Say Sorry or Stay Quiet: The Effect of Leader Recovery Strategies on Followers

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By

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Abstract

Recently, there has been a rise in reports of ethical transgressions in the workplace. Examples such as Enron and Wells Fargo highlight this trend. The current literature on workplace transgressions such as these has primarily focused on why the transgression occurred. Although this work is informative as to why leaders may transgress, it speaks little to how leaders may recover from such transgressions. Indeed, there remains little research focused on the recovery mechanisms leaders may employ after a transgression and the effect of such recovery mechanisms on follower attitudes and behavior. To address this gap, an experimental approach will be used to test the mediating role of trust in the relationship between leader recovery approach and follower ethical behavior and affective commitment. Additionally, it is proposed that leader type (ethical versus neutral leader) will moderate the relationship between error recovery tactics and the trust in leadership such that a stronger relationship in trust recovery will be observed for ethical leadership compared to neutral leadership. Results from the path analysis indicate that followers who view their leaders as trustworthy will have more affective commitment to their organization. However, trust did not influence the ethical outcomes assessed. An effect of error recovery strategy on cognitive trust was found. Implications for theory and future research along with practical implications for the applied field on leader error recovery are suggested.

Keywords: ethical transgression, apology, reticence, social learning theory, affective commitment, ethical behavior

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In 2016, Wells Fargo was ranked twenty-fifth on Fortune's list of World's Most Admired Companies (Colvin, 2017). In 2017, Wells Fargo did not make the list at all (Fortune Editors, 2017). Further, in the same year, Wells Fargo's ranking slipped twenty-nine places from 70th to 99th in Harris Poll's "100 most visible companies" list (Kline, 2017), indicating a loss in visibility for the company. These rankings are not surprising considering that just one year back, news broke of unethical activity in Wells Fargo, revealing that millions of fraudulent savings and checking accounts were opened by Wells Fargo employees on behalf of clients without the client's knowledge (Egan, 2016). The bank was charged with the largest ever penalty of 185 million dollars primarily by the Consumer Financial Protection Bureau. Five thousand three hundred Wells Fargo employees were discharged from their employment on ethical grounds. Wells Fargo employees blamed the leadership for setting unrealistic sales goals and for effectively encouraging fake accounts. (Arnold, 2016).

Indeed, research into ethical leadership consistently finds that top management sets the tone for the ethical culture of an organization (Posner & Schmidt, 1992; Treviño, 1990; Treviño et al., 1998; Victor & Cullen, 1988; Weaver et al., 1999). Leaders have a unique influential role on the behavior of followers because of their visibility, their status and their power in the organization (Brown et al., 2005; Dust et al., 2018; Mayer et al., 2009; Walumba et al., 2011). A leader's visibility often makes them a role model for employees who look to leaders for ethical guidance (Trevino, 1986). Thus, follower's actions may be directed by the actions of key leaders (Brown & Trevino, 2014). Brown et al. (2005) proposed leaders influence follower ethical

behaviors through social learning. Social learning theory (Bandura, 1986) argues that people acquire new patterns of behavior through direct experience or by observing the behavior of others (vicarious experience). In an organizational ethics context, employees may learn how to behave ethically, or unethically, by observing the behavior of their leader. This would explain how a leader's ethical or unethical behavior may trickle down to lower levels of the organization. Additionally, employees may be further influenced by how leaders reward and punish follower behavior. By rewarding or punishing a particular behavior, a leader indicates what is acceptable and unacceptable in that organization.

Along these lines, an ethical transgression committed by a leader may have a large impact on employees both in consequences of the action as well as the potential subsequent effect on follower behavior. According to the social learning theory, if a leader commits an unethical action, then he or she may signal to their followers that this is acceptable behavior. Although the body of work on the relationship between leader and follower ethical behavior continues to grow, there remains little research exploring how the relationship between leader transgression and follower behavior may be influenced by the leader's recovery strategy. In other words, there is little research indicating how a leader's recovery strategy following an ethical transgression impacts follower outcomes. Thus, the present effort explores how two types of recovery strategies influence follower perceptions of trust in a leader, and the impact on follower ethical behavior and affective commitment.

Transgression, Recovery, and Trust

Ethical transgression in the workplace is a cause for concern because of its financial, legal, and personnel implications. Transgression is defined as a corrupt or unethical act by an organization that places its stakeholders at risk (Coombs,1995; Pfarrer et al., 2008). More

specifically, an ethical transgression is a willful, selfish act done in order to benefit oneself. It is important to distinguish transgressions from errors, which refer to an action undertaken by a leader which results in an outcome outside of the leader's original intent, goal, or prediction (Hunter et al., 2011) Errors are unintended deviations from goals, standards or some true value (Webster, 1967). Thus, transgressions are different from errors in the very purpose of action itself such that ethical transgressions are intentional and errors are typically unintentional.

An ethical transgression causes an emotional displeasure in the follower who, in turn, attempts to remove this displeasure by identifying the cause (Tomlinson & Meyer, 2009). The follower may attribute the cause to internal factors which are assumed to be under the control of the leader such as leader's low aptitude, or poor work habits. Alternatively, the follower may attribute the cause to external factors, such as dependency on other employee, changes in market conditions, changes in policy that are outside the control of leader, which are assumed to be outside the leader's control (Fiske &Taylor, 1991). If the locus of causality is perceived to be external, then the cause may be viewed as unrelated to the leader and thus, perceptions of the leader's trustworthiness may not be affected. However, if the cause of the transgression is perceived to be internal, controllable, and a stable trait, then the transgression is likely to result in lowered perceptions of the leader's trustworthiness and some restorative action is required to restore trust between the leader and the follower (Tomlinson & Meyer, 2009).

Rousseau et al. (1998) defined trust as a psychological state in which one accepts vulnerability based upon positive expectations of the intentions or behavior of another. To explain the process by which leaders may regain follower trust following a transgression, researchers have focused on the social exchange process between a leader and a follower (Korsgaard & Werner, 1998; Whitener et al.,1998). Specifically, leaders establish

trustworthiness by demonstrating consistent behavior, integrity, open communication, and consideration and concern for others (Whitener et al., 1998). Followers then draw inferences from this behavior, resulting in an increase or decrease in trust (Ferrin & Dirks, 2003). Consequently, when a leader commits an ethical transgression, which may be an indicator of lack of integrity or concern for others, the follower may form negative expectations of future behavior of the leader. This may, in turn, result in reduced trust in the leader. (Dirks et al., 2011).

To regain follower trust after a transgression, leaders may employ several recovery strategies including apology and reticence. Apologies are confessions of responsibility and are generally expressed as remorse for the action (Tedeschi & Norman, 1985). By apologizing, the leader accepts responsibility of the transgression. Apologies have been found to be effective in reconciling with a victim (Fehr, Gelfand & Nag, 2010), increasing victim forgiveness and reducing anger towards the transgressor (Darby & Schlenkar, 1982), and improving trust (Kim et al., 2004).

