

ORGANIZATIONAL IDENTIFICATION STRATEGY AND UNETHICAL PRO-ORGANIZATIONAL BEHAVIOR

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Abstract

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Although organizational identification (OI) is widely recognized for its benefits, recent studies have highlighted its potential drawbacks (Naseer et al., 2020). This research explores the dark side of OI, specifically its influence on unethical pro-organizational behavior (UPB), by examining the mediating role of moral justification (MJ). Drawing upon an integrated framework of social identity theory, the theory of planned behavior, and the theory of situational action, we surveyed 353 employees from micro and small enterprises (MSEs) in Indonesia. Using a cross-sectional design and PLS analysis, the findings reveal that OI functions as a double-edged sword — it can both promote and inhibit UPB depending on MJ. Strengthening employees' moral responsibility can reduce MJ, thereby minimizing UPB. Importantly, OI does not inherently lead to UPB; rather, MJ acts as a key mechanism that shapes its ethical consequences. This study extends the model proposed by Umphress and Bingham (2011) by emphasizing the role of individual moral foundations and self-control, offering valuable insights for organizations seeking to balance OI while mitigating ethical risks.

Keywords: Moral Justification, Unethical Pro-Organizational Behavior, Organizational Identification

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1. INTRODUCTION

Organizational identification (OI) refers to employees' sense of belonging and connection to the organization, to the extent that organizational success or failure is perceived as part of their personal identity. OI has long been recognized as a beneficial outcome of employee engagement with the organization (Tarakci et al., 2018), as it motivates individuals to actively contribute to organizational goals (Ashforth et al., 2008), strengthens the sense of cohesion between individuals and the organization, and encourages the adoption of shared norms and group values

(Tajfel, 1982). However, existing literature does not fully capture the complexity of OI's impact, particularly regarding its potential negative consequences.

An increasing number of studies have emphasized that OI does not always produce positive outcomes, but may also lead to negative consequences for both organizations and individuals (Naseer et al., 2020). One such consequence that has gained growing attention is unethical pro-organizational behavior (UPB) — defined as unethical actions undertaken for the benefit of the organization but in violation of prevailing ethical standards (Umphress et al., 2010). While several studies have found a positive relationship between OI and UPB

(Effelsberg, 2014), other research indicates that the relationship is not always significant (Umphress et al., 2010). These inconsistencies suggest the presence of other mediating factors influencing the OI-UPB link, which remain insufficiently explored in the literature. Therefore, further investigation into the negative consequences of OI is essential to better understand the underlying psychological dynamics of this relationship (Naseer et al., 2020).

Although the negative aspects of OI have begun to receive attention in the literature, systematic research examining the psychological mechanisms linking OI and UPB remains limited. Previous studies have explored how individuals with high levels of OI may prioritize organizational interests over ethical norms, yet the findings remain contradictory. While the literature highlights a strong correlation between OI and UPB (Effelsberg et al., 2014), other studies report insignificant relationships (Umphress et al., 2010). The inconsistency in these findings highlights the need for a deeper understanding of the mediating factors that may influence the relationship between OI and UPB.

One psychological mechanism that may explain the relationship between OI and UPB is moral justification (MJ). MJ refers to the cognitive process through which individuals rationalize unethical behavior as acceptable because it serves a greater organizational goal (Bandura, 1991). Individuals with high OI tend to prioritize the interests of the organization, allowing them to morally justify unethical actions as expressions of loyalty. In this context, MJ functions to reduce individuals' psychological barriers to engaging in unethical conduct, as such behavior is perceived to align with organizational interests (Niven & Healy, 2016). This mechanism may be particularly relevant in micro and small enterprises (MSEs), where closer working relationships, higher levels of informality, and limited resources prevail. In line with prior studies, employees in small businesses often base their behavioral decisions on their perception of the organizational environment in which they operate.

Previous research remains limited in exploring how these factors shape the relationship between OI, MJ, and UPB. Related concepts, such as neutralization, introduced in earlier theoretical models, consider the seriousness of unethical behavior or its potential consequences (Umphress & Bingham, 2011; Chen et al., 2016). While moral disengagement focuses more on the psychological processes involved, this study emphasizes the cognitive aspects underlying unethical behavior. It further investigates how these mechanisms operate within the context of MSEs. Most previous studies have focused on large organizations with more structured systems, whereas MSEs possess unique characteristics such as closer working relationships, higher levels of informality, and limited resources, all of which may influence the relationship between OI, MJ, and UPB.

