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Three Essays on the Antecedent and Mechanisms of Ethical Leadership

par
Dongkyu Kim

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Three Essays on the Antecedent and Mechanisms of Ethical Leadership

Présentée par :

Dongkyu Kim

a été évaluée par un jury composé des personnes suivantes :

Denis Chenevert
HEC Montréal
Président-rapporteur

Christian Vandenberghe
HEC Montréal
Directeur de recherche

Alexandra Panaccio
Concordia University
Membre du jury

Jin Nam Choi
Seoul National University
Examinateur externe

Olivier Doucet
HEC Montréal
Représentant du directeur de HEC Montréal

Résumé

Cette thèse comprend trois essais portant sur la compréhension de l'antécédent et des mécanismes du leadership éthique. En s'appuyant sur la théorie de l'échange social (Blau, 1964), le premier essai suggère que le leadership éthique de collègues chefs d'équipe favorise le leadership éthique de chefs d'équipe par le biais d'échanges entre ces chefs d'équipe. Utilisant les principes de la théorie du capital social (Burt, 1992; Granovetter, 1973), le premier essai démontre également que l'ancienneté organisationnelle des chefs d'équipe renforcent la relation indirecte entre le leadership éthique de collègues chefs d'équipe et le leadership éthique leadership éthique de chefs d'équipe. Les résultats sont basés sur un échantillon de 150 équipes de l'armée de la République de Corée, située en Corée du Sud.

En outre, le deuxième essai examine un modèle de leadership éthique au sein d'une équipe dans l'armée de la République de Corée (N = 150). S'appuyant sur la théorie de l'apprentissage social (Bandura, 1986), le deuxième essai explique que le leadership éthique a pour effet d'augmenter les comportements de voix éthique et de citoyenneté organisationnelle envers les individus (OCB-I) et l'organisation (OCB-O) de l'équipe par l'intermédiaire de son effet sur l'efficacité morale de l'équipe. S'appuyant sur la théorie du traitement de l'information sociale (Salancik & Pfeffer, 1978) et le modèle d'intuitionnisme social (Haidt, 2001), le deuxième essai a également démontré que le climat éthique de l'équipe renforce ces relations indirectes entre le leadership éthique et la voix éthique et les OCB-I de l'équipe.

Enfin, à l'aide d'une étude à trois temps de mesure réalisée au Canada sur une période de six mois (N = 297), le troisième essai propose et a révélé que le mécanisme

d'échange social (c.-à-d., le soutien organisationnel perçu) explique comment le leadership éthique influence l'engagement organisationnel affectif et normatif des subordonnés. De plus, utilisant le cadre de la motivation autonome de la théorie de l'autodétermination (Deci & Ryan, 1985; Ryan & Deci, 2000), le troisième essai a démontré que le processus d'échange social qui sous-tend la relation entre leadership éthique et l'engagement organisationnel est plus fort lorsque les subordonnés ont de hauts niveaux d'habilitation psychologique.

Mots-clés : leadership éthique; échanges entre collègues chefs d'équipe; efficacité morale de l'équipe; soutien organisationnel perçu; voix éthique de l'équipe; comportement de citoyenneté organisationnel de l'équipe; engagement organisationnel; ancienneté organisationnelle; habilitation psychologique; climat éthique; théorie de l'apprentissage social; théorie de l'échange social; théorie du capital social; théorie du traitement de l'information sociale; théorie de l'autodétermination.

Méthodes de recherche : Recherche quantitative

Abstract

This thesis includes three essays that focus on understanding the antecedent and mechanisms of ethical leadership. Drawing on social exchange theory (Blau, 1964), the first essay suggested and found that peer team leaders' ethical leadership promotes team leaders' ethical leadership through peer leader-leader exchange using a sample of 150 teams in the Republic of Korea Army, located in South Korea. Drawing upon social capital theory (Burt, 1992; Granovetter, 1973), the first essay also found that team leaders with high organizational tenure strengthened the indirect relationship between peer team leaders' ethical leadership and team leaders' ethical leadership.

Furthermore, the second essay examined a team-level model of ethical leadership in the Republic of Korea Army (N = 150). Building on social learning theory (Bandura, 1986), the second essay indicated that ethical leadership resulted in enhanced team ethical voice and organizational citizenship behavior directed at individuals (OCB-I) and the organization (OCB-O) through the intervening role of team moral efficacy. Drawing on social information processing theory (Salancik & Pfeffer, 1978) and the social intuitionist model (Haidt, 2001), the second essay also demonstrated that the team ethical climate strengthened these indirect relationships between ethical leadership and both team ethical voice and OCB-I.

Lastly, based on a three-wave study collected in Canada over a six-month period (N = 297), the third essay proposes and found that the social exchange (i.e., perceived organizational support) mechanism explains how ethical leadership relates to follower affective and normative organizational commitment. Moreover, using the autonomous motivational framework of self-determination theory (Deci & Ryan, 1985; Ryan & Deci,

2000), the third essay found that the social exchange process underlying the relationship between ethical leadership and organizational commitment was stronger when followers displayed high levels of psychological empowerment.

Keywords : ethical leadership; peer leader-leader exchange; team moral efficacy; perceived organizational support; team ethical voice; team organizational citizenship behavior; organizational commitment; organizational tenure; psychological empowerment; ethical climate; social learning theory; social exchange theory; social capital theory; social information processing theory; self-determination theory.

Research methods : Quantitative research

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To my lovely wife and precious parents,

Boae Kim, Sungsoo Kim, Chunseop Jang, Changhee Kim, and Jeongsoon Jeong.

With their endless love, support, and faith,

I could complete this long journey without giving up

the true meaning of dedication.

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Introduction

The repeated cases of serious corruption involving the Lehman Brothers' top bank executives resulted not only in the bankruptcy of their investment bank. It also it triggered the U.S. credit markets' collapse, which cascaded into a global financial crisis (Wolff, 2011). Additionally, several top executives of large global organizations (e.g., Oxfam, Samsung, Volkswagen) recently accused of immoral behaviors (e.g., bribery, falsifying diesel emissions tests, and child abuse) and financial misconduct (e.g., fund embezzlement and tax evasion) have been struggling under a government clampdown that endeavors to enforce fundamental economic principles (Bryan & Song, 2018; Choudhury, 2017; Kottasova, 2015; Ratcliffe, 2019). These top executives' unethical behaviors represent negative images of their organizations. Due to an increase in the number of prominent ethics scandals, not only in business corporations, but also in the government, the military, or even nonprofit organizations, there has been increasing scholarly attention to understanding both the importance of employee ethical behavior and the role of ethical leadership (e.g., Babalola, Stouten, Camps, & Euwema, 2019; Men, Fong, Huo, Zhong, Jia, & Luo, 2018; Mo & Shi, 2017). 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, Treviño, & Harrison, 2005, p. 120).

While most studies in ethical leadership have focused on its consequences (e.g., Lee, Choi, Youn, & Chun, 2017; Mo, Ling, & Xie, 2019; Moore, Mayer, Chiang, Crossley, Karlesky, & Birtch, 2019), insufficient research has examined the antecedent of

ethical leadership. Several studies have investigated the antecedents of ethical leadership, such as leaders' characteristics and the cascading effect of higher-level leaders' behavior (e.g., Ahn, Lee, & Yun, 2018; Byun, Karau, Dai, & Lee, 2018; Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009; Sosik, Chun, Ete, Arenas, & Scherer, 2018; Walumbwa & Schaubroeck, 2009; Wang, Xu, & Liu, 2018). Yet, scholars have recently suggested that further studies may need to focus on the antecedent of ethical leadership from the perspective of coworkers in the organization because team leaders are now less likely to rely only on formal authority and are more likely to be influenced by their peers (e.g., Fehr, Yam, & Dang, 2015; Palanski, Newman, Leroy, Moore, Hannah, & Den Hartog, 2019). Additionally, in contrast to the accumulating evidence on the positive influence of ethical leadership on both follower and team outcomes (e.g., Bedi, Alpaslan, & Green, 2016; Ng & Feldman, 2015; Hoch, Bommer, Dulebohn, & Wu, 2018), we still have a limited understanding of the mechanisms linking ethical leadership to these work outcomes. Specifically, although several studies have concentrated on the underlying process that links the relationship between ethical leadership and various individual/team outcomes (e.g., Huang & Paterson, 2017; Li, Wu, Johnson, & Avey, 2017; Schaubroeck et al., 2012; Shin, 2012; Walumbwa, Hartnell, & Misati, 2017; Walumbwa, Morrison, & Christensen, 2012), there is the lack of understanding regarding the motivational and psychological mechanisms linking ethical leadership to work outcomes. Hence, the current dissertation comprises three essays in pursuit of a comprehensive understanding regarding the antecedent and mechanisms of ethical leadership within a multi-level perspective.

This thesis aims to contribute to the ethical leadership literature in several important ways. The first essay intends to investigate the antecedent of ethical leadership. Drawing from social exchange theory (Blau, 1964), the first essay suggests that peer team leaders' ethical leadership promotes team leaders' ethical leadership through peer leader-leader exchange. This article assumes that peer leaders and team leaders are in the same job position and have regular contact with each other. Moreover, the first essay proposes that team leaders' organizational tenure moderates the indirect relationship between peer team leaders' ethical leadership and team leaders' ethical leadership by applying social capital theory (Burt, 1992; Granovetter, 1973).

Building on social learning theory (Bandura, 1986), another study suggests that the team motivational process via team-level ethical leadership is positively related to team ethical voice and organizational citizenship behavior (OCB) by looking at the mediating role of team moral efficacy. Using the lens of social information processing theory (Salancik & Pfeffer, 1978) and the social intuitionist model (Haidt, 2001), the second essay also investigates the moderating role of team ethical climate on the indirect relationships between ethical leadership and team extra-role performance.

Finally, based on social exchange theory, the third essay proposes that ethical leadership influences follower affective and normative commitment through a distinct mediating pathway, namely perceived organizational support (POS). Furthermore, drawing on self-determination theory (Deci & Ryan, 1985; Ryan & Deci, 2000), the current study examines the moderating effect of employees' psychological empowerment on the indirect relationship between ethical leadership and organizational commitment.

The next chapter introduces the focal concept and the three major theoretical processes of ethical leadership. The following three chapters that respectively present the three separate studies that constitute the key points of this dissertation. The final chapter summarizes the core theoretical contributions and practical implications of the current thesis and also discusses possible directions for future research of the ethical leadership literature.

Chapter 1
The Concept and Three Major Theoretical Processes of Ethical Leadership

In this chapter, the current study first reviews the concept of ethical leadership, such as the definition of ethical leadership and the difference among relevant leadership variables with ethical leadership. In addition, this study demonstrates three major theoretical mechanisms that link ethical leadership to employee work outcomes.

1.1 The Concept of Ethical Leadership

Brown, Treviño, and Harrison (2005) defined ethical leadership 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" (p. 120). Indeed, they conceptualized ethical leadership as leader behaviors that promote normatively appropriate conduct among followers. In addition, followers observe an ethical leader as both a moral person and a moral manager. A leader who conducts his or her personal life in an ethical way has his or her followers' best interests in mind; moreover, a leader who exhibits high trustworthiness is considered to be a moral person. As a moral manager, a leader vigorously promotes ethical behaviors by role modeling appropriate behaviors, punishing inappropriate behaviors, making fair management decisions, and participating in two-way communications with followers.

Scholars may have to consider whether positive reactions to ethical leadership are due to the overlap of ethical leadership with related leadership constructs (Hunter, 2012).

There are certainly prior studies proposing that ethical leadership is different from other leadership constructs, including transformational leadership, servant leadership, authentic leadership, leader-member exchange (LMX), and destructive leadership (Bedi et al., 2016; Brown et al., 2005; Brown & Treviño, 2006; Hoch et al., 2018; Lemoine, Hartnell, & Leroy, 2019; Lin, Ma, & Johnson, 2016; Ng & Feldman, 2015). First, transformational leadership, which refers to inspiring followers to identify with a broader vision beyond their own immediate self-interests (Bass, 1985), is different from ethical leadership because ethical leadership includes neither expressing a corporate vision nor providing intellectual stimulation to employees, both of which are central to transformational leadership (Brown & Treviño, 2006). Second, ethical leadership is also different from other related moral forms of leadership (i.e., servant leadership and authentic leadership). Servant leadership is defined as "leadership behaviors in which leaders persevere to be servant first rather than leader first and put their subordinates' highest priority needs before their own" (Greenleaf, 1977, p. 14). Indeed, Van Dierendonck (2011) argues that servant leader behaviors include acting for service rather than self-interest, empowering and developing followers, and displaying humility and authenticity. Even though servant leadership is uniquely concerned with the success of all organizational stakeholders, and even though servant leaders engage in self-reflection to attenuate the leader's hubris (Graham, 1991; Walumbwa, Hartnell, & Oke, 2010), ethical leadership mainly focuses on compliance with ethical standards and procedures (Brown & Treviño, 2006; Lemoine et al., 2019). On the other hand, authentic leadership refers to "a pattern of leader behavior that draws upon and promotes both positive psychological capacities and a positive ethical climate, to foster greater self-awareness, an internalized moral perspective, balanced

processing of information, and relational transparency on the part of leaders working with followers, fostering positive self-development" (Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008, p. 94). That is, authentic leadership concentrates on self-awareness and moral self-concordance (Avolio & Gardner, 2005; Lemoine et al., 2019). Authentic leaders are characterized as team leaders who have high moral traits and make moral decisions autonomously and independently (Avolio, Gardner, Walumbwa, Luthans, & May, 2004; Avolio & Luthans, 2006; Gardner, Avolio, Luthans, May, & Walumbwa, 2005). While authentic leaders display self-awareness and willingly look for constructive feedbacks for their followers' personal growth (Avolio & Gardner, 2005; Gardner et al., 2005; Walumbwa et al., 2008), ethical leaders apply rewards and punishments to maintain the moral perspective of followers by emphasizing compliance to ethical rules and values (Hoch et al., 2018; Lemoine et al., 2019).

Furthermore, in comparison with LMX, which is the extent to which leaders develop high quality relationships with followers (Gerstner & Day, 1997; Ilies, Nahrgang, & Morgeson, 2007), ethical leadership focuses on promoting the ethical standards of followers instead of promoting the quality of relationships. Lastly, ethical leadership is not simply the opposite of destructive leadership (Ng & Feldman, 2015). Destructive leadership is defined as leader behaviors that suppress the professional growth and development of followers or harm followers' well-being (Schyns & Schilling, 2013) such as being abusive, autocratic, or despotic. Unal, Warren, and Chen (2012) have argued that destructive leadership violates widely recognized moral principles that all employees should be treated with fairness and dignity. Thus, destructive leadership is clearly

unethical, whereas ethical leadership implies more than restraining oneself from being unethical and actively promoting the adoption of ethical norms among followers.

1.2 Three Major Theoretical Processes of Ethical Leadership

1.2.1 Social Learning Theory

According to social learning theory, Bandura (1971; 1986) argues that individuals learn through role modeling, which is induced by both direct and vicarious experience by observing others' behaviors and its consequences. For example, on the one hand, the verbal coding of observed experience is believed to enhance the speed of learning. That is, not only does it involve merely observing someone's behavior, but also the verbal exchange (e.g., advice, instructions, and encouragement) that directly leads to engaging in similar future behavior. On the other hand, when the actual role model is no longer present, imagery formation could occur via repeated exposure to the role-modeled behavior so that relatively enduring and identifiable behavioral images are later induced. Moreover, Bandura (1969) describes several sub-processes that facilitate learning. These sub-processes involve "attentional processes (awareness of the modeled behavior), retention processes (opportunity to respond to the modeled behavior), motoric reproduction processes (opportunity to engage in behavior similar to that which was modeled), and incentive or motivational processes (positive reinforcement for engaging in the modeled behavior)" (Eby, Butts, Hoffman, & Sauer, 2015, p. 1276).

Drawing from Brown and Treviño's (2006; 2014) arguments on social learning as the key explanatory mechanism that determines both who becomes an ethical leader and how ethical leaders influence outcomes through imitation and role modeling, ethical leadership proposes that leaders influence the ethical conduct of their followers through

psychological matching processes. Specifically, the term *role modeling* covers a broad range of psychological mechanisms, including observational learning, emulation, and identification. This psychological process seems to be especially important when the role-modeled behavior involves ethical conduct in organizations. Individuals can learn what behavior is expected, rewarded, and punished through role modeling. Leaders are "an important and likely source of such role modeling first by virtue of their assigned role, their status and success in the organization, and their power to affect the behavior and outcomes of others" (Brown et al., 2005, p. 119). Coworkers could also be an important and expected source of such modeling by the features of their similar roles, their horizontal status and success in the organization, and their competence and know-how to affect the outcomes of others in the same workgroup (Brown & Treviño, 2014).

Recent meta-analytic studies have demonstrated that social learning theory is useful in explaining the pervasive positive influence of ethical leadership on employee work outcomes (e.g., Bedi et al., 2016; Hoch et al., 2018; Ng & Feldman, 2015). From ethical leaders demonstrating altruistic behaviors that are committed to the best interests of their followers and the collective goals, ethical leaders are seen as credible and attractive role models whose behaviors are often emulated by followers. Through either direct personal experience or through observing coworkers' being disciplined or recognized, employees are not only more likely to learn from such conduct and engage in appropriate behaviors that help their coworkers, which is vital to the success of the organization. They are also less likely to engage in inappropriate behaviors that may harm the organization's interests and/or those of other coworkers. While social learning theory has been used to theorize the influence of ethical leadership, this study also argues that

two other major theoretical frameworks, namely social exchange theory and social identity theory, are instrumental in rationalizing the effects of ethical leadership on work outcomes.

1.2.2 Social Exchange Theory

Social exchange theory (Blau, 1964) posits that the exchange of tangible and intangible resources is a fundamental form of human interaction. These exchanges are guided by the norm of reciprocity (Gouldner, 1960) and, when effective, lead to high-quality relationships characterized by mutual trust and obligations (Cropanzano & Mitchell, 2005; Mitchell, Cropanzano, & Quisenberry, 2012). Given that ethical leaders are recognized as fair, honest, accountable, and caring about their followers' well-being (Brown et al., 2005; Brown & Treviño, 2006; 2014), employees are more inclined to develop a trustful exchange relationship with the leader (Liden & Maslyn, 1998; Mayer, Davis, & Schoorman, 1995). A higher leader-member exchange (LMX) may enable the employee to receive the necessary resources that aid him or her in performing at high levels. Differences in task performance are theorized as one of the bases through which a leader develops differential relationships with his or her followers (Dansereau, Graen, & Haga, 1975; Dienesch & Liden, 1986). Indeed, employees with high LMX tend to feel more obligated to continuously perform at higher levels to reciprocate for the favorable treatment by the leader (Liden, Sparrowe, & Wayne, 1997). It is thus likely that employees working with ethical leaders will feel compelled to reciprocate these positive behaviors and will attempt to maintain high-quality exchange relationships with their leaders, which should motivate followers to engage in positive work outcomes, such as high task

performance and affective commitment (Hansen, Alge, Brown, Jackson, & Dunford, 2013; Walumbwa, Mayer, Wang, Wang, Workman, & Christensen, 2011).

1.2.3 Social Identity Theory

Social identity theory provides a separate perspective that can explain the favorable effects of ethical leadership. The basic tenet of this theory is that individuals categorize themselves as members of social groups (Hogg & Abrams, 1988). Individuals who identify with their leader, workgroup, or organization accentuate similarities between themselves and other members (Stets & Burke, 2000), resulting in strong identification with the leader, workgroup, or organization (Ashforth & Mael, 1989; Postmes, Spears, Lee, & Novak, 2005; Zhang, Chen, Chen, Liu, & Johnson, 2014). Specifically, social identity theory suggests that individuals engage in behaviors to support the social groups with which they strongly identify; the success and enhanced status of their social groups ultimately boost their own self-identities (Ashforth & Mael, 1989; Baumeister, 2010). When leaders exhibit care for their employees and promote high moral standards, such leaders increase their credibility and trustworthiness, which encourages subordinates to identify and feel proud about being associated with them (Tyler & Blader, 2003). This occurs because the moral virtues and trustworthiness of these leaders help followers feel good about themselves (i.e., self-worth); thus, these feelings of positive self-worth are easily integrated into their self-concept (Sluss & Ashforth, 2007; Tyler, 1997; Tyler & Blader, 2009). The strong relational bond between an employee and the organization or the team leader, as is reflected in organizational identification or relational identification, motivates the employee to engage in activities to maintain his or her positive connection with the organization (Walumbwa et al., 2011; Zhu, He, Treviño, Chao, & Wang, 2015).

Chapter 2

Essay One: Lateral Exchange Relationships and Team Leaders' Ethical Leadership: Combining Social Exchange and Social Capital Perspectives

2.1 Abstract

The present study explores a neglected area of research on ethical leadership: lateral exchange relationships among peer leaders as drivers of ethical leadership. Using a social exchange approach, this study reasoned that peer team leaders' ethical leadership promotes team leaders' ethical leadership through peer leader-leader exchange. Moreover, drawing upon social capital theory, the current study posited that team leaders' organizational tenure moderates this relationship. Using data from 450 team members nested in 150 teams and their team leaders in the Republic of Korea Army, peer leader-leader exchange was found to mediate a positive relation between peer leaders' ethical leadership and team leaders' ethical leadership. Moreover, this relation was stronger at high levels of team leaders' organizational tenure. Importantly, these findings were obtained while controlling for upper leaders' ethical leadership. This research discusses the implications of these findings for the understanding of the antecedents of team leaders' ethical leadership.

2.2 Introduction

The former chairman of the South Korean Joint Chiefs of Staff, Chief of Naval Operations, and Army generals were arrested on charges of not only receiving bribes, but also sexually assaulting female subordinate officers (Lee, 2018; Song, 2015; Yonhap,

2017). Meanwhile, an ex-Volkswagen CEO was recently charged with falsifying diesel emission tests, which created anger and concern among people around the world (Ewing, 2018; Shane, 2019). While such unethical behaviors have had detrimental impacts on organizational outcomes, these call for attention from researchers and practitioners regarding the nature and implications of ethical leadership. As defined in Brown, Treviño, and Harrison's (2005, p. 120) seminal work, ethical leadership refers to demonstrating appropriate conduct through one's own actions and relationships to others and promoting such behavior among team members through interpersonal communication and reinforcement.

While prior studies have examined the relationship between ethical leadership and various individual outcomes such as task performance, citizenship behavior, and unethical behavior (e.g., Avey, Palanski, & Walumbwa, 2011; Kacmar, Bachrach, Harris, & Zivnuska, 2011; Mayer, Nurmohamed, Treviño, Shapiro, & Schminke, 2013; Walumbwa, Mayer, Wang, Wang, Workman, & Christensen, 2011), only a few studies have investigated the antecedents of team leaders' ethical leadership (e.g., Ahn, Lee, & Yun, 2018; Brown & Treviño, 2014; Jordan, Brown, Treviño, & Finkelstein, 2013; Mayer, Aquino, Greenbaum, & Kuenzi, 2012; Qin, Huang, Hu, Schminke, & Ju, 2018; Sosik, Chun, Ete, Arenas, & Scherer, 2018; Walumbwa & Schaubroeck, 2009). For instance, previous research found upper-level leaders' ethical leadership to predict team leaders' ethical leadership through a trickle-down mechanism (Byun, Karau, Dai, & Lee, 2018; Hansen, Alge, Brown, Jackson, & Dunford, 2013; Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009; Ruiz, Ruiz, & Martínez, 2011; Schaubroeck et al., 2012; Wang, Xu, & Liu, 2018). Besides this work, we lack an understanding of the role of peer team leaders'

ethical leadership in focal team leaders' ethical leadership. A peer team leader is a leader that (a) directs a work unit at the same level of the organizational hierarchy, (b) has regular contacts with other team leaders, and (c) is affiliated with the same department as other focal team leaders. While extant studies have shown that leaders' behaviors are related to followers' behavioral outcomes, scholars have also demonstrated that lateral relationships among peer team members have their own importance. For instance, peers' behaviors may instill behavioral changes among co-workers (e.g., Chiaburu & Harrison, 2008; Jackson & LePine, 2003; LePine & Van Dyne, 2001; Takeuchi, Yun, & Wong, 2011; Yukl, 2010). However, researchers have scarcely examined how peer leaders may affect the behaviors of other leaders pertaining to the same hierarchical level (e.g., Schaubroeck, Lam, & Peng, 2016; Wang, Waldman, & Zhang, 2014).

In this study, we extend the application of social exchange theory (Blau, 1964) to suggest that peer team leaders' ethical leadership will promote high-quality social exchange relationships with other team leaders, which we label *peer leader-leader exchange* (PLLX), thereby favoring the emergence of a focal team leader's ethical leadership. We define PLLX as the quality of the horizontal, social exchange relationship between a team leader and other peer team leaders of the same level. Following a social exchange account (Graen & Uhl-Bien, 1995; Seers, 1989), PLLX would be characterized by liking, respect for peer team leaders' suggestions and feedback, and mutual trust. These lateral exchange relationships would act as a conduit for emulating the ethical behaviors expressed by peer team leaders as ethical role models (Brown & Treviño, 2014; Erdogan, Liden, & Kraimer, 2006; Mayer, Davis, & Schoorman, 1995; Ng & Feldman, 2015; Wayne, Shore, Bommer, & Tetrick, 2002; Weaver, Treviño, & Agle, 2005). These

relationships would prompt team leaders to feel obligated to imitate the moral behaviors of peer team leaders (Mitchell, Cropanzano, & Quisenberry, 2012; Weaver et al., 2005; Yang, Ding, & Lo, 2016). Thus, PLLX would work as a central linchpin between peer leaders' ethical leadership and focal team leaders' ethical leadership.

The strength of the relations between ethical leadership and its antecedents has been found to vary across studies, suggesting that some factors intervene as moderators (e.g., Ahn et al., 2018; Demirtas, 2015; Kacmar et al., 2011). Demographic characteristics may constitute such boundary conditions (e.g., Chan & Mak, 2014; Yukl, 2010). Drawing upon social capital theory (Burt, 1992; Granovetter, 1973), we suggest that team leaders' organizational tenure, which refers to their length of employment in the organization (Growth, Goldman, Gilliland, & Bies, 2002; McEnrue, 1988), may strengthen the exchange relationship between peer leaders' ethical leadership and focal leaders' ethical leadership. Team leaders with long tenure are likely to have developed strong relationships with other leaders in the organization (Ng & Feldman, 2011; Ohana, 2014; Sturman, 2003). Owing to their long tenure, these leaders may have had time to observe and be sensitive to peer leaders' moral behavior and therefore to develop high-quality social exchange relationships with them (e.g., Chan & Mak, 2014; Weaver et al., 2005). This process may result in a stronger indirect connection between peer leaders' ethical leadership and focal team leaders' own ethical leadership (e.g., Bedi, Alpaslan, & Green, 2016; Yang et al., 2016). In contrast, team leaders with short tenure are less likely to have been exposed to the influence of peer leaders' ethical leadership because they may have had fewer chances to build social ties with them (Ohana, 2014; Ng & Feldman, 2011).

This may result in a weaker relation between peer leaders' ethical leadership and focal leaders' ethical leadership via PLLX.

This study contributes to the current literature in several ways. First, the current study innovates by digging into the unknown spectrum of the potential antecedents of ethical leadership. While previous research has examined the outcomes of ethical leadership, this study addresses the question of what could foster ethical leadership, an inquiry that has the potential to help organizations setting up practices promoting ethical behavior. Second, this study contributes to fill the gap of knowledge regarding the role of lateral social exchange relationships among peer leaders in the emergence of focal team leaders' ethical leadership. Social exchange relationships have been widely studied in the context of leader-follower dyads. We suggest that team leaders may come to emulate peer leaders' ethical leadership through PLLX, suggesting that supportive exchange, fair treatment, and feedback by peer leaders is a mechanism through which leading by modeling moral behavior can be transferred from peer leaders to focal team leaders. Third, the current study contributes to the literature on social capital theory by investigating organizational tenure as a boundary condition for the influence of peer leaders' ethical leadership. Organizational tenure basically reflects the extent to which an employee is a true insider, hence has strong social ties in the organization. As such, it may alter how peer leaders' ethical leadership can model focal team leaders' ethical practices. This underscores the importance of being an insider for benefitting from an environment of ethical leadership among peer leaders. Figure 2.1 describes our hypothesized research model.

