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# Deviance and Exit: The Organizational Costs of Job Insecurity and Moral Disengagement

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## **Deviance and Exit: The Organizational Costs of Job Insecurity and Moral Disengagement**

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**Running head:** Job Insecurity and Moral Disengagement

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DEVIANCE AND EXIT: THE ORGANIZATIONAL COSTS OF JOB INSECURITY  
AND MORAL DISENGAGEMENT

Abstract

This study examines why and when employees might respond to job insecurity by engaging in workplace deviance and developing turnover intentions—two activities that are costly for organizations. Drawing on social exchange theory and the theory of moral disengagement, we propose that job insecurity increases workplace deviance and turnover intentions by encouraging employees to morally disengage. We further propose that the strength of the positive association between job insecurity, moral disengagement and these outcomes is contingent upon two aspects of the situation — employees’ perceived employment opportunities outside the organization and the quality of the exchange relationship they have developed with their supervisors (leader-member exchange, or LMX). Two time-lagged studies of Chinese workers provide support for the hypothesized first-stage moderated mediation model. Specifically, the indirect effect of job insecurity on organizational and interpersonal deviance and turnover intentions via moral disengagement is positive and significant when individuals have more employment opportunities or when LMX is lower but not when they have fewer employment opportunities or when LMX is higher.

*Keywords:* job insecurity, workplace deviance, moral disengagement, employment opportunities, leader-member exchange

The ongoing economic difficulties in many regions of the world, combined with dramatic changes in the nature of work over the past two decades, have significantly increased the level of uncertainty in today's workplaces. Perhaps as a result of these developments, job insecurity, defined as the perceived powerlessness to maintain desired continuity in a threatened job situation (Greenhalgh & Rosenblatt, 1984, p. 438), has drawn increased research attention. This attention seems to be warranted. Studies have found that employees who experience higher levels of job insecurity are less diligent in performing their assigned work duties and less likely to engage in helpful actions such as organizational citizenship behaviors than employees who experience less job insecurity (Gilboa, Shirom, Fried, & Cooper, 2008; Sverke, Hellgren, & Näswall, 2002).

The existing literature has drawn heavily on social exchange theory in identifying and explaining employee responses to job insecurity (e.g., Ashford, Lee, & Bobko, 1989; Wong, Wong, Ngo, & Lui, 2005). This perspective holds that if an organization fails to provide sufficient job security, its employees are less motivated to maintain positive attitudinal bonds with and contribute to the organization, and as a result, their in-role and extra-role performance suffers (Ashford et al., 1989). Although these are valuable insights, existing social-exchange-based accounts may actually understate the negative organizational consequences of job insecurity. There may be instances when individuals respond to the presence of job insecurity not only by withdrawing their beneficial contributions, but also by engaging in or developing intentions to engage in behaviors that are directly harmful or costly to the organization and/or its members. In this article, we focus on two such behaviors – organizational deviance, which refers to behaviors directed at harming the organization and its employees (Bennett & Robinson, 2000), and turnover intentions, which are a key predictor of actual turnover (Griffeth, Hom, & Gaertner,

2000). We examine two different types of deviant behavior, *interpersonal workplace deviance* – deviant behaviors directed towards individuals (e.g., aggression, gossiping), and *organizational workplace deviance* – deviant behaviors directed towards the organization (e.g., taking company property, misusing expense account) (Bennett & Robinson, 2000). Both deviance and turnover have a dramatic negative impact on organizational performance – they have been estimated to cost companies worldwide billions of dollars every year (O'Connell and Kung, 2007; Stewart, Bing, Davison, Woehr, & McIntyre, 2009). Thus, better understanding how the increasingly common experience of job insecurity might promote these outcomes is of paramount importance.

Although a few prior studies have explored the possibility that job insecurity might manifest itself in costly behaviors such as deviance, the existing body of research is small and the results are conflicting. For example, Reisel, Probst, Chia, Maloles, and König (2010) found that job insecurity is positively associated with deviant behavior, while Probst, Stewart, Gruys, and Tierney (2007) found a negative relationship. Moreover, existing studies provide limited insight into the social and psychological pathways through which job insecurity influences deviance and turnover. This is a critical oversight given that both deviance and turnover intentions cannot be solely explained in terms of reduced employee motivation, the primary mechanism identified by prior studies. In light of these limitations, additional investigation of the relationship between job insecurity, deviance, and turnover intentions using a conceptual framework that incorporates additional theoretical perspectives is clearly necessary.

In this article, we more fully address the question of why and in what situations job insecurity increases employee deviance and turnover intentions by integrating social exchange theory and moral disengagement theory (Bandura, 1986, 1991, 1999). Specifically, we propose that job insecurity encourages employees to cognitively reframe deviance and turnover as

justifiable forms of retribution towards an organization offering less-than-ideal conditions of employment (Claybourn, 2011; Detert, Treviño, & Sweitzer, 2008). This process of moral disengagement increases the likelihood that they will engage in or intend to engage in deviance and turnover. Building on this logic, we identify two factors that are likely to influence the strength of the positive relationship between job insecurity and moral disengagement, thereby affecting deviance and turnover intentions. Specifically, we propose that high-quality LMX relationships signal to employees that their organization supports them despite conditions creating job insecurity, thereby heightening their sense of obligation and reducing their job-insecurity related frustration, which in turn reduces their moral disengagement. In contrast, alternative employment opportunities - the perceived availability and attractiveness of alternative employment options outside one's current organization (Griffeth, Steel, Allen, & Bryan, 2005), increase job-insecure employees' feelings of being betrayed and reduces their perceived dependence on their organization, making them more likely to morally disengage. Our arguments are summarized in the first stage moderated mediation model (Edwards & Lambert, 2007), depicted in Figure 1, in which job insecurity interacts with LMX and employment opportunities to predict moral disengagement, and this disengagement, in turn, is positively associated with organizational and interpersonal deviance and turnover intentions. We report the results of two time-lagged studies of Chinese workers that provide considerable support for the proposed relationships.

The studies described in this article make several important theoretical contributions. First, they contribute to the job insecurity literature by more conclusively establishing that job insecurity not only reduces the likelihood that employees will engage in activities that help their organization, but it also increases the likelihood that they will engage in or develop intentions to

perform behaviors that harm the organization or others in it – namely, deviance and turnover. Second, whereas prior research has tended to focus on personal traits (e.g., trait cynicism and chance locus of control orientation; Detert et al., 2008) or emotions (e.g., envy; Duffy, Scott, Shaw, Tepper, & Aquino, 2012) as the primary causes of moral disengagement, we explain how disengagement can also be influenced by a contextually-driven cognition (job insecurity). In this way we move scholars towards a broader understanding of the conditions under which moral disengagement is likely to occur. Third, we identify two boundary conditions (LMX and perceived employment opportunities) that influence the strength of the relationships between job insecurity, moral disengagement, deviant behavior and turnover intentions. As such, this study not only contributes to our understanding of the consequences of job insecurity, it also allows us to offer suggestions for how organizations might counteract the negative influences of job insecurity that we identify.

### **Theory & Hypotheses**

#### **Job Insecurity, Moral Disengagement, Deviance, and Turnover Intentions**

An extension of social cognitive theory (Bandura, 1986, 2002), the theory of moral disengagement proposes that behavior is governed by a self-regulatory system in which individuals monitor and evaluate their activities in light of internal standards. The theory further holds that the self-regulation process that typically inhibits behavior considered to be “wrong” can be deactivated, enabling individuals to maintain a favorable view of themselves when they contemplate or engage in deviant actions (Bandura, Barbaranelli, Caprara, & Pastorelli, 1996; Bandura, 1990; Detert et al., 2008). This deactivation is thought to involve three types of cognition (Bandura et al., 1996; Bandura, 2002). First, individuals can morally disengage by reframing an action such that it no longer seems immoral. For instance, someone stealing from

their company might morally disengage by viewing this behavior as a way to take care of a valued family member or friend. Second, individuals can minimize, ignore, or misconstrue the consequences of unethical behavior. For example, someone damaging company property might view this action as insignificant because the company has so many resources. Finally, moral disengagement can occur when individuals devalue the targets of their immoral behavior by dehumanizing or attributing blame to them. For instance, an employee who is aggressive or abusive towards a coworker might view the victim as “deserving it.” When individuals morally disengage by engaging in these forms of cognitive reframing, they are freed from the self-sanctioning that would typically result from engaging in or contemplating deviant behavior, and thus are more likely to carry it out.

Integrating social exchange theory with moral disengagement theory, we propose that job insecurity makes individuals more likely to undertake the cognitive redefinition of harmful behavior that constitutes moral disengagement. Prior research has established that job insecurity, as a chronic, ambiguous threat to employees (Huang, Zhao, Niu, Ashford, & Lee, 2013; Roskies & Louis-Guerin, 1990), can produce a variety of negative personal consequences (e.g., greater stress, reduced physical and mental health, and somatic difficulties) (Ashford et al., 1989; Cheng & Chan, 2008; Hellgren & Sverke, 2003; Sverke et al., 2002; Westman, Etzion, & Danon, 2001). Psychologists remind us that individuals typically attribute negative experiences at least in part to actions taken by others (Miller & Ross, 1975). Thus, individuals are likely to perceive that the actions of organizations’ top management (e.g., downsizing or restructuring decisions or performance policies) or their coworkers (e.g., impression management or political behaviors) have played a role in creating their job insecurity and its adverse consequences. Social exchange theory suggests that as a result of these perceptions, individuals experiencing job insecurity are



likely to view their organization and its members as violating the terms of the implicit social exchange “contract” (Rousseau, 1995) that exists between them.

