A Review of the Literature Concerning Ethical Leadership in Organizations

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The following article explores the literature regarding the topic of ethical leadership. Thirty-eight articles were identified that are written by authors who focused on four main topics. These topics are the definition of ethical leadership, the personal integrity and morality of a leader, how a leader ethically influences followers, and current challenges facing ethical leaders. These four topics are explored in further detail within the literature review. Overall, it is found that ethical leadership is complex and a relatively newer field of study. Yet, common themes include the need for establishing trust and gaining ethical knowledge by way of study and application. Also, major organizational failures, such as Enron, have ignited an interest within the field. Possible further research is recommended at the end of this review.

This article examines the literature regarding the topic of ethical leadership within organizations. The literature review was conducted by utilizing databases such as scholar.google.com, the Library of Congress database, Academic Search Complete, EBSCOhost Discovery, and OmniFile Full-Text Mega. Additional resources were secured at Barnes and Nobles bookstore. A list of keywords used during the search is ethical leadership, ethics, morality, virtues, values, morals, and management. Thirty-eight articles were ultimately selected due to their focus on four main topics: a) defining ethical leadership, b) the personal integrity of the leader, c) influencing followers in ethics, and d) current challenges and solutions. The structure of the literature review examines each of these four topics in greater depth and considers the findings in the end.

Defining Ethical Leadership

The study of ethical leadership is increasing in relevancy, as once famed organizations have fallen from grace. In recent years, one has been exposed to the collapse of Enron, the fall of the Lehman Brothers, as well as the housing market crash; all due, in part, to unethical behavior. Green and Odom (2003) note that the lack of ethical leadership in Enron caused harm to thousands of employees, invoked greater government regulation, and crippled consumer confidence of the financial industry (Thompson, 2010).

The examples of organizations exhibiting unethical behavior has caused businesses to reexamine their strategic direction, helping them learn that ethical leadership is the way which leads to profitability (Moss, 2002). However, as Thornton (2009) notes, "Now in the global marketplace, with fierce competition for business and resources, the scope of problems that can occur in leadership ethics has expanded exponentially" (p. 60). As a result of the increasing scope of concerns within today's organizations, it is noted that one of the greatest needs is a charismatic ethical leader (Mackie, Taylor, Finegold, Darr, & Singer, 2006).

A rigorous qualitative study completed by Plinio, Young, and Lavery (2010) found that one of the most serious problem facing organizations today is impoverished ethical behavior and nonexistent ethical leadership. Consequently, the authors note that trust in leadership is waning and the situation is worsened by a weak economy. The authors also noted an alarming increase in misconduct by employees at all levels.

Darcy (2010) confirms that the current climate of organizations is skeptical regarding ethics. In a qualitative study completed by the author, it was discovered that sixty-six per cent of people question if ethics within leadership even exists. This is what the author refers to as "a crisis of trust" (p. 200). The conclusion of the study found that the biggest problem in organizations and individuals today is a lack of trust.

This lack of trust can be attributed to what Frank (2002) calls the "shadow side" of leadership. These shadows include the negative influences of "power, privilege, deception, inconsistency, irresponsibility, and misplaced loyalties" (p. 81). Unfortunately, over time followers become exposed to the consequences these shadow behaviors cause, and lose trust in the integrity of their leader.

This has ignited a slew of research and articles regarding the topic of ethical leadership. How does one lead a company in an ethical manner while also producing a plethora of profits? In order to answer this question, one must first gain an understanding of what the literature defines as ethical leadership. Yukl (2006) summarizes the ethical leader as one who promotes honesty, and mirrors his or her actions with their values and beliefs. However, the author acknowledges the field of ethical leadership is an ambiguous construct, which includes various constituents. As a result, ethical leadership may be difficult to evaluate.