Based on this research gap, this study aims to examine whether MJ serves as a mediating mechanism in the relationship between OI and UPB. Specifically, the study addresses three key research questions:

RQ1: How does organizational identification influence individuals' tendency to engage in unethical pro-organizational behavior within the context of micro and small enterprises?

RQ2: Does moral justification mediate the relationship between organizational identification and unethical pro-organizational behavior?

RQ3: How do the unique characteristics of micro and small enterprises in Indonesia affect the relationship between organizational identification, moral justification, and unethical pro-organizational behavior?

This study also adopts a distinctive theoretical approach by integrating social identity theory (Tajfel, 1982), moral disengagement theory (Bandura, 1991), and the theory of planned behavior (Ajzen, 1991) to understand how MJ can mediate the relationship between OI and UPB. This theoretical integration provides a more comprehensive understanding of the psychological factors influencing unethical behavior in the workplace.

The research employs a quantitative survey-based method involving MSE actors in Indonesia. Data were collected through structured questionnaires and analyzed using partial least squares (PLS)-based path analysis to examine the relationships among the studied variables. Accordingly, the findings of this research are expected to offer new insights into how strong OI can lead to unethical workplace behaviors.

The main contribution of this study lies in its exploration of the MSE context, which remains underrepresented in the UPB literature, and its integration of theoretical frameworks that offer a novel perspective on the role of MJ. Practically, the study provides implications for MSE owners and managers in managing OI more ethically and designing interventions that can minimize MJ in rationalizing UPB.

The findings of this study represent a valuable contribution to the existing literature. First, it expands the understanding of the negative consequences of OI, particularly within the MSE context, which has been largely overlooked in previous UPB research. Second, it integrates a few theories to offer a more comprehensive perspective on the role of MJ in shaping unethical behavior in the workplace. Third, from a practical standpoint, the findings provide actionable implications for MSE owners and managers in ethically managing OI and minimizing MJ in UPB rationalization.

This paper is organized into several key sections. Section 2 reviews the relevant literature and develops hypotheses based on social identity theory, moral disengagement theory, and the theory of planned behavior. Section 3 outlines the survey-based quantitative methodology, including the use of PLS for data analysis. Section 4 presents the empirical findings and hypothesis testing. Section 5 compares the results with previous studies and elaborates on both theoretical and practical implications. Finally, Section 6 summarizes the study's contributions and outlines directions for future research, particularly strategies for mitigating MJ in the context of small enterprises.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1. Organizational identification and moral justification

Organizational identification refers to the perceived oneness with an organization, the merging of one's self-concept with the organization's image, and

the incorporation of organizational membership into one's self-definition (Sharma et al., 2023; Ahmad et al., 2023), thereby viewing the organization's successes and failures as one's own (Ashforth et al., 2008). Excessive involvement in an organization may lead individuals to prioritize organizational success over ethical considerations, potentially at the expense of personal integrity. Heightened OI is often characterized by an increased tendency to contribute to organizational welfare, which may inadvertently lead to ethical norm violations (Effelsberg et al., 2014; Alniacik et al., 2022). Individuals driven by strong aspirations for organizational success may rationalize personal conflicts — particularly those stemming from deviant behaviors — by invoking broader notions of collective interest.

MJ is the cognitive process of rationalizing unethical behavior (Bandura, 1991). It involves three core components: 1) the reinterpretation of the intended behavior; 2) the disregard or distortion of the harmful consequences associated with the behavior; and 3) the devaluation of the target agent (Bandura et al., 1996). This cognitive restructuring is employed to reduce or eliminate moral dissonance, thereby making unethical behavior socially acceptable and morally defensible by framing it as the pursuit of noble goals (Farasat & Azam, 2022; Basiyd-Fellahi et al., 2025). Consequently, we argue that stronger OI is positively associated with greater MJ.

H1: Organizational identification has a positive effect on moral justification.

2.2. Organizational identification and unethical pro-organizational behavior

The integration of self and self-concept within an organization has been shown to foster a tendency to engage in organizational interests (Ashforth & Mael, 1989). This integration involves aligning the organization's goals and interests with the individual's self-concept (van Knippenberg & Sleebos, 2006). A key manifestation of OI is extra-role behavior, which refers to actions that go beyond the formal requirements set by the organization (Mael & Ashforth, 1992). Such behavior may lead to the neglect of universally accepted ethical principles (Alniacik et al., 2022; Chhabra & Srivastava, 2023; Sharma et al., 2023). In line with this perspective, Umphress and Bingham (2011) argue that OI tends to redefine UPB as morally justified and necessary actions intended to benefit the organization's overall welfare. It is asserted that OI may compel individuals to engage in UPB.

