

# WHO DISPLAYS ETHICAL LEADERSHIP, AND WHY DOES IT MATTER? AN EXAMINATION OF ANTECEDENTS AND CONSEQUENCES OF ETHICAL LEADERSHIP

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**Drawing on social learning and moral identity theories, this research examines antecedents and consequences of ethical leadership. Additionally, this research empirically examines the distinctiveness of the ethical leadership construct when compared to related leadership constructs such as idealized influence, interpersonal justice, and informational justice. Consistently with the theoretically derived hypotheses, results from two studies of work units ( $n$ 's = 115 and 195 units) provide general support for our theoretical model. Study 1 shows positive relationships between ethical leadership and leader "moral identity symbolization" and "moral identity internalization" (approaching significance) and a negative relationship between ethical leadership and unit unethical behavior and relationship conflict. In Study 2, both leader moral identity symbolization and internalization were positively related to ethical leadership and, with idealized influence, interpersonal justice, and informational justice controlled for, ethical leadership was negatively related to unit outcomes. In both studies, ethical leadership partially mediated the effects of leader moral identity.**

A perennial question asked by managers, employees, business students, and the general public is, What effect does leadership have on the behavior of followers? By now, management scholars know this question has definitive answers, but those answers largely depend on the follower behaviors and leadership variables being considered. Two follower behaviors that have been shown to be influenced by leadership are ethical behavior and interpersonal conflict (Brown & Treviño, 2006a; Ehrhart, 2004). Importantly, both of these follower behaviors have been linked directly to bottom-line performance (Detert, Treviño, Burris, & Andiappen, 2007; LePine, Piccolo, Jackson, Mathieu, & Saul, 2008). This article examines whether a new leadership construct, *ethical leadership* (Brown, Treviño, & Harrison, 2005), may be particularly well suited

to explaining unethical behavior and interpersonal conflict in work units.

Brown et al. (2005) recently provided a new conceptualization of ethical leadership. They highlighted three key building blocks of ethical leadership: being an ethical example, treating people fairly, and actively managing morality. The first two of these building blocks are reflected in the *moral person* component of ethical leadership, wherein ethical leaders have desirable characteristics such as being fair and trustworthy. The last building block is captured by the *moral manager* component, whereby ethical leaders encourage normative behavior and discourage unethical behavior on the part of their subordinates using transactional efforts such as communicating about ethics and punishing unethical behavior (see Brown and Treviño [2006a] for a review). The conceptual basis for treating ethical leadership as a distinct leadership construct has been presented previously (Brown et al., 2005), but to date few empirical stud-

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ies have directly examined the unique effect of ethical leadership extending above and beyond the effects of related leadership constructs. Furthermore, few studies have examined the relationship between ethical leadership and ethical outcomes, because the construct is relatively new (for exceptions, see Brown et al. [2005], Detert et al. [2007], Mayer, Kuenzi, Greenbaum, Bardes, and Salvador [2009], Piccolo, Greenbaum, den Hartog, and Folger [2010], Walumbwa, Mayer, Wang, Wang, Workman, and Christensen [2011], and Walumbwa and Schaubroeck [2009]). Finally, we are aware of few studies examining antecedents of ethical leadership. Our research addresses all of these gaps in the management literature by examining *why* ethical leadership matters, *who* engages in ethical leadership, and *whether* ethical leadership represents a distinct aspect of leadership that is not captured by other leadership constructs.

In the present research, we examine antecedents of ethical leadership by testing whether one source of motivation for leaders to exhibit ethical behaviors arises from a self-defining knowledge structure that several writers (e.g., Aquino & Reed, 2002; Blasi, 1983, 2004; Damon & Hart, 1992; Lapsley & Narvaez, 2004) refer to as *moral identity*. Our theoretical model posits that moral identity motivates leaders to act in ways that demonstrate some responsiveness to the needs and interests of others, an orientation that many philosophers (e.g., Kant, 1948) and psychologists (e.g., Eisenberg, 2000; Gilligan, 1982) consider a defining characteristic of moral behavior. We also explore consequences of ethical leadership at the work-unit level by drawing on social learning theory (Bandura, 1977, 1986). We focus on unit-level outcomes because group members exposed to similar cues in an environment regarding norms for appropriate behavior tend to behave in a fairly homogeneous manner (e.g., Salancik & Pfeffer, 1978). The specific outcomes we examine include unethical behavior (i.e., behavior that is morally unacceptable to the larger community [Jones, 1991]) and relationship conflict (i.e., interpersonal strife associated with differences in personalities or matters unrelated to a job [Jehn, 1995]).

## THEORETICAL BACKGROUND

### Moral Identity and Ethical Leadership

In this article, we adopt a social cognitive conception of moral identity to explain the relationship between moral identity and ethical leadership. Moral identity is defined as a self-schema organized around a set of moral trait associations (e.g.,

honest, caring, compassionate) (Aquino & Reed, 2002). Theorists (e.g., Aquino & Reed, 2002; Blasi, 1980, 2004; Lapsley & Lasky, 2001) have argued that people differ in the degree to which they experience moral identity as central to their overall self-definition. From a social cognitive perspective, this difference implies that the moral self-schema is more cognitively accessible for some people than others. According to Lapsley and Lasky, a person who has a moral identity is "one for whom moral schemas are chronically available, readily primed, and easily activated for information processing" (2001: 347). Similarly, Aquino and Reed (2002) suggested that moral identity has higher self-importance for some people than others, meaning that this particular knowledge structure is central to a person's overall self-conception, making it more readily available for processing information and regulating conduct. Schema-based conceptions of moral identity have been used to explain various aspects of moral functioning in nonorganizational domains (Aquino & Freeman, 2009; Aquino & Reed, 2002; Lapsley & Lasky, 2001; Lapsley & Narvaez, 2004; Reed & Aquino, 2003), but only recently has moral identity been introduced into the management literature (e.g., Detert, Treviño, & Sweitzer, 2008; Reynolds & Ceranic, 2007).

Emerging empirical evidence supports the schema-based conceptualization of moral identity (Aquino, Freeman, Reed, Lim, & Felts, 2009; Aquino & Reed, 2002; Aquino, Reed, Thau, & Freeman, 2007; Olsen, Eid, & Johnsen, 2006; Reed & Aquino, 2003; Reed, Aquino, & Levy, 2007; Reynolds & Ceranic, 2007; Skarlicki, Van Jaarsveld, & Walker, 2008), but to understand why moral identity should be related to ethical leadership it is important to note that these studies also show that the centrality of this identity to an individual's self predicts various forms of moral behavior (see Shao, Aquino, and Freeman [2008] for a review). For example, studies have shown that moral identity is positively related to prosocial behaviors such as charitable giving (Aquino & Reed, 2002; Reed et al., 2007) and negatively related to unethical behaviors such as lying (Aquino et al., 2009; Reynolds & Ceranic, 2007).

Aquino and Reed (2002) proposed that moral identity influences moral behavior by acting as a self-regulatory mechanism rooted in people's internalized notions of right and wrong. The motivational power of moral identity arises from people's desire for self-consistency (Blasi, 1983, 2004). In other words, people whose moral identity is self-important should be motivated to act in ways that are consistent with their understanding of what it means to be a moral person (i.e., to demonstrate

some responsiveness to the needs and interests of others), because acting otherwise can produce dissonance and self-condemnation (Aquino et al., 2009; Aquino & Reed, 2002). If moral identity does indeed function as a self-regulatory mechanism that motivates moral action, then the expected relationship between moral identity and ethical leadership is fairly straightforward: Leaders whose moral identity has high self-importance should act in ways that are consistent with common understandings of what it means to be a moral person, which in turn should result in their being perceived as ethical leaders.

Aquino and Reed's (2002) conception of moral identity has two dimensions, one of which captures its public aspect, which they call *symbolization*, and the other its private expression, which they call *internalization*. These dimensions correspond to theories of the self that posit that self-awareness can be characterized by an external and active self as a social object that impacts others and an internal introspective awareness of one's inner thoughts and feelings (Fenigstein, 1975). Individuals who score high on measures of moral identity symbolization (henceforth, "high in moral identity symbolization") demonstrate their possession of moral traits through moral actions (Aquino & Reed, 2002). We expect moral identity symbolization to be positively related to ethical leadership because these leaders are more likely to demonstrate morally positive behaviors, which manifest as ethical leadership. It is important for leaders high in moral identity symbolization to behave outwardly in ways that are consistent with how they view themselves—and thus they are more likely to engage in ethical behaviors directed toward their employees. Prior research demonstrates positive relationships between symbolization and religiosity, volunteerism, charitable giving, and willingness to aid outgroups (Aquino & Reed, 2002; Reed & Aquino, 2003; Reynolds & Ceranic, 2007). Thus, we predict a positive relationship between leader moral identity symbolization and ethical leadership.

