

# UNETHICAL LEADERSHIP AND KNOWLEDGE SABOTAGE IN THE DIGITAL ERA: THE MEDIATING ROLE OF MORAL DISENGAGEMENT AND THE MODERATING ROLE OF MORAL IDENTITY

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**Abstract:** This study examines the effect of unethical leadership on knowledge sabotage in a digital work environment, with moral disengagement as a mediator and moral identity as a moderator. As digital transformation increases reliance on knowledge-sharing systems, unethical leadership may encourage counterproductive knowledge behaviors. A quantitative approach using Partial Least Squares–Structural Equation Modeling (PLS-SEM) was applied. Data were collected through structured questionnaires from 272 employees of oil and gas service companies in Riau Province, Indonesia, and analyzed using SmartPLS. The measurement model was assessed through outer loading, Average Variance Extracted (AVE), Cronbach’s Alpha, and Composite Reliability, while the structural model was evaluated using path coefficients,  $R^2$ ,  $f^2$ ,  $Q^2$ , and bootstrapping for mediation and moderation tests. Results show that unethical leadership positively affects both moral disengagement and knowledge sabotage. Moral disengagement significantly influences knowledge sabotage and partially mediates the relationship. Moral identity negatively affects knowledge sabotage but does not moderate the effect of moral disengagement. These findings enrich ethical leadership and digital knowledge management research.

**Keywords:** *Unethical Leadership, Moral Disengagement, Moral Identity, Knowledge Sabotage, PLS-SEM*

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The digitalization of organizational processes has fundamentally transformed how employees collaborate, communicate, and share knowledge across functional and organizational boundaries. Advances in information technology, digital platforms, and collaborative systems have enabled organizations to store, distribute, and utilize knowledge more efficiently than ever before. As a result, knowledge has become a strategic organizational asset that supports innovation, enhances decision-making quality, and sustains long-term competitive advantage in increasingly dynamic business environments. However, alongside these benefits, the digital work environment also introduces new behavioral risks. The increased reliance on digital systems, virtual collaboration, and technology-mediated interactions can reduce direct supervision, blur accountability, and weaken social control mechanisms. Under

such conditions, employees may engage in various counterproductive knowledge behaviors that undermine organizational effectiveness. These behaviors are particularly critical in knowledge-intensive industries, where performance and safety heavily depend on the accuracy, timeliness, and integrity of shared knowledge.

One of the most harmful forms of counterproductive knowledge behavior is knowledge sabotage, which refers to deliberate actions aimed at distorting, withholding, hiding, or destroying knowledge that should be shared with others in the organization. Unlike passive knowledge hiding, knowledge sabotage involves intentional efforts to harm others’ performance or the organization’s knowledge processes. Such behavior can disrupt collaboration, reduce operational efficiency, and erode trust among

employees, ultimately threatening organizational sustainability in the digital era.

Previous studies have consistently highlighted the pivotal role of leadership in shaping employees' ethical standards, attitudes, and behaviors. Leaders serve as role models who signal acceptable and unacceptable conduct within the organization. When leaders demonstrate integrity and fairness, employees are more likely to adhere to ethical norms and engage in positive knowledge-sharing behaviors. Conversely, when leaders engage in unethical practices, they may implicitly legitimize unethical behavior among subordinates.

In particular, unethical leadership characterized by behaviors such as dishonesty, unfair decision-making, abuse of power, and violation of moral norms has been associated with various forms of deviant workplace behavior. Employees exposed to unethical leaders may perceive unethical actions as justified or even necessary for personal or organizational survival. In digitally mediated work environments, where interactions are less visible and monitoring is limited, the negative influence of unethical leadership on employee behavior may become even more pronounced.

Despite the growing scholarly interest in unethical leadership, empirical research explaining how unethical leadership translates into specific counterproductive knowledge behaviors remains limited. Most prior studies have focused on general deviant behaviors, such as workplace misconduct or unethical decision-making, while overlooking destructive behaviors related specifically to knowledge management. Moreover, research examining these relationships in digitally intensive industries is still scarce, leaving important theoretical and practical questions unanswered.

Drawing on social cognitive theory, this study proposes moral disengagement as a key psychological mechanism linking unethical leadership to knowledge sabotage. Moral disengagement refers to cognitive processes through which individuals deactivate their moral self-regulation,

allowing them to engage in unethical behavior without experiencing guilt or self-sanction. When employees observe unethical behavior from their leaders, they may rationalize harmful actions by redefining them as acceptable, minimizing their consequences, or shifting responsibility to authority figures.

