

Reinforcing Moral Disengagement in the Relationship of Ethical Leadership on Employee Task Performance

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Abstract

This study analyzes the relationship between ethical leadership and task performance and the moderating effect of moral disengagement. The data in this study were 244 respondents who were taken by conducting a web-based questionnaire for employees in various industries in Indonesia. To process data and test hypotheses, researchers used the SEM-PLS approach. This study found that ethical leadership influences employee task performance. However, the relationship between ethical leadership and employee task performance was found to be positive and significant. This study also found that moral disengagement has a moderating effect, strengthening the relationship between ethical leadership and task performance.

Keyword: Moral Disengagement, Ethical Leadership, Task Performance

Abstrak

Studi ini menganalisis tentang hubungan etika kepemimpinan dengan kinerja tugas, dengan efek moderasi oleh pelepasan moral. Data dalam penelitian ini adalah 244 karyawan yang diambil dengan mengadakan kuesioner berbasis web di berbagai industri di Indonesia. Untuk mengolah data dan menguji hipotesis, peneliti menggunakan pendekatan SEM-PLS. Studi ini menemukan bahwa etika kepemimpinan memiliki pengaruh terhadap kinerja tugas karyawan. Hubungan antara etika kepemimpinan dengan kinerja tugas karyawan ditemukan positif dan signifikan. Pada penelitian ini juga menemukan bahwa pelepasan moral memberikan efek moderasi yaitu memperkuat hubungan etika kepemimpinan dan kinerja tugas.

Kata Kunci: Pelepasan Moral, Kepemimpinan Etis, Kinerja

1. Introduction

The process of shaping moral behavior by ethical leadership is questioned in the discussion of organized ethical scandals (Brown et al., 2005). Since the scandals of companies such as WorldCom, Enron, and Arthur Andersen, many researchers have been interested in researching from an ethical standpoint. There is also the case of Siemens, where employees committed bribes at several overseas subsidiaries. Several studies in the field of behavioral ethics have been conducted to investigate the causes of scandals

by unethical employee behavior (as discussed by (Moore & Gino, 2013); (Trevino, Nieuwenboer, & Kish-Gephart, 2014)). It shows how crucial ethical behavior is applied to employees for a sustainable company.

Ethical leadership and its influence on employees' behavior have become fundamental issues (Kia et al., 2019). The importance of ethical leadership is applied to avoid ethical leadership failure for various reasons, such as the desire to "win with all costs," the desire to work hard, and also the urge to achieve (Bello, 2012). Researchers widely discuss ethical leadership for several reasons. First,

many organizational leaders are considered unsuccessful in implementing ethical leadership in their business. Second, to achieve the organization's goals, ethical leadership is needed in providing direction to the organization. Therefore, that research on ethical leadership will be additional information for the organization to achieve its goals.

Usually, in an organization, the leader will be a role model for employees. Employees will follow the way their leaders behave and perform. Ethical leaders have a role as a reference for communicating and applying ethical standards and behavior to their followers (Bedi et al., 2016). Leaders must provide moral guidance for their followers (Bello, 2012). The leadership position is part of an organization's efforts to improve its performance (Knies et al., 2016). Whether or not employee responses to ethical leadership will affect the performance of these employees can be seen from the results of research by (Bello 2012).

According to Walumbwa et al. (2011), some goals and values are the same between leaders and employees to be more active and improve performance. The connection between ethical leadership and employee performance is clarified using social learning theory (Kia et al., 2019). Namely, the way ethical leaders influence their followers is through modeling. Employee task performance is centered on completing necessary work, which combines work, organizing, and structuring tasks, leading to results, work skills, and scale of needs. This study discusses individual task performance and essential elements of an individual. Employee task performance is technical skills, specific tasks, performance functions (Koopmans et al., 2014). The context of task performance refers to employee behavior in advancing the organization, such as showing productivity, responsibility for work, and willingness to work.

This study is different from Kia et al. (2019), who investigated ethical leadership and its impact on employee performance with several mediating factors, namely organizational identification, customer orientation, service climate, and ethical climate. While this study will analyze the effect of ethical leadership directly on employee task performance, the moderating variable is moral disengagement. Moral disengagement (MD) is an individual action that avoids the consequences of violations of moral standards by that individual (Petitta et al., 2017). A person commits moral disengagement to avoid social sanctions for bad behavior. Therefore, moral disengagement behavior deviates from ethical leadership. Meanwhile, the higher the ethical leadership level of employees, the less they will carry out moral disengagement (Hsieh

et al., 2020). Accordingly, the motivation of this investigation is to analyze the relationship between ethical leadership and task performance with moral disengagement as a moderating variable.

Several studies have analyzed the relationship between ethical leadership and task performance in different years and used different samples. For instance, (Mo & Shi (2018) and Kia et al. (2019) stated that ethical leadership positively affects performance in employee roles, they argue that ethical leadership can develop a sense of commitment to subordinates. Meanwhile, Kelidbari et al. (2016) found a negative relationship between ethical leadership and employee performance; this is influenced by leader-member exchange, which creates feelings of support, opportunities, and input and affects performance. Research with inconsistent results is one of the motivations for testing leadership and its influence on employee task performance by adding moderating variables that can strengthen or weaken.