However, researchers have also observed that apologies may be ineffective as they may signal an expression of guilt (Cushenberry, 2012; Ferrin et al., 2010). By apologizing, leaders may be viewed as admitting to wrong doing. This is especially problematic when discussing ethical transgressions as unethical actions are typically associated with internal characteristics of the leader (Mayer et al., 1995; Tomlinson & Mayer, 2009). By apologizing the leader is admitting culpability for the transgression, which may signal to the follower that the cause of the transgression is internal, stable and under the control of the leader. The follower may then view the leader's admission of guilt negatively, associating it with a lack of integrity (Tomlinson et al., 2009). Thus, an apology may be an ineffective strategy for leaders attempting to rebuild trust and ultimately, recover from an ethical transgression (Kim et al., 2004).

A leader may also provide no response, a tactic referred to as reticence (Ferrin et al., 2010). Ferrin et al. (2010) noted that, when using reticence, a leader fails to admit or deny guilt. Instead, reticence asks the follower to withhold judgment. This may result in a casual ascription of the transgression away from the leader (Ferrin et al., 2010). Specifically, by not providing an immediate source of blame, as does an apology, reticence may allow room for alternative, potentially external, explanations to emerge. This may be especially effective in cases of ethical transgression, due to the link between ethical transgression and perceptions of integrity (Mayer, 1995). Thus, reticence may be expected to produce trust levels superior to apology by shifting the causation of the ethical transgression away from the leader, allowing room for followers to develop alternative explanations for the ethical transgression outside of the internal trait of the leader. At least immediately following a transgression, it then seems that reticence may results in higher follower trust perceptions compared to an apology. This leads to the first hypothesis:

Hypothesis 1: Followers will exhibit higher trust in conditions where leaders use reticence as a recovery strategy compared to conditions where leaders use apology as a recovery strategy.

The Moderating Role of Leader type- Ethical and Neutral on trust

Brown et al. (2005) argued that ethical leaders promote normatively appropriate conduct in followers by indicating acceptable behavior through personal actions and interpersonal relations. As ethical leaders promote and communicate appropriate conduct, followers may expect higher moral standards and behavior on part of their leaders (Moorman, Darnold & Prisemoth, 2013). Given this expectation of ethical behavior from their leaders, followers may be more disturbed by hypocrisy in their leader's behavior. Leader are seen as hypocrites when they expect moral conduct from their followers but fail in living up to these moral values by engaging

in unethical acts themselves (Brown & Mitchell, 2010; Greenbaum et al., 1995). Further, Greenbaum et al. (1995) noted that followers react more negatively to ethical transgressions committed by leaders when they expect ethical conduct from that leader.

Previous research argues that for an ethical leader, there is a higher level of leader follower trust by virtue of the leader's ability, benevolence and integrity led actions (Mayer et al., 1995). If a leader apologizes, thereby accepting blame for the transgression, then followers may perceive the transgression as especially egregious due to the violations in expectations, leading to even more negative appraisals of trust. Hence, when a leader with an ethical reputation commits an ethical transgression, they may be seen as a hypocrite, making trust recovery following an ethical transgression vis-à-vis apology more difficult. In comparison, for leaders with a more neutral, rather than ethical reputation, trust may be harmed less regardless of the recovery strategy as the expectation for these leaders to behave ethically may not be as high. This leads to the second hypothesis:

Hypothesis 2: Leader type will moderate the relationship between recovery strategy and trust, such that trust recovery will be greater for ethical leaders in the reticence condition compared to ethical leaders in the apology condition, and trust perceptions will be similar across both recovery strategies for neutral leaders.

Trust and Follower Outcomes

A meta-analysis conducted by Dirks and Ferrin (2002) found that when employees have trust in their leader and perceive that the leader has or will provide care and consideration, then a social exchange relationship is established such that, employees will reciprocate to leader's positive actions directed towards them by engaging in prosocial behaviors such as organizational citizenship behavior (Ferres, Travaglione & Connel, 2002; Pillai et al., 1999). Additionally, this

trust may result in increased job satisfaction and organizational commitment (Robinson, Kraatz, & Rousseau, 1994; Shore & Wayne, 1993), satisfaction with the leader, and higher leader member exchange (Dirks & Ferrin, 2002; Settoon & Liden,1996). In a social exchange relationship, followers attempt to reciprocate the perceived positive and beneficial action of their leaders by engaging in positive attitudes and behaviors (Burke et al., 2007; Korsgaard et al., 2002).

Supervisors are nested within organizations and act as representatives of their respective organization. While the organization may seem abstract and distant entity, supervisors are seen as more visible, concrete and proximal contact (Lapointe et al., 2013). Previous research suggests that follower trust in their supervisor fosters an emotional and social exchange relationship which links the followers to their work context. The social exchange relationship established with the supervisor drives the follower to identify and connect themselves with the organization resulting in their affective commitment towards the organization (Xion et al., 2016). Hence it can be said that, trust in one's supervisor has direct effects on follower's affective commitment towards their organization. Affective commitment refers to the emotional attachment employees feel toward their organization and is reflected by their identification and involvement with the organization (Meyer &Allen, 1984). Affective commitment is important for an organization as it is associated with reduced employee turnover and absenteeism, reduced stress, increased job performance and organizational citizenship behaviors (Mayer et al., 2002; Xion et al., 2016).

Previous research also suggests that follower ethical conduct is another outcome of this social exchange relationship, such that trust in leader will promote follower ethical conduct (Bedi et al., 2015). Further, previous research has found that ethical leadership reduces follower's

deviant behavior through enhanced trust (Mo & Shi, 2017). Along these lines, previous research examining fairness and trust suggests that perceived unfair treatment by the leader may lower trust and, subsequently, result in, unethical activities such as stealing by the follower (Greenberg, 1990). This reduced trust may also result in followers engaging in counterproductive behaviors (Konovsky, 2000). Taken together, this research suggests that when leader-follower trust is high, followers may be more committed and more willing to perform tasks that are outside the normal realm of task behaviors (Burke, 2007). Thus, influencing trust through recovery strategies may subsequently impact follower outcomes of affective commitment and ethical behavior.

Hypothesis 3: Follower perceptions of leader trust will mediate the relationship between error recovery tactic and follower outcomes (ethical behavior and commitment) such that those with higher trust perceptions will demonstrate higher affective commitment and ethicality (integrity, judgment, and behavior) compared to those with lower trust perceptions.

An overview of the hypothesized model is displayed in Figure 1.

Method

Sample

This study was conducted through an online survey that was made available on Amazon's Mechanical Turk (AMT). The study was launched as a human intelligence task, under the guise that the study is being conducted to improve the work culture at SmartWorks. This study was restricted to US residents who are fluent in English language. Participants were asked to self-report their fluency level in English Language in the survey. Demographics of the sample, including age, ethnicity, gender, educational level and employment status were collected at the beginning of the study. Participants were promised $3 for completing the online study.

Participants were reminded three times during the survey through the use of prompts that they will not be entitled to the compensation if they are identified as randomly responding to the survey items.

A total of 215 participants participated in the survey. After data cleaning, the total sample consisted of 186 participants. A total of 29 participants were removed from the survey during data cleaning, out of which 24 participants were removed for failing attention check questions and 5 participants were removed for incomplete responses. The average time taken by participants to complete the survey was approximately 60 minutes, hence those participants whose survey completion time was less than 15 minutes were not considered in this study. These participants are included in the above mentioned removed list of 29 participants.

The final sample consisted of 35.5% female (*n*=66), 63% males (*n* =117). Participants primarily classified themselves as: Caucasian/White (70.4%; *n*=131), Asian/ Pacific Islander (2.7%; *n*=5), Blacks/ African Americans (12.9 %; *n*=24), Hispanic/ Latino (10.2 %; *n*= 19). Almost 92% of participants (*n*=171) reported being employed.

