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**Re-thinking Ethical Leadership:  
An Interdisciplinary Integrative Approach**

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## Abstract

The purpose of this paper is (1) to identify critical issues in the current literature on ethical leadership – i.e., the conceptual vagueness of the construct itself and the focus on a Western-based perspective; (2) to address these issues and recent calls for more collaboration between normative and empirical-descriptive inquiry of ethical phenomena by developing an interdisciplinary integrative approach to ethical leadership. Based on the analysis of similarities between Western and Eastern moral philosophy and ethics principles of the world religions, the present approach identifies four essential normative reference points of ethical leadership – the four *central ethical orientations*: (1) *humane orientation*, (2) *justice orientation*, (3) *responsibility and sustainability orientation*, (4) *moderation orientation*. Research propositions on predictors and consequences of leader expressions of the four central orientations are offered. Real cases of ethical leadership choices, derived from in-depth interviews with international leaders, illustrate how the central orientations play out in managerial practice.

Re-thinking Ethical Leadership:  
An Interdisciplinary Integrative Approach

The recent high-impact ethics scandals in the banking sector and the oil industry have aroused strong public concern and led to a lively debate on business ethics, making ethical leadership one of the “hot topics” in organizational practice. In view of these distressing events, organizations are expected to assume responsibility and to increase their efforts in demonstrating ethical governance and promoting ethical leadership throughout the organizational hierarchy (Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009).

Despite the importance of this issue, the body of social scientific research on ethical leadership still is rather small (see Brown & Treviño, 2006; Den Hartog & De Hoogh, 2009; Toor & Ofori, 2009; Treviño, Weaver, & Reynolds, 2006) – though growing – and has critical shortcomings. A review of the pertinent literature reveals that current research on ethical leadership focuses on an empirical-descriptive Western-based perspective. The widely shared definition of ethical leadership (from Brown, Treviño, & Harrison, 2005, p. 120) – “the demonstration of normatively appropriate conduct ... and the promotion of such conduct to followers” (e.g., used by Detert, Treviño, Burris, & Andiappan, 2007; Piccolo, Greenbaum, Den Hartog, & Folger, 2010; Walumbwa & Schaubroeck, 2009) – appears to be rather vague as it does not specify any particular norms ethical leaders can refer to. Hence, in order to prevent ethical relativism, several researchers called for more collaboration between normative and descriptive approaches in ethics research (Klein, 2002; Treviño & Weaver, 2003) and demanded specification of the relevant norms for ethical leadership (Giessner & van Quaquebeke, 2010). As Bellah (1983, p. 373) put it: “Without a reference point in the tradition of ethical reflection, the very categories of social thought would be empty.”

In answer to these calls, the present paper develops an interdisciplinary normative approach to ethical leadership and transfers it to the social sciences. Integrative analysis of the seminal works in *ancient and modern moral philosophy* from the *West and the East* – ranging from Kant, Plato, Aristotle to Tagore and Confucianism (see Chen, 1997; Cline, 2007; Morgan, 1992; Radhakrishnan, 1992) – and of the *ethics principles of the world religions* – Christianity, Islam, Buddhism, and Hinduism (see Harvey, 2000; McGrath, 2006; Radhakrishnan, 1998; Rice, 1999) yielded four essential normative principles of ethical leadership, the so-called *central ethical orientations*: (1) *humane orientation*, (2) *justice orientation*, (3) *responsibility and sustainability orientation*, (4) *moderation orientation*. All four central ethical orientations present established leadership attributes in *general leadership literature in the social sciences* as well (e.g., Brown et al., 2005; Ferdig, 2007; Johnson, 2009; Kalshoven, Den Hartog, & De Hoogh, 2011). However, a comparative analysis with *social scientific literature on ethical leadership* (Brown et al., 2005; Ciulla, 1995; Kalshoven et al., 2011; Resick, Hanges, Dickson, & Mitchelson, 2006) showed that current approaches have concentrated on humane and justice orientation but have neglected both responsibility and sustainability orientation and moderation orientation. Implications for future research and managerial practice are clearly outlined. Research propositions are offered on the antecedents and outcomes of leader expressions of the four central ethical orientations. Real cases of day-to-day business situations and moral dilemmas from in-depth interviews with international senior leaders are given to exemplify how the four central orientations can explain leader ethical decisions.

To sum up, this paper contributes to ethical leadership literature by (1) providing a coherent review and a critical discussion of current conceptual approaches to ethical leadership in the social sciences, (2) identifying four central normative principles for ethical leadership by

means of an interdisciplinary analysis of Western and Eastern philosophical and religious ethics approaches, (3) offering research propositions on the antecedents and consequences of leader expressions of the four central orientations, (4) illustrating how the central orientations play out in leader practice by giving real business examples of ethical leadership choices.

### **Current Social Scientific Literature on Ethical Leadership**

The following section gives a review of the predominant and most widely cited approaches to ethical leadership in current research, also reflecting partially overlapping concepts such as transformational, authentic, spiritual, and servant leadership. As usual in literature reviews (cf. Treviño et al., 2006), the present work includes approaches that have a sound theoretical foundation and a substantial realized or potential impact on the field. Critical points in these approaches are identified and discussed.

### **Approaches to Ethical Leadership in the Social Sciences**

A leader's morality and ethical conduct<sup>1</sup> have been – more or less explicitly – addressed as an element in well-established leadership theories: particularly, in transformational leadership (Bass & Steidlmeier, 1999), authentic leadership (e.g., Avolio & Gardner, 2005), spiritual leadership (Fry, 2003; Reave, 2005), and servant leadership theory (van Dierendonck, 2011). For instance, by definition, transformational leaders are assumed to demonstrate high ethical standards (Bass & Avolio, 1994), authentic leaders are assumed to consider the ethical consequences of their decisions (Brown & Treviño, 2006), and servant leaders are assumed to have a strong sense of responsible morality (Sendjaya & Cooper, 2011). However, while all these theories appear to integrate an ethical element into their conceptualization of leadership, they do not specify what ethical principles leaders should apply and promote.

In practice-oriented books, several conceptual approaches focused specifically on the subject of *ethical leadership* and defined key elements of ethical leadership from a more normative point of view (see Piccolo et al., 2010). The most widely recognized approaches (cf. Bass & Bass, 2008; Brown et al., 2005; Resick et al., 2006) include Ciulla (1995), Gini (1997), Kanungo and Mendonca (1996), and Northouse (2001). Kanungo and Mendonca (1996) emphasized the aspect of altruism and regarded ethical leaders as engaging in virtuous behaviors beneficial to others and refraining from acts that could harm others. Similarly, Ciulla (1995) saw respect for the rights and dignity of others as an essential characteristic of ethical leadership. Focusing on the power aspect of leadership, Gini (1997) pointed out that ethical leaders use their power in socially responsible ways that reflect socialized – contrary to personalized – power motivation (McClelland, 1987). Adhering to Aristotle’s work, Northouse (2001) suggested five principles of ethical leadership: ethical leaders respect others, serve others, are concerned about justice, manifest honesty, and build community.

The majority of social scientific empirical-descriptive research on ethical leadership is based on the work conducted by Brown and colleagues (2005, 2006), using their definition of ethical leadership and applying the corresponding measure (e.g., Detert et al., 2007; Mayer et al., 2009; Piccolo et al., 2010; Walumbwa & Schaubroeck, 2009). Coming from a social learning perspective, Brown et al. (2005, p. 120) 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”. Based on a qualitative study with private sector executives (Treviño, Brown, & Hartman, 2003), Brown and Treviño (2006) found that ethical leadership comprises two aspects – notably the “moral person” and the “moral manager”. The moral person aspect refers to

a leader's personality and includes attributes, such as honesty, integrity or altruistic motivation.

The moral manager aspect refers to a leader's intentional efforts to influence others and guide the ethical behavior of followers – such as communicating ethical standards and disciplining employees who show unethical behaviors.

Multidimensional approaches generally are a continuation of Brown et al.'s (2005) empirical-descriptive work but refine the ethical leadership concept by specifying sub-dimensions. Kalshoven et al. (2011) identified the sub-dimensions of fairness and integrity, people orientation, role clarification and ethical guidance, caring behavior, and power sharing. Resick et al. (2006) used similar sub-dimensions to assess ethical leadership: character and integrity, altruism, motivating, encouraging and empowering.