H2: Organizational identification has a positive effect on unethical pro-organizational behavior.

2.3. Moral justification and unethical pro-organizational behavior

Drawing on social cognitive theory (Bandura, 1991) of self-regulation, individuals who engage in MJ tend to rationalize unethical behavior that aligns with their intended goals (Liu et al., 2020; Charlton & DiStefano, 2024). This theory posits that the propensity for MJ involves the disregard of widely accepted ethical standards in pursuit of more significant goals (Liu et al., 2020; Welsh et al., 2020), particularly organizational objectives that individuals aim to achieve (Niven & Healy, 2016). MJ is a common form of moral disengagement (Barsky, 2011), wherein unethical actions are portrayed as means to

achieve higher or morally valuable ends, such as organizational goals (Barsky, 2008). This process is also regarded as a catalyst for enhancing loyalty (Ashforth & Anand, 2003), indicating that generally accepted norms can be overlooked for the sake of pursuing greater ends (Niven & Healy, 2016), especially organizational aims. Shalvi et al. (2011) and Sánchez-Medina et al. (2024) found that MJ significantly predicts acts of violence and deception. The pursuit of MJ may thus lead to the enactment of UPB.

H3: Moral justification has a positive effect on unethical pro-organizational behavior.

2.4. The mediating role of moral justification

According to social cognitive theory, cognitive justification enables individuals to engage in unethical behavior by deviating from established moral norms and self-imposed restraints that would otherwise inhibit such behavior (Bandura et al., 1996; Detert et al., 2008). This is achieved by recontextualizing unethical actions in a way that diminishes their immorality or dishonor while portraying them as noble acts that benefit the organization (Chen et al., 2016; Alniacik et al., 2022). The theory posits that most individuals who violate moral principles are not inherently immoral but instead hold self-regulatory standards aligned with prevailing societal norms. Unethical behavior arises from a breakdown in self-regulatory moral standards, which individuals use to rationalize their unethical conduct.

Based on the core tenets of social cognitive theory, we argue that when an individual faces a moral dilemma involving organizational interests, OI may lead to unethical behavior by rationalizing such actions as noble efforts undertaken for the benefit of the organization.

H4: Moral justification mediates the relationship between organizational identification and unethical pro-organizational behavior.

3. RESEARCH METHODOLOGY

3.1. Research design

This study employed a quantitative research design to investigate the mediating role in the relationship between the independent and dependent variables. The independent variable is OI, while the dependent variable is UPB. The mediating variable in this study is MJ. In addition to the survey-based quantitative approach, this research could also be conducted using experimental methods to test causal relationships more rigorously, or with a longitudinal design to capture the dynamics of variable changes over time.

3.2. Sample

This study was conducted in Indonesia, with a specific focus on employees meeting the following criteria: first, employees working in MSEs. The term MSEs refers to businesses with a maximum capital of IDR 500 million (excluding land and buildings) and annual sales revenue of less than IDR 2.5 billion rupiah (Riadi, 2022). Second, the businesses specialize in the sale of perishable food products. These companies generally do not implement formal return policies, which can result in financial losses for the owners when inventory remains unsold.

The target population was selected based on preliminary research conducted by the authors, which revealed that individuals with these characteristics exhibited a higher tendency to engage in UPB. Therefore, the sample selection was based on the population's potential for UPB.

In this study, the research team explained the nature and objectives of the research. Participants were assured of the confidentiality of their responses prior to the distribution of questionnaires. Questionnaires were distributed only after participants provided informed and voluntary consent to participate. A non-probability sampling technique was employed, given the lack of comprehensive information on the entire population of employees within the sector.

The minimum required sample size for this study was 95 respondents, based on the number of measurement items. Outlier detection was performed on an initial sample of 354 respondents using boxplot analysis and Mahalanobis distance to ensure no data points disproportionately influenced the study's findings. After analyzing the boxplot and conducting the Mahalanobis test, one respondent was excluded from the dataset. As a result, a final sample of 353 respondents was used for the analysis.