Moral identity internalization represents moral traits that are imbedded in an individual's self-concept. Those high in moral identity internalization are likely to avoid behaviors that are seen as immoral, as these behaviors would challenge their self-concept. Leaders who are high in moral identity internalization are more likely to pay attention to, correct, and punish unethical behaviors. They are also more likely to define success not just by results, but also by the way these results were accomplished. To do otherwise would make those high in moral identity internalization feel inauthentic. Research on moral identity internalization

has linked it to moral reasoning, volunteering, satisfaction from volunteering, and donating cans of food to the needy (Aquino & Reed, 2002; Reynolds & Ceranic, 2007). We therefore expect a positive relationship between leader moral identity internalization and ethical leadership.

*Hypothesis 1a. Leader moral identity symbolization is positively related to ethical leadership.*

*Hypothesis 1b. Leader moral identity internalization is positively related to ethical leadership.*

### **Ethical Leadership and Unit-Level Outcomes**

In addition to examining who is likely to be perceived as an ethical leader, we also examine the relationship between ethical leadership and two unit-level outcomes—unethical behavior and relationship conflict—to better understand *why* ethical leadership matters.

***Ethical leadership and unethical behavior.*** As did Brown et al. (2005), we draw on social learning theory (Bandura, 1977, 1986) to explain the effects of ethical leadership. Social learning theory posits that individuals learn appropriate behaviors through a role-modeling process, by observing the behaviors of others (Bandura, 1977, 1986). In choosing models for appropriate behavior, individuals are likely to pay attention to and emulate behaviors from credible and attractive role models. Given their positions in organizations, supervisors are often deemed legitimate models for normative behavior. In addition to direct observation, employees are influenced by their supervisor because he/she has the power to deal out both punishments and rewards. Thus, because ethical leaders reward ethical behavior and discipline unethical behavior, they influence their employees to engage in desired behavior. Finally, in addition to the direct influence of modeling leader behavior and rewards and punishments, the role of vicarious learning is highlighted in social learning theory—the idea that individuals learn what is expected of them and the norms for behaving appropriately not only through their own experience, but also by observing others (Bandura, 1977, 1986). Thus, in a work group context, a group member's social learning can occur either directly or vicariously, through the experiences of fellow group members. When leaders behave in an ethical manner, communicate the importance of ethics, and use punishment and reward systems to encourage ethical behavior, group norms for acceptable behavior are formed and employees in a work unit will be less likely to engage in unethical behavior.

*Hypothesis 2. Ethical leadership is negatively related to unit unethical behavior.*

***Ethical leadership and relationship conflict.***

We expect ethical leadership to influence interpersonal dynamics in work groups. By definition, ethical leaders exhibit normatively appropriate conduct through their actions and interpersonal relationships with employees in work units (Brown et al., 2005). They also stress the importance of two-way communication in such a way that they are concerned not only with expressing their own opinions, but also with listening to and getting along with others (Brown et al., 2005). In addition, ethical leaders exhibit social responsiveness and caring by communicating to employees that their best interests are the leaders' primary concern (Brown et al., 2005). Social learning principles suggest that the behaviors displayed by ethical leaders can "trickle down" to employees (Mayer et al., 2009) encouraging those who witness the behaviors to behave similarly toward their coworkers. Ethical leaders help develop group norms for how to treat others that ultimately should influence group relations. Researchers have found that when employees observed displays of virtuous interpersonal behavior in their work groups, such as sharing, loyalty, advocacy, or caring, higher levels of liking, commitment, participation, trust, and collaboration may result (Koys, 2001; Walz & Niehoff, 2000). Thus, by working under an ethical leader, employees may become more willing to allow coworkers to express their opinions, avoid personal attacks on coworkers, and demonstrate respect and consideration for coworkers' needs. By role modeling the positive interpersonal behavior displayed by ethical leaders, employees may be more likely to constructively rather than destructively manage the interpersonal tensions that inevitably arise in their interactions with fellow unit members. Emulating the positive interpersonal behavior of ethical leaders, employees can reduce the tension and friction associated with relationship conflict, which can strengthen their interpersonal relationships (Bateman & Porath, 2003).

*Hypothesis 3. Ethical leadership is negatively related to unit relationship conflict.*

To this point, we have hypothesized that leader moral identity is positively related to ethical leadership, and ethical leadership is negatively related to unit-level unethical behavior and relationship conflict. In an effort to complete our theoretical model, we predict that ethical leadership mediates the relationship between leader moral identity and unit outcomes. We suggest that the effects of a

leader's identity should only be related to employees' behavior through its effect on the leader's behavior. In other words, leader moral identity alone is not expected to relate to employees' behavior, but rather, the manifestation of that identity, in the form of ethical leader behaviors, is expected to explain the link. Indeed, leaders with a high moral identity strive for self-consistency and feel inauthentic unless they "walk the talk" by engaging in ethical leadership behaviors (e.g., modeling ethical behaviors, using rewards and punishment systems to discourage unethical behavior), and these leader behaviors influence employees' conduct through social learning processes. Employees are likely to witness the behaviors of ethical leaders and to try to model their leaders by not engaging in wrongdoing and avoiding interpersonal conflict with unit employees.

Although we expect the effects of leader moral identity on unit employees' behavior to be realized through leader behavior, it is possible that other types of leader behavior may help explain the link between moral identity and employee behavior. For example, it is possible that leader moral identity may influence how leaders choose to structure interactions among employees, which could be an alternative behavioral mechanism through which moral identity influences unit-level outcomes. Another possibility is that the effects of leader moral identity on employees' behavior are a function of some level of value congruence between leaders and employees. Indeed, prior work has linked socialized charismatic leadership to interpersonal and organizational deviance at the unit level through value congruence (Brown & Treviño, 2006b). Leaders and employees may have similar values regarding the importance of being ethical at work. This similarity in values could then drive employees' behavior. Thus, we predict that ethical leadership should mediate the relationship between leader moral identity and employees' unit behavior, but we believe that it is most defensible to predict partial mediation because of the possibility of the existence of other mechanisms that could also explain this relationship.

*Hypothesis 4. Ethical leadership partially mediates the relationship between leader moral identity and unit unethical behavior and unit relationship conflict.*

## STUDY 1

### Methods

***Participants and procedures.*** We recruited participants from 254 units in a variety of organiza-

tions in the southeastern United States. Industry types included technology, government, insurance, finance, law, retail, manufacturing, and medicine. Business administration students of a large southeastern university contacted each organization. Students hand-delivered one survey packet to participating departments within the organizations. The packets included five employee surveys and one supervisor survey as well as clear instructions regarding who should fill out the surveys and self-addressed stamped envelopes for the participants to use to send their completed surveys back to us, the researchers. Further, the instructions indicated that the five employees agreeing to participate must be the subordinates of the supervisor who also agreed to participate in the study. The respondents were told that their responses would be confidential.

The surveys began with an introductory letter from us, followed by instructions on how to complete the surveys. Subordinate respondents answered a series of questions regarding their department managers' ethical leadership. Manager respondents answered questions regarding their moral identity and questions regarding their departments' unethical behavior and relationship conflict. The questionnaires administered to both subordinates and managers ended with demographic questions (e.g., age, ethnicity).

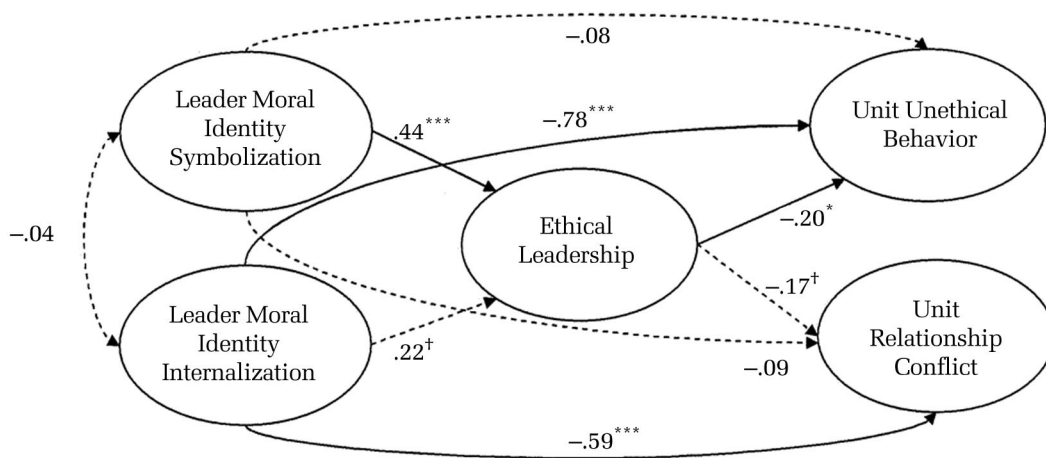
We received data from a total of 137 departments (out of 254), for a total response rate of 54 percent. Eighty-five departments returned five employee surveys, 18 returned four, 15 returned three, 17

provided data from only two employees, and 2 provided data from one employee. Previous research suggests three responses is a sufficient number to aggregate to the department level (Colquitt, Noe, & Jackson, 2002; Mayer et al., 2009; Richardson & Vandenberg, 2005; Schneider, White, & Paul, 1998; Tracey & Tews, 2005). Thus, we only included departments with three or more employee respondents, leaving a total of 118 departments with usable employee data. We also collected data from 134 department managers. Matching the employee and manager responses yielded a total of 115 departments with matched data. Thus, these 115 departments (containing 542 employee respondents and 115 manager respondents) were used to test the study's hypotheses.