General Procedures

In accordance with the ethical standards, participants were provided with information about the purpose, procedures, possible risk, benefits along with information on their rights to withdraw from the study. Participants were assured on the confidentiality of research records and also a debriefing statement was issued at the end of the study as per the Institutional Review Board (IRB) protocol.

After gaining the consent, participants were asked to review introductory material given on the purpose of the study, company profile, and their role in the survey. Participants were then

randomly assigned to one of the four conditions of manipulating recovery strategy and leader type and were directed to an introductory passage that asked them to assume the role of an employee at a fictitious company, SmartWorks. The introductory material was followed by a series of news articles containing the manipulations. After reviewing the company profile, their own employee profile, two-newspaper articles, and the recovery email, participants were asked to complete the following surveys to obtain information on the variables of interest. Participants completed measures of trust (Mayer & Davis, 1999; Gabarro & Athos, 1976) affective commitment (Allen & Meyer, 1990), integrity (Becker, 2005), and managerial moral judgement (Loviscky, Trevino & Jacobs, 2007) and case scenario on ethical decision making. Participants were then asked to complete a series of covariate measures related to ethical decision making and behavior.

Manipulations

The present study included four treatment conditions crossing recovery strategy and leader type: (1) apology and ethical leader, (2) apology and neutral leader, (3) reticence and ethical leader, and (4) reticence and neutral leader. Participants were randomly assigned to one of these four conditions. To manipulate leader type, participants were assigned to either the ethical leader condition or neutral leader condition. Participants were then directed to a newspaper article published about SmartWorks CEO, Ryan Welch. In the ethical leader condition, Ryan Welch's credibility was established as a leader with an ethical reputation by focusing on his diversity initiative (Brown et al., 2005, Trevino et. al, 2000). A sample statement from ethical leader condition is as follows, "It's not just good enough to say we value diversity, and then have our workplaces and our industry not reflect the full availability and talent pool of the women and underrepresented minorities". In the neutral leadership group, Ryan Welch was shown as an

ethically neutral leader by discussing traits more representative of transactional leadership (Judge, 2004). An example for this was the statement is as follows, “SmartWorks believes in performance, we appreciate and reward performance. There is simply no room for underperformance. Everyone is accountable, here at SmartWorks”. The remaining information given in the newspaper article was kept identical in all conditions.

For the second manipulation of error recovery, participants were assigned to one of the two error recovery treatment conditions - apology or reticence. The email content for both apology and reticence conditions remained identical except for the manipulation content, stating, “As you are likely aware, SmartWorks received negative press coverage in the days following the Tokyo Tech Expo due to reports that I have been negligent with respect to a potential data breach, ignoring this issue”. Specifically, participants in the reticence condition received the following email: “At this point, it is too early to comment on this issue. I am extending my full support and cooperation in the investigation." Participants in the apology condition received the following email: “At this point, it is necessary that I apologize for these actions. I am extending my full support and cooperation in the investigation."

To test if the manipulations were salient enough for the leader transgression, error recovery tactic and, for the leader type, a pilot study was conducted with a small sample of students (N=7). Specifically, the small sample of students was asked to read the leader description and recovery strategies. The pilot study asked the students to identify the leader type and to identify if they think the leader was responsible for the transgression and if they think the leader apologized or chose to remain silent. 100% of the participants correctly identified the conditions of leader transgression and of the error recovery manipulations of apology and

reticence and 71% of the participants correctly identified the leader type (leader with ethical reputation or neutral leader).

Measures

Manipulation Check. Apology sincerity was assessed in participants in apology conditions immediately after the participants had read the apology email using a four-item scale adapted from Basford et al. (2014) with a five-point Likert response format (strongly disagree to strongly agree). An example item from this scale states, "My supervisor was truly sorry for the harm or ill-will caused to me,'' An additional question was asked to make sure that the participant had identified the leader in question. The items states, "CEO Ryan Welch is my supervisor". In addition to this, a question was asked to analyze if the participants have perceived the leader had apologized. The item stated, "My Supervisor has apologized to me for this incident". Results indicated that 95 participants received the apology email, out of this 87% of the participants (*n*=83) identified Ryan Welch as their leader and 71% of the participants (*n*=67) agreed to the statement that their supervisor has apologized for the incident.

Cognitive Trust in Leader. Followers enter into a psychological contract with their leaders based on the understanding that they owe certain actions towards their organization and their management in exchange for what they receive from their leaders and the organizations (Robinson, 1996). To measure the cognitive trust of participants towards their leader, Gabarro and Athos (1976) trust scale was used. This scale included seven items and participants were asked to state, on a 5-point Likert scale, the degree to which they agreed each item. A sample item stated, 'I can expect this leader to treat me in a consistent and predictable fashion." The

scale has a reliability coefficient of α=.87 (Robinson, 1996). The internal reliability for this measure was found to be α = 0.86

Affective Commitment. Affective commitment was measured using Allen and Meyer's (1990) eight-item affective commitment scale. This was assessed on a five-point, rating scale with responses measuring strongly disagree to strongly agree. Participants were asked to state their current feelings about their organization when responding to items [e.g., ''I would be very happy to spend the rest of my career with this organization," ''I do not feel 'emotionally attached' to this organization." Validation evidence for this measure is provided by Hackett et al. (1994) with a reliability coefficient of α=.86 and Allen and Meyer (1996) with a reliability coefficient of α=.85. The internal reliability for this measure was found to be α = 0.81

Integrity. Participants' integrity was measured using a situational judgment test of employee integrity. This questionnaire was developed and validated by Becker (2005). Participants were asked to read the situations given and select the response that would reflect their reaction to that situation. An example situation stated: "Your work team is in a meeting discussing how to sell a new product. Everyone seems to agree that the product should be offered to customers within the month. Your boss is all for this, and you know he does not like public disagreements. However, you have concerns because a recent report from the research department points to several potential safety problems with the product. Off the following, which would you be most likely to do?". The internal reliability for this measure was found to be α = 0.78

Moral Judgement. Moral Judgement is defined as the psychological process by which a person perceives a course of action to be morally right or wrong (Rest et al., 1997). Moral judgment has been found to be associated with moral action (Blasi, 1980) and counterproductive

work behavior (Greenberg, 2002). An individual's moral decision making is based on their internalized standards and principles and it was found that a person high on moral orientation would be making more ethical judgments (Harrington, 1997). In this study, participants moral judgment will be measured using Managerial Moral Judgment (MMJ) developed by Loviscky, Trevino and Jacobs (2007). Participants were presented with six scenarios with twelve issue statement for each scenario. Participants were asked to rate on these 12 issues using a five point Likert scale measuring responses from, "Not at all important" to "Extremely important". Participants were then asked to further rank the four most important issues from each scenario. An example item stated, "Alex is supervising an employee who used a sick day to take the previous day off from work. However, Alex has learned from the employee's co-workers that the employee was not actually sick, but used the day as a "mental health" day. That is, the employee was not physically sick but felt tired mentally. Alex knows that the company's sick leave policy does not allow for mental health days. Should Alex reprimand the employee according to the company policy**?** The reliability coefficient provided by Loviscky, Trevino, and Jacobs (2007) is α=.70. The internal reliability for this measure was found to be $\alpha = 0.68$

Ethical Behavior (Proximal Context). Participants ethical conduct was measured with a scenario question to which the participants were asked to record their honest and true response on a 1-5 Likert scale. The statement from scenario one stated, "How likely is it that the average SmartWorks employee would follow orders from the CEO, Ryan Welch, to ignore data security issues and overlook exposed data issues? Participants were asked to record their response on a 1-5 Likert scale with a definitely likely response rated as 1 and a definitely not likely response rated as 5.

