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## From the Editor

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Major corporate failures resulting from fraud and lapses of ethical leadership have increased academic and practitioner interest in leader integrity. While there is little debate on the *importance* of leader integrity, it is not highly developed as a research construct. There appears to be an unsettling disconnect between the degree we believe integrity is fundamental to effective leadership and the degree we have fully described its nature, antecedents, and consequences. As Simons (2008) put it in his book *The Integrity Dividend*, “in 2005, *integrity* was the single most looked-up word on Merriam-Webster’s Dictionary Web site, which implies that people are not exactly sure what integrity means. Think about that for a minute: *people know integrity is important, but they are not sure what it means*” (p. 5, italics in original).

The purpose of this special issue is to explore the concepts of leader integrity, ethicality, and authenticity, presenting conceptual and empirical studies that focus on understanding how the allied constructs of leader integrity affect followers. In the first article, Dunn begins by returning to the most basic question: What does having integrity really mean? He seeks to answer this question by integrating diverse organizational and philosophical literatures to arrive at a broad, multidimensional construct.

The next two articles both examine how ethical leader behavior and trust may relate to perceived leader effectiveness, and both studies further examine how expectations influence this relationship. First, van den Akker, Heres, Lasthuizen, and Six study how different sorts of ethical leader behaviors affect the degree to which followers trust leaders. Additionally, they find that followers’ prior ethical expectations of leaders influence this trust. Next, Kalshoven and Den Hartog advance our understanding of the role of trust as a consequence of ethical leader behavior by proposing that trust, ethical leader behavior, and perceived leader effectiveness relate to one another. They also found that average group expectations of ethicality and how well leaders match these expectations influenced leaders’ perceived effectiveness.

Moorman and Grover ask the fundamental question of why followers are concerned with the integrity of their leaders. Their model draws from uncertainty management theory to suggest that followers value the predictability they derive from their leaders’ integrity. Finally, Vogelgesang, Smith, and Palmer address how authentic leaders, who lead with consistent

connections between their values, beliefs, and behaviors, may face special challenges when leading in different international contexts. They ask how authentic leaders stay true to themselves while adapting appropriately to changing cultures.

Together, this group of papers helps to identify and unravel some of the intricate questions concerning leader integrity—a topic universally heralded as important and whose characteristics are only slowly being understood. We wish to thank all our authors for their timely research raising the scientific and practical value of leader integrity, ethicality, and authenticity.



## INTEGRITY MATTERS

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Integrity is a concept oftentimes referenced in organizational studies, but not well understood as a theoretical construct. This paper aims to remedy this shortcoming by honing in on a conception of integrity grounded in the writings of moral philosophy. In order to accomplish this, competing definitions of integrity will be vetted. The concept of integrity will be critically distinguished from those of virtue, character and honesty. Integrity will next be explored as *consistency across contexts, coherence between values and action, stability over time, permanence across roles, and union of ethical perspectives*. Finally, the notion of organizational integrity will be assessed and suggestions for operationalization of the integrity construct offered.

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**W**hat *is* integrity...and what is it *not*? In common usage, *integrity* has a myriad of meanings. This has been reflected in much of the organizational research that purports to examine the antecedents and outcomes associated with integrity. When integrity has been defined within such investigations, it has most often been the case that definition(s) are grounded not in moral philosophy but rather based upon prior construct operationalizations. This approach has had the deficit of both perpetuating as well as magnifying a-theoretical conceptualizations of integrity. The current treatise means to remedy this shortcoming.

In commencing this exploration into the matter of integrity, it is prudent to provide both a well-grounded definition of the construct as well as to differentiate integrity from constructs with which it is often confounded.

### Integrity Defined

Palanski and Yammarino (2007) noted the study of integrity “suffers from significant problems,” among them being “too many definitions and too little theory” (p. 171). Perhaps it would be best to begin with the most succinct conceptions of integrity offered in the literature. Citing the writing of Bernard Williams, Harcourt (1998) concurred that “integrity means ‘a...person sticking by what that person regards as ethically necessary or worthwhile’” (p. 189). While it is not entirely certain what ‘sticking by’ might mean, it can reasonably be inferred that

reference is being made to coherence of one sort or another—either between values over time or between values and behavior.

Not a few writers extend the notion of integrity beyond the human community, in some instances even referencing the integrity of objects: “integrity refers to the wholeness, intactness or purity of a thing” (Stanford Encyclopedia of Philosophy). The suggestion offered here is that the meanings of *things* are legitimately carried over when the concept of integrity is applied to *people*.

Furrow (2005) offered a unique perspective on integrity, seeing it as “the extent to which our various commitments form a harmonious, intact whole” (p. 136). Coherence from this view is between the variety of obligations one has embraced and the consistency each has with the other(s). This author extended his development of the concept of integrity by noting that to have integrity “...is to be capable of living an integrated narrative” (Furrow, p. 141). The theme of one’s life narrative, and the coherence of the story one tells regarding one’s commitments, is a theme to which Furrow often returns.

Musschenga (2001) delineated the concepts of integrity found in ordinary language along the two axes of formal-material and local-global. ‘*Formal*’ refers to coherence between values and behavior; ‘*global*’ refers to consistency across contexts, roles, and time. Given this matrix, three concepts of integrity can be elucidated: “the formal concept of personal integrity, and the material concepts of local and moral integrity” (Musschenga, p. 219).<sup>1</sup> Perhaps the most useful distinction offered by Musschenga is between personal integrity—“found more in academic literature than in ordinary language”—and moral integrity, which he considers the “most conventional and perhaps central one” (p. 222).

TABLE 1. Personal v Moral Integrity (Musschenga, 2001, p. 222)

|          | Local  | Global                            |
|----------|--|-----------------------------------|
| Formal   |  | personal integrity                |
| Material | (critical) role integrity:<br>professional integrity<br>occupational integrity<br>civic integrity<br>political integrity<br>managerial integrity<br>etc. | (critical) social moral integrity |

In this conceptualization, both personal integrity (*formal-global*) and moral integrity (*material-global*) require the agent to exercise consistency between values and behavior. What differentiates personal integrity from moral integrity is that agents exhibiting moral integrity are ones whose selves “are constituted by socially-shared moral identity-conferring commitments” (Musschenga, 2001, p. 223); to put it more straightforwardly, there is coherence between the individual agent’s conception of the good and the socially-constructed conception of the good.

<sup>1</sup> Musschenga (2001) suggests the first cell represents a “theoretical possibility,” but is one which “does not appear in ordinary language” (p. 222).

Unsophisticated conceptions of integrity imagine that you either have integrity or you do not. More refined conceptions, such as that of Williston (2006), suggest that “agents can act with integrity to a greater or lesser degree” (p. 566). The agent acting at all times in accordance with core commitments and the agent acting at no time in accordance with core commitments are equally implausible archetypes. However, Williston noted that our appraisal of an agent’s behavior is accomplished on the basis of an “assessment of just how close to the ideal, or far from the non-ideal, he is in acting the way he does” (p. 566). Williston further suggested an observer might assess an agent as lacking in integrity merely because the *agent* believes this his action is wrong, but performs it anyway; presumably this judgment of blameworthiness is made independent of whether or not the agent’s behavior coheres with the observer’s values.

One could hardly outline a definition of integrity without referencing Aristotle. Puka (2005) well summarized the Aristotelian view of integrity as “the spring of excellence in living” (pp. 24-25). What it means to be a person of integrity is “full integration of our admirable traits and abilities into an admirably functioning virtue system” (Puka, pp. 24-25). These admirable traits and abilities become a matter of habit, honed through practice; they require good judgment, both in choice of activity as well as in the execution of activity; and they are exercised tactfully and in spite of difficult social context(s). As Puka stated, integrity “put[s] the art in living, in relating to others, and in being an exemplary type of person” (pp. 24-25).

What we know of integrity so far is that it requires *coherence among a set of moral values, with this set of moral values having consistency with a set of social values, and that integrity further requires congruence between an agent’s behavior and this set of moral/social values over time and across social context(s)*. In order to test the adequacy of this definition of integrity, it is useful to contrast integrity with a variety of other constructs with which it is oftentimes confused.

### *Integrity differentiated from virtue*

Is integrity one among a set of virtues? More than a few writers, including Palanski & Yammarino (2007), have suggested so (p. 172). Additionally, Furrow (2005) discussed three virtues—care, integrity, and practical wisdom—in his treatise on ethics. But before considering whether integrity is merely a virtue, it is worth considering what is meant by virtue in the first place.

In his *Nicomachean Ethics*, Aristotle distinguished *moral* virtues—which have to do with feeling, choosing, and acting well—from *intellectual* virtues—a kind of wisdom acquired by teaching. We are here concerned with, if a virtue at all, the moral virtue of integrity. A further useful distinction for an inquiry into integrity is Aristotle’s description of virtues as being the point of moderation between two extremes, or vices. For example, *courage* is the middle between one extreme of deficiency (*cowardice*) and the other extreme of excess (*recklessness*). *A balanced diet* is the middle between one extreme of deficiency (*anorexia*) and the other extreme of excess (*gluttony*). *Intimacy* is the middle between one extreme of deficiency (*celibacy*) and the other extreme of excess (*sexual addiction*). But if integrity is to be considered a virtue, one must wonder: what is the deficiency and what is the excess associated with integrity? If integrity references the coherence between values and behavior, certainly one might conclude the deficiency of integrity is *hypocrisy*—the lack of coherence between belief and action. But what is the excess of integrity—what could be concluded to be the vice associated

with having *too much* integrity? If Aristotle is correct, and virtues exist as the midpoint between two vices, we must conclude integrity is not a virtue at all.

Teehan (1995) suggested that virtue ethics consists of three major points. The first of these argues that virtue theories are a response to the narrow quality of more ‘traditional’ ethical theories, such as those of deontology and utilitarianism. His concern here is that narrow ethical theories—which are based on evaluation of behaviors as opposed to nurturing of virtue—fail to capture the full significance of the moral experience. The second point elaborates the first by noting that virtue theories shift the emphasis from “act-appraisal to agent, or character, appraisal” (Teehan, pp. 841-42). The third point is that virtue theories contain a theory or discussion of “virtues proper to a moral agent” (Teehan, pp. 841-42). Virtue ethics move us from the question ‘*How ought I to act?*’ (...with integrity) to the question ‘*What kind of person ought I to be?*’ (...a person of integrity). But even though integrity moves us from appraising acts to appraising character, this is not to conclude integrity is fully encapsulated within virtue theory. Integrity means more than this, for central to integrity is the notion of coherence.

One of the preeminent writers on virtue theory is MacIntyre, who introduced a teleological emphasis into the discussion of virtue theory. MacIntyre noted that virtues are coherent social activities which “seek to realize goods internal to the activity...[t]he virtues enable us to achieve these goods” (as cited in *The Internet Encyclopedia of Philosophy: Virtue Ethics*, p. 3). What is this end, or *telos*, toward which virtue directs us? “[T]he good of a whole human life...the virtue of integrity or constancy” (*The Internet Encyclopedia of Philosophy: Virtue Ethics*, p. 3). And this is in part what distinguishes integrity from other virtues, such as honesty: there is a strong sense in which integrity demands a whole-life orientation, rather than a focus on any specific and presumably self-sufficient virtue. Or as Solomon (1999) put it, “[i]ntegrity is not itself a virtue so much as it is a synthesis of the virtues, working together to form a coherent whole... integrity is that sense of cohesion such that one is not torn apart by conflicts” (p. 38). This latter notion is consistent with the definition of integrity outlined in the introduction to this treatise.

Musschenga (2001) largely side-stepped the debate over whether integrity is one among many virtues by noting, consistent with an Aristotelian approach, that the “...philosophical doctrine of the unity of virtues...tells us that someone cannot be said truly to possess a virtue when he does not have all the other virtues” (p. 225). To the extent this is true, integrity stands as something separate and distinct from the other virtues—as the ultimate among a set of penultimate virtues.

### *Integrity differentiated from character*

Is integrity one among many positive character traits? As with the discussion of virtue, it is worth considering what is meant by character in the first instance, as well as how character might be differentiated from integrity. The first thing to note is that dispositions of character are commonly held to play a significant role in the explanation of action (Moriau, 2005). The converse, of course, also holds: observation of action(s) is held to provide insight into the character of a person.

The literature notes a decided difference between dispositions of character as *explaining* action and dispositions of character as providing *reasons* for action. One might *explain* stealing a loaf of bread by stating the act was nothing more than spontaneous thrill-seeking taken without regard to consequences, but such an explanation is hardly an appeal to *reason*; reason might

justify the same act by appealing to this action as the only available means by which to provide dependent children a meal for the day. Moreau (2005) observed that, beyond “revealing...regularity of behavior” (pp. 274-77), observers tend to appeal to a person’s character as a means of establishing some reasonable explanation for an agent’s behavior. However, the agent herself may not make such an appeal. There seems in such attribution-making an assumption of coherence between character and action; in deciding *why* a particular course of action was chosen, an observer *infers* a reasonable—perhaps even causal—connection between the observed action and the surmised character trait that would give rise to such action. Moreau (2005) further argued that dispositions of character are connected to ‘goods’ important to an individual’s sense of self:

“They [dispositions of character] point to the agent’s purpose, and sometimes, to the ends for the sake of which the agent is pursuing that purpose. To explain someone’s action by appealing to her jealousy is to say that part of her purpose was to eliminate or lessen another person’s advantage over her; to explain someone’s action by appealing to her generosity is to say, among other things, that she adopted a certain purpose out of concern for another person. Because these character traits point to the person’s purpose or end, they seem to help us understand her behavior from the point of view that she occupied, at the time of acting.” (pp. 274-77)

But let us return to the question of whether or not integrity is merely one among many character traits. If this were the case, reference to an actor’s integrity would mean nothing more or less than similar reference to an actor’s jealousy or reference to an actor’s generosity. But the definition of integrity herein constructed reveals that integrity is fundamentally different than either of these two—or any other—character traits. Observation of a person’s generosity does *not* directly allow for assessment of whether or not there is congruence between the full constellation of an agent’s character traits, or whether or not there is coherence between the agent’s dispositions of character and the agent’s actions, or whether there is stability in the agent’s character and/or behavior over time. Integrity, on the other hand, *does* allow for assessment of such congruence and stability. To say of an agent that she is a person of integrity is to say something fundamentally different than that she is a jealous person or a generous person. In short, integrity is not a disposition of character in the same way that jealousy and generosity are; the latter are *micro* conceptions of morality, whereas integrity is a *macro* formulation.

### *Integrity differentiated from honesty*

Is honesty a synonym for integrity? In reading the organizational behavior literature, and particularly the empirical research on what is described therein as integrity, one might conclude the answer is ‘yes.’ Palanski & Yammarino (2007) cited Rieke & Guastello (1995) as noting that measurement of integrity within the field of psychology “attempt[s] to assess an employee’s overall honesty or predict an employee’s likelihood of stealing from his or her employer” (p. 172). Such is not the case in the ethics literature:

“[a]...valuable distinction in ethics comes from moral exemplar literature (see Oliner and Oliner 1988; Colby and Damon 1992; Puka 1993)...Gandhi distinguished sharply

between honesty and integrity, as did Aristotle in his Ethics...[f]or Gandhi, integrity meant living one's life as an open book...[i]t meant conducting a long series of experiments in better living that others could analyze, learn from, and criticize." (Puka, 2005, p. 24)

Such experiments often fail. Integrity does not demand success, but it does demand that the attempt be made to dedicate "our whole lives to our betterment in dealing with others" (Puka, 2005, p. 24). If an unintended consequence of this effort is that someone is hurt in the process, then apology and compensation are in order—but nothing more, so long as care has been taken to avoid such consequences. In outlining this conception of integrity, Puka drew a clear distinction: "[c]ontrast this ongoing routine of full-life integrity with mere honesty—with the struggle of not telling lies or with being a 'man of my word'" (p. 24). Integrity demands more than mere honesty.

Yukl and Van Fleet stated, "[i]ntegrity means that a person's behavior is consistent with espoused values and that the person is honest and trustworthy" (as cited in Becker, 1998, p. 155). The first requirement is consistent with the argument being developed herein—that integrity is in part coherence between values and behavior. The reference to honesty, however, has no normative basis as a requirement for a person to be considered of high integrity. The reference to trustworthy, to the extent this means that a person is consistent in their values and behavior over time, well captures one dimension of integrity: stability. The citation, while appropriately noting a distinction between integrity and honesty, points to the confusion of terms—in this instance, integrity, honesty, and trustworthiness—which is endemic in the organizational literature.

Several researchers have begun to identify dimensions of integrity. Miller and Schlenker (2007) settled on several findings: those with higher integrity scores a) attached greater importance to being principled as part of their self-concepts; b) described themselves as behaving more consistently with their principles; and c) more strongly preferred principled characters over expedient ones (as cited in Schlenker, 2008). Each of these findings well relates to the definition of integrity, in the first instance having to do with *coherence between moral values and identity*, in the second instance having to do with *coherence between values and behavior*, and in the third instance having to do with the requirement that integrity be normatively grounded (i.e., that integrity demands *coherence among a set of moral values, with this set of moral values having consistency with a set of social values*). The last of these findings involved assessing respondents by utilizing the Integrity Scale. The items contained therein "measure the inherent value of principled conduct, the steadfast commitment to principles despite temptations or costs, and the unwillingness to rationalize unprincipled behavior" (Schlenker, 2008, pp. 1084-85). Given the prominence of this instrument in organizational research related to integrity, it is worth taking a close look at the items making up this scale (see Table 1 below).

Items 1, 5, 12, and 15 specifically reference the importance of telling the truth—or *honesty*. This is the single item pointing to a specific disposition of character. The balance of the items reference *duty, obligation, character, principle*, and (in one instance) *integrity*. Shortly the concept of deontology will be introduced into this discussion, but suffice it to say at this point that the words duty, obligation, and principle—words contained in roughly half the items within the Integrity Scale—reference not integrity but rather commitment to the universalist perspective that actions are right or wrong independent of their consequences. Other scale items tap into this same normative construct without using these key referent terms—instead mentioning "being

inflexible” (item 4), “right and wrong” (item 5), “standing by [what one believes to be right]” (items 6 and 9), and “transgressions [of principles] are wrong” (item 18). What emerges from a careful examination of the Integrity Scale is that it is well designed to measure an unswerving commitment to honesty. All items reference choosing principle(s) over outcome(s), with several items expressly referencing honesty. The implication? That the construct of integrity is reducible to a stalwart commitment to honesty.

TABLE 2. The Integrity Scale: Items and Item Loadings (Schlenker, 2008, pp. 1084-1085)

| Item Number | Item Wording  | Item Loading |
|-------------|---|--------------|
| 1           | It is foolish to tell the truth when big profits can be made by lying. (R)  | .57          |
| 2           | No matter how much money one makes, life is unsatisfactory without a strong sense of duty and character.  | .42          |
| 3           | Regardless of concerns about principles, in today's world you have to be practical, adapt to opportunities, and do what is most advantageous for you. (R) | .47          |
| 4           | Being inflexible and refusing to compromise are good if it means standing up for what is right.   | .33          |
| 5           | The reason it is important to tell the truth is because of what others will do to you if you don't, not because of any issue of right and wrong. (R)      | .36          |
| 6           | The true test of character is a willingness to stand by one's principles, no matter what price one has to pay.  | .50          |
| 7           | There are no principles worth dying for. (R)  | .35          |
| 8           | It is important to me to feel that I have not compromised my principles.  | .58          |
| 9           | If one believes something is right, one must stand by it, even if it means losing friends or missing out on profitable opportunities.                     | .66          |
| 10          | Compromising one's principles is always wrong, regardless of the circumstances or the amount that can be personally gained.                               | .61          |
| 11          | Universal ethical principles exist and should be applied under all circumstances, with no exceptions.   | .40          |
| 12          | Lying is sometimes necessary to accomplish important, worthwhile goals. (R)   | .56          |
| 13          | Integrity is more important than financial gain.  | .65          |
| 14          | It is important to fulfill one's obligations at all times, even when nobody will know if one doesn't.   | .48          |
| 15          | If done for the right reasons, even lying or cheating are ok. (R)   | .50          |
| 16          | Some actions are wrong no matter what the consequences or justification.  | .40          |
| 17          | One's principles should not be compromised regardless of the possible gain.   | .74          |
| 18          | Some transgressions are wrong and cannot be legitimately justified or defended regardless of how much one tries.  | .44          |

Note. Respondents are asked to read each of the statements and indicate the extent of their agreement or disagreement where 1 = strongly disagree, 2 = disagree, 3 = neither disagree nor agree, 4 = agree, and 5 = strongly agree. Items marked (R) are reverse scored. Item loadings are standardized regression coefficients from a single-

factor solution from a principle factor analysis (N = 1341); items were reverse scored (R) prior to analysis. Integrity Scale © Barry R. Schlenker, 2006.

Integrity goes well beyond such a commitment, however. The ‘whole person’ perspective of integrity demands researchers grounding empirical inquiries upon this construct be doggedly rigorous in their operationalization of the integrity construct. Critical instrument construction would capture each dimension of what integrity means—in both its values and behavioral manifestations.

### *Integrity differentiated from moral integrity*

It has been herein suggested that the first requirement for integrity is *coherence among a set of moral values*. This brings up a necessary dimension of integrity, its commitment to ‘the good.’ In developing the Integrity scale, Schlenker’s (2008) focus on honesty—while too narrow to fully access the richness of what it might mean to be a person of integrity—acknowledges this moral imperative. Though this moral aspect of integrity may seem obvious, consider Furrow’s (2005) observation that “[b]y itself, integrity refers to the coherence of a viewpoint, not its content” (p. 139). To the extent Furrow is correct, one could be considered a person of integrity if one held fast, not to the moral virtue of honesty, but to the moral vice of lying. Imagine an individual having great coherence among a set of values: all were debauched. Imagine this individual living in a society characterized by the same set of debauched beliefs. Imagine this individual consistently exercising behaviors consistent with this coherent set of debauched values, over time and in a variety of contexts. Would this individual exhibit integrity? Yes, but only in a limited sense. The requirement that the values underlying integrity be *moral values* would not be met. One might conclude this individual exhibited *personal integrity*, but lacked *moral integrity*.<sup>2</sup> So too with Furrow’s simplified but useful illustration: “A person deeply devoted to his skill as an assassin might have integrity since his commitments may be consistent and his actions in conformity with them” (p. 139). Personal integrity, yes; moral integrity, no. Furrow elaborated the matter by suggesting “the neutrality of integrity regarding moral actions is not a problem if integrity is not the only dominant virtue” (p. 139).

It is worth citing Mcleod’s (2005) succinct summation of the debate as to whether personal integrity is usefully differentiated from moral integrity: “The prototypical version of integrity is moral, although we do sometimes use the term in other (i.e., non-prototypical) ways” (p. 110). The term integrity will be used in the prototypical sense throughout the balance of this examination.

### **Integrity Elaborated**

The definition proposed herein argues integrity requires *coherence among a set of moral values, with this set of moral values having consistency with a set of social values, and that integrity further requires congruence between an agent’s behavior and this set of moral/social values over time and across social context(s)*. Five requirements are set forth in the definition

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<sup>2</sup> At least one writer challenges this bifurcation of moral and personal integrity, suggesting “[t]here is a temptation to make this task too easy by drawing a distinction between moral and personal integrity and saying that moral integrity requires truth telling, honesty, and fairness while personal integrity does not” (McFall 1987, p. 6).

offered here, each of which will now be considered in some detail: 1) internal coherence; 2) external consistency; 3) value-behavior congruence; 4) temporal stability; and 5) permanence across roles.<sup>3</sup>

*Integrity: The Requirement of External Consistency*

“People of integrity can give persuasive and plausible accounts of how the various dimensions of their lives fit together in manners consistent with their most basic commitments” (Dobel, 1990, p. 356). Some of these commitments are ones we have made to ourselves; most are external to the individual, including obligations emerging across disparate professional, social, and geographic frames. Palanski & Yammarino (2007) reference this category of integrity in noting “in the integrity literature the terms ‘ethics/ethical’ and ‘morality/moral’ generally refer to actions which are in accordance with socially acceptable behavior” (p. 174). External consistency presumes the capacity to craft confluence between demands these commitments place upon us, and our set of values preferences.

Gintis and his co-authors (Gintis, Henrich, Bowles, Boyd, & Fehr, 2008) adopt an evolutionary perspective from which to examine such consistency. Their argument is that “human morality is the product of gene-culture coevolution” (Gintis et al., 2008, p. 249). These authors construct an argument that human morality has developed as a consequence of goodness of fit: those members of the human community exhibiting prosocial behavior were better equipped to survive than those who were less collaborative. In this argument the notion of inclusive fit is formally tied to the moral construct of justice, since arrangements among group members exhibiting the value of fairness are seen to work to each individual’s advantage over time. Conversely, unfair arrangements are seen to come at the expense of inclusive fitness. The value for justice emerges only through repeated interactions among members of a group, “allowing fair-minded individuals to gain reputations that advanced their genetic interests” (Gintis et al., p. 249). Finally, the suggestion is made that “[t]he same reasoning may be applied to generosity, bravery on behalf of ones’ associates, and punishing those who transgress social norms” (Gintis et al., p. 249).

The argument is perhaps more compelling as one takes up the matter of integrity. Given that consistency between personal value preferences and group value preferences is rewarded by the group, it is only rewarded *to the extent to which such integrity is in evidence*. Take again the matter of fairness. If the group has a social norm for fairness, and an individual holds this same norm as part of her personal value set, it can be expected that the group will reward the individual—assuming this value is demonstrated in behavior. But what does it mean to value fairness? Remembering that values are ordered preferences of moral ‘goods,’ holding to the value of fairness has meaning only against the backdrop of a complete *set* of moral ‘goods.’

To illustrate this point, consider a circumstance in which both the group and the individual value fairness. Additionally, both the group and the individual value caring. However, within the group values set fairness is valued more highly than caring, while within the personal values set caring is valued more highly than justice. As decisions are made within the group context, the penchant is for objective assessments of individual performance to be linked with rewards. The individual within this group who privileges caring above fairness—who, although

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<sup>3</sup> The first of these will require the greatest elaboration, and will be taken up last.

valuing justice, nonetheless privileges compassion to fairness in her personal interactions with others—does not exhibit the external consistency required by integrity.