--- Insert Figure 2.1 about here ---

2.3 Literature Review and Hypothesis Development

2.3.1 Peer Leaders' Ethical Leadership, PLLX, and Team Leaders' Ethical leadership

Ethical leadership refers to modeling appropriate behavior by one's actions and relationships with followers and promoting normative behavior within one's team (Brown et al., 2005). Brown and Treviño (2006) argue that ethical leaders not only conduct their personal lives in an ethical manner and show high integrity; they also reinforce high ethical standards and make fair management decisions. Ethical leadership has been found to relate to desirable behaviors among employees such as increased task performance, citizenship behaviors, and ethical conduct, along with lower levels of counterproductive work behaviors (e.g., Avey et al., 2011; Kacmar et al., 2011; Lu & Lin, 2014; Mayer, Kuenzi, & Greenbaum, 2010; Mayer et al., 2012; 2013; Miao, Newman, Yu, & Xu, 2013).

Previous research has reported evidence for a trickle-down effect of ethical leadership, in which the ethical leadership of upper-level leaders transfers to lower-level leaders' ethical leadership (e.g., Byun et al., 2018; Mayer et al., 2009; Schaubroeck et al., 2012; Wang et al., 2018). However, leadership patterns are not only transmitted through hierarchical relationships. For example, Wang et al. (2014) found a positive relationship between coworkers' ratings of group peers' transformational leadership (displayed as shared leadership within teams) and team effectiveness. Similarly, prior studies have argued that peer team leaders can be a source of social influence to promote changes in other leaders' behavior in terms of shared organizational and group goals (e.g., Schaubroeck et al., 2016; Yukl, 2010). Scholars have suggested that peer leaders have an advantage over upper-level leaders by using the power of *soft influence* (e.g., Schaubroeck et al., 2016; Wang et al., 2014). Specifically, peer team leaders may understand one

another's perspectives more easily because they share a similar social standing or membership in a social category (Schaubroeck et al., 2016; Smith & Hogg, 2008). Moreover, peer leaders can easily represent ideal career models, thereby increasing their importance as ethical role models (Bandura, 1986; Brown & Treviño, 2014; Weaver et al., 2005). As such, focal team leaders may develop their ethical leadership by observing and emulating exemplary peer leaders' behavioral styles (Schaubroeck et al., 2016; Weaver et al., 2005).

Social exchange theory has been used to explain the ability of ethical leaders to encourage employees to engage in normative behaviors (e.g., Bedi et al., 2016; Hoch, Bommer, Dulebohn, & Wu, 2018; Ng & Feldman, 2015). By extension, social exchange theory (Blau, 1964) can explain how peer leaders' ethical leadership may exert a distal effect on team leaders' ethical leadership. Social exchange theory proposes that following the norm of reciprocity individuals feel obligated to reciprocate helpful or favorable behaviors when an exchange partner has been good and fair to them (Cropanzano & Mitchell, 2005). Specifically, compared to economic exchange relationships, which are based on economic transactions, a social exchange relationship develops through socioemotional inducements such as mutual trust and professional respect (Graen & Uhl-Bien, 1995; Holmes, 1981). Such relationships engender feelings of personal obligation based on the norm of reciprocity (Cole, Schaninger Jr., & Harris, 2002; Gouldner, 1960; Mitchell et al., 2012).

Scholars suggest that employees engage in social exchange relationships with their colleagues and leaders in the organization, leading to a variety of exchange relationships such as team-member exchange (TMX), leader-member exchange (LMX), or leader-

leader exchange (LLX) (e.g., Biggs, Swailes, & Baker, 2016; Dulebohn, Bommer, Liden, Brouer, & Ferris, 2012; Herdman, Yang, & Arthur, 2017; Lorinkova & Perry, 2017; Seers, Petty, & Cashman, 1995; Tse & Dasborough, 2008). Moreover, research indicates that effective team leaders engage in social exchange relationships with their followers, upper leaders, or coworkers (Chun, Cho, & Sosik, 2016; Golden & Veiga, 2018; Kozlowski & Bell, 2013; Yukl, 2010; Zaccaro, Heinen, & Shuffler, 2009). Empirical evidence suggests that both vertical exchange relationships with team members and lateral exchange relationships among team members contribute to make supervisory leadership more effective (e.g., Banks, Batchelor, Seers, O'Boyle Jr, Pollack, & Gower, 2014; Chun et al., 2016; Dulebohn et al., 2012; Ilies, Nahrgang, & Morgeson, 2007; Martin, Guillaume, Thomas, Lee, & Epitropaki, 2016). Unlike vertical exchange relationships (i.e., LMX or LLX), the current study examines the role of lateral exchange relationships among peer leaders (i.e., PLLX) as drivers of focal team leaders' ethical leadership. PLLX differs from TMX by reflecting exchange relationships among peer leaders who are in charge of different teams but are affiliated with the same department.

Peer leaders may constitute ethical role models for other team leaders when they demonstrate high integrity and accountability, exhibit ethical conduct, and care about other leaders in their department (Brown et al., 2005; Schaubroeck et al., 2016; Weaver et al., 2005). Drawing upon social exchange theory, these peer leaders' ethical behaviors are the cornerstones for establishing a trustful exchange relationship with other team leaders (Cropanzano & Mitchell, 2005; Mayer et al., 1995). Peer leaders' ethical leadership is exhibited through fair treatment of, and respect for, other team leaders, as

well as ongoing two-way communication with them, which likely leads to positive long-term relationships with these leaders (Whitener, Brodt, Korsgaard, & Werner, 1998).

In turn, following the principle of positive reciprocity, team leaders who develop high-quality and trustful relationships with their peer team leaders are more likely to feel obligated to engage in moral behaviors by mimicking the ethical conduct of those peer role models (Cropanzano & Mitchell, 2005; Mitchell et al., 2012; Weaver et al., 2005). Thus, high-quality social exchange relationships with peer leaders may make their ethical leadership liable to role modeling. The social resources (e.g., support and information exchange among peer team leaders) that are associated with favorable exchange relationships further encourage team leaders to engage in morally desirable behaviors (Graen & Uhl-Bien, 1995; Liden & Maslyn, 1998; Liden, Sparrowe, & Wayne, 1997). This assumption is line with research showing that employees who are involved in high-quality exchange relationships with their coworkers are more willing to engage in desirable behaviors that benefit the organization (e.g., Banks et al., 2014; Chun et al., 2016; Love & Forret, 2008). Based on these arguments, we suggest that peer team leaders' ethical leadership will enhance focal team leaders' ethical leadership through the mediation of PLLX. This leads to the following hypothesis.

> *Hypothesis 1*: Peer team leaders' ethical leadership is indirectly and positively related to focal team leaders' ethical leadership through peer leader-leader exchange.

2.3.2 The Moderating Role of Team Leaders' Organizational Tenure

Organizational tenure refers to the length of time that an employee has worked in an organization (Growth et al., 2002; McEnrue, 1988; Ng & Feldman, 2013; Norris & Niebuhr, 1984). Long-tenured employees are more likely to have established social ties with coworkers, accumulated job-related skills and work experience, and developed overt and implicit organizational knowledge. They are also likely to benefit from greater job autonomy (Cohen, 1991; Hu et al., 2019; Ng & Feldman, 2011; Shirom, Shechter Gilboa, Fried, & Cooper, 2008; Sturman, 2003). Empirical studies have reported organizational tenure to be positively associated with a range of work outcomes, including task performance, citizenship behaviors, organizational commitment, and job satisfaction (e.g., Growth et al., 2002; Ng & Feldman, 2010; 2013). Moreover, studies found organizational tenure to moderate the relation between attitudinal predictors (e.g., affective commitment and job satisfaction) and job performance and citizenship behaviors (Ng & Feldman, 2011; Norris & Niebuhr, 1984; Wright & Bonett, 2002).

The contribution of peer leaders' ethical leadership to social exchange relationships with focal team leaders may vary in strength across levels of team leaders' organizational tenure (e.g., Chan & Mak, 2014; Huang, Shi, Zhang, & Cheung, 2006). This may be because organizational tenure modifies how individuals perceive and experience their work environment (e.g., English, Morrison, & Chalon, 2010; Norris & Niebuhr, 1984; Ohana, 2014; Shirom et al., 2008; Sturman, 2003; Wright & Bonett, 2002). Drawing upon social capital theory (Burt, 1992; Granovetter, 1973), we suggest that peer team leaders' ethical leadership relates more strongly to PLLX and indirectly to focal team leaders' ethical leadership at higher levels of focal leaders' organizational

tenure because such tenure conveys stronger social capital. Social capital reflects the aggregate individual resources that derive from the social ties of a given individual (Inkpen & Tsang, 2005). An individual's social ties convey a sense of trust and reciprocity, provide access to diverse information resources, and build dynamic social abilities (Adler & Kwon, 2002; Leana & Pil, 2006; Leana & Van Buren, 1999).

Team leaders who have worked longer in an organization are more likely to have developed social links with coworkers from both inside and outside their department, such that they may easily request assistance from their peers (Ng & Feldman, 2011; Ohana, 2014; Slaughter, Ang, & Boh, 2007). When peer team leaders display moral behaviors and treat others with respect, focal team leaders with longer tenure, because they have established enduring social relationships with their colleagues, are more likely to observe peer leaders' behaviors and recognize them as ethical role models. This may result in high-quality exchange relationships between peer leaders and team leaders (Chan & Mak, 2014; Ng & Feldman, 2011). Such enhanced PLLX may in turn foster team leaders' ethical behaviors (e.g., Bedi et al., 2016; Yang et al., 2016). In contrast, team leaders with low tenure are less likely to receive benefits from peer team leaders' ethical leadership. Indeed, they are less likely to observe or react to their peer team leaders' ethical behaviors; thus, they may not perceive peer leaders as ethical role models. A reason for this is that these team leaders may have had fewer opportunities to build social links with peer leaders (Ohana, 2014; Ng & Feldman, 2011). In turn, PPLX is less likely to engender ethical leadership among focal team leaders. That is, low-tenured team leaders may obtain fewer benefits from exposure to peer team leaders' ethical leadership, resulting in lower

likelihood of emulating the ethical behaviors of their peer leaders. Given the above arguments, the following hypotheses are proposed.

Hypothesis 2. Team leaders' organizational tenure moderates the relation between peer team leaders' ethical leadership and peer leader-leader exchange such that this relation is stronger (vs. weaker) at high (vs. low) levels of team leaders' organizational tenure.

Hypothesis 3. Team leaders' organizational tenure moderates the indirect relation between peer team leaders' ethical leadership and team leaders' ethical leadership through peer leader-leader exchange such that this relation is stronger (vs. weaker) at high (vs. low) levels of team leaders' organizational tenure.

2.4 Method

2.4.1 Sample and Procedure

Questionnaires were distributed to team members and their leaders in the Republic of Korea Army, located in South Korea. Two sources of questionnaires were used for the survey: one for team members and a separate one for team leaders. The first author initially contacted personnel officers to explain the purpose of the project. After we received permission to collect data in the military, the author informed personnel officers that participants were to respond survey questionnaires on a voluntary basis during their free time and in a private place. All respondents were guaranteed that their responses would remain confidential. Scholars suggest that three responses per team would be sufficient for aggregating responses to the group level; we thus collected responses from more than three team members per team (e.g., Colquitt, Noe, & Jackson, 2002; Richardson

& Vandenberg, 2005; Schneider, White, & Paul, 1998; Tracey & Tews, 2005). The team member and leader surveys were coded in order to be matched for statistical analysis.

The questionnaires were initially distributed to 180 team leaders and 900 team members. We received 730 completed team member questionnaires, for a response rate of 81.1%, while 170 leaders provided useful responses, for a response rate of 94.4% (i.e., averaging 4.29 responses per team; range: 1-5). After matching the responses from team members with those of their leaders, we excluded teams where fewer than three responses were received from team members and removed surveys with a high proportion of missing values such as respondents who have only completed their demographic information (i.e., 20 leaders and 280 members). This resulted in a final sample of matched data of 150 leaders and 450 team members, for an overall response rate of 83.3% (150/180) and 50.0% (450/900) among leaders and team members, respectively (i.e., teams comprised three members).

Within the final sample, team leaders were all male; average age was 24.29 years (*SD* = 2.45), and 65.3% held a college degree or a higher-level degree. The organizational tenure of team leaders was distributed as follows: 1-6 months: 25.3%; 7-12 months: 12.7%; 13-18 months: 26.0%; 19-24 months: 6.7%; 25-32 months: 2.0%; 33-40 months: 4.0%; 41-48 months: 4.7%; 48+ months: 18.7%. Team members had an average age of 20.65 years (*SD* = 1.15); were affiliated with teams of an average size of 12.67 members (*SD* = 5.07); 100.0% held a high school degree or a higher-level degree; and 100.0% were male. Team members were affiliated with various Army organizations (e.g., infantry and armed forces/cavalry). Their organizational tenure was distributed as follows: 1-6 months: 11.8%; 7-12 months: 47.6%; 13-18 months: 33.1%; 19-24 months: 7.3%; 41-48 months:

0.2%. The current rank of team members was as follows: private: 4.0%; private first class: 46.2%; corporal: 39.8%; and sergeant: 10.0%.

To verify whether there was possibly a self-selection effect in the final sample of leaders compared to the initial sample, we tested whether the probability of being in the final team leader sample (N = 150) from the initial sample (N = 170) could be predicted by demographics (i.e., age, educational level, and organizational tenure) and leadership variables (i.e., peer team leaders' ethical leadership, upper leaders' ethical leadership, and PLLX) (Goodman & Blum, 1996). The logistic regression model was nonsignificant, $\chi^2(6) = 11.30$, *ns*, and none of the variables predicted the probability of being in the final sample. Similarly, we tested whether the probability of being in the final sample (N = 450) among the initial team member sample (N = 730) could be predicted by substantive variables (i.e., team leaders' ethical leadership at the individual level) and demographics (i.e., age, educational level, organizational tenure, and current rank). The logistic regression model was not significant, $\chi^2(5) = 4.07$, *ns*, and none of the predictors was significant. Taken together, these results indicate that both the team leader sample and the team member sample were unaffected by a self-selection bias from the initial samples.

2.4.2 Measures

All measures were translated from English to Korean using a translation-back-translation procedure, as recommended by Brislin (1980). In addition, to minimize same-source bias effects (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003; Podsakoff, MacKenzie, & Podsakoff, 2012), we collected data from two separate sources. Team members were asked to rate their team leaders' ethical leadership and reported their demographic information. Focal team leaders were separately asked to report their

demographic information and to rate their upper leaders′ ethical leadership, peer team leaders′ ethical leadership, and PLLX. Except for team leaders′ organizational tenure, all items were measured using a seven-point Likert-type scale, ranging from 1 (*strongly disagree*) to 7 (*strongly agree*).

Ethical leadership. We measured team leaders' ethical leadership using the ten-item scale developed by Brown et al. (2005). A sample item was "My team leader disciplines their team members who violate ethical standards." Cronbach's α for this scale was .94. We assessed peer team leaders' ethical leadership using the same 10-item scale where "peer team leaders" was the referent. A sample item was "My peer team leaders make fair and balanced decisions." The reliability for this scale was .90.

Organizational tenure. To measure team leaders' organizational tenure, team leaders rated how long they had been working at their organization. Responses were coded as follows: 1 = 1-6 months; 2 = 7-12 months; 3 = 13-18 months; 4 = 19-24 months; 5 = 25-32 months; 6 = 33-40 months; 7 = 41-48 months; 8 = > 48 months.

Peer leader-leader exchange. We used the seven-item scale developed and validated by Scandura and Graen (1984) to capture the quality of PLLX relationships. We also used "peer team leaders" as the referent. Sample items were "My working relationship with my peer team leaders is extremely effective," and "I have enough confidence in my peer team leaders to defend and justify my decisions when I am not present to do so." The internal consistency for this scale was .94.

Control variables. Following prior studies examining the trickle-down effect of ethical leadership (e.g., Byun et al., 2018; Mayer et al., 2009; Wang et al., 2018), we controlled for upper leaders' ethical leadership. To measure this construct, we used the

same ten-item ethical leadership scale from Brown et al. (2005) where "upper leader" was the referent. A typical item was "At work, my upper leader disciplines followers who violate ethical standards." Cronbach's α for this scale was .88.

2.4.3 Team-Level of Analysis and Data Aggregation

As our model was developed at the team level, we examined the appropriateness of aggregating individual scores to the team level for team leaders' ethical leadership, which was rated by team members. Using the within-group interrater agreement index ($r_{wg(j);}$ James, Demaree, & Wolf, 1984; 1993) and intraclass correlation coefficients [ICC(1) and ICC(2)] (James, 1982), we examined whether there was acceptable within-team agreement and between-team differences on the focal variable (Bliese, 2000). As in prior studies (e.g., Biemann, Cole, & Voelpel, 2012; James et al., 1984; LeBreton & Senter, 2008; Ng, Koh, Ang, Kennedy, & Chan, 2011; Smith-Crowe, Burke, Cohen, & Doveh, 2014), a slightly skewed distribution was used for the computation of $r_{wg(j)}$ values due to likely positive leniency in depictions of team leaders' ethical leadership. The mean $r_{wg(j)}$ value for team leaders' ethical leadership was .90, suggesting strong agreement. The ICC(1) and ICC(2) values were .29 and .55, suggesting substantial between-group variance and acceptable reliability of group means, respectively. Taken together, the values for the above statistics provide support for aggregating the individual scores on team leaders' ethical leadership to the team-level (Bliese, 2000; Byrne, 2012; LeBreton & Senter, 2008).

2.5 Results

2.5.1 Confirmatory Factor Analyses

We used confirmatory factor analysis (CFA) to examine the discriminant validity of our substantive measures through Mplus 8.4 (Muthén & Muthén, 2017) and the maximum likelihood method of estimation. We followed the procedure outlined by Little, Cunningham, Shahar, and Widaman (2002) and created parcels for the four constructs so as to maintain a favorable indicator-to-sample-size ratio (Bagozzi & Edwards, 1998). This resulted in an 18-item/indicator covariance matrix (i.e., five parcels for each of the ethical leadership variables and three parcels for PLLX). As shown in Table 2.1, the theorized four-factor model yielded a good fit to the data, $\chi^2(129) = 247.06$, $p < .001$, $\chi^2/df = 1.92$, CFI = .93, TLI = .92, RMSEA = .08, SRMR = .07. This model yielded a better fit than other more parsimonious models, such as a three-factor model combining peer team leaders' ethical leadership and upper leaders' ethical leadership [$\Delta\chi^2(3) = 176.11$, $p < .001$], a two-factor model where PLLX, peer leaders' ethical leadership, and upper leaders' ethical leadership formed a single factor [$\Delta\chi^2(5) = 389.93$, $p < .001$), a two-factor model in which all ethical leadership variables were combined [$\Delta\chi^2(5) = 712.43$, $p < .001$], and a one-factor model [$\Delta\chi^2(6) = 912.75$, $p < .001$]. Therefore, the theorized four-factor model was retained for subsequent analyses.

--- Insert Table 2.1 about here ---

2.5.2 Correlations and Descriptive Statistics

Table 2.2 presents the means, standard deviations, and correlations for the study variables. The reliabilities were reasonably high for all variables (≥ .88), and all correlations were in the expected direction. Interestingly, peer team leaders' ethical

leadership was positively associated with PLLX (r = .58, p < .001) and PLLX was positively related to team leaders' ethical leadership (r = .25, p < .01).

--- Insert Table 2.2 about here ---

2.5.3 Structural Model Analyses

Our research model and hypotheses (Figure 2.1) were examined through structural equations modeling using Mplus 8.4 and maximum likelihood with robust errors (MLR) estimation. As shown in Table 2.3, the hypothesized structural model fitted the data reasonably well, $\chi^2(164) = 266.59$, CFI = .93, TLI = .92, RMSEA = .07, SRMR = .08. We compared this model to two plausible alternative models. Prior research found ethical leadership to be positively associated with ethical behavior (e.g., Bedi et al., 2016 [r_c = .61]; Lu & Lin, 2014 [r = .66, p < .01]; Mayer et al., 2013 [Study 1: r = .57, p < .01; Study 2: r = .51, p < .01]). Following this premise, it is plausible that peer leaders' ethical leadership directly relates to team leaders' ethical behavior. Therefore, we examined Alternative model 1, where we added a path from peer leaders' ethical leadership to team leaders' ethical leadership. This model did not improve over the hypothesized model [$\Delta\chi^2(1)$ =.97, *ns*], and the added path was non-significant. Furthermore, previous studies reported evidence for a trickle-down effect of ethical leadership (e.g., Byun et al., 2018 [r = .23, p < .001]; Ng & Feldman, 2015 [r_c = .58]; Wang et al., 2018 [r = .61, p < .01]), suggesting the possibility that upper leaders' ethical leadership influences team leaders' ethical leadership. Consistent with this, Alternative model 2 added a path from upper leaders' ethical leadership to team leaders' ethical leadership. This model did not improve over the theoretical model [$\Delta\chi^2(1)$ = .35, *ns*], and the added path was non-significant.

Thus, the hypothesized model was retained as the best and most parsimonious model for hypothesis testing.

--- Insert Table 2.3 about here ---

2.5.4 Hypothesis Testing

Figure 2.2 presents the standardized path coefficients associated with the retained structural model. Hypothesis 1 proposed that the relation between peer team leaders' ethical leadership and focal team leaders' ethical leadership would be positively mediated by PLLX. As shown in Figure 2.2, peer team leaders' ethical leadership was positively related to PLLX ($\gamma = .54$, $p < .001$) and PLLX was positively related to team leaders' ethical leadership ($\gamma = .23$, $p < .01$). We employed bootstrapping (MacKinnon, Fritz, Williams, & Lockwood, 2007; Tofighi & MacKinnon, 2011) in Mplus 8.4 using 5,000 resamples of the data and a 95% bias-corrected confidence interval (CI) to estimate the significance of the indirect effect predicted in Hypothesis 1. The indirect effect of peer team leaders' ethical leadership on team leaders' ethical leadership through PLLX was found to be significantly positive ($b = .10$, $SE = .05$, 95% CI [.03, .18]). Therefore, Hypothesis 1 is supported.

--- Insert Figure 2.2 about here ---

Hypothesis 2 predicted that the relation between peer team leaders' ethical leadership and PLLX would be stronger (vs. weaker) when team leaders' organizational tenure is high (vs. low). Moreover, Hypothesis 3 stated that the indirect relation between peer team leaders' ethical leadership and team leaders' ethical leadership through PLLX would be stronger (vs. weaker) when team leaders' organizational tenure is high (vs. low). Altogether, Hypotheses 2 and 3 correspond to a first-stage moderated mediation model

(Edwards & Lambert, 2007). As can be seen from Figure 2.2, peer leaders' ethical leadership and team leaders' organizational tenure interacted to affect PLLX ($\gamma = .14$, $p < .05$). This interaction is plotted in Figure 2.3, which indicates that the relation between peer leaders' ethical leadership and PLLX was stronger at high (i.e., 1 *SD* above the mean) than at low (i.e., 1 *SD* below the mean) levels of team leaders' organizational tenure. Hypothesis 2 is thus supported.

--- Insert Figure 2.3 about here ---

Similarly, we used 5,000 bootstrapped resamples of the data in Mplus 8.4 to obtain an estimate of the conditional indirect effects of peer team leaders' ethical leadership on team leaders' ethical leadership at 1 *SD* above and below the mean of team leaders' organizational tenure (Aiken & West, 1991) to formally test Hypothesis 3. The results indicate that the indirect relation between peer team leaders' ethical leadership and team leaders' ethical leadership through PLLX was significantly positive when team leaders' organizational tenure was high ($b = .13$, $SE = .06$, 95% CI [.04, .24]) and when it was low ($b = .07$, $SE = .04$, 95% CI [.02, .15]). However, the indirect effect was stronger at high levels of team leaders' organizational tenure ($b = .06$, $SE = .04$, 95% CI [.00, .13]). These results provide support for Hypothesis 3.

2.6 Discussion

This study counts among the few attempts at examining the potential antecedents of ethical leadership and to look at these relations at the team level. We found that peer team leaders' ethical leadership was positively associated with focal team leaders' ethical leadership through a social exchange process (i.e., PLLX). Furthermore, drawing upon social capital theory, we investigated the moderating role of team leaders' organizational

tenure on the relation between peer leaders' ethical leadership and PLLX, and indirect relation with focal team leaders' ethical leadership. These relations were stronger when team leaders' organizational tenure was higher. Importantly, these results were obtained while controlling for the effect of upper-level leaders' ethical leadership (e.g., Byun et al., 2018; Mayer et al., 2009), highlighting the unique contribution of peer leaders' ethical leadership to team leaders' ethical leadership through PLLX.

2.6.1 Theoretical Contributions

The present study makes several contributions to the ethical leadership literature. First, with a few exceptions (e.g., Ahn et al., 2018; Brown & Treviño, 2014; Mayer et al., 2009; 2012; Qin et al., 2018; Sosik et al., 2018), there is a dearth of research on the antecedents of ethical leadership. This study contributes to fill that gap and extends the little that we know by identifying peer team leaders' ethical leadership as a relevant predictor of focal leaders' ethical leadership. As such, this study's findings suggest that lateral relationships with peer leaders constitute an important source of influence that can shape focal leaders' own ethical leadership. Second, the current study examined the underlying mechanism (i.e., PLLX) that accounts for the relation between peer leaders' ethical leadership and team leaders' ethical leadership. While the majority of prior studies have adopted social exchange as an underlying mechanism associated with ethical leadership, they have done so to predict how ethical leadership relates to work outcomes (e.g., Chughtai, Byrne, & Flood, 2015; Hassan, Mahsud, Yukl, & Prussia, 2013; Ng & Feldman, 2015; Thiel, Hardy III, Peterson, Welsh, & Bonner, 2018; Yang et al., 2016). These studies have scarcely considered social exchange processes to explain how ethical leadership is linked to specific antecedents. Going beyond these existing perspectives, our

study found that social exchange acts as a mechanism explaining the association between peer leaders' ethical leadership and team leaders' ethical leadership. That is, team leaders are more likely to develop trustful exchange relationships with peer leaders representing ethical role models whose behaviors emphasize fair treatment of and care about colleagues. These high-quality exchange relationships, as illustrated by PLLX, then prompts focal team leaders to engage in ethical conduct with team members by imitating the moral behaviors of peer team leaders (Mitchell et al., 2012). Based on the current findings, future research exploring other potential mediators such as peer team leaders' moral potency, moral identity congruence between the peer leader and the team leader might prove useful in explaining the effect of peer team leaders' ethical leadership on team leaders' ethical leadership.

Third, claims have been recently expressed regarding the incremental validity of ethical leadership beyond other related leadership constructs such as authentic leadership, servant leadership, or transformational leadership (e.g., Bedi et al., 2016; Hoch et al., 2018; Ng & Feldman, 2015). A legitimate question is thus whether the relation of ethical leadership with its potential antecedents remains significant when other relevant leadership constructs are controlled for. For example, previous research underscored the importance of cascading effects in ethical leadership (e.g., Byun et al., 2018; Hansen et al., 2013; Mayer et al., 2009; Ruiz et al., 2011; Wang et al., 2018). That is, ethical leadership practices may exert a cascading effect across the levels of the hierarchical ladder. To examine this possibility, we controlled for upper leaders' ethical leadership while examining the relation between peer team leaders' ethical leadership and team leaders' ethical leadership through PLLX. Findings indicate that this indirect relation

remains significant when the influence of upper leaders' ethical leadership is controlled for. This reveals that lateral social exchange relationships among peer leaders represent an important and unique linchpin that connects peer leaders' ethical leadership behavior to focal team leaders' ethical leadership. Further investigation is however needed to further identify which antecedent and outcome variables are uniquely related to team leaders' ethical leadership.

Lastly, our findings highlight the importance of organizational tenure as a boundary condition of ethical leadership. Drawing upon social capital theory (Burt, 1992; Granovetter, 1973), we suggested and found that the indirect relation of peer leaders' ethical leadership to team leaders' ethical leadership through PLLX is enhanced among team leaders with long organizational tenure. Long-tenured team leaders may have built stronger ties with their peers, and as such may be more sensitive to the influence of their peer leaders, to observe them on a regular basis, and ultimately to recognize the value for them of their peers' ethical practices. Such team leaders were more likely to have developed trustful exchange relationships with peer team leaders and emulated their ethical leadership. In contrast, short-tenured team leaders are less likely to have strong social links with their peers, which may expose them less to the influence of their peers in adopting ethical leadership practices. The moderating effect of team leaders' tenure is particularly interesting given that the measure of team leaders' ethical leadership was obtained from team members while the measures of peer leaders' ethical leadership and PLLX were separately obtained from team leaders. Thus, the moderating effect of tenure holds while two sources were used for the assessment of the relationship among peer leaders' ethical leadership, PLLX, and team leaders' ethical leadership. To further explore

how other individual differences come into play in these relations, it would be worth examining how diverse demographic characteristics (e.g., age, gender, race, educational level, hierarchical level, etc.) can alter the effects of peer team leaders' ethical leadership.

