# Can a leader be seen as too ethical? The curvilinear effects of ethical leadership

Jeroen Stouten [a,*], Marius van Dijke [b], David M. Mayer [c], David De Cremer [d], Martin C. Euwema [a]

[a] University of Leuven, Leuven, Belgium
[b] Rotterdam School of Management, Erasmus University, The Netherlands
[c] University of Michigan, United States
[d] China Europe International Business School, CEIBS, China

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## ABSTRACT

Ethical leadership predicts important organizational outcomes such as decreased deviant and increased organizational citizenship behavior (OCB). We argued that due to the distinct nature of these two types of employee behaviors, ethical leadership decreases deviance in a linear manner (i.e., more ethical leadership leading to less deviance), but we expected ethical leadership to reveal a curvilinear relationship with respect to OCB. Specifically, we expected that, at lower levels, ethical leadership promotes OCB. However, at high levels, ethical leadership should lead to a decrease in these behaviors. We also examined a mechanism that explains this curvilinear pattern, that is, followers' perceptions of moral reproach. Our predictions were supported in three organizational field studies and an experiment. These findings offer a better understanding of the processes that underlie the workings of ethical leadership. They also imply a dilemma for organizations in which they face the choice between limiting deviant employee behavior and promoting OCB.

## 1. Introduction

Recent ethical failures within organizations such as fraud and corruption highlight the need for ethical leadership. Ethical leadership focuses on leaders as guardians and communicators of ethical standards. Even though there are multiple accounts on ethical leadership, a number of studies have drawn upon Brown and colleagues' (2005) conception of 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). This definition clarifies that ethical leaders act as role models for employees with regard to following procedures or ethical regulations, but they also actively encourage employees to behave in an ethical manner through reward and punishment systems (cf. Treviño, Hartman, & Brown, 2000). These leaders feel obligated to moral and legal rules (De Hoogh & Den Hartog, 2008). Although the scientific literature on ethical leadership is relatively new (e.g. Brown, Treviño, and Harrison, 2005; Gini, 1998), scholars have already provided some clear-cut evidence showing that ethical leaders can reduce deviant employee behaviors and promote organizational citizenship behavior (OCB; Mayer, Aquino, Greenbaum, & Kuenzi, 2012; Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009; Walumbwa & Schaubroeck, 2009).

In the present paper, we develop and test an argument regarding unintended and undesirable consequences of ethical leadership for important organizational variables. Specifically, we distinguish between consequences of ethical leadership with

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* Corresponding author.
  E-mail address: jeroen.stouten@ppw.kuleuven.be (J. Stouten).

regard to prohibitions, that is, limiting undesired, deviant behavior from consequences with regard to prescriptions, that is, the encouragement of OCB that is intended to actively support the collective (cf. Smith, Organ, & Near, 1983; Tyler & Blader, 2003). We will argue that due to the distinct nature of these two types of employee behaviors, ethical leadership decreases deviance in a linear manner (i.e., more ethical leadership leading to less deviance), but we expect ethical leadership to reveal a *curvilinear* relationship with OCB. Specifically, at lower levels, ethical leadership should promote OCB. However, at high levels, ethical leadership arguably leads to a decrease in these behaviors. Moreover, we also examine the mechanism that we argue to underlie this relation. That is, we propose that followers' perceptions of moral reproach explain the curvilinear relationship of ethical leadership with follower OCB. In other words, we argue that followers perceive leaders who act in highly ethical ways as looking down upon their morality and consider them not being sufficiently moral, which would undermine their motivation to engage in OCB. Similarly though, followers will perceive leaders who don't care about displaying ethical behavior also as looking down upon their morality given that these followers might perceive such leaders as frowning upon their own moral behavior. Hence, followers will also perceive low ethical leaders to morally reproach them because these leaders do not care for morality.

