

**Graduate School of Business
Curtin Business School**

What is Ethical Leadership?

**A Study to Define the Characteristics of Ethical Leadership:
Perspectives from Australian Public and Private Sectors**

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**This thesis is presented for the Degree of
Doctor of Business Administration
of
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Declaration

To the best of my knowledge and belief this thesis contains no material previously published by any other person except where due acknowledgment has been made.

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university.

Signature:

Date:

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Abstract

A truth that's told with bad intent beats all the lies you can invent

William Blake (1757–1827)

The ethical dimension of leadership has been widely acknowledged as being important in the contemporary business environment (Brown & Trevino, 2006a; Brown & Mitchell, 2010; Ciulla, 2005; Knights & O’Leary, 2005; Trevino, Hartman & Brown, 2000). Indeed, Ciulla (1998) proposed that ethics is at the ‘heart of leadership’. Many scholars have examined ethics and leadership from a normative or philosophical perspective, which suggests what leaders *ought* to do, rather than what they *actually* do (Brown, 2007).

More recently, the study of ethics and leadership has been undertaken from a more socio-scientific perspective. This has led to the development and conceptualisation of the construct ethical leadership, which includes the exploration of the characteristics of ethical leadership and the identification of its antecedents and consequences (Brown & Trevino, 2006b; Brown, Trevino & Harrison, 2005; Trevino et al., 2000; Trevino, Brown & Hartman, 2003).

This research poses the question: what is ethical leadership? It seeks to build on the existing body of empirical research relating to the characteristics and behaviours of ethical leaders. The inclusion of a question, which asks participants their recollections of unethical leadership, represents an important contribution to research in the area of ethics and leadership. Seventy-eight (78) senior executives, represented by diverse industry backgrounds from both the public and private sectors, participated in the research. They were drawn from two states in Australia, namely Western Australia and Victoria. This research adopted a constructivist methodology and two qualitative methods: the critical incident technique (CIT) (Flanagan, 1954) and a hypothetical vignette (Alexander & Becker, 1978; Aveyard & Woolliams, 2006; Fritzsche, 2000;

Trevino, 1992b). Semi-structured, face-to-face interviews were undertaken for the purpose of data collection. The qualitative software package NVivo was used to assist in the management of the research data. NVivo's principal function is that of an electronic storage and retrieval system. Before its development this process was manually carried out by researchers.

First, participants were asked to recall the characteristics and behaviours of two leaders with whom they had worked: one identified as being an ethical leader and the other a less than ethical leader. Second, participants described an ethical dilemma they had experienced and managed in their role as a senior executive. Third and finally, their responses to a hypothetical vignette that contained an ethical dilemma were sought. These responses were then aligned with their own ethical dilemmas to determine whether their espoused theories (what they said they *would* do) were congruent with their theories-in-use (what they *actually* did).

The principal findings that emerged in this research are as follows. Participants' recollections of ethical leadership centred on three themes: value alignment, governance and relationship-centredness. Ethical leaders are perceived to be individuals who behave with *integrity*, *courage* and *trustworthiness*. They are relationship-centred, and *fairness* and *altruism* are the defining features of their relationships with others. In matters of governance, ethical leaders demonstrate adherence to *accountability* measures and *discernment* in their decision-making responsibilities. These findings were opposed to recollections relating to less than ethical leaders, who are defined by deception and self-centredness. In matters of governance, the decision-making of less than ethical leaders reflected *culpability* and *expediency*. Their self-centredness was evident in their *abuse of power* and their *self-serving* behaviour.

When participants' responses to the hypothetical vignette were aligned with responses to their own ethical dilemmas, incongruence was evident. That is, the action many participants said they *would* take in response to the hypothetical vignette did not align with what they *actually* did in response to their own ethical dilemmas.

This incongruence was most evident in two areas. In the management of their own dilemmas, participants were strongly focused on relationships with others and did not consider withdrawing from the situation. However, in response to the hypothetical vignette, participants demonstrated a greater willingness to withdraw from the situation and placed much less emphasis on their relationship with others.

Finally, this study concludes that an ethical leader is perceived as an individual whose words and actions are closely aligned (value alignment). Conversely, less than ethical leaders are characterised by deception; that is, there is misalignment between what they say and what they do.

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We don't receive wisdom, we must discover it for ourselves during a journey which no-one can take for us, or spare us from.

Marcel Proust (1871 – 1922)

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It is said that behind every successful woman there is a rather intelligent cat. Charlie, here’s to the many ‘lap hours’ you devoted to this thesis.

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Judith Lee McVeigh

27 April 1948 – 16 October 2009

Aged 61

Anthony Koutsoukos

18 January 1947 - 13 February 1999

Aged 52

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Operational Definitions

The following definitions are included in the context of this research to provide consistency of meaning.

Alignment

The congruence between respondents' espoused theories and their theories-in-use.

Category

The descriptive unit which qualifies the principal themes of this research.

Critical incident technique (CIT)

A data collection method used in this research and applied in semi-structured, face-to-face interviews. The CIT represents the most salient aspects of respondents' ethical incidents recorded for the purposes of this research.

Espoused theories

The action individuals espouse they will or intend to do in a specific situation

Ethical leadership

A construct of this research which focuses on the ethical characteristics and behaviour of leaders recalled by respondents.

Ethics

Ethics or moral philosophy refers to judgements about the moral conduct of human beings and asks the question, what *ought* I do?

Less than ethical leadership

A construct of this research which focuses on less than ethical characteristics and behaviours of leaders recalled by respondents.

Morality

The Latin *moralis* refers to the customs, practices and traditions of individuals and groups. Morality refers to the examination of the actual conduct of human beings.

Node

The name of the unit which represents the primary categorisation of data used by QSR NVivo® software.

QSR NVivo ®

The qualitative software program used in this research to organise, store, retrieve and analyse data.

Phenomenon

The particular circumstances and perceptions which form the experiences of the respondents in this research

Semi-structured interview

A face-to-face interview in which there are pre-determined questions which allow for the interviewer to obtain respondents' points of view, reflections and observations in a specific area.

Senior executive

In the context of this research, *senior executive* denotes an individual who holds the position of Chief Executive Officer (CEO) or the principal position which reports to the CEO

Themes

The principal descriptor used to encapsulate the meaning of data in this research.

Theories-in-use

The action individuals actually do in a specific situation as opposed to what they say they intend to do.

Values

That to which individuals and groups attribute worth and which guide behaviour and judgements relating to moral conduct

Vignette

In the context of this research a vignette represents a short description or account of a business scenario containing potential ethical challenges

List of Abbreviations

AFL	Australian Football League
CEO	Chief executive officer
CIT	Critical incident technique
CMD	Cognitive moral development
DIT	Defining issues test
ELS	Ethical leadership scale
ENS	Ethically neutral successful
LC	Locus of control
LPC	Least preferred co-worker
MLQ	Multifactor leadership questionnaire
OCB	Organisational citizenship behaviour
PLIS	Perceived leader integrity scale

Chapter 1: Introduction

The longest journey of any person is the journey inward

Dag Hammarskjold (1905–1961)

1.1 Introduction

This research investigated the characteristics of ethical leadership. Senior executives in Australia were asked to recall the characteristics and behaviours of both an ethical and a less than ethical leader. Further, the research addressed ethical dilemmas faced by those senior executives, their responses to those dilemmas and whether there was congruence with their intended action based on a hypothetical ethical scenario. A qualitative paradigm was adopted in this research for the purpose of data collection and analysis. The critical incident technique (CIT) (Flanagan, 1954) and a hypothetical vignette were the two data collection methods used in semi-structured face-to-face interviews with the Australian senior executives who participated in this research. The research methodology, data collection methods and analysis used in this research are described in Chapter 3. This chapter outlines the background to the research, the research objectives, the research questions and an overview of the thesis structure.

1.2 Background to Research

In the competitive global business environment, there has been increased interest in the ethical behaviour of leaders. Much of the attention on ethics and leadership has traditionally been from a normative perspective, which specifies how leaders *ought* to behave (Ciulla, 2004). While ethical leadership has gained the increased attention of scholars, descriptive research on ethical research is a new and emerging area (Brown & Mitchell, 2010). Trevino, Hartman and Brown (2000, 2003) undertook important

foundational work in an area that included defining ethical leadership and establishing it as a distinct construct in leadership research. Trevino and colleagues' qualitative research identified two dimensions: moral person and moral manager as being integral to ethical leadership. In essence, the moral person dimension means '[e]thical leaders are characterized as honest, caring and principled individuals who make fair and balanced decisions' (Brown & Trevino, 2006a). The moral manager is characterised by individuals who clearly communicate ethical standards to followers and use rewards and punishments to ensure the standards are followed.

The antecedents and outcomes of ethical leadership have been researched using social learning theory (Bandura, 1977, 1986) and social exchange theory (Blau, 1964). Trevino and colleagues (2000, 2003) argue that both are related to the leader's characteristics and to situational factors that influence followers' perceptions of a leader being ethical. Other research attributes ethical leadership being related to follower outcomes such as job satisfaction, organisational citizenship behaviour (OCB) and organisational commitment (Brown et al., 2005; Walumbwa & Schaubroeck, 2009).

In relation to this research, both Brown and Trevino (2006b) and Brown and Mitchell (2010) identified the need for greater understanding of the relationship between ethical and unethical leadership. For example, one question posed is whether ethical and unethical leadership are single constructs or opposite ends of a single continuum (Brown & Trevino, 2006a). Finally, as pointed out by Brand (2009), quantitative research in business ethics has predominated. However, given leadership is a social phenomenon, more qualitative research is needed.

This research presents an opportunity to explore the principal question: what is ethical leadership? A qualitative methodology has been applied to this research, the respondents are senior executives and a sample of seventy-eight (78) executives provides a credible data collection size. The research questions include an examination of the characteristics of both ethical and unethical leadership, the latter of which has received little attention in research (Brown & Mitchell, 2010).

1.3 Research Objectives

The objectives of this research were developed to build on the existing body of knowledge relating to ethics and leadership. The recollections of Australian senior executives relating to their perceptions of ethical leadership and to both the actual and intended actions adopted when responding to ethical dilemmas contributes to the strength of the research. A qualitative study involving seventy-eight Australian senior executives was conducted to address the research objectives. Two data collection methods, namely, the CIT and vignette were adopted for this study and were used in semi-structured, face-to-face interviews with individual participants. The storage and retrieval of data were assisted by the use of the qualitative software NVivo.

This research has the following objectives:

- to identify the characteristics of ethical leadership recalled by Australian senior executives;
- to examine the nature and circumstances which these senior executives identify as an ethical dilemma;
- to determine the actions taken by the senior executives to manage the ethical dilemmas;
- to identify the actions proposed by the senior executives to manage a hypothetical scenario presented in the semi-structured, face-to-face interviews; and
- to develop insights into whether there is congruence between the senior executives' intended action (espoused theories) and their actual actions (theories-in-use).

1.4 Research Questions

The research objectives translate into four research questions:

1. What is ethical leadership in the context of senior executives of the public and private sectors of Western Australia and Victoria?
2. What is less than ethical leadership in the context of senior executives of the public and private sectors of Western Australia and Victoria?
3. What is the nature and management of ethical dilemmas recalled by senior executives of the public and private sectors of Western Australia and Victoria?
4. Is there any congruence between the senior executives' reported action in response to their own ethical dilemmas and their intended action in response to a hypothetical vignette?

1.5 Overview of the Thesis Structure

This thesis is presented in seven (7) chapters. A brief overview of the purpose of each chapter is presented in the following sections.

1.5.1 Chapter 1: Introduction

This chapter outlines a background to the research, the research objectives, the research questions and an overview of the thesis structure.

1.5.2 Chapter 2: Literature Review

This chapter presents a review of the literature that examines the relationship between ethics and leadership. In the context of this research, the focus is on the exploration of the phenomenon of ethical leadership. The chapter commences with a definition of leadership and an overview of some seminal leadership theories. It then explores literature relating to key leadership constructs: transactional, transformational, charismatic, authentic, spiritual and servant leadership constructs. These constructs, which are sometimes referred to as the 'dark side' of leadership, are reviewed in Chapter 2. Following this, a clarification of the terms ethics, morality and values is presented along with a review of ethical theories as they relate to leadership.

The characteristics of ethical leadership are then compared with other contrasts with particular attention being given to the distinction between ethical leadership and other leadership theories. The chapter provides an overview of the literature that relates to the nature and management of ethical dilemmas by managers with reference to relevant theories and models relating to ethical decision-making. Chapter 2 concludes with an overview of literature that relates to the relationship between what individuals espouse (their intended actions) and their theories-in-use (their actual actions) when confronted with the management of ethical dilemmas. Overall, the literature review sought to respond to the principal question of this research: what is ethical leadership?

1.5.3 Chapter 3: Methodology

This chapter describes the research methodology, data collection methods and data analysis used in this research. A constructivist research methodology was adopted and used two qualitative methods: the CIT (Flanagan 1954) and a hypothetical vignette (Alexander & Becker, 1978; Aveyard & Woolliams, 2005; Fritzsche, 2000; Trevino, 1992). Semi-structured, face-to-face interviews were conducted for the purpose of data collection.

1.5.4 Chapter 4: Data Analysis

This chapter details the coding that formed the basis for the analysis of data collected in this research. All analysis was based on the transcriptions of one interview undertaken with each respondent. The processes of how data were content analysed and coded to establish emergent themes are presented.

1.5.5 Chapter 5: Findings

This chapter presents the principal themes and categories that emerged from the collection, analysis and coding of data derived from semi-structured, face-to-face

interviews for this research. Seventy-eight (78) senior executives from both public and private sectors in Western Australia and Victoria participated in the interviews.

1.5.6 Chapter 6: Discussion

This chapter addresses the research questions and critically examines the findings of this research. The discussion of the findings is explored from the perspective of Australian senior executives of the public and private sectors. The areas addressed in this discussion are the phenomenon of ethical leadership and the nature and management of senior executives' ethical dilemmas. Following this, the discussion examines whether there is congruence between executives' management of their dilemmas and their intended actions in response to a hypothetical situation.

1.5.7 Chapter 7: Conclusions

This chapter presents a summary of the research findings that identified the characteristics of ethical leadership. Included are respondents' recollections of less than ethical leadership and a comparison between the management of their own ethical dilemmas compared to that of a hypothetical vignette. The responses to all these research components were included to help respond to the principal question: what is ethical leadership? Finally, the research's strengths and limitations are presented, along with suggestions for further research.

1.6 Summary

This chapter began with a background to the research topic, the objectives of the research, the research questions and an outline of the structure of the thesis. The qualitative paradigm applied to this research was described, including the data collection and analysis methods used. Chapter 2 presents a review of literature relating to this research.

Chapter 2: Literature Review

*I detest that man who hides one thing in the depths of his heart, and
speaks for another.*

Homer (800–700 BC)

2.1 Introduction

This chapter presents a review of the literature examining the relationship between ethics and leadership. In the context of this research, the focus is on the exploration of the phenomenon of ethical leadership as a construct within the extensive field of leadership research. However, as acknowledged by Ciulla (1998), an understanding of the relationship between ethics and leadership must be grounded in the study of leadership. Therefore, Chapter 2 commences with a definition of leadership and an overview of some seminal leadership theories. It then explores literature relating to key leadership constructs: transactional, transformational, charismatic, authentic, spiritual and servant leadership. That section also includes an overview of what is sometimes referred to as the ‘dark side’ of leadership, including narcissism and personalised charismatic leadership.

Following this, a clarification of the terms ethics, morality and values is presented along with a review of ethical theories as they relate to leadership. The characteristics of ethical leadership are then compared with other contrasts with particular attention being given to the distinction between ethical leadership and other leadership theories.

Finally, Chapter 2 provides an overview of the literature that relates to the nature and management of ethical dilemmas by managers with reference to relevant theories and models relating to ethical decision-making. The chapter concludes with an overview of literature depicting the relationship between what individuals espouse (their intended

actions) and their theories-in-use (their actual actions) when confronted with the management of ethical dilemmas. Overall, the literature review sought to provide information to the researcher on the principal question of this research: what is ethical leadership?

2.2 Leadership: A Definition

A fundamental challenge exists for researchers determining the distinction between managing and leading. As noted by Kellerman (2004), leadership studies have been hampered by a lack of common language. For example, Rost (1991) analysed 221 definitions of leadership to make his point that there is no consistent or commonly held view of what constitutes leadership. In a later article, Rost (1995, p. 129) concluded ‘[I] finally figured out that what almost all of the authors writing about leadership in the last 75 years were saying was that leadership is good management’. Indeed, what still existed among early leadership scholars was an assumption that a supervisory or management role automatically defined its occupant as a leader (Barker, 1997).

