

Ethical leadership: A review and future directions

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Abstract

Our literature review focuses on the emerging construct of ethical leadership and compares this construct with related concepts that share a common concern for a moral dimension of leadership (e.g., spiritual, authentic, and transformational leadership). Drawing broadly from the intersection of the ethics and leadership literatures, we offer propositions about the antecedents and outcomes of ethical leadership. We also identify issues and questions to be addressed in the future and discuss their implications for research and practice. Our review indicates that ethical leadership remains largely unexplored, offering researchers opportunities for new discoveries and leaders opportunities to improve their effectiveness.

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Following Enron and other recent ethics scandals in business, government, sports, non-profits, and even religious organizations, people are asking, what is wrong with our leaders? Special sessions at the Academy of Management, calls from the Association to Advance Collegiate Schools of Business' (AACSB) ethics education task force, passage of the Sarbanes–Oxley Act, and revisions to the U.S. Federal Sentencing Guidelines all highlight the importance of ethical leadership. In a post-Enron world, practitioners have strong incentives to select for and develop ethical leadership in their organizations and researchers want to study ethical leadership in order to understand its origins and outcomes.

Much has been written about ethics and leadership from a normative or philosophical perspective, suggesting what leaders *should* do. But, a more descriptive and predictive social scientific approach to ethics and leadership has remained underdeveloped and fragmented, leaving scholars and practitioners with few answers to even the most fundamental questions, such as “what is ethical leadership?” Therefore, we conducted a comprehensive review of the relevant social scientific literatures that have linked ethics and leadership in order to clarify current understanding and point the way for future research.

We consider research that resides at the intersection of leadership and ethics. Within this broad category, we review recent research that systematically conceptualizes and develops an “ethical leadership” construct (Brown, Treviño, & Harrison, 2005; Treviño, Brown, & Hartman, 2003; Treviño, Hartman, & Brown, 2000). According to this research, ethical leadership is defined as “the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication,

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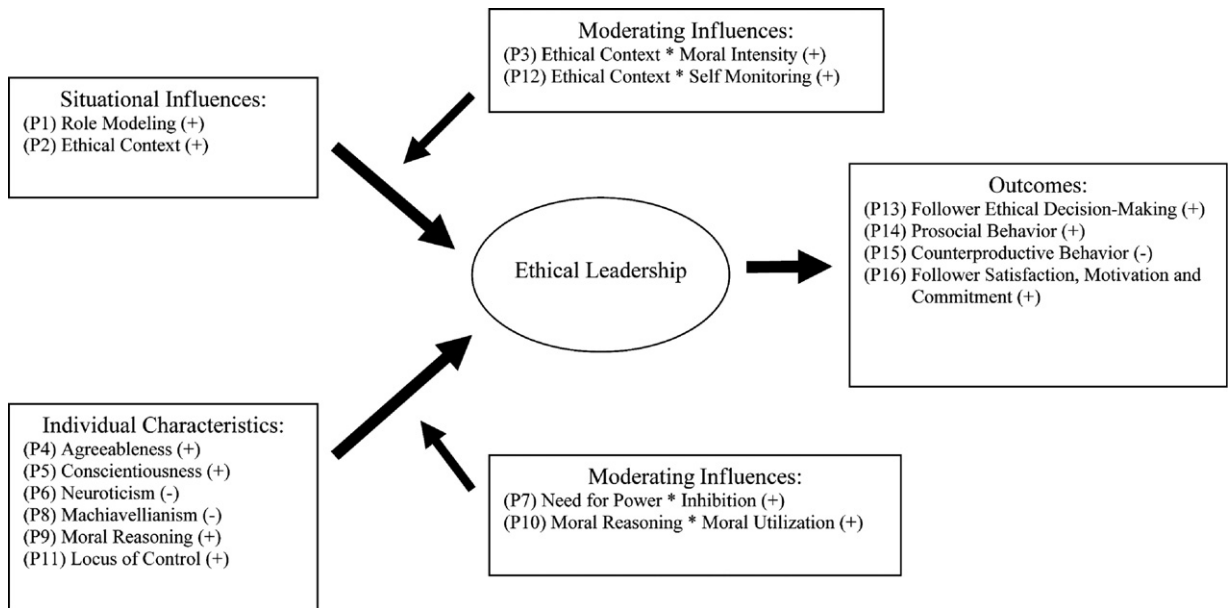


Fig. 1. Summary of propositions.

reinforcement, and decision-making” (Brown et al., 2005: 120). We have adopted this definition of ethical leadership in our review. We also attempt to clarify the relationships between the ethical leadership construct and transformational, authentic, and spiritual theories of leadership, all of which tap an ethical dimension of leadership in some way. Our review will reveal similarities, but we also identify important differences between ethical leadership and these other theories.

Our goal will be to offer formal propositions in order to advance future research (see Fig. 1 for a summary of the propositions). These propositions will consider individual and contextual influences on ethical leadership as well as the outcomes of ethical leadership. Our propositions are grounded in social learning (Bandura, 1977) theory. We hope to build upon and extend previous work that has been conducted in this area as well as stimulate interest in ethical leadership scholarship.

1. What is ethical leadership?

Given prominent ethical scandals in virtually every type of organization, the importance of an ethical dimension of leadership seems obvious. However, in order to understand this leadership phenomenon and its relationships with antecedents and outcomes, we must first know what “it” is. Philosophers have answered the question “what is ethical leadership” from a normative perspective, specifying how ethical leaders “ought” to behave (e.g. Ciulla, 2004). By contrast, our social scientific approach to the topic is focused more on describing ethical leadership as well as identifying its antecedents and consequences.

Observers have long believed that personal traits such as integrity would be important to perceptions of leadership effectiveness and research has borne that out. For example, survey research has linked perceived leader effectiveness with perceptions of the leader’s honesty, integrity, and trustworthiness (Den Hartog et al., 1999; Kirkpatrick & Locke, 1991; Kouzes & Posner, 1993; Posner & Schmidt, 1992). And, cognitive trust (the exercise of care in work, being professional, dependable; McAllister, 1995) has been associated with effective styles of leadership as well (Dirks & Ferrin, 2002).

Building on this work, Treviño et al. (2000, 2003) conducted exploratory research designed to understand what the term ethical leadership means to proximate observers of executives. Through structured interviews with twenty senior executives and twenty ethics/compliance officers in a variety of industries, the researchers asked informants to think about an ethical leader with whom they were familiar, and to answer broad questions about the characteristics, behaviors, and motives of that leader.

The interviews surfaced evidence that a number of personal characteristics were related to ethical leadership. Ethical leaders were thought to be honest and trustworthy. Beyond that, ethical leaders were seen as fair and principled decision-makers who care about people and the broader society, and who behave ethically in their personal and professional lives. The researchers characterized this as the *moral person* aspect of ethical leadership, representing observers' perceptions of the leader's personal traits, character, and altruistic motivation.

But, the study also revealed another important aspect of ethical leadership that Treviño and colleagues' labeled the *moral manager* dimension. This aspect of ethical leadership represents the leader's proactive efforts to influence followers' ethical and unethical behavior. Moral managers make ethics an explicit part of their leadership agenda by communicating an ethics and values message, by visibly and intentionally role modeling ethical behavior, and by using the reward system (rewards and discipline) to hold followers accountable for ethical conduct. Such explicit behavior helps the ethical leader to make ethics a leadership message that gets followers' attention by standing out as socially salient against an organizational backdrop that is often ethically neutral at best (Treviño et al., 2000, 2003).

Building on this qualitative research as well as the extant literature, Brown et al. (2005) conducted a more formal construct development and validation process. They developed a ten-item instrument to measure perceptions of ethical leadership, the Ethical Leadership Scale (ELS). They then conducted multiple construct validation studies, finding that supervisory ethical leadership was positively associated with, yet empirically distinct from leader consideration, interactional fairness, leader honesty, as well as the idealized influence dimension of transformational leadership (Bass & Avolio, 2000). Ethical leadership is also positively related to affective trust in the leader and negatively related to abusive supervision, but it is unrelated to either rater demographics or perceived demographic similarity between leader and subordinate. Perhaps most importantly, subordinates' perceptions of ethical leadership predict satisfaction with the leader, perceived leader effectiveness, willingness to exert extra effort on the job, and willingness to report problems to management. All of these effects were found to operate beyond the effect of the idealized influence dimension of transformational leadership, arguably the existing leadership construct that is conceptually closest to ethical leadership.

To recap, the emerging research suggests that ethical leaders are characterized as honest, caring, and principled individuals who make fair and balanced decisions. Ethical leaders also frequently communicate with their followers about ethics, set clear ethical standards and use rewards and punishments to see that those standards are followed. Finally, ethical leaders do not just talk a good game—they practice what they preach and are proactive role models for ethical conduct. Next, we turn our attention to the theoretical foundation of ethical leadership by examining it through the lens of social learning theory.