### **Critical Issues in the Current Ethical Leadership Literature**

**Conceptual vagueness of the ethical leadership construct.** The most widely used definition of ethical leadership in the social sciences takes a relativistic approach to ethical leadership, centering on “normatively appropriate behavior” and leaving open what norms ethical leaders may refer to when promoting them to followers (Brown et al., 2005). Brown and colleagues (2005) emphasized that they intentionally chose this vague phrasing because normatively appropriate behavior can vary across organizational or societal culture. However, does ethical leadership behavior always mean compliance with the prevalent organizational norms? What if these norms demanded behavior that is not in accordance with general moral values and standards? For instance, in the financial crisis, there were banks or investment institutes in which the – either explicit or implicit – norm prescribed short-term generation of profit even at the expense of sustainability issues or fair treatment of customers. Obviously, in such a case, ethical leadership would mean breaking these norms rather than upholding them.

Therefore, it does not seem to be sufficient to define ethical leadership as “normatively appropriate conduct” without having a minimum set of normative reference points that help evaluate the ethicality of conduct and its underlying values. Tenbrunsel and Smith-Crowe (2008, p. 550) pointed out that providing definitions of ethical behaviors (such as leadership) that do not include content “is as understandable as it is unacceptable”. In accordance, Giessner and van Quaquebeke (2010, p. 43) noted regarding Brown et al.’s (2005) definition: “Yet, while this definition leaves little to argue with, it also provides little to work with”. Describing acts and behaviors as ethical or right inherently involves the activation of normative frameworks (Treviño & Weaver, 2003).

Several authors called for more collaboration and conceptual importation – at least to some degree – between normative and descriptive approaches in order to holistically conceive the meaning of ethical organizational phenomena (e.g., Kahn, 1990; Klein, 2002; Mulligan, 1987). Even if normative conceptual approaches (e.g., Gini, 1997, 1998; Kanungo & Mendoca, 1996) concentrated on specific aspects of ethical leadership such as altruism or the social use of power, they did not provide a coherent conceptual framework of the central principles that underlie ethical leadership.

**Focus on a Western-based perspective.** All the current approaches to ethical leadership proceed from a Western perspective on ethical leadership and do not consider viewpoints, principles or values of other cultural clusters. For instance, in his normative approach to ethical leadership, Northouse (2001) proposed five principles of ethical leadership with reference to the work of the Greek philosopher Aristotle. Similarly, scholars doing empirical-descriptive research relied on the perceptions of American and Dutch managers and employees of private sector firms in developing their understanding of ethical leadership (Kalshoven et al., 2011; Treviño et al.,

2003). Yet, this homogeneous sample selection reflects only views of Western cultures, businesses, and industries, presenting a unidimensional access to the concept. Eastern cultures may consider other values and principles essential for ethical leadership. Resick and colleagues (2006) thus called for research that takes a more global view of ethics.

**Focus on the leadership component of influencing others.** Leadership in general can be defined as the process of influencing others in order to achieve specific goals shared by a leader and his/her followers (Gardner, 2007; Locke, 2003; Yukl, 2006) and thus comprises two main components – i.e., the task-oriented component of setting goals and making strategic decisions and the interpersonal component of guiding others toward these goals. Accordingly, ethical leadership is assumed to involve setting and pursuing ethical goals and influencing others in an ethical manner. Current approaches to ethical leadership have focused on the interpersonal component of leadership by analyzing how ethical leaders exert their power and influence. However, using ethical ways and means to influence others may be necessary but may not suffice for ethical leadership. For instance, in an extreme case, political or business leaders may treat their direct followers in an ethical manner by acting fairly and compassionately and promoting their personal and professional development but, at the same time, set and communicate unethical goals – such as overreaching short-term profit targets or pushing political domination at the cost of other nations. To analyze ethical leadership in its entirety, the leadership component of setting ethical goals should be given more research attention.

### **Taking a Fresh Look on Ethical Leadership:**

#### **The Four Central Orientations of Ethical Leadership**

To address the critical points in current literature, an integrative approach to ethical leadership is pursued which identifies a minimum set of four principles as normative reference

points for ethical leadership and goes hand in hand with Bass and Steidlmeier's (1999), Johnson's (2009), and Klein's (2002) argumentation against ethical relativism and their conclusion that ethical leadership involves a core set of general moral principles. An analysis of seminal works in ancient and modern Western and Eastern moral philosophy and the world religions yielded four ethical principles: the *central orientations of ethical leadership*. These orientations reflect a cross-disciplinary and intercultural view of the normative foundation of ethical leadership and consider both the leadership components of setting goals and influencing others. The intersection of the central orientations with social scientific literature on ethical leadership is discussed in detail.

### **Learning from Western and Eastern Moral Philosophy and Religious Traditions**

Tenbrunsel and Smith-Crowe (2008), Johnson (2009) and Klein (2002) emphasized that well-established approaches to ethics in moral philosophy and religion have a long tradition of addressing ethical issues and can help to enhance the social scientific perspective and create a deeper understanding of organizational ethical phenomena, such as ethical leadership. In particular, virtue approaches, Kant's categorical imperative (for original texts see Morgan, 1992), Rawls' (1971) justice theory, and the Christian command of altruism (McGrath, 2006) are suggested to be highly relevant for conceiving ethical leadership (Johnson, 2009). However, this selection reflects only Western viewpoints on ethics. To identify fundamental normative reference points for ethical leadership, the present paper extends this selection and also considers ancient and modern seminal works of Eastern philosophy (i.e., Tagore and Confucianism – see Radhakrishnan, 1992; Yao, 2000) as well as ethical principles of the Islam (Rice, 1999) and Eastern religions such as Buddhism, Hinduism, and Sikhism (Harvey, 2000; Radhakrishnan, 1998) (see Table 1). All these philosophical approaches and religious traditions have greatly

influenced the thinking about morality and ethics within their cultures at that time in history and are supra-culturally known today. As an exhaustive documentation of all the existing moral philosophical approaches would go beyond the scope of this paper, the present selection aims to offer a balanced exemplification of the most influential standpoints of ancient and modern philosophy in the Eastern and the Western world. Christianity, Islam, Hinduism, and Buddhism are considered as the “world religions” and account for the vast majority of religious followers (i.e., over 70% of the world population) (Robinson & Rodrigues, 2006).

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Insert Table 1 about here

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### **The Four Central Orientations of Ethical Leadership**

An interdisciplinary analysis of Western and Eastern ethics approaches yielded four central principles of ethical leadership that covered a large amount of variance in the various approaches and were found to be relevant in the context of leadership: humane orientation, justice orientation, responsibility and sustainability orientation, and moderation orientation. Criteria for selection were (1) a content-related overlap between Western and Eastern moral philosophy and religious traditions – notably, each orientation had to have been proposed for ethical conduct in ancient and modern Western and Eastern moral philosophy (cf. Basu, 2009; Chen, 1997; Jonas, 1979; Morgan, 1992; Radhakrishnan, 1992; Rawls, 1971) as well as in an Eastern and a Western world religion (see Harvey, 2000; McGrath, 2006; Radhakrishnan, 1998; Rice, 1999); (2) relevance for leadership in the terms of setting goals or influencing others – notably, each orientation had to have been established as an important attribute in general social scientific leadership research (e.g., Brown et al., 2005; Johnson, 2009; Kalshoven et al., 2011; Resick et

al., 2006)<sup>2</sup>. These orientations are called “central” as they reflect most fundamental complementary principles for ethical leadership and appear to present the cross-disciplinary and cross-cultural “lowest common denominator”.

Table 2 illustrates in which philosophical and religious approaches the central orientations root and how they overlap with social scientific approaches to ethical leadership. As current social scientific approaches to ethical leadership have not recognized all four central orientations, the table also includes selected examples of other well-known leadership theories and empirical studies that refer to one or more of the four orientations (i.e., the seminal multinational GLOBE (global leadership and organizational behavior effectiveness) project (cf. House, Hanges, Javidan, Dorfman, & Gupta, 2004) and studies identified by a literature search with pertinent key words such as, for example, “humane leadership”, “sustainable leadership” or “leader modesty”). It is important to note that it is not the goal of this paper to provide a complete list of these works but to exemplify the importance of the four orientations as general attributes and characteristics of leaders in social scientific literature.

