Leadership, Ethics and Corporate Social Responsibility

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Organisational leaders and their employees still struggle with ethical decisions making, engineering ethical behaviours, and attaining corporate social responsibility (see Cheng, Bai & Yang, 2019). Celebrated organizational unethical behaviors are common. For example, the worldcom telecommunications company referred to as MCI inflated assets by as much as $11 billion resulting in 30,000 job losses and $180 billion losses for investors (see Rodriguez, 2013; Soltani, 2014). The company CEO was the major culprit. Similarly, Enron’s shareholders lost $74 billion while large numbers of workers lost their retirement accounts and jobs when the organisation filed for bankruptcy. Again, Enron’s Senior Executive and CEOs were involved in the fraud (Rodriguez, 2013) in 2006. The above unethical behaviours by organisational leaders are still fresh in our memories. Additionally, there are current ethical debates about excessive executive pay levels, the use of the environment, fake news, and inclusive practices. These cases and current debates raise significant questions about ethical leadership and corporate social responsibility (CSR).

Leadership is about influence (Yukl, 2002), and leadership literature is replete with differing leadership styles and traits that relate to organisational performance (Yasir & Mohamad, 2015). However, we are aware that the leadership skills and styles of a leader may not be enough to build an ethical organisation (Brown, et al., 2005). In this regard, the ethical orientation, values, and integrity of a leader are as critical as the leadership styles and skills in promoting ethical behaviour among employees and consequently in the organisation (see Carlson and Perrewe, 1995). This means that the challenge of creating an ethical organisation remains strongly with organisational leadership and top management team and especially the need for the leader to have strong ethical orientation such, as honesty and integrity (Kirkpatrick & Locke, 1991). The leader and the top management team must be ethical to co-create the ethical tone in the organisation (Brown & Treviño, 2014).

While ethical leadership may be difficult to define, there is a consensus among researchers that it includes a “demonstration of normatively appropriately conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through a two-way communication, reinforcement and decision-making” (Brown et al., 2005). Ethical leaders are expected to behave in appropriate and credible ways in the context they are operating while engaging in ethical discussion and drawing subordinates’ attention to ethical issues in their organisations. Additionally, they set clear guidelines to regulate their subordinates’ behaviour by setting transparent ethical standards and reinforcing them through reward and disciplinary systems. They also weigh up the ethical consequences of their decisions and make moral choices that can be emulated by their subordinates (Brown et al., 2005). More importantly, ethical leadership aims at moral management and may overlap with other leadership styles (Brown et al, 2005; Ko, Ma, Bartnik, Haney & Kang, 2018).

With this background in mind, we present the eight papers in this issue (28.1). These papers touch on four critical themes: leadership styles and ethical issues, leadership, ethical behaviors and employee voice, ethical culture and climate, supervisor and ethical behaviours, and Ethics and CSR.
Leadership styles and ethical issues

First, we begin with the theme of leadership styles and ethical issues. While ethical leadership is distinct from other leadership styles (e.g., transformational, transactional, authentic, spiritual and servant leadership, (Brown & Treviño, 2006; Brown et al., 2005), recent studies show some partial overlap between ethical leadership and other leadership styles and that these leadership styles complement one another (Brown et al., 2005). Cheng, Muhammad Usman, Haiqing Bai and Yuqing He in this Issue’s first paper, “Can Authentic Leaders Reduce the Spread of Negative Workplace Gossip? The Roles of Subordinates’ Perceived Procedural Justice and Interactional Justice”, examined the link between authentic leadership and two types of negative workplace gossip via individuals’ perceptions of justice based on fairness heuristic and justice views. In their paper, six hypotheses framed the relationship between authentic leadership and negative workplace gossips for supervisor and co-workers through the mediating roles of employees perceived procedural justice and interactional justice. They found (from their data from a large IT corporation in China) that interactional justice mediates authentic leadership and negative workplace gossip for both supervisors and co-workers. Additionally, procedural justice mediates the relationship between authentic leadership and negative workplace gossip about supervisors, but not for co-workers. The authors conclude that authentic leaders respect employees, communicate with them, and make them perceive interactional justices, but they do not impact negative workplace gossip about co-workers. Their paper deepens our understanding of the difference in the perception of procedural justice and its outcomes for supervisors and co-workers.