In addition to situational factors, individual moral characteristics may also influence employees' ethical behavior. Moral identity, defined as the extent to which moral traits are central to an individual's self-concept, represents an internal moral resource that can discourage unethical actions. Employees with a strong moral identity are more likely to act consistently with moral values and resist engaging in harmful behaviors, including destructive knowledge practices. However, the extent to which moral identity can counteract the effects of moral disengagement in the presence of unethical leadership remains an open empirical question.

Therefore, this study aims to empirically test an integrative research model that links unethical leadership and knowledge sabotage through the mediating role of moral disengagement while examining moral identity as a potential moderating variable. By focusing on employees working in digitally intensive organizational contexts, this study seeks to contribute to the literature on ethical leadership, moral psychology, and knowledge management. Furthermore, the findings are expected to provide practical insights for organizations seeking to mitigate knowledge sabotage and promote ethical behavior in the digital workplace.

## METHOD

This study employed a quantitative research design to examine the relationships among unethical leadership, moral disengagement, moral identity, and knowledge sabotage in the digital work environment. A quantitative approach was considered appropriate because the study

aimed to test theoretically derived hypotheses and assess the strength and direction of causal relationships among latent variables. To achieve this objective, Partial Least Squares–Structural Equation Modeling (PLS-SEM) was used as the primary analytical technique. PLS-SEM was selected due to its suitability for predictive research, complex research models involving mediation and moderation, and data that do not strictly meet multivariate normality assumptions. In addition, PLS-SEM is well suited for analyzing latent constructs measured by multiple indicators and for studies focusing on theory development and extension within organizational behavior and human resource management contexts.

**RESULT**

**Respondent Characteristics**

The respondents consisted of employees from various operational and support functions within oil and gas service companies. Overall, respondents perceived unethical leadership and knowledge sabotage at moderate levels, while moral identity tended to be relatively high.

**Measurement Model Evaluation (Outer Model)**

**Outer Loading**

All indicators demonstrated outer loading values above the recommended threshold of 0.70.

**Table 1. Outer Loading of Indicators**

Construct	Indicator	Outer Loading
Unethical Leadership (UL)	UL1	0.842
	UL2	0.876
	UL3	0.831
	UL4	0.854
Moral Disengagement (MD)	MD1	0.821
	MD2	0.867
	MD3	0.843
	MD4	0.859
Moral Identity (MI)	MI1	0.774
	MI2	0.801
	MI3	0.789

Construct	Indicator	Outer Loading
Knowledge Sabotage (KS)	KS1	0.861
	KS2	0.889
	KS3	0.872
	KS4	0.845

**Reliability and Convergent Validity**

**Table 2. Reliability and Convergent Validity**

Construct	Cronbach's Alpha	Composite Reliability	AVE
Unethical Leadership	0.881	0.917	0.734
Moral Disengagement	0.889	0.923	0.752
Moral Identity	0.792	0.865	0.615
Knowledge Sabotage	0.903	0.932	0.775

**Structural Model Evaluation (Inner Model)**

**Path Coefficients and Hypothesis Testing**

**Table 3. Path Coefficients**

Hypothesis	Relationship	$\beta$	t-value	p-value	Result
H1	UL → KS	0.349	5.217	0.000	Supported
H2	UL → MD	0.512	8.436	0.000	Supported
H3	MD → KS	0.401	6.128	0.000	Supported
H4	MI → KS	0.221	3.014	0.003	Supported
H5	MD × MI → KS	-0.067	1.214	0.225	Not Supported

**Coefficient of Determination (R<sup>2</sup>)**

**Table 4. R-Square (R<sup>2</sup>)**

Endogenous Variable	R <sup>2</sup>
Moral Disengagement	0.262
Knowledge Sabotage	0.487

**Effect Size (f<sup>2</sup>)****Table 5. Effect Size (f<sup>2</sup>)**

Relationship	f <sup>2</sup>	Effect
UL → KS	0.182	Medium
UL → MD	0.355	Large
MD → KS	0.214	Medium
MI → KS	0.097	Small

**Predictive Relevance (Q<sup>2</sup>)****Table 6. Predictive Relevance (Q<sup>2</sup>)**

Endogenous Variable	Q <sup>2</sup>
Moral Disengagement	0.171
Knowledge Sabotage	0.289

**Mediation Analysis****Table 7. Mediation Test**

Path	Indirect Effect	t-value	p-value	Mediation
UL →				
MD →	0.205	4.987	0.000	Partial
KS				

**Moderation Analysis**

The interaction between moral disengagement and moral identity was not statistically significant, indicating that moral identity does not moderate the relationship between moral disengagement and knowledge sabotage.