Regarding demographic characteristics, 54 percent of the employee respondents were female, and the average age of the employee respondents was 28 years (s.d. = 10.5). They had an average organizational tenure of 3.1 years (s.d. = 4.1) and an average department tenure of 2.5 years (s.d. = 2.2). Fifty-six percent of the employee respondents were employed full-time (44% part-time). In terms of categories of ethnicity marked by these respondents, 8.6 percent were African American, 3.2 percent Asian American, 61.6 percent Caucasian, 20.2 percent Hispanic, 1.9 percent Native American, 1.9 percent biracial, and 2.6 percent "other."

Thirty-nine percent of the manager respondents were female, and they had an average age of 35 years (s.d. = 10.9). Their average organizational tenure was 7.4 years (s.d. = 6.9), and their average

**FIGURE 1**  
**Study 1: Partially Mediated Structural Equation Modeling Results<sup>a</sup>**



<sup>a</sup> Standardized path coefficients provided. Nonsignificant lines are dashed.

<sup>†</sup>  $p \leq .10$

\*  $p \leq .05$

\*\*\*  $p \leq .001$

department tenure was 5.1 years (s.d. = 5.0). Eighty-nine percent of the manager respondents were employed full-time (11% part-time). In terms of ethnicity, 3.1 percent were African American, 6.9 percent Asian American, 71 percent Caucasian, 15.2 percent Hispanic, 1.5 percent Native American, and 2.6 percent “other.”

## Measures

Appendix A gives the texts of all items contained in the surveys. All ratings were made on a scale ranging from 1, “strongly disagree,” to 5, “strongly agree.”

**Moral identity.** We measured moral identity using Aquino and Reed’s (2002) ten-item scale.

**Ethical leadership.** We measured ethical leadership using Brown et al.’s (2005) ten-item scale.

As have recent examinations of ethical leadership (Detert et al., 2007; Mayer et al., 2009), we aggregated the employees’ responses to the ethical leadership measure to obtain a measure of work group ethical leadership. We assessed the degree of agreement for the ethical leadership measure by calculating the  $r_{wg}$  statistic (George & James, 1993). A value of 1.00 would reflect perfect agreement. The mean  $r_{wg}$  statistic for ethical leadership was 0.93. In addition, the ICC1 value was .34. This suggests strong agreement within work groups regarding ethical leadership and the appropriateness of aggregation of individual responses to the group level (Bliese, 2000).

**Unethical behavior.** Department managers rated their departments’ unethical behavior using Akaah’s (1996) 17-item unethical behavior scale.

**Relationship conflict.** Department managers rated the amount of relationship conflict in their departments using four relationship conflict items (Jehn, 1995).

## Results and Discussion

**Descriptive statistics.** Table 1 presents the means, standard deviations, and correlations among the key variables.

**Measurement model.** We used structural equation modeling with LISREL 8.8 (Jöreskog & Sörbom, 2006) to test our hypotheses. Prior to testing the hypothesized structural model, we tested to see if the measurement model had good fit (Anderson & Gerbing, 1988), assessing a model that had five latent factors (i.e., leader moral identity symbolization, leader moral identity internalization, ethical leadership, unit unethical behavior, unit relationship conflict) and 25 indicators (5 items each for leader moral identity symbolization and internalization, five parcels for ethical leadership, six parcels for unit unethical behavior, and 4 items for unit relationship conflict). We used parcels to maintain a favorable indicator-to-sample-size ratio (e.g., Bagozzi & Edwards, 1998; Bagozzi & Heatherton, 1994). The 10 items that measured ethical leadership were randomly combined to form five parcels consisting of 2 items each. The 17 items that measured unit unethical behavior were randomly combined to form six parcels consisting of 3 items for five of the parcels and 2 items for the last parcel. The measurement model had an acceptable fit ( $\chi^2 = 472.01$ ,  $df = 265$ ,  $p \leq .001$ ;  $\chi^2/df = 1.78$ ; RMSEA = .08; CFI = .94 [Arbuckle, 1997; Bollen, 1989; Browne & Cudeck, 1993]), and all the indicators had statistically significant ( $p \leq .01$ ) loadings on their intended constructs; the average factor loading was .81. We also conducted a series of confirmatory factor analyses (CFAs) to determine the distinctiveness of the study variables, and the measurement model had a better fit than the alternative models (Schumacker & Lomax, 1996).

**Hypothesized model.** Having confirmed that the measurement model had adequate fit, we tested our

TABLE 1  
Descriptive Statistics<sup>a</sup>

Variables	Mean	s.d.	1	2	3	4	5	6
1. Leader moral identity symbolization	3.50	0.76	(.83)					
2. Leader moral identity internalization	4.10	0.80	.17 <sup>†</sup>	(.87)				
3. Ethical leadership	3.82	0.50	.37***	.12	(.96)			
4. Moral manager	3.78	0.49	.34***	.11	.95	(.90)		
5. Unit unethical behavior	2.02	0.84	-.12	.41***	.24*	.27**	(.96)	
6. Unit relationship conflict	2.23	1.01	-.12	.37***	.19*	.23*	.65***	(.94)

<sup>a</sup>  $n = 115$  groups.

<sup>†</sup>  $p \leq .10$

\*  $p \leq .05$

\*\*  $p \leq .01$

\*\*\*  $p \leq .001$

proposed structural model. Results of the structural analysis of the proposed model provides an acceptable fit to the data ( $\chi^2 = 480.98$ ,  $df = 266$ ,  $p \leq .001$ ;  $\chi^2/df = 1.81$ ; RMSEA = .08; CFI = .94 [Arbuckle, 1997; Bollen, 1989; Browne & Cudeck, 1993; Hox, 2002]). We compared this partially mediated model with a fully mediated model ( $\chi^2 = 539.01$ ,  $df = 270$ ,  $p \leq .001$ ;  $\chi^2/df = 2.00$ ; RMSEA = .09; CFI = .93 [James, Mulaik, & Brett, 2006]). The partially mediated model does provide an improvement in fit over the fully mediated model (chi-square difference test:  $\Delta\chi^2 = 58.03$ ,  $df = 4$ ,  $p \leq .001$ ). The partially mediated model is therefore the better-fitting model for examining these particular data.

Hypotheses 1a and 1b predict that leader moral identity symbolization and internalization, respectively, are positively related to ethical leadership. Support was found for Hypothesis 1a, and Hypothesis 1b approached significance ( $b = .22$ ,  $p \leq .10$ ). In support of Hypothesis 2, the path coefficient between ethical leadership and unit unethical behavior ( $b = -.20$ ,  $p \leq .05$ ) was negative and significant. The path coefficient between ethical leadership and relationship conflict ( $b = -.17$ ,  $p \leq .10$ ; Hypothesis 3) was negative and approaching significance. Additionally, the partially mediated model suggested a negative direct relationship between leader moral identity internalization and unethical behavior ( $b = -.78$ ,  $p \leq .001$ ) and relationship conflict ( $b = -.59$ ,  $p \leq .001$ ), but not a direct relationship between leader moral identity symbolization and the outcomes ( $b = -.08$ , n.s.;  $b = -.09$ , n.s.).

Hypothesis 4 predicts that ethical leadership partially mediates the relationship between leader moral identity and unit unethical behavior and relationship conflict. To test for mediation, we followed James et al.'s (2006) recommendations, according to which (1) a statistically significant relationship had to exist between the predictor and the mediator and (2) a statistically significant relationship had to exist between the mediator and the outcome. Finally, we conducted a goodness-of-fit test to determine whether the relationship between the predictor and the outcome occurs through the mediator.

