From ethical competence to ethical leadership

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As asserted throughout this volume, being ethically competent entails more than just being a virtuous person or doing the right thing in a given situation. In the first chapter of this book, Cooper and Menzel (2013) argue that ethical competence should also include the active promotion of ethics within an organization. In other words, ethically competent people also provide ethical leadership. But what exactly does it mean to “provide ethical leadership”? And precisely how is ethical leadership related to ethical competence?

In this chapter, we begin with a discussion of what ethical competence entails and how it relates to ethical leadership. Then we take a closer look at what ethical leadership is and what it can achieve. We close with a reflection on what the ethical leadership literature offers in further developing our understanding of ethical competence.

Achieving Ethical Competence

Ethical competence may be defined in various ways; we have yet to reach a consensus on what it means to be ethically competent. Nevertheless, there is a common denominator in the definitions offered in the literature—namely, that ethical competence at the very least encompasses a set of knowledge, skills, and attitudes and abilities that enable a person to adequately deal with moral challenges and make decisions and behaviors that meet high ethical standards. Larkin (1999, 307), for instance, notes that ethical competence entails both the ethical capacity and moral

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reasoning of a person: “The former would represent the theoretical basis of learned knowledge of [bio]ethics, law, and customs. The latter would be reflected in the ability to solve practical ethical dilemmas through independent reasoning grounded on considered deliberation.” Likewise, for nursing practice, Jormsri et al. (2005, 586) define ethical competence as “the ability or capacity of persons to recognize their feelings as they influence what is good or bad in particular situations, and then to reflect on these feelings, to make their decision, and to act in ways that bring about the highest level of benefit for patients.” Other definitions, such as those offered by Kavathatzopoulos and Rigas (1998), Bowman and colleagues (2004), and Menzel (2009), make references to similar characteristics.

While these definitions provide us with a general understanding of what ethical competence entails, it raises the question of when a person can and cannot be considered ethically competent. In the words of Cooper and Menzel (2013, xx), “How does one achieve a satisfactory level of ethical competence?” The answer to this question requires a clarification of what we mean by “satisfactory,” as well as a recognition of the fact that terms like ethics, morality, and integrity are by their very nature subjective and dynamic constructs. What is ethical to some may not be considered so by others, and a decision can be seen as more or less ethical depending on the specific circumstances and zeitgeist. As Six, Bakker, and Huberts (2007) have argued, what is ethical and what is not depends on the moral values, norms, rules, and obligations that are considered valid by the professional and societal context in which an actor operates. Thus we consider it the task of the organization and its respective members, the sector, and the profession to specify what constitutes a “satisfactory” level of ethical competence. Even more so, we believe it to be the role of the broader (international) society, government, clients, and citizens as they develop laws and regulations and support, condone, or
reject certain behaviors or outcomes. Even though we may not be able to provide a clear-cut threshold here that distinguishes the ethically competent from the ethically incompetent, we can and should try to identify the specific knowledge, skills, and attitudes and abilities that are needed for ethical competence.

**Understanding Ethical Competence and Ethical Leadership**

The notion of *ethical competence* has considerable conceptual overlap with the concept of *ethical leadership*. As the overview presented later in this chapter illustrates, both ethical leadership and ethical competence are based firmly in a person’s ability to make sound ethical decisions and behave in a normatively appropriate manner. As such, studies on the knowledge, skills, and attitudes and abilities that are key to ethical leadership can provide useful insight into what is needed to achieve ethical competence.

Still, there are specific features of ethical leadership that distinguish it from ethical competence. While ethical competence is generally ascribed to a person (or other type of actor), ethical leadership is more relational and reputational in nature. Ethical leadership is, to an important extent, in the eye of the beholder. Those who are not perceived as ethical leaders are simply less likely to influence the ethical decision making and behavior of others (Brown and Treviño 2006; Treviño, Hartman, and Brown 2000). Ethical leadership therefore goes beyond a leader’s mere ethical competence; it necessitates that one also has a *reputation* for being ethically competent. In contrast, ethical competence is much less dependent on whether other people notice it or not.
Another, and perhaps even more important, distinction between ethical competence and ethical leadership has to do with the notion of motivating others to become ethically competent. As mentioned before, most definitions and discussions of ethical competence focus on the knowledge, skills, and attitudes and abilities that allow a person to deal with moral challenges and exhibit ethical decisions and behaviors. Thus ethical competence does not necessarily include the active promotion of ethical decision making and behavior among followers. In the case of ethical leadership, however, actively and deliberately promoting ethics among others is precisely what scholars consider to be its core defining and distinguishing feature (see Brown, Treviño, and Harrison 2005; Brown and Treviño 2006; Huberts, Kaptein, and Lasthuizen 2007). Without active promotion of ethics, ethical leadership cannot exist. For ethical competence, on the other hand, such a statement is far less obvious.