**DISCUSSION**

The results of this study confirm that unethical leadership significantly increases knowledge sabotage both directly and indirectly through moral disengagement. This finding is consistent with prior leadership and ethics research, which suggests that unethical leadership serves as a powerful contextual trigger for deviant workplace behavior. Previous studies have shown that unethical leadership is associated with counterproductive work behaviors, unethical decision-making, and reduced organizational trust. However, most of these studies have focused on general deviance rather than destructive knowledge-related behaviors.

By explicitly linking unethical leadership to knowledge sabotage, this study extends earlier work by demonstrating that

leadership misconduct not only affects behavioral compliance but also undermines the integrity of organizational knowledge processes. This addresses an important gap in the literature, as prior knowledge management studies have primarily examined positive behaviors such as knowledge sharing, while overlooking intentional and harmful knowledge behaviors.

The significant mediating role of moral disengagement provides strong theoretical support for social cognitive theory, particularly Bandura's notion that moral self-regulation can be selectively deactivated in unethical contexts. Previous empirical studies have identified moral disengagement as a mediator between unethical leadership and outcomes such as workplace deviance or unethical pro-organizational behavior. However, empirical evidence linking moral disengagement specifically to knowledge sabotage remains scarce.

This study advances the literature by demonstrating that moral disengagement operates as a key psychological mechanism through which unethical leadership translates into destructive knowledge behavior. In digitally mediated work environments, where actions are less visible and accountability may be diffused, moral disengagement appears to be especially salient. This finding responds directly to calls in prior research for a deeper understanding of the micro-level psychological processes underlying unethical knowledge behavior in digital organizations.

The direct negative effect of moral identity on knowledge sabotage is consistent with prior moral psychology research, which suggests that individuals with strong moral identities are less likely to engage in unethical behavior. Previous studies have shown that moral identity can reduce unethical decision-making and counterproductive behaviors by strengthening moral self-concept and self-regulation. The present findings reinforce

this perspective by confirming the protective role of moral identity in the context of knowledge sabotage.

However, the absence of a significant moderating effect of moral identity on the relationship between moral disengagement and knowledge sabotage offers an important theoretical insight. While earlier studies have suggested that moral identity can buffer the effects of unethical contexts, the current findings indicate that its buffering capacity may be limited when unethical leadership strongly shapes the organizational environment. This result highlights the dominance of situational and leadership factors over individual moral traits in digitally intensive and high-pressure work settings.

This finding directly addresses a key research gap in the literature. Previous studies have largely examined moral identity as a moderator in isolation, without considering complex leadership-driven psychological mechanisms. By empirically testing moral identity within a mediated–moderated framework, this study provides nuanced evidence that individual morality alone may not be sufficient to counteract moral disengagement triggered by unethical leadership.

From a novelty perspective, this study contributes to the literature in three important ways. First, it integrates unethical leadership, moral disengagement, moral identity, and knowledge sabotage into a single empirical model, which remains rare in existing research. Second, it extends unethical leadership theory into the domain of digital knowledge management, highlighting how leadership ethics affect not only behavior but also the quality and integrity of knowledge flows. Third, it provides empirical evidence from a digitally intensive and high-risk industry context, thereby enhancing the external validity of existing ethical leadership theories.

Overall, by positioning unethical leadership as a central antecedent of knowledge sabotage and highlighting the mediating role of moral disengagement, this study advances theoretical understanding of

destructive knowledge behavior in the digital era. The findings underscore the need to move beyond individual-level moral explanations and focus more closely on leadership behavior and organizational context when addressing unethical knowledge practices.

## CONCLUSION

This study aimed to examine the effect of unethical leadership on knowledge sabotage in the digital era, with moral disengagement as a mediating variable and moral identity as a moderating variable. Using a quantitative approach with PLS-SEM and data from 272 employees working in oil and gas service companies in Riau Province, this study provides several important empirical conclusions.

First, the results demonstrate that unethical leadership has a positive and significant direct effect on knowledge sabotage ( $\beta = 0.349$ ;  $p < 0.001$ ). This finding indicates that unethical leadership practices increase employees' tendency to deliberately distort, withhold, or damage knowledge. In digitally intensive work environments, unethical leadership appears to legitimize destructive knowledge behavior by weakening ethical boundaries and organizational norms.

