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Exploring the relationship of ethical leadership with job satisfaction, organizational commitment, and organizational citizenship behavior

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Exploring the Relationship of Ethical Leadership with Job Satisfaction,
Organizational Commitment, and Organizational Citizenship Behavior

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Laurie Yates

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Commitment, and Organizational Citizenship Behavior

by

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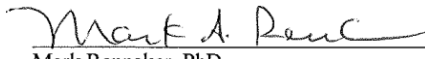
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Abstract

The impact of ethics on recent leadership practices has assumed a prominent role in both practical and theoretical discussions of organizational leadership successes and failures. Early twenty-first century scandals involving large corporations such as Arthur Andersen, Enron, HealthSouth, Tyco, WorldCom, and Toyota demonstrate that the concept of ethical leadership is a timely and relevant topic for study.

Leaders strive to achieve organizational goals by encouraging employees to perform at high levels (Drucker, 2001). A leader's ability to affect followers' attitudes and behaviors is important in this pursuit because it can result in greater job performance (Tanner, Brugger, Van Schie, & Leberherz, 2010). Ethical leadership may provide an effective approach for fostering positive employee outlooks and actions. The ethical leader, as a moral person and a moral manager, is an attractive and trustworthy role model. Employees respond positively to the ethical leader's principled leadership, altruism, empowerment, and reward systems, suggesting that improved employee attitudes and work related behaviors may follow (Brown & Trevino, 2006a).

Three established measures of attitudes and behaviors are employee job satisfaction, organizational commitment, and organizational citizenship behavior. The following research study examined the potential of ethical leadership to foster higher levels of these outcomes using the Ethical Leadership Scale developed by Brown, Trevino, and Harrison (2005). The Minnesota Satisfaction Questionnaire (Weiss, Dawis, England, & Lofquist, 1967) tested employee job satisfaction. Mowday, Steers, and Porter's (1979) Organizational Commitment

Scale and Smith, Organ, and Near's (1983) Organizational Citizenship Behavior Scale was used to measure the corresponding variables.

Study participants evaluated the top executive of their organizations using the Ethical Leadership Scale and these scores were divided into two groups: less ethical, and highly ethical. The groups were compared to the dependent outcome variables using a t-test. The study found that employees led by highly ethical leaders reported greater job satisfaction and organizational commitment than did employees led by less ethical leaders. No significant difference was reported among employees regarding the impact of ethical leadership on their level of organizational citizenship behavior. These findings suggest both theoretical and practitioner level insights.

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Definition of Key Terms

Ethics

Ethics can broadly be defined as a “set of principles used to decide what is right or wrong” (Thomas, 2002, p. 107). Ethics within organizations might refer to a normative framework for determining right from wrong, or to a much broader definition based on organizational values and culture, which is often referred to as morality (Paine, 2003). For purposes of this study, ethics is described as the study of right and wrong behavior (Ciulla, 1995; Jaramillo, Grisaffe, Chonko, & Roberts, 2009; Johnson, 2009, p. xix). The terms ethics and morality are used interchangeably.

Leadership

A definition of leadership proposed by Yukl (2002) was adopted for this project. This definition reflects several views of leadership scholars on key aspects of the leadership process. “Leadership is the process of influencing others to understand and agree about what needs to be done and how it can be done effectively, and the process of facilitating individual and collective efforts to accomplish the shared objectives” (p. 7).

Ethical Leadership

Definitions for ethical leadership vary among scholars (Brown & Trevino, 2006a; Brown et al., 2005; Ciulla, 1995; Johnson, 2009; Northouse, 2010; Sama & Shoaf, 2008; Trevino, Brown, & Hartman, 2003; Trevino, Hartman, & Brown, 2000; Yukl, 2002). A definition resulting from research by Brown et al. (2005) was used for this study since it

reflects empirical data and integrates aspects of various proposed definitions. Ethical leadership is “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 et al., 2005, p. 120). This definition incorporates key elements of ethical leadership, such as role modeling, promotion of ethics, and consideration of ethical consequences in decision making. It can be adapted to varied organizational cultures and climates.

Since most employees do not have daily contact with the senior leaders of their organizations, they rely on the perceived reputations of these leaders. Reputations as ethical leaders are formed by leaders' visibility as ethical individuals and leaders' communication of ethics as a central theme within their organizations (Trevino & Nelson, 2011). This reputation as an ethical leader is dependent on the dual dimensions of an ethical leader, as a moral person and a moral manager (Trevino et al., 2003). The moral person element highlights certain traits of ethical leaders such as integrity, honesty, and trustworthiness. As moral managers, ethical leaders communicate the importance of ethics in the organization through the use of messaging and reward systems. The two dimensions are equally important and interdependent.

Transformational Leadership

Transformational leadership refers to the leader moving the follower beyond immediate self-interests through idealized influence (charisma), inspiration, intellectual stimulation, or individualized consideration. It elevates the follower's

level of maturity and ideals as well as concerns for achievement, selfactualization, and the well-being of others, the organization, and society. (Bass, 1999, p. 10)

Servant Leadership

Servant leadership emphasizes leaders' responsibility to nurture and serve their followers (Greenleaf, 1970, 1977). Servant leaders are altruistically motivated and display strong ethical behavior. Additionally, servant leaders view social responsibility as a key element of their duties and strive to eliminate social injustices and inequalities. Followers are encouraged to embrace these ideals and ascend to the level of servant leadership themselves (Sendjaya & Sarros, 2002; Sendjaya, Sarros, & Santora, 2008).

Authentic Leadership

Authentic leadership is defined as a pattern of leader behavior that draws upon and promotes both positive psychological capacities and a positive ethical climate, to foster greater self-awareness, an internalized moral perspective, balanced processing of information, and relational transparency on the part of leaders working with followers, fostering positive self-development. (Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008, p. 94)

Job Satisfaction

Job satisfaction is defined as “. . . a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences” (Locke, 1976, p. 1304), indicating that both emotional and cognitive processes may be involved. Many factors are attributed to

perceptions of job satisfaction. Some of these contributing causes are job challenge, autonomy, variety, scope, pay, promotion, and the work itself (Buitendach & Rothmann, 2009).

Organizational Commitment

Commitment to an organization is characterized by an acceptance of and belief in the organization's goals, willingness to exert extra effort on behalf of the organization, and desire to remain with the organization (Porter, Steers, Mowday, & Boulian, 1974).

Organizational Citizenship Behavior

Organizational citizenship behavior is “individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization” (Organ, 1988, p. 4).

Chapter 1

Introduction

Ethics has been a part of leadership study and debate for centuries. The majority of these dialogues have been normative in nature. These discussions prescribe leadership standards of behavior and are largely anecdotal. Notwithstanding a long history of discourse, there is a lack of social scientific inquiry on ethical leadership (Brown & Trevino, 2006a; Tanner et al., 2010). "Indeed, a great deal has been written about ethical leadership from a prescriptive point of view, often in the form of a philosophical discussion about what leaders ought to do" (Avey, Palanski, & Walumbwa, 2011, p. 573).

Although a prescriptive approach to ethical leadership in organizations has a long history, the growing complexity of organizations, and their expanding influence on an increasing number of internal and external stakeholders, strengthens the importance of pursuing the ethical context of these organizations. Prescriptive approaches suggest ethical contexts enhance employee job performance (Brown & Trevino, 2006a) and organizational leaders are significant contributors to, and shapers of, this context (Bennis & Nanus, 2007). A leader's principal charge is the pursuit of the firm's mission and accomplishment of its primary objectives (Bennis & Nanus, 2007). Leaders affect change and goal achievement by influencing organizational members to perform at high levels (Drucker, 2001). Positive employee attitudes and behaviors are potential indicators

of increased job performance (Tanner et al., 2010). This research study endeavored to determine if ethical leadership supports three such indicators: increased job satisfaction, organizational commitment, and organizational citizenship behavior among employees. Accordingly, the study helped move the research stream from being merely conceptual and prescriptive towards empirical description.

Statement of the Problem

The concept of ethical leadership is a timely and significant topic for study. In a comprehensive literature review on leadership ethics, Ciulla (1995) concluded that ethics should be at the center of leadership studies. According to Ciulla, it is the ethics of leadership that may help us answer the question of what differentiates effective from ineffective leadership. Northouse (2010) also described ethics as central to leadership, citing the impact of leader influence, relationship with followers, and establishment of organizational values. A definition of ethical leadership based on empirical study has been offered by Brown et al. (2005). Ethical leadership is “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 et al., 2005, p. 120).

Ethical leadership has the potential to affect job-related behavior and performance (Dadhich & Bhal, 2008). Empirical testing on the connection between ethical leadership and employee attitudes and behaviors is a fairly new but growing field (Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009; Rubin, Dierdorff, & Brown, 2010; Trevino et al.,

2003). This study tested for differences in the outlooks and conduct of employee groups led by leaders possessing variations in ethical attitudes and behaviors.

Significance of the Study

Corporate executives are continually pressed to make organizational improvements, measured by both internal process advances and external performance measures. Executives endeavor to fulfill organizational goals through improved effectiveness and efficiency (Burton & Obel, 2001). The success and viability of an organization are important responsibilities of the organization's leaders. Because leadership is an influential process (Ciulla, 1995; Yukl, 2002), organizational goals are partly dependent on leaders' abilities to inspire organizational members to work towards those goals through increased performance. A leader's capacity to affect employee attitudes and behaviors can be measured by a variety of factors including employee job performance, job involvement, job satisfaction, organizational citizenship behavior, and organizational commitment (Daft, 2004; McShane & Von Glinow, 2010). Ethical leadership may present a style of leadership that can address the issue of enhanced employee outcomes (Brown & Mitchell, 2010; Brown & Trevino, 2006a; Dadhich & Bhal, 2008; Mayer et al., 2009).

Ethical leaders are altruistically motivated, caring, and concerned for others. They serve as attractive and credible role models for followers (Brown et al., 2005). Characteristics such as integrity and trustworthiness make them attractive examples to follow. Credibility stems not only from their positional authority but also from actions that are in sync with their spoken words. Brown et al. (2005) found a positive correlation between ethical leadership and both leader satisfaction and job dedication. Perceived leader

effectiveness has also been related to the characteristics of honesty, integrity, and trustworthiness (Brown & Trevino, 2006a; Hartog, House, Hanges, Ruiz-Quintanilla, & Dorfman, 1999; Kouzes & Posner, 2008; Mowday et al., 1979; Posner & Schmidt, 1992). The combination of a positive role model and caring leader may lead to improved employee work-related attitudes and behaviors. This research study expanded the current understanding of this normative leadership model and its effectiveness in promoting such outcomes.

Other leadership theories may provide a guide in studying the effectiveness of ethical leadership. A meta-analysis (Lowe, Kroeck, & Sivasubramaniam, 1996) of several studies on a parallel normative leadership theory--transformational leadership--found that leader effectiveness was positively related to follower satisfaction, motivation, commitment, and organizational citizenship behavior. Comparable study results have been established using two additional normative theories with ethical components, servant and authentic leadership (Jaramillo et al., 2009; Walumbwa et al., 2008). These normative theories and ethical leadership theory share overlapping characteristics, particularly a strong ethical component (Brown & Trevino, 2006a). The similarities among theories suggest that corresponding results may exist in a study of ethical leadership and follower conduct.

Dadhich and Bhal (2008) found that ethical leader behavior not only impacted employee ethical behavior but also had a functional relevance through the capacity to predict work related behavior. Additional work by Neubert, Carlson, Kacmar, Roberts, and Chonko (2009) established that ethical leadership had both a direct and an indirect impact on employee job satisfaction and affective organizational commitment with

ethical climate as a mediator. The direct impact occurred as a result of role modeling and the indirect impact through an influence on organizational climate. Although possible relationships between perceived ethical leadership and employee behaviors are in the early stages of study and evaluation these initial studies are promising and encourage expansion of the research (Brown & Mitchell, 2010; Brown et al., 2005; Kouzes & Posner, 2008; Mayer et al., 2009).

This research project explored ethical leadership and differences in employee attitudes and behavior, specifically, job satisfaction, organizational commitment, and organizational citizenship behavior. The study surveyed full-time employees who were also enrolled as college undergraduate and master level students. The study sought to clarify whether ethical leadership fosters positive employee attitudes and behaviors.

Research Purpose

Ethical leaders encourage both ethical and job related performance (Brown & Mitchell, 2010). The purpose of this study is to address the research question: Does perceived ethical leadership promote employee job satisfaction, organizational commitment, and organizational citizenship behavior? These three measures have been widely studied over time in relationship to other leadership models and serve as potential indicators of increased job performance (Herscovitch & Meyer, 2002; Judge, Thoresen, Bono, & Patton, 2001; Podsakoff, Whiting, Podsakoff, & Blume, 2009; Steyrer, Schiffinger, & Lang, 2008). Since the study of the ethical leadership model is in an early stage, it is prudent to select measures that are well tested. This study contributes to the existing leadership literature by exploring ethical leaders' potential to support positive

employee attitudes and behaviors, both important and vital to the ultimate success of leaders and the organizations which they lead.

Research Hypotheses

Job satisfaction has been associated with employee behavior, motivation, and increased employee productivity (Piccolo, Greenbaum, Hartog, & Folger, 2010; Saari & Judge, 2004). Ethical leaders are concerned for others. They display trustworthiness and principled decision-making. It is therefore likely that ethical leadership may encourage increased employee job satisfaction (Brown & Trevino, 2006a).

Hypothesis H₀₁: Employees led by highly ethical leaders are equally satisfied with their jobs as those led by less ethical leaders.

Hypothesis H_{a1}: Employees led by highly ethical leaders are more satisfied with their jobs than those led by less ethical leaders.

Employee organizational commitment is often used as a measure of follower behavior which directly influences employee work performance (Steyrer et al., 2008). Leaders who encourage participative decision-making, treat employees with consideration, are fair, and care for others, foster higher organizational commitment among employees (Cullen, Praveen Parboteeah, & Victor, 2003; Walumbwa & Lawler, 2003; Zhu, May, & Avolio, 2004). These characteristics are attributes of ethical leaders. Ethical leaders not only display moral traits such as honesty and integrity, but they reinforce ethical behavior in the accepted practices and policies of their organizations. It is plausible that this constancy of behavior and positive environment found in ethical leadership is consistent with increased employee organizational commitment.

Hypothesis H₀₂: Employees led by highly ethical leaders are equally committed to their organizations as those led by less ethical leaders.

Hypothesis H_{a2}: Employees led by highly ethical leaders are more committed to their organizations than those led by less ethical leaders.

Organizational citizenship behavior is a form of employee performance which exceeds task performance (Piccolo et al., 2010). It has been positively related to higher levels of employee performance (Podsakoff et al., 2009), making it an important employee behavior to measure. Ethical leaders establish and reinforce ethical standards. They guide the conduct and behavior of employees by making ethics a part of organizational life. Ethical leadership encourages positive behavior and discourages misconduct, theoretically supporting an environment that is conducive to organizational citizenship behavior (Avey et al., 2011).

Hypothesis H₀₃: Employees led by highly ethical leaders will engage in organizational citizenship behavior at equal levels as those who are led by less ethical leaders.

Hypothesis H_{a3}: Employees led by highly ethical leaders are more likely to engage in organizational citizenship behavior than those led by less ethical leaders.

Summary

Today's organizational leaders face mounting competitive challenges with increasing pressure to adapt to the ever changing environment (Kouzes & Posner, 2008). How corporate executives lead in the face of these challenges and opportunities affects the success of their organizations. Organizational leaders attempt to influence employees to

work toward the fulfillment of the organization's mission and goals. It is the combined work of many followers who effect the change necessary to move an organization forward (Daft, 2004). The ability of a leader to effectively lead followers is vital to the organization.