The boundaries between the ethical competence and ethical leadership concepts are blurring, though. Cooper and Menzel (2013, xx), for instance, argue that an ethically competent person also “promot[es] ethical practices and behaviors in public agencies and organizations” and “has a responsibility to exercise ethical leadership.” Such assertions imply that ethical leadership should be considered an aspect of ethical competence. A person should be considered ethically competent if he is able to stimulate others’ ethical competence. But does the ability to promote ethical practices among others really attest to one’s own ethical competence? Or is it more a sign of one’s leadership competence? In our view, one can be a very ethically competent person without possessing good leadership skills. Incorporating ethical leadership into the concept and definition of ethical competence leads to conflation and confusion between the two concepts and makes it more difficult to delineate precisely how ethical leadership contributes to ethical competence and vice versa.
Ethical competence, we believe, is best understood as a necessary—albeit not sufficient—aspect of a person’s ethical leadership. A person can be ethically competent without being an ethical leader, but not an ethical leader without being ethically competent. Ethical competence is the basis from which the leader can build and maintain a reputation for being a moral person. It provides the ethical leader with the necessary credibility and allows the leader to become an effective ethical role model to followers. Ethical competence is required to communicate convincingly and from one’s own experience about the struggles involved in dealing with ethical dilemmas and the means by which sound moral judgments can be made: It is the “practice what you preach” factor that infuses leaders’ words with power, strength, and credibility and gives them the moral authority to discipline others. Without ethical competence, leadership that professes ethics and integrity is hypocritical, and followers will likely view these phony proclamations of ethicality as the superficial “window dressing” it is (Treviño, Hartman, and Brown 2000). Such hypocritical leadership is unlikely to be successful in the long term: Just consider the case of Ken Lay, chief executive officer of the now-defunct Houston-based energy company Enron, who had repeatedly professed his commitment to ethics and propagated it throughout the company. Lay didn’t practice what he preached, and in the end his fraudulent actions led to the organization’s downfall.

As a vital part of a person’s ethical leadership, ethical competence is part of a self-reinforcing cycle. In this chapter, we will show that ethical leadership is a key factor in developing, improving, supporting, and reinforcing the ethical competence of others. Furthermore, ethical leadership is an important component in determining whether the boundary conditions for ethical competence are met; without those conditions, ethical performance cannot be achieved. In a way, then, ethical competence and ethical leadership are part of an ongoing
process wherein ethically competent people can become ethical leaders who develop the ethical competencies of their followers; these followers, in turn, may go on to become ethical leaders one day, and so on. . . . To gain a fuller understanding of how this cyclical process works (i.e., how ethical leadership is based on the ethical competence of the leader and how ethical leadership in turn helps build the ethical competence of others), we next provide an overview of the main features and mechanisms of ethical leadership.

What Makes an Ethical Leader?

Ethical leadership generally is defined as “the demonstration of normatively appropriate conduct through two-way communication, reinforcement, and decision making” (Brown, Treviño, and Harrison 2005, 120). As this definition implies, the primary objective of ethical leadership is to cultivate ethical decision making and behavior among followers, and it is this explicit focus on promoting and managing ethics that distinguishes ethical leadership, both conceptually and empirically, from other leadership styles such as transformational or authentic leadership (see Brown, Treviño, and Harrison [2005] and Brown and Treviño [2006] for a more extensive discussion). For this chapter, we derive three essential components of effective ethical leadership from the literature (see Figure 3.1). The first, which prevailing research and theory often refer to as the “moral person” component of ethical leadership (cf. Treviño, Hartman, and Brown 2000), concerns the leader’s moral values and traits as well as her personal decision making and behavior. The second component of ethical leadership that we distinguish here relates to the quality of the relationship between the leader and followers. The third component, often termed
the “moral manager” (cf. Treviño, Hartman, and Brown 2000), encompasses those behaviors geared directly toward the cultivation of ethical decision making and behavior among followers.