2.6.2 Practical Implications

This study has practical implications for organizations. First, the present findings suggest that peer leaders represent a neglected source of influence in the development of ethical leadership and that their actions pass through lateral exchange relationships with focal team leaders. Thus, organizations need to acknowledge that peer team leaders represent an important community that may embody exemplary ethical models for their colleagues. Along this line, organizations would be well advised to adopt team-based and lateral organizational structures (Chiaburu & Harrison, 2008; Takeuchi et al., 2011). Furthermore, while organizations often target top executives for their ethical training programs, our findings suggest that they may need to consider creating ethical training programs that enhance moral values and ethical behaviors among lower-level leaders such as managers (Mayer et al., 2009; Ritter, 2006; Treviño & Nelson, 2007; Weber, 2007; Weaver, Treviño, & Cochran, 1999). Consistent with extant research, which suggests that day-to-day interactions with team leaders may have a stronger effect on coworkers' and followers' desirable behaviors (e.g., Mayer et al., 2013; Schaubroeck et al., 2016; Treviño, Weaver, & Reynolds, 2006; Wang et al., 2018), the present findings indicate that ethical training in the network of managers is important as well.

Second, this study's findings suggest that there might be benefits associated with selecting candidates for the position of team leader on the basis of their ability and/or experience of leading people from an ethical perspective. Organizations need not only to

consider the performance records of the candidates for managerial positions but also their trustworthiness and ethical standards if they truly want to promote people who embody ethical leadership practices. Lastly, organizations should be cautious about the impact of managers' tenure on their likelihood to endorse ethical principles while leading their teams. Our findings indicate that organizations should be aware that long-tenured team leaders are more likely to take benefit of a management community composed of peer leaders that promote ethical behavior but that it is less likely the case for low-tenured team leaders (Chan & Mak, 2014; Ng & Feldman, 2011; Ohana, 2014). There is thus value for organizations to secure long-term social exchange relations among peer leaders and make sure their managers are exposed to peers that emphasize ethical conduct among team members. Obviously, leaders' organizational tenure is an important factor to consider if organizations want to build a community of leaders where ethical practices are promoted. Thus, organizations should implement policies that foster long-term relationships with peer leaders and the organization (Ng & Feldman, 2010; 2011).

2.6.3 Limitations and Future Directions

This study has limitations that provide opportunities for further research on ethical leadership. First, the current study adopted a cross-sectional design where the data were collected at one point in time. Even if we collected data from two different sources, we cannot make inferences about the causal direction among the constructs and reverse causality cannot be ruled out. Future research adopting longitudinal designs may be helpful in order to determine the temporal precedence of the variables within our research model (Grant & Wall, 2008). Second, this study's organizational context, as well as gender composition and culture, may limit the generalizability of the findings. All

research participants were men; and they were working in the South Korean military. Future research replicating the findings in Western countries, in private organizations, and in work contexts with a more balanced gender composition, is needed to further explore the generalizability of the present findings.

Third, the potential redundancy between ethical leadership and other major leadership constructs remains an issue that needs to be addressed (e.g., Bedi et al., 2016; Hoch et al., 2018; Ng & Feldman, 2015). While this study controlled for upper leaders' ethical leadership, it is unclear whether our findings would be replicated controlling for other leadership constructs (e.g., authentic leadership or servant leadership). Thus, future attempts at identifying the unique antecedents of team leaders' ethical leadership are warranted. Finally, while this study examined the role of peers' leadership through the lens of social exchange theory (i.e., via PLLX), we did not control for other related social exchange processes. Another social exchange mechanism that may coexist with PLLX could be interpersonal trust for example. Interpersonal trust is a social exchange construct plausibly related to PLLX just as trust in the leader has been found to be strongly related to LMX as a mechanism linking ethical leadership to employees' behavioral outcomes (e.g., Bedi et al., 2016; Chughtai et al., 2015; Ng & Feldman, 2015). Thus, researchers may need to control for trust in peer team leaders in future examinations of the relation between peer leaders' ethical leadership and team leaders' ethical leadership through PLLX.

2.7 Conclusion

Given increasing pressure towards the adoption of ethical management practices in organizations, the ethical responsibility of leaders has been in the forefront of concerns among practitioners and academicians alike. The present study contributed to this debate by examining a lateral social exchange model of team leaders' ethical leadership in the context of the Republic of Korea Army. Team leaders' ethical leadership was found to be positively associated with peer team leaders' ethical leadership through social exchange relationships with peers and this relation was stronger among long-tenured team leaders. Given the scarcity of research on the antecedents of ethical leadership, particularly at the team level, we hope future research endeavors will be conducted to identify other mechanisms that help ethical leadership practices to spread in workplaces.

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Table 2.1

Confirmatory Factor Analysis Results for Alternative Models

Model	χ^2	*df*	χ^2/df	$\Delta\chi^2(df)$	CFI	TLI	RMSEA	SRMR
1. Four-factor	247.06	129	1.92***	–	.93	.92	.08	.07
2. Three-factor [a]	423.17	132	3.21***	176.11(3)***	.84	.81	.12	.09
3. Two-factor [b]	636.99	134	4.75***	389.93(5)***	.72	.68	.16	.10
4. Two-factor [c]	959.49	134	7.16***	712.43(5)***	.54	.47	.20	.18
5. One-factor [d]	1159.81	135	8.59***	912.75(6)***	.43	.35	.23	.18

Note: $N = 150$. *df* = degrees of freedom; CFI = comparative fit index; TLI = Tucker-Lewis index; RMSEA = root-mean-square error of approximation; SRMR = standardized root-mean-square residual. [a] Three-factor model in which upper leaders' ethical leadership and peer team leaders' ethical leadership are combined. [b] Two-factor model in which leadership variables and the mediator (i.e., peer leader-leader exchange) are combined into one factor. [c] Two-factor model in which all leadership variables (i.e., upper leaders' ethical leadership, peer team leaders' ethical leadership, and team leaders' ethical leadership) are combined into one factor. [d] All items loading on a single factor.
***$p < .001$.

Table 2.2

Means, Standard Deviations, and Correlations for the Study Variables

Variable	*M*	*SD*	1	2	3	4	5
1. Upper leaders' ethical leadership [b]	6.15	0.70	(.88)				
2. Peer team leaders' ethical leadership [b]	6.06	0.75	.48***	(.90)			
3. Team leaders' organizational tenure [b]	3.71	2.57	.12	.08	–		
4. Peer leader-leader exchange [b]	6.18	0.82	.41***	.58***	.17*	(.94)	
5. Team leaders' ethical leadership [a]	5.72	0.64	.15	.09	.08	.25**	(.90)

Note: $N = 150$ (team-level correlations). *M* = mean; *SD* = standard deviation. For team leaders' organizational tenure: 1 = 1-6 months; 2 = 7-12 months; 3 = 13-18 months; 4 = 19-24 months; 5 = 25-32 months; 6 = 33-40 months; 7 = 41-48 months; 8 = > 48 months. Reliabilities are reported on the diagonal in parentheses.

[a] Rated by team members.

[b] Rated by team leaders.

* $p < .05$; ** $p < .01$; *** $p < .001$.

Table 2.3

Summary of Fit Statistics for Hypothesized and Alternative Structural Models

Model	χ^2	*df*	$\Delta\chi^2(df)$	CFI	TLI	RMSEA	SRMR
1. Hypothesized model	266.59*	164	–	.93	.92	.07	.08
2. Alternative model 1: Adding a path from peer team leaders' ethical leadership to team leaders' ethical leadership	265.44*	163	.97(1)	.93	.92	.07	.08
3. Alternative model 2: Adding a path from upper leaders' ethical leadership to team leaders' ethical leadership	266.16*	163	.35(1)	.93	.92	.07	.08

Note: $N = 150$. *df* = degrees of freedom; CFI = comparative fit index; TLI = Tucker-Lewis index; RMSEA = root-mean-square error of approximation; SRMR = standardized root-mean-square residual.
*$p < .01$.

Figure 2.1 Hypothesized research model.

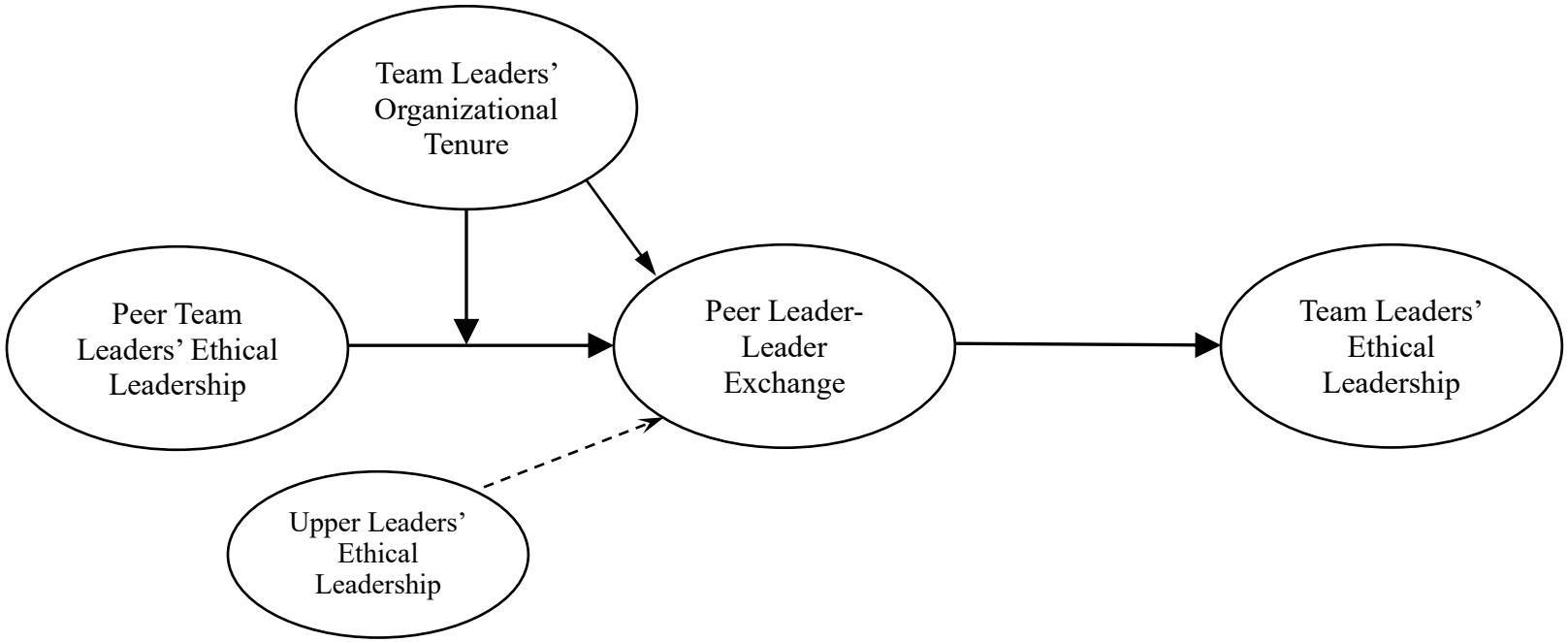


Figure 2.2 $N = 150$. Retained moderated mediation model. Standardized parameter estimates are reported. The effect of upper leaders' ethical leadership is represented by dotted lines. Model fit indices are $\chi^2(164) = 266.59$, $p < .001$, $\chi^2/df = 1.63$, CFI = .93, TLI = .92, RMSEA = .07, SRMR = .08.
* $p < .05$; ** $p < .01$; *** $p < .001$.

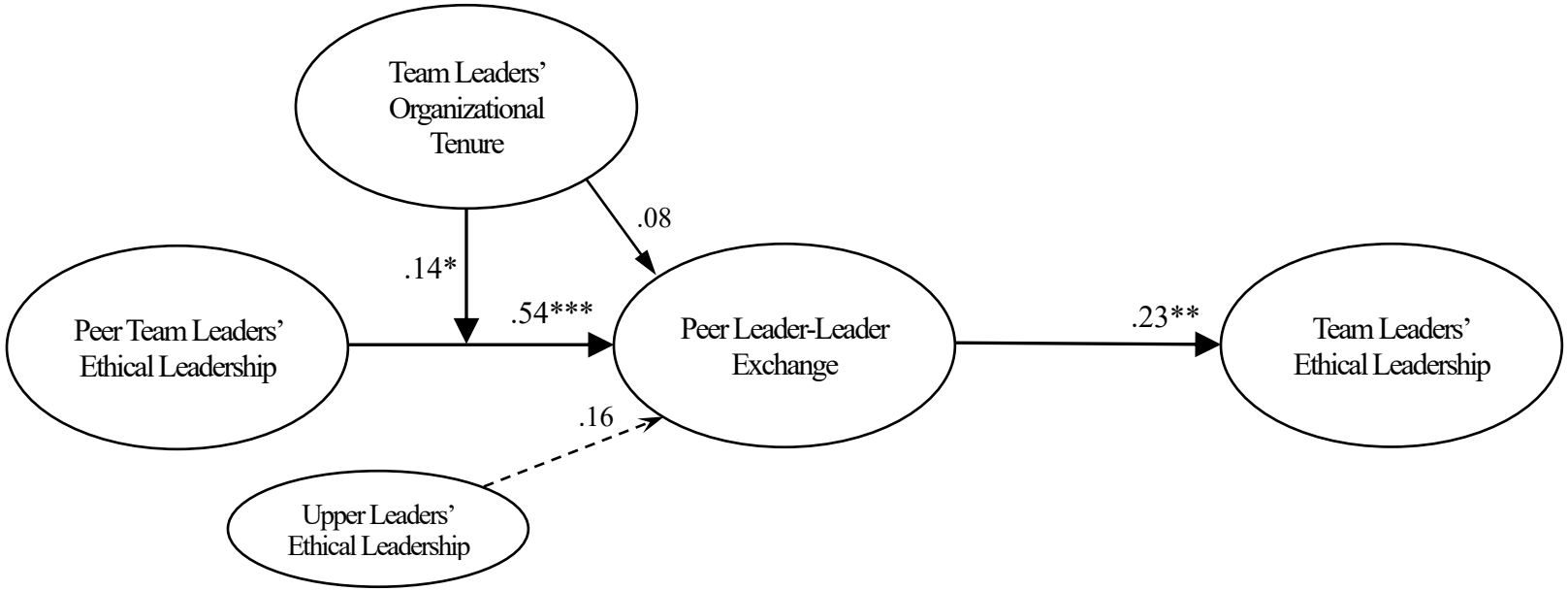
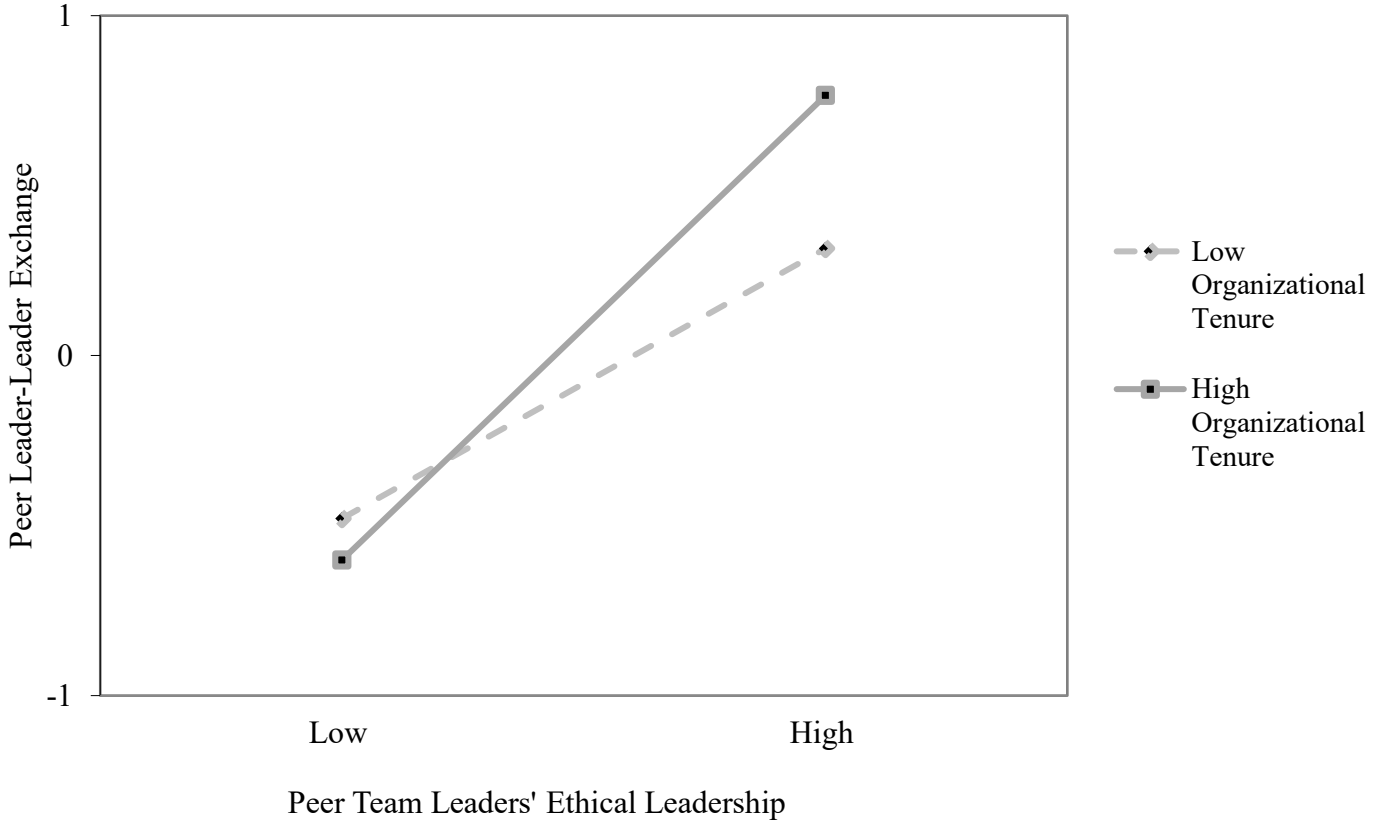


Figure 2.3 Interaction between peer leaders' ethical leadership and team leaders' organizational tenure predicting peer leader-leader exchange.



Chapter 3
Essay Two: Ethical Leadership and Team Ethical Voice and Citizenship Behavior: The Roles of Team Moral Efficacy and Ethical Climate

3.1 Abstract

In recent years, unethical conduct (e.g., Enron, Lehman Brothers, Oxfam, Volkswagen) has become an important issue in management; relatedly, there is growing interest regarding the nature and implications of ethical leadership. Drawing from social learning theory (Bandura, 1986; 2000), we posited that ethical leadership would positively relate to team ethical voice and organizational citizenship behavior (OCB) through team moral efficacy. Furthermore, building on social information processing theory (Salancik & Pfeffer, 1978) and the social intuitionist model (Haidt, 2001), we expected these effects to be accentuated in teams with a strong ethical climate. Using survey data from subordinates and leaders pertaining to 150 teams from the Republic of Korea Army, ethical leadership was found to indirectly relate to increased team ethical voice and OCB directed at individuals and the organization through team moral efficacy. These relationships tended to be amplified among teams with a strong ethical climate. Additionally, these findings persisted while controlling for transformational leadership, thereby highlighting the incremental value of ethical leadership for team outcomes. Theoretical and practical implications are discussed.

3.2 Introduction

Recently, several top executives of large global organizations (e.g., Lehman Brothers, Volkswagen) have been accused of immoral behaviors and financial misconduct, resulting in a government clampdown that endeavors to enforce fundamental economic principles (Hotten,

2015; Kottasova, 2015; Wolff, 2011). These unethical behaviors from top executives portray negative images of their organizations. Given these prominent scandals and tighter ethical standards in the workplace, the importance of ethical behavior has become increasingly evident (Fehr, Yam, & Dang, 2015; Lemoine, Hartnell, & Leroy, 2019; Moore, Mayer, Chiang, Crossley, Karlesky, & Birtch, 2019). Considering the authority and prominent influence of leaders on employees, leaders′ ethical and moral responsibilities are crucial to establishing an ethical climate (Mayer, Kuenzi, & Greenbaum, 2010; Shin, 2012) and culture (Schaubroeck et al., 2012). Because ethical concerns have surged in the workplace, many researchers have become interested in understanding ethical leadership and its implications (Bavik, Tang, Shao, & Lam, 2018; Cheng, Bai, & Yang, 2019; Thiel, Hardy III, Peterson, Welsh, & Bonner, 2018). 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, Treviño, & Harrison, 2005, p. 120).

Previous studies have reported that ethical leadership is positively related to individual-, as well as team-level performance (Avey, Wernsing, & Palanski, 2012; Babalola, Stouten, Camps, & Euwema, 2019; Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009; Mo, Ling, & Xie, 2019; Walumbwa & Schaubroeck, 2009; Walumbwa et al., 2011; Walumbwa, Morrison, & Christensen, 2012). Although ethical leadership has received a great deal of attention, some issues have yet to be explored. In this study, we address two gaps in this literature. First, while there is evidence suggesting that ethical leadership results in normatively desirable behaviors (see reviews by Bedi, Alpaslan, & Green, 2016; Brown & Mitchell, 2010; Hoch, Bommer, Dulebohn, & Wu, 2018; Lemoine et al., 2019; Ng & Feldman, 2015), we have a limited understanding of the processes

relating ethical leadership to team performance outcomes. Prior research has focused on "normative processes" such as climate and culture as mediators of the relationship between ethical leadership and team extra-role performance (e.g., Huang & Paterson, 2017; Mayer et al., 2009; Shin, 2012; Walumbwa et al., 2012).

However, the motivational mechanism by which ethical leadership relates to team performance remains unclear. For example, although ethical leaders who show high trustworthiness and fairness promote team extra-role performance (Huang & Paterson, 2017; Mayer et al., 2009), such leaders also concentrate on compliance with normative standards, norms, and laws, which may limit the team's discretionary behavior (Hannah, Jennings, Bluhm, Peng, & Schaubroeck, 2014; Lemoine et al., 2019; Mayer, Nurmohamed, Treviño, Shapiro, & Schminke, 2013). That is, when ethical leaders enforce compliance with ethical standards, it may not be possible for team members to perform collective behaviors to their own discretion.

We posit that team moral efficacy is a central motivational mechanism that explains why ethical leadership fosters team extra-role performance (Bandura, 2000; Chen & Gogus, 2008; Chen & Kanfer, 2006; Hu & Judge, 2017; Hu & Liden, 2011; Zaccaro, Ely, & Nelson, 2008). Team moral efficacy is defined as a state of shared confidence in the team's collective ability to behave ethically (Hannah & Avolio, 2010). This notion has the unique property of reflecting both a motivational mechanism drawn from social learning and an ethical orientation, which makes it a suitable process induced by ethical leadership. Moreover, we concentrate on team ethical voice, which reflects a search for changing practices "that are not normatively appropriate" (Huang & Paterson, 2017, p. 1160), and team OCB as team extra-role performance outcomes because they both reflect nonprescribed behaviors that have a constructive and prosocial orientation, hence are line with the expectable influence of ethical leaders.

Our aim is also to explore the value of ethical leadership in the military, a context where effective leadership is central to the success of operations. Drawing from social learning theory (Bandura, 2000), we suggest ethical leadership acts as a driver of team members' motivation (Brown & Treviño, 2006) by allowing them to be confident in their team's ability to act ethically through role modeling, enactive mastery, and verbal persuasion by ethical leaders (Brown & Treviño, 2006, 2014). Previous research has suggested that moral efficacy may represent a team-level motivational factor that transmits ethical leadership to team ethical outcomes (Hannah & Avolio, 2010; Hannah, Avolio, & May, 2011; Huang & Paterson, 2017). Thus, we suggest that team moral efficacy acts as a team-level mediator that explains how ethical leadership promotes team extra-role performance.

Second, while some scholars have examined ethical climate as an outcome of ethical leadership (e.g., Hansen, Dunford, Alge, & Jackson, 2016; Lu & Lin, 2014; Mayer et al., 2010), the current research considers ethical climate as a contextual factor that moderates the relationship between ethical leadership and team moral efficacy. Ethical climate refers to the shared perception among team members regarding team ethical policies, procedures, and practices (Arnaud & Schminke, 2012; Victor & Cullen, 1988). Although a leader may influence the formation of a team's ethical climate, such climate also emerges through the influence of a variety of contextual factors such as formal (e.g., ethics training programs, rules) and informal (e.g., ethical norms, myths) systems of behavioral control (Arnaud & Schminke, 2012; Treviño, Butterfield, & McCabe, 1998; Victor & Cullen, 1988; Vidaver-Cohen, 1998; Zohar & Luria, 2005).

In contrast to other organizations, team ethical climate cannot easily emerge from the team leader's actions in the military because military organizations do not allow team leaders to create an informal team ethical climate (Kim, 2016; Lee, 2018). In this respect, scholars have argued that

there is some ambiguity regarding what behaviors ethical leaders would consider appropriate vs. inappropriate (Brown & Mitchell, 2010; Eisenbeiss, 2012; Lemoine et al., 2019; Palanski et al., 2019). This ambiguity should be carefully addressed, particularly in the military context. For instance, in the military, more so than in other organizations, the behaviors of team leaders have a great impact on team members (Lee, 2018; Schaubroeck et al., 2012). As the ethical standards recognized by ethical leaders may be ambiguous, it is likely that the effects of ethical leadership vary as a function of the formal moral laws and codes embedded in the ethical climate (Brown & Treviño, 2006; Treviño, Brown, & Hartman, 2003). We thus argue that ethical climate is an independent construct driven by the military organization's rules. Therefore, it is worth investigating how ethical leadership interacts with ethical climate in predicting the team's moral efficacy, hence considering ethical climate as a context that alters the social learning process instilled by ethical leadership (e.g., Mo et al., 2019; Shin, 2012).

Drawing upon social information processing theory (Salancik & Pfeffer, 1978) and the social intuitionist model (Haidt, 2001), we propose that the social learning process associated with ethical leadership will vary across levels of the team's ethical climate (Huang, Greenbaum, Bonner, & Wang, 2019; Martin & Cullen, 2006; Schminke, Ambrose, & Neubaum, 2005). A strong ethical climate signals that ethical standards are intensely endorsed by the team as a whole (Brown & Treviño, 2006; Huang et al., 2019; Mayer et al., 2010; Martin & Cullen, 2006). We further suggest that a stronger ethical climate enhances team members' responsiveness to leaders who emphasize the value of moral behaviors, resulting in an amplified relationship between ethical leadership and team extra-role performance through team moral efficacy (Haidt, 2001). Indeed, teams with a strong ethical climate are more likely to perceive the conduct of ethical leaders as being legitimate in establishing the collective moral confidence to behave ethically, which in turn should strengthen

team ethical voice and OCB (Huang et al., 2019). In contrast, in a weak ethical climate, team members pay less attention to ethical standards and are less likely to develop team moral efficacy because such teams may not recognize the ethical standards exhibited by their leaders. In turn, such teams are less likely to transfer team moral efficacy into team extra-role performance. We thus posit that ethical climate boosts the link between ethical leadership and team moral efficacy, leading to team ethical voice and OCB.

The current study aims to contribute to the literature in several ways. First, we use social learning, as operationalized by team moral efficacy, as a motivational mechanism that explains how ethical leadership results in enhanced team ethical voice and OCB. Few studies have examined how motivational mechanisms can emerge at the team level from the action of ethical leaders. In line with social learning theory (Bandura, 1986, 2000), we contend that the team's confidence in its collective capability to engage in moral behavior is a central process through which ethical leadership results in team ethical voice and OCB. As such, this study identifies a motivational mechanism that has an ethical background (team moral efficacy) to explain ethical leaders' actions. Second, this study heeds the call for examining the incremental validity of ethical leadership over more established models of leadership (Bedi et al., 2016; Hoch et al., 2018; Ng & Feldman, 2015) such as transformational leadership (TFL).