Prior research has researched the relationship between ethical leadership and employee performance mediated by organizational identification, customer orientation, service climate, and ethical climate (Kia et al., 2019), and moral disengagement (Newman et al., 2020). It shows that researchers have a high interest in ethical research scandals in organizations focusing on ethical leadership. However, most studies examining ethical leadership have been conducted in only one industry area. Other industries such as logistics, retail, or parts of other countries have not been done (Brown et al., 2005). Along these lines, another motivation for this investigation is to decide on the impact of ethical leadership on task performance when moderated by moral disengagement in various undertakings in Indonesia as a research subject. This study will also use control variables, namely gender, work experience, organization, and position.

2. Literature Review

Ethical Leadership

In the Brown et al. (2005) study, ethical leadership was explained as behavior demonstrated precisely and in harmony with prevailing norms through concrete actions and relationships between leaders and followers. Researchers argue that ethical behavior is a crucial component in several leadership theories (Brown & Treviño, 2006). Ethical leaders apply ethical leadership by demonstrating or encouraging behavior by norms; leaders can do this by starting from themselves first to become examples that can be emulated than by demonstrating with two-way communication (Brown et al., 2005).

There are two theoretical frameworks used by Brown & Treviño (2006) when understanding ethical leadership, both of which are The social exchange theory (Blau, 1964) and social learning theory (Bandura, 1977). The social exchange theory is when a leader shows a caring attitude towards his followers and shows concern for their well-being, then his followers will reciprocate that care and support. In short, the individual will follow doing the same positive thing when the leader does the same (Settoon et al., 1996; Chughtai et al., 2015). Social learning theory focuses on the antecedents and outcomes of ethical leadership. It implies that only by observing other people and their experiences will one learn proper standard norms. Individuals who study these norms will be attracted to people who have credibility as role models (Brown & Treviño, 2006).

Treviño et al. (2000) stated that in ethical leadership, there are two pillars. First, the pillars that make a person a moral person, in this case, the behavior and character under morals, foster a sense of care for the people in their environment. A moral person will be driven by ethical leadership by giving the right to determine how the work will be done. Thus, they will show skills and competence in doing work. Second, the pillars related to moral managers, as role models who display their moral behavior, use methods of reward and discipline, and carry out two-way communication. The moral person has characters such as trustworthiness, integrity, and honesty. Meanwhile, the moral manager has the main character as an appropriate role model to convey ethics and norms well.

Ethical leadership reflects people who have the values to be role models for others (Freeman & Stewart, 2006). In an organization, leaders usually become role models. Therefore, leaders need to implement ethical leadership and show it to their followers. A leader who has an ethical leader personality will show this personality by practicing a leader who behaves ethically. Ethical leaders tend to maintain what has been said to their followers (Brown & Treviño, 2006). Leaders who have ethical leadership characteristics apply two-way communication to show ethical behavior to their followers. Setting ethical standards and rewarding individuals who practice ethical behavior also provide punishment or sanctions to their followers who violate the standards (Brown et al., 2005).

Ethical leadership has a mutually beneficial impact, namely developing good relationships with employees to achieve organizational goals (Chan & Mak, 2012). By combining ethical guidelines, ethical leadership ensures that employees apply moral values to commit and achieve different targets. Under the supervision of an ethical leader, employees will get a

sense of individual care and support so that they have a common effect by reciprocating by showing attitudes that are valued by their leaders (Tangirala et al., 2007).

Task Performance

Task performance is one part of the performance performed by employees as part of their responsibility in fulfilling job descriptions (Pradhan & Jena, 2017), in helping to realize the company's vision, and indirectly rewarding the company (Borman & Motowidlo, 1997). In the organization, task performance is a contractual agreement made by the manager and subordinates to complete the company's work (Pradhan & Jena, 2017). Scotter et al. (2000) define task performance as part of behavior that plays a direct role when producing goods or providing services or other activities within the company in indirect encouragement to the organization's core processes. For example, when employees perform their duties using technical skills and knowledge, this is called task performance. In other words, task performance is a direct responsibility of employees, which requires cognitive abilities, skills, habits, and experiences (Conway, 1999) to help achieve company goals. , task performance is the most fundamental part for an organization to survive (Yang & Wei, 2017).

To carry out task performance properly requires technical ability in handling tasks and skills so that task implementation does not require many exams; besides that, it is necessary to learn from experience to get used to the task (Conway, 1999). Task performance is divided into two areas. First, a person's technical ability, skills, and experience are expected to realize the expected work performance. This is part of implementing the first task, namely the implementation of technical – administrative tasks. Second, the task performance of leadership provides attention and constructive encouragement to employees to motivate them to achieve performance goals and guide them in completing work (Borman & Brush, 1993). With support in motivation, charisma, idealized influence can improve task performance (Khan et al., 2019).