Bass (1981) provided a comprehensive examination of the concept of leadership. He concluded that ‘[t]he search for the one and only proper and true definition of leadership seems to be fruitless, since the appropriate choice of definition should depend on the methodological and substantive aspects of leadership in which one is interested’ (Bass, 1981, p. 18). Ciulla (1998) asserted that the challenge is not seeking the definition of leadership, but rather determining what good leadership is. The use of the word ‘good’ has two senses: morally good and technically good (or effective). ‘It’s easy to judge if they are effective, but more difficult to judge if [leaders] are ethical, because there is some confusion over what factors are relevant to making this kind of assessment’ (Ciulla, 1998, p. 13). More recently, Ciulla (2005, p. 325) argued that research in leadership continues to be complex because ‘[t]he leader/manager distinction is a troublesome one because *leadership* is a popular word these days and the current trend is to put leadership in the title of books on traditional management subjects’.

‘There are as many different definitions of leadership as there are persons who have attempted to define the concept’ (Stogdill, 1974, p. 7). For the purposes of this research, the most appropriate definition of leadership focuses on the leader–follower relationship and the variables that may influence that relationship. ‘Leadership is an influence relationship among leaders and followers who intend real changes that reflect their mutual purposes’ (Rost, 1991, p. 102). This definition is supported by Yukl (2010), who classified the study of leadership theories into the following: leader characteristics, follower characteristics and situational variables.

Ciulla (1998) presented leadership definitions in an historical context. That is, if the definition of leadership for the 1920s is compared with one for the 1990s, both represent a leader–follower relationship. However, the difference lies in the nature of that relationship. For example, the 1920s definition highlighted by Ciulla uses words such as ‘impress’ and ‘induce’ whereas the 1990s definition by Rost (1991) emphasises a collaborative relationship in which both leader and follower have influence.

Figure 2.1 illustrates the various meanings of the act of leadership by the seminal work of Stogdill (as cited by Bass, 1981). In that work, Stogdill focused on the behaviours and activities of the individuals who lead and the influence and the effect these may have on follower and organisational outcomes.

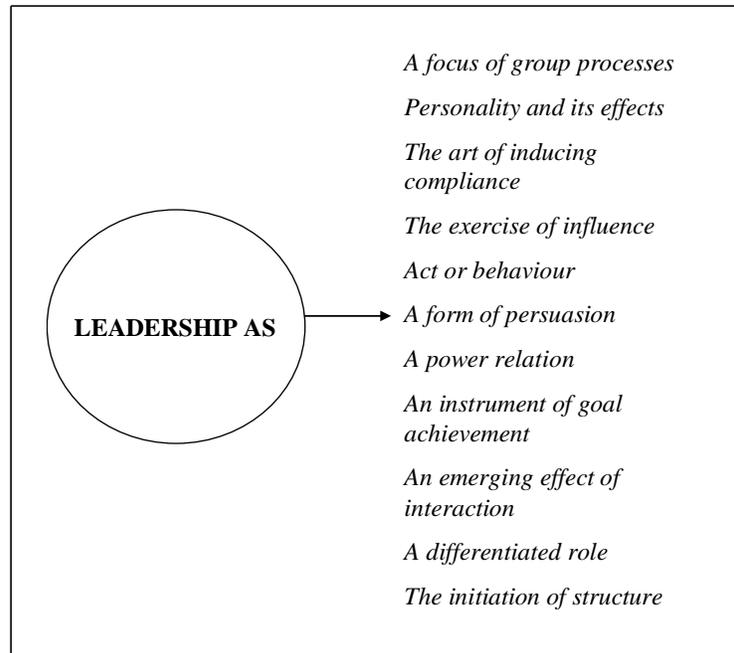


Figure 2.1: Definitions of Leadership

Source: Adapted from Bass (1981).

2.3 Leadership Theories: An Historical Overview

There are numerous theories that contribute to an understanding of the characteristics and behaviours of leadership. This review is limited to an overview of the following leadership theories: ‘great men’, trait, contingency, path–goal and the ‘Big Five’ theories. These have been included as historical representations of the different approaches adopted in the study of leadership.

2.3.1 Great Men Theory

The most prominent leadership theory that emanated from the nineteenth and early twentieth centuries was the concept of great men. This theory rested on the belief that great men were born, not made, together with their inherited leadership attributes (Kirkpatrick and Locke, 1991). It is thought that the great men theory was associated with the nineteenth century Scottish historian, Thomas Carlyle. His belief was that

history was shaped by great men through the vision of their intellect and divine inspiration (Carlyle, 1904). Therefore, the success of great men rested on personality and physical characteristics rather than specific behaviour or environmental influences.

However, the book 'Leadership' by Burns (1978) provides a comprehensive argument that counters the great men theory. Central to the argument of Burns (1978), is that the great men theory of leadership contains a crucial bias in considering that history-making decisions and events could be directly linked to the power and actions of individuals. Burns acknowledged that the public persona of leaders holds most individuals captive to this fundamental bias and, '[f]or this reason, and because it is easier to look for heroes and scapegoats than to probe for complex and obscure causal forces, some assume the lives of the "greats" carry more clues to the understanding of society, sub-leaders and the followers' (Burns, 1978, p. 51).

This tendency to seek prominent individuals and heroes is also highlighted by Kirkpatrick and Locke (1991), who observed that in contemporary times the great men theory has become a foil for so-called superior leader models, made legitimate by acknowledging that they are endowed with both positive and negative qualities. One example of this representation of great men in contemporary times is how the media portrays individual leaders as being central to the success of an organisation and at the same time attributing any catastrophic failure to these very same leaders. In the Australian context, there have been notable examples of this phenomenon, such as Ray Williams, the former chief executive officer (CEO) of collapsed insurance group HIH (Westfield, 2003). The demise of HIH represented the largest corporate collapse in Australia, and Williams went from a great man to a convicted corporate criminal.

2.3.2 Trait Theory

The great men theory evolved into a more behavioural approach within the leadership research. In the early twentieth century, there was a focus on trait theories (Mann, 1959) that sought to identify individuals' characteristics and capacities in support of the

notion that traits of leaders were different from those of non-leaders. Interest in trait theory evolved throughout the twentieth century; however, fundamental shortcomings were identified. There was no universally recognised and consistent set of traits that would define and set leaders apart from others (Bird, 1940, House & Aditya, 1997). Importantly, it also established that the possession of particular traits did not necessarily equate with an individual being a leader (Stogdill, 1974). Trait theories, therefore, neither confirmed a consistent group of traits that defined all leaders nor provided a clear understanding of what effective leaders actually did (Reave, 2005). Nevertheless, researchers such as Kirkpatrick and Locke (1991) argued that traits were important because they identified what made leaders different from non-leaders.

Table 2.1 outlines five examples of studies undertaken in trait theory and resultant identification of so-called traits, as presented by Northouse (2007, p. 18). The five studies depicted in **Table 2.1** show that some traits, such as intelligence and confidence, were common across the five studies.

Table 2.1: Studies of Leadership Traits and Characteristics

Studies of Leadership Traits and Characteristics				
<i>Stogdill (1948)</i>	<i>Mann (1959)</i>	<i>Stogdill (1974)</i>	<i>Lord, DeVader and Alliger (1986)</i>	<i>Kirkpatrick and Locke (1991)</i>
Intelligence	Intelligence	Achievement	Intelligence	Drive
Alertness	Masculinity	Persistence	Masculinity	Motivation
Insight	Adjustment	Insight	Dominance	Integrity
Responsibility	Dominance	Self-confidence		Confidence
Initiative	Extroversion	Responsibility		Cognitive ability
Persistence	Conservatism	Cooperativeness		Task knowledge
Self-confidence		Tolerance		
Sociability		Influence		
		Sociability		

Source: Northouse (2007, p. 18)

Although trait theory failed to identify a consistent group of characteristics to define all leaders, there remained ongoing interest in explaining how traits influenced leadership (Bryman, 1992). What emerged was the study of the effectiveness of leadership in the context of leader behaviour and leaders' relationship with the group or organisation to which they belonged (Conger & Kanungo, 1998; Yukl, 2010). Subsequent attention by researchers (Aronson, 2001; Yukl, 2010) was toward leadership behaviour or style and on what leaders did that made a difference.

2.3.3 Contingency Theory

One example of this development in leadership studies was the emergence of contingency theories. These theories focused on determining how different leader traits and behaviours were related to indicators of leadership effectiveness in a variety of contexts and situations (Yukl, 2010). One of the most widely recognised contingency theorists was Fiedler (1967), whose research examined leadership styles and group performance under a variety of situations. The least preferred co-worker (LPC) scale was developed by Fiedler (1967) to measure leadership styles. Fiedler and Chemers (1982) found that a high LPC leader was motivated by interpersonal relationships, whereas a low LPC leader was motivated by achievement of goals and tasks. The situational variables considered in Fiedler's contingency theory included leader-member relations, positional power of the leader, and the degree of structure evident in the tasks allocated to subordinates (Fiedler & Garcia, 1987).

2.3.4 Path-Goal Theory

Another theory to emerge, the path-goal theory of leadership, sought to explain how leaders' behaviour influenced the satisfaction and performance of subordinates (Evans, 1970). Various developments of this theory defined leadership behaviour as supportive, directive, participative and achievement oriented (Evans, 1974; House, 1971; House & Mitchell, 1974). According to the path-goal theory, a leader will adopt a style that meets subordinates' motivational needs and, in doing so, assist in the attainment of

subordinates' goals. The achievement of subordinates' goals is also linked to various characteristics, which include subordinates' needs for affiliation, preferences for structure, desires for control and self-perceived level of task ability (Northouse, 2007). Both the contingency and path-goal theories represent the development of leadership theory through acknowledgement of the complexities of the leader-follower relationship.

Further examples of theories that have investigated different aspects of leader-follower behaviour include: leader-member exchange theory (Dansereau et al., 1975), which centred on the interactions between leaders and followers; cognitive resources theory (Fiedler & Garcia, 1987), which sought to define the influence of leaders' cognitive abilities on group performance; and the multiple-linkage model by Yukl (2010), which sought to provide an explanation for how intervening variables such as cooperation and mutual trust influenced group performance.

2.3.5 Big Five Factors of Personality

Another area that has received attention by researchers is the link between what is termed the Big Five factors of personality and leadership (Goldberg, 1990; Judge et al., 2002). The five factors or traits, referred to as the Big Five, represent the basic factors which make up human personality, namely: neuroticism (anxious, impulsive), extraversion (outgoing, energetic), openness (curious, insightful), agreeableness (altruistic, trusting) and conscientiousness (dependable, dutiful) (Brown & Trevino, 2006b; Digman, 1990).

McCrae and Costa (1987) tested the five-factor personality model across two instruments and two data sources, and confirmed that the model had substantial cross-observer agreement. An assessment of the links between the Big Five and leadership was undertaken by Judge, Bono, Erez and Locke (2002). Their meta-analysis of 78 leadership and personality studies found a strong relationship between the Big Five traits and leadership. The Big Five model of personality traits has provided a

conceptual framework for researchers to test the relationship between specific personality traits and leader effectiveness. **Figure 2.2** presents the Big Five personality factors.

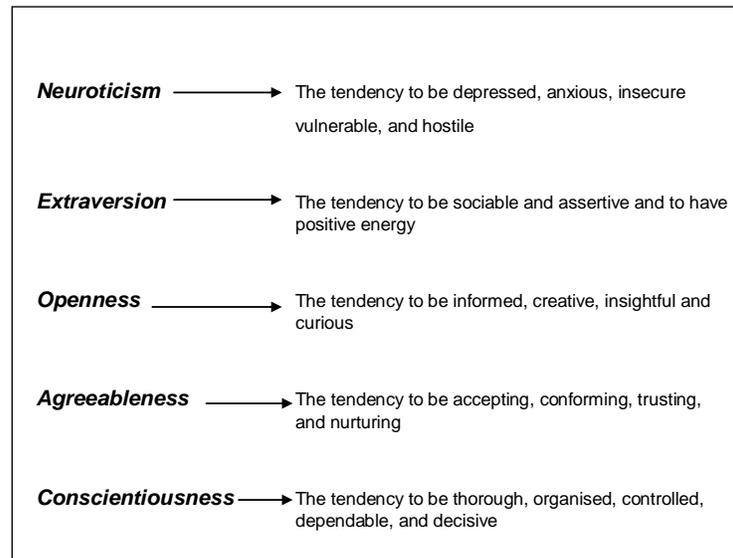


Figure 2.2: The Big Five Personality Factors

Source: Adapted from Northouse (2007)

2.4 Summary

The historical overview and theories of leadership so far presented in this review, demonstrate the progression of some theories and ideas that highlights the complexities of the leader–follower relationship. For the purpose of this research, a greater degree of attention has been given to exploring different leadership constructs, in order to provide a comparison with ethical leadership. The following section explores the most influential leadership constructs in which researchers became interested in the emotional and symbolic aspects of leadership and the process by which leaders appeal to followers’ values and emotions (Bass, 1985; Bennis & Nanus, 1985; Conger & Kanungo, 1998).

2.5 Contemporary Leadership Models

The leadership models presented below evolved from the late 1980s, from what Bryman (1992) identified as the ‘new leadership school’. Researchers such as Bass (1985), Bennis and Nanus (1985), Conger and Kanungo (1988) and Kouzes and Posner (1987) built on earlier work which sought to distinguish between management and leadership. However, those writers paid close attention to how leaders effected change in their organisations. This direction, according to Conger and Kanungo (1998), developed in response to a more global and competitive business environment that brought with it an increased expectation on leaders to bring about change and build employee productivity, morale and commitment.

Researchers such as Bennis and Nanus (1985) proposed that organisations were failing to respond to the new environment through too much management and not enough leadership. The quest amongst researchers to distinguish between the roles of management and leadership (Bennis & Nanus, 1985; Kotter, 1988; Yukl, 2010) was closely influenced by a seminal work on leadership by Burns (1978); it is his principal theories on leadership that this review will now discuss.

2.6 Transactional and Transformational Leadership

2.6.1 Definition

Researchers’ studies of management and leadership in a dichotomous manner were influenced by Burns (1978), who presented his theories of transactional and transformational leadership as being two different and distinct models of leadership. Burns’s theories on leadership, particularly transformational leadership, provided insight for organisational theorists in the 1980s who were examining both organisational change and the concept of empowerment. ‘The model of the transformational leader spoke to both these issues. After all, these were leaders concerned about transforming the existing order of things as well as directly addressing

their followers' needs for meaning and personal growth' (Conger & Kanungo, 1998, p. 11).

Burns (1978) made a crucial distinction between the nature of transactional and transformational leadership. He recognised both as being relational in nature and based on principles of exchange. However, the key difference resided in transformational leadership in which '[o]ne or more persons *engage* with others in such a way that leaders and followers raise one another to higher levels of motivation and morality' (Burns, 1978, p. 20). In contrast, Burns emphasised the relationship of exchange between leader and follower being central to the transactional leadership construct. It is the need and mutual benefit of the exchange that brings leader and follower together, forming the basis of the transactional relationship, rather than a mutual pursuit of a higher purpose. The aspect of transformational leadership most relevant to this research is the emphasis Burns (1978) placed on this construct having a moral component, a central tenet of the phenomenon of ethical leadership.

2.6.2 Transformational Leadership: Authentic and Pseudo-Authentic

In a comparison of transformational and transactional leadership, Kanungo and Mendonca (1996) considered that transactional leadership does not exert a moral influence on followers, whereas transformational leadership does. Bass (1985) reasoned that transformational leaders could be ethical or unethical, depending on the leader's personal ambitions and context. Bass and Steidlmeier (1999) built on Bass's argument relating to the transforming nature of leadership, and proposed that transformational leaders could be termed 'authentic' and 'pseudo-authentic'.

According to Bass and Steidlmeier (1999, p. 7), the idealised influence (charisma) of transformational leaders '[i]s envisioning, confident and sets high standards for emulation'. Their argument is that transforming others is just one effect of leadership. Bass and Steidlmeier (1999) differentiated between leaders who are authentic as those grounded in moral foundations while pseudo-transformational leaders are those

considered deceptive and manipulative. The latter has ‘[an] outer shell of authenticity but an inner self that is false to the organization’s purposes’ (Bass & Steidlmeier, 1999, p. 187). Finally, transformational leadership has also been positively related to emotional intelligence (Gardner & Stough, 2002) and integrity (Becker, 1998; Menzel, 2005; Parry & Proctor-Thomson, 2002; Storr, 2004; William, 1999). An important characteristic of transformational leaders already outlined focuses on the transforming relationship they develop with others. Leaders who are emotionally intelligent are considered both aware and in control of their own emotions, which is considered important in the development of effective relationships with others.