Third, our study breaks new ground by examining a boundary condition (i.e., team ethical climate) regarding the effects of ethical leadership. Because the notion of climate refers to shared perceptions regarding practices in use within a work unit (e.g., Schulte, Ostroff, Shmulyian, & Kinicki, 2009), a climate for ethics (i.e., ethical climate) would qualify how teammates collectively perceive the norms of behavior within the ethical domain. Drawing from the literature on climates (e.g., Jones & James, 1979; Schneider, Ehrhart, & Macey, 2013), one may expect ethical climate

to facilitate the action of ethical leaders. Thus, this investigation might extend our knowledge with respect to the contextual boundaries of ethical leadership.

Finally, this study highlights the importance of the military context in South Korea. Extant ethical leadership studies have mostly focused on business or educational contexts (e.g., Bedi et al., 2016; Sosik, Chun, Ete, Arenas, & Scherer, 2018; Wang & Hackett, 2016). Yet, military contexts are an appropriate field for studying ethical leadership because these contexts encourage compliance to a code of ethics as a way not only to maintain a strong ethical climate within extreme operational conditions, but also to constrain the team's discretionary behavior (Hannah et al., 2014; Lemoine et al., 2019; Mayer et al., 2013; Sosik et al., 2018). The South Korean military context uniquely promotes ethical behaviors and professionalism not only to prepare for existing military threats from North Korea, but also to protect national interests (Kim, 2016; Lee, 2018). To summarize, this study contributes to knowledge by looking at the ethics-based motivation factor that drives ethical leadership's effects on team prosocial outcomes and examines how these effects are altered by the level of ethical climate instilled in a military organization. Figure 3.1 presents our research model.

--- Insert Figure 3.1 about here ---

3.3 Literature Review and Hypothesis Development

3.3.1 Ethical Leadership and Team Moral Efficacy

In line with prior research (Huang & Paterson, 2017; Mayer et al., 2009; 2012; Schaubroeck et al., 2012; Walumbwa et al., 2012; Walumbwa, Hartnell, & Misati, 2017), we conceptualize ethical leadership at the team level, in which we assume that team members who work in the same team are likely to perceive similar ethical leadership effects (Kozlowski & Bell, 2003; Kozlowski, Gully, McHugh, Salas, & Cannon-Bowers, 1996; Kozlowski, Mak, & Chao, 2016). Indeed, based

on the tenets of social learning theory (Bandura, 1986; 2000), we suggest that team members similarly observe an ethical leader's behavior as indicating the features of both a moral person and a moral manager. Because ethical leaders conduct their personal lives ethically, they consider team members' best interests and collective goals; thus, they exhibit high trustworthiness toward team members in general and are perceived as moral persons (Brown & Treviño, 2006; 2014).

Furthermore, as moral managers, ethical leaders promote morally appropriate behaviors by establishing those behaviors as role models, rewarding desirable behaviors, punishing inappropriate behaviors among team members, and making fair management decisions. Ethical leaders also demonstrate the importance of moral standards (e.g., fairness and altruism) as an essential foundation for effective cooperation among team members (Axelrod & Hamilton, 1981; Brown & Treviño, 2006; Nowak & Sigmund, 2005).

Drawing from the principles of social learning theory (Bandura, 1997; 2000) that function at the group level, this study proposes that team members are likely to share their perceptions of team leaders' ethical conduct, thereby bolstering their collective beliefs of moral efficacy (Chan, 1998; Morgeson, DeRue, & Karam, 2010; Morgeson & Hofmann, 1999). Team moral efficacy refers to a shared perception among the team members regarding the team's ability to perform ethical behaviors within situations that have moral implications (Hannah & Avolio, 2010). Thus, it represents both team members' belief in their team's moral capabilities and confidence in the team's ability to perform ethical behaviors (Hannah & Avolio, 2010; Luthans & Youssef, 2005).

In applying social learning theory, we posit that team moral efficacy can be developed through vicarious experience (i.e., role modeling), enactive mastery, and leaders' verbal persuasion. That is, team members may become confident in their team's ability to act ethically

because they learn and develop this ability through vicarious experience and enactive mastery, as well as by exposure to verbal persuasion by ethical leaders (Brown & Treviño, 2006; 2014).

Vicarious experience, which involves the observation and mimicking of ethical leaders' behaviors, is one of the primary factors that enhance team moral efficacy beliefs. For example, when team leaders show ethical behaviors by demonstrating high integrity and conducting his/her personal life in an ethical way, team members are likely to consider their leaders as credible and legitimate role models (Mayer et al., 2009; 2012). In turn, by vicariously observing and imitating how their ethical role models behave, team members can promote the development of shared team moral efficacy beliefs.

Secondly, team moral efficacy can be strengthened through team members' collective enactive mastery experiences from their ethical leaders. Enactive mastery implies gaining meaningful experience from reacting to ethical issues in the workplace (Bandura, 1997; 2000). For instance, team members may learn and increase their shared group perceptions of moral efficacy beliefs through such leaders who reinforce high ethical standards, reward appropriate behaviors, and punish immoral actions within their teams. Thus, team members are likely to learn from their ethical leaders' actions once these leaders punish their followers who violate ethical rules (e.g., falsifying expense reports, stealing office supplies), which in turn enhances the shared group beliefs of their team moral efficacy.

Lastly, leaders' verbal persuasion, which is defined as persuading team members that they can effectively perform team ethical outcomes (Bandura, 2000), is also thought to generate team moral efficacy beliefs. Specifically, ethical leaders often solicit input from team members to figure out their team needs and strengths (Brown et al., 2005; Mayer et al., 2009; 2012). Moreover, ethical leaders verbally provide information for their team members to learn and internalize appropriate

moral values to foster effective team moral efficacy. That is, information obtained through two-way communication with team members helps ethical leaders provide appropriate suggestions to establish group ethical norms, thereby strengthening team moral efficacy. Taken together, we suggest that ethical leadership should enhance team moral efficacy beliefs through vicarious experience, enacted mastery, and verbal persuasion (Hannah & Avolio, 2010; Lee, Choi, Youn, & Chun, 2017; Schaubroeck et al., 2012; Wang, Xu, & Liu, 2018).

3.3.2 Ethical Leadership and Team Outcomes: The Mediating Role of Team Moral Efficacy

This study also proposes that an indirect relationship exists between ethical leadership and team outcomes (i.e., team ethical voice and OCB) through team moral efficacy. On the one hand, team ethical voice is defined as "a form of team expression that challenges, and seeks to change, the current behaviors, procedures, and policies that are not normatively appropriate" (Huang & Paterson, 2017, p. 1160). Specifically, team ethical voice consists of shared suggestions by team members to improve ethical behavior at work, such as voicing concerns about unethical behaviors that have been detected or suggestions regarding the need to thwart immoral behaviors.

On the other hand, team OCB refers to the normative level of OCB displayed within the team (Ehrhart & Naumann, 2004). OCB denotes prosocial behavior that supports the goals of the organization (i.e., OCB-O) or helps other individuals (i.e., OCB-I) (Organ, 1988; Williams & Anderson, 1991). OCB can also be considered as a demonstration of ethical behavior in the organization (Turnipseed, 2002). Based on prior research (e.g., Bandura, 1997; 2000; Hannah & Avolio, 2010; Hannah, Avolio, & May, 2011), team moral efficacy beliefs, as promoted by ethical leadership, should foster team ethical voice and OCB. This fostering may occur because team moral efficacy is inherently tied to the intention to exhibit desirable team behaviors according to the tenets regarding the theory of planned behavior (Ajzen, 1991).

Specifically, team ethical voice and citizenship behaviors are influenced by perceived team behavioral control, which refers to the shared perception of "the ease or difficulty of performing the behavior of interest" (Ajzen, 1991, p. 183). Such perceived team behavioral control is associated with the concept of team efficacy beliefs (Hannah et al., 2011; Huang & Paterson, 2017). That is, team moral efficacy beliefs involving the moral intention to display desirable team behaviors are likely to result in team extra-role outcomes (Ajzen, 1991; 2002; Hannah & Avolio, 2010; Hannah et al., 2011; Huang & Paterson, 2017). Accordingly, previous studies have found team that moral efficacy is positively related to team extra-role performance (e.g., Hannah & Avolio, 2010; Hannah et al., 2011; Hu & Judge, 2017; Hu & Liden, 2011; Lee et al., 2017; Owens, Yam, Bednar, Mao, & Hart, 2019; Schaubroeck et al., 2012).

A recent study conducted by Lee et al. (2017) has found that ethical leadership is positively related to employee moral voice through moral efficacy at the individual level. However, they focused on the aspects of moral courage, which is defined as a psychological state featuring "the courage to convert moral intentions into actions despite the face of adversity and persevere through challenges" (Hannah & Avolio, 2010, pp. 291-292), regarding employee moral voice behavior.

Our study first differs from Lee et al.'s research by examining the indirect relationships between ethical leadership and team ethical voice (i.e., a component of voice behavior that is distinct from moral courage and outlines the promotion of ethical conduct) and OCBs through team moral efficacy at the team level. The current study also looks at ethical leadership as a team-level construct instead of an individual-level because "team-level leadership may facilitate social integration, efficient processes, and smooth communication within the team, thereby enhancing team motivation" (Hu & Liden, 2011, p. 851).

In addition, this study will control for TFL to examine the unique effect of ethical leadership. Prior studies in ethical leadership have claimed that ethical leadership differs from TFL because ethical leadership is focused not only on demonstrating moral behaviors to other employees, but also on enforcing compliance with ethical laws and standards and encouraging ethical conduct by using rewards and punishments (e.g., Brown et al., 2005; Brown & Treviño, 2006; Lemoine et al., 2019; Treviño & Brown, 2007). TFL also focuses on expressing visions that are interesting to followers and stimulating employees' knowledge to come up with innovative ideas, which are not included in the ethical leadership concept (Bass & Avolio, 1993; 2000; Podsakoff, MacKenzie, Moorman, & Fetter, 1990).

Yet, scholars argue that there is still a partial overlap between ethical leadership and TFL (Bedi et al., 2016; Brown et al. 2005; Hoch et al., 2018; Ng & Feldman, 2015). For example, role modeling is a key element of ethical leadership, but it is also a significant factor of TFL (Avolio, Bass, & Jung, 1999; Bass & Avolio, 2000; Bedi et al., 2016; Hoch et al., 2018; Treviño & Brown, 2007). Thus, we include TFL as our control variable to identify the incremental contribution of ethical leadership. Based on the above reasoning, this study posits that the specific social learning processes associated with ethical leadership (i.e., through role modeling, enacted mastery, and verbal persuasion) make it predictable that ethical leadership will uniquely foster team moral efficacy, which in turn should positively affect team ethical voice and OCB. This effect leads to the following hypothesis.

> *Hypothesis 1*: Controlling for TFL, ethical leadership is indirectly and positively related to team ethical voice (Hypothesis 1a), team OCB-I (Hypothesis 1b), and team OCB-O (Hypothesis 1c) through team moral efficacy.

3.3.3 The Moderating Role of Ethical Climate

An organizational climate refers to shared perceptions among employees regarding the procedures, policies, and behaviors that are rewarded, supported, and expected in the organization. This organizational climate emerges from social interactions at the team level (Kuenzi & Schminke, 2009; Schneider et al., 2013). Collectively, the team climate creates expectations regarding appropriate behavior for team members by promoting specific norms and practices (Schneider et al., 2013). Among different types of work climates, ethical climate reflects the shared perception of moral standards and laws regarding ethical behaviors within the team (Arnaud & Schminke, 2012; Victor & Cullen, 1988). It is defined as "the prevailing perceptions of typical organizational practices and procedures that have ethical content" and "those aspects of work climate that determine what constitutes ethical behavior at work" (Victor & Cullen, 1988, p. 101).

Victor and Cullen (1988) proposed that an ethical climate comprises five factors, namely, caring, law and code, rules, instrumental norms, and independence. Among these five factors, the current study focuses on the law and code dimension. There are several reasons why we only select the law and code dimension rather than all five facets of ethical climate. First, previous research has shown that, compared with the other aspects of ethical climate, the law and code dimension is more strongly associated with behavioral outcomes (e.g., Leung, 2008; Martin & Cullen, 2006; Shin, 2012; Treviño et al., 1998). For example, Leung (2008) found that the law and code dimension is more strongly related to OCB than the other dimensions of ethical climate.

Second, the law and code factor is plausibly the core of an ethical climate because it reflects team members' perceptions of the ethical policies and code of ethics in the organization (e.g., Schwepker, 2001; Shin, 2012). Indeed, scholars have often conceptualized ethical climate as a

unidimensional construct denoting the salience and reinforcement of ethical and professional standards, hence implicitly referring to the law and code dimension.

Lastly, and perhaps most importantly, the law and code facet is best reflected in the military as an organization's ethical climate. On the one hand, military organizations have more stringent laws and codes than other organizations. This is because keeping the core values of a military organization, which are key in protecting the national security and in defending national interests, involves complying with strict codes of conduct. Military organizations also commonly have a vertical structure that emphasizes hierarchical order, as well as a strong ethical climate formed by the organization, both of which enforce the law and code factor of the ethical climate in terms of complying with the organization's ethical values, procedures, and behaviors (Arnaud & Schminke, 2012; Brown & Treviño, 2006; Lee, 2018; Schaubroeck et al., 2012; Victor & Cullen, 1988; Vidaver-Cohen, 1998).

On the other hand, although ethical leaders can be one of the elements needed to form the team's ethical climate (e.g., Mayer et al., 2010; Schaubroeck et al., 2012), team ethical climate is not only created by team leaders, especially in a military organization (Kim, 2016; Lee, 2018). According to the business ethics literature (Brown & Treviño, 2006; Treviño et al., 1998), ethical climate (Victor & Cullen, 1988) and ethical culture (Trevino, l990), both of which refer to "a multidimensional interplay among various formal and informal systems of behavioral control that are capable of promoting either ethical or unethical behavior" (Treviño et al., 1998, p. 451), are represented as an ethical context.

While ethical climate and ethical culture are somewhat similar (Brown & Treviño, 2006; Treviño et al., 1998), the main reason we focused on the ethical context as the ethical climate (rather than the ethical culture) is because the ethical climate provides an important direction to

team members by fortifying the normative procedures that influence ethical judgments and behaviors, which is more appropriate for a military organization (Arnaud & Schminke, 2012; Victor & Cullen, 1988; Vidaver-Cohen, 1998). More specifically, unlike other organizations, ethical climate is difficult to form via informal behavioral control systems (e.g., the team leader) in the military (Kim, 2016; Lee, 2018).

Indeed, military organizations generally do not allow team leaders to establish an informal team ethical climate because team leaders with the same organization's ethical standards might behave differently, depending on what such leaders believe to be appropriate or inappropriate (Brown & Mitchell, 2010; Eisenbeiss, 2012; Lemoine et al., 2019; Palanski et al., 2019). In turn, the law and code of the ethical climate formed by the organization legitimately lead to the team's ethical climate (Kim, 2016; Lee, 2018; Zohar & Luria, 2005).

The team's ethical climate may strengthen the ethical leadership's relationship with team moral efficacy and its indirect relationship with team ethical voice and OCB. We view team ethical climate as a moderator in our research model, and we evaluate its role through social information processing theory (Salancik & Pfeffer, 1978) and the social intuitionist model (Haidt, 2001).

Following the tenets of social information processing theory (Salancik & Pfeffer, 1978), team ethical climate emerges from the information shared through interactions among teammates and offers a background to promote the value of ethical behavior. This process facilitates the formation of moral judgments by team members. As suggested by the social intuitionist model (Haidt, 2001), automatic moral judgments are likely to emerge through moral intuitions driven by the social environment. Haidt (2001) defines moral intuition as the "sudden appearance in [the] consciousness of a moral judgment (…) without any conscious awareness of having gone through [the] cognitive steps of searching, weighing evidence, or inferring a conclusion" (p. 818).

This simplified process of moral judgment plausibly occurs when the team holds a strong ethical climate. Indeed, a strong ethical climate fosters moral standards through formal processes, such as ethical practices (Huang et al., 2019; Martin & Cullen, 2006; Mayer et al., 2010; Treviño et al., 1998; Victor & Cullen, 1988). Thus, team ethical climate provides cues and guidelines to team members that simplify moral judgments, make moral decisions more intuitive (Mayer et al., 2010; Salancik & Pfeffer, 1978), and help them use parallel ethical standards, hence fostering shared moral decisions (Greenberg, 2002; Haidt, 2001).

Team members who work in the context of a strong ethical climate are more willing to perceive the actions of ethical leaders. Indeed, they plausibly consider the actions of an ethical leader as being legitimate when the leader exhibits trustworthiness and promotes ethical behaviors in the leader's team (Brown & Treviño, 2006). This consideration may strengthen team members' perceptions of and confidence in the collective ability of their team to act ethically in a work context, thereby building team moral efficacy, and ultimately leading to increased team ethical voice and OCB.

By contrast, in the context of a low ethical climate, team members are more sensitive to their ethical leaders' conduct. They are less likely to recognize the value of the ethical standards promoted by ethical leaders because they are not able to obtain the corresponding information from their ethical leaders (Huang et al., 2019; Mayer et al., 2010). Team members are thus less likely to feel confident in the ability of their team to engage in ethical behaviors, which in turn should be related to reduced team ethical voice and OCB. Accordingly, a stronger team ethical climate will facilitate the actions of ethical leaders in promoting team ethical voice and OCB through team moral efficacy. Several studies have provided evidence for the moderating role of various work climates in the relationship between leader behaviors and work outcomes (e.g., Chen & Hou, 2016;

Hui, Chiu, Yu, Cheng, & Tse, 2007; Porter & McLaughlin, 2006; Tse, Dasborough, & Ashkanasy, 2008; Wang & Rode, 2010). Given the above arguments, we propose the following hypothesis:

> *Hypothesis 2.* Controlling for TFL, ethical climate moderates the positive, indirect relationship between ethical leadership and team ethical voice (Hypothesis 2a), team OCB-I (Hypothesis 2b), and team OCB-O (Hypothesis 2c) through team moral efficacy such that this relationship is stronger (vs. weaker) at high (vs. low) levels of ethical climate.

3.4 Method

3.4.1 Sample and Procedure

Participants were team members and their leaders (e.g., officers) in the Republic of Korea Army, South Korea. Compared to business contexts, military contexts are more intense and safety oriented, which emphasize ethical conduct and professionalism (Department of the Army, 2006; Fehr et al., 2015; Hannah et al., 2013; Schaubroeck et al., 2012; Sosik et al., 2018). This is particularly the case of the South Korean military where a strong ethical climate with clear ethical standards and compliance to procedures is promoted (Byun, Xu, & Lee, 2018; Kim, 2016; Kim & Park, 2016; Lee, 2018). Hence, the Korean military context appears suitable for testing our research model.

To minimize same-source bias effects (Podsakoff, MacKenzie, & Podsakoff, 2012), two separate questionnaires were developed, one for team members and one for their leaders. The first author contacted personnel officers personally to present the study and its purposes. The team member questionnaire contained measures of perceived team leaders' ethical leadership, TFL, ethical climate, and team moral efficacy. Team leaders received a separate questionnaire to assess team ethical voice and OCB. According to previous studies (e.g., Colquitt, Noe, & Jackson, 2002;

Richardson & Vandenberg, 2005; Schneider, White, & Paul, 1998; Tracey & Tews, 2005), three responses per team is a sufficient number for data aggregation at the team level. Therefore, we selected military teams that had at least three members for participation in the study. Team member and leader questionnaires were coded so that they could be matched for analysis. All participants were assured that their responses would remain confidential.

To reach a large number of participants, the first author contacted all the divisions' personnel staff officers in the Republic of Korea Army to present the study and its purposes. The officers were also informed that participation was voluntary, and that the questionnaires were to be completed during free time in a private place. The personnel officers from ten divisions expressed interest to participate in the study. Then, the questionnaires were randomly distributed to 900 team members and 180 team leaders pertaining to 20 regiments within these divisions. Three battalions were randomly selected from each of those regiments as were three companies from each battalion. In total, 730 team member surveys (response rate = 81.1%) and 170 leader responses (response rate = 94.4%) were returned (i.e., average number of member responses per team = 4.29; range: 1-5). Excluding questionnaires where respondents only completed their demographic information (i.e., 272 team member and 16 leader responses), 458 team members and 154 leaders provided usable responses.

Additionally, after removing teams from which we received fewer than 3 responses from the team members, the final sample comprised 450 team members (i.e., a final response rate of 50.0% [450/900]) nested within 150 teams and their leaders (i.e., a final response rate of 83.3% [150/180]). Thus, at the team level, 150 matched team member-leader responses were available for analysis. Among the team member respondents, 92.4% held at least a high school degree, average age was 20.52 years (SD = 1.97), and all were male. Team members' organizational tenure

was distributed as follows: 1-6 months: 11.8%; 7-12 months: 47.6%; 13-18 months: 33.1%; 19-24 months: 7.3%; and 41-48 months: 0.2%. Moreover, the current rank of the team members was distributed as follows: private: 4.0%; private first class: 46.2%; corporal: 39.8%; and sergeant: 10.0%. Participants were affiliated with various military branches such as the infantry and armed forces/cavalry. The average team size was 12.67 (SD = 5.07). Among team leaders, all were male, 64.6% held at least a college degree, and average age was 24.29 years (SD = 2.45).

We used logistic regression to examine potential self-selection biases in the final samples of the team members (N = 450) and team leaders (N = 150). First, we tested whether the probability of remaining in the final team member sample (N = 450) among the initial participants (N = 730) could be predicted by demographics (i.e., age, educational level, rank, and organizational tenure) and substantive (i.e., TFL, ethical leadership, ethical climate, and team moral efficacy at the individual level) variables. The logistic regression model was not significant, $\chi^2(8) = 9.34$, *ns*, and none of the predictors was significant. Second, we examined whether the probability of remaining in the final team leader sample (N = 150) among the initial respondents (N = 170) could be predicted by demographics (i.e., age and educational level) and leader-rated (i.e., team ethical voice and team OCB-I and OCB-O) variables. The logistic regression model was nonsignificant $\chi^2(5) = 5.90$, *ns*, and none of the variables was significant. Thus, no self-selection bias was found in the final samples of the team members or leader respondents used for the analyses.

3.4.2 Measures

By following a translation-back-translation procedure (Brislin, 1980), all measures were translated from English to Korean. All items were measured using a seven-point Likert-type scale ranging from 1 (*strongly disagree*) to 7 (*strongly agree*).

Ethical leadership. Ethical leadership was measured with the ten-item scale developed by Brown et al. (2005). A sample item was "My team leader defines success not just by results but also the way that they are obtained." The reliability for this scale was .94.

Ethical climate. We measured ethical climate as a referent-shift consensus construct (Chan, 1998) using the three-item law and code scale from Victor and Cullen (1988). As discussed earlier, among the five factors of ethical climate, we selected the law and code scale because the latter best reflects the core essence of the ethical climate in the military (e.g., Kim, 2016; Lee, 2018; Schaubroeck et al., 2012) and has stronger predictive power regarding work outcomes (e.g., altruism) than the other four dimensions of ethical climate (e.g., Leung, 2008 [law and code: r = .37, $p < .01$; caring: r = .16, *ns*; rules: r = .27, $p < .01$; instrumentality: r = -.12, *ns*; independence: r = -.22, $p < .05$]). A sample item was "In this team, team members are expected to comply with the law and professional standards over and above any considerations" (α = .87).

Team moral efficacy. Team moral efficacy was measured as a reference-shift composition construct via the nine-item scale developed by May, Luth, and Schwoerer (2014). That is, team members were asked to rate the team's shared confidence in its ability to fulfill team tasks in terms of dealing with ethical issues. A typical item was "My team is analyzing an ethical problem to find a solution." The internal consistency for this scale was .96.

Team ethical voice. The team leaders were asked to rate the team's ethical voice. Following the referent-shift approach (Chan, 2018), team ethical voice was assessed with a six-item scale developed by Van Dyne and LePine (1998), with the items being worded such that the team was the referent. Thus, we replaced the reference from "this follower" to "this team." The items were worded such that team leaders rated the extent to which their team engaged in voice

behavior, with a focus on ethical issues in the workplace. A sample item was "This team develops and makes recommendations concerning ethical issues that affect their work" (α = .92).

Team OCBs. Following Chan's (1998) referent-shift model, team leaders rated team OCB-I (7 items) and OCB-O (7 items) using Williams and Anderson's (1991) scales. Sample items were "The team I supervise helps others who have heavy workloads" (OCB-I; α = .93) and "The team I supervise conserves and protects organizational property" (OCB-O; α = .78).

Control variables. Following previous studies examining the relationship between team-level ethical leadership and team extra-role performance (e.g., Huang & Paterson, 2017; LePine & Van Dyne, 1998; Mayer et al., 2009; Walumbwa et al., 2012), we controlled for team size, given that a leader's ability to influence team outcomes may be reduced, and voice behavior may be less frequent in large teams due to team members feeling less responsible for team activities. As previously mentioned, we also controlled for TFL. Prior meta-analytic reviews have found significant associations between ethical leadership and TFL (e.g., Bedi et al., 2016 [TFL: r_c = .94]; Hoch et al., 2018 [TFL: r_c = .70]; Ng & Feldman, 2015 [TFL: r_c = .76]). This is because ethical leadership does not only conceptually overlap with TFL but is also strongly correlated with TFL methodologically. Specifically, Brown et al. (2005) showed a high correlation between the Ethical Leadership Scale and TFL's idealized influence component because both measures are focused on assessing behavioral modeling by team leaders (Hoch et al., 2018). To investigate the exact incremental effect of ethical leadership beyond the idealized influence dimension of TFL, we used a core dimension of TFL, namely, "providing an appropriate model" (3 items) from Podsakoff et al.'s (1990) scale as a proxy for TFL and employed it as a control in our model. A sample item for this scale was "My team leader provides a good model for me to follow" (α = .94). Finally, we controlled for seniority as a culture-specific variable unique to the Korean military, which

demonstrates high power distance between team leaders and team members. Power distance refers to "the degree of inequality in power between a less powerful individual and a more powerful other" (Hofstede, 2001, p. 83). The Republic of Korea Army is characterized by high power distance with a hierarchical structure (Kim, 2016; Lee, 2018). Compared to low power distant organizations, leadership practices in high power distant organizations are more likely to be stronger because leaders are accorded more authority to allocate resources in the workplace (House, Hanges, Javidan, Dorfman, & Gupta, 2004; Kirkman, Chen, Farh, Chen, & Lowe, 2009). Additionally, seniority and Confucian ethics in South Korea may influence the effectiveness of leadership (Bae, 2012; Horak, 2014, 2016; Lew, 2013; Rowley & Paik, 2009). In this study, we evaluated seniority from age differences between team leaders and team members. Generally, team members (mean age: 20.52 years) are beginning their mandatory military service as soldiers after graduating from their secondary school or middle years of their postsecondary school, whereas team leaders (mean age: 24.29 years) are starting their military service as officers right after graduating from their college or university.

3.4.3 Team Level of Analysis and Data Aggregation

As our model was specified at the team level, we evaluated the appropriateness of the data aggregation for all constructs assessed by team members (i.e., ethical leadership, TFL, ethical climate, and team moral efficacy). We first used the within-group interrater agreement index ($r_{wg(j)}$; James, Demaree, & Wolf, 1984) as the basis to justify aggregating follower-rated variables to the team level. While extant studies rely on the uniform (or rectangular) null distribution to estimate the $r_{wg(j)}$ values (e.g., Chiniara & Bentein, 2018; Huang & Paterson, 2017; Walumbwa et al., 2017), scholars argue that the uniform null distribution may obfuscate the true distribution of survey team members' responses because the uniform distribution "assumes that all answering options have

the same probability of being selected by the rater" (Biemann, Cole, & Voelpel, 2012, p. 68), and such responses could be influenced by several response biases, such as social desirability, leniency bias, severity bias, and central tendency bias (Cohen, Doveh, & Nahum-Shani, 2009; James et al., 1984; LeBreton & Senter, 2008).