Integrity demands consistency between organizational values and personal values. This consistency is measured not merely by the *inclusion* of the same or similar values within the values set of the group and the values set of the individual, but more particularly the same or similar *preference ordering* of these values.<sup>4</sup>

### *Integrity: The Requirement of Value-Behavior Congruence*

Chief among the stipulations of integrity is the requirement for congruence between values and behavior.<sup>5</sup> This has generally been referred to as *behavioral integrity*.<sup>6</sup> The Stanford Encyclopedia of Philosophy identifies such congruence as one (of two) fundamental intuitions regarding integrity: “integrity is connected in an important way to acting morally, in other words, there are some substantive or normative constraints on what it is to act with integrity” (Stanford Encyclopedia of Philosophy).<sup>7</sup> McFall (1987) followed this intuition in noting “[i]ntegrity is the state of being ‘undivided; an integral whole’” (p. 7), and in offering greater specificity states such wholeness requires coherence “between principle and action” (p. 7).<sup>8</sup> Teehan (1995) cited Dewey as observing “that ‘the key to a correct theory of morality is recognition of the essential unity of the self and its acts’” (p. 846). Musschenga (2001) suggested “[t]he interest in integrity leads us to investigate the coherence and consistency of the sayings and doings of those we have to deal with” (p. 219), arguing further that “[w]hat unites those we regard as persons of integrity is... consistency between what they say, profess and promise, and what they actually do” (p. 220). Simons (1999) suggests behavioral integrity “does not consider the morality of principles [themselves], but rather focuses on the extent to which stated principles are seen as aligning with actions” (p. 19), further noting that while “a colleague who openly advocates self-interest, rather than the common good, as a basis for personal actions might be despised if one does not share his values... such a colleague might [nonetheless] be seen as having high behavioral integrity if one can see clear alignment between word and deed” (p. 19). Finally, Palanski & Yammarino ultimately reduced all of integrity to “*consistency of an acting entity’s words and actions,*” (p. 178), further suggesting “the proposed definition, based on the literature review, may be used as a guide to further inquiry into the meaning of integrity” (p. 181).<sup>9</sup>

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<sup>4</sup> The implications of this finding for operationalization of the integrity construct within empirical research will be explored as future research directions are proposed.

<sup>5</sup> Coherence is the opposite of hypocrisy; hypocrisy involves espousing values which are not reflected in behavior.

<sup>6</sup> Simons notes behavioral integrity can only be assessed retrospectively, by “focus[ing] on the past pattern of alignment between words and deeds” (Simons 1999, p. 23).

<sup>7</sup> The other fundamental intuition is that “integrity is primarily a formal relation one has to oneself, or between parts or aspects of one’s self”—what is called herein the requirement for internal coherence (Stanford Encyclopedia of Philosophy).

<sup>8</sup> Another “kind of coherence is simple consistency: consistency within one’s set of principles or commitments”—again, what is called herein the requirement for internal coherence (McFall 1987, p. 7).

<sup>9</sup> This is the fundamental point of distinction between the work of Palanski & Yammarino and the current work: these authors extrapolate a definition based on the misuse of the term integrity within extant organizational literature—which by their own admission “draws from a body of literature that contains disparate theory and little empirical research” (p. 182), while the project here is to deduce a definition of integrity from an exploration of sound philosophical reasoning.

The requirement for values and behavior congruence must be understood against the backdrop of the multiple realms of judgment moral agents hold in tension. In spite of this complex web of decision processes, behavioral integrity stresses the importance of “keeping some coherence in their actions and lives... in this sense, personal integrity is a normative ideal for which individuals should and almost always do strive and one presumed by any notions of personal responsibility” (Dobel, 1990, p. 355). Dobel elaborated that discourse as to how individuals can hold potentially disparate commitments, and yet “balance them in a morally defensible manner” (p. 355), is within the purview of behavioral integrity. It is in the telling of stories, *grounded in moral reasoning*, regarding resonance between values and behavior—whether these stories constitute an inner dialogue or reason-giving to an outside observer—which reveals the extent to which *enacted* values cohere with *espoused* values. And as Solomon (1999) observed, “[w]hereas a single action may betray the lack of integrity, there is no single action (or, indeed, any number of actions) that will definitively establish a person’s integrity” (p. 40).

There is some debate as to whether or not behavioral integrity exists as a matter of course. Gintis and his coauthors (2008) purported to extend upon the economist’s rational actor model in suggesting “[o]ur ability to infer moral values from observed behavior is based on our use of what we term the beliefs, preferences, and constraints (BPC) model of human choice” (p. 247). In this argument actors are *presumed* to be rational—not in the economic sense of being self-interested utility maximizers, but rather in the psychological sense of acting in accordance with individualistic core values. The logic then is straightforwardly syllogistic: Actor A is observed to behave in manner X; manner X is consistent with value X; therefore actor A values X. On this logic *values* can be accurately inferred from observations of *behavior*—though it is acknowledged there may exist external constraints serving to erode such inferences. This argument discounts the complexities attending an actor’s commitment to values, or an actor’s commitment to translate values to action—either of which diminishes the ability to infer values from behavior(s).

### *Integrity: The Requirement of Temporal Stability*

In their non-moral sense, values are simply preference orderings: I prefer *a* to *b* and *b* to *c* (and by extension I prefer *a* to *c*). However, in both common as well as ethical usage the term values does not refer to such pedestrian preferences as food predilections (I prefer *steak* to *tofu*) or season preferences (I prefer *Summer* to *Winter*), but rather contains an essentially normative quality, referring to the ranking of *moral* values (I prefer *caring* to *honesty*).<sup>10</sup> And such moral values are generally held to be strongly stable over time—and formed at an early age. Although it has been argued herein that integrity is reducible to neither virtue nor character, integrity does share with both these constructs the characteristic of stability over time:

Another distinguishing feature of virtue ethics is that character traits are stable, fixed, and reliable dispositions. If an agent possesses the character trait of kindness, we would expect him or her to act kindly in all sorts of situations,

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<sup>10</sup> In addition, “[s]elf-knowledge is essential for integrity because we have to know what our values and commitments are if we are to put them in order” (Furrow 2005, p. 137).

towards all kinds of people, and over a long period of time, even when it is difficult to do so. A person with a certain character can be relied upon to act consistently over a time. (The Internet Encyclopedia of Philosophy: Virtue Ethics, p. 4)

Consistent with this notion, the reflections of Schlenker (2008) resonate with arguments coming “from several theoretical perspectives...that moral identity plays an important self-regulatory role in linking moral attitudes and behaviors (Aquino & Reed, 2002; Blasi, 1980, 1983; Colby & Damon, 1992; Hardy & Carlo, 2005; Lapsley & Lasky, 2001; Narvaez, Lapsley, Hagele, & Lasky, 2006)” (p. 1081). In emphasizing the internalization of moral goals and traits into moral *identity*, Schlenker’s perspective—in concert with the view of the numerous writers which undergird his work—stands “in sharp contrast to earlier cognitive development models that focused on moral *reasoning* as a determinant of moral behavior [emphasis added]” (p. 1081), such as the writings of Kohlberg (1971, 1976, 1981). To the extent integrity is a matter of moral identity, which is relatively constant over time, integrity itself is correspondingly stable over time.

Schlenker’s (2008) thinking is further elaborated as a useful distinction between an *expedient* ideology and an ideology grounded in *integrity* is outlined. Expediency suggests “principles can and should be tailored to fit the context” (Schlenker, p. 1080); that it is reasonable, at least in the sense of economic rationality, “to take advantage of profitable opportunities and foolish to fail to do so” (Schlenker, p. 1080). An ideology of expediency provides a rationalization for deviations from integrity—at least to the actor herself.<sup>11</sup> Rather than subscribing to this view, Schlenker proposed commitment to a principled ideology *determines* the potency of integrity—as evidenced by congruence between values and behavior—, going so far as to refer to differences in principled versus expedient ideologies as variations in integrity itself. The logic here is straightforward: deontological principles are by definition universal, meaning free of variation across person or place—or time. While Schlenker’s logic does not contain explicit reference to temporal stability as a dimension of integrity, such can be inferred from a careful analysis of the following summation:

The present theory holds that integrity, defined as the strength of personal commitment to a principled ethical ideology, determines the strength of the relationship between ethical beliefs and behavior. Personal commitment links the self-system to the ethical principles, producing greater accessibility of relevant moral constructs in memory, a sense of duty to perform consistently with those principles, a sense of responsibility for the consequences of relevant actions, and less rationalization of deviations from principles, (p. 1117)

Similarly, in arguing “...without constancy all the other virtues to some degree lose their point” (p. 242), MacIntyre (1984) inferred that stability over time is an essential aspect of integrity.

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<sup>11</sup> There is a clear distinction to be made between *rationalization*, which involves ascribing one’s actions to causes only superficially reasonable, and *justification*, which involves defending one’s actions based on well-grounded principles.

Furrow (2005), as noted earlier, is primarily concerned with understanding integrity as integrated narrative. With respect to such narrative, Furrow cited Paul Ricoeur, Alasdair MacIntyre and Nina Rosenstand as “hav[ing] argued that human beings view themselves as *continuous* through the many changes in a lifetime by representing themselves in a narrative [emphasis added]” (p. 141). *Narratives* are different from *anthologies* in two primary ways: narratives are accounts unfolding over time,<sup>12</sup> and narratives are seamless stories. Within narrative the seemingly incongruous transformations of the protagonist—past, present and future—come to be understood against the backdrop of a unified, enduring theme helping life to make sense. And Furrow noted the teleological sense of narrative in suggesting “[t]he way we anticipate the endings of our narrative give structure to experience because they give significance to past and present” (p. 141). A necessary element of both narrative and integrity is a stable temporal thread serving to unite seemingly disparate parts into one coherent whole.

*Integrity: The Requirement of Permanence Across Roles*

“There is clearly disagreement about whether integrity requires internal coherence between the beliefs and values of a person in all roles and domains of his life, or between only those in a particular role or context; about whether integrity is a global or a local concept...” (Musschenga, 2001, p. 221). In focusing on principled ideologies Schlenker (2008) is unequivocal on this question. Within the contention that endemic moral principles guide conduct is incorporated the notion “that principles have a transsituational quality and should be followed regardless of personal consequences or self-serving rationalizations...” (Schlenker, p. 1079). While context or circumstance will matter as one deliberates alternative courses of action, integrity demands decisions as well as behaviors be taken with regard to stable principles—in spite of such context or circumstance.

This thinking contradicts the perspective that individuals occupy disparate roles in their lives, with each such position being associated with a distinct standard for behavior—the notion, e.g., that integrity in business means something very different than integrity in friendship. Within business, integrity might mean conforming behavior to the value of shareholder wealth maximization; within friendship, integrity might mean conforming behavior to the value of love. This logic is consistent with one dimension of what integrity means—that of *values-behavior congruence*—but inconsistent with another—that of *permanence across roles*. Only a twisted sort of integrity would allow for ranking profit above love in one life-role and love above profit within another life-role—and what coherent life narrative could be crafted serving to adequately account for such extreme differences in prioritization of values? Yet bifurcation of work and love has become particularly commonplace within those social structures which have systematically commodified labor. The challenge to at least one aspect of integrity within such systems is apparent.

MacIntyre (1984) is particularly astute here, echoing Furrow’s (2005) focus on integrated narrative: “. . .the unity of a human life becomes invisible to us when a sharp separation is made either between the individual and the roles that he or she plays . . .or between the different role . . .enactments of an individual life so that life comes to appear as nothing but a series of unconnected episodes” (p. 204). While agreeing with MacIntyre that behavior cannot be

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<sup>12</sup> Contributions to anthologies may be contemporaneous.

assessed independent of intentions, as well as concurring that context serves to make “those intentions intelligible both to agents themselves and to others” (p. 231), Musschenga (2001) nonetheless argued against what he brands “the divided moral personality...[t]hat is the person who acts morally in the diverse roles and domains of his life but lacks an overarching, integrating morality” (p. 231). Musschenga suggested two explanations for this lack of integration: either the splitting of oneself into different selves, or the lack of development of “a general, context-transcending morality” (p. 231)—or, simply put, a lack of integrity.

Furrow (2005) is quite nuanced in his discussion of integrity and permanence across roles. Beginning with the observation that roles—or what he describes as “identity-conferring commitments” (p. 139)—can come into conflict, Furrow suggested “[t]here must be some commitments that are unconditional in that to violate them would be to lose the sense that one has a stable sense of self” (p. 137). The challenge becomes to acknowledge and honor all roles one occupies, while simultaneously crafting coherence among them.

The view that role commitments are central to crafting an integrated life is shared by Dobel (1990). In offering the image of personal integrity as a complex web with many subnetworks, Dobel abandoned the conception of integrity as a unitary hierarchical structure with a set of higher-order values within which lower-order values inhere. Rather, subnetworks are conceived as held together by a center network of commitments. Extending the metaphor, Dobel imagined “commitment[s], such as roles, are connected to the skeleton of one’s personality” (p. 355), with those commitments most central to identity “form[ing] the moral, intellectual, and emotional network that individuals use to tie together other clusters of commitments linked to roles” (p. 355). Dobel noted the difficulty of living lives in which “one...role pulls or yanks at the centering values” (p. 355)—a difficulty mitigated by integrity understood as *permanence across roles*. Absent a systemic sense of integrity it is not only inconsistency across roles, but between roles and core values, which is problematic; failure to ease such discontinuities “disturb[s] all other aspects of the weave of one’s life and raise[s] most of the serious issues of personal integrity” (Dobel, p. 355).

### *Integrity: the requirement of internal coherence*

Having outlined four of the five conditions of integrity—those of *external consistency*, *value-behavior congruence*, *temporal stability*, and *permanence across roles*—it is time to attend to the final condition, that of *internal coherence*. It is this sense of integrity Musschenga (2001) references in noting “[w]hen we praise someone for having personal integrity we usually mean that there is internal coherence and consistency between his various convictions” (p. 222). McFall (1987) suggested, “personal integrity requires that an agent (1) subscribe to some consistent set of principles or commitments and (2), in the face of temptation or challenge, (3) uphold these principles or commitments, (4) for what the agent takes to be the right reasons” (p. 8); taken collectively, it is concluded these conditions result in “internal coherence” (p. 9). However, it is McFall’s (1987) first sense—that of subscribing to some consistent set of principles or commitments—which is referenced by the condition of internal coherence throughout the current treatise.

In their work on teaching business ethics, Burton and his co-authors (Burton, Dunn, & Goldsby, 2006) recommend the benefits of adopting a pluralistic approach to ethics—“the view that more than one basic principle operates equally in an area of human endeavor” (p. 91). This perspective begins with the premise that a balanced ethical outlook exists as “a middle ground

between monism (the view that one principle or good is basic) and relativism (the view that no principle or good is basic across individuals or societies)” (Burton et al., 2006, p. 91). In elaborating this view, Burton et al. note that within such a pluralistic decision framework intrinsic goods or principles are first identified, with each then utilized in the course of making a determination as to the proper course of action. Moral intuition “is called upon in judging which principle or good gains the highest priority while still fulfilling other principles or attaining other goods as far as is practical” (Burton et al., p. 91). The demand for internal coherence becomes evident within this decision model as it is suggested the degree to which a decision is deemed moral is dependent upon the extent to which such a decision simultaneously fulfills the demands of multiple ethical perspectives—or failing such unity of coherence offers reasonable justification as to why one or more ethical perspectives are privileged above others as a decision is made.

Candidates for inclusion within a pluralistic decision model range from principle-based to outcome-based to virtue-based to caring-based models of ethics (see Table 2 below).<sup>13</sup>

TABLE 3. Moral Considerations Emphasized in Monistic Moral Theories (Burton et al. 2006: 96)

|   | Theory             | Consideration                                  |
|---|--------------------|--|
| 1 | Kantian deontology | Duty to follow principles                      |
| 2 | Utilitarianism     | Net benefits to society                        |
| 3 | Rights based       | Duty to protect others' rights                 |
| 4 | Virtue             | Individual character                           |
| 5 | Justice            | Fairness                                       |
| 6 | Caring             | Desire to strengthen relationships             |
| 7 | Social contract    | Peace in society/fulfilling promise to society |

This pluralistic view allows each ethical perspective included within the decision model has legitimate normative force, but each is incomplete in that no single framework is able to fully elucidate the good, or right, or fair, or praiseworthy course of action. In order to assess internal coherence it is necessary to appreciate the similarities and differences within the range of perspectives incorporated within the pluralistic decision process.

*Deontology.*<sup>14</sup> The deontological, or universalist, perspective is premised upon the existence of objective standards for deciding matters of right and wrong. These principles can be discerned using the innate capacity for pure reason. Within deontology integrity is defined as “loyalty, in action, to rational principles (general truths) and values” (Peikoff, 1991: 259; Rand, 1964: 52, as cited in Becker, 1998, p. 157). In short, “integrity is the principle of being

<sup>13</sup> To this list might be added the theory of the land ethic, which in addition to impacts upon members of the human community considers impacts of decisions upon non-human species—as well as upon the balance of the ecosystem. To this list might also be added the theory of libertarianism, which emphasizes commitment to those actions tending to maximize the capacity for free, informed personal choice—though it is here suggested autonomy is a background condition for integrity rather than a separate framework within a pluralistic decision process.

<sup>14</sup> The deontological perspective considers both duties as well as rights, and in so doing subsumes two of the moral considerations referenced within Table 2 above.

principled...not allowing any irrational consideration to overwhelm one's rational conviction" (Becker, 1998, p. 157). There is in such reasoning the requirement for value-behavior congruence; "[i]n judging a person's moral integrity one starts from the substantive virtues, principles and values that are seen as essential for the diverse social roles people normally fulfill in society, and examines how those are manifested in his conduct" (Musschenga, 2001, p. 223). But to the point of the current exploration there is also the necessity for internal coherence across the full constellation of deontological tenets: within this set of universal principles must be found no conflict between any two (or more) of the individual principles which comprise the set. As to the distinction previously drawn between personal integrity and moral integrity, the deontological commitment to "adhere to some set of recognizable moral principles" (McFall, 1987, p. 15) adds to *personal* integrity a decidedly *moral* constraint. Just any principles won't do, however, if one is to be allowed status as being a person of integrity; while "we need not approve of his or her principles or commitments...we must at least recognize them as ones a reasonable person might take to be of great importance and ones that a reasonable person might be tempted to sacrifice to some lesser yet still recognizable goods" (McFall, p. 11).

Persons of integrity exhibit high regard for *a consistent set of significant moral principles*.

*Utilitarianism.* The Aristotelian focus, while principally on virtue, "argues one who reasons well...does so with community and society firmly in mind" (Rugeley & Van Wart, 2006, p. 382); such reflection "can be a Kantian consideration of their duties and responsibilities (Guyer, 2000) or a utilitarian analysis of how to help the most people in the best way (Bentham 1996)" (Rugeley & Van Wart, p. 382). Rather than suggesting right actions consist of those measures conforming to important moral principles, utilitarians adopt the consequentialist (or teleological) approach of assessing actions based on assessment of the capacity of the action to achieve favorable outcomes. In its most common formulation the teleological good is described as 'the greatest good for the greatest number.'<sup>15</sup> Or, as Teehan (1995) puts it in outlining Dewey's pragmatism, "[m]oral values...develop in relation to the concrete needs of morally problematic situations and are held as valuable due to their efficacy in resolving particular moral problems" (p. 843)—a decidedly teleological prospect.

Several authors, most notably Kohlberg (1971, 1976, 1981), have devoted study to the variety of ways in which moral development might occur. Though a matter of some considerable controversy, such explorations have suggested those exhibiting utilitarian calculation are more highly developed morally than are those utilizing deontological logic. On this reasoning, as Rugeley and Van Wart (2006) note, "lower levels of development reflect selfish and self-centered concerns, and subsequent levels gradually evolve to more selfless, altruistic...modes of being" (p. 382). Chief among these more selfless perspectives having an eye, not toward personal gain, but rather toward the collective good, stands utilitarianism.

"What then is moral integrity?...moral integrity is intimately linked with the social side of morality" (Musschenga, 2001, p. 223). And as such it can be concluded persons of integrity exhibit high regard for *maximizing net social benefits*.

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<sup>15</sup> The tautological nature of this characterization should not be lost on the reader; this represents one of the deficiencies of the utilitarian perspective, that as benefits and costs are weighed one against the other some a priori assessment of what factors get categorized as 'benefits' and what factors get categorized as 'costs' has to have been made.

*Virtue.* It has been argued heretofore that integrity is not merely a virtue. However, this is not to deny that one of the hallmark characteristics of integrity is virtue. “Virtues are dispositions—acquired habits—to act in ways that are conducive to developing our potential” (Furrow, 2005, p. 116). The focus on virtue changes in a fundamental way the kind of question we ask about ethics:

Where deontology and consequentialism concern themselves with the right action, virtue ethics is concerned with the good life and what kinds of persons we should be. “What is the right action?” is a significantly different question to ask from “How should I live? What kind of person should I be?” Where the first type of question deals with specific dilemmas, the second is a question about an entire life. Instead of asking what is the right act here and now, virtue ethics asks what kind of person should I be in order to get it right all the time. (The Internet Encyclopedia of Philosophy: Virtue Ethics, pp. 3-4)

Within virtue theory the moral objective becomes to craft unity between actions and “moral image” (Teehan, 1995, p. 847), rather than between actions and values. This can occur in one of two ways: either action can be brought into conformance with moral image, or moral image can be brought into conformance with an action to which one is solidly committed. As Dewey declares, “the thing actually at stake in any serious deliberation is not a difference of quantity, but what kind of person one is to become, what sort of self is in the making...” (as cited in Teehan, 1995, p. 846). An example well serves to deconstruct the thought process driven, not by duty or outcome, but by considerations of the virtuous self:

I am dressing in the morning. As I go to choose a tie I find that the one I had planned to wear is missing – a problematic situation. I need to find a different tie which will match my outfit. When I do so I transform the problematic situation by resolving it. This does effect a change in me also, I go from a slight feeling of anxiety and indecision to a state of calm; but the change is not one which affects my character and hence it is a non-moral decision. We can, however, change the scenario a bit and get a different view. Suppose that when I search for a tie I find that I must choose between a tie that matches my outfit but which needs to be ironed and a tie that does not need to be ironed but which clashes with my outfit. Now I must choose between ironing the matching tie, which will make me late for an appointment I promised to make on time, and wearing an ill-matching tie that will make me self-conscious about my appearance. Here is a dilemma which will affect my character: do I put my concern for my appearance before obligation to others or do I put my vanity behind me, realizing that I put myself in this situation due to my habitual tardiness, and accept the personal price which will come from keeping my promise to be prompt? While this is still not an earth shattering dilemma it does fall within the scope of moral deliberation. According to Dewey all such dilemmas are to be resolved *not by applying the categorical imperative nor by calculating the maximization of good but rather by answering the questions ‘what kind of person do I wish to be? What kind of world do I wish there to be?’*” (Teehan, 1995, pp. 845-46 (emphasis added))

Further, virtue theory is aspirational in that it stresses “integrity...not between an action and who I am, or who I have been, but between an act and who I desire to be” (Teehan, 1995, p. 848). And unlike deontology and utilitarianism, which attend to the morality of particular actions, with respect to virtue “moral integrity...is much more than sheer coherence and consistency...it concerns what it takes to be a whole, a completely moral person” (Musschenga 2001, p. 227).

Persons of integrity exhibit high regard for *realizing their personal ethical ideal*.

*Justice.* Justice has oftentimes been parsed into three categories: commutative, distributive and social. Briefly put, the first of these refers “to the fairness of exchanges or agreements;” the second of these “to the ways in which the burdens and the benefits of society are ‘distributed’ or allocated;” and the third of these “to the ways in which society is structured so that all can make their contribution to the welfare of the whole” (Weigert, 2006, p. 2). In concert with this commonplace trifurcation is the view that “persons of integrity understand that one cannot do the right thing in a vacuum...[j]ust institutions...are the underpinnings of personal integrity” (Manning & Stroud 2007, p. 6). Integrity can only be fully exercised within the context of *fair* social systems.

Beyond the institutional perspective on justice, however, is a further observation more central to the current exploration: that “if I claim that ‘justice’ is an essential part of my life but I systematically treat other unfairly, I am not ‘acting with integrity’” (Weigert, 2006, p. 2). This comment clearly references values-behavior congruence, but not only this dimension of integrity: it further alludes to the truth that to be a person of integrity is in part to be a person holding to the foundational value of justice—in both its institutional as well as personal manifestations—in the first instance. Or, as put by Rugeley and Van Wart (2006), “[t]he person of good character...has a refined sense of justice or fairness that instinctively detects disjointedness and inequity” (p. 382)—and presumably acts in such a way as to remedy these deficiencies through the exercise of self-control (though “not necessarily [through]...total self-abnegation of personal interests”) (p. 382).

Persons of integrity exhibit high regard for *fair treatment of others*.

*Feminism.* A recent addition to the landscape of ethical decision-making is feminist moral philosophy. Here the focus is “on relationships, responsibilities to stakeholders other than the firm itself, consensus building and communication, and trust and cooperation” (Burton & Dunn 2005, p. 457). Rather than emphasizing objective, formal relationships between firms, or among firms and stakeholders, ethics of care recommend “a way of managing that must be understood in depth and lived within particular contexts” (Burton & Dunn, 2005, p. 457). The demand here is that we recognize and take seriously the moral worth of relationships—not in a general sense, but in the only sense in which we experience them: personally.

Within feminist moral philosophy discussion shifts from rights and duties, or outcomes, or character, or fairness as “right acts are [re]defined as actions that emerge from certain motives, namely those that exhibit care” (Furrow, 2005, p. 132). “Thus, in the ethics of care, the idea of a caring person is primary, and conceptions of right or wrong action are derived from that” (Furrow, 2005, p. 132). In contrast to those conceptions of self which view the individual “as some pre-formed entity which needs to have various layers of inhibitions or enculturation stripped away so that it can shine in all its glorious splendor” (Teehan, 1995, p. 844), ethics of care are more consistent with notions of identity which do not “tend to introversion and isolation

of the self from its social relations” (Teehan, 1995, p. 844)—and as such are compatible with the philosophy of Dewey.

As to the tie between feminist moral theory and integrity, “‘wholeness’ has just as much to do with one’s coherent connections and relationships with other people...as it does with one’s relation to oneself” (Solomon, 1999, p. 39). Integrity is not merely a matter of individual temperament or disposition or make-up, but importantly a matter of sense-making which is “mutually constitutive” for both parties to a caring relationship (Teehan, 1995, p. 851).<sup>16</sup>

Persons of integrity exhibit high regard for *nurturing caring relationships*.

*Internal Coherence: A Conclusion.* It has been asserted herein the requirement for internal coherence involves the person of integrity exhibiting high regard for *a consistent set of significant moral principles*, for *maximizing net social benefits*, for *realizing their personal ethical ideal*, for *fair treatment of others*, and for *nurturing caring relationships*. The requirement for internal coherence additionally demands all this be done *simultaneously*, or at a minimum that the demands of the most relevant ethical perspective be reasonably *balanced* against the requirements of competing ethical perspectives as decisions are made. The person of high integrity is one who, while fully cognizant of the multiplicity of ethical demands which inhere within any particular circumstance, manages to successfully embark upon a course of action which is at once satisfying to the deontologist, to the utilitarian, to the virtue theorist, to the justice theorist, *and* to the feminist—or at a minimum to a subset of these frameworks most relevant to the issue under deliberation. And when it is difficult to arbitrate inconsistency between competing models of the moral good, “[p]ersons who are able to resolve such conflicts without continuing to feel deeply torn between the values in play have integrity; persons who cannot do not have integrity” (Furrow, 2005, p. 137). Critical core values “keep us integrated in a way that others do not because they are more central to our identities than others” (McLeod, 2005, pp. 119-20).<sup>17</sup> If we were to go against these values, we would experience what McLeod refers to as “psychological alienation” (p. 119)—suggesting “the importance of psychological integration for [moral] integrity” (p. 120).