![Figure 1: Ethical leadership](image)

**Being a Moral Person**

Having strong moral character and upholding high ethical standards in one’s own decision making and behavior are the sine qua non for building a credible and sustainable reputation for ethical leadership (e.g., Treviño, Hartman, and Brown 2000). Ethical leaders are said to have strong moral values; they are highly principled people who are concerned with doing the right thing (Brown, Treviño, and Harrison 2005; Storr 2004; Treviño, Hartman, and Brown 2000; Van Wart 2005). Ethical leadership is furthermore associated with personal traits and virtues such as honesty, integrity, trustworthiness, authenticity, reliability, responsibility, respect,
conscientiousness, and fairness (e.g., Avolio and Gardner 2005; Caldwell 2009; Den Hartog and De Hoogh 2009; Heres and Lasthuizen forthcoming in 2012; Treviño, Brown, and Hartman 2003). Also, ethical leaders are shown to be caring, open, and communicative people (Mahsud, Yukl, and Prussia 2010; Michie and Gooty 2005; Resick et al. 2006; Treviño, Brown, and Hartman 2003). Perhaps even more important, ethical leaders have the moral courage to uphold their moral values even in the face of significant external pressures, adversity, or risks (Grundstein-Amado 1999; May et al. 2003; Treviño, Brown, and Hartman 2003). An example of this can be found in the 1982 Tylenol tampering scandal. James Burke—former chief executive officer of Johnson & Johnson—showed morally courageous, ethical leadership when he decided to “do what was right” and spend whatever resources were needed on the recall of all 31 million bottles of his company’s product to protect customers from harm. Ignoring direct advice from his colleagues and the U.S. government, he made this decision despite the immense financial and reputational ramifications it carried.

Keep in mind, though, that recent empirical research shows ethical leaders are by no means heroic figures who are immune to ethical lapses. In contrast, studies suggest ethical leaders put themselves in a vulnerable position by sharing their own struggles and insecurities with followers and asking for help when needed (Heres and Lasthuizen, forthcoming in 2012; O’Connell and Bligh 2009). Ethical leaders are willing to admit to their mistakes, are open to feedback on and discussion of these mistakes, and want to be held accountable for them. In that sense, the Sarasota County administrator described in Chapter 1 showed signs of ethical leadership when he acknowledged and accepted his responsibility for the unethical behaviors of his subordinates. But ethical leaders do more than that. They also consider their own and others’ mistakes to be valuable learning experiences for both themselves and the organization at large.
(Heres and Lasthuizen, forthcoming in 2012; O’Connell and Bligh 2009). Hence, they actively communicate with followers about such mistakes and struggles, an issue to which we will return later in this chapter.

Being a moral person is as much about the morality of one’s day-to-day decision making and behavior as it is about more general traits and virtues (Brown, Treviño, and Harrison 2005). Ethical leadership involves decisions and actions that adhere to relevant moral norms and values and serve the common good (Brown and Treviño 2006). In order to make such ethical decisions, ethical leaders must be able to reflect on the moral implications of their decisions and actions, the end goals they set, and the means they use to achieve these goals (Murphy and Enderle 1995; Treviño, Brown, and Hartman 2003; Van Wart 2005). And to ensure that their decisions and behaviors are morally sound, ethical leaders look critically at an issue from multiple perspectives and take into consideration both the short- and long-term consequences that decisions have for all stakeholders (Caldwell, Bischoff, and Karri 2002; Dobel 1999; May et al. 2003). In addition, ethical leaders try to remain consistent in their decision making and behavior; they “walk the talk” and “talk the walk” (Davis and Rothstein 2006; Dineen, Lewicki, and Tomlinson 2006; Kaptein 2003).