The perception on the part of job-insecure employees that others in the organization have violated the terms of their implicit exchange relationship in a way that has contributed to their personal suffering is likely to make it easier for these employees to morally disengage. Whereas employees low in job insecurity are likely to perceive interpersonal obligations to their organizations and coworkers that cause them to experience guilt at the thought of harming the organization and/or its members (Blau, 1964), these obligations are likely to be less significant to individuals high in job insecurity, who believe their coworkers and organizations are responsible for their job insecurity and its negative consequences. Rather than viewing deviant behavior as immoral, job-insecure individuals are likely to view deviance as a justifiable means of getting back at the organization and those in it for contributing to their job insecurity. For example, employees whose job insecurity has left them anxious about their ability to provide for their families may feel that the actions of others have left them no choice but to engage in deviant behaviors such as theft. Similarly, employees who experience negative health consequences as a result of their job insecurity may view deviant behaviors such as procrastination or harassment as a justifiable form of retribution for the suffering they have already experienced (Bandura, 1999).

In addition to encouraging clearly unethical behaviors such as organizational and interpersonal deviance, we argue that the moral disengagement engendered by high levels of job insecurity also increases employees’ turnover intentions. Although it is not unethical for employees to leave their organization, voluntary turnover is a violation of the psychological contract that employees develop with their organization and their coworkers, and may be experienced as a form of betrayal by those in the organization (Millward & Brewerton, 2000;

Rousseau, 1995). As a result, individuals who contemplate leaving their current organizations are likely to experience similar guilt and self-sanctioning as those contemplating engaging in deviance. For many individuals, the force of these negative self-regulatory reactions is likely to discourage them from developing turnover intentions. However, the experience of job insecurity, and the moral disengagement it produces, should free individuals from the cognitive dissonance they would otherwise experience when contemplating turnover. Instead, job-insecure individuals are likely to perceive that the actions of others in their organization have left them no choice but to seek alternative employment, and that they are not to be blamed for any negative consequences their organization or coworkers might suffer as a result of their departure. Thus, we posit that moral disengagement can also explain the previously-observed positive association between job insecurity and turnover intentions (Cheng & Chan, 2008; Sverke et al., 2002).

The above arguments are summarized in the following hypotheses:

*Hypothesis 1:* Job insecurity is positively related to interpersonal deviance (1a), organizational deviance (1b), and turnover intentions (1c).

*Hypothesis 2:* Moral disengagement mediates the positive association between job insecurity and interpersonal deviance (2a), organizational deviance (2b), and turnover intentions (2c).

### **The Moderating Role of Leader-Member Exchange**

A central tenant of both social exchange theory and moral disengagement theory is that individuals' thoughts and behaviors are contingent on the social relationships in which they are embedded (e.g., Bandura, 1999; Blau, 1964). Thus, we extend our theorizing to explain why individuals who develop high quality LMX relationships with their immediate supervisors are less likely to morally disengage when they are faced with job insecurity. LMX theory posits that

over time and through a process of role-making, individuals develop differentiated social exchange relationships with their formal supervisors (Graen, Orris, & Johnson, 1973; Graen & Uhl-Bien, 1995). Some individuals develop higher-quality exchange relationships with their supervisors in which they enjoy high levels of mutual trust, obligation, and support, as well as formal and informal rewards passing between leader and member. Others develop lower-quality exchange relationships and receive less support and encouragement from their supervisors while also being less likely to offer the supervisors informal advice or to engage in extra-role behavior.

We propose that there are two ways in which higher-quality LMX relationships are likely to reduce moral disengagement, and hence deviant behavior and turnover intentions, in job-insecure employees. The first is as a symbol of the organization's potential for ongoing support to employees experiencing job insecurity. Many employees view their supervisors as embodying their organization (Pfeffer, 1977; Podolny, Khurana, & Hill-Popper, 2004). As such, when supervisors in high-quality LMX relationships display support and trust to an employee, this may be interpreted as a sign that the organization supports the employee as well (Eisenberger, Stinglhamber, Vandenberghe, Sucharski, & Rhoades, 2002). Employees experiencing trust and support as a result of a higher-quality LMX relationship should therefore be less motivated to "get back at" the organization by engaging in deviant behavior. Conversely, lower LMX may exacerbate employees' perceived job insecurity by encouraging the perception that their organization has abandoned them to face the consequences of the insecurity on their own. These individuals are likely to find it easier to view deviant behaviors and turnover as a justifiable defensive reaction to their experience of job insecurity.

In addition to providing social support, LMX relationships are also an important source of perceived obligation and commitment (Blau, 1964; Eisenberger, Cotterell, & Marvel, 1987;

Hui, Lee, & Rousseau, 2004; Takeuchi, Yun, & Wong, 2011). Higher-quality exchange relationships create social obligations that make it more difficult for individuals to develop an “I don’t care” attitude or to cognitively distort the consequences of their deviant behaviors when they experience job insecurity. Indeed, LMX theory suggests that when a high-quality LMX relationship exists between an employee and his/her supervisor, the employee feels a generalized obligation to engage in behaviors that are helpful and supportive (Graen & Uhl-Bien, 1995). Thus, although job insecurity may, in general, lead individuals to withdraw psychologically from their organizations (Brockner, Grover, & Blonder, 1988; Davy, Kinicki, & Scheck, 1997), employees who are members of higher-quality LMX relationships should remain more committed to the organization and the people in it, so as to fulfill the perceived obligations fostered by these relationships. This sense of commitment is likely to make it more difficult for job-insecure employees to ignore or overlook the negative long-term consequences of deviant behavior or turnover intentions. Thus, we hypothesize:

*Hypothesis 3: LMX moderates the indirect effects of job insecurity on interpersonal deviance (3a), organizational deviance (3b), and turnover intentions (3c) via moral disengagement such that the indirect effects are weaker when LMX is higher rather than lower.*

### **The Moderating Role of Employment Opportunities**

Finally, we propose that the positive relationship between job insecurity and moral disengagement is stronger in employees with many employment opportunities. As conceptualized by Griffeth et al. (2005), employment opportunity is a multidimensional perceptual construct consisting of five positively correlated dimensions: *ease of movement* (reflecting the number of available job alternatives), *desirability of movement* (reflecting the

quality of these alternatives), *crystallization of alternatives* (reflecting the receipt of concrete job offers), *networking* (reflecting access to job-search-related information or contacts), and *mobility* (reflecting the absence of dual career and family responsibilities that constrain one's ability to change jobs). Individuals high in employment opportunity therefore have access to many attractive alternative forms of employment and the means to pursue them, whereas individuals low in employment opportunity either do not have access to attractive alternative forms of employment, or are unable to fully pursue these options due to personal or family constraints.

We have argued that job insecurity drives moral disengagement because it makes employees feel betrayed by their present organization and increases the likelihood that they will justify deviant behavior and turnover intentions as a means of “getting back” at the organization. We propose two reasons why these effects are likely to be further strengthened when employees have alternative employment opportunities. First, employment opportunities are likely to increase employees' sense of betrayal by inflating their expectations for how their current employer should treat them. Individuals who are highly employable are more likely to be courted by other organizations and made inflated promises about the rewards and opportunities they might receive at these organizations (Fisk, 2010). These alternative job prospects may serve as a benchmark, such that individuals who believe that they have numerous employment opportunities are more likely to expect that their current employer will treat them well and honor the implicit employment contract that has developed between them (Rousseau, 1995). Thus, these individuals are likely to be particularly upset by the experience of job insecurity, which as noted violates employees' implicit expectations about the way their current organization should treat them. The heightened feelings of annoyance and impatience experienced by job-insecure employees with many employment opportunities, in comparison to those without such

opportunities, may make these employees more susceptible to viewing deviant behaviors or turnover intentions as justifiable ways of “getting back at” their organizations, which they may perceive have not treated them in a manner befitting their value in the labor market (Morrison & Robinson, 1997).

Further, employment opportunities are likely to reduce job-insecure employees’ perceived dependence on their current employer, which may make them less concerned about the consequences of their deviant behavior and turnover intentions. When individuals with many employment opportunities experience job insecurity, it is likely to prompt the realization that they have a means to fulfill their career goals apart from their organization, reducing their psychological feeling of dependence relative to job-insecure employees with fewer employment opportunities (Emerson, 1962). Research suggests that such a reduced sense of dependence may make employees less likely to perceive their behavior as immoral (Lammers, Stapel, & Galinsky, 2010), more likely to dehumanize and objectify others (Gruenfeld, Inesi, Magee, & Galinsky, 2008) and more likely to ignore social norms or pressures (Galinsky, Magee, Gruenfeld, Whitson, & Liljenquist, 2008). As such, when faced with job insecurity, employees with more employment opportunities (relative to those with fewer opportunities) are less likely to perceive that engaging in deviance or considering quitting is wrong, more likely to ignore the potential for negative consequences to others as a result of these activities, and less likely to view those consequences as important even if they do notice them. In contrast, when employees with fewer employment opportunities experience job insecurity, it may cause them to more fully appreciate their dependence on their current employer. Such an appreciation of the importance of their current position and coworkers may increase rather than reduce the psychological closeness these employees feel to their current organization and colleagues, making these employees less likely

to morally disengage and as such less likely to engage in deviant behavior or develop turnover intentions. Based on the above reasoning, we propose:

*Hypothesis 4.* Employment opportunity moderates the indirect effects of job insecurity on interpersonal deviance (4a), organizational deviance (4b), and turnover intentions (4c) via moral disengagement, such that the indirect effects are stronger when employment opportunity is high rather than low.

### **Overview of Studies**

We conducted two time-lagged survey studies to test our hypotheses. Using a sample of employees from a large, state-owned manufacturing company in northern China, Study 1 examined the indirect effect of job insecurity on organizational and interpersonal deviance via moral disengagement, as moderated by LMX (Hypotheses 1a, 1b, 2a, 2b, 3a, and 3b). Study 2 was a conceptual replication and extension of Study 1 using a sample of employees recruited from 9 private firms in eastern China. This study included employment opportunity as an additional moderator and turnover intentions as an additional outcome, and thus enabled us to test our entire conceptual model simultaneously.

### **Study 1**

#### **Method**

**Sample and Procedure.** The study was conducted in the years 2012 and 2013. Although large scale layoffs were not typical in state-owned enterprises (SOE) in China during that period of time, as a result of a series of reforms in Chinese SOEs, job insecurity was prevalent (Huang, Zhao, & Lee, 2012). Specifically, employees in SOEs at this period of time experienced a significant number of changes in the nature of their jobs and could lose their jobs if they did not adapt to these changes in a satisfactory way. In addition, the large labor supply in China during

this period, especially for lower-level positions, produced an extremely competitive job market, which further increased job insecurity.