To test the goodness-of-fit of ethical leadership as the mediator between moral identity symbolization and the outcomes, we followed recommendations outlined by MacKinnon, Lockwood, Hoffman, West, and Sheets (2002) and calculated the product of coefficients by using LISREL's (Jöreskog & Sörbom, 2006) effect decomposition statistics. Statistically significant indirect effects imply that the relationships between the antecedents and the outcome variables occur through the mediator. The

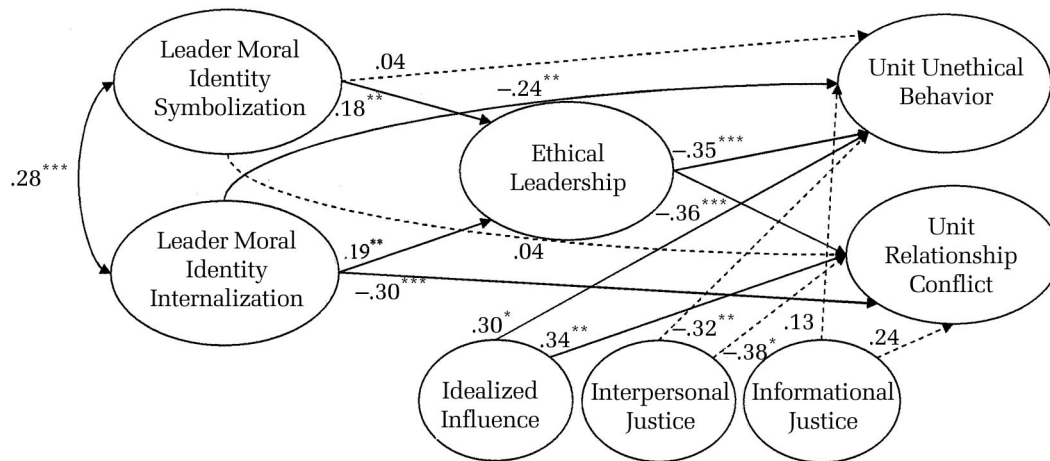
indirect effects were significant for the relationship between moral identity symbolization and unit unethical behavior ( $b = -.09$ ,  $p \leq .05$ ) but not for unit relationship conflict ( $b = -.07$ , n.s.). The indirect effects were not significant for the relationship between moral identity internalization and unethical behavior ( $b \leq -.04$ , n.s.) and unit relationship conflict ( $b = -.04$ , n.s.). Thus, in partial support of Hypothesis 4, the product of coefficient results support mediation of the relationship between moral identity symbolization and unethical behavior by ethical leadership, but not ethical leadership's mediation of the relationship between moral identity symbolization and relationship conflict or that between moral identity internalization and outcomes.

## STUDY 2

Elements of ethical leadership share some conceptual overlap with other leadership constructs such as idealized influence and interactional justice (Brown & Treviño, 2006a), yet there are also notable differences between these constructs. Perhaps the best way to compare the measures of these leadership styles is to consider the building blocks of ethical leadership: being an ethical example, treating people fairly, and actively managing morality. The ethical example aspect of ethical leadership has conceptual and operational overlap with idealized influence. The treating people fairly aspect of ethical leadership (e.g., listening to employees, being fair and balanced, having the best interests of employees in mind) clearly overlaps with interactional justice.

The definitions of these constructs further reflect their similarities and differences. Ethical leadership is defined as "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making" (Brown et al., 2005: 120). Idealized influence is perhaps the most closely related to ethical leadership and is the extent to which a leader behaves in admirable ways that lead followers to identify with the leader (House, 1977). Interactional justice is defined as perceptions of the interpersonal treatment received as procedures are being carried out (Bies & Moag, 1986). Interactional justice consists of interpersonal justice, which refers to perceptions of treatment in a respectful and socially sensitive manner by authorities or third parties who are responsible for executing procedures and determining outcomes, and informational justice, which refers to perceptions of explanations about why certain procedures were used or

**FIGURE 2**  
**Study 2: Partially Mediated Structural Equation Model Results<sup>a</sup>**



<sup>a</sup> Standardized path coefficients provided. Nonsignificant results are dashed.

\*  $p \leq .05$

\*\*  $p \leq .01$

\*\*\*  $p \leq .001$

why outcomes were distributed in a particular way (Colquitt, 2001; Greenberg, 1993). As the definitions demonstrate, there are similarities and differences between ethical leadership and idealized influence and interactional justice.

The building block of ethical leadership that is most unique to the construct is what Brown et al. (2005) and Treviño, Hartman, and Brown (2000) referred to as “moral manager.” The moral manager component of ethical leadership refers to transactional efforts of leaders to influence their subordinates to refrain from unethical and interpersonally harmful behavior. These behaviors include actions such as disciplining employees who violate ethical standards, defining success not just by the results but also by the way they are obtained, setting an example of how to do things the right way in terms of ethics, asking “what is the right thing to do?” when making decisions, and discussing business ethics or values with employees. Because ethical leadership is a broad construct, some of the items overlap with existing leadership measures (e.g., idealized influence and interactional justice). However, the moral manager items are not captured by related constructs, such as idealized influence and interactional justice, and thus represent the building block that is most unique to the ethical leadership construct.

Although we provide arguments for the distinctiveness of ethical leadership when compared with related constructs, a primary focus of our research was to examine whether there is empirical support

for the distinctiveness of this construct (the primary focus of Study 2). To test this, in Study 2 we assessed idealized influence (Avolio & Bass, 2004) and interactional justice (Bies & Moag, 1986; Colquitt, 2001) and controlled for these constructs in testing our model.

## Methods

**Procedures and participants.** We used the same procedure used in Study 1 for Study 2. We received data from a total of 203 departments (out of 383), obtaining a total response rate of 53.0 percent. One hundred thirty-two departments returned five employee surveys; 40 returned four; 23 returned three; and eight provided data from only 1 or 2 employees. As in Study 1, we only included departments with 3 or more employee respondents (Colquitt et al., 2002; Richardson & Vandenberg, 2005; Schneider et al., 1998; Tracey & Tews, 2005), leaving a total of 195 departments with usable employee data. We also had 195 manager surveys to match the 195 departments. Thus, these 195 departments (including 891 employees and 195 managers) were used to test the study’s hypotheses.

Regarding demographic characteristics, 54 percent of the employee respondents were female, and the average age of the employee respondents was 30 years (s.d. = 11.8). These participants had an average organizational tenure of 3.9 years (s.d. = 5.3) and an average department tenure of 3.0 years (s.d. = 4.1). Sixty-three percent of them



were employed full-time (37% part-time). In terms of categories of ethnicity marked on their surveys, 11.3 percent were African American, 4.2 percent Asian American, 57.8 percent Caucasian, 22.1 percent Hispanic, 2.2 percent Native American, 0.9 percent biracial, and 1.4 percent “other.”

Forty-three percent of the manager respondents were female, and the average age of the manager respondents was 38 years (s.d. = 12.2). They had an average organizational tenure of 8.3 years (s.d. = 7.5) and an average department tenure of 5.9 years (s.d. = 6.4). Ninety-five percent of them were employed full-time. In terms of ethnicity, 7.6 percent were African American, 1.5 percent Asian American, 76 percent Caucasian, 12.7 percent Hispanic, 1.5 percent Native American, 0.5 percent biracial, and 0.5 percent “other.”

## Measures

We used the same response format as in Study 1.

**Moral identity.** Managers rated their own moral identity using the same measure as was used in Study 1 (Aquino & Reed, 2002).

**Ethical leadership.** Employees rated ethical leadership using the same measure used in Study 1 (Brown et al., 2005). As in Study 1, we aggregated employee responses to the ethical leadership measure to obtain a measure of work group ethical leadership. The mean  $r_{wg}$  statistic for ethical leadership was .96, which suggested an acceptable level of agreement to justify aggregating to the group level (George & James, 1993). In addition, the ICC1 value was .25. This statistic also suggests strong agreement within workgroups regarding ethical leadership and the appropriateness of aggregating individual responses to the group level (Bliese, 2000).

**Idealized influence.** Employees rated their managers' idealized influence using the four-item Avolio and Bass (2004) idealized influence scale. We aggregated employee responses to the idealized influence measure, and the  $r_{wg}$  statistic (.91) and the ICC1 value (.26) justified aggregation.

**Interpersonal justice.** Employees rated interpersonal justice using Colquitt's (2001) four-item interpersonal justice scale. We aggregated employee responses to the interpersonal justice measure, and the  $r_{wg}$  statistic (.92) and the ICC1 value (.26) justified aggregation.

**Informational justice.** Employees rated informational justice using Colquitt's (2001) five-item informational justice scale. We aggregated employee responses to the informational justice measure and the  $r_{wg}$  statistic (.85) and the ICC1 value (.26) justified aggregation.

**Unethical behavior.** Department managers rated their department's unethical behavior using the same measure as used in Study 1 (Akaah, 1996).

**Relationship conflict.** Department managers rated the amount of relationship conflict within their departments by using the same measure as used in Study 1 (Jehn, 1995).

## Results and Discussion

**Descriptive statistics.** Table 2 presents the means, standard deviations, and correlations among the key variables.

**Measurement model.** We used structural equation modeling with LISREL 8.8 (Jöreskog & Sörbom, 2006) to test our hypotheses. Prior to testing the hypothesized structural model, we tested to see if the measurement model had good fit (Anderson & Gerbing, 1988), assessing a model with eight latent factors (i.e., leader moral identity symbolization,

TABLE 2  
Study 2: Descriptive Statistics<sup>a</sup>

Variable	Mean	s.d.	1	2	3	4	5	6	7	8	9
1. Leader moral identity symbolization	3.66	.66	(.84)								
2. Leader moral identity internalization	4.26	.68	.08	(.78)							
3. Ethical leadership	3.73	.49	.17*	.18*	(.96)						
4. Moral manager	3.69	.52	.21*	.15*	.97***	(.94)					
5. Leader idealized influence	3.59	.56	.21**	.08	.86***	.86***	(.95)				
6. Interpersonal justice	3.92	.61	.14 <sup>+</sup>	.22**	.74***	.70***	.67***	(.95)			
7. Informational justice	3.72	.60	.18*	.19*	.78***	.76***	.73***	.83***	(.94)		
8. Unit unethical behavior	1.88	.77	-.02	-.37***	-.25***	-.21***	-.15*	-.25**	-.21**	(.95)	
9. Unit relationship conflict	2.26	.96	-.03	-.40***	-.22**	-.19**	-.09	-.27**	-.18**	.48***	(.94)

<sup>a</sup>  $n = 195$  groups.