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Insert Table 2 about here

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All four central orientations refer to either the leadership component of setting goals and/or the component of influencing others. Inherently, leaders have an outstanding position of power and control through which they can significantly impact the people in their environment and thus have a particular responsibility how to make use of this power (Northouse, 2001). Humane and justice orientation mainly address the interpersonal influence process between a leader and his/her followers – both in dyadic situations and within the work group – and may reflect in what

manner a leader exerts his/her control on followers and how he/she treats other stakeholders. Responsibility and sustainability orientation taps specifically the leadership component of setting goals and making strategic decisions and therein may mirror the leader's concern about long-term success, the welfare of the wider community, and environmental protection. Moderation orientation appears to present a cross-sectional dimension that taps both the interpersonal influence process and the task-oriented leadership component of setting goals and making strategic decisions.

**Humane orientation.** Humane orientation means *to treat others with dignity and respect and to see them as ends not as means*. It may be expressed by leaders' full recognition of the rights of others, their compassionateness and concern about people's well-being. Humane orientation goes back to the fundamental ethical principle of respect for dignity and human rights as proposed by Ulrich and Maak (1996) and philosophically may be based on Kant's categorical imperative (see Paton, 1971) or Confucian golden rule (Yao, 2000). Furthermore, following the Vedic scriptures, the Indian philosopher Tagore emphasized the importance of altruism and service for a universal ethics (Basu, 2009; Radhakrishnan, 1992).

Compassionateness, charity, and altruism also present core commands across diverse religions (e.g., the Ten Commandments of the Old Testament, the Sermon of the Mount, Buddhistic and Sikh teachings; cf. Harvey, 2000; McGrath, 2006; Singh, 2005). In Buddhism, ethical conduct is essentially concerned with what is beneficial versus what is harmful to others and is grounded on the aspiration to serve others (see teachings of the 14th Dalai Lama, 2010). Similarly, Christianity professes altruism and love for all beings, even enemies (Matthew 5-7; McGrath, 2006). Current approaches to ethical leadership refer to different aspects of humane orientation by stressing the importance of leader altruism (Resick et al., 2006), leader respect for

the rights and dignity of others (Ciulla, 1995) or leader people-orientation (Kalshoven et al., 2011). In addition, humane orientation is one of the main leadership dimensions in GLOBE research (House et al., 2004). Winston and Ryan (2008) showed how humane-oriented leadership is embedded in cultural concepts from African (Ubuntu, Harambee), East Asian (e.g., Taoist), Mediterranean (Jewish), and Indian (Hindu) value systems.

**Justice orientation.** Justice orientation refers to *making fair and consistent decisions and not discriminating against others* (cf. De Hoogh & Den Hartog, 2008; Treviño et al., 2003; Yukl, 2006). To be perceived as fair, Leventhal and colleagues (Leventhal, 1980; Leventhal, Karuza, & Fry, 1980) set out that procedures have to be applied consistently regarding people and time, to be non-biased by any third party's interest, and to include gathering and employing accurate information. Justice orientation may be expressed by leaders' consistent decision making, respect for diversity, and nondiscriminatory treatment of others with regard to sexual differences, nationality, religion, political beliefs, economic or social status.

Justice has received much attention in moral philosophy and religious traditions. In ancient Greek philosophy, Christianity, and Judaism, justice is a cardinal virtue (Pieper, 2004). First introduced by Plato, justice has a prominent position among the other virtues in the *Nicomachean Ethics* of Aristotle (Morgan, 1992). In the 20<sup>th</sup> century, the philosopher John Rawls (1971) developed a theoretical "justice-as-fairness" approach, proposing that every person is entitled to the same basic liberties. In Islam, justice ("*adalah*") and brotherhood are central to ethics, reflected by the deprecation of inequity, exploitation, and oppression in society (Rice, 1999). Similarly, Sikhism disapproves of any differentiation based on class, race or sex and advocates non-exploitation (Singh, 2005).

Social scientific literature on ethical leadership also acknowledged the importance of leader justice and fairness: both Brown and colleagues (2005) and Kalshoven and colleagues (2011) included fairness in the terms of principled choices and non-favoritism in their conceptualization of ethical leadership. Northouse (2001) proposed leader justice as one core element of ethical leadership and Johnson (2009) emphasized justice as a central principle for ethical leaders as it results in fair and equal treatment of others. Furthermore, when moving beyond the ethics-specific social-scientific literature, justice has been identified as an important leadership attribute in GLOBE research (House et al., 2004). And leaders' consistent and principled decision making and non-discrimination play an important role in the organizational justice literature in terms of procedural and interpersonal justice (cf. Cohen-Charash & Spector, 2001; Colquitt, Conlon, Wesson, Porter, & Ng, 2001; Greenberg & Colquitt, 2005).

**Responsibility and sustainability orientation.** Responsibility and sustainability orientation refers to *leaders' long-term views on success and their concern for the welfare of society and the environment*. It is rooted in a leader's sense of responsibility to him-/herself and the community and may be expressed by a long-term focus on organizational performance, reflection upon the impact of decisions on society and the natural environment, and consideration of the interests and needs of future generations (De Hoogh & Den Hartog, 2008; Ferdig, 2007; Kalshoven et al., 2011). In comparison to humane orientation and justice orientation, which mainly address the leader-follower-interaction and the leadership component of influencing others, responsibility and sustainability orientation reflects a leader's position toward more indefinite and distal targets (i.e., society and the common good) and seems to refer particularly to the leadership component of setting goals.

In Western philosophy, Jonas (1979) emphasized the aspects of responsibility and sustainability for guiding ethical conduct. He advised to consider the consequences of one's actions with respect to the welfare of succeeding generations and to carefully choose actions that protect and do not destroy future possible life. Similarly, Tagore (see Basu, 2009; Radhakrishnan, 1992) propagated the importance of eco-ethical human living by emphasizing the interconnectedness and balance between humankind and all other living beings, including plants, animals, the earth, and the entire universe. In Buddhism and Hinduism, "*karma*" – in the sense of universal and all-encompassing cause-effect chains and the presumption of reincarnation – involves a strong concern for one's personal and natural environment and the sensible and careful use of resources (Harvey, 2000; Radhakrishnan, 1998). Sikhism also propagates the idea of social responsibility in the form of free community services and help for the poor (S. H. Singh, 2009).

Surprisingly, social scientific approaches to ethical leadership have rarely considered responsibility and sustainability aspects. Among the few exceptions, Kanungo and Mendonca (1996) proposed that ethical leaders reflect on the impact of their behavior on society and the environment. In their empirical-descriptive research, Kalshoven et al. (2011) included leader environment orientation in their measure of ethical leadership. However, they covered only a narrow aspect of responsibility and sustainability orientation – notably efficient handling of resources and protection of the natural environment. In literature on leadership more broadly construed, Maak and Pless (2006) acknowledged the importance of responsible leadership in a stakeholder environment. And Ferdig (2007) illuminated the concept of sustainable leadership and proposed that such leaders reach beyond their self-interest and account for the long-term viability of interconnected living systems.

**Moderation orientation.** Moderation orientation refers to *temperance and humility and balanced leader behavior*. It may be expressed by leaders' self-control, their ability to restrain emotions and personal desires, humility, as well as careful and wise attempts to find a balance between (ethically neutral or positive) organizational objectives and stakeholder interests (e.g., between financial profit and socially responsible investment, between short-term and long-term objectives, between organizational and team interests). Obviously, in its quality as an ethical principle, moderation orientation aims to balance *legitimate* organizational objectives and/or stakeholder interests. In the recent financial and economic crisis, bank managers who pushed short-term profits and granted themselves exorbitant bonuses at the expense of societal welfare may have illustrated the relevance of modesty and moderation in business.

The idea of moderation and balance is central to ancient Western philosophical approaches as well as to Asian philosophy and religions. Plato identified temperance in terms of self-mastery, self-control, and balance as one of the cardinal virtues for ethical behavior. Aristotle proposed the doctrine of a "golden mean" and defined virtues as the middle point between excess and deficiency (cf. Morgan, 1992). For instance, the virtue of modesty is proposed to present the mean between the two opposite vices bashfulness and vanity. Buddhism propagates following the middle path (Warren, 2003) and Sikh ethics emphasizes the importance of temperance and humility (Singh, 2005). In Confucianism, the doctrine of the mean, which refers to a state of perfect equilibrium and harmony, is the most important virtue (Rainey, 2010).

In the social sciences, Johnson (2009) discussed temperance and humility as critical virtues for ethical leaders and GLOBE research considered leader modesty as an important leadership attribute (cf. House et al., 2004). Collins (2007) proposed in his "good-to-great" leadership framework that great leaders who have a distinctive impact and show excellent performance

share two main characteristics: a strong professional will and personal modesty. Furthermore, referring to research on charismatic leadership, moderation orientation may be argued to prevent leaders from developing narcissistic tendencies and to overestimate themselves and their vision. Leaders with narcissistic tendencies tend to have weak self-esteem and thus have difficulty to tolerate criticism, expression of doubt or contradiction by their followers but strive for unconditional approval and obeisance (Kets de Vries, 1988a, 1988b). As leaders are by nature in a superior position and receive much attention, they risk developing narcissistic tendencies (Kets de Vries, 1988b).