Ethical Behavior (Distal Context). Ethical conduct was further assessed with a second scenario which was removed from the context of the study. This second measure was included to observe consistently in the pattern of ethical behavior, as well as provide some evidence bearing on the potential broader impact of these recovery strategies. The statement from scenario two stated, "You are a Ph.D. student and have just finished working on a problem at your university. This project has aspects that are directly patentable and can solve a major problem in the information technology industry. Your new job could be with Microsoft, IBM, Apple or some similar firm. You are excited to arrive at your new dream job. On joining your new team, you find that your team is facing a problem and coincidently the work you have done as a Ph.D. student, which is in the patent process at your university, will solve the problem at this new company. If you reveal what you know to your manager you will be an immediate hero in your organization, but this will compromise the patent process at your university. This step could have important financial implications for the university in the form of royalties.". Participants were asked to record their response on a 1-5 Likert scale with a definitely likely response rated as 1 and a definitely not likely response rated as 5.

Covariates

Propensity to Trust. Individuals vary in the extent to which they are likely to place trust in their leaders across situations (Mc Knight et al., 1998) and has been identified as an important variable in follower that leads to trust formation (Burke et al., 2007; Colquitt et al., 2007; Mayer et al., 1995). To control for this, participants were administered the Propensity to Trust Scale developed by Schoorman, Mayer and Davis (1996). The scale consists of eight items measuring

propensity to trust in general. An example item from this scale stated, “Most People can be counted on to do what they say they will do”. The items on this scale were assessed using a 1 (*Strongly Disagree*) to 5 (*Strongly Agree*) Likert scale to evaluate how participants identified with each statement. Reliability coefficient estimated for the propensity to trust scale from two studies were α=.55 and α=.66 (Schoorman et al., 1996). The internal reliability for this measure was found to be α = 0.72

Personality. In the model of trust put forward by Mayer et al. (1995), it was proposed that people will differ in their ability to trust in other person based on their individual differences such as personality. The five-factor model organizes personality traits under five broad dimensions of neuroticism, extroversion, conscientiousness, openness, and agreeableness (Costa & McCrae, 1992). Follower’s personality can moderate the trust in leader and subsequent follower reaction (Dirks & Skarlicki, 2004), specifically employees high on neuroticism and low on agreeableness were found to have stronger reaction to perceived unfair treatment by their leaders (Skarlicki, Folger, & Teslik,1998). The 60 items NEO-FFI scale (Costa Jr. & McCrae, 1989) was administered to participants to assess each of the five factors of personality. An example item from this survey stated, “Once I find the right way to do something, I stick to it.” The items on this scale were assessed using a 1 (*Strongly Disagree*) to 5 (*Strongly Agree*) Likert scale to evaluate how participants identified with each statement. Reliability coefficient given for the Neo –FFI scale ranges from α=.68 to α=.86 (Costa Jr & Mc Crae, 1989). The internal reliability for this measure was found to be α = 0.68

Moral Identity. Individuals with high moral identity are characterized by their moral perspectives such as moral efficacy, moral courage, and moral capacity (Aquino & Reed, 2002). Followers with high moral identity will act in accordance with their moral principles (Zhu,

2008). Studies have shown that, followers' moral identity may influence them to view their leader's transgression in a moral light in order to maintain their own image of moral behavior (Fehr, Yam & Dang, 2015). The Moral Identity Scale developed by Aquino & Reed (2003) was administered to evaluate participants identification with the 13 moral statements. An item from this survey stated, "A big part of my emotional well-being is tied-up in having these characteristics." The items on this scale was assessed using a 1 (*Strongly Disagree*) to 5 (*Strongly Agree*) Likert scale to evaluate how participants identified with each statement. The Moral Identity Scale showed acceptable internal consistency, with a reliability coefficient of α=.77 for Internalization and α=.76 for Symbolization (Aquino & Reed, 2003). The internal reliability for this measure was found to be $\alpha = 0.81$

Dark Triad. The dark triad is composed of three traits - Narcissism, Psychopathy and Machiavellianism. Prior research suggests that individuals with elevated levels of dark triad personality traits are prone to faking and engaging in socially desirable responding, and also are more prone to engage in counterproductive work behavior (Lebreton et al., 2018), including unethical behavior (Harrison et al., 2018). Machiavellianism is identified as one of the three traits of the dark triad along with narcissism and psychopathy (Griffin & O'Leary, 2004; Paulhus & Williams, 2002) and defined as the tendency to distrust others, propensity to engage in immoral manipulations, seek control over others and seek status for self (Dahling, Whitaker & Levy, 2009). Previous research suggests that individuals scoring on high on Machiavellianism are more likely to give cynical ratings to others (Sakalaki, Richardson, & Thepaut, 2007), are able to deviate from moral standards, engage in impression management, behave unethically (Dahling, Whitaker & Levy, 2009) and engage in counterproductive work behaviors (Fox & Spector, 1999). Narcissism is referred to as cognitive-affective preoccupation with oneself

(Westen, 1990). Prior studies have provided evidence that narcissism leads to distrust in others (Krizan & Johar, 2015; Park et al., 2013). Psychopathy is associated with impulsivity and individuals rated high on psychopathy have been characterized as exhibiting patterns of anti-social behaviors along and have little concern for other people or for society (Harrison et al., 2018). The 12-item measure of the Dark Triad scale developed by Jonason and Webster (2010) was administered to participants to assess each of the three factors of Narcissism, Psychopathy and Machiavellianism. An example item from this survey stated, "I tend to be cynical". The items on this scale was assessed using a 1 (*Strongly Disagree*) to 5 (*Strongly Agree*) Likert scale to evaluate how participants identified with each statement. Estimated reliability coefficient for the Dark Triad Scale is α=.89. The internal reliability for this measure was found to be $\alpha = 0.95$

Data Analysis

To analyze the three hypotheses, a Pearson product moment correlation was used to examine the relationships between the variables of interest. Additionally, a path analysis was used to test the overall proposed model, which encompasses all the three hypotheses. The path analysis was also used to examine the direct and indirect effects between the variables of interest. The covariates were entered into the model using the backward deletion process, where all covariates were entered into the model and the non-significant covariates ($p < .05$) were removed.

Results

Means, standard deviations, and Pearson product-moment correlations are displayed in Table 1. Examination of the correlations reveals a positive relationship between trust in supervisor and follower affective commitment as predicted in the proposed model ($r = 0.58$, $p < 0.01$). However, trust in supervisor was negatively correlated with integrity ($r = -0.15$, $p < 0.05$),

moral judgment (r = -0.17, $p < 0.05$), and ethical behavior proximal (r = -0.15, $p < 0.05$), and with ethical behavior distal (r = -0.16, $p < 0.05$), a finding that opposes the proposed model's positive relationship between trust and ethical outcomes. Interestingly, this negative relationship is consistent across the multiple ethical criteria examined.