Data were collected in three waves to minimize common method bias (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). In the first-wave survey (Time 1), employees were asked to report their perceptions of job insecurity, level of LMX, neuroticism and basic demographic information (including age and sex). One month later (Time 2), employees evaluated their level of moral disengagement. Finally, one month after the second-wave survey (Time 3), employees evaluated their own interpersonal and organizational deviance. Consistent with prior studies (Bennett & Robinson, 2000; Tepper et al., 2009; Tepper, Henle, Lambert, Giacalone, & Duffy, 2008), we used a self-reported deviance measure because many deviant behaviors (e.g., taking property without permission and wasting time on the job) are difficult for others to observe (Fox, Spector, & Miles, 2001). To minimize common method bias, we also promised participants confidentiality of responses to limit their evaluation apprehension and socially desirable responding and created psychological separation between the measures in our surveys by using different instructions and putting variables in different parts of the survey with a number of filler items between them (Podsakoff et al., 2003).

With the assistance of the firm's human resource manager, we randomly selected 468 employees across the entire company to participate in the study. Participants worked in various jobs, including product design, engineering, quality control, marketing and human resources. In Time 1, 372 completed questionnaires were returned, yielding a response rate of 79.49%. Time 2 questionnaires were distributed to the 372 employees, with 299 completed questionnaires being returned, yielding a response rate of 80.38%. Finally, Time 3 questionnaires were distributed to the 299 employees and 264 complete questionnaires were returned, resulting in a response rate of



88.29%. The final sample of this study thus consisted of the 264 employees of which 59.85% were male and the average age was 36.91 years ( $SD = 6.15$ ). We conducted a multivariate analysis of variance (MANOVA) to examine if subjects' response versus non-response created any detectable differences in our sample (Lance, Vandenberg, & Self, 2000). Results show that participants in the initial randomly selected sample and in the final sample used for model testing do not differ significantly in terms of age and sex ( $F[2, 465] = .37, n.s.$ ).

**Measures.** The survey instrument was administered in Chinese. Since all the measures used in the study were originally developed in English, to ensure equivalence of meaning we followed the commonly used back-translation procedure to translate the measures into Chinese (Brislin, 1980). Unless otherwise noted, all scales used five-point Likert response format. Responses ranged from 1, "strongly disagree", to 5, "strongly agree."

**Job insecurity** was measured with Oldham, Kulik, Stepina, and Ambrose's (1986) ten-item scale. Sample items were: "I'll be able to keep my present job as long as I wish" (reverse-coded) and "My job is not a secure one." ( $\alpha = .93$ ).

**LMX** was measured with the seven-item scale developed by Graen and Uhl-Bien (1995). Sample items included: "How would you characterize your working relationship with your leader?" (1 = "extremely ineffective," 7 = "extremely effective") and "How well does your leader understand your job problems and needs?" (1 = "not a bit," 7 = "a great deal"). ( $\alpha = .89$ ).

**Moral disengagement** was measured with the fifteen-item scale developed by McFerran, Aquino, and Duffy (2010). This scale assesses individuals' cognitive tendency to construe injurious conduct as serving a morally justified purpose, mask censurable activities through euphemistic language or advantageous comparison, displace responsibility, and blame and devalue targets of harmful conduct. Sample items were: "Taking a few office supplies is not as

serious as taking more expensive things” and “If working conditions are poor, people can’t be blamed for behaving badly.” Following prior studies (e.g., Duffy et al., 2012; McFerran et al., 2010), we conceptualized moral disengagement as a single higher-order construct. ( $\alpha = .96$ ).

**Deviance.** Following prior research (e.g., Mitchell & Ambrose, 2007; Tepper et al., 2008), we used the nineteen-item self-report scale developed by Bennett and Robinson (2000) to measure the frequency of workplace deviance. *Interpersonal deviance* was assessed by seven items and *organizational deviance* was assessed by twelve items that asked employees for their frequency of behaviors over the past few months. Responses ranged from 1, “never”, to 5, “very frequently.” Sample items were: “Publicly embarrassed someone at work” (interpersonal deviance;  $\alpha = .90$ ) and “taking property without permission” (organizational deviance;  $\alpha = .94$ ).

**Control variables.** We considered several control variables in an effort to most accurately describe the relationships among the constructs in our model (Bernerth & Aguinis, 2016). Following prior job insecurity research (Huang et al., 2013), we controlled for *neuroticism* using the six-item scale developed by Wong, Peng, Shi, and Mao (2011) because insecurity is a typical characteristic of people high in neuroticism and there is evidence that people high in this trait are more likely to engage in deviant behaviors (Barling, Dupré, & Kelloway, 2009; Berry, Ones, and Sackett, 2007) ( $\alpha = .83$ ). Regarding demographic variables, although prior research has found some association between them and employee deviance and turnover intention (e.g., Mitchell & Ambrose, 2007; Ng & Feldman, 2008; Tepper et al., 2009), Berry, Ones, and Sackett's (2007) meta-analysis of deviance behaviors shows that the correlations between interpersonal or organizational deviance and demographic variables were generally negligible. We thus only included very basic demographics (*years of age* and *gender* [Male=1, Female=2]) in the study in order to offer more evidence regarding these relationships. Finally, because LMX and perceived

employment opportunities might influence participants' deviant behavior and turnover intentions, we included these as control variables in our direct effect and mediation models as well as our moderated mediation models.

## **Results**

We analyzed the data using Mplus (Muthén & Muthén, 2012). Before testing our hypotheses we conducted a confirmatory factor analysis (CFA) to evaluate the discriminant validity of the key variables. We examined a baseline model that specified five factors, namely, job insecurity, LMX, moral disengagement, interpersonal deviance, and organizational deviance. Considering our sample size, we used item parceling to reduce the number of indicators of each construct (Little, Cunningham, Shahar, & Widaman, 2002). As recommended, we combined the two items from each scale with the highest and lowest factor loadings first, then we repeated the method until it produced three indicators for each construct (Hall, 1999). The baseline model fit the data well ( $\chi^2[80] = 81.69$ , CFI = .999, TLI = .999, RMSEA = .01, SRMR = .03) and all factor loadings were significant. Comparing the baseline model against several alternative models revealed that the five-factor model fit the data considerably better than did any of the alternative models. We also tested for the presence of a common method effect since the data were collected from a single source. The confirmatory factor analysis showed that the single-factor model did not fit the data ( $\chi^2[90] = 2109.90$ , CFI = .33, TLI = .22, RMSEA = .29, SRMR = .17). In addition, we conducted a Harman's single factor test of major variables in this study and found six factors were extracted with eigenvalue greater than 1, the accumulated amount of explanatory variance is 64.16%, and the largest factor did not account for a majority of the variance (27.89%), suggesting that common method variance is not a pervasive problem.

Table 1 presents the means, standard deviations, and zero-order correlations of all key variables. Consistent with our predictions, job insecurity is positively correlated with moral disengagement ( $r = .33, p < .05$ ), interpersonal deviance ( $r = .28, p < .05$ ) and organizational deviance ( $r = .21, p < .05$ ). Moral disengagement is positively correlated with interpersonal deviance ( $r = .35, p < .05$ ) and organizational deviance ( $r = .35, p < .05$ ).

[Insert Table 1 about here.]

Using Mplus (Muthén & Muthén, 2012), we conducted a hierarchical regression analysis testing Hypothesis 1, which predicts that job insecurity is positively associated with interpersonal and organizational deviance. As shown in Table 2, Models 5 and 8, after controlling for demographics, neuroticism and LMX, job insecurity is positively related to interpersonal deviance ( $B = .25, SE = .07, p < .05$ ) and organizational deviance ( $B = .20, SE = .06, p < .01$ ), supporting Hypotheses 1a and 1b.

Hypothesis 2 predicts that the positive association between job insecurity and deviance is mediated by moral disengagement. As shown in Table 2, Model 2, job insecurity is positively related to moral disengagement ( $B = .37, SE = .08, p < .01$ ) and in Models 6 and 9, moral disengagement is positively related to interpersonal deviance ( $B = .20, SE = .05, p < .05$ ) and organizational deviance ( $B = .26, SE = .05, p < .05$ ). We further tested the mediation effects using path analysis with bootstrapped, bias-corrected 95% confidence intervals (Edwards & Lambert, 2007). The indirect effects of job insecurity on interpersonal (*Indirect effect* = .09, 95% *CI* = [.05, .15]) and organizational deviance (*Indirect effect* = 0.11, 95% *CI* = [.06, .17]) are positive and significant, supporting Hypotheses 2a and 2b.

[Insert Table 2 about here.]

Hypothesis 3 predicts that the positive indirect effect of job insecurity on interpersonal and organizational deviance via moral disengagement is stronger when LMX is lower and weaker when LMX is higher. As shown in Table 2, Model 3, job insecurity and LMX interact to predict moral disengagement ( $B = -.20, SE = .05, p < .01$ ). To better understand the pattern of this interaction, we plotted the simple slopes of the relationship between job insecurity and moral disengagement at high (+ 1 *SD*) and low (- 1 *SD*) values of LMX. As shown in Figure 2, the relationship between job insecurity and moral disengagement is positive and significant when LMX is low ( $B = .53, t = 5.80, p < .01$  in simple slope test) but not when LMX is high ( $B = -.04, t = -.28, n.s.$ ).

Following Edwards and Lambert (2007), we tested for moderated mediation by conducting a moderated path analysis in Mplus, using 1000 bootstrapped samples to compute bias-corrected confidence intervals for significance testing. As shown in Table 3, the indirect effects of job insecurity on interpersonal deviance (*Indirect effect* = .11, 95% *CI* = [.06, .18]) and organizational deviance (*Indirect effect* = .14, 95% *CI* = [.08, .21]) via moral disengagement are positive and significant when LMX is low, but non-significant when LMX is high (*Indirect effect* = -.01, 95% *CI* = [-.07, .05] for interpersonal deviance; *Indirect effect* = -.01, 95% *CI* = [-.08, .06] for organizational deviance). Overall, the differences in the indirect effects of job insecurity at high and low levels of LMX are significant for interpersonal deviance ( $\Delta$  *Indirect effect* = -.12, 95% *CI* = [-.22, -.07]) and organizational deviance ( $\Delta$  *Indirect effect* = -.15, 95% *CI* = [-.25, -.07]). Hence, Hypotheses 3a and 3b were supported.