### *Organizational Integrity*

The concern throughout has been to consider integrity as intimately fixed to an individual moral agent. After all, one might well ask with MacIntyre (1984): “In what does the unity of an individual life consist? The answer is that its unity is the unity of a narrative embodied in a single life” (p. 218).

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<sup>16</sup> One of the more fascinating issues which has emerged primarily from the writers associated with feminist moral philosophy, but not only from them, has been the question as to whether or not persons of integrity have a duty to exhibit the ‘proper’ affective reaction to an ethics challenge. Furrow (2005), for one, argues “[m]oral virtues are habits of character that express themselves in the correct emotional response to any situation we might confront” (pp. 116-17). Consideration of this matter will not be considered in the current treatise.

<sup>17</sup> “On the self-integration view of integrity, integrity is a matter of persons integrating various parts of their personality into a harmonious, intact whole. Understood in this way, the integrity of persons is analogous to the integrity of things: integrity is primarily a matter of keeping the self intact and uncorrupted” (Stanford Encyclopedia of Philosophy)

Yet, not a few writers purport to speak to the question of *organizational* integrity. It is worth considering what this might mean, if anything at all.

Simons (1999) provided insight here, extrapolating from more traditional notions of behavioral integrity to offer—at least by insinuation—a concept of organizational integrity. Defining behavioral integrity as “the perceived pattern of alignment between an actor’s words and deeds” (p. 19), Simons posited behavioral integrity entails not only the perceived fit between espoused and enacted values, but additionally between espoused values and *perceived promise-keeping*. On this formulation integrity is not only assessed through evaluating the extent to which behavior adheres to psychological contracts in general, but more specifically through assessments of behavioral adherence “to mission statements, corporate value statements, [and] descriptions of...management styles...” (Simons, p. 19). So one notion of organizational integrity has to do with the confluence of personal behavior and organizational *purpose*.<sup>18</sup>

An empirically supported concept of organizational integrity has to do with the congruence of personal behavior and organizational *values*.<sup>19</sup> Within this research stream the concept of *values enactment* is introduced. “Values enactment refers broadly to employee and managerial behaviors that are aligned with the explicitly defined core values of the organization such as those found in mission and values statements” (Gruys et al., 2008, p. 5). In their study, Gruys et al. explored the outcomes associated with “reinforc[ing] the importance of [core organizational] values in the day-to-day lives of executives, managers, and all employees (Anderson, 1997; Pruzan, 1998; Rosenthal & Masarech, 2003; Wetlaufer, 1999)” (p. 5) by drawing upon longitudinal data from an organization utilizing a performance evaluation system specifically capturing ratings for how well employees enacted the core values of the organization. The central research question had to do with whether employees are more likely to stay with the organization, and get promoted, “when the social learning context influences employees to effectively enact the values of the organization” (Gruys et al., p. 10).

The findings? As individual enactment of *organizational* values increases, voluntary turnover decreases. And as individual values enactment of *organizational* values increases, so to do promotions for individual employees—but *only* so long as such employees are within departments that also enact the organization’s core values. In an interesting permutation of this second finding, as individual enactment of *departmental* values increases, so to do promotions for individual employees—irrespective of individual enactment of *organizational* values. The conclusion offered from an examination of these findings is that “correspondence between values and turnover at the individual level of analysis suggests that incorporating the measurement of values enactment into the performance appraisal process is a viable organizational strategy for increasing retention of those employees who adhere to the organization’s value structure” (Gruys et al., 2008, pp. 25-26).

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<sup>18</sup> Freeman and Gilbert’s (1988) notion of personal projects enterprise strategy would have us turn this logic on its head. In wanting the “answer to ‘What is a person?’ to allow for the maximum amount of liberty so that persons can pursue their own projects in a civilized manner,” these writers argue “...organizations, and other institutions are mere means toward these [personal] ends.”

<sup>19</sup> While the primary concern here is not with the instrumental value of integrity—i.e., with justifying integrity on the basis of improvements to organizational performance—, those few empirical studies adopting a grounded-theory approach are instructive on the matter of organizational integrity, and what this concept might mean (see, e.g., Gruys et al. 2008).

Simons' (1999) observation on the matter of organizational integrity is that perception of values enactment is critically important for the development of trust.<sup>20</sup> Within neo-classical economics (Jensen & Meckling, 1976), and particularly transaction-cost economics (Williamson, 1964, 1975, 1981, 1983, 1984), it is held that trust substitutes for more expensive forms of organizational structuring—such as developing and monitoring formal contracts. To the extent both these claims are accurate, measures reinforcing trust enhance organizational efficiency and commensurately elevate corporate profitability.

But just what *is* organizational integrity? Some would argue not only for integrity of organizations, but for morality of organizations as well: “[i]ntegrity, by contrast [from autonomy], entails offering forth our best judgment to members of our moral community about how we and they should live and be treated by others... [i]t involves supporting a moral identity for that community” (McLeod, 2005, p. 111). The research into organizational integrity, however, contains none of this normative flair. Rather, organizational integrity is operationalized as the extent to which organizational values inhere in an *individual's* values and/or behavior. It is not the *organization* that has integrity, after all; to speak of organizational integrity with regard to this empirical referent is to use the term *integrity* in only its most prosaic sense.

However, there is an alternative meaning that could be given to organizational integrity. Consider MacIntyre (1984), who in penning his seminal work on virtue proceeds through three stages: “a first which concerns virtues as qualities necessary to achieve the goods internal to practices; a second which considers them as qualities contributing to the good of a whole life; and a third which relates them to the pursuit of a good for human beings the conception of which can only be elaborated and possessed within an ongoing social tradition” (p. 273). In this third stage, organizational integrity might be conceptualized as the congruence of organizational values and societal values, *or* organizational behavior and societal values.<sup>21</sup> A compelling argument could be made that stakeholder theory has as its normative grounding just such an interpretation of organizational integrity: legitimate stakeholders are those having a societal-level claim against the corporation.

### Future Directions

It is impossible to conclude this exploration of integrity without being confronted with the sharp disconnect between integrity understood as a normative ideal and integrity as operationalized within organizational research. How might greater coherence between relevant theory and research design and methods be crafted? Perhaps taking each constitutive element of the definition of integrity in turn will provide some direction.

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<sup>20</sup> In addition, “employee trust leads to: Employee willingness to promote & implement espoused change; Employee intent to stay with organization; Employee organizational citizenship behavior (OCB); Employee performance.” (Simons 1999, p. 19).

<sup>21</sup> As noted in the discussion of integrity as *external consistency*, integrity might be conceptualized in part as the congruence of personal values and societal values, *or* personal behavior and societal values; as McLeod (2005) notes, “[w]hen our conception of what is good for us conflicts with what we think is right and we act on the former, we act with personal autonomy, but forego our integrity” (p. 124). However, external consistency does not constitute *organizational* integrity; nowhere in this formulation is the organization referenced.

Macro-level research might address the theme of *external consistency*, measuring uniformity between a corporation's values, statement of mission, objectives, goals and strategies and the mores and desirable outcomes associated with the society within which the organization is embedded. To the extent social legitimacy is enhanced by such external consistency—i.e., as improvements in values fit are elevated—a positive correlation between what might now reasonably be called organizational integrity and improvements in organizational performance could be hypothesized.

The balance of the requirements of integrity might inform micro-level research. The most obvious improvements here have to do with scale development and research design. *Value-behavior congruence*, argued herein as being perhaps the most fundamental dimension of integrity, when operationalized requires clear comparisons between values—whether personal, organizational, or societal—and observed behaviors. As to scale development, defaulting to existing measures of honesty as if these were measures of integrity should be avoided. Similarly, it should not be presumed behaviors automatically illumine values; actions must be assessed by independent measures if value-behavior congruence is to be gauged. Ideally observations of behavior would be offered by impartial respondents, and compared or contrasted with espoused values, in order to determine the extent to which values are enacted; the result would be a normatively-defensible empirical measure of one essential dimension of integrity.

While value-behavior congruence can legitimately be measured at a single point in time, longitudinal research is demanded if one is to accurately assess *temporal stability*. The appropriate time duration between administrations of integrity assessment is an open question, but it should be kept in mind that values are relatively stable—meaning the timeframe should be longer rather than shorter. Evaluation of *permanence across roles* necessitates either observing the agent in a variety of contexts, or targeting multiple reliable respondents who have observed the agent within or across the roles she occupies. Finally, the stipulation of *internal coherence*—while the most complex of the dimensions of integrity—is perhaps more easily measured. Brady's (1990) survey of ethical theoretic aptitudes might serve as a model here. This instrument “is designed to ascertain an individual's inclination to approach ethical issues from a deontological or a utilitarian perspective” (Brady, pp. 211-213). Extending this logic, the instrument could be expanded to incorporate the relevant frameworks of virtue, justice, caring, and social contract. Research design would have to be sophisticated enough to incorporate an overall measure of coherence within an agent's ethical decision-making across all these dimensions of moral theory.

Locke and Becker (1998), in their exploration of leadership integrity, note that “[b]eing philosophically passive, academics unknowingly perpetuate past philosophical errors” (pp. 175-176).<sup>22</sup> Nothing could be truer. While extant organizational research has allegedly investigated the antecedents and outcomes associated with integrity, in failing to offer a normative grounding for this core construct the legitimacy of such research is called into question. As measurements of integrity have lacked philosophical rigor, associated empirical research has thereby unavoidably lacked theoretical rigor—and by extension practical rigor as

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<sup>22</sup> Locke and Becker (1998) confront head-on the matter of leader integrity as *value-behavior congruence*, suggesting “...for example, an organizational leader who claims that all employees will be treated justly (i.e., in accordance with their actions and the full context in which their actions occur) and acts consistently with this claim is a leader with integrity. A leader who professes justice but does not act accordingly lacks integrity, as does a leader who professes corrupt principles (e.g., racism) and acts to promote them” (pp. 175-76).

well. We can do better. By attending to the philosophically grounded multi-dimensional definition of integrity elucidated herein, refinements to construct operationalization bear the potential to be dramatically enhance organizational research into integrity.

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### About the Author

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## **ETHICAL LEADERSHIP AND TRUST: IT'S ALL ABOUT MEETING EXPECTATIONS**

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In this study, we examine the effects of different ethical leadership behaviors, as perceived by followers, on the trust that those followers have in their leader. In line with the ethical leadership theory of Brown, Treviño, and Harrison (2005) we explore the following ethical leadership behaviors: role modeling, demonstrating morality, securing ethical behavior, contextualizing success, transmitting organizational values, and encouraging transparency. Using a web-based survey with nearly 500 respondents from European business corporations, we find that most ethical behaviors are positively related to trust. We also find that the more a leader acts in a way that followers feel is the appropriate ethical leader behavior, the more a leader will be trusted. Thus, the relationship between ethical leader behavior and trust is (partly) moderated by the consistency between desired and observed behavior of a leader, as perceived by their followers.

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In everyday life, trust and ethics are commonly conceived as closely related, intertwined concepts—one does not go without the other. Surprisingly enough though, the two fields of trust research and ethics and ethical leadership research have not exchanged insights to the degree that may be warranted given that each often refers to the other's key concepts. By investigating the relationship between ethical leadership and trust, we aim to contribute to the bridging of these two fields.

In research literature, not much explicit attention is given to the ethical or moral dimension of trust apart from the widely accepted notion that integrity is a key dimension of (perceived) trustworthiness (Mayer, Davis, & Schoorman, 1995; Brower, Schoorman, & Tan, 2000; Dietz & Den Hartog, 2006; Lewicki, Tomlinson, & Gillespie, 2006). Integrity, according to Mayer et al. (1995, p. 719), is the trustee's adherence to a set of principles that the trustor finds acceptable. This conceptualization resonates with the often used definition of integrity in

the sense of acting in accordance with the generally accepted moral values and norms (Six, 2007; Lasthuizen, 2008). While there is much research on trust in leaders (Den Hartog, 2003; Lewicki, 2006; De Hoogh & Den Hartog, 2008; Dirks, 2002; Lapidot, 2007), few have paid attention to the question of how the moral and ethical dimensions of leadership impact trust (see, however, Caldwell, Hayes, Bernal, & Karri, 2008). In ethics and integrity literature, trust is often considered the outcome of integrity or ethical behavior even though the relationship has not been empirically verified and assumes a utilitarian perspective on the importance of ethics (Verhezen, 2008).

In this article, we empirically investigate the effects of ethical leadership behaviors as perceived by followers on followers' trust in that leader, and we introduce the level of consistency between observed and desired ethical leader behavior as a moderating variable in the relationship between ethical leadership behaviors and trust. After giving a brief overview of what ethical leadership and trust entail, we present empirical findings on how these concepts are interrelated. Using data from almost 500 respondents from businesses across Europe, we analyze how ethical leadership behaviors such as role modeling behavior, transmitting organizational values, and encouraging transparency affect the level of trust employees have in their leader. We also analyze how the ethical leader behaviors as observed by followers differ from the behaviors that followers desire and expect from their leaders. We conclude with a discussion of the results and their implications for theory and practice. Throughout the article, the terms leadership, leaders, management, and managers will be used interchangeably.

### **Ethical Leadership**

Ethical leadership can be 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, reinforcement, and decision-making” (Brown, Treviño, & Harrison, 2005, p. 120). Ethical leadership is a relational concept in the sense that it is constructed in and through social interactions with followers. Furthermore, being an ethical leader is about being both a moral person as well as a moral manager (Treviño, Hartman, & Brown, 2000). The ‘moral person’ part of ethical leadership can be viewed as the personal traits and characteristics of a leader—such as honesty, trustworthiness and integrity—and the moral nature of that leader’s conduct (Treviño & Brown, 2005; Treviño et al., 2000).

When followers perceive leaders to be neither ethical nor unethical, they will most likely view them as “ethically neutral.” This perception limits leaders’ potential to exert a positive influence on followers’ moral behavior, and it may even have counterproductive effects as “employees will believe that the bottom line is the only value that should guide their decisions” (Treviño et al., 2000, p. 129-130). Thus, while being a moral person in itself is insufficient to constitute ethical leadership, it is an important prerequisite for being a moral manager.

As leadership always entails a relationship between leaders and followers, it is important to focus on the leader as a ‘moral manager.’ Leadership is an essential feature of the ethical culture of an organization (Treviño, Weaver, Gibson, & Toffler, 1999), and it is the leader who is able to place ethics on the organizational agenda (Treviño, Brown, & Hartman, 2003; Treviño et al., 2000). Moral managers consciously attempt to foster their followers’ moral behavior by setting clear moral standards and expectations and creating ground rules for moral conduct (Brown & Treviño, 2006; Enderle, 1987; Treviño et al., 2003). The notion of moral manager is founded on three concepts: role modeling through visible action, the use of

rewards and discipline, and communicating about ethics and values (Treviño et al., 2000, p. 131).

#### *Ethical Role Modeling.*

Moral managers actively demonstrate ethical behavior and set the good example on both a professional and a private level (Brown & Treviño, 2006; Weaver, Treviño, & Agle, 2005). People look at others for ethical guidance (Kohlberg, 1969; 1986; Brown & Treviño, 2006; Brown et al., 2005), and within organizations, leaders are the key people followers look to for that guidance. Leaders function as important ethical role models and guides for their followers (Bass & Steidlmeier, 1999; Ciulla, 1999; Treviño & Brown, 2004; Weaver et al., 2005). It is therefore important that leaders themselves are indeed moral persons and explicitly demonstrate ethical behavior to their followers. Followers learn what to do and what not to do by observing their leaders' behavior and are likely to imitate their leaders, whether the example set by the leader is good or bad (Kaptein, 2002; Kaptein & Wempe, 2002; Lasthuizen, 2008; Soutar, McNeil & Molster, 1994). Thus, ethical leaders are credible and consistent in what they say and follow up on that by what they do (Brown & Treviño, 2006); or as Paine (1994) pointed out, managers should walk the talk and talk the walk.

#### *Reward and punishment.*

Moral managers both consistently reward morally appropriate conduct and punish deviations to ensure that followers meet the moral standards and know what is considered (im)moral conduct (Brown et al., 2005; Lasthuizen, 2008; Treviño et al., 2000; Treviño et al., 2003). Followers carefully look at rewards and punishment within an organization (Arvey & Jones, 1985; Kanfer, 1990; Treviño, 1992), so good moral behavior should be rewarded publicly to send the message that conformity to ethical standards and values is desired. Conversely, when unethical behavior is punished, it may prevent such behavior in the future and function as an example to others that deviation from ethical values, principles, and standards will not be tolerated. Furthermore, punishment and reward of specific behavior will elucidate the way in which success is and will be contextualised. An ethical leader will not reward immoral behavior, even though it may lead to success, in order to send out the message that success is not solely defined by its final outcome but also by how that outcome is achieved.

#### *Communicating about ethics and values.*

A third way in which ethical leaders positively influence follower moral behavior is by facilitating communication about ethics and values. This includes frequently communicating about the ethical standards and values that should guide organizational decisions and actions (Treviño et al., 2000) and explicitly discussing the ethical component in decision-making processes (Brown et al., 2005; Enderle, 1987; Treviño et al., 2003). Additionally, employees should feel secure enough to be able to communicate about ethical dilemmas and problems they experience (Lasthuizen, 2008; Weaver et al., 2005). Being open to all sorts of problems and opinions as a leader is a prerequisite to making employees feel comfortable to deliver bad news. Employees' willingness to report problems or dilemmas to their leader is an essential part of ethical leadership (Brown et al., 2005). This means employees are not afraid to take the risk of

upsetting their leader (Weaver et al., 2005) and the manager is approachable and listens to employees, even when they are critical of the manager. Ethical leaders “encourage openness and treat bad news as a problem to be addressed rather than punished” (Treviño et al., 2000, p. 132).

## Trust

Trust is a key component of successful working relationships between leaders and followers (and individuals more generally) that enables cooperation, helps to manage differences, encourages information sharing, and increases openness and mutual acceptance (Argyris, 1970; Den Hartog, 2003; Deutsch, 1973; Dirks & Ferrin, 2002; Lane, 1998; Mayer et al., 1995; Shapiro, 1987; Tsai & Ghoshal, 1998; Whitener, Brodt, Korsgaard, & Werner, 1998; Zand, 1972, 1997; Zucker, 1986). Reflecting the growing consensus among trust researchers (e.g., Lane, 1998; Mayer et al., 1995; Rousseau, Sitkin, Burt, & Camerer, 1998), we define trust as a psychological state comprising the positive expectation that another party will perform particular actions that are important to oneself, coupled with a willingness to accept vulnerability which may arise from the actions of that other party.

There is little explicit attention to the ethical and moral dimensions of trust in the organizational literature apart from the widely accepted notion that the integrity of an individual (e.g., a leader) is an important dimension of that individual’s trustworthiness (Mayer et al., 1995; Brower et al., 2000; Dietz & Den Hartog, 2006; Lewicki, et al., 2006). Integrity is defined as the trustee’s adherence to a set of relevant values, norms and principles that is acceptable to the trustor (Mayer et al.). The other two dimensions of the trustee’s trustworthiness, as perceived by the trustor, are ability and benevolence (Mayer et al.). Ability is defined as the competence of the trustee to achieve what is expected of him or her, and benevolence concerns the degree to which “the trustee is perceived to want to do good to the trustor, aside from an egocentric profit motive” (Mayer et al. p. 718). Hosmer (1995) proposed a different definition of trust, where “trust is the expectation by one person, group, or firm of ethically justifiable behavior – that is morally correct decision and action based upon ethical principles of analysis – on the part of the other person, group, or firm in a joint endeavor or economic exchange” (p. 399). This definition refers directly to ethically justifiable behavior, but it is not widely used.

There is much research on trust in leaders (Den Hartog, 2003; Lewicki, 2006; De Hoogh & Den Hartog, 2008; Dirks & Ferrin, 2002; Lapidot, 2007). With regard to followers’ trust in their leader, the results to date suggest that integrity (together with ability) is especially important in cases of trust erosion compared to cases of trust building, where benevolence is the most important dimension of trustworthiness (Lapidot, 2007). Dirks and Ferrin (2002) found that the most important antecedents for trust in leaders are leadership style and practices, in particular transformational leadership, perceived organizational support, and interactional justice. They also suggested that role-modeling behavior may be responsible for the effects of transformational leadership. Craig and Gustafson (1998) showed that ethical integrity is an important aspect of leadership more generally.

There is not much research on how the moral and ethical dimensions of leadership impact trust. Podsakoff, MacKenzie, Moorman, and Fetter (1990), however, found that transformational leadership—a leadership style that is often said to be closely related to ethical leadership (Bass & Steidlmeier, 1999; Brown & Treviño, 2006; Lasthuizen, 2008)—has a direct

effect on followers' trust in their leader, which suggests an implicit relationship between ethical leadership and trust. Furthermore, in her research regarding the relationships between leadership and trust, Den Hartog (2003) found a strong correlation between perceived leader integrity and trust in leader. Caldwell et al. (2008) also conceptually related ethical stewardship to increased levels of trust, but without any empirical exploration or testing. Finally, the trustworthiness of the leader is often seen as a prerequisite for setting a good example as an ethical leader (Treviño et al., 2000; Treviño & Weaver, 2003).

In this study, we explicitly investigate the relationship between ethical leadership behaviors and trust. In line with Mayer et al.'s (1995) dominant trust model, in which integrity is an antecedent to trust, we hypothesize ethical leadership to positively influence trust. Therefore the question becomes, which leadership behaviors demonstrate integrity to followers? In the preceding paragraphs, we have argued that Treviño et al.'s (2000) pillars of ethical leadership are the relevant behaviors that leaders can employ to demonstrate their integrity and that these behaviors are thus important antecedents to trust. More specifically, we expect that the behavioral expressions of the three pillars of ethical leadership (role-modeling through visible action, the use of rewards and discipline, and communicating about ethics and values), as observed by followers, increase the level of trust that those followers have in their leader.

H<sub>1</sub>: Ethical leader behaviors have a positive effect on employees' level of trust in that leader

An important characteristic of trust is that the trustor has expectations of the trustee's behavior. If those expectations are met, trust is seen as having been warranted. If not, either trust may be lowered or distrust may guide future actions. In our research, we therefore ask respondents to not only indicate their leaders' observed behavior, but also what they feel *should* be the leaders' ethical behavior, or in other words, their expectations of ethical leader behavior. The extent to which the observed behavior is consistent with the desired behavior may be an important moderator of the relationship between ethical leadership behaviors and trust.

H<sub>2</sub>: The degree to which followers' ethical expectations are met (i.e. the level of consistency between observed and desired ethical leader behaviors) moderates the relationship between observed ethical behavior and the trust that followers have in their leader.

## Method

This study involves an analysis of web-based survey data of expected and observed management behavior in European businesses, collected by Monterey Performance Group for Krauthammer International—a consultancy-based training and coaching company—in Winter 2006.

### *Sample*

A total of 469 respondents (response rate 11.73%) employed in 16 different countries participated in the survey. The relatively low response rate is most likely attributable to the

length of the survey. The survey contained a total of 79 questions about several dimensions of managerial behavior. For the purpose of this study, we only used twelve questions concerning ethical behavior and one question concerning trust. Due to the low response rate, this particular study may serve merely as a preliminary empirical test of the relationship between ethical leadership and trust.

The subset of questions relevant to our research question contains enough valid cases (267) to conduct the analyses. Of the respondents, 75.5% were male; most respondents worked in the Netherlands (37.2%) or France (33.3%), but some also worked in countries such as Belgium (7.3%), Switzerland (6.5%), and Germany (4.6%). Generally, organization size was between 101-500 employees (30.3%), but both smaller companies (21.1% < 100) and very large companies (24.1% between 1,001-10,000 and 13.4% > 10,000) were represented in the sample as well. The employing companies were operational in a wide range of sectors, including the primary industries (10.5%), non-durables manufacturing (9.4%), the medical industry (9.0%), distribution (9.0%), education and training (7.0%), and the financial industry (6.6%).

### Measures

Respondents were asked to rate the level of trust they have in their manager on a scale from 1 (very low) to 5 (very high). To measure the dimensions of the moral manager (Treviño et al., 2000)—ethical role modeling, reward and punishment, communicating about ethics and values—six statements with three answer categories each regarding ethical leadership behaviors were formulated, using the same format as used throughout the whole questionnaire (this was decided by the consulting firm commissioning the questionnaire). For each ethical behavior, respondents were asked to indicate both the ethical behavior they *desired* in a manager as well as their manager's *observed* ethical behavior.

For *ethical role modeling*, two statements were included in the questionnaire. The first statement referred to ethical consistency between managers' actions and words (does (s)he talk the walk, walk the talk, or both?), and the second statement referred to managers' demonstration of moral values (on a private level, on a professional level, or both).

For *rewards and punishment*, two statements were included; the first statement referred to the way managers secure the ethical behavior of employees (by emphasizing punishment of deviation from organizational values, principles, and standards, reward of conformity, or both), and the second statement referred to the way success is defined by managers (by results only, or also by the way results are achieved).

For *communicating about ethics and values*, two statements were included. The first statement asked if managers transmit organizational values, principles, and standards in a spirit of compliance, commitment, or self governance referring to the compliance-based approach or the values-based approach (see Paine, 1994). The second statement asked if managers are approachable and listen to employees, even when they are critical; : "My manager *should/would* consider me most exemplary if I was willing to..." (1) "Close my eyes and shut my ears to unethical behavior I am experiencing in my work environment," (2) "Report unethical behavior to him or her when I experience it in my work environment," (3) "Stand up against him or her when I sense he or she is displaying or allowing unethical behavior." For the desired and observed behavior of their managers, questions were thus presented in a similar manner, asking how the manager *should* or *does* behave, respectively. Respondents were shown a screen with the desired behavior questions on the left hand side and the observed behavior questions on the

right hand side, thus seeing both versions at the same time. To avoid guiding the respondent to socially desirable answers, the order in which the answer categories were presented was random and varied for each of the six statements.

The statements on ethical leadership behaviors were not formulated in an ordinal manner, i.e. ranging from 'less' to 'more' ethical leadership behavior, but rather were developed as nominal (categorical) variables. This procedure allowed us to explore which type of behavior would constitute ethical leadership behavior according to the employees themselves, as well as how each type of behavior relates to trust in the manager *without* having to prescribe which behavior would represent more ethical leadership. In other words, the researchers did not need to impose their understanding of what is to be considered ethical leader behavior on the respondents by treating the different behaviors as more or less appropriate. Indeed, as we will see, employees' views on ethical leadership do appear to differ in some respects from descriptions of ethical leadership behavior as they are found in the literature.

Given the nominal nature of the ethical leader behavior variables, however, they could not be directly analyzed as multiple items of a scale and subsequently included in a multiple regression procedure. To assess the relationship between the various ethical leadership behaviors and trust, the categorical ethical leader behavior variables were therefore dummy coded (cf. Allison, 1999; Field, 2005; Hardy, 1993). Thus, each of the answer categories (that is, each of the possible ethical leader behaviors) of a statement was treated as a separate—dichotomous—variable, which was then related to the level of trust in the manager in a multiple regression analysis (using one of the answer categories as a baseline category to which the other two categories could be compared).

