Ethical leadership: A social learning perspective for construct development and testing

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Abstract

Leaders should be a key source of ethical guidance for employees. Yet, little empirical research focuses on an ethical dimension of leadership. We propose social learning theory as a theoretical basis for understanding ethical leadership and offer a constitutive definition of the ethical leadership construct. In seven interlocking studies, we investigate the viability and importance of this construct. We develop and test a new instrument to measure ethical leadership, examine the proposed connections of ethical leadership with other constructs in a nomological network, and demonstrate its predictive validity for important employee outcomes. Specifically, ethical leadership is related to consideration behavior, honesty, trust in the leader, interactional fairness, socialized charismatic leadership (as measured by the idealized influence dimension of transformational leadership), and abusive supervision, but is not subsumed by any of these. Finally, ethical leadership predicts outcomes such as perceived effectiveness of leaders, followers' job satisfaction and dedication, and their willingness to report problems to management.
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Recent ethical scandals in business (Colvin, 2003; Mehta, 2003; Revell, 2003) have raised important questions about the role of leadership in shaping ethical conduct. Most employees look outside themselves to significant others for ethical guidance (Kohlberg, 1969; Treviño, 1986). Therefore, in the workplace, leaders should be a central source of such guidance. Yet, we know little about the ethical dimension of leadership. Most attention to this topic has relied upon a philosophical perspective, focusing on the question of how leaders *ought* to behave. But, even philosophers note that "it's remarkable that there has been little in the way of sustained and systematic treatment of the subject [ethical leadership] by scholars" (Ciulla, 1998, p. 3).

We propose to study ethical leadership from a descriptive perspective so that we can better understand what characterizes ethical leadership, and how it relates to other variables in its nomological network. Previous study of an ethical dimension of leadership has been embedded primarily within the transformational and charismatic leadership domains (Bass & Avolio, 2000), two styles of leadership that are distinct, yet conceptually similar enough that they are sometimes discussed as if they were interchangeable (Bono & Judge, 2003; Conger, 1999; Shamir, 1999). We follow that convention in this research. The ethical dimension of leadership represents a small component that falls within the nexus of inspiring, stimulating and visionary leader behaviors that make up transformational and charismatic leadership. But, even this work on the ethical aspects of charismatic and transformational leadership has been mainly conceptual and has conveyed a normative perspective

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(i.e., Bass & Steidlmeier, 1999; Kanungo & Mendonca, 1996; May, Chan, Hodges, & Avolio, 2003).

Qualitative, interview-based research has begun to explore ethical leadership from the perspective of organization members. Howell and Avolio (1992) differentiated between ethical and unethical charismatic leaders and Treviño, Brown, and Hartman (2003) asked interviewees to describe what they saw as the characteristics of ethical leaders. Yet, little has been done to systematically develop an ethical leadership construct necessary for testing theory about its origins and outcomes.

Therefore, our purpose is to lay the necessary conceptual and empirical groundwork that might advance knowledge about ethical leadership. Specifically, we: (a) review related literature; (b) propose social learning or social cognitive theory (Bandura, 1977, 1986) as a conceptual basis for understanding ethical leadership; (c) offer a formal, constitutive definition of ethical leadership; (d) develop a nomological network that specifies and explains its connections to other variables; (e) build and refine an instrument, the Ethical Leadership Scale (ELS), to measure the construct, estimate its psychometric properties, and provide evidence of its construct validity; and, (f) demonstrate the utility of an ethical leadership construct by showing its ability to uniquely predict outcomes beyond other, related leadership dimensions.

Ethical leadership in prior research

Most reviews of the behavioral science (rather than philosophical) literature on leadership have given scant attention to its ethical dimensions (e.g., Bass, 1990; House & Aditya, 1997). However, we have identified three constructs in organizational behavior (OB) that have the potential to overlap with ethical leadership, and we discuss their distinctions below.

Ethical leadership and transformational/charismatic leadership

Most attention to an ethical dimension of leadership has been embedded within the charismatic or transformational leadership paradigm. Burns (1978) said that "transforming" leaders inspire followers by aligning their own and their followers' value systems toward important moral principles. Bass and Avolio (1993) described four dimensions of transformational leadership—inspirational motivation, idealized influence, individualized consideration, and intellectual stimulation. Of these, the idealized influence dimension has been defined as having an ethical component. Idealized influence means that transformational leaders are "role models for followers to emulate" (Avolio, 1999, p. 43). They "can be counted on to do the right thing" and they demonstrate "high standards of ethical and moral conduct" (1999, p. 43).

Lending support to the proposed relationship between transformational leadership and high ethical standards, Turner, Barling, Epitropaki, Butcher, and Milner (2002) recently found that leader cognitive moral development is positively related to transformational leadership, but unrelated to transactional leadership, an influence process based on contingent reinforcement and characterized by management-by-exception (Avolio, 1999). Some have suggested that the compliance-based (Kelman, 1958) influence style associated with transactional leadership behavior is unethical. Kanungo and Mendonca (1996) noted that "the near destruction of the followers' self-esteem for the benefit of the leader makes the transactional influence process highly offensive to the dignity of people; therefore, it cannot be considered to be an ethical social influence process" (1996, p. 73).

Yet, these proposed relationships between transformational versus transactional leadership and ethical versus unethical leadership are not clear-cut. First, some have suggested that transformational and charismatic leaders can be unethical (Bass, 1985) if they are motivated by selfishness rather than altruism (Bass, 1998; Howell, 1988; Howell & Avolio, 1992), and if they use power inappropriately (House & Aditya, 1997; McClelland, 1975). Scholars now differentiate between socialized (ethical) and personalized (unethical) charismatic leaders (Howell & Avolio, 1992) and authentic and pseudo-transformational leaders (Bass & Steidlmeier, 1999), suggesting that transformational (charismatic) and ethical leadership are not necessarily aligned. Further, Gini (1998) suggested that ethical leaders set clear standards and hold employees accountable for following them, which are cardinal features of transactional leadership. And, the relationship between cognitive moral development and transformational leadership found in Turner and colleagues research (2002) was actually based on a measure of transformational leadership that included some transactional leadership behaviors. Finally, Treviño et al. (2003) found that ethical leaders use transactional type influence processes such as standard setting, performance appraisal, and rewards and punishments to hold followers accountable for ethical conduct, along with transformational leadership styles. Thus, at best, there is only partial overlap between transformational and ethical leadership. Ethical leaders likely use both transformational and transactional leadership approaches to influence followers' behavior. This assertion is also consistent with recent work that argues against the stark bipolarity between transactional and transformational styles (Kark, Shamir, & Chen, 2003).

Ethical leadership and leader honesty

Survey research frequently links perceived leadership effectiveness with leader honesty (i.e., truth-telling), integrity (i.e., principled behavior), or trustworthiness

(i.e., can be trusted) (Den Hartog, House, Hanges, Ruiz-Quintanilla, & Dorfman, 1999; Kouzes & Posner, 1993; Posner & Schmidt, 1992). Honesty and integrity are seen as important components of a transformational leader's idealized influence (Avolio, 1999; Bass & Steidlmeier, 1999). On its face, then, it might appear that ethical leadership equates to such leader traits. But, Howell and Avolio (1992) found that honesty was only one of many characteristics that differentiated ethical and unethical charismatic leaders. Further, Treviño, Hartman, and Brown (2000) reported that traits such as honesty and trustworthiness contributed to only one aspect—what they termed the "moral person" aspect—of ethical leadership. They also found that ethical leadership involved a "moral manager" aspect that involved a number of visible behaviors that do not necessarily flow only from personal traits (e.g., sustained communication of an ethics message, holding followers accountable for ethical conduct). Therefore, although leader trustworthiness and honesty might contribute to ethical leadership, they are unlikely to be the same construct.

Ethical leadership and considerate or fair treatment

Leaders are in a unique position to mete out justice because of their legitimate power, control of resources, and responsibility for important decisions about employees. Tyler argued that employee support of leaders is heavily based on fairness judgments, with people acting as "naive moral philosophers, judging the actions of leaders against abstract criteria of fairness" (1986, p. 309), and research has supported this relationship (Alexander & Ruderman, 1987; Folger & Konovsky, 1989; Tyler & Degoey, 1995; Tyler, Rasinski, & Spodick, 1985). The closest alignment of fairness with supervisory leadership is likely in the notion of interactional fairness (Bies & Moag, 1986) and its focus on treating employees with dignity and respect. Further, supervisors have the opportunity to create a just work environment by making decisions that are perceived by employees to be fair. In addition, a consideration-oriented leadership style has long been associated with follower satisfaction and performance (Yukl, 2002). Therefore, it is reasonable to ask whether ethical leadership is simply demonstrated consideration or treatment with dignity and respect.