2. Social learning theory and ethical leadership

Following Brown et al. (2005), we rely on social learning theory (Bandura, 1977, 1986) to explain the antecedents and outcomes of ethical leadership. Social learning theory sheds light on why some individual characteristics of the leader and situational influences are related to followers' perceptions of a leader as an ethical leader. According to social learning theory, for leaders to be seen as ethical leaders by their followers, they must be attractive and credible role models. In our review of the ethics and leadership literature, we identify a number of situational influences and individual characteristics that enhance model attractiveness and credibility.

In addition, social learning theory helps to explain why and how ethical leaders influence their followers. Social learning theory (Bandura, 1977, 1986) is based on the idea that individuals learn by paying attention to and emulating the attitudes, values and behaviors of attractive and credible models. Most individuals look outside themselves to other individuals for ethical guidance (Kohlberg, 1969; Treviño, 1986). Ethical leaders are likely sources of guidance because their attractiveness and credibility as role models draw attention to their modeled behavior. Power and status are two characteristics of models that enhance their attractiveness (Bandura, 1986), thus making it more likely that followers will pay attention to ethical leaders' modeled behavior. Most leaders possess authority because they occupy positions of status relative to their followers. But attractiveness involves much more than authority and status. Nurturant models who demonstrate care and concern and treat others fairly are attractive to followers and garner positive attention. Credibility also enhances model effectiveness. Ethical leaders are credible because they are trustworthy and practice what they preach. As Bandura noted, "if models do not abide by what they preach, why should others do so?" (1986: 344).

In a corporate environment where ethics messages can get lost amidst messages about the bottom line and the immediate tasks at hand, ethical leaders also focus attention on ethics by frequently communicating about ethics and

Table 1

Similarities with and differences between ethical, spiritual, authentic and transformational theories of leadership

	Similarities with ethical leadership	Differences from ethical leadership
Authentic leadership	Key similarities: – Concern for others (Altruism) – Ethical decision-making – Integrity – Role modeling	Key differences: – Ethical leaders emphasize moral management (more transactional) and “other” awareness – Authentic leaders emphasize authenticity and self-awareness
Spiritual leadership	Key similarities: – Concern for others (Altruism) – Integrity – Role modeling	Key differences: – Ethical leaders emphasize moral management – Spiritual leaders emphasize visioning, hope/faith; work as vocation
Transformational leadership	Key similarities: – Concern for others (Altruism) – Ethical decision-making – Integrity – Role modeling	Key differences: – Ethical leaders emphasize ethical standards, and moral management (more transactional) – Transformational leaders emphasize vision, values, and intellectual stimulation

making the ethics message salient. They set clear and high ethical standards for others and follow these standards themselves. They also use rewards and punishments to influence followers’ ethical behavior. Research shows that reinforcement plays an important role in modeling effectiveness because observers pay close attention to those who control important resources and to rewards and punishments. Finally, social learning theory assumes that much learning occurs vicariously. Vicarious learning should be particularly important for learning about ethical and unethical behavior in organizational contexts. Employees can learn about what is acceptable or unacceptable by paying attention to how other organizational members are rewarded or disciplined and regulate their own behavior as a result.

3. Transformational, spiritual, and authentic leadership

In this section, we briefly discuss three leadership theories that overlap the ethical leadership domain. Transformational, spiritual and authentic theories of leadership all address the moral potential of leadership in some way. Next, we delineate the connections and distinctions between these and the ethical leadership construct. We do not intend to offer a detailed exposition of the convergence and divergence between ethical leadership and these other constructs as this has been done elsewhere (Treviño & Brown, *in press*). Also, the relationship between authentic, transformational and spiritual leadership has already been well documented (Avolio & Gardner, 2005) and is beyond the scope of this manuscript. Table 1 summarizes some of the key similarities and differences between ethical leadership and these related constructs.

3.1. Transformational leadership

Burns (1978) proposed that transformational leadership is moral leadership because transformational leaders inspire their followers to look beyond self-interest and work together for a collective purpose. However, this seminal work sparked a debate about the ethics of transformational and charismatic leadership with scholars weighing in on both sides of the issue. Kanungo & Mendonca (1996) argued that transformational leadership involved an ethical influence process, while transactional leadership did not. But, Bass (1985) argued that transformational leaders could be ethical or unethical depending upon their motivation. Bass & Steidlmeier (1999) took this position further by distinguishing between authentic and pseudo transformational leaders. These authors claimed that authentic transformational leaders are moral leaders because of the legitimacy of the leader’s moral values (e.g., honesty, fairness), the leader’s social motivation, and the avoidance of coercion and manipulative influence. On the other hand, pseudo transformational leaders are more selfishly and politically motivated. Howell (1988) made a similar distinction between personalized and socialized charismatic leadership, with socialized charismatic leaders being the more ethical of the two. Howell & Avolio (1992) supported the distinction in a qualitative study.

Questions about the relationship between ethics and transformational and charismatic leadership remain. However, empirical research tends to support the view that transformational leadership, at least as conceptualized and measured by

Bass & Avolio (2000) via the Multi-Factor Leadership Questionnaire (Bass & Avolio, 2000), does describe a leader with an ethical orientation. For example, Turner, Barling, Epitropaki, Butcher, & Milner (2002) found that subordinates perceive leaders with higher moral reasoning to be more transformational. Further, transformational leadership has been found to be positively related to perceived leader integrity (Parry & Proctor-Thomson, 2002; Tracey & Hinkin, 1994).

Transformational leadership and ethical leadership overlap in their focus on personal characteristics. Ethical and transformational leaders care about others, act consistently with their moral principles (i.e. integrity), consider the ethical consequences of their decisions, and are ethical role models for others. On the other hand, theory and research suggest that ethical leadership and transformational leadership are also distinct constructs (Brown et al., 2005; Treviño et al., 2003). Ethical leadership has been found to be significantly correlated with the idealized influence dimension of transformational leadership (the dimension that has explicit ethical content) (Brown et al., 2005). But, as suggested earlier, ethical leadership also predicted a number of outcomes beyond the effects of idealized influence (Brown et al., 2005). This is likely because the moral management aspect of ethical leadership is more consistent with what we often think of as a transactional style than a transformational leadership style. For example, ethical leaders attempt to influence followers' ethical conduct by explicitly setting ethical standards and holding followers' accountable to those standards by the use of rewards and discipline. Thus, ethical leadership as defined here includes a transactional influence process that distinguishes it from transformational leadership. In addition, the ethical leadership construct does *not* include references to visionary or intellectually stimulating leadership, terms that are consistent with the transformational/charismatic leadership style.

3.2. Authentic leadership

Authentic leaders are “individuals who are deeply aware of how they think and behave and are perceived by others as being aware of their own and others' values/moral perspective, knowledge, and strengths; aware of the context in which they operate; and who are confident, hopeful, optimistic, resilient, and high on moral character” (Avolio, Luthans, & Walumbwa, 2004, p. 4). Luthans & Avolio (2003, p. 4) view authentic leadership as a “root construct” that “could incorporate charismatic, transformational, integrity and/or ethical leadership”. But, they also argue that these constructs are distinct from each other.

Self-awareness, openness, transparency, and consistency are at the core of authentic leadership. In addition, being motivated by positive end values and concern for others (rather than by self-interest) is essential to authentic leadership. Authentic leaders model positive attributes such as hope, optimism, and resiliency. Finally, authentic leaders are capable of judging ambiguous ethical issues, viewing them from multiple perspectives, and aligning decisions with their own moral values.

Like transformational leadership, authentic leadership appears to overlap with ethical leadership particularly in terms of individual characteristics. Both authentic and ethical leaders share a social motivation and a consideration leadership style. Both are ethically principled leaders who consider the ethical consequences of their decisions. However, authentic leadership also contains content that is unrelated to the ethical leadership construct. For example, authenticity and self-awareness are not part of the ethical leadership construct. Authenticity, or being true to oneself, was rarely if ever mentioned in the interviews conducted by Treviño & colleagues (2000) about ethical leadership. And, rather than self-awareness, interviewees who talked about ethical leaders frequently discussed what might be termed other awareness. Ethical leaders' care and concern for others was paramount.