Executives at large organizations define ethical leadership as "simply a matter of leaders having good character and the right values or being a person of strong character" (Freeman & Stewart, 2006, p. 2). Executives admit that following the law and obeying regulations are not what makes ethics complicated. They even disclose that influencing others to do the right thing is not the problematical part of ethical leadership. Rather, the complexity of ethical leadership exists in the gray areas of who is responsible when problems arise (Plinio, 2009).

Nevertheless, various authors attempt to correctly identify ethical leadership. Greenleaf (1977), who theorized servant leadership, states, "Service to followers is the primary responsibility of leaders and the essence of ethical leadership" (p. 20). Heifetz (2006) proposes that the primary responsibility of ethical leaders is to deal with conflict among followers, and instruct them in the right way. Frank (2002) states that transformational leadership is the outward display of ethical leadership. Though slightly different definitions have been constructed, all of these authors agree that ethical leadership is focused on influencing followers to do the right thing.

In contrast, Cumbo (2009) focuses on the leader when defining ethical leadership. A leader is considered ethical when inward virtues direct the leader's decision-making process. Followers simply are beneficiaries of a leader living a virtuous life. A leader is motivated not by influencing others but rather living by one's own virtues. The author states that virtues are amplified when the leader exhibits "imagination, compassion, empathy, and discernment" (p. 726).

Martinez-Saenz (2009) identifies constructs within ethical leadership. Five paradigms identified are altruistic, egoistic, autonomous, legalist, and communitarian. One of these constructs is not favored over another, but rather the authors identify various examples and environments for each. Altruistic motivation within ethical leadership is the leader acting out of selfless motives. Egoistic is when the right thing is considered by leaders because of a selfish motive. Autonomous is allowing followers to determine their own direction of ethics. The authors define legalist ethics as leaders following a set of given rules or regulations. Communitarian, on the other hand, places the emphasis on bettering society and the community in which the organization resides.

Plinio (2009) reviewed three commonly correlated leadership theories to ethical leadership. The first classical leadership theory that associates with ethical leadership is transforming leadership. "Transforming leadership ultimately becomes moral in that it raises the level of human conduct and ethical aspiration of both leader and led, and thus it has a transforming effect on both" (Burns, 1978, p. 134). The second is servant leadership, which emphasizes the need to serve followers and devote oneself to the ethical development of followers. The third classical leadership theory is authentic leadership. Plinio (2009) states that the very essence of ethics is being true to oneself and authentic.

Sandel (2009) notes three common historical approaches to ethical leadership. The first approach is the leader maximizing the welfare of followers as defined by Utilitarianism Theory. The second is a leader protecting the freedom of individuals, which is noted in Libertarianism Theory. Third, a leader is focused solely on promoting the right thing to do, regardless of consequence, as seen in Kant's Ethical Theory. A leader's decision-

making process and determining what is ethical often stems from a variation of one of these three historical approaches to ethics, according to the author.

Skovira and Harmon (2006) developed the idea of ethical ecology within organizations. The authors define this concept as the moral landscape or ethical environment in which leaders operate. This landscape influences the leader's decision-making within the organization. The author identified common constructs that help identify an organization's ethical environment. These are "corporate policy, codes of conduct, financial affairs, environmental concerns, human resources, organizational reputation, relationships, and the leader's personal moral frame" (p. 164).

Ethics develop standards by which a leader can judge the effects different behavior have on one another (Hickman, 1998). In summary, ethics comes down to a choice to influence oneself and others in doing the right thing. Ethical leadership is not about a process but rather a way of being and making the right choice (Darcy, 2010). As a result, the inner morality of a leader will be examined.

Personal Integrity of Leader

How is ethical character developed within a leader? Frank (2002) states that ethical leadership flourishes when one examines his or her inner character. Inner character is developed by "personal trauma, career setbacks, mistakes, and failures" (p. 81). When a leader is able to examine one's inner self during tough times, one is able to grow in character. Paul writes in Romans, "We rejoice in our sufferings, knowing that suffering produces endurance, and endurances produces character, and character hope" (5:3-4, English Standard). Ethics are developed in the suffering.

