicollinearity concerns, because the variance inflation factor (VIF) values are much lower than the 5.0 cutoff (Hair et al., 2017). Our findings revealed that ethical leadership related significantly and positively to employee ethical behavior (β = 0.301, t = 4.881, $p < .001$, Table 4). Furthermore, as predicted in H1, there was a significant indirect effect of managerial ethical leadership on employee ethical behavior through ethical climate (indirect effect = 0.165, t = 3.795, $p < .001$, Table 5), as the 95% CI did not include 0 (lower limit = 0.068, upper limit = 0.238) (Hayes, 2015, 2017). Thus, the positive influence of managers' ethical leadership on employees' ethical behavior was mediated by ethical climate, in support of H1.

To test our moderation prediction in H2, we standardized the variables in order to minimize multicollinearity (J. F. Dawson, 2014). Table 6 shows our analysis revealed a significant ethical climate × moral attentiveness interaction effect (β = 0.099, t = 2.166, $p < .05$, Table 6). To interpret this interaction, we followed J. F. Dawson (2014) and plotted high versus low employee moral attentiveness regression lines (+1 and − 1 standard deviation from the mean). This step indicated that the positive relationship between ethical climate and employee ethical behavior is stronger (slope is more pronounced) when employee moral attentiveness is high rather than low (Figure 3), in support of H2. In terms of effect size (f^2), this moderating effect is weak to moderate (f^2 = 0.018, Cohen, 1988, Table 6).

Finally, to test H3, or whether the indirect effect of managerial ethical leadership on employee ethical behavior via ethical climate is intensified by moral attentiveness, we evaluated five conditions (Hayes, 2015, 2017; Preacher et al., 2007). Three of them had been met: managerial ethical leadership and ethical climate both related significantly to employee ethical behavior (Figure 2), and the interaction term of ethical climate × employee moral attentiveness was significant (Figure 2, Table 6). The fourth condition required the positive indirect effect of managerial ethical leadership to become stronger at higher levels of moral attentiveness (Hayes, 2017; Preacher et al., 2007), which was confirmed: at −1 standard deviation below the mean (low moral attentiveness), the positive effect was weaker (B = 0.41, SE = 0.045, 95% CI = 0.32, 0.50, Table 7) than at +1 standard deviation above it (high moral attentiveness) (B = 0.52, SE = 0.050, 95% CI = 0.42, 0.61, Table 7). Finally, the fifth condition was met: the index of moderated mediation did not include 0 (index = 0.191, SE = 0.045, 95% CI = 0.186, 0.264, Table 7), which provided definitive evidence of moderated mediation (Hayes, 2017), in full support of H3.

The model yielded an R-square value of 0.563 for employee ethical behavior -a moderate to substantial effect (Hair et al., 2017)- and a value of 0.250 for ethical climate (Figure 2). The Stone-Geisser blindfolding sample reuse analysis revealed Q-square values greater than 0, which means that ethical climate (Q^2 = 0.122) and employee ethical behavior (Q^2 = 0.231) were effectively predicted (Hair et al., 2017, see Figure 2). Finally, the standardized root mean square residual (SRMR) index value of 0.052 was far below the 0.08 cutoff and its 95% bootstrap quantile was 0.059, or higher than the SRMR value, thus indicating good model fit (Hair et al., 2017).

DISCUSSION

We investigated the relationship between managerial ethical leadership and employee ethical behavior, using ethical climate as a mediator, while also analyzing the intensifying role of moral attentiveness.

Table 3. Descriptive statistics, correlation matrix, and discriminant validity.