Moral Disengagement

Moral disengagement is a situation where individuals seek to escape moral consequences (Bandura, 2017). An individual will carry out moral disengagement if the individual is involved in behavior contrary to prevailing morals and feels uncomfortable with moral conflicts (Bandura, 2017; Moore et al., 2012). Moral disengagement behavior is carried out to avoid problems, avoid self-punishment and protect self-esteem (Fehr et al., 2020). (Bandura, 1986) explains

the concept of moral release with the cognitive theory that an individual is an actor of his moral behavior; this makes the individual review his moral behavior according to the prevailing moral standards, consider these moral standards and regulate future behavior.

Moral disengagement includes three kinds of perception. The first is focusing on the behavior itself, reworking the behavior so it looks a bit mistake. For instance, when a worker commits an error yet with an ethical reason and supports the shareholder's interests. The second is casualty focused. It happens when there is a denial of wrongdoing and causes harm to the victim. For instance, when a representative loudly maltreats an associate yet does not recognize the slip-up, avoid harming the victim by demeaning the victim's dignity. The third focuses on the role of self in behavior. For example, when employees are aware of unethical actions, they transfer responsibility to authority figures or spread responsibilities across groups of colleagues (Moore et al., 2012; Bandura, 2018).

According to (Bonner et al., 2016), moral disengagement theory describes the process by which a person can calmly justify dishonest or unethical behavior. Moral disengagement is conceptualized as an essential part of explaining immoral behavior by individuals, such as corporate defamation or corruption (Bandura et al., 2000); (Brief, Buttram, & Dukerich, 2001); (Moore, 2008), or violent behavior against humans such as in politics and others (Bandura, 1990).

Hypotheses Developments

The relationship between Ethical Leadership and Task Performance

Task performance is the basis for a company to survive (Yang & Wei, 2017). Therefore, researchers focus on the relationship between ethical leadership and employee task performance. The basis for understanding the relationship between leaders and followers is social exchange theory (Resick et al., 2006); when behaviors with ethical leadership are applied, such as when rewarding employees based on compliance with ethics, applying good communication based on ethics, ethical leaders encourage followers to avoid unethical behavior and interfere with performance.

Increasing task performance means a positive relationship with leadership effectiveness that affects organizational productivity (Khan et al., 2019). (Piccolo, Greenbaum, Hartog, & Folger, 2010) provide a perspective that ethical leadership affects follower behavior through modeling, meaning that the charismatic influence of role models who behave ethically makes followers follow and identify the same goals. This study focuses on aligning leader and

follower goals, which illustrates the relationship between ethical leadership and task performance. When leaders have the same goals, ethical leaders will foster the same values; this increases the likelihood that followers will engage in behavior and contribute to realizing those goals (Walumbwa et al., 2011).

Based on the above statement, the researcher believes that individuals who have a leader with high ethical leadership will apply it so that it affects their performance to be more persistent in achieving organizational goals. Thus, the hypothesis is formulated as follows:

H1: Ethical leadership (EL) positively influence task performance (TP)

The relationship between Moral Disengagement and Task Performance

The research of Bonner et al. (2016) explained that moral disengagement includes re-labeling unethical or unfair behavior. The aim is to justify unethical behavior to be morally accepted (moral justification). This behavior occurs when someone does something unethical and justifies it by stating that it has a moral purpose. An example is when an employee makes a mistake, feels uncomfortable, and does not want his performance to be considered harmful. He commits moral disengagement by not admitting his mistake—people who tend to exercise moral justification support poor labor implementation (Paharia et al., 2013).

The implementation of duties is one of the primary responsibilities of employees, which are determined as part of the job description (Pradhan & Jena, 2017). Barsky et al. (2006) explain that when individuals are given a choice of behavior or can participatively determine performance goals, the individual tends not to justify or replace moral justification (moral release mechanism); this will increase their involvement good performance. Bonner et al. (2016) argue that the moral disengagement of employees and supervisors must be lower so that high employee outcomes (such as employee performance) can be explained through ethical leadership prospects.

Based on the above statement, the researcher argues that their performance will decrease when employees have high moral disengagement. Therefore, the researcher hypothesizes:

H2: Moral disengagement (MD) negative effect of task performance (TP)

The relationship between Ethical leadership, Moral Disengagement, and Task Performance

Leaders who do unethical things such as theft, corruption, counterfeiting, or mistreating employees

will make employees no longer respect leaders, and employees will lose trust and commitment to the organization. As described above (Piccolo, Greenbaum, Hartog, & Folger, 2010) provides a perspective that ethical leadership influences follower behavior through modeling. Employees with high moral disengagement will continue to support and trust leaders who act unethically (Fehr et al., 2020). Meanwhile, to advance the company requires ethical leaders as role models.

