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# The effects of ethical leadership, voice behavior and climates for innovation on creativity: A moderated mediation examination

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ABSTRACT

The study of ethical leadership has emerged as an important topic in relation to understanding the effects of leadership within organizations. We propose that the voice behavior of employees serves as a mechanism reflecting how ethical leadership affects individual creativity. We develop a moderated-mediation model of the psychological processes linking perceptions of ethical leadership and creativity. We further argue that these relationships are moderated by a climate for innovation. Using three-phase multilevel data from multiple sources, we collected data from 291 employees and 58 workgroups from R&D institutions in Taiwan. The HLM results suggest that (1) there is a positive relationship between employee perceptions of ethical leadership and employees' voice behavior, (2) voice behavior is positively related to individual creativity, and (3) the indirect effect of ethical leadership on individual creativity (via voice behavior) is stronger when the employee works in a more innovative climate. The theoretical and practical implications of these findings are also discussed.

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## Introduction

Corporate social responsibility and enterprise ethics have become increasingly crucial issues; it is thought that leaders must exhibit ethical behavior in order to set high moral standards and foster followers' ethical conduct (Tu & Lu, 2013). The growing research on ethical leadership describes ethical leadership as a general leadership process that transfers ethical leader behavior to followers' behavior through the general mechanisms of social learning, exchange and identity (Treviño, Brown & Hartman, 2003; Walumbwa, Morrison & Christensen, 2012). Ethical leadership is extremely important when team member interactions involve trust, fairness and empowering behavior (Den Hartog & De Hoogh, 2009). When team members have sufficient trust in their leaders, they are more willing to follow ethical procedures and take risks (Hoyt, Price & Poatsy, 2013). On the other hand, if followers perceive their leaders to be unethical, they are more likely to experience anxiety, pressure and depression in the workplace, and to exhibit counterproductive behavior such as cheating during problem-solving tasks, which results in reduced work outcomes (Ariely, 2012; Detert, Treviño, Burris & Andiappan, 2007; Gino & Ariely, 2012; Hoyt et al., 2013). In the past decade, studies conducted on organizations and management have focused on examining the role of ethical leadership and its impact on followers' ethical conduct (such as OCB, ethical identity and ethical decision making) and unethical conduct (such as counterproductive behavior and deviant behavior) (Hiller, DeChurch, Murase & Doty, 2011). Yet, few studies have paid attention to the impact of ethical leadership on R&D members' creativity, despite the fact that leadership is one of the most influential predictors

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of employee creativity (Atwater & Carmeli, 2009; Volmer, Spurk & Niessen, 2012); thus, the first goal of the present study is to address this important yet relatively understudied issue.

Although connecting ethical leadership with followers' creativity may seem counter-intuitive, social learning theory (Bandura, 1977) indicates that individuals model their behavior on those whom they respect and trust. Ethical leaders speak out publicly against inappropriate organizational actions and behaviors, and emphasize doing the right thing (van Gils, Van Quaquebeke, van Knippenberg, van Dijke & De Cremer, in press). In addition, ethical leaders convey high moral standards to employees and encourage their followers to voice opinions and suggestions not only on ethical matters, but also on other work-related processes and work context (Walumbwa & Schaubroeck, 2009). For example, during product development, R&D employees may face many risks, difficulties, conflicts and even ethical dilemmas. The norms and behaviors demonstrated by ethical leaders may encourage subordinates to voice their ideas and opinions regarding not only the ethical dilemmas they face but their work as well, such as offering suggestions about products, services and processes. Hence, they may become more creative on the job. Given this perspective, this study uses social learning theory to explicate the underlying rationale for this prediction, noting that by modeling an open dialog about ethical issues, ethical leaders promote voice behavior that extends to ethical issues as well as other work-related issues. Thus, to the extent that our theory/findings challenge conventional wisdom, we anticipate they will shed light on the processes whereby ethical leaders foster creativity, while generating additional timely research into these relationships.

In addition to examining the above relationships, this study investigates climates for innovation as the boundary condition for voice behavior, i.e. the creativity relationship. Existing theories and research indicate that leadership and organizational climate significantly influence individual creativity (e.g., George, 2007; Si & Wei, 2012; Somech & Drach-Zahavy, 2013). Prior works have emphasized that support for innovation is an important source of creativity (Scott & Bruce, 1994), but scholars have rarely considered the interactive effects of leadership and organizational climate on creativity (Si & Wei, 2012); this relates to how leadership and teams within organizations are able to facilitate creativity (Nijstad & Levine, 2007; Somech & Drach-Zahavy, 2013). This gap is a substantial weak point in the literature because creativity originates and is subsequently developed by a team into routine practice (Anderson & West, 1998). Thus, the relationship between voice behavior and creativity, as well as the indirect effect from ethical leadership to voice behavior to creativity may be stronger among employees operating within supportive climates for high innovation.

The present research is intended to contribute to the existing literature in several ways. First, our research seeks to fill the knowledge gap concerning the link between ethical leadership and creativity. Previous research has demonstrated that leadership is one of the most influential factors affecting employee creativity. This paper is designed to be one of the first studies to consider the link between ethical leadership and R&D creativity. Second, determining how voice helps employees perform more effectively has received little empirical attention in voice-related literature (Walumbwa, Morrison & Christensen, 2012). The present study uses social learning theory as the core theoretical focus and takes a step further to identify the mediating effect of voice behavior in regard to the leadership-creativity link. The findings could advance our understanding of the processes by which ethical leadership influences creativity. Third, this study contributes to the literature by investigating how ethical leadership enhances followers' creativity via voice behavior, which in turn accounts for the moderating effect of the climate for innovation. Finally, our study adopts a cross-level design and uses a three-phase data collection which enables us to provide more robust and meaningful outcomes.

## Literature review and hypotheses

In the last few years, ethics and integrity have received an increasing amount of attention in the leadership field (Kalshoven, Den Hartog & De Hoogh, 2011). The ethical leadership attributes in corporate supervisors are as follows: care, trustworthiness, honesty and fairness. That is, behavior that explicitly demonstrates ethical conduct, as well as fair and principled decisions, thereby communicating the importance of ethics to followers, rewarding positive ethical behavior and disciplining those who exhibit unethical behavior (Jordan, Brown, Treviño & Finkelstein, 2013). It is primarily through their actions that ethical leaders seek to influence the behavior of their followers. Indeed, according to the definition of ethical leadership proposed by Brown et al. (2005), the behavior of ethical leaders stimulates the ethical behavior of subordinates through communication and encouragement. It 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). Ethical leaders endeavor to transform the ethical behavior of their subordinates by communicating ethical standards, establishing ethical behavioral models and controlling the ethical behavior of subordinates (Brown & Treviño, 2006; Treviño et al., 2003).

### *Ethical leadership and voice behavior*

Drawing on social learning theory, we propose certain aspects of the moral person and moral manager explain the effects of ethical leadership (Brown et al., 2005). Social learning theory argues that people learn specific behaviors by observing a person who is perceived as legitimate in his/her actions. Here, employees observe leaders and take their behavior as a reference (Stouten, van Dijke, Mayer, De Cremer & Euwema, 2013). Specifically, social learning theory illustrates how ethical leadership shapes employee roles and elicits ethical behavior on their part (e.g., Ardichvili, Mitchell & Jondle, 2009; Avolio & Gardner, 2005; Kirkman, Chen, Farh, Chen & Lowe, 2009), as well as the transactional strategies by which leaders ensure that employees

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