Souba (2011) discusses the being of leadership. The being of leadership involves questioning and reexamining deeply held beliefs and convictions. The process of transforming involves change, and the ethical leader must constantly be transforming. An ethical leader simply leads others in one's deepest held commitments. The art of being is defined as "awareness, commitment, integrity and authentic joy" (p. 14). The author argues that an ethical leader is joyful during gray-area moments, because one will remain true to oneself. The author considers ethical leadership more than a process but a calling. Ethical leadership is not defined by the task of making the right decision, but rather by whom one is.

Ward (2007) confirms the idea of knowing one's true self as an ethical task. Therefore, the author argues that spiritual development is what the defining purpose of one's life becomes. The author, coming from a Judeo-Christian perspective, notes that one cannot know oneself without spirituality influencing and directing that process. The author concurs that inward development of an ethical leader does not occur in a scientific manner but rather a spiritual one.

Lewis (1944) argues that man must be taught proper values. The author states that the corrupt man is born blinded to just values and ethics. "One must be trained to feel pleasure, liking, disgust and hatred at those things which really are pleasant, likeable, disgusting and hateful" (p. 19). Ethical behavior, argued by the author, is not intrinsically known to man but rather must be learned. If a leader only learns with his head but not his heart the value of ethics, he is like a man without a chest. "The heart never takes the place of the head: but if can, and should obey" (p. 19). Therefore, an ethical leader must first by way of knowledge learn values and then by way of heart apply them to everyday life.

Malphurs (2004) reinforces the practice of values within an ethical leader's life. Values are instilled by the means of practice. The author notes that followers are watching more what one does rather than what one says. If behavior is inconsistent, then the leader's integrity is lost. Therefore, the author writes that an ethical leader can develop inner values only by application. A person grows through action. An ethical leader is produced with practice.

Binns (2008) examined the impact that knowledge has on the personal ethical development of a leader. The author argues that leaders do not know how to develop ethically if not learned through academics and research studies. The reason behind this rationale is each individual approaches ethics with a biased point of view. The author notes that, with knowledge, leaders are better able to shed their incorrect ways of thinking and are liberated to think ethically and without bias.

King (2008) observed numerous managers across industries and noted eight common ethical values shared by all. The author found that ethical leadership is commonly exhibited by "honesty, loyalty, dedication to purpose, benevolence, social justice, strength of character, humility, and patience" (p. 719). These principles may be learned but ultimately originate from a religious faith or spiritual foundation. The author found that those who integrate faith into their workplace were more often considered ethical leaders. Therefore, the author argues that ethics derive from a place of faith.

Duffield and McCuen (2000) discuss the notion of ethical maturing. "The ethical maturity of a professional is important because it reflects how the individual approaches a dilemma that deals with values" (p. 79). The author defined ethical maturity as the ability to deal with complex dilemmas that involved competing values in sociotechnical choices. One matures in ethical understanding when having to outweigh multiple seemingly right options. The author also notes that ethical maturity is achieved when a leader is able to make these choices without being influenced by his or her own bias.

Ethically Influencing Followers

Once a leader develops in inner ethical maturity, how does he or she influence followers to pursue ethical living? Marcy, Gentry, and McKinnon (2008) note that often times within organizations there is a disconnect between what the leader says he or she will do compared to the reality of their actions. During the authors' research, it was found that the disconnect was most prevalent when faced with ethical dilemmas. As mentioned earlier in the paper, the organizational climate is facing a crisis of trust between leaders and their respective followers.

Moreno (2010) addresses the issue of the trust crisis within the research. The author states that even a small gap between what a leader says versus does creates ethical dilemmas for followers. Therefore, the author notes that an ethical leader is one who has no gap between actions and words. Ethical leaders can influence followers by consistent conduct, proper actions, moral way of being, and doing what one says.