Following the recommendations of previous research (e.g., Biemann et al., 2012; James et al., 1984; LeBreton & Senter, 2008; Rego, Vitória, Magalhães, Ribeiro, & Cunha, 2013; Smith-Crowe, Burke, Cohen, & Doveh, 2014), we calculated the $r_{wg(j)}$ values using both the uniform distribution and a slightly skewed distribution, which are based on theoretically justifiable null distributions. Indeed, we considered team leaders' ethical leadership, TFL, team ethical climate, and team moral efficacy as reasonable for a slightly skewed distribution because all of these variables may show a positive leniency bias in depicting their team climate, team efficacy, and team leaders' behaviors (Biemann et al., 2012; Ng, Koh, Ang, Kennedy, & Chan, 2011; Smith-Crowe et al., 2014). The estimated mean $r_{wg(j)}$ values indicated strong within-team agreement: .95 (uniform) and .90 (slight skew) for ethical leadership, .85 (uniform) and .76 (slight skew) for TFL, .85 (uniform) and .76 (slight skew) for team ethical climate, and .86 (uniform) and .77 (slight skew) for team moral efficacy.

We also evaluated the intraclass correlation coefficient (ICC) values (James, 1982) to examine between-group differences (ICC1) and reliabilities of the group means (ICC2) (Bliese, 2000). ICC1 and ICC2 values were .29 and .55 for ethical leadership, .24 and .49 for TFL, .25 and .50 for team ethical climate, and .28 and .54 for team moral efficacy, respectively, suggesting acceptable levels of between-group differences and reliabilities of the group means (Bliese, 2000). Together, these statistics provide support for aggregating team member scores on all constructs to the team level.

3.5 Results

3.5.1 Preliminary Analyses

Even though we collected our data from two different sources to reduce common method bias, ethical leadership, TFL, ethical climate, and team moral efficacy were rated by a single source (i.e., team members). Following recommendations (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003; Podsakoff et al., 2012), we used confirmatory factor analysis (CFA; with Mplus 8.4; Muthén & Muthén, 2017) and maximum likelihood estimation to examine the issue of common method variance in these data. Specifically, we estimated a CFA model where items had a loading on their intended construct and a separate loading on an uncorrelated latent method factor. Our results showed that the variance explained by the uncorrelated method factor was 8.17%, which is much less than the average 25% of method variance obtained in behavioral research (Babalola et al., 2019; Bavik et al., 2018; Fuller, Simmering, Atinc, Atinc, & Babin, 2016; Greenbaum, Mawritz, & Piccolo, 2015; Latorre, Guest, Ramos, & Gracia, 2016; Mitchell & Ambrose, 2007; Williams, Cote, & Buckley, 1989). These results indicate that common method bias is not a major issue in team members' ratings.

3.5.2 Confirmatory Factor Analyses

We again used CFA in Mplus 8.4 with maximum likelihood estimation to examine the dimensionality and discriminant validity of our multi-item measures at the team level. To maintain a favorable indicator-to-sample-size ratio (Bagozzi & Edwards, 1998), we simplified the measurement model by parceling out the five constructs (i.e., ethical leadership, team moral efficacy, and the dependent variables). Some scholars argue that the true value of the measurement model can be concealed by the parcels when we parceled out items from the multidimensional constructs (e.g., Bandalos, 2002; Hagtvet & Nasser, 2004; Hall, Snell, & Foust, 1999; Kim &

Hagtvet, 2003; Schallow, 2000). Thus, we followed the prior research procedure (Bandalos & Finney, 2001; Little, Cunningham, Shahar, &Widaman, 2002; Meade & Kroustalis, 2006; Sass & Smith, 2006) and parceled out only constructs with unidimensional scales. That is, we parceled out the ten-item ethical leadership measure into five indicators and the nine-item team moral efficacy measure into a three-indicator structure. We also parceled out the leader-rated variables (i.e., team ethical voice, OCB-I, and OCB-O) into three indicators for each variable. This resulted in a 23-item/indicator covariance matrix to be analyzed.

The results of the CFAs are presented in Table 3.1. The theorized seven-factor model yielded a good fit to the data [$\chi^2(209) = 454.60$, $p < .001$, $\chi^2/df = 2.18$, CFI = .92, TLI = .90, RMSEA = .09, SRMR = .09]. This model outperformed more parsimonious models, such as a six-factor model combining ethical leadership and TFL [$\Delta\chi^2(6) = 144.69$, $p < .001$]; a five-factor model in which ethical leadership and TFL formed one factor and team OCB-I and OCB-O were combined in another factor [$\Delta\chi^2(11) = 269.01$, $p < .001$]; a four-factor model treating ethical leadership and TFL as one factor and all leader-rated variables as another factor [$\Delta\chi^2(15) = 436.51$, $p < .001$]; a three-factor model treating ethical leadership and TFL as one factor and team moral efficacy and all leader-rated variables as another factor [$\Delta\chi^2(18) = 965.03$, $p < .001$]; a two-factor model in which ethical leadership and TFL formed one factor, and ethical climate, team moral efficacy, and all leader-rated variables formed another factor [$\Delta\chi^2(20) = 1104.27$, $p < .001$]; and a one-factor model [$\Delta\chi^2(21) = 1364.67$, $p < .001$]. These results suggest that the theorized seven-factor model was the best-fitting model; hence, it was retained for subsequent analyses. In this model, the standardized loadings of the indicators on their specified constructs were all significant ($p < .001$).

--- Insert Table 3.1 about here ---

3.5.3 Correlations and Descriptive Statistics

The means, standard deviations, and correlations for the study variables are reported in Table 3.2. The reliabilities were reasonably high for all variables (≥ .78). Ethical leadership was positively correlated with team moral efficacy (r = .64, p < .001) and team OCB-I (r = .25, p < .01), but was not significantly related to team ethical voice (r = .13, *ns*) and team OCB-O (r = .15, *ns*). Additionally, team moral efficacy was positively correlated with team ethical voice (r = .19, p < .05) and team OCB-I (r = .28, p < .001), but was not significantly correlated to team OCB-O (r = .12, *ns*).

--- Insert Table 3.2 about here ---

3.5.4 Structural Model Analyses

We tested the structural model associated with our hypotheses (Figure 3.1) using Mplus 8.4 (Muthén & Muthén, 2017) and maximum likelihood estimation with robust standard errors (MLR). Because the leader-rated variables were moderately correlated with one another, we allowed their residuals to be freely correlated. As shown in Table 3.3, the hypothesized structural model displayed an acceptable fit to the data, $\chi^2(276) = 521.40$, CFI = .91, TLI = .90, RMSEA = .08, SRMR = .09. We compared this model to several plausible alternative models. Prior meta-analyses have indicated that ethical leadership is positively related to voice behavior and OCB (e.g., Bedi et al., 2016 [voice: r_c = .36; OCB: r_c = .37; OCB-I: r_c = .29]; Chamberlin, Newton, & LePine, 2017 [voice: r_c = .21]; Hoch et al., 2018 [OCB-I: r_c = .28; OCB-O: r_c = .36]; Ng & Feldman, 2015 [voice: r_c = .32; OCB-I: r_c = .22; OCB-O: r_c = .27]).

To account for these previous findings, we tested the following alternative models. Alternative model 1 added a direct path from ethical leadership to team ethical voice. This model did not improve over the theoretical model [$\Delta\chi^2(1) = 1.04$, *ns*], and the added path was

nonsignificant. Alternative models 2 and 3 added a direct path from ethical leadership to team OCB-I and team OCB-O, respectively. These models were not superior to the theoretical model [$\Delta\chi^2(1) = .78$, *ns*, and $\Delta\chi^2(1) = .96$, *ns*, respectively], and the corresponding paths were nonsignificant. Based on prior research suggesting that TFL may be positively related to voice behavior and OCB (e.g., Chamberlin et al., 2017 [voice: $r_c = .30$]; Hoch et al., 2018 [OCB: $r_c = .28$]; Ng, 2017 [OCB: $r_c = .26$ (individual level), $r_c = .42$ (team level)]), we examined Alternative models 4-6, which added a link between TFL and ethical voice (Alternative model 4), OCB-I (Alternative model 5), and OCB-O (Alternative model 6), respectively. These models did not improve over the hypothesized model [$\Delta\chi^2(1) = 1.04$, *ns*, $\Delta\chi^2(1) = 3.75$, *ns*, and $\Delta\chi^2(1) = 1.55$, *ns*, respectively], and the added paths were nonsignificant. Thus, based on the parsimony rule, we retained the hypothesized model as the best-fitting model for hypothesis testing.

--- Insert Table 3.3 about here ---

3.5.5 Hypothesis Testing

The standardized path coefficients associated with the retained structural model are presented in Figure 3.2. Hypothesis 1 predicted a positive indirect relationship between ethical leadership and team ethical voice (Hypothesis 1a), team OCB-I (Hypothesis 1b), and team OCB-O (Hypothesis 1c) through team moral efficacy. Figure 3.2 shows that ethical leadership was positively associated with team moral efficacy ($\gamma = .22$, $p < .05$) and that, in turn, team moral efficacy was positively related to team ethical voice ($\gamma = .25$, $p < .01$), team OCB-I ($\gamma = .32$, $p < .001$), and team OCB-O ($\gamma = .19$, $p < .01$). We used bootstrapping (MacKinnon, Fritz, Williams, & Lockwood, 2007) in Mplus 8.4 using 1,000 resamples of the data and 95% bias-corrected confidence intervals (CIs) to estimate the indirect effects predicted in Hypotheses 1a-c. The indirect effect of ethical leadership on team ethical voice through team moral efficacy was

significantly positive (b = .08, SE = .05, 95% CI [.01, .17]). Hypothesis 1a is thus supported. Likewise, the indirect effects of ethical leadership on team OCB-I (b = .10, SE = .06, 95% CI [.01, .21]) and team OCB-O (b = .02, SE = .02, 95% CI [.00, .06]) through team moral efficacy were significant and positive, thus supporting Hypothesis 1b and Hypothesis 1c.

--- Insert Figure 3.2 about here ---

Hypothesis 2 proposed that the relationships between ethical leadership and team ethical voice (Hypothesis 2a), OCB-I (Hypothesis 2b), and OCB-O (Hypothesis 2c) through team moral efficacy would be stronger at higher levels of ethical climate. Thus, Hypothesis 2 corresponded to a moderated mediation model where the moderator (i.e., team ethical climate) affects the first stage of the indirect relationship between ethical leadership and team ethical voice. As shown in Figure 3.2, ethical leadership and ethical climate interacted to affect team moral efficacy (γ = .14, p < .01). Figure 3.3 displays the relationship between ethical leadership and team moral efficacy at high (1 *SD* above the mean) and low (1 *SD* below the mean) levels of ethical climate.

To formally test Hypothesis 2, we again used Mplus 8.4 (Muthén & Muthén, 2017) to obtain an estimate of the conditional indirect effects of ethical leadership on team ethical voice, OCB-I, and OCB-O at 1 *SD* above and below the mean level of ethical climate using 1,000 bootstrapped resamples of the data. The indirect effect of ethical leadership on team ethical voice was significantly positive, both at high levels (b = .09, SE = .05, 95% CI [.01, .19]) and low levels (b = .07, SE = .05, 95% CI [.00, .16]) of ethical climate. The difference in the strength of the indirect effects was significant (b = .02, SE = .01, 95% CI [.00, .04]). Therefore, Hypothesis 2a is supported. Similarly, the indirect relationship between ethical leadership and team OCB-I was significantly positive, both when ethical climate was high (b = .11, SE = .06, 95% CI [.02, .23]), and when it was low (b = .09, SE = .06, 95% CI [.01, .20]), and the difference between the two

was significant (b = .02, SE = .01, 95% CI [.01, .04]). Hypothesis 2b is thus supported. Finally, the indirect relationship between ethical leadership and team OCB-O was significantly positive, both when ethical climate was high (b = .02, SE = .02, 95% CI [.00, .06]), and when it was low (b = .02, SE = .02, 95% CI [.00, .05]), but the difference between the two effects was nonsignificant (b = .00, SE = .00, 95% CI [-.00, .01]). Hence, Hypothesis 2c is not supported. Of incidental interest, as shown in Figure 3.2, TFL was positively related to team moral efficacy (γ = .30, p < .05).

--- Insert Figure 3.3 about here ---

3.5.6 Supplementary Analyses

While we used TFL as our control variable to identify the unique effect of ethical leadership, our results showed a high correlation between ethical leadership and TFL, which may lead to a significant empirical redundancy and suppression problem (Bedi et al., 2016; Hoch et al., 2018; Palanski et al., 2019). Hence, we reanalyzed our model without TFL as a control variable. As shown in Figure 4, ethical leadership was more strongly positively related to team moral efficacy (γ = .41, p < .001) than the same relationship with TFL (γ = .22, p < .05). Yet, the positive relationships among team moral efficacy and team ethical voice (γ = .25, p < .01), team OCB-I (γ = .32, p < .001), and team OCB-O (γ = .19, p < .01) were exactly the same as those relationships with TFL. Moreover, we used bootstrapping in Mplus 8.4 using 1,000 resamples of the data and 95% bias-corrected CIs to estimate the indirect effects. Similarly, the indirect relationships among ethical leadership and team ethical voice (b = .16, SE = .08, 95% CI [.05, .29]), team OCB-I (b = .19, SE = .07, 95% CI [.08, .33]), and team OCB-O (b = .03, SE = .03, 95% CI [.00, .10]) through team moral efficacy were still significantly positive.

Figure 3.4 also shows that ethical leadership and ethical climate interact to affect team moral efficacy (γ = .15, p < .05). Again, we used Mplus 8.4 to obtain an estimate of the conditional

indirect effects of ethical leadership at 1 *SD* above and below the mean of ethical climate, based on 1,000 bootstrapped resamples of the data. The indirect relationship between ethical leadership and team ethical voice through team moral efficacy was positive and significant when ethical climate was high (b = .17, SE = .08, 95% CI [.05, .31]), and when it was low (b = .15, SE = .07, 95% CI [.05, .28]), and the difference between the two was significant (b = .02, SE = .01, 95% CI [.00, .04]).

In addition, the indirect effect of ethical leadership on team OCB-I was significantly positive, both at high levels (b = .20, SE = .08, 95% CI [.09, .34]), and at low levels (b = .18, SE = .07, 95% CI [.08, .31]) of ethical climate. The difference between the two effects was significant (b = .02, SE = .01, 95% CI [.01, .04]). Lastly, the indirect effect of ethical leadership on team OCB-O through team moral efficacy was significant when ethical climate was high (b = .04, SE = .03, 95% CI [.00, .11]) and low (b = .03, SE = .03, 95% CI [.00, .09]), but the difference between the two was not significant (b = .00, SE = .00, 95% CI [-.00, .01]). Taken together, after comparing the results, with and without TFL, both results remain the same whether or not we exclude TFL.

--- Insert Figure 3.4 about here ---

3.6 Discussion

Drawing upon social learning theory (Bandura, 1986; 2000), this study showed that through role modeling, enactive mastery, and verbal persuasion by ethical leaders, team members developed a collective confidence in their capability to perform ethical behaviors (i.e., team moral efficacy), ultimately resulting in enhanced team ethical voice, OCB-I, and OCB-O. Based on social information processing theory (Salancik & Pfeffer, 1978) and the social intuitionist model (Haidt, 2001), we further demonstrated that ethical leadership's relationship to team ethical voice and OCB-I was enhanced when the ethical climate was stronger. However, team ethical climate did

not moderate the indirect relationship between ethical leadership and team OCB-O. Our findings held while accounting for the effect of TFL's core dimension of "providing an appropriate model." The theoretical and practical contributions of these results are outlined below.

3.6.1 Theoretical Contributions

This study makes several contributions to the literature on ethical leadership and climate. First, the findings indicate that ethical leadership contributes to team ethical voice and OCB through a social learning process that aggregates at the team level. While previous studies have examined social learning as a process linking ethical leadership to team outcomes (e.g., Bedi et al., 2016; Hoch et al., 2018; Mayer, Aquino, Greenbaum, & Kuenzi, 2012; Ng & Feldman, 2015; Walumbwa et al., 2012), this study highlights team moral efficacy as a specific mechanism. That is, team moral efficacy reflects a social learning mechanism, revealing the collective emergence of moral efficacy beliefs through the observation of leaders' moral conduct, a sense of meaning obtained through reactions to ethical issues, and verbal persuasion by leaders to engage in moral behaviors (Bandura, 1997; 2000; Brown & Treviño, 2006; Brown et al., 2005). Even though ethical leaders who enforce compliance with normative standards may discourage team extra-role performance (Hannah et al., 2014; Lemoine et al., 2019; Mayer et al., 2013), this specific social learning mechanism explains how ethical leadership fosters team ethical voice and OCB.

Moreover, our findings indicate that moral efficacy beliefs as a psychological mechanism from team members aggregate to form a team-level phenomenon. Future research is needed to explore other potential psychological mediators at the team level (e.g., team moral ownership) that can explain how ethical leadership relates to team outcomes. Moreover, this line of work could be extended to address other relevant outcomes, such as team creative performance.

Second, drawing upon social information processing theory (Salancik & Pfeffer, 1978) and the social intuitionist model (Haidt, 2001), our study underlined the importance of ethical climate as a moderator of ethical leadership. Previous studies have identified different types of work climate as moderators of leadership models, such as TFL (e.g., Porter & McLaughlin, 2006; Wang & Rode, 2010). Additionally, the current study supports recent arguments from scholars regarding the vagueness of the judgment of team leaders' personal ethical standards (Brown & Mitchell, 2010; Eisenbeiss, 2012; Lemoine et al., 2019; Palanski et al., 2019).

Our results extend this line of research by depending on formal normative laws and standards of ethical climate (Brown & Treviño, 2006; Treviño et al., 2003). Specifically, we found that a stronger team ethical climate was associated with an enhanced relationship between ethical leadership and team ethical voice and OCB-I through team moral efficacy. Thus, within a strong ethical climate, team members are more likely to be responsive to ethical leaders' moral behaviors plausibly because the actions of their leaders are consistent with the team's ethical norms. In such conditions, the team's confidence in its ability to engage in ethical behaviors is ultimately transferred into team ethical voice and OCB-I.

By contrast, within a low ethical climate, team members were less likely to feel that they can endorse the moral values promoted by ethical leaders, resulting in a weaker indirect relation between ethical leadership and team ethical voice and OCB-I. Hence, our findings reveal that the shared norms regarding team ethical guidelines play a pivotal role in increasing the collective moral confidence that ultimately leads to positive team outcomes. An extension of this study would be to examine the impact of other positive team climate constructs (e.g., procedural justice climate and psychological safety climate) and climate strength as team-level moderators of ethical

leadership (Koopman, Lanaj, Wang, Zhou, & Shi, 2016; Koopman, Scott, Matta, Conlon, & Dennerlein, 2019; Shin, 2012; Shin, Sung, Choi, & Kim, 2015).

Third, ethical climate did not significantly strengthen the positive indirect relationship between ethical leadership and team OCB-O. There is some plausible reason for this. In line with prior research (e.g., Kamdar, McAllister, & Turban, 2006; McAllister, Kamdar, Morrison, & Turban, 2007; Van Dyne, Kamdar, & Joireman, 2008), one plausible explanation is that team members may perceive the interaction between ethical leadership and ethical climate differently in terms of engaging in team extra-role performance, depending on whether they considered such team behaviors as in-role or extra-role. Voice behavior and OCB have been originally recognized as extra-role performance that is not explicitly required by the formal organizational reward system or job description.

Yet, team OCB-O, which produces positive consequences for the organization, may be seen as in-role rather than extra-role (McAllister et al., 2007; Van Dyne et al., 2008). This is because though team members (who work in the military with a strong ethical climate) are more likely to recognize their ethical leaders as legitimate and trustworthy, they are only engaged in team OCB if they regard it as extra-role. Specifically, team members may feel that military organizations strictly comply with a code of conduct, which in turn may be perceived as team citizenship behavior toward the organization as a part of the required team responsibility of their in-role behavior. That is, while team members are more likely to engage in team OCB-I (e.g., assisting other team members who need some help in the team) when the collective behavior is extra-role, they are less willing to engage in team OCB-O (e.g., volunteering to provide services in an organizational event) when they feel that it is not discretionary to do so. Unlike the business context, the military organization is also a more dangerous and extreme organization wherein team

members are risking their own lives not only to save their colleagues, but also to protect national security for citizens (Kim, 2016; Lee, 2018; Sosik et al., 2018). Future research may need to examine this issue further in different research settings.

Finally, this study provides additional evidence for the incremental validity of ethical leadership, over and above TFL. The incremental contribution of ethical leadership over other leadership constructs, such as TFL and transactional leadership, has been previously studied (e.g., Bedi et al., 2016; Brown et al., 2005; Hoch et al., 2018; Ng & Feldman, 2015; Walumbwa et al., 2012). Bedi et al. (2016) argued that the boundaries between ethical leadership and TFL need to be clarified. We contend that the conceptual domain of ethical leadership is broader than that of TFL, although they share commonalities, such as emphases on fair treatment and role modeling.

Extending from recent arguments in the ethical literature (Lemoine et al., 2019; Palanski et al., 2019), the current study indicates that one unique contribution of ethical leadership concentrates on compliance with moral values. Ethical leadership also involves the activation of a psychological mechanism, leading up to team-level moral efficacy that then facilitates the emergence of team ethical voice and OCB. In other words, it is likely that this mechanism is specific to ethical leadership. However, the incremental validity of ethical leadership should be further examined, for example, by exploring how it can affect team outcomes, controlling for other relevant leadership constructs, such as authentic leadership, servant leadership, or interactional fairness.

3.6.2 Practical Implications

The current study offers practical implications for managers and organizations. First, our findings suggest that fostering ethical leadership may have beneficial effects on team members' willingness to engage in ethical behaviors, voicing ethical concerns, and prosocial behavior toward

others in the workplace. Consistent with the existing literature (e.g., Huang & Paterson, 2017; Mayer et al., 2012; Shin, 2012; Walumbwa et al., 2012), when leaders are perceived as more ethical, team members not only engage in more team ethical voice, but also exhibit team citizenship behaviors. These outcomes may contribute to building better workplaces. Thus, value exists for organizations to recruit and develop leaders who possess high ethical standards.

Indeed, organizations have emphasized the importance of integrity and ethical values in appointing top executives. However, similar attention has not been devoted to how organizations choose leaders at lower levels of the hierarchical ladder because immediate supervisors and managers are often selected based on the quality of their performance record. This lack of attention may be an unfortunate oversight because supervisors and managers often have greater influence than top executives on employees' beliefs, attitudes, and behaviors due to their physical proximity with subordinates (Davis & Rothstein, 2006). Organizations would be well advised to select and promote into these positions those followers who exhibit the traits of ethical leaders. Similarly, organizations may build training programs (e.g., leadership development programs) that develop ethical leadership abilities among the lower ranks of the organizational hierarchy.

Second, managers and organizations should be cautious about team climate in implementing social learning interventions. The current findings suggest that organizations should be aware of the role of team ethical climate to maximize the effectiveness of ethical leadership because such activities may be more effective among team members who are affiliated with teams that display a strong ethical climate. Therefore, organizations should invest resources that help improve the ethical climate within teams to facilitate team members' learning of the guidelines, bolstered by ethical leaders and their implementation to promote ethical and prosocial behaviors in the workplace (Shin, 2012).

3.6.3 Limitations and Future Directions

The current study has several limitations. First, all of the data were collected at the same point in time, preventing us from drawing causal inferences regarding the relationships among the variables. Nevertheless, the strength of our study is that it used data from different sources, and that sufficient convergence was evident among the employee responses to allow the data to be aggregated at the team level. However, replications of the current findings using a longitudinal design would be helpful in reaching safer conclusions regarding the temporal relationships among our variables.

Second, while we used seniority as our culture-specific control variable, another limitation is that all respondents were male soldiers and belonged to the same organizational context (i.e., the Republic of Korea army), thus reducing the generalizability of the findings. Similar to other militaries around the world (e.g., the U.S. military), the South Korean military is a unique organization as a male-dominated organization with rank system forms in its hierarchical structure, and with highly routinized task behavior (Hannah, Uhl-Bien, Avolio, & Cavarretta, 2009; Griffin & Mathieu, 1997; Schaubroeck et al., 2012). The South Korean military is also currently in a state of armistice with North Korea: the core purpose of the Republic of Korea army is to defend against existing North Korean military threats (Kim, 2016; Lee, 2018). Additionally, South Korea is characterized by high power distance and collectivism. Leadership practices are particularly relevant to the dimension of power distance. In a high power distance culture, the authority of leaders is considered more legitimate, and the ability of leaders to influence subordinates might be stronger than in low power distance cultures (e.g., Dickson, Den Hartog, & Michelson, 2003; House et al., 2004; Kirkman et al., 2009; Lian, Ferris, & Brown, 2012). Because the context of a strong power distance culture strengthens leaders' influence, our finding of a moderating effect of

ethical climate is noteworthy because it reveals that the effect of ethical leadership varies across teams, even if the dominant culture provides leaders with a great deal of power. Undoubtedly, it would be worth examining if ethical leadership and ethical climate similarly interact in low power distance cultures. Thus, future research using data from other countries with low power distance and high individualism, as well as different types of organizations with a broad diversity of demographic samples, is warranted.

Third, while allowing us to establish the incremental validity of ethical leadership, our control of the effect of TFL may have rendered the test regarding the influence of ethical leadership too conservative (Dust, Resick, Margolis, Mawritz, & Greenbaum, 2018; Mayer et al., 2009; Walumbwa et al., 2012). Along these lines, other leadership constructs that share certain similarities with ethical leadership (e.g., authentic leadership, transactional leadership, and servant leadership) were not introduced as controls in our analyses. Thus, although prior studies have suggested that ethical leadership is different from other related leadership constructs (e.g., Bedi et al., 2016; Brown et al., 2005; Brown & Treviño, 2006; Hoch et al., 2018; Lemoine et al., 2018; Ng & Feldman, 2015), the question remains as to whether employee reactions to ethical leadership, as observed in this study, would actually be due to the overlap between ethical leadership and related leadership constructs (Hunter, 2012). For example, some TFL dimensions (i.e., idealized influence) partly fall within the conceptual domain of ethical leadership (Bedi et al., 2016; Brown et al., 2005; Hoch et al., 2018; Walumbwa et al., 2012), suggesting that they may partly account for the effects of ethical leadership. Hence, it would be useful for future research to examine the extent to which the social learning process associated with ethical leadership is shared with other leadership constructs.

Finally, we selectively measured ethical climate through its core law and code dimension and TFL through its dimension of "providing an appropriate model." Although these scales displayed strong reliability (law and code climate: $\alpha = .87$; providing an appropriate model: $\alpha = .94$), future research is needed to replicate the current findings using the complete set of ethical climate and TFL dimensions.

3.7 Conclusion

This study examined a team-level model of ethical leadership in the Republic of Korea Army. Based on social learning theory (Bandura, 1986; 2000), the study indicated that social learning, as operationalized by team moral efficacy, mediated a positive relationship between ethical leadership and team ethical voice, OCB-I, and OCB-O. Drawing upon social information processing theory (Salancik & Pfeffer, 1978) and the social intuitionist model (Haidt, 2001), we further demonstrated that team ethical climate acts as an important boundary condition. That is, the indirect relationship of ethical leadership with respect to team ethical voice and OCB-I was enhanced in teams characterized by a strong ethical climate. These results suggest that the interplay among ethical leadership, ethical climate, and team moral efficacy is critical in comprehending how teams' ethical voice and OCB are generated. We hope that the current study will stimulate other research endeavors to explore the mechanisms by which ethical leadership affects team outcomes.

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Table 3.1

Confirmatory Factor Analysis Results for Alternative Models

Model	χ^2	*df*	χ^2/df	$\Delta\chi^2(df)$	CFI	TLI	RMSEA	SRMR
1. Seven-factor	454.60	209	2.18***	–	.92	.90	.09	.09
2. Six-factor [a]	599.29	215	2.79***	144.69(6)***	.88	.85	.11	.09
3. Five-factor [b]	723.61	220	3.29***	269.01(11)***	.84	.81	.12	.08
4. Four-factor [c]	891.11	224	3.98***	436.51(15)***	.78	.76	.14	.08
5. Three-factor [d]	1419.63	227	6.25***	965.03(18)***	.61	.57	.19	.20
6. Two-factor [e]	1558.87	229	6.81***	1104.27(20)***	.57	.52	.20	.17
7. One-factor [f]	1819.27	230	7.91***	1364.67(21)***	.48	.43	.22	.17

Note: $N = 150$; *df* = degrees of freedom; CFI = comparative fit index; TLI = Tucker-Lewis index; RMSEA = root-mean-square error of approximation; SRMR = standardized root-mean-square residual. [a] Six-factor model in which leadership variables (i.e., ethical leadership and TFL-providing an appropriate model) are combined. [b] Five-factor model treating leadership variables as one factor and team OCB-I and OCB-O as another factor. [c] Four-factor model treating leadership variables as one factor and team ethical voice, OCB-I, and OCB-O as another factor. [d] Three-factor model in which leadership variables form one factor and team moral efficacy, ethical voice, OCB-I, and OCB-O form another factor. [e] Two-factor model in which leadership variables form one factor, and ethical climate, and team moral efficacy, ethical voice, OCB-I, and OCB-O are combined into another factor. [f] All items loading on a single factor.