2.6.3 Transactional and Transformational Leadership: Measurement

Bass (1985) sought to identify the behaviours underlying both transactional and transformational leaders. This led to the development of the multifactor leadership questionnaire (MLQ) by Bass (1985), which provided items relating to both transactional and transformational leadership behaviours for measuring leaders’ self-perceptions of leadership and subordinates’ ratings of the behaviour of their leaders. The MLQ included three types of transformational behaviour (idealised influence, intellectual stimulation and individualised consideration) and two types of transactional behaviour (contingent reward and passive management by exception) (Bycio et al., 1995; Yukl, 2010).

The original MLQ was criticised for matters relating to its structural validity, along with reliability of the questionnaire items (Conger & Kanungo, 1988; Tepper & Percy, 1994; Yukl, 2010). However, Bass’s (1985) MLQ created the capacity for researchers to investigate leadership from an individual, group or organisational perspective. A modified version of the MLQ was developed by Bass and Avolio (1990), and since this version, there have been many adaptations of the MLQ to refine its validity and reliability (Bass & Avolio, 1995, 1997; Northouse, 2007; Yukl, 2010). **Figure 2.3** defines the transformational and transactional behaviours, which are included in the MLQ.

TRANSFORMATIONAL BEHAVIOURS	TRANSACTIONAL BEHAVIOURS
<p>Idealised influence (Charisma) <i>Arouses strong follower emotions and identification with the leader</i></p>	<p>Contingent reward <i>Followers are motivated and influenced by leaders' praises, promises and rewards</i></p>
<p>Individualised consideration <i>Provides coaching, mentoring and growth opportunities for followers</i></p>	<p>Active management by exception <i>Leaders monitor follower performance and correct follower errors</i></p>
<p>Inspirational motivation <i>Provides challenges and meaning for followers to engage in shared goals</i></p>	<p>Passive management by exception <i>Leaders wait to be informed of follower mistakes and take corrective action which includes negative feedback or reprimands. <i>Laissez-faire</i> leader behaviour is included as they avoid making decisions</i></p>
<p>Intellectual stimulation <i>Allows followers to question assumptions and seek creative solutions to problems</i></p>	

Figure 2.3: Transactional and Transformational Behaviour: The MLQ

Source: Adapted from Bass and Steidlmeier (1999) and Yukl (2010)

Research conducted by Antonakis and colleagues (2003) assessed the psychometric properties of the MLQ in a business context consisting of a sample of more than 3000 raters. The findings of this research strongly supported the validity of the measurement model and structure of the MLQ. The MLQ remains the most widely used instruments to measure transformational leadership behaviour (Northouse, 2007).

2.7 Charismatic Leadership

2.7.1 Introduction

The concept of leadership being attributed to transforming both leaders and followers presented 'charisma' as an important attribute in such transformation (Bass, 1985; Conger & Kanungo, 1998; Conger, 1999; House, 1976). The terms 'transformational' and 'charismatic' leadership both appear in studies on how a leader engages the minds and emotions of followers (Reave, 2005).

2.7.2 Definition

Max Weber, a German sociologist, influenced the adoption of the term 'charismatic' in reference to leaders. A charismatic individual was described as having exceptional

powers inaccessible to others and personal qualities regarded as having some divine origin (Bendix, 1960). Therefore, a charismatic leader's powers was derived from this perceived divine origin, rather than from positional or legitimate authority usually bestowed upon an individual holding a leadership role.

2.7.3 Charismatic Leadership: Behaviour and Follower Influence

The work of House (1976) on charismatic leadership is one of the earliest discussions that focused on a charismatic leader's ability to motivate high levels of achievement in followers through leaders' own personal beliefs and convictions. However, one weakness highlighted in this theory was the contention that the process of influence by a charismatic leader was at a dyadic level. That is, the influence a leader may have over individual followers as opposed to groups (Yukl, 1999). A dyadic relationship does not take account of a leader's influence over group dynamics or organisational processes. 'Group processes are important not only because they are necessary to explain how a leader can influence the performance of an interacting group, but also because the attributions of charisma are unlikely to be the same for all group members' (Yukl, 1999, p. 11).

Research by Shamir and colleagues (1998) supports Yukl's (1999) criticism of the emphasis on the dyadic relationship between a charismatic leader and individual followers. This research, based in a military context, tested the charismatic leader's influence at both an individual and group level. The findings indicated a greater need for examination of the relationship between charismatic leadership and group characteristics. Examples of subsequent theories on charismatic leadership included the effects of charisma on followers' self-concepts (Shamir et al., 1993), followers' perceptions of the leader as having an extraordinary identity (Conger & Kanungo, 1998) and followers' higher-order needs (Bass & Avolio, 1993; Conger, 1999).

There are other aspects of charismatic leadership that have been explored, indicating, according to Yukl (1999), there remains confusion and ambiguity around the meaning

of charismatic leadership and on clear identification of underlying influences and processes which determine the leader–follower relationship. For example, Kets de Vries (1988) suggested that charisma does not explain the connection between leader and follower. Conger and Kanungo (1988, 1998) proposed that the nature of the charismatic relationship is determined by the characteristics of the leader, followers and situation. Klein and House (1995, p. 183) have asserted that ‘[c]harisma resides in the relationship between a leader who has charismatic qualities and those of his or her followers who are open to charisma, within a charisma-conducive environment’.

An observation made by Yukl (1999) is that although theory suggests followers of charismatic leaders were more likely to have a dependent nature with low self-esteem and resultant immaturity and indecisiveness, there is limited empirical research to confirm this. In contrast, Klein and House (1995) suggested that followers in charismatic relationships are not weak, but indeed are comfortable with the attributes of the leader and the context in which the relationship operates. According to others (Bryman, 1992; Conger & Kanungo, 1998; Howell, 1998; Shamir et al., 1993), charismatic leadership is more likely to occur at crisis points in history, when there is uncertainty and unpredictability.

Ehrhart and Klein (2001) confirm that much of the research has focused on the characteristics of charismatic leadership itself and the effects on followers, but not as much attention has been given to the attributes of followers. Ehrhart and Klein’s (2001) research examined participants’ values and personality dimensions to predict participants’ preferences for charismatic leadership and two other leadership styles: relationship-orientated and task-orientated leadership. The results suggest that followers differ in their attraction to leaders of differing types. Importantly, this research found that ‘[w]ork values (for participation, security and extrinsic rewards) were particularly useful in distinguishing followers based on their leadership preferences’ (Ehrhart & Klein, 2001, p. 176).

Table 2.2 lists behaviours that may have both positive and negative effects for charismatic leaders and their followers. Behaviours listed under ‘follower behaviour’, such as ‘being in awe of the leader’ and ‘adoration by followers’, are indicators of a charismatic leader’s ability to arouse strong follower support through innovation, visioning, risk taking and displaying a sense of power and confidence (Kodish, 2006; Walter & Bruch, 2009). As expressed by Howell and Avolio (1992) the dreams, hopes and aspirations of followers became incorporated into the charismatic leader’s vision.

Table 2.2: Negative Charismatic Leader and Follower Behaviours

Negative Charismatic Leader and Follower Behaviours
<p><i>Follower Behaviour</i></p> <ul style="list-style-type: none"> •Being in awe of the leader reduces good suggestions by followers. •Desire for leader acceptance inhibits criticism by followers. •Adoration by followers creates delusions of infallibility. •Dependence on the leader inhibits development of competent successors <p><i>Leader Behaviour</i></p> <ul style="list-style-type: none"> •Excessive confidence and optimism blind the leader to real dangers. •Denial of problems and failures reduces organizational learning. •Risky, grandiose projects are more likely to fail. •Taking complete credit for successes alienates some key followers. •Impulsive, non-traditional behaviour creates enemies as well as believers. •Failure to develop successors creates an eventual crisis.

Source: Adapted from Yukl (2010)

However, these effects may have negative consequences for both charismatic leaders and followers. As an example, charismatic leadership behaviour in **Table 2.2** such as ‘excessive confidence and optimism’ and ‘undertaking risky, grandiose projects’ may be indicators of ‘[e]arly success and the adulation of subordinates which may cause the leader to believe that his or her judgement is infallible’ (Yukl, 2010, p. 251). Therefore, the charismatic leader’s behaviour, which may initially lead to follower commitment and organisational success, may also blind the leader to flaws in his or her vision and inhibit follower criticism.

2.7.4 Charismatic and Transformational Leadership: A Comparison

According to Yukl (1999), there are challenges in defining both the charismatic and transformational constructs, as well as lack of clarity around specific behaviours, situational conditions and underlying influence processes. ‘It seems best to conceptualize the two types of leadership as distinct but partially overlapping processes. Vague definitions of leader “types” have long been popular in the literature, but they are often stereotypes with limited utility for increasing our understanding of effective leadership’ (Yukl, 1999, p. 302).

Some theories on transformational and charismatic leadership (Bass & Avolio, 1993; Burns, 1978) emphasise the leader’s ability to motivate, inspire and stimulate followers to higher levels of achievement and aspirations. However, as argued by Yukl (1999), research on the compatibility of transformational and charismatic leadership lacks consistency. For example, research by Bennis and Nanus (1985) found data collected through in-depth interviews did not reveal consistent descriptions that fitted the stereotypical characteristics attributed to charismatic leadership. Bryman and colleagues (1996), in their qualitative research on leaders, found that charisma emerged as a less prominent characteristic of leader effectiveness. Nevertheless, the MLQ developed by Bass and Avolio (1990, 1995) is considered to support the proposal by Bass (1985) that charisma is an essential part of transformational leadership.

2.7.5 Charismatic and Transformational Leadership: The Dark Side

The other aspect of charismatic and transformational leadership explored in the literature relates to what may be termed the ‘dark side’ of leadership (Conger, 1990; House & Howell, 1992; Yukl, 2010). Brown and Trevino (2006b, p. 598) suggest the seminal work on transformational leadership by Burns (1978) has ‘[s]parked a debate about the ethics of transformational and charismatic leadership with scholars weighing in on both sides of the issue’. The ‘issue’ refers to the debate amongst scholars relating to the ethics of transformational and charismatic leaders. Burns (1978) maintained that

leadership that is transformative in nature is essentially a moral endeavour and, as such, his theory did not include a transformational leader having the potential to be ethical or unethical. As stated by Burns (1978, p. 20), '[t]he relationship between the leader and followers raises the level of human conduct and ethical aspiration of both leader and led, and thus has a transforming effect on both'.

McIntosh and Rima (1997, p. 29) described the dark side of leadership, in general, as '[i]nner urges, compulsions, motivations and dysfunctions that drive us towards success or undermine our accomplishments'. There are five behaviours, according to McIntosh and Rima (1997), which typically qualify the dark side of leadership: narcissism, compulsiveness, co-dependence, passive-aggressiveness and paranoia. Other terms used to describe the negative side of leadership are included in a metaphor of 'light' and 'shadow'. This was used by Johnson (2005) to examine the complex nature of leadership and represents the positive and negative influences that individuals may cast in their role as leader. According to Johnson, leaders cast shadows when they exhibit behaviour such as deceit or abuse their position of power. Conversely, leaders cast light when they are committed to developing strong ethical character made up of positive traits and virtues, which must be consistently demonstrated in their words and action. Johnson (2005) highlighted the importance of self-knowledge as being an important aspect of developing a virtuous character.

2.7.6 Charismatic and Transformational Leadership: Narcissism

Narcissism has been attributed to leadership in general, but has more often been associated with charismatic leadership (Conger, 1990; House & Howell, 1992; Howell & Avolio, 1992; Sankowsky, 1995). Although charisma is recognised as part of the transformational leadership construct, according to Avolio et al. (2004), Bass (1985) and Sankar (2003), transformational leadership goes beyond charisma. Conger and Kanungo (1998) have asserted that the uniqueness of charismatic leadership is the intensity with which followers identify and depend on the leader.

Research by Khoo and Burch (2008) suggests many of the positive qualities associated with transformational leadership are not typically associated with narcissism, which is more associated with the charismatic leadership construct. However, Khoo and Burch (2008) observed that this may be so because there has been less empirical attention been given to the relationship between the dark side of individuals' personality and transformational leadership. One of the defining characteristics of transformational as opposed to charismatic leaders is that they inspire followers to perform beyond what is expected and this transcends the leader's self-interests. It is the propensity toward self-interest, which is more commonly associated with charismatic leadership (Bass, 1985; Bass & Avolio, 2000; Yukl, 1999). This being said, Giampetro and colleagues (1998) proposed that transformational leaders may not necessarily inspire and elevate followers to a higher moral ground. Rather, a leader's vision and personal motivation may lead followers in negative, unethical and immoral directions.

Rosenthal and Pittinsky (2006) maintained that charisma is a key ingredient in the ascendancy and success of narcissistic leaders. Maccoby (2000, 2004), for example, used the term 'productive narcissists' to describe charismatic leaders who provide a grand vision, have stimulating personalities that inspire followers who in turn support the leader's need for admiration. The importance of a charismatic leader's self-monitoring and impression management abilities has been identified by several researchers as contributing to the leader's popularity and success (Anderson, 1990; Bryman, 1992; Kodish, 2006; Sosik & Dworakivsky, 1998). Specifically, these abilities are what Kodish (2006) described as the 'alluring' qualities that attract followers to the leader's vision and optimism for a successful future. Indeed, Walter and Bruch (2009) stated that qualities in charismatic leadership such as the fostering and acceptance of shared goals and the motivation of followers are also behaviours reflected in the transformational and visionary leadership constructs. Others, such as Padilla et al. (2007), have argued that narcissism is also associated with what they term 'destructive leadership'.

2.7.7 Charismatic Leadership: Personalised and Socialised

The positive and negative forms of charismatic leadership are defined by Howell (1988) as socialised and personalised charisma, respectively. Howell asserted that a need for power, for example, is inherent in both these forms of charisma. However, leaders who exhibit socialised charisma tend to focus more on follower needs and collective interests, whereas leaders who demonstrate personalised charisma are driven mostly by self-interests. Howell and Avolio (1992) undertook qualitative research to examine both the positive and negative characteristics of charismatic leadership and used the term 'double-edged sword' in describing charismatic leadership, because of the highly effective and potentially destructive influence these leaders may exert in their roles. Conger and Kanungo (1998) described the negative qualities of charismatic leadership as the 'shadow side' and attribute narcissism as explaining many of the shadow side problems of charismatic leadership.

2.7.8 Summary of Transformational and Charismatic Leadership

It can be said that as leadership constructs, both transformational and charismatic leadership have been examined from a number of different aspects, including the characteristics that define these leaders and the positive and negative effects they may have on followers and organisational outcomes. As argued by Yukl (1999) one of the conceptual challenges in the study of charismatic and transformational leadership is determining the extent to which they are similar and compatible. In Yukl's view, it is unlikely that a transformational leader will exhibit the core behaviours of charisma over a sustained period without the leader being able to maintain the heroic status and image so closely associated with charisma. In the context of this research, the shadow side and narcissistic aspects of charismatic leadership may have some common characteristics with less than ethical leadership.

Transformational, charismatic and transactional leadership have been examined in this review. Three final leadership constructs are now presented, namely: authentic, spiritual

and servant leadership. The theories that define these six leadership models have been given emphasis in this review because they each contain elements that relate to the moral component of leadership (Brown & Trevino, 2006b). Finally, the examination of these leadership theories provides a background from which a comparison may be made with ethical leadership, which is the focus of this research.

2.8 Authentic Leadership

2.8.1 Introduction

The philosophical meaning of authenticity has been advocated by the ancient Greeks as a moral virtue (Novicevic et al., 2006). Application of the meaning of authenticity has historically been taken from the play 'Hamlet' by William Shakespeare, in which the character Polonius states 'to thine own self be true' (Pennington, 1996). The authentic leadership construct shares similar challenges to other previous leadership models presented in that there is no unified and clear definition or behaviours that define authenticity in the context of leadership (Cooper et al., 2005). However, some themes can be broadly represented.