Treviño et al. (2000, 2003) found that leader behaviors reflecting a concern for people and fair treatment of employees contributed to perceptions of ethical leadership. Yet, other formulations of what might constitute ethical leadership go beyond fair treatment to include principled decision-making (Avolio, 1999), setting ethical expectations for followers (Treviño et al., 2003) and using rewards and punishments to hold followers accountable for ethical conduct (Gini, 1998; Treviño et al., 2003). Thus, considerate and fair treatment of followers appears to overlap with ethical leadership, but not completely.

In sum, we find that ethical leadership is related to these other leader styles and characteristics, but that none of these (transformational/charismatic leadership, leader honesty, and leader considerate/fair treatment) is broad enough to encompass all that an ethical leader is seen to do. Each of these other constructs suffers from what might be termed a deficiency bias when it is equated with ethical leadership on its own (Schwab, 1980). Perhaps more important, this previous work has not provided a deductive theoretical basis for understanding ethical leadership and its outcomes. Hence, we propose one below that can best be understood within a social learning framework (Bandura, 1977, 1986).

Ethical leadership as social learning

Leadership involves influence (Yukl, 2002). A social learning perspective on ethical leadership proposes that leaders influence the ethical conduct of followers via modeling. The term modeling covers a broad range of psychological matching processes, including observational learning, imitation, and identification. According to Bandura (1986) virtually anything that can be learned via direct experience can also be learned by vicarious experience, via observing others' behavior and its consequences. This process seems particularly important when the behavioral target is ethical conduct in organizations. Employees can learn what behavior is expected, rewarded, and punished via role modeling. Leaders are an important and likely source of such modeling first by virtue of their assigned role, their status and success in the organization, and their power to affect the behavior and outcomes of others. High standing in a "prestige hierarchy" and the ability to control rewards both contribute to modeling effectiveness (Bandura, 1986, p. 207). And, previous research has demonstrated that models influence prosocial behavior (Bryan & Test, 1967; Rosenhan & White, 1967).

A social learning perspective is consistent with some of the previous, but not yet integrated arguments about ethics and leadership. House (1977), Bass (1985), and Kouzes and Posner (1987) have all referred to role modeling as essential leader behavior. And, the idealized influence dimension of transformational leadership views transformational leaders as role models (Avolio, 1999; Avolio, Bass, & Jung, 1999; Kelman, 1958). Gini noted that the importance of ethics and role modeling goes as far back as Aristotle: "the spirit of morality… is awakened in the individual only through the witness and conduct of a moral person" (1998, p. 29).

Attention to the leader and leader behaviors

Effective role modeling requires attention to be focused on the model and the behavior being modeled

(Wood & Bandura, 1989). Model attractiveness is an important means of channeling observer attention to the model. If leaders are to be seen as ethical leaders who can influence employee ethical conduct, they must be legitimate and credible ethical role models because employees may be cynical about ethical pronouncements coming from some organizational leaders, especially in a scandalous business climate.

We propose that leaders become attractive, credible, and legitimate as ethical role models in part by engaging in ongoing behaviors that are evaluated by followers as normatively appropriate, and that suggest altruistic (rather than selfish) motivation. Such behaviors include honesty, consideration of others, and fair treatment of employees (including respect and voice). Altruistically based motivation is consistent with the socialized influence processes that characterize ethical charismatic leaders (Howell & Avolio, 1992), and authentic transformational leaders (Bass & Steidlmeier, 1999). Finally, research has found that justice is particularly important to employee evaluations of organizational authorities in general (Alexander & Ruderman, 1987) and to role modeling in particular (Scandura, 1997). By engaging in transparent, fair, and caring actions, and by creating a fair working environment, the leader becomes a legitimate source of information about appropriate conduct, and a target of identification and emulation.

Second, effective modeling requires attention to the behavior being modeled. Employees are bombarded with messages of all kinds, from all directions. By virtue of their position in the hierarchy, leaders are generally observable and may be able to focus followers' attention on a particular message or behavior. But, privately or stoically carrying out ethical actions may be insufficient to focus attention on ethical conduct. Particularly in business settings, employees' attention may easily be distracted (e.g., toward messages about the bottom line). Treviño and colleagues (2003) found that ethical leaders gain followers' attention by making an ethics message salient enough to stand out in the organizational context. Thus, steering employees' attention to ethical standards by accentuating their importance through explicit communication seems crucial to ethical leadership as a social learning process.

People in organizations pay obviously close attention to behaviors that are rewarded and punished (Arvey & Jones, 1985; Kanfer, 1990; Treviño, 1992). And, rewards and punishments contribute to modeling effectiveness by being socially salient. Social learning theory argues that consequences (rewards and punishments) facilitate learning in an anticipatory manner (Bandura, 1986). They inform individuals about the benefits of the modeled (ethical) behavior and the costs of inappropriate behavior. So, ethical leaders become social learning models by rewarding appropriate and disciplining inappropriate conduct (Gini, 1998; Treviño et al., 2003) and

by doing so in a way that is perceived to be fair. Therefore, another element of ethical leadership is the structuring of just work environments that mete out positive and negative outcomes for normatively appropriate versus normatively inappropriate behavior.

To summarize, we conceptualize ethical leadership in terms of social learning. Ethical leaders are models of ethical conduct who become the targets of identification and emulation for followers. For leaders to be perceived as ethical leaders and to influence ethics-related outcomes, they must be perceived as attractive, credible, and legitimate. They do this by engaging in behavior that is seen as normatively appropriate (e.g., openness and honesty) and motivated by altruism (e.g., treating employees fairly and considerately). Ethical leaders must also gain followers' attention to the ethics message by engaging in explicit ethics-related communication and by using reinforcement to support the ethics message.

A constitutive definition of ethical leadership

We define ethical leadership here as *the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making*. The first component of this constitutive definition, "demonstration of normatively appropriate conduct through personal actions and interpersonal relationships…" suggests that those who are perceived to be ethical leaders model conduct that followers consider to be normatively appropriate (e.g., honesty, trustworthiness, fairness, and care), making the leader a legitimate and credible role model. The term "normatively appropriate" is deliberately vague because, beyond the generalities noted above, what is deemed appropriate behavior is somewhat context dependent. For example, in some cultures normatively appropriate behavior might include speaking out publicly against some organizational action; in other cultures, such public voice would be considered to be normatively inappropriate.

The next part of the definition, "… promotion of such conduct to followers through two-way communication…" suggests that ethical leaders not only draw attention to ethics and make it salient in the social environment by explicitly talking to followers about it, but they also provide followers with voice, a procedurally or interpersonally just process (Bass & Steidlmeier, 1999; Howell & Avolio, 1992). The "…reinforcement …" component of the definition implies that ethical leaders set ethical standards, reward ethical conduct and discipline those who don't follow the standards (Gini, 1998; Treviño et al., 2003), contributing to vicarious learning. The final element of the definition related to "decision-making" reflects the fact that ethical leaders consider the

ethical consequences of their decisions, and make principled and fair choices that can be observed and emulated by others (Bass & Avolio, 2000; Burns, 1978; Howell & Avolio, 1992).

Trait and nomological validity of ethical leadership

Construct validity involves both trait and nomological validity (Campbell, 1960; Edwards, 2003). For the current effort, trait validity would be demonstrated if operationalizations of ethical leadership converged with one another, and diverged from measures of unrelated constructs. Nomological validity is assessed based on how much systematic support there is for theoretically proposed connections between ethical leadership, its antecedents, correlates, and outcomes. Because this is the first formal attempt to develop an ethical leadership construct and operationalize it, we can not examine its convergent validity with existing instruments and instead we will concentrate on demonstrating the (internal) consistency of its markers in our measure of it. However, we can examine relationships between ethical leadership and other constructs that provide evidence for its trait and nomological validity. We summarize our predictions about those relationships in Table 1.