[Insert Table 3 and Figure 2 about here.]

## Discussion

We tested a portion of our conceptual model in a sample of employees recruited from a large, state-owned, Chinese organization. Consistent with our predictions, we found that job insecurity increases moral disengagement and, through it, interpersonal and organizational deviance in employees who have lower-quality LMX relationships with their immediate supervisors. However, we found that job insecurity is not positively associated with moral disengagement and deviant behavior in employees with higher-quality LMX relationships. Although these results are encouraging, it is important to test our entire conceptual model simultaneously. Moreover, given employees in state-owned enterprises may not experience the same level of job insecurity as those in private firms (Wong et al., 2005), it is important to replicate our results with employees in private firms to ensure their generalizability.

## Study 2

### Method

**Sample and Procedure.** Study 2 was conducted in the years 2014 and 2015. This study was designed to replicate and extend Study 1's findings. To ensure that our results generalize to private as well as state-owned companies, we recruited nine private companies from several different industries (e.g., information technology, manufacturing, electrical engineering, and professional services). The organizations ranged in size from 150 to 1,000 employees ( $M = 480$ ,  $SD = 270$ ). Consistent with our expectation, we found participants in this sample experienced a higher level of job insecurity ( $M = 2.80$ ,  $SD = .78$ ) than in the SOE sample in Study 1 ( $M = 2.08$ ,  $SD = .61$ ).

To ensure the generalizability of our findings, we tested all the Hypotheses from Study 1 again in this study. Additionally, we included a measure of turnover intentions, which allowed us

to test Hypotheses 1c, 2c, and 3c. We also measured employment opportunity in this study to test Hypothesis 4.

Following a similar procedure as in Study 1, we collected three waves of data. However, to increase our confidence in the causal ordering of the variables in our model, we increased the time intervals between waves of data collection from one to two months. Our approach across both studies is consistent with extant time-lagged studies of the antecedents of moral disengagement, which report time intervals varying from a few weeks to a few months (e.g., Aquino, Reed, Thau, & Freeman, 2007; Baron, Zhao, & Miao, 2015; Christian & Ellis, 2014; Duffy et al., 2012; Moore et al., 2012). Due to length concerns at the companies, we balanced the length of the questionnaires by measuring one of our moderators at Time 1 and the other at Time 2. In the first wave of data collection (Time 1), we measured employees' perceptions of job insecurity, LMX, neuroticism and demographics. The second survey, distributed two months later (Time 2), measured perceived employment opportunities and employees' moral disengagement. Finally, two months after the second wave survey (Time 3), employees completed measures of their own interpersonal and organizational deviance behaviors and turnover intentions.

With the assistance of the firms' human resource managers, we randomly selected work units from each company to participate. Three to six employees from each unit were randomly selected and invited to participate. In all, 432 employees in 91 units were selected. To increase the response rate and address any potential concerns about nonresponse bias, we offered incentives to participants (each participant received gifts worth of 15 to 30 RMB [approximately 2.5 to 5 USD] for returning the questionnaire at each round of the three-round survey), provided boxes to collect the completed questionnaires on site very conveniently to the participants, and

assured participants through the cover letter and our onsite research assistants that their responses would be kept completely confidential. As a result of these efforts, 398 responded at Time 1 (for a 92.13% response rate), 403 responded at Time 2 (for a 93.29% response rate) and 403 responded at Time 3 (for a 93.29% response rate). Except the 9 employees who declined the survey invitations in all three waves, in total 423 participants were included in our final sample. The overall response rate is 97.92%, which suggests response versus nonresponse bias is not a concern in this study. In our analysis using Mplus (Muthén & Muthén, 2012), full information maximum likelihood (FIML) estimates were used in dealing with missing data, which are unbiased and more efficient than other methods such as listwise deletion, pairwise deletion, and similar response pattern imputation (Enders & Bandalos, 2001). As noted by Trougakos, Cheng, Hideg, and Zweig (2015), by including all observations except those with missing data on exogenous variables or missing data on all but the exogenous variables, this procedure allowed us to use as much of the entire set of data as possible to return a solution.

**Measures.** We used the same scales and format as in Study 1 to measure *job insecurity* ( $\alpha = .85$ ), *LMX* ( $\alpha = .82$ ), *moral disengagement* ( $\alpha = .94$ ), *interpersonal deviance* ( $\alpha = .88$ ) and *organizational deviance* ( $\alpha = .92$ ). *Employment opportunity* was measured by the fourteen-item employment opportunity index developed by Griffeth et al. (2005). Sample items were: “If I looked for a job, I would probably wind up with a better job than the one I have now” and “I have contacts in other companies who might help me line up a new job.” ( $\alpha = .74$ ). In addition, we measured *turnover intentions* using the five-item scale developed by Walsh, Ashford, and Hill (1985). Sample items included: “I’m thinking of quitting the job.” (1 = “strongly disagree,” 5 = “strongly agree”). ( $\alpha = .95$ ). As in Study 1, we controlled for *neuroticism* – as measured by two items from the ten-item big five personality inventory (TIPI) (Gosling, Rentfrow, & Swann,



2003), *age* (1 = 20-30 years old, 2 = 31-40 years old, 3 = 41-50 years old, 4 = above 50 years old,) and *gender* (Male = 1, Female = 2). As discussed in Study 1, we also included LMX and employment opportunities as controls in our direct effect and mediation models, as well as our moderated mediation models.

## Results

We followed similar analysis procedures as in Study 1. First, we conducted a series of CFAs to evaluate the validity of the key variables in this study. Similar to Study 1, we used item parceling to reduce the number of indicators of each construct. CFA results showed that the baseline model fits the data well ( $\chi^2[209] = 336.76$ , CFI = .98, TLI = .97, RMSEA = .04, SRMA = .04) and all factor loadings are significant. Model comparison results by comparing the baseline model with other alternative models further supported the discriminant validity of the constructs. Second, we also tested the presence of a common method effect statistically. We found the single-factor model in confirmatory factor analysis did not fit the data well ( $\chi^2[230] = 3790.67$ , CFI = .37, TLI = .31, RMSEA = .19, SRMA = .17). Harman's single factor test revealed that fourteen factors were extracted with eigenvalue greater than 1, the accumulated amount of explanatory variance is 67.61% and the largest factor only explained 12.24% of the variance, suggesting that common method variance is not a pervasive problem in this study.

Finally, participants in this study were nested within work units and organizations. To determine how to best analyze the data, we calculated the design effect (Shackman, 2001) for outcome variables (i.e. interpersonal deviance, organizational deviance and turnover intentions) using the following formula:

$$\text{Design effect} = 1 + (k - 1) \text{ICC}(1) \quad (1)$$

where  $k$  represents the average group size ( $k = 4.58$  and  $44.78$  at the unit and company levels respectively), and  $ICC(1)$  is an index reflecting the degree to which variance in a measure is attributable to the grouping factor. The design effects at the group levels were 1.50, 1.86 and 1.49 for interpersonal deviance, organizational deviance, and turnover intentions, respectively, which fall below the conventional cutoff of 2 ([www.statmodel.com](http://www.statmodel.com)). However, the design effects for these variables at the organizational level were 3.36, 8.53, and 1.22, mostly exceeding the conventional cutoff. Based on these results, and because traditional bootstrapped-based significance is not recommended for use with multi-level models (Bauer, Preacher, & Gil, 2006), we did not incorporate the nesting of individual respondents within groups in our analysis. However, to account for the substantial organization-level effects we observed, we created eight dummy variables to represent the nine companies and included them as statistical controls.

Table 4 presents the means, standard deviations, and zero-order correlations among the study variables. Consistent with our expectation, job insecurity is positively correlated with moral disengagement ( $r = .19, p < .05$ ), interpersonal deviance ( $r = .22, p < .05$ ), organizational deviance ( $r = .12, p < .05$ ), and turnover intentions ( $r = .17, p < .05$ ). In addition, moral disengagement is positively correlated with interpersonal deviance ( $r = .28, p < .05$ ), organizational deviance ( $r = .27, p < .05$ ), and turnover intentions ( $r = .31, p < .05$ ). Finally, consistent with previous research (Berry et al., 2007), interpersonal deviance and organizational deviance are positively correlated ( $r = .79, p < .05$ ). The above results are consistent with our predictions.

[Insert Table 4 about here.]

Using Mplus (Muthén & Muthén, 2012), we conducted a hierarchical regression analysis to test Hypotheses 1, which predicts that job insecurity is positively associated with deviance and

turnover intentions. As shown in Table 5, Models 5, 8, and 11, after controlling for company membership, age, gender, neuroticism, LMX and employment opportunities, regression results revealed positive, significant relationships between job insecurity and these outcomes ( $B = .11$ ,  $SE = .04$ ,  $p < .01$  for interpersonal deviance;  $B = .07$ ,  $SE = .03$ ,  $p < .05$  for organizational deviance; and  $B = .19$ ,  $SE = .07$ ,  $p < .01$  for turnover intentions). Thus, Hypothesis 1 was supported.

Hypothesis 2 predicts that moral disengagement mediates the positive associations between moral disengagement, deviance, and turnover intentions. As shown in Table 5, Models 2, 6, 9, and 12, the regression results revealed that job insecurity is positively related to moral disengagement ( $B = .12$ ,  $SE = .05$ ,  $p < .05$ ) and moral disengagement is positively related to interpersonal deviance ( $B = .12$ ,  $SE = .04$ ,  $p < .01$ ), organizational deviance ( $B = .12$ ,  $SE = .03$ ,  $p < .01$ ) and turnover intentions ( $B = .28$ ,  $SE = .07$ ,  $p < .01$ ). Path analysis results show the indirect effects of job insecurity on interpersonal deviance (*Indirect effect* = .01, 95% *CI* = [.002, .04]), organizational deviance (*Indirect effect* = .01, 95% *CI* = [.002, .03]) and turnover intentions (*Indirect effect* = .04, 95% *CI* = [.004, .09]) via moral disengagement are positive and significant. These results support Hypothesis 2.