2.8.2 Authentic Leadership: A Root Construct

Authentic leadership was termed by Avolio and Luthans (2006) and Gardner et al. (2005) as a 'root construct' because it represents the basis for what constitutes other forms of leadership such as transformational, spiritual, charismatic and servant leadership. However, a leader may be authentic without necessarily being transformational or charismatic (George, 2003). So too, leader self-awareness and self-regulation is attributed to authentic leadership (Cooper et al., 2005; Hofman, 2008; Sparrowe, 2005), both of which are recognised as being part of both spiritual and servant leadership. However, Avolio and Gardner (2005) contend that the self-awareness and regulation aspects of authentic leadership draw strongly from clinical, positive and social psychology literature, whereas spiritual and servant leadership are

not as well supported by empirical research. Spiritual and servant leadership constructs represent the concluding discussion on contemporary leadership models.

2.8.3 Characteristics

Authenticity is expressed as being ‘true’ to self and having a strong sense of awareness of self (Avolio & Gardner, 2005; Avolio et al., 2004; Kernis, 2003; Silvia & Duval, 2001). In the context of this research, it is argued that authentic leadership and moral or ethical leadership are connected (Luthans & Avolio, 2003; May, Chan, Hodges & Avolio, 2003; Price, 2003). Indeed, some scholars attribute the rise in interest relating to authentic leadership as corresponding to the increased attention being given to corporate scandals and unethical conduct by leaders (Brown et al., 2005; Brown & Trevino, 2006b; Cooper et al., 2005; Mayer, Kuenzi, Greenbaum, Bardes & Salvador, 2009; Sparrowe, 2005; Thompson, 2004).

While the meaning of authenticity as being ‘true to oneself’ or ‘knowing oneself’ is strongly represented in the literature, there are other aspects of this construct. For example, as pointed out by Fields (2007, p. 196), ‘[i]t is not clear from authentic leadership theory how deeply self-referent aspects of a leader’s self (authenticity) and the leader’s underlying moral values (integrity) become apparent to followers’. Therefore, understanding how leaders convey their authentic nature appears to be critical in understanding this leadership construct (Luthans & Avolio, 2003). This concept is supported by Sparrowe (2005), who asserted that developing authenticity involves self-reflection and also includes how one engages and relates to others. It is essentially the interaction and observations by followers of leadership behaviour that determines how a leader’s authenticity is perceived by followers. ‘Authentic behaviour refers to actions that are guided by the leader’s true self as reflected by core values, beliefs, thoughts and feelings, as opposed to environmental contingencies or pressures from others’ (Sparrowe, 2005, p. 347).

The values theme and how values are perceived by followers have been explored in authentic-leadership literature (Brown & Trevino, 2006a; Jeannot, 1989; Schminke, Ambrose & Neubaum, 2005). When specifically related to authentic leader values, it has been argued that leaders' values are based on action that is perceived to be fair and in the best interests of key stakeholders (Luthans & Avolio, 2003; May et al., 2003).

2.8.4 Authentic Leadership: Conceptual Framework

Authentic leadership behaviour has been examined to establish how leaders' behaviour influences the development of followers (Avolio et al., 2004; Gardner et al., 2005; Ilies et al., 2005). According to Gardner and colleagues (2005) the modelling of authentic leadership behaviour over time and develops followers' trust in the leader and influences such aspects as follower development, engagement and well-being. The alignment between a leader's words and behaviour is also considered an important aspect of the authentic leadership construct (May et al., 2003; Shamir & Eilam, 2005).

Figure 2.4 outlines the authentic leadership model presented by Gardner and colleagues (2005). The conceptual framework consists of authentic leadership and follower development. In this model, both leader and follower development components, namely self-awareness and self-regulation, are identical. These outcomes are achieved, according to Gardner et al. (2005), by the authentic leader being a positive model for followers' development. For the purposes of this research, only the authentic leadership components featured in **Figure 2.4** are included.

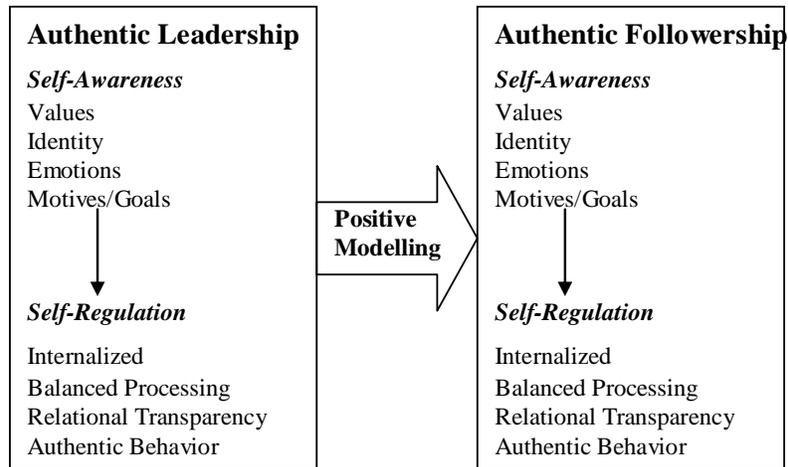


Figure 2.4: Conceptual Framework for Authentic Leadership

Source: Adapted from Gardner et al. (2005)

2.8.5 Self-Awareness and Self-Regulation

Self-awareness and self-regulation are the two core components of authentic leadership (see **Figure 2.4**). Kernis (2003, p. 18) described self-awareness as a fundamental aspect of authenticity and says ‘[m]y view is that awareness of one’s needs, values, and core aspects provides the foundation for optimal growth and adaptation in an increasingly complex social and technological world’. Gardner and colleagues (2005) proposed that self-awareness of authentic leaders is reflected in high levels of self-clarity and self-certainty. Hofman (2008) suggested that self-awareness represents an essential component of leaders who are considered authentic. George (2003) indicated that for a leader to truly know his or her purpose, he or she must first be grounded in self-awareness and self-knowledge. These two core components of authentic leadership and their respective qualifying characteristics are outlined in the following sections.

2.8.5.1 Self-Awareness

First, the characteristics of self-awareness are described. Within self-awareness, there are four key aspects: values, identity, emotions and motives/goals.

2.8.5.1.1 Self-Awareness: Values

Values refers to the principles and beliefs that are socially learned and form the basis for individuals' attitudes, standards of behaviour and decision-making (Fritzsche & Oz, 2007; Lord & Brown, 2001). Being true to one's values is a hallmark of authenticity that requires self-awareness of the values themselves (Bennis, 2003; Harvey, Martinko & Gardner, 2006; Hofman, 2008). Further, authenticity represents an individual's behaviour that is aligned with his or her internalised values, which are able to withstand social or situational pressures (Gardner et al., 2005). This is supported by Erickson (1995) who confirmed that authentic behaviour is a response to one's internal motivation to act with integrity rather than societal pressures to conform to standards that may not align with one's internalised values.

2.8.5.1.2 Self-Awareness: Identity

The second defining element of self-awareness is identity. This concept has two principal elements. One is self-identification, formed through private reflection, and the other includes public self-disclosures and presentations, whose purpose is to project one's identity to audiences (Gardner et al., 2005). A key purpose for self-identification is to define the traits and attributes that specify how one differs from others (Banaji & Prentice, 1994). In the context of leadership, authentic leaders are perceived as being more true to themselves and their behaviour seen to reflect such qualities as trustworthiness, credibility and moral integrity. The alignment between words and action is considered a crucial aspect of an authentic leader's private and public identity (Luthans & Avolio, 2003). This alignment is a key attribute of the construct of ethical leadership proposed by Brown and Trevino (2006b). It is also relevant to one of questions of this research, that which examines the congruence of leaders' words and actions.

2.8.5.1.3 Self-Awareness: Emotions

The role of emotions represents the third component of self-awareness. Knowledge of one's emotions is considered integral to one's sense of identity and specifically to a defining feature of what is referred to as emotional intelligence (Goleman, 1995; Salovey, Mayer & Caruso, 2002). The relationship between a leader's authenticity and his or her emotions is acknowledged as an important factor in leadership behaviour. As described by Hofman (2008, p. 23) '[e]motions are an important consideration because organizations are comprised of people. People are emotional beings and produce organizational outcomes'. George (2000) suggested that a leader's ability to understand and manage emotions in the self and in others contributes to effective leadership. In essence, emotions enhance a leader's ability to understand events, other people and the environment in which he or she operates (Cassell, 2002). However, knowledge of exactly how emotions influence leadership behaviour is considered incomplete (Frijda, Manstead & Bem, 2000).

2.8.5.1.4 Self-Awareness: Motives and Goals

The fourth and final aspect of self-awareness is motives and goals. In the context of authentic leadership, Gardner et al. (2005) propose that goals motivated by self-verification and self-improvement are more likely to be integral to authentic leadership behaviour. This is because self-verification theory is based on an individual's need to validate one's self-concept in relation to others and in doing so make sense of the world, seek feedback from others and pursue the goals of both themselves and others (Swann, Polzer, Seyle & Ko, 2004). That is, authentic leaders verify their authentic self by seeking to be understood by others and this forms part of what is termed self-regulation, which is now described.

2.8.5.2 Self-Regulation

Leader self-regulation has been presented as being an important aspect of the authentic leadership construct (Luthans & Avolio, 2003). Its meaning was captured succinctly by Sparrowe (2005, p. 422): ‘Self-regulation seeks to insure that one’s words are spoken from the inner voice and one’s deeds reflect inner purpose and values’. Sparrowe also makes the point that consistency is important between a leader’s self-awareness and self-regulation. Leaders who are perceived as authentic demonstrate consistency, which followers seek when observing leadership behaviour. Gardner and colleagues (2005) defined self-regulation through the following components: internalised, balanced processing, relationship transparency and authentic behaviour. An outline of these four components of self-regulation follows.

2.8.5.2.1 Self-Regulation: Internalised Values and Goals

The term ‘internalised’ refers to the intrinsically held values and goals by leaders that contribute to the development of self-awareness behaviour. When the setting of these internalised standards and goals align with a leader’s ‘true self’ it is believed that leaders achieve higher levels of personal adjustment and growth (Sheldon & Houser-Marko, 2001).

2.8.5.2.2 Self-Regulation: Balanced Processing

Balanced processing refers to the ability of a leader to interpret information and make decisions in a manner that considers the views of others and minimises bias and subjective judgements (Harvey et al., 2006). Kernis (2003) used the term ‘unbiased processing’ which has a similar meaning to balanced processing. Kernis attributes individuals who have low self-esteem to have greater difficulty in admitting to personal shortcomings and more likely to distort information. This is opposed to authentic

leaders who have high self-esteem and self-awareness and as such more able to evaluate situations objectively and be more accepting of their personal shortcomings.

2.8.5.2.3 Self-Regulation: Relationship Transparency

Relationship transparency is apparent in leaders who present their true selves to others. That is, '[p]resenting one's genuine as opposed to a "fake" self through selective self-disclosure to create bonds based on intimacy and trust with close others, and encouraging them to do the same' (Gardner et al., 2005, p. 357). In relation to authentic leadership, this transparency extends to sharing information truthfully and a willingness to serve the interests of the group (Avolio & Gardner, 2005; Luthans & Avolio, 2003; May et al., 2003).

2.8.5.2.4 Self-Regulation: Authentic Behaviour

The final component of self-regulation, authentic behaviour, is closely associated by many researchers with the act of role modelling or leading by example (George, 2003; Luthans & Avolio, 2003; Trevino et al., 2000). Gardner and colleagues (2005) associated what they refer to as 'positive modelling' as a means whereby an authentic leader imparts positive values, emotions, goals and behaviours for follower growth and development. '[B]y modelling such self-awareness authentic leaders encourage followers to likewise embark on a process of self-discovery whereby they nurture their strengths, resulting in desirable followers' outcomes' (Gardner et al., 2005, p. 359). The concept of modelling is an important aspect of ethical leadership that was identified by Brown and Trevino (2006b). They referred to this modelling as the 'moral manager' dimension of ethical leadership, which relates to an objective of this research that seeks further understanding of the characteristics of ethical leadership.

2.9 Spiritual Leadership

2.9.1 Definition

As argued by Fairholm (1996) the contemporary workplace has become the most significant community in people's lives where they seek meaning, fulfilment and where they satisfy deeply held values and aspirations. Fry (2003, p. 711) defined spiritual leadership as '[c]omprising the values, attitudes and behaviours that are necessary to intrinsically motivate one's self and others so that they have a sense of spiritual survival through calling and membership'. Fry believed that 'calling' and 'membership' represent the two essential dimensions of spiritual leadership. These two dimensions are achieved through a leader creating a vision that develops in followers a sense of purpose or calling to make a difference. Membership refers to an organisational culture built on mutual care and appreciation for self and others and thereby developing a sense of belonging to the group or community. Fry (2003) argued that previous leadership theories have encompassed elements of physical, mental and emotional elements of human interaction in organisations but has neglected the spiritual dimension at work.

2.9.2 Spirituality and Leadership

Research seeking to define and link spirituality and leadership has met with challenges similar to those faced by early theory development of other constructs such as transformational and charismatic leadership (Yukl, 1999). That is, definitions of spirituality and leadership are too numerous to reach a clear consensus among researchers (Strack, Fottler, Wheatley & Sodomka, 2002). This view is shared by Gibbons (2000) who stated the lack of concise definitions and conceptualisations relating to spirituality and leadership represents a weakness in the construct. Markow and Klenke (2005) supported this definitional challenge relating to spirituality since their work reveals over 70 definitions of spirituality at work but no widely accepted definition exists among scholars. Indeed, Dent, Higgins and Wharff (2005) questioned whether a spiritual leadership construct needs to be created given that values-based leadership already encompasses the fundamental elements of spiritual leadership.

Reave (2005, p. 663) described spiritual leadership as an observable phenomenon that occurs when ‘[a] person in a leadership position embodies spiritual values such as integrity, honesty, and humility, creating the self as an example of someone who can be trusted, relied upon and admired’. Fairholm (1996) believed spiritual leadership to be transforming and have a moral purpose. This aligns closely with the seminal work by Burns (1978) relating to the nature of transformational leadership. Spirituality has been linked to leadership by a number of scholars (Dent et al., 2005; Fairholm, 1996; Fry, 2003; Pfeffer, 2003; Strack et al., 2002). Fry (2003) stated that spiritual leadership represents an intrinsically motivating force that enables leaders to feel energised and connected to their work. In the discussion on spiritual leadership, a distinction is made between spirituality and religion. The former is described as one’s quest for meaning in life and a sense of connection with others. However, this does not have to encompass a formal religious doctrine (Zellers & Perrewe, 2003).

2.9.3 Spiritual Leadership: Values

Reave (2005) provided a comprehensive review of over 150 studies that show links between spiritual values and practices and effective leadership. Importantly, leaders may demonstrate values associated with spirituality such as integrity and honesty without regarding themselves as being spiritual. As such, a leader does not have to be what is considered spiritual in order to provide spiritual leadership. Further, ‘[e]thical behaviour is required to demonstrate spirituality, but spirituality is not required to demonstrate ethical values and practices’ (Reave, 2005, p. 657).

2.9.4 Spiritual Leadership: Workplace Performance

Karakas (2009) undertook an extensive literature review on spirituality and workplace performance and presents three key areas evident in research that are attributed to increased workplace productivity and performance. **Figure 2.5** illustrates the three areas enhanced by spirituality and which lead to increased workplace productivity and

performance. While there are researchers stating a connection between spirituality and improved workplace outcomes, Karakas (2009) emphasised the lack of clarity on how spirituality influences these outcomes.

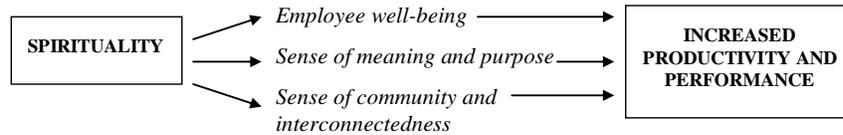


Figure 2.5: Three Perspectives of Spirituality and Performance in the Workplace

Source: Adapted from Karakas (2009)

Pfeffer (2003) in his work on spirituality and management practices that sustain people's values, supported the three perspectives presented in **Figure 2.5**. Pfeffer's research includes four dimensions, namely meaningful work, which facilitates personal growth and development and work that provides a sense of purpose, feeling connected to others in the workplace community and a sense that employees' personal and working lives are in harmony. Finally, just as Bass and Steidlmeier (1999) describe a pseudo-transformational leader as purporting to be authentic, but in reality misusing his or her position of power, Dent and colleagues (2005) believe a leader may present as spiritual but may, in fact, be a 'false prophet'. This concept of misrepresentation of oneself is a relevant theme in this research as it also examines the characteristics of less than ethical leadership.