**Integrative Conclusion.** When looking at the *social scientific literature on ethical leadership* (e.g., Brown et al., 2005; Kalshoven et al., 2011), current approaches seem to focus on the humane and justice orientation of ethical leadership but neglect to consider both the moderation orientation and the responsibility and sustainability orientation. For instance, although Brown et al. (2005) intentionally refrained from specifying any norms for ethical leadership, their measurement implicitly seems to refer to justice orientation in the form of fair decision making and to humane orientation in the form of listening to followers and taking into account their interests. Taking the reverse perspective – i.e., analyzing if there may be important normative reference points for ethical leadership beyond the central orientations, it seems that the predominant approaches to ethical leadership do not include further normative reference points not yet covered by the four central orientations. But rather they emphasize management and supervision aspects such as role clarification, giving ethical guidance or managing ethical accountability (Brown et al., 2005; Kalshoven et al., 2011; Resick et al., 2006).

**Antecedents and Consequences  
of Leader Expressions of the Four Central Orientations**

In the following, three sets of research propositions are developed on the antecedents and consequences of leader expressions of the central ethical orientations (see Figure 1). In their seminal review, Brown and Treviño (2006) already provided several propositions on how ethical leadership is influenced by certain situational and personality characteristics and how it may impact follower ethical and unethical behaviors. Adding to that, this paper advances and refines the understanding of predictors and outcomes of ethical leadership by differentiating between the different aspects of ethical leadership as identified in the four central orientations and drawing on recent developments in moral psychology – notably Aquino and Reed’s (2002) concept of moral identity.

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Insert Figure 1 about here  
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**Antecedents of Leader Expressions of the Central Ethical Orientations**

The concept of *moral identity* recently defined by Aquino and Reed (2002) may help understand why some leaders are more likely to act in consistence with the four central orientations of ethical leadership than others. Grounded on social identity and self-concept theories (Tajfel, 1959; Tajfel & Turner, 1985), moral identity is defined as “a self-conception around a set of moral traits” (Aquino & Reed, 2002, p. 1424) and represents a relatively stable characteristic over time, particularly when it is of high self-importance for a person. Erikson (1964) set out that an identity involves being authentic and acting in accordance to one’s true self. As Damon and Hart (1992, p. 455) put it: “people whose self-concept is organized around

their moral beliefs are highly likely to translate those beliefs into action consistently throughout their lives”. Previous research empirically confirmed a positive link between moral identity, moral thought, and moral action – in the form of actual donation behavior (Aquino & Reed, 2002).

Building on that, I argue that leader moral identity predicts a leader's adherence to the four central orientations of ethical leadership. When confronted with a moral dilemma, persons with high moral identity tend to spend a great amount of cognitive resources on understanding and resolving the problem and use sophisticated decision making procedures, whereas individuals with weak moral identity may apply basic heuristics (Aquino & Reed, 2002) which may not adequately address the complexity of the moral dilemma. Leaders who are high in moral identity are more likely to make a strong effort to find the best possible solution and to carefully examine if or to what extent available alternatives are consistent with general ethical principles such as the four central orientations. As the moral traits underlying the moral identity construct – e.g., *caring, compassionate, fair, helpful, kind, and generous* – directly address facets of the central orientations and as identity involves being true to oneself (Erikson, 1964), leaders with high moral identity are more likely to make choices in line with the four central orientations.

Aquino and Reed (2002) distinguished between the *internalization* and *symbolization* of moral identity: whereas the former reflects to which degree moral traits are central to a person's self-concept, the latter concerns the extent to which these traits are reflected in one's actions to the outside world. Findings indicated a stronger moral thought-moral action link for internalization than for symbolization (Aquino & Reed, 2002). Accordingly, the internalization component of moral identity is expected to be related more closely to the expressions of the four central orientations than to the symbolization of moral identity.

*Proposition Ia: Leaders with high moral identity are more likely to express the four central orientations than leaders with low moral identity.*

*Proposition Ib: The relationship between moral identity and the expressions of the four central orientations is stronger for internalization than for symbolization.*

Leader *cognitive moral development* may be another important concept in predicting the extent to which leaders express the central orientations. Cognitive moral development refers to how a person thinks about what is right or wrong and his/her capacity of principled reasoning (Kohlberg, 1969, 1984). Kohlberg (1969) proposed a six-stage model for cognitive moral development, which has been widely used in past research (cf. Brown & Treviño, 2006; Jones, 1991), delineating how individuals develop increasingly sophisticated and complex cognitive processes of moral decision making when moving from childhood to adulthood. The model aims to specify the reasoning individuals use in making moral judgments and thereby focuses on the cognitive process rather than on the outcome of the process, the decision itself. According to the theory, moral reasoning at the preconventional level (stage one and two) is either driven by obedience to authorities and fear of punishment (stage one) or based on own interests and instrumental exchange (stage two). At the conventional level (stage three and four), individuals perceive themselves no longer as isolated entities but as members of society and build their reasoning on the expectations of the family and significant others (stage three) or on what is commonly agreed on in society and social systems (e.g., rules and law; in stage four). Most people are found to be at stage four (see Rest, Narvaez, Bebeau, & Thoma, 1999). In contrast, at the principled level (stage five and six), individuals feel no longer bound to social accord but uphold internal moral values and rights even if they are in opposition to the majority opinion (stage five) or follow self-chosen universal principles (stage six) (see Kohlberg, 1969). To sum

up, Kohlberg's (1969, 1984) model suggests that the reasoning which individuals use in defining what is right or wrong in a given situation becomes less centered on individual interests and instrumentalities with the stage of development and more and more oriented towards "the big picture". Individuals gradually broaden their normative reference frame – in the beginning referring to interpersonal accord with family and peer groups, later to social accord and system maintenance – and finally transcend externally set rules to resume a universal view of morality.

This widening of perspective is likely to relate to leader expressions of the central orientations. To treat others with respect for their rights and dignity, to make fair and nondiscriminatory decisions, to show humility and a true concern about societal and environmental welfare, leaders are expected to have overcome the preconventional level of moral reasoning in which they are guided by personal interests and instrumentalities. At the conventional level, leaders tend to look at external cues such as significant others and the situation to determine what is right and wrong (Treviño, 1986). Their expressions of the central orientations may thus probably vary with the ethicality of the social environmental influences they are embedded in. For instance, organizational culture and corporate ethics programs (cf. Kaptein, 2009), the role-model behavior of top management (Mayer et al., 2009) or of the particular peer group (Eisenbeiss & Giessner, in press) may significantly influence the extent to which leaders express the four central orientations at these stages. In contrast, at the principled level, leaders rely on non-relative principles of fairness and rights and have gained a certain independence of external cues. Hence, they uphold moral principles, even if at odds with the majority opinion or prevalent environmental influences (Treviño, 1986). Research showed that high cognitive moral development is associated with ethical decision making (Ashkanasy, Windsor, & Treviño, 2006). Thus, leaders at the principled level are predicted to be more likely

to express the four central ethical orientations in their choices and behaviors than leaders at lower levels of cognitive moral development. Leader expressions of responsibility and sustainability orientation are especially likely to emerge only at stages five and six when leaders truly widen their perspective of society and environment and start thinking in global terms.

*Proposition 1c: Leaders with high cognitive moral development (stage 5 and 6) are more likely to express the four central orientations than leaders with lower cognitive moral development.*

### **Consequences of Leader Expressions of the Central Ethical Orientations**

With regard to effectiveness, leader expressions of the central orientations are assumed to work particularly through the *mechanism of building trust among stakeholders* (i.e., followers and customers), thereby impacting follower attitudes and behaviors as well as organizational long-term performance. Across disciplines, trust can be defined as “a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another” (Rousseau, Sitkin, Burt, & Camerer, 1998, p. 395).