3.3. Spiritual leadership

Spiritual leadership is comprised of “the values, attitudes, and behaviors that are necessary to intrinsically motivate one's self and others so that they have a sense of spiritual survival through calling and membership” (Fry, 2003, p. 711) and “is inclusive of the religious-and ethics and values-based approaches to leadership” (693). Alternatively, spiritual leadership has also been described as “occurring when a person in a leadership position embodies spiritual values such as integrity, honesty, and humility, creating the self as an example of someone who can be trusted, relied upon, and admired. Spiritual leadership is also demonstrated through behavior, whether in individual reflective practice or in the ethical, compassionate, and respectful treatment of others” (Reave, 2005, p. 663).

An instrument designed to measure spiritual leadership (Fry, Vitucci, & Cedillo, 2005) represents three dimensions: a) vision, which describes an organization's vision and identity, b) hope/faith, which reflects confidence that the vision

will be realized, and c) altruistic love which results from the caring work environment. Spiritual leadership's emphasis on integrity, altruism and a consideration leadership style is consistent with prior conceptualizations of the ethical dimension of leadership, as well as being consistent with transformational and authentic leadership. However, the spiritual leadership construct and instrument also contain content that is unrelated to ethical leadership. For example, similar to transformational leadership, spiritual leaders are thought to be visionary, a characteristic not associated with ethical leadership. Further, spiritual leaders are thought to be motivated by service to God or to humanity and they view their leadership work as a "calling". Although such spiritual motives might influence someone to become an ethical leader, ethical leaders might also be driven by more pragmatic concerns. They understand that they can and should influence followers' ethical conduct and, to do so, they use influence mechanisms often associated with a transactional leadership style.

Table 1 demonstrates that all of these types of leaders (including ethical leaders) are altruistically motivated, demonstrating a genuine caring and concern for people. All of them also are thought to be individuals of integrity who make ethical decisions and who become models for others. Employees are likely to admire such leaders, identify with their vision and values, and wish to be like them. However, except for ethical leadership, none of these approaches focuses on leaders' proactive influence on the ethical/unethical conduct of followers in the context of work organizations. Ethical leaders explicitly focus attention on ethical standards through communication and accountability processes. This more "transactional" aspect of ethical leadership is a key differentiator between ethical leadership and these related constructs. In addition, these other constructs include characteristics that are not part of the ethical leadership construct (i.e., visionary orientation, religious orientation, self-awareness). Thus, ethical leadership is clearly related to, but distinct from these other leadership theories.

Thus far, we have defined ethical leadership and articulated how it overlaps with, yet is distinct from other related theories of leadership. Next, we explore the antecedents of ethical leadership, beginning with situational influences, followed by individual influences.

4. Situational influences on ethical leadership

In the next section, we identify three situational factors that are likely to influence employees' perceptions of a leader as an ethical leader: ethical role modeling, the organization's ethical context, and the moral intensity of the issues that the leader faces in his or her work. From a social learning perspective, each of these factors provides learning opportunities that can contribute to the development of ethical leadership.

4.1. Ethical role modeling

Social learning theory can help us to understand why some leaders are more likely to be ethical leaders. Followers are not the only ones who learn from models. Leaders learn from models too. By observing an ethical role model's behavior as well as the consequences of their behavior, leaders should come to identify with the model, internalize the model's values and attitudes, and emulate the modeled behavior (Bandura, 1986). Thus, having had an ethical role model in one's career is likely to contribute to the development of ethical leadership.

Treviño et al.'s (2000) interviewees said that having an ethical role model was an important antecedent of ethical leadership. In order to better understand ethical role modeling, Weaver, Treviño, & Agle (2005) interviewed individuals who had been influenced by an ethical role model at work. Their informants identified many characteristics and behaviors of those who had been their ethical role models. Characteristics such as caring, honesty, fairness and behaviors such as setting high ethical standards and holding others accountable were similar to those previously associated with ethical leadership. But, interviewees also identified some characteristics of ethical role models that differed from those previously associated with ethical leadership such as willingness to turn mistakes into learning experiences and humility.

Interestingly, almost all of the ethical role models identified in Weaver and colleagues' research were individuals with whom informants had worked closely and frequently, not distant executives. Weaver and colleagues called ethical role modeling a "side by side phenomenon" because "ethical role models are well known by their daily conduct and interactions — the way they behave and the way they treat other people" (Weaver et al., 2005, p. 12).

Given the importance often attributed to early moral development and the influence of senior leadership to create the tone at the top of organizations, Brown & Treviño (2006b) investigated the influence of three possible types of role

models on the development of ethical leadership—early childhood role models, career mentors, and top managers. The results of their field study indicated that having had an ethical mentor in one's career was positively related to ethical leadership. Leaders who said that they had previously had an ethical role model at work were more likely to be identified as ethical leaders by their followers. However, early childhood models and ethical role modeling from top managers were unrelated to perceptions of ethical leadership. This is consistent with the previous findings by Weaver et al. (2005) and it makes sense from a social learning perspective because early childhood ethical role models would not necessarily have modeled behavior relevant to leadership in the workplace. In addition, top manager ethical role models would likely not be proximate enough to serve as a model from a social learning perspective. Thus, we predict that having a proximate, ethically positive role model during one's career makes it more likely that an individual will become an ethical leader.

Proposition 1. *Being able to identify a proximate, ethical role model during one's career is positively related to ethical leadership.*

4.2. Ethical context in the organization

A broader and more distal influence on ethical leadership is the organization's ethical context (Treviño, Butterfield, & McCabe, 1998) or infrastructure (Tenbrunsel, Smith-Crowe, & Umphress, 2003). Although there are multiple ways to think about the ethical context of an organization, most of the empirical research in this area has focused on what is referred to as ethical climate (Victor & Cullen, 1988) or ethical culture (Treviño, 1990), both of which refer to characteristics of the organization that do or do not support ethics-related attitudes and behaviors (Treviño et al., 1998).

Ethical climate has been defined as “the prevailing perceptions of typical organizational practices and procedures that have ethical content” or “those aspects of work climate that determine what constitutes ethical behavior at work” (Victor & Cullen, 1988, p. 101). Victor & Cullen (1987, 1988) proposed nine types of ethical climate based upon three philosophical approaches (principle, benevolence, and egoism) and three levels of analysis (individual, local, cosmopolitan). They hypothesized that each climate type was associated with specific normative expectations. Subsequent research has found support for some, but not all, of the climate dimensions and their relationships with outcomes. For example, Cullen, Parboteeah, & Victor (2003) found a relationship between employees' perceptions of a benevolent ethical climate and organizational commitment. Other research has shown that ethical climate dimensions can positively influence managers' ethical decision-making intentions (Flannery & May, 2000) and that ethical climate dimensions are negatively related to willingness to lie (Ross & Robertson, 2000).

Treviño (1986) proposed ethical culture as a subset or slice of the organization's overall culture that can moderate the relationship between an individual's moral reasoning level and ethical/unethical behavior. She argued that individuals at higher levels of moral reasoning (principled individuals) should be less susceptible to influences from the organizational culture. Treviño (Treviño, 1990; Treviño & Nelson, 2007) later defined ethical culture in terms of the formal and informal behavioral control systems (e.g., leadership, authority structures, reward systems, codes and policies, decision-making processes, ethical norms, peer behavior, etc.) that can support either ethical or unethical behavior in an organization.

Treviño et al. (1998) found that ethical climate and culture dimensions were significantly correlated and similarly influenced employees' organizational commitment. But, they found differences with regard to behavior. For example, in organizational settings with an ethics code, a culture-based dimension that they labeled overall ethical environment (including leadership, reward systems, and code support for ethical behavior) had the largest negative effect on unethical conduct. In non-code settings, a climate focused on self-interest was most strongly associated with unethical behavior.

Similarly, Treviño, Weaver, Gibson, & Toffler (1999) found that cultural factors (leadership and reward systems that support ethical conduct, fair treatment of employees, ethics incorporated in daily organizational decision-making, and a focus on employees) all contributed to positive ethics-related attitudes and behaviors. An important component of the ethical culture was the reward system that supports ethical or unethical conduct (Treviño et al., 1999). Research has long suggested that ethical behavior is influenced by organizational rewards and punishments (Ashkanasy, Windsor, & Treviño, 2006; Hegarty & Sims, 1978; Tenbrunsel, 1998; Treviño, 1986; Treviño & Youngblood, 1990).

From a social learning perspective, we propose that stronger ethical contexts that support and encourage ethical conduct also support the development and maintenance of ethical leadership in organizations. Such organizations provide more models of ethical leadership, formal policies and informal norms that support ethical conduct, and

reinforcement of ethical behavior (i.e. ethical leaders get ahead, unethical leaders do not). In such environments, leaders “learn” that ethical leadership is desirable, and they have more opportunities to emulate models of ethical leadership. As a result, they are likely to develop or maintain (if they have already developed) strong ethical leadership.