All in all, it is apparent that the “moral person” component of ethical leadership is firmly grounded in a leader’s ethical competence. One cannot be an ethical leader without being highly committed to moral values and norms or having the traits, skills, and abilities to make decisions and behave in ways that are consistent with these values and norms. However, to be able to promote ethical practices and behaviors within organizations, the ethical leadership literature suggests more is needed. The leader should translate his or her ethical competence into visible ethical performance so that (potential) followers indeed recognize the leader’s ethical
Building a Positive Leader-Follower Relationship

A second component that facilitates and enhances one’s reputation for ethical leadership is the strength and quality of the leader-follower relationship. Whereas the “moral person” concerns the general qualities, decision-making routines, and actions of the leader, this second component pertains more directly to the morality of the leader’s influence strategies and the interaction between leaders and followers within organizations. Recognizing that leadership involves a dynamic, mutually constituted relationship (Gini 1997), scholars have increasingly emphasized the necessity of a high-quality leader-follower relationship for leadership in general and ethical leadership in particular.

Two key aspects of a high-quality leader-follower relationship are reciprocity and affection. Specifically, when a leader does something beneficial for followers, the relational attachment between leaders and followers is strengthened (Popper and Mayseless 2003) and followers will feel more obligated to reciprocate positive behaviors (Cropanzano and Mitchell 2005). Thus, when ethical leaders show support, trust, respect, openness, and loyalty toward followers, followers in turn are more likely to reciprocate with constructive behaviors and deterrence from behavior that is detrimental to the leader or the group (Kalshoven 2010; Mahsud, Yukl, and Prussia 2010; Mayer et al. 2009; Walumbwa and Schaubroeck 2009). In a similar vein, ethical leaders are fair, just, and caring toward followers; this encourages followers to identify themselves more with the leader and become more emotionally attached to the

competence. Moreover, a leader should be able to build positive work relationships and learn to act as a moral manager.
leader (Brown, Treviño, and Harrison 2005; Neubert et al. 2009). Moreover, fair treatment suggests that the leader is credible and has his followers’ best interest at heart (Moorman and Grover 2009). As a result, the leader gains moral authority, making followers more inclined to emulate his ethical behavior and refrain from misbehavior (Brown, Treviño, and Harrison 2005; De Schrijver et al. 2010; Neubert et al. 2009). Also, followers will reciprocate trust, respect, support, and loyalty, all of which a leader needs in order to be able to establish moral norms and values within the group and the wider organization and thus become an ethical leader (Aronson 2001; Grojean et al. 2004; Simons 1999).

**Being a Moral Manager**

So far, we have discussed ethical leadership in relation to both the ethics of the leader and the ethics of the relationship between the leader and follower. In a way, these two components can be considered the *ethics* part of ethical leadership (Treviño, Hartman, and Brown 2000). However, as pointed out earlier, ethical leadership involves a much stronger focus on the *leadership* part of ethical leadership (Treviño, Brown, and Hartman 2003).

To obtain a reputation for ethical leadership, it is critical that a leader is seen as a “moral manager” who places ethics at the forefront of the leadership agenda in ways that stand out from everyday business. Indeed, the moral management aspects of ethical leadership are the crucial elements that distinguish it from other leadership styles and make it all the more effective in fostering ethical decision making and behavior in followers (Brown and Treviño 2006). Leaders who lack the “moral management” component generally are not perceived as clearly ethical and will be regarded as ethically neutral or even unethical leaders. Followers simply believe that
ethics is not particularly important to these leaders (Treviño, Hartman, and Brown 2000; Van Wart 2005). Consequently, as Treviño and her colleagues (2000) suggest, employees will believe that the bottom line or the success of the organization is the only value that should guide their decisions and that the leader cares more about himself and short-term successes than about the long-term interests of the organization and its stakeholders. It is crucial, then, for ethical leadership to actively and visibly engage in efforts to stimulate ethical decision making and behavior (Treviño, Brown, and Hartman 2003). As with broader ethics management programs (cf. Cooper 2006; Hoekstra, Belling, and van der Heide 2008; Menzel 2007; Paine 1994), such efforts involve a balanced mix of hard and soft measures. Specifically, Brown, Treviño, and Harrison (2005) describe three key elements of the “moral manager” component of ethical leadership: the leaders’ role modeling through visible action, reinforcement through the use of reward and discipline, and open communication about ethics and values.