Therefore, Marcy, Gentry, and McKinnon (2008) recommend that a leader develop a specific strategy as it relates to ethically influencing followers and gaining trust. This strategy identified by the authors include the following: "look within, assess one's emotions, question one's judgment, consider other's perspectives, assess situation demands, define a best case course of action or implementation, anticipate consequences, weight competing considerations, and recognize one's circumstances" (p. 5). Strategically approaching ethical dilemmas will better equip leaders to avoid problems, biases, and situational pressures.

Hickman (1998) quotes Aristotle's advice regarding ethics, "the spirit of morality is awakened in the individual only through the witness and conduct of a moral reason" (p. 361). The author is noting that followers can only learn inasmuch as they observe by example. Mackie, Taylor, Finegold, Daar, and Singer (2006) discuss the importance of having an identifiable leader within an organization who charismatically champions ethical causes by displaying a deep sense of commitment. Followers are more likely to commit to ethics already committed to by the leader.

Ward (2005) examines the role of formal reasoning in leading others in ethics, and argues that it is not formal reasoning that followers need but rather metaphors, allegories, parables, narrative storytelling, and life experiences. The author concludes that these methods are not conducive to formal reasoning, but neither are they irrational. Instead, by way of sharing examples and stories, followers are better able to grasp the ethical action. Jesus often adopted this way of teaching by sharing parables to instruct His followers in morality and ethics.

Nekoranec (2009) identified the role a leader should take on when around followers. The "identified role of leader is to personify espoused values, build relationship for

harmony and purpose and work for mutually beneficial solutions" (p. 4). The author notes the importance of creating win-win situations, especially as it relates to ethics and finances. Those that practice ethical leadership and sustain profits gain the greatest respect from followers.

Werpehowski (2007) approaches the ethical leader's role from a spiritual perspective. The author states that the ethical leader is one who reconciles humanity back to God and restores followers from the bondage of sin. Followers of an ethical leader will "see divine immanence in such a life…unfolding of God's agency in liberating pardon, sovereign judgment, creaturely blessing, and faithful love over against the damage brought by sin, suffering, death, and hopelessness" (p. 60). Yet, Hickman (1998) reminds one that, "the paradox and central tension of ethics lie in the fact that while we are by nature communal and in need of others, at the same time we are by disposition more or less egocentric and self-serving (p. 363)"

Kaptein, Huberts, Avelino and Lasthuizen (2005) note that, in the end, ethical leaders can best influence followers by measuring the results of their actions. The authors propose surveying employees, which can provide great insight into the overall ethical pulse of the organization. "Surveys can reveal the extent and possible consequences of unethical behavior in organizations and illuminate the characteristics of ethical leadership" (p. 303). The authors note that leaders will then be able to gauge their effectiveness of implementing ethics.

Current Challenges and Solutions to Ethical Leadership

Manz and Sims (1993), during their qualitative research, noted four shared strategic values of a successful ethical leadership within an organization. These four values are "to act with integrity, to be fair, to have fun, and to be socially responsible" (p. 15). The challenge arrives to determine what is fair. A solution proposed by the authors includes asking oneself, how would one feel if the roles were reversed and one was on the receiving end of the decision? The authors also challenge leaders within organizations to make ethics fun, as the authors found this increases organization morale.

Gini (1998) notes the tensions that occur when a leader tries to implement ethics. The central tension, the author writes, is that one is naturally egotistical during decision-making, and ethics requires one to shed that natural tendency. The ethical leader must take into account others' consequences when making decisions. The author argues that the ethical decision will be the one that minimizes harm and maximizes the greatest outcome for all.

Enderle (1987) points out in the studies that ethics would be much simpler if organizations merely outputted products or services without concern to the well-being of employees. However, the author notes that business is just as much about

relationships as it is transactions. A challenge is that an ethical leader must be concerned with producing quality profitable products, while protecting and promoting the well-being of employees. At times, these compete with one another. The right thing is not always the most profitable thing.