Implementing ethical leadership will use transactional affecting cycles like standard-setting, performance examination, and prizes and disciplines to consider adherents responsible for moral conduct (Treviño et al., 2003). So that when ethical leadership is applied, the relationship between leaders and followers will be good in achieving the same goals for the organization. The form of implementation of performance tasks is to be responsible for work that achieves the goals or objectives of the organization as part of the task (Pradhan & Jena, 2017), then employees will carry out their responsibilities by improving task performance.

The lower the ethical leadership level of employees, the more they will commit moral disengagement (Hsieh et al., 2020). As an accelerator, high moral disengagement can increase the incidence of unethical behavior (Moore et al., 2012). Individuals who have a high level of moral disengagement tend to be influenced by contextual matters, such as a lack of self-control in situations where the individual is tired (Kouchaki et al., 2013).

In conclusion, individuals who have high moral disengagement will not be affected by ethical leadership (Bonner et al., 2016). They will do many unethical things. This can make performance worse because this behavior reduces employee integrity towards the leader, namely having the same goals. Based on the above statement, the following hypothesis is formulated:

H3: Moral disengagement (MD) can weaken the connection between ethical leadership (EL) and task performance (TP)

Based on the description in the literature review, the researcher compiles a research model in the form of a graphic that can help describe the research and help focus the research objectives.

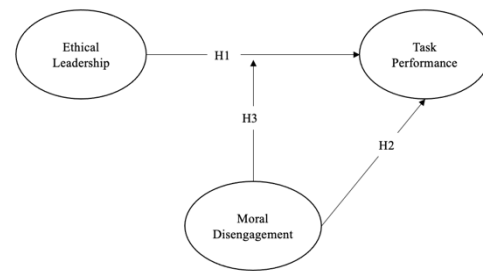


Figure 1. Research Framework
3. Research Methodology

Population and Sample

In this study, the selected population is employees who work in the Indonesian industry. Researchers choose employees as respondents because researchers realize the importance of motivating and fostering ethical leadership attitudes to employees and remembering their effect on task performance. Researchers selected a sample focusing on employees/staff, supervisor level, manager, and general manager of employees in industries in Indonesia. Determination of the sample size refers to (Hair et al., 2017), which is ten times the most significant number of formative indicators used when measuring a construct.

The statistical analysis used to test the hypothesis in this study is the Equation Modeling (SEM) with Partial Least Squares (PLS) approach. The consideration of using SEM to test the hypothesis is because SEM is suitable for testing the latent variable being tested. Three latent variables will be tested: ethical leadership, moral disengagement, and task performance. Structural Equation Model (SEM) with Partial Least Square (PLS) is used for research that aims to develop previous research (Hair et al., 2017). The software used to process data is WarpPLS 6.0.

Research Instrument

In this study, data will be obtained directly from respondents using an electronic questionnaire (google form), then this questionnaire will be distributed online via social media. The questionnaire consisted of 4 sessions. The first session contains information about the researcher and this research, which is briefly explained. In the second session, there were questions about respondent information that would become demographic data, namely gender, work experience (years), the organization they work for, and position. To avoid bias and concerns about respondent information, the researcher first informed that the information in this study would be kept confidential and would be used for research purposes. The third session consists of questions related to the

measurement for latent variables. The question has been randomly generated. All questions were measured on a 5-point scale, ranging from 1 (strongly disagree) to 5 (strongly agree). There are seven questions reverse used to measure variables with negative sentences and will be reversed to normal (positive) after the data is collected. The fourth session contains gratitude to respondents for being willing to participate in this research.

Before the questionnaire is distributed to the confirmed sample, the researcher first carries out a pilot test. The pilot test is given to people who are not actual samples. Researchers choose students who have carried out internships because they have experienced how to be employees and feel the company environment. They understand the questions for each variable. The pilot test was carried out to determine whether the questions in the questionnaire were understandable by respondents and were not ambiguous. Each item in the measurement was adopted from previous research. The researcher translated it into Indonesian according to the dominant language where the research was carried out. Researchers changed some words with the same meaning that may be difficult to understand or ambiguous to avoid bias. Researchers also ensure that each item has the same meaning as the item in English.

Operational Definitions of Variables

Independent variables are variables that affect other variables or variables that cause the dependent variable. The independent variable, namely ethical leadership, will be analyzed in this study. Ethical leadership is taken from the ten-item ethical leadership scale instrument by (Brown et al., 2005). Sample item: "My supervisor sets an example of how to do things the right way in terms of ethics" and "My supervisor listens to what employees have to say." 5 scales will be used for respondent responses, with 1 = Strongly Disagree and 5 = Strongly Agree.

The moderating variable in this study is moral disengagement. Measurements for moral management adopted from (Moore et al., 2012). Sample items include "People cannot be blamed for doing things that are technically wrong when all their friends are doing it too" and "People who get mistreated have something done to bring it on themselves." A five-point scale scored all items with 1 = Strongly Disagree, and 5 = Strongly Agree.

This study uses employee task performance as the dependent variable. Employee task performance is measured using a scale from (Williams & Anderson, 1991). The sample items: "I adequately complete assigned duties" and "I fulfill responsibilities specified in the job description."