_Ethical Role Modeling_

Role modeling ethical behavior is widely acknowledged as a critical factor in ethical leadership (e.g., Berman, West, and Cava 1994; Kakabasde, Korac-Kakabadse, and Kouzmin 2003; Lasthuizen 2008; Loe, Ferrell, and Mansfield 2000; Menzel 2007; Treviño et al. 1999). To an important extent, behavior is learned by watching the behavior of significant others and imitating that behavior if it is shown to have desirable outcomes (Bandura 1977, 1986). As Brown and colleagues (2005) note, leaders’ high prestige, status, and power makes them particularly attractive role models. Thus, Jurkiewicz (2006, 247) argues, whether the influence is intentional or unintentional and exercised formally or informally, followers have a tendency to align their
ethical orientations with those of their leaders. Indeed, leaders’ decision making and behavior
give strong moral cues to followers (Cooper 2006; Menzel 2007) and set the ethical tone of an
organization (Grojean et al. 2004). Furthermore, role modeling ethical behavior is essential for
effective reinforcement and communication on ethics: It conveys the underlying principles that
leaders themselves adhere to and thereby directly attests to the credibility of the leader (Dineen,
Lewicki, and Tomlinson 2006; Heres and Lasthuizen, forthcoming in 2012). If leaders lack such
credibility, their words simply lose power (Simons 1999). Take a look at the case of the
Hillsborough county administrator discussed in Chapter 1. The moment she chose to authorize
her own pay raise and spend public resources in ways that were clearly not in the best interest of
the community they were meant to serve, she lost her moral authority and hence any ethical
leadership reputation she may have had.

Although closely intertwined with the “moral person” component discussed earlier, ethical role modeling entails more than having the right traits and behaving in a normatively appropriate manner. Of course, prerequisites for being an ethical role model include embodying moral virtues such as honesty and trustworthiness, possessing a genuine sense of caring and consideration for others, and behaving ethically (Weaver, Treviño, and Agle 2005). However, ethical role modeling additionally requires that the leader’s ethical decisions and actions are sufficiently visible and salient to be noticed by followers “against an organizational backdrop that is often ethically neutral at best” (Brown and Treviño 2006, 597). An ethical leader thus makes sure that her ethical conduct is distinctive, consistent, and prevalent so that it stands above “normal” leadership behaviors (Bandura 1986; Brown, Treviño, and Harrison 2005). This does not imply, though, that ethical leaders focus exclusively on making big moral gestures. Ethical role modeling extends to all types of behavior, whether it concerns major events and dilemmas
Reinforcement

A second element that is crucial to being considered a “moral manager” is holding people accountable for their conduct and consistently reinforcing ethical standards through reward and discipline. In this respect, ethical leadership is certainly not “soft” leadership (Johnson 2005); it requires a certain strictness of discipline (Lamboo, Lasthuizen, and Huberts 2008). The underlying idea is fairly straightforward: People are more likely to refrain from unethical behavior when that behavior will result in punishment, especially when the punishment outweighs the reward that one would get from engaging in the unethical behavior (Ball, Treviño, and Sims 1994; Kaptein and Wempe 2002; Treviño 1992). If unethical behavior—intentionally or not—is ignored, condoned, facilitated, or even rewarded, it will be perceived as acceptable behavior and, more than likely, will continue in the future (Ashforth and Anand 2003; Carlson and Perrewe 1995; Sims and Brinkman 2002). Conversely, rewarding behavior that supports and upholds ethical standards can foster ethical decision making and behavior and help create a stronger ethical culture (Grojean et al. 2004; Treviño and Youngblood 1990).

Still, some scholars argue against an overreliance on rewards and punishment. Baucus and Beck-Dudley (2005) suggest that relying too heavily on rewards and punishment may actually lower the level of moral reasoning used by followers. Similarly, Roberts (2009) and Paine (1994) suggest a strong focus on rules and compliance can inhibit the moral imagination of
followers, lower their ethical expectations, and provide them with a justification for overlooking
the broader moral implications of their behavior or that of the organization.

Ethical leaders use reinforcement in various degrees and employ both formal as well as informal sanctions. For instance, as Grojean et al. (2004) argue, ethical conduct can be included in the criteria for distribution of financial rewards such as base pay raises, bonuses, and incentives. Caution is warranted, though, as too much emphasis on formal, material rewards might lead people to sacrifice the overall desired outcomes for the sake of the rewarded behavior (Bartol and Locke 2000). In this respect, it is important to note that informal reinforcements by the leader and peers may be even more effective than formal ones (Treviño 1992). Informal rewards such as recognition, trust, respect, increased discretion and autonomy, and greater status and power are potent incentives for followers to engage in ethical behavior (Grojean et al. 2004). Likewise, the threat of informal punishments may deter unethical behavior (Treviño 1992).