When a leader makes fair and consistent decisions, sincerely cares for societal and environmental welfare, engages in social responsibility activities, and resolves dilemmas in such manner that respects followers’ rights and recognizes them as human beings (and not only as production factors), followers are likely to develop beliefs that the leader is reliable and dependable, truly concerned about their well-being, and not trying to exploit them or discriminate against them. In addition, due to leader temperance and equanimity, which is accompanied by an absence of eruptions or hysteria, followers may view the leader as being predictable in his/her daily work conduct and feel safe and protected in his/her presence. As a consequence, follower trust in the leader is likely to increase, which in turn can positively

influence follower organizational citizenship behavior and job satisfaction and decrease follower turnover intentions. According to social learning theory (Bandura, 1977, 1986), followers may want to emulate their trustworthy and credible leaders by demonstrating the principles of justice, moderation, and humanity in their own work conduct and in their interaction with peers. They become more willing to treat their colleagues fairly and to support each other mutually, thereby engaging in organizational citizenship behaviors, such as altruism, courtesy or sportsmanship (McNeely & Meglino, 1994). Working in such a positive environment characterized by trust, safety, and mutual assistance is likely to enhance followers' job satisfaction (Podsakoff, MacKenzie, Moorman, & Fetter, 1990) and to reduce follower turnover intentions. In line with this theoretical argumentation, Dirks and Ferrin's (2002) meta-analytic results showed that trust in the leader is positively related to organizational citizenship behaviors and job satisfaction and negatively related to turnover intentions. Hence, leader expressions of humane, justice, and moderation orientation are suggested to be positively related to follower organizational citizenship behavior and job satisfaction and negatively related to turnover intentions, mediated by follower trust in the leader.

*Proposition IIa: Leader expressions of the four central orientations are positively related to follower trust in the leader.*

*Proposition IIb: Leader expressions of the four central orientations are positively related to follower organizational citizenship behavior and job satisfaction and negatively related to turnover intentions, mediated by follower trust in the leader.*

In addition, when the leaders of an organization authentically demonstrate respect, compassion, and fairness in the treatment of stakeholders, show a long-term view on success in their daily business activities and strategic choices by not only pursuing current financial market

performance and caring for future organizational continuance (and growth), but also by reflecting on the consequences of their decisions on the community and the natural environment, and considering the needs and interests of future generations and society as a whole, the organization is likely to gain a sound ethical reputation. Associated with this, the externally perceived ethical legitimacy of the organization is likely to increase and customers may develop positive beliefs and expectations of the organization's righteousness and ethicality. With increasing trust in the organization and its management, customers may tend to prefer buying the products or services of the specific organization, because they believe in the quality of the products and sustainable production or the quality of services (i.e., the way services are delivered). As a result of customer satisfaction, strong and reliable customer-organization relationships develop and customer loyalty is built and strengthened (Loveman, 1998; Reichheld, 1996; Reichheld & Sasser, 1990). Supporting the outlined argumentation, Loveman (1998) established a positive link between customer loyalty and organizational financial performance in an empirical study of the service profit chain in retail banking.

Please note that the outlined psychological processes by which customers can develop trust and loyalty towards an organization are assumed to take a significant amount of time and are thus expected to influence long-term and not short-term organizational performance. The following propositions summarize this reasoning and suggest that leaders' expressions of responsibility and sustainability orientation throughout the organization are positively related to organizational long-term success, mediated by customer trust in the organization.

*Proposition IIIa: Leader expressions of the four central orientations are positively related to customer trust in the organization.*

*Proposition IIIb: Leader expressions of the four central orientations are positively related to organizational long-term performance, mediated by customer trust in the organization.*

Figure 1 also entails a path between follower organizational citizenship behavior, job satisfaction, and turnover intentions on organizational long-term performance, because research has empirically established that follower organizational citizenship behavior can enhance organizational productivity and efficiency and thus decrease organizational costs (Podsakoff, Whiting, Podsakoff, & Blume, 2009) and that follower job satisfaction relates positively to organizational economic success (Loveman, 1998). In addition, follower turnover intentions predict actual turnover (Tett & Mayer, 1993), thereby creating additional costs for the organization in the long run, because the organization has to invest strongly in recruitment, education, and may lose high-potential employees. As the relationship between follower behavior and attitudes and organizational performance has already been studied, no research proposition is provided on this path.

### **Practical Applications and Illustrative Cases of Managerial Practice**

The following section addresses practical applications and delineates how the four central orientations can facilitate leaders' ethical decision making. Based on in-depth interviews with international senior leaders, real cases of day-to-day business situations and moral dilemmas are reported to illustrate how the four central orientations play out in managerial practice and have been used for resolving ethical leadership dilemmas. It is important to note that the aim of the interviews is to exemplify and not validate the present approach.

### Using the Central Orientations in Ethical Choices

Because of the multifaceted subject matter, ethical leadership is often confronted with intricate circumstances and dilemma situations in which clear-cut solutions are not available but tailored responses have to be developed in a process of mature moral deliberation and reflection (Treviño, 1986). Moral dilemma situations may emerge from the tension field between different corporate goals, between goals and the means to achieve them, between divergent expectations of internal and external stakeholders or between economic necessities and followers' personal and social needs. For instance, in times of a severe economic slump, organizational leaders may be caught in the ethical dilemma of securing employment and retaining the workforce without risking the economic survival of the organization in the long run. In general, following Rest's (1986) model of individual ethical decision making, leaders have to first recognize the ethical dimension of an issue or problem, make an ethical judgment, establish an ethical intent, and then realize this intent by engaging in ethical behavior (see also Jones, 1991). However, dilemmas by nature implicate that ethical judgment on how to resolve the conflict "in the right way" is extremely difficult to determine.

The four central orientations of ethical leadership can serve as a "navigation system" that can help leaders to arrive at an *ethically justifiable judgment*. To filter out the important facets of a moral dilemma and to methodically determine the consequences of all possible solutions, leaders can apply the central orientations with regard to two dimensions: a *horizontal collective dimension* and a *vertical time dimension*. The horizontal collective dimension refers to the identification and inclusion of all the relevant stakeholder groups involved in the particular dilemma and/or likely to be affected by the decision – e.g., followers, work team, organization, customers, suppliers, political and non-governmental interest groups, environment, regional and

even international community (Maak & Pless, 2006). Leaders can use the central orientations to analyze the alternative solutions and their consequences not only with reference to the closer circle of organizational stakeholders – notably their followers, team, customers, suppliers, and the organization they belong to – but may also consider the interests and needs of more distal and vulnerable stakeholders such as social groups, the community, and the environment. The vertical time dimension concerns the long-term focus of decision making and involves anticipating and taking into consideration future developments. Consequently, leaders can use the four central orientations to determine the likely consequences of possible courses of action, immediately and in the future.

For instance, given the situation that the CEO of a health care organization discovers that a major supplier engages in child labor, he/she may consider canceling the work contract with this company even if it may be exceedingly difficult to replace this supplier and entail high additional costs and production losses. In a first step, the CEO may identify the group of relevant stakeholders in this dilemma (e.g., the children who seem to get misused, the organizational members who are dependent on the success of the organization, the customers who rely on the organization's punctual production of health care medicaments, the children's families who need the children's salaries, the public which demands organizational adherence to certain moral standards) and subsequently determine the ethicality of the possible solutions for each stakeholder group by referring to the four central orientations. Leaders may ask themselves: What is the optimally humane, fair, responsible, and moderate solution for my followers, for my team, for my organization, for my customers, for the overall public, for the children, and for their families? In addition, they may thoroughly consider the long-term impact of each possible solution. This process may include – at first glance – unorthodox reflections such as “What will

happen to the children after they have lost their jobs, because I canceled the contract? Will their families force them into prostitution, because they need the money to survive?”. After a sound horizontal and vertical analysis of possible courses of action, leaders may weigh the different stakeholders’ present and long-term interests and judge what goals or stakeholder needs are the most relevant ones and what solutions have the most beneficial, harmful or unbearable consequences in the particular situation. As it is critical in ethical decision making (Kohlberg, 1984; Rest, 1986), the resulting decision should be able to be communicated transparently afterwards, because it has been based on a systematic and value-oriented procedure and aimed to consider the pivotal points of the dilemma.

### **Examples from Managerial Practice: Leaders’ Application of the Four Central Orientations**

**The expert group of international senior leaders.** To collect examples how the four central orientations play out in managerial practice and explain leader ethical decision making, ten confidential in-depth interviews were conducted with international senior leaders. International senior leaders were used as informants, because they have rich leadership experience in various cultural settings and thus reflect the cross-cultural theoretical focus of the present approach. They are also most likely to have faced multiple moral dilemma situations during their careers. The group of experts comprised CEOs, presidents, global ethics directors, and senior management working in advertising, finance, health care, media, international economic development, and non-profit organizations from a wide range of cultural backgrounds. The leaders had an average of 19.7 years of professional experience. Their average maximum leadership span during their career was 25 employees. The majority (80%) of interviewees was

male and had sound work experience in at least three different cultures (see Table 3 for a detailed description of the leaders' demographic characteristics).