These items will be assessed using a five-point scale (1 = strongly disagree; 5 = strongly agree).

This study included 4 control variables. The first is gender, measured by nominal (1 = Male and 2 = Female). The second is work experience (1 = 2 – 5 years, 2 = 6 – 9 years, 3 = 10 -13 years, 4 = 14 – 17, 5 = 17 years). The third is an organization or workplace (1 = Manufacturing, 2 = Financial, 3 = BUMN, 4 = Bank, 5 = Construction Industries, 6 = Transportation, 7 = Entrepreneurial, 8 = Entertainment Industries, 9 = Public Account ant Firms, 10 = Logistic Industries, 11 = Medical Industries, 12 = Retail, 13 = Education, 14 = Telecommunication, 15 = Government, 16 = Law Firm). Lastly is the position (1 = Employee / Staff, 2 = Supervisor, 3 = Manager, 4 = General Manager).

4. Result and Discussion

Demographic Information

The target of this research is employees who are organized as samples. The questionnaire is created in the form of google.doc, then distributed on social media, such as Twitter, WhatsApp, Instagram, and other social media platforms. Sampling data was collected by distributing questionnaires with the "snowball sampling" method. Respondents who filled out the questionnaire totaled 273 people, and only 259 people who fulfilled the requirements were, of course, employees, and the rest were not. For several reasons and to avoid bias, only 244 data were used. Bias is a possible error that can occur when processing data. These errors can occur during data collection, data analysis, or other stages during data processing, resulting in errors in concluding (Simundic, 2013).

Table 1. Demographic Data

	Sample	%
Gender		
Male	101	41
Female	143	59
Work Experience		
2-5	200	82
6-9	27	11
10-13	5	2
14-17	2	1
>17	10	4
Industry		
Manufacturing	42	17
Financial	13	5
BUMN	15	6
Bank	16	7
Construction		
Industries	17	7
Transportation	4	2
Entrepreneurial	31	13
Entertainment	4	2
Public Accountant		
Firms	12	5
Logistic	10	4
Medical	17	7
Retail	18	7
Education	21	9
Telecommunications	6	2
Government	15	6
Law Firm	3	1
Position		
Employee/Staff	203	83
Supervisor	26	11
Manager	9	4
General Manager	6	2

In this research questionnaire, researchers asked respondents for personal data, such as gender, workplace, working experience, and position. In table 1, the demographic data obtained from respondents are shown.

In session 1 of the demographic data, there is information about the gender of the respondents. Most respondents are female, or 143 (59%), and male respondents are 101 (41%). Furthermore, there is information about working experience, which explains how long the respondent's work experience is. Respondents who have 2-5 years of work experience are 200 (82%), respondents who have work experience of 6-9 years are 27 (11%), respondents who have work experience of 10-13 years are 5 (2%), respondents who have work experience are 14-17 years totaling 2 (1%), and there are 10 (4%) respondents who have work experience > 17 years.

Further information is about the organization where the respondent works. Respondents in this study worked in different organizations and industries, namely Manufacturing 42 (17%),

Financial 13 (5%), BUMN 15 (6%), Bank 16 (7%), Construction Industries 17 (7%), Transportation 4 (2%), Entrepreneurial 31 (13%), Entertainment Industries 4 (2%), Public Accountant Firm 12 (5%), Logistic Industries 10 (4%), Medical Organization 17 (7%), Retail 18 (7%), Education 21 (9%), Telecommunication 6 (2%), Government 15 (6%), and Law Firm 3 (1%).

The last information in the first session was about the working position (level) of the employee. There are 192 or 84.21% of respondents who work as employees/staff. Then there are 24 or 10.53% of respondents who work as supervisor levels. Meanwhile, there are 9 or 3.95% of respondents work at the manager level. Moreover, at the general manager level, there are 3 or 1.32% respondents. In short, most respondents came from the employee/staff level, and a minority of respondents came from the general manager level.

Descriptive Analysis

The descriptive analysis presents the relationship between latent variables, mean (M), and standard deviation (SD) obtained from the data used in this study. The results of the descriptive analysis in table 2 show that employees in Indonesia have a high level of ethical leadership (M = 4.095; SD = 0.455), with high task performance (M = 4.007; SD = 0.537), and high moral disengagement (M = 2.662; SD = 0.739). The three are above the median value of the latent variable scale (2,500). Meanwhile, four control variables are gender, working experience, organization, and position. The results show that organization and position have a significant relationship with ethical leadership. Gender, working experience, position have a significant relationship with moral disengagement. Then, organization and position have a significant relationship with task performance.