In dealing with reports of unethical behavior, ethical leaders always treat the parties involved with respect and maintain a sense of justice and conscientiousness as the charges are explored. In doing so, ethical leaders cultivate an atmosphere where followers feel safe enough to report problems and deliver bad news (Heres and Lasthuizen, forthcoming in 2012; Kaptein and van Reenen 2001; Walumbwa and Schaubroeck 2009). Moreover, ethical leaders remain thorough and fair in the process of investigating transgressions and, if necessary, punishing the individual(s) involved (Heres and Lasthuizen, forthcoming in 2012). The punishments that they give match the transgression and are consistent with what others in similar situations have received (Ball, Treviño, and Sims 1994). As a result, the punishment is more likely to get support from followers—even from those directly involved (Ball, Treviño, and Sims 1994). And because ethical leaders apply a fair and balanced amount of authority in each situation, they prevent
resentment and cynicism while sending a clear message that ethical lapses are not tolerated (Ball, Treviño, and Sims 1994; Johnson 2005; Treviño, Brown, and Hartman 2003).

Lessons learned from ethical leaders’ reinforcement go beyond the individuals being rewarded or punished; rather, reinforcement has a broader symbolic function. It motivates other followers to pay close attention to the behaviors that leaders reward and discipline (Brown, Treviño, and Harrison 2005; Cooper 2006; Mayer et al. 2009; Treviño 1992). Lamboo, Lasthuizen, and Huberts (2008) note that reinforcement is a very effective means of communicating norms to a wider audience. Therefore, ethical leaders make sure their sanctioning is visible to a broad range of followers (Cooper 2006; Treviño, Hartman, and Brown 2000). Research also points to the benefit of openly discussing such reinforcement, suggesting leaders might consider informing followers of ethics-related incidents, with an emphasis on the constructive and just features of the consequences and measures taken to remedy the situation (Ball, Treviño, and Sims 1994; Treviño 1992). This allows for learning to occur in the broader organizational community and is necessary to “uphold . . . the value of conformity to shared norms and maintain the perception that the organization is a just place where wrongdoers are held accountable for their actions” (Treviño et al. 1999, 139).

Communication about Ethics

Ethical leaders communicate with their followers about ethics (e.g., Brown, Treviño, and Harrison 2005). This third feature of the “moral manager” component entails much more than just telling followers what to not to do (Brown 2007). It concerns highlighting the ethical dimension of specific decisions, tasks, and situations (De Hoogh and Den Hartog 2008; Enderle
1987), clarifying norms, expectations, and responsibilities (De Hoogh and Den Hartog 2008; Lamboo, Lasthuizen, and Huberts 2008), providing guidance on the appropriate course of action (Grojean et al. 2004; Van den Akker et al. 2009), formulating positive ethical expectations (Brown 2007), explicating how tasks contribute to achieving socially responsible goals (Piccolo et al. 2010), and giving feedback to followers about their (un)ethical conduct (Grojean et al. 2004). Additionally, ethical leaders make ethics salient by being transparent about their own decision-making processes. This includes publicly sharing information about the alternatives considered, the respective implications these alternatives would have, the process of decision making, and the principles and justifications behind the final decision made (De Hoogh and Den Hartog 2008; Grundstein-Amado 1999; Treviño, Brown, and Hartman 2003; Van Wart 2005). In that sense, ethical leaders again function as important role models by talking about ethics themselves and by being open and honest about their own ethical dilemmas and decisions. They show that it is safe, acceptable, and even desirable to talk about ethics-related issues (Driscoll and McKee 2007).

Obviously, communication is as much about how a message is conveyed as it is about its actual content. Scholars have been skeptical of relying too heavily on codes of conduct (Rhode 2006) and communicating the “values of the organization . . . through formal presentations or the distribution of laminated cards” (Paarlberg and Perry 2007, 405). Instead, organizational stories and myths are considered more fruitful venues for transmitting messages about ethics (Driscoll and McKee 2007; Grojean et al. 2004). Telling appealing stories about critical events of ethical and unethical behavior or about heroic leaders relays the fundamental values, standards, and assumptions of the organization. The key figures described in these stories can become ethical role models for the audience, especially newcomers in the organization, and that role model’s
behavior may become ingrained in the shared cognitions of organization members about what a prototypical leader is (Grojean et al. 2004). The use of storytelling may also guard ethical leaders from being perceived as talking about ethics in too much of a sermonizing way (Treviño, Hartman, and Brown 2000). To be optimally effective, stories and myths should be communicated to followers at all levels in written as well as verbal form and, where possible, face-to-face (Driscoll and McKee 2007).