[Insert Table 5 about here.]

Hypothesis 3 predicts that LMX weakens the positive indirect effects of job insecurity on interpersonal deviance, organizational deviance and turnover intentions via moral disengagement. As shown in Table 5, Model 3, and Figure 3, job insecurity and LMX interact to predict moral disengagement ( $B = -.13$ ,  $SE = .06$ ,  $p < .05$ ) such that the relationship between job insecurity and moral disengagement is positive and significant when LMX is low ( $B = .19$ ,  $t = 3.06$ ,  $p < .01$  in simple slope test) but not when LMX is high ( $B = .06$ ,  $t = 1.05$ , *n.s.*). As shown

in Table 6, path analysis results further revealed that when LMX is low, the indirect effects of job insecurity on interpersonal deviance (*Indirect effect* = .02, 95% *CI* = [.01, .05]), organizational deviance (*Indirect effect* = .02, 95% *CI* = [.01, .05]), and turnover intentions (*Indirect effect* = .06, 95% *CI* = [.02, .11]) via moral disengagement are positive and significant, but these effects are non-significant when LMX is high (*Indirect effect* = .01, 95% *CI* = [-.01, .03] for interpersonal deviance; *Indirect effect* = .01, 95% *CI* = [-.01, .02] for organizational deviance; and *Indirect effect* = .02, 95% *CI* = [-.01, .06] for turnover intentions). Overall, the differences in the indirect effects of job insecurity at high and low levels of LMX are significant for interpersonal deviance ( $\Delta$  *Indirect effect* = -.02, 95% *CI* = [-.05, -.003]), organizational deviance ( $\Delta$  *Indirect effect* = -.02, 95% *CI* = [-.05, -.004]), and turnover intentions ( $\Delta$  *Indirect effect* = -.04, 95% *CI* = [-.10, -.01]). Hence, Hypothesis 3 was supported.

Regarding the moderating effect of alternative employment opportunities proposed in Hypothesis 4, job insecurity and employment opportunities also interact to predict moral disengagement ( $B = .30$ ,  $SE = .12$ ,  $p < .05$ , as shown in Table 5, Model 3. As shown in Figure 4, the relationship between job insecurity and moral disengagement is positive and significant when employment opportunities are high ( $B = .17$ ,  $t = 3.30$ ,  $p < .01$  in simple slope test) but not when employment opportunities are low ( $B = .08$ ,  $t = 1.44$ , *n.s.*). As displayed in Table 6, path analysis results confirmed that at high levels of employment opportunity the indirect effects of job insecurity on interpersonal deviance (*Indirect effect* = .02, 95% *CI* = [.01, .04]), organizational deviance (*Indirect effect* = .02, 95% *CI* = [.01, .04]), and turnover intentions (*Indirect effect* = .05, 95% *CI* = [.02, .10]) are positive and significant, but these effects are non-significant when employment opportunity is low (*Indirect effect* = .01, 95% *CI* = [.00, .03] for interpersonal deviance; *Indirect effect* = .01, 95% *CI* = [.00, .03] for organizational deviance; and *Indirect*

*effect* = .03, 95% *CI* = [-.01, .06] for turnover intentions). Overall, the differences in the indirect effects of job insecurity at high and low levels of employment opportunity are significant for interpersonal deviance ( $\Delta$  *Indirect effect* = .01, 95% *CI* = [.002, .03]), organizational deviance ( $\Delta$  *Indirect effect* = .01, 95% *CI* = [.002, .03]), and turnover intentions ( $\Delta$  *Indirect effect* = .03, 95% *CI* = [.003, .07]). These results support Hypothesis 4.

[Insert Table 6, Figures 3 and 4 about here.]

## **Discussion**

Study 2 replicated our Study 1 findings in a sample of employees drawn from nine privately-owned organizations in China. It also extended Study 1 by establishing perceived employment opportunities as an additional moderator of the positive association between job insecurity and moral disengagement. Specifically, we found that job-insecure employees with more and/or more attractive, alternative employment opportunities were more likely than those with fewer employment opportunities to morally disengage in their current organizations. Finally, we found that the moral disengagement produced by the interactions of job insecurity with LMX and perceived employment opportunities in turn influences not only employees' deviant behaviors, but also their turnover intentions.

### **General Discussion**

Job insecurity is increasingly prevalent in the modern workforce. We developed and tested theory suggesting that the implications of this insecurity may be more severe than previously appreciated. Integrating social exchange theory and moral disengagement theory, we hypothesized and found that job insecurity is positively associated with two outcomes costly to organizations – employees' deviant behavior and turnover intentions. We also found that job insecurity affects these outcomes by increasing employees' moral disengagement – that is, by

making it more likely they will develop rationalizations that reduce the cognitive dissonance their deviant actions and turnover intentions would otherwise produce. These effects were stronger in individuals who perceived greater employment opportunities beyond their current organization and individuals who had lower-quality LMX relationships with their supervisors.

### **Theoretical Contributions**

This study makes several contributions to the literature. First, we extend research on the consequences of job insecurity by arguing and finding that job insecurity increases deviant behavior. Prior job insecurity research has shown how experiencing job insecurity decreases positive employee behavior, be it task performance or OCB (Lee, Bobko, & Chen, 2006; Sverke et al., 2002), but the relationship between job insecurity and negative employee behavior is less well-understood. Intentional deviance, in particular, has rarely been studied as an outcome of job insecurity. Workplace deviance is a form of negative behavior that is both theoretically relevant (in that it is conceptually and empirically distinct from OCB and traditional job performance [Sverke et al., 2002]) and practically important (as it is extremely costly to organizations and their members). By establishing that job insecurity increases the frequency of interpersonal and organizational deviance, the present study broadens our understanding of the implications of job insecurity.

Second, by integrating social exchange theory and moral disengagement theory, this study adds nuance to previous social-exchange based accounts of the psychological and interpersonal pathways linking job insecurity to individual and organizational outcomes (e.g., Lee et al., 2006). Specifically, we propose that employees experiencing job insecurity are likely to attribute the cause of that insecurity to their organization and coworkers, creating the perception that these entities have violated their implicit social contracts with the employees and

thereby facilitating moral disengagement. This theorizing enables us to identify deviance as an understudied consequence of job insecurity. We also offer a novel explanation of the previously-observed negative relationship between job insecurity and turnover intentions (Cheng & Chan, 2008; Sverke et al., 2002). The importance of moral disengagement in explaining our observed results suggests that job insecurity research might benefit from more fully considering employees' cognitive tendencies. For example, future studies might explore how employees' attributions regarding the cause of their job insecurity (e.g., attributing the insecurity to managerial ineptitude as compared to necessary reactions to a general recession) or their general tendencies to blame others in their attributions (Adams & John, 1997) influence how they respond to job insecurity.

The present study also extends research on moral disengagement in organizations (e.g., Baron et al., 2015; Duffy et al., 2012; Samnani, Salamon, & Singh, 2014). Whereas prior studies have focused on individuals' personality traits or emotions as predictors of moral disengagement, the present study suggests that job insecurity – a perception that is produced by contextual conditions such as the firm's competitive environment and/or or strategic actions taken by the organization – can also encourage disengagement. Thus, we promote a more contextualized appreciation of the causes of moral disengagement than is evident in prior work, which suggests promising directions for future research.

Finally, the present study is among the first to suggest that social exchange dynamics play an important role in the moral disengagement process. We find that job insecurity is positively related to the tendency to morally disengage, perhaps because it communicates to employees that their social exchange relationship with their organization is deteriorating. We also identify aspects of individuals' personal situations that might influence their exchange

relationship with their employing organization and coworkers, and thus their propensity to morally disengage when faced with job insecurity. Specifically, we found that high-quality LMX relationships decrease disengagement in job-insecure employees, while employment opportunities increase it. In this way, the present research not only offers a unique theoretical perspective on moral disengagement, it also identifies novel aspects of the situation that managers might leverage to influence the extent to which job insecurity translates into moral disengagement, deviance, and turnover intentions.

### **Limitations, Strengths, and Future Research Directions**

As with all research, these studies are subject to certain limitations, which could be addressed by future research. First, although our three wave time-lagged research design offers benefits over cross-sectional designs and the presence of significant interaction effects further suggests that our argument for the causal ordering of the variables is appropriate, we cannot unequivocally say that the direction of causality is determined (Cook & Campbell, 1979; Holland, 1986). Future research could better rule out the possibility of reciprocal relationships between workplace deviance and job insecurity by using a longitudinal research design in which the same measures are assessed repeatedly over several occasions.

Second, the fact that all of our measures were collected from a single source presents a risk that common method variance may have influenced our results. However, multiple aspects of these studies increase our confidence that common method variance is not a major driver of our observed effects. In addition to the steps taken to minimize common method effects in our research design, in both studies we included self-reported trait neuroticism as a statistical control. As discussed by Lindell and Whitney (2001), any artificial inflation of the relationship between the self-reported variables in our model would have been largely absorbed by this control



variable, rendering the estimates of the relationships between our focal variables free from same source bias. Moreover, the presence of interactions in of our study also makes common method/source concerns a less likely explanation for our findings (Evans, 1985; Siemsen, Roth, & Oliveira, 2010).