Figure 2 illustrates the path analysis model for follower's affective commitment to the organization with the non-significant covariates removed. The overall model for affective commitment was found significant with the variables accounting for 42% of the variance in affective commitment toward the organization. Regarding hypothesis 1, an examination of the standardized path coefficients (shown in Figure 2) indicated that both the independent variable and the moderator were not significant when significant covariates ($p < .05$) were included. Additionally, an examination of the indirect effect of error recovery effect strategy was significant, β = -.28, CI (-.45, -.08), indicating that there may be an indirect effect of error recovery strategy on affective commitment through cognitive trust. However, a significant effect was not observed for the proposed moderator. Thus, as suggested by Hayes (2018), the moderator was removed from the model to assess the effect of the independent variable on the mediator. After removing the moderator, the path for the independent variable, recovery strategy leading to cognitive trust was found to be significant (β = -.35, t = -2.81, p = .05). Specifically, those that were in the reticence condition displayed lower levels of trust in their leader compared to those in the apology condition. Although an effect was found for recovery strategy on trust, it was in the opposite direction of the prediction. Thus, the results fail to support hypothesis 1. Additionally, the non-significant results regarding the moderator, leader type, failed to support hypothesis 2.

Regarding the third hypothesis, the path leading from cognitive trust in supervisor to affective commitment in the tested model was significant and in the predicted direction. This was in partial support of hypothesis three which predicted that higher trust perceptions will lead to higher affective commitment ($\beta = .49$, $t = 8.58$, $p < .001$). The indirect path of error recovery leading to affective commitment and mediated by cognitive trust was also statistically significant, $\beta = -.17$, CI (-.29, -.05), indicating an indirect effect of error recovery strategy on follower's affective commitment. Further, as indicated in Figure 3, the results from the path analysis indicated that extraversion ($\beta = .26$, $p < .05$), agreeableness ($\beta = -.39$, $p < .05$) and psychopathy ($\beta = -.21$, $p < .05$) were significant covariates suggesting that personality factors of agreeableness and dark triad factor of psychopathy impact the relationship between trust and follower affective commitment to the organization.

Regarding the ethical outcomes proposed in hypothesis 3, Figure 4 presents the path analysis model for integrity with significant covariates of openness ($\beta = 1.55$, $p < .05$), agreeableness ($\beta = 2.46$, $p < .05$), conscientiousness ($\beta = 2.11$, $p < .05$) and narcissism ($\beta = -1.69$, , $p < .001$), included. The overall model for integrity was significant with the variables accounting for 63% of the variance. However, the path from cognitive trust to integrity was not significant ($\beta = .22$, $p = .55$). Also, the path from error recovery strategy and integrity did not reach statistical significance, ($\beta = .44$, $p = .48$). Hence, this failed to support second part of hypothesis three which predicted that higher trust perceptions would lead to higher levels of integrity in follower

A similar pattern of results was observed for moral judgment and ethical behavior. Specifically, as displayed in Figure 5, the overall model for moral judgement was also found to be significant with the variables accounting for 39% of variance in measure of moral judgement.

The results indicated significant covariates of, extraversion (β = -4.85, p < .05), openness (β = 4.63, p < .05), agreeableness (β = 6.29, p < .05) and propensity to trust (β = 5.13, p < .05). However, the path from cognitive trust to moral judgment was nonsignificant (β = -.54, p = .67). Also, no significant direct effect of error recovery strategy was found on moral judgement (β = -.43, p = .84).

Similarly, with respect to the proximal measure of ethical behavior, the overall model behavior was found to be significant with the variables accounting for 11% of the variance in measure of ethical behavior 1st scenario. However, the path from trust to ethical behavior was not significant (β = -.10, p = .30). Findings for this model are presented in Figure 6.

The overall model for distal measure of ethical behavior was also found to be significant with the variables accounting for 25% of the variance in measure of ethical behavior 2nd scenario. However, the path from trust to ethical behavior was not significant (β = -.07, p = .52). Findings for this model are presented in Figure 7.

Discussion

Previous research has indicated that leader errors significantly lowers followers trust in their supervisor (Dirks et al., 2011) which may subsequently impact the follower's own performance and prosocial behaviors. Further, research suggests that leaders may use different types of recovery strategies which may differentially impact follower trust and other outcomes. Based on the concept of casual ascription as proposed by Tomlinson and Meyer (2009), this study proposed that followers would exhibit higher trust in conditions where a leader used reticence as an error recovery strategy in comparison to apology. Although a significant effect was found of error recovery strategies on follower's trust in leader, this relationship was contrary to prediction such that followers exhibited higher trust for leaders in apology conditions. One

plausible explanation could be that, because of the low fidelity of the experimental manipulation participants could have found the apology condition more salient. Relatedly, different relationships may have been observed in a longitudinal context where the participants had an established relationship with the leader. However, it is also possible that, in line with previous research (Basford, 2014), apology may be a more effective strategy in regaining follower's trust across the board, opposing the notion that it may be detrimental in situations where a leader's integrity is violated.

Contrary to prediction, leader type did not significantly moderate the relationship between error recovery and trust in supervisor. One plausible explanation for this may be the lack of interaction and relationship building between leader and follower in this experimental study. It is because of this that followers may not have been able to draw significant inferences on the leader type. In fact, it was only after the model was revised by removing the moderator of leader type that a significant effect for the error recovery condition was found on follower's trust in leader.

Finally, a significant relationship was found between follower trust in their supervisor and affective commitment. These finding replicates results in previous efforts (e.g., Bedi et al., 2015; Dirks & Ferrin, 2002; Settoon & Liden,1996). However, in opposition to the proposed model, follower trust was not related to ethical behavior. This was a surprising find such that previous studies have found significant relation between trust in leader to follower's ethical behavior (Bedi et al., 2015). A plausible explanation could be that, follower's personality may have affected the relationship between a leader's actions and follower's pro-organizational behavior. For instance, Velez and Nevez (2018), reported that a follower's personality constitutes an important moderator on the impact of ethical leadership on workplace emotions.

Specifically, it was reported that ethical leadership was significantly and negatively related to negative workplace emotions when subordinate's proactive personality was low, but not when it was high. This interaction, in turn, had consequences for OCBs. The present effort found an important, significant influence of follower individual differences such as of agreeableness, openness, conscientiousness that were significantly, positively related to integrity, and narcissism was significantly, negatively related to integrity. Thus, perhaps the strength of the relationship between personality and these paths reduced the presence of a direct effect of cognitive trust on follower outcome of ethicality. Future research should continue to explore the effect of follower personality on ethical behavior of follower in context of unethical leadership behavior. Alternatively, this may be due to the low-fidelity, and short, nature of this study. Specifically, Mayer et al., (1995) has defined trust as the willingness of the party to be vulnerable to the actions of other party. The willingness to be vulnerable to other party is based on the interaction established with the other part (Rousseau et al., 1998). Previous studies have indicated that, trust in leader is built basis the leader-member exchange quality (Mayer et al., 1995) and greater trust in leader is associated with outcomes of ethical behavior (Bedi et al, 2015; Mo and Shi, 2017) and, prosocial organizational behavior (Ferres, Travaglione & Connel, 2002; Pillai et al., 1999). In the present study, there was no interaction and relation building opportunities presented between the leader and follower, this may have affected the social exchange relation between the leader and follower which may have resulted in a non-significant relationship between trust in supervisor and ethical conduct.