What Does Ethical Leadership Achieve?

Empirical research indicates that ethical leadership can have numerous positive outcomes. At the very least, ethical leadership seems to deter followers from behavior that is detrimental to the leader, the group, or the organization at large. For instance, ethical leadership is shown to limit followers’ counterproductive behavior (Avey, Palanski, and Walumbwa 2010; De Hoogh and Den Hartog 2008; Mayer et al. 2009). Similarly, followers of ethical leaders are less inclined to commit unethical acts (Chou et al. 2010) and, accordingly, display fewer behaviors that violate ethical norms and values (Mayer et al. 2012; Treviño, Brown, and Hartman 2003). In more concrete terms, ethical leadership can decrease instances of manipulation, fraud, cheating, bullying, or misuse of financial resources (Khuntia and Suar 2004; Lasthuizen 2008). The effect that ethical leadership has on such unethical behavior goes above and beyond the effect of other, more general, leadership styles that lack a specific ethical focus (Brown, Treviño, and Harrison 2005; Lasthuizen 2008).

Empirical research reveals that different elements of ethical leadership have different effects on different types of unethical behavior. Lasthuizen’s study (2008) indicates that role
modeling ethical behavior is especially effective in minimizing unethical conduct that relates to interpersonal relationships within the organization, including bullying, sexual harassment, or gossiping about colleagues. But when it comes to unethical behaviors that concern organizational resources—e.g., misuse of working hours for private purposes, falsely calling in sick, carelessness in the use of organizational resources—it is essential that a leader is strict and reinforces behavior through rewards and punishments. Finally, being open to discussing ethical dilemmas and clarifying ethical norms seems most effective in reducing the occurrence of discrimination against outside stakeholders and favoritism (see also Huberts, Kaptein, and Lasthuizen 2007).

In addition, ethical leadership has many positive side effects. Multiple studies show that ethical leadership elicits beneficial behaviors from followers that go beyond their formal job descriptions. Ethical leaders are able to evoke such extra-role behaviors because they compel followers to take a broader ethical perspective on things and become more empathic (Kalshoven 2010; Neubert, Wu, and Roberts 2010). Ethical leadership makes followers feel like they have more control over their jobs and their work is more meaningful (Piccolo et al. 2010). As a result, followers tend to take more initiative, put in extra effort, display more altruism, and show more willingness to help others with work-related problems (Avey, Palanski, and Walumbwa 2010; De Hoogh and Den Hartog 2008; Mayer et al. 2009; Toor and Ofori 2009). They have a better work attitude and are more dedicated to and involved in their work (Brown, Treviño, and Harrison 2005). Also, followers of ethical leaders exhibit greater self-efficacy (Walumbwa et al. 2011), less uncertainty (Chou et al. 2010), and more optimism about the future (De Hoogh and Den Hartog 2008). In the end, ethical leadership thus improves the overall performance of followers (Khuntia and Suar 2004; Walumbwa et al. 2011).
Ethical leadership also affects followers’ relationships with the leader, the team, and the broader organization. For example, ethical leadership cultivates trust not only in the leader but also among coworkers (Den Hartog and De Hoogh 2009). And ethical leaders are able to lessen interpersonal conflicts between followers (Mayer et al. 2012; Mayer et al. 2009). Followers show more commitment to and identification with the organization (Den Hartog and De Hoogh 2009; Kalshoven 2010; Khuntia and Suar 2004; Treviño et al. 1999; Walumbwa et al. 2011). Moreover, followers are more satisfied with leaders they see as ethical (Brown, Treviño, and Harrison 2005; see also Parry and Proctor-Thomson 2002). Perhaps most notably, though, followers consider ethical leaders to be more effective leaders in general (Brown, Treviño, and Harrison 2005). To conclude, then, ethical leadership appears to be beneficial for more than just ethics; it is also seems to be a good overall leadership strategy.