Constructs	Mean	SD	1	2	3	4	5	6	7	8	9
1. Managerial Ethical Leadership	4.051	0.560	**0.745**	*0.704 [0.662;0.749]*	*0.392 [0.323;0.468]*	*0.678 [0.620;0.731]*	*0.197 [0.157;0.254]*	*0.087 [0.074;0.129]*	*0.078 [0.062;0.137]*	*0.060 [0.052;0.095]*	*0.084 [0.068;0.121]*
2. Ethical Climate	3.931	0.441	0.316	**0.766**	*0.543 [0.490;0.607]*	*0.794 [0.758;0.827]*	*0.175 [0.156;0.239]*	*0.084 [0.062;0.147]*	*0.122 [0.103;0.175]*	*0.078 [0.074;0.128]*	*0.175 [0.155;0.217]*
3. Employee Moral Attentiveness	4.206	0.709	0.339	0.164	**0.865**	*0.570 [0.510;0.631]*	*0.127 [0.103;0.203]*	*0.102 [0.071;0.165]*	*0.057 [0.037;0.11]*	*0.070 [0.036;0.139]*	*0.100 [0.064;0.177]*
4. Employee Ethical Behavior	4.014	0.521	0.554	0.292	0.246	**0.730**	*0.180 [0.152;0.247]*	*0.153 [0.108;0.208]*	*0.089 [0.075;0.127]*	*0.104 [0.096;0.139]*	*0.075 [0.062;0.125]*
5. Social Desirability	2.811	0.767	0.049	0.074	0.054	0.074	**0.754**	*0.087 [0.063;0.132]*	*0.051 [0.030;0.122]*	*0.118 [0.073;0.188]*	*0.106 [0.062;0.166]*
6. Gender	1.274	0.447	0.042	0.076	0.008	0.234	0.047	n.a	*0.007 [0.003;0.083]*	*0.015 [0.002;0.103]*	*0.050 [0.005;0.119]*
7. Age	3.093	0.999	0.035	0.031	−0.002	−0.148	0.113	−0.057	n.a	*0.268 [0.206;0.331]*	*0.660 [0.623;0.698]*
8. Education	2.833	1.150	−0.043	−0.133	−0.047	−0.061	0.064	−0.041	0.101	n.a	*0.166 [0.110;0.225]*
9. Job Experience	3.374	1.184	0.045	0.078	0.057	−0.082	0.059	−0.054	0.693	0.109	n.a

Notes: **SD = standard deviation; n.a = not applicable. Bold values on the diagonal are the square roots of the average variance extracted, shared between the constructs and their respective measures. Off-diagonal elements below the diagonal are correlations among the constructs, where values between 0.12 and 0.15 are significant at $p < 0.05$, and values *of* or *higher than* 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% confidence level.**