Furthermore, leadership is about character (Bennis & Nabus, 1997) and whether followers buy into a specific leader will be related, in part, to the leader’s character (Russell & Stone, 2002). Leadership researchers (e.g., Greenleaf, 1977) suggest that the prime motivation for leadership should be to serve. In this respect, servant leadership takes place when leaders assume the position of a servant in their relationship with fellow workers. In fact, the emphasis of servant leadership is about developing and empowering followers and then through this development achieve organisational outcomes (see Van Dierendonck, Stam, de Windt, & Alkema, 2014). More importantly, ethics is core to servant leadership with its emphasis on integrity and trustworthiness (van Dierendonck, 2011). In this respect, there is a developing body of literature investigating organisational outcomes associated with servant leadership that have ethical components to them. Additionally, we know that servant leadership fosters organisational justice (Chung, Jung, Kyle & Petrick, 2010) and trust in its leader and organisation (Sendjaya & Perket, 2010). Also, through trust, procedural justice, and organisational commitment, helping culture and organisational citizenship behaviours, servant leaders support organizational ethical climate (Burton, Preachey & Wells, 2017).

Unethical Pro-organizational Behaviours (UPB) refers to the actions that are meant to promote the effective functioning of the organization or its members, and violate core societal values, mores, laws, or standards of proper conduct (Umphress & Bingham, 2011). UPB may include lying to clients, disposing of potentially harmful organisational documents, and withholding or manipulating information from the public to protect the organisation’s best interests (Graham, Ziegert, & Capitano, 2015). This suggests that UPB includes a behaviour that is opposed to widely held societal values, laws, or norms (Graham et al., 2015) even though such actions may be beneficial to organisations and their leaders (see Effelsberg, Solga, & Gurt, 2014). Extending the above debate, our second paper, “Unethical pro-organizational behavior as an outcome of servant leadership”, by Ali Osman Uymaz and Serdar Arslan interrogated the connection between servant leadership and unethical pro-organisational behaviours. Data from 392 employees in four and five-star hotels in Turkey revealed evidence for direct and indirect relationships between servant leadership and employee unethical pro-organizational behaviors via trust in manager and positive reciprocity beliefs. A possible unexplored dark side of servant leadership in certain contexts was revealed.
Leadership, ethical behaviours, and employee voice

Furthermore, unethical behaviours in organisations are usually related to employee voice (Brinsfield, 2013). Budd, Gollan and Wilkinson, (2010) propose that voice behaviours is a promotive citizenship behaviour that focuses on the expression and communication of constructive challenges and targeted to improving a situation (Van Dyne & LePine, 1998; Duan, Kwan, & Ling (2014). Employee voice is critical for continuous improvement and competitive advantage (Botero & Van Dyne, 2009) but employee silence may negatively impact organisation, groups, and individual outcomes (e.g., innovation, lower engagement, perpetuation of unethical behaviour; Clapham & Cooper, 2005). Additionally, it may be triggered by leadership style (Brinsfield, 2013).

Our next 2 papers highlight the connection between leadership, ethical behaviours, and employee voice. In their paper, “The relationship between ethical leadership and employee voice: The roles of error management climate and organizational commitment”, Jin Cheng, Haiqing Bai and Caixia Hu examined the mediating role of the error management climate and the moderating role of the individual staff organizational commitment. Analysis of their data showed that error management climate partly mediated the relationship between ethical leadership and voice behaviour while organizational commitment moderated the relationship between the error management climate and voice behaviour.

Similarly, in the paper, “How and when perceived leader narcissism impacts employee voice behavior: A social exchange perspective”, Li Zhang, Ming Lou and Huihui Guan proposed that the effects of perceived leader narcissism on employees’ voice behaviours (promotive voice and prohibitive voice) via organizational justice may be driven by employees’ trust in leader. In their paper, they found that perceived leader narcissism is negatively related to prohibitive voice while the relationships between perceived leader narcissism and voice behaviours are moderated by trust in leader. Perceived leader narcissism was also connected with employees’ voice behaviours when trust in leader is low. The authors conclude that this is an important addition to the literature on employee voice and especially showing the critical role of trust in the connection between perceived leader narcissism and employees’ voice behaviours.

Ethics, culture, climate and social responsibility

From leadership, ethics, and voice, we move to the issue of ethical culture and climate and social responsibility. We know that organisational contexts are critical in shaping organisational behaviours (see Johns, 2006). This means that the context of ethical behaviours rests on the culture and climate set for behaviours in the organisation. The organisational ethical context may be described as the internal social psychological environment of organizational ethical adaption (Trevino et al., 1998) that comprises of moral ideologies as adopted by organizational members, institutionalised philosophies regarding principled conduct, and ethical codes that shape action (Hunt, Wood, & Chonko, 1989).