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Insert Table 3 about here  
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**Procedure.** Prior to the interviews, the leaders received an information leaflet via email which explained the scope of the research project and the four central orientations approach. At the beginning of the interviews, this information was briefly repeated and questions were answered. Following the critical incident technique (Flanagan, 1954), leaders were then asked to describe recent situations in which they had to make an ethical decision in their function as a leader and how these decisions could be explained using the four orientations. The leaders were also asked to indicate how they would prioritize the four central orientations for ethical leadership, if they regarded one or more of the central orientations as extraneous to ethical leadership, and/or if they felt that there was another central principle for ethical leadership not covered by the approach. For reasons of standardization, the information sheet given to all the leaders was in English but the interviews were conducted in English or German depending on the interviewee's preference.

The interviews took place between June and September 2011. Seven interviews were conducted in person in London, Zurich, Basel, and Munich. Because of the global work assignments of the senior leaders (e.g., New York, Abidjan) and for practical considerations, the remaining three interviews were conducted via telephone. The length of the interviews varied between 30 and 100 minutes. All the interviews were tape-recorded and transcribed verbatim.

The selected example situations appeared to represent prototypical ethical leadership choices and dilemmas.

**Illustrative cases of using the four central orientations.** Various types of ethical leadership situations – ranging from day-to-day business situations to complex moral dilemmas – were reported in which senior leaders had acted or decided in reference to the central orientations. Table 4 provides brief examples of the *expression of each central orientation in managerial practice*, including the handling of dismissals, the application of risk management procedures or the non-discriminatory treatment of others.

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Insert Table 4 about here  
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When talking about *complex moral dilemma situations*, leaders tended to use two or more of the four central orientations to explain their decision. One leader outlined: *When I read the ethical principles this way, I discovered that in fact I had used all of them in my mind, and I hadn't kind of delineated them.* The following quote further illustrates the perceived interaction of the four central orientations for the decision making process in a dilemma situation:

*I think, somehow, you need them all equally [referring to humane orientation, justice orientation, and responsibility and sustainability orientation] and I mean, all these decisions would be easy if they were just decisions and not dilemmas. And a dilemma, that means that for each of the three, clearly, some would say that they might be in conflict with each other in the beginning ... yes, that is why these decisions are difficult, but I believe ... they are not in contradiction, it is about weighing [the orientations].*

Table 5 shows typical dilemmas of ethical leadership – (1) handling low-level performance, (2) handling diversity, (3) managing foul play, and (4) selecting business partners – and illustrates in-depth how leaders resolved these situations by building on the central orientations. In cases one and two all four orientations were needed to explain the leader's decision, whereas in cases three and four only a selection from the central orientations was relevant.

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Insert Table 5 about here  
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For the most part, the senior leaders tended to view the central orientations as universally important moral principles. A few leaders mentioned that humane orientation is the most central principle and may be regarded as the “root” of ethical leadership from which the other orientations follow. The leaders articulated that the central orientations fundamentally cover the values and principles they use when trying to resolve an ethical leadership dilemma. No additional ethical principle for leadership emerged from the interviews.

At the same time, several leaders also indicated that the degree of importance of each orientation may be contingent on the situation: *There may be situations where you can deal maybe to a lesser extent on the ... you know, apply humane orientation. Others where you can actually do some moderation and balancing. I think the more critical ones for they're more complicated and where the test is really there is gonna be for justice orientation ... and for responsibility orientation, because that touches on the external side of the organization, you know, it touches on how they're viewed externally.*

Specifically mentioned contingencies included organizational industry (service versus production) or management level. The following two quotes illustrate contingencies for humane orientation and responsibility and sustainability orientation:

*In our industry, I think, humane orientation is super important because we are a service company, we don't sell products. Our employees are our priority. Yes, we have to develop and treat them very well, they are our key asset. And that is why I feel that the humane aspect is most important. But a proper priority, actually, each of them is important somehow. It is like a natural consensus, all these four principles here. It just doesn't work without them.*

*Well, responsibility, sustainability, I reckon that's an issue that I didn't have before I founded my own company ... When it comes to responsibility, it gets more strategic, that's for sure, it's rather ... less oriented towards the employees, more towards the management.*

Especially moderation orientation was repeatedly mentioned to be contingent on the organizational context. A few leaders even doubted the general relevance of this principle in some contexts, as the following quote illustrates: *I mean moderation is not relevant for our business [speaking of the non-profit sector] but for a lot of larger companies it probably is, because they have to make serious investment decisions about projects which may have a significant social environmental impact. We don't really do that. We are not building mines in the Philippines or digging for oil in the Arctic or in Africa.*

### **Discussion**

Addressing recent calls for more collaboration between normative and empirical-descriptive approaches in business ethics research (e.g., Klein, 2002; Treviño & Weaver, 2003), the present paper contributes to current literature by providing an interdisciplinary integrative

approach to ethical leadership and specifying normative reference points. An integrative analysis of the seminal works in Western and Eastern ancient and modern philosophy and the world religions identified four essential principles of ethical leadership, the *central orientations*, which tap the leadership components of setting goals or influencing others: (1) humane orientation, (2) justice orientation, (3) responsibility and sustainability orientation, and (4) moderation orientation. Comparison with social scientific research yielded that current approaches to ethical leadership cover the humane and justice orientation but neglect to consider the responsibility and sustainability orientation as well as the moderation orientation of ethical leadership. Three sets of research propositions were developed, specifying how leader moral identity and cognitive moral development relate to expressions of the four central orientations and how leader expressions of the central orientations impact different organizational outcomes. Real cases of ethical leadership choices and moral dilemmas, derived from in-depth interviews with international senior leaders, illustrate the practical application of the central orientations.

### **Research Implications**

The present approach sheds light on the significance of responsibility and sustainability for ethical leadership and thus hopefully stimulates future research to integrate this orientation in the ethical leadership concept. In view of increasing globalization and the “burning” global challenges of scarcity of resources, climate change, and world poverty, the issue of responsibility and sustainability is likely to gain even more importance in the near future and may become a critical success factor for organizational continuance and long-term excellence. As one of the leaders pointed out:

*The arguments around sustainability and framing all these decisions from a sustainability perspective ‘What is the right thing to do?’ gets more buy from business management at all*

*levels ... the one that really cuts through is: 'What is happening to the climate change? What does that mean for our business and our potential to grow in the long term? What is happening to our raw material process? Why is that happening? What are the pressures on that resource system on which we depend?' This is all sustainability and we need to find a way of doing it differently.*

The research propositions on the antecedents and consequences of leader expressions of the central ethical orientations should be empirically tested. For that purpose, *measures of responsibility and sustainability orientation and moderation orientation* need to be developed and empirically validated, because current scales of ethical leadership only cover humane and justice orientation of ethical leadership (cf. Brown et al., 2005; Kalshoven et al., 2011).

Although the interviews with the senior leaders were not intended as validation of the present approach but merely as illustration of how the central orientations play out in managerial practice, they raised some questions on the specific role of *moderation orientation* for ethical leadership. Moderation orientation is emphasized particularly in Confucianism, Buddhism, and Islam and may be even more important to leaders coming from an Eastern cultural context, especially in view of the influence religion has in the Eastern compared to the Western world (please note that the Islam is classified as a Western religion because of its Abrahamic roots but is preponderantly practiced in the East; see footnote 2). Although the interview sample was composed by multinational leaders, there was a slight majority of interviewees coming from a Western background, potentially resulting in a certain underestimation of the relevance of moderation orientation. More research is needed that analyzes under what conditions moderation orientation is useful in explaining leader moral choices and actions. For that purpose, further critical incidents of leader moral decision making should be collected and analyzed.

Related to that, future research should generally turn more strongly towards the *study of contingencies* as the specific importance of the central orientations for leader ethical decision making may vary with different types of situations, organizations, and industries. Subsequent works may identify further conditions that influence the importance of the central orientations and examine which circumstances modify the nature and/or strength of the relationship between the central orientations and both followers' and customers' development of trust. In addition, different stakeholders may differ in their endorsement of the central orientations. For instance, as humane, justice, and moderation orientation specifically tap interpersonal relationships, leader expressions of these orientations in an organization may be endorsed more strongly by followers than by public stakeholders. The reverse pattern may hold true for responsibility and sustainability orientation, which particularly refers to societal and environmental issues as well as to the interests of society on the whole.