Discriminant validity

Discriminant validity, in part, is based on the notion that a focal construct should be unrelated to dissimilar

Table 1
Proposed relationships between ethical leadership and important correlates

Construct	Predictions	Findings
Discriminant validity: personal characteristics		
Age	0	0
Gender	0	0
Perceived similarity w/supervisor	0	0
Discriminant validity: respondent beliefs		
Philosophies of human nature-cynicism	0	0
Philosophies of human nature-trust	0	+
Social desirability	0	0
Nomological validity: leadership styles and characteristics		
Idealized influence	+	+
Consideration	+	+
Interactional fairness	+	+
Affective trust	+	+
Abusive supervision	−	−
Leader honesty	+	+
Nomological validity: follower attitudes and contextual performance		
Satisfaction with leader	+	+
Leader effectiveness	+	+
Extra effort (job dedication)	+	+
Willingness to report problems	+	+

Note. +, positive relationship hypothesized; −, negative relationship hypothesized; 0, no relationship hypothesized.

or non-overlapping constructs (not contaminated by them: Schwab, 1980). In that spirit, we predict that employee reports of their supervisor's ethical leadership will not be tainted by personal characteristics of the rater such as age or gender. For example, research has failed to demonstrate gender differences in terms of ethics (see Ambrose & Schminke, 1999, for a review). As a result, we expect male and female subordinates to perceive ethical leadership similarly. Likewise, employees' perceptions of similarity with their supervisor should be unrelated to ethical leadership. Otherwise, observed connections between ethical leadership (as rated by employees) and important antecedents and outcomes might represent an artifact of an attraction-similarity process (i.e., Byrne, 1971), one in which perceived similarity leads employees to see their supervisor in a more favorable (i.e., more ethical) light.

We also propose that ethical leadership is unrelated to respondent beliefs such as philosophies of human nature, "the general expectancies that people have about the ways in which other people generally behave" (Wrightsman, 1991, p. 385). It is arguable that an individual's trust or cynicism about human nature could create a preconception that would influence ratings of ethical leadership. But, a social learning perspective suggests that employees who are judging ethical leadership will be influenced primarily by the behavior they observe and their experiences with that particular leader, rather than some generalized conception about human nature.

Finally, we predict that ethical leadership is unrelated to a follower's tendency to provide socially desirable responses. This is important given the strong potential for such a bias in normatively charged research on ethics-related topics (Fernandes & Randall, 1992; Paulhus, 1991; Treviño & Weaver, 2003). First, if followers are asked to rate someone else in terms of ethical leadership, not themselves, there should be little incentive for biased responding. Also, under optimal measurement conditions, followers' responses should be anonymous, and the leader being rated would not see the specific ethical leadership levels being ascribed to him or her by the respondent.

Nomological validity: Proposed relationships with leadership styles and characteristics

Consistent with our earlier theoretical arguments, we hypothesize that ethical leadership will be positively related to, but empirically distinguishable from, the ethical dimension of authentic transformational leadership (*idealized influence*; Bass & Avolio, 2000) and the relationship-oriented, *consideration* leadership style (Stogdill, 1963). As we previously noted, idealized influence is defined partly in terms of role modeling and demonstrating ethical values and should therefore partially overlap with ethical leadership. In addition, observational

learning depends, at least in part, upon the provision of symbolic representations of the modeled behavior, including verbal construction. Therefore, transformational leaders contribute to observational learning about ethical values and ethical conduct by demonstrating ethical behavior and communicating with employees about conduct standards and values.

The consideration leadership style should also overlap with ethical leadership because both constructs are similar in their people orientation (Fleishman, 1969). Consideration-oriented leaders are nurturant in their relationships with employees. In social learning research, observers have been found to seek nurturant models over nonnurturant ones and to learn from them because nurturant models draw and hold observers' attention (Yussen & Levy, 1975). Yet, both idealized influence and consideration should also be distinguishable from ethical leadership given that ethical leadership incorporates a broader set of behaviors (e.g., communicating ethical standards). And, that idealized influence and consideration are comprised of behaviors that are not necessarily associated with ethical leadership.

For similar reasons, we expect that ethical leadership will be positively related to *interactional fairness and trust in the leader*. An ethical leader's concern for the best interests of employees, openness to input, and fair decision making about matters important to employees are all consistent with a nurturant orientation and should result in the leader's attractiveness as a model and observers' attentiveness to the model's behavior. Also, benevolence is an important component of perceived trustworthiness. Benevolence "is the extent to which a trustee is believed to want to do good to a trustor, aside from an egocentric profit motive" (Mayer, Davis, & Schoorman, 1995, p. 718). This is substantively similar to the altruistic motive that is attributed to ethical leaders and to the nurturant orientation that is required of an attractive model. Therefore, we propose that ethical leadership will correlate positively with affective trust (trust based upon caring and concern).

By contrast, ethical leadership should be negatively related to *abusive supervision*, "the sustained display of hostile verbal and nonverbal behaviors" (Tepper, 2000, p. 178). Bass and Steidlmeier (1999) suggested that pseudo or unethical transformational leaders are often abusive and inconsiderate. Such an abusive leadership style is non-nurturant, uncharacteristic of effective role models, and contrasts sharply with the care and concern ethical leaders display.

We also expect that ethical leadership will be positively related to *leader honesty*. Honesty should be crucial to the legitimacy and attractiveness of a model (Bandura, 1986) and has frequently been linked with effective and ethical leadership (Avolio, 1999; Bass & Steidlmeier, 1999; Craig & Gustafson, 1998; Treviño et al., 2003). However, because ethical leadership encompasses more than truth-telling, we expect that the overlap between ethical leadership and honesty will be incomplete; the two constructs will be positively correlated but be empirically distinguishable from one another.

Overall, we suggest that ethical leadership overlaps with, yet stands apart from the aforementioned constructs, most notably, the idealized influence dimension of transformational leadership. Both idealized influence and ethical leadership have their own unique content— idealized influence reflects inspirational/visionary leadership that is not necessary for ethical leadership (Treviño et al., 2003). Conversely, ethical leadership taps leader behavior that is not necessarily inspirational such as punishing misconduct, which is considered part of a transactional leadership style (Bass, 1985). In that regard, ethical leadership might even be considered to be mundane (e.g., steadfast, everyday adherence to standards of conduct) rather than visionary or transformational.

Similar to many leadership constructs, ethical leadership does not occupy a wholly unique conceptual space. As such, we do not expect it to be orthogonal to other elements of leadership. For example, ethical leaders are likely to be honest, considerate of their followers, fair in their decisions, use rewards and punishments to promote ethical conduct, and make decisions based on ethical values. All of these come together to characterize ethical leadership. But, none of these aspects, by themselves, constitutes all of what ethical leadership entails.

Relationship with follower attitudes and contextual performance

We predict that ethical leadership will be positively related to *employees' satisfaction with their leader*, ratings of *leader effectiveness, employees' willingness to give extra effort* (an aspect of contextual performance) and their *willingness to report problems to management*. First, employees should be more satisfied with a leader who disciplines wrongdoers (Treviño, 1992; Treviño & Ball, 1992) treats followers fairly (Colquitt, Conlon, Wesson, Porter, & Ng, 2001) and considerately (Yukl, 2002), is trustworthy (Dirks & Ferrin, 2002), and exhibits transformational leadership behaviors (Lowe, Kroeck, & Sivasubramaniam, 1996). Supervisors have power over important employee decisions such as work assignments, performance evaluation, pay, and promotion. Employees should have more positive attitudes toward the leader making these decisions if that leader is seen as fair, considerate, and trustworthy (Dirks & Ferrin, 2002).

Theory and research also suggest that ethical leadership should be positively related to perceptions of leader effectiveness. Characteristics of ethical leaders (e.g., fairness, openness, and consideration) have long been

considered important to perceived leader effectiveness (Yukl, 2002). Kanungo and Mendonca (1996) proposed that leaders motivated by altruism are perceived to be more effective compared to those who have a personalized power motive. Research suggests that honesty and integrity, important aspects of ethical leadership are consistently associated with perceived leader effectiveness (Hogan, Curphy, & Hogan, 1994), even across cultures (Den Hartog et al., 1999). Furthermore, leadership effectiveness has been related to authentic transformational leadership (Lowe et al., 1996) which has an ethical component. From a social learning perspective, ethical leaders are legitimate and attractive models who gain and hold followers' attention and can therefore influence them more effectively. Fair treatment of followers is an important source of legitimacy for ethical leaders (Tyler, 1986; Tyler & Degoey, 1995) and that legitimacy contributes to a leader's ability to gain voluntary compliance and support for decisions, contributing to perceptions of leader effectiveness.