Limitations

Although the study provides useful contributions, it is important to highlight potential limitations in the study methodology. First, the study relied on hypothetical manipulations with

respect to the leader errors and asked participants how they would have reacted under these hypothetical situations. However, Baumester, Vohs & Funder (2007) have suggested that participants actual behavior differs than the hypothetical behavior. Further, previous studies involving affective forecasting has shown inaccuracies in participants prediction about how they will react and feel (Wilson & Gilbert, 2005). Hence, it is possible that participants did not accurately report how they would behave if presented with a scenario of higher fidelity in nature. The reliance on hypothetical behavior in this study, however, aligned with the survey approach used, allowing for an initial examination of these relationships. Previous studies have successfully created leadership situations in a controlled environment (Cushenberry, 2012) which has helped improve experimental realism. Therefore, it is recommended that future research examine followers' reactions to leader error recovery strategies using high-fidelity studies. An example of this can be, an experimental study with the use of confederate playing as leader (Cushenberry, 2012). In such environment, opportunities can be presented for emergence of social exchange relationships and trust between leader and follower.

Second, this study suffers from common method bias. Common method variance is a potential source of measurement error especially in behavioral research in which the variance is attributable to the measurement method rather than to the constructs the measures represent hence threatening the validity of the conclusions about the relationships between measures (Podsakoff et al., 2003). In this study, this is a concern as the manipulations and subsequent measures of trust in supervisor, follower affective commitment and ethical conduct were administered to the participants at the same time point. It is recommended that future research should measure these variables separately and using unique methods to reduce potential method bias. Although this is a limitation, attempts were made to reduce the impact of this bias. For

instance, measures were presented to participants in the appropriate temporal order as argued by the proposed model.

Lastly, use of crowdsourcing platform of Amazon Mechanical Turk poses certain challenges. A common concern surrounding the internet surveys is that the professional survey takers who are participating to seek rewards are more likely to engage in inattentive manner, presenting fraudulent response behaviors to qualify and earn their rewards (Golden & Brockett, 2009). Further, Smith et al. (2016) compared the survey results quality of MTurk workers with traditional survey workers and found that MTurk workers exhibited significantly higher rates of speeding. This suggests that MTurkers may not have read the questions thoroughly which may result in lower quality data. Additionally, it was found that non-USA MTurkers exhibited significantly higher rates of cheating indicating that the survey takers did not read the question and indulged in random answer pattern. To minimize these occurrences of speeding and cheating, recommendations as specified by researchers Smith et al. (2016) were adopted. Specifically, attention filter questions were incorporated in the survey to check if respondents are carefully answering the survey questions. The advantage of using Amazon MTurk is the access to diverse and large pool of potential respondents with varied level of experience, additionally previous research has shown that data obtained from MTurk are at least as reliable as obtained via traditional methods (Buhrmester et al., 2011)

Practical Implications

This study offers implication for leaders attempting to effectivity recover from an ethical transgression. The results suggest that error recovery strategy used by leader may help in regaining follower's trust in leader and further employees who trust their supervisor relative to those who do not are more likely to feel affective commitment towards their organization.

Hence, organizations and supervisors can undertake measures and initiatives to enhance and manage the trustworthiness of their supervisors. Specifically, organizations can design interventions that would help a leader recover from transgressions by means of recovering follower trust in the leader. Further, the results suggest that individual personality of the follower in large may influence their behavior with respect to moral judgement, integrity and ethical behavior. Specifically, personality factors such as openness, agreeableness, conscientiousness, extraversion, and narcissism were found to significantly influence follower ethical behavior. From a practical standpoint, this may suggest that organizations should recruit employees after careful consideration and evaluation of personality factors especially for high risk jobs such as in financial sector where ethical behavior is of prime most importance.

Although a significant effect was observed for recovery strategy in the present effort, it was contrary to study hypothesis which predicted that reticence would be a better effective strategy in recovering trust in leader specially when it is an ethical transgression. Past researchers have found significant support for reticence as an error recovery mechanism in comparison to apology as an error recovery mechanism specially when it is integrity led transgression (Ferrin et al., 2010). Hence, the results of this study should be treated with caution. Future research should investigate this question using a more high-fidelity scenario or organizational data to better understand how leader recovery strategies interact with perceptions of a leader to influence trust and, subsequently, ethical behavior.

Future Research Directions

As the literature on the nature and cause of leader errors is growing (e.g., Dirks et al., 2011; Fiske &Taylor, 1991; Tomlinson & Meyer, 2009), it is important to also consider how leaders can recover from these transgressions. The finding of the present study found support for

apology as an effective recovery strategy which may sound intuitive such that apology does help to reconcile with victims and to seek forgiveness (Darby & Schlenkar, 1982; Fehr, Gelfand & Nag, 2010), and improving trust (Kim et al., 2004). However, there are other recovery mechanisms as well including, denial and blame. Future investigation should investigate multiple recovery mechanisms and their unique impact across a range of variables. Further, the present study investigated ethical transgressions. However, leaders can make other types of transgressions, including those that are task-related and those that are relationship-related. The unique effect of error recovery mechanism for specific types of transgressions such as competence related transgression should be investigated.

Additionally, in line with the previous research finding (Velez & Nevez, 2018) the current study found that follower personality is an important variable and may exert a significant influence on leader-follower relationships. Thus, it is recommended that future research studies explore the moderating role of follower personality on perceptions of leaders. Specifically, future research should investigate how personality traits influence follower perceptions of leader transgressions and subsequent recovery efforts. Further, it may also be important to consider how personality influences the formation of perceptions of ethical leaders and how these perceptions, in turn, impact the interpretation of leader behavior and subsequently impact follower behavior.

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Table 1

Means, Standard Deviations, and Correlations among Key Study Variables

Variables	*M*	*SD*	1	2	3	4	5	6	
1. Cognitive Trust	3.07	0.851	-						
2. Affective Commit.	3.03	0.76	.58*	-					
3. Integrity	2.56	6.24	-.15*	-.13	-				
4. Moral Judgement	194.43	16.4	-.17*	-.19**	.52**	-			
5. Ethical Beh. Proximal	2.69	1.08	-.15*	-.12	.16*	.24**	-		
6. Ethical Beh. Distal	3.02	1.32	-.16*	-.06	.43*	.39**	.19**	-	
7. Propensity trust	3.17	0.477	.16*	.06	-.01	.10	-.06	.01	
8. Neuroticism	2.76	0.804	.01	-.19*	-.46**	-.24**	-.14	-.35**	-.
9. Extraversion	3.28	0.605	.23**	.24**	-.00	-.22**	-.15	-.07	.
10. Openness	3.15	0.623	-.16*	-.09	.48**	.36**	.16*	.24**	-.
11. Agreeableness	3.38	0.755	-.18*	-.03	.74**	.47**	.18*	.40**	-.
12. Conscientiousness	3.68	0.597	-.09	.08	.59**	.20**	.07	.25**	-.
13. Moral Identity	3.73	0.636	.02	.09	.29**	-.02	-.10	-.01	-.
14. Machiavellianism	2.69	1.264	.15*	-.04	-.64**	-.48**	-.22**	-.40**	.
15. Psychopathy	2.6	1.238	.14	-.10	-.67**	-.45**	-.17*	-.40**	.
16. Narcissism	2.98	1.144	.24**	.08	-.60**	-.51**	-.24**	-.42**	.