Alternatively, qualitative methods such as in-depth interviews or case studies may be employed to gain deeper insights into the factors influencing UPB. Moreover, a mixed-methods approach could combine the strengths of both quantitative and qualitative data to provide a more comprehensive understanding.

3.3. Instruments

We utilized a five-point Likert scale to measure all variables, with responses ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire was distributed to collect demographic information such as age, gender, education, and tenure, in addition to the main study variables. OI was measured using six items developed by Mael and Ashforth (1992). An example item is: *"When someone criticizes my workplace, it feels like a personal insult"*.

MJ was measured using a three-item scale. This scale included one item adapted from Moore et al. (2012) and two additional items from Chen et al. (2016) that assessed the justification of pro-organizational behaviors while disregarding

superordinate norms. An example item is: *"Using unconventional methods can be essential in pursuing honorable goals"*.

UPB was measured using a seven-item scale developed by Umphress et al. (2010). An example item is: *"If necessary, I am willing to provide information that might not be entirely accurate to present my organization in a positive light"*.

Alternatively, structured interviews or behavioral observations in the workplace could be used to obtain richer data regarding employees' motivations and ethical justifications. These methods can complement survey findings and offer broader perspectives on observed behaviors.

3.4. Data analysis

Data analysis was conducted using PLS in SmartPLS 3. This analysis was used to test the relationships between OI and MJ (H1), OI and UPB (H2), and MJ and UPB (H3). Additionally, to examine the mediating role of MJ in the relationship between OI and UPB (H4), we employed the variance accounted for (VAF) method to determine the type of mediation.

In addition to PLS, alternative approaches such as covariance-based sem (CB-SEM) could be utilized if the assumption of normal distribution is met, allowing for a more robust analysis of the relationships among variables. PROCESS-based regression analysis can also be applied to examine mediation effects using a more flexible bootstrapping approach.

4. RESULTS AND FINDINGS

This Section begins with an analysis of model fit, sample characteristics, cross-tabulation analysis, and hypothesis testing.

4.1. Goodness of fit

Table 1 presents the results of the outer loading test, Cronbach's alpha, rho_A, composite reliability (CR), and average variance extracted (AVE) based on the PLS analysis. The table indicates that the loading factor values exceed 0.40 (Suliyanto, 2011). Additionally, Cronbach's alpha, rho_A, CR, and AVE values all surpass the 0.70 threshold (Chin, 1998), confirming the validity and reliability of all items.

Table 1. Outer loading, Cronbach's alpha, rho_A, composite reliability, and average variance extracted test

Item	Outer factor	Cronbach's alpha	rho_A	CR	AVE
X1	0.801	0.915	0.920	0.934	0.702
X2	0.864				
X3	0.828				
X4	0.856				
X5	0.845				
X6	0.830				
X7	0.891	0.968	0.971	0.973	0.839
X8	0.937				
X9	0.921				
X10	0.920				
X11	0.903				
X12	0.922				
X13	0.918	0.823	0.886	0.893	0.739
X14	0.915				
X15	0.933				
X16	0.713				

Note: N = 353, OI = X1-X6, UPB = X7-X13, MJ = X14-X16.

Source: Authors' elaboration.

Model fit tests in PLS include R-squared, Q-squared, F-squared, standardized root mean square residual (SRMR), and PLS predictive (Hair et al., 2019). Table 2 presents the model fit results, including R-squared, Q-squared, F-squared, and SRMR. The R-squared value of 0.041 for *MJ* indicates a weak relationship between *OI* and *MJ*, as only 4.1% of the variance in *MJ* can be explained by *OI*. Similarly, the R-squared value of 0.192 for *UPB* indicates that *OI* and *MJ* jointly explain 19.2% of the variance in *UPB*. According to Cohen's (1988) criteria, an R-squared of 0.192 falls in the medium category, as it lies between 0.13 and 0.26.

For the F-squared test criteria, we applied Cohen's (1988) guidelines to assess effect size. The F-squared value of 0.043 for *OI* → *MJ* (≥ 0.02) is classified as small, indicating that changes in *OI* have a relatively small effect on *MJ*. Likewise, the F-squared value of 0.131 for *OI* → *UPB* (≥ 0.02) also reflects a small effect size. In contrast, the F-squared value of 0.154 for *MJ* → *UPB* (≥ 0.15) is considered medium, suggesting that changes in *MJ* have a moderate impact on *UPB*. The Q-squared criterion used in this study is based on Hair et al.