Ethical leadership is relevant to the discussion on what constitutes effective leadership (Ciulla, 2005). It also has the potential to realize positive follower outcomes (Brown & Trevino, 2006a). This is grounded in the application of social learning theory in which ethical leaders are perceived as attractive role models and also as communicators of preferred ethical values and behaviors (Brown et al., 2005). Ethical leaders reinforce that both the achievement of work-related goals and adherence to ethical standards are important. Employees respond positively to leaders' principled leadership, suggesting that ethical leadership may be an effective leadership style (Brown & Trevino, 2006a). This study sought to assist in addressing the lack of empirical work in the areas of ethical leadership and employee attitudes and behaviors. Although there are a few early studies in this area (Avey et al., 2011; Dadhich & Bhal, 2008; Mayer et al., 2009; Neubert et al., 2009; Rubin et al., 2010; Toor & Ofori, 2009), there is a need to continue to build on that work (Brown & Mitchell, 2010).

Chapter 2

Review of Literature

The purpose of this literature review is to explore the existing research and theory on ethical leadership. Other ethics-based leadership theories are examined and contrasted with the ethical leadership construct in an attempt to demonstrate the similarities and differences between these normative theories and ethical leadership, as well as provide a basis for research on ethical leadership. The discussion includes support for studying the impact of ethical leadership on indicators of employee attitudes and behaviors, specifically job satisfaction, organizational commitment, and organizational citizenship behavior.

This literature review begins with a comprehensive examination of ethical leadership and its primary theoretical underpinning, the moral person and the moral manager. This includes a discussion on the characteristics and behaviors of ethical leaders and the factors that motivate them to lead. The concept of moral manager refers to the means by which ethical leaders attempt to influence follower behavior. Social learning theory, role modeling, and rewards systems are important aspects of the ethical leadership process and are explained as vehicles through which ethical leaders, acting as moral managers, encourage followers to develop ethical and productive attitudes and behaviors.

This section is followed by a review of related normative leadership theories, including transformational, servant, and authentic leadership. There are overlapping characteristics between these theories and ethical leadership. The ethical perspectives in these theories are driven by a caring for others and responsibility to do the right thing. Recent research on ethical leadership found parallel dimensions to aspects of transformational, servant, and authentic leadership (Detert, Trevino, Burris, & Andiappan, 2007; Engelbrecht, Van Aswegen, & Theron, 2005; Trevino et al., 2003). These consist of the individual characteristics of the leader, such as integrity, concern for others, behavior in line with one's moral principles, role modeling, and consideration of the ethical consequences of actions and decisions. Research performed on these similar leadership styles offers support for this research study (Avey et al., 2011; Dadhich & Bhal, 2008).

Lastly, since this study sought to determine if ethical leadership leads to positive employee attitudes and behaviors, this review looks at three important measures of attitudes and behaviors: job satisfaction, organizational commitment, and organizational citizenship behavior. The organizational significance of these variables is established. A study of ethical leadership and these dependent variables further extends the understanding of ethical leadership and pragmatic, job-related attitudes and behaviors.

Ethical Leadership

Trevino et al. (2003) conducted a qualitative study in which they interviewed senior executives and ethics officers in medium to large American companies in an effort to better understand ethical leadership beyond personal leader characteristics. "The

findings suggest that ethical leadership is more than traits such as integrity and more than values-based inspirational leadership. It includes an overlooked transactional component that involves using communication and the reward system to guide ethical behavior" (Trevino et al., 2003, p. 5).

Trevino, Brown, et al. (2003) and Trevino, Hartman et al. (2000) categorized ethical leaders under two headings, moral person and moral manager, subsequently using empirical data to advance the study of ethical leadership from a philosophical and normative viewpoint to a descriptive perspective (Brown et al., 2005). Key dimensions of the ethical leadership construct have also been identified. They include the character or traits of the individual leader, leader motivation, and the leader's influence strategies (Brown et al., 2005; Khuntia & Suar, 2004; Trevino et al., 2000).

Moral Person

Ethical leaders are thought to embody certain traits. Traits represent characteristics that people display consistently over time. Studies on the attributes of perceived ethical leaders recognize integrity as a central characteristic of the individual leader (Bennis & Nanus, 2007; Brown et al., 2005; Khuntia & Suar, 2004; Kouzes & Posner, 2008; Parry & Proctor-Thomson, 2002; Posner & Schmidt, 1992). Other qualities that have been associated with ethical leadership are honesty, competence, fairness, and humility (Bass & Steidlmeier, 1999; Khuntia & Suar, 2004; Posner & Schmidt, 1992).

Additional research by Brown and Trevino (2006a) also found that agreeableness and conscientiousness were positively related to ethical leadership. These two characteristics are part of the Five-Factor Model of Personality (Lussier & Achua, 2010; Walumbwa & Schaubroeck, 2009). This model has been regularly utilized as a manner in

which to classify personalities, providing a useful tool in comparing results across leadership studies (Bono & Judge, 2004). The five components include extraversion, agreeableness, conscientiousness, emotional stability, and openness to experience (Lussier & Achua, 2010). Leaders high in agreeableness tend to be trustworthy and display a concern for others. Those rated high in conscientiousness tend to be goal oriented, self-disciplined, and well organized. This may lead to an ability to define leader-follower constructive interactions, suggesting a capacity to function as contingent-reward leaders, thus affecting employee attitudes and conduct (Bono & Judge, 2004).

As support for the importance of moral characteristics, much of the research on leadership relates effectiveness to leader honesty, integrity, and trustworthiness (Brown et al., 2005; Hartog et al., 1999; Kouzes & Posner, 2008; Posner & Schmidt, 1992).

Followers recognize leaders with specific traits and behaviors and then make predictions on how they will act in various situations. Those leaders whose actions are based on ethical principles are perceived as ethical leaders (Trevino et al., 2000). Ethical leaders demonstrate consistency between words and behaviors. Coupled with integrity, fairness, and a caring for others, this consistency in ethical leadership inspires trust among followers (Zhu et al., 2004). Employee trust in their leaders is associated with positive follower attitudes and behaviors (Den Hartog & De Hoogh, 2009). It is thus a reasonable inference that ethical leadership may be associated with increased levels of employee job satisfaction, organizational commitment, and organizational citizenship behavior.

Ethical leaders are motivated by altruism, rather than self-interest (Brown & Trevino, 2006a; Northouse, 2010; Trevino et al., 2000). Altruistic leaders show a greater

concern for the interests of others than for themselves. Their actions are manifested in behaviors that include mentoring, team building, and empowering followers.

Altruism as a motivation for action, is based on an ethic of caring, and encourages people to put the well being of others ahead of their own self interests (Ciulla, 2001, 2005). There is a spectrum along which various scholars define altruism. It can be described as behavior that benefits others with no expectation of return or reward (Aronson, 2001; Johnson, 2007; Resick, Hanges, Dickson, & Mitchelson, 2006). Alternatively, Kanungo and Conger (1993) depict altruism as caring behavior directed toward others that results in some cost to self. This definition of moral altruism is contrasted with selfishness. The intent behind behavior is viewed as either altruistic or egotistic, with the distinct contrast between the two serving to further sharpen their delineation (Kanungo, 2001). Kanungo (2001) argued that effective leaders are only truly effective when motivated by altruistic intent.

Altruism appears to be important in developing a sense of community. Ethical leaders are motivated by an altruistic caring for others but do not place individuals above the community. Ciulla (2001) proposed that altruism is a central aspect of a leader's role but did not consider it to be the single moral standard for leadership. Leaders should be both ethical and effective, acting in the best interests of individuals, the organization, the community, and society.

Altruistic leader behavior in organizations facilitates an environment in which members may increase productivity through practices that have an altruistic element. Empowerment, mentoring, coaching, and teambuilding are such practices. These methods contribute to the overall performance of the organization due to the positive effect they

have on employee attitudes and behaviors (Podsakoff, MacKenzie, Paine, & Bachrach, 2000). Today's high performance organizations find these practices to be exceedingly desirable in an age where organizational structures are flatter, communication is more rapid, and learning is critical (Pfeffer, 1998). This new organizational structure emphasizes the value of individual employee contributions to the organization. Employees who are satisfied with their jobs, committed to their organizations, and display citizenship behaviors, are increasingly important to organizations. The altruistic motivation of ethical leaders may contribute to these factors, rendering this an important area to study.

Brown and Trevino (2006a) also examined leaders' motivational factors using McClelland's (1985) theory of motivation. McClelland's acquired needs theory proposed that all people have the need for achievement, power, and affiliation, albeit to varying degrees. McClelland and Boyatzis (1982) conducted research which indicated that effective leaders are motivated by a high need for power, a moderate need for achievement, and a moderate to low need for affiliation. The need to use power can be delineated between the use of power for self-advancement, or personalized power, and for the benefit of others, or socialized power. They proposed that ethical leaders would use power for the benefit of others rather than for self-aggrandizement. Socialized power includes leader stability and a sensitivity to others (Lussier & Achua, 2010). This orientation would enhance the ethical leaders' attractiveness and credibility.

Organizational members are more likely to willingly follow leaders who demonstrate care and concern for others. Additionally, followers may display positive work related attitudes and behaviors (Brown & Trevino, 2006a).

A relationship between ethical leadership and the use of power to benefit others rather than one's self has yet to be confirmed by empirical study. Work by Illies and Reiter-Palmon (2008) established that destructive decision-making and problem solving were positively correlated to the use of power for self-enhancement and negatively correlated to the use of power for universalism. These results suggest that effective leaders direct their need for power toward the collective good rather than toward personal advantage while those who were most interested in personal benefit engaged in more destructive leadership decision-making (Illies & Reiter-Palmon, 2008).

Altruistic leaders, such as ethical leaders, who use power for the benefit of others, build trust among followers (Walumbwa, Hartnell, & Oke, 2010). This, in turn, engenders cooperative behavior and commitment (Den Hartog & De Hoogh, 2009). It is reasonable to conclude that employees who possess these positive attitudes and behaviors may also report increased job satisfaction, commitment to the organization, and organizational citizenship.

Ethical leaders behave in a manner compatible with the qualities of a moral person. They attempt to do the right thing, regardless of whether it is observable. Executives surveyed by Trevino et al. (2000) reported that executive ethical leaders treat people right, with dignity and respect. They communicate openly and demonstrate morality in their personal lives. Since many corporate executives are public figures, their behaviors in and out of the workplace can affect employee perceptions of them (Trevino & Nelson, 2011). Consensus among surveyed executives maintained that actions in leaders' personal lives reflected on their organizations. An ethical leader does not

differentiate between personal and professional morality (Trevino et al., 2000; Trevino & Nelson, 2011).

As an extension of their behavior, ethical leaders make decisions based on value-based frameworks. They attempt to incorporate fairness and objectivity into their decision-making as well as consideration for the broader community. The moral person is a compilation of traits, behaviors, and decisions, which together, represent the leader's reputation for principled leadership. These characteristics are important in establishing a trusting relationship with followers. Employees who perceive their leaders as trustworthy exhibit increased levels of pro social attitudes and behaviors (Den Hartog & De Hoogh, 2009). This pro social conduct may be exhibited in greater employee work related attitudes and actions such as citizenship behavior, organizational commitment, and job satisfaction.

The moral person is central to ethical leadership. Ethical leadership, however, depends on more than the identification of a moral leader. It depends on the leader's actions. Trevino et al. (2000) refer to the moral person as the ethical part of ethical leadership and the moral manager as the second "pillar" of ethical leadership.

Moral Manager

Looking beyond individual leader traits, characteristics, and motivation, Trevino et al. (2003), in a study of executives and ethics officers, determined that ethical leaders actively work to encourage ethical behavior in their followers. "Ethical leaders set expectations by 'saying these are our standards, these are our values' . . . They *create and institutionalize values*. *Sticking to principles and standards* was also seen as characteristic of ethical leadership" (Trevino et al., 2003, p. 18). They do so through role

modeling, communicating an organizational ethics agenda, embedding ethical accountability into the rewards system, and working to make ethics a part of the organizational environment (Brown & Trevino, 2006a; Trevino et al., 2000).

Actions by leaders serve to emphasize behaviors that are acceptable and appropriate within the organization. Leaders' conduct is visible to employees and reinforces their reputation and support of ethical values. It is another avenue by which organizational members can determine what is important within an organization. A leader's behavior must, therefore, be in sync with communicated ethical standards. Because these standards include honesty, integrity, and concern for others, the consistency with which they are followed allows employees to create trusting and stable perceptions of their leader, behavior expectations, and work environment. Employees may subsequently feel more positively about their employer, leading to more optimistic and productive attitudes and behaviors (Brown & Trevino, 2006a). Moral managers accentuate the importance of ethical behavior. They make values a part of organizational conversation. Ethics are spoken of often. Ethical leaders signal through consistent talk that ethics and values are vital to both the leader and the organization. "Ethical leaders are thought to be 'tenacious', 'steadfast', and 'uncompromising' as they practice *values-based management*. These basic principles . . . don't change in the wind or change from day to day, month to month, year to year" (Trevino et al., 2003, p. 18). As an extension of verbal communication, ethical leaders use rewards and discipline to telegraph preferred conduct. Reinforcement of values in meeting goals is crucial in directing followers' behavior. It serves as a reminder that meeting performance goals and adhering to ethical standards are equally important (Trevino et al., 2003; Trevino et al., 2000).

Social learning theory has been applied to ethical leadership as a means of explaining the primary method by which ethical leaders influence followers (Brown & Trevino, 2006a; Brown et al., 2005; Mayer et al., 2009; Thomas, Schermerhorn, Jr., & Dienhart, 2004). The premise of social learning theory maintains that people can learn both through direct experience and also through observation (Robbins & Judge, 2007). Influence is achieved through two aspects of social learning theory: attractive role modeling and positive reinforcement of behavior. Ethical leaders are particularly attractive because of their integrity and altruistic motivation. Because of their authority and status within organizations, they are also perceived as credible. Their power to affect behavior and control rewards enhances the effectiveness of the modeling process. Social learning theory is compatible with the work of scholars who have proposed over time that role modeling is an essential part of leadership and ethics (Avolio, Walumbwa, & Weber, 2009; Bass, 1999; Brown et al., 2005; Kouzes & Posner, 2008).

Social learning theory implies that rewards and punishments that are deemed to be fair and just further enhance the model of ethical leadership. Mayer et al. (2009) demonstrated the existence of ethical role modeling among managers and executives in a study of top managers and supervisors in 160 companies. In their study, followers' behavior was influenced through both a modeling process and by the ability of leaders to reward and punish employee behavior. A positive relationship was established between top level managers and supervisory ethical leadership. Additionally, both top level managers and supervisors were found to be important determinants of employee behavior. "Although the data are cross-sectional, the results suggest that ethical

leadership may flow, or cascade, from the top level of management, to immediate supervisors, and ultimately to employees" (Mayer et al., 2009, p. 9).

Reinforcement of the organizational culture can be accomplished when members watch what leaders pay attention to and measure (Schein, 2009). Reward systems are one method by which both of these are embedded within an organization's daily life. Trevino et al. (2003) verified that, although perceived ethical leaders often functioned as consideration-oriented leaders, they also utilized transactional leadership skills.

Transactional leadership resembles an economic transaction in which each party receives something of value as a result of the exchange. Transactional leaders can be influential because doing what the leader wants is in the best interest of the follower (Bass, 1999; Kuhnert & Lewis, 1987). They often use a combination of contingent rewards and negative reinforcement to influence followers.

Transactional leaders use rewards and punishments to influence follower behavior and outcomes. Leaders convey desired expectations for performance standards and incentives in order to motivate followers to achieve specified goals (Kuhnert & Lewis, 1987). Employee attitudes and behaviors often translate into actions, thus influencing employee job performance. Determining whether a relationship exists between ethical leadership and employee attitudes and behaviors is an important undertaking in assessing the ethical leadership construct.