Finally, to allow for the testing of hypothesis 2, we constructed an additional variable to measure the mean overall level of consistency between all desired and observed ethical leadership behaviors combined. For each of the six statements, we calculated whether or not the respondent's answer on the observed manager behavior was consistent with the answer on the desired manager behavior. When there was consistency between the observed and desired behavior answers, a score of 1 was attributed. If the observed behavior deviated from the desired behavior, a score of 0 was attributed. Next, a new variable 'level of consistency' was created, representing the mean of the scores on the six statements (ranging between 0 to 1). This new variable was subsequently used in the multiple regression analysis to determine whether the level of consistency moderates the relationship between ethical leader behaviors and trust.

## Results

We first present a description of the results on the trust question and each of the six ethical leadership questions, comparing both the observed and the desired ethical leadership behaviors of the respondents' managers and noting the discrepancies. Next, to test our first hypothesis, we use multiple regression analysis to relate the various ethical leadership behaviors to the level of trust followers have in their leader. Finally, to test the second hypothesis, we investigate the moderating effect of the consistency between observed and desired ethical behavior on trust.

### *Descriptives*

*Trust.* Almost half of the respondents (44.2%) answered that their trust in their own manager was high, with 17.9% even indicating that their trust was very high. Only 9.9% indicated that they had low or very low trust in their managers. The results are presented in Figure 1.

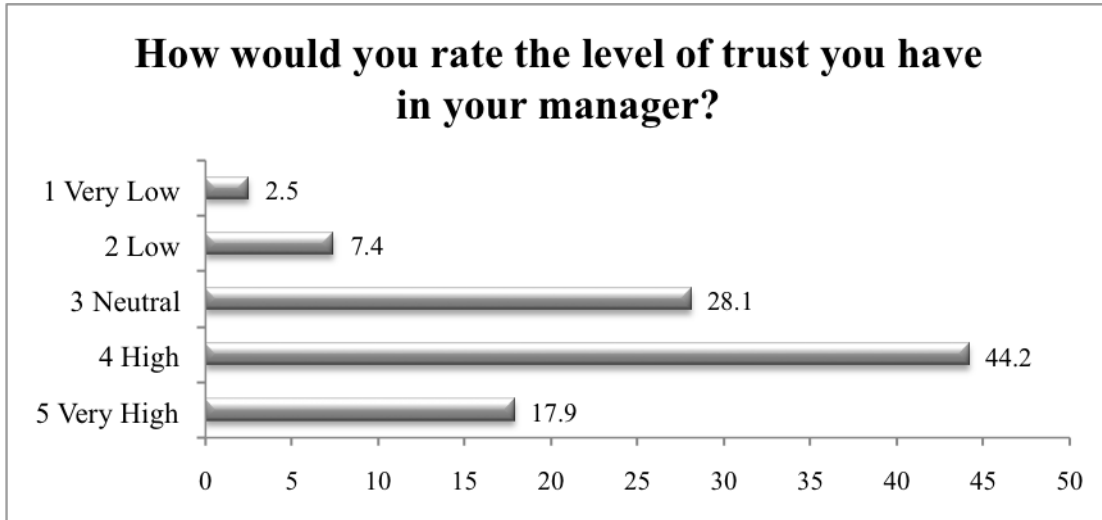


Figure 1. The level of trust

*Ethical role modeling.* Figure 2 shows that over one third of the respondents (38.8%) observed that their manager shows ethical consistency only by walking the talk. More than half of the respondents (58.5%), however, believe that their manager *should* not only walk the talk, but also talk the walk. Ethical leadership, according to most respondents, thus requires the utmost level of consistency between the managers’ actions and words. Yet, only 33.6% of the managers met the expectations of their followers in this regard.

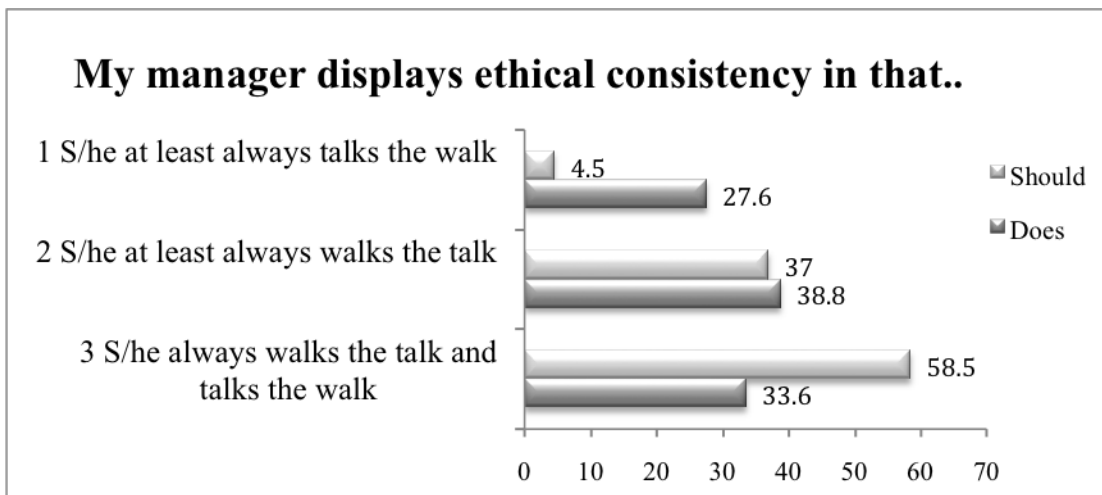


Figure 2. Displaying ethical consistency

The second question regarding managers' role modeling behavior asked whether the manager routinely demonstrates moral values on a private level, a professional level, or on both a private and a professional level (see Figure 3). Less than 5% of the respondents answered that their manager demonstrates morality on a private level only, whereas a substantial number of respondents (38.8%) stated that their manager demonstrates such values on both a professional and a private level. Most respondents, however, (57.3%) indicated that their manager demonstrates morality on a professional level only, which is in accordance with what most people believe a manager *should* do (62.5%).

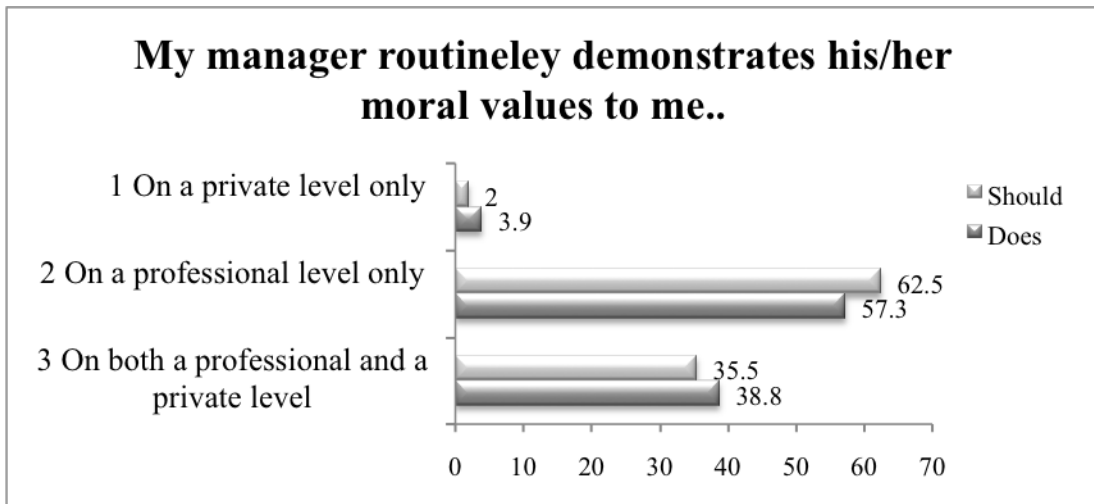


Figure 3. Demonstrating morality

*Reward and punishment.* Another dimension of ethical leadership is the use of rewards and punishment to secure followers' ethical behavior. To measure this, respondents were first asked in which way their manager attempts to secure ethical behavior, as well as how they *should* attempt to secure ethical behavior in the workplace (see Figure 4). Generally, managers were said to secure employee ethical behavior primarily by punishing deviations (41.6%). While a punishment-only approach is most commonly used, it is the least preferred method of what a manager *should* do (8.1%). Consistent with conceptualizations of ethical leadership in the literature, more than half (65.3%) of the respondents stated that a manager should secure ethical behavior within the organization by employing a combination of both punishing deviations from and rewarding conformity to organizational values, principles, and standards. Nevertheless, the latter approach is maintained by only 33.8% of the managers.



Figure 4. Securing ethical behavior

Reward and punishment behaviors were also measured by asking respondents to indicate how the manager defined success: only in terms of results, regardless of how these are achieved; in terms of results though not allowing unethical or illegal conduct; or not just in terms of results but also by the way the results are achieved. Figure 5 shows that whereas most respondents (41.7%) reported that their manager defines success not just by results, but by the way in which they are achieved, there is still a substantial number of managers (34.9%) that are said to define success by results only, regardless of how these are achieved. This stands in sharp contrast to employee expectations of management behavior, with two-thirds of the respondents (67.5%) stating that a manager should indeed define success by the way in which it is achieved.

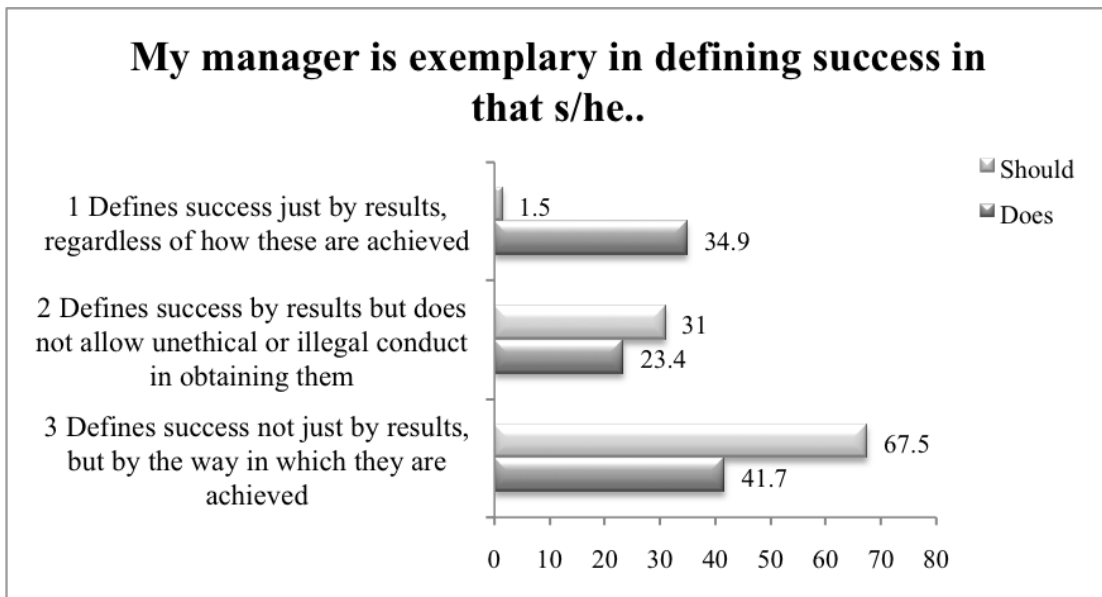


Figure 5. Contextualizing success

*Communicating about ethics and values.* The final dimension of ethical leadership concerns communication about ethical standards, values, and principles. To learn how managers communicate about ethics, respondents were asked whether their managers transmitted organizational values, standards, and principles in a spirit of compliance (i.e., by telling the employee what to do and what not to do), in a spirit of commitment (i.e., through coaching), or in a spirit of self-governance (i.e., by having intense dialogue about ethics and values; see Paine, 1994), as well as how they feel their managers should transmit such values, standards, and principles (see Figure 6). While more than half of the respondents (65.3%) responded that a manager should transmit organizational values through active coaching and in a spirit of commitment, little more than one third (35.7%) of the managers actually maintain such an approach in the eyes of their followers. Remarkably, one third (33.5%) reported that their manager uses a compliance-based approach despite the fact that this method was preferred by less than 10% of respondents. Employees clearly expect a certain level of guidance and training in dealing with ethical issues.



Figure 6. Transmitting organisational values, principles and standards

The final question with regard to ethical leadership asked what types of behavior would and should be considered as most exemplary by the manager. More than half of the respondents believed their manager would consider them most exemplary if they reported unethical behavior to him or her (54.6%), whereas a third of the respondents (33%) believed that exemplary behavior is constituted by also standing up against the manager when (s)he allows or displays unethical behavior. Concerning desired manager behavior, more than half (54.2%) of the respondents reported that standing up against the manager is indeed what *should* be considered most exemplary.

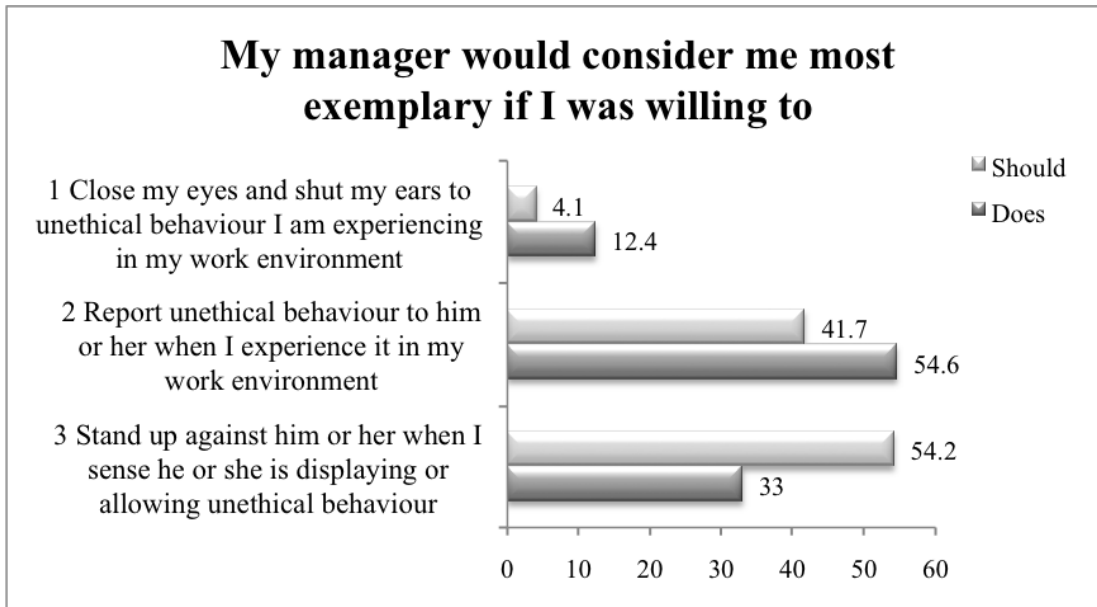


Figure 7. Encouraging transparency

In summary, only for the ethical leader behavior of ‘demonstrating morality’ do followers perceive a strong consistency between observed and desired behaviors. For the other behaviors, there is a clear discrepancy between observed and desired behavior. This discrepancy is also reflected in the variable ‘level of consistency’ that we used in our second regression model to test hypothesis 2.

#### *Ethical Leadership and Trust in Management*

This article specifically focuses on the relationship between trust and ethical leadership behavior. Hypothesis 1 states ethical leader behaviors have a positive effect on an employee’s level of trust in that leader. To test this hypothesis, we conducted multiple regression analyses to investigate which particular types of ethical leader behavior are associated with the highest levels of trust in the leader. The results show that each of the three pillars of ethical leadership, as measured by the six questions described above, is significantly related to the level of trust the follower has in the leader (see Table 1, model 1).

*Role modeling behavior and trust.* With respect to the consistency between words and deeds, walking the talk *and* talking the walk results in a higher level of trust in the manager than merely talking the walk (see Table 1). While walking the talk (without talking the walk) also leads to higher levels of trust, its effect is less than when a manager does both.

As for the best way to demonstrate moral values, the regression analysis (Table 1) suggests that ethical leaders who do so on a professional level only are able to gain the most trust from followers. Again, this is consistent with the behavior expected and desired by the respondents and would suggest that the moral person aspect of ethical leadership is valid only insofar as it is related to the leader’s position and the context of the organization. However, the difference in the levels of trust associated with demonstrating moral values on a professional level only or on both a professional and a private level is insignificant. Thus, both behaviors are similarly related to trust in the leader and appear to be suitable ethical leadership behaviors. In contrast,

demonstrating values on a private level only leads to a lower level of trust in the leader as compared to when such values are demonstrated only on a professional level or on both the professional and private level.

*Reward and punishment and trust.* When relating reward and punishment behaviors to trust, it becomes clear that a combination of both rewarding conformity to organizational values, principles, and standards and punishing deviations is the best method for securing high levels of trust from followers. As shown in Table 1, a combined reward and punishment method is associated with significantly higher levels of trust in the manager than when the manager only rewards conformity, and even more so when compared to situations where the manager only punishes deviations.

As we saw earlier, a large group of managers are perceived to define success in terms of results only, disregarding the means by which these results were obtained. However, the regression analysis reveals that there is a large difference in the levels of trust in the manager generated by defining success merely in terms of results, as well as the trust related to defining success also in terms of the way the results are achieved. Indeed, the highest level of trust in the manager is observed when managers are concerned with both means and ends. As expected, defining success by results while not allowing unethical behavior also leads to higher levels of trust in the manager than when a manager looks at results only, but the effects of such an approach appear to be lower than the effects of a more means-based approach to defining success.

*Communicating about ethics and values, and trust.* In line with what employees believe to be the best approach to transmitting organizational values, principles, and standards, a commitment-based approach, in which the employees are actively coached, leads to more trust in the manager than a compliance-based approach, in which managers merely tell the employee how things should be done. In terms of its relation to trust in the manager, the self-governance approach comes second and leads to somewhat higher levels of trust than the compliance-based approach.

Being open to communications from followers with respect to ethical dilemmas and problems also appears to be important to the level of trust those followers have in the manager. Regarding exemplary behavior, trust in managers is most positively related to managers encouraging followers to stand up against him or her when they perceive that manager to be displaying or allowing unethical behavior.

Given the above results, we conclude that we found strong support for hypothesis 1, suggesting that ethical leader behaviors indeed have a positive effect on employees' trust in that leader.

Table 1: Results of the multiple regression analysis of ethical leaders behaviors and consistency of observed versus desired behavior with trust

|   | Model 1 | Model 2 |
|---|---------|---------|
| <b>Role Modeling Behavior</b>   |         |         |
| <i>Displaying Ethical Consistency</i>                                   |         |         |
| (Always talks the walk)   |         |         |
| Always walks the talk   | .206**  | .116    |
| Always walks the talk and talks the walk                                | .335*** | .179**  |
| Consistency observed vs. desired behavior                               |         | .405*** |
| <i>Demonstrating Morality</i>   |         |         |
| (Demonstrates values professionally & privately)                        |         |         |
| Demonstrates values professionally                                      | -.045   | -.045   |
| Demonstrates values privately   | -.159*  | .117*   |
| Consistency observed vs. desired behavior                               |         | .460*** |
| <b>Punishment &amp; Reward</b>  |         |         |
| <i>Securing ethical behavior</i>  |         |         |
| (Punishing deviance)  |         |         |
| Rewarding conformity  | .140*   | .026    |
| Rewarding conformity & punishing deviance                               | .178**  | .038    |
| Consistency observed vs. desired behavior                               |         | .456*** |
| <i>Contextualizing success</i>  |         |         |
| (Defines success just by results, regardless of how these are achieved) |         |         |
| Defines success just by results, does not allow unethical behavior      | .146**  | .029    |
| Defines success not just by results, but also by how achieved           | .309*** | .129*   |
| Consistency observed vs. desired behavior                               |         | .420*** |
| <b>Communication</b>  |         |         |
| <i>Transmission of organizational values</i>                            |         |         |
| (In spirit of compliance)   |         |         |
| In spirit of commitment   | .328*** | .155*   |
| In spirit of self-governance  | .138*   | .088    |
| Consistency observed vs. desired behavior                               |         | .412*** |
| <i>Encouraging Transparency</i>   |         |         |
| (Most exemplary when standing up against him/her)                       |         |         |
| Most exemplary when reporting unethical behavior                        | -.124*  | -.090   |
| Most exemplary when I shut my eyes and ears                             | -.201** | -.089   |
| Consistency observed vs. desired behavior                               |         | .447*** |

Notes: The dependent variable is trust.

Model 1: Multiple regression of ethical leader behaviors with trust.

Model 2: Multiple regression of ethical leader behaviors and consistency observed vs. desired behavior with trust.

The coefficient should be interpreted as the result of a comparison to the reference category, which is given in brackets.

\*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$ .

### *The Importance of Meeting Expectations*

Hypothesis 2 suggests that the level of consistency between observed and desired ethical leader behaviors has a moderating effect on the relationship between observed ethical behavior and the trust that followers have in their leader. To test this hypothesis, we added the variable 'level of consistency' to the regression model (see Table 1, model 2). The regression analysis shows that in general, the extent to which the observed behavior of a leader meets the expectations and needs of the follower (i.e. the consistency between desired and observed behavior) has a strong significant effect on the level of trust in the manager ( $r = .47, p < .01$ ). Moreover, the regression analysis in Table 1 supports our hypothesis that meeting follower expectations with regard to ethical leader behaviors (in part) moderates the effects of many of the ethical leader behaviors on the level of trust employees have in their manager. The effects of displaying ethical consistency, demonstrating moral values, transmitting organizational values, principles and standards and defining success all clearly become smaller when the consistency measure is added to the model. In the cases of securing ethical behavior and the type of behavior that a manager considers to be most exemplary, the effects on trust in the leader actually disappear completely. This suggests, in support of hypothesis 2, that the influence of ethical leadership on trust is (partly) moderated by leaders matching followers' expectations of what ethical leaders should be and how they should conduct themselves.

## **Discussion**

In this article, we investigate the relationship between ethical leader behaviors and trust in that leader. We measured ethical leader behavior both in terms of how followers perceive the actual leader behavior, as well as what they believe ethical leader behavior should look like. We formulated two hypotheses, both of which were supported by the empirical findings. Multiple regression analyses showed that ethical leader behaviors from each of the three pillars of ethical leadership (role-modeling through visible action, the use of rewards and discipline, and communicating about ethics and values) as measured with the six statements used in this study were significantly related to employees' trust in their manager. Furthermore, the level of consistency between desired and observed behavior was shown to have a significant effect on trust and to (partly) moderate the effects of ethical leader behaviors on the level of trust employees have in their managers. The results from this analysis suggest that followers' perceptions of what ethical leadership entails has an important role in establishing a more trusted relationship between leaders and followers. According to our findings, the more leaders act in ways followers feel is the appropriate ethical leader behavior, the more that leader will be trusted. Thus, the relationship between ethical leader behaviors and trust is influenced by the congruence of desired and observed leader behavior.

The analysis of observed and desired behaviors, as perceived by their followers, is a new perspective on the current state of knowledge in the ethical leadership literature. In that literature, normative statements can be found about what the 'most' ethical behavior is. If correct, followers would score these behaviors as most desired in their leaders. For four of the six ethical leader behaviors studied, this perspective is maintained ('displaying ethical

consistency,' 'securing ethical behavior,' 'contextualizing success,' and 'encouraging transparency). However, for two of the ethical leader behaviors, respondents' views of what was the most desired behavior diverged from common views in the literature. According to the literature, ethical leaders show through their behavior what is and what is not considered acceptable and moral conduct (Brown & Treviño, 2006; Weaver et al., 2005) and should do this on both a private level ('moral person') and a professional level ('moral manager') (Treviño et al., 2000). The respondents, however, only expect their leaders to demonstrate their moral values to them on a professional level (62.5% of respondents). These results suggest that the moral person aspect of ethical leadership does not involve all private conduct of the leader, but rather should be restricted to the leader being a moral person insofar as it is related to the leader's position and the context of the organization.

The second aspect of appropriate ethical leader behavior where respondents' expectations deviate from what the literature suggests as most appropriate ethical leader behavior is how leaders transmit organizational values. In line with general leadership styles of increased empowerment and dialogue, the most ethical leader behavior, according to the literature (Paine, 1994), is to transmit organizational values, principles, and standards to followers in a spirit of self-governance through intense dialogue. Yet, only a quarter of respondents agreed that is the desired behavior. Two thirds, however, considered transmission in a spirit of commitment through coaching to be the most desired ethical leader behavior. These results suggest that respondents prefer more specific guidance through coaching rather than intense dialogue about ethics with colleagues.

Another notable result concerns the importance of balancing reward and punishment behaviors. The results for 'securing ethical behavior' show that a large majority of respondents (75.4%) observed their leaders to punish deviation from organizational values. However, the regression analysis shows that only when leaders balance that punishment with rewarding conformity does that strengthen trust. In the trust literature, there is much debate about the relationship between trust and control, with some authors arguing that control crowds out trust (e.g., Ring & Van De Ven, 1994; Zand, 1997) and others showing that they can support each other under certain conditions (Weibel, 2007). The results of this study suggest evidence for the latter argument, that trust and control support each other.

The findings further suggest that the level of consistency between observed and desired ethical leadership behavior may be important. These results are consistent with Implicit Leadership Theories, which suggest that people match up a person against a cognitive prototype that contains characteristic leader attributes, which subsequently influence the forming of leadership perceptions (Lord, Foti, & De Vader, 1984; Philips & Lord, 1981; for a review, see Lord & Maher, 1991). Leadership prototypes have been shown to affect the evaluation and meanings of the observed leader characteristics and behaviors, and they may therefore also influence the effectiveness of leadership (Den Hartog et al., 1999; Engle & Lord, 1997). Similarly, in the general definition of trust, meeting expectations is a key concept (Lane, 1998; Mayer, 1995). Dirks & Ferrin (2002) also noted 'unmet expectations' as an antecedent to followers' trust in their leader, although they illustrated this concept with more specific incidents, such as not fulfilling promises made (i.e., a promise to promote the employee). The more congruence between the person involved and the characterized prototype, the more likely that person is to be associated with trust, motivation, and high performance (Lord & Mahler, 1991). When applied to ethical leadership and trust, this suggests that if a leader matches up to

the cognitive prototype of what people perceive as ethical leader behavior, that leader will be recognized as more trustworthy.