Second, this study finds that unethical leadership significantly increases moral disengagement ( $\beta = 0.512$ ;  $p < 0.001$ ). This result confirms that unethical leadership acts as a powerful contextual trigger that weakens employees' moral self-regulation. Employees exposed to unethical leaders are more likely to rationalize unethical actions and disengage from moral standards when performing their work.

Third, the findings show that moral disengagement has a positive and significant effect on knowledge sabotage ( $\beta = 0.401$ ;  $p < 0.001$ ). This result highlights the critical role of moral disengagement as a psychological mechanism that enables employees to engage in destructive knowledge behavior without experiencing moral guilt. Moreover, the mediation

analysis confirms that moral disengagement partially mediates the relationship between unethical leadership and knowledge sabotage (indirect effect = 0.205;  $p < 0.001$ ), indicating that unethical leadership influences knowledge sabotage both directly and indirectly through moral disengagement.

Fourth, the results reveal that moral identity has a significant negative direct effect on knowledge sabotage ( $\beta = -0.221$ ;  $p < 0.01$ ). This finding suggests that employees with a stronger moral identity are less likely to engage in destructive knowledge behavior. However, the moderation analysis shows that moral identity does not significantly moderate the relationship between moral disengagement and knowledge sabotage ( $\beta = -0.067$ ;  $p > 0.05$ ). This indicates that individual moral traits alone may not be sufficient to counteract the negative effects of moral disengagement triggered by unethical leadership.

Finally, the structural model demonstrates moderate to strong explanatory power, with an  $R^2$  value of 0.262 for moral disengagement and 0.487 for knowledge sabotage, indicating that nearly half of the variance in knowledge sabotage can be explained by unethical leadership, moral disengagement, and moral identity. The  $Q^2$  values for both endogenous variables are greater than zero, confirming that the model has adequate predictive relevance.

Overall, this study concludes that unethical leadership is a critical antecedent of knowledge sabotage in digital work environments. Moral disengagement plays a central mediating role in translating unethical leadership into destructive knowledge behavior, while moral identity serves as a protective factor at the individual level but does not function as a buffering mechanism. These findings emphasize the importance of ethical leadership and organizational-level ethical controls in preventing knowledge sabotage and protecting organizational knowledge assets in the digital era.

### Theoretical Implications

This study provides several important

theoretical implications for the literature on ethical leadership, moral psychology, and knowledge management in the digital era.

First, this study extends unethical leadership theory by empirically demonstrating that unethical leadership influences not only general deviant workplace behavior but also destructive knowledge-related behavior, specifically knowledge sabotage. Prior research on unethical leadership has predominantly focused on outcomes such as counterproductive work behavior, unethical decision-making, or reduced organizational trust. By positioning knowledge sabotage as a distinct and harmful behavioral outcome, this study broadens the scope of unethical leadership research into the domain of knowledge management, which has received limited attention in prior studies.

Second, this study advances social cognitive theory by confirming the central role of moral disengagement as a psychological mechanism linking unethical leadership to unethical behavior in digitally mediated work contexts. While previous studies have identified moral disengagement as a mediator between unethical leadership and general workplace deviance, empirical evidence connecting moral disengagement to knowledge sabotage remains scarce. The findings of this study provide robust support for the argument that moral disengagement enables employees to rationalize destructive knowledge behavior, particularly in environments where digital systems reduce visibility and accountability.

Third, this study contributes to the literature on knowledge management and counterproductive knowledge behavior by shifting the theoretical focus from positive knowledge processes, such as knowledge sharing and knowledge creation, to intentional and harmful knowledge behaviors. By integrating leadership ethics and moral cognition into knowledge sabotage research, this study responds to calls for more comprehensive theoretical models that explain why employees intentionally undermine organizational

knowledge systems.

Fourth, the findings offer a nuanced contribution to moral identity theory. While moral identity was found to have a significant direct negative effect on knowledge sabotage, it did not moderate the relationship between moral disengagement and knowledge sabotage. This result challenges the assumption that individual moral traits consistently function as effective buffers against unethical behavior. Theoretically, this suggests that the influence of moral identity may be constrained by strong situational factors, such as unethical leadership, thereby reinforcing the dominance of contextual and social learning mechanisms over individual moral dispositions in digital work environments.

Finally, by empirically testing an integrated model that includes unethical leadership, moral disengagement, moral identity, and knowledge sabotage, this study contributes to theory development through model integration and contextual extension. The application of this model in a digitally intensive and high-risk industry context enhances the external validity of existing ethical leadership and moral psychology theories. Overall, the study underscores the importance of considering both leadership behavior and moral cognition when developing theoretical explanations for unethical knowledge behavior in the digital era.

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