Note: *$p < .05$ **$p < .01$

Table 1

Means, Standard Deviations, and Correlations among Key Study Variables

Variables	8	9	10	11	12	13	14	15
1. Cognitive Trust								
2. Affective Commit.								
3. Integrity								
4. Moral Judgement								
5. Ethical Beh.								
Proximal								
6. Ethical Beh. Distal								
7. Propensity trust								
8. Neuroticism	-							
9. Extraversion	-.40**	-						
10. Openness	-.23**	.03	-					
11. Agreeableness	-.62**	.10	.48**	-				
12. Conscientiousness	-.54**	.19**	.38**	.72**	-			
13. Moral Identity	-.23**	.38**	.27**	.35**	.53**	-		
14. Machiavellianism	.55**	.05	-.40**	-.80**	-.53**	-.22**	-	
15. Psychopathy	.62**	-.08	-.41**	-.83**	-.53**	-.25**	.85**	-
16. Narcissism	.43**	.27**	-.28**	-.62**	-.29**	.07	.72**	.68**

Note: *$p < .05$ **$p < .01$

Figure 1

Model Overview of Research Proposal

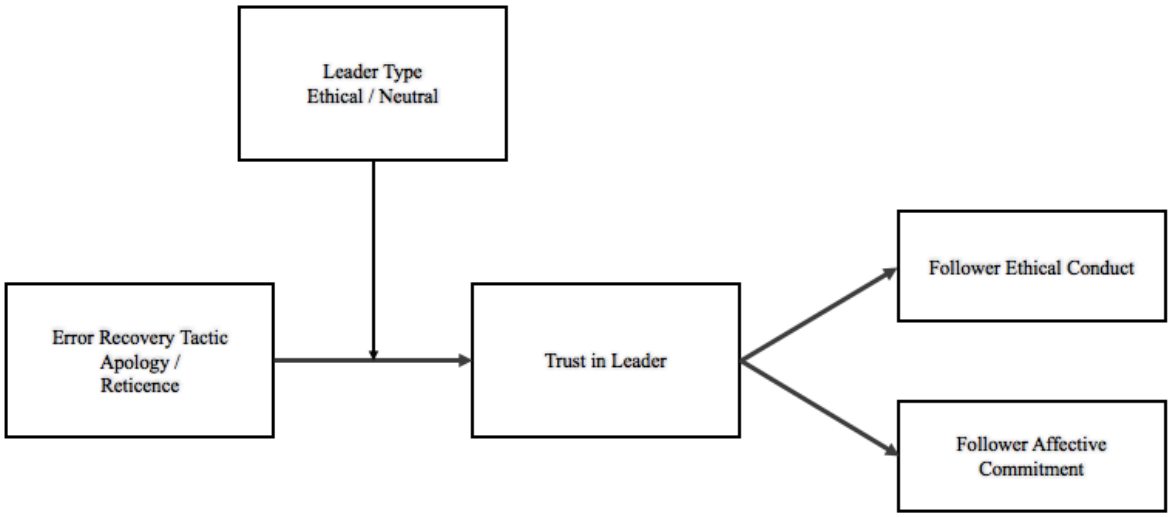
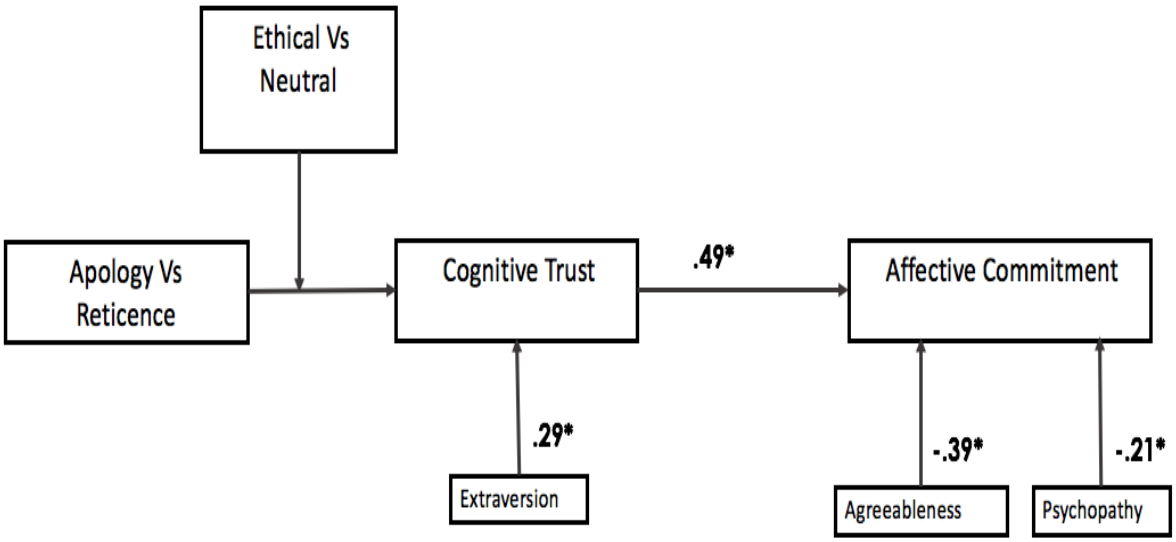


Figure 2

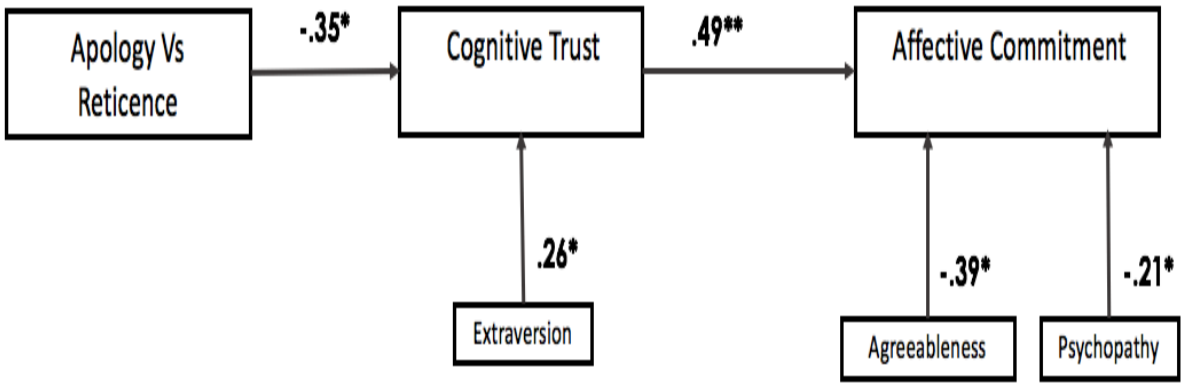
Significant path coefficients for all variable leading to affective commitment as dependent variable, cognitive trust as mediator and leader type as moderator



Note: Indicator coding was used for the error recovery strategy with the apology error recovery strategy as the comparison group and for leader type with leader with ethical reputation as comparison group. $^{**}p < .001$ $^{*}p < .05$