Walton (2008) identified forty-five traps within ethical leadership in the research. The author labeled these traps into three distinctive categories, primary, defensive, and personality. A primary trap is initiated from an external source, whereas, a personality trap is one that originates from within. The author poses a solution for leaders to identify the source of the trap and, in doing so, the leader will be better able to avoid ethical complications. However, the author acknowledges the difficulty leaders have avoiding these common ethical traps.

Ward (2006) examines the reason for ethical failures in leader. During the study, the author found that ethical failures do not occur because of selfishness, but rather out of ignorance. The author notes that often times an individual who holds a role of leadership may feel excused from moral requirements that others follow. The reasoning behind this is because the leader senses the role of leader separate from his or her self. When this occurs, a leader is more likely to excuse oneself from acting ethically in the role. The author's solution for leaders is to gain more knowledge in the field of ethics.

Conclusions

As noted above, the field of ethical leadership is ever evolving as ethical dilemmas force leaders to reevaluate existing paradigms. Ethical failures in companies such as Enron have reignited a growing interest in this field. Much of the current research today is central to three main topics, ethics within the individual leader, ethical leaders influencing followers, and challenges with implementing ethics in organizations. Future research to consider regarding the field of ethics is the further development of models dealing with the implementation of ethics in organizations. There are still many undefined gray areas that exist within ethical leadership and new studies are needed to alleviate these areas. Much of the current literature reviews ethical dilemmas and problems, but is cautious on offering solutions. Yet new opportunities are available as a growing number of leading organizations take lead and devote time and resources to the development of ethical leadership.

About the Author

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his article examines the literature regarding the topic of ethical leadership within organizations. The literature review was conducted by utilizing databases such as scholar.google.com, the Library of Congress database, Academic Search Complete, EBSCOhost Discovery, and OmniFile Full-Text Mega. Additional resources were secured at Barnes and Nobles bookstore. A list of keywords used during the search is ethical leadership, ethics, morality, virtues, values, morals, and management. Thirty-eight articles were ultimately selected due to their focus on four main topics: a) defining ethical leader... Organizational citizenship behavior directly influences the relation between style of leadership and commitment towards the organization17. Leadership style can be divided into two broad types, namely transformational and transactional. A transformational leader is one who is influential, innovative and encourages others. Â Moderating factors in leadership: Moderating variables in leadership had drawn attention in the recent research. The utilization of ethical leadership is crucial for ethical organizations that seek to serve suppliers and customers, increase business performance, strengthen competitiveness, and achieve continuous success in global business. Therefore, it is essential for ethical organizations to explore their ethical leadership applications, promote a strategic plan to systematically evaluate their practical advancements, and urgently respond to the ethical leadership needs of organizational members in ethical organizations. Â Ethical concerns are an important area in business practices and research endeavors in the field of organizational chain management (Svensson & Wood, 2011). Ethics is becoming an element of required business school curricula (Friedland, 2012). CHAPTER II REVIEW OF THE RELEVANT LITERATURE This chapter describes the review of literature related to the study, including ethics, ethical leadership, ethical workplace climate, the effects of leadership on employee attitudes, measures of organizational safety, and safety related events. The theoretical construct presented in Figure 1 shows the relationship among the ethical constructs of leadership and workplace climate and the constructs of safety related events and occupational injuries, a relationship that has not been explored in the literature. Ethical leadership: A review and future directions. The Leadership Quarterly 17 (2006) 595 â€" 616. www.elsevier.com/locate/leaqua. Â Drawing broadly from the intersection of the ethics and leadership literatures, we offer propositions about the antecedents and outcomes of ethical leadership. We also identify issues and questions to be addressed in the future and discuss their implications for research and practice. Our review indicates that ethical leadership remains largely unexplored, offering researchers opportunities for new discoveries and leaders opportunities to improve their effectiveness. Â© 2006 Elsevier Inc. All rights reserved. Keywords: Ethics; Leadership; Ethical leadership.