The implications for further research are manifold; we highlight what we believe to be most relevant. First, this study focused only on the relationship between ethical leadership and trust, while other factors are known to also affect trust in the leader. Future research should include not only the ethical dimensions of leadership as studied here, but also the other trustworthiness dimensions of ability and benevolence, and possibly other relevant antecedents to trust (e.g., the trustor's general propensity to trust). Second, as the number and structure of the questions was restricted to the particular format chosen by the consultancy firm that commissioned the survey, we were unable to make use of existing ethical leadership and trust scales and more common Likert-scale questions. The available data therefore only allowed for preliminary tests of our hypotheses. However, the results clearly warrant further testing of the relationship between ethical leadership and trust using a wide range of both quantitative and qualitative research methods. For example, it might be interesting to explore the mechanisms underlying the relationship between ethical leadership and trust in a more constrained environment, such as a lab experiment or field experiment. An in-depth study of leader-follower relationships, using qualitative data collection techniques such as critical incidents or process analysis, could delve deeper into the process dimensions of the relationship between ethical leadership behaviors and trust. How does ethical leader behavior impact trust building over time, what is the impact of perceived breaches of ethical values and norms, or what actually constitutes good role-modeling behavior? Finally, the specific organizational and socio-cultural context should be taken into account more explicitly in analyses of the relationship between ethical leadership and trust. Lasthuizen (2008) showed that ethical leadership is strongly correlated to many but not all dimensions of ethical culture. What is the moderating or mediating influence of ethical culture on the focal relationship?

For organizational practice, it seems important that leaders know what their followers expect from them. If leaders want to be trusted by their followers, then they should know what their followers expect in terms of ethical leader behavior. The focus should be on the differences between the expectations of the followers and the organization. If there is a significant gap, then it should be addressed. This could potentially be done through training or discussions at unit-level, in which followers and leaders can come to a common understanding of what ethical leadership (and 'ethical followership' for that matter) entails and thus what each may expect of the other. Lest leaders think they can do this mechanically, leaders must continually stay in touch with their followers' expectations and values through continuous dialogue. Only then may ethical leadership truly be expected to deliver on its promise and cultivate a more trusting relationship between leaders and followers.

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## **Ethical Leader Behavior and Leader Effectiveness: The Role of Prototypicality and Trust**

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The study examines factors that mediate the impact of ethical leader behavior on leader effectiveness. Little is known about how ethical leadership impacts leader effectiveness. We hypothesized that prototypicality and trust sequentially mediate the relationship between ethical leader behavior and perceived leader effectiveness. The group prototype forms an ideal representation of the group's identity, prescribing appropriate attitudes and behaviors. Ethical leaders are role models and thus are likely to be seen as the group prototype. In turn, prototypes are more trusted and effective. We investigated whether ethical leader behavior overall and different specific ethical leader behaviors (fairness, power sharing, and role clarification) influence prototypicality and, in turn, trust in the leader and leader effectiveness. This model was tested in a field study among 244 employees. Results showed that the relationship between overall ethical leader behavior and leader effectiveness is mediated by prototypicality and trust. For the separate dimensions of ethical leadership, we found full mediation by prototypicality and trust for the relationship between fairness and effectiveness and partial mediation for the relationship between role clarification and leader effectiveness. As expected, the relationship between power sharing and leader effectiveness was not significant.

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In recent years, organizations increasingly openly stimulate ethical leader behaviors as a reaction to media scandals of leaders' ethical violations. Ethical leader behavior is expected to have direct positive effects on the attitudes and ethically appropriate conduct of employees (Brown, Treviño, & Harrison, 2005; Kanungo, 2001; Treviño, Brown, & Hartman, 2003). Yet, our empirical knowledge about the effectiveness of ethical leadership is still limited. Only a few studies have investigated the relationship between ethical leadership and leader effectiveness. For example, Brown et al. (2005) and De Hoogh and Den Hartog (2008) found positive correlations between ethical leadership and perceived leader effectiveness.

This study examines factors that mediate the relationship between ethical leader behavior and leader effectiveness. In this way, we start to unravel how ethical leadership might have an impact on outcomes. Although mediating mechanisms have been more fully articulated for transformational leadership (Bass, 1985), similar examinations in the ethical leadership literature have been limited so far. Learning more about the process through which such leaders affect

outcomes is worthwhile, and in the present paper we propose prototypicality (i.e., the leader's representativeness of group identity) and trust as mechanisms through which ethical leader behaviors might enhance leader effectiveness. Previous theoretical work on ethical leadership has suggested trust as a mediator in the relationship between ethical leadership and various outcomes (e.g., De Hoogh & Den Hartog, 2009). For example, based on social exchange theory, ethical leader behaviors are expected to enhance the development of trust among employees and, in turn, these trusted leaders would be seen as more effective.

Building on social identity theory, multiple studies show that leader prototypicality is an important determinant of perceived leader effectiveness (for a review, see van Knippenberg, van Knippenberg, Cremer, & Hogg, 2004). A prototype can be defined as an ideal representation of how group members should behave. The prototype is used as identity information and describes and prescribes appropriate attitudes and behaviors (e.g., Hogg, 2001). A leader who is characterized as the group prototype is typically more effective in influencing the employees within the workgroup because followers identify with such a leader. We expect that ethical leaders will tend to be seen as high on group prototypicality as ethical leaders act as role models of desired behaviors (Brown et al., 2005). Similarly, prototypical leaders exemplify normative behavior and form an ideal representation of appropriate behaviors. We therefore argue that ethical leaders will be seen as more prototypical.

A recent publication of Giessner and van Knippenberg (2008) showed that prototypicality influences leader effectiveness via trust. We build on and extend this work by testing a mediation model proposing that ethical leadership is related to prototypicality. Prototypicality in turn affects trust in the leader, which leads to higher perceived leader effectiveness. We examine this mediation model in a field setting using data from two matched employees per manager. In sum, we suggest that it is time to examine in more detail how ethical leader behaviors influence outcomes and propose that prototypicality and trust form one possible mechanism by which ethical leaders affect perceptions and attitudes of followers.

### **Ethical Leader Behavior**

Recently, research on ethical leader behavior in organizations has increased and several studies and a number of theoretical articles have begun to address ethical leadership and its correlates (for a review see Brown & Treviño, 2006). Several different conceptualizations of ethical leader behavior are found in the literature. Brown and colleagues (2005) investigated ethical leadership from a social learning perspective and view ethical leaders as role models of normatively appropriate behaviors. In addition, ethical leaders use reward and punishment to stimulate ethical conduct (Brown et al., 2005; Treviño et al., 2003). The authors defined ethical leadership 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, reinforcement and decision-making" (p. 120). Researchers using social exchange theory focus more on the norm for reciprocity and hold that followers are willing to reciprocate when they are treated fairly and with concern (e.g., Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009). In line with the social exchange perspective, researchers have defined ethical leadership as the tension between altruistic and egoistic motives and have suggested that an ethical leader is driven by a system of accepted beliefs and appropriate judgments instead of self-interest, which is beneficial for followers, organizations, and society (Aronson, 2001; Kanungo & Mendonca, 2001; Turner et al., 2002). Resick and colleagues

(2006) focus on how leaders use their power in decisions, actions, and ways to influence others. Similarly, De Hoogh and Den Hartog (2009) conceptualized ethical leadership as the process of influencing - in a socially responsible way - the activities of an organized group toward goal achievement.

Brown and colleagues (2005) operationalized ethical leadership uni-dimensionally and in doing so combined various ethical leader behaviors (e.g., acting fairly and honestly, allowing followers' voice, and rewarding ethical conduct) in a single overall scale. De Hoogh and Den Hartog (2008, 2009), Kalshoven, Den Hartog and De Hoogh (in press), and Resick et al. (2006) argued that theoretically these ethical leader behaviors are rather different and they may have different effects. Combining multiple ethical leader behaviors into a single undivided measure could therefore make it harder to understand the mechanisms through which ethical leadership may be effective. For example, De Hoogh and Den Hartog (2008) separately measure three different ethical leader behaviors (i.e., fairness, power sharing, and role clarification) that Brown et al. (2005) combined in a uni-dimensional scale.

First, fairness is generally seen as a key dimension of ethical leadership (Brown et al., 2005; De Hoogh & Den Hartog, 2008; Treviño et al., 2003). Fairness is described by Brown et al. (2005) as being fair, trustworthy and honest. In other words, ethical leaders treat others with respect, do not have favorites, and make fair choices. Secondly, ethical leaders provide subordinates with voice, listen to their input, and allow them to share in decision-making on issues that concern their tasks (Brown et al., 2005). De Hoogh and Den Hartog (2008) label this dimension power sharing. Thirdly, ethical leaders work transparently, clarify expectations, and communicate openly so that followers understand what is desired and expected of them, which is labeled role clarification (De Hoogh & Den Hartog, 2008). In this study, we include the one-dimensional ethical leadership measure developed by Brown et al. as well as the three ethical leader behaviors as measured by De Hoogh and Den Hartog (2008). Thus, we measure fairness, role clarification, and power sharing in addition to overall ethical leadership.

### **Ethical Leadership and Leader Effectiveness**

So far, the results of research on the correlates and outcomes of ethical leadership mainly demonstrate positive relationships of ethical leadership and its behavioral dimensions with a variety of followers' attitudes and behaviors, including commitment, satisfaction with the leader, trust in management, job satisfaction, and OCB (e.g., Brown et al., 2005; Den Hartog & De Hoogh, 2009; Kalshoven et al., in press; Mayer, et al., 2009). In addition, some studies show positive correlates between ethical leadership and perceived leader effectiveness. For example, Brown et al. (2005) found that ethical leadership was positively related to perceived leader effectiveness, and De Hoogh and Den Hartog (2008) found a positive relationship between the dimensions fairness and role clarification but not power sharing with perceived top management team effectiveness. Although only a few studies to date focus directly on ethical leadership and effectiveness, related research suggests positive relationships as well. For example, Den Hartog et al. (1999) found that honesty and integrity characterize highly effective or outstanding leaders in the eyes of middle managers. Also, Ayree, Budhwar, and Chen (2002) found that interactional justice (i.e., fair interpersonal treatment which resembles the fairness element of ethical leader behavior) was positively related to performance.

Yukl (2006) stated that effective leadership means mobilizing and influencing followers in the required direction. This suggests ethical leaders guide employees toward responsible goals

and objectives, which benefit the organization and its members (Kanungo, 2001). Thus, we expect ethical leadership to be effective. Similarly, from a social learning perspective employees are expected to identify with, admire, and emulate their ethical leaders and see them as role models of appropriate behavior (Brown et al., 2005). They are likely to perceive such a role model as effective (cf. Bandura, 1986). As role models, leaders set the tone in the organization. Followers are likely to copy behaviors of the ethical leader, which again should positively influence effectiveness.

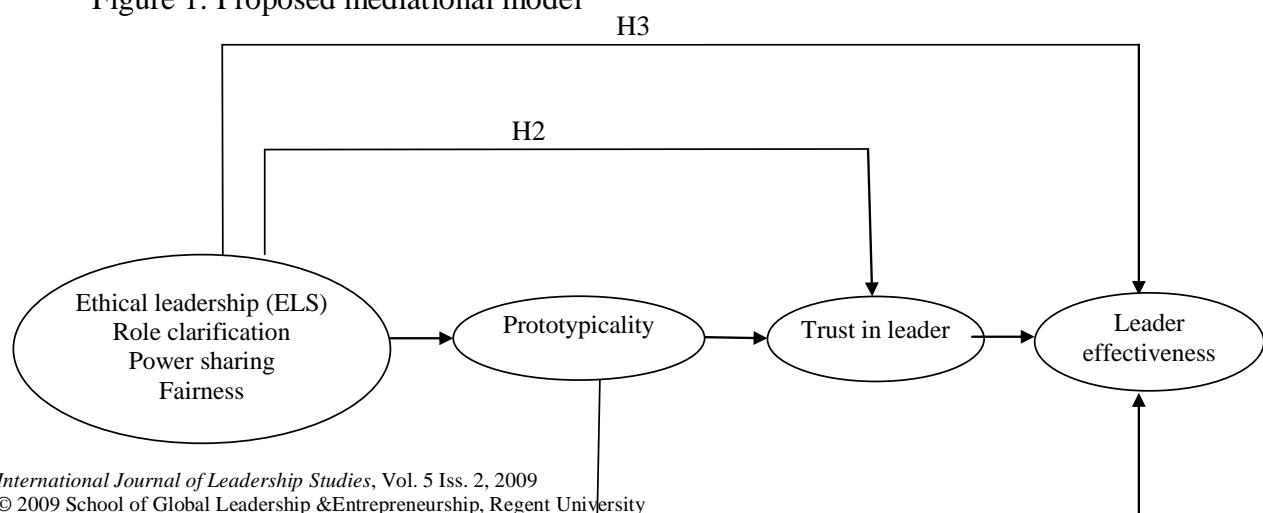
Thus, overall, ethical leaders will typically be experienced by their followers as effective. An effective leader influences followers to attain the goals of the organization. In addition, effective leaders work in an effective manner and go along with the work-related needs of the followers. We suggest that besides overall ethical leadership, the specific dimensions fairness and role clarification will contribute to perceptions of leader effectiveness. However, power sharing is probably less important for such leaders to be seen as effective. As stated, power sharing was unrelated to top management effectiveness in the study by De Hoogh and Den Hartog (2008). This is in line with Yukl (2006), who suggested that research results on the effectiveness of participative forms of leadership are inconsistent, suggesting such leadership may be more or less effective depending on the context. Thus, we expect that overall, power sharing is not important for leaders to be perceived as effective.

H<sub>1</sub>: Ethical leadership overall as well as the dimensions of fairness and role clarification are positively related to perceived leader effectiveness.

### Ethical Leadership, Leader Effectiveness, Trust, and Prototypicality

Besides the proposed direct relationship between ethical leadership and leader effectiveness, we argue that mediation processes play a role. Whereas for other models of effective leadership, such as transformational leadership, these potential mediating mechanisms explaining how leaders affect followers have been more fully articulated and studied, such examinations in the ethical leadership literature have been limited. In this study, we propose one such mechanism by which an ethical leader's influence may be realized. Drawing on the work on leader prototypicality and leader trust, we suggest that prototypicality and trust will sequentially mediate the relationship between ethical leader behavior and leader effectiveness. The proposed model is depicted in Figure 1. Thus, we expect and propose that the relationship between ethical leader behavior and leader effectiveness is sequentially mediated by prototypicality and trust.

Figure 1: Proposed mediational model



To describe the theoretical background of the research model, we first focus on the connection between trust and ethical leadership. Next, we describe the relationship between prototypicality and ethical leadership and the role of prototypicality as a mediator of the relationship between ethical leadership and trust. Finally, we will describe the double mediation of prototypicality and trust in the relationship with effectiveness.

In previous studies, trust has been investigated in relation to ethical leadership and leader effectiveness, albeit never in combination. In line with existing research, we expect a positive relationship between ethical leadership and trust. Ethical leadership is highly related to trust ( $r = .76$ ) in the study by Brown et al. (2005). Also, Den Hartog and De Hoogh (2009) found that the ethical leadership dimensions of power sharing and fairness were positively related to trust in management. In the present paper, we look specifically at trust in the leader. From social exchange theory it seems likely that trust grows as leaders and employees interact due to high-quality relationships (Blau, 1964). In this vein, Dirks and Ferrin (2002) proposed that trust is built on perceptions of behaviors such as open communication, integrity, availability and reliability. Ethical leaders' fair and caring treatment, consistent behavior, and clear communication likely result in trustful relationships. Also, leaders exhibiting power sharing signal trust that employees are likely to reciprocate. Moreover, ethical leaders are likely to inspire trust as ethical behavior signals these leaders take an interest in issues beyond themselves, rather than being only self-oriented (based on Kanungo, 2001). Thus, we expect ethical leader behaviors (fairness, role clarification, and power sharing) to be highly related to trust.

We argue that the relationship between ethical leadership and trust is partially mediated by prototypicality. The propositions in the literature on leader prototypicality build on the social identity theory (cf. Hogg, 2001; Tajfel & Turner, 1986). This theory focuses on people's self-definition that is partly based on their group membership. People define themselves in terms of collective attributes of a group to which they belong (i.e., social identity). Self-conception in terms of group membership involves a psychological "merger" of self and group, in which self-conception is contingent on group prototypes. Such a group prototype reflects a set of beliefs, attitudes, norms, values and behaviors (Hogg, 2001). The group prototype has considerable influence on the group identity and is conceptualized as an ideal representation of the group's identity that describes and prescribes appropriate attitudes and behaviors (Giessner & van Knippenberg, 2008). The prototype reflects the shared social identity and is a reference point in groups with which people identify. Prototypical group members exemplify desired behavior. A leader is viewed as the person who symbolizes the group (Tyler & Lind, 1992), and the fit of the leader to the accepted prototype is important for employees' attitudes and behaviors (Hogg, 2001). In other words, prototypical leaders have characteristics that are more closely matched with the group ideal characteristics. The more prototypical a leader is, the more the leader represents the group's standards, values and norms (Hogg, 2001).

Both social learning and social identity theory would suggest that ethical leaders are likely to be perceived as group prototypes. Prototypical leaders exemplify normative behavior (Hogg, 2001). This relates closely to the role modeling idea that is central to theory on ethical leadership. Therefore, we expect ethical leaders who act as role models to be seen as more prototypical. More specifically, based on social learning theory, an ethical leader is proposed to influence followers through identification, observation, and imitation (Brown et al., 2005; Treviño et al., 2003). Followers learn about appropriate behavior through observation of others'

behavior and its consequences (based on Bandura, 1986). Leaders are important source of information through modeling. Ethical leaders are expected to act according to the prototype of the group or organization. For example, the fair treatment of group members shown by ethical leaders will make them more representative of the group. In other words, leaders who manage through fair procedures create a sense of identity among followers and even encourage employees to identify with the group (cf. Tyler & De Cremer, 2005; van Knippenberg et al., 2004). Thus, we would suggest that ethical leaders are likely to be seen as a prototype.

Prior research has consistently shown that prototypical leaders are perceived as more effective (e.g., Hogg, 2001; Pierro, Cicero, Bonaiuto, van Knippenberg, & Kruglanski, 2005; van Knippenberg, van Knippenberg, De Cremer, & Hogg, 2004) as well as more trusted (e.g., Giessner & van Knippenberg, 2008; van Knippenberg & van Knippenberg, 2005). Social identity theory suggests that employees are more likely to trust prototypical leaders because the prototype is a source of information about social reality and the employees are more open to the influence of prototypical leaders (Hogg, 2001). Identity is important to shape employees' relationships with the leader or organization, i.e., to enhance trust (cf. Tyler & De Cremer, 2005). Leader's prototypicality leads followers to have faith in the leader. A prototypical leader will likely be seen to have the group's best interest in mind, and therefore followers will have more trust in the leader. As ethical leaders are seen as role models and therefore group members will experience ethical leader behaviors as identity information, these leaders will be more trusted. In line with this, previous studies found that people who are procedurally fair shape employees' identities, which in turn influence followers' attitudes and feelings (e.g., Tyler & Blader, 2005). Such leaders who are more representative of a group are more influential and more attractive and therefore more likely to be perceived as effective (van Knippenberg, Lossie, & Wilke, 1994).

In sum, the argumentation above suggests that ethical leadership enhances prototypicality and that prototypicality is likely to influence trust in the leader. However, we propose that prototypicality only partly mediates the relationship between ethical leadership and trust as leaders and followers also could have a personal relationship beyond the one that is based on these workgroup processes. In other words, we expect that ethical leadership will still have a direct link to trust beyond prototypicality as ethical leaders are likely to affect trust in multiple ways. For example, social exchange theory would suggest a direct link. Blau (1964) implied that trust is likely to grow as employees perceive themselves as being in a high quality relationship with their ethical leader, whose fair treatment results in strong trust in the leader. It is also important to note that, although we do expect a mediation of prototypicality in the relationship between ethical leader behavior and trust, other variables that are not measured in the current study, such as efficacy or motivation, could also play a role (cf. Knippenberg et al., 2004). In this study, we focus on one of these mechanisms through enhanced prototypicality. We thus expect that prototypicality partially mediates the relationship between ethical leader behaviors and trust in the leader.

To summarize, we expect that ethical leadership, trust, and prototypicality are positively related to each other. Giessner and van Knippenberg (2008) found that leader prototypicality is related to leader effectiveness via trust. Their experimental design shows the directionality of results and they found support for the mediator role of trust in the relationship between prototypicality and leader effectiveness. We extend this model with ethical leadership and suggest that ethical leader behavior will be an important signal for employees of the leader's prototypicality and that in turn, more prototypical leaders may affect trust and effectiveness.

- H<sub>2a</sub>: Prototypicality partially mediates the relationship between ethical leadership and trust in the leader.
- H<sub>2b</sub>: Prototypicality partially mediates the relationship between the ethical leadership dimensions power sharing, fairness, role clarification, and trust in the leader.
- H<sub>3</sub>: Prototypicality and trust in the leader mediate the relationship between ethical leadership overall and the dimensions of fairness, role clarification, and leader effectiveness.

## Method

### *Sample and Procedure*

Students at the Business School voluntarily provided management contacts, whom we invited to participate in a university study. The participants were from various organizations in the Netherlands. We asked each manager to invite two employees that reported directly to him or her to participate in our study by completing a questionnaire. The questionnaires were identified through identical numbers in such a way that the questionnaires of the employees could be related. Each respondent received a postage-paid envelope for returning their questionnaire directly to the researchers, who were available for questions. All participants were assured of the confidentiality of the data and the voluntary nature of participation was stressed. As an incentive, an overall report was offered to the participants upon completion of the study.

In total we received 268 completed questionnaires. We used two employees reporting about the same manager to allow us to aggregate the data for leadership style. We had to remove 24 participants from the sample as no matching peer questionnaire was received. The final sample consisted of 244 participants (two employees per manager). The response rate was 49%. The participants' average age is 34 years ( $SD = 11$ ), and the sample consists of 134 males and 109 females; 1 participant did not report gender. Approximately half of the sample, 143 out of 244, had finished higher professional or university education. The leader-employee tenure was more than 6 months for 85% of the sample. Employees worked in various sectors, such as health care, education, government, financial and business services, and the manufacturing industry.

### *Measures*

*Ethical leadership.* Ethical leadership was measured in two ways. First, the three dimensions of fairness, power sharing, and role clarification as used by De Hoogh and Den Hartog (2008) were assessed. The *fairness* dimension was assessed using six items and included leaders' honesty, taking responsibilities, treating followers equally, and being dependable. A sample item is: "Manipulates subordinates (reverse coded)." This scale had a Cronbach's  $\alpha$  of .84. The *power sharing* dimension was assessed using six items measuring giving employees' voice and opportunities for input. A sample item is: "Allows subordinates to influence critical decisions." Cronbach's  $\alpha$  was .74. The dimension *role clarification* was measured using five items and referred to clarification of expectations and responsibilities and engaging in open communication. An example is: "Explains who is responsible for what." Cronbach's  $\alpha$  was .83. The items of the three dimensions had a 5-point response scale, ranging from 1 (*strongly disagree*) to 5 (*strongly agree*).

Second, ethical leadership was measured with the ELS developed by Brown and colleagues (2005). The ELS assesses overall ethical leadership with 10 items. A sample item is: "Listens to what employees have to say." The items had a 5-point response scale, ranging from 1 (*strongly disagree*) to 5 (*strongly agree*). Cronbach's  $\alpha$  was .82.

Confirmatory Factor Analysis (CFA) showed a good fit for a four factor-structure with the fairness, role clarification, power sharing, and ELS items loading on separate factors,  $\chi^2$  four-factor model (318,  $N = 236$ ) = 643.47,  $p < .01$ , CFI = .95; NNFI = .95 RMSEA = .07; SRMR = .07 (cf. Hu & Bentler, 1999).

*Leader effectiveness.* Respondents indicated how effective they think their leader is. Leader effectiveness was assessed with three items from the MLQ (e.g., Bass & Avolio, 1993). A sample item is: "How effective is the person you are evaluating as a leader?" The items had a 5-point response scale ranging from 1 (*not at all*) to 5 (*very much so*). Cronbach's  $\alpha$  was .75.

*Trust in the leader.* Trust in the leader was measured with a 5-item scale based on Cook and Wall (1981). A sample item is: "I absolutely trust my leader." The response scale ranged from 1 (*strongly disagree*) to 5 (*strongly agree*). Cronbach's  $\alpha$  was .82.

*Prototypicality.* Prototypicality was assessed with three items adapted from Platow and van Knippenberg (2001). A sample item is: "My leader is representative of our team members." The response scale ranged from 1 (*strongly disagree*) to 5 (*strongly agree*). Cronbach's  $\alpha$  was .85.

### Data Aggregation

To investigate whether the justification for aggregating subordinates responses to characterize ethical leader behaviors of managers was justified, we completed one way-analyses of variance with leaders as the independent variable and the mean scores of two subordinates for ethical leadership and its dimensions as the dependent variables. We performed an intra-class correlation coefficients ICC(1) (see Shrout & Fleiss, 1979). The ICC(1) is an estimate of the degree to which subordinates of the same leader answer equally. In this study, the ICC(1)'s values were .28 for the ELS, .36 for fairness, .38 for power sharing, and .27 for role clarification. These ICC(1) values are all above the median of perceptual agreement, which is .12 (ranging from .00 to .50) as reported in the organizational literature (James, 1982). To further assess within-leader agreement, we also calculated a within-leader correlation (rwg) to assess the amount of agreement across subordinates (James, Demaree, & Wolf, 1984). A value of .70 or above is suggested as good with respect to within-group agreement (James, Demaree, & Wolf, 1993). These mean correlations were .92 for the ELS, .85 for fairness, .88 for role clarification, and .90 for power sharing, indicating good agreement. Combined, these statistics support aggregating the ethical leader behavior scales to the leader level. We assigned the averaged scores (i.e., the aggregated data) for ethical leader behavior to each peer in the dyad. In this way, the leader behavior data are not only a function of participants' own perceptions and reflect a more shared idea of how the leader operates. The other variables of individual perceptions and attitudes and were therefore not aggregated.

## Results

Means, standard deviations, and intercorrelations of the scales used in the study are presented in Table 1. The magnitude of the correlations is in line with previous work in this area.

For instance, in previous field studies prototypicality and leader effectiveness were correlated ranging from .41 to .64 (cf. Giesnner & van Knippenberg, 2008; Pierrro et al., 2005; van Knippenberg & van Knippenberg, 2005). In our study this correlation is .48. Next, in the study of Giesnner and van Knippenberg prototypicality and trust were .75 correlated. In our study, the correlation is somewhat lower, namely .57. Thus, our data seem representative.

Table 1: Descriptive Statistics and Correlations Among All Study Variables

| Construct               | M    | SD  | 1     | 2     | 3     | 4     | 5     | 6     |
|-------------------------|------|-----|-------|-------|-------|-------|-------|-------|
| 1. ELS                  | 3.73 | .38 |       |       |       |       |       |       |
| 2. Fairness             | 3.87 | .56 | .56** |       |       |       |       |       |
| 3. Role clarification   | 3.78 | .47 | .52** | .22** |       |       |       |       |
| 4. Power sharing        | 3.59 | .46 | .54** | .45** | .25** |       |       |       |
| 5. Trust in Leader      | 3.90 | .56 | .72** | .54** | .50** | .45** |       |       |
| 6. Prototypicality      | 3.51 | .77 | .60** | .41** | .31** | .40** | .57** |       |
| 7. Leader effectiveness | 3.47 | .63 | .56** | .31** | .59** | .47** | .77** | .48** |

Note. *n* varies between 243 and 244 due to missing values.