***$p < .001$.

Table 3.2

Means, Standard Deviations, and Correlations for the Study Variables

Variable	*M*	*SD*	1	2	3	4	5	6	7	8	9
1. Team size [a]	12.67	5.08									
2. Seniority [a, b]	3.64	2.53	.12								
3. Team leaders' TFL [a]	5.34	0.80	-.10	-.06	(.94)						
4. Team leaders' ethical leadership [a]	5.72	0.64	-.15	-.06	.77***	(.94)					
5. Ethical climate [a]	5.14	0.71	-.25**	-.04	.58***	.50***	(.87)				
6. Team moral efficacy [a]	4.92	0.86	-.27**	-.10	.69***	.64***	.71***	(.96)			
7. Team ethical voice [b]	5.91	0.96	.07	.14	.17*	.13	.13	.19*	(.92)		
8. Team OCB-I [b]	6.14	0.87	-.12	.07	.30***	.25**	.18*	.28***	.62***	(.93)	
9. Team OCB-O [b]	5.90	1.00	-.02	.13	.17*	.15	.03	.12	.47***	.55***	(.78)

Note: $N = 150$ (team level correlations); *M* = mean; *SD* = standard deviation; TFL = transformational leadership-providing an appropriate model; OCB-I = team organizational citizenship behavior directed at other individuals; OCB-O = team organizational citizenship behavior directed at the organization. Reliabilities are reported on the diagonal in parentheses.

[a] Rated by team members.

[b] Rated by team leaders.

*$p < .05$; **$p < .01$; ***$p < .001$.

Table 3.3

Summary of Fit Statistics for Hypothesized and Alternative Structural Models

Model	χ^2	*df*	$\Delta\chi^2$ (Δdf)	CFI	TLI	RMSEA	SRMR
1. Hypothesized model	521.40*	276	–	.91	.90	.08	.09
2. Alternative model 1: Adding a path from ethical leadership to team ethical voice	520.38*	275	1.04 (1)	.91	.90	.08	.09
3. Alternative model 2: Adding a path from ethical leadership to team OCB-I	520.68*	275	.78 (1)	.91	.90	.08	.09
4. Alternative model 3: Adding a path from ethical leadership to team OCB-O	520.91*	275	.96 (1)	.91	.90	.08	.09
5. Alternative model 4: Adding a path from TFL to team ethical voice	520.17*	275	1.04 (1)	.91	.90	.08	.09
6. Alternative model 5: Adding a path from TFL to team OCB-I	518.34*	275	3.75 (1)	.91	.90	.08	.09
7. Alternative model 6: Adding a path from TFL to team OCB-O	519.78*	275	1.55 (1)	.91	.90	.08	.09

Note: N = 150 (teams); *df* = degrees of freedom; CFI = comparative fit index; TLI = Tucker-Lewis index; RMSEA = root-mean-square error of approximation; SRMR = standardized root-mean-square residual; OCB-I = team organizational citizenship behavior directed at other individuals; OCB-O = team organizational citizenship behavior directed at the organization; TFL = transformational leadership-providing an appropriate model.
*$p < .001$.

Figure 3.1 Hypothesized research model. OCB-I = team organizational citizenship behavior directed at other individuals; OCB-O = team organizational citizenship behavior directed at the organization.

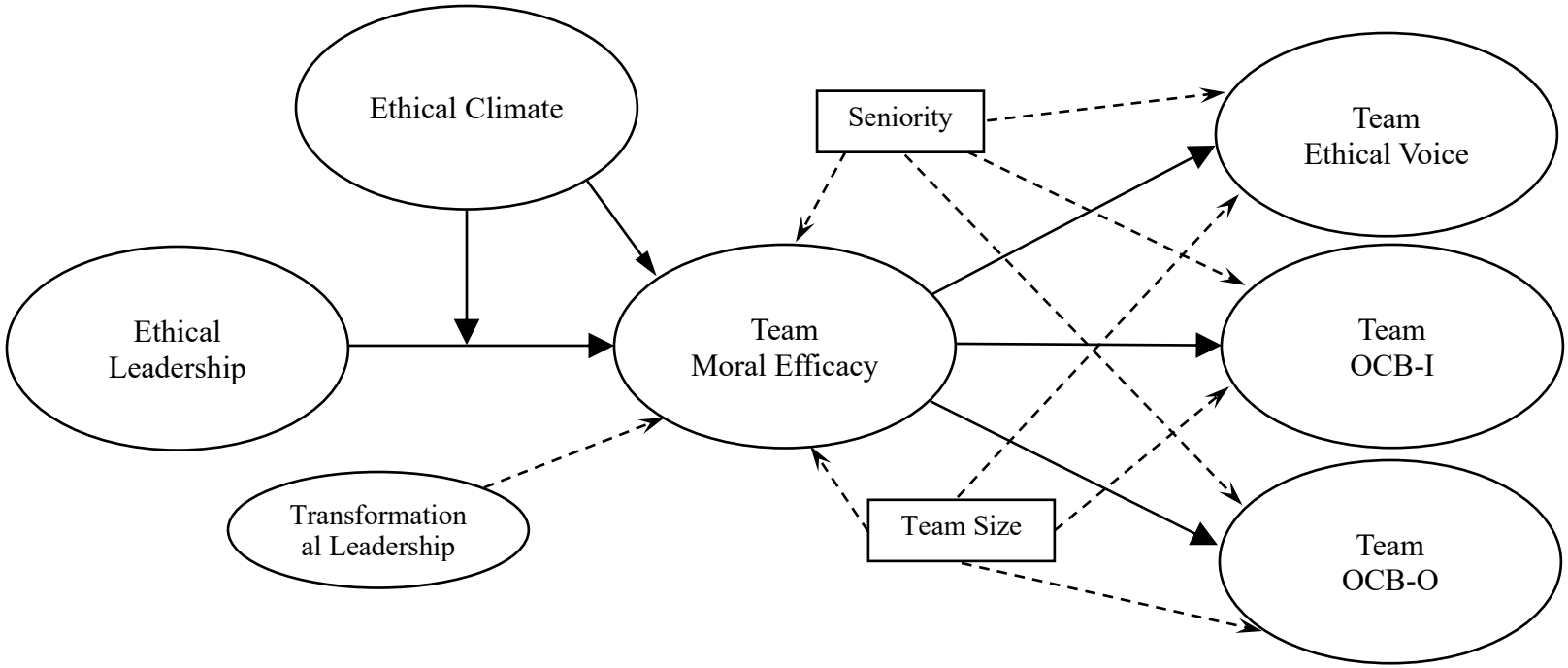


Figure 3.2 Final moderated mediation model ($N = 150$, teams). Standardized parameter estimates are reported. The effects of the control variables (i.e., transformational leadership-providing an appropriate model, team size, and seniority) are represented by dotted lines. OCB-I = team organizational citizenship behavior directed at other individuals; OCB-O = team organizational citizenship behavior directed at the organization. Model fit indices: $\chi^2(276) = 521.40$, $p < .001$, $\chi^2/df = 1.89$, CFI = .91, TLI = .90, RMSEA = .08, SRMR = .09. *$p < .05$; **$p < .01$; ***$p < .001$.

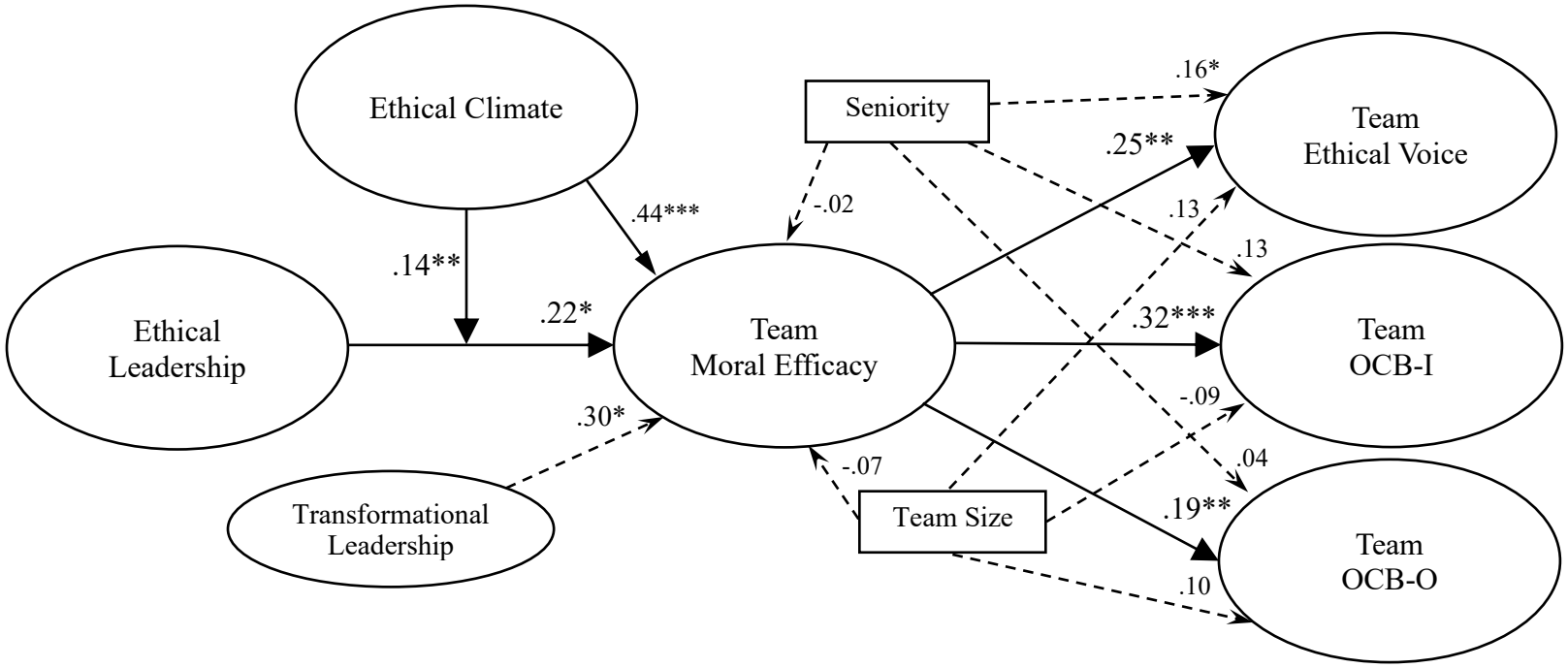


Figure 3.3 Interaction between ethical leadership and ethical climate predicting team moral efficacy.

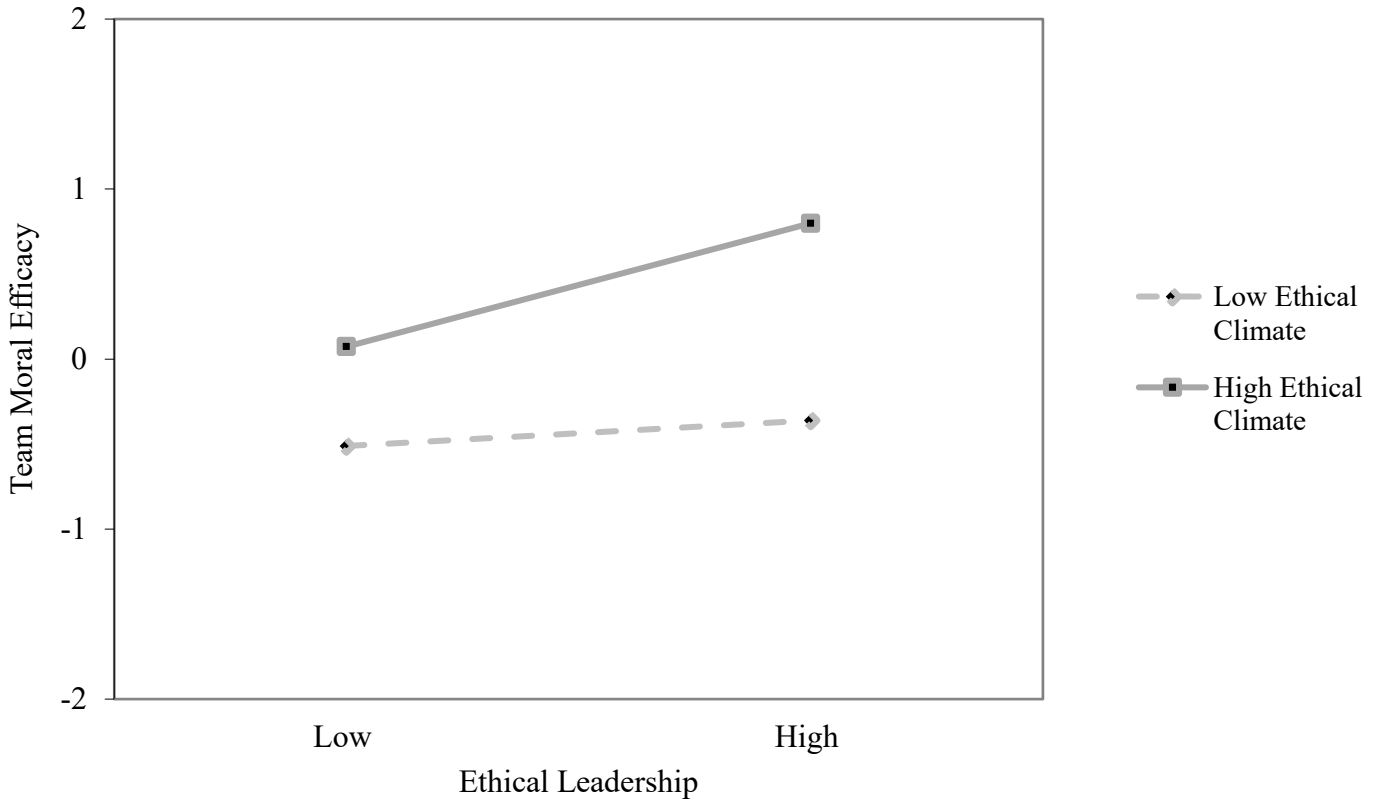
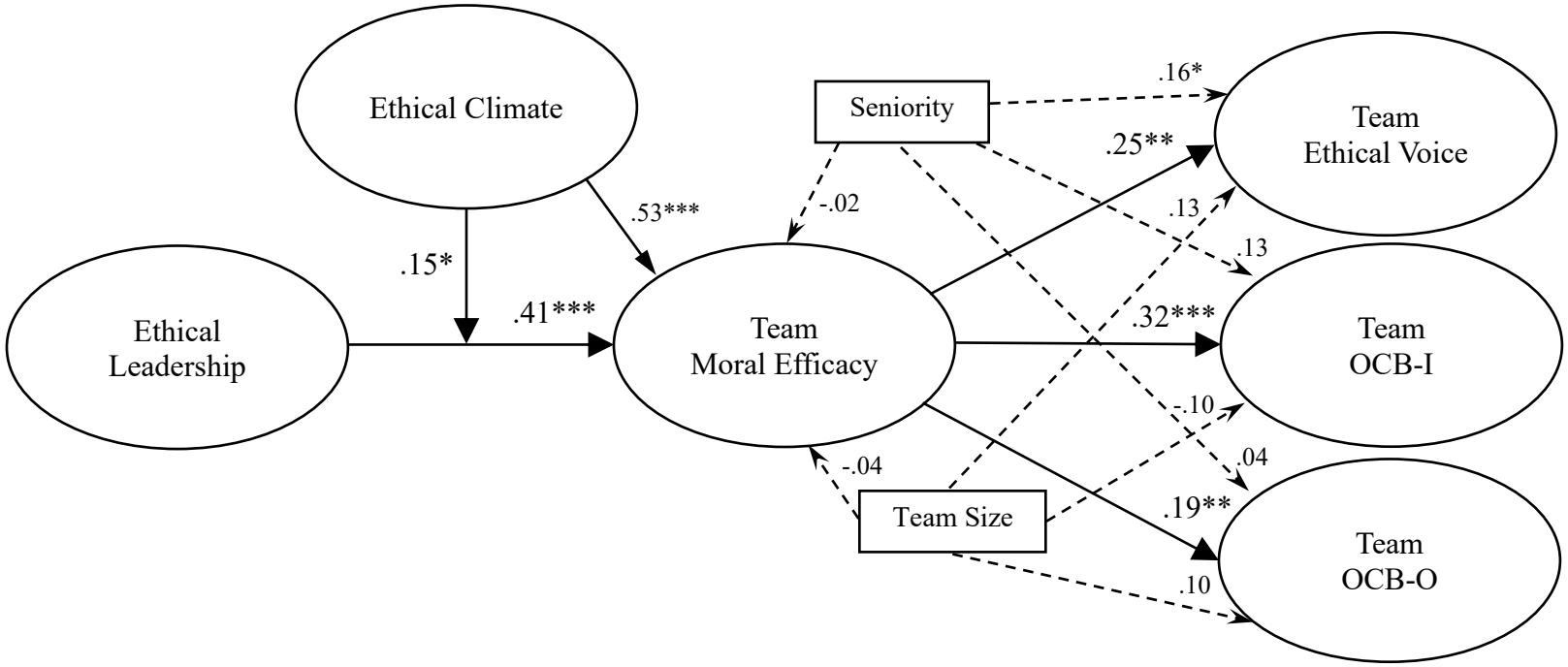


Figure 3.4 Retained moderated mediation model without TFL (N = 150, teams). Standardized parameter estimates are reported. The effects of the control variables (i.e., team size and seniority) are represented by dotted lines. OCB-I = team organizational citizenship behavior directed at other individuals; OCB-O = team organizational citizenship behavior directed at the organization. Model fit indices: $\chi^2(210) = 397.91$, $p < .001$, $\chi^2/df = 1.89$, CFI = .91, TLI = .90, RMSEA = .08, SRMR = .10.
*$p < .05$; **$p < .01$; ***$p < .001$.



Chapter 4
Essay Three: Ethical Leadership and Employee Organizational Commitment: The Roles of Perceived Organizational Support and Psychological Empowerment

4.1 Abstract

Given recent prominent ethical scandals (e.g., Enron, Oxfam, and Volkswagen) and the increasing demand for ethical management, the importance of business ethics has recently surged. One area that needs further research regards how ethical leaders can foster followers' organizational commitment. Drawing upon social exchange theory, the current research proposes that ethical leadership relates to follower affective and normative organizational commitment through perceived organizational support. In addition, using a self-determination theory perspective, we expected follower psychological empowerment to positively moderate the relationship between ethical leadership and the components of organizational commitment. Analyses of data from a six-month, three-wave study of a sample of employees from multiple organizations (N = 297) provided evidence for all these predictions. Moreover, these findings were obtained while controlling for the effects of transformational leadership, which highlights the incremental validity of ethical leadership. We discuss the implications of these results for our understanding of the unique mechanisms through which ethical leadership may affect followers' commitment to their organization.

4.2 Introduction

Recently, Volkswagen rigged its diesel engines to falsify emission tests (the Volkswagen emission scandal), which caused outrage among people around the world (Argenti, 2015; Bansal, King, & Seijts, 2015). This is one example of well-known corporate scandals (e.g., Enron, Lehman Brothers, Oxfam, Volkswagen, and WorldCom) that have recently occurred. These scandals have raised concerns that the unethical conduct of executives may result in negative consequences for organizations. Moreover, these events have heightened scholarly interest in ethical leadership and the use of tighter ethical standards in the workplace (Brown & Treviño, 2006; Brown, Treviño, & Harrison, 2005; Lemoine, Hartnell, & Leroy, 2019; Mayer, Aquino, Greenbaum, & Kuenzi, 2012; Schaubroeck et al., 2012). 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, p. 120).

Previous research suggests that ethical leadership is positively related to employees' task performance and citizenship behavior, and is negatively associated with counterproductive work behavior as well as unethical behavior (e.g., Avey, Palanski, & Walumbwa, 2011; Kacmar, Bachrach, Harris, & Zivnuska, 2011; Mayer et al., 2012; Mayer, Nurmohamed, Treviño, Shapiro, & Schminke, 2013; Piccolo, Greenbaum, Den Hartog, & Folger, 2010; Walumbwa & Schaubroeck, 2009). Although ethical leadership has received a good deal of research attention, some issues have yet to be explored. In this study, we address two gaps in the literature. First, although there is accumulated evidence regarding the relationship between ethical leadership and individuals' attitudes, such as

job satisfaction and affective commitment (e.g., Bedi, Alpaslan, & Green, 2016; Brown & Mitchell, 2010; Demirtas & Akdogan, 2015; Hoch, Bommer, Dulebohn, & Wu, 2018; Ng & Feldman, 2015; Ogunfowora, 2014), we still have a limited understanding of the mechanisms that link ethical leadership to these consequences. Only a few studies have examined the mechanisms that can explain the relationship between ethical leadership and organizational commitment (Li, Wu, Johnson, & Avey, 2017; Loi, Lam, Ngo, & Cheong, 2015). Drawing from social exchange theory (Blau, 1964), this study proposes that perceived organizational support (POS) acts as a mediator in this relationship. POS reflects individuals' perception that "the organization values their contributions and cares about their well-being" (Eisenberger, Huntington, Hutchison, & Sowa, 1986, p. 501). POS may explain the association between ethical leadership and followers' organizational commitment because ethical leaders are agents who act on behalf of the organization (Coyle-Shapiro & Shore, 2007; Liden, Bauer, & Erdogan, 2004) and provide fair treatment and care about followers in the name of the organization (Schein, 2010).

Second, the impact of ethical leadership may be contingent upon contextual characteristics (e.g., Ahn, Lee, & Yun, 2018; Avey et al., 2011; Yukl, 2010). Because the influence process of ethical leadership is thought to be based on a social exchange relationship with the organization (Loi et al., 2015), we suggest that psychological empowerment may play a role as a situational factor. Studies have identified followers' psychological empowerment as a moderator of managers' leadership behavior (for examples, see Chan, 2017; Pieterse, Van Knippenberg, Schippers, & Stam, 2010; Spreitzer, 2008). Psychological empowerment reflects intrinsic motivation through four cognitions related to one's work role: competence, meaning, self-determination, and

impact (Spreitzer, 1995, p. 1443). Followers with strong empowerment see themselves as competent and capable of proactively influencing their environment. Additionally, they exhibit initiative and proactive behavior (Pieterse et al., 2010; Spreitzer, 1995; 1996; 2008; Thomas & Velthouse, 1990). Based on self-determination theory (Deci & Ryan, 1985; Ryan & Deci, 2000), we expect higher follower empowerment to be associated with stronger relationships between ethical leadership and POS and, indirectly, organizational commitment. Specifically, empowered employees are likely sensitive to ethical leaders' promotion of moral standards (Brown et al., 2005; Den Hartog, 2015) because it is consistent with their sense of meaning and self-determination at work. As such, they may derive stronger POS from exposure to ethical leadership, and ultimately experience more organizational commitment (Kurtessis, Eisenberger, Ford, Buffardi, Stewart, & Adis, 2017; Loi et al., 2015). In contrast, employees with low empowerment may find less value in ethical leaders' directions because the sense of meaning and self-determination is less present in their work role (Dust, Resick, Margolis, Mawritz, & Greenbaum, 2018; Pieterse et al., 2010). Therefore, these employees may experience weaker associations between ethical leadership, POS, and organizational commitment.

This study contributes to the literature in several ways. First, we illustrate how the social exchange process, as operationalized by POS, acts as a mechanism linking ethical leadership to follower commitment, thereby increasing the understanding of how ethical leadership operates. Second, ethical leadership has scarcely examined the contextual boundaries of the action of ethical leaders. We contend that psychological empowerment acts an important boundary condition. Specifically, the action of ethical leaders should be enhanced among followers with high levels of empowerment because these people would

afford more importance to moral standards as guidelines for work behavior. As such, our study extends the ethical leadership literature by highlighting the role of context as curbing its relative impact in workplaces (Johns, 2006). Moreover, the role of empowerment as a boundary condition will help refine the theory of ethical leadership by revealing that it is the combination of social exchange and empowerment that paves the way for the influence of moral standards on organizational commitment. Third, we heed recent calls that have expressed concerns regarding the incremental contribution of ethical leadership over more established models of leadership (Bedi et al., 2016; Hoch et al., 2018; Lemoine et al., 2019; Ng & Feldman, 2015). In examining the effects of ethical leadership on our selected mediator and outcomes, we controlled for a dominant model of leadership, i.e., transformational leadership (TFL), thereby underscoring the incremental validity of ethical leadership. Figure 4.1 presents our research model.

--- Insert Figure 4.1 about here ---

4.3 Literature Review and Hypothesis Development

4.3.1 Ethical Leadership and Social Exchange: The Mediating Role of POS

Unlike social learning theory (Bandura, 1986), which has been used to describe how followers come to model the normatively appropriate conduct initiated by ethical leaders (Brown et al., 2005), social exchange theory helps explain how ethical leadership may exert a distal effect on organizational commitment. Social exchange theory (Blau, 1964) posits that the exchange of tangible and intangible resources is a fundamental form of human interaction. In contrast to economic transactions, social exchange relationships evolve through socioemotional inducements such as trust (Blau, 1964; Holmes, 1981). These exchanges are guided by the norm of reciprocity (Gouldner, 1960), which

engenders a felt obligation to reciprocate the resources and benefits received from the exchange partner. When effective, this process leads to high-quality relationships between exchange partners that are characterized by mutual trust and obligations (Cropanzano & Mitchell, 2005; Mitchell, Cropanzano, & Quisenberry, 2012).

An ethical leader is seen both as a moral person and a moral manager. As a moral person, the leader demonstrates trustworthiness, has the followers' best interests in mind, and conducts his or her personal life in an ethical manner. As a moral manager, the leader actively promotes ethical conduct by modeling appropriate behaviors, engaging in two-way communication with followers, making fair management decisions, and disciplining inappropriate behaviors (Brown et al., 2005; Brown & Treviño, 2006; Den Hartog, 2015; Treviño, Brown, & Hartman, 2003). Ethical leaders demonstrate moral standards (e.g., fairness and altruism) that are seen to be fundamental for members to effectively cooperate (Axelrod & Hamilton, 1981; Nowak & Sigmund, 2005). Thus, ethical leaders display behaviors that are critical to establishing trustful relationships with followers (Mayer, Davis, & Schoorman, 1995).

Such positive behaviors may be interpreted as indications that the organization supports employees. This may occur because, as supervisors, leaders are seen as conveying the opinions of the organization (Schein, 2010) and as agents who act on its behalf (Coyle-Shapiro & Shore, 2007; Levinson, 1965; Liden et al., 2004). Summarizing this process, POS reflects employees' perception that the organization supports them and values their contributions (Eisenberger et al., 1986, p. 51). Organizational support theory (Eisenberger et al., 1986) defines POS as a social exchange variable that develops when the organization fulfills employees' socioemotional needs and provides them with the

resources needed to do their jobs. By virtue of their moral standards, ethical behavior, and concern for employees' welfare, ethical leaders may fulfill these needs and clarify how job duties should be accomplished, which may foster POS (Loi et al., 2015).

The presumed effect of ethical leadership on POS should then extend to organizational commitment. POS is a well-established antecedent of affective and normative commitment (Kurtessis et al., 2017; Yucel, McMillan, & Richard, 2014). Affective commitment reflects the extent to which employees are emotionally attached to the organization, and normative commitment represents attachment to the organization based on a sense of obligation and loyalty (Allen & Meyer, 1990; Meyer & Allen, 1997). As a social exchange variable, POS reflects attributions of favorable treatment by the organization, which fulfills employees' socioemotional needs. This prompts employees to develop an affective commitment to the organization in order to balance the favorable treatment received (Kurtessis et al., 2017). Similarly, by virtue of the norm of reciprocity (Gouldner, 1960), POS creates a sense of felt obligation toward the organization (Armeli, Eisenberger, Fasolo, & Lynch, 1998). This felt obligation indicates that normative organizational commitment is a response to the organization's positive orientation toward employees (Kurtessis et al., 2017).