Our research adds to the emerging literature on ethical leadership in at least three ways. First, the behavioral ethics literature often focuses on voluntary positive contributions to the organization and not harming the organization as outcome variables. It operationalizes these concepts usually as OCB and deviance, respectively (Mayer et al., 2009, 2012). Yet, prior work has mostly focused on beneficial aspects of ethical leadership in promoting OCB and in decreasing deviance (Mayer et al., 2009, 2012; Walumbwa & Schaubroeck, 2009). In contrast to these findings, we examine effects of ethical leadership that are potentially unintended and may have less desirable consequences for organizations and their members. Second, we intend to show that research on ethical leadership should distinguish not harming the organization, such as by refraining from antisocial, unethical behavior as an outcome of ethical leadership, from voluntary extra-role behaviors that actually support the organization, such as OCB. OCB denotes voluntary behaviors as diverse as defending or promoting the organization, helping co-workers, and performing one's tasks beyond the call of duty (e.g. Organ, 1988). Third, we will investigate a previously unidentified mechanism that explains *why* ethical leadership influences employee OCB, that is, employees' perceptions of moral reproach. That is, we examine whether highly ethical but also highly unethical leaders are perceived as looking down upon or judging people's moral values which would explain the effect on OCB (cf. Monin, Sawyer, & Marquez, 2008). Fourth, in order to be able to generalize our findings to multiple countries, we will test our ideas in different populations (i.e., Europe and the US) using different methodologies (experimental, single and multi-source field research).

## 2. Ethical leadership

Even though ethical behavior is the shared responsibility of the complete collection of organizational stakeholders, it is clear that many initiatives rely heavily on management and hence are dependent on leaders' concern for moral issues. In other words, at the root of many organizational processes stand leaders whose values and interests shape the extent to which they incorporate ethics in their decisions. Gini (1998) described ethical leaders as leaders who use their social power in their decisions, their own actions, and their influence on others in such a way that they act in the best interest of followers and don't enact harm upon them by respecting the rights of all parties (see also Kanungo, 2001). Riggio, Zhu, Reina, and Maroosis (2010) focused on "cardinal virtues" to describe the motivations behind leaders' ethical behavior. Yet, rather than focusing on the *intent* or motivation of ethical leaders, most research on ethical leadership draws on Brown et al.'s (2005) work that defined ethical leadership in terms of *behavior*.

The literature on ethical leadership is not the first to highlight the importance of ethics for organizational leaders. Influential literatures such as those on transformational (Bass, 1999) and authentic leadership (Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008) have already implied a focus on the importance of ethics. However, ethical leadership can be distinguished from authentic leadership as authentic leaders tend to focus on self-awareness and relational transparency rather than mere ethical behavior (Walumbwa et al., 2008). Ethical leadership also differs from transformational leadership, particularly with regard to the underlying process. That is, ethical leadership contains an important *transactional* component through which ethical leaders focus on communicating and encouraging ethical conduct rather than being a role model only (Brown et al., 2005). In other words, because of this transactional aspect compliance to ethical standards is expected and discipline and consequences are used for ethical lapses (Treviño, Brown, & Hartman, 2003).

The process through which ethical leaders influence employees is commonly explained in reference to social learning theory (Brown et al., 2005; Mayer et al., 2009; see Bandura, 1986, for an extensive formulation of social learning theory). This theory argues that people learn specific behaviors by observing a person who is perceived as legitimate in his/her actions. Here, followers observe leaders and take their behavior as a reference. Also in line with social learning theory, ethical leaders hold employees accountable for ethical behavior (Gini, 1998; Treviño et al., 2003). To meet these ethical expectations, in terms of social learning theory, ethical leaders ensure that employees meet ethical expectations not only by functioning as a role model but also by using positive and negative reinforcement. Hence, ethical leaders encourage people to follow rules as mandatory, thus limiting undesirable deviant behaviors (Mayer et al., 2009). Deviance is defined as "voluntary behavior that violates significant organizational norms and, in so doing, threatens the well-being of the organization or its members, or both" (Bennett & Robinson, 2000, p. 349). Given that ethical leaders wish to discourage and negatively reinforce undesirable behavior, we expect that ethical leadership will be negatively related to employees' deviant behavior.

**Hypothesis 1.** Ethical leadership is negatively related to employees' deviant behavior.