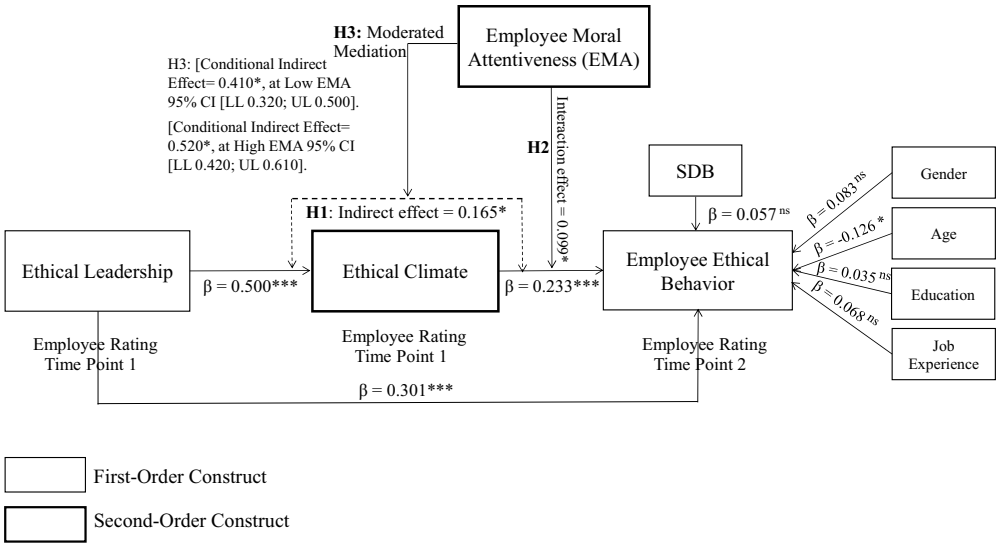

Figure 2. Research model: hypothesis testing. **Notes**: SDB = Social Desirability Bias; * $p < .05$, *** $p < .001$, ns = not significant.R^2 Employee Ethical Behavior = 0.563; R^2 Ethical Climate = 0.250; Q^2 Employee Ethical Behavior = 0.231; Q^2 Ethical Climate = 0.122

Table 4. Structural path analysis: managerial ethical leadership–employee ethical behavior relationship.

Relationship	Std Beta	Std Error	t-value	p-value	LL 95% CI	UL 95% CI	Decision	R^2	f^2	VIF
MEL→EEB	0.301	0.062	4.881	0.000	0.187	0.396	Supported	0.555	0.129	1.580

Notes: **MEL→EEB = effect of managerial ethical leadership (MEL) on employee ethical behavior (EEB); f^2 = (R^2included – R^2excluded)/ (1 -R^2included); effect sizes of f^2 ≥ 0.02, ≥ 0.15, and ≥ 0.35 are small, moderate, and large, respectively (**Cohen, 1988).

Table 5. Structural path analysis: mediating effect of ethical climate.

Hypothesis	Relationship	Std Beta	Std Error	t-value	p-value	LL 95% CI	UL 95% CI	Decision	f^2
H1	MEL→ EC→ EEB	0.165	0.043	3.795	0.000	0.068	0.238	Supported	0.075

Notes: **MEL→EC→EEB = effect of managerial ethical leadership (MEL) on ethical climate (EC) and then on employee ethical behavior (EEB); f^2 = (R^2included – R^2excluded)/(1 -R^2included); effect sizes of f^2 ≥ 0.02, ≥ 0.15, and ≥ 0.35 are small, moderate, and large, respectively (**Cohen, 1988).

Table 6. Structural path analysis: ethical climate × employee moral attentiveness interaction effect.

Hypothesis	Relationship	Std Beta	Std Error	t-value	p-value	LL 95% CI	UL 95% CI	Decision	R^2	f^2	VIF
H2	EC*EMA→EEB	0.099	0.046	2.166	0.015	0.027	0.176	Supported	0.563	0.018	1.072

Notes: **EC*EMA→EEB = effect of ethical climate (EC) combined with employee moral attentiveness (EMA) on employee ethical behavior (EEB); f^2 = (R^2included – R^2excluded)/ (1 -R^2included); effect sizes of f^2 ≥ 0.02, ≥ 0.15, and ≥ 0.35 are small, moderate, and large, respectively (**Cohen, 1988).

We found that managers' ethical leadership positively influenced employees' ethical behavior, by enhancing employee perceptions of ethical climate. The results also suggest that employees' level of moral attentiveness can intensify the positive impacts of both ethical leadership and ethical climate on employee ethical behavior. Thus, we derive two main conclusions: First, by evoking enhanced ethical behavior among employees, managerial ethical leadership constitutes a motivating factor that rests on employees' perceptions of an ethical climate within their organization. Second, the most important finding of the current research is that for ethical managers to be most effective, they need employees with high levels of moral attentiveness. When employees are more morally attentive and also witness