\*\* *p* < .01 (one-tailed).

Next, we performed various regression analyses to investigate the proposed mediational models for ethical leadership overall and for the separate ethical leadership dimensions (fairness, role clarification, and power sharing) together. To examine the sequential mediating roles of prototypicality and trust in the relationship between ethical leadership and leader effectiveness, three steps were followed in line with the recommendations of Baron and Kenny (1986).

The first step in mediation analysis recommended by Baron and Kenny is to demonstrate that there is a relationship between all the antecedents and consequences. Regression analysis showed relationships between the antecedents (ethical leadership, fairness, role clarification, and power sharing) and the two dependent variables (trust in the leader and leader effectiveness). As predicted, regression analyses showed a significant relationship between all measures of ethical leadership and trust in the leader ( $\beta$  ranging from .38 to .63, *p* < .01) and between ethical leadership and leader effectiveness ( $\beta$  ranging from .20 to .53, *p* < .01). Thus, ethical leadership measured with the ELS and the three dimensions of ethical leadership all relate positively and significantly to both trust in the leader and leader effectiveness.

As a second step in the sequential mediation analysis, the relationship between the antecedents (ethical leadership, fairness, role clarification and power sharing) and the mediator (prototypicality) as well as between the mediator (prototypicality) and the first dependent variable (trust) should be significant. Further, as we propose a chain with four variables (see Figure 1), the relationship between the second antecedent, (prototypicality) and the second mediator (trust) and this mediator (trust) and the final dependent variable (leader effectiveness) should be significant. As predicted, we found positive and significant relationships between all ethical leadership variables and prototypicality ( $\beta$  ranging from .37 to .58, *p* < .01) as well as between prototypicality and trust ( $\beta$  = .57, *p* < .01). Also, trust and leader effectiveness were significantly related ( $\beta$  = .77, *p* < .01). Finally, the mediators (prototypicality and trust) should be significantly related to the dependent variable (effectiveness). To conclude, we found support for the first two mediation steps as proposed by Baron and Kenny (1986).

As a third step, the unique impact of both the mediators (prototypicality and trust) was demonstrated. The regression results are presented in Table 2 for overall ethical leadership

measured with the ELS and in Table 3 for the three ethical leadership dimensions.

Table 2: Regression Results of Ethical Leadership Overall

| Construct                  | Trust in Leader     |                 |          |       | Leader effectiveness |                 |          |       |
|----------------------------|---------------------|-----------------|----------|-------|----------------------|-----------------|----------|-------|
|                            | Adj. R <sup>2</sup> | ΔR <sup>2</sup> | F        | β     | Adj. R <sup>2</sup>  | ΔR <sup>2</sup> | F        | β     |
| Step 1                     | .39**               | .39**           | 154.88** |       | .28**                | .28**           | 93.55**  |       |
| Ethical Leadership overall |                     |                 |          | .63** |                      |                 |          | .53** |
| Step 2                     | .45**               | .07**           | 101.56** |       | .32**                | .05**           | 57.74**  |       |
| Ethical Leadership overall |                     |                 |          | .45** |                      |                 |          | .38** |
| Prototypicality            |                     |                 |          | .31** |                      |                 |          | .25** |
| Step 3                     | -                   | -               | -        | -     | .59**                | .27**           | 115.72** |       |
| Ethical Leadership overall |                     |                 |          |       |                      |                 |          | .07   |
| Prototypicality            |                     |                 |          |       |                      |                 |          | .04*  |
| Trust in Leader            |                     |                 |          |       |                      |                 |          | .70** |

Note. N = 244.

\*p<.05 \*\*p<.01. (one-tailed).

Table 3: Regression Results of Fairness, Role Clarification, and Power Sharing

| Construct          | Trust in Leader     |                 |         |       | Leader effectiveness |                 |         |       |
|--------------------|---------------------|-----------------|---------|-------|----------------------|-----------------|---------|-------|
|                    | Adj. R <sup>2</sup> | ΔR <sup>2</sup> | F       | β     | Adj. R <sup>2</sup>  | ΔR <sup>2</sup> | F       | β     |
| Step 1             | .33**               | .33**           | 39.80** |       | .31**                | .31**           | 37.17** |       |
| Fairness           |                     |                 |         | .33** |                      |                 |         | .19** |
| Role clarification |                     |                 |         | .32** |                      |                 |         | .50** |
| Power sharing      |                     |                 |         | .17** |                      |                 |         | .03   |
| Step 2             | .45**               | .12**           | 48.77** |       | .40**                | .10**           | 41.82** |       |
| Fairness           |                     |                 |         | .23** |                      |                 |         | .10*  |
| Role clarification |                     |                 |         | .25** |                      |                 |         | .44** |
| Power sharing      |                     |                 |         | .08   |                      |                 |         | .04   |
| Prototypicality    |                     |                 |         | .39** |                      |                 |         | .35** |
| Step 3             | -                   | -               | -       | -     | .66**                | .26**           | 95.33** |       |
| Fairness           |                     |                 |         |       |                      |                 |         | -.06  |
| Role clarification |                     |                 |         |       |                      |                 |         | .27** |
| Power sharing      |                     |                 |         |       |                      |                 |         | .09   |
| Prototypicality    |                     |                 |         |       |                      |                 |         | .08   |
| Trust in Leader    |                     |                 |         |       |                      |                 |         | .68** |

Note. N = 244.

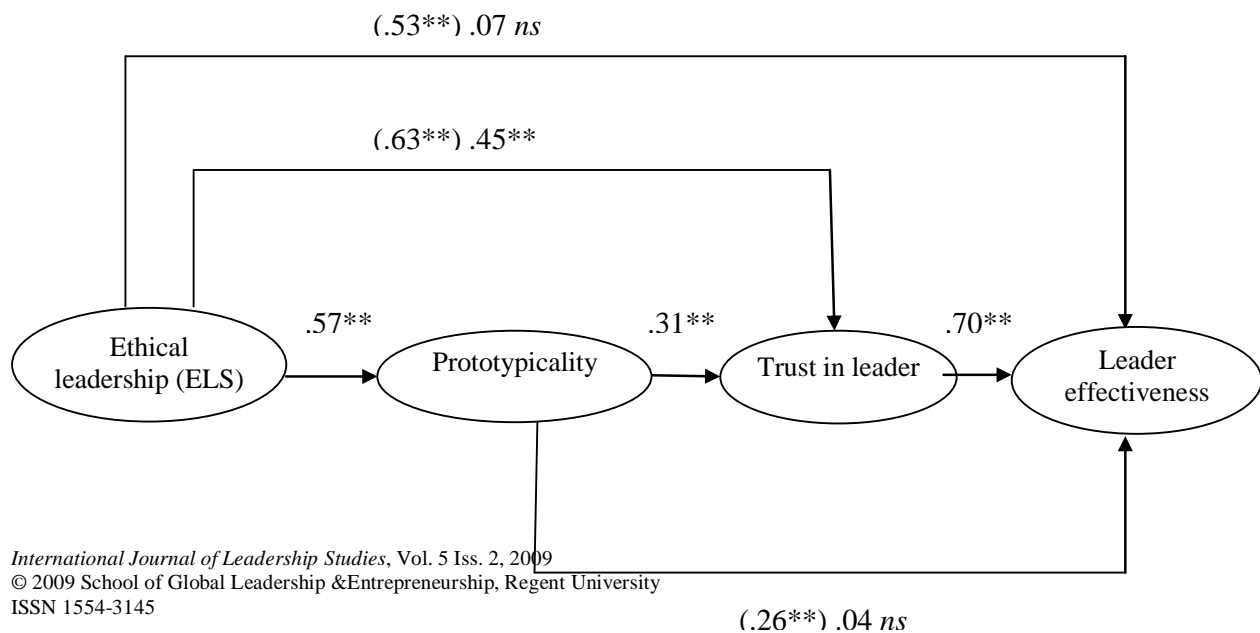
\*p<.05 \*\* p<.01 (one-tailed).

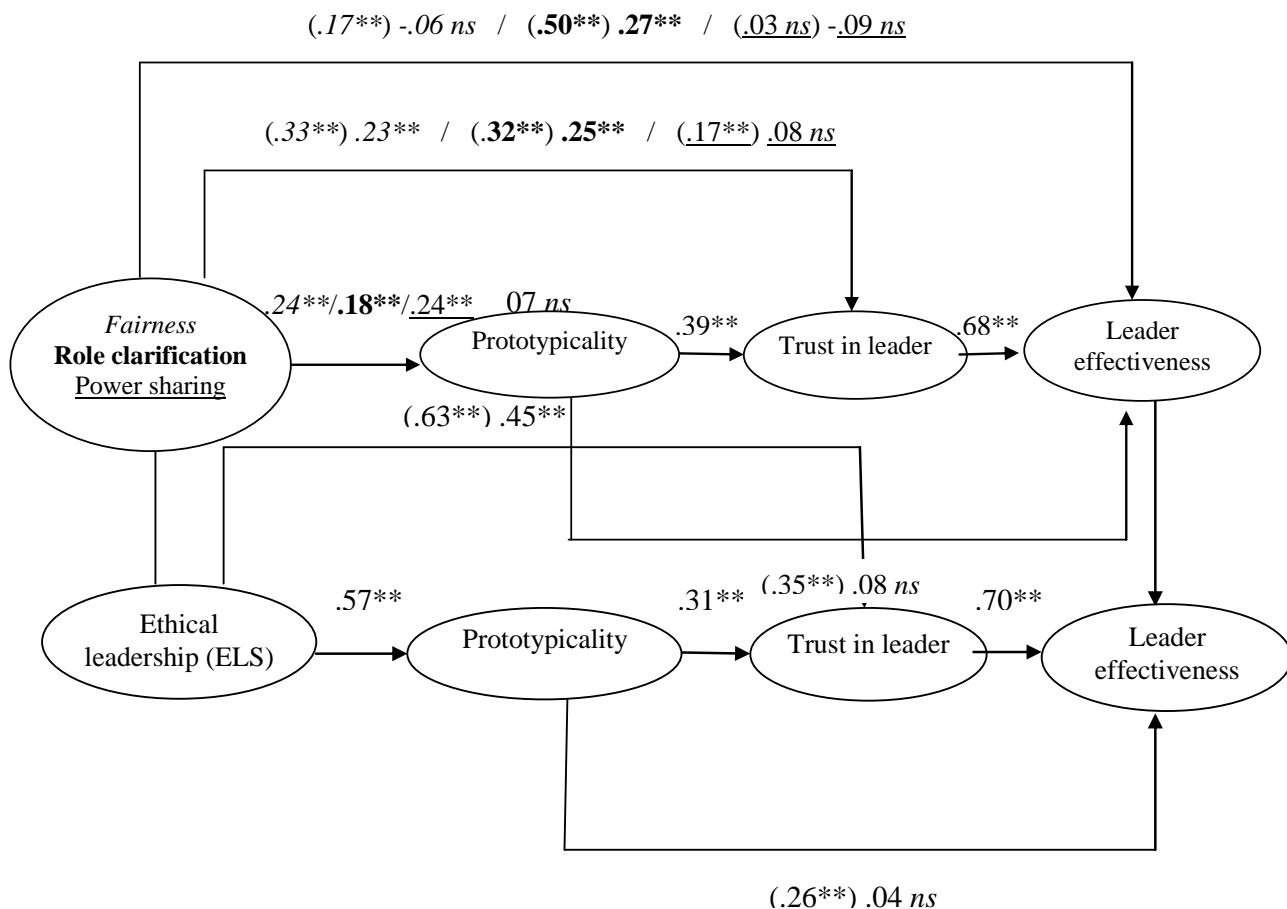
First, we tested whether prototypicality (partially) mediates the relationship between ethical leadership and trust, as predicted in hypothesis 2. Thus, after adding ethical leadership in step 1 of the regression, the mediator prototypicality is entered into the equation in step 2 with trust as the dependent variable. The betas of the main effects of ethical leadership measured with the ELS declined when prototypicality was added (change in beta from .63 to .45). Also, the main effects of fairness and role clarification declined when prototypicality was added (respectively, change in beta from .33 to .23 and from .32 to .25).

Full mediation was found for prototypicality in the relationship between power sharing and trust (change in beta from .17 to .08). The beta value for the ELS, fairness, and role clarification remained significant, and therefore the mediation is a partial mediation, as predicted by hypothesis 2. A Sobel test was performed to assess whether the decreases in each of the betas is significant (Goodman, 1960). For the partial mediation model of ethical leadership, prototypicality and trust, the *z*-value was 7.50, *p* < .01 (one-tailed), for the model with role clarification the *z*-value was 3.54, *p* < .01 (one-tailed) and for the model with fairness the *z*-value was 2.98, *p* < .01 (one-tailed). Thus, in line with hypothesis 2, prototypicality partially mediates between ethical leadership, role clarification, and fairness and trust. Full mediation of prototypicality was found for power sharing and trust. The results of these regression models are depicted in Figure 2.

To test the complete chain model, with effectiveness as dependent variable, ethical leadership was added in step 1, the first mediator prototypicality in step 2, and the second mediator trust was added in step 3 of the regression analysis. These results are also presented in Table 2 (for overall ethical leadership) and in Table 3 (for the dimensions) and depicted in Figure 2. When trust was added in step 3 of the regression, the beta value for ethical leadership measured with the ELS declined and became insignificant (change in beta from .53 to .07; see also Figure 2), in line with hypothesis 3. When trust was added, the relationship between prototypicality and leader effectiveness declined and became insignificant (change in beta from .26 to .05). Results for the three dimensions of ethical leadership show that the relationship between fairness and leader effectiveness is fully mediated by prototypicality and trust (change in beta from 17. to -.06). Partial mediation was found for prototypicality and trust in the relationship between role clarification and leader effectiveness (change in beta from .50 to .27). Finally, as expected the relationship between power sharing and leader effectiveness was not mediated (change in beta from .03 to -.09). When trust was added in the model (fairness, role clarification, power sharing), the relationship between prototypicality and leader effectiveness declined and became insignificant (change in beta from .35 to .08).<sup>1</sup>

Figure 2: Main and mediating relationships of ethical leadership and leader effectiveness





Note.  $N = 244$ ; ns = non-significant. The numbers represent standardized coefficients including connecting mediator. Betas between brackets are main effects. \* $p < .05$  \*\* $p < .01$  (one-tailed).

To conclude, our results suggest that the relationship between ethical leadership and leader effectiveness is fully mediated by prototypicality and trust. This also holds for the ethical leadership dimension fairness. Partial mediation is found for role clarification. In other words, ethical leadership and especially fair behavior is related to a shared prototype, which in turn is related to increased trust, and that is related to enhanced leader effectiveness. This is congruent with hypothesis 3.

### Discussion

The present study extends previous research by demonstrating a mechanism through which ethical leaders are perceived as effective. We tested a mediation model in which we examined prototypicality and trust as potential mediators of the relationship between ethical leader behavior and perceived leader effectiveness. The results help in starting to clarify how ethical leaders affect followers' perceptions and attitudes.

In line with previous research and as proposed, we found a relationship between ethical leadership and perceived leader effectiveness (e.g., Brown et al., 2005). Further, we found that prototypicality and trust are important mediators in this relationship. More specifically, the findings suggest that ethical leaders are viewed as idealized group prototypes. Being seen as a prototype strongly enhances trust in these leaders, which in turn enhances perceptions of effectiveness. For the three separate dimensions we found some differing results. For the relationship between fairness and perceived leader effectiveness we found full mediation by prototypicality and trust. However, the effect of role clarification on leader effectiveness declined but remained significant when prototypicality and trust were added. Thus, partial mediation was found. We did not find support for this same mediation model for the ethical leadership dimension of power sharing. As predicted, power sharing is not related to leader effectiveness. Prototypicality does, however, mediate the relationship between power sharing and trust, as hypothesized.

The partial mediation of prototypicality and trust in the relationship between role clarification and leader effectiveness suggests that other mechanisms play a role in this relationship as well. For example, van Knippenberg et al. (2004) argued that self-efficacy could be important in the relationship between leader behavior and effectiveness. Moreover, McAllister (1995) distinguished between cognitive (i.e., inference about the leader's character) and affective (i.e., inference about the relationship with the leader) trust. In this study, we focused on a single operationalization of trust in the leader that is closer to affective trust, whereas De Hoogh and Den Hartog (2009) suggested that cognitive based trust rather than affective based trust might be related to role clarification. On the whole, our research supports the idea that a sizeable part of the effects of ethical leader behaviors on leader effectiveness may involve role modeling of appropriate behaviors and developing a sense of trust among employees.

Another finding of the present study concerns that the relationship of ethical leadership and its dimensions fairness and role clarification to trust were partially mediated by prototypicality. The relationship between power sharing and trust was fully mediated by prototypicality. In other words, ethical leader behavior signals the leader's prototypicality and being seen as prototypical in turn enhances levels of trust. Although we found some evidence for partial mediation, a direct link of ethical leadership behavior on trust remained beyond the effect of prototypicality. This suggests that other mechanisms by which ethical leaders affect employees' trust may also play a role, and an unmediated direct link between ethical leadership and trust also seems likely. Both our results and those of Brown et al. (2005) show high associations between the ELS and trust, as well as higher associations than those between the ethical leadership dimensions identified by De Hoogh and Den Hartog (2008) and trust. This is likely due to the operationalization of the ELS, as the ELS included an item about trust in the leader ("can be trusted"). We would argue that trust and ethical leadership are different constructs, however, and should be distinguished.

The findings of this study also add to the recent research on leader prototypicality. First, we replicate the finding by Giessner and van Knippenberg (2008) that trust plays a mediating role in the relationship between prototypicality and leader effectiveness. Our study also adds to the prototypicality literature as, to our knowledge, ethical leader behavior and prototypicality have never been linked before. Our study suggests that ethical leaders generally are also more prototypical of the group. This is in line with related previous research that shows that leaders who are viewed as procedurally fair (i.e., procedural justice) are usually seen as prototypical

(e.g., Lipponen et al., 2005; Platow & van Knippenberg, 2001). In other words, our results support the importance of role modeling for ethical leaders as noted by Brown et al. (2005). In addition, most studies in the prototypicality research field are experimental and only a few are field studies; thus, our study also adds an additional field study to this literature.

### *Limitations*

Although this study contributes to the literature on the effectiveness of ethical leadership and its dimensions, our sample represented a mix of job levels and sectors in a field setting, and we used measures with sound psychometric properties, it also has some limitations. First, the cross-sectional nature of the study implies that we cannot test for causal relationships. However, parts of the model have been tested in experimental settings before. For example, multiple studies tested the relationship between prototypicality and leader effectiveness in experimental settings (e.g., Platow & van Knippenberg, 2001; van Knippenberg & van Knippenberg, 2005). Although this study does not test causal relationships, the proposed direction of results is therefore based on previous experimental studies that did allow testing for directionality. More research is needed on cause-effect relationships. Also, more research on the development of ethical leadership, identity, and trust over time is needed.

Another limitation is that the data may be subject to common source and common method bias. The relationships between the variables may thus be overestimated. Leader behavior, prototypicality, trust and leader effectiveness are all assessed by employees. This way of measuring is hard to avoid when assessing attitudinal variables such as trust and prototypicality. Many published studies on prototypicality thus test relationships in this manner (e.g., Lipponen et al., 2005; Pierro et al., 2005; Tyler & De Cremer, 2005). To avoid some overestimation and to gain a more realistic view of leader behavior, we aggregated the ethical leader behavior data to leader level and assigned these averaged scores to each individual in the dyad. In this way, the leader behavior data are not only a function of participants' own perceptions but also reflect a more shared idea of how the leader operates. The other variables are individual perceptions and attitudes, and they were therefore not aggregated. The correlations found in this study are in the same direction and of the same magnitude as in previous studies (cf. van Knippenberg & van Knippenberg, 2005), suggesting the data is representative. More research is needed on these relationships using multiple sources. For instance, leader effectiveness could be assessed through another source (e.g., supervisor) or through more objective performance measures. In this study, leader effectiveness was measured through the eyes of the employees. The participants were from various organizations and the leaders had various tasks and roles, making it difficult to find comparable objective performance measures. Future research might complement the ratings of leader effectiveness for more objective measures. However, the way we measured leader effectiveness is consistent with a larger body of work on the social identity analysis of leadership (cf. van Knippenberg et al., 2004; van Knippenberg & van Knippenberg, 2005).

Another limitation is that managers chose subordinates who would participate in the study. This procedure is more often used in leadership research, but it could be that the selection system leads to positive bias that could restrict variance. It is possible that managers chose those followers who they think would give most positive leadership answers. The managers were instructed to invite employees for the study who they directly supervise and work closely with. However, we assured confidentiality of the responses and obtained responses from two

individuals per leader. Thus, we think that the possible positive bias is limited.

### *Conclusion*

In conclusion, the results show the importance of leaders' ethical behavior for prototypicality, trust, and perceived leader effectiveness. Leaders' ethical behaviors such as clarifying roles, sharing power, and acting fairly signal that these leaders can be seen as ideal representatives of the group, and that in turn implies they can be trusted. Furthermore, such trusted leaders are perceived as more effective. We believe we have extended both the ethical leadership and prototypicality research by combining these variables in this study. In doing so, we have highlighted the importance of leaders' ethical behavior and start to test the mechanisms through which such ethical behavior may impact on others. We demonstrate that affecting prototypicality and trust is one such mechanism. Further research is needed to assess other ways in which ethical leader behavior can be perceived as effective or have their lasting and positive impact on followers and ultimately the organization.

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### Footnote

<sup>1</sup> We also performed the same regression analysis with all the variables aggregated to leader level. The ICC(1) score are .45 for leader effectiveness, .41 for trust, and .39 for prototypicality. Also, the rwg scores are calculated: .89 for leader effectiveness, .90 for trust, and .72 for prototypicality. The aggregated regression results show similar results for the relationship of ethical leadership and its dimensions with effectiveness, as well as for the sequential mediation of prototypicality and trust as found at the individual level. The relationship between overall ethical leadership and leader effectiveness is mediated by prototypicality and trust (significant change in beta from .63 to .01). For the separate ethical leadership dimensions, the results showed that the relationship between fairness and leader effectiveness was mediated by prototypicality and trust (significant change in beta from .22 to -.10). Partial mediation was found for prototypicality and trust in the relationship between role clarification and leader effectiveness (significant change in beta from .58 to .29). Finally, the relationship between power sharing and leader effectiveness was not mediated. Thus, the regression results showed similar results for the mediation model when all variables are aggregated.

## Why Does Leader Integrity Matter to Followers? An Uncertainty Management-Based Explanation

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We seek a theoretical answer to the question of why leader integrity matters to followers. We begin by defining leader integrity to include both the leader's word/deed consistency and the consistency between the leader's values and the follower's values. Drawing on Fairness Heuristic Theory and the Uncertainty Management Model, we suggest that followers use attributions of leader integrity as a heuristic for how the leader will behave in the future. Leader integrity attributions act as a proxy for necessarily missing information about leadership outcomes and offer followers needed confidence that their decision to follow is correct. Based on this uncertainty management model for leader integrity, we conclude with research propositions that may direct future studies.

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Business practitioners have a long history of advising leadership students and scholars that integrity is of central importance to effective leadership (Gostick & Telford, 2003). For example, George's (2003) book *Authentic Leadership* calls for business to elevate leaders who are "authentic leaders, people of the highest integrity, committed to building enduring organizations. . .[w]e need leaders who have a deep sense of purpose and are true to their core values" (p. 5). In his more recent book, *True North*, George (2006) similarly elevated the importance of leader integrity by calling it the foundation of all efforts of leaders to lead in the best fashions.

In *The Leadership Challenge*, Kouzes and Posner (2007) reported on surveys of over 75,000 people around the globe that asked the question: What do you most look for and admire in a leader? Leader honesty, which aligns with integrity, was selected more often than any other leadership characteristic. Lennick and Kiel (2008) cited integrity as "the hallmark of the morally intelligent person" and one of "four principles that are vital for sustained personal and organizational success" (p. 7). Simons (2008) in *The Integrity Dividend* argued that integrity is the predominant characteristic that "touches every aspect of your business" (p. 20) and, when practiced properly, enhances both the value of the business and yields a significant financial

dividend. Indeed, the well-accepted importance of leader integrity even shaped voter decisions in the 2008 US presidential race: “A new Associated Press – Ipsos poll says that 55 percent of those surveyed consider honesty, integrity and other values of character the most important qualities they look for in a presidential candidate” (Fournier & Thompson, 2007, p. 3A).

### **Why Leader Integrity Matters to Followers**

Many of these prescriptions regarding the importance of integrity, however, appear to accept the value of integrity without discussing *why* it and its correlates, such as trust and honesty, are so important to followers. Laypeople and leadership theorists alike seem to agree that integrity matters, but lacking is a clear exploration of why leader integrity is apparently fundamental in affecting follower decisions to engage as followers. Integrity is instead asserted to be important to leadership simply because its value appears obvious and intuitive (Palanski & Yammarino, 2007; Simons, 2008). Missing are discussions and explanations of why leader integrity is so important to followers or, in our terms, why leader integrity “matters.” While we would serve little purpose in advising scholars and practitioners that leader integrity *does* matter, this paper examines the process of how leaders come to affect followers to determine *why* leader integrity matters to them.

The intent of this paper is to explore the process through which followers attribute integrity and decide to engage. Our premise is that integrity matters because an attribution of integrity offers a great deal of useful information that makes a follower’s decision to follow much less risky. The decision to follow is a decision made in conditions of uncertainty where followers must decide, based on a belief about future outcomes, whether to commit to a leader and engage in his or her leadership efforts. The decision to follow is a prediction, based on the best available information, that following will result in what the leader promises and what the followers want (Janson, Levy, Sitkin, & Lind, 2008). This prediction is made more complicated by the fact that followers rarely have information beyond the plans and promises provided by the leader.

We suggest that because followers rarely have clear and direct rationales for following or direct information about the leader, followers will seek suitable and available information to fill the void and help them make the most informed decision possible (van den Bos, Wilke, & Lind, 1998). It is a long established part of social cognitive psychology that people use heuristics, or cognitive “shortcuts,” to create impressions or judgments of other people (Fiske & Taylor, 1991). In the likely occurrence that followers must make decisions about leaders lacking the specific and omniscient information needed to predict leadership success, we believe attributions of leader integrity stand as a primary proxy and provide a) useful information on the likely link between the leaders’ words and their subsequent actions and b) useful information on whether what leaders may come to ask followers to do will be consistent with the followers’ values and moral frameworks.

This paper explores the process of how and why people make attributions of leader integrity and why it is important to them. We first examine the definition of leader integrity. We will then describe how integrity can serve followers as an important proxy for needed yet unavailable information about leadership results. We conclude with research propositions that assert testable reasons why leader integrity is perceived as so important by followers.