Although preliminary evidence has been reported that ethical leadership may relate to affective commitment through POS (Loi et al., 2015), it remains to be demonstrated that this relationship is uniquely elicited by ethical leadership. We suggest that ethical leadership will exert these effects controlling for TFL, a major driver of social exchange relationships with followers. This may be so because ethical leaders promote social exchange by embodying moral standards that help guide followers' work behavior,

thereby serving their adjustment to the work context. This may be taken as a unique indication of support on behalf of the organization that is not redundant with the action of transformational leaders. Such support (i.e., POS) would lead to both affective and normative commitment to the organization. Based on this reasoning, we propose that POS will mediate a unique, positive relationship between ethical leadership and affective and normative commitment, controlling for TFL.

Hypothesis 1: Controlling for transformational leadership, ethical leadership is indirectly and positively related to follower affective commitment (Hypothesis 1a) and normative commitment (Hypothesis 1b) through POS.

4.3.2 The Moderating Role of Follower Psychological Empowerment

Spreitzer (1995, p. 1443) defined psychological empowerment as an intrinsic task motivation comprising four cognitions: meaning, self-competence, self-determination, and impact. A sense of meaning emerges from the fit between a task and employees' values, beliefs, and behaviors (Brief & Nord, 1990; Dust, Resick, & Mawritz, 2014; Hackman & Oldham, 1980). A sense of competence is akin to self-efficacy and refers to the confidence in having the skills and abilities to complete a task (Bandura 1986; Conger & Kanungo 1988; Newman, Schwarz, Cooper, & Sendjaya, 2017). A sense of autonomy reflects the freedom to initiate one's own work behavior (i.e., self-determination; Deci, Connell, & Ryan, 1989), while a sense of impact refers to the ability to influence outcomes and decisions in one's own environment (e.g., Maynard, Gilson, & Mathieu, 2012; Seibert, Wang, & Courtright, 2011; Spreitzer, 1996). Empirical studies have found psychological empowerment to be positively associated with a range of outcomes, including job satisfaction, organizational commitment, job performance, and innovation.

Additionally, it has been found to be negatively related to job strain and turnover intention (e.g., Koberg, Boss, Senjem, & Goodman, 1999; Liden, Wayne, & Sparrowe, 2000; Maynard et al., 2012; Seibert et al., 2011).

We view psychological empowerment as a moderator in our research model (Figure 1), and we evaluate its role through the lens of self-determination theory (Deci & Ryan, 1985; Ryan & Deci, 2000). This theory states that the self-regulation of one's behavior and positive outcomes result when people experience task completion as being driven by autonomous motivation, a psychological state reflecting the enjoyment of task completion and/or doing things because they are consistent with one's values (Gagné & Deci, 2005). Psychological empowerment largely reflects a state of autonomous motivation (Maynard et al., 2012). Empowered followers experience a sense of importance in their work, are confident that they can complete their tasks efficiently, have a sense of choice, and are aware of their influence on the environment (Spreitzer, 1995; 1996; 2008).

Ethical leaders promote appropriate conduct by offering constructive feedback, listening to and respecting followers' opinions and concerns, and encouraging followers to take ownership of their decisions (Brown et al., 2005; Den Hartog, 2015; Treviño et al., 2003; Treviño, Hartman, & Brown, 2000). Employees with high empowerment may find value in these interactions because ethical leaders help them understand how their work is important. Moreover, ethical leaders provide them with the freedom to express their true selves, abilities, and competencies, thereby increasing the self-regulation of work behavior (e.g., Avolio, Zhu, Koh, & Bhatia, 2004; Dust et al., 2018; Li, Wu, Johnson, & Wu, 2012; Zhu, May, & Avolio, 2004). That is, highly empowered followers

may feel that the principles instilled by ethical leaders are inspiring and leave them much room for their own decisions (e.g., Dust et al., 2014; 2018; Kim & Kim, 2013; Pieterse et al., 2010). Because ethical actions serve the needs of empowered followers, they may experience a stronger connection between ethical leadership and POS (Coyle-Shapiro & Shore, 2007; Schein, 2010; Levinson, 1965; Liden et al., 2004), which in turn should foster organizational commitment (Kurtessis et al., 2017).

In contrast, followers with low empowerment are less likely to receive benefits from ethical leadership. As these employees are not self-determined and experience little sense of meaning in their work role, they may not be sensitive to leaders communicating the value of moral conduct. Indeed, to fully grasp the value of moral standards, employees need to be autonomous in how they manage their tasks and take decisions about their work. Moreover, instilling moral principles may be more effective and well received when employees are already trained to pursue their own reflection about their work (i.e., sense of meaning), which is less likely the case among low empowered employees (Dust et al., 2018; Pieterse et al., 2010). Thus, the association between ethical leadership and POS and indirectly organizational commitment is plausibly weaker among low empowered employees (Seibert et al., 2011; Zhu et al., 2004). Given the above arguments, the following hypothesis is proposed.

> *Hypothesis 2.* Controlling for transformational leadership, follower psychological empowerment moderates the positive, indirect relationship between ethical leadership and affective commitment (Hypothesis 2a) and normative commitment (Hypothesis 2b) through POS, such that these

relationships are stronger (vs. weaker) at high (vs. low) levels of psychological empowerment.

4.4 Method

4.4.1 Sample and Procedure

Our hypotheses were tested in a three-wave study that used a three-month interval between waves. Ethical leadership and psychological empowerment were measured at Time 1, POS was assessed at Time 2, and affective commitment and normative commitment were measured at Time 3. TFL was used as a control and measured at Time 1. Data were collected through Legerweb, the largest Canadian web panel with 400,000 panelists (http://leger360.com). Research has provided evidence for the validity and reliability of data collected through such online platforms (e.g., Cheung, Burns, Sinclair, & Sliter, 2017). Three screening questions were used to ensure that participants were 18 or older, had salaried employment, and had an identifiable supervisor. All respondents who completed the surveys were compensated using dollars, Air Miles or Aeroplan (e.g., 0-10 minutes: $1 vs. 2 Air Miles vs. 25 Aeroplan; 11-20 minutes: $2 vs. 4 Air Miles vs. 50 Aeroplan; 21 minutes-30 minutes: $3 vs. 6 Air Miles vs. 75 Aeroplan), depending which option they chose in their Legerweb account. Our time-lagged design helped reduce the response consistency bias that typically occurs in cross-sectional surveys (Podsakoff, MacKenzie, & Podsakoff, 2012). Moreover, our design was consistent with the temporal ordering of the variables in our model (Figure 1) (Mitchell & James, 2001). All respondents were informed of the study objectives, provided informed consent to participate and were assured of the anonymity of their responses.

Of the 1,785 panelists who were contacted at Time 1, 1,042 completed the first survey, a response rate of 58.4%. Eliminating surveys with missing data ($N = 236$) resulted in a sample of 806 respondents at Time 1. Among these participants, 505 provided usable responses at Time 2. At Time 3, 320 responses were obtained, an overall response rate of 17.9%. Excluding questionnaires with a high proportion of missing values ($N = 23$), 297 responses were included in the analysis. In the final sample, 54.2% were men, 50.3% had a baccalaureate or higher level of education, the average organizational tenure was 8.59 years (SD = 7.81), and the average tenure with the supervisor was 4.34 years (SD = 4.85). The respondents' age was distributed as follows: 18-24 years: 2%; 25-34 years: 20.2%; 35-44 years: 27.6%; 45-54 years: 28.6%; 55-64 years: 19.9%; and 65-74 years: 1.7%. Participants were affiliated with various industries such as education, health care and social assistance, professional, scientific, and technical services, and retail.

To examine whether subject attrition across time led to nonrandom sampling, we tested whether the probability of remaining in the sample at Time 2 ($N = 505$) and Time 3 ($N = 297$) among Time 1 respondents ($N = 806$) could be predicted by Time 1 and/or Time 2 variables (Goodman & Blum, 1996). The logistic regression predicting the probability of remaining in the sample at Time 2 from Time 1 variables was nonsignificant, $\chi^2(3) = .66$, *ns*, and none of the predictors was significant. In addition, the logistic regression predicting the probability of remaining in the sample at Time 3 from Time 1 and Time 2 variables was nonsignificant, $\chi^2(4) = 1.61$, *ns*; again, none of the predictors was significant. Thus, respondent attrition across time was randomly distributed.

4.4.2 Measures

All items were rated on a five-point Likert-type scale ranging from 1 (*strongly disagree*) to 5 (*strongly agree*).

Ethical leadership. Ethical leadership was measured through the ten-item scale developed by Brown et al. (2005). A sample item was "Defines success not just by results but also the way that they are obtained." The reliability for this scale was .95 (Time 1).

Psychological empowerment. We used Spreitzer's (1995) 12-item scale to measure psychological empowerment. Each subdimension (i.e., meaning, competence, choice, and impact) of this instrument comprised three items. Sample items were "The work I do is very important to me" (meaning), "I am confident about my ability to do my job" (competence), "I have significant autonomy in determining how I do my job" (choice), and "I have significant influence over what happens in my department" (impact). Using AMOS 25.0 (Arbuckle, 1997) and the maximum likelihood method, we found the second-order confirmatory factor analysis (CFA) model of psychological empowerment with the subdimensions as first-order factors yielded a good fit with the data, $\chi^2(50) = 180.77$, $p < .001$, $\chi^2/df = 3.62$, CFI = .98, TLI = .97, RMSEA = .06. Therefore, in line with prior research (e.g., Kraimer, Seibert, & Liden, 1999; Seibert et al., 2011; Spreitzer, 1995; 1996), we combined the 12 items to form an overall scale of empowerment. The Cronbach's α for psychological empowerment was .89 (Time 1).

POS. A 6-item POS scale was used in this study (Eisenberger, Armeli, Rexwinkel, Lynch, & Rhoades, 2001). A sample item was "My organization really cares about my well-being" ($\alpha = .92$; Time 2).

Organizational commitment. We used a revised version of Meyer, Allen, and Smith's (1993) scales to measure affective commitment (e.g., "I really feel that I belong in this organization" α = .92; Time 3) and normative commitment (e.g., "It would not be morally right for me to leave this organization now" α = .92; Time 3) (Bentein, Vandenberg, Vandenberghe, & Stinglhamber, 2005).

Control variables. Previous meta-analytic reviews found significant associations between ethical leadership and TFL (e.g., Bedi et al., 2016 [TFL: r_c = .94]; Hoch et al., 2018 [TFL: r_c = .70]; Ng & Feldman, 2015 [TFL: r_c = .76]). Thus, TFL was used as a control to examine the incremental validity of ethical leadership in predicting POS as a mechanism leading to employee commitment. We used the 23-item scale developed by Podsakoff, MacKenzie, Moorman, and Fetter (1990) (α = .97; Time 1) to measure TFL. Sample items were "At work, my supervisor has a clear understanding of where we are going" (identifying and articulating a vision), "My supervisor provides a good model for me to follow" (providing an appropriate model), "At work, my supervisor fosters collaboration among work groups" (fostering the acceptance of group goals), "At work, my supervisor insists on only the best performance" (high performance expectations), "At work, my supervisor shows respect for my personal feelings" (providing individualized support), and "At work, my supervisor challenges me to think about old problems in new ways" (intellectual stimulation).

4.5 Results

4.5.1 Confirmatory Factor Analyses

We conducted CFA in Mplus 8.4 (Muthén & Muthén, 2017) and used maximum likelihood estimation to examine the dimensionality and discriminant validity of our

multi-item measures. To maintain a favorable indicator-to-sample-size ratio (Bagozzi & Edwards, 1998), we simplified the measurement model by parceling the six constructs following the procedure outlined by Little, Cunningham, Shahar, and Widaman (2002). This resulted in a 24-item/indicator (five parcels for ethical leadership, six parcels for TFL, four parcels for empowerment, three parcels for POS, and three parcels for each commitment variable) covariance matrix to be analyzed. The results of the CFA are presented in Table 4.1. The theorized six-factor model yielded a good fit with the data, $\chi^2(261) = 824.50$, $p < .001$, $\chi^2/df = 3.16$, CFI = .95, TLI = .95, RMSEA = .05, SRMR = .05. This model outperformed more parsimonious models such as a five-factor model combining ethical leadership and TFL [$\Delta\chi^2(5) = 744.22$, $p < .001$], a four-factor model combining both leadership variables and dependent variables (i.e., affective and normative commitment) [$\Delta\chi^2(9) = 1121.70$, $p < .001$], a three-factor model treating leadership variables as one factor and merging mediator and dependent variables altogether [$\Delta\chi^2(12) = 1726.69$, $p < .001$), a two-factor model in which leadership variables, mediator, and dependent variables were combined [$\Delta\chi^2(14) = 2905.25$, $p < .001$], and a one-factor model [$\Delta\chi^2(15) = 3307.60$, $p < .001$]. Thus, the theorized six-factor model was retained for subsequent analyses. The standardized loadings of all indicators/items on their specified constructs were significant at the $p < .001$ level.

--- Insert Table 4.1 about here ---

4.5.2 Correlations and Descriptive Statistics

The means, standard deviations, and correlations for the study variables are reported in Table 4.2. The reliabilities were reasonably high for all variables (≥ .89) and all correlations were in the expected direction. Interestingly, ethical leadership was

positively correlated with POS (r = .60, p < .001), affective commitment (r = .41, p < .001), and normative commitment (r = .24, p < .001) whereas POS was positively correlated with affective commitment (r = .58, p < .001) and normative commitment (r = .41, p < .001).

--- Insert Table 4.2 about here ---

4.5.3 Structural Model Analyses

We also tested the structural model associated with our hypotheses (Figure 4.1) using Mplus 8.4 (Muthén & Muthén, 2017) with maximum likelihood with robust errors (MLR) estimation. Table 4.3 shows that the hypothesized model showed an acceptable fit to the data, $\chi^2(266) = 751.79$, CFI = .95, TLI = .95, RMSEA = .05, SRMR = .07. We compared this model to several plausible alternative models. Prior meta-analyses indicate that ethical leadership is positively related to affective and normative commitment (e.g., Bedi et al., 2016 [affective commitment: r_c = .45; normative commitment: r_c = .53]; Hoch et al., 2018 [affective commitment: r_c = .48; normative commitment: r_c = .52]; Ng & Feldman, 2015 [affective commitment: r_c = .40; normative commitment: r_c = .52]). Alternative model 1 added a path between ethical leadership and affective commitment. This model was not better than the theoretical model [$\Delta\chi^2(1) = 1.42$, *ns*] and the added path was nonsignificant. Alternative model 2 added a path between ethical leadership and normative commitment. This model was not superior to the theoretical model [$\Delta\chi^2(1) = .36$, *ns*] and the added path was nonsignificant. Based on prior research suggesting that TFL may be related to affective and normative commitment (e.g., Hoch et al., 2018 [affective commitment: r_c = .42; organizational commitment: r_c = .65]; Meyer et al., 2002 [affective commitment: r_c = .46; normative commitment: r_c = .27]; Ng, 2017 [affective commitment: r_c = .44]), we examined Alternative

models 3 and 4, which added a path between TFL and affective or normative commitment. These models were not better than the hypothesized model [$\Delta\chi^2(1) = 1.65$, *ns*, and $\Delta\chi^2(1) = .86$, *ns*, respectively] and both paths were nonsignificant. Thus, based on the parsimony rule, we retained the hypothesized model as the best model for hypothesis testing.

--- Insert Table 4.3 about here ---

4.5.4 Hypothesis Testing

The standardized path coefficients associated with the retained structural model are presented in Figure 4.2. Hypothesis 1 predicted a positive relationship between ethical leadership and affective commitment (Hypothesis 1a) and normative commitment (Hypothesis 1b) through POS. Figure 4.2 shows that ethical leadership was positively related to POS ($\gamma = .19$, $p < .05$) and POS was positively related to affective ($\gamma = .65$, $p < .001$) and normative ($\gamma = .46$, $p < .001$) commitment. We used bootstrapping (MacKinnon, Fritz, Williams, & Lockwood, 2007; Tofighi & MacKinnon, 2011) in Mplus 8.4 using 1,000 resamples of the data and 95% bias-corrected confidence intervals (CIs) to estimate the indirect effects predicted in Hypotheses 1a-b. The indirect effect of ethical leadership on affective commitment through POS was significantly positive ($b = .18$, $SE = .08$, 95% CI [.04, .31]). Therefore, Hypothesis 1a is supported. Similarly, the indirect relationship between ethical leadership and normative commitment through POS was significantly positive ($b = .12$, $SE = .06$, 95% CI [.02, .21]), supporting Hypothesis 1b. Of incidental interest, TFL was positively related to POS ($\gamma = .30$, $p < .01$) (Figure 4.2).

--- Insert Figure 4.2 about here ---

Hypotheses 2a-b were tested using an analytical framework combining moderation and mediation (Edwards & Lambert, 2007). According to Edwards and

Lambert's (2007) moderated mediation approach, a moderator can affect different stages of a mediation sequence linking an independent variable to a dependent variable through a mediator. Our hypothesized model corresponds to a first-stage moderated mediation model in Edwards and Lambert's (2007) taxonomy (panel B, p. 4). A moderator (i.e., psychological empowerment) is expected to exert its effect on the path from an independent variable (i.e., ethical leadership) to a mediator (i.e., POS), such that the indirect relationship between ethical leadership and affective and normative commitment through POS is stronger at higher levels of psychological empowerment.

Hypothesis 2 proposed that the relationships between ethical leadership and affective (Hypothesis 2a) and normative (Hypothesis 2b) commitment through POS are stronger at high levels of psychological empowerment. As shown in Figure 4.2, ethical leadership and psychological empowerment interact to affect POS ($\gamma = .12$, $p < .01$). To formally test Hypothesis 2, we used Mplus 8.4 (Muthén & Muthén, 2017) to obtain an estimate of the conditional indirect effects of ethical leadership at 1 *SD* above and below the mean of psychological empowerment (Aiken & West, 1991) based on 1,000 bootstrapped resamples of the data. The indirect effect of ethical leadership on affective commitment through POS was positive and significant when psychological empowerment was high ($b = .19$, $SE = .08$, 95% CI [.05, .33]) and low ($b = .16$, $SE = .08$, 95% CI [.01, .29]), and the difference between the two was significant ($b = .03$, $SE = .01$, 95% CI [.02, .06]). Thus, Hypothesis 2a is supported. Similarly, the indirect effect of ethical leadership on normative commitment through POS was significant when psychological empowerment was high ($b = .13$, $SE = .06$, 95% CI [.04, .22]) and low ($b = .11$, $SE = .06$, 95% CI [.01, .20]), and the difference between the two was significant ($b = .02$, $SE = .01$,

95% CI [.01, .04]). Hypothesis 2b is therefore supported. Figure 4.3 presents the relationship between ethical leadership and POS at high (1 *SD* above the mean) vs. low (1 *SD* below the mean) levels of psychological empowerment.

--- Insert Figure 4.3 about here ---

4.6 Discussion

This study examined a social exchange mechanism (i.e., POS) through which ethical leadership relates to employee organizational commitment and looked at employee psychological empowerment as a moderator. The findings indicate that ethical leadership is related to affective and normative commitment through POS. Moreover, employee psychological empowerment strengthened the indirect relationship between ethical leadership and commitment dimensions. Interestingly, our findings were obtained while controlling for the effects of TFL, thereby helping to establish the incremental validity of ethical leadership. Theoretical contributions and practical implications of this study are outlined below.

4.6.1 Theoretical Contributions

The current study adds to previous studies that have used social exchange as a key mechanism linking ethical leadership to follower outcomes (e.g., Bedi et al., 2016; Hoch et al., 2018; Ng & Feldman, 2015). For example, prior research has reported leader-member exchange and trust in the leader to mediate the relationship between ethical leadership and employee citizenship behavior, deviant behavior, and task performance (e.g., Lee, 2016; Mo & Shi, 2017; Walumbwa, Mayer, Wang, Wang, Workman, & Christensen, 2011; Yang, Ding, & Lo, 2016). The present study adds to this stream of research by showing that POS is a *specific* mechanism through which ethical leadership

relates to affective and normative commitment. POS evokes a principle of positive reciprocity (Cropanzano & Mitchell, 2005; Mitchell et al., 2012) between those who act on behalf of the organization and employees. As ethical leaders provide guidelines for appropriate conduct and resources to employees in the name of the organization (Schein, 2010), this may encourage employees to develop perceptions that the organization is taking care of themselves, creating a sense of POS, which then prompts them to reciprocate the trustful attitude and caring behavior of these leaders through organizational commitment (Brewer & Gardner, 1996; Flynn, 2005).

Second, this study's findings inform organizational support theory by revealing that POS partly emerges from the combined influence of ethical leadership and employee psychological empowerment. Thus, POS may not be universally dependent on leaders' behavior but is altered by how ethical leadership interacts with followers' psychological empowerment. This suggests that differences in the level of POS across employees are partially due to differential reactions from employees to ethical leadership rather than to different actions initiated by the leader. However, our findings call for further investigation into the role of followers' characteristics in determining leaders' ability to influence POS. For example, future research may examine how varied individual differences (e.g., goal orientations) can alter followers' sensitivity to leader influences. Moreover, in addition to POS and organizational commitment, future research could investigate more diverse outcome variables, such as job satisfaction and work engagement.

Third, our study underscores the importance of psychological empowerment as a moderator of ethical leadership. We drew upon the autonomous motivational framework of self-determination theory to explicate the effect of empowerment. Previous research

has examined how employees with different self-regulation levels (in terms of self-control and psychological resources) distinctively respond to specific leadership types, such as benevolent leadership, transformational leadership, and transactional leadership (e.g., Chan, 2017; Pieterse et al., 2010; Spreitzer, 2008). Extending these studies, we found that ethical leaders promoted followers' POS and, indirectly, affective and normative commitment when their sense of empowerment was higher. There was congruence between these leaders' focus on ethical principles and empowered employees' autonomous motivation because ethical leaders' action calls for followers' autonomous thinking, thereby giving followers some leeway to make their own decisions (e.g., Dust et al., 2018; Kim & Kim, 2013; Piccolo et al., 2010).

When ethical leaders actively participate in constructive interactions to promote appropriate conduct among followers (Brown et al., 2005; Den Hartog, 2015), highly empowered followers are likely to react positively because such actions from the leader require that personal judgment be used (Pieterse et al., 2010; Spreitzer, 2008) to adjust their behavior in a moral sense. In sum, leaders' messages fostering the value of moral judgment are more likely to be effective among employees who can use their own judgment as a basis for work decisions (i.e., high-empowerment employees). In contrast, low-empowerment employees are less likely to reflect on the moral implications of their behavior because autonomous thinking and freedom of action are less common to them (Dust et al., 2018; Pieterse et al., 2010). Hence, they pay less attention to ethical leaders' directions. A possible extension of this study would be to consider psychological empowerment as a flexible factor that varies across time (Maynard et al., 2012). Similarly, it would be worth examining the impact of other positive, malleable motivational factors,

such as regulatory focus or self-enhancement motives (Higgins, 1997; Yun, Takeuchi, & Liu, 2007).

Finally, our findings are noteworthy because they were obtained while controlling for TFL, which provides further evidence of the incremental validity of ethical leadership. The incremental contribution of ethical leadership has been studied in regard to other relevant leadership models, such as TFL, transactional leadership, and authentic leadership (e.g., Bedi et al., 2016; Brown et al., 2005; Dust et al., 2018; Hoch et al., 2018; Mayer et al., 2012; Moss, Song, Hannah, Wang, & Sumanth, 2019; Ng & Feldman, 2015; Walumbwa & Schaubroeck, 2009). A recent meta-analysis by Bedi et al. (2016) suggested that the conceptual scope of ethical leadership is broader than that of TFL, but that the boundary between the two remains blurred. The two variables are also closely related to each other but are still distinguishable in CFA. Mayer et al. (2012) argued that the high correlation between ethical leadership and TFL is not surprising because some aspects of TFL (i.e., idealized influence) are partially embodied in ethical leadership (Brown et al., 2005). Given that we controlled for TFL, the current findings provide strong evidence for the social exchange process as a theoretical mechanism through which ethical leadership is associated with follower affective and normative commitment. Future research may consider controlling for other relevant leadership variables (e.g., authentic leadership, servant leadership) when examining the incremental validity of ethical leadership.

4.6.2 Practical Implications

Our findings have practical implications for managers and organizations. First, our findings provide support for the previously touted beneficial effects of ethical leadership on employee attitudinal outcomes. Consistent with prior studies (e.g., Demirtas &

Akdogan, 2015; Hansen, Alge, Brown, Jackson, & Dunford, 2013; Li et al., 2017; Neubert, Carlson, Kacmar, Roberts, & Chonko, 2009; Neubert, Wu, & Roberts, 2013; Philipp & Lopez, 2013; Ruiz, Ruiz, & Martínez, 2011), when leaders are perceived as moral persons and moral managers, employees have a strong emotional attachment to the organization and exhibit a higher normative commitment to it. This finding suggests that it is valuable for organizations to select, promote, and develop leaders who have high ethical standards. For example, organizations could select or promote followers who exhibit the traits of ethical leaders and could build training programs that develop ethical leadership abilities. Moreover, organizations should emphasize the importance of trustworthiness and moral values in appointing top managers. However, there may be less attention paid to concerns about ethical leadership when selecting lower-level managers. From the followers' perspective, this may be an unfortunate oversight because first-level managers tend to have a stronger influence on employees' attitudes and beliefs than top executives (Davis & Rothstein, 2006).

Second, managers should be cautious about followers' motivational states in implementing social exchange interventions. The current findings suggest that managers should be aware of employees' psychological empowerment in terms of maximizing the effectiveness of ethical leadership because such activities may be effective for followers with high intrinsic work motivation. Thus, managers should provide more psychological resources (e.g., through exposure to ethical leadership practices) to empowered employees in order to encourage positive outcomes (e.g., Chan, 2017; Pieterse et al., 2010; Spreitzer, 2008). For instance, organizations may provide opportunities for followers to

develop increased self-regulatory capacities through mindfulness training (Dane, 2011; Hülsheger, Alberts, Feinholdt, & Lang, 2013).

Lastly, although managers generally engage in similar ethical conduct with followers, perceived support by the organization may differ as a result of differences in followers' level of psychological empowerment. Therefore, managers should keep in mind that building a high-quality social exchange relationship is determined by how their interactions with each employee develop through perceived support by the organization, such as through recognition and favorable personal resources from his or her leader (Coyle-Shapiro & Shore, 2007; Eisenberger, Stinglhamber, Vandenberghe, Sucharski, & Rhoades, 2002; Liden et al., 2004; Schein, 2010).

4.6.3 Limitations and Future Directions

As with any study, the current study has limitations. First, although we adopted a three-wave design to avoid concerns about drawing causal inferences regarding the relationships among the variables, reverse causality is still possible. For example, employees with a priori high organizational commitment may play a pivotal role in increasing POS. There is also the possibility of same-source bias because we collected data from a single source. However, one strength of this study is that it used data from multiple time periods. Future research and replications of the present results using time-lagged or quasi-experimental designs would be helpful in reaching more definitive conclusions and in determining how the patterns of relationships among our variables change across time (Chan & Schmitt, 2000; Grant & Wall, 2008; Lance, Vandenberg, & Self, 2000).

Second, although we controlled for TFL, this variable may have removed some meaningful variance from the ethical leadership construct, resulting in a measurement that does not fully reflect its conceptual domain (Dust et al., 2018). Future research could adopt experimental designs to better capture the unique effects of ethical leadership through social exchange processes. Additionally, Brown et al.'s (2005) ethical leadership scale may partly overlap with other relevant leadership variables (e.g., TFL, transactional leadership, and interactional fairness). This is because the boundaries between ethical leadership and other leadership models are blurred (Bedi et al., 2016; Brown et al., 2005; Hoch et al., 2018; Lemoine et al., 2019; Ng & Feldman, 2015). Therefore, efforts to further refine an ethical leadership scale may be needed in order to identify more discriminant dimensions of ethical leadership.

Third, because the data were collected in Canada, the findings may not be generalizable to other countries. Canada is characterized by low power distance and high individualism. Given the focus of this study on leader influences, power distance may act as an important cultural context. Leader influences in high power-distance cultures are likely to be stronger because leaders are accorded more authority to allocate resources in the workplace, and supportive treatment by managers may be perceived by followers as having more implications for work outcomes than in low power-distance cultures (House, Hanges, Javidan, Dorfman, & Gupta, 2004; Kirkman, Chen, Farh, Chen, & Lowe, 2009; Lian, Ferris, & Brown, 2012). This notion implies that employees in collectivistic countries are likely to respond to their leaders in the same way. Thus, future research that replicates the findings in a collectivistic context would be worth pursuing to better understand the influence of ethical leadership and employee psychological empowerment

across cultures. Finally, other theoretical processes than social exchange (e.g., social information processing, social identity, or regulatory focus) processes may explain some of the influence of ethical leadership on affective and normative commitment, which would require further inquiry.