By contrast, in an organization that lacks a strong ethical context or supports unethical behavior, leaders who choose to remain in the organization will have to match their style to fit their environment (i.e. adopt a weak ethical or unethical leadership style). Those who are strong ethical leaders will be more likely to leave the organization because of misfit with the organization’s climate and culture.

Proposition 2. *An ethical context that supports ethical conduct will be positively related to ethical leadership.*

4.3. Moral intensity of issues faced

Moral awareness (recognizing the moral aspects of a given situation) is a first interpretive step in the ethical decision-making process (Jones, 1991; Rest, 1986). Simply put, if one does not recognize an issue as having moral content, then ethical judgment processes are not likely to be engaged. Within the business ethics literature, much of the research on moral awareness has focused on the moral intensity (Jones, 1991) of the issues facing the decision-maker. Research has demonstrated most consistently that two dimensions of moral intensity influence moral awareness (as well as ethical intentions): the magnitude of consequences (the potential harm that might result from the situation) and social consensus (the existence of strong ethical norms in a given situation) (Butterfield, Treviño, & Weaver, 2000; Flannery & May, 2000; Frey, 2000; May & Pauli, 2002; Singhapakdi, Vitell, & Kraft, 1996).

According to social learning theory, situations that have the potential to cause great harm are likely to be socially salient and focus observer attention. The magnitude of consequences is particularly important for ethical leadership because ethical leaders consider the consequences that their potential actions will have on others. When the potential for great harm exists, observers will pay attention to the decision-maker to see how he or she handles the situation. When leaders face situations that have the potential to cause great harm and handle them in an ethically appropriate manner (as judged by followers), then the leader will be seen as an ethical leader. On the other hand, when leaders make decisions that bring significant harm to others, they will be seen as poor models of ethical behavior.

Thus, the relationship between moral intensity and ethical leadership is complex. Morally intense situations draw observers’ attention to the leader. These situations can be considered proving grounds for ethical leadership. When morally intense situations are handled correctly, moral intensity will be positively associated with perceptions of ethical leadership. But if these situations are mishandled, then they will be negatively associated with perceptions of ethical leadership.

We propose that morally intense situations will interact with the ethical context to influence ethical leadership. Specifically, morally intense situations will enhance the relationship between ethical contexts and ethical leadership. Leaders who work in strong ethical contexts that support ethical conduct will be better prepared to handle morally intense situations and demonstrate their ethical leadership. Leaders who operate in weak ethical or even unethical contexts will demonstrate their lack of ethical leadership in these situations. Either way, morally intense situations draw attention to the leader and invite scrutiny of his or her handling of the situation. Thus morally intense situations enhance the effect of ethical context on ethical leadership.

Proposition 3. *Moral intensity (magnitude of consequences and social consensus) enhances the relationship between ethical context and ethical leadership.*

5. Individual characteristics and ethical leadership

Individual characteristics of leaders are also likely to be associated with ethical leadership. Consistent with social learning theory, we have identified five individual characteristics in the ethical leadership literature that we propose enhance the attractiveness and credibility of the leader as an ethical leader.

5.1. Personality characteristics

Trait theories of leadership have undergone a recent revival. In large part, the renewed interest in trait approaches has resulted from better conceptualization and measurement of personality, most notably with the development of the

Five Factor Model (Tupes & Christal, 1961). The Five Factor (or Big Five) typology conceptualizes personality as clusters of traits that are organized within five dimensions: agreeableness (describing someone who is altruistic, trusting, kind and cooperative), openness (imaginative, curious, artistic, insightful), extraversion (active, assertive, energetic and outgoing), conscientiousness (dependable, responsible, dutiful, determined), and neuroticism (anxious, hostile, impulsive, stressed). Meta-analytic results indicate that controlling for the other Big Five traits, extraversion and openness to experience are most strongly related to general leadership effectiveness, while conscientiousness and extraversion are most strongly related to leader emergence (Judge, Bono, Ilies, & Gerhardt, 2002). Neuroticism and agreeableness have been found to be only weakly related to leadership (Judge et al., 2002).

But, research on personality and transformational leadership has produced different results. In a field study of personality and transformational leadership, agreeableness was most strongly related to transformational leadership, while conscientiousness was unrelated, controlling for the other traits (Judge & Bono, 2000). In particular, agreeableness was most strongly correlated ($r = .28, p < .05$) with the idealized influence dimension of transformational leadership, the dimension that is comprised of ethical content. Other research by Rubin, Munz, & Brommer (2006) also found that agreeableness was positively related to transformational leadership. A meta-analysis of personality and transformational leadership (Bono & Judge, 2004) found that across multiple studies, extraversion (positively) and neuroticism (negatively) were consistently related to the charisma dimension of transformational leadership—a dimension that contains idealized influence. Agreeableness and openness to experience were also positively related to charismatic leadership. However, these relationships were not observed as consistently.

We propose that the leader's agreeableness, conscientiousness, and neuroticism will be related to ethical leadership. We do not propose relationships between ethical leadership and openness to experience or extroversion because we see these personality traits as more related to "charisma" which is not a part of the ethical leadership construct. A leader can be highly extraverted and open to new experiences completely apart from ethical considerations.

We expect agreeableness to be the personality trait with the strongest influence on ethical leadership. Agreeableness reflects the tendency to be trusting, altruistic and cooperative. By definition, ethical leaders are altruistically motivated, caring, and concerned about their followers and others in society (Treviño et al., 2003). From a social learning perspective, nurturant individuals are more effective as models because they attract and keep observers' attention better than non-nurturant individuals (Yussen & Levy, 1975).

Highly conscientious individuals exercise self-control, carefully plan, are well organized and reliable. In terms of conscientiousness, "low scorers are not necessarily lacking in moral principles, but they are less exacting in applying them" (Costa & McCrae, 1992, p. 16). Conscientious individuals are responsible and dependable. These qualities are consistent with credibility which enhances model effectiveness according to social learning theory. Leaders who set clear principles and standards must be exact in applying them to themselves and others in order to be seen as ethical leaders. Otherwise, they run the risk of being seen as hypocritical, preaching lofty ethical standards but failing to apply them consistently. Therefore, we propose that highly conscientious individuals are more likely to be seen as ethical leaders than are those who are low in conscientiousness.

Neuroticism reflects the leader's tendency to experience negative emotions such as anger, fear, and anxiety. Neurotic leaders are thin-skinned and hostile toward others. From a social learning standpoint, thin-skin and hostility are hardly the qualities that one associates with attractive and credible models. By contrast, ethical leaders are exemplary models who care about and maintain positive relationships with their subordinates. Therefore, we propose that neuroticism is negatively related to ethical leadership.

Proposition 4. *Agreeableness is positively related to ethical leadership.*

Proposition 5. *Conscientiousness is positively related to ethical leadership.*

Proposition 6. *Neuroticism is negatively related to ethical leadership.*

5.2. Motivation

McClelland's (1975, 1985) theory of motivation specifies that individuals are driven by three main motives—the *power motive* (the need to influence others), the *achievement motive* (the desire to accomplish something better or more efficiently than it has been done previously), and the *affiliation motive*, (the desire to have positive relationships with others). Research suggests that a high need for power, a moderate need for achievement, and a moderate to low need for

affiliation are associated with leader effectiveness (McClelland & Boyatzis, 1982). However, with regard to the need for power, McClelland distinguished between individuals who use power for self-aggrandizement (personalized power) and those who use power with greater inhibition and desire to use it for the benefit of others (socialized power). Research suggests that leaders with higher power inhibition are more effective (McClelland & Boyatzis, 1982; McClelland & Burnham, 1976). Furthermore, power inhibition has been positively related to respect for institutional authority, discipline and self-control, caring for others and concern for just reward (McClelland, 1975, 1985). Research by Howell & Avolio (1992) revealed important differences between socialized and personalized charismatic leadership, with the former being the more ethical of the two styles of leadership.

From a social learning standpoint, observers are drawn to models who demonstrate care and concern. Thus, leaders with high power inhibition who are oriented toward using power for others' benefit will be more attractive than those whose need for power is self-serving. Thus, we predict that power inhibition moderates the relationship between a need for power and ethical leadership.

Proposition 7. *Power inhibition enhances the relationship between need for power and ethical leadership.*

5.3. Machiavellianism

The ideas of Niccolo Machiavelli have resurfaced in popular culture (Paul, 1999). Machiavellian has even been hailed as an important source of wisdom for modern day leaders (Ledeen, 1999). In psychology, Machiavellianism is defined as "the use of guile, deceit, and opportunism in interpersonal relations" (Christie, 1970, p. 1). In contrast to ethical leaders, Machiavellian leaders are motivated to manipulate others in order to accomplish their own goals. They have little trust in people and in turn, tend not to be trusted by others. In a historiometric study of the United States presidency, Deluga (2001) found that Machiavellianism was positively related to charisma and perceived greatness. However, the majority of research shows that the Machiavellianism is associated with negative effects. For example, Machiavellianism was related to willingness to pay illegal kickbacks in Hegarty & Sims' (1978) laboratory study. Other research has found that Machiavellianism is positively related to salespersons' willingness to lie (Ross & Robertson, 2000).