### **Leader Integrity Defined**

The definition of leader integrity has been the subject of significant disagreement in both the philosophy and leadership literatures (Grover & Moorman, 2007). Palanski and Yammarino (2007) suggested that integrity research suffers from “confusion and disagreement about the term” and that this disagreement has prevented both the development of theoretical models on cause and effect relationships of integrity and the development of empirical tests of those relationships. Palanski and Yammarino suggested further that the central point of disagreement is whether integrity describes more narrow conceptions of wholeness or consistency or whether integrity is better thought of more expansively to include references to authenticity, ethicality, morality, or character (Dunn, 2009).

The root of all integrity judgments is a sense of consistency or congruence between seemingly disparate elements. To have integrity means that things fit together in a coherent form. Reviews of integrity definitions, like Palanski and Yammarino (2007) and Dunn (2009) have found little disagreement on the importance of consistency; however, where things get more interesting is when discussions turn toward just *what* should be consistent to indicate integrity.

For example, Palanski and Yammarino (2007) began their discussion of integrity definitions with the general but vague definition of integrity as “wholeness,” reflecting its Latin root of “integer.” Integrity as wholeness may refer to something like the integrity of the hull of a ship, suggesting that the hull is watertight, or the integrity of a bridge, where the two ends are anchored and the span supported. For leaders, integrity as wholeness speaks to a general consistency among all elements of a person, such as the person’s values, beliefs, words, and actions. Furrow (2005) supported the idea of integrity as wholeness when he noted that integrity is “the extent to which our various commitments form a harmonious, intact whole” (p. 136). This definition suggests that the key for integrity is the alignment of commitments, but it offers little explanation of what those commitments must be.

A more specific definition of leader integrity is the definition and operationalization of behavioral integrity developed by Simons (2002) and adopted, with some adjustment, by Palanski and Yammarino (2007). Simons (2002) defined behavioral integrity as the perceived pattern of alignment between a leader’s words and deeds. Behavioral integrity refers to both a pattern of consistency between leaders’ espoused values and their actions and also the extent to which promises are kept (Simons, Friedman, Liu, & McLean Parks, 2007). Palanski and Yammarino (2007) considered this to be a more restricted definition of integrity because it did not include consideration of the nature of the leader’s actions beyond their consistency with the leader’s words.

Behavioral integrity is related to various employee attitudes and behaviors. For example, Simons and McLean-Parks (2000) found that behavioral integrity was related to trust in managers and organizational commitment. Simons (2008) also found that behavioral integrity directly affects employee trust in leaders and that this trust is a central mechanism for predicting a causal chain from behavioral integrity to trust, commitment, and various discretionary behaviors tied to individual, group, and organizational performance. Dineen, Lewicki, and Tomlinson (2006) reported that levels of behavioral integrity moderated a relationship between supervisory guidance and organizational citizenship behavior and deviant behavior. They found that when behavioral integrity was at a high level, supervisory guidance was more positively related to OCB performance. However, the opposite occurred when behavioral integrity was low: when behavioral integrity was low in the leaders, providing guidance actually increased the deviance.

More expansive definitions of integrity suggest that not only is integrity defined by internal consistencies (such as word/deed consistency), it is also defined by the external consistency of those actions with either individual moral frameworks or community moral frameworks. For example, Becker's (1998) definition of behavioral integrity represents the degree a course of action adheres to or is consistent with a morally justifiable set of ethical principles. This definition was adopted by Parry and Proctor-Thomson (2002) in their study of links between perceived integrity and transformational leadership. Similarly, Brown and his colleagues characterized a leader with integrity as one who behaves according to a set of normative ethics (Brown, Treviño, & Harrison, 2005).

Virtue ethics theory integrates both the internal and external perspectives on leader integrity. Palanski and Yammarino (2007) defined integrity as an adjunctive virtue, which aligns with other virtuous moral constructs like honesty, authenticity, trustworthiness, fairness, and compassion. They defined integrity as "the consistency of an acting entity's words and actions" (p. 178). Their definition therefore includes an indirect admission that perceived integrity may also infer an external consistency between leader deeds and the perceiver's moral framework. While their definition (following Simons, 2002) references only word/deed consistency, their belief that integrity is a virtue indicating good character necessitates that integrity also be thought of as a measure of good moral character.

Dunn (2009) rejected the argument that integrity is a virtue and instead expanded the definition of integrity to include a much wider set of both internal and external consistencies. Included in Dunn's definition is not only an internal coherence between moral values, words, and behaviors, but he also asserted that integrity requires this internal coherence to be consistent with a set of social values. He further noted that these consistencies must hold over time and across social contexts.

Consistent with an expanded view including both internal and external consistencies, the present paper believes that perceived leader integrity includes the perceived consistency of a leader's words and deeds as well as the perceived consistency of these deeds with the values shared by the leader and the follower. The first clause is the judgment of whether a leader's actions are consistent with his or her words, and the second clause is the judgment whether those actions are consistent with actions deemed by the follower to be ethical and moral. Our purpose in expanding the definition beyond the more restrictive definitions of word/deed consistency is that adding additional characteristics acknowledges that followers may gain additional information about leaders from more expansive definitions.

### **Leader Integrity in the Literature**

The prevalence of calls for leader integrity in the business literature suggests that leader integrity should be a central theme in more academic business leadership theories (Grover & Moorman, 2007). Surprisingly, the academic business leadership literature has not elevated leader integrity to a similar level of importance or activity. One reason for this may be that leader integrity can be traced to trait theories of leadership (Bass, 1985; Stogdill, 1948) which have been discredited in some quarters (Lord, de Vader, & Alliger, 1986). For example, Judge, Bono, Ilies, and Gerhardt (2002) cites ten reviews of the traits associated with leadership and found that six includes mention of leader integrity or honesty (Bass, 1990; Daft, 1999; Kirkpatrick & Locke, 1991; Northouse, 1997; Yukl & Van Fleet, 1992). However, Judge et al. (2002) suggested that these trait results have been devalued in the leadership literature because traits

may only be associated with leader emergence rather than leader effectiveness (Lord et al., 1986). If leader integrity is considered a key trait in explaining effective leadership, it may fail, much like other leader traits, to compete with researcher interest in behavioral theories of leadership.

A second reason could be that leader integrity is central to leadership theory; however, its contribution is referenced by different names. As discussed above, integrity has been cited as a concept in need of clarification (Palanski & Yammarino, 2007), and it might be the case that definitional nuances have nudged the term “integrity” from a central role in leadership theories. For example, transformational leadership theory (Bass, 1960; Bass, 1985; Burns, 1978) includes a set of behaviors defined as idealized influence. Leaders who offer idealized influence are described by Bass (1998) as being “consistent rather than arbitrary... can be counted on to do the right thing, demonstrating high standards of ethical and moral conduct” (p. 5). The consistency of behavior in idealized influence is quite consistent with the core of leader integrity (Palanski & Yammarino).

Similarly, recent work describing authentic leadership may subsume the contributions of leader integrity. Luthans and Avolio (2003), Gardner, Avolio, Luthans, May, and Walumbwa (2005), and Avolio and Gardner (2005) have detailed their theoretical perspective on authentic leadership. Luthans and Avolio (2003) described authentic leadership as “the confluence of positive organizational behavior..., transformational/full-range leadership..., and work on ethical and moral perspective-taking capacity and development” (p. 243). Authentic leaders have self-knowledge, understand their own values, and act upon their values transparency (Gardner et al.). Such an emphasis on transparency echoes a central theme of leader integrity—leaders with high integrity act in ways that are consistent with their core values (Simons, 2002).

Leader integrity is included in the “moral leader” approach most notably discussed by Brown and Trevino (Brown & Trevino, 2009; Brown, Treviño, & Harrison, 2005; Treviño, Brown, & Hartman, 2003). They described the moral leader as one who behaves according to the general concept of ethicality and integrity. According to Brown et al. (2005), moral leaders demonstrate “normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making” (p. 120). The moral leader not only behaves in ways that are consistent with his or her espoused values, but the moral leader also behaves in ways that are consistent with the moral and ethical frameworks shared by themselves and their followers.

The prevalent model of organizational trust centrally includes integrity (Mayer, Davis, & Schoorman, 1995). While Mayer and colleagues do not present a leadership theory, the elements of trust are so closely related to leader integrity that the models are parallel. Trust in the leader is considered such a central mechanism driving follower engagement that models of the factors that determine trust are merely short steps away from models of effective leadership. In Mayer, Davis and Schoorman’s model of trust, integrity, ability, and benevolence are modeled as factors predicting perceived trustworthiness, which in turn is a condition that leads to trust. Integrity leads to trust due to the fact that people can rely on leaders who behave consistently over time because they have some indication of how the leader will react to situations. This sense of reliability makes it much less risky to make oneself vulnerable to another party (Meyer et al., 1995). Followers who trust make themselves vulnerable because they have some basis for the belief that their leaders will act in their interest and protect them from negative consequences in the future (McAllister, 1995).

Research on the Mayer et al. model supports the importance of integrity in the establishment of trust. For example, Colquitt, Scott, and LePine (2007) found that trustee integrity was related positively with the level of trust in interpersonal relationships. Similarly, Mayer and Gavin (2005) found that people who trusted their leaders were more likely to engage in in-role and extra-role behaviors on behalf of the organization.

### **A Justification of Leader Integrity**

Having given an overview of the ways to examine leader integrity, it is important in this section to return to our central concern: *Why* does integrity matter to followers? Leader integrity matters because it plays a significant role in the decision process used by followers when deciding who they will follow, who they will trust, to whom they will be loyal and committed, and ultimately for whom they will perform. Leader integrity's importance may lie in its positive influence on the leadership process and the positive organizational outcomes it achieves.

Our theoretical focus lies with followers' perceptions of leaders and how such perceptions are crucial to the leadership process. Because our interest lies with understanding how follower perceptions of the leader affect follower engagement, we examine leadership from the employee-centered perspective (Felfe & Schyns, 2006; Lord & Maher, 1991). The employee or follower-centered perspective most often emphasizes "followers' attributions and perceptions as the main source of variance in follower reactions" (Felfe & Schyns, 2006, p. 710). This perspective suggests that the leadership process, while certainly affected by a leader's behavior, is a more complicated process that also includes elements embedded in how followers perceive and react to leader attributes. A definition of leadership that elevates the follower perspective is offered by Lord and Maher (1991) in their discussion of implicit leadership theory. They suggest leadership is based on being perceived by others as a leader and it is the interaction of leader qualities with follower perceptions of those qualities that define the leadership process. Thus, leadership does not reside entirely in the leader, nor does it reside entirely in the follower. Lord and Maher cited Mischel's (1973) implied assertion that traits serve as important summary labels which help perceivers understand and predict a leader's behavior. Leader traits are thus "perceiver constructs" and have value in how their perception affects follower behavior.

The follower-centered approach fits well with the literature on leader integrity. Indeed, Simons (2002) noted that leader traits such as integrity can be thought of as perceiver constructs. In his discussions of behavioral integrity, Simons considered integrity as subjective and as an ascribed trait. He wrote that "behavioral integrity is likely to be influenced by the actor, by the relationship between the actor and the perceiver, and by the attributes, history, and state of mind of the perceiver" (p. 24). Simons (2008) also conceded that for behavioral integrity to affect followers, the followers must first be aware of it in their leaders. He stated, "Like beauty, behavioral integrity is in the eye of the beholder" (p. 6). While the leader's conduct is an important influence on perceptions of integrity, how the perceiver comes to a judgment about a leader's integrity will have an even more direct influence on subsequent perceiver actions and reactions. It is these responses to attributions of integrity that we are most interested in exploring.

#### *Making the Decision to Engage: The Effect of Perfect and Imperfect Information*

We find guidance toward understanding reasons *why* leader integrity matters to followers in the uncertainty management model proposed and tested by van den Bos and colleagues. Van

den Bos, Lind, and others first proposed Fairness Heuristic Theory, which they later refer to as the Uncertainty Management Model, in order to answer a question parallel to the question of why leader integrity matters: why do procedural justice judgments matter to people who must follow authorities (Lind, 2001; Lind, Kulik, Ambrose, & de Vera Park, 1993; van den Bos, 2003; van den Bos, Wilke, & Lind, 1998)?

The uncertainty management model suggests that “because ceding to authority of another person raises the possibility of exploitation and exclusion, people frequently feel uneasy about their relationships with authorities” (van den Bos & Miedema, 2000, p. 356). To ameliorate this uneasiness, van den Bos, et al. (1998) argued that people seek information about whether they can believe that the outcome of a request will indeed be fair. The best decision situation for followers making the decision to cede to authority is when they have “solid outcome information” (van den Bos, 2003, p. 483) upon which to make any judgments. Solid outcome information is information that there is little risk in ceding to authority because the outcome is most assuredly fair and just. Such information may range from the extreme of actually knowing what the outcome will be to the less extreme condition where history has shown that under similar conditions a specific outcome is very likely.

Having such information, however, is a luxury not often available (van den Bos & Lind, 2002). Instead, the uncertainty management model suggests it is much more likely that followers must decide to cede to authority in uncertain situations where “people start using other information – as heuristic substitutes – to assess what is just” (van den Bos, 2003, p. 483). One such heuristic substitute is the perception of procedural justice. When direct information about outcome fairness is not available, people will resolve the question of how they should interpret the decisions of the authority by relying on perceived procedural fairness. Procedural fairness offers indirect evidence that the authorities are trustworthy and that the outcome is likely fair because it emerges from a fair process. Procedural justice acts as a proxy for other more direct information about whether the authority would have the best interests of the follower at heart.

Attributions of leader integrity may, much like procedural justice judgments in the uncertainty management model, serve as useful and available information for followers seeking to decide to follow. In the case of judgments concerning one’s leader, the first question must be whether it is more likely that follower decisions to follow are made in information uncertain situations or are made based on perfect or nearly perfect information about leader outcomes. First, consider the hypothetical situation of a follower having perfect knowledge of what will happen as the result of a leadership effort. In this situation, followers would decide to engage based on an evaluation of the known results of the leadership effort. The results, and the degree those results are deemed valuable and worthy of effort, would predict the degree to which followers would engage. Importantly, information about leader integrity or any other leader characteristics would be inconsequential since it would add no value to the followers’ decision. For example, with perfect information, followers deciding to join a leader in his effort to create a new consumer product would know whether the product would find a market and whether the product would become something that provided benefits in line with the followers’ values. Followers would only need the perfect knowledge of results to decide to follow and engage, and they would have no need for any other information sources. Similarly, a follower deciding on which candidate to vote for would benefit from the ability to know exactly whether the candidate would raise taxes, balance the budget, enact health care reforms, or strengthen national defense. Issues of the candidate’s personality or character would become less important the more the voter knew about guaranteed outcomes.

However, what is clear is that followers will never or nearly never have perfect information about the leadership results they desire. Because the results of a leadership effort only occur in the future, following is based on predictions of what may come true. Followers are thus always in the position of having to decide to engage with less than perfect information about what may happen. The leader/follower relationship is defined by information asymmetry where leaders and followers know different things (Akerlof, 1970). It is often the case that following is a risky decision which requires some degree of faith in the leader and the leader's words, as well as in tenuous predictions about future events.

In the absence of perfect information about results, followers must undergo the very same process described by uncertainty management and rely on proxy sources of information drawn from what they can know. These proxy sources are available, yet imperfect, predictors of leadership results. They may offer important clues to possible results, but nevertheless are imperfect, perhaps even wild, approximations.

### *Leader Integrity as a Proxy Source of Information*

Why may leader integrity attributions serve as a useful proxy for the lack of concrete information about leadership outcomes? Leader integrity matters so much to followers because integrity attributions offer information to support important judgments about leaders' likely behavior and their values and ethical orientations. In our discussion of the definition of integrity above, we defined leader integrity as a characteristic that includes both Simons (2002) definition of word/deed consistency and, more indirectly, the belief that integrity signals that the leader's values are consistent with values held by the follower. Attributions of word/deed consistency may be instrumental in increasing followers' ability to predict leaders' actions from their words. Followers are likely to have heard leaders articulate plans, but they may have little more than the leader's words or promises. Once successful combinations of leaders' statements of intent and follow-up actions occur, attributions of word/deed consistency increase follower confidence in a prediction of the behaviors to follow. Leaders with such integrity "follow through," "practice what they preach," and "walk the talk." The words professed by leaders with integrity therefore become useful predictors of action. In the contrasting situation, leaders who lack integrity provide no basis for followers to infer actions from their words.

In addition to the predictability that follows word/deed consistency, followers may find it easier to follow a leader of integrity because the followers may have increased confidence in the moral basis of the leader's actions and may believe more strongly that the leader's values are consistent with their own. Followers who label a leader as having integrity may believe that the leader's values are moral and that they are consistent with their own moral fabric. With attributions of values consistency, followers would be confident that they would believe in and accept as worthy most anything that the leader would ask them to do. Followers would have increased confidence that not only would the leader act in ways consistent with shared values, but the leader would only ask followers to behave appropriately. There would be less risk that, down the line, leaders would derail the plan because they acted inappropriately or asked the followers to do the same. In essence, we engage with leaders who have similar values because leader integrity mitigates risk about a leader's future behavior. Such mitigation reduces the uncertainty that complicates the leader-follower relationship.

Finally, followers may find it easier to follow a leader of integrity because the leader's communication of the nature of the plan and his or her own competence in enacting that plan

would likely be more believable. Besides the confidence they gain from attributions of leader integrity, followers also a) seek information about the leader's plan and whether the plan itself makes sense and b) seek information about whether the leader is credible as the one to execute the plan. Leader integrity attributions help here because they help followers believe the leader's description of what the plan really entails and help followers believe the leader's credentials as a person with the necessary expertise.

In sum, the result of an attribution of integrity is that followers will believe a) that a leader's words will be indicative of his or her actions and could be used to predict future actions; b) that the leader's actions, now and in the future, will be consistent with values likely shared with the follower; c) that, in the future, the leader may only ask the follower to behave in ways consistent with the values they already share; and d) that the leader's communications of the plan's attributes and his or her competence is credible. These four beliefs coalesce to significantly decrease the perceived risk of following a leader and to significantly increase the belief that good things promised will come true.

### Research Propositions

Based on our discussion above about leader integrity and how its significance may be due to how it influences followers' decisions to follow, we propose these research propositions:

Proposition 1: Attributions of leader integrity will be based on follower perceptions of word/deed consistency *and* follower perceptions of whether the leader's values as evidenced by his or her words/deeds align with the moral and ethical frameworks of the follower.

Proposition 2: Perceptions of leader integrity will be important in follower decisions to follow because they provide information that increases follower certainty that the leader will deliver what he or she promises.

Proposition 3: Perceptions of leader integrity will be important in follower decisions to follow because they provide information that increases follower certainty that the leader will act in ways that are consistent with the follower's values and moral frameworks.

Proposition 4: Perceptions of leader integrity will be important in follower decisions to follow because they provide information that increases follower certainty that the leader will ask the follower to act in ways that are consistent with the follower's values and moral frameworks.

Proposition 5: If followers do not perceive the leader to have integrity, information about leader competence will only inform their decision to follow if that information comes from sources other than the leader.

Proposition 6: If followers do not perceive the leader to have integrity, information about plan attributes will only inform their decision to follow if that information comes from sources other than the leader.

### Conclusion

Why does leader integrity matter? Leader integrity has long been cited as an important if not the most important leader characteristic. However, we have often simply accepted that integrity is important without articulating why. Our purpose was to describe a process that may

explain why leader integrity has been cited by leadership scholars and practitioners as so central to leader effectiveness.

We believe leader integrity matters to followers because of the information it communicates to followers that may help them deal with the inherent uncertainty of follower decisions. The uncertainty management model for procedural justice suggests that procedural justice is important because it serves as a proxy in place of clear information about the fairness of outcomes. We believe that leader integrity attributions also serve as a useful substitute for elusive information about the results of a leadership effort. When followers must make a prediction about what a leader will do, an attribution of leader integrity will help them feel much more comfortable relying on the leader's words to predict his or her actions and believing that the leader will act appropriately. If follower decisions did not require predictions in the face of uncertainty, or did not require other leaps of faith, integrity would be of much less importance. However, because leaders ask followers to have faith and ask followers to take steps into the unknown, attributions of leader integrity lend confidence that everything will turn out alright.

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## **The Role of Authentic Leadership and Cultural Intelligence in Cross-Cultural Contexts: An Objectivist Perspective**

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Cultural adaptation in cross-cultural situations is an integral part of international management and leadership literature. However, there has been little theory or empirical research that takes into account the objectivist perspective of the necessity of leaders remaining true to their moral standards when operating in different host-cultures. We draw upon the authentic leadership and cultural intelligence literatures to explicate a model by which authentic leaders in a cross-cultural context can find a balance in the tension between their own deeply held values and those of the host-country's culture.

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*“Behavior is especially susceptible to external influences in the absence of countervailing internal standards. People who are not much committed to personal standards adopt a pragmatic orientation, tailoring their behavior to fit whatever the situation seems to call for. They become adept at reading social cues, processing and retaining social information, and varying their self-presentation”—Albert Bandura (1986, p. 375)*

### **The Role of Authentic Leadership and Cultural Intelligence in Cross-Cultural Contexts: An Objectivist Perspective**

Issues of cross-cultural management and leadership, emphasizing the importance of globalization and adapting to new cultures, are receiving increased attention from both researchers and practitioners (Avolio, Walumbwa, & Weber, 2009; Chrobot-Mason, Ruderman, Weber, Ohlott, & Dalton, 2007; Fisher-Yoshida & Geller, 2008). Yet, one difficulty leaders face in regards to globalization involves retaining their moral integrity—remaining authentic to their

personal beliefs—while being immersed in cultures with differing value systems. In the quote above, Bandura noted that the external environment influences behaviors when there is a lack of commitment to moral integrity, possibly leading individuals to act differently in diverse contexts. Indeed, global leaders may be extraordinarily adept at adapting to differing cultural situations, which has been characterized as having cultural intelligence; however, “in the absence of countervailing internal standards” (Bandura, 1986), such cultural adjustment may inhibit morally grounded cultural adaptation. News stories provide countless examples of business leaders exhibiting unethical behavior when acting within another nation’s borders, such as sponsoring physical plants with poor or unsafe working conditions, implementing unfair wage policies, neglecting environmental standards, or violating humanitarian needs (Global Exchange, 2007). While the implementation of company-level morality clauses has received attention as one response to such dilemmas (Unruh, 2008), little consideration has been given to the complexity of ethical situations for the individual leader in a cross-cultural context. How does such a leader read social cues, process varying cultural information, and enact appropriate behaviors without abandoning the important internal standards that are central to his or her identity? In this paper, we develop a theoretical model to explain the process by which global leaders can both meet the demands for adaptation to another culture and remain consistent and authentic to their personal values.

In the global economy that characterizes our current state of commerce, leadership cannot only be grounded in the customs and behavioral norms of the prevailing culture; instead, we must consider new forms of leadership that allow leaders to examine personal values and beliefs within the context of different cultures. Leaders in a cross-cultural context face many dilemmas in which what they consider immoral is acceptable or amoral in the host culture—or vice versa. Instead of taking a culturally relativistic view (ex. “when in Rome, do as the Romans do”) of ethics and morals, this paper’s theory is grounded in an objectivist view, such that the leader’s personal morals continue to be important, even when placed in a different system. Past research provides support for the idea that leaders, specifically in expatriate settings, experience dissonance between their own moral values and those of the host-country’s culture (Brand & Slater, 2003). Social pressures can motivate behaviors that are in agreement with the standards of the culture at hand while violating deeply held moral values. Indeed, pressures to conform to host-culture norms may lead to moral disengagement, where the leaders no longer act in accordance with deeply held beliefs and surrender their authenticity. This evidence suggests that an objectivist approach, where one understands moral truths existing outside the person as distinct from internal values and judgments, is an important aspect of morally grounded cultural adaptation.

Although cross-cultural researchers provide support for universally endorsed principles, such as moral integrity, trustworthiness, and honesty as contributors to effective leadership (House, Hanges, Javidan, Dorfman, & Gupta, 2004; Javidan, Dorfman, De Luque, & House, 2006), what is not universal is the prioritization of these principles and the judgments as to how these principles are enacted. In an objectivist paradigm, moral principles are distinct from the behaviors enacted in endorsement of these principles, and morally appropriate behaviors may differ across cultures (Schyns & Meindl, 2006). Therefore, despite the universal endorsement of moral integrity, we suggest that the judgments about what behaviors are most appropriate are not universal. The dilemma for global leaders is maintaining moral integrity in a manner that remains authentic to their personal values and aligns with the cultural norms and values of the host-country culture. Thus, by understanding contrasts in how various cultures prioritize and

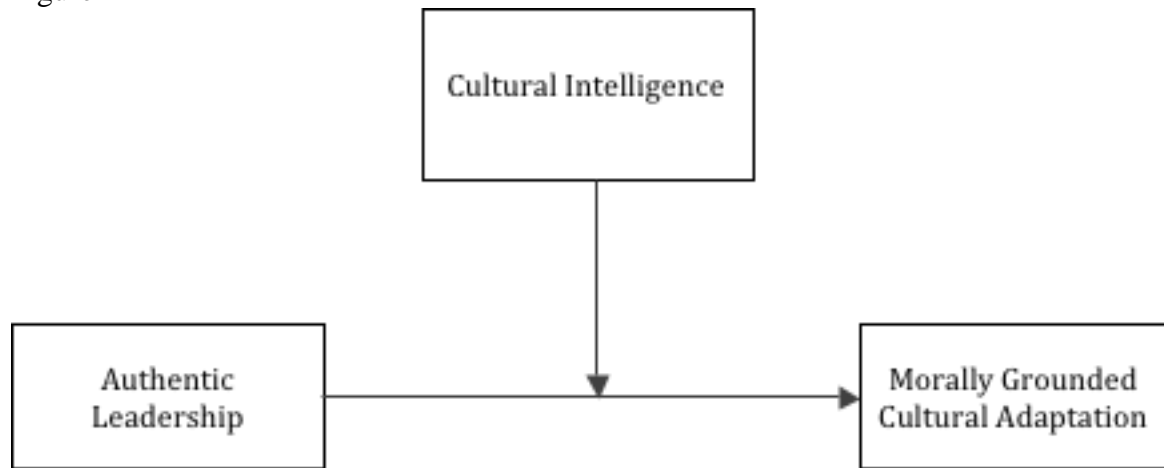
enact universal principles, cross-cultural leaders can find a balance in the tension between their own deeply held morals and those of the host-country's culture. Furthermore, in answering the question as to whether it is possible for leaders to safeguard their moral integrity when taking on a cross-cultural role, this can be done from an objectivist perspective, whereby a meaning-making process occurs, allowing the leader to reconcile his or her values with those of the local host culture. It is this process that denotes the importance of the relationship between authentic leadership, cultural intelligence, and morally grounded cultural adaptation.

### **Overview of the Theoretical Model**

The authors suggest that authentic leadership theory—which includes the dimensions of self-awareness, balanced processing, relational transparency, and the adoption of a moral perspective (Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008) — can lead to morally grounded cultural adaptation. We define morally grounded cultural adaptation as acclimatization to different cultures without compromising one's moral integrity, while also acting in an appropriate manner to the host-country's culture. By definition, authentic leaders approach a situation from a moral perspective, thinking through how decisions would help or harm individuals (Gardner, Avolio, Luthans, May, & Walumbwa, 2005; Luthans & Avolio, 2003; Walumbwa et al., 2008). We propose that authentic leaders—who possess a deep understanding of their actions and feelings (self-awareness), who have the ability to weigh information from both internal and external sources when making decisions about behavior (balanced processing), who have created an open dialogue with their followers (relational transparency), and whose decisions and actions stem from the morals developed within the culture of one's home country (moral perspective)—will be able to exhibit morally grounded cultural adaptation.