<sup>+</sup>  $p \leq .10$

\*  $p \leq .05$

\*\*  $p \leq .01$

\*\*\*  $p \leq .001$

leader moral identity internalization, ethical leadership, idealized influence, interpersonal justice, informational justice, unit unethical behavior, unit relationship conflict) and 41 indicators (five items each for leader moral identity symbolization and internalization, 10 items for ethical leadership, 4 items for idealized influence, four items for interpersonal justice, 5 items for informational justice, four parcels for unit unethical behavior, and 4 items for unit relationship conflict). We randomly combined the 17 items that measured unit unethical behavior to form three parcels consisting of 4 items and one parcel consisting of 5 items. As shown in Table 3, the measurement model had an acceptable fit (Arbuckle, 1997; Bollen, 1989; Browne & Cudeck, 1993), and all of the indicators had statistically significant ( $p \leq .01$ ) loadings on their intended constructs and an average loading of .82. In addition to examining the measurement model, we conducted CFAs to determine the distinctiveness of ethical leadership when compared to the alternative leadership constructs (viz., idealized influence, interpersonal justice, and informational justice). The CFA results shown in Table 4 provide evidence (based on chi-square difference tests) for the distinctiveness of ethical leadership from the other leadership constructs (Schumacker & Lomax, 1996).

We were also interested in determining whether the five items that we identified as representing the moral manager component of ethical leadership (see Appendix A) were indeed distinct from the other, more redundant ethical leadership items. As shown in the appendix, the italicized ethical leadership items represent "moral manager," which captures the transactional component of ethical leadership. From a conceptual standpoint, the other items are arguably redundant with other ethical leadership constructs (i.e., idealized influence and interactional justice). Thus, we examined a nine-factor measurement model that separated the

moral manager items from the more conceptually redundant ethical leadership items ( $\chi^2 = 1,274.54$ ,  $df = 743$ ,  $p \leq .001$ ;  $\chi^2/df = 1.72$ ; RMSEA = .06; CFI = .97). We compared this nine-factor model with the eight-factor model that combines all ten items representing the original ethical leadership measure (shown above as the measurement model). A chi-square difference test suggested that the nine-factor model provided a better fit than the eight-factor model ( $\Delta\chi^2 = 202.61$ ,  $df = 8$ ,  $p \leq .001$ ). These results suggest that there may be some value in examining the moral manager component alone without the more redundant ethical leadership items. We also examined the  $r_{wg}$  (.96) and ICC1 (.24) statistics for the items representing the moral manager component of ethical leadership. The results suggest that aggregation to the group level was acceptable.

**Hypothesized model.** Having confirmed that the measurement model had adequate fit, we tested our proposed structural model. Results of the structural analysis of the proposed model provided an acceptable fit to the data ( $\chi^2 = 1,621.11$ ,  $df = 755$ ,  $p \leq .001$ ;  $\chi^2/df = 2.15$ ; RMSEA = .08; CFI = .96 [Arbuckle, 1997; Bollen, 1989; Browne & Cudeck, 1993; Hox, 2002]). The partially mediated model had a better fit than the fully mediated model ( $\chi^2 = 1,647.89$ ,  $df = 759$ ,  $p \leq .001$ ;  $\chi^2/df = 2.17$ ; RMSEA = .08; CFI = .96;  $\Delta\chi^2 = 26.78$ ,  $df = 4$ ,  $p \leq .001$ ).

Hypotheses 1a and 1b predict that leader moral identity symbolization and internalization, respectively, are positively related to ethical leadership. We found support for Hypothesis 1a ( $b = .18$ ,  $p \leq .01$ ) and Hypothesis 1b ( $b = .19$ ,  $p \leq .01$ ). In support of Hypotheses 2 and 3, the path coefficients between ethical leadership and unit unethical behavior ( $b = -.35$ ,  $p \leq .001$ ) and relationship conflict ( $b = -.36$ ,  $p \leq .001$ ) were negative and significant in analyses controlling for leader idealized

TABLE 3  
Study 2: Results of Confirmatory Factor Analyses<sup>a</sup>

Model	Ethical Leadership Compared to Related Leadership Constructs					
	$\chi^2$	$df$	$\Delta\chi^2$	$\Delta df$	CFI	SRMR
Measurement	1,477.15*	751	—	—	.97	.07
Ethical leadership and idealized influence combined	1,686.36*	758	209.21*	7	.96	.08
Ethical leadership and interpersonal justice combined	2,166.46*	758	689.31*	7	.95	.10
Ethical leadership and informational justice combined	2,031.38*	758	554.23*	7	.96	.10
Ethical leadership, idealized influence, interpersonal justice, and informational justice combined	3,047.02*	769	1,569.87*	18	.93	.13

<sup>a</sup> CFI = comparative fit index; SRMR = standardized root mean square residual.

\*  $p < .001$

**TABLE 4**  
**Study 2: LISREL Model Estimates with Alternative Mediators<sup>a</sup>**

Mediator and Description of Path	<i>b</i>	$\chi^2$	<i>df</i>	$\chi^2/df$	RMSEA	CFI
<i>Ethical leadership</i>						
Moral identity symbolization to ethical leadership	.15 <sup>†</sup>	855.69***	341	2.51	.09	.94
Moral identity internalization to ethical leadership	.17*					
Moral identity symbolization to unethical behavior	.09					
Moral identity symbolization to relationship conflict	.10					
Moral identity internalization to unethical behavior	-.30***					
Moral identity internalization to relationship conflict	-.37***					
Ethical leadership to unethical behavior	-.23**					
Ethical leadership to relationship conflict	-.17*					
<i>Moral manager</i>						
Moral identity symbolization to moral manager	.21*	486.44***	221	2.20	.08	.94
Moral identity internalization to moral manager	.12					
Moral identity symbolization to unethical behavior	.10					
Moral identity symbolization to relationship conflict	.10					
Moral identity internalization to unethical behavior	-.32***					
Moral identity internalization to relationship conflict	-.39***					
Moral manager to unethical behavior	-.21*					
Moral manager to relationship conflict	-.15*					
<i>Idealized influence</i>						
Moral identity symbolization to idealized influence	.21*	524.41***	200	2.62	.10	.92
Moral identity internalization to idealized influence	.09					
Moral identity symbolization to unethical behavior	.08					
Moral identity symbolization to relationship conflict	.09					
Moral identity internalization to unethical behavior	-.33***					
Moral identity internalization to relationship conflict	-.40***					
Idealized influence to unethical behavior	-.14 <sup>†</sup>					
idealized influence to relationship conflict	-.07					
<i>Interpersonal justice</i>						
Moral identity symbolization to interpersonal justice	.09	483.54***	200	2.42	.09	.93
Moral identity internalization to interpersonal justice	.21*					
Moral identity symbolization to unethical behavior	.07					
Moral identity symbolization to relationship conflict	.09					
Moral identity internalization to unethical behavior	-.28**					
Moral identity internalization to relationship conflict	-.36***					
Interpersonal justice to unethical behavior	-.26**					
Interpersonal justice to relationship conflict	-.21**					
<i>Informational justice</i>						
Moral identity symbolization to informational justice	.16 <sup>†</sup>	513.95***	221	2.33	.09	.93
Moral identity internalization to informational justice	.15 <sup>†</sup>					
Moral identity symbolization to unethical behavior	.09					
Moral identity symbolization to relationship conflict	.09					
Moral identity internalization to unethical behavior	-.31***					
Moral identity internalization to relationship conflict	-.39***					
Informational justice to unethical behavior	-.20*					
Informational justice to relationship conflict	-.12					
<i>Ethical leadership with controls</i>						
Moral identity symbolization to ethical leadership	.18**	1,621.11***	755	2.15	.08	.96
Moral identity internalization to ethical leadership	.19**					
Moral identity symbolization to unethical behavior	.04					
Moral identity symbolization to relationship conflict	.04					
Moral identity internalization to unethical behavior	-.24**					
Moral identity internalization to relationship conflict	-.30***					
Ethical leadership to unethical behavior	-.35***					
Ethical leadership to relationship conflict	-.36***					
Idealized influence to unethical behavior	.30*					
Idealized influence to relationship conflict	.34**					
Interpersonal justice to unethical behavior	-.32**					
Interpersonal justice to relationship conflict	-.38*					
Informational justice to unethical behavior	.13					
Informational justice to relationship conflict	.24					
<i>Moral manager with controls</i>						
Moral identity symbolization to moral manager	.24**	1,121.83***	570	1.97	.07	.95
Moral identity internalization to moral manager	.13					

(Continues)