4.7 Conclusion

Given recent ethical scandals and growing demand for moral practices in management, the importance of business ethics has surged. In this context, the ethical responsibility of leaders has been emphasized. The current study found that ethical leaders can promote affective and normative commitment among followers through a social exchange process owing to their status as agents who act on behalf of the organization. Moreover, these effects were found to be contingent on followers' level of psychological empowerment, thereby demonstrating the contextual boundaries of the impact of ethical leadership. We hope future research will explore other mechanisms that might be associated with the effects of ethical leadership, as well as other boundary conditions.

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Table 4.1

Confirmatory Factor Analysis Results for Alternative Models

Model	χ^2	*df*	χ^2/df	$\Delta\chi^2(df)$	CFI	TLI	RMSEA	SRMR
1. Six-factor	824.50	261	3.16***	–	.95	.95	.05	.05
2. Five-factor [a]	1568.72	266	5.90***	744.22(5)***	.89	.88	.08	.06
3. Four-factor [b]	1946.20	270	7.21***	1121.70(9)***	.86	.85	.09	.07
4. Three-factor [c]	2551.19	273	9.35***	1726.69(12)***	.81	.79	.10	.09
5. Two-factor [d]	3729.75	275	13.56***	2905.25(14)***	.72	.69	.13	.13
6. One-factor [e]	4132.10	276	14.97***	3307.60(15)***	.68	.66	.13	.13

Note: $N = 297$. *df* = degrees of freedom; CFI = comparative fit index; TLI = Tucker-Lewis index; RMSEA = root-mean-square error of approximation; SRMR = standardized root-mean-square residual. [a] Five-factor model in which leadership variables (i.e., ethical leadership and transformational leadership) are combined. [b] Four-factor model treating leadership variables and dependent variables (i.e., affective and normative commitment) as two factors. [c] Three-factor model in which the mediator (i.e., perceived organizational support) and dependent variables are combined in one factor and leadership variables as another factor. [d] Two-factor model in which leadership variables, mediator, and dependent variables are combined into one factor. [e] All items loading on a single factor.
***$p < .001$.

Table 4.2

Means, Standard Deviations, and Correlations for the Study Variables

Variable	*M*	*SD*	1	2	3	4	5	6
1. Transformational leadership (T1)	3.49	0.95	(.97)					
2. Ethical leadership (T1)	3.80	0.95	.81***	(.95)				
3. Psychological empowerment (T1)	3.91	0.71	.37***	.27***	(.89)			
4. Perceived organizational support (T2)	3.26	1.04	.62***	.60***	.40***	(.92)		
5. Affective commitment (T3)	3.36	1.09	.47***	.41***	.52***	.58***	(.92)	
6. Normative commitment (T3)	2.59	1.23	.35***	.24***	.29***	.41***	.56***	(.92)

Note: $N = 297$. T1 = Time 1; T2 = Time 2; T3 = Time 3. Reliabilities are reported in parentheses along the diagonal.
***$p < .001$.

Table 4.3

Summary of Fit Statistics for Hypothesized and Alternative Structural Models

Model	χ^2	*df*	$\Delta\chi^2(df)$	CFI	TLI	RMSEA	SRMR
1. Hypothesized model	751.79	266	–	.95	.95	.05	.07
2. Alternative model 1: Adding a link between Ethical leadership and AC	750.66	265	1.42(1)	.95	.95	.05	.06
3. Alternative model 2: Adding a link between Ethical leadership and NC	751.15	265	.36(1)	.95	.95	.05	.07
4. Alternative model 3: Adding a link between TFL and AC	750.38	265	1.65(1)	.95	.95	.05	.06
5. Alternative model 4: Adding a link between TFL and NC	750.61	265	.86(1)	.95	.95	.05	.07

Note: $N = 297$. *df* = degrees of freedom; CFI = comparative fit index; TLI = Tucker-Lewis index; RMSEA = root-mean-square error of approximation; SRMR = standardized root-mean-square residual; AC = affective commitment; NC = normative commitment; TFL = transformational leadership.

Figure 4.1 Hypothesized research model. POS = perceived organizational support. T1 = Time 1; T2 = Time 2; T3 = Time 3.

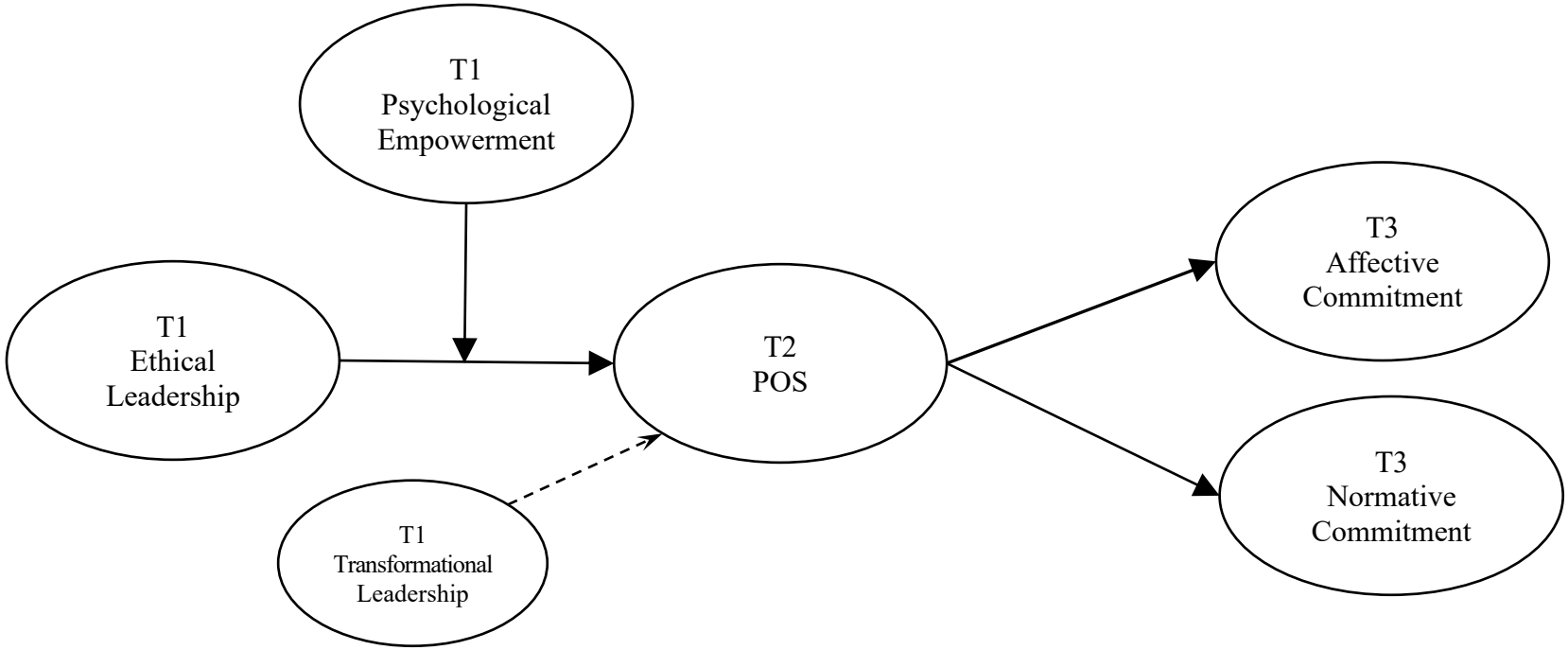


Figure 4.2 Retained moderated mediation model. Standardized parameter estimates are reported. The effect of transformational leadership is represented by dotted lines. $N = 297$. POS = perceived organizational support. T1 = Time 1; T2 = Time 2; T3 = Time 3. Model fit indices: $\chi^2(266) = 751.79$, $p < .001$, $\chi^2/df = 2.83$, CFI = .95, TLI = .95, RMSEA = .05, SRMR = .07.
$^*p < .05$; $^{**}p < .01$; $^{***}p < .001$.

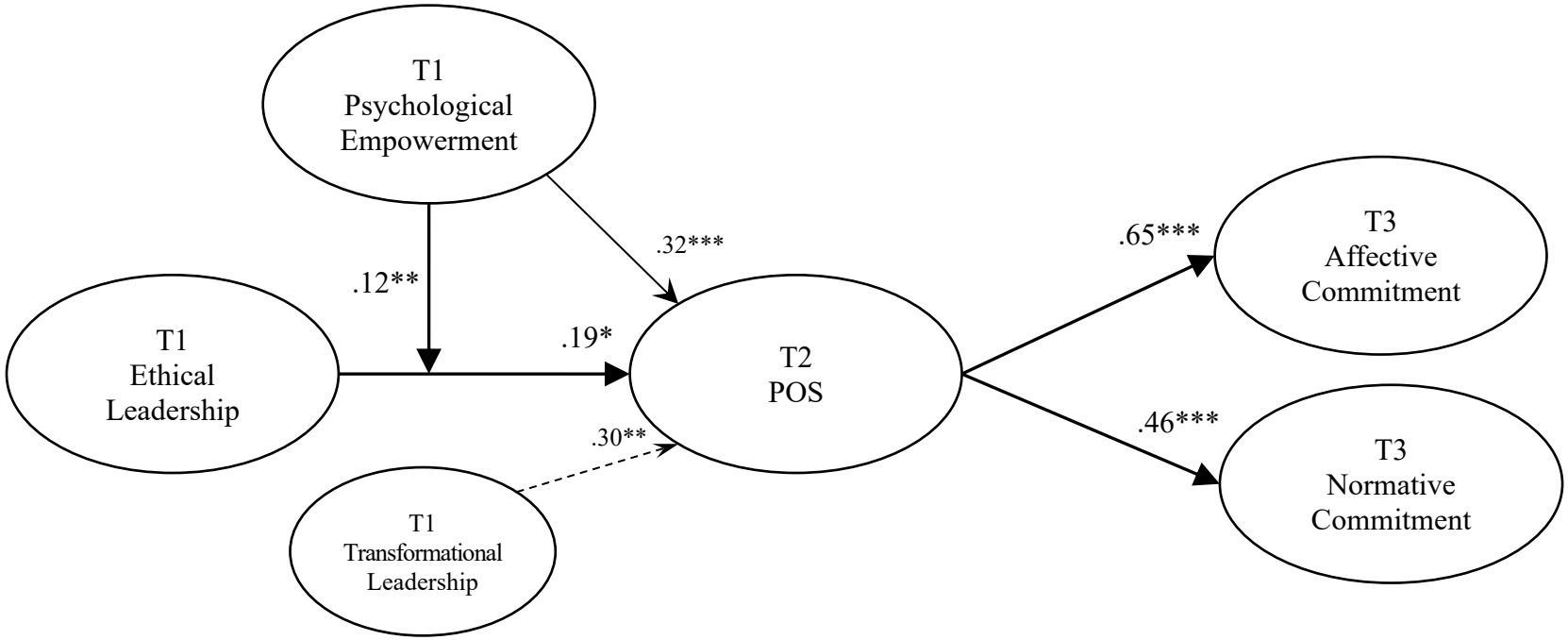
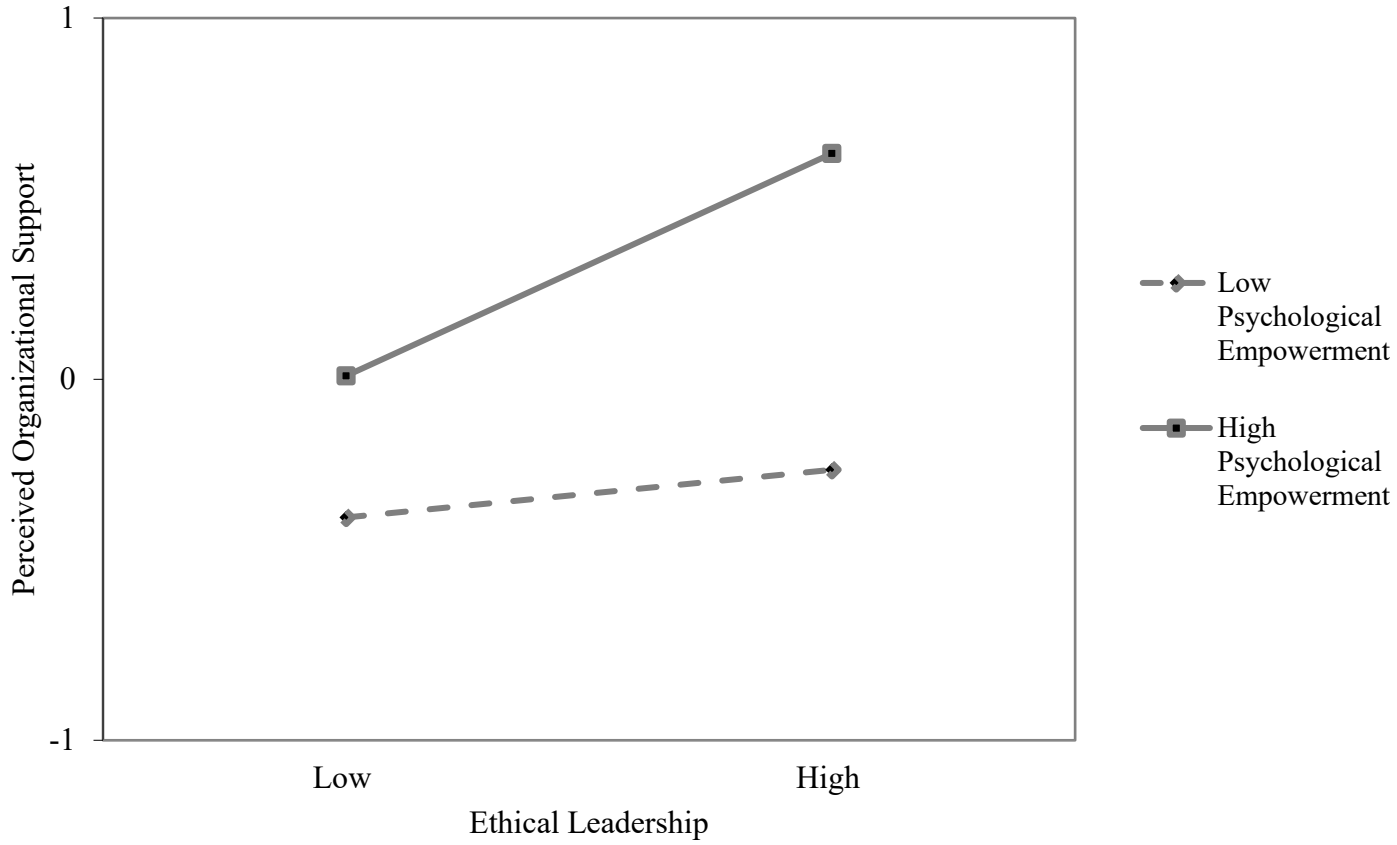


Figure 4.3 Interaction between ethical leadership and psychological empowerment predicting perceived organizational support.



Chapter 5
Conclusion

In the current dissertation, we proposed and tested our hypotheses to extend our understanding of (1) what factors may build a team leader's ethical leadership and (2) how ethical leadership promotes employees' favorable attitudinal and behavioral work outcomes by using the team-level cross-sectional research design and the individual-level longitudinal research design for two different samples from South Korea and Canada. Specifically, in Essay One, we hypothesized that team leaders' ethical leadership is caused by their peer team leaders' ethical leadership through peer leader-leader exchange. Unlike the first article, wherein we investigated the antecedent of ethical leadership, we identified two different mechanisms of ethical leadership. In Essay Two, we explored whether ethical leadership fosters team ethical voice and OCB through team moral efficacy. Additionally, we conjectured that team leaders' ethical leadership influences employee organizational commitment through POS in Essay Three. To enrich our understanding of these indirect relationships, we also examined several boundary conditions in three articles: the team leader's organizational tenure in Essay One, the team ethical climate in Essay Two, and the employee's psychological empowerment in Essay Three. In the following section, we briefly describe the empirical results of the hypothesis testing for each study.

In Essay One, by using 150 peer leaders and team leaders in the Republic of Korea Army, we found that peer team leaders' ethical leadership enables team leaders to engage in ethical leadership; moreover, this enabling effect is fully mediated by peer leader-leader

exchange. After controlling for upper leaders' ethical leadership, we also found a unique effect of peer leaders' ethical leadership on team leaders' ethical leadership through peer leader-leader exchange. Our findings provide support to the recent claim by Palanski et al. (2019) that scholars may need to pay more attention to the antecedent of ethical leadership from the team leader's peers.

In addition to our novel finding with respect to the antecedent of ethical leadership from peers, we also found a new boundary condition (i.e., team leaders' organizational tenure) of this indirect relationship. Indeed, we found that peer leaders' ethical leadership strengthened the exchange quality between the peer leader and the team leader and (indirectly) team leaders' ethical leadership when a team leader has longer organizational tenure. That is, team leaders with longer organizational tenure, who may have built strong social links with their peer team leaders, were more likely to have a chance to observe and recognize their peer leaders' ethical leadership. In turn, such leaders were more inclined to have enhanced social exchange relationships with their peers and to imitate their ethical practices. On the contrary, team leaders with shorter tenured were less likely to have a chance to develop stronger ties with their coworkers. As a result, they had fewer opportunities to observe and emulate the ethical actions of their peer leaders.

In summary, our key findings from the first article highlight peer team leaders' ethical practices as an additional predictor of team leaders' ethical leadership through lateral relationship quality with their peer leaders. In practice, organizations need to recognize that peer team leaders can be excellent moral role models for their coworkers. Additionally, they should consider adopting team-based and lateral organizational structures (Chiaburu & Harrison, 2008; Takeuchi et al., 2011). The results of our first

essay also demonstrated that team leaders' organizational tenure is the key boundary condition moderating the indirect relationship between peer leaders' ethical leadership and team leaders' ethical leadership. Hence, organizations should apply some constructive organizational policies that promote long-term links with coworkers and the organization (Ng & Feldman, 2010; 2011).

In Essay Two, we identified a social learning mechanism of ethical leadership on behavioral outcomes at the team level by using the South Korean military data from team members and leaders nested within 150 teams. Particularly, our findings from the second article showed that team leaders' ethical leadership was indirectly related to enhanced team ethical voice, OCB-I, and OCB-O through team moral efficacy as a specific social learning process. That is, while scholars argue that team leaders who coerce compliance with ethical standards may inhibit team extra-role performance (Hannah et al., 2014; Lemoine et al., 2019; Mayer et al., 2013; Palanski et al., 2019), the second essay results provide evidence that such a specific collective psychological mechanism explains how ethical leadership encourages team extra-role performance.

The second study findings also emphasized the value of team ethical climate as a moderator of ethical leadership. Specifically, our results demonstrated that an ethical leadership's indirect relationship with team ethical voice and OCB-I was enhanced in teams with a strong ethical climate. Extending extant studies (e.g., Porter & McLaughlin, 2006; Tse et al., 2008; Wang & Rode, 2010), team members within a strong team ethical climate were more willing to accept team leaders' ethical practice. In turn, such a boundary condition acts as a vital role in strengthening the team's moral confidence, which eventually leads to team ethical voice and OCB-I. By contrast, team members

within a low ethical climate were less likely to recognize the value of the ethical standards promoted by ethical leaders; thus, they were less likely to feel confident in their team's ability to engage in ethical behaviors, which in turn is related to reduced team ethical voice and OCB-I.

However, team ethical climate did not moderate the indirect relationship between ethical leadership and team OCB-O. We articulated alternative reasoning for the findings that deviate from this hypothesis. Following previous studies (e.g., McAllister et al., 2007), team OCB-O may be considered as an in-role instead of an extra-role behavior. This is because team members within a high ethical climate might have considered team OCB-O (as a duty of the required team assignment) as in-role behavior due enforcement of the strictest codes of conduct in the military organization. That is, within a strong ethical climate, the findings indicated that ethical leadership was indirectly related to beneficial and desirable team behaviors when team members regarded them as discretionary, as opposed to mandatory.

To sum up, after controlling for the effect of TFL, the crucial results of the second article indicated that ethical leadership is activated by a psychological mechanism leading to team moral efficacy, which in turn encourages team members to participate in team ethical voice and OCB. In practice, organizations should not only be cognizant of the importance of employees' ethical values, along with their performance data in selecting and promoting them to become team leaders; they may also need to develop some training programs, such as ethics and leadership development programs that can enhance employees' moral leadership capabilities. Moreover, the findings from our second paper showed that the indirect relationship between ethical leadership and team extra-role

performance was strengthened by a strong team ethical climate. Thus, organizations should consider establishing strict codes of conduct to create a strong team ethical climate in order to boost their ethical leadership efficacy (Hannah et al., 2008; Shin, 2012).

In Essay Three, compared to the cross-sectional research design in the first and the second articles, we applied a three-wave longitudinal design and a sample of employees from multiple organizations in Canada to examine another underlying mechanism of ethical leadership on attitudinal consequences at the individual level. More specifically, the third article illustrated how a social exchange process performed as an additional mechanism relating ethical leadership to employee affective and normative organizational commitment. Extending the current literature in ethical leadership relates to employee work outcomes through the social exchange mechanisms, as operationalized by leader-member exchange and trust in the leader (e.g., Bedi et al., 2016; Hoch et al., 2018; Lemoine et al., 2019; Ng & Feldman, 2015). The findings also demonstrated the incremental validity of ethical leadership on follower commitment through POS over the effect of TFL.

Furthermore, drawing from a self-determination theory perspective, the results from our third study indicate that follower psychological empowerment serves as an important boundary condition of ethical leadership. In particular, our findings extend previous studies in which employees with high psychological empowerment strengthened the indirect effect of ethical leadership on their affective and normative commitment toward the organization (e.g., Chan, 2017; Pieterse et al., 2010; Spreitzer, 2008). That is, strongly empowered followers were more likely to respond positively to the actions of ethical leaders because such moral practices of these leaders elicited employees' sense of

autonomy to make their own decisions (e.g., Dust et al., 2018; Kim & Kim, 2013). However, followers with low empowerment paid less attention to team leaders' ethical guidelines (due to a lack of self-autonomy to make their own judgments), which in turn weakened employees' POS and, indirectly, their commitment to the organization.

In conclusion, although the second article investigated the social learning mechanism of ethical leadership on team behavioral outcomes, the third study focused on the social exchange process of ethical leadership on individual attitudinal outcomes. Indeed, our results highlight the mediating role of POS in the relationship between ethical leadership and follower affective and normative organizational commitment. Based on the findings, organizations should be more focused on developing their Human Resource practices (e.g., selection, promotion, training and development, etc.) for their employees to become ethical managers. The results of our third and final paper also underline the notion that individuals' self-regulation levels of work behavior (i.e., empowerment) act as an essential moderator that strengthens the impact of ethical leadership on organizational commitment through POS. In practice, organizations and managers should be aware of the importance of followers' motivational states. They therefore should provide more psychological resources (e.g., mindfulness meditation training) to help increase their employees' intrinsic work motivation (Dane, 2011; Hülsheger et al., 2013).

Taken together, the current dissertation examined one antecedent and two mechanisms of ethical leadership to extend our understanding of "what" factors promote the development of ethical leadership and the underlying mechanisms that explain "how" precisely ethical leadership influences both team and employee work outcomes. We mentioned several research possibilities regarding these three articles in the discussion

section of each study. Thus, some of our points are worth highlighting to address new directions for future research.

First, while we found that peer team leaders' ethical leadership can influence team leaders' ethical leadership, there is also the possibility to examine other potential factors that might affect team leaders to engage in ethical behaviors. Extending our research, we showed that peer team leaders served as a distinctive ethical role model toward team leaders after controlling for upper leaders' ethical leadership, in which the upper leaders are also the key ethical role models (Brown & Treviño, 2014). We still do not know (1) how exactly team leaders are influenced by a single specific role model when he/she sends conflicting messages or (2) how multiple ethical role models foster team leaders' ethical leadership when they send either consonant or contradictory moral implications. On the one hand, we particularly do not know how contradictory modeling information from an ethical role model may affect team leaders' ethical leadership. For example, the incongruent behaviors of the same role models (e.g., showing both ethical and unethical behaviors in the organization) may not facilitate the development of team leaders' ethical leadership (Bandura 1986; Brown & Treviño, 2014). Therefore, we suggest the following research question:

> *Research Question 1*. How do conflicting messages from a particular ethical role model influence team leaders' ethical leadership? Moreover, when such a role model displays incoherent conduct, does this role model's conflicting behavior influence team leaders' ethical leadership, depending on the role model's status or success in the organization?

On the other hand, Brown and Treviño (2014) suggested and found that the development of team leaders' ethical leadership can be influenced by three different types of ethical role models, such as the team leaders' childhood models, career models, and top managers. Yet, when multiple ethical role models send either the same or contradictory information, we do not know how such role models exactly influence either the enhancement or deterioration of team leaders' ethical behaviors. We thus propose the following research question, which might be pursued in future research:

> *Research Question 2*. When multiple modeling sources send either consonant or contradictory moral information, how do such different ethical role models interact to strengthen or weaken team leaders' ethical leadership? Even if team leaders are influenced by both ethical and unethical role models, could these incongruent effects of different modeling sources affect team leaders' ethical leadership in either a negative or positive way?

The second point indicates that there is room to further investigate the potential mechanisms that explain how ethical leadership promotes both team and employee work outcomes from the different theoretical lenses. Based on our findings from the second and third articles, future research exploring other possible theoretical and psychological processes may be valuable in explaining the effect of team leaders' ethical leadership on positive work outcomes, both at the team and the individual level. Specifically, drawing from potential theoretical perspectives (other than the three major theoretical lenses in the ethical leadership literature; e.g., social learning theory, social exchange theory, and social identity theory; Brown & Treviño, 2006; Lemoine et al., 2019; Palanski et al., 2019), future research would examine the new moral psychological mediators that may explain

how ethical leadership relates to both team- and individual-level ethical outcomes. Hence, we propose the following research question:

> *Research Question 3*. What other potential theoretical viewpoints (e.g., social information processing theory, social comparison theory, or regulatory focus theory) could be extended to explain the relationships between ethical leadership and both team and employee ethics-related outcomes? In a similar vein, could these moral psychological variables (e.g., moral ownership, moral courage, moral engagement, moral attentiveness, and moral reasoning) act as new possible mediators that explain how ethical leadership influences ethical outcomes, both at the team and the individual level?

For the third point, this dissertation conducted the first two studies by using a sample from South Korea, and the third article employed a Canadian sample. According to the culture-related literatures (e.g., House et al., 2004; House, Dorfman, Javidan, Hanges, & de Luque, 2014; Javidan & Dastmalchian, 2009), South Korea is generally described by high power distance and high collectivism, whereas Canada is represented by low power distance and high individualism. Briefly, compared to a low-power distance culture, leadership effectiveness in a high-power distance culture could be stronger because leaders in such a culture would have more authority in assigning resources within the organization (e.g., Dickson et al., 2003; Kirkman et al., 2009). In turn, the findings from the three studies may not be generalizable between the South Korean sample and the individualist Western cultures, or between the Canadian sample and collectivist Eastern cultures. Future research thus may replicate a cross-cultural examination to enhance the external validity of our findings from the three studies.

In the final point, the current thesis adopted quantitative approaches to examine "what" causes the development of ethical leadership and "how" ethical leadership relates to favorable work consequences. Yet, in the first two articles, conducted with a cross-sectional design, we cannot rule out reverse causality and thus, may not be able to identify the exact causal relationship. In addition, while the final paper was performed with a three-wave longitudinal design to reach definitive conclusions concerning the temporal relationships among the variables, the possibility of reverse causality still cannot be ruled out. To enhance and broaden our findings more precisely, we should therefore adopt a multi-method approach. Indeed, future research may adopt both quantitative and qualitative methods at the same time. Specifically, we may use both time-lagged and quasi-experimental designs to reach more ultimate conclusions and to determine how the exact processes of relationships among our variables change across time (e.g., Chan & Schmitt, 2000; Grant & Wall, 2008). We should also adopt a qualitative approach, given that a quantitative method may fail to clarify or disclose the exact phenomena of interest in the leadership literatures (e.g., Conger, 1998; Frisch & Huppenbauer, 2014; Heyler, Armenakis, Walker, & Collier, 2016; Palanski et al., 2019; Treviño et al., 2003).

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