(2013). The Q-squared value of 0.030 for *MJ* indicates limited predictive relevance for the *OI*-*MJ* model, whereas the Q-squared value of 0.158 for *UPB* suggests moderate predictive relevance for the *OI* and *MJ* model. The SRMR value of 0.048, which is below the 0.080 threshold, indicates that the research model has a satisfactory fit with the empirical data.

Table 2 also shows the results of the PLS predictive analysis. After comparing the PLS model with a linear regression (Lagrange multiplier, LM) model, it is evident that the PLS model outperforms LM in terms of predictive power. This is demonstrated by higher Q^2_{Predict} values for PLS compared to LM. Additionally, the PLS model exhibits lower root mean square error (RMSE) and mean absolute error (MAE) values, indicating lower prediction errors than the LM model. Therefore, it can be concluded that the PLS model used in this study demonstrates strong predictive ability.

Based on several model fit tests, it can be concluded that the model successfully meets the necessary criteria for good model fit.

Table 2. Goodness of fit test

Item variable	R-squared	F-squared		Q-squared	SRMR	Model PLS			Model LM		
		<i>MJ</i>	<i>UPB</i>			Q^2_{Predict}	RMSE	MAE	Q^2_{Predict}	RMSE	MAE
<i>OI</i>	-	0.043	0.131	-	0.048	-	-	-	-	-	-
<i>X7</i>	-	-	-	-		0.047	0.783	0.653	0.027	0.791	0.659
<i>X8</i>	-	-	-	-		0.062	0.82	0.685	0.038	0.831	0.691
<i>X9</i>	-	-	-	-		0.032	0.819	0.681	0.019	0.825	0.682
<i>X10</i>	-	-	-	-		0.054	0.757	0.629	0.034	0.765	0.635
<i>X11</i>	-	-	-	-		0.052	1.068	0.912	0.045	1.072	0.917
<i>X12</i>	-	-	-	-		0.043	0.836	0.714	0.027	0.843	0.720
<i>X13</i>	-	-	-	-		0.076	0.840	0.705	0.061	0.846	0.707
<i>UPB</i>	0.192	-	-	0.158		-	-	-	-	-	-
<i>X14</i>	-	-	-	-		0.031	0.954	0.858	0.021	0.958	0.866
<i>X15</i>	-	-	-	-		0.025	0.976	0.877	0.014	0.981	0.887
<i>X16</i>	-	-	-	-		0.027	0.895	0.647	0.000	0.907	0.659
<i>MJ</i>	0.041	-	0.154	0.030		-	-	-	-	-	-

Note: $N = 353$, *UPB* = *X7*-*X13*, *MJ* = *X14*-*X16*.

Source: Authors' elaboration.

4.2. Sample characteristics

The majority of respondents in this study were male ($n = 210$; 59%) compared to female ($n = 143$; 41%). In terms of educational background, most respondents had completed high school ($n = 211$; 60%), followed by junior high school ($n = 86$; 24%), elementary school ($n = 49$; 14%), and bachelor's degree ($n = 7$; 2%). Regarding age, most respondents were between 25 years old and 65 years old ($n = 250$;

71%), followed by those aged 17 years old to 24 years old ($n = 100$; 28%), over 65 years old ($n = 2$; 0.7%), and the smallest group was under 17 years old ($n = 1$; 0.3%). Based on work tenure, the largest proportion of respondents had been employed for one to three years ($n = 137$; 39%), followed by more than three years ($n = 112$; 32%), and the smallest group had worked between six months and one year ($n = 104$; 29%). The following section presents a detailed description of the sample characteristics.

Table 3. Sample characteristics

Demographic variable	Category	Frequency (n)	Percentage (%)
Gender	Male	210	59.5
	Female	143	40.5
Age	< 17 years old	1	0.3
	17-24 years old	100	28.3
	25-65 years old	250	70.8
	> 65 years old	2	0.6
Education	Elementary school	49	13.9
	Junior high school	86	24.4
	Senior high school	211	59.8
	Undergraduate (S1)	7	2
Work tenure	< 1 year	104	29.5
	1-3 years	137	38.8
	> 3 years	112	31.7

Source: Authors' elaboration.