In addition, ethical leadership should promote going above and beyond the call of duty because when employees are treated fairly and well by a leader they trust, they are likely to think about their relationship with the leader and organization in terms of social exchange (Blau, 1964) rather than economic exchange and they are likely to reciprocate by helping the organization in a variety of ways (Organ, 1990). Thus, we propose that followers of an ethical leader will be willing to put extra effort into their work, or as Van Scotter and Motowidlo (1996) have termed it, job dedication. Bass (1985) proposed and research (Lowe et al., 1996) has supported a similar link involving transformational leadership. More frequent organizational citizenship and other extra role behaviors have been associated with employee trust in the leader (Dirks & Ferrin, 2002; Konovsky & Pugh, 1994; Podsakoff, MacKenzie, Paine, & Bachrach, 2000), fair treatment from the leader (Pillai, Schriesheim, & Williams, 1999), and consideration-oriented leadership behaviors (Podsakoff et al., 2000).

Similarly, we propose that ethical leadership will be positively associated with *employees' willingness to report problems to the leader*. Reporting problems can be considered a type of extra-role behavior because it is generally not required (save for particular jobs such as auditing) and can be considered helpful to the organization. It also carries the risk of negative outcomes such as reprisal, but employees should be more likely to accept such a risk if they have confidence in the ethicality and trustworthiness of management (Brockner, Siegel, Daly, Tyler, & Martin, 1997; Mayer et al., 1995). Employees should be more willing to be the bearer of bad news to an ethical leader because they trust that the ethical leader will do the right thing, listen to their concerns and treat them fairly even if the bad news might be costly for the organization.

Measure development

In developing the measure, we followed the steps advocated in the psychometric literature (e.g., Ghiselli, Campbell, & Zedeck, 1981) and summarized by Hinkin (1998). We wanted an instrument that: (a) spanned the full domain of our definition, (b) was composed of items that were understandable to working adults, and that (c) was concise enough to use in a variety of research settings, without taxing the energy of respondents. Our measure was developed in seven different studies using different samples. Studies 1–4 were conducted primarily to examine the trait validity and internal coherence of the ethical leadership measure. Studies 5–7 examined the nomological validity of ethical leadership, with the final study concentrating on its incremental prediction.

Item generation

We developed an initial pool of 48 items based on the constitutive definition presented above and based upon previous theorizing and research (e.g., Treviño et al., 2003). In an iterative process, two of the current authors wrote items independently and compared their lists for similarities and differences. Most items were crafted to be brief statements (10 words or less) at a 6th grade reading level. After several revisions, a preliminary pool of 48 items that the authors deemed best represented the conceptual domain were selected for item reduction.

To check the adequacy of this deductive approach to item generation, we also followed an inductive approach by conducting 20 in-depth interviews with MBA students at two large state universities. We asked interviewees, all of whom had work experience, to describe a supervisor they regarded as an ethical leader (e.g., what made him or her an ethical leader, what traits and/or sets of behaviors were important to demonstrate ethical leadership). Next, we content analyzed the interview data.

Informants talked about a variety of aspects of ethical leadership such as communicating (illustrative response: "communication is definitely one of the more important things…"), caring (an ethical leader "cares a lot"), role modeling ("setting an example of what is the correct way to treat (others)…"), treating employees fairly ("employees are treated equitably and fairly"), honesty ("honesty is very important"), and listening to employees (an ethical leader has "the ability to listen"). The categories that emerged closely matched those described in previous qualitative research (i.e., Treviño et al., 2003) and no new dimensions were identified, providing some evidence for the content adequacy of our deductively derived preliminary pool of items.

The survey items were designed to tap the full domain of ethical leadership that could apply to both formal and informal leaders (as long as the leader is recognized by the perceiver or respondent), and to leaders at all

organizational levels. But, we focus this research on direct supervisors, the immediate authority figures who set expectations, model behavior, and manage employees' daily performance.

Study 1

We administered the 48-item survey to 154 MBA students (for details about the sample used in this and subsequent studies, see Table 2). Each item was followed by a 5-point Likert-type response format (1 = Strongly Disagree to 5 = Strongly Agree). We conducted an exploratory factor analysis (principal axis factoring) with an oblique rotation (direct oblimin), allowing for correlations among factors (Fabrigar, Wegener, MacCallum, & Strahan, 1999). Evaluation of the eigenvalues and scree plot suggested one primary factor accounting for 60.1% of the variance, with minor secondary factors. After deleting items that did not load strongly on the primary factor (<.3) or cross-loaded on multiple factors, 21 items remained.

Following recommendations of Schriesheim, Cogliser, Scandura, Lankau, and Powers (1999) regarding construct validation, we then consulted a construct development expert familiar with our definition of ethi-

cal leadership to help us evaluate the measure's content adequacy (breadth of item sampling from the construct domain specified by our constitutive definition) and to eliminate items that were potentially confusing or redundantly worded (and thereby over-sampling from a specific portion of the construct domain). This culling process resulted in a set of ten items for the proposed Ethical Leadership Scale (ELS). Wording for each of the ten ELS items can be found in Table 3.

Study 2

Subsequently, we included the proposed 10-item measure on a survey administered to a sample of 127 employees from a large, multi-location, financial services firm in the US. We again conducted an exploratory factor analysis (principal axis factoring with squared multiple correlations on the diagonal) using oblique rotation (direct oblimin) (Fabrigar et al., 1999). Based on parallel analysis relative to random data eigenvalues (Montanelli & Humphreys, 1976), a steep break in the eigenvalue plot between the first and second factor (eigenvalues of 5.99 and .78, respectively), indicated a one-factor solution. All items loaded strongly on this factor, .5 and above (see Table 3). Therefore, all ten items were

Table 2
Summary of studies, their procedures, and data/sample characteristics

Study	Action and variables	Data/sample
Study 1	• Initial pool = 48 items • Item reduction to 10 items using EFA and construct development expert	*N* = 154 MBAs (three public universities) *M* age = 29.3 years *M* work experience = 6.3 years 68.9% men
Study 2	• EFA and reliability estimation for new 10 item Ethical Leadership Scale (ELS)	*N* = 127 employees from financial services firm *M* age = 39.0 years *M* org. tenure = 7.5 years 71.8% women
Study 3	• CFA	*N* = 184 employees from the same firm used in Study 2 (separate sample)
Study 4	• Expert rating of content adequacy • Discriminant/nomological validity: ELS, consideration, passive avoidant leadership	*N* = 20 Management and I/O Psychology faculty and doctoral students
Study 5	• Correlational analysis; CFA • Discriminant/nomological validity: ELS, age, gender, perceived demographic similarity, affective trust, abusive supervision, and consideration	*N* = 87 MBAs from one public university *M* age = 28.8 years 75.9% men
Study 6	• Correlational analysis; CFA • Discriminant/nomological validity: ELS, idealized influence, trusting/cynical philosophies of human nature, and social desirability	*N* = 123 senior undergraduates *M* age = 22.0 years *M* tenure with manager = 12.7 months 63.6% men
Study 7	• Correlational analysis; assessment of within group agreement; SEM • Incremental prediction with II-B • Nomological validity: ELS, idealized influence, leader honesty, interactional fairness, satisfaction with leader, perceived leader effectiveness, extra effort (job dedication), and willingness to report problems	*N* = 285 (Part A), 285 (Part B), and 485 (Part C) members of work groups from the same firm used in Study 2 (separate sample). Sample A: *M* age = 37.5 years, *M* tenure = 7.2 years, 63.2% women Sample B: *M* age = 37.4 years, *M* tenure = 7.1 years, 62.7% women Sample C: *M* age = 38.0 years, *M* tenure = 7.5 years, 66.5% women

Table 3
Items and item loadings from exploratory and confirmatory factor analyses

Items	Study 1 (EFA)	Study 2 (EFA)	Study 3 (CFA)	Study 4 (CFA)	Study 5 (CFA)	Study 7 (CFA)
Listens to what employees have to say	.71	.75	.75	.77	.69	.77
Disciplines employees who violate ethical standards	.49	.57	.44	.63	.69	.47
Conducts his/her personal life in an ethical manner	.66	.61	.59	.69	.76	.56
Has the best interests of employees in mind	.79	.88	.83	.79	.82	.85
Makes fair and balanced decisions	.88	.80	.80	.84	.86	.84
Can be trusted	.87	.82	.87	.89	.86	.72
Discusses business ethics or values with employees	.49	.70	.72	.68	.57	.60
Sets an example of how to do things the right way in terms of ethics	.88	.81	.79	.87	.82	.78
Defines success not just by results but also the way that they are obtained	.77	.74	.78	.81	.75	.73
When making decisions, asks "what is the right thing to do?"	.85	.75	.73	.78	.71	.70
NNFI			.97	.90	.93	.95
CFI			.98	.91	.94	.95
SRMR			.04	.07	.07	.06
RMSEA			.06	.08	.08	.06

Note. Standardized item loadings reported for CFA. $p < .001$ for all loadings.

retained. The ELS demonstrated excellent internal consistency ($\alpha = .92$). Ethical leadership, as measured by these 10 items, formed a coherent construct.