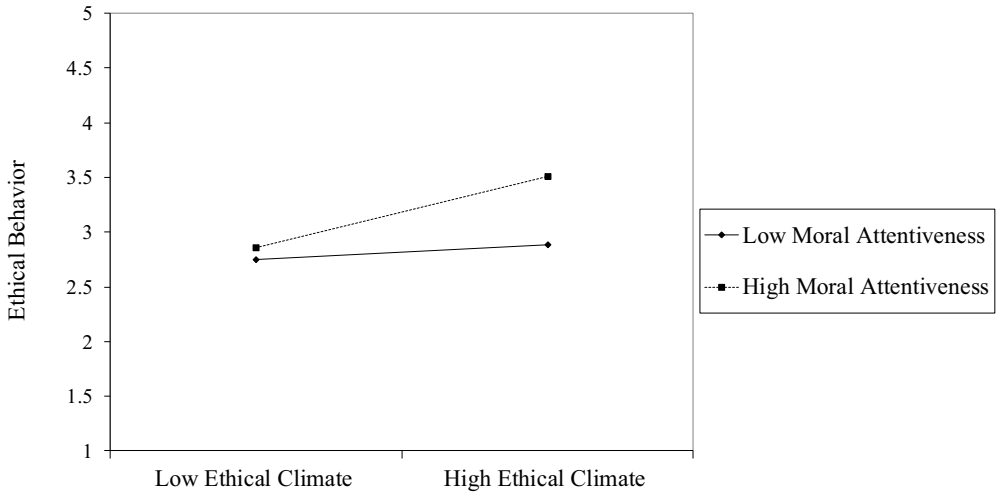

Figure 3. Ethical Climate × Moral attentiveness interaction on employee ethical behavior.

Table 7. Conditional indirect effect of managerial ethical leadership on employee ethical behavior at values of employee moral attentiveness.

			Bias and Corrected Bootstrap 95% CI	
Moderator: Moral Attentiveness	Indirect effect	Boot SE	LL 95% CI	UL 95% CI
−1 standard deviation (−0.517)	0.410	0.045	0.320	0.500
at the mean (0.00)	0.462	0.037	0.391	0.541
+1 standard deviation (0.517)	0.520	0.050	0.420	0.610
	Index of Moderated Mediation	**SE**	**Bias and Corrected Bootstrap 95% CI**	
			LL 95% CI	**UL 95% CI**
	0.191	0.045	0.186	0.264

Notes: N =270. Bootstrap sample size = 5,000. SE =standard error; LL =lower limit; CI =confidence interval; UL =upper limit 95% bias-correlated CI

the moral quality of their managers, the result is an enhanced level of ethical behavior among these employees.

Theoretical contributions

This study contributes to the extant literature in three ways. First, we examined ethical climate as a mechanism through which managers' ethical leadership affects employees' ethical behavior. To our knowledge, only a few studies have demonstrated this relationship, and have done so in only a few cultural contexts (Taiwan, Lu & Lin, 2014; United States, Mayer et al., 2010; Schminke et al., 2005). Our findings support this mediated relationship in another country, Malaysia, in which different Asian ethnicities (Malay, Chinese, Indian) live together (Weintraub, 2011). Thus, the demonstration of this relationship in such a multi-racial country extends earlier work on ethical climate as a mediator between managerial ethical leadership and employee ethical behavior and provides evidence of generalizability of this mediation (Whetten, 2009).

Second, we confirmed the reliability and validity of Reynolds's (2008) moral attentiveness scale. The construct of moral attentiveness is relatively new in business ethics literature (Reynolds et al., 2012), which predominantly focuses on Western cultural contexts (D. Dawson, 2018; Reynolds, 2008; van Gils et al., 2015; Whitaker & Godwin, 2013; Wurthmann, 2013). In applying the moral attentiveness scale to a non-Western, multicultural context, we can confirm its dimensionality (perceptual and

reflective) and items. Only one scale item (PMA7, "I frequently encounter ethical situations") showed low individual reliability (PMA7 = 0.422, Table 2), only slightly below the score reported by Reynolds (2008) for the same item. It also falls within the range (0.4–0.7) in which retention it is advisable, provided it does not negatively affect other measurement criteria (Hair et al., 2017). Thus, our study helps affirm the robustness of the theory that underlies the moral attentiveness phenomenon and helps confirm the appropriateness of its conceptualization as the extent to which day-to-day situations are perceived according to a moral basis.