We also suggest that cultural intelligence, defined as the ability to interact effectively with culturally distinct individuals and to generate appropriate behavior in a new cultural setting (Thomas, 2006), will interact with authentic leadership, allowing the authentic leader to more fully comprehend the differences between the host culture values and his or her own deeply held beliefs and strengthening the positive relationship between authentic leadership and morally grounded cultural adaptation. Thus, cultural intelligence coupled with authentic leadership is theorized to create an interaction, whereby increasing levels of cultural intelligence will strengthen the relationship between authentic leadership and morally grounded cultural adaptation. It is proposed in this model that the facets of cultural intelligence—specifically, cognition, motivation, and behavior—are important mechanisms that should aid in strengthening the relationship between authentic leadership and morally grounded cultural adaptation due to the increased understanding of the host country's mores that comes with increased cultural intelligence.

Figure 1



Overall, the purpose of this paper is to present a model of leadership grounded in an objectivist paradigm that addresses how leaders may exhibit moral integrity in multiple contexts. Leaders adapting to a new culture must be able to function and manage in culturally diverse settings (Ang, Van Dyne, & Koh, 2006) while keeping their own and others' moral perspectives salient (Walumbwa et al., 2008). We assert that if leaders ignore personal standards and moral inhibitions (moral disengagement; Bandura, 1991, 2002) in order to adapt to new cultures, at some point this process leaves a pragmatic weathervane that is guided by whatever moral or immoral guidelines exist in its setting whilst lacking important internal moral standards.

Authentic leadership theory specifically acknowledges the importance of taking a moral perspective when enacting behaviors (Avolio & Luthans, 2004; Gardner et al., 2005; Walumbwa et al., 2008). However, the theory also states that one must take a balanced perspective when using critical reasoning skills, requiring the authentic leader to analyze relevant information. In this sense, an authentic leader placed in a global context would examine different cultural ideas with a lens that may allow seemingly contrary perspectives to achieve alignment. We propose that this coupling between cultural intelligence and authentic leadership is integral to creating morally grounded, culturally adapted leaders who are more readily able to identify with and enact behaviors that are acceptable in different environments without disengaging their moral inhibitions. Such a leader recognizes nuances in human behavior that depend upon deeper-seeded values—going beyond just surface recognition of behaviors (the foundation of cultural intelligence)—by allowing leaders to explore the meanings of action in context.

### *The Morally Grounded, Culturally Adapted Leader*

Presuming that leaders enter any context with internal standards for behavior, what happens to the leaders whose internal standards exist in apparent contrast to those encountered in a cross-cultural context? Consider for example the leaders who go from a context where employees at all levels of the organization are expected to act morally and are ostracized if they do not, to a culture where accepting the behaviors of your supervisor is a normative business practice, regardless of the morality of the behavior. Engaging in such behavior and seeing

oneself as perpetuating immoral behavior by not reporting a supervisor's misconduct can lead to self-devaluation and anxiety—both of which have negative impacts upon performance (Bandura, 1986). Thus, some individuals who value their morality regulate their behaviors when faced with the threat of such detrimental outcomes, generally by behaving in a manner that is in accordance with personal standards (e.g., by reporting unethical supervisors, one maintains positive self-regard).

In other cases, individuals may morally disengage in order to maintain the view of self as being a good person (Bandura, 2005; Kunda, 1990; Taylor & Brown, 1988). Moral disengagement occurs through rationalization (Bandura, 1991; Sykes & Matza, 1957), and the cross-cultural context provides an easy excuse for one to abandon personal standards or violate broader cultural standards. Take, for example, excuses such as, "It stopped being wrong for me to look the other way when my company decided to send me to this country. It's their fault if they don't like me allowing unethical behavior," or, "What happens in this country stays in this country." This is not to say that being placed in a cross-cultural context invariably leads to moral disengagement; however, we advocate that current theory must be more explicit in recognizing the likelihood that leaders will face moral dilemmas which arise simply as a function of being placed in a cross-cultural context.

In the literature on cultural adjustment and cultural adaptation of expatriates and other sojourners, the moral aspects of leader adjustment have received little attention. Although Bhawuk, Sakuda, and Munusamy (2008) did address some moral issues in their handling of intercultural sensitivity, the topic is otherwise scarce in adjustment and adaptation literature. Personality traits, cultural distance, family characteristics, formal company support, informal social support, and previous international experience have all been identified as antecedents to successful adjustment (Black, Mendenhall, & Oddou, 1991; Ward & Fischer, 2008); however, how individuals adapt their behaviors and handle the dilemmas of differing moral standards is absent from current adjustment research.

Beyond highlighting the moral challenges leaders are certain to face in a cross-cultural context, we suggest that cultural intelligence and authentic leadership may act in concert to increase morally grounded cultural adaptation. Authentic leadership is characterized in part by individuals who keep moral and ethical principles salient and central to behavior regulation (Avolio & Gardner, 2005). Cultural intelligence brings awareness of issues that arise due to racial, ethnic, and nationality differences (Ang, Van Dyne, & Koh, 2006). We suggest that in order to strengthen the relationship between authentic leadership and morally grounded cultural adaptation, cultural intelligence must moderate the relationship, allowing the authentic leader to discern the nuances of specific cultural behaviors and thus leading to understanding and sense-making. A more detailed explication of the relationships among the components of cultural intelligence and authentic leadership follows.

### *Authentic Leadership*

Authentic leadership includes four components: self-awareness, balanced processing, relational transparency, and an internalized moral/ethical perspective. These four components have been validated and build on a higher-order factor of authentic leadership (Walumbwa et al., 2008). We suggest that these four components can be broken down into cognitive, motivational, and active processes that work together with cultural intelligence, allowing a leader to attain morally grounded cultural adaptation while in a cross-cultural context.

*Cognitive processes.* Self-awareness is a cognitive state that refers not only to having trust in one's motives, feelings, desires, and self-relevant cognitions, but also to the outward environment and how individual strengths and weaknesses interact with others (Kernis, 2003). In a global leadership environment, self-awareness plays an important role in sensitizing leaders to differences between their personal values and those of the specific context. Additionally, balanced processing of self-relevant information, a second cognitive component, allows leaders to move beyond their ego and misconceptions about themselves (Kernis, 2003). Although related to self-awareness, balanced processing specifically involves the analysis of all available data in order to enact a decision. When applied to a cross-cultural situation, authentic leaders are aware of the impact of culture on their own value system and are better able to move beyond cultural biases in order to make more balanced assessments of the varying situations they face (i.e., beyond cultural stereotypes).

*Motivational processes.* Authentic leadership also includes the adoption of a moral/ethical perspective when using critical reasoning skills (Avolio et al., 2004). Thus, it follows that the authentic leader takes into account "the moral course of action, valuing moral values over other values, and taking personal responsibility for moral outcomes" (Rest, Narvaez, Bebeau, & Thoma, 1999, p. 101). As Bandura noted, "People do things that give them self-satisfaction and a sense of self-worth. They refrain from behaving in ways that violate their moral standards, because it will bring self-disapproval" (2005, p. 21). Though not all individuals adopt a standard of morality, authentic leaders do (Gardner et al., 2005) and therefore seek to avoid violations of their moral standards. Moral behavior is the product of individual and social influences (Bandura, 1991) and authentic leadership theory, which explicitly links morals and values to the leaders' self-concept, helping us begin to understand the role of personal moral standards when confronted with the need to enact different culturally accepted behaviors. Later, we will discuss how cultural intelligence informs leaders about the social influences of the cross-cultural context.

*Active processes.* The final component of authentic leadership, relational transparency, deals with exhibited behavior, which involves valuing and achieving openness and truthfulness in one's close relationships (Avolio & Gardner, 2005). This transparency is not necessarily full disclosure, but rather a selective process of enacting behaviors that allow disclosure of relevant and timely information, which in turn develops mutual intimacy and trust (Kernis, 2003). Cultural norms will dictate the level of transparency leaders choose to exhibit, but in any interactions, the authentic leaders would be forthcoming regarding information that is imperative to create a trusting relationship.

Self-awareness, balanced processing, a moral/ethical perspective, and relational transparency are all aspects that increase the authenticity of leaders; however, this theory has yet to be tested in a cross-cultural context and may not address the nuances that can lead to morally grounded cultural adaptation. Therefore, we suggest that the combination of cultural intelligence and authentic leadership promotes a greater amount of morally grounded cultural adaptation in the cross-cultural context than authentic leadership alone.

### *Cultural Intelligence*

Cultural intelligence has been defined as “the ability to interact effectively with people who are culturally different” and “to generate appropriate behavior in a new cultural setting” (Thomas, 2006, p. 80). The construct was developed to address global trends in international management in which country-specific training has become less relevant (Earley & Peterson, 2004) given the mobility of managers and their frequent contact with culturally diverse settings. Thus, researchers have proposed that leaders need to develop a general capacity to gain knowledge and adjust their behavior to allow them to effectively carry out objectives embedded in a culturally diverse setting. Cultural intelligence is posited as a distinct and separate construct from self-monitoring, which is treated as a personality trait and not a developable ability (Snyder, 1974; Zaccaro, Foti, & Kenny, 1991). Furthermore, although impression management may share some similarities with cultural intelligence, the cultural intelligence research ventures into specific contextual aspects as well as specific cognitive, motivational, and behavioral dimensions that are not explained by the properties of impression management.

There are four fundamental elements of cultural intelligence (CQ) that parallel the components of authentic leadership: metacognitive and cognitive CQ (cognition), motivational CQ (motivation), and behavioral CQ (action) (Ng & Earley, 2006). These components also comprise the higher order factor of cultural intelligence.

*Cognitive processes.* Metacognitive CQ is the knowledge one has about one’s thinking and the structures of one’s mind. In order to bring about change in how individuals process information, it is important to redefine not only one’s thinking (cognition) but also the way one thinks about thinking (metacognition) (Flavell, 1979). Cognitive CQ is defined as individuals’ “knowledge of specific norms, practices, and conventions in different cultural settings” (Ang, Van Dyne, Koh, & Ng, 2004, p. 7). Cognitive CQ focuses on acquiring and understanding information from specific cultures, whereas metacognitive CQ encompasses how one goes about understanding the higher level construct of culture and what strategies one can use to collect information and understand cultural cues. In short, the metacognitive component investigates how one thinks about or processes the norms and behaviors of other cultures, while the cognitive component captures what those norms and behaviors are.

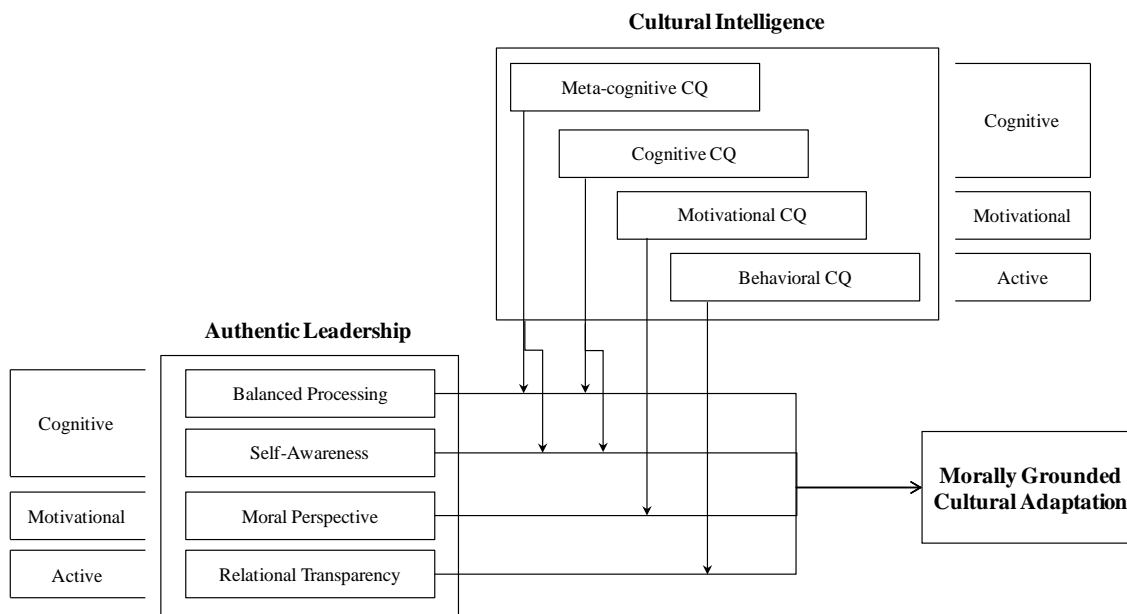
*Motivational processes.* The motivational perspective emphasizes values, self-efficacy, expectations, and goals (Earley & Ang, 2003). In order to develop one’s cultural intelligence, leaders must have some impetus or incentive to learn about other cultures and adjust behaviors accordingly. Thus, motivational CQ encompasses the objectives and rewards that come from educating oneself about different cultures and environments as well as adapting to them.

*Active processes.* The behavioral aspect of cultural intelligence relates to individuals’ abilities to act upon the culturally endorsed leadership styles (House et al., 2004) identified during the cognitive processing stage in order to present culturally accepted mannerisms. For example, in some Asian countries, charismatic/value based leadership is the leading culturally endorsed leadership style (House et al., 2004). This cultural knowledge informs how charisma is enacted in such cultures, and the motivation component provides the incentive to learn more about how charisma is displayed by Asians, enabling leaders to carry out such culturally appropriate behavior.

### *Cultural Intelligence as a Moderator of Authentic Leadership*

We propose that authentic leadership combined with cultural intelligence will interact to allow a leader's deeply held values to drive the exhibited actions while taking into account the accepted host-country's cultural practices. This creates the conditions for morally grounded cultural adaptation. Authentic leadership coupled with cultural intelligence allows global leaders to adjust to different cultures without losing sight of their personal values and beliefs. These leaders are able to make adjustments in order to remain genuine, but also to be seen as effective by individuals with different backgrounds, values, and beliefs.

Figure 2



*Cognitive interaction of cultural intelligence and authentic leadership.* Above, we suggested that one may think of the balanced processing and self-awareness components of authentic leadership theory as cognitive constructs. We propose that coupling these with the cognitive component of cultural intelligence will strengthen leaders' morally grounded cultural adaptation (e.g., the ability to remain authentic to one's own value system) in the face of cross-cultural ethical dilemmas. We also suggest that this interaction between the cognitive components of authentic leadership and cultural intelligence will enable leaders to learn and adapt to foreign value systems (Earley & Ang, 2003).

Balanced processing, or weighing all accessible data equally, will increase the amount of information authentic leaders choose to receive from the environment. Leaders who keep in mind that there are many valid perspectives in any situation will pay greater attention to the nuances of information they receive and process from the environment. Therefore, by combining meta-cognitive CQ and cognitive CQ, leaders will not only have an information processing strategy for learning from new cultures (meta-cognitive CQ) but will also have a repository of cultural

knowledge (cognitive CQ) to access. They may, then, have a broader set of data with which to weigh many perspectives or use balanced processing.

Self-awareness deals with the ability to understand one's value system, behavioral signals, and one's role within a given interaction (Walumbwa et al., 2008). Due to the higher-level nature of metacognition, leaders will be more keenly aware of how culture influences their own information processing. In addition, the cognitive component of cultural intelligence not only informs leaders about other cultures, but it helps them to understand their own cultural mores and how such cultural norms and values influence their moral reasoning. We propose that the interaction between the cognitive components of cultural intelligence and authentic leadership gives the authentic leader the ability to transcend the limitations of his or her current cultural boundaries in order to become proficient in cross-cultural dealings, even while maintaining moral values.

Proposition 1: Cognitive cultural intelligence (i.e. meta-cognitive and cognitive CQ) will moderate the relationship between self-awareness and morally grounded cultural adaptation such that as levels of cognitive cultural intelligence increase, the relationship between self-awareness and morally grounded cultural adaptation will increase.

Proposition 2: Cognitive cultural intelligence (i.e. meta-cognitive and cognitive CQ) will moderate the relationship between balanced processing and morally grounded cultural adaptation such that as levels of cognitive cultural intelligence increase, the relationship between balanced processing and morally grounded cultural adaptation will increase.

*Motivational interaction of cultural intelligence and authentic leadership.* Authentic leadership theory defines a moral/ethical perspective as a process by which leaders stay true to their values, even when surrounded by external environmental pressures to conform to different types of behavior (Walumbwa et al., 2008). We suggest the centrality of this moral/ethical perspective in authentic leaders promotes morally grounded cultural adaptation. In a cross-cultural context, this relationship becomes stronger when a moral perspective is coupled with the motivational aspect of cultural intelligence. Motivational CQ describes a state in which leaders are willing to approach problem solving and action when different standards exist and build efficacy around these experienced behaviors (Earley & Peterson, 2004). If leaders only rely on the host culture's standards and exhibit behaviors without truly having ownership, they may inhibit the deeply held beliefs that serve as judgment cues in the process of self-regulation (Bandura, 1986). However, only having motivation to act ethically or morally in regards to one's own beliefs may seem rigid and unwavering, conflicting with the reality that different cultures have different judgments regarding what is appropriate ethical behavior. In our model, the moral/ethical perspective of authentic leadership contributes to the maintenance of the authentic self. The moral perspective informed by cultural intelligence provides the cross-cultural enhancement to the regulatory mechanism that allows authentic leaders to develop new scripts of behavior while remaining true to themselves.

Therefore, the motivation to understand the standards and norms of a different culture may lead to a deeper understanding of how one's own value system fits in with the current host culture, creating the basis for behavior that is acceptable to the leader. For example, with regard

to the issue of bribery—some cultures draw a clear distinction between gift giving as a mode of relationship building and acts of bribery, while other cultures view such activities as synonymous. A mature moral perspective may allow leaders to discern the universal moral principle of fairness and where the line is drawn for a particular culture and align such understanding with thresholds of moral and ethical behavior.

Proposition 3: Motivational cultural intelligence will moderate the relationship between a moral/ethical perspective and morally grounded cultural adaptation such that as levels of motivational cultural intelligence increase, the relationship between a moral/ethical perspective and morally grounded cultural adaptation will increase.

*Behavioral interaction between cultural intelligence and authentic leadership.* Ang and Van Dyne (2008) suggest that cultures vary based on the “display rules that govern when and under what circumstances specific nonverbal expressions are required, preferred, permitted, or prohibited” (p. 7). A classic example is the requirement of sales clerks to smile even when feeling anger while interacting with a hostile customer (Grandey, 2003). A cross-cultural example may entail the interaction of Germans and English, in which the English judge the behavior of the Germans as impolite, even though the Germans would argue that they are displaying a cordial response.

This can take a psychological toll on those who portray behaviors contrary to their individual value system. Thus, with the presence of both authentic leadership and cultural intelligence, individuals will have the capacity to act in a moral or ethical manner, or enact behaviors that are extensions of one’s values, rather than to attain acceptance by pleasing others (Gardner et al., 2005; Kernis, 2003). Leaders and followers must act with regard for their true values as well as be aware of the situational context and how certain behaviors will be perceived (Ilies, Morgeson, & Nahrgang, 2005).

In order to create interactions that increase morally grounded cultural adaptation, we propose that relational transparency needs to exist between leaders and followers. Relational transparency involves valuing and achieving openness and truthfulness in one’s close relationships (Avolio & Gardner, 2005). Thus, relational transparency will help open a dialogue about accepted behaviors, allowing leaders to remain morally grounded while adapting to the new culture.

Leaders use behavioral CQ to enact the level of transparency that may be acceptable in a specific culture. It may seem that some cultures would not value relational transparency at any level; however, even the act of approaching a new culture with an open mind toward interactions with the local society may be enough to allow leaders to learn and expand upon their beliefs. By playing a transparent role, leaders may acquire information from followers that will enhance both self-awareness and balanced processing, as well as provide further evidence of local customs and how they might coincide with their morals.

Relational transparency may also allow leaders to communicate to followers that they understand their behaviors may not always be socially acceptable. By acknowledging their shortcomings, they may increase their acceptance by followers, while also increasing assistance in developing acceptable behaviors (Vogelgesang, 2008). We recognize that acknowledging one’s shortcomings may or may not increase acceptance by followers depending on the cultural situation, but we believe that cultural intelligence helps leaders discern when this is appropriate. Oftentimes, leaders who have been transplanted to a host culture are given some latitude as they

first overlook the behavioral norms. The followers ignore the missteps, and they welcome and accept the leader. However, as time goes on, if the behaviors are not adapted (mostly because the leader is unaware of the issues), followers will begin to revolt and become angry, possibly influencing the leader's failure in that role (Earley & Ang, 2004, p. 101-102).

Proposition 4: Behavioral cultural intelligence will moderate the relationship between relational transparency and morally grounded cultural adaptation such that as levels of behavioral cultural intelligence increase, the relationship between relational transparency and morally grounded cultural adaptation will increase.

In summary, we suggest that the cognitive component of cultural intelligence moderates the relationships between self-awareness, balanced processing, and morally grounded cultural adaptation. Furthermore, motivational cultural intelligence moderates the relationship between leaders' moral/ethical perspectives and morally grounded cultural adaptation, while behavioral cultural intelligence moderates the relationship between relational transparency and morally grounded cultural adaptation. When the dimensions of cultural intelligence are present, the additional information included in the leader's critical thinking abilities about a different culture's values allows for morally grounded cultural adaptation and reduces the likelihood of moral disengagement.

### Discussion

Given cross-cultural differences in normative behavior, our first concern was to address the means by which leaders may successfully adapt to a new culture while remaining committed to their moral perspectives. The GLOBE studies established moral integrity as a universal characteristic of effective leadership, and we sought to explicate a process by which leaders may maintain their moral integrity within cultural contexts that may have cultural differences in how this moral integrity is displayed. Thus, leaders remain morally grounded, even when adapting to a context that provides cues which run counter to their own value system. We suggest that culturally intelligent, authentic leaders are equipped with the capacity to adapt in a cross-cultural context as morally grounded leaders.

While we ascribe to principles of ethics that transcend cultural boundaries (i.e. universal moral principles of duty, truth, or justice), centuries of philosophical debate demonstrate that even universal principles are not unassailable (Goodwin & Darley, 2007). Further, an individual's understanding of universal moral principles is internally held as shaped by one's own cultural norms and experiences (Beauchamp & Bowie, 1997). Yet, we understand authentic leaders to be individuals who are self-reflective (Gardner et al., 2005), and self-reflection is important for creating consistency between principles and one's judgments on moral issues (Hartman, 2008).

In order to make initial advances in theory, it may be preferable to conceptualize a leader's morally grounded cultural adaptation with issues that are straightforward; however, future research must begin to pick apart what it means to behave "(im)morally" in a cross-cultural context. The discussion of moral behavior in a cross-cultural context begs the question of what are the behaviors with which we are really concerned, and what makes those behaviors immoral? In order to advance theory, it may be easier to go with examples that seem clearly black or white; however, it is evident that concerns over moral behavior exist in the cross-cultural context as shades of gray. We suggest that there are general categories of cross-cultural

behavior that may be evaluated against common moral decision-rules. By taking such an approach, future research may draw from a common typology that helps characterize the behaviors of concern in a cross-cultural context. Something as simple as violating rules of etiquette may be construed as immoral, and we suggest that there are common decision rules (e.g., intent and harm) that may help to characterize cross-cultural gray areas as black or white—or, at least, less gray.

In addition to considering ambiguous scenarios versus seemingly cut and dry moral decisions, it is also important to note the role of the interaction between authentic leadership and cultural intelligence in developing leaders who are prepared to deal with the challenges of globalization. The grayer areas of moral dilemmas may elevate leaders to higher levels of cognitive development, in which their self-awareness becomes deeper, their ability to balance increasingly grayer shades of information becomes more fine-tuned, and their moral perspective provides a richer moral identity. The interaction of cultural intelligence and authentic leadership may influence leaders to understand behaviors as immoral that they had not previously considered as such. We do not believe that individuals are either authentic leaders or they are not. Rather, the interaction of cultural intelligence and authentic leadership provides a continual developmental process in which leaders more accurately identify their value systems, the cultural influences on those value systems, and how to integrate them with other cultural value systems.

We recognize that the propositions we have made and their theoretical foundation may pose confounds at first glance. For example, how can a leader be authentic when he or she shifts values to adjust to a new culture, and conversely, how can a leader adjust to a new culture without shifting values? Our model is intended to identify this fine line and help leaders to understand that they must maintain a balance between remaining true to their values while being open to understanding the value system of another culture. In fact, we believe that this process helps leaders to develop into more authentic leaders as they build repertoires that are consistent with their core values and malleable to varying cultural contexts. The process will also strengthen their self-awareness and give them greater understanding of what their core values in fact are.

### **Conclusion**

This paper makes a contribution to the leadership and international management literature by discussing the linkages and interactions between two emerging theories: cultural intelligence and authentic leadership. The propositions and model we present are testable and speak to the need to use multidisciplinary methods in order to explore the complex relationships that abound in global leadership research.

Our model explicates how cultural intelligence moderates the relationship between authentic leadership and morally grounded cultural adaptation. Thus, we suggest that although it is important for leaders to possess cultural intelligence, they must also develop in an authentic manner to avoid the pitfalls of merely imitating a host-country's culture, which in the global context might lead to misunderstandings, unintended insults, and generally an inability to find common ground based solely on diverging behavioral norms (Thomas, Schermerhorn, & Dienhart, 2004).

Finally, beyond leader-focused outcomes of maintaining morality and successfully adapting to a different culture, authentic leadership is also about the influence of leaders on their followers. Just as moral dilemmas arise due to ambiguity in cross-cultural encounters, so also

will ambiguity arise if leaders morally disengage. Such contradictions between leader behavior and espoused values also provide for followers' self-exonerating justifications for violating moral principles (Bandura, 1986). In the end, authentic leaders' behavior is guided by their values and beliefs. Yet, authentic leaders are self-reflective and self-aware. Equipped with cultural intelligence and understanding the distinction between culturally influenced moral judgments and universal moral principles, such leaders are prepared to adapt to new cultures while remaining morally grounded and avoiding the ambiguity of moral hypocrisy.

The proposed model provides a means to understanding how leaders may approach ethical dilemmas when interacting with a new culture. Our aim is to draw attention to the real possibilities that moral dilemmas arise and that moral disengagement is likely. However, with awareness of these possibilities, leaders can prepare by taking steps prior to a cross-cultural interaction which develop their authentic leadership and cultural intelligence. This will enable them to avoid the damaging personal and organizational effects of moral disengagement. Our focus, thus, is a positive approach to studying how leaders remain morally grounded while adapting to new and different cultures, and future directions may include personal and organizational outcomes of such adaptation.

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