Study 3

We then conducted a confirmatory factor analysis (CFA) using data from an independent sample of 184 employees in the same financial services firm sampled in Study 2. We used CFA and maximum likelihood estimation to test the proposed one-factor model that emerged from our exploratory factor analysis of the ELS. Fit indices showed that a unidimensional model (single ethical leadership factor) fit the data well. The Non-Normed Fit Index (which adjusts for lack of parsimony in the model: NNFI) = .97, the Comparative Fit Index (CFI) = .98, the Standardized Root Mean Square Residual (SRMR) = .04, Root Mean Square Error of Approximation (RMSEA) = .06, were all at or above recommended standards (e.g., Bagozzi & Yi, 1988; Browne & Cudeck, 1993; Joreskog & Sorbom, 1993). The items and the standardized factor loadings for this CFA are reported in Table 3. The ELS again demonstrated high internal consistency ($\alpha = .91$), further supporting the viability of an ethical leadership construct.

Study 4

We next conducted a comprehensive expert rating investigation (Schriesheim et al., 1999) to ensure the content adequacy of the ELS and its distinction from related leadership constructs. Study 4 involved 20 faculty and doctoral students in management and industrial-organizational psychology as content raters. We provided these raters with definitions of ethical leadership and the consideration dimension of leadership behavior (Stogdill,

1963), as well as passive avoidant leadership from the MLQ.[1] (Bass & Avolio, 2000). We used items from Schriesheim and colleagues' (Schriesheim, 1979; Schriesheim, Cogliser, & Neider, 1998) adaptation of Stogdill's (1963) consideration measure from the LBDQ-Form XII. Ethical leadership and consideration each had ten items while passive avoidant leadership had eight items in the expert rater task. We also included two filler items so that a priori probabilities were approximately equal. Expert judges rated each item on a 7-point scale anchored by 1 ("highly unlikely") and 7 ("highly likely") in terms of how well they represented each construct (they were not told which items were part of which instrument).

Results for the ELS items are reported in Table 4. All 10 ELS items had means greater than 5.0 (eight of 10 items had means >6.0) for the ethical leadership definition, indicating that the judges agreed strongly that these items represented the content domain. All 10 ELS items were rated as significantly more likely to represent ethical leadership than passive avoidant leadership ($p < .001$). Seven of the 10 ELS items were rated significantly more likely to reflect the domain of ethical leadership than consideration. The content of these seven items appears to represent principled behaviors (e.g., "conducts his/her life in an ethical manner"; "when making decisions asks, 'what is the right thing to do'"). The content of the other three items, "can be trusted," "has the best interests of employees in mind," and "listens to what employees have to say," is related to positive interpersonal relations, showing some (not surprising) overlap with consideration behaviors. Overall, the

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[1] The MLQ 5x (Copyright 1995, 2000 by Bernard Bass and Bruce Avolio) was used in this research with permission of Mind Garden, 1690 Woodside Road, Suite 202 Redwood City, California 94061. All rights reserved.

Table 4
Study 4: Content adequacy assessment, ELS item means, and standard deviations

Item	Ethical leadership Mean (*SD*)	Consideration Mean (*SD*)	Passive avoidant Mean (*SD*)
Conducts h/h personal life in an ethical manner	6.40 (.99)	3.90 (2.10)	2.10 (1.29)
Defines success not just by results but also the way that they are obtained	6.70 (.66)	4.35 (1.84)	2.55 (1.64)
Listens to what employees have to say	5.45 (1.76)	6.50 (.69)	2.65 (1.63)
Disciplines employees who violate ethical standards	6.63 (.50)	4.00 (1.63)	2.75 (2.07)
Makes fair and balanced decisions	6.40 (.82)	5.10 (2.00)	2.55 (1.39)
Can be trusted	6.25 (1.16)	6.00 (1.21)	2.85 (1.60)
Discusses business ethics or values with employees	6.40 (1.50)	4.45 (1.82)	2.30 (1.49)
Sets an example of how to do things the right way in terms of ethics	6.65 (1.35)	4.05 (1.76)	2.26 (1.19)
Has the best interests of employees in mind	5.40 (1.98)	6.60 (.60)	2.05 (1.15)
When making decisions, asks "what is the right thing to do?"	6.65 (1.35)	4.45 (1.76)	2.60 (1.43)

Note. Items rated on a scale from 1 ("highly unlikely") to 7 ("highly likely") in terms of how well they represented ethical leadership, consideration, and passive-avoidant leadership.

Table 5
Study 5: Means, standard deviations, and correlations for discriminant and nomological validity

Variable	Mean	*SD*	1	2	3	4	5	6	7	8	9	10	11
Ethical leadership	3.37	.92	*.94*										
Race/ethnicity similarity	3.79	1.64	−.01	—									
Education similarity	3.73	1.25	.05	.49***	—								
Age similarity	2.15	1.12	−.01	.22*	.39***	—							
Lifestyle similarity	2.80	1.23	.16	.56***	.39***	.38***	—						
Religion similarity	3.12	1.38	.12	.34**	.28*	.22	.54	—					
Age	28.80	5.21	.05	−.05	−.10	.26*	−.03	−.03	—				
Gender[a]	.24	.43	.04	.17	.12	.04	−.02	.05	.03	—			
Consideration	3.51	.72	.69***	.09	.11	−.04	.19	.05	−.07	.06	*.84*		
Abusive supervision	1.82	.75	−.61***	−.09	−.08	.03	−.06	−.04	.02	.05	−.72***	*.94*	
Affective trust	4.69	1.58	.76***	.07	.14	.01	.15	.03	−.07	.10	.81***	−.66	*.92*

Note. $N = 87$. Reliabilities in diagonal.
[a] Gender coded 0 = male, 1 = female.
* $p < .05$.
** $p < .01$.
*** $p < .001$.

consideration and passive avoidant items were rated more likely to represent their intended domains rather than ethical leadership. These results suggest some commonality but ample distinctiveness between domains.

Study 5

In the fifth investigation, we began a concerted, multi-study effort to test the nomological validity of ethical leadership. We surveyed 87 MBA students from a large public university, asking them to consider their most recent supervisor. The survey contained the ELS, single items for respondent demographics and respondents' perceived demographic similarity with their supervisor (Kirchmeyer, 1995), and measures of affective trust (McAllister, 1995) and abusive supervision (Tepper, 2000). The survey also included the same measure of consideration used in Study 4 (Schriesheim, 1979; Schriesheim et al., 1998). Table 5 reports the means, standard deviations, correlations, and estimated reliabilities for the measures. The internal consistency estimate for the ELS was once again high ($\alpha = .94$).

Consistent with our predictions, the ELS was positively correlated with consideration ($r = .69$, $p < .001$) and affective trust ($r = .76$, $p < .001$), but negatively correlated with abusive supervision ($r = −.61$, $p < .001$). Although these correlations are large, they are on par with the correlations between consideration and affective trust ($r = .81$) and between consideration and abusive supervision ($r = −.72$). Further, Dirks and Ferrin's (2002) meta-analysis revealed that overall trust is related to leader-member exchange ($r = .76$) and transformational leadership ($r = .72$) at similar levels.