Third, and as the most important finding, this study extends prior research demonstrating a positive effect of managers' ethical leadership on employees' ethical behavior (e.g., Ruiz-Palomino & Linuesa-Langreo, 2018), by clarifying that these effects may be contingent on follower-related variables such as moral attentiveness. In effect, we identified moral attentiveness as an important boundary condition for the effect of managerial ethical leadership on employee ethical behavior through ethical climate, thus responding to Zhu et al.'s (2016) call to examine the moderating role of follower moral attentiveness in the potential effect of ethical leadership (or other organizational ethics mechanisms) on employee ethical behavior. To our knowledge, only van Gils et al. (2015) have reported this role of moral attentiveness. These authors showed that moral attentiveness can strengthen the impact of low ethical leadership on employees' deviant behavior. We, however, extended van Gils et al.'s (2015) findings by testing and demonstrating that moral attentiveness also interacts with an ethical climate to intensify both the positive direct effect of ethical climate and the positive indirect effect of ethical leadership on employee ethical behavior. This finding is novel and helps advance our understanding of the role of moral attentiveness in accounting for employees' ethical behavior. Moral attentiveness draws on the social cognitive theory (Bandura, 1986; Fiske & Taylor, 1991). Reynolds (2008) argued that moral attentiveness interacts with the situational context to predict ethical behavior. To our knowledge, only van Gils et al. (2015) have addressed this matter and demonstrated this interacting role of moral attentiveness. However, van Gils et al. (2015) focused exclusively on employee deviant behavior (i.e., behavior that is inconsistent with organizational norms, Treviño et al., 2014) and found that this interacting (strengthening) effect of moral attentiveness was mainly driven by low ethical leadership rather than by high ethical leadership (as the contextual variable under study). Our study, however, adds clarity to van Gils et al.'s (2015) findings, as we demonstrated that, if we focus on a different type of behavior, namely ethical behavior (i.e., behavior that is consistent with societal norms, Treviño et al., 2014), this interacting (strengthening) effect of moral attentiveness can also be driven by the presence of high ethical leadership, through shaping an ethical climate in the workplace. Thus, our study confirms that moral cues embedded in workplace procedures and behaviors, such as those arising from the experience of an ethical work climate principally shaped by managers' ethical leadership, prompt morally attentive employees to develop positive feelings and willingness to reciprocate, with stronger ethical behavior.

Managerial implications

Managers should realize that, by practicing ethical leadership, they encourage their employees to put positive ethical values into practice. They are principal drivers of ethical behavior among their subordinates, both directly and by shaping an ethical climate in the workplace. Thus, Human Resource (HR) managers should leverage practices and procedures (e.g., selection, promotion, training) that can enhance this leadership approach at all managerial levels. For example, selection and promotion practices could rely on interviews or personality tests to identify people with high ethical standards and then hire them for managerial positions. Similar techniques might assess whether managerial candidates will effectively communicate the importance of ethics to employees, by behaving in a way that makes such ethical standards salient and attractive to others (i.e., behavioral role models), or whether these candidates will be willing to use reinforcement systems (e.g., rewards, incentives) to encourage ethically appropriate behavior. Finally, training initiatives could help managers gain expertise in communicating the importance of ethics and learn how to serve as ethical role

models; the training agenda should also include moral virtue content (e.g., honesty, fairness, concern for others, truthfulness) that encourages managers to deliberate on how to establish high ethical standards in the workplace.