Ethical leaders set standards for ethical conduct and hold followers accountable for their actions (Khuntia & Suar, 2004; Trevino et al., 2003). Transactional leadership is used to further ensure behavioral compliance and outcomes in line with the ethical standards of the organization. It is important for organizations to meet their goals but to

do so in an ethical manner (Trevino & Brown, 2004). By communicating the message that ethics is important to the organization, leaders signal that ethical conduct and meeting performance goals are not mutually exclusive.

Trevino and Brown (2004) posited that the reward system may be one of the most powerful methods by which ethical leaders can communicate expected behaviors. By building promotional and compensation structures that reward ethical behavior, organizations can encourage both excellence in job and ethical performance. Ethical leaders seek to encourage employee conduct that strives for excellence without sacrificing ethics.

Brown et al. (2005) conducted a series of seven studies in which an instrument to measure ethical leadership was developed and tested. Their findings supported ethical leadership as a distinct leadership construct. The Ethical Leadership Scale developed by Brown et al. (2005) has since been utilized in a number of studies on ethical leadership (Avey et al., 2011; Neubert et al., 2009; Piccolo et al., 2010; Rubin et al., 2010; Strobel, Tumasjan, & Welpe, 2010; Toor & Ofori, 2009) and was also used in this study. Brown et al. (2005) included a variety of sample types in establishing content, discriminant, and nomological validity as well as adequate reliability. The series of studies confirmed the underlying one-factor model of ethical leadership.

Two additional instruments to measure ethical leadership have been developed and were considered for this research project. The first is the Leadership Virtues Questionnaire (LVQ) developed by Riggio, Zhu, Reina, and Maroosis (2010). Development of this instrument was based on a theoretical premise relying on virtue ethics. Ethical leaders were defined as those who followed four cardinal virtues found in

the writings of Aristotle and St. Thomas Aquinas. These included prudence, fortitude, temperance, and justice. According to the instrument designers, "we wanted to move away from an emphasis purely on ethical behaviors, and focus more on the positive character of leaders" (Zhu et al., 2004, p. 239). The LVQ is a 19-item questionnaire using a 5-point Likert scale (1 = Not at all, 2 = Once in a while, 3 = Sometimes, 4 = Fairly often, 5 = Frequently, if not always). The data indicated high internal consistency with an alpha score of .96. A limitation of this instrument is concern by the developing authors over whether assessment of leaders' virtues will consistently predict behavior. On the other hand, the ELS instrument is based on a behavioral model which is a better fit for this study. The LVQ is also a new measurement and has yet to be tested over time.

Tanner et al. (2010) recently built and tested the Ethical Leadership Behavior Scale (ELBS), a 35-item measure using a 3-point Likert response format (1 = strongly disagree, 2 = moderately agree, 3 = strongly agree). The ELBS was created based on the authors' definition of ethical leadership "as involving (a) ethical awareness and adherence to morally upright values, (b) the ability to act in accordance with those values over varying settings, and doing so (c) despite the risk of unpleasant consequences" (Tanner et al., 2010, p. 226). The instrument measures both the leader's performance level and also the difficulty level of each behavior measured. The questionnaire was designed to assess leaders' ethical values and also their willingness to overcome barriers and resistance in following these values. Since this study was not predicated on determining the latter, the ELS was used instead of the ELBS measure.

Summary

The ethical leadership construct offers a number of factors that are conducive to improved follower attitudes and behaviors, enhancing the leaders' effectiveness. Ethical leaders emphasize the importance of both job and ethical performance. Using the social learning theory perspective, Brown and Trevino (2006a) suggest that employees respond positively to their leaders' principled leadership, altruism, empowerment, and reward systems. This indicates that improved employee attitudes and work related behaviors may follow.

A shared sense of values and a consideration leadership style have been related to increased employee job satisfaction, organizational commitment, and organizational citizenship behaviors (Koh, Steers, & Terborg, 1995; Lowe et al., 1996; Webb, 2007). As established indicators of employee attitudes and behaviors, these measures provide a base on which to conduct testing using the ethical leadership model.

Normative Leadership Theories

Three normative leadership theories share a similar moral orientation as that found in ethical leadership. All of these leadership models include leader altruism, integrity, ethical decision-making, and role modeling as key tenets (Brown & Trevino, 2006a). Although distinct differences exist among the various theories, the common characteristics provide considerable guidance for future testing of the ethical leadership model. Research regarding the effectiveness of ethical leadership, as well as its impact on employee attitudes and behaviors, is needed as organizations consider its application (Brown & Mitchell, 2010).

Transformational Leadership

The leadership theory that most closely aligns with ethical leadership is transformational leadership (Bass & Steidlmeier, 1999; Brown & Trevino, 2006a; Ciulla, 1995; Turner, Barling, Epitropaki, Butcher, & Milner, 2002). Burns' (1978) theory of transforming leadership introduced a moral and ethical component to the practice of leadership. It also involved a process that changed and transformed people (Bass, 1999). Transformational and ethical leadership share an emphasis on moral principles and altruistic behavior. These similarities should be explored since both affect employee attitudes and behaviors, outcomes that were examined in this research study. The literature and research on transformational leadership has a rich history. The overlapping characteristics between the two leadership theories, provided support for this study on ethical leadership.

Burns' (1978) original concept of transforming leadership reflected exceptional leader influence. Transforming leaders are charismatic and inspire trust, admiration, and respect. Followers subsequently are motivated to perform at higher levels and are empowered to rise above self-interests and work toward the betterment of the group or organization. Values are a central part of transforming leadership. Leaders draw attention to values and attempt to raise the moral consciousness of their followers. Followers, as part of this relational process, may rise to themselves become transforming leaders (Bass, 1999; Burns, 1978; Yukl, 2002). During this process, the leader is also transformed to higher levels, to "become a moral agent" (Ciulla, 1995, p. 15).

A debate on the ethics of transforming and charismatic leadership followed Burns' (1978) work. The high degree of influence and encouragement of followers to work together for a collective purpose led Bass (1999) to conclude that transformational

leaders could be either ethical or unethical depending on their motivation. Bass and Steidlmeier (1999) developed the terms “authentic” and “pseudo transformational” leadership to reflect ethical and unethical leadership respectively. Authentic transformational leaders transcend self-interests for the good of others and the community. This is similar to Trevino and Brown's (Trevino et al., 2000; Trevino & Nelson, 2011) concept of the moral person in ethical leadership. Pseudo transformational leaders, in contrast, are power-oriented and self-consumed individuals with impaired moral values (Bass & Steidlmeier, 1999; Fritzsche & Becker, 1984).

Transformational leadership incorporates four primary factors. These include idealized influence or charisma, inspirational motivation, intellectual stimulation, and individualized consideration (Bass, 1999; Parry & Proctor-Thomson, 2002; Yukl, 2002). Idealized influence, or charisma, is reflective of leaders acting as strong role models. They provide a vision and sense of mission. Followers identify with and wish to emulate them. They generally have high ethical standards and garner the respect and trust of their followers (Toor & Ofori, 2009). This aspect of transformational leadership was found to correlate with ethical leadership in a study by Brown et al. (2005). Both use role modeling as a means by which to convey desired standards of behavior among followers. Toor and Ofori (2009) demonstrated a significant association between ethical and transformational leadership, as well as between transformational leadership and employee willingness to exert extra effort. Willingness to expend extra effort was also correlated with transformational leadership in additional studies by Rowold and Heinritz (2007) and Webb (2007).

Transformational leaders are change agents who function as strong role models for their followers. They develop high moral value systems and inspire others to trust in them and to follow them. These are characteristics of ethical leaders as well (Brown & Trevino, 2006a) and have been related to positive employee attitudes and behaviors, in particular, affective and normative organizational commitment (Den Hartog & De Hoogh, 2009). Organizational commitment is perceived as an established indicator of employee attitudes (Koh et al., 1995) and was measured in this study.

Transforming leaders incorporate visionary and intellectually stimulating leadership that are not necessary in the ethical leadership construct (Trevino et al., 2003). Ethical leaders also exhibit some behaviors that are not considered inspirational or intellectually stimulating but are transactional in nature. These are used to reinforce adherence to standards of conduct (Brown et al., 2005). Misconduct may be punished while desired behavior is rewarded. This transactional influence process distinguishes it from transformational leadership, although it is noted that a number of transformational leadership scholars have developed a full range of leadership construct that does include occasional use of transactional methods (Aronson, 2001). While there are similarities between the two leadership theories, they are not identical. Ethical leadership does not embrace all the characteristics of transformational leadership and additionally contains functions not found in transformational leadership (Brown & Trevino, 2006a).

Ethical leadership and transformational leadership theories do have some significant overlapping characteristics. Both are concerned with ethics. Brown et al. (2005) found that ethical leadership strongly correlated with the idealized influence function of transformational leadership. This particular characteristic reflects a significant

ethical component. Both are consideration-oriented leaders with nurturing qualities who display moral principles such as integrity. Ethical leadership, however, incorporates the establishment and communication of ethical standards which is not defined as part of transformational leadership.

Because ethical leadership demonstrates the characteristics of transformational leadership's idealized influence and consideration-orientation, it would seem plausible that some of the employee subjective performance indicators that have been associated with transformational leadership (Rowold & Heinitz, 2007) may also be associated with ethical leadership. These include job satisfaction, organizational commitment, and organization citizenship behavior (Koh et al., 1995; Rowold & Heinitz, 2007; Webb, 2007). Leaders' relationships with followers are additionally enhanced by other shared ethical and transformational leadership characteristics such as caring for others, moral principles, and role modeling.

Servant Leadership

In the 1970s, Robert Greenleaf (1970, 1977) developed a theory of servant leadership which emphasized leaders' responsibility to nurture and serve their followers. Servant leaders are altruistically motivated and display strong ethical behavior (Sendjaya & Sarros, 2002; Sendjaya, Sarros & Santora, 2008). Additionally, servant leaders view social responsibility as a key element of their duties and strive to eliminate social injustices and inequalities (Northouse, 2010; Yukl, 2002). They view the least privileged members of an organization or society as equal stakeholders. Servant leadership theory suggests that organizations, in turn, should place corporate social responsibility as one of

the primary goals of the organization. Followers are encouraged to embrace these ideals and ascend to the level of servant leadership themselves.

A unique perspective of servant leadership is the leader's focus on followers above other stakeholders. Servant leaders serve through leadership rather than leading through service. Others' needs are served before those of the leader or the organization (Avolio et al., 2009; Mayer, Bardes, & Piccolo, 2008). Based on Greenleaf's (1970, 1977) work, Spears (2004) identified ten characteristics of a servant leader. These include listening, empathy, healing, awareness, persuasion, conceptualization, foresight, stewardship, commitment, and building community. These characteristics reflect Greenleaf's (1970) best test of servant leadership: "Do those served grow as persons; do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants?" (Greenleaf, 1970, p. 4)?

Although there are differences between the ethical and servant leadership constructs, a significant shared attribute is a strong ethical perspective. In a study of 815 full-time employees in Kenya, Walumbwa et al. (2010) found that servant leadership positively related to employee organizational citizenship behaviors. They found that the altruistic servant leader's influence on individual level attitudes would translate into increased citizenship behaviors (Walumbwa et al., 2010). The ethical similarities between servant and ethical leadership suggest that ethical leadership may also relate to organizational citizenship behavior among employees (Jaramillo et al., 2009).

Empirical research on servant leadership is emerging and developing. Determination of an instrument to measure servant leadership, previously hindered by a lack of clarity of the underlying conceptual construct, has been developed by Barbutto and

Wheeler (2006). They conducted a study of 80 leaders in order to identify and measure dimensions of servant leadership. Results yielded support for five leadership factors which included altruistic calling, emotional healing, persuasive mapping, wisdom, and organizational stewardship.

Servant and ethical leadership share a commonality of limited empirical research (Barbuto & Wheeler, 2006; Northouse, 2010; Yukl, 2002). The two leadership theories differ, however, in other respects. Servant leaders experience an altruistic calling which includes a selfless objective, placing followers' interests and needs above the leader's interests. Altruism in the ethical leadership model emphasizes the motivation of leaders to have the greatest impact on both organizations and followers. The servant leader's dedication to individual followers' needs over those of the organization is a significant point of difference between these two leadership models.

Ethical leaders inspire their followers to rise above their self interests to pursue goals of the group or organization, resulting in goal congruence, increased effort, follower satisfaction, and productivity (Brown & Trevino, 2006a). The servant leader's role is to serve others in order to meet followers' needs to effect follower satisfaction, development, and commitment to service and societal betterment (Barbuto & Wheeler, 2006). This divergence between the two models is further delineated by the servant leader's passionate focus on serving those people who are perceived to be marginalized by the system or organization.

Both leadership constructs include a strong ethical foundation, although the objectives and intent of the two models differ. The ethical component in both leadership theories includes a concern for others. In a recent study by Mayer et al. (2008), a

correlation between servant leadership and employee job satisfaction was established, signifying that a connection between ethical leadership and follower job satisfaction may also exist.

Authentic Leadership

Authentic leadership is the youngest of the normative leadership theories and is still in the formative development stage. There are a number of definitions of authentic leadership, although the most accepted definition and the one which has been empirically tested was conceived by Walumbwa et al. (2008). Authentic leadership is defined as

...a pattern of leader behavior that draws upon and promotes both positive psychological capacities and a positive ethical climate, to foster greater self-awareness, an internalized moral perspective, balanced processing of information, and relational transparency on the part of leaders working with followers, fostering positive self-development. (p. 94)

This definition includes the viewpoints and models of other scholars of authentic leadership (Avolio, Gardner, Walumbwa, Luthans, & May, 2004; Walumbwa et al., 2008; Zhu et al., 2004). From their research, Walumbwa et al. (2008) identified four components of authentic leadership: self-awareness, internalized moral perspective, balanced processing, and relational transparency.

Self-awareness suggests that leaders should engage in a process in which they gain knowledge of themselves and their impact on others. It means understanding one's core values, motivating forces, and aspirations. Leaders comprehend both their strengths and weaknesses. They also engage in a self-regulatory process called internalized moral perspective, in which they rely on their core values and moral standards, rather than

external influences, to guide their actions. Balanced processing comes from a leader's openness to a variety of opinions and objectivity in decision-making. Authentic leaders present their true selves to others via relational transparency. They share their core ideas and feelings openly and honestly, including both positive and negative characteristics (Walumbwa et al., 2008).

Authentic leadership shares some common tenets with other normative theories. There is overlap with transformational leaders who also influence followers through value sharing and bringing follower values and beliefs more in alignment with the leader. However, authentic leadership does not necessarily result in a transformation of follower values as is found in transforming leadership. Additionally, both leadership styles are positively related to optimism (Avolio et al., 2004). Although research will need to establish the manner in which authentic leadership differs from other positive styles such as transformational, ethical, and servant leadership, Avolio et al. (2004) suggest that authentic leadership is a root construct and is the base of all positive leadership approaches.

As with other normative leadership theories, authentic leadership has a significant ethical underpinning. Authentic leaders follow their true selves which come to light through a discovery process, including a triggering event (Walumbwa et al., 2008). This true self is presumed to be not only authentic but also ethical. Ethical, transformational, and authentic leadership theories all invoke the concept of role modeling. Leaders set high moral standards, encouraging honesty and integrity (Avolio et al., 2004). Role modeling, ethical behavior, and a concern for the consequences of ethical decision-making are shared characteristics of authentic and ethical leadership. A positive

relationship between authentic leadership and employee organizational commitment and organizational citizenship behavior was established in a study by Walumbwa et al. (2008). Standardized coefficients were reported as .30 with $p < .01$ for organizational citizenship behavior and .28 with $p < .01$ for organizational commitment. The parallel characteristics between authentic and ethical leadership, provide rationale for studying these employee attitudes and behaviors in relationship to ethical leadership.