In terms of discriminant validity, respondents' age ($r = .05$, *ns*) and gender ($r = .04$, *ns*) were uncorrelated with the reported ethical leadership of their supervisors. The ELS was also unrelated to perceived race/ethnicity similarity ($r = −.01$, *ns*), perceived education similarity ($r = .05$, *ns*), perceived age similarity ($−.01$, *ns*), perceived lifestyle similarity ($r = .16$, *ns*), and perceived religion similarity ($r = .12$, *ns*). These findings suggest that the ELS: (a) is robust to large and widely recognized perceptual errors, (b) is specific enough to direct respondents' attention to patterns of leader traits

and behavior, and (c) is largely free from "similar to me" bias.

To further examine the relationship between ethical leadership and consideration, we also conducted a confirmatory factor analysis on the consideration and ELS instruments, with each item allowed to load only on its appropriate factor. The results (see Table 3 for item loadings) indicated that a two factor model fit the data well (CFI = .91, NNFI = .90, SRMR = .07, RMSEA = .08). The factor correlation between the ELS and consideration was .78. By comparison, we also fit a model with both consideration and ethical leadership items loading together on one factor. The results (CFI = .82, NNFI = .80, SRMR = .09, RMSEA = .12; $\Delta\chi^2 = 93.23$, $\Delta df = 1$, $p < .001$) indicated that the two factor model provided much superior fit.

Study 6

To further examine discriminant and nomological validity, we administered the ELS along with measures for idealized influence, philosophies of human nature, and social desirability to a sample of 123 undergraduate seniors in business. All had work experience. The same 1–5 point response format from 1 ("strongly disagree") to 5 ("strongly agree") was used for the ELS. Respondents were asked to consider their current or most recent supervisor. Means, standard deviations, reliabilities and correlations are reported in Table 6.

We used the MLQ (Bass & Avolio, 2000) to measure idealized influence-behavioral (sample item: "Considers the moral and ethical consequences of decisions"). This four-item measure is anchored on 5-point scale ranging from 0 ("not at all") to 4 ("frequently, if not always"). We chose idealized influence-behavioral (II-B) because it has more of a focus on ethics compared to the other elements of charismatic or transformational leadership, as we reviewed extensively in the opening of the paper. Trusting and cynical philosophies of human nature were measured using Wrightsman's (1991) revised 20-item scale, with 10 items tapping each dimension. The estimated reliability of the trusting and cynicism subscales were $\alpha = .68$ and .72, respectively. We assessed social desirability with the impression management scale of

Paulhus' Balanced Inventory of Desirable Responding (1991). We dropped one of the 20 items ("I never read sexy books or magazines") out of concern about its likely reactivity. According to Paulhus, after reversing negatively worded items, a social desirability score is calculated by counting all extreme responses (6, 7) on a 7-point response format as 1 and all other responses as 0. The estimated reliability for this measure was $\alpha = .78$.

Consistent with our predictions, the ELS was positively related to idealized influence-behavioral ($r = .71$, $p < .001$). Relationships between the ELS and cynical philosophies of human nature ($r = -.10$, *ns*) and social desirability ($r = -.02$, *ns*) were not detected, which is consistent with our expectations about discriminant validity. Unexpectedly, there was a small positive relationship between the ELS and trusting philosophies of human nature, although the magnitude was small ($r = .18$, $p < .05$). The internal coherence for the ELS was high ($\alpha = .93$).

Next, we conducted a confirmatory factor analysis in which the ELS and II-B were forced to overlap completely (one factor solution) versus one in which they were allowed to be non-overlapping (target, two-factor model). The two-factor model fit the data well (CFI = .94, NNFI = .93, SRMR = .07, RMSEA = .08). The factor correlation between the ELS and II-B was .80. Results from the model with both idealized influence-behavioral and ethical leadership items loading together on one factor (CFI = .90, NNFI = .88, SRMR = .07, RMSEA = .11; $\Delta\chi^2 = 45.99$, $\Delta df = 1$, $p < .001$) indicated that the two factor model had far superior fit. Overall, although the ELS and idealized influence-behavioral do overlap, their psychometric structure is best fit by having a separate space for ethical leadership.

The results of Studies 5 and 6 are important for establishing the convergent and discriminant validity of the ELS. However, these results are necessary but not sufficient for establishing the *utility* of the ethical leadership construct. In order to avoid developing a measure that has demonstrated construct validity but little usefulness, what Kelley (1939) has termed a "mental factor of no importance," it is necessary to learn whether the ELS can predict relevant outcomes beyond II-B. We conducted an additional study to address this issue.

Table 6
Study 6: Correlations for discriminant and nomological validity

Variable	Mean	*SD*	1	2	3	4	5
1. Ethical leadership	3.46	.85	*.93*				
2. Idealized influence	1.80	.95	.71***	*.83*			
3. Social desirability	4.22	2.93	−.02	−.14	*.78*		
4. Philosophies of human nature-trust	.05	.77	.18*	.22*	.01	*.68*	
5. Philosophies of human nature-cynicism.	.39	.86	−.10	−.08	−.38**	−.24**	*.72*

Note. $N = 123$. Reliabilities in diagonal.
 * $p < .05$.
 ** $p < .01$.
 *** $p < .001$.

Study 7

In our final study we investigated the ability of the ELS to incrementally predict relevant outcomes beyond its most closely related (perhaps "competing") construct, the idealized influence-behavioral (II-B) dimension of transformational leadership. We also continued to assess nomological validity in this study. In addition, we examined inter-rater (follower) agreement regarding ethical leadership.

We collected data from three matched sub-samples within work groups in a single organization. In sample A, a randomly selected set of members within work groups rated their immediate supervisor in terms of *ethical leadership* and *leader honesty*. In sample B, a second randomly selected set of members from the same work groups rated their immediate supervisor in terms of the *idealized influence-behavioral* (II-B) dimension of the MLQ. In sample C, a third randomly selected set of members provided information on their supervisor's *interactional fairness* and the work group outcomes we predicted to be associated with ethical leadership: *satisfaction with the leader*, *leader effectiveness*, *extra effort* (*job dedication*), and *employees' willingness to report problems to management*. Inter-rater agreement was calculated for the ELS and II-B from the data in Samples A and B. Group-level data from these samples were matched to the data from Sample C and used to assess the ability of the ELS to incrementally predict the outcomes relative to II-B.

Sample A: ELS and leader honesty

We surveyed 285 direct reports fom the same financial services firm who granted us access for Studies 2 and 3. These employees had not been surveyed in the earlier studies. The ELS was given along a 5-point response format (1 = strongly disagree to 5 = strongly agree). We used two items to measure leader honesty ("does not tell the truth" and "is dishonest," both reverse-coded) given on the same 1–5 response format.

Sample B: II-B

We surveyed 285 members of the same work groups as the employees in Sample A. Sample B respondents completed the II-B (along with other dimensions of the MLQ which were not part of this study). The four II-B items were followed by a 5-point response format (1 = strongly disagree to 5 = strongly agree).

Sample C: Outcomes

We surveyed 485 employees who worked in the same work groups and reported to the same supervisors as the employees from Samples A and B. The use of separate samples for ELS, II-B and the outcomes allowed us to assess the incremental predictive power of the ELS without associated problems of common method variance

(Harrison, McLaughlin, & Coalter, 1996). Sample C members completed outcome measures from the MLQ (Bass & Avolio, 2000): a three-item measure of a supervisor's ability to elicit extra effort from employees, a two-item measure of leader effectiveness, and a four-item measure of satisfaction with leader. Other measures included two items designed to assess interactional fairness ("employees in this work group are treated with dignity and respect" and "employees can count on being treated with courtesy and respect in this group") and a two-item measure of employees' willingness to report problems to management ("employees in this work group feel that they can discuss problems with our supervisor without fear of having the comments held against them" and "workers in this work group are comfortable delivering 'bad news' to our supervisor"). All items were given along a 5-point response format (1 = Strongly Disagree to 1 = Strongly Agree). Means, standard deviations and reliabilities for the variables used in this study are reported in Table 7.