4.3. Descriptive results

Table 4 presents the means, variability, and intercorrelations among the study variables. The findings reveal meaningful correlations among all variables. The correlation between *OI* and *MJ* was negative and statistically significant ($r = -0.206$, $p < 0.01$). Similarly, the correlation between *OI* and

UPB was significantly positive ($r = 0.254$, $p < 0.01$). The correlation between *MJ* and *UPB* was also significantly positive ($r = 0.277$, $p < 0.01$). This study employed a reflective model, which does not require the assessment of multicollinearity, unlike the formative model approach proposed by Hair et al. (2023).

Table 4. Descriptive statistics and correlations

Variables	Mean	SD	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1) <i>OI</i>	3.92	0.43							
(2) <i>MJ</i>	2.69	0.82	-0.206**						
(3) <i>UPB</i>	2.88	0.79	0.254**	0.277**					
(4) <i>Age</i>	-	-	0.200**	0.018	0.121*				
(5) <i>Gender</i>	-	-	0.023	0.033	-0.002	-0.129*			
(6) <i>Education</i>	-	-	-0.005	-0.145**	-0.337**	-0.290**	0.074		
(7) <i>Work tenure</i>	-	-	0.273**	-0.030	0.162**	0.419**	-0.142**	-0.313**	

Note: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$ (2-tailed), $N = 353$.

Source: Authors' elaboration.

4.4. Cross-tabulation analysis

The results of the cross-tabulation analysis between the research variables and respondent characteristics are presented in Table 5. Based on the data, it is evident that individuals with high overall *OI* fall within the age range of 17 years old to 65 years old. In this study, both male and female respondents demonstrated high levels of *OI*; however, when compared, females exhibited higher levels of *OI* than males. In terms of educational attainment, all groups showed high *OI*, yet those with elementary education reported the highest levels of *OI*. Employees with more than three years of work experience exhibited higher levels of *OI* compared to those with less than three years of experience.

The results for *MJ* indicate that respondents across all age groups showed generally low levels of *MJ*. However, a higher prevalence was observed

among individuals under 17 years old. *MJ* levels also varied by gender, with males reporting higher levels than females. Additionally, moderate levels of *MJ* were more commonly found among respondents with elementary education and those with one to three years of work experience.

Based on respondents' perceptions, the highest levels of *UPB* were found among adolescents, particularly those under 17 years old. Overall, the prevalence of *UPB* was relatively balanced across genders, with a slightly higher occurrence among females. From an educational perspective, *UPB* was most commonly observed among those with elementary education, ranging from low to moderate levels. In terms of work tenure, *UPB* was generally reported at a moderate level, with the majority of such responses coming from employees who had been with their organization for six months to one year.

Table 5. Cross-tabulation of the variable with the characteristics of respondents

Variable	Levels	Age (%)				Gender (%)		Education (%)				Tenure (%)		
		< 17	17-24	25-65	> 65	Male	Female	1	2	3	4	< 1	1-3	> 3
<i>OI</i>	Medium	-	26.0	14.4	-	19.0	15.4	8.2	25.6	16.6	14.3	32.7	16.1	5.4
	High	100	74.0	85.6	100.0	81.0	84.6	91.8	74.4	83.4	85.7	67.3	83.9	94.6
<i>MJ</i>	Small	100	53.0	44.0	50.0	49.5	42.7	26.5	38.4	55.0	42.9	47.1	48.2	44.7
	Medium	-	32.0	41.6	50.0	36.2	42.7	65.3	47.6	28.9	42.9	31.7	38.7	45.5
<i>UPB</i>	High	-	15.0	14.1	-	14.3	14.6	8.2	14.0	16.1	14.2	21.2	13.1	9.8
	Small	-	40.0	28.2	50.0	32.9	30.8	6.1	12.8	45.4	42.9	33.7	37.2	24.1
<i>UPB</i>	Medium	-	40.0	41.6	-	39.0	43.3	57.1	48.8	33.6	42.9	44.2	39.4	39.3
	High	100.0	20.0	29.6	50.0	28.1	25.9	36.7	38.4	20.9	14.3	22.1	23.4	36.6

Note: Education: 1 — elementary school, 2 — junior high school, 3 — senior high school, 4 — bachelor's degree.