Third, at times we found that moral disengagement only partially mediated the relationship between job insecurity and our outcomes. These findings suggest that there may be other mechanisms that also contribute to the associations between job insecurity, deviant behavior and turnover intentions. For instance, the frustration, emotional exhaustion, or reduced self-esteem brought on by job insecurity might also partially mediate its effects on deviance and turnover intentions. An important next step for job insecurity research is, therefore, to explore the influence of these and other potential alternate mediators. Such mediators might play several roles. For instance, it is possible that experiencing feelings such as stress or frustration as a result of job insecurity might contribute to moral disengagement, which would suggest a longer causal chain between job insecurity and the outcomes in our study than we have portrayed. It is also possible that other mechanisms operate in parallel with moral disengagement in transmitting the effects of job insecurity to deviance and turnover intentions. Future research assessing multiple mediators in a single study might help determine which of these possibilities is accurate.

Fourth, we studied two moderators, namely LMX and employment opportunity, which were chosen based on the theoretical framework we developed. However, it is possible that other boundary conditions, particularly supervisor and team level factors such as ethical leadership (Brown, Trevino, & Harrison, 2005) or ethical climate (Victor & Cullen, 1988) may also affect the strength of the indirect association between job insecurity and our outcomes via moral disengagement. For example, ethical leadership might decrease the moral disengagement,

deviance, and turnover intentions of job-insecure individuals through a process of social learning or social information processing. Future research in this direction has the potential to offer both conceptual and practical contributions.

Additionally, to balance the length of our surveys in response to time constraints at the research site, we measured employment opportunities at Time 2 in Study 2. Although it might have been preferable to collect this variable at Time 1, evidence suggests that employees' perceived employability remains stable for up to one year (e.g., Berntson, Swall, & Sverke, 2008; Kirves, Kinnunen, De Cuyper, and Makikangas, 2014). Thus, we are confident that participant's employment opportunities did not change dramatically in the two-month interval between Time 1 and Time 2, and that our approach to assessing this variable is not hugely problematic. That being said, future research should replicate our results collecting both moderators at Time 1.

Finally, we stopped short of examining actual turnover in this study, and instead focused on employees' turnover intentions. We made this decision for three reasons. First, research related to the theory of planned behavior (Fishbein & Ajzen, 1975) suggests that intentions are often highly accurate predictors of behavior, and turnover intentions in particular are frequently studied in turnover research (Podsakoff, LePine, & LePine, 2007; Steel & Ovalle, 1984). Second, our approach is also consistent with much prior research that has used turnover intentions as a proxy for actual turnover (Podsakoff et al., 2007; Steel & Ovalle, 1984). Finally, we felt we were unlikely to observe widespread turnover during our studies due to their relatively short duration. Indeed, information obtained from the research sites revealed that the turnover rates in the participating companies was relatively low during the period of Study 2 (ranged from 6.7% to 10%), suggesting that the turnover intentions employees' reported may not

have had time to manifest in actual turnover, and that assessing turnover intentions was appropriate. However, there are also occasions where individuals' behavior can depart from their intentions. As a result, further research replicating our results using actual turnover data would be beneficial.

The limitations of this research should be considered in light of its substantial strengths. We replicated our central findings across two separate studies, thereby increasing our confidence in their validity. The fact that the samples in these studies included both state-owned (Study 1) and private (Study 2) Chinese organizations helps establish the generalizability of our findings, as we observed a very consistent pattern of relationships across these different contexts. Finally, we collected our independent variables, mediators, and dependent variables at discrete points in time, which reduced the risk of same source bias and reverse causality.

### **Practical Implications**

This study has immediate practical implications. Our findings that job insecurity leads to heightened deviance and turnover intentions by encouraging moral disengagement highlight additional dangers of job insecurity for organizations. Organizations that place their employees under high levels of job insecurity not only run the risk that the employees' job performance and organizational citizenship behaviors might suffer; they also increase the likelihood that their employees will engage in behaviors aimed at harming the organization or others in it, or will make plans to leave. As such, one implication of our study is that organizations interested in reducing deviant behavior and turnover should take steps to limit the experience of job insecurity among their workforces. Prior research has suggested that better communicating the challenges facing organizations, and encouraging employee involvement in decision-making can limit job insecurity even in turbulent environments (Huang, Niu, Lee, & Ashford, 2012). Our findings

suggest that these efforts might also help reduce employees' moral disengagement, deviance, and turnover intentions.

Given the turbulent environmental conditions facing many modern organizations, it may not be possible to completely eliminate employee job insecurity. Fortunately, our findings suggest other actions that organizations might take to reduce the extent to which job insecurity results in harmful consequences. One such action involves limiting employees' perceptions that they have attractive alternate employment opportunities. Although organizations cannot control their employees' employment prospects, they can attempt to make themselves a better choice in the employees' eyes when compared to their competitors, thereby reducing the extent to which job insecurity translates into moral disengagement. Another means that organizations might limit employees' moral disengagement in the face of job insecurity is by encouraging the development of strong exchange relationships between employees and their immediate supervisors. Prior research suggests that supervisors might foster such relationships by engaging in transformational leadership (Wang, Law, Hackett, Wang, & Chen, 2005), and that social skills critical to the development of strong relationships can be learned through training (Ferris, Witt, & Hochwarter, 2001; Hogan & Shelton, 1998). Thus, organizations that subject their employees to significant job insecurity might consider interventions that help supervisors to develop stronger relationships with these employees.

## **Conclusion**

The dissolution of the permanent employment contract and the continued economic challenges faced by organizations in many regions of the world make it likely that the number of employees experiencing job insecurity will only increase in the years to come. Our results suggest that the costs of this insecurity for organizations may be even more severe than

previously appreciated. By identifying moral disengagement as a key mechanism explaining how job insecurity can encourage employee deviance and turnover intentions, the present research sheds important new light on the cognitive processes that govern how employees respond to job insecurity. Moreover, by identifying LMX and employment opportunities as two important situational factors that influence the strength of the association between job insecurity and these active, harmful behaviors, the present research can help organizations identify employees who are particularly at risk of moral disengagement, and take steps to prevent the negative effects of their workforce's job insecurity.

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Table 1

*Study 1: Means, Standard Deviations and Correlations among Variables*

Variables	1	2	3	4	5	6	7	8
1. Gender	--							
2. Age	-.03	--						
3. Neuroticism	-.02	-.03	<b>(.83)</b>					
4. Job insecurity	.04	-.06	.23**	<b>(.93)</b>				
5. LMX	.02	-.07	-.01	-.18**	<b>(.89)</b>			
6. Moral disengagement	.01	.07	.24**	.33**	-.20**	<b>(.96)</b>		
7. Interpersonal deviance	-.06	-.05	.15*	.28**	-.21**	.35**	<b>(.90)</b>	
8. Organizational deviance	-.04	.00	.13*	.21**	-.16**	.35**	.40**	<b>(.94)</b>
<i>Mean</i>	1.40	36.91	2.51	2.08	3.46	2.71	2.25	2.32
<i>SD</i>	.49	6.15	.67	.61	.86	.85	.66	.73

*Note.* LMX = Leader-member exchange. Values in bold are reliability coefficients. Two-tailed tests. \*  $p < .05$ .

\*\*  $p < .01$ .  $N = 264$ .

Table 2

*Study 1: Hierarchical Regression Results*

	Mediator: Moral disengagement			DV: Interpersonal deviance			DV: Organizational deviance		
	M1	M2	M3	M4	M5	M6	M7	M8	M9
Gender	.03(.10)	.01(.10)	.02(.10)	-.07(.08)	-.08(.08)	-.08(.08)	-.05(.09)	-.06(.09)	-.07(.09)
Age	.01(.01)	.01(.01)	.01(.01)	-.01(.01)	-.01(.01)	-.01(.01)	-.00(.01)	.00(.01)	-.00(.01)
Neuroticism	.31**(.08)	.23**(.07)	.21*(.07)	.14*(.06)	.09(.06)	.04(.06)	.14*(.07)	.10(.07)	.04(.07)
LMX		-.15*(.06)	-.13*(.06)	-.16**(.05)	-.13**(.05)	-.10*(.04)	-.14**(.05)	-.11*(.06)	-.07(.05)
Job insecurity		.37**(.08)	.24**(.09)		.25*(.07)	.17*(.07)		.20**(.06)	.10(.08)
Job insecurity × LMX			-.20**(.05)						
Moral disengagement						.20**(.05)			.26**(.05)
R <sup>2</sup>	.06	.16	.21	.07	.12	.18	.05	.07	.14
ΔR <sup>2</sup>	.06**	.10**	.05**	.07*	.05**	.06**	.05	.02**	.07**

*Note.* LMX = Leader-member exchange; M = model. Statistics reported are unstandardized regression coefficients (standard errors).

Two-tailed tests. \*  $p < .05$ .

\*\*  $p < .01$ . N = 264.

Table 3

*Study 1: Bootstrapping Results for Moderated Mediation Tests*

	Interpersonal deviance			Organizational deviance		
	<i>Indirect effect</i>	<i>SE</i>	95% <i>CI</i> (BCB)	<i>Indirect effect</i>	<i>SE</i>	95% <i>CI</i> (BCB)
High LMX	-.01	.03	[-.07, .05]	-.01	.03	[-.08, .06]
Low LMX	.11**	.03	[.06, .18]	.14**	.03	[.08, .21]
Difference	-.12**	.04	[-.22, -.07]	-.15**	.04	[-.25, -.07]

*Note.* LMX = Leader-member exchange; CI = confidence interval, BCB = bias-corrected bootstrap; SE = standard error. Unstandardized coefficients are reported. \*  $p < .05$ . \*\*  $p < .01$ .  $N = 264$ .