Coercion and manipulation are inconsistent with social learning. Social learning rests on the assumption that observers can freely select models to observe and emulate. Coercion and manipulation are generally not regarded as ethical sources of influence, and leaders who employ these tactics are unlikely to be seen as attractive ethical models by their followers. Therefore, we expect to find a negative relationship between Machiavellianism and ethical leadership.

Proposition 8. *Machiavellianism is negatively related to ethical leadership.*

5.4. Additional individual characteristics

Beyond personality and motivation, individuals differ in how they think about ethical issues and how they think about themselves in relation to other people and events. We propose that three additional individual differences will influence ethical leadership: moral judgment level (and moral utilization), locus of control, and self-monitoring.

Moral judgment level. Moral judgment refers to differences in the way individuals think about what is right in a given situation. Researchers have used Kohlberg's (1969) theory of cognitive moral development (CMD) to explain differences in the reasoning processes that people use to make moral judgments. Kohlberg interviewed boys over time from middle childhood to young adulthood and found that ethical reasoning becomes more sophisticated, more autonomous, and more principled over time. Individuals move up through moral judgment stages, with higher stages requiring increased cognitive capacity. Thus, cognitive moral development theory suggests that principled reasoning is based upon one's development of the capacity for higher level moral reasoning.

According to Kohlberg's (1969) theory, individuals at the first two stages (termed the pre-conventional level) reason about what is right based upon obedience and fear of punishment (stage 1) or exchange in relationships (e.g., one hand washes the other) (stage 2). Individuals at the middle two stages (termed the conventional level), decide what's right based on the expectations of significant others (stage 3) or rules or laws (stage 4). Individuals at the highest stages (termed the principled level) determine what is right by upholding internally-held values and standards regardless of majority opinion (stage 5) or by looking to universally held deontological principles of justice and rights (stage 6). Stage six was hypothesized, but is now considered to be a theoretical stage only because evidence of it has rarely been

found. Most adults are at the conventional level, meaning that their thinking about what is right is largely influenced by significant others, rules, and laws (Rest, Narvaez, Bebeau, & Thoma, 1999). Rest et al. (1999) have proposed an alternative theory to Kohlberg's theory that is less tied to particular philosophical theories of justice and rights and is more schema-based, allowing for a less rigid hierarchical progression. But, the core ideas of Kohlberg's (1969) broad cognitive and developmental theory remain central to their approach.

In a multi-sample field study, Turner et al. (2002) found that those with higher levels of moral reasoning were more likely to be seen by their subordinates as transformational leaders. According to Turner et al. (2002, p. 305) "leaders with more complex moral reasoning will be able to draw on more sophisticated conceptualizations of interpersonal situations, are more likely to think about problems in different ways, and are cognizant of a larger number of behavioral options". Individuals who operate at higher levels of moral reasoning are more likely to make principled decisions, demonstrate concern for the rights of others, and value fairness as the foundation upon which relationships are built.

From a social learning perspective, fairness and concern for others should be associated with model attractiveness. Fairness and concern will attract observer attention and enhance observer's desire to emulate modeled behavior. Because these are characteristics of ethical leaders, we expect that leaders who have the capacity for higher level reasoning are more likely to be viewed as ethical leaders.

This idea is also supported by the relationship between moral reasoning and moral action (Blasi, 1980). Those who reason at principled levels are more likely to behave ethically in order to achieve consistency between their thoughts and their actions. Behavior that is inconsistent with reasoning level is thought to create uncomfortable cognitive dissonance. For example, Ashkanasy et al. (2006) found that principled managers made more ethical decisions. Therefore, we propose that individuals who have the capacity to reason about ethical issues at high levels will be more likely to incorporate this reasoning into their leadership role and sustain their ethical leadership over time.

Proposition 9. *Leader moral reasoning level is positively related to ethical leadership.*

Moral utilization. We expect that the relationship between moral reasoning and ethical leadership will be particularly strong for individuals who are high in moral utilization. The idea behind moral utilization is that individuals differ not only in their moral reasoning capacity, but in the extent to which they actually utilize their capacity for principled thinking in ethical decision-making. A moral utilization score (Thoma, Rest, & Davison, 1991) is assessed by the Defining Issues Test (Rest, 1979), a commonly used measure of moral judgment. Given the modest correlation between moral judgment and behavior, the utilization score was developed as a moderator that would explain the strength of this relationship. Schminke, Ambrose, & Neubaum (2005) found that moral utilization strengthened the relationship between the leader's cognitive moral development and moral climate in the organization.

Having the capacity to make moral judgments does not ensure that one will be seen as an attractive model. Instead, that capacity must be utilized so that observers can see this moral reasoning put into action and learn from it. We have already predicted (Proposition 9) that leaders with a higher capacity for cognitive moral development (i.e. principled reasoning) will be perceived as ethical leaders. This should be especially true for those who demonstrate utilization of this capacity through their principled ethical decision-making.

Proposition 10. *Moral utilization enhances the relationship between moral reasoning and ethical leadership.*

Locus of control. Locus of control (LC) is the perceived control that one has over the events in his or her life. Individuals with an internal LC perceive greater control, while those with an external LC perceive that fate or powerful others exert great influence on such events. Treviño (1986) proposed that internals would behave more ethically because they are more likely to perceive the connection between their own behavior and the outcomes produced by that behavior. As a result, they are more likely to take responsibility for the outcomes of their actions. Treviño & Youngblood (1990) found that subjects with an internal LC exhibited more ethical behavior in an in-basket exercise compared to those with an external LC. Similarly, Hegarty & Sims (1978) found that external LC was related to unethical behavior (e.g. willingness to make unethical kick-back payments). Within the leadership literature, studies have found that an internal locus of control is positively related to effective leadership (Miller & Toulouse, 1986). Howell & Avolio (1993) also found that internal LC was positively related to transformational leadership.

We propose that internal LC is positively related to ethical leadership. First, internals are likely to be more action-oriented because they believe that outcomes are influenced by their own behavior. As such, they are more likely to stand out and be salient in the social environment. Thus, internals should provide more frequent opportunities for others to observe their proactive leader behavior. In addition, internal locus of control leaders take more responsibility for the

outcomes of their actions on other people. Thus, they are more likely to make ethical decisions. The combination of ethical decisions and an action orientation should make internals attractive and credible models of ethical conduct.

Proposition 11. *Leaders with an internal locus of control will demonstrate stronger ethical leadership compared to leaders with an external locus of control.*

Self-monitoring. Self-monitoring (Snyder, 1974, 1987) reflects individuals' attentiveness to and control of how they present themselves to others. High self-monitors have been likened to chameleons, regulating their self-presentations in order to blend into their social environment. In contrast, low self-monitors are less concerned about fitting in, and thus are more likely to behave consistently across social settings.

A meta-analysis has shown that self-monitoring is positively associated with leadership behavior and leadership emergence (Day, Schleicher, Unckless, & Hiller, 2002), suggesting that high self-monitors (HSM) are more likely to emerge as and behave like leaders. However, the relationship with ethical leadership is likely more complex. For example, Bedeian (Bedeian & Day, 2004) raised concerns about this relationship between self-monitoring and leadership. Bedeian argued that compared to HSMs, low self-monitors (LSM) are likely to behave consistently with their core values and principles. On the other hand, HSMs adapt their behavior in order to satisfy the expectations of others. Thus, Bedeian argued, HSMs might be more likely to compromise their core values and behave unethically. In fact, LSMs have been described as principled while HSMs have been described as pragmatic (Day & Kilduff, 2003). Some research supports Bedeian's concern given that under certain conditions, high self-monitoring has been associated with unethical behavior such as cheating (Covey, Saladin, & Killen, 1989) and willingness to lie (Ross & Robertson, 2000). Sosik, Avolio, & Jung (2002) also found that self-monitoring was positively related to self-serving impression management tactics.

In response to Bedeian, Day (Bedeian & Day, 2004) noted that principled-behavior does not necessarily produce ethically good behavior because principles can be unethical (e.g. Machiavellianism). Conversely, adjusting behavior to conform to the expectations of others is not necessarily bad (especially when actors in the social environment have high expectations for ethical conduct). Therefore, we do not propose any direct effects of self-monitoring on ethical leadership. However, we do propose that high self-monitors will be more sensitive to social expectations for ethical leadership coming from the context. Compared to LSMs, HSMs are more likely to vary their leadership behavior based on the social context. Thus, high self-monitors should demonstrate more ethical leadership in strong ethical contexts. Low self-monitors will be more consistent, true to themselves (ethical or unethical), and less dependent on support from the context. Therefore, we propose that, self-monitoring should moderate the relationship between ethical context (Proposition 2) and ethical leadership.