Summary

Transformational, servant, and authentic leadership share core components with ethical leadership. Ethics and values are central to all these leadership models. Additionally, leaders in these normative theories influence followers through principled leadership traits such as integrity. They are motivated by altruism and provide positive role models for followers. Leaders' caring and concern for others, principled decision-making, and trustworthiness may lead to positive employee attitudes and behaviors (Brown & Trevino, 2006a). The positive relationships between these normative theories and employee attitudes and performance indicate that a similar relationship exists between ethical leadership and leader effectiveness. Employee attitudes and behaviors can be determinants of performance. Three of the most studied determinants of employee performance are job satisfaction, organizational commitment, and organizational citizenship behavior (McShane & Von Glinow, 2010).

Job Satisfaction, Organizational Commitment, and Organizational Citizenship Behavior

The success and viability of an organization are important, central goals of the organization's leaders. Ethical leadership may be a preferred leadership style in this

process. Because leadership is an influential process (Ciulla, 1995), organizational goals are partly dependent on leaders' abilities to inspire organizational members to work towards those goals. Leadership effectiveness is evaluated by researchers and scholars based on the consequences of a leader's actions on followers, stakeholders, and the organization's pursuit of its vision (Yukl, 2002). This study focused on the potential effect of ethical leadership at the individual follower level.

Measures of leader effectiveness include both objective and subjective performance determinants. Objective outcomes include results based on profit, return on investment, productivity, sales, market share, costs, and other similar indices. Subjective performance measurements are often based on evaluations by followers, peers, or subordinates. Frequently used indicators of leader effectiveness are founded on the attitudes and behaviors of followers. These may be considered indirect indicators of employee performance and goal attainment (Tanner et al., 2010). Measures of employee attitudes and behaviors include job satisfaction, organizational commitment, employee motivation, willingness to expend extra effort, optimism, organizational citizenship behavior, and satisfaction with the leader (Brown & Mitchell, 2010; McShane & Von Glinow, 2010).

Brown and Trevino (2006a) hypothesized that ethical leadership would be associated with several positive employee attitudes and behaviors such as follower satisfaction, motivation, and organizational commitment. This premise is based on the ethical leader's caring and concern for others, honesty, trustworthiness, and principled decision-making. This research study focused on three of these employee attitudes and

behaviors: job satisfaction, organizational commitment, and organizational citizenship behavior.

The number of research studies on ethical leadership and its effectiveness in influencing employee performance is growing (Brown & Mitchell, 2010; De Hoogh & Den Hartog, 2008). In an early study that examined ethical leadership effectiveness, Khuntia and Suar (2004) analyzed three dimensions of ethical leadership in both private and public organizations in India. They measured the elements of leader motivation, transformational influence strategies, and character against indicators of employee attitude, behavior, and performance, including job performance, job involvement, and affective organizational commitment, to ascertain leadership effectiveness. The study results showed a positive relationship between all the outcomes and two of the three dimensions of ethical leadership--character and transformational influence strategy--although a predictive relationship was not tested. A major limitation of the study was a previously untested instrument used to measure ethical leadership. The study does offer a preview of the potential benefits of and support for examining a possible association between ethical leadership and employee attitudes and behaviors.

Subsequent research examining ethical leadership and its impact on employee outcomes has contributed to the growing body of knowledge supporting the effectiveness of ethical leaders (Brown & Mitchell, 2010). Toor and Ofori (2009) addressed the issue of leader effectiveness in a study which found that ethical leadership was positively associated with leader effectiveness, satisfaction with the leader, and employee willingness to extra effort. Ethical leadership as an effective leadership style is supported by additional research that examines ethical leadership and perceived leader

effectiveness, employee commitment, employee job satisfaction, reduced deviant behavior, and organizational citizenship behavior (Avey et al., 2011; Mayer et al., 2009; Neubert et al., 2009; Ponnu & Tennakoon, 2009; Walumbwa, Cropanzo, & Goldman, 2011).

Research to date has also demonstrated a relationship between leader integrity, a primary feature of ethical leader character, and perceived leadership effectiveness (Brown et al., 2005; Kouzes & Posner, 2008; Lussier & Achua, 2010; Mowday et al., 1979; Posner & Schmidt, 1992). In a decade-long project, Kouzes and Posner (2008) found that honesty, integrity, and trustworthiness led the list of desirable leader characteristics among followers. Honesty included authenticity about one's self and the ability to inspire trust. These characteristics allow organizational members to follow willingly and eagerly which may lead to increased employee motivation to perform and greater commitment to the organization (Kouzes & Posner, 2008; Mowday et al., 1979).

Furthermore, ethical leadership has been associated with affective trust in the leader, forecasting positive outcomes of job dedication, satisfaction with the leader, and employee performance (Brown et al., 2005; Ponnu & Tennakoon, 2009). Ethical leaders are important role models in affecting positive behavior among employees as demonstrated in research by Mayer et al. (2009). They found a negative relationship between ethical leadership and group-level deviance and a positive relationship between ethical leadership and improved organizational citizenship behavior at the work group level.

Job Satisfaction

Locke (1976) defined job satisfaction as “. . . a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences” (p. 1304), indicating that both emotional and cognitive processes may be involved. Many factors are attributed to perceptions of job satisfaction. Some of these contributing causes are job challenge, autonomy, variety, scope, pay, promotion, and the work itself (Buitendach & Rothmann, 2009).

Job satisfaction varies from employee to employee. It is based on an employee’s appraisal of perceived job characteristics, work environment, and emotional experiences in the workplace. Job satisfaction refers to a set of attitudes about various aspects of the job and work situation. These attitudes affect employee behavior and motivation (Argyle, 1989; McShane & Von Glinow, 2010; Tsai & Huang, 2008).

Social relationships are one of the most important causes of individual happiness. Creating a workplace in which integrity and trust are fostered may improve the employee social environment, leading to enhanced job satisfaction. Such a setting fosters increased cohesiveness which is related to greater worker productivity (Argyle, 1989). Social psychologists argue that attitudes are predictors of corresponding behavior (Schleicher, Watt, & Greguras, 2004). The altruistic and caring dimensions of ethical leadership suggest that there may be a relationship between this leadership model and improved social environment and organizational climate, which may in turn, improve member job satisfaction (Brown & Trevino, 2006a).

Job dissatisfaction, or reduced satisfaction, can lead to a number of behaviors among employees that promote reduced productivity. These include absenteeism, turnover, tardiness, and withdrawal behaviors (Argyle, 1989). By assessing employee

attitudes that not only decrease dissatisfaction but also may lead to increased performance, leaders can implement practices and programs that enhance productivity. Understanding and addressing issues of employee attitudes and job satisfaction can result in improved organizational outcomes as measured by financial indicators and customer satisfaction (Saari & Judge, 2004), reinforcing the importance of job satisfaction on various strata within an organization, including the individual employee level.

In a longitudinal study in the restaurant industry, Koys (2001) established a relationship between employee job satisfaction and customer satisfaction. The results indicated that employee satisfaction influenced customer satisfaction, supporting the service chain profit model of business performance introduced by Heskett, Sasser, Jr., and Schlesinger (1997). The model posits that motivated and satisfied employees lead to satisfied customers, who in turn increase purchases, stimulating increased organizational revenue and profit. Gelade and Young (2005) tested the service chain profit model in a study of retail banks. Although the study offered only limited support for the model, the findings indicated that positive employee attitudes were associated with increased customer satisfaction and sales, further strengthening the importance of studying employees' attitudes toward job satisfaction.

In selecting a measurement of employee job satisfaction for this study, the degree to which an instrument was vetted through empirical testing was considered. "In the research literature, the two most extensively validated employee attitude survey measures are the Job Descriptive Index (JDI; Smith, Kendall, & Hulin, 1969) and the Minnesota Satisfaction Questionnaire (MSQ; Weiss et al. 1967)" (Saari & Judge, 2004). Both instruments measure global job satisfaction, which was desirable for this research project.

Instruments that were written for specific industries or types of jobs were not considered for this study, which surveyed a broad spectrum of the workforce.

The JDI assesses job satisfaction in five different areas: pay, promotion, coworkers, supervision, and the work itself. The JDI consists of 72 items and takes a considerable amount of time to complete. Although a condensed version of the survey has been developed, it has yet to undergo the same rigorous validation as the original JDI (Stanton et al., 2001). Neither version of the JDI was chosen for this study, due to the length of completion time of the original JDI and a lack of critical examination of the condensed JDI across numerous studies.

In addition to the MSQ and the JDI, the Faces Scale is among the three most frequently used instruments selected to measure employee job satisfaction, the Faces Scale (Dunham, Smith, & Blackburn, 1977). The Faces Scale is a single-item measure of job satisfaction. Five pictures of faces with a range of expressions are offered to survey participants who then select the one facial expression that best portrays their job satisfaction. Using a single-item instrument is common practice when the construct to be measured is narrow and unambiguous. However, it is typically discouraged in research if the construct is more complex, at which time multiple-item measures are recommended (Wanous, Reichers, & Hudy, 1997). Although reliability for an average of single-item scales measuring job satisfaction was determined to be .67 by Wanous et al. (1997) and .66 for the Faces Scale, these reliability scores remain somewhat lower than multiple-measure scores (Saari & Judge, 2004). The Faces Scale was not chosen for this research study due to the availability of multiple-measure instruments with equal or greater validity and reliability (Saari & Judge, 2004).

The Minnesota Satisfaction Questionnaire (MSQ) Short Form (Weiss et al., 1967) was used in this study to measure employee job satisfaction (See Appendix B). The MSQ Short Form is a 20-item questionnaire using a 5-point Likert scale. Dunham et al. (1977) found the MSQ and the MSQ Short Form to be reliable instruments for the assessment of overall employee job satisfaction, including both intrinsic and extrinsic factors. Additionally, the MSQ Short Form has been widely used in research to measure job satisfaction across industries and job classifications (Buitendach & Rothmann, 2009; Saari & Judge, 2004). A number of studies have employed the MSQ forms to measure job satisfaction (Saari & Judge, 2004; Schleicher et al., 2004), offering consistency in comparing results from other studies to the findings in this research project.

Researchers have extensively studied a possible relationship between job satisfaction and employee work performance (Argyle, 1989; Avolio et al., 2009; Huang, 2007; McShane & Von Glinow, 2010; Porter et al., 1974; Saari & Judge, 2004; Tsai & Huang, 2008; Walumbwa & Lawler, 2003). Job satisfaction and dissatisfaction are viewed as potential determinants of job performance, employee motivation, withdrawal behavior, absenteeism, and turnover. Early work in this field lacked convincing support for such a relationship. More recently, researchers (Saari & Judge, 2004; Schleicher et al., 2004) have shown greater correlation between job satisfaction and work performance. In a comprehensive review of over 300 studies, Judge et al. (2001) established a consistent correlation across studies, once errors in sampling and measurement were corrected, with results strongest among professional workers. These results offer additional support for the inclusion of job satisfaction in the proposed study on ethical leadership and employee workplace attitudes and behaviors.

The importance of job satisfaction may be rising as many organizations adopt flatter structures. Organizations use an increasing number of group and team units to accomplish projects. Employee attitudes toward their jobs and their organizations may have a direct impact on their ability to function well in these more intimate social settings, making it a timely and worthwhile measure to study (McShane & Von Glinow, 2010; Pfeffer, 1998). Because of ethical leaders' altruistic approach, trustworthiness, and principled decision-making, it is plausible that ethical leaders may positively affect employee attitudes, leading to increased job satisfaction.

Organizational Commitment

Porter et al. (1974) characterized commitment to an organization as acceptance of and belief in the organization's goals, willingness to exert extra effort on behalf of the organization, and desire to remain with the organization. These qualities are particularly desirable in employees because they can elevate employee performance, possibly resulting in a competitive advantage (Pfeffer, 1998). A framework for organizational commitment consists of three components which include affective, continuance, and normative commitment. Affective commitment is an emotional attachment to the organization whereas normative commitment is an organizational attachment based on a desire to conform to social norms. Continuance commitment reflects the accumulation of related benefits and investments that would result in perceived costs to leave the organization (Tsai & Huang, 2008).

Job satisfaction and organizational commitment are two of the most frequently studied employee attitudes found in organizations (McShane & Von Glinow, 2010; Steyrer et al., 2008). Organizational commitment is defined by Mowday, Porter, and

Steers (1982) as “the relative strength of an individual’s identification with and involvement in a particular organization” (p. 27). Leadership styles that are characterized as empowering and consideration-oriented may enhance organizational commitment and effectiveness (Conger, 1999). There is growing support for this conclusion in the literature (Cullen et al., 2003; Koh et al., 1995; Walumbwa & Lawler, 2003; Zhu et al., 2004). There are few studies that concentrate on relationships between a leader’s ethical behavior and employees’ organizational commitment (Zhu et al., 2004). Research by Lowe et al. (1996), Koh et al. (1995), and Walumbwa and Lawler (2003) supported a relationship between transformational leadership and organizational commitment behaviors. Because of the overlapping characteristics between transformational and ethical leadership, research on ethical leadership may also support a similar relationship with organizational commitment.

Organizational commitment has been extensively studied (Steyrer et al., 2008). Two widely utilized approaches to theory and measurement have dominated the research on employee organizational commitment. The first views commitment as attitudinal and behavioral (Meyer & Allen, 1991; Mowday et al., 1979). It is supported by an instrument developed by Mowday et al. (1979), the Organizational Commitment Questionnaire (OCQ) and reflects a construct definition of organizational commitment as “the relative strength of an individual’s identification with and involvement in a particular organization” (Mowday et al., 1979, p. 27). Organizational commitment is characterized by an employee’s belief in and acceptance of the organization’s goals and values, willingness to exert extra effort, and a desire to remain with the organization (Tsai & Huang, 2008). The instrument was designed to reflect the cognitive, behavioral, and

affective dimensions of employee attitudes across a general working population. It is a 15-item, 7-point Likert scale questionnaire. Over time, the instrument has demonstrated strong reliability and validity (Tsai & Huang, 2008).

Allen and Meyer (1990) subsequently developed an instrument to measure a three-component model of employee organizational commitment. The model is based on the premise that organizational commitment is composed of three primary elements: affective, normative, and continuance commitment. The Allen and Meyer Organizational Commitment Scale (1990) contains three subscales to measure the three commitment components, allowing researchers to use the entire questionnaire or separate component questions that reflect the subscales. The subscales are scored separately. Each component has eight questions, for a total of 24 questions using a 5-point Likert scale for responses.

Both instruments have been widely utilized in the research literature with reports of strong reliability and validity (Tsai & Huang, 2008). Either instrument would be acceptable for use in this study but the Organizational Commitment Questionnaire (see Appendix C) by Mowday et al. (1979) offers a better fit as an all encompassing measure of organizational commitment that would best reflect a broad and diverse employee population. Because of the three-component structure of the Allen and Meyer (1990) instrument, researchers can easily isolate and administer one or all of the separate subscales, thus making it more difficult to compare outcomes with this study which encompasses the organizational commitment construct in its entirety. Lastly, organizational leaders influence many different aspects of organizational life, suggesting the use of an inclusive construct measurement instrument. One overall scoring calculation

encompassing all three components provided ease of calculation and comparison to the results of the ethical leadership survey.

In a study of German and Austrian executives, Steyrer et al. (2008), used the Organizational Commitment Questionnaire (Mowday et al., 1979) to explore possible relationships between organizational commitment and company performance as measured by changes in sales volume, return on investment, and earnings. The study results demonstrated a significant correlation between employee organizational commitment and all three outcome measures, highlighting the importance of organizational commitment as a significant employee attitude to study. Additionally, charismatic and values-based leadership showed a strong relationship with organizational commitment. Because ethical leadership is a values-based style (Brown et al., 2005), there is reason to contemplate a similar impact on employee organizational commitment by ethical leaders.

Employee organizational commitment is considered to be a key driver of employee excellence in high performing organizations (Pfeffer, 1998). High performing companies understand the importance of attracting and retaining highly skilled workers (Accenture, 2006). The potential for sustaining a skilled workforce can be measured by the three dimensions of organizational commitment. High performing work systems influence their members' beliefs, attitudes, and behaviors (Boxall & Macky, 2007). The heightened contribution effort by employees based on their organizational commitment emphasizes the importance of this factor (Steyrer et al., 2008).