4.5. Hypotheses testing results

Table 6 presents the results of the PLS analysis. These findings indicate that *OI* has a significant negative effect on *MJ* ($\beta = -0.203$, $p = 0.000$). This suggests that an increase in *OI* leads to a decrease in *MJ*, thereby not supporting *H1*. On the other hand, the effect of *OI* on *UPB* shows a significant positive influence ($\beta = 0.332$, $p = 0.000$). This finding suggests that an increase in *OI* leads to an increase in *UPB*, thus supporting *H2*. The results also reveal a significant positive effect of *MJ* on *UPB* ($\beta = 0.361$,

$p = 0.000$), indicating that higher levels of *MJ* result in higher levels of *UPB*, thereby supporting *H3*. Furthermore, the analysis shows that *MJ* mediates the relationship between *OI* and *UPB*. The indirect effect was found to be -0.073 , while the direct effect was measured at 0.332 .

The mediation model for *H4* was analyzed using the VAF method, which produced a result of 77.9% ($n < 80\%$). This indicates that *MJ* partially mediates the relationship between *OI* and *UPB*, thereby supporting *H4*.

Table 6. The results of the bootstrap on the direct effect between variables

<i>Paths</i>		<i>Path coefficients</i>	<i>SD</i>	<i>p-value</i>
H1	OI → MJ	-0.203	0.053	0.000
H2	OI → UPB	0.332	0.043	0.000
H3	MJ → UPB	0.361	0.050	0.000
H4	OI → MJ → UPB	-		
Direct effect		-		0.332
Indirect effect		-0.203 * 0.361		-0.073
Total effect		-		0.259
VAF		-0.073 / (0.332 + (-0.073)) = 0.779		

5. DISCUSSION

This study reveals a negative correlation between OI and MJ, which contradicts our initial hypothesis. Theoretically, we anticipated that higher levels of OI would increase individuals' tendency to engage in MJ. However, the analysis indicates that the stronger the OI, the lower the level of MJ exhibited by individuals. This suggests that OI does not inherently lead to rationalizing unethical behavior.

This finding extends previous studies (Chen et al., 2016; Umphress et al., 2010) by demonstrating that while OI can promote MJ under certain conditions, it may also reduce it depending on the presence of strong personal moral foundations. In the context of MSEs examined in this study, close interpersonal relationships and heightened personal responsibility may reinforce internal moral standards that inhibit deviant rationalization.

These findings are also consistent with situational action theory (Wikström, 2004; Kammigan, 2023), which posits that unethical behavior is the result of cognitive processes shaped by an individual's moral framework. When individuals possess strong self-control and embedded moral standards, they are less likely to engage in MJ, even when highly identified with their organization. Thus, in this context, strong OI may serve to reinforce ethical values rather than undermine them.

The findings also indicate that MJ has a positive effect on UPB. Specifically, individuals who strongly justify their immoral actions are more likely to engage in unethical behavior for the benefit of the organization. This finding is consistent with the theory of planned behavior (Ajzen, 1991), which posits that behavioral intentions are shaped by attitudes toward the behavior. Individuals who perceive unethical acts as acceptable and morally justified in pursuit of a greater organizational goal are more inclined to engage in UPB.

This result also aligns with the concept of moral disengagement (Bandura, 1991), in which individuals neutralize moral conflict through cognitive justifications, thereby reducing feelings of guilt associated with unethical actions. As MJ increases, the psychological barriers to deviant behavior diminish, making it easier for individuals to overlook established ethical norms. In the context of Indonesian MSEs, the pressure to ensure business survival often creates a moral grey area, where unethical actions are rationalized for the sake of sustainability.

This study reinforces prior research (Umphress & Bingham, 2011; Chen et al., 2016), emphasizing that MJ is a key mechanism linking organizational loyalty with ethical violations. Thus, strengthening personal moral values and building an organizational culture that actively resists the rationalization of deviant behavior becomes crucial in mitigating UPB tendencies.

Since OI was introduced by Ashforth and Mael (1989), it has generally been associated with positive connotations. However, our study and previous research (Umphress et al., 2010) suggest that OI can also have a dark side. A strong sense of belonging to the organization may drive individuals to violate ethical standards in order to defend or enhance the organization's position. This finding supports social identity theory, which posits that individuals who identify strongly with an organization are morally bound to engage in behaviors that benefit it (Irshad & Bashir, 2020). Highly committed individuals may actively seek ways to achieve organizational goals, even if it means justifying their actions. OI can transform unethical actions into behaviors perceived as legitimate or even noble, driven by the belief that such acts serve the greater good of the organization. This perspective can make these actions personally and socially acceptable, as supported by prior studies (Umphress & Bingham, 2011; Bandura et al., 1996; Detert et al., 2008).