Table 4

*Study 2: Means, Standard Deviations and Correlations among Variables*

Variables	1	2	3	4	5	6	7	8
1. Dummy1								
2. Dummy2	-.08							
3. Dummy3	-.12*	-.09						
4. Dummy4	-.10*	-.08	-.12*					
5. Dummy5	-.12*	-.09	-.13**	-.12*				
6. Dummy6	-.25**	-.19**	-.28**	-.25**	-.27**			
7. Dummy7	-.08	-.06	-.09	-.08	-.09	-.19**		
8. Dummy8	-.07	-.05	-.08	-.07	-.08	-.16**	-.06	
9. Gender	-.15**	-.12*	-.12*	.00	-.03	.19**	.17**	.08
10. Age	-.11*	.10	.10	.09	.12*	-.01	-.21**	-.16**
11. Neuroticism	-.13*	.01	.09	.04	-.14**	-.03	.12*	.11*
12. Job insecurity	.01	.04	.09	-.10	.22**	-.04	-.13**	-.05
13. EO	.06	.05	-.03	-.05	.09	-.18**	.14**	.07
14. LMX	-.03	-.08	.10	.01	.01	-.02	.13**	-.10
15. Moral disengagement	.09	-.04	.01	.06	.24**	-.19**	-.04	-.08
16. Interpersonal deviance	.06	.00	-.04	.02	.23**	-.15**	-.11*	.03
17. Organizational deviance	.03	-.10*	-.11*	.03	.23**	-.18**	-.04	.01
18. Turnover intention	.03	-.13**	-.05	-.02	.06	.04	.04	.01
<i>Mean</i>	.09	.06	.12	.09	.12	.36	.06	.04
<i>SD</i>	.29	.23	.32	.29	.32	.48	.24	.21

*Note.* EO = Employment opportunity; LMX = Leader-member exchange. Values in bold are reliability coefficients. Two-tailed tests.

\*  $p < .05$ . \*\*  $p < .01$ .  $N = 355-423$ .

Table 4 (continued)

## Study 2: Means, Standard Deviations and Correlations among Variables

Variables	9	10	11	12	13	14	15	16	17	18
9. Gender										
10. Age	.00									
11. Neuroticism	.09	-.03								
12. Job insecurity	-.14*	.11*	-.25*	<b>(.85)</b>						
13. EO	-.12*	-.06	.03	-.01	<b>(.74)</b>					
14. LMX	-.01	-.03	.14*	-.09	.02	<b>(.82)</b>				
15. Moral disengagement	-.15*	.17*	-.16*	.19*	.26*	-.06	<b>(.94)</b>			
16. Interpersonal deviance	-.12*	.05	-.20*	.22*	.08	-.14*	.28*	<b>(.88)</b>		
17. Organizational deviance	-.12*	-.03	-.12*	.12*	.07	-.14*	.27*	.79*	<b>(.92)</b>	
18. Turnover Intention	-.02	-.04	-.12*	.17*	.25*	-.12*	.31*	.26*	.24*	<b>(.95)</b>
Mean	1.18	2.03	4.72	2.80	3.06	3.70	2.29	1.33	1.28	2.14
SD	.39	.98	1.05	.78	.41	.73	.75	.48	.42	.98

Note. EO = Employment opportunity; LMX = Leader-member exchange. Values in bold are reliability coefficients. Two-tailed test.

\*  $p < .05$ . \*\*  $p < .01$ .  $N = 355-423$ .

Table 5

*Study 2: Hierarchical Regression Results*

	Moral disengagement			Interpersonal deviance		
	M1	M2	M3	M4	M5	M6
Dummy 1	.19(.19)	.11(.19)	.13(.19)	.02(.13)	.00(.13)	-.01(.13)
Dummy 2	-.14(.21)	-.20(.21)	-.21(.21)	-.04(.15)	-.10(.15)	-.07(.14)
Dummy 3	.05(.18)	.05(.18)	.07(.18)	-.06(.13)	-.09(.13)	-.1(.12)
Dummy 4	.28(.20)	.31(.19)	.32(.19)	.04(.14)	.04(.14)	.02(.13)
Dummy 5	.46*(.19)	.34*(.19)	.38*(.18)	.25(.13)	.16(.13)	.11(.13)
Dummy 6	-.03(.17)	-.03(.17)	-.01(.16)	-.07(.12)	-.10(.12)	-.1(.11)
Dummy 7	.13(.21)	.03(.21)	.03(.21)	-.14(.15)	-.14(.14)	-.15(.14)
Dummy 8	-.04(.23)	-.15(.22)	-.11(.22)	.12(.16)	.07(.15)	.09(.15)
Gender	-.22*(.10)	-.15(.10)	-.14(.10)	-.10(.07)	-.07(.07)	-.05(.07)
Age	.11** (.04)	.10*(.04)	.09*(.04)	.02(.03)	.02(.03)	0(.03)
Neuroticism	-.08*(.04)	-.06(.04)	-.07(.04)	-.08*(.03)	-.06*(.03)	-.05*(.03)
LMX		-.04(.05)	-.02(.05)		-.06(.04)	-.05(.04)
EO		.42** (.09)	.73.45** (.09)		.08(.06)	.03(.07)
Job insecurity		.12*(.05)	.13*(.05)		.11** (.04)	.10** (.04)
Moral disengagement						.12** (.04)
Job insecurity ×LMX			-.13*(.06)			
Job insecurity ×EO			.30* (.12)			
$R^2$	.13	.18	.20	.10	.15	.17
$\Delta R^2$	.13**	.05**	.02**	.10**	.05**	.02**

*Note.* EO = Employment opportunity; LMX = Leader-member exchange; M = model. Statistics reported are unstandardized regression coefficients (standard errors). Two-tailed tests. \*  $p < .05$ . \*\*  $p < .01$ .  $N = 346-355$ .

Table 5 (continued)  
 Study 2: Hierarchical Regression Results

	Organizational deviance			Turnover intention		
	M7	M8	M9	M10	M11	M12
Dummy 1	-.44** (.11)	-.45** (.11)	-.46** (.11)	.23(.27)	.20(.25)	.17(.25)
Dummy 2	-.59** (.12)	-.65** (.12)	-.62** (.12)	-.33(.30)	-.45(.28)	-.39(.28)
Dummy 3	-.55** (.11)	-.56** (.11)	-.56** (.11)	.08(.26)	.03(.24)	.02(.24)
Dummy 4	-.40** (.12)	-.39** (.12)	-.42** (.11)	.18(.28)	.28(.26)	.21(.26)
Dummy 5	-.17(.11)	-.23(.11)	-.27* (.11)	.28(.26)	.02(.25)	-.07(.25)
Dummy 6	-.49** (.10)	-.51** (.1)	-.51** (.1)	.38(.24)	.41(.23)	.42(.22)
Dummy 7	-.46** (.16)	-.45** (.12)	-.45** (.12)	.42(.30)	.33(.28)	.32(.27)
Dummy 8	-.37** (.14)	-.41** (.13)	-.39** (.13)	.34(.32)	.20(.30)	.24(.29)
Gender	-.11(.06)	-.08(.06)	-.06(.06)	-.14(.14)	-.08(.13)	-.04(.13)
Age	-.02(.02)	-.02(.02)	-.03(.02)	-.00(.05)	-.01(.05)	-.03(.05)
Neuroticism	-.04(.02)	-.02(.02)	-.01(.02)	-.12(.05)	-.09(.05)	-.07(.05)
LMX		-.06* (.03)	-.06(.03)		-.11(.07)	-.09(.07)
EO		.04(.06)	-.01(.06)		.64** (.13)	.53** (.13)
Job insecurity		.07* (.03)	.06* (.03)		.19** (.07)	.17* (.07)
Moral disengagement			.12** (.03)			.28** (.07)
$R^2$	.15	.18	.21	.06	.15	.19
$\Delta R^2$	.15**	.03**	.03**	.06**	.09**	.04**

Note. EO = Employment opportunity; LMX = Leader-member exchange; M = model. Statistics reported are unstandardized regression coefficients (standard errors). Two-tailed tests. \*  $p < .05$ . \*\*  $p < .01$ .  $N = 346-355$ .



Table 6

*Study 2: Bootstrapping Results for Moderated Mediation Tests*

	Interpersonal deviance			Organizational deviance			Turnover intention		
	<i>Indirect effect</i>	<i>SE</i>	95% <i>CI</i> (BCB)	<i>Indirect effect</i>	<i>SE</i>	95% <i>CI</i> (BCB)	<i>Indirect effect</i>	<i>SE</i>	95% <i>CI</i> (BCB)
High LMX	.01	.01	[-.01, .03]	.01	.01	[-.01, .02]	.02	.02	[-.01, .06]
Low LMX	.02*	.01	[.01, .05]	.02*	.01	[.01, .05]	.06*	.02	[.02, .11]
Difference	-.02	.01	[-.05, -.003]	-.02	.01	[-.05, -.004]	-.04	.02	[-.10, -.01]
High EO	.02*	.01	[.01, .04]	.02*	.01	[.01, .05]	.05*	.02	[.02, .10]
Low EO	.01	.01	[.00, .03]	.01	.01	[.00, .03]	.03	.02	[-.01, .06]
Difference	.01	.01	[.002, .03]	.01	.01	[.002, .03]	.03	.02	[.003, .07]

*Note.* EO = Employment opportunity; LMX = Leader-member exchange; CI = confidence interval, BCB = bias-corrected bootstrap; SE = standard error. Unstandardized coefficients are reported. \*  $p < .05$ . \*\*  $p < .01$ . N = 347.