Ethical leadership fosters an ethical organizational climate which is manifested in the organization's policies, procedures, and practices which contain moral consequences

(Cullen et al., 2003). Ethical climates may positively affect organizational commitment among members (Cullen et al., 2003; Tsai & Huang, 2008). A recent study by Tsai & Huang (2008) reported a strong correlation between ethical climate and both job satisfaction and organizational commitment among Taiwanese nurses. Since ethical leaders are shapers of, and contributors to, ethical climates (Sama & Shoaf, 2008), it is likely that their followers will exhibit significant levels of organizational commitment and job satisfaction. This study pursued the premise that ethical leadership may foster both organizational commitment and job satisfaction.

Organizational Citizenship Behavior

Organizational citizenship behavior reflects conduct by employees that exceeds normal role requirements. This type of behavior is subtle and affects the performance of not only individuals but also their coworkers. Citizenship reflects pro social attitudes and unsolicited charitable acts towards others. Good citizens may also sacrifice personal benefit in order to contribute to the greater good of the organizational community (Smith et al., 1983). Employees themselves can become part of a sustainable competitive advantage through their high level contributions and efforts (Pfeffer, 1998).

Organizational citizenship behavior was included in this study because of its representation of positive employee behavior and its relevance to employee performance (Podsakoff et al., 2009).

The study of organizational citizenship behavior (OCB) is important because of its influence on employee performance and the need for employees to engage in more than just task performance. By engaging in organizational citizenship behavior, they support their coworkers and the social environment of the organization (McShane & Von

Glinow, 2010; Podsakoff et al., 2000). Organ (1988) defined organizational citizenship behavior as “individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization” (p. 4). These behaviors are often directed toward the benefit of others, reflecting a strong altruistic underpinning (Bragger, Rodriguez-Srednicki, Kutcher, Indovino, & Rosner, 2005).

The OCB construct can be organized into seven dimensions which include helping behavior, sportsmanship, organizational loyalty, compliance, individual initiative, civic virtue, and self-development (Podsakoff et al., 2000). *Helping behavior* means voluntarily helping others with work-related problems or assisting in the prevention of such problems. *Sportsmanship* occurs when employees do not complain about the less desirable aspects of their work, do not take rejection of ideas personally, maintain a positive attitude even when events do not go their way, and work toward the good of the group, although it may mean sacrificing self interests (Podsakoff et al., 2000). Employees who display organizational *loyalty* protect, defend, and promote the organization. *Compliance* in the OCB construct refers to the consistent following of rules and procedures even when no one is paying attention. Employees display *individual initiative* when they participate in activities that greatly exceed their assigned duties and enhance task performance. They will often exert extra effort and voluntarily assume greater engagement in work duties. *Civic duty* within an organization is exemplified by good citizen behavior. Good citizens become involved in the governance and best interest of the organization. The last dimension of organizational citizenship behavior focuses on employee *self-development*. Employees who voluntarily learn new or improve existing

skills, knowledge, and abilities add to the employee's capacity to perform well (Podsakoff et al., 2000).

A second major approach to organizational citizenship behavior was proposed by Williams and Anderson (1991). They organized OCB based on the target of the behavior, specifically behaviors directed toward the benefit of other individuals (OCBI) and those directed toward the benefit of the organization (OCBO). They did, however, agree with Smith et al. (1983) in support of two distinct types of organizational citizenship behavior, altruism and compliance.

Leaders may substantially influence organizational citizenship behavior within their respective organizations. One of the primary methods is through role modeling (Trevino et al., 2000). Ethical leaders are motivated by altruism and themselves display citizenship behaviors. Based on social learning theory, an effective leader must be attractive, trustworthy, and legitimate. The leader's altruistic motivation reflects these attributes, representing a just work environment and appropriate leader behavior. This follower attraction is supported by continual communication and reinforcement of organizational citizenship behavior among members (Brown et al., 2005). Three primary instruments designed to measure OCB were considered for this research study: Lee and Allen's (2002) OCB scale, Smith, Organ, and Near's (1983) OCB Questionnaire, and William and Anderson's (1991) IRB, OCBI, and OCBO scales. These three instruments have been frequently used in leadership research studies. Additionally, they continue to demonstrate sound reliability and validity (LePine, Erez, & Johnson, 2002; Walumbwa et al., 2010).

Williams and Anderson (1991) developed an instrument based on a revised theoretical foundation that organizational citizenship behavior contains three dimensions: in-role behaviors (IRB), OCB that benefits the organization (OCBO), and OCB that benefits individuals, directly and indirectly (OCBI). The terms OCBO and OCBI replaced Smith, Organ, and Near's (1983) altruism and compliance dimensions. The new labels were less restrictive in meaning, but more specific in sharpening the differences between the two dimensions. This model delineates citizenship behaviors by the target or beneficiary of the behaviors (Williams & Anderson, 1991). It also includes job-related, or in-role, behaviors which were not specifically measured in this study. For this reason, the Williams and Anderson (1991) scales were not selected for this research project. Organizational leaders can affect organizational citizenship behaviors at the individual and system-wide levels, with a great deal of overlap. A more general measure of organizational citizenship behavior was a better match for this study.

The most recently developed of the three OCB instruments is Lee and Allen's (2002) measurement. Because it has been utilized in recent leadership research, it was given serious consideration for use in this research study (Avey et al., 2011; Dunlop & Lee, 2004; Walumbwa et al., 2010). This model relies on a theoretical perspective similar to that of Williams and Anderson (1991) in that it was based on the intended target of behavior. The instrument contains 16 items, eight items representing both OCBI and OCBO. Participants were asked to rate coworkers on a 7-point Likert scale. The authors of this instrument specifically designed it to use in research on organizational citizenship behavior and workplace deviance. Previous instruments contained items that overlapped with the workplace deviant model. Since the study in this research project did not include

workplace deviance, this instrument was rejected in favor of a measure that provided an overall OCB score and that has more long-term scrutiny in the research community.

The OCB Questionnaire (See Appendix D) designed by Smith et al. (1983) has the longest record of study in the research literature (LePine, Erez & Johnson, 2002). It is comprised of 16 items with responses reported on a 5-point Likert scale. Survey participants self-reported rather than managers recording their observations of employee behaviors, although it is adaptable to either method. The questions were constructed for a general population of employees and to capture an overall score of organizational citizenship behavior. The supportive theory for this instrument was based on the concept that organizational citizenship behaviors were derived from two dimensions, altruism and compliance. In reference to this instrument during their in depth study of a variety of OCB instruments, LePine et al. (2002) concluded, "OCB scholars generally assume that over the long run, the behavioral dimensions are beneficial across situations and organizations" (p. 54). The altruism dimension reflects altruistic and courteous behaviors while the compliance dimension reflects sportsmanship, civic virtue, and conscientious behaviors. "Other behavioral frameworks have not been used as often, and even when there are several studies, there is less consistency with respect to the specific behaviors studied" (LePine et al., 2002, p. 54). The theoretical framework behind this instrument is an appropriate fit for this proposed study.

Interest in OCB theory rests on the premise that this form of behavior will enhance employee effectiveness by increasing worker productivity, freeing up resources, improving coordination across work groups, assisting in the attraction and retention of quality employees, and adapting to changes in the environment (Podsakoff et al., 2000).

Recognition of the importance of OCB in the study of organizations and their employees is increasing. Results from a meta-analysis of 168 studies by Podsakoff et al. (2009) supported the relationship between organizational citizenship behavior and employee performance. At the individual level, OCB was positively related to higher employee performance ratings and negatively related to employee turnover, turnover intentions, and absenteeism (Podsakoff et al., 2009). The correlations were stronger in longitudinal studies than in cross-sectional studies which may support a greater predictive effect since the results were repeated over time (Podsakoff et al., 2009).

Summary

Effective leaders seek to influence followers to achieve greater productivity, efficiency, and overall performance. Employee attitudes and behaviors affect performance and goal attainment through positive actions and activities (Argyle, 1989). Follower job satisfaction, organizational commitment, and organizational citizenship behavior are important indicators of employee performance (Koys, 2001; Podsakoff et al., 2009; Steyrer et al., 2008).

The influence of ethical leadership on follower performance is in the early stages of empirical study (Brown & Mitchell, 2010). Initial studies have substantiated positive relationships between ethical leadership and employee willingness to put forth extra effort, organizational citizenship behavior at the group level (but not at the individual level), job dedication, task significance, optimism among senior executives, and affective organizational commitment (with ethical climate as a mediator) (Brown et al., 2005; De Hoogh & Den Hartog, 2008; Neubert et al., 2009; Piccolo et al., 2010; Ponnu & Tennakoon, 2009; Toor & Ofori, 2009; Walumbwa & Schaubroeck, 2009; Walumbwa et

al., 2011). Additionally, research has been conducted on other normative leadership theories and leader effectiveness, providing support for similar empirical testing using the ethical leadership construct (Koh et al., 1995; Rowold & Heinitz, 2007; Walumbwa et al., 2008; Walumbwa et al., 2010; Webb, 2007). After studying value-based leadership and work deviance, and reviewing the theoretical foundations of ethical leadership, Brown and Trevino (2006a, 2006b) posited that ethical leadership would result in positive employee attitudes, leading to increased job satisfaction, organizational commitment, and organizational citizenship behavior. This study endeavored to test that theoretical premise.

Literature Review Summary

Leaders attempt to influence followers not only in the attainment of work-related goals but also in the manner by which they are achieved. Ethical leadership presents a viable means for accomplishing successful employee outcomes without sacrificing ethical conduct (Trevino & Weaver, 2003). Social learning theory demonstrates the process through which ethical leaders impact employee attitudes and behaviors, which may, in turn, lead to improved employee performance. Acting as moral persons, ethical leaders influence followers through positive role modeling and altruistic, caring behavior. As moral managers, they influence employees through the establishment and reinforcement of reward systems and organizational culture (Brown & Trevino, 2006a; Trevino, Butterfield, & McCabe, 1998).

The success of organizational leaders is directly related to the performance of their followers. Research on other normative leadership theories, particularly the

transformational, servant, and authentic models, have indicated that ethical leaders have followers who are more satisfied, committed, and willing to engage in organizational citizenship behavior (Jaramillo et al., 2009; Koh et al., 1995; Lowe et al., 1996; Mayer et al., 2008; Rowold & Heinitz, 2007; Walumbwa et al., 2010). These normative leadership constructs share characteristics with the ethical leadership construct, suggesting that there may be a case for similar results between the ethical leadership model and employee attitudes and behaviors.

The measurement of ethical leadership and employee performance is in an early stage. This study provides additional empirical data by viewing a leader's impact at the foundational level-- follower attitudes and behaviors. Established determinants of employee performance are studied. These include job satisfaction, organizational commitment, and organizational citizenship behavior, all of which have rich bases of empirical study. Each measure has been examined and researched at length (Avolio et al., 2009; Huang, 2007; Podsakoff et al., 2009; Saari & Judge, 2004; Steyrer et al., 2008; Walumbwa & Lawler, 2003; Zhu et al., 2004).

Chapter 3

Research Method

This research study employed a quantitative method using a cross-sectional survey design to assess the effect of ethical leadership on the job satisfaction, organizational commitment, and organizational citizenship behavior of employees. The independent variable, ethical leadership, was categorized into two groups: less ethical leaders and highly ethical leaders. The study sought to determine if differences existed between these two groups in relation to the dependent variables. A t-test was used to examine the data. The purpose of the research design was to ascertain if employees of ethical leaders were more satisfied with their jobs, were more committed to their organizations, and displayed higher levels of organizational citizenship behavior than employees of less ethical leaders.

Study Design and Instrumentation

Sample Participants and Design

This project incorporated a cross-sectional collection of data. The purpose of the study was to determine if the dependent variables differed between groups divided into low and high ethical leadership. Capturing data within a short time frame offered the opportunity to compare existing groups of participants selected from a larger study population. It was not the intent of this research project to observe changes in variables

over time but to determine the prevalence of the outcome variables in groups with differing levels of perceived ethical leadership.

The population for this study consisted of adult employed workers. A non-probability, convenience sample was obtained from this population group and was based on availability and accessibility. The study surveyed employed workers who were also enrolled as master and undergraduate in a private college and a state university in Oregon. A set of four survey instruments was chosen for data collection in this study. Surveys offer an advantage in identifying attributes of large populations by drawing on a small group of individuals (Creswell, 2009). Although not the primary consideration, the advantages of cost and turnaround time were also considered in using a survey method.

Letters requesting permission to survey students were sent to the college and university directors of the two schools (See Appendix E). Authorization to proceed was received. The research project was also reviewed by the George Fox University Human Subjects Review Committee and approval to conduct the proposed research was granted. (See Appendix F). A list of classes with potential participants was obtained from the directors or deans of each of the academic institutions. The group of students made available to the researcher totaled 463. Instructors for live class sessions were contacted for permission to visit their classes and administer the study survey. Thirty instructors responded positively. Of the 236 total surveys distributed, 188 were delivered in person during scheduled class meetings. The remaining 48 surveys were delivered electronically through an online research site, Survey Monkey. Participation was voluntary.

Instructions for the completion of the survey instruments was provided in writing on the first page of the participant survey packet and on the first page of the online

survey. (See Appendix G). Students were asked to answer two questions at the beginning of the study in order to determine if they met the study participant criteria. Only students who were employed as regular part-time or full time employees at the time of the survey were included. Part-time employees who were consistently scheduled to work a minimum of twenty-five hours per week were included as participants. Students who were self-employed or the most senior executive of their companies were excluded. If the respondent answers to these questions did not fit the study criteria, class participants were thanked for their willingness to participate and instructed to return their study packet to the researcher. Online participants who did not meet the employee or top executive parameters were redirected to a thank you page and the study was terminated. Data collection took approximately three weeks.

To determine sample size, a number of techniques were available. Two that were appropriate to this study were the utilization of published sample size tables and application of a mathematical formula. A third, examination of existing literature, was used as a secondary determining factor. Results of the quantitative calculations were compared to the average of study sample sizes in the literature for confirmation. The remaining approach utilized the use of a pilot study, which was deemed to be inappropriate for this design (Cohen, 1988). A mathematical equation used to determine sample size follows (Israel, 1992; Watson, 2001):

$$n = \frac{P[1-P]}{Z^2 + \frac{P[1-P]}{N}}$$

$$\frac{.5^2}{.05^2} + \frac{.5[1-.5]}{.05[1-.05]}$$

$$n = \frac{.5[1-.5]}{.05^2 + .05[1-.05]} = \frac{.5[.5]}{.0025 + .25} = \frac{.25}{.0007 + .0005} = \frac{.25}{.0012} = 208$$

$$1.96^2 \quad 500 \quad 3.842 \quad 500$$

Where:

n = sample size required

N = number of people in the sample population

P = estimated variance in population, as a decimal: (0.5 for 50-50, 0.3 for 70-30)

A = Precision desired, expressed as a decimal (i.e., 0.03, 0.05, 0.1 for 3%, 5%, 10%)

Z = Based on confidence level: 1.96 for 95% confidence, 1.6449 for 90% and 2.5758 for 99%

Using published tables, a sample size in the range of 217-222 (Bartlett II, Kotrlik, & Higgins, 2001; Israel, 1992; Watson, 2001) was obtained. For both the formula and table approaches used in determining the study sample size, the calculations were based on a sample population of 500 (rounded to conform to table units), a confidence level of 95%, a 5% margin of error, and a variability of 50%. The population size was calculated from actual enrollment data obtained from the two schools. The confidence level, or interval, reflects accuracy and gives the likelihood that the sample represents the true population of interest, given the stated margin of error (Newton & Rudestam, 1999). The margin of error, also referred to as the precision level, "indicates the closeness with which the sample predicts where the true values in the population lie" (Watson, 2001, p. 2). The margin of error is a percent range that represents the difference between the sample survey value and the real population value. Variability reflects the distribution of ethical leadership among the population. Since an educated guess cannot be made on this

factor, a standard practice of using a conservative figure of 50% was employed (Israel, 1992).