Furthermore, as the present approach presents a leader-centric perspective on ethical leadership, it should be complemented by further research on how follower behavior and the dynamic interaction between leaders and followers can affect leader expressions of the central ethical orientations. Work from Hernandez and Sitkin (2010) suggests that followers are able to influence leaders' ethicality by the mechanisms of sensemaking, guiding, eliciting, and modeling.

Moreover, future research should study under what conditions leaders who initially had a strong intention to behave and decide ethically failed to adhere to their moral principles and violated the central ethical orientations. For that purpose, leaders' decision making processes when faced with an ethical dilemma should be analyzed in detail. Leaders at a conventional level of moral development are assumed to be particularly susceptible to situational influences (see the

theoretical development of Proposition 1c). For instance, an organizational environment in which the formal incentive system puts emphasis on ethical leadership and the organizational climate promotes ethics, fairness, and respect (Tenbrunsel, Smith-Crowe, & Umphress, 2003) may help such leaders uphold moral principles. As one of the senior leaders pointed out: *So it's ... a canon of values for which one also needs a certain degree of independence. So it's like they say: 'the jacket is emptier than the pants'. But one also needs, I'd say it like that, a stable environment, to be able to afford something of the kind.*

There are extreme conditions such as war that seem to greatly hinder the likelihood of ethical leadership emergence as they almost inherently foster actors' mental stereotyping and "black and white" thinking in terms of friends versus enemies (e.g., using political propaganda) and imply the violation of at least some people's rights and dignity by using physical and/or psychological force (Aron, 2003, p. 364). Famous historical leaders such as Nelson Mandela, Mahatma Gandhi or Sophie Scholl, one of the leading members of the German resistance during World War II, who are commonly perceived as ethical leader prototypes, indicate that it still is possible to uphold moral principles of humanity, justice, and responsibility in times of military threat, oppression, and under torture.

The cross-cultural study of the four central orientations offers another important area for future research. Following a Western-based perspective on ethical leadership, Resick et al. (2006) showed that ethical leadership dimensions of altruism and integrity, which overlap with humane orientation and justice orientation, are universally supported as important for effective leadership but that the degree of endorsement significantly varies across societal clusters. Proceeding from that, future research should address the following questions: To what extent does the endorsement of responsibility and sustainability orientation vary by culture? How are

the central ethical orientations enacted in different societies? Are there culturally contingent consequences of the central orientations? Answering these questions may significantly contribute to the cross-cultural understanding of ethical leadership and help leaders face the challenge of managing multinational projects.

### **A Practitioner's Note**

From a practitioner perspective, the present approach provides a sound starting point for the professional education on ethical leadership and the development of leadership training programs as it specifies what normative principles are central to ethical leadership and decision making, thereby referring to both the leadership component of setting goals and influencing others. To prepare managers for dealing with moral dilemmas, training courses should aim to create ethical awareness and sensitivity and to develop managers' capacity to find morally justifiable solutions by briefing them on the central orientations and using real business case studies to illustrate how the four central orientations can facilitate ethical decision making in practice. For optimal learning success and transfer, such courses should combine lectures on business ethics, on typical moral leadership challenges, and on the central orientations with interactive learning phases (e.g., case studies, role play, peer discussions) in which newly acquired knowledge can be deepened and new problem-solving strategies and skills can be practiced in a safe environment under expert supervision.

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### Notes

- 1 In line with previous literature on ethical behavior (Jones, 1991; Kanungo & Mendoca, 1996; Tenbrunsel & Smith-Crowe, 2008), the terms “ethical” and “moral” are used interchangeably in the present paper. Ethics refers to the study of morals and relates to moral principles, values, and rules of conduct governing the individual or the group, wherein moral concerns the distinction between good and bad or right and wrong (cf. Jones (1991) for a discussion of the difficulty to precisely define the terms ethical and moral). In their original meanings, the terms ethics and morals are closely linked: the former comes from the Latin word *moralis*, the latter from the Greek *ethos* which both refer to “custom of life” (Titus, Smith, & Nolan, 2002). Values are central to ethics and can be defined as general beliefs that “transcendentally guide actions and judgments across specific objects and situations” (Rokeach, 1979, p. 72).
- 2 One could argue about the exact number of principles extracted. As the present selection admittedly may involve a certain degree of subjectivity, the question of completeness of the present approach will be further explored in the expert interviews with international senior executives reported at the end of the article.

**Table 1****The Theoretical Basis of the Central Orientations of Ethical Leadership**

		Western tradition	Eastern tradition
Moral philosophy	Ancient	Plato, Aristotle	Confucianism
	Modern	Kant, Rawls, Jonas	Tagore
World religions		Christianity, Judaism, Islam*	Buddhism, Hinduism, Sikhism

*Note.* \* The Islam is classified as a Western religion due to its Abrahamic roots but is predominantly practiced in Northern Africa and Eastern regions of the world (Robinson & Rodrigues, 2006).

**Table 2**  
**The Philosophical and Religious Roots of the Central Orientations of Ethical Leadership**  
**and their Intersection with Social Scientific Research**

	Humane orientation	Justice orientation	Responsibility and sustainability orientation	Moderation orientation
Theoretical/normative base				
Moral philosophy	Kant’s imperative Tagore: altruism and loving service	Plato Aristotle	Jonas’ principle of responsibility	Plato, Aristotle: the virtue of temperance
	Confucianism: the golden rule	Rawls’ “justice-as-fairness” approach	Tagore’s view of eco-ethical symbiosis	Confucianism: doctrine of the mean
World religions	Christianity: “Sermon of the Mount” Buddhism: compassion teachings	Christianity and Judaism: justice as a cardinal virtue Islam: “ <i>adalah</i> ” principle	Buddhism and Hinduism: idea of “ <i>karma</i> ”	Buddhism: teachings of the middle path Islam: “the middle way”
	Sikhism: compassionateness and altruism	Sikhism: justice and non-exploitation	Sikhism: the importance of social service	

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Intersection with the social scientific approaches

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Brown et al.'s (2005) framework	In the form of people-orientation	In the form of fairness	-	-
Multidimensional approaches (Kalshoven et al., 2011; Resick et al., 2006)	In the form of people-orientation or altruism	In the form of fairness	Partly – in the form of environment orientation	-
Normative approaches (Ciulla, 1995; Gini, 1997; Kanungo & Mendonca, 1996; Northouse, 2001)	In the form of respect for the dignity of others, altruism, and serving others	In the form of justice (see Northouse)	Partly – in the form of building community	-
Further social scientific leadership research	GLOBE research; Winston and Ryan (2008) on humane leadership	GLOBE research; Johnson (2009): justice as a core dimension of ethical leadership	Maak & Pless (2006) on responsible leadership; Ferdig (2007) on sustainable leadership	GLOBE research; Johnson (2009) on temperance and moderation Collins' (2007) "good to great" framework

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**Table 3**  
**Interviewee Demographics**

<b>Function</b>	<b>Industry</b>	<b>Years of professional experience (min)</b>	<b>Leadership span (max during career)</b>	<b>Cultural background</b>	<b>Form of conversation</b>
CEO	Advertising	11	90	Germany, USA, Israel	personal
Global external affairs director	Consumer goods	12	*not applicable*	UK, Netherlands	personal
Founder & CEO	Social entrepreneurship	15	15	UK, Germany, USA, Middle East	personal
CEO	Healthcare/ Media	14	50	UK, France, Germany	personal
President/ CEO	Non-profit organization	40	7	East Africa, Switzerland, China	personal
Team leader	Finance	10	4	India, Switzerland, Middle East, South Africa	personal
Entrepreneur/ Management consultant	*across private and public sector*	30	25	India, China, USA, Germany	personal
Ethics director	International development	25	7	Asia, USA, Canada	telephone
Corporate responsibility manager	Finance	20	5	USA, UK, New	telephone

					Zealand, Germany,
					Switzerland
Entrepreneur/ former HR director	International economic	25	44	Cuba, Africa, Canada,	telephone
	development			Switzerland	

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**Table 4**  
**Illustrative Examples of Expressions of the Central Orientations in Day-to-Day Business**