**TABLE 4**  
**(Continued)**

Mediator and Description of Path	<i>b</i>	$\chi^2$	<i>df</i>	$\chi^2/df$	RMSEA	CFI
Moral identity symbolization to unethical behavior	.06					
Moral identity symbolization to relationship conflict	.06					
Moral identity internalization to unethical behavior	-.26**					
Moral identity internalization to relationship conflict	-.32***					
Moral manager to unethical behavior	-.28***					
Moral manager to relationship conflict	-.30***					
Idealized influence to unethical behavior	.27*					
Idealized influence to relationship conflict	.31**					
Interpersonal justice to unethical behavior	-.37*					
Interpersonal justice to relationship conflict	-.43**					
Informational justice to unethical behavior	.14					
Informational justice to relationship conflict	.25					
<i>Idealized influence with controls</i>		1,612.01***	755	2.14	.08	.96
Moral identity symbolization to idealized influence	.23**					
Moral identity internalization to idealized influence	.10					
Moral identity symbolization to unethical behavior	.04					
Moral identity symbolization to relationship conflict	.03					
Moral identity internalization to unethical behavior	-.22**					
Moral identity internalization to relationship conflict	-.28***					
Idealized influence to unethical behavior	.28***					
Idealized influence to relationship conflict	.33***					
Ethical leadership to unethical behavior	-.36**					
Ethical leadership to relationship conflict	-.39**					
Interpersonal justice to unethical behavior	-.29*					
Interpersonal justice to relationship conflict	-.34*					
Informational justice to unethical behavior	.16					
Informational justice to relationship conflict	.27 <sup>†</sup>					
<i>Interpersonal justice with controls</i>		1,601.69***	755	2.12	.08	.96
Moral identity symbolization to interpersonal justice	.11					
Moral identity internalization to interpersonal justice	.24**					
Moral identity symbolization to unethical behavior	.04					
Moral identity symbolization to relationship conflict	.04					
Moral identity internalization to unethical behavior	-.24**					
Moral identity internalization to relationship conflict	-.30***					
Interpersonal justice to unethical behavior	-.29***					
Interpersonal justice to relationship conflict	-.32***					
Ethical leadership to unethical behavior	-.52*					
Ethical leadership to relationship conflict	-.55*					
Idealized influence to unethical behavior	.43*					
Idealized influence to relationship conflict	.47*					
Informational justice to unethical behavior	.15					
Informational justice to relationship conflict	.24*					
<i>Informational justice with controls</i>		1,619.38***	755	2.14	.08	.96
Moral identity symbolization to informational justice	.18*					
Moral identity internalization to informational justice	.18*					
Moral identity symbolization to unethical behavior	.04					
Moral identity symbolization to relationship conflict	.03					
Moral identity internalization to unethical behavior	-.24**					
Moral identity internalization to relationship conflict	-.30***					
Informational justice to unethical behavior	.12					
Informational justice to relationship conflict	.21**					
Ethical leadership to unethical behavior	-.49*					
Ethical leadership to relationship conflict	-.50*					
Idealized influence to unethical behavior	.43*					
Idealized influence to relationship conflict	.47*					
Interpersonal justice to unethical behavior	-.28*					
Interpersonal justice to relationship conflict	-.32**					

<sup>a</sup> *n* = 195. Mediators are italicized.

<sup>†</sup> *p* ≤ .10

\* *p* ≤ .05

\*\* *p* ≤ .01

\*\*\* *p* ≤ .001

influence, interpersonal justice, and informational justice.

Additionally, the partially mediated model does suggest statistically significant direct relationships between moral identity internalization and unit unethical behavior ( $b = -.24, p \leq .01$ ) and relationship conflict ( $b = -.30, p \leq .001$ ), but not between moral identity symbolization and the outcomes ( $b = .04, n.s.$ ;  $b = .04, n.s.$ ). Unexpectedly, leader idealized influence had a direct positive relationship with unethical behavior ( $b = .30, p \leq .05$ ) and relationship conflict ( $b = .34, p \leq .01$ ). Interpersonal justice had a direct relationship with unethical behavior and relationship conflict ( $b = -.32, p \leq .01$ ;  $b = -.38, p \leq .05$ ), but informational justice did not ( $b = .13, n.s.$ ,  $b = .24, n.s.$ ).

Hypothesis 4 predicts that ethical leadership partially mediates the relationship between leader moral identity and unit unethical behavior and relationship conflict. As we did in Study 1, we tested for mediation by following recommendations of James et al. (2006). We used LISREL's effect decomposition statistics to test the goodness-of-fit of ethical leadership as the mediator between moral identity symbolization and the outcomes and moral identity internalization and the outcomes. The indirect effects for the relationships between moral identity internalization and unethical behavior ( $b = -.07, p \leq .05$ ) and relationship conflict ( $b = -.07, p \leq .05$ ) were statistically significant, and the indirect effects for the relationships between moral identity symbolization and the outcomes approached significance ( $b = .06, p \leq .10$ ;  $b = -.06, p \leq .10$ ). Thus, the effect decomposition statistics provide general support for the idea that the relationship between the antecedents and the outcomes occur through the mediator.

**Additional analyses.** We conducted additional analyses by dropping ethical leadership as the mediator of our theoretically derived model and replacing it with the moral manager component of ethical leadership. As previously discussed, the moral manager component of ethical leadership is considered its most unique aspect because from a conceptual standpoint, it does not appear to overlap too heavily with similar leadership constructs. To further examine the substitutability of ethical leadership with other leadership constructs, we also examined models that included idealized influence, interpersonal justice, and informational justice as the primary mediators. We examined each of these models with and without the other leadership variables serving as controls (see Table 4). Both sets of results are summarized in Table 4 (with and without controls). Below we com-

pare the results that do not include control variables.

As demonstrated in Table 4, the path coefficients between moral identity symbolization and moral identity internalization and moral manager ( $b = .21, p \leq .05$ ;  $b = .12, n.s.$ ) were somewhat different from those found when ethical leadership was the mediator ( $b = .15, p \leq .10$ ;  $b = .17, p \leq .05$ ). When idealized influence served as the primary mediator, the path coefficients were similar to those found for moral manager ( $b = .21, p \leq .05$ ;  $b = .09, n.s.$ ). The path coefficient between moral identity symbolization and interpersonal justice was not statistically significant when interpersonal justice served as the primary mediator ( $b = .09, n.s.$ ), but the path coefficient between moral identity internalization and interpersonal justice was statistically significant ( $b = .21, p \leq .05$ ). Finally, the relationships between moral identity symbolization and moral identity internalization and informational justice approached a level of significance when it served as the primary mediator ( $b = .16, p \leq .10$ ;  $b = .15, p \leq .10$ ).

The substitution of each leadership mediator for another leadership mediator produced similar results when the outcome variables were examined. When ethical leadership served as the primary mediator, it had a statistically significant relationship with unethical behavior ( $b = -.23, p \leq .01$ ) and relationship conflict ( $b = -.17, p \leq .05$ ). The results were similar when moral manager ( $b = -.21, p \leq .01$ ;  $b = -.15, p \leq .05$ ) and interpersonal justice served as the primary mediators ( $b = -.26, p \leq .01$ ;  $b = -.21, p \leq .01$ ). When idealized influence served as the primary mediator, its relationship with unethical behavior ( $b = -.14, p \leq .10$ ) and relationship conflict ( $b = -.07, n.s.$ ) was somewhat weaker than those reported for the other leadership mediators. Finally, when informational justice served as the primary mediator, its relationship with unethical behavior ( $b = -.20, p \leq .05$ ) was similar to the other mediators'; however, its relationship with relationship conflict ( $b = -.12, n.s.$ ) was weaker than the other mediators'. These results provide evidence that moral manager, interpersonal justice, and to some extent, informational justice may be substitutable for ethical leadership, at least in terms of their relationships with these particular outcomes. However, idealized influence appears to produce weaker effects in terms of its relationship with unethical behavior and relationship conflict. Findings were similar when we included control variables in each of the models (see Table 4).

## GENERAL DISCUSSION

### Theoretical Implications

Our research has several theoretical implications for the study of leadership, ethical behavior, and the role of identity in organizations. Our findings showed that the two dimensions of moral identity proposed by Aquino and Reed (2002) were positively related to ethical leadership. These results fill a gap in the ethical leadership literature by examining an antecedent of ethical leadership that has been implicated in a number of past studies as a predictor of morally relevant behavior. As a result, our data support the notion that moral identity can act as a source of motivation for leaders to behave in a manner consistent with a self-schema organized around a set of traits (e.g., honest, caring, compassionate, hard-working) associated with a moral prototype. Our findings extend previous research on moral identity (e.g., Aquino & Reed, 2002; Aquino et al., 2007; Reed & Aquino, 2003; Reed et al., 2007) into the organizational domain and demonstrate the variable's value as a robust predictor of ethical outcomes. One interesting caveat worth noting is that the symbolizing behaviors measured by Aquino and Reed's (2002) moral identity scale do not refer specifically to organizational actions. Thus, it appears that the tendency for people to express their moral identity outside their organization may also predict whether they do so within the organization. If so, we can infer that moral identity is a self-defining schema whose influence cuts across multiple social domains.