The two calculation values, from the formula and the tables, were close enough to suggest that an appropriate sample size was approximately 208-222. Bartlett, et al. (2001) suggest reviewing previously conducted studies as confirmation that the number lies within a typical range. A review of leadership studies resulted in an average of 200 for the proposed study. Since the "most efficient way to achieve both accuracy and precision is to select a large sample size" (Newton & Rudestam, 1999, p. 61), the higher target sample size range of 208-222 was used in the study.

Instruments

Three of the survey instruments utilized were publicly available. Only the Minnesota Satisfaction Questionnaire Short Form (see Appendix B) required purchase and permission, which was granted by the University of Minnesota. The questionnaires included the Ethical Leadership Scale (ELS) (see Appendix A) developed by Brown et al. (2005). The ELS is a 10-item questionnaire measuring perceived ethical leadership behavior. Participants were asked to rate their top management executive using a five-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree). The survey instructions explained that organizations' senior most leaders may have a title of President, Chief Executive Officer, owner, or a similar title that designates them as the highest ranking member of the management team.

Items on the ELS included such statements as, "My organization's top leader sets an example of how to do things the right way in terms of ethics," and "My organization's top leader disciplines employees who violate ethical standards" (Brown et al., 2005).

Exploratory and confirmatory factor analysis for validity of the ELS were conducted by Brown et al. with a finding that a one-dimensional model using ethical leadership as the single factor fit the data well. Comparative Fit Index (CFI) was .98, validating its measurement of the ethical leadership construct. This outcome was confirmed in a study by Mayer et al. (2009) with results of $\chi^2 = 1489$, $df = 169$, and $p < .001$. Confirmatory factor analysis was also performed in this study with a result of $CFI = .91$.

The Minnesota Satisfaction Questionnaire Short Form (Weiss et al., 1967) (MSQ) (see Appendix B) was used in this study to measure employee job satisfaction. The MSQ Short Form is a 20-item questionnaire using a 5-point Likert scale (1 = Not Satisfied, 5 = Extremely Satisfied). Using their job position as the point of reference, participants responded according to their satisfaction on survey items such as "The feeling of accomplishment I get from the job" and "The chance to do different things from time to time." The MSQ Short Form measuring job satisfaction required employee job titles in order to properly score the survey using the appropriate table by job classification. Study participants were asked to include their job titles as part of the questionnaire.

The three most frequently used instruments to measure employee job satisfaction, the Job Descriptive Index (JDI), the Faces Scales, and the MSQ, were evaluated and compared by Dunham et al. (1977), who found the MSQ, both the original and the short form, to be reliable instruments for assessment of both intrinsic and extrinsic factors of job satisfaction. For the purposes of this study a score was obtained from the MSQ Short Form on general job satisfaction (which includes intrinsic and extrinsic factors), with higher scores reflecting greater satisfaction. The MSQ's long and short form construct validity was substantiated using validation studies based on the Theory of Work

Adjustment (Ghazzawi, 2010; Weiss et al., 1967). The instrument's validity was found to perform according to the supporting theory. Concurrent validity was established by studying group differences which were statistically significant at $p < .001$. Reliability was established using Hoyt's coefficient of reliability. Median reliability coefficients of the tested groups using the MSQ Short Form resulted in .86 for intrinsic satisfaction, .80 for extrinsic satisfaction, and .90 for general satisfaction (Weiss et al., 1967).

The Organizational Commitment Questionnaire (OCQ) developed by Mowday et al. (1982) was used to measure employee organizational commitment. The instrument contains 15 questions employing a 7-point Likert scale ranging from strongly disagree to strongly agree. The results were totaled and divided by 15 to obtain a numeric indicator of employee commitment.

Original testing of the OCQ instrument occurred in both public and private organizations. It was administered to over 2,500 employees in a wide variety of jobs. Internal consistency was calculated using an alpha coefficient, item analysis, and factor analysis. The alpha coefficient ranged from .82 to .93 with a median of .90 (Mowday et al., 1982). Item analysis demonstrated positive correlation between individual items and the total OCQ score with a median of .64. Factor analysis ranged from 83.2 to 92.6, supporting the conclusion that the items measured a common underlying construct. Convergent validity was confirmed after testing six varied samples, producing a median result of .70.

To test the relationship between ethical leadership and organizational citizenship behavior, an instrument developed by Smith et al. (1983) was utilized. Using a 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree), the instrument measures 16

items which participants will answer as self-reports. Items include statements such as, "Volunteers for things that are not required" and "Helps others who have heavy work loads" (Smith et al., 1983, p. 657). In the development of the instrument, results were consistent with the causal models. It has subsequently been used in a number of studies (Koh et al., 1995; Mayer et al., 2009; Walumbwa et al., 2008) demonstrating consistency and validity with $p < .001$ and a corresponding coefficient alpha reliability of .91 for altruism and .81 for generalized compliance (Smith et al., 1983).

Data Analysis

Completed data were recorded and processed using the software, Statistical Package for the Social Sciences (SPSS) (*SPSS 16.0 brief guide*, 2007). Total scores of the ELS, job satisfaction, organizational commitment, and organizational citizenship behavior surveys were calculated. To test the impact of participants' personal characteristics on the outcome variables, these demographic elements were collected at the end of the study. These included gender, age, industry, and degree program. Schminke, Ambrose, and Miles (2003) found that sex in particular may affect an individual's perception of others' ethics. Questions addressing the length of time in the participant's job, industry, and employment under the organization's top executive, were also included at the end of the survey questionnaire. The time related questions were incorporated to take into consideration the impact that experience with a profession, company, or leader might have on the study results.

After collection, the data were examined for possible coding or recording errors. Frequency testing and visual examination of the data were used in this process. Individual

outlier data points were rechecked for accuracy. This visual inspection of the data was also employed to make an initial assessment of the distribution of variables. In particular, the data was inspected for potential issues with normality. Histogram graphs were subsequently incorporated as well for the purpose of visually examining the data.

Prior to testing the research hypotheses, a Pearson's Coefficient of Correlation test was conducted to look at relationships between the independent variable, ethical leadership, and the dependent variables, including demographic variables. To test for differences in outcome variables among groups led by highly ethical and less ethical organizational leaders, scores obtained from the ELS questionnaire were divided into two groups based on the Likert scale scores: less ethical (≤ 3.00 score) and highly ethical (> 3.00 score). McCann and Holt (2009) employed a similar grouping in a study of ethical leadership in the manufacturing sector, although a different survey instrument was used, the Perceived Leader Integrity Scale. The participant Likert scale responses were totaled and divided into groups for analysis. In discussing research design strategy, Rudestam and Newton (2007) state that "the most common strategy in the social sciences is a comparison between groups" (p. 29).

To determine if there were significant differences among the low and high ethical leadership groups and the demographic variables, against each dependent variable, an independent samples t-test was performed. The goal was to determine if perceived ethical leadership fostered higher job satisfaction, organizational commitment, and organizational citizenship behavior among employees. Findings were considered significant at $p < .05$. The assumption of equal population variances was tested using the Levene test which was considered significant at $p < .05$.

Chapter 4

Results

The purpose of this study was to address the research question: Does perceived ethical leadership promote employee job satisfaction, organizational commitment, and organizational citizenship behavior? The study employed a quantitative method in which less ethical leaders were compared to highly ethical leaders on the three dependent variables. The sample for this study consisted of full-time and regular part-time employees who were also enrolled in undergraduate and Master programs in one of two schools, a college and a university in Oregon. Specifically, the study tested the following hypotheses:

Hypothesis H₀₁: Employees led by highly ethical leaders are equally satisfied with their jobs as those led by less ethical leaders.

Hypothesis H_{a1}: Employees led by highly ethical leaders are more satisfied with their jobs than those led by less ethical leaders.

Hypothesis H₀₂: Employees led by highly ethical leaders are equally committed to their organizations as those led by less ethical leaders.

Hypothesis H_{a2}: Employees led by highly ethical leaders are more committed to their organizations than those led by less ethical leaders.

Hypothesis H₀₃: Employees led by highly ethical leaders will engage in organizational citizenship behavior at equal levels as those who are led by less ethical leaders.

Hypothesis H_{a3}: Employees led by highly ethical leaders are more likely to engage in organizational citizenship behavior than those led by less ethical leaders.

This chapter begins with statistical description of the data. The results of data analyses used to test the study hypotheses are then offered. Discussion and implications of these findings appear in Chapter 5.

Data Collection and Preparation

Data collection resulted in 230 returned data sets. Seventeen of the surveys were eliminated based on answers to the first three questions which set the following requirements for participation: full-time or part-time employment consisting of at least 25 hours per week, job status other than top executive or owner, and full-time enrollment in a college or university. The surveys of those participants who did not meet the study sampling criteria because they were unemployed or under employed were coded in SPSS with a 98 numeric value and those who were top executives or owners were coded as 97. All of the returned survey respondents were enrolled full-time in school. Surveys coded with a 97 or 98 were eliminated from data testing by setting the testing limitations in SPSS. The complete data codebook is available in Appendix H.

The four survey instruments measuring ethical leadership, job satisfaction, organizational commitment, and organizational citizenship behavior were scored based on each of the instrument scoring instructions. Those that contained a missing question

were given a numeric score of 99 to designate them as incomplete. These individual surveys were not calculated in the data results. The respondent scores for each of the four instruments were entered into an SPSS data file along with the participants' demographic information. Table 1 presents the demographic data.

Table 1

Demographic Profile of Study Participants

Category	Frequency	Valid Percent
Gender		
Male	76	33.0
Female	137	59.6
Missing Data	17	7.4
Total	230	100.0
Age		
20-24	30	13.0
25-29	41	17.8
30-34	42	18.3
35-39	32	13.9
40-44	28	12.2
45-49	18	7.8
50-54	17	7.4
55-59	3	1.3
60-64	1	0.4
Missing Data	18	7.9
Total	230	100.0

Industry		
Accounting	2	0.9
Table 1 (continued)		
Banking, Finance	17	7.4
Construction	4	1.7
Education	27	11.7
Govt, Public Entity	25	10.9
Healthcare	43	18.7
Hospitality	8	3.5
Legal, Insurance	5	2.2
Manufacturing, Distrib	19	8.3
Misc	11	4.8
Non Profit	5	2.2
Real Estate, Prop Mgt	7	3.0
Retail, Sales	23	10.0
Tech, Communications	10	4.3
Transportation	6	2.6
Missing Data	18	7.8
Total	230	100.0
Degree Program		
Bachelor Bus Admin	94	40.9
Bachelor Accounting	46	20.0
Bachelor Healthcare Admin	21	9.1
BS Human Development	18	7.8
MBA	10	4.3
MMOL	17	7.4

AAOD	24	10.4
Total	230	100.0

Note. BBA = Bachelor of Business Administration. BA = Bachelor of Accounting. BHCA = Bachelor of Health Care Administration. BSHD = Bachelor of Science in Human Development. MBA = Master of Business Administration. MMOL = Master of Science in Management and Organizational Leadership. AAOD = Associate of Arts in Organizational Dynamics.

Additional information regarding the length of employee tenure with an organization, years of experience in a job or profession, and time spent with an organizational top executive was obtained. The data are presented in Table 2. Demographic variables were also included as potential control variables during the data analysis process.

Table 2

Length of Tenure For Study Participants

Years	Organization		Job/Profession		Top Executive	
	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%
0-4	111	48.3	94	40.9	145	63.0
5-9	53	23.0	62	27.0	42	18.3
10-14	27	11.7	27	11.7	8	3.5
15-19	9	3.9	17	7.4	4	1.7
20-24	6	2.6	5	2.2	2	0.9
> 25	2	0.9	4	1.7	1	0.4
Missing Data	22	9.6	21	9.1	28	12.2

Total	230	100.0	230	100.0	230	100.0
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Descriptive Statistics

Prior to data analysis, a visual examination of the data was performed using frequency distribution testing on all variables. The purpose of this examination was to check for the possibility that errors were made in recording or coding the data. Data points were spot checked. Data points were randomly selected and compared to the corresponding survey. Outlier values were verified in the same manner. This initial inspection of the data also presented an opportunity to view the distribution of variables.

The variables of interest--ethical leadership, job satisfaction, organizational commitment, and organizational citizenship behavior--all appeared to present a unimodal shape and normal distribution with slight, or very slight, left skewing. The respective measures of skewness for the variables of interest were -.590, -.604, -.415, and -.574. This reflects the tendency for the scores to cluster toward the upper end of the scale. If the skewness is not substantial then the distribution can be considered to be approximately normal (Price, 2000). This interpretation was confirmed by comparing the mean and median values of each variable and by representing the data in histogram graphs (see Figures 1 - 4).

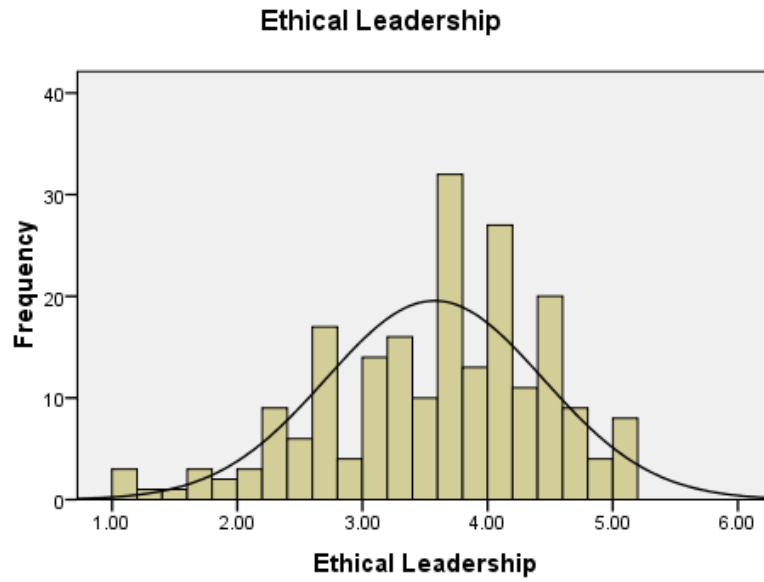


Figure 1. Histogram of ethical leadership with superimposed normal curve.

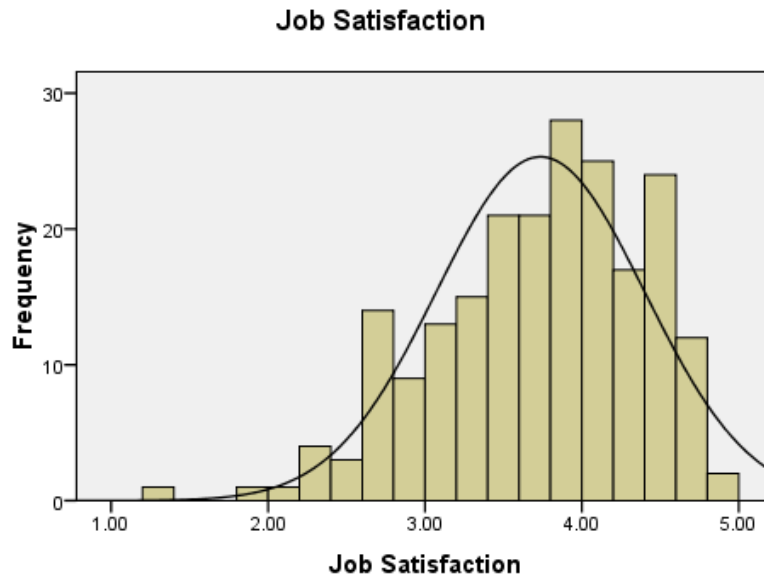


Figure 2. Histogram of job satisfaction with superimposed normal curve.