2.10 Servant Leadership

2.10.1 Definition

Greenleaf (1977) proposed the concept of servant leadership and his model places important emphasis and responsibility on service to others. Russell and Stone (2002) and Sendjaya and Sarros (2002) provide research that focuses on examining the key attributes of Greenleaf's servant leadership model. This included consideration of how the associated variables of servant leadership can be empirically measured. Russell and Stone (2002) primarily examined literature on servant leadership attributes and propose a model to reflect those attributes. They refer to attributes, such as vision, honesty, integrity, trust and service as 'functional attributes', representing the operative qualities and characteristics of the servant leader reported through observation of their behaviours in the workplace. In addition to functioning attributes, Russell and Stone identified what they term 'accompanying attributes' of servant leadership. **Figure 2.6** presents the servant leadership attributes drawn from the literature examined by Russell and Stone (2002) and subsequently integrated into their model.

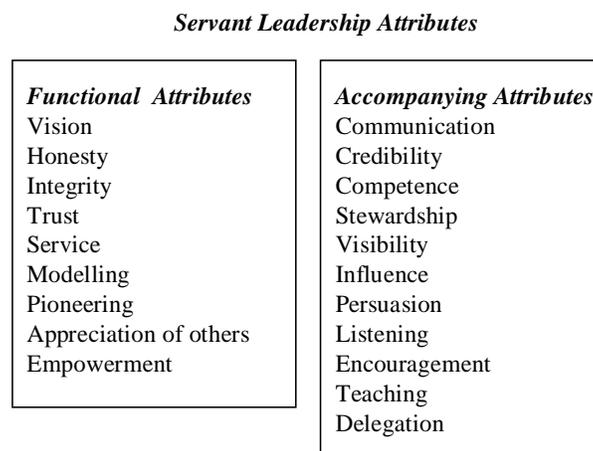


Figure 2.6: Servant Leadership Attributes

Source: Adapted from Russell and Stone (2002)

2.10.2 Servant Leadership: Construct Challenges

Despite the increased interest in servant leadership, a common criticism identified in the literature is the lack of empirical research to verify its distinctiveness compared to other leadership constructs. Coupled with this challenge is the use of language that may not give direct reference to the construct of servant leadership, but which has shared meaning with the attributes and characteristics of servant leadership. Examples include spiritual leadership (Fry, 2003), altruism (Avolio & Gardner, 2005; Kanango, 2001) and authentic leadership (Price, 2003).

Russell and Stone (2002) raised the important point that if servant leadership is different from other forms of leadership, then its characteristics should be distinctive and evident in the behaviour of the leaders being observed. Some attempts have been made to address this point. Washington, Sutton and Field (2006) examined the relationship between servant leadership and three attributes of personality: values of empathy, integrity and competence. In doing so, these researchers draw on the Big Five factor model of personality, which has been widely used as a basis to examine different aspects of personality (Costa & McCrae, 1998; Goldberg, 1990). Other researchers have sought clarification of servant leadership as a distinct and measurable construct.

Russell (2001) examined the role of values in leadership and offered the proposition that the values attributed to servant leadership are distinct. However, he does not provide any empirical basis for that conclusion. Barbuto and Wheeler (2006) developed eleven operational definitions for eleven servant leadership dimensions. 'Data from 80 leaders and 388 raters were used to test the internal consistency, to confirm factor structure, and assess convergent, divergent and predictive validity' (Barbuto & Wheeler, 2006, p. 300). The results from this research confirmed five servant leadership factors: altruistic calling, emotional healing, persuasive mapping, wisdom and organisational stewardness, factors that have strong relations with the transformational leadership construct.

Other researchers, such as Whetstone (2002), proposed that given the emphasis servant leadership places on the needs and well-being of the followers, the concept of 'personalism' fits more appropriately within the servant leadership construct than transformational or post-industrial leadership. Personalism, as presented by Whetstone (2002), views personal relationships as the primary starting point of social theory and practice.

2.10.3 Summary of Servant Leadership

In summary, there is general agreement within the literature examined on leadership that the desire to serve others should be a distinctive feature of leadership (Kouzes & Posner, 1993; Northouse, 2007; Turner, 2000; Yukl, 2010). However, in reference to the construct of servant leadership there appears to be limited empirical evidence to demonstrate clearly its validity within the extensive body of literature on leadership. As observed by Northouse (2007), much of the literature relating to servant leadership is anecdotal and, as a theory, it lacks the empirical evidence to verify its distinctive nature relative to other leadership constructs.

2.11 Clarification of Terminologies: Ethics, Morality and Values

Before exploring the construct of ethical leadership, it is important to provide a background to the terms and theories used by scholars in this area. The terms ethics, morality and values are used in discussions relating to what is commonly referred to as the ethics of leadership. The following seeks to define and provide clarity on the use of these terms together with the ethical theories scholars have included in their discussion on the ethics of leadership.

2.11.1 Definitions: Ethics and Morality

The question of human conduct has been at the heart of philosophical inquiry from the ancient Greeks to the present day. Ancient philosophers, among them Socrates, sought

to reach an understanding of such issues as the nature of human values, how we ought to live, and what constitutes right conduct. For Socrates, a truly happy life is a life of right action directed according to reason and the development of a rational moral character (Tarnas, 1991). The word ‘ethics’ derives from the Greek word *ethos*, meaning character or custom. Ethics is first of all a concern for individual character, including what may blandly be termed as ‘being a good person’, but it is also a concern for the overall character of an entire society, which is still appropriately called its *ethos* (Solomon, 1984).

Preston (1996) referred to ethics, morals and values as ‘overlapping terms’. Reference to the Greek and Latin nomenclature of both ethics and morality associates the meaning with culturally referenced customs or dispositions of character. Morality has its origin in the Latin word *moralis*, the meaning of which relates to the customs, beliefs and traditions of individuals and groups (Barry, 1982). Morality refers to the actual conduct of human beings, whereas ethics (often referred to as moral philosophy) relates to the study of the moral conduct itself. As such, morality may be described as experiences of real problems, dilemmas and conflicts that need to be resolved, at times by individuals, groups or organisations (Badaracco, 2006). Ruggiero (2004) provided an example of how the context of a situation may contain issues of morality, which form part of the decision-making process. The example presented is an individual completing a job application form. This in itself is not a moral act and only becomes so if the decision of whether to tell the truth on the application form is being considered by the individual.

2.11.2 Values

The circumstances in which there are choices relating to moral conduct are also influenced by human values (LaFollett, 2000; Preston, 1996). Values, sometimes referred to as one’s principles, are those to which individuals attribute worth and become a guide or reference point for action that has moral significance (Rokeach, 1973; Singer, 1993). Values define who we are, and they influence the choices we make in life (Hood, 2003; Russell, 2001; Thiroux, 2001). As such, values influence

human behaviour, both in private and public matters (Chatman & Cha, 2003). The personal value system of an individual develops in the context of the specific culture, society and family environment in which he or she develops. Values are universal and each culture will place values in a hierarchy of importance. The universality of values has been explored in the seminal work of Schwandt (1994). He identified ten value dimensions that encompass all core values recognised in cultures around the world. Those dimensions include benevolence, security and achievement.

It is beyond the scope of this research to detail Schwandt's (1994) value dimensions. However, these dimensions have been recognised and applied to the exploration of values in organisations. For example, self-concordance, which is the pursuit of goals that align with an individual's values, has been positively associated with workplace outcomes relating to job performance and attitude, sense of well-being and employee empowerment (Judge et al., 2005; Sheldon et al., 2004).

2.11.3 Summary of Ethics and Morality

In summary, the study of ethics, is '[c]oncerned about what is *right, fair, just* or *good*; about what we *ought* to do, not just about what *is* the case or what is the most acceptable or expedient' (Preston, 1996, p. 16). In the context of this research, the terms ethics and morality are used interchangeably in the literature on the ethical nature of leadership. Therefore, the term which is given most emphasis by the author(s) of the reviewed literature will be maintained. The following sections of this chapter present the principal ethical theories, namely: virtue ethics and normative ethical theories (consequential and non-consequential). An extensive analysis of these theories is beyond the scope of this research but they are introduced to provide a background when reference is made to them later in this chapter.

2.11.4 The Theory of Virtue Ethics

As opposed to normative ethical theory which poses the question, *what ought I do?*, the theory of virtue ethics seeks to know *what person shall I become?* (MacIntyre, 1985; Swanton, 2003). The origins of virtue ethics may be traced back to the ancient Greeks and, in particular, to the philosopher Aristotle (384–322 BC) and his concept of *eudaimonia* (Falikowski, 1990). The Greek word *eudaimonia* translates to mean ‘happiness’ but its meaning also encompasses human fulfilment through success and well-being. Integral to the attainment of *eudaimonia*, is consideration of the attitudes and behaviours one should strive to adopt that may lead to a state of *eudaimonia* (Martin, 1995; Swanton, 2003). Virtue ethics focuses on the personal disposition and character of the individual. The Latin word *virtus* means moral excellence and a virtue is a character trait or quality that an individual should develop to become what is defined as a good moral character (Frey & Wellman, 2003; LaFollett, 2007). As an example, the cardinal virtues (prudence, justice, temperance and fortitude) proposed by the ancient Greeks have been applied to the study of leadership (Northouse, 2007). In relation to leadership and ethics, virtues have also been integrated into discussions on what constitutes a moral leader (Burns, 1978; Ciulla, 2005; Jeannot, 1989; Northouse, 2007; Rhode, 2006; Thompson, 2004).

2.11.5 Normative Ethical Theories

Normative or applied ethics, attempts to justify and explain positions on specific moral challenges, a process that involves the application of some moral principle or standard (Barry, 1982). **Figure 2.7** outlines the major normative ethical theories from which the relevant theories are presented in this chapter.

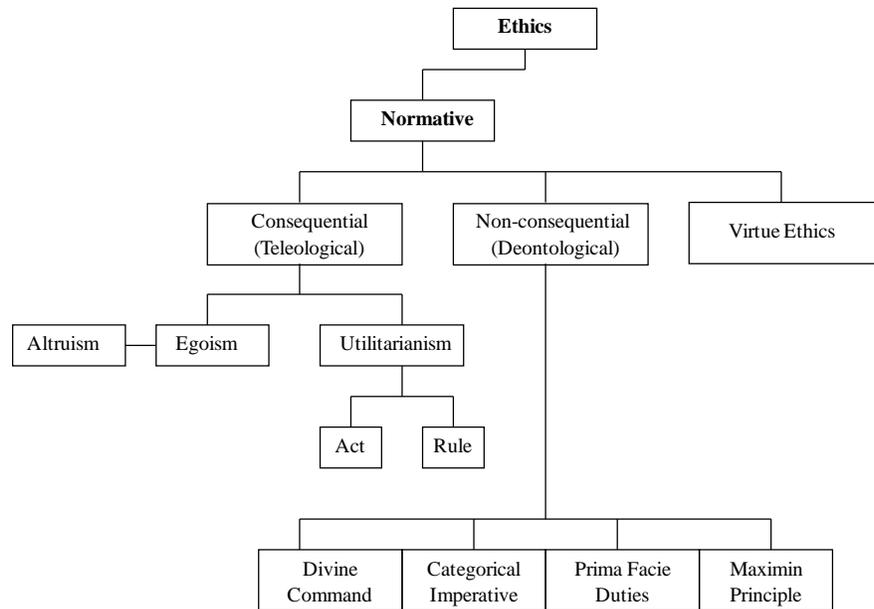


Figure 2.7: Ethical Theories

Source: Adapted from Barry (1982)

2.11.6 Consequential (Teleological) Theories

A consequentialist approach for the determination of what is, for example, right or good is sought by examining the consequences of the decisions or outcomes (LaFollette, 2007; Martin, 1996;). The word teleology has its origin from the Greek word *telos*, meaning a goal or end, and focuses not on the means by which one reaches a decision, but on the consequences of that decision (Preston, 1996). There are two teleological approaches to making decisions relating to moral conduct: egoism and utilitarianism.

2.11.6.1 Egoism

Egoism contends that an act is moral when it promotes the individual's best interests (Barry, 1982). The promotion of self-interests has been misconstrued as being synonymous with a hedonistic life associated with the Greek philosopher Epicurus (341–270 BC) (Barry, 1982; Preston, 1996; Winkler & Coombes, 1993). However, as

illustrated by Barry (1982), an egoist, in the pursuit of self-interest, may make a number of personal sacrifices to secure desired long-term interests. An example of this is an individual who embarks on further education which requires short-term dedication and sacrifices to secure long-term professional opportunities. In the context of leadership, an ambitious team leader may adopt an egoist position by wishing his or her team to be the best performing team in the company, with the knowledge that this desire is likely to enhance personal as well as team ambition (Northouse, 2007).

2.11.6.2 Utilitarianism

The second consequentialist approach is utilitarianism. This theory, attributed to John Stuart Mill (1806–1873), asserts that the motives for all action rests in that which produces the greatest possible ratio of good to evil for everyone concerned (Lerner, 1965). As illustrated in **Figure 2.8**, utilitarianism may take two forms: act or rule. Act utilitarianism maintains that the right act is that which produces the greatest ratio of good to evil for all those concerned or involved in a particular set of circumstances. Alternatively, rule utilitarianism seeks to examine the consequences of a rule and determine the worth of that rule under which any action may fall. Therefore, if complying with a specific rule produces the greatest ratio of good to evil, then that is the rule that is followed, regardless of the consequences for the specific situation (Barry, 1982; Frey & Wellman, 2003).

2.11.6.3 Altruism

Closely related to utilitarianism, and opposite to egoism, is the concept of altruism, in which an action is chosen on the basis that it promotes the best interests of others (Northouse, 2007). In the context of leadership, the concept of altruism is associated with a number of leadership constructs (Bass & Steidlmeier, 1999; Ciulla, 2005; Price, 2003; Sparrowe, 2005).

2.11.7 Non-Consequential (Deontological Theories)

Deontological theory is derived from the Greek word *deos* meaning duty or obligation. According to deontological theories, the consequences of an action or a rule are not the only criteria for determining the morality of an action (Barry, 1982; Martin, 1995; Oderberg, 2000). In general terms, when deontological principles are applied to leadership, they focus on the actions of the leader and his or her moral responsibilities to do the right thing and on how this may affect the rights of others (Schumann, 2001).

2.11.8 Immanuel Kant: The Categorical Imperative

The writings of philosopher Immanuel Kant (1724–1804) are most closely associated with the theory of deontology. Kant believed that the basis for moral action is duty. ‘People’s goodwill is what makes them act for duty, and acting for duty gives action moral value (as cited by Ruggiero, 2004, p. 146). The term ‘categorical imperative’ became the hallmark of Kant’s theory. In essence, the term means that through reason one could formulate an absolute moral truth which could become a universal law applicable to everyone. This was referred to as a ‘maxim’ that represents the principle of an action, which Kant believed formed the basis of the determination of whether a moral act could become a universal law, applicable to everyone, unconditionally (Martin, 1995; Ruggiero, 2004). Kant also formulated another rule of action termed the ‘hypothetical imperative’. What distinguished this from the categorical imperative was given some end an individual desired; the hypothetical imperative represents a rule of action for achieving that desired end (De George, 1999). For example, a university student who wishes to be awarded a degree discovers this goal is conditional on he or she successfully fulfilling specific academic requirements.

A contemporary scholar, Price (2000), illustrated the application of Kant’s theory in reference to the failure of ethical leadership. He argued that we tend not to focus on the moral status of what was done; rather, we seek an explanation for the leader’s behaviour. ‘Ethical failure occurs when leaders pay no heed to the fact that their

behaviour is well within the scope of a requirement that applies to the rest of us' (Price, 2000, p. 183). Therefore, a leader perceives his or her leadership position as being a reason to have exclusion from observing a rule or law which applies to everybody else.

2.11.9 Divine Command

Two other non-consequentialist theories that have been included in this chapter are the divine command theory and *prima facie* duties. The first, the divine command, says it is God's will that determines the morality of human conduct. Therefore it is the recognition and obedience to God's law that forms the basis of this theory (LaFollett, 2007). A contemporary application of this to leadership was presented by the ethicist Singer (2004), in his book on the ethics of the former President of the United States, George W. Bush. Singer (2004) referred, for example, to the former president believing that the divine plan of God supersedes all human plans. Therefore, George W. Bush's faith and belief in the laws of God provided the basis upon which political decisions he made in public life would meet with approval from God.