Proposition 12. *Self-monitoring moderates the relationship between social context and ethical leadership. Compared to low self-monitors, high self-monitors should be more influenced by contextual support for ethical (or unethical) leadership behavior.*

6. Outcomes of ethical leadership

Ethical leadership is thought to be important because of the outcomes it is thought to influence. Consistent with a social learning perspective, followers emulate ethical leaders' behavior because such leaders are attractive and credible models who model normatively appropriate behavior. In addition, ethical leaders communicate the importance of ethical standards and use the performance management system to hold employees accountable for their conduct. Employees don't have to learn about rewards and discipline directly, but consistent with social learning theory, can learn about them vicariously by observing others' outcomes. As a result, we propose that ethical leaders will influence ethics-related conduct such as employee decision-making and prosocial and counterproductive behaviors primarily through modeling and vicarious learning processes. In addition, ethical leaders should influence employee positive and negative behavior because employees will view their relationships with ethical leaders in terms of social exchange.

6.1. Follower ethical decision-making

It is important to consider whether ethical leadership can influence the ethical quality of follower decisions, particularly when the leader is not physically present. First, as attractive role models, ethical leaders are going to be an

important source of ethical guidance for their employees. Ethical leaders set ethical standards and communicate them to followers. They also make decisions that take into account stakeholders' needs and that are considered to be fair and principled. The followers of ethical leaders therefore have the opportunity to observe and learn ethically appropriate decision-making. These opportunities should challenge followers' thinking, and support and encourage their own ethical decision-making.

Second, prior research indicates that leader moral reasoning can influence moral reasoning in work groups (Dukerich, Nichols, Elm, & Vollrath, 1990). Given that ethical leaders are higher in moral reasoning they should also influence the moral reasoning of work group members, thus producing more ethical decisions.

Finally, followers of an ethical leader know that the leader will be holding them accountable for their decisions and will use rewards and discipline to do so. Thus, the followers of ethical leaders should be more likely to focus on the ethical implications of their decisions and make more ethical decisions as a result.

Proposition 13. *Ethical leadership is positively related to follower ethical decision-making.*

6.2. Employee prosocial behavior

Ethical leadership should influence employees' prosocial or citizenship behavior through social learning (Bandura, 1986) as well as social exchange processes. Again, ethical leaders are attractive and legitimate role models who focus follower's attention on their ethical standards and their normatively appropriate behavior. Thus, followers of ethical leaders should identify with these leaders and emulate their behavior.

Further, going beyond social learning theory, relationships between ethical leaders and their followers are likely to be characterized by social exchange (Blau, 1964; Homans, 1961) rather than simple economic exchange. Blau (1964) differentiated transactional and social exchange relationships. Transactional exchanges are contract-like and are characterized by a quid pro quo logic such as a fair day's work for a fair day's pay. Social exchange relationships are less well specified and depend upon trust and norms of reciprocity (Gouldner, 1960). According to Blau (1964, p. 94) "social exchange tends to engender feelings of personal obligation, gratitude and trust." We propose that the followers of ethical leaders are more likely to perceive themselves as being in social exchange relationships with their leaders because of the fair and caring treatment they receive and because of the trust they feel. As a result, they should be inclined to go above and beyond the call of duty for these leaders (Dirks & Ferrin, 2002; Konovsky & Pugh, 1994; Podsakoff, MacKenzie, Paine, & Bachrach, 2000).

Proposition 14. *Ethical leadership is positively related to prosocial (e.g. OCB) behavior.*

6.3. Employee counterproductive behavior

A number of terms (deviance, antisocial behavior, counterproductive behavior, organizational misbehavior) have been used to describe negative employee behavior that is harmful to the organization or other employees (Bennett & Robinson, 2000; Giacalone & Greenberg, 1997; Marcus & Schuler, 2004; Robinson & Bennett, 1995; Sackett & DeVore, 2001; Vardi & Weitz, 2004). Research has begun to focus on the influence of leaders on such behavior. For example, abusive supervision has been found to decrease citizenship behavior (Zellars, Tepper, & Duffy, 2002) and increase counterproductive behavior (Detert, Treviño, Burris, & Andiappan, 2006) while fair treatment of employees (Greenberg, 1990) and socialized charismatic leadership (Brown & Treviño, 2006a) have been found to reduce counterproductive employee behavior. We propose that ethical leadership should be associated with reduced counterproductive behavior because followers look to ethical leaders as models and emulate their ethical behavior. Further, ethical leaders make the standards of appropriate conduct as well as the outcomes of rule violation clear. Because ethical leaders are legitimate models of ethical standards and conduct, employees should learn what is expected and be inclined to comply. Finally, given the social exchange relationship (Blau, 1964) employees are likely to have with ethical leaders, followers should wish to reciprocate the caring and fair treatment they receive and the trust in the relationship, making counterproductive behavior less likely. Employees who have a high quality exchange relationship with their managers are less likely to engage in negative behaviors.

Proposition 15. *Ethical leadership is negatively related to employee counterproductive behavior.*

6.4. Follower work attitudes

Finally, ethical leadership should be associated with a number of positive follower attitudes. A review of transformational leadership research found that leaders' high ratings on transformational leadership are associated with followers' satisfaction, commitment, and motivation (Lowe, Kroeck, & Sivasubramaniam, 1996). These relationships have been attributed largely to shared values (Burns, 1978) and the extent to which followers identify with these leaders. Transformational leaders also take care of followers through their consideration leadership style (Bass, 1985). We expect ethical leadership to be related to positive follower attitudes because of ethical leaders' honesty, trustworthiness, caring and concern for employees and other people, and their fair and principled decision-making. In support of this prediction, Brown et al. (2005) found ethical leadership to be associated with satisfaction with the leader and with job dedication.

Proposition 16. *Ethical leadership is positively related to follower satisfaction, motivation, organizational commitment.*

7. Implications for research and practice

We have described the construct of ethical leadership, and explained how it is related to but differentiated from other ethics-related leadership constructs. Based upon a social learning perspective, we have proposed antecedents and outcomes of ethical leadership. And, we have offered propositions that researchers might incorporate into their research agendas. Next, we'll discuss some key issues and questions that are relevant for future research and the practice of ethical leadership.

7.1. How prevalent is ethical leadership?

Over the past few years, the reputations of executives in many types of organizations have been tarnished by scandal. In one national poll, only 13% of respondents expressed a great deal of confidence in business leaders who are running major companies (Harris Interactive, 2006). However, other surveys suggest that when respondents are asked about leadership in their own organizations, leaders are rated more favorably. For example, over 80% of respondents to a national survey in the United States indicated that leaders at all levels in their organization (senior leaders, middle management, and immediate supervisors) communicate the importance of ethics and set a good example in terms of ethical behavior (Ethics Resource Center, 2005). Furthermore, research on ethical leadership (Brown et al., 2005; Treviño et al., 2000, 2003) suggests that ethical leadership is not rare.

What explains the discrepancy when the referent changes from perceptions of business leaders in general to direct experience with leaders in one's own organization? First, because scandal sells, the media attends more to scandal than to stories of ethical leaders who treat their employees well every day. Further, compared to positive information, research finds that negative information is more easily recalled and given more weight by perceivers (see Rozin & Royzman, 2001 for a review). Therefore, stories of unethical leadership are seared in people's memories while stories about ethical leaders are harder to recall.

Researchers have also noted the increasing cynicism of rank and file employees (Dean, Brandes, & Dharwadkar, 1998). Organizational cynicism has been defined as "a negative attitude toward one's employing organization" that includes "a belief that the organization lacks integrity" (Dean et al., 1998, p. 345). If this is true, leaders will have to work hard to overcome such cynicism. At best, many organizations provide an "ethically neutral" backdrop against which leaders are perceived. In order to develop a reputation for ethical leadership, they will need to be consistent and proactive about incorporating ethics into their leadership agenda (Treviño et al., 2003).

7.2. Can ethical leaders be selected, developed?

Given the proposed importance of ethical leadership, researchers should ask whether ethical leadership can be identified and developed. The answer to this question has relevance for all kinds of organizations as well as for the

educational institutions that are training future leaders. We recommend four approaches that organizations can use first to attract ethical leaders and then to encourage, support, and further develop ethical leadership.