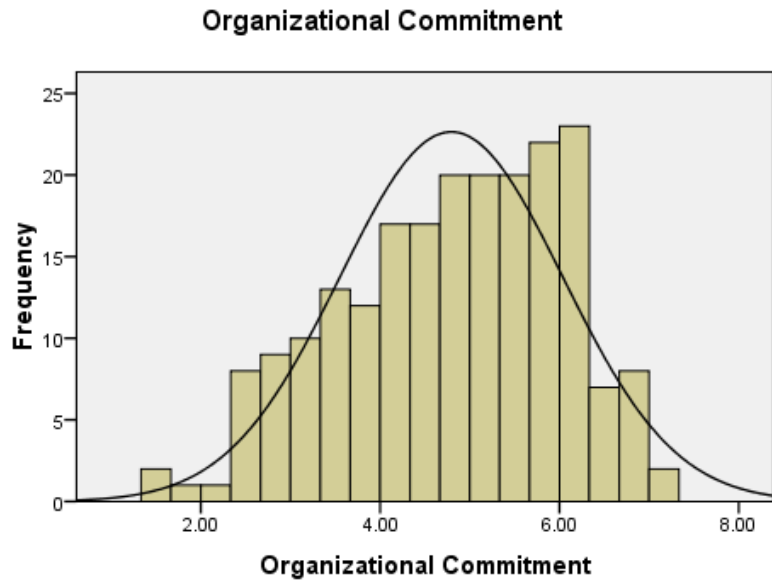


Figure 3. Histogram of organizational commitment with superimposed normal curve.



Figure 4. Histogram of organizational citizenship behavior with superimposed normal.

Descriptive statistics for the independent variable, ethical leadership, and the dependent variables, job satisfaction, organizational commitment, and organizational citizenship behavior, are offered in Table 3.

Table 3

Descriptive Statistics for Independent and Dependent Variables

Variable	M	SD
Ethical Leadership	3.5765	0.8690
Job Satisfaction	3.7361	0.6649
Organizational Commitment	4.7939	1.2448
Organizational Citizenship Behavior	4.1423	0.4191

Hypotheses Testing

Before testing each hypothesis, further investigation of the data was performed. A Pearson's Coefficient of Correlation test was conducted to determine if an association existed among the various variables, including the demographic variables. This process offered further insight regarding the data. Ethical leadership demonstrated a positive and moderate correlation with job satisfaction, $r(199) = .59, p < .001$, and organizational commitment, $r(200) = .62, p < .001$. These findings indicated support for Hypothesis H_{a1} and Hypothesis H_{a2} that employees led by highly ethical leaders exhibit greater job satisfaction and organizational commitment. Ethical leadership was positively, but

weakly, correlated with organizational citizenship behavior, $r(199) = .18, p < .001$. A negative, weak relationship between years in the job or profession and job satisfaction was also demonstrated, $r(199) = -.16, p < .05$, as well as between years in the job or profession and organizational commitment, $r(199) = -.16, p < .05$. Ethical leadership demonstrated a positive but weak correlation to age, $r(199) = .17, p < .05$.

Table 4

Correlation Testing

Variable	EL	JS	OC	OCB	Gender	Age	Industry	Yrs Org	Yrs Job	Yrs Ex	Degree
	1	2	3	4	5	6	7	8	9	10	11
EL	-	.592**	.621**	.178**	.058	-.159*	-.036	-.051	-.133	-.065	-.042
JS		-	.735**	.322**	-.024	-.088	-.055	-.007	-.158*	.023	-.086
OC			-	.240**	.040	-.057	-.023	-.029	-.157*	.011	-.107
OCB				-	.070	-.020	.101	-.029	-.021	.032	-.104
Gender					-	.011	-.169*	-.065	.128	-.021	.051
Age						-	-.030	.385**	.404**	.178*	.008
Industry							-	.015	.053	.079	-.016
Yrs Org								-	.382**	.639**	-.057
Yrs Job									-	.330**	.031
Yrs Ex										-	-.044
Degree											-

* $p < .05$. ** $p < .01$

The correlation values suggest support for rejecting all three null hypotheses in the study and supporting the alternative hypotheses. Ethical leadership was positively associated with each dependent variable, although to differing degrees. Correlation testing offered insight regarding the data results. The study hypotheses, however, sought to determine differences among two groups of leaders, perceived highly ethical and less ethical leaders.

In order to test the hypotheses, the independent variable was divided into two groups based on low and high perceived ethical leadership. Survey scores of ≤ 3.00 were categorized as low and scores of > 3.00 as high. The two independent groups of ethical leadership scores resulted in groups of 58 (low ethical leadership) and 153 (high ethical leadership). A t-test was performed to compare the means between the two groups. The t-test requires normally distributed group populations and the assumption that variances between the two groups are equal (Newton & Rudestam, 1999). Normal distribution was previously confirmed using frequency testing and graphs. Variance was tested using Levene's statistical testing. Levene's test is considered to be significant at a value of $< .05$ (Price, 2000). If the test is significant, the null hypothesis of equal population variances is rejected. In comparing ethical leadership with each of the three dependent variables, none of the Levene's statistics were found to be significant, indicating that the assumption of homogeneity of variance can be made. Levene's statistic for job satisfaction, organizational commitment, and organizational citizenship behavior were 0.405, 0.618, and 0.631 respectively, $p < .05$.

Hypothesis H_{01} posited that employees led by highly ethical leaders are equally satisfied with their jobs as those led by less ethical leaders. Employees in the group of

highly ethical leaders ($M = 3.96$, $SD = .54$) reported a higher job satisfaction than did the participants with less ethical leaders ($M = 3.16$, $SD = .61$), $t(209) = -9.26$, $p = .001$ (two-tailed). Therefore, the null hypothesis was rejected and Hypothesis H_{a1} was supported. Thus, the data suggest that employee job satisfaction is greater when employees are led by highly ethical leaders.

The second null hypothesis, which stated that employees led by less ethical leaders would have an equal level of organizational commitment as those led by highly ethical leaders, was also rejected. The Likert scale for the organizational commitment questionnaire ranged from one to seven. Employees led by highly ethical leaders recorded a higher score on organizational commitment ($M = 5.20$, $SD = 1.03$), $t(210) = -9.13$, $p = .001$ (two-tailed) than employees led by less ethical leaders ($M = 3.72$, $SD = 1.14$). The second alternative hypothesis was, therefore, supported. The data suggest that organizational commitment is greater when highly ethical leaders lead employees.

The third null hypothesis which stated that employees led by highly ethical leaders will engage in organizational citizenship behavior at equal levels as those who are led by less ethical leaders, was supported. Differences between groups were not significant at $p < .05$, resulting in a failure to reject the null hypothesis. Organizational citizenship behavior among employees did not differ in relationship to high or low ethical leadership.

Summary

This study was conducted to examine the differences that low and high ethical leadership might have on three dependent variables: job satisfaction, organizational commitment, and organizational citizenship behavior. The null hypotheses for job

satisfaction and organizational commitment were rejected and the alternative hypotheses confirmed. Highly ethical leadership resulted in higher scores for the two dependent variables. However, the null hypothesis could not be rejected for low and high ethical leadership groups in relationship to organizational citizenship behavior.

The descriptive data analysis using frequency testing and visual examination, demonstrated normal distribution of the data. This allowed for continuation with pre-hypothesis testing, which included further investigation of the data. This initial look at the data included correlation studies that found moderate, positive correlations between levels of perceived ethical leadership and two dependent variables, job satisfaction and organizational commitment. Only a weak correlation was found between ethical leadership and organizational citizenship behavior.

Rejection of the first two null hypotheses comparing ethical leadership to employee job satisfaction and organizational commitment was made after data analysis using t-tests. The alternative hypotheses for those two dependent variables were supported. The pre-testing, data investigation, and comparison testing all provided support for the finding that those who perceive their leaders as ethical report significantly higher levels of employee job satisfaction and organizational commitment.

Chapter 5

Discussion

This study was conducted to examine the differences between low and high levels of ethical leadership on employee job satisfaction, organizational commitment, and organizational citizenship behavior. Based on the degree of ethical leadership among top executives, results not only demonstrated significant differences in employee job satisfaction and organizational commitment, but also found that employees led by highly ethical leaders were more satisfied and committed to their organizations than those led by less ethical leaders. Contrary to expectations, organizational citizenship behavior did not demonstrate significant differences based on the perceived ethical leadership of top executives. Studies previously performed using similar normative leadership theories-- transformational, servant, and authentic leadership-- demonstrated positive and significant associations with organizational citizenship behavior among employees, suggesting support for a positive relationship between ethical leadership and OCB (Jaramillo et al., 2009; Koh et al., 1995; Walumbwa et al., 2008; Walumbwa et al., 2010). However, these findings were not replicated in this project.

The study contributes valuable insight into the practical application of ethical leadership theory in the workplace. Early research on ethical leadership concentrated on defining the theoretical model and describing ethical leaders (Brown & Mitchell, 2010).

More recently, study of this leadership model has moved forward into the empirical phase of discerning whether or not a relationship exists between ethical leadership and employee performance. These studies (Avey et al., 2011; Khuntia & Suar, 2004; Mayer et al., 2009; Piccolo et al., 2010; Toor & Ofori, 2009; Walumbwa & Schaubroeck, 2009) have found significant associations between ethical leadership and measures of employee and organizational outcomes (Brown & Mitchell, 2010). This study offers further insights for the practitioner by testing to see if followers of ethical leaders have positive employee job satisfaction, organizational commitment, and organizational citizenship behavior, all precursors to employee performance.

This chapter provides a summary of the findings of this study as well as the strengths and limitations of the research project. Additionally, theoretical and practical implications are offered based on the study results. In conclusion, suggestions for future research are provided.

Summary of Findings

The achievement of organizational goals and objectives is crucial to leaders' successes. Encouraging employees to perform at high levels is an important element in this process (Drucker, 2001). Employee attitudes and behaviors affect performance through positive actions and activities (Argyle, 1989). Leaders' abilities to affect followers' attitudes and behaviors can result in greater job performance, thus contributing to the success of the organization (Tanner et al., 2010). Two such employee measures are job satisfaction and organizational commitment. Job satisfaction and organizational commitment are potential determinants of employee performance, which in turn affects

the ability of an organization to meet its goals and objectives. Empirical exploration of ethical leadership's possible impact on employee attitudes and behaviors has recently increased. This study enhances that developing body of knowledge by demonstrating that employees led by ethical leaders exhibit more positive satisfaction and commitment.

Ethical Leadership and Job Satisfaction

Job satisfaction is considered a potential antecedent of job performance and employee motivation, while job dissatisfaction is viewed as a possible precursor of job withdrawal behavior, absenteeism, and turnover (Saari & Judge, 2004). Employee performance and engagement are becoming increasingly important in the more adaptive, ever-changing, highly competitive organizations of today (Pfeffer, 1998).

In this study, employees led by highly ethical leaders demonstrated greater job satisfaction than did those led by less ethical leaders. Correlation testing produced similar findings between the independent and dependent variables as did the t-test with groups. The relationship between ethical leadership and job satisfaction was significant and of moderate strength. This study looked beyond relationship and examined differences in groups led by less ethical and highly ethical leaders. The findings add appreciably to the research to date on ethical leadership and job satisfaction (Neubert et al., 2009; Piccolo et al., 2010).

Ethical Leadership and Organizational Commitment

This study also extends the research on ethical leadership and employee organizational commitment. Employees of highly ethical leaders reported greater organizational commitment than did employees of less ethical leaders. This study found that the level of ethical leadership among top executives made a difference in employees'

overall organizational commitment. Correlation testing for ethical leadership and organizational commitment was significant and of moderate strength. Not only do the findings contribute to the body of knowledge on ethical leadership, they also extend the research to include the three components of organizational commitment--affective, continuance, and normative (Neubert et al., 2009). Highly ethical top executive leaders in this study were found to have employees who were more committed to their organizations than did less ethical leaders.

Ethical Leadership and Organizational Citizenship Behavior

The study of organizational citizenship behavior (OCB) is important because of its influence on employee performance and the need for employees to function in high performance organizations. This requires employees to engage in more than just task performance. Ethical leader behaviors were found to positively correlate to organizational citizenship behavior at the group level in a study by Walumbwa et al. (2010). In a field study by Avey et al. (2011), ethical leadership was positively related to organizational citizenship behavior and negatively related to workplace deviance, both with self-esteem as a mediating variable.

Those results were not confirmed in this study. Correlation between ethical leadership and organizational citizenship behavior was positive but weak. However, t-test results did not show a statistically significant difference among the two group means. The third null hypothesis, which stated that organizational citizenship behavior would not be significantly different for employees of highly ethical leaders than for those of less ethical leaders, was supported. The findings resulted in a failure to reject H_{03} .

A number of factors might have impacted the outcome of this study regarding employee organizational citizenship behavior. OCB is comprised of employee altruistic and compliant behaviors (Smith et al., 1983). These can be aimed at both coworkers and at the organization as a whole. Motivations for altruistic and compliant behavior may stem from different sources, specifically intrinsic and extrinsic factors. According to Ciulla (2001, 2005), altruism originates from an ethic of caring. Individuals' ethical framework is not something that changes easily or quickly (Trevino & Nelson, 2011). Employees with an altruistic ethical perspective may thrive as followers of ethical leaders but may not be swayed to deviate from their altruistic perspective by less ethical leaders. They may also be inclined to display greater OCB tendencies to compensate for the lack of citizenship behavior from less ethical senior executives.

Study participants functioned as self-raters for the OCB questionnaire. This was the only study questionnaire in which they were asked to score their own behavior; the questionnaires on job satisfaction and organizational commitment asked them to report their attitudes toward others and the organization. Although the OCB instrument was designed and tested as a self-rating survey, this may have been a factor in this study. The average score, 4.14, was higher than the midpoint for the survey of 3.00, based on the Likert scale of one to five. It is conceivable that social desirability or self-favoritism led to higher ratings of OCB.

Study Strengths and Limitations

A key strength of this study was the size of the sample population and the diversity of industries and job types that were represented. This offered an opportunity to

look at employees at-large rather than limit the study to a particular organization or industry. Another strength lies in the use of measurement instruments that have been tested and vetted in numerous studies. This makes it less problematic to compare results to previous and future research studies.

The number of female participants in the study was greater than twice the number of male participants, possibly skewing the results. To date, the relationship between gender and perceptions of ethical behavior and ethical leadership is unclear (Schminke et al., 2003; Trevino & Nelson, 2011).

Although the sample population was robust in size and occupational diversity, the participants were drawn from one geographic region, which presented a limiting factor. The results may also have been affected by the educational venue in which the data were gathered. Adult students returning to school may display more positive attitudes and behaviors in the workplace because of the opportunity for future advancement that may be perceived to be an outcome of their education. This could have been a possible contributing factor in the results. Many of these students may be returning to school to better their lives, for reasons related to economic improvement, for self improvement, or any combination thereof. Since the study required that participants be enrolled full-time and work a minimum of 25 hours per week, it would make sense that this is a group of people who might display OCB behaviors in the workplace, especially those behaviors related to motivation and willingness to exert extra effort. Additionally, they may be more engaged as employees because of the potential learning opportunity in organizations and a desire to perhaps seek promotional opportunities. The impact of the level of education was not tested in this study.

Limitations included the self-report survey for organizational citizenship behavior. Participants may have rated themselves higher than a coworker or supervisor would have rated them. The categorization and grouping of the independent variable presents an additional limitation of the study. This type of analysis may result in a reduction in statistical power. This potential limitation, however, should be offset by the size of the sample (Newton & Rudestam, 1999). The correlation findings between ethical leadership and the dependent variables were consistent with the t-tests for each. These findings would seem to indicate that grouping the independent variable did not have a substantial effect on the results.

Lastly, the cross sectional, rather than longitudinal, nature of the study design limits the findings to one point in time. This does not account for the change that takes place in organizations on a regular basis. Organizations are dynamic entities in a world that is rapidly changing, requiring them to continually adapt (Hill, 2011). A frequently changing and evolving venue would be expected to affect the attitudes and behaviors of its members.