Furthermore, ethical culture can be conceptualised as a subset of organizational culture, representing an interplay among formal (codes of ethics) and informal (peer behavior) systems of behavioural control that can promote ethical behaviour (Trevino, 1990; Trevino et al., 1998). Ethical culture and climate have been used in previous research as representative of ethical context in organisations. It is this ethical context (e.g., ethical culture) that is the primary focus of our next paper, “CEO Ethical Leadership and Corporate Social Responsibility: Examining the Mediating Role of Organizational Ethical Culture and Intellectual Capital” by Irfan Ullah, Raja Mazhar Hameed, Nida Zahid Kayani, Yasir Fazal. The emphasis was on the relationship between CEO ethical leadership and CSR and especially investigating the mediating role of ethical culture and the intellectual capital facets (human capital and social capital) of the organization. The results of their research demonstrated
that CEO ethical leadership was positively connected with CSR while intellectual capital facets (human and social) and organizational ethical culture successfully mediated the relationship between CEO ethical leadership and CSR. Their research seems to support the argument that the establishment of an organizational ethical culture is a fundamental function of an ethical leader and that one way for leaders to perpetuate the desired culture is by setting an ethical example themselves (see also Grojean et al. 2004).

Moreover, ethical climate is another proxy for the setting of organisational ethical behaviour. In fact, ethical climate is the subject the Tamara Jovanović, Maja Mijatov, Aleksandra Dragin, Karolina Simat and Nebojša Majstorović’s paper “Identification of predictors’ effects on perceived ethical climate and job satisfaction within the Serbian tourism industry” in the current issue. The authors investigate the impact of predictors (job department, individual values, and employees’ perspective) on the differing perceptions of ethical climate and a relationship between ethical climate type and job satisfaction. Data analysis of 258 employees in SMEs in tourism show that ethical behaviour is influenced by constant social and economic changes.

**Supervisor and ethical behaviours**

While some leaders wield their power and influence carefully to refrain from destructive behaviours, others are wielding their power corruptively (Bendaham, Zehnder, Pralong and Antonakis, 2015) to mistreat and exploit their followers (Schmid, Pircher, Verdorfer and Peus, 2019). A destructive supervisor, sometimes referred to as an abusive supervisor (Tepper, 2000)’ describes a subjective evaluation of subordinate’s perceptions of the extent to which a supervisor engages in the sustained display of hostile verbal and non-verbal behaviours excluding physical contact. Research also suggests that abusive supervision relates to deviant behaviours (Sungu, Hu, Weng, 2020), counterproductive work behaviour (Wei & Si, 2013) and the correlation between abusive supervisor and counterproductive behaviours (Ahmad, Athar, Azam Hamstra and Hanif, 2019).

Abusive supervisor is the subject of our next paper, “Effect of abusive supervision on subordinates’ discretionary behaviors” authored by Farah Samreen, Muhammad Amir Rashid, Ghulam Hussain. Their study explored the link between abusive supervisor and subordinates’ interpersonal relations. Specifically, they investigated the notion that subordinates who are being abused by the same supervisor develop a bond among each other exhibiting deviant behaviors against supervisor and non-abused peer group. Their robust data from 920 employees from multi-sectors revealed that abused employees show citizenship behaviour towards other abused peer group members but counter-productive behavior towards supervisor and non-abused peer group members. The authors conclude that their study provides an additional understanding of the dynamics between abusive supervisor and his/her employees.

Moreover, character and ethical behaviour seem to go hand in hand, yet character is scantily studied in business organisations (Sarros, Cooper and hartican, 2006). Character is defined as doing the right thing despite outside pressure to the contrary (Likona, 1991). In the leadership space, character is perceived as “moral excellence” (Hendrix et al., 2003, p. 60). Similarly, Gavin, Quick, Cooper, & Quick, (2003) propose that character is who we really are on the inside” (p. 169) and the moral and ethical choices we make (Sarros et al., 2006). Six major attributes of an ethical leader include character and integrity, ethical awareness, community/ people-orientation, motivating, encouraging, and empowering, and managing ethical accountability. (see Resick Hanges, Dickson, and Mitchelson, 2006). Gavin and colleagues infer the above suggests that the character of the leader and supervisor is critical for followers’ ethical behaviors.

The supervisor’s behavior and character are central to our next paper, “Supervisor Behavior and Character: A Simulation Study of Employee Helpfulness”. In this article, Clare Francis, David Hollingworth, Sean Valentine, explored a deeper understanding of ethical language in
organizations through ethical concepts in simulation software and supported by affect control theory. Simulations provided predictions of employee helpfulness in response to supervisors varied ethical characters and in variety of behaviours. The authors found that the impact of supervisor character on employee helpfulness is more substantial than the impact of supervisor behaviour.