Selection. First, individuals are attracted to, and are selected into organizations on the basis of perceived person-organizational values “fit” (Cable & Judge, 1996; Chatman, 1991; Schneider, 1987). In terms of ethical leadership, individuals with the characteristics and values that predispose them toward ethical leadership will look for organizations that have strong ethical cultures and will be selected by them. We saw this first hand with one of our students. A recent accounting graduate who was near the top of her graduating class had a strong interest in ethics. She interviewed at many of the top accounting firms, finding great variability in the degree to which ethics was raised during the recruiting process. In some organizations, ethics and integrity were not mentioned during the interview process or featured in recruiting materials and she quickly removed these “morally mute” (Bird, 1996) companies from her list of potential employers. Thus, organizations should signal that they value ethical leadership during the recruiting process. In addition, they must explicitly look for evidence of ethical leadership in their recruits. This should be particularly important when recruiting individuals who will hold leadership positions characterized by high moral intensity (Jones, 1991). These moral intense positions represent proving grounds where an individual’s capacity for ethical leadership is ultimately revealed. Of course, there is much to learn about the most effective way organizations can signal their ethical intentions to and identify the ethical leadership potential of prospective employees. Future research should investigate effective signaling and selection mechanisms. We believe that if hiring organizations signal their interest in the ethical characteristics of recruits, educational institutions will also do a better job of preparing their students for this aspect of the recruiting process.

Role modeling. Once employees are hired, organizations can use role modeling to develop ethical leadership. We have argued that ethical leadership relies to a large extent on social learning processes. Thus, ensuring that young leaders have proximate ethical role models at work should facilitate the development of ethical leadership (Brown & Treviño, 2006b; Weaver et al., 2005). Learning from role models may also occur through training interventions. For example, using case studies to highlight ethical leadership in the organization may be one way to explicitly bring learning about ethical role models to a wider group of leaders. Although one can learn from both positive and negative examples, it seems important that these case studies emphasize positive ethical role models who can teach employees “what to do” and provide information about the success of such leaders especially since the media tend to highlight negative models. Multiple positive role models are likely needed to counteract the negative information available from other sources (Rozin & Royzman, 2001). Thus far, little research has focused on how to design (e.g. frequency, duration, specific content, pedagogy) an ethical leadership development program based upon role modeling; or, on whether such an intervention approach might also be used for ethical leadership instruction in educational institutions.

Training. Other types of training may be as helpful in developing ethical leadership as they have been shown to be successful in developing transformational leaders (Barling, Weber, & Kelloway, 1996). For example, Barling and colleagues conducted an intervention that consisted of a 1 day group session followed by 4 individual “booster” sessions. During these sessions, participants learned the basic elements of transformational leadership, were taught how to apply them in the workplace, and received coaching.

Other research suggests that moral reasoning can be developed through training interventions (see Treviño, 1992 for a review). Although we know of no organizational leadership training programs that are based on approaches designed to advance moral reasoning, we believe that such training programs could prepare leaders to handle complex ethical issues in a more sophisticated manner. Similarly, training can help to increase leaders’ moral awareness by using vignettes related to the types of ethical issues likely to arise in the particular job or industry. With many managers moving between industries, such training seems more important than ever. Leaders can then be asked to work through job-specific vignettes with their direct reports, allowing them the opportunity to demonstrate their ethical leadership to followers.

Further, leaders should be trained to understand the importance of their ethical leadership role and how they can become ethical role models for their employees. Many leaders may subscribe to the myth (Treviño & Brown, 2004) that employees are what they are— either ethical or unethical and that there is little they can do, as leaders, to influence their followers’ behavior. However, as we have already noted, ethical leaders are attractive models who can influence employee ethical conduct. We know that individuals tend to evaluate their own performance in terms of competence as opposed to morality (Wojciszke, 1994), but evidence suggests that followers’ evaluations of a leader are strongly influenced by integrity-related concerns (Hogan, Curphy, & Hogan, 1994). Thus, it is likely that leaders underestimate the degree to which they are being scrutinized by others in terms of ethics.

Finally, interpersonal skills training might also help leaders to develop the communication skills needed to treat employees with care and in an interpersonally fair manner and to “speak truth to power” (Cuomo, 2000) with superiors. Demonstrating ethical leadership may require leaders to stand on principle with authority figures. Organizations that wish to develop ethical leadership will provide leaders with such interpersonal tools as well.

Organizational culture and socialization. Organizational culture and socialization processes can also facilitate the development and retention of ethical leaders. For example, ethical cultures incorporate structures and decision-making processes that support making the ethical decision in tough situations. Perhaps, most important, performance management systems that incorporate expectations for ethical leadership and weight such behavior significantly in promotion and compensation decisions can help to encourage and support ethical leadership. Ethical leaders should be more likely to remain in such organizations.

7.3. *Social or self-reports?*

What is the best source of ethical leadership data? Research suggests that managers’ self-ratings of their own performance are unrelated to ratings obtained from superiors and subordinates (Harris & Schaubroeck, 1988; Hogan et al., 1994). Also, research has shown that technical competence is more influential in bosses’ ratings of a manager’s overall effectiveness, while integrity was primary in subordinates’ judgments of their manager’s effectiveness (Hogan et al., 1994). Thus, leaders are unlikely to be able to provide valid, unbiased ratings of their own ethical leadership. And, subordinates are accustomed to thinking about their leader in terms of ethics and integrity.

We believe that subordinates’ evaluations of ethical leadership will likely provide the best estimates of supervisory-level ethical leadership, particularly if those subordinates work closely with a leader and have insight into how the leader treats people and makes decisions. This is particularly true if one is interested in predicting employee-related outcomes such as prosocial or antisocial behavior. Employees who do not perceive a leader to be an ethical leader are less likely to be influenced by him or her. However, peer and superior ratings could provide interesting insights as well, especially if one is observing the accuracy of self-ratings relative to ratings obtained from others. Research has shown self-ratings on other dimensions of leadership that are more lenient relative to social ratings to be associated with negative outcomes (Yammarino & Atwater, 1993). If the same is true for ethical leadership, then measuring self-other agreement on ethical leadership will also be important.

Deciding how to measure executive-level ethical leadership is more difficult because those who work directly with and for the executive may have different perceptions compared to those who perceive the executive from a distance. The source of the data should probably depend on the outcomes being assessed. If lower-level employee behavior is the dependent variable of interest, we would recommend tapping these same employees’ perceptions of the executive’s ethical leadership. But, if organization-level decisions or actions are the focus, senior managers’ perceptions may be more appropriate.

7.4. *Ethical and unethical leadership*

Recent research was specifically designed to develop a formal definition of ethical leadership (Treviño et al., 2000, 2003) as well as a valid and reliable measure of ethical leadership (Brown et al., 2005). As a result, we believe researchers are now better equipped to study ethical leadership. But, a similar level of attention has not been paid to unethical leadership. We suspect that being low on ethical leadership is not equivalent to being high on unethical leadership and vice versa. Many leaders who are ethical persons are uncomfortable with or fail to realize the importance of deliberately modeling ethical leadership to their followers (Treviño et al., 2000). A leader can be weak in terms of visible ethical leadership and have done nothing wrong to earn the label of an unethical leader. Thus, the absence of ethical leadership can either imply unethical leadership or simply the lack of a proactive ethics-related agenda (e.g., ethically neutral leadership) (Treviño et al., 2000).

Previous research can provide a foundation for investigating unethical leadership. For example, the perceived leader integrity scale (PLIS; Craig & Gustafson, 1998) consists of 31 negatively-worded items (e.g. my supervisor “would take credit for my ideas”, “enjoys turning down requests”, “is vindictive”, “is evil”), suggesting that this instrument measures a negative leadership style similar to abusive supervision, defined as a “subordinate’s perceptions of the extent to which supervisors engage in the sustained display of hostile verbal and nonverbal behaviors...” (Tepper, 2000,

p. 178). But, more work will be required to understand the relationships between ethical and unethical leadership. Are ethical and unethical leadership opposite ends of a single continuum? Or, are these separate constructs?

7.5. Levels of management and ethical leadership

More work will be required to understand whether and how ethical leadership differs depending upon the level of the leader. We consider differences based upon the content of the leader's job and the distance between the leader and followers.

Content of the leader's job. Executive and managerial work are different, with roles and challenges that are unique to each level (Katz & Kahn, 1978; Mintzberg, 1973). But, to what degree are executive and managerial ethical leadership different? Treviño et al.'s (2000, 2003) qualitative research focused on executive ethical leadership. Subsequent construct and measure development work focused on ethical leadership at the supervisory level (Brown et al., 2005). Brown and colleagues found few key differences between the content of ethical leadership at the supervisory level and the previous work on executive ethical leadership, with the exception that, in their measurement development work conducted at the supervisory level, the "moral person" and "moral manager" aspects of ethical leadership collapsed into a single ethical leadership definition and measure that incorporates both aspects.