2.11.10 William Ross: *Prima Facie* Duties

The concept of *prima facie* duties developed from the work of British philosopher, William David Ross (1877–1971). This theory reflects some aspects of utilitarianism and Kantianism. In contrast to Immanuel Kant, Ross (1939) did not hold the view that there was one moral principle or rule that applied to all moral decision-making situations. An example of this is the duty to keep a promise. In some circumstances, this duty may be overridden in order to prevent injury or pain (Barry, 1982). In a leadership context, there may be a commitment on the part of the leader to adhere to transparent processes of communication. However, commitment to this duty may be breached in order to maintain levels of confidentiality that could have a damaging influence if released publicly. The six categories of *prima facie* duties presented by Ross include duties of fidelity, gratitude, justice, beneficence, self-improvement and non-maleficence (Oderberg, 2000). These six *prima facie* duties are those that Ross

claims represent those which should be accepted without dispute. However, if circumstances are such that two of these duties are in conflict, then the duty that is deemed more appropriate to the situation is the duty one must accept (Barry, 1982; LaFollett, 2007; Martin, 1995).

2.11.11 Summary

A clarification of definitions relating to ethics has been presented, together with some principal ethical theories that are related to the study of ethics and leadership. Discussion of the strengths and weaknesses of the ethical theories has not been included since it is outside the scope of this research. As proposed by Preston (1996), it is not worthwhile to seek the 'right theory'; rather, one should consider the possibility that some theories may provide insight and application to living an ethical life. A discussion of the ethical leadership construct now follows.

2.12 Ethical Leadership

2.12.1 Introduction

The final section of this chapter is presented in three parts. First, a background to the development of the construct ethical leadership is explored, which includes the characteristics that define ethical leadership and its distinction from other leadership constructs previously presented. This will include literature relating to less than ethical leadership since respondents in this research were asked to recall characteristics of both ethical and unethical leadership. Second, in the context of leaders' management of ethical dilemmas, relevant theories and models relating to ethical decision-making are presented. The chapter concludes with an overview of literature that relates to the relationship between what individuals espouse (their intended actions) and their theories-in-use (their actual actions) when confronted with the management of ethical dilemmas.

In examining ethics and leadership, much of the literature focuses on a normative or philosophical perspective; that is, what leaders *ought* or *should* do (Brown et al., 2005;

Brown & Trevino, 2006b; Ciulla, 2005; Kanungo & Mendonca, 1996). Ethics and leadership considers such aspects as the characteristics of leaders themselves, the nature of their influence, how they engage followers in accomplishing mutual goals and the affect leaders have on the organisation's values (Ehrhart & Klein, 2001; Dickson, Smith, Grojean & Ehrhart, 2001; Fields, 2007; Mendonca, 2001).

2.11.2 Ethical Leadership: Moral Dimension

The identification of an ethical or moral dimension to leadership is not new. This point was acknowledged by Sims and Brinkmann, (2002) in their reference to the work of management theorist Chester Barnard. Barnard (1938) wrote that an important role of the leader is to define and develop a moral code in the organisation. Raphael and Macfie (1976) also drew on the seminal work of philosopher and economist Adam Smith (1723–1790) and his acknowledgement of a moral dimension to the operation of the free market economy. The moral or ethical component to leadership is a defining characteristic of the construct of ethical leadership, which is the focus of this research. In his theory of transformational leadership, Burns (1975, p. 20) emphasised the role of the leader as serving a moral purpose because '[it] raises the level of human conduct and ethical aspirations of both leader and led, and thus has a transforming effect on both'. Aronson (2001) believed that ethical behaviour on the part of the leader would appear to be a necessary condition for the establishment of an ethical organisation. Ciulla (1998) too, argued that good leadership refers not only to competence, but also to ethics.

A review of leadership literature reflects an increasing emphasis on the importance of ethical behaviour of leaders (Brown, 2007, Brown & Mitchell, 2010; Brown & Trevino, 2002, 2002b; Khuntia & Suar, 2004; Martin, Resick, Keating & Dickson, 2009; Trevino & Brown, 2004; Trevino & Nelson, 2004; Weaver, Trevino & Agle, 2005). In exploring the ethical dimension of leadership, which has given rise to the construct ethical leadership, Ciulla (2001, p. 318) stressed the need to establish whether there is anything ethically distinctive about leadership itself and states that '[u]nderstanding the

moral challenges that are distinctive to people in leadership positions is fundamental to understanding the very nature of leadership’.

As noted by Northouse (2007), ethics is central to leadership because of the nature of the process of influence. As such, a leader’s ethics is closely connected with the leader’s identity and how this influences his or her behaviour. Bass and Steidlmeier (1999) stated that the ethical nature of leadership can be best understood by character and behaviour (agents and actions), both of which are coloured by individuals’ value and belief systems. The importance of moral character to a leader’s reputation is also acknowledged (Ciulla, Price & Murphy, 2005; Price, 2008; Sankar, 2003; Trevino et al., 2000). According to Jones (1995), the best guarantee of consistent ethical leadership lies in the discovery of persons for whom high moral standards are a way of life.

2.12.3 Ethical Leadership: Background and Characteristics

Brown and Mitchell (2010) confirmed the primary role leadership plays in promoting ethical conduct in organisations. However, while the topic of ethics in leadership has been extensively discussed by scholars, Brown and Trevino (2006b, p. 595) believed a ‘[m]ore descriptive and predictive social scientific approach to ethics and leadership has remained underdeveloped and fragmented, leaving scholars and practitioners with few answers to even the most fundamental questions, such as ‘what is ethical leadership?’. Before Trevino and colleagues (2000) undertook a series of studies to conceptualise a definition of ethical leadership and develop an instrument for its measurement, attempts were made to measure some aspects of leadership behaviour, such as integrity which has been identified with the ethics of leadership.

Two examples of leadership measurements are Craig and Gustafson’s (1998) perceived leader integrity scale (PLIS) and the MLQ first developed by Bass (1985). The PLIS was developed and administered to employees in organisational settings to assess their perceptions of ethical integrity demonstrated by their leaders. Despite the limitations identified in the PLIS, Craig and Gustafson (1998) believed that the instrument

confirmed ethical integrity to be an important component of leadership that could be reliably measured in field settings. The MLQ, which has been modified and refined by Bass and Avolio (1990, 1995, 1997, 2000), contains items designed to measure behaviours relating to both transformational and charismatic leadership behaviours. Empirical research, according to Brown and Trevino (2006b), support the view that the measurement and conceptualisation of transformational leadership through the MLQ describes a leader with an ethical orientation.

2.12.4 Ethical Leadership: Construct Development

The research undertaken by Trevino and colleagues (Brown & Trevino, 2002; Brown et al., 2005; Brown & Trevino, 2006b; Trevino et al., 2000; Trevino et al., 2003; Weaver et al., 2005) represents significant foundational work in the ethical dimension of leadership. This work includes the conceptualisation and measurement of ethical leadership as a distinct construct within the leadership field. Earlier, Trevino (1992b) acknowledged the adoption of a social scientific approach to study the ethical nature of leadership was challenging. The reason may lie, among others, in the difficulty around defining and operationalising ethical leadership as a newly emerging and complex phenomenon was emphasised.

In response to some of these challenges, Trevino and colleagues (2003) developed a working definition of ethical leadership that also provided a guide for the construction of a measurement instrument, the ethical leadership scale (ELS). 'Ethical leadership is the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and promotion of such conduct among followers through two-way communication, reinforcement, and decision-making processes' (Brown & Trevino, 2002, p. 1).

Further research by Trevino and colleagues (2003) sought data from two types of informants, senior executives and ethics officers, relating to their perceptions of executive ethical leadership. The data gathered from their in-depth, semi-structured

interviews were based on questions that related to matters such as participants' definition of executive leadership and the traits and behaviours they associated with ethical leadership. Most ethical officers considered unethical leadership rare among executive leaders, so Trevino and colleagues adopted the term ethically neutral successful leadership (ENS leadership) which was associated with leaders participants did not perceive as distinctively ethical or unethical. A notable finding in relation to ENS leadership was that many of the executive leaders interviewed rejected the concept of ENS leadership. **Figure 2.8** presents the four themes and some of the main descriptive statements that emerged from this research, including people orientation, visible ethical actions and traits, setting ethical standards and accountability and broad ethical awareness. This research represented an important advance in exploring the distinctive characteristics of the ethical leadership construct.

ETHICAL OFFICERS (A) EXECUTIVES (B)				
People Orientation			Visible Ethical Actions and Traits	
	Ethical leadership	ENS leadership	Ethical leadership	ENS leadership
A	<i>Respect people Are people focussed</i>	<i>More self-centred Don't care about people</i>	<i>'Walk the talk' Honest Receptive listeners Have integrity Do the right thing</i>	
B	<i>Treat people well Concerned for people</i>		<i>'Walk the talk' Have integrity Act as role models Open communicator</i>	
Setting Ethical Standards and Accountability			Broad Ethical Awareness	
	Ethical leadership	ENS leadership	Ethical leadership	ENS leadership
A	<i>Set expectations, rules Use rewards/punishment Hold their principles</i>		<i>Concern for serving greater good Concerned about long-term Ethically aware Concern for stakeholders</i>	<i>Focussed on the 'Bottom line' Not ethically aware</i>
B	<i>Hold people accountable Use consequences and discipline for ethical lapses Create and institutionalise values</i>		<i>Concern for society/community Aware of ethical impacts Follow 'golden rule' Want to accomplish goals</i>	<i>Focussed on short term Have financial focus Not aware of ethical impacts</i>

Figure 2.8: Executive Ethical Leadership

Source: Trevino et al. (2003)

It is beyond the scope of this chapter to provide a full discussion of this research. In summary, Trevino and colleagues (2003, p. 5) from their qualitative research were able to establish ‘[t]he importance of vantage point and social salience in perceptions of executive ethical leadership’. That is, executive leaders’ behaviour must be clearly demonstrated to and recognised by others as being ethical conduct.

2.12.5 Ethical Leadership: Construct Comparison

This literature review has presented an overview of leadership constructs, some of which have been identified as having similarities and differences with ethical leadership. Brown and Trevino (2006b) compared ethical leadership with authentic, spiritual and transformational leadership. Their findings are illustrated in **Figure 2.9**. The common characteristics to all these leadership constructs are: concern for others (altruism), integrity and role modelling. These are bolded and underlined in **Figure 2.9**.

ETHICAL LEADERSHIP		
<u>Concern for others (altruism)</u>		
<u>Integrity</u>		
<u>Role modelling</u>		
Moral manager		
Awareness of others		
AUTHENTIC	SPIRITUAL	TRANSFORMATIONAL
<u>Concern for others (altruism)</u>	<u>Concern for others (altruism)</u>	<u>Concern for others (altruism)</u>
<u>Integrity</u>	<u>Integrity</u>	<u>Integrity</u>
<u>Role modelling</u>	<u>Role modelling</u>	<u>Role modelling</u>
Ethical decision-making	Visioning, hope, faith; work as vocation	Ethical decision-making
Authenticity		Vision, values, intellectual stimulation
Self-awareness		

Figure 2.9: Ethical Leadership: A Leadership Construct Comparison

Source: Adapted from Brown and Trevino (2006b)

The most defining characteristic that emerged from the research by Brown and Trevino (2006b) is what they termed the ‘moral manager’ dimension of an ethical leader. While a moral dimension was identified in transformational, spiritual and authentic leadership

constructs, ethical leadership had a distinct application to this moral dimension. Specifically, an ethical leader sets for followers clear expectations relating to ethical conduct. Further, the leader communicates these expectations through modelling and reward systems to hold followers accountable for ethical behaviour. Commonalities between ethical leadership and transformational, spiritual and authentic leadership are now outlined.

2.12.5.1 Transformational Leadership

The transformational leadership construct was identified by Burns (1978) as having a moral component, which provides the basis for a leader to inspire followers to work towards a collective organisational purpose. As constructs, ethical and transformational leadership share common characteristics such as integrity and concern for others (Brown & Trevino, 2006b). Some scholars question the assumed presence of an ethical dimension to transformational leadership. For example, Kanungo and Mendonca (1996) suggested that transformational leadership has an ethical dimension, whereas it is not present in transactional leadership. Bass (1985) countered this assumption by saying transformational leaders could be ethical or unethical. Further, Bass and Steidlmeier (1999) applied the terms ‘authentic’ and ‘pseudo-authentic’ to distinguish between transformational leaders who were ethical or unethical. Ethical leadership has been identified as having what is termed the ‘idealised influence’ component of transformational leadership, which refers to the explicit ethical content (Brown et al., 2005). However, the key difference between the two constructs lies in the transactional nature of how ethical leaders model and make explicit their expectations about ethical conduct and standards in the organisation (Brown & Trevino, 2006b).

2.12.5.2 Spiritual Leadership

The construct of spiritual leadership emphasises a sense of ‘calling’ and vision for the organisation. These motives may potentially mean a spiritual leader is also ethical (Fry, 2003). However, in contrast, the characteristic relating to ethical leadership that defines

the difference is the transactional nature of how an ethical leader influences the ethical conduct of followers (Brown & Trevino, 2006b). Ethical leaders, like spiritual and transformational leaders demonstrate integrity and care for others (altruism).

2.12.5.3 Authentic Leadership

Authentic leaders' self-awareness and authenticity are not recognised as being part of the ethical leadership construct (Gardner et al., 2005). Authenticity has been identified as inherent in individuals who have strong personal insight and self-regulation (Luthans & Avolio, 2003). Being 'true to oneself' was not identified by respondents in interviews conducted by Trevino and colleagues (2000). Luthans and Avolio (2003) identified authentic leadership as a 'root construct' since it potentially shares the characteristics of other leadership constructs such as transformational and ethical leadership. Brown and Trevino (2006b) acknowledged the ethical component of both the authentic and ethical leadership constructs. However, they emphasised that self-awareness (authenticity) is not part of the ethical leadership construct. Having said this, the literature does attribute, for example, moral identity and self-awareness as important factors in influencing a leader's ethical conduct (Ashkanasy, Windsor & Trevino, 2006; Caldwell, 2009; Peterson, 2004; Reynolds, 2006; Shao, Aquino & Freeman, 2008; Werhane, 2008).

In summary, the distinctive feature of the ethical leadership construct that it does not share with others theories of leadership, is the transactional-style management of the ethical standards and behaviour in the organisation. Ethical leaders model and are proactive in setting and maintaining ethical conduct (Brown & Trevino, 2006b; Trevino & Nelson, 2004). The following section outlines some characteristics identified in the literature as being part of the ethical leadership construct. It is acknowledged that a number of these characteristics are evident in the other leadership constructs, which have already been introduced in this review.

2.12.6 Ethical Leadership: Characteristics

Integrity is identified in the literature as being an important component of leadership effectiveness (Chun, 2005; Gardner et al., 2005; Parry & Proctor-Thomas, 2002). The definition of integrity proposed by Palanski and Yammarino (2009) incorporates components that have been associated with the ethical leadership construct. These are outlined in **Figure 2.10**.

INTEGRITY	<i>Wholeness</i> <i>Consistency between words and actions</i> <i>Consistency in adversity</i> <i>As being true to oneself</i> <i>As morality/ethics (including definitions such as honesty, justice and compassion)</i>
------------------	---

Figure 2.10: Integrity: Categories of Meaning

Source: Adapted from Palanski and Yammarino (2009)

The component of ‘wholeness’ in integrity, included in the categories by Palanski and Yammarino (2009), encompass characteristics such as honesty, kindness and trustworthiness, all identified as being positive traits of ethical leadership (Brown & Trevino, 2006b). Scholars such as Kirkpatrick and Locke (1991) and Kouzes and Posner (1993) have identified leaders’ honesty, integrity and trustworthiness as important traits in leader credibility and effectiveness.

A defining feature of ethical leadership that is given emphasis in the literature is the modelling of characteristics such as fairness, care for others and trustworthiness (Bandura, 1986; Brown et al., 2005; Trevino, 1986). That is, ethical leaders model who they are and provide cues to followers in expectation of the standards of behaviour they have in the organisation (Brown & Trevino, 2006b). Related to the concept of modelling, some scholars identify that the proximity of the leader to followers influence

trustworthiness and positive employee outcomes, such as job satisfaction and productivity (Dirks & Ferrin, 2002; Andersen, 2005).

The Big Five personality factors have been applied to identify characteristics that are positively aligned with ethical leadership (Costa & McCrae, 1998). Most particularly, the dimensions of agreeableness and conscientiousness are proposed as being most closely associated with ethical leadership (Chun, 2005; Brown & Trevino, 2006b). Traits such as altruism, dutifulness, trustworthiness, kindness and cooperation are characteristics which describe these two personality factors.