**Ethics and CSR**

Next, we pick up the conversation on the connection between ethics and CSR (key promoter of workplace ethics). While ethics is about doing good, and interrelated with CSR (Schwartz & Caroll, 2008), CSR is described as a corporate social performance (Carroll, 1999). In practice the concepts are socially negotiated, contextual and with different meanings and relationships (Weller, 2017). Nevertheless, scholars often portray ethics and CSR together as one overlapping concept and studies usually focus on CSR and performance outcomes. In our next article, attention is drawn to ethical behaviors at the individual level and the role of CSR. Specifically, Christian Agyapong Sarfo, Jing A. Zhang, Paula O’Kane, Nataliya Podgorodnichenko, Kizito Kwabena Osei-Fosu in their article, “Perceived corporate social responsibility and employee ethical behavior: Do employee commitment and co-worker ethicality matter?” examined how employees’ perceived CSR facilitated their ethical behaviour. The authors theorised that the relationship between employees’ commitment and ethical behaviour was contingent on their co-workers’ ethical behaviour. A sample of 300 employees from “The Ghana Club 100” firms, showed that employee commitment served as an effective mechanism through which employees’ perception enhanced their ethical behaviour. They also found that the weaker the co-workers’ ethical behaviour, the stronger the relationship between employee commitment and ethical behaviour.

Out last paper explores CSR at the corporate level. A literature review suggests that high levels of CSR can bring numerous benefits to the firms, stakeholders, customers, and employees, including competitive advantage, attractiveness to institutional investors and organisational reputation (see Anguini’s & Glavas, 2012). Especially, there is a sustained interest in investigating the link between CSR and business strategy. In this regard, CSR has shifted from being considered as a moral imperative of managers and company owners (Bowen, 1953) to being considered as core to both a firm’s strategy and success (Porter & Kramer, 2011). Jeremy Galbreath, Lorenzo Lucianetti, Daniel Tisch and Benjamin Thomas explore this notion in our last paper, “Firm strategy and CSR: The moderating role of performance management systems”. The quest in the paper was to determine the link between firm strategy and CSR and especially the impact of low cost and differentiation strategies on CSR. Their sample of 229 Italian firms demonstrated that a low-cost strategy was negatively associated with ethical and discretionary CSR, while a differentiation strategy was positively associated with both. Also, performance management also positively moderated the negative association between a low-cost strategy and both ethical and discretionary CSR.

In this Issue, we have brought together a special collection of articles that examine the intersection between leadership, ethics, and CSR. While research in business ethics is multidisciplinary and relatively ongoing, there still appears to be some challenges. One of these challenges include the issue of measurement. Although the measurement developed by Brown and his colleagues (2005) has opened more studies in the field of ethical leadership, many scholars (e.g., Eisenbeiss, 2012; Resick et al., 2006) argue that more clarity is needed around the issue of construct definition and measurement. For example, Eisenbeiss (2012) contends that the term normatively appropriate in Brown et al. (2005) definition does not sufficiently describe ethical behaviour.

Additionally, and related to the above, qualitative studies on ethical leadership appears to be limited and are usually focused on conceptual studies. More in-depth and rigorous qualitative studies are needed to unpack and expand the construct of ethical leadership and its measurement.
Such studies will be important in studying the development of an ethical leader (see Low and Ayoko, 2020) in real-life environments. Such qualitative studies may also explore the antecedents and critical milestones in the journey of an ethical leader.

The interpretation of ethical behaviors across cultures is another major challenge in research area. Arslan and Chapman (2001) reasoned that the term ethics itself is shaped by cultures and societies and is thus a complex and multidimensional concept which may not be most accurately measured in a single dimension. In this respect and given that the measurement (ELS) mainly draws from measuring the perceptions of western managers and employees, (Resick et al., 2006) suggests that there is a need to include Eastern values and context (see Mo, Wang, Akriou and Booth 2012) in the concepts of ethical leadership as well as developing measures that reflects “more concrete, visible ethical behavior” (Kalshoven et al., 2011). The above suggests a future need for more culturally relevant and fine-grained measures of ethical leadership.

The unit of analysis for research in business ethics is still problematic. While leaders, and employees may have been widely investigated, Eisenbeiss and colleagues (2015) argue that more light needs to be shed on the effects of ethical leadership as practiced by organisational managers. Previous work in this area shows that ethical behaviours can occur at various organisational levels and are linked with outcomes at the individual, team, and organization-levels. However, studies in this area seem to focus separately on each of the units of analysis Future research should focus on multi-level conceptualisation of ethical leadership and outcomes focusing at the same time on the individual, team, and organisational levels.

Altogether, future research in this area should continue to deepen our understanding by addressing the key challenges such as construct definition and measurement, the need for more in-depth and qualitative studies, the role of culture in ethical behaviours, and the need for multi-level conceptual framework on business ethics and outcomes.

References