Implications

Organizational leaders influence their followers and the environment in which they function. Ethical leaders do so by fostering positive employee attitudes, behaviors, and actions. They influence through role modeling and establishing reward systems that reinforce work performance and ethical behavior. Social learning theory plays an important role in this process. The results of this study highlight the importance of this leadership construct to the well being of organizations and the people who populate them.

The ethical leader, as a moral person and a moral manager, has the ability to affect followers' attitudes and behaviors. Ethical leaders may, through the impact of leader influence and relationships with followers, encourage positive employee attitudes and behaviors. These, in turn, are potential indicators of employee performance (Tanner et al., 2010). Attracting, training, and retaining such leaders will be important as organizations strive to meet their goals and objectives. Organizations should seek to recruit moral persons and guide their development as moral managers. This places added emphasis on leadership coaching and mentoring. Executive leaders' influence middle and lower level managers (Mayer et al., 2009). Using the social learning theory model, top ethical leaders can perpetuate the value-centered organizational environment and practices by developing lower level ethical leaders.

Leaders are judged by their ability to effect change and meet goals. This is largely accomplished through the work of their followers. Organizations would be well served to look at ethical leaders as a possible answer to the question: What is the difference between effective and ineffective leadership? This study demonstrated that those followers led by ethical leaders have a higher level of job satisfaction and organizational commitment, two potential indicators of employee performance. Enhanced performance is often displayed through increased employee motivation, extra effort, and goal attainment (Steyrer et al., 2008; Tanner et al., 2010). As employee attitudes improve, it is likely that performance will as well.

Pfeffer (1998) contends that a people-focused organizational strategy is the foundation for high performance management systems, providing a competitive advantage for two main reasons. People centered practices serve as an advantage because

they are difficult to imitate. The high performance practices also provide an advantage because they encourage organizational learning, skill development, innovation, customer service, improved productivity, and organizational flexibility (Jamrog, Vickers, Overholt, & Morrison, 2008; Pfeffer, 1998). The ethical leader, acting as a moral person and a moral manager, may be better equipped to lead such a high performance organization. The moral person offers an attractive and credible role model who develops relationships based on trust, caring, and justice. The moral manager in turn seeks to integrate moral behavior into the culture of the organization.

The relationship of moral leaders to the behavior of their followers is found not only in the ethical leadership model but also in other normative leadership theories. Transformational, servant, and authentic leaders have also been associated with positive employee attitudes, behaviors, and outcomes (Koh et al., 1995; Rowold & Heinitz, 2007; Walumbwa et al., 2008; Walumbwa et al., 2010; Webb, 2007). The findings of this study add to the growing body of knowledge about moral leadership styles and their relationship to positive employee attitudes. Followers in this study reported higher levels of job satisfaction and organizational commitment. These results, along with previous research, suggest that employees of ethical leaders are likely to display more positive attitudes and behaviors.

Future Research

The findings from this study support the theoretical notion that ethical leadership does make a difference in employee job satisfaction and organizational commitment. It has added to the theoretical and practical applications of this leadership model. There is

still much to learn, however, about ethical leadership in organizations. Conducting longitudinal research would take into consideration the impact of change both within the organization and the external environment. This could shed light on the long-term effect that ethical leaders may have on their organizations. Building and studying predictive models is also essential to the next phase of ethical leadership research.

It would be helpful for future researchers to conduct similar testing with some modifications, such as other-rating rather than self-rating instruments. Additionally, an extended population sample that is not restricted to higher education participants or one geographic area is recommended for future studies. To address the possible gender bias in this study, a different sample with more equal gender representation should be tested.

Further research is needed to clarify study findings on ethical leadership and organizational citizenship behavior. This study did not find a significant difference in groups led by highly ethical and less ethical leaders. However, in previous studies, significant correlations were established between ethical leaders and positive organizational citizenship behavior among followers (Avey et al., 2011; Toor & Ofori, 2009; Walumbwa et al., 2008).

In pursuing additional research on ethical leadership, it will also be valuable to look at intervening variables. Culture might be one such variable. The relationship between ethical leadership and job satisfaction and organizational commitment may be stronger in highly ethical organizational cultures (Neubert et al., 2009).

The macroeconomic environment in which this study took place is a variable that was not measured. The location of the study was the Portland, Oregon, metropolitan area which, like much of the rest of the country, has been in a severe economic slowdown for

three years ("Executive summary: Oregon economic forecast," 2011). Participants who reported low job satisfaction and organizational commitment might very well change jobs in a better economy. Since unemployment is high in Oregon, they may not be able to do so. However, if they have innate, strong citizenship behaviors, they may still display those to some degree while they wait for the opportunity to change organizations. This could account for a disconnect between the data results on OCB and the data results on job satisfaction and organizational commitment. Employees may also fear that they could be subject to future reductions in the workforce. This could prompt them to display greater organizational citizenship behaviors than would be their normal tendency in an effort to avoid such action. Future researchers should consider replicating the study in a more robust economic environment. It is certainly possible that employees' gratitude in having a job may influence their attitude toward their work and their organizations.

One factor that should be considered is whether or not employee attitudes and behaviors are influenced equally by top executives and direct supervisors. Mayer et al. (2009) tested a theory in which ethical leadership was found to flow from top executives to the next level of management and on through all levels until it reached the supervisory level, resulting in organizational citizenship behaviors at the group level. It is uncertain if an unethical top executive and a highly ethical supervisor would result in increased positive OCB employee behaviors, negative behaviors, or would have no effect. Continual examination of the influence of immediate versus senior executive leaders on employees is needed.

The success of a leader in achieving the organization's goals is often measured in terms of objective organizational outcomes. Specifically, these are frequently in the form

of financial measures including return on investment, return on assets, profit, growth, and increased sales. As research on the effectiveness of ethical leadership continues, it will be useful to include these outcomes as well as those at the employee level. Gelade and Young (2005) were able to demonstrate that positive employee attitudes were associated with increased customer satisfaction and sales, further strengthening the importance of extending the study of ethical leadership from employees' attitudes and behaviors to organizational objective outcomes.

Summary

The ethical leader, as a moral person and a moral manager, has the ability to affect followers' attitudes and behaviors. Ethical leaders can, through the impact of leader influence and relationships with followers, foster positive employee attitudes and behaviors. These, in turn, are potential indicators of employee performance (Tanner et al., 2010). This study found differences in two such indicators, employee satisfaction and organizational commitment, supporting the premise that ethical leadership leads to positive employee attitudes and behaviors.

Given today's complex and dynamic competitive environment, there is an increased emphasis on leadership in organizations and a need to develop leaders who can inspire followers to perform at high levels. It is the combined efforts of many followers that support these leaders in their pursuit of organizational goals and objectives. Ethics is an important aspect of this process. "Ethical leadership pays dividends in employee pride, commitment, and loyalty" (Trevino et al., 2000, p. 142). Ethical leaders can improve follower and organizational performance. "If the leadership of the company reflects

[ethical] values . . . people will want to work for that company and will want to do well" (Trevino et al., 2000, p. 136). In addition to increased employee performance, ethical leadership can help attract and retain talented people.

Ethics does not need to come at the expense of effectiveness. Ethical leadership theory supports the premise that ethics and performance are compatible concepts. Ethical leaders actively encourage both the achievement of work-related goals and adherence to ethical standards (Brown & Trevino, 2006a). This study demonstrates that ethical leadership promotes positive employee attitudes and behaviors, specifically job satisfaction and organizational commitment.

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Appendix A

Ethical Leadership Scale

1 = strongly disagree

2 = disagree

3 = neutral

4 = agree

5 = strongly agree

My organization's top leader:

1. Listens to what employees have to say
2. Disciplines employees who violate ethical standards
3. Conducts his/her personal life in an ethical manner
4. Has the best interests of employees in mind
5. Makes fair and balanced decisions
6. Can be trusted
7. Discusses business ethics or values with employees
8. Sets an example of how to do things the right way in terms of ethics
9. Defines success not just by results but also the way that they are obtained
10. When making decisions, asks "what is the right thing to do?"

(Brown et al., 2005)

Appendix B

Minnesota Satisfaction Questionnaire (Short Form)

1 = Not Satisfied

2 = Somewhat Satisfied

3 = Satisfied

4 = Very Satisfied

5 = Extremely Satisfied

My company/organization offers me:

1. The chance to work alone on the job.
2. The chance to do different things from time to time.
3. The chance to be “somebody” in the community.
4. The chance to do things for other people.
5. The chance to tell people what to do.
6. The chance to try my own methods of doing the job.
7. The chance to do something that makes use of my abilities.
8. The chances for advancement on this job.
9. Being able to keep busy all the time.
10. The competence of my supervisor in making decisions.
11. Being able to do things that don't go against my conscience.
12. The way my job provides for steady employment.
13. The way company policies are put into practice.
14. The way my boss handles his/her workers.
15. The way my co-workers get along with each other.

16. My pay and the amount of work I do.
17. The freedom to use my own judgment.
18. The working conditions and environment.
19. The praise I get for doing a good job.
20. The feeling of accomplishment I get from the job.

(Weiss et al., 1967)

Appendix C

Organizational Commitment Questionnaire (OCQ)

Listed below are a series of statements that represent possible feelings that individuals might have about the company or organization for which they work. With respect to your own feelings about the particular organization for which you are now working (company name) please indicate the degree of your agreement or disagreement with each statement by recording one of the seven alternatives next to each statement.

1 = Strongly disagree

2 = Moderately disagree

3 = Slightly disagree

4 = Neither disagree nor agree

5 = Slightly agree

6 = Moderately agree

7 = Strongly agree

1. I am willing to put in a great deal of effort beyond that normally expected in order to help this organization be successful.
2. I talk up this organization to my friends as a great organization to work for.
3. I feel very little loyalty to this organization. (R)
4. I would accept almost any type of job assignment in order to keep working for this organization.
5. I find that my values and the organization's values are very similar.
6. I am proud to tell others that I am part of this organization.

7. I could just as well be working for a different organization as long as the type of work were similar. (R)
8. This organization really inspires the very best in me in the way of job performance.
9. It would take very little change in my present circumstances to cause me to leave this organization.
10. I am extremely glad that I chose this organization to work for over others I was considering at the time I joined.
11. There's not too much to be gained by sticking with this organization indefinitely. (R)
12. Often, I find it difficult to agree with this organization's policies on important matters relating to its employees. (R)
13. I really care about the fate of this organization.
14. For me this is the best of all possible organizations for which to work.
15. Deciding to work for this organization was a definite mistake on my part. (R)

An (R) denotes a negatively phrased and reverse-scored item.

(Mowday et al., 1982; Mowday et al., 1979)

Appendix D

Organizational Citizenship Behavior Questionnaire

Participants rate themselves on a 5-point scale how characteristic each statement is of them.

1 = strongly disagree

2 = disagree

3 = neutral

4 = agree

5 = strongly agree

1. Helps others who have been absent
2. Punctuality
3. Volunteers for things that are not required
4. Takes underserved breaks (R)
5. Orients new people even though it is not required
6. Attendance at work is above the norm
7. Helps others who have heavy work loads
8. Coasts towards the end of the day (R)
9. Gives advance notice if unable to come to work
10. Great deal of time spent with personal phone conversations (R)
11. Does not take unnecessary time off from work
12. Assists supervisor with his or her work
13. Makes innovative suggestions to improve department

14. Does not take extra breaks
15. Attend functions not required but that help company image
16. Does not spend time in idle conversation

An (R) designates a negatively phrased and reverse-scored answer.

(Smith et al., 1983)

Appendix E

Permission Letter to Conduct Research

April 13, 2011

Dear _____,

In completion of my doctoral studies at George Fox University I will soon begin gathering data for a research study entitled Ethical Leadership and Job Satisfaction, Organizational Commitment, and Organizational Citizenship Behavior. The purpose of this study is to determine if the outcome variables differ between groups led by highly ethical leaders and less ethical leaders.

I am respectfully seeking your approval to conduct academic research within _____ Program. The research will involve approximately 10-12 minutes of student time. Students will be asked to complete questionnaires on the above topics. Participants will not be subjected to any physical or emotional risks. I have attached a copy of the approved Human Subjects Review Committee Authorization from George Fox University.

I would be glad to share an example of the questionnaires with you and answer any questions you may have about the study. To ensure minimal disruption to class proceedings, I will contact each instructor in advance and request their permission to proceed as well.

Thank you in advance for your attention and consideration.

Respectfully,



Laurie Yates, DMgt (ABD), MBA

LYates@eou.edu

Appendix F

George Fox University Human Subjects Review Committee Approval

GEORGE FOX UNIVERSITY
HSRC INITIAL REVIEW QUESTIONNAIRE
Page 6

Title:

Ethical Leadership and Determinants of Employee Performance: A Research Proposal

Principal

Researcher(s): Laure Yates

Date application completed: 3/14/2011

COMMITTEE FINDING:

1) The proposed research makes adequate provision for safeguarding the health and dignity of the subjects and is therefore approved.

2) Due to the assessment of risk being questionable or being subject to change, the research must be periodically reviewed by the HSRC on a _____ basis throughout the course of the research or until otherwise notified. This requires resubmission of this form, with updated information, for each periodic review.

3) The proposed research evidences some unnecessary risk to participants and therefore must be revised to remedy the following specific area(s) of non-compliance:

4) The proposed research contains serious and potentially damaging risks to subjects and is therefore not approved.

Chair or designated member *CAK*

Date 3/22/11

Appendix G

Instructions For Completion of Study Survey

Instructions for completion:

Participation in this study is completely voluntary. Should you decide not to complete the questionnaire at any point in the process, you may stop and turn in a blank or partially blank packet.

There are a few stipulations for inclusion in the study. Participants must meet the following criteria:

- Employed as a regular part-time (25 or more hours) or full-time employee
- Not self-employed or senior executive of the organization
- Enrolled full-time in a college or university

There are 4 mini sections to complete. In the first section on Ethical Leadership (after the above 3 questions), you will use *your company's top executive* (CEO, President, Owner, etc.) as the point of reference even if you have not met him/her. In the remaining mini sections, use *yourself* as the point of reference.

Please answer all the questions. There are demographic questions at the end of the survey which are important to the data. All information provided will be completely anonymous.

Thank you in advance for your time and assistance on this project.

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Appendix H

Data Analysis Codebook

Category	Codes	Description
Gender	0	Male
	1	Female
	7	Top Exec
	8	Unemployed
	9	Missing Data
Age	97	Top Exec
	98	Unemployed
	99	Missing Data
Job Title	0	Professional/Tech Mgr
	1	Clerical & Sales
	2	Service
	3	Manufacturing/Assembly
	4	Laborer/Driver/Warehouse
	5	Employed Disabled
	6	Employed Non-Disabled/Misc
	7	Top Exec
	8	Unemployed
	9	Missing Data
Industry	0	Accounting

	1	Banking/Finance
	2	Construction
	3	Education
	4	Government/Public
	5	Healthcare
	6	Hospitality
	7	Legal/Insurance
	8	Manufacturing/Distribution
	9	Misc
	10	Non Profit
	11	Real Estate/Property Mgt
	12	Retail/Sales
	13	Technology/Communications
	14	Transportation/Aviation
	97	Top Exec
	98	Unemployed
	99	Missing Data
Degree Program	0	Bch Bus Admin
	1	Bch Acctg
	2	Bch Healthcare
	3	BS Hum Dev
	4	MBA
	5	MMOL
	6	Assoc Org Dev
	7	Top Exec
	8	Unemployed
	9	Missing Data
Yrs Org	97	Top Exec

	98	Unemployed
	99	Missing Data
Yrs Job	97	Top Exec
	98	Unemployed
	99	Missing Data
Yrs w/ Exec	97	Top Exec
	98	Unemployed
	99	Missing Data