Table 1. Descriptive Analysis

	Mean	SD	1	2	3	4	5	6	7	8
1. Ethical Leadership	4.095	0.455	1.000							
2. Moral Disengagement	2.662	0.739	0.298	1.000						
3. Task Performance	4.007	0.537	<0.001***	0.021**	1.000					
4. Gender	1.586	0.494	0.997	<0.001***	0.154	1.000				
5. working Experience	1.340	0.900	0.342	0.013**	0.215	0.926	1.000			
6. Organization	7.279	4.710	0.002***	0.857	0.006***	0.396	0.764	1.000		
7. Position	1.254	0.642	0.020**	<0.001***	0.049**	0.893	<0.001***	0.646	1.000	
8. MD*EL	10.904	0.162	0.729	0.002***	0.318	0.149	0.280	0.036**	0.021**	1.000

**Significant <0.05

***Significant <0.01

Measurement Model Analysis

When performing a measurement model analysis, it will be tested for validity and reliability by the provisions of (Hair et al., 2019). This test aims to check whether the research is valid and reliable. To ensure convergent validity, a validity test is carried out with loading indicators and average variance extracted (AVE), and to ensure discriminant validity, Fornell & Larcker are used. Meanwhile, testing Cronbach's alpha (α) and composite reliability (CR) was carried out to determine the reliability of the measurement model.

Validity Test

In this study, a validity test was carried out, a test to determine whether the instrument developed was good at measuring the model to be measured. Construct validity was measured by testing convergent validity and discriminant validity. Following (Hair et al., 2014), several indicators were tested to assess convergent validity. These indicators include factor loadings and Average Variance Extracted (AVE). Table 3 below will explain the results of the convergent validity test.

Table 2. Validity Test

	Loading	AVE
Ethical Leadership		0.640
My supervisor disciplines employees who violate ethical standards	(0.764)	
My supervisor makes fair and balanced decisions	(0.823)	
My supervisor defines success not just by results but also the way that they are obtained	(0.811)	
Moral Disengagement		0.549
It is okay to spread rumors to defend those I care about	(0.708)	
Taking something without the owner's permission is okay as long as I'm just borrowing it	(0.751)	
Taking personal credit for ideas that don't belong to me is no big deal	(0.739)	
Some people may be treated harshly because they have feelings that are not easily hurt	(0.765)	
Task Performance		0.606
I adequately complete assigned duties	(0.788)	
I fulfill responsibilities specified in job description	(0.877)	
I meet the performance requirements required of my job.	(0.811)	
I help other who have heavy work loads	(0.705)	
I give advance notice if I can't come to work	(0.741)	
I adhere to informal rules devised to maintain order	(0.737)	

In table 3, the results of the p-value have met the convergent requirements, which must be less than 0.005. The p-value in this study for each instrument was 0.001 (<0.001). The loading factor is seen based on the statement of Hair et al. (2014), a loading factor with a number greater than 0.70 is a highly expected value, while a loading factor of 0.40 is the minimum number to reflect the model. In short, each item must have a loading factor greater than 0.40 to meet convergent validity; if the loading indicator is 0.40, it is recommended to remove it; the loading indicator 0.040 – 0.70 can also be removed if needed to increase AVE to match the requirements. The ethical leadership variable that has a loading value is the ethical leadership variable which has a loading value of EL2 = 0.764, EL5 = 0.823, EL9 = 0.811. Then for the moral disengagement it has a loading value of MD1 = 0.708, MD2 = 0.751, MD6 = 0.739, MD7 =

0.765. While the loading values for performance task is TP1 = 0.788, TP2 = 0.877, TP4 = 0.811, TP9 = 0.705, TP16 = 0.741, TP21 = 0.737.

Apart from the loading factor, Average Variance Extracted (AVE) is the following requirement to assess convergent validity. The AVE value that meets the requirements, according to (Hair et al., 2019), must be higher than 0.50. From the table above, the AVE of each variable has exceeded the requirements, namely ethical leadership of 0.640, moral disengagement of 0.549, and task performance 0.606.

Discriminant Validity Test

Test discriminant validity is evaluated by the square root of average variance extracted (AVE) with the connection between constructs. According to (Fornell & Larcker, 1981), if the square root value of AVE is higher than the relationship between latent variables in a similar section, the discriminant validity is considered valid. This study shows that the latent ethical leadership variable in the "EL" column has the square root of AVE 0.800, higher than the correlation value in the same column, namely -0.067 and 0.754. Likewise, with the latent variables of moral disengagement and task performance. Overall, Table 4 presents data on all AVE squares (diagonally) higher than each construct (on the off diagonal), so the validity of discrimination has been valid.

Table 3. Discriminant Validity

	EL	MD	TP	MD*EL
Ethical Leadership (EL)	(0.800)			
Moral Disengagement (MD)	-0.067***	(0.741)		
Task Performance (TP)	0.754	-0.147***	(0.779)	
MD*EL	-0.022***	0.193	0.064*	0.575

AVE square root (in parentheses): diagonal; latent variable relationship between constructs: off-diagonal

*Sig. at p < 0.1; **Sig at p < 0.05; ***Sig. At p < 0.01

Reliability Test

Other than ensuring the validity of the test, the researcher also needs to ensure the reliability test. A reliability test is a test conducted to ensure the consistency of the measurement model that measures the concept. The reliability test in this study is shown in table 5.