	Quote 1	Quote 2
Humane orientation	<p>Dignity also means that we're aware of, also in a performance-driven environment, that we have a special task towards others, a special duty of care, also in the company; that we just can't play around with people like they were only disposable quantity for economic variables. What that means, basically, you can see by which means <i>XY</i> [name of an international auto manufacturer] has resolved its problems, its financial problems. Where instead of just firing the people, they said 'We rather do without our bonuses'.</p>	<p>When you have such a conversation [redundancy due to business operations] which really gives the employee the feeling – I do that also in the company since that time – we say like 'we look each other deep into the eyes and we both know what doesn't work and what we have to change to make the company successful again'. When the employees know that you're truly sincere about that and that you don't just have this conversation because it's just your duty to have such a discussion, then you get back much openness.</p>

<p>Justice orientation</p>	<p>That justice will be a big issue ... And here's the thing: the question is not 'Will that happen or will it not happen?' It will happen. The question is: how will we prepare for it? What does it mean concretely for the processes in a company? And that's not only about discrimination, that's not only about remuneration and not even only about gender. That's about how we deal with societal, cultural, and religious diversity. We could illustrate that by the headscarf issue but we don't have to do so.</p>	<p>We had 120 people and we had the target to cut 60% of the staff ... So we set some rules, for example 'We don't let anybody off older than 55', though this was not required. In principle, you can fire anybody anytime when you have your reasons for that. But you know, the parameters were set how many people had to go. We let several younger people go who we actually would have liked to retain. It was really a tough decision. It would have been so much easier to retain the young people but we had this reason, if we fire somebody above 55, the person will have great difficulty to find another job and a young one ... and also the argument that it was not due to the person's performance but to the downsizing process. We just thought that the likelihood is greater that the [young] person will find employment again.</p>
<p>Responsibility and sustainability orientation</p>	<p>So we have environmental and social risk management ... we determine, for example, roughly speaking, if a transaction, a particular financial transaction, if the company acts so environmentally harmful that you don't carry out the transaction, not carrying it out, yes. Or if you carry it out,</p>	<p>Regarding responsibility, a very very mundane example. We don't use such chemical cleaning agents in our company, that's all organic stuff. Something of that kind. Or we don't buy coffee from XY [big traditional German coffee company] but fair-trade Geba-coffee.</p>

only under certain conditions. Yes, actually, that's like with all risks, for example, weighing risks, but in this case with consideration to the environment, social and human rights situation. And that's daily business.

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Moderation orientation	<p>And moderation orientation, 'cause if we as a company aren't successful, not only the people currently working with us will lose their jobs and I won't make any profit, it also means that we buy less goods from other companies and things like that. Yes, you know, we are not alone on this planet; we are strongly related to each other. And therefore, certainly, conflicts between objectives could occur, and that leads us back to the issue of balancing between extremes.</p>	<p>We suspected the employee was telling us things were being done, but things weren't. We all suspected things weren't being done. But he was saying that they were. We certainly showed temperance as we allowed him every opportunity to show that the job was being done. And in the end, there were issues about telling the truth from certain different areas, including illness and work not being completed. And in the end, we had to make a decision, we had lost the trust in him, he had to leave.</p>
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**Table 5**

**Illustrative Examples of Moral Dilemma Situations**

	<b>Handling low-level performance</b>	<b>Handling diversity</b>	<b>Managing foul play</b>	<b>Selecting business partners</b>
Situation description	Ethical dilemma is, here is someone who has come into the office, who I think – with a lot of coaching and so on – can technically perform the job, and has done so in the last two years, right? Suddenly this year, I can objectively say, here are two incidents that other people can look at and objectively say, this is now no longer a question of style ... One, that there was this major administrative mistake that required a decision and not fully owning up to the responsibility and two, kind of taking advantage	An employee who wants to reduce her working hours from 80% to 40%. Here is what it was about: is it still possible to keep this employee or is it not? And now, in principle, I as the supervisor, I'm totally free, if I, if someone wants such a drastic reduction, I could also say theoretically 'I don't need somebody with 40%' because that's only two days. She also wanted to come in only one day and the other day she wanted to work from home.	We had been asked to go to a European firm, a Chinese headquarters. It was a production company. So we had a task, we were supposed to do, an HR-update there. And there always was a kind of odd atmosphere in this office. But we'd just done the interviews ... and we'd written a report. And I don't know exactly what made me think of it, maybe because someone from the European headquarters called me to ask some questions on the report ... In any case, it became quickly clear quite that the	An advertising agency gets an order request from a company operating in the fur industry.

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of a situation and not fully being  
transparent.

Beijing headquarters took our  
report, revised it, and then  
somehow put it on our letterhead  
... so it was on our letterhead and  
sent to Europe. That's it. And me,  
I'd been sitting there, my  
company was small, it was  
relatively new, I was dependent  
on my customers, and, at that  
time, in Beijing, the circle of  
experts wasn't very big.

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Question of	<i>Extend the person's contract?</i>	<i>Allow the reduction in working</i>	<i>Disclose the 'foul play'?</i>	<i>Accept the order?</i>
ethical choice		<i>hours?</i>		

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Humane orientation	So I have to look at this person and say ‘I have to treat them with dignity and respect’. Understand that, they are not, they are not just to produce work for the ethics office, but be concerned about them as a person. To say, do I think that they have the capacity to grow, learn a lesson, become a better professional and a better person? That is, what the office is trying to achieve, right?	Humane orientation, that’s for me ‘why does she want that at all’? She wants that because she has four children. She has then got another fourth child. My moral values tell me of course ‘I want to support that in every way. And I wanna make it possible because she also just simply needs the money.	It goes along with humane orientation as it also addresses that you treat others with respect. And for me, personally, I have also been thinking about who is my principal here? And I have thought, actually, the principal is in Europe, I owe that to him.
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<p>Justice orientation</p>	<p>I already told you, whatever decision I make, would others concur and say it wasn't because she didn't like her or it's not because she favored her. I mean a supervisor often tends to favor the people that they hired because they hired them for a reason. In the course of their working life they might come to blows and then they might not come to not like the person and not exercise their authority in an impartial way. So here's the justice orientation in terms of the person, is this the best decision.</p>	<p>Relating to justice orientation, making a just decision, then it comes to mind, what I also just have to consider, well for me personally, it would be just if she worked 40%, but for her and so on. But then what also counts: the company rules and standards. Basically, it also has to be profitable.</p>	<p>And somehow it refers to justice as I said 'what they do, it goes against the grain for me. That's not right, that's not allowed to happen'.</p>	
<p>Responsibility and sustainability orientation</p>	<p>The responsibility sustainability orientation, having a long term view on success, concern about the welfare of society and the</p>	<p>Sustainable or responsible, that's a very good employee with great potential. She has four kids now. But we've just agreed then – and</p>	<p>And also with number three, that you take on responsibility.</p>	<p>The environment, that you also say 'I don't work for certain customers' because I just don't like the product or the image or</p>

environment. I have to ask myself the question ... what are the benefits and risks of knowing that there is someone like this in the office, for the organization ... Do you see what I mean?

you already see which direction the decision was taking – she’s just simply in a parking position. We just simply say for the next five years until the children are in the kindergarten someday, until she’s able to work more again then. And here I wanted to make a sustainable decision and I say ‘alright, at the moment, it’s not, I say it like, the return I get from her isn’t really like what I would imagine from her because she could still give more’. But that’s a sustainable investment because I know she will be bound to the company and in four, maybe in five, years when she’s able to work more again then, she will thank the company for it.

their business approach or their ethics ... I don’t work for fashion clients that sell furs. I firmly reject that. Yes, that’s difficult ‘cause, ultimately, we lose the sales which we actually would have quite liked to have, which we then have to gain somewhere else.

Moderation orientation For moderation orientation ... is there some other way that this could be handled, could the person, can we try to transfer or rotate out the person to another unit or are these things of such a nature that it would be detrimental, and other units too?

And that, also directly addressing the next point, the balance; somehow I have to decide then between what does the company want, what's the best thing for the company, and what's best for the employees.

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Decision	<i>Decision has not been made yet.</i>	<i>The work reduction request was approved. I could have also said 'no, that doesn't work, 40% doesn't work, I want to have at least someone who comes in 80% or maybe at least 60%'. But my values and also my investment in the person actually were the critical thing to say 'no, we go for that now'. And I've had positive experiences with that.</i>	<i>The 'foul play' was disclosed. I contacted the European headquarters then and they sent some people to Beijing who took the office apart during the day. And I kept coming to their hotel at night, over and over again, quasi undercover, because they had lots of questions. And ultimately, they replaced some of the top managers there.</i>	<i>The order was rejected.</i>
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FIGURE 1

Antecedents and Consequences of Expressions of the Central Orientations