Inter-rater agreement

If ethical leadership represents observable behavior rather than just a projection of individual followers' implicit theories or response tendencies, then followers should show greater within-group or within-leader homogeneity in their ELS scores than would be expected on the basis of chance. We identified employees from the same work groups and examined inter-rater agreement for the individuals who completed the ELS in Sample A and the individuals who completed the II-B in Sample B. We determined whether it was appropriate to aggregate individual responses for the ELS and II-B to the group level by calculating r_{wg} (James, Demaree, & Wolf, 1984). For the ELS, the mean r_{wg} was .88 and the median was .97. For II-B, the mean r_{wg} was .85 and the median was .95. These results are comparable to inter-rater agreements for other leadership dimensions. For example, Judge and Bono (2000) reported a mean r_{wg} for multiple dimensions of transformational leadership that ranged from .74 to .80, Schriesheim, Cogliser, and Neider (1995) reported a mean r_{wg} of .93 and a median r_{wg} of .95 for consideration, while Bliese, Halverson, and Schriesheim (2002) reported a mean r_{wg} for leadership climate of .87.

Nomological validity

We aggregated responses to the group level and matched group members from Samples A, B, and C for 183 work groups. Consistent with our predictions, ethical leadership was positively related to leader honesty ($r = .65$, $p < .001$), interactional fairness ($r = .24$, $p < .01$), supervisor effectiveness ($r = .16$, $p < .05$), satisfaction with supervisor ($r = .22$, $p < .01$), extra effort or job dedication ($r = .21$, $p < .01$), and employee willingness to report problems ($r = .17$, $p < .05$). Note that the latter five correlations are cross-source and not inflated by common

Table 7
Study 7: Means, standard deviations, correlations

Variable	Mean	SD	1	2	3	4	5	6	7	8
Ethical leadership	3.88	.60	.90							
Leader honesty	4.64	.57	.65***	.80						
Idealized influence-behavioral	3.65	.59	.20**	.20**	.78					
Interactional fairness	3.92	.68	.24**	.20**	.19**	.86				
Supervisor effectiveness	3.81	.61	.16*	.10	.09	.73***	.87			
Satisfaction with supervisor	3.71	.71	.22**	.16*	.15*	.71***	.88***	.85		
Extra effort	3.59	.69	.21**	.18*	.13	.70***	.84***	.84***	.71	
Willingness to report problems	3.66	.67	.17*	.10	.19**	.73***	.68***	.73***	.72***	.70

Note. $N = 183$ groups. Cronbach's α (individual level) in diagonal.
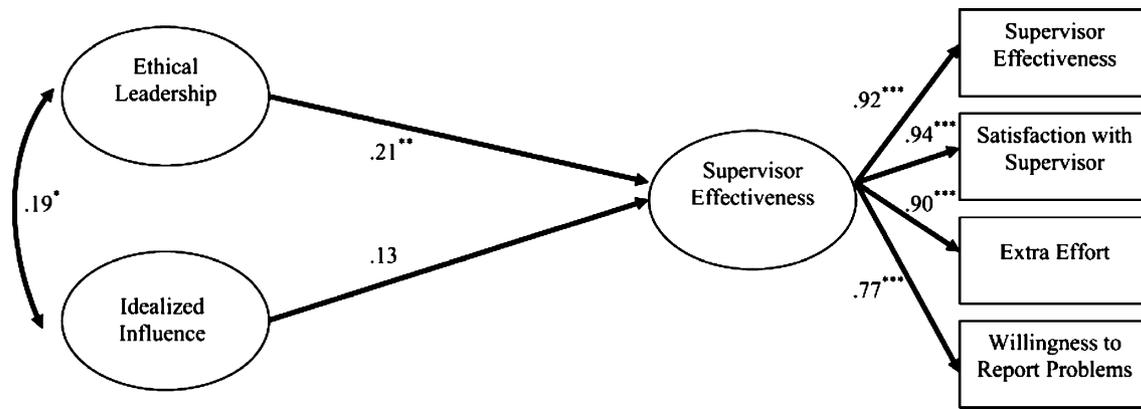 * $p < .05$.
 ** $p < .01$.
*** $p < .001$.

Fig. 1. Study 7: relationships among ELS, II-B, and supervisor effectiveness. $N = 183$ groups. *$p < .05$, **$p < .01$, and ***$p < .001$.

method or same-source variance. Sample A members reported ELS and leader honesty; sample C members reported fairness, effectiveness, satisfaction, extra effort, and willingness to report problems.

Incremental prediction

Next, we conducted structural equation modeling to test the incremental predictive power of the ELS relative to the II-B dimension of the MLQ (Bass & Avolio, 2000). Because our criterion variables were so highly correlated, we modeled supervisor effectiveness, supervisor satisfaction, extra effort, and willingness to report problems as a composite criterion rather than four separate but highly correlated criteria. Results from this analysis are reported in Fig. 1.

The standardized parameter estimate for the relationship between ethical leadership and our combined criteria was significant (.21, $p < .01$), while the linkage between idealized influence and these combined criteria was not (.13, *ns*). In other words, ethical leadership provided unique prediction of important group-level outcomes, while the idealized influence component of transformational leadership did not.

We also examined two nested models—one in which the path from II-B to the combined criteria was fixed to zero, and one in which the path from ethical leadership

to the combined criteria was fixed to zero. In our first submodel, dropping the path from II-B to the criteria did not significantly degrade model fit ($\Delta\chi^2 = 2.46$, $\Delta df = 1$, *ns*). In contrast, dropping the path from ethical leadership to the outcomes resulted in substantially worse fit ($\Delta\chi^2 = 6.83$, $\Delta df = 1$, $p < .05$). Overall, the results support the incremental validity of ethical leadership in our model.

Discussion

Although much has been said about the importance of ethical leadership, the topic has received little systematic scholarly attention (Ciulla, 1998). And, an ethical leadership construct has not yet been precisely defined or adequately measured. Little theoretical or empirical work has been done to understand its theoretical base or its connection to related constructs and outcomes. Our research begins that work by using social learning as a theoretical foundation, by developing an explicit, constitutive definition of the ethical leadership construct based upon prior theory and research, and by demonstrating its relationship to and distinctiveness from other constructs.

We proposed that social learning theory provides a strong theoretical foundation for understanding ethical

leadership. In order to be an ethical leader who can influence employee outcomes, the leader must be viewed as an attractive, credible, and legitimate role model who engages in normatively appropriate behavior and makes the ethics message salient. Follower perceptions of the leader's altruistic motivation and creation of a just work environment contribute to the attractiveness, credibility, and legitimacy of the role model. Explicit ethics-related communication and reinforcement contribute to the salience of the leader's ethics message. As an important first step, this research was focused primarily on the development of a constitutive definition, instrument development and demonstration of convergent, discriminant, and predictive validity. Additional research will be needed to specify the underlying theoretical processes in greater detail.

The instrument we developed to measure ethical leadership (the ELS) is consistent with the proposed theoretical perspective and captures the breadth of the ethical leadership construct. Ethical leadership emerges out of a combination of characteristics and behaviors that include demonstrating integrity and high ethical standards, considerate and fair treatment of employees, and holding employees accountable for ethical conduct. To ensure that the measure was psychometrically sound, we followed systematic procedures (e.g., Ghiselli et al., 1981; Hinkin, 1998) for developing new measures, using multiple types of samples and steps to support content coverage, discriminant validity, nomological validity, and predictive power beyond existing constructs. The instrument demonstrates high reliability, stable (uni-) dimensionality, and predictable relationships with variables in the nomological network of ethical leadership. Moreover, using the ELS we found substantial agreement among work group members regarding the ethical leadership of their supervisor. Finally, despite the breadth of the construct, the measure is relatively short (ten items) and can be readily incorporated into survey research.

As we predicted, ethical leadership is positively related to consideration behavior, interactional fairness, leader honesty, and the idealized influence dimension of transformational leadership (Bass & Avolio, 2000). Just as notably, confirmatory factor analysis found that it is distinct from those, partially overlapping, leadership constructs. Furthermore, ethical leadership is positively related to affective trust in the leader, and negatively related to abusive supervision. It is unrelated to rater demographics and perceived leader-subordinate similarity. Finally, it predicts an important combined criterion of outcomes—satisfaction with the leader, perceived leader effectiveness, job dedication (willing to give extra effort to one's job), and followers' willingness to report problems to management—beyond the effects of idealized influence, arguably the closest conceptual cousin to ethical leadership in the literature. These many, consistent patterns of evidence provide support for the viability, coherence and potential importance of the ethical leadership construct in organizational behavior.