Although the aforementioned mechanisms are useful in facilitating ethical leadership, HR managers could also use these mechanisms to improve the ethical behavior of employees by, for example, enhancing the ethical work climate. To the extent that work procedures, activities, and practices include ethics content and foster ethical behavior, employees are likely to follow ethical principles in their work-related behavior (cf., Ruiz-Palomino & Linuesa-Langreo, 2018; Schneider et al., 2013). Accordingly, organizations should ensure that ethical processes and procedures are in place, by implementing a wide range of conventional formal mechanisms (i.e., code of ethics; Valentine & Barnett, 2002; ethics training initiatives, presence and fluid interaction with ethics officials; Raile, 2013) but also, and importantly, by encouraging the practice of ethical leadership at all managerial levels. Managers act as filters of organizational processes and policies (Mayer et al., 2010), are well equipped to inspire ethical values in their employees and are likely to help them recognize an ethical workplace climate. By developing ethical leadership traits at work (e.g., honesty, trustworthiness, fairness, ethical role modeling), managers can enhance ethical behavior among employees by increasing perceptions that the organization is ethical (i.e., the perception that the work climate is ethical).

Finally, the findings emphasize the role of moral attentiveness in increasing the effectiveness of managerial ethical leadership and ethical climate for enhancing employees' ethical behavior. Some employees are very morally attentive and observe their environment through a moral lens; others (i.e., low morally attentive employees), however, do not (van Gils et al., 2015), so ethics instruments will be less effective among this latter group. Because moral attentiveness can increase people's ability to detect morality across situations and can be cultivated and trained (Pedersen, 2009), it should be actively fostered to help an ethical climate that more effectively encourages ethical behavior. One option would be to adopt training initiatives that teach routines or scripts that employees can use when they face moral threats. Such initiatives would help elevate the ethical atmosphere or climate perceived at work (Raile, 2013; Warren et al., 2014). These initiatives would also help increase the moral saliency and vividness of the issues faced (Gautschi & Jones, 1998), which may then increase the level of moral attentiveness among the trainees. Thus, by implementing ethics training initiatives, HR managers could more easily encourage ethical behavior by increasing the ethical climate and by elevating the level of moral attentiveness of the employees, all of which should interact to produce a stronger positive impact on the employees' ethical behavior. It is worth noting that, in line with previous evidence showing that moral attentiveness can be fostered among individuals who have worked for a strong ethical leader (Zhu et al., 2016), HR managers should mainly ensure that all managerial positions are occupied by ethical leaders. By so doing, HR managers would be ensuring that employees perceive their work climate as ethical, and either through the perception of the ethical content of the practices and procedures of the organization or through working for strong ethical leaders who set ethical norms and communicate about ethical matters, these employees' attention to ethical norms and concerns would be increased. Thus, by ensuring that managerial positions are occupied by ethical leaders, HR managers would be setting up a continuous loop that enhances the ethical behavior of employees and thus increases the moral tone of the organization.

Limitations and further research

A limitation of this study results from our cross-sectional data design, which makes it difficult to establish causality. However, our survey asked employees to assess sensitive issues such as ethical leadership, ethical climates, and their own ethical behavior, which required assurance of full anonymity to evoke reliable responses (Randall & Fernandes, 1991). Thus, the opportunities for longitudinal analyses are limited, preventing more precise assessments of causality (e.g., Podsakoff et al., 2003). Alternative experimental or longitudinal designs that can preserve the anonymity of participants would be helpful to establish causality.