Table 4. Reliability Test

	EL	MD	TP	MD*EL
Composite Reliability	0.842	0.830	0.902	0.850
Cronbach's Alpha	0.718	0.726	0.868	0.807

The reliability test is done by checking the value of composite reliability (CR) and Cronbach's Alpha (α). The composite reliability and Cronbach's alpha values that are considered to meet the requirements must be more than 0.70, while 0.60 – 0.70 is still acceptable for the descriptive study. In table 5, the composite reliability line has a value of 0.842 for ethical leadership, with a score of 0.830 for moral disengagement, and a score of 0.902 for task performance, and a score of 0.850 for MD*EL. Meanwhile, Cronbach's alpha line has a value of 0.718 for ethical leadership, 0.726 for moral disengagement, 0.868 for task performance, and 0.807 for MD*EL. In short, these study shows are valid and reliable measurement results.

Structural Model Analysis

The structural model in this study was tested with collinearity using the Inner Variance Inflation Factor (VIF) and the coefficient of determination (R^2). The VIF value considered valid is close to or below three; this also shows that this study is free from collinearity bias (Hair et al., 2019). Judging from the VIF table, the iner value has met the valid criteria. Then tested the coefficient of determination (R^2). The value of R^2 is considered valid if it is close to 1, which means that the proportion is higher (Hair et al., 2019). Table 6 presents the VIF results in this study.

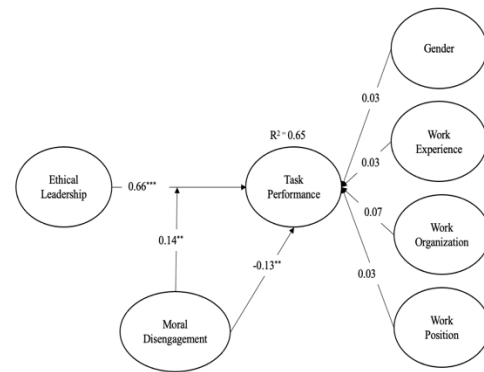
Table 5. VIF's Value

	VIF
Ethical Leadership (EL)	2.431
Moral Disengagement (MD)	1.190
Task Performance (TP)	2.483
MD*EL	1.103

Next is to test the coefficient of determination (R^2). The value of R^2 is considered valid if it is close to 1, which means that the proportion is higher (Hair et al., 2019). In this research, the value of R^2 for task performance is 0.655, which means that the coefficient of determination is high. The remaining value of 0.345 can be obtained by other factors that affect task performance outside the variables used in this study.

Table 6. Result of R^2

Dependent	Independent	R^2
Task performance	Ethical leadership	0.655



Sig at $p < 0.05$; *Sig. At $p < 0.01$

Figure 2. Full Model

Figure 2 presents a structural model showing the relationship between ethical leadership, task performance, and moral disengagement. The PLS results show that ethical leadership has a significant positive relationship with task performance ($\beta = 0.662$; $p < 0.01$). Thus, hypothesis 1 is supported. The relationship between moral disengagement and task performance shows significant results but negatively ($\beta = -0.132$; $p < 0.05$). Thus hypothesis 2 is also supported. In addition, the moderating effect on task performance is ($\beta = 0.143$; $p = 0.01$), which means that moral disengagement strengthens the relationship between ethical leadership and task performance because the path coefficient results show a positive relationship. Thus hypothesis 3 is not supported. In sum, the detail of model analysis presented in table 8.

Table 8. PLS Result

	Path Coefficient	P-Value	Result
EL – TP	0.66	<0.01	Yes
MD – TP	-0.13	<0.05	Yes
MD * EL	0.14	0.01	No

Discussions

This study examines and analyzes ethical leadership as a variable that affects task performance and examines the relationship between moral disengagement affecting employee task performance in Indonesia. This study also examined the effect of moral disengagement as a variable that moderates ethical leadership and task performance. From the research results, if a leader has ethical leadership, it will improve performance, and, moral disengagement can strengthen the connection between ethical leadership with task performance.

First, the results of this study support that ethical leadership has a positive effect on employee

job performance. This finding is in line with research conducted by (Kia et al., 2019). One of the essential components to achieve the goals of the vision and goals of the organization is ethical behavior from the leadership; this behavior will be followed by employees and applied with extra performance (Bonner et al., 2016; Frisch & Huppenbauer, 2014; Sharif & Scandura, 2014). Good leadership will have a happy effect on employees at work to be more loyal to the organization. A performance task is a form of employee contribution to the progress of the company. Therefore task performance is essential (Zhang et al., 2014). In line with the research results by Sharif & Scandura (2014), the more often employees are faced with ethical leaders, the higher the employees think their leaders are ethical, the more likely they are to have better performance.

Second, this study found a negative relationship between moral disengagement and task performance. When an employee commits a moral violation, they will try to cover it up to make it look good. By the theory of moral disengagement, those who commit moral violations will feel uncomfortable, and the individual will avoid it by engaging in moral disengagement (Bandura 1986, 1999). When moral disengagement is high, individuals behave immorally and selfishly, commit fraud, and justify avoiding sanctions (Barsky, 2006). In other words, task performance will also decrease because the individual does something unprofessional and tries to cover it up.