We expected both dimensions of moral identity to be positively related to ethical leadership. Although we found support for our hypotheses, the effects of symbolization were only related to the unit outcomes through ethical leadership, whereas internalization also demonstrated a direct negative relationship with the unit outcomes. The different relationships between the two dimensions of moral identity and the outcomes we measured are consistent with previous empirical findings using Aquino and Reed's (2002) instrument. A review of these studies demonstrates that internalization and symbolization do not always have the same strength of relationship to morally relevant outcomes. For example, studies have shown that both the symbolization and internalization dimensions were significantly related to self-reported volunteering for community service (Aquino & Reed, 2002; Reynolds & Ceranic, 2007), charitable giving (Reynolds & Ceranic, 2007), and a preference to donate time rather than money to charitable causes (Reed et al., 2007). However, only the internalization dimension has been shown to significantly predict actual

prosocial behavior such as donating food to the needy (Aquino & Reed, 2002) or money to a needy out-group (Reed & Aquino, 2003). Reynolds and Ceranic (2007) also found that the internalization dimension had more robust moderating effects than symbolization on the relationship between ethical judgments (i.e., formalism vs. consequentialism) and various forms of ethical and unethical behavior (e.g., donations, cheating, lying). Taken together, these findings suggest that internalization may be a more reliable predictor than symbolization of actual behaviors and also of behaviors that are unethical. Aquino and Reed (2002) also suggested that another important difference between internalization and symbolization is that the latter more directly taps a general sensitivity of the self as a social object, meaning that it is likely to be a stronger predictor of acts that have a public component. Since ethical leadership was reported by subordinates in our study, these subordinates based their ratings on behaviors that their managers publicly displayed. Thus, it is not surprising that symbolization predicts them more strongly than does internalization.

Moreover, if internalization is a more reliable predictor of both positive and negative behaviors than symbolization, as the extant research suggests, this might explain why we found the former to be directly related to unit-level relationship conflict and unethical behavior. It may be that leaders' internalization predicts other types of behaviors that are not captured by our ethical leadership measure but that could potentially influence unit outcomes. For example, studies using the internalization subscale have shown that it predicts behaviors such as lying during negotiation and cooperation in a social dilemma (Aquino et al., 2009). It has also been shown to predict willingness to rationalize harmful behavior (Aquino et al., 2007; Detert et al., 2007), which in turn can make it easier for people to exhibit such behaviors. It is possible that these types of behaviors are not always visible to subordinates, even though they may in fact have consequences for unit performance. Indeed, it may be that leaders high in internalization perform many "hidden" acts of cooperativeness, generosity, and self-sacrifice or refrain from actions that would disrupt group harmony and cooperation. Subordinates may not witness these actions, but they may nevertheless be critical for creating a unit culture that is ethical and free from disruptive conflict. Future research should investigate this possibility by testing whether internalization, but not symbolization, is indeed more strongly related to less publicly observable actions.

Another possible explanation for why leaders who are high rather than low in internalization reported less unethical behavior and relationship conflict may be that they process social information differently. Perhaps the former are more likely to attend to and recall examples of ethical behavior on the part of followers or positive relational dynamics than the latter. Because the leaders provided our measures of unit outcomes, this second explanation suggests that the internalization dimension of moral identity might explain differences in how people interpret their social environments. Some evidence for this possibility is provided by Reed and colleagues' (2007) study, which showed that internalization, but not symbolization, was positively related to people's perception that donating time rather than money to a charitable cause represented a more caring, moral, socially responsible, and heartfelt act. One way to interpret this finding is that people high on internalization may assign a different meaning, weight, or moral value to the same act than those who are low in internalization. Testing this possibility was beyond the scope of our study, and our data did not permit us to capture cognitive processes that might account for our results. We present this explanation to acknowledge the possibility that differences in information processing may partly account for variance in unit perceptions by leaders as a function of internalization.

Our findings regarding moral identity also contribute more generally to the leadership literature. There is a growing movement in the leadership domain to empirically examine the intersection of leadership and identity (van Knippenberg, van Knippenberg, De Cremer, & Hogg, 2004). This research has been fruitful for explaining how aspects of followers' identities serve as boundary conditions of leadership effects, as well as how leaders can directly influence followers' self-concepts. However, few studies have examined how leader identity shapes the leader's behavior and how this influences follower outcomes. Our research demonstrates the theoretical and practical utility of taking a leader-centered perspective for studying the role of identity on group processes.

Another implication relates to the viability of the conceptual distinctiveness of the ethical leadership construct. An initial step in addressing the utility of a new construct is whether it is related to important outcomes. The results of our research allow us to reconcile inconsistent results from previous studies of ethical leadership. Mayer et al. (2009) found that ethical leadership was negatively related to unit-level organizational deviance, and Walumbwa and Schaubroeck (2009) found support

for the relationship between ethical leadership and voice. However, Detert et al. (2007) found a nonsignificant relationship between ethical leadership and store-level counterproductivity (operationalized as the difference between actual and expected food costs). Our results are consistent with those of Mayer et al. (2009) and Walumbwa and Schaubroeck (2009), but not with Detert et al.'s results (2007). A potential explanation for these discrepant results is context. Detert and colleagues suggested that, because low pay and low skill were prevalent in the organization they sampled, and employees in this restaurant environment faced relatively unambiguous ethical issues, it was not surprising that ethical leadership failed to be significantly related to counterproductivity. The present research responds to their call for "future research across organizational contexts" by exploring the effects of ethical leadership in units from a variety of organizations in different industries (Detert et al., 2007).

In addition to examining the direct relationship between ethical leadership and the outcomes, to be more confident in the conceptual distinctiveness of the ethical leadership construct, we controlled for related leadership constructs (i.e., idealized influence, interpersonal justice, informational justice) in Study 2. We found that even after controls for these related leadership constructs were in place, ethical leadership was negatively related to the unit outcomes. An interesting finding is that although the other leadership constructs had significant, negative correlations with the two outcomes, the effects for interpersonal justice were negative and significant, the effects for informational justice were nonsignificant, and idealized influence had a positive relationship in the model. The positive relationship for idealized influence and the nonsignificant relationship for informational justice may be statistical artifacts resulting from high multicollinearity. These findings provide general support for the uniqueness and utility of the ethical leadership construct.

We also conducted a series of CFAs that support the distinctiveness of ethical leadership. It should be noted that although the correlations between the leadership constructs are high, our data were aggregated to the group level, and aggregating tends to increase the magnitude of correlations between constructs (Kozlowski & Klein, 2000). For example, the individual-level correlations between ethical leadership and interpersonal justice ( $r = .62$ ), informational justice ( $r = .68$ ), and idealized influence ( $r = .78$ ) are still high but are lower than the group-level correlations. In addition, the correlation between the moral manager measure and interpersonal justice ( $r = .70$ ) is reduced, and that for

informational justice ( $r = .76$ ) remains the same. Finally, although these correlations are high, this is not an issue that is unique to the ethical leadership literature. For example, Piccolo and Colquitt (2006) found an individual-level correlation between leader-member exchange and transformational leadership of .70. Similarly, Judge and Piccolo (2004) found a meta-analytic corrected correlation of .80 between transformational leadership and contingent reward. The high correlations in the present research are likely due to the fact that idealized influence and interactional justice represent part (but not the whole) of ethical leadership, as we conceptually and empirically highlighted the part of ethical leadership that is distinct. Thus, although the correlations are high, they are similar in magnitude to others in extant leadership research.

The significant, negative relationship between ethical leadership and relationship conflict suggests that ethical leader behaviors may not only influence subordinates to act ethically, but also influence more general social norms about how people can relate to one another in supportive, respectful, and fair ways. Our findings are consistent with the notion that virtuous behaviors exhibited by ethical leaders can have a spillover effect in a workplace, which in our study appears to translate into lower levels of relationship conflict. Cameron and his colleagues (Cameron, Bright, & Caza, 2004) have argued that witnessing virtuous behavior by organizational members can unlock the human predisposition to behave in ways that benefit others. Arguably, the ethical leadership behaviors described by Brown et al. (2005) and measured in our study can be conceptualized within the larger construct space of virtuous employee behaviors that contribute to individual flourishing, the ennoblement of human beings, and the provision of transcendent meaning and resilience in the face of challenges (Cameron et al., 2004). If one accepts this assumption, then our study provides evidence for the positive influence that virtuous leader behavior can have on subordinates that is such that they are less likely to be mired in interpersonal strife.

Although not a primary contribution of our research, a complementary thread relates to our results for the moral manager measure. Given the novelty of the ethical leadership construct, it was critical to break ethical leadership down into its building blocks to conceptually, operationally, and empirically determine how it is distinct from related leadership constructs. We found empirical support for the distinctiveness of the five-item moral manager measure. We think these results are

important because they afford greater flexibility to scholars interested in studying ethical leadership, in that there is support for using either the ten-item ethical leadership measure or the five-item moral manager component of ethical leadership, depending on the specific research question.