Our data source represents a second limitation, in that we relied on single sources, namely, surveyed employees. By conducting two survey waves and specifying a moderated mediation model, we minimized the chances of CMV effects (Podsakoff et al., 2012), as confirmed by our post hoc Harman's one-factor test. Yet, the rigor of our empirical findings could be affected by our use of self-reported data to measure ethical behavior, despite the prevalence of similar methods in behavioral ethics research (O'Fallon & Butterfield, 2005) and evidence that results with self-reported data tend to be similar to those of studies that use other sources (Berry et al., 2012). Self-report data even may be advantageous for measuring ethical behavior, because employees are primarily aware of their relevant behaviors in their daily work. Nonetheless, further studies could extend our findings by collecting judgments of ethical behavior from multiple sources (e.g., managers, peers). Furthermore, the scale that we used to measure ethical behavior was designed from a U.S. perspective, which may not completely correspond to a Southern Asian-Malaysian outlook (Hofstede Center, 1967–2010). However, the scale has exhibited similar mean ratings across different cultural contexts (U.S., see Ferrell & Weaver, 1978; Israel, see Izraeli, 1988, Russia, see Deshpande et al., 2000; Uganda, see Ntayi et al., 2010), thus suggesting it functions well across different cultures. Consistent with this idea, our findings confirmed that ethical leadership and ethical climate were both positively related to employee ethical behavior, in agreement with previous research (Lu & Lin, 2014; Mayer et al., 2010; Ruiz-Palomino & Linuesa-Langreo, 2018). However, the use of a scale that better fits the Malaysian context might capture the strength of the relationships in a better way. This issue can be addressed in future research.

We also acknowledge that we did not examine potential relationships among several variables in our research model. We tested and demonstrated the strengthening role of moral attentiveness in the positive direct and indirect impact of ethical climate and ethical leadership on employee ethical behavior. However, managerial ethical leadership and ethical climate could also have a positive relationship with employee moral attentiveness. Moral attentiveness is a schema through which the individual automatically processes and actively screens the incoming information. Accordingly, individuals with high moral attentiveness are likely to have acquired it through previous exposure to moral issues (van Gils et al., 2015). Testing the potential impact of managerial ethical leadership and/or of an ethical climate on the moral attentiveness of the employees requires, however, a longitudinal design. Without conducting a longitudinal design, a weak or practically non-existent relationship is likely to be observed, as others have found previously (see D. Dawson, 2018). Future research using a longitudinal design could thus clarify the antecedents of moral attentiveness and could thereby add a novel nuance to the variables in this study.

Finally, we did not address other potentially influential external factors. Ethical behavior is a complex phenomenon, affected by individual-, organizational-, and environmental-level variables (Craft, 2013; Treviño et al., 2006). We thus call for cautious inferences from the results of this study, which included variables at the individual and organizational levels but did not take into account the external environment. For example, the cultural features of Malaysia (high uncertainty avoidance, high power distance, high collectivism) may influence the study variables (ethical leadership, Oc, 2018; ethical climate, Parboteeah et al., 2005; ethical behavior, Craft, 2013; Treviño et al., 2006) and therefore the study findings. In Malaysian society, hierarchy-based and unequal leader–employee relationships tend to be expected (i.e., high power distance), so interactions with ethical leaders who are empowering, humane, and caring likely activate positive responses, such as ethical behavior. The relatively high levels of collectivism (i.e., caring for others) and adherence to norms (short-term orientation) could also encourage more ethical behavior. Collectivism, in particular, encourages strong concern for the organization and for behaviors and decisions that benefit the organization (Craft, 2013), which is consistent with the measure of ethical behavior that we used. Due to these societal effects, the influence of moral attentiveness might be less significant; additional cross-cultural research should test these effects as well as establish whether cultural variations affect the relationships. A comprehensive comparison of potential differences in findings across individualistic and collectivistic societies could help determine the level of

context sensitivity of the premises underlying our prediction that moral attentiveness intensifies the positive impact of managers' ethical leadership on employees' ethical behavior through ethical climate.

DATA AVAILABILITY STATEMENT

Data available from the authors upon reasonable request from the authors.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

No potential conflict of interest was reported by the author(s).

ETHICAL APPROVAL

All procedures performed in this study were in accordance with the ethical standards of the institutional research committee and with the 1964 Helsinki declaration and its later amendments or comparable ethical standards.

INFORMED CONSENT

Informed consent was obtained from all individual participants included in this study.

ORCID

Hussam Al Halbusi http://orcid.org/0000-0003-0022-7718
Pablo Ruiz-Palomino http://orcid.org/0000-0002-0413-8512
Rafael Morales-Sánchez http://orcid.org/0000-0001-9766-0627

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