However, our findings offer a crucial insight: although OI has a significant positive direct effect on UPB ($\beta = 0.332$), it simultaneously exhibits a negative effect on MJ ($\beta = -0.203$), which indirectly reduces UPB. Specifically, our findings reveal that the effect of OI on UPB can be attenuated when individuals possess strong moral foundations, which weaken the extent of MJ. In other words, MJ acts as a partial mediator in the relationship between OI and UPB, as evidenced by the VAF value of 77.9% (below the 80% threshold), indicating partial mediation.

This suggests that emotional attachment to the organization does not always trigger justification of deviant behavior, especially when individuals have strong internal moral standards. Strong moral foundations help individuals reduce MJ, which in turn lowers the potential for unethical behavior. Thus, this study expands the understanding of the cognitive dynamics linking OI and UPB, offering clarity on the inconsistencies reported in previous research. This study contributes to the literature by providing evidence that supports both sides of the ongoing debate surrounding these conflicting findings.

This study aimed to investigate the relationship between OI and UPB and to understand the underlying psychological mechanisms. The results provide empirical support for this relationship, highlighting the crucial mediating role of MJ in shaping the ethical consequences of OI. Specifically, the findings show that although OI exerts a direct positive effect on UPB, this influence can be weakened through reduced MJ, which is moderated by individuals' moral foundations.

Thus, MJ not only bridges the OI-UPB link but also acts as a cognitive control mechanism that enables individuals to resist unethical impulses, even when they strongly identify with their organization. These findings enrich the literature by demonstrating that cognitive processes like MJ play

a vital role in linking OI to ethical or unethical conduct. The study further emphasizes that OI is not inherently detrimental or beneficial but that its outcomes depend on how it interacts with psychological variables such as moral integrity.

6. CONCLUSION

The main conclusion of this study highlights that OI can be an ambivalent force, directly promoting UPB, while at the same time reducing the tendency for MJ indirectly. In other words, MJ functions as a partial mediator that significantly shapes the direction and strength of the relationship between OI and UPB. This study also presents a theoretical contribution that extends the Umphress and Bingham (2011) model by demonstrating that MJ serves as a key cognitive mechanism in explaining the dynamics between organizational loyalty and deviant behavior.

The practical implications of these findings emphasize the importance of strengthening individual moral integrity and self-control as an organizational strategy to prevent the rationalization of unethical behavior disguised as organizational loyalty. Unethical actions can lead to significant and costly consequences, including reputational damage, violations of stakeholder interests, and even organizational collapse (Bar-Hava, 2025). Therefore, managers must recognize the importance of maintaining a solid ethical framework and upholding social responsibility within the context of OI (Salin et al., 2024; Rahatullah, 2024). To reduce the tendency toward MJ, organizations should reinforce individuals' moral foundations, enhance self-regulation, and ensure compliance with moral principles through continuous monitoring and strict sanctions for violations (Kammigan, 2023; Gavin & Gavin, 2023).

Nonetheless, this study has several limitations. First, the use of a cross-sectional design and the focus on MSEs in Indonesia limit the generalizability of the findings to more complex and cross-cultural organizational settings. Second, although not the central focus of this study, cultural factors may significantly influence UPB (Ferhani, 2025). In collectivist societies, norm violations may trigger stronger stigma, exclusion, and social disapproval compared to individualist societies. Similarly, religious and conventional communities may offer different forms of social mitigation against UPB through symbolic punishments, informal sanctions, and social pressure (Çollaku et al., 2024; Chen et al., 2023). Third, an individual's moral foundation may act as both a barrier and a justification for unethical behavior, depending on the level of moral development and the strength of self-control. When moral filters fail, individuals may perceive ethical violations as acceptable (Kammigan, 2023). In this regard, moral foundations may either weaken or strengthen the effects of OI and MJ on UPB, in line with situational action theory (Wikström & Svensson, 2010; Kammigan, 2023).

For future research, it is recommended to adopt a longitudinal approach to track the temporal dynamics between OI, MJ, and UPB. Moreover, conducting studies across diverse cultural settings and industry sectors may enhance cross-contextual understanding. Further studies should also explore the role of individual-level variables such as moral empathy, locus of control, and moral intelligence, which may amplify or attenuate the influence of OI on UPB, and clarify the boundaries of MJ in this process.

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