Third, the findings in this study indicate that moral disengagement reinforces the positive relationship between ethical leadership and task performance. This shows that implementing moral disengagement can increase ethical leadership and improve employee performance. However, moral disengagement did not weaken the ethical leadership relationship with task performance, as expected by the researchers. This is because individuals who carry out moral disengagement aim to improve their image, in other words, to keep their position safe. Individuals harm in order to be accepted by their environment (White et al., 2009).

Moral justification behavior can occur because of other influences that come from internal and external. Internal influences come from oneself, such as greed and an excessive lifestyle, to feel burdened with their needs. In contrast, external pressure comes from the surrounding environment. There is a fear of losing a job, feeling dissatisfied with performance personally, or wanting to get a promotion and additional salary (Hikmah et al., 2020). Fraud examination. Boston, MA: Cengage Learning). Individuals harm in order to be accepted by their environment (White et al., 2009).

Based on Nielsen's surveyors and The Conference Board®, Global Consumer Confidence released the results of a study showing that Indonesia's Consumer Confidence Index (IKK) was relatively at 125 in 2019. The results of this survey made Indonesia ranked the fourth most optimistic country in the world in 2019 after the Philippines, India, and Vietnam. The consumer confidence index is based on three parameters: consumer optimism about the prospect of local employment, personal financial condition, and the desire to shop (there is a need for a lifestyle). This parameter is under the factors that influence the decisive role of moderation internally and externally.

Implication

This study has implications for organizational management. The results of this study indicate that ethical leadership improves employee task performance. This shows that it is necessary to apply ethical leadership attitudes in organizational activities. In improving ethical attitudes on employees, an ethical leader is needed. Leaders have a role as examples and references in communicating and implementing ethical behavior to their followers (Bedi et al., 2016). As is well known, there are the same goals and values between leaders and employees that will make them work together to improve performance (Walumbwa et al., 2011). Thus, management must consider correctly choosing an individual to become a leader.

This study proves that a high level of moral disengagement can reduce employee task performance. This makes companies need to be more aware of employee morale disengagement because it is necessary for its sustainability. Any unethical behavior needs a compelling reminder to keep limiting moral detachment behavior. Moreover, companies can make strict sanctions for moral violations and unethical behavior, even if they are done for the company's benefit (Hsieh et al., 2020).

Through this research, an overview can be given to companies in Indonesia regarding moral disengagement, which is a factor that strengthens ethical leadership so that it can improve employee task performance. Therefore, companies need to evaluate the moral disengagement of employees. Companies can provide mindfulness meditation training (Sevinc & Lazar, 2019) to improve employee morale cognition (Hsieh et al., 2020) so that employees can better control moral disengagement behavior.

The findings of this study can provide additional information for organizations related to the personality of leaders and employees in their companies. The company is careful when it comes to

hiring new employees. The ethics scandal can be used as an example of a problem to solve when hiring a new employee to be judged by the way the employee resolves the problem. This research also provides insight into the importance of having moral and ethical leaders and fostering ethical leadership attitudes in every company activity. In addition, this research can increase knowledge about the relationship between ethical leadership, moral management, and task performance.

5. Conclusion

This study analyzes the moderating effect of moral disengagement on the relationship between ethical leadership and task performance. Data were collected from 244 respondents in the form of employees who work at 16 different industrial levels in Indonesia. This study has three hypotheses, and the data were tested using the WarpPLS version 6.0 software. The test results show that one hypothesis is not supported, and two more hypotheses are supported.

This study found that ethical leadership has a positive and significant effect on task performance. This means that individuals with strong ethical leadership personalities will do their job well, resulting in high task performance. This study also found that moral disengagement has a negative and significant effect on task performance. Employees with high moral disengagement will give low performance because moral disengagement is carried out to justify behavior, which means the employee has committed immoral things. This study also found that moral disengagement strengthens the positive relationship between ethical leadership and task performance. This finding

This study contributes to the business ethics literature by analyzing the effect of moderating moral disengagement on the relationship of ethical leadership with task performance in employees at different industrial levels in Indonesia. Research that analyzes the relationship between moral disengagement and task performance is rare. Because it is rare to find research that discusses this topic and the variables used, it is hoped that it can add new insights related to the topic.

In this study, some limitations can be suggestions for future researchers. This study only uses ethical leadership and moral disengagement as measuring variables for task performance. The results showed that the effect of ethical leadership and moral disengagement on task performance was still partial, which means that this study could not reveal other factors that influence ethical leadership on task performance.

Recommendations for future research might be to analyze other variables that have a greater influence on task performance. Because other factors cause hypothesis 3 to be unsupported, such as an expensive lifestyle, the desire to get a promotion, and a salary increase (Hikmah et al., 2020), the researcher suggests adding another variable, namely compensation. Future research can conduct this research focusing on auditors with a public accounting firm as their organization.

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