Fairness in decision-making has been positively identified with the ethical leadership construct. Blau's (1964) social exchange theory was applied by Brown and Trevino (2006b) to propose that ethical leaders' fair and caring behaviour towards followers is associated with lower employee counterproductive behaviour. However, De Cremer (2003) pointed out that a leader's consistent use of procedural fairness does matter and if inconsistency does prevail employees have more negative perceptions about the leader and themselves.

In summary, ethical leaders are characterised by individuals who are honest, trustworthy, fair and care about the welfare of others, all characteristics shared by other positive leadership constructs (Toor & Ofori, 2009). The dimension that most defines the construct is the transactional 'moral person–moral manager' dimension identified by Brown and Trevino (2006b)

2.12.7 Unethical Leadership: Characteristics

This review has outlined characteristics of other leadership constructs that could be associated with unethical leadership. Narcissistic, pseudo-authentic, personalised charismatic and destructive leadership are examples that may be aligned with unethical leadership characteristics (Bass & Steidlmeier, 1999; House & Howell, 1992; Rosenthal & Pittinsky, 2006; Sankar, 2003). An important question raised by Brown

and Mitchell (2010) and Brown and Trevino (2006b) is whether unethical leadership is a distinct construct and, if so, what is the nature of its relationship to ethical leadership?

While there is no extensive literature using the term ‘unethical leadership’ there are, nevertheless, a number of terms in the literature which describe the acts of an unethical leader. ‘Abusive supervision’ (Tepper, 2007); ‘destructive leadership’ (MacCoby, 2000); ‘dark side’ leadership (McIntosh & Rima, 1997) and ‘leadership shadow’ (Johnson, 2005) all define different aspects of unethical leadership. Brown and Mitchell (2010, p. 588) acknowledged that the term ‘unethical leadership’ is not explicitly used to describe these behaviours; however, they propose a definition of unethical leadership as being ‘[b]ehaviours conducted and decisions made by organizational leaders that are illegal and/or violate moral standards, and those that impose processes and structures that promote unethical conduct by followers’.

Scholars have proposed that both ethical and unethical leadership are associated with particular antecedents and organisational outcomes (Brown et al., 2005; Brown & Trevino, 2009; Mayer et al., 2009; Trevino, 1992c). It is beyond the scope of this review to do more than cite examples to illustrate the general nature of the construct. It is suggested that unethical leadership promotes unethical employee behaviour and organisational outcomes. For example, Trevino, Butterfield and McCabe (1998) found organisational climate based on self-interest was more likely to be associated with unethical conduct. So too is the type of reward and punishment systems adopted by leaders thought to influence ethical or unethical conduct (Ashkanasy et al., 2006; Trevino, 1992a; Trevino & Youngblood, 1990). Other scholars have proposed various types of negative effects on employees as a result of unethical leaders. Tepper (2007) and Mitchell and Ambrose (2007) both presented arguments supporting unethical leadership as positively associated with increased incidences of deviant behaviour among employees.

Blau’s (1964) social exchange theory and Bandura’s (1977) social learning theory have been used as a basis to explain the consequences of unethical leadership. That is, when

employees perceive the exchange relationship between themselves and a leader as an abuse of power, it affects employees' attitude and work performance (Cropanzano & Mitchell, 2005; Tepper, 2007). In terms of Bandura's social learning theory, Brown and Trevino (2006b) proposed that unethical behaviour, such as coercion and manipulation, are inconsistent with social learning theory. This is because followers are unlikely to associate these characteristics with credible or attractive role models in the organisation.

The Big Five personality traits (Costa & McCrae, 1992) have also been applied to define the characteristics of unethical leadership. For instance, Brown and Trevino (2006b) proposed that neuroticism is negatively related to ethical leadership because neuroticism is associated with leaders who exhibit anger and hostility. McClelland's (1975, 1985) theory of motivation provides an example to support the proposition that unethical leaders are more likely to use power for personal gain. Brown and Trevino (2006b) proposed that power inhibition moderates the relationship between a need for power and ethical leadership. Therefore, Machiavellian leaders (unethical leaders) misuse power to achieve their own goals (Howell & Avolio, 1992).

How leaders make decisions, particularly ones that involve a moral issue, provides important cues for follower perceptions of ethical leadership. Bandura's (1999) moral disengagement theory states that individuals have self-regulatory mechanisms to monitor and control behaviour. If this theory is applied to unethical leaders, it suggests that these leaders do not align their behaviour with internal codes or values, instead they act out behaviour which hides responsibility or avoids being responsible. The concept of deception, proposed by Bok (1978) also augments with acts of moral disengagement proposed by Bandura. That is, unethical leaders misrepresent themselves and their intentions to followers and, as such, their behaviour is more likely to be perceived as untrustworthy and insincere by followers.

The various ways an unethical leader morally disengages is detailed in **Figure 2.11**. In contrast, a study by Detert, Trevino and Sweitzer (2008) found empathy was a trait

positively associated with ethical leadership and negatively related to moral disengagement, which has been associated with unethical leadership.

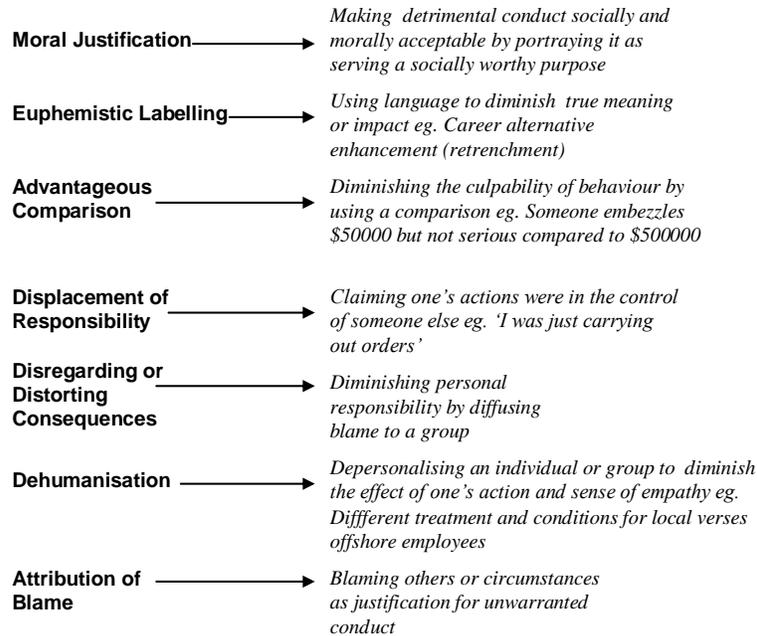


Figure 2.11: The Theory of Moral Disengagement

Source: Adapted from Bandura (1999)

2.13 Nature of Ethical Dilemmas

The nature and management of ethical dilemmas by leaders is represented in the literature as being an important context in which followers make judgements about leadership ethics (Brown & Trevino, 2006b; Brown & Mitchell, 2010; O'Fallon & Butterfield, 2005). This section outlines the characteristics that define ethical dilemmas. This is followed by a review of literature that explores theories that have been proposed to explain how leaders recognise and manage ethical dilemmas. The inclusion of senior executives' ethical dilemmas in this research was designed to help investigate the principal question relating to the characteristics of ethical leadership. Therefore, the literature was reviewed to identify key themes rather than to undertake an in-depth analysis of the area, an undertaking beyond the scope of this research.

2.13.1 Ethical Dilemmas: Characteristics

According to Badaracco (2002, 2006) moral dilemmas in business involve making choices between non-overriding, conflicting moral requirements; for example, loyalty and honesty. Sinnott-Armstrong (1988) proposed that ethical dilemmas are composed of four key elements, as outlined in **Figure 2.12**.

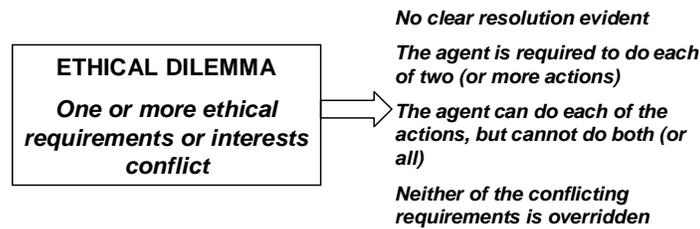


Figure 2.12: Components of an Ethical Dilemma

Source: Adapted from Sinnott-Armstrong (1988)

Geva (2006) raised some key points relating to the nature and management of ethical dilemmas in the business context. She suggested that in the contemporary business environment problems relating to compliance issues are most common and are managed through an organisational code of ethics. Geva (2006) identified two weaknesses in this approach. First, a code of ethics represents a system of rewards and sanctions which are designed to enforce specific standards. However, Trevino and Weaver (2001) and Trevino, Weaver, Gibson and Toffler (1999) pointed out that compliance programs rely on employees reporting breaches. This in itself presents potential ethical dilemmas for the employees, such as conflict between obligation to prevent harm and issues of loyalty to the organisation as opposed to loyalty to one's colleagues (Trevino & Weaver, 2001).

The second area of concern identified by Geva (2006) relates to accountability in the management of ethical dilemmas. According to Geva's typology of ethical problems, most organisations apply what is termed 'first-order' accountability to solve ethical

dilemmas. That is, they respond to breaches of conduct according to the rule that may have been violated. However, as pointed out by Geva (2006) and supported by De George (1999) failure to achieve moral results is due to leaders thinking in first-order terms. That is, reacting to a breach rather than examining the prevention and cultural aspects of changing the behaviour in an organisation. For example, falsifying financial records or figures could be managed in a first-order manner by punishing the breach while a higher-order approach would seek to identify and take responsibility for the cultural reasons that may have led an individual to break the regulation in the first place.

In the context of this research, the nature of ethical dilemmas is associated with the management of relationships with employees and stakeholders (Waters, Bird & Chant, 1986), and with workplace behaviour relating to bribery, coercion, theft and deception (Fritsche & Oz, 2007). Geva (2006) included receiving 'kickbacks', stealing from the company, falsifying records and misuse of information. It is suggested that many dilemmas are managed by application of what is required rather than by the application and fulfilment of higher moral duties (De George, 1999).

2.13.2 Ethical Decision-Making of Leaders

The focus on ethics in decision-making acknowledges that there is a choice of behaviour involving human values (Ruggiero, 2004). Researchers from many disciplines, such as organisational psychology and behaviour, have sought to understand not only *what* influences the decisions of individuals, but also gain insight to *how* they resolve their ethical dilemmas (McDevitt, Giapponi & Tromley, 2007). Therefore, how leaders manage ethical dilemmas is an important context in which followers form perceptions relating to ethical leadership (Brown & Trevino, 2006b). This supports the social learning theory proposed by Bandura (1986), who argued that individuals learn by observing the behaviour of others and from the consequences of that behaviour to others.

Rost (1995) noted that most people do not use ethical frameworks to judge morality. Rather, they draw on life experiences, personal values and perhaps religious convictions. This is illustrated by Beu, Buckley and Harvey (2003), who stated that while there may be basic moral norms, the dynamic business environment brings with it challenges which cannot be readily answered by moral rules. Ethical decision-making, therefore, is not straightforward and individuals may examine and behave differently when confronted by similar ethical dilemmas.

The examination of ethics and leadership has been from a normative or philosophical perspective, namely, what leaders *should* or *ought* to do (Brown & Trevino, 2006b; Ciulla, 1998). As such, normative ethical theories are prescriptive and are unable to either accurately predict or explain the decision-making or behaviour of leaders (O'Fallon & Butterfield, 2005; Preston, 1996; Trevino, 1986). Such limitations relating to the application of normative ethics to the study of leadership, has led to the advance of the field of descriptive ethics. Descriptive (or empirical) ethics, which is associated largely with the realm of management and business, focuses on explaining and predicting an individual's actual behaviour (O'Fallon & Butterfield, 2005).

2.13.3 Classical Decision-Making

The traditional approach to understanding individual decision-making is based upon classical decision-making theory or the rational economic model. According to Huczynski and Buchanan (2001), this model encompasses concepts such as scientific reasoning and empiricism and involves decisions based on evidence, logical argument and reasoning. It focuses on a normative view of how decisions *ought* to be made and assumes the decision-maker is objective, rational and adopts orderly and logical processes to make decisions. As suggested by Beach (1996), classical theory does not address the question of making correct decisions; it merely addresses the question of making decisions correctly. It is also premised that the decision-maker has all the information at hand to make an informed choice.

Another example of decision-making theory was developed by Kahneman and Tversky (1979). Their theory was based on research that found that individuals placed different weights on gains and losses and on different ranges of probability. One important finding relating to prospect theory is that individuals are willing to take more risks to avoid losses than to realise gains. To 'win' it seems, is a priority, but moral dilemmas may not have a clear and satisfying outcome. In essence, there may not be a winner.

2.13.4 Ethical Decision-Making Models

Integral to the contribution made to the field of descriptive ethics, was the development and advancement of theoretical models. These models encompass a number of variables that may influence moral choice and, in so doing, provide a theory base for how ethical decisions are made in organisations (Loe, 2000). The reviewed literature indicates that researchers acknowledge moral behaviour is related to individual's awareness and recognition that a moral issue does exist (Butterfield, Trevino & Weaver, 2000; Covrig, 2000; Jones, 1991; Rest, 1986; Reynolds, 2006; Trevino, 1986, 1992b). While the models provide some explanation for different aspects of moral reasoning, researchers agree that the relationship between moral reasoning and behaviour is not well understood (Church, Gaa, Naianr & Shehata, 2005; Trevino, 1986; Shao et al., 2008).

The following section presents examples of decision-making models, along with a presentation on seminal literature on cognitive moral development (CMD). In the context of this research, the level of CMD is proposed to be positively related to ethical leadership and decision-making (Brown & Trevino, 2006b; Harding, 1985; Jones, 1991; O'Fallon & Butterfield, 2005; Wu, 2002).

2.13.5 Synthesis of Ethical Decision-Making Models

Rest (1986) proposed a four-stage model for ethical decision-making. The stages consisted of recognising a situation as having a moral issue, making a moral judgement, establishing moral intent and acting on the moral concerns. Earlier, Rest (1979)

developed a defining issues test (DIT) to measure moral development and the DIT has been applied to numerous empirical studies examining moral development (Trevino, Weaver & Reynolds, 2006). The first stage of Rest's model, relating to moral awareness, was defined by VanSandt, Shepard and Zappe (2006, p. 414) as '[t]he degree to which an individual *recognizes* the aspects of a situation that carry a reasonable likelihood of a moral wrong or harm to individuals, classes of people, or other entities – human or non-human, living or reifications.

According to the model proposed by Ferrell and Gresham (1985), an ethical issue or dilemma emerges from environmental factors. These specifically relate to social and cultural contexts with contingency factors being individual and organisational factors affecting the decision-maker, for example, significant others. Trevino (1986) built on Rest's model by attributing individual and situational factors influencing decision-making. The individual moderators included ego strength, field dependence and locus of control (LC). The situational moderators were factors relating to the individual's job context, organisational culture and characteristics of the work. In later research by Brown and Trevino (2006b), LC was proposed as an individual characteristic positively related to ethical leadership.

Hunt and Vitell's (1986) model related to ethics in marketing. For the purpose of this review, environmental and personal factors influenced the perception of individuals in the recognition of an ethical problem. Dubinsky and Loken's (1989) model was built on the theory of planned behaviour (Ajzen, 1991), which posits that individuals' intended behaviour is strongly linked to attitudes and beliefs held by individuals relating to the behaviour itself. Its relationship to this research is that one of the variables in Dubinsky and Loken's (1989) model is the individual's attitude to ethical and unethical behaviour.

Finally, Jones's (1991) model centred on of the moral intensity of the issue itself, which determined an individual's recognition and response to an ethical dilemma. The concept of moral intensity included the proximity of the moral situation and the social

consensus or agreement on the goodness or harm of the proposed act. Jones proposed that issues of high moral intensity are recognised as moral issues because they are more salient and vivid and, thus, gain the decision-maker's attention (Butterfield et al., 2000).

Figure 2.13 presents the key features of these ethical decision-making models.