Limitations and research directions

Perceptual biases

We found that ethical leadership is not associated with social desirability bias, cynical beliefs, or perceived similarity with the supervisor. But, because some of our studies involved data from a single source, some of the reported relationships may be affected by common method bias. However, given that correlations between the ELS and other variables ranged systematically (in proposed ways) in magnitude and direction, and that confirmatory factor analysis indicated that better fitting models were obtained when the ELS was differentiated from other constructs, it is unlikely that all of the results can be attributed to common method bias. Further, the demonstration of the ELS' incremental prediction over idealized influence (II-B from the MLQ) in Study 7 was based on data collected from separate sets of employees within the same work groups. Therefore, same source bias could not provide an alternative explanation for these results.

Another potential limitation concerns the discriminant validity of the ELS. The ELS was highly correlated with some of the other constructs that we examined in this research, most notably the II-B dimension of transformational leadership. The high correlation between ethical leadership and idealized influence is not surprising, given that idealized influence contains explicit ethics-related content. From the outset, we identified II-B as the closest conceptual competitor of the ELS. Data from confirmatory factor analysis indicate that the ELS and idealized influence-behavioral do overlap. However, the psychometric structure is best when ethical leadership and II-B are treated as distinct. And, the results of Study 7 demonstrate that the ELS uniquely predicts relevant outcomes beyond II-B. Nevertheless, we acknowledge that the effort to establish the construct validity of the ELS remains an ongoing process.

We did rely solely on followers' ratings of ethical leadership. Given that we conceptualized ethical leadership as modeled, observable behavior, and that most leadership research involves follower ratings of leaders, we believe that our choice of others' ratings was appropriate. Although self-ratings might be considered in future research, we would not expect high agreement between leader self-reports and employees' ratings. Research on self-perception (Ashford, 1989), self-other agreement (Atwater, Ostroff, Yammarino, & Fleenor, 1998), and self-assessment of socially (un)desirable behavior (e.g., absenteeism: Harrison & Shaffer, 1994) suggests that leaders are almost certain to rate

themselves favorably on the ethical dimension of leadership.

Alternatively, researchers could collect ethical leadership data using a historiometric approach by providing raters with biographies of well-known leaders, and asking them to assess leaders in terms of their ethical leadership. Data on the antecedents and outcomes of ethical leadership could also be generated from these rich biographical accounts. This approach has been used to study charismatic leadership and destructiveness (O'Connor, Mumford, Clifton, Gessner, & Connelly, 1995) and personality and charisma in the US presidency (House, Spangler, & Woycke, 1991), and could be applied to the study of ethical leadership as well.

In Study 7, outcome variable data came from work group members. These followers were different from those who completed the ratings of ethical leadership, contributing to our confidence in the findings. However, future research should attempt to include more objective outcome data from archival sources.

External validity

Portions of our research were conducted using multiple samples from one large, multi-unit financial services firm. Overall, however, our samples were diverse both in terms of the respondents and the leaders they represented. For example, the MBA students surveyed in Studies 1 and 5 had prior work experience in a variety of jobs and industries. The leaders from the financial services firm represented a broad mix of job levels (front line supervisors to vice presidents). Also, our samples were fairly diverse in terms of demographic characteristics such as age, gender, and work experience. Nevertheless, we encourage future researchers to examine the ELS and its utility across a variety of samples, starting with those that triangulate most widely (e.g., small manufacturing firm) with the ones we have used.

We encourage future researchers to validate the substance and nomological validity of the ethical leadership measure cross-culturally. The GLOBE project (Den Hartog et al., 1999) has verified the perceived importance of leader integrity across cultures. But, cross-cultural research on ethical leadership could advance further with the availability of a broader measure of ethical leadership such as the one offered here. Given multiple efforts to develop global business ethics standards, it would be helpful to understand whether perceptions and measures of ethical leadership are similar across cultures.

Developing or predicting ethical leadership and ethical leadership over time

A limitation of these studies is their cross-sectional designs. Although those designs are consistent with the constitutive definition of ethical leadership, they do not allow complete tests of a temporally elaborated theory of ethical leadership. In such a theory, antecedent questions will need to be answered. Do individuals come to their organizations as ethical leaders or do organizations develop them? If they come as ethical leaders, can we predict ethical leadership based upon personality or other individual characteristics? Level of moral reasoning has been associated with transformational leadership (Turner et al., 2002) and therefore may also be associated with ethical leadership. Agreeableness (one of the Big Five personality dimensions) might be related to ethical leadership through the concern for people aspect of the construct. Individuals who are less conscientious are more careless, unreliable, and irresponsible (Digman, 1990; McCrae & John, 1992). Thus, conscientious leaders may be more likely to be perceived as trustworthy because they behave dependably and consistently (McAllister, 1995; Whitener, Brodt, Korsgaard, & Werner, 1998). Finally, experience working in a highly ethical organization may contribute to ethical leadership characteristics that are carried with the leader from one organization to another.

If ethical leaders can be developed, how is this done? Is a particular type of training or intervention effective? Given the social learning perspective, we expect that role modeling (Bandura, 1977) or mentoring—pairing young managers with more senior leaders who have reputations for ethical leadership could be important in developing ethical leadership. Longitudinal designs will be required to answer these questions.

Ethical leadership at multiple levels of management

Our research focused on supervisor-direct report relationships. We do not know whether or how distance from the leader would influence employees' ratings of ethical leadership. Most lower-level employees in large organizations rarely see or interact with senior managers and must make inferences about the attributes of such leaders based upon available information rather than direct experience (Lord & Maher, 1991). Thus, perceptions of executive ethical leadership may rely more upon public relations information or organizational outcomes (e.g., corporate malfeasance or philanthropy), and may be more open to image management than are perceptions of supervisory ethical leadership. Alternatively, it might be useful to know if employees' ratings of close and distant leaders' ethical leadership coincide—does ethical leadership cascade (Bass, Waldman, Avolio, & Bebb, 1987) from the top to influence perceptions of leaders throughout the organization? Lower level employees may be cynical (Dean, Brandes, & Dharwadkar, 1998) about the integrity of top managers, and consequently, rate senior mangers lower compared to their ratings of their direct supervisors. Or, employees may have a rosy view of senior leaders (based upon effective

image management) but view their direct supervisors more cynically in the harsh light of day-to-day interaction.

Predicting additional outcomes

Our research contributes to understanding of ethical leadership by offering social learning as the key theoretical perspective in defining it. Social learning theory suggests that ethical leadership should influence employees' ethical conduct at work because ethical leaders are attractive and legitimate models who attract and hold followers' attention. In addition, they convey the importance of and role model ethical behavior, and they use the reward system to hold employees accountable. We demonstrated that employees whose supervisor is perceived to be an ethical leader are more willing to engage in proactive helpful behavior such as reporting problems to management. Future research should investigate whether unethical behaviors (such as employee theft, sabotage, lying to one's supervisor, etc.) are also reduced.

Circumstances influencing the importance of ethical leadership

We expect the importance of ethical leadership to depend, in part, on the job context and the outcome being predicted. For example, the more often employees' work involves ethical dilemmas, the more likely the ethical dimension of leadership will influence employee attitudes and conduct. Employees in boundary spanning positions are likely to encounter ethical ambiguity and values conflicts more often than employees who are protected within the technical core of the organization (Thompson, 1967) and they will need more ethical guidance. Also, in situations where tasks are ill-defined, and standards of practice are not well established, the ethical guidance provided by leaders should be more important.

We also expect that in contexts in which the moral intensity (Jones, 1991) of ethical decisions is high, leaders will have greater opportunities to demonstrate—or not demonstrate—ethical leadership to their employees. These morally intense situations may lead to greater consensus in employee perceptions of ethical leadership because of the salience of ethical issues in that situation and the opportunity to observe a leader's actions in response.

Conclusion

Concerns about ethics and leadership have dominated recent headlines about business and shaken public confidence in many organizations. Now, more than ever, rigorous, systematic research on ethical leadership is needed. We have developed the ethical leadership construct to overcome some of the fractious nature of past treatments. By basing such a construct on a foundation of social learning theory, constructing a reliable and construct valid measure of it, and demonstrating its predictive validity, we hope to spur further study of ethical leadership, its antecedents and additional consequences.

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