**What Ethical Leadership Tells Us About Ethical Competence**

We hope this chapter shows the potential value and usefulness of the ethical leadership literature in further developing our understanding of ethical competence. To illustrate, the discussion first indicates that ethical leaders are necessarily ethically competent people. As such, studies on ethical leadership provide us with important insights on key ethical competencies. Among these are moral courage, the ability to recognize and acknowledge the moral implications of decisions and behaviors, and the ability to weigh different perspectives, principles, and needs in a fair and transparent manner in order to reach a morally acceptable decision. At the same time, ethical leadership studies have identified certain knowledge, skills, and abilities and attitudes that contribute to ethical competence but at first glance are perhaps not as evident. For instance,
ethical competence may not necessarily require “ethical heroism” or complete infallibility; rather, ethical leadership studies suggest that a person’s ethical competence might be strengthened further by (1) possessing an open and vulnerable attitude when discussing one’s own ethical dilemmas and mistakes with others, (2) taking accountability for one’s actions and acknowledging mistakes, and (3) having the ability to turn mistakes into valuable learning experiences.

Second, the literature on ethical leadership highlights the importance of external influences and group-level processes both in developing one’s ethical competencies and in translating ethical competence into ethical performance. As Cooper and Menzel note in the first chapter of this book (2013), we must recognize that ethical competence is a “lifelong process” and not something that is achieved once and for all after reaching adulthood, finishing college, or participating in a one-time career-related ethics training session. Followers also develop their ethical knowledge, skills, and attitudes by observing the behaviors that are role modeled around them, by looking at what is punished and what is rewarded by the leaders of the organization, and by discussing ethical issues with others. Leaders and peers continuously influence one another, as well as the ethical culture of the organization in general, which in turn shapes the day-to-day ethical performance of both leaders and followers (Lasthuizen 2008; Mayer et al. 2010; Mayer, Kuenzi, and Greenbaum 2010; Neubert, Wu, and Roberts 2010).

Finally, this overview shows how ethical competence, as a crucial element in sustainable ethical leadership, makes an important contribution to effective public service leadership. Leaders who are ethically competent, who build strong relationships with their followers, and who actively promote ethics are able to raise the ethical standards in public decision making and behavior to ever-higher levels. As such, ethical leaders can limit the occurrence of
counterproductive and unethical behaviors within their organizations—more so than leaders who do not exhibit such a clear concern for ethics in their leadership (e.g., Brown, Treviño, and Harrison 2005; De Hoogh and Den Hartog 2008; Huberts, Kaptein, and Lasthuizen 2007; Lasthuizen 2008; Mayer et al. 2009). Ethical leadership (and hence ethical competence) improves the ethical performance of and within the organization and protects individuals, organizations, and society at large from the detrimental effects of ethical lapses (Bull and Newell 2003; Cooper 2001; Della Porta and Mény 1997; Heidenheimer and Johnston 2002). In general, ethical leadership makes for more effective public service leadership by improving the overall performance within the organization (Khuntia and Suar 2004; Walumbwa et al. 2011). Public service managers who develop high levels of ethical competence and are able to translate that competence into effective ethical leadership thus hold much promise.

Conclusion

In this chapter, we discussed the relationship between ethical leadership and ethical competence. We argued that while ethical competence is an important component of ethical leadership, we must caution against conflating the two concepts. Ethical leadership inherently necessitates a deliberate and visible effort to guide others in developing their ethical competencies. Ethical competence, however, is much less contingent upon its visibility to or its dissemination among others. Being ethically competent, therefore, is not the same as being an ethical leader; it is a mere first—albeit critical—step in the process of becoming an ethical leader.

If we truly wish to develop effective public service leaders for the future and build organizations with a strong moral grounding, we shouldn’t stop at developing our leaders’ ethical
competence. Instead, we should teach our leaders to think beyond their own ethical dilemmas, decisions, and conduct and provide them with the knowledge and tools that allow them to become the moral stewards of their organization. We should teach them how to strengthen their relationship with followers, build trust, cultivate respect, and gain moral authority. We should teach them about the importance of other people’s perceptions of the behavior that they model, about the symbolic function of even the smallest sanctions or compliments, and about the inadvertent effects of “doing nothing” and condoning questionable behaviors. We should teach them how to engage others in discussions about ethics and how to make their ethics message heard. In other words, we should teach them to move from ethical competence to ethical leadership.

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