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The Role of Personality in Leadership: Five Factor Personality Traits and Ethical Leadership

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Abstract

The ethical dimension of executive leadership is thought to be uniquely important because of the executive's potential to influence employee and organizational behavior. Therefore, this study aims to analyze the link between five factor personality traits and ethical leadership. Neuroticism, Extraversion, Openness to Experience, Agreeableness and Conscientiousness were hypothesized to predict ethical leadership. The results revealed that Neuroticism have negative effect on ethical leadership perception of employees. Results did not show any significant relationship between extraversion and ethical leadership. However, as proposed Openness to experience, Agreeableness and Conscientiousness are found to be important antecedents for ethical leadership.

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Keywords: Neuroticism, Extraversion, Openness to Experience, Agreeableness, Conscientiousness, Ethical leadership

1. Introduction

Much has been said about ethics and leadership arguing what leaders should do after ethics scandals in business such as Enron and WorldCom. However, the outcomes of perceived ethical leadership have received much more research attention than research about its antecedents. A number of studies have demonstrated a link between ethical leadership and employee outcomes, including citizenship behaviors, deviant behaviors, and employees' ethical conduct and cognitions (Walumbwa et al., 2010; Bouckenoghe et al., 2015; Walumbwa et al., 2011; Zhu et al.,

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2004). Yet, we do not know much about the antecedents of ethical leadership. Therefore, this study aims to contribute to the literature by investigating the relationships between personality traits and ethical leader.

Literature Review and Hypotheses

1.1. Ethical Leadership

Ethical leadership is an important subject for both academicians and practitioners since empirical evidence confirms its effects on the behavior and performance of individual employees (Brown et al., 2005; Walumbwa et al., 2012; Hoogh & Hartog, 2008). On account of this, identifying its antecedents is crucial to positively influence moral values and also performance of individual employees. In an attempt to investigate the relationship between ethical leadership and five factor personality traits it is beneficial to define and describe the ethical leadership first. According to Brown et al. ethical leadership is defined as “the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication reinforcement, and decision-making” (Brown et al., 2005: 120).

Ethical leaders consider “what is the right thing to do” in terms of ethics while making decisions (Mayer et al., 2010; 8). They set up the ‘internal rules of the game’ by clearly identifying moral standards that are intended to point the employee with acceptable or intolerated behaviour ((Kohlberg, 1984). They serve as a role model by creating a moral atmosphere of a working environment, characterized by shared perceptions of right and wrong behaviours, as well as common assumptions about how an organization typically handles moral issues (Cohen, 1993, p. 344). Since a lack of relevant codes of ethics and corporate policies can lead to ethical dilemmas, ethical leaders should develop and communicate ethical codes and policies according to what they view as suitable or unsuitable behaviour (Schwepker, 2007; Weeks et al., 2004; Cohen, 1993).

According to Brown and Trevino (2005) ethical leadership consists of two important dimensions including moral person dimension and moral manager dimension. The first is about possessing personal traits and characteristics such as honesty, integrity, and trustworthiness whereas the second indicates a manager who proactively seeks to influence followers’ ethical conduct (Bouckennooghe et al., 2015, 253). In other words moral person dimension motivates leaders to act in ways that demonstrate some responsiveness to the needs and interests of others while moral manager dimension encourage normative behaviour and diminish the probability of employees to engage in unethical behaviour using transactional efforts such as communicating about ethics and punishing unethical behaviour (Mayer et al., 2012;152). As moral persons, ethical leaders are fair, principled, and genuinely concerned for their employees. As moral managers, ethical leaders set, communicate, and reinforce high ethical standards (Brown et al. 2005; 133).

Moral managers emphasize ethical standards and put ethics at the forefront of their leadership agenda (Trevino et al., 2000; 134). Moral manager aspect involves a number of visible behaviours such as communicating regularly and persuasively with employees about ethical standards, principles, and values ; treating employees with dignity and respect; using the reward and punishing system consistently to hold all employees accountable to ethical standards (Trevino et al.,2000; Brown et al; 2005;134).

Consequently, theoretical foundation of ethical leadership suggests that ethical leaders are characterized as honest, caring, and principled individuals who make fair and balanced decisions. They also frequently communicate with their followers about ethics, set clear ethical standards and use rewards and punishments to see that those standards are followed. Thus, ethical leadership as defined here includes Brown et al. (2005) description and also Ethical Leadership Scale (ELS), through which the employees evaluate their leader, is adopted to measure the perceptions of ethical leadership. Meanwhile, Brown et al. (2005) found that ethical leadership is related to three constructs in organizational behaviour (OB) that is likely to overlap with ethical leadership; transformational/charismatic leadership, leader honesty, leader considerate or fair treatment.

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