Figure 3

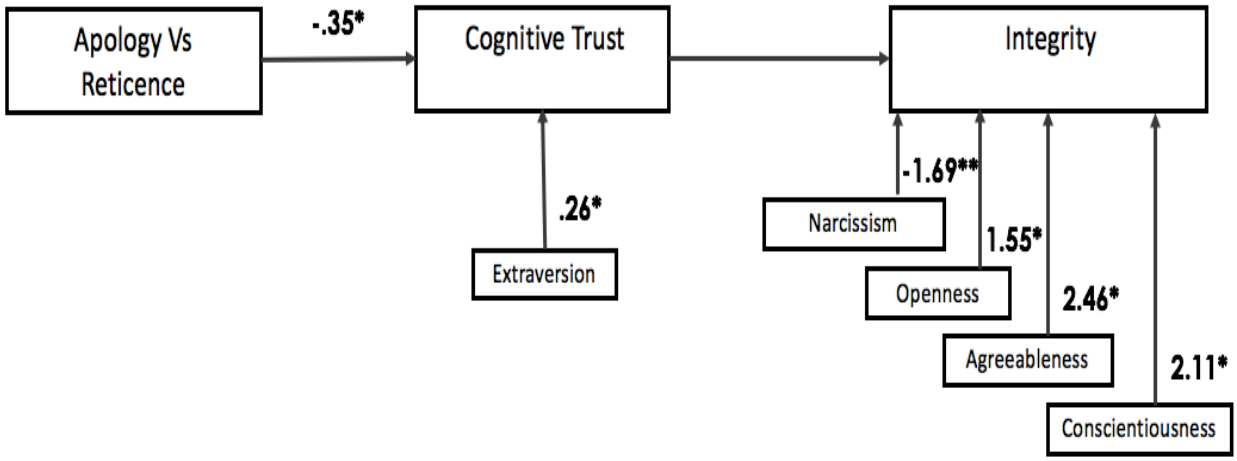
Significant path coefficients for all variable leading to affective commitment as dependent variable, cognitive trust as mediator.



Note: Indicator coding was used for the error recovery strategy with the apology error recovery strategy as the comparison group. $^{**}p < .001$ $^{*}p < .05$

Figure 4

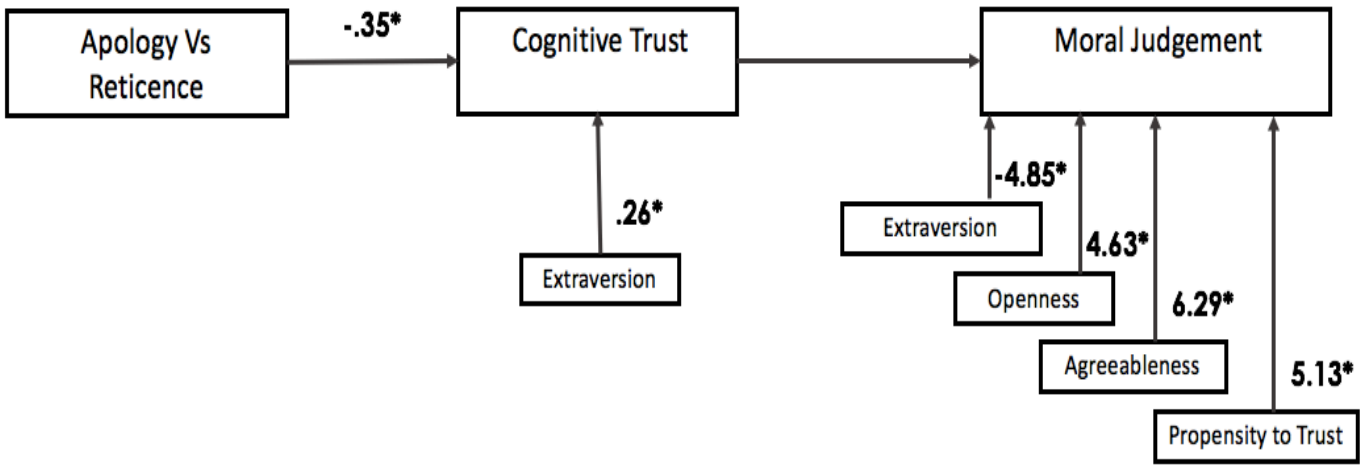
Significant path coefficients for all variable leading to integrity as dependent variable, cognitive trust as mediator and leader type as moderator



Note: Indicator coding was used for the error recovery strategy with the apology error recovery strategy as the comparison group. $^{**}p < .001$ $^{*}p < .05$

Figure 5

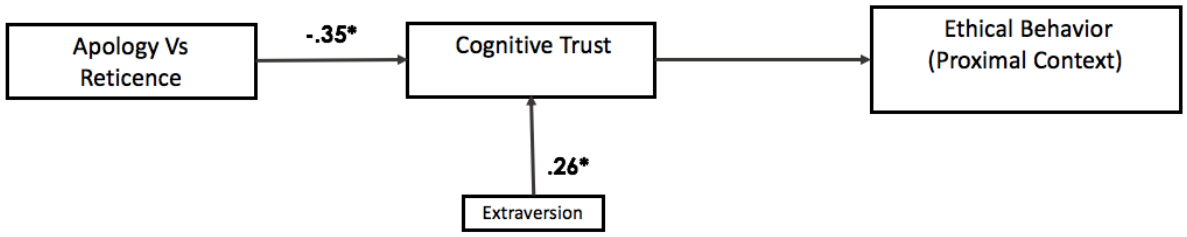
Significant path coefficients for all variable leading to moral judgement as dependent variable, cognitive trust as mediator.



Note: Indicator coding was used for the error recovery strategy with the apology error recovery strategy as the comparison group. $^{**}p < .001$ $^{*}p < .05$

Figure 6

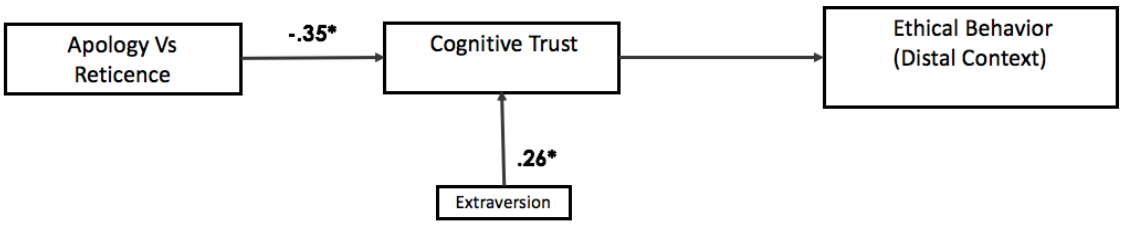
Significant path coefficients for all variable leading to ethical behavior (Proximal context) as dependent variable, cognitive trust as mediator.



Note: Indicator coding was used for the error recovery strategy with the apology error recovery strategy as the comparison group. $^{**}p < .001$ $^{*}p < .05$

Figure 7

Significant path coefficients for all variable leading to ethical behavior (Distal context) dependent variable, cognitive trust as mediator.



Note: Indicator coding was used for the error recovery strategy with the apology error recovery strategy as the comparison group. $^{**}p < .001$ $^{*}p < .05$