### Practical Managerial Implications

This research has a number of practical implications. First, ethical leadership matters. When a leader models desired ethical behavior and uses rewards and punishments to help ensure appropriate behavior on the part of subordinates, employees are less likely to engage in unethical behavior and less likely to have relationship conflict with co-workers. Given the important role of leaders, it is worthwhile for organizations to utilize human resource practices to increase the level of ethical leadership. This can be accomplished by using selection methods that assess a managerial candidate's integrity or moral development. Alternatively, providing managers with ethics training on the types of behaviors that ethical leaders engage in would prove useful in ensuring that employees get a consistent message about norms for appropriate behavior. One caution is that we only examined a subset of unethical behaviors, so it will be important for future work to examine the effects of ethical leadership on a variety of unethical behaviors before providing definitive practical suggestions for management.

Our research also suggests that finding ways to reinforce or activate leaders' moral identities may be one way to promote ethical behaviors in organizations. One way of activating moral identity may be the use of cues in the social environment, such as posters, slogans, or material symbols that make moral constructs and concerns salient (Aquino et al., 2009; Aquino & Freeman, 2009). Furthermore, it seems likely that being moral is central to many people's self-definitions (Aquino & Reed, 2002; Blasi, 1984), because most people want to view themselves as generally good (Taylor & Brown, 1988). People should therefore be motivated to uphold their moral identities to avoid feeling inauthentic (Skitka, 2002). Thus, leaders who have high scores on measures of moral identity are expected to consistently demonstrate behaviors that are congruent with their moral identities, including demonstrating ethical leadership. To do otherwise would cause these leaders to feel a sense of discomfort and self-condemnation (Aquino & Reed, 2002). Practically, this is important, because leaders with highly moral identities may be more likely to resist competing pressures (e.g., doing whatever it takes



to maintain the bottom line) that would easily cause some leaders to stop demonstrating ethical behaviors and punishing unethical ones. In other words, leaders with strong moral identities are expected to reliably display ethical leadership behaviors that are consistent with their self-definitions, rather than give into pressures that would cause them to feel high levels of discomfort (e.g., unethical behaviors). In line with arguments provided above, this may be another practical reason for selecting leaders who are committed to moral goals, which, according to some writers (e.g., Colby & Damon, 1993) is one indicator that moral identity is central to their self-definition.

### Strengths, Limitations, and Future Directions

The present study has a number of strengths. First, we examine the effects of ethical leadership on important organizational (i.e., unethical behavior) and interpersonal (i.e., relationship conflict) group-level outcomes. Second, we examine ethical leadership effects while controlling for related leadership constructs. Third, we address a gap in the ethical leadership literature by examining leader moral identity as an antecedent of ethical leadership. Fourth, we examine a process through which leader moral identity influences employee unethical behavior and conflict. Fifth, we test our theoretical model using data collected in two large-scale unit-level field studies using parsimonious structural equation models with data collected from multiple sources from different organizations in a variety of industries. Sixth, given the difficulty, stemming from possible social desirability bias, in measuring unethical behavior using self-reports, we opted to assess unethical behavior and relationship conflict data at the unit level using manager reports.

Despite these strengths, several limitations of this research remain. One limitation is that although we draw on social learning theory to link ethical leadership to the outcomes, we did not actually assess any role-modeling variables. Although including such variables may have made our theoretical model cumbersome, we see the importance in examining the underlying processes that are responsible for the effects of ethical leadership. Yet another limitation is that we only focus on negative outcomes in this research (i.e., unethical behavior, conflict). However, work by Mayer et al. (2009), Walumbwa and Schaubroeck (2009), and Piccolo et al. (2010) have suggested that ethical leadership is related to positive behaviors such as “organizational citizenship behavior” and “voice.” In future work, it will be important to expand the nomolog-

ical network of potential dependent variables by considering positive outcomes of ethical leadership such as cooperation and performance (see Walumbwa et al. [2011] for an exception). Further, we assessed unit unethical behavior using supervisor ratings. Although prior work has shown a high correlation between employee and supervisor reports of unit deviance (Mayer et al., 2009), it is unclear how a supervisor may handle a situation in which only one or two employees engage in wrongdoing. Future research may benefit from qualitative data on how supervisors assess units' behavior.

Another limitation is that although leader moral identity symbolization was only related to the unit outcomes through ethical leadership, internalization also exhibited a direct relationship with the unit outcomes. Although we speculated about some potential additional processes explaining this direct relationship, we only assessed ethical leadership in this research. Future research examining additional mechanisms by which leader moral identity internalization influences subordinate behaviors would be useful. In addition, we did not control for variables such as “homophily” and time together in a unit and suggest that future research do so. Finally, it should be noted that one explanation for the direct relationships between leader moral identity and unit outcomes is that supervisors filled out both sets of measures, which potentially increases the likelihood of same-source bias.

### Conclusions

For moral and practical reasons, organizations are interested in decreasing the unethical behavior and relationship conflict. The present research suggests that leaders can play a pivotal role in reducing such negative outcomes. Leaders set the ethical tone of an organization and are instrumental in encouraging ethical behavior and reducing interpersonal conflict from their subordinates. However, more importantly, our work indicates that not only do leaders have to be moral individuals, but also have to go one step further and actively model ethical behaviors and use reward and punishment systems to influence followers' behaviors. Thus, companies that can hire and/or train ethical leaders are more likely to create ethical and interpersonally harmonious work environments.

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## APPENDIX A

### Study Measures

#### Moral Identity

Listed here are some characteristics you might use to describe a person:

Caring, compassionate, fair, friendly, generous, helpful, hardworking, honest, and kind.

The person with these characteristics could be you or someone else. For a moment, visualize in your mind the kind of person who has these characteristics. Imagine how that person would think, feel, and act. When you have a clear image of what this person would be like, answer the following questions.

#### Moral Identity Symbolization ( $\alpha = .83$ ; $\alpha = .84$ )

1. I often wear clothes that identify me as having these characteristics.
2. The types of things I do in my spare time (e.g., hobbies) clearly identify me as having these characteristics.
3. The kinds of books and magazines that I read identify me as having these characteristics.
4. The fact that I have these characteristics is communicated to others by my membership in certain organizations.
5. I am actively involved in activities that communicate to others that I have these characteristics.

#### Moral Identity Internalization ( $\alpha = .87$ ; $\alpha = .78$ )

6. It would make me feel good to be a person who has these characteristics.
7. Being someone who has these characteristics is an important part of who I am.
8. I would be ashamed to be a person who had these characteristics. (reverse-coded)
9. Having these characteristics is not really important to me. (reverse-coded)
10. I strongly desire to have these characteristics.

#### Ethical Leadership ( $\alpha = .96$ , $\alpha = .96$ )<sup>1</sup>

My department manager. . .

1. Listens to what department employees have to say.
2. Disciplines employees who violate ethical standards.
3. Conducts his/her personal life in an ethical manner.

<sup>1</sup> The “moral manager” items are italicized.

4. Has the best interests of employees in mind.
5. Makes fair and balanced decisions.
6. Can be trusted.
7. Discusses business ethics or values with employees.
8. *Sets an example of how to do things the right way in terms of ethics.*
9. Defines success not just by results but also the way they are obtained.
10. Asks "what is the right thing to do?" when making decisions.

#### **Idealized Influence ( $\alpha = .95$ )**

Please see the publisher ([www.mindgarden.com](http://www.mindgarden.com)) for the items to this measure.

#### **Interpersonal Justice ( $\alpha = .95$ )**

1. Has he/she treated employees in a polite manner?
2. Has he/she treated employees with dignity?
3. Has he/she treated employees with respect?
4. Has he/she refrained from improper remarks or comments?

#### **Informational Justice ( $\alpha = .94$ )**

5. Has he/she been candid in communications with employees?
6. Has he/she explained the procedures used to make job decisions thoroughly?
7. Were his/her explanations regarding the procedures used to make job decisions reasonable?
8. Has he/she communicated details in a timely fashion?
9. Has he/she seemed to tailor his/her communications to individuals' specific needs?

#### **Unethical Behavior ( $\alpha = .96, \alpha = .95$ )**

To what extent do department employees. . .

1. Use company services for personal use?
2. Do personal business on company time?
3. Pilfer company materials and supplies?
4. Take extra personal time (lunch hour, breaks, personal departure)?
5. Conceal one's errors?
6. Pass blame for errors to an innocent coworker?
7. Claim credit for someone else's work?
8. Give gifts/favors in exchange for preferential treatment?
9. Accept gifts/favors in exchange for preferential treatment?
10. Falsify time/quality/quantity reports?

11. Call in sick to take a day off?
12. Authorize a subordinate to violate company rules?
13. Pad an expense account up to 10%?
14. Pad an expense account more than 10%?
15. Take longer than necessary to do a job?
16. Divulge confidential information?
17. Not report others' violations of company policies and rules?

#### **Relationship Conflict ( $\alpha = .94$ ).**

1. There is a lot of friction among employees in my department.
2. There are a lot of personality conflicts in my department.
3. There is a lot of tension among employees in my department.
4. There is a lot of emotional conflict among department employees.



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