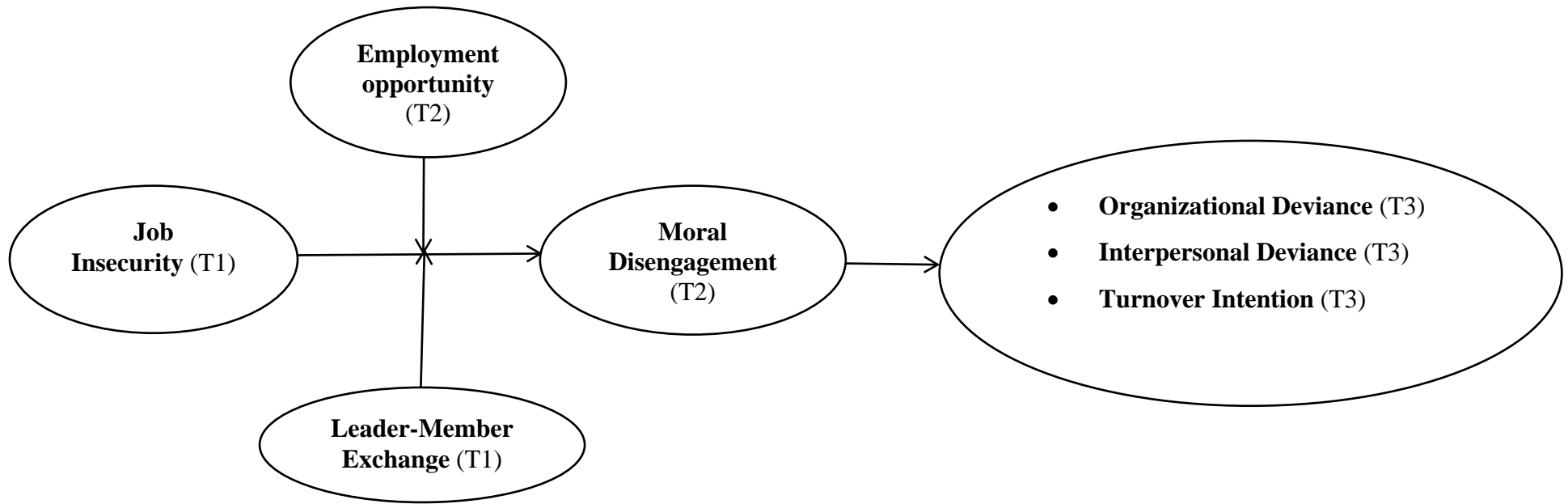


Figure 1. Conceptual model.

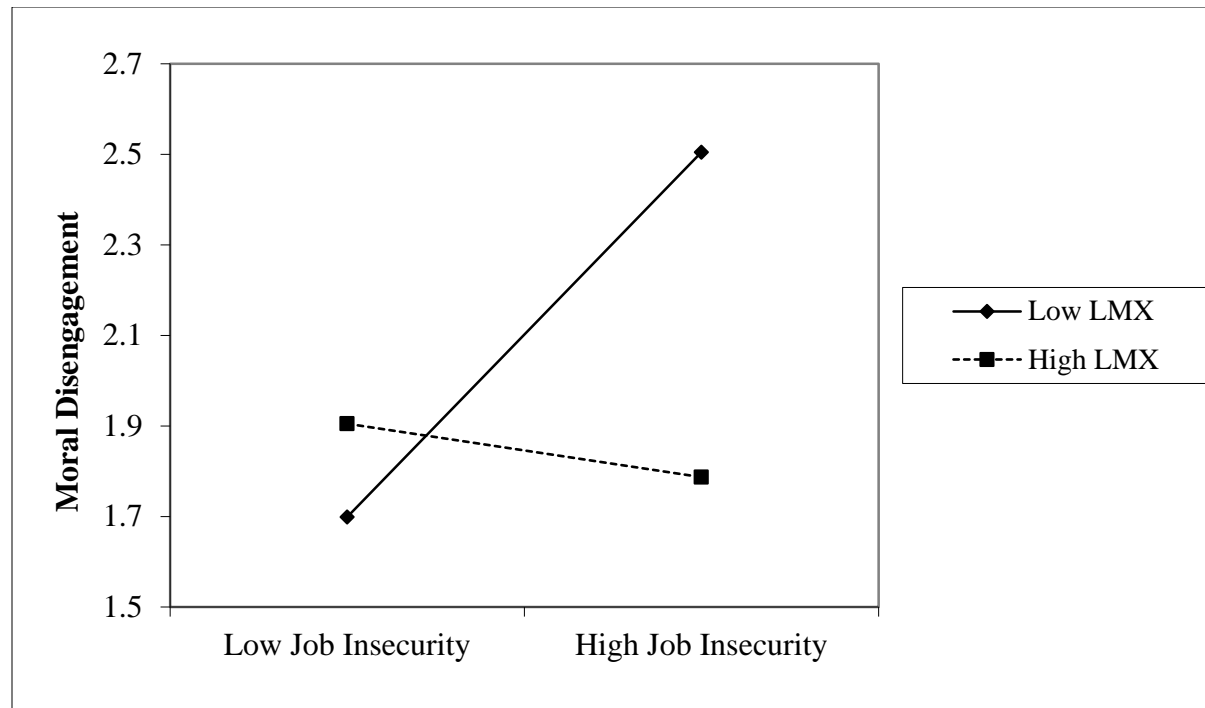


Figure 2. The Effects of Job Insecurity on Moral Disengagement at Low and High Levels of LMX in Study 1.

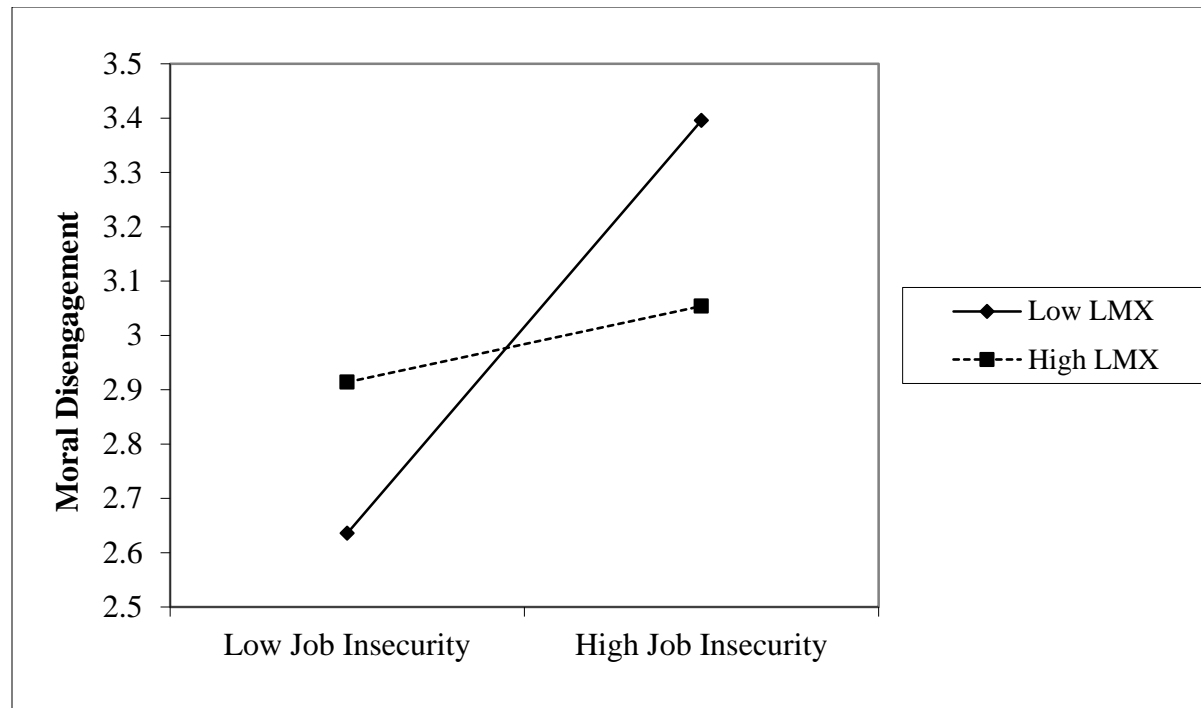


Figure 3. The Effects of Job Insecurity on Moral Disengagement at Low and High Levels of LMX in Study 2.

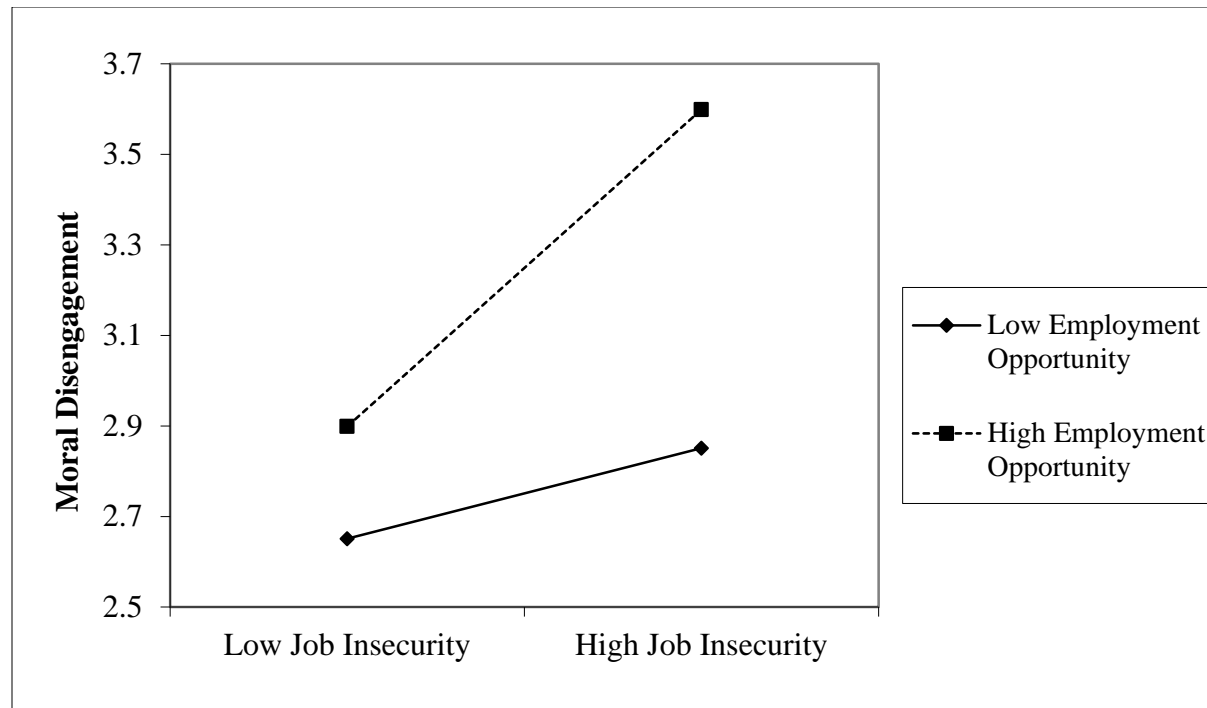


Figure 4. The Effects of Job Insecurity on Moral Disengagement at Low and High Employment Opportunity in Study 2.