However, certain aspects of ethical leadership are likely to vary depending on the level of management. For example, compared to lower-level managers, executive ethical leaders must devote more time attending to non-employee constituencies (such as external stakeholders). Lower-level managers, especially those who do not occupy a boundary spanning role, focus more internally on relationships with employees.

Future research should continue to investigate potential differences between executive and supervisory ethical leadership. At the executive leader level, research might explore relationships between ethical leadership and stakeholder management (e.g. do ethical leaders manage external stakeholders more effectively?), corporate social responsibility (e.g. does executive ethical leadership impact corporate social performance?), financial performance (e.g. does ethical leadership impact long-term profitability?) and industry effects (e.g. do certain industries promote or inhibit ethical leadership?). At the supervisory level, ethical leadership should be more likely to influence follower attitudes and behaviors.

Distance between leader and followers. The distance between leaders and followers, expressed in terms of physical distance, social distance, or frequency of task interaction, has an important impact on how leaders are perceived as well the outcomes with which they are associated (Antonakis & Atwater, 2002). Executive leaders are responsible for many employees, both close and distant. In large organizations, rank and file employees have little interaction with executives. Therefore, for the average employee, perceptions of executive leaders are not based on direct observation, but on socially communicated information and inferences are made based upon organizational outcomes (Lord & Maher, 1991).

Distance has many potential implications for ethical leadership. First, executive leaders might more easily manipulate impressions of ethical leadership compared to supervisors. For example, high profile executives Kenneth Lay and Andrew Fastow from Enron, Bernie Ebbers of Worldcom, Denis Kozlowski from Tyco, and John Rigas from Adelphia developed reputations as civic-minded and philanthropic individuals. Yet, these same individuals were involved in high profile corporate scandals for which they have been found guilty. Initially, many employees in their organizations were shocked at these revelations. Research should investigate the degree to which perceptions of executive ethical leadership are susceptible to impression management.

On the other hand, given the prevalence of employee cynicism (Dean et al., 1998) about the integrity of top managers, lower-level employees may be inclined to rate executives with whom they have little contact harshly in terms of ethical leadership. Does closeness between executives and rank and file employees (as might be observed in smaller organizations) neutralize cynical attitudes? Or does more frequent interaction make it more difficult for executives to create favorable reputations for ethical leadership?

Second, research should explore the degree to which executive ethical leadership influences ethical leadership at middle and lower levels of management in organizations. Do ethical leaders truly set the tone at the top for other managers to follow? Assuming that they do, how does such influence happen? Does ethical leadership cascade down levels of management, with each level influencing the next lower level (Bass, Waldman, Avolio, & Bebb, 1987)? Or, do executive ethical leaders influence lower levels of management more directly through social information and inferential processes (Lord & Maher, 1991)? The preliminary evidence from the ethical role modeling literature supports the idea that effective ethical role models have a close working relationship with their protégées, and suggests that executive ethical leaders may not directly influence the behavior of lower-level managers directly (Brown & Treviño, 2006b;

Weaver et al., 2005). Nevertheless, more research is needed in order to better understand how executive ethical leaders influence lower-level leaders within their organizations.

Outcomes. Although we proposed a number of influences of ethical leaders on outcomes, these may differ depending on the level of leader involved. For example, senior leaders are most likely to influence the organizational context through their ability to fund ethics-related initiatives or require ethics to be incorporated into organizational systems (e.g., reward systems) and processes (e.g., decision-making processes). In fact, Weaver, Treviño, & Cochran (1999) found that the scope of ethics initiatives in business organizations depended on executives' personal commitment to ethics. Supervisory-level leaders work more closely with subordinates, however. Therefore, they are more likely to be ethical role models who can influence employee attitudes and behavior (prosocial, antisocial) more directly (Grojean, Resick, Dickson & Smith, 2004; Weaver et al., 2005).

Related research on trust offers some clues about how levels of management will influence the relationship between ethical leadership and outcomes. Dirks & Ferrin's (2002) meta-analysis of the trust in leadership literature found that trust in direct leader (i.e. a close supervisor) was more strongly associated with outcomes such as employees' organizational citizenship behavior, job satisfaction and performance compared to trust in organizational leadership (i.e. a distant executive). Organizational leadership was more strongly related to organizational commitment. The authors suggested that trust in direct leader is more important for most workplace outcomes, with the exception of organizational-focused outcomes for which organizational leadership is likely to be most important. If level of management impacts ethical leadership in a similar fashion, we expect that executive ethical leadership will have the strongest influence on organizational outcomes (especially those related to ethics), while direct supervisory ethical leadership will be more influential on group and individual level outcomes.

7.6. *Underlying influence processes*

We proposed social learning as the key theoretical process that explains both who becomes an ethical leader and how ethical leaders influence outcomes through emulation and vicarious learning. We also suggested that social exchange may help to explain ethical leaders' influence on employee outcomes such as prosocial behavior. We have certainly not exhausted the possible underlying process explanations that might explain these relationships (e.g. identification, internalization, trust, etc.). Further, research has yet to provide empirical evidence of them. Therefore, additional work will be needed to tease out these underlying mechanisms and provide evidence of them and their effects.

7.7. *Demographics and ethical leadership*

Are leader demographics associated with ethical leadership? We considered this question as we reviewed the literature but failed to turn up evidence of relationships between leader demographics (such as age, race and gender) and ethical leadership. However, we address the question of a relationship between gender and ethical leadership because gender-based differences have long intrigued leadership (Eagly & Carli, 2003) and ethics scholars (e.g. Ambrose & Schminke, 1999). Some have argued strongly for differences in moral development and moral reasoning between males and females (Gilligan, 1982). But, Rest (1986) noted that Gilligan's claim was not based upon a systematic review of the moral judgment literature. Walker (1985) reviewed the moral judgment literature and found no difference between males and females when various versions of Kohlberg's tests of moral judgment were used. Thoma (1984) conducted a meta-analysis on 56 studies that had used the Defining Issues Test, finding a difference favoring females, but that difference accounted for less than 1% of the variance. Rest (1986) concluded that the difference was trivial. In a more recent comprehensive review of the literature, Ambrose & Schminke (1999) concluded that finding a definitive answer to the question of gender-related differences in ethics was unlikely. Instead, they proposed that only *perceived* gender differences in ethics exist. Similarly, research by Brown & Treviño (2006b) found no gender differences in ethical leadership. Thus, we propose no relationship between gender and ethical leadership.

7.8. *Global ethical leadership*

Does ethical leadership vary across cultures? To our knowledge, one of the only empirical studies to investigate this question was conducted by Resick, Hanges, Dickson, & Mitchelison (2006). Using data from the global leadership and organizational effectiveness (GLOBE) project, Resick and colleagues measured four dimensions of ethical

leadership: character/integrity, altruism, collective motivation and encouragement. Resick and colleagues found that these four dimensions were universally supported. However, they also found that the degree to which each component was endorsed varied across cultures. Thus, although the content of ethical leadership appears to be universal, the importance attached to key aspects of ethical leadership may vary.

This research sheds important light on how some elements of ethical leadership are viewed across the world. However, GLOBE data do not contain all components of the ethical leadership construct, particularly the more transactional moral manager aspect that focuses on how leaders make ethics an explicit part of their leadership agenda. Therefore, future research is needed to see if more transactional elements of ethical leadership are also universally supported as essential to ethical leadership. If they are not, then both researchers and practitioners will need to understand what (if any) substitutes take the place of moral management in other cultures.

8. Conclusion

We began by reviewing the relevant social scientific literature relating ethics and leadership. We identified similarities and differences between ethical leadership and other leadership constructs that are concerned with the moral dimension of leadership. We explored the antecedents and outcomes of ethical leadership and developed a series of propositions to test these relationships. Although ethical leadership has been a concern for generations, the rigorous theory-based social scientific study of ethical leadership is relatively new. Despite its newness, ethical leadership is a topic that has great potential for academic researchers. High profile failures in ethical leadership have generated considerable interest in the topic. Organizations want to know how to select, develop and retain ethical leaders. Business schools want to know how best to teach their students to become ethical leaders. Recent construct and measure development means that leadership scholars can very quickly begin to make ethical leadership a part of their research agendas. From a moral standpoint, academic researchers have the opportunity to conduct research that can improve the ethical performance of leaders. More pragmatically, leadership scholars have always been involved in research that aims to contribute to effective leadership. Because ethical leadership and effective leadership are related, the topic of ethical leadership should appeal to scholars with diverse motivations and interests.

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