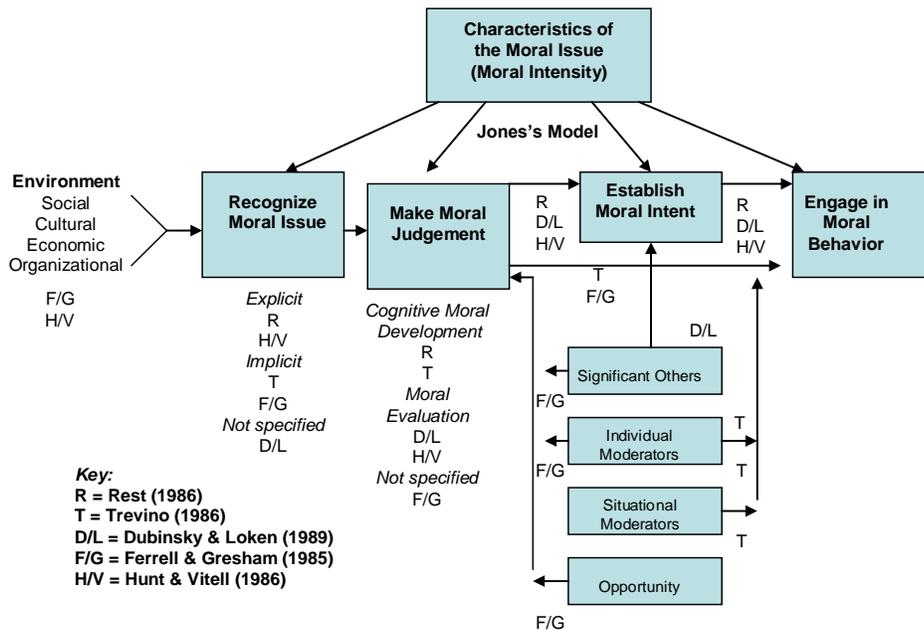


Figure 2.13: Synthesis of Ethical Decision-Making Models

Source: Adapted from Jones (1991)

2.14 Cognitive Moral Development

The ethical decision-making models presented in this review all contain a common element that is crucial to moral judgements made by individuals, the recognition of a moral issue (Butterfield et al., 2000; Jones, 1991; Rest, 1986; Weber & Gillespie, 1998).

Seminal work in CMD was undertaken by Piaget (1932), and later by a student of Piaget's, Kohlberg (1969, 1981). While both theorists based their research on children and adolescents, the fundamental theories still form the basis for contemporary research

in CMD. Based on the work of Piaget (1932), a theory and framework to classify CMD was advanced by Kohlberg (1969, 1981). This model and its components has become the basis upon which much of the empirical work relating to the development of ethical decision-making models was drawn and developed. Kohlberg’s CMD model has been cited in literature as related to the moral development of leaders (Beu et al., 2003; Gowthorpe, Blake & Dowds, 2002; Harding, 1985; Trevino, 1992b; Watson, Berkley & Papamarcos, 2009).

Kohlberg’s model is grounded on the principle that moral judgements are a function of cognition. In his model, individuals’ moral decision-making consists of: recognising a situation as having a moral issue; making a moral judgement relating to an issue; establishing a moral intent; and engaging in moral behaviour (Kelley & Elm, 2003). Kohlberg’s model is developmental in nature and proposes three levels of CMD, with each level containing two stages. Kohlberg’s model is illustrated in **Figure 2.14**.

STAGE	CHARACTERISTICS	
ONE	<i>Obedience and punishment – obeys rules to avoid punishment</i>	} PRE-CONVENTIONAL
TWO	<i>Instrumental purpose and exchange – obeys rules only to further his or her own interests</i>	
THREE	<i>Conformity and mutual expectations – adapts to the moral standards of his or her peers</i>	} CONVENTIONAL
FOUR	<i>Social accord and system maintenance – adapts the moral standards of society, particularly its laws</i>	
FIVE	<i>Social contract and individual rights – the individual is aware of the relativity of values and upholds rules because they conform to the social contract</i>	} PRINCIPLED
SIX	<i>Universal ethical principles – the individual chooses his or her own ethical principles and follows them even if they run counter to laws</i>	

Figure 2.14: Kohlberg’s Six-Stage Model of Cognitive Moral Development

Adapted from Jones (1991)

Kohlberg proposed a six-stage framework of moral development. Each stage represents a level of socio-moral development; that is, the characteristic level from which an

individual formulates moral judgements. For example, in the first stage, the pre-conventional level, individuals have not yet come to understand and uphold socially shared moral norms and expectations and do not recognise the interests or rights of others as being shared with their own. In contrast, individuals at the post-conventional stage understand and generally accept society's rules and the moral principles that underlie these rules. 'These principles in some cases come into conflict with society's rules, in which case the post-conventional individual judges by principle rather than convention'(Colby & Kohlberg, 1987, p. 17).

Price (2000) proposed that the ethical decisions made by leaders are essentially volitional, not cognitive. That is, immoral behaviour occurs because an individual is moved to do something other than what morality requires, not because the individual lacks access to morality's requirements. In this context, morality is defined as a set of standards or behaviours that guide an individual's conduct. Leaders hold positions of power and with that comes privileges and access to information, people and resources that are not readily available to many employees. This adds to the complexity and challenge of defining ethical leadership and how it may apply; this is what Price (2000) referred to as 'morality's requirements'. In the context of this research, morality's requirements refers to the innate values and codes of behaviour an individual learns when growing up and which become their guiding principles for decision-making and distinguishing right and wrong.

2.15 Beyond Moral Reasoning

Kohlberg's theory (1966, 1981) has provided the basis for a broad assessment of an individual's moral development. However, that theory cannot take into account the complexities of the contemporary business environment nor explain the relationship between moral reasoning and moral action (VanSandt et al., 2006). Empirical research shows the association between moral reasoning and action to be moderate (Shao et al., 2008; Butterfield et al., 2000). For example, it is proposed that individuals who reason at principled levels are more likely to be perceived as ethical and make more ethically

appropriate decisions (Ashkanasy et al., 2006). However, some literature suggests that it is because ethical dilemmas occur in situations in which the potential to cause harm is present that individuals operate at a lower CMD level, compared to that in hypothetical situations (Church et al., 2005; Trevino et al., 2000; Tetlock, 1992). Jones (1991) refers to this potential for harm as the ‘magnitude of consequences’.

There are a number of theories that seek to explain the relationship between moral reasoning and moral action. It is outside the scope of this review to provide extensive details of this area. However, three theories that have received attention and have some application to this research are: cognitive dissonance, framing and the theory of action. These are outlined in the following sections.

2.15.1 Cognitive Dissonance

According to Festinger (1962) people tend to seek consistency in their beliefs and perceptions. Therefore, when one belief conflicts with another previously held belief, the term ‘cognitive dissonance’ describes the feeling of discomfort that results from holding two conflicting beliefs. When there is a discrepancy between beliefs for behaviours, something must change in order to eliminate or reduce the sense of dissonance being experienced by the individual.

2.15.2 Cognitive Framing

Minsky (1988) presented the concept of framing, which is described as cognitive shortcuts that people use to help make sense of complex information. Cognitive frames help individuals to interpret the world and represent that world to others. Framing is used to assist in organising complex phenomena into coherent, understandable categories. That is, meaning is given to some of the aspects of what is observed while discounting other aspects because they appear irrelevant or counter-intuitive. Frames are built upon underlying structures of beliefs, values, and experiences; therefore,

individuals often construct frames that may exist prior to conscious processing of the information for decision-making.

2.15.3 Theory of Action

Argyris and Schon's (1974) theory of action proposes that individuals have theories of how they will behave and manage their relationships with others. Just as Festinger's (1962) theory of cognitive dissonance proposes that individuals have a strong desire to reduce ambiguity in their relationship with others, Argyris and Schon's (1974) theory also reduces ambiguity. Central to their theory is that individuals hold two theories of action: one, espoused theory or what individuals propose they would or intend to do in a particular situation; and two, theories-in-use or what individuals actually do in response to a situation. According to Argyris (1997) individuals tend to adopt strategies to maintain the theories-in-use which they use. One example, as Argyris and Schon (1974) suggested, is speaking in the language of one theory (espoused) while acting in the language of another (theories-in-use). Therefore '[w]e become selectively inattentive to the data that point to dilemmas; we simply do notice signs of hostility in others, for example' (Argyris & Schon, 1974, p. 33).

2.16 Summary: Literature Review

This review examined literature that gave an overview of the development of key leadership theory relating to ethics and leadership. It compared and contrasted the characteristics of these constructs with ethical leadership. Both positive and negative characteristics of ethical leadership were explored, and the overall antecedents and outcomes of ethical leadership were reviewed. Finally, the chapter reviewed key theories relating to ethical decision-making models, CMD theories and other relevant theories that are thought to influence the relationship between an individual's moral intent and their moral action. The following chapter presents the methodology applied in this research.

Chapter 3: Methodology

Those who really deserve praise are the people who, while human enough to enjoy power, nevertheless pay more attention to justice than they are compelled to do by their situation.

Thucydides (460–400 BC)

3.1 Introduction

This chapter describes the research methodology, data collection methods and data analysis used in this research. A constructivist research methodology was adopted and used two qualitative methods: the CIT (Flanagan 1954) and a hypothetical vignette (Alexander & Becker, 1978; Aveyard & Woolliams, 2005; Fritzsche, 2000; Trevino, 1992b). Semi-structured, face-to-face interviews were conducted for the purpose of data collection.

The data collection methods sought two principal outcomes. First, through the adoption of semi-structured interviews, respondents were asked to give an overview of their professional role and background in the government or industry group in which they were employed. Following this, respondents were asked to recall examples of individuals whom they recognised as exhibiting characteristics of ethical and less than ethical behaviour.

The interviews were conducted using an open-ended interview approach with pre-determined questions for all respondents (Patton, 2002). Further, application of the CIT examined respondents' views on two issues. First, what they believed ethical leadership to be, and second, the ethical dilemmas they faced in their role as senior executives in both the public and private sectors. This process was undertaken without analysing participant responses against any pre-determined ethical theories such as teleology and

deontology. The purpose of the analysis was to determine how senior executives framed the concept of ethical leadership in the context of their role and how they managed ethical dilemmas. That is, what decision-making processes are executed to manage dilemmas of an ethical nature?

It was through the use of the CIT that respondents were asked to recount an incident which, for them, presented as an ethical dilemma which they had encountered. A second critical incidence in the form of a vignette was then presented to the respondents. Responses to the critical incident depicted in the vignette were aligned with the senior executives' action taken when confronted with their own ethical incident experiences. This was undertaken to determine whether their *espoused theories* were congruent with their *theories-in-use* (Argyris, 1997). In so doing, examination of data sought to establish the following: did that which the executives *say* they did, align with what they *actually* did when confronted by an ethical incident?

The process to explore alignment is underpinned by the theory of action (Argyris & Schon, 1974). This theory highlights the relationship between an individual or group's intentions and their actual action. Argyris (1997) contends that individuals' espoused theories and behaviours may vary widely, but their theories-in-use do not. 'The espoused theory of communicating difficult information may be to do so honestly and openly. The theory-in-use is to bypass the embarrassment or threat to cover-up the bypass (often called being diplomatic or thoughtful). The actual behavior used to bypass and cover-up may be different. The design that drives such action, however, is not' (Argyris, 1997, p 10).

Figure 3.1 illustrates the first of two models presented by Argyris (1997), a model that governs the reasoning processes adopted by individuals in how they manage their interaction with others. This theory will be more fully explored in chapters 5 and 6.

Model 1: Theories-in-use

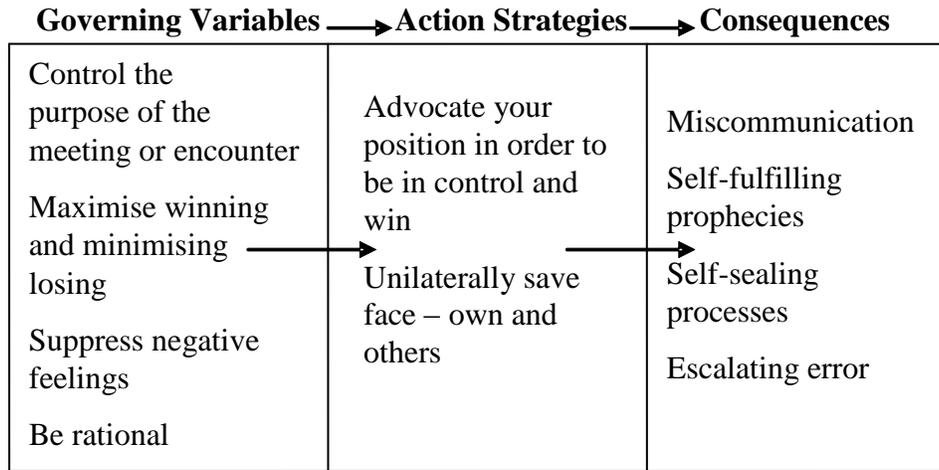


Figure 3.1: Argyris’s Model 1: Theories-in-Use

Adapted from Argyris (1997)

The coding and categorisation processes for analysis of data were based on content analysis (Holsti, 1969). The process of content analysis was adopted so that meaning could be created from the themes and concepts emerging from the data. The computer software program NVivo was used to facilitate a system of storage, categorisation, comparison and retrieval of data (QSR International Pty Ltd. [QSR], 2002; Richards & Richards, 1990, 1993).

Chapter 3 concludes with a discussion of the processes undertaken to ensure rigour and validity in the methods used in this study.

3.2 Research Inquiry Paradigm

An important requirement of this study was to identify closely with a belief system or paradigm that enabled the researcher to advance assumptions about the social world; that is, how science should be conducted and what constituted legitimate problems, solutions and criteria of proof (Creswell, 1994). The dimensions of two major

paradigms, namely those of quantitative and qualitative methodologies, were investigated by examining the key assumptions upon which each paradigm rests.

This study of ethical leadership did not hold a pre-determined theory or clear definition to be tested. Therefore, the focus of the research is more closely aligned with the fundamental assumptions and characteristics upon which the qualitative mode of inquiry rests. This decision was based on the principles of qualitative inquiry outlined by Merriam (1998), and summarised below. That is, this study sought to reflect:

- research in which researchers are concerned primarily with process rather than outcomes or products;
- consideration of how people make sense of their lives, experiences and their structure of the world;
- inductive processes in which the researcher builds abstractions, concepts, hypotheses and theories from details; and
- the researcher being the primary instrument for data collection and analysis.

Patton (2002) defines a paradigm as a worldview or way of breaking down the complexities of the real world. The focus of this research is an exploration of the phenomenon of ethical leadership. However, knowledge of the variables and theory-base within this phenomenon are limited. Therefore, the paradigm is constructivist in nature. The research attempts to make sense out of, or interpret experience from, the perspectives of those who live it (Schwandt, 1994). The experiences of senior executives in the public and private sectors in the states of Western Australia and Victoria are the focus in this study. It is through the investigation of data from these respondents that the researcher seeks to make sense of the social phenomenon being investigated by contrasting, comparing, replicating, cataloguing and classifying the object of study (Huberman & Miles, 2002).

3.2.1 Ontology

Ontology centres on questions relating to the nature of reality. As Denzin and Lincoln (2000) assert, ontological assumptions involve consideration relating to phenomena being examined to determine whether they are objective and external to the individual or integral to the individual's consciousness. In a constructivist paradigm, the nature of reality or ontological perspective is dependent on the individuals holding the constructions (Guba & Lincoln, 1994). This is well illustrated by Patton (2002, p. 96) when he states '[t]he world of human perception is not real in an absolute sense, as the sun is real, but is 'made up' and shaped by cultural and linguistic constructs'. Therefore, for a qualitative researcher, reality is socially constructed by the individuals involved in the research setting and by what participants perceive it to be (Creswell & Miller, 2000). As such, the nature of the issues and experiences of the individuals in this research cannot be held representative or universal in nature.

Further, in a qualitative study, multiple realities may exist, such as those held by the researcher, the individuals being investigated and those of readers interpreting this study. Moreover, the criteria for judging either reality or validity are not absolute in a constructivist's ontological perspective (Bradley & Schaefer, 1998). This is in contrast to the quantitative inquiry approach, which views reality in an objective sense, independent of the researcher. Denzin and Lincoln (2000) describe quantitative inquiry as having a realist ontology in which everything is objectified and measurable in the research design which is adopted.

In the case of a qualitative process of inquiry, an understanding of the social or human problem is based on building a complex, holistic picture and is conducted in the respondents' natural setting (Creswell, 1994). Therefore, for this study, it was believed that informative and insightful data could be drawn by conducting semi-structured interviews in the workplaces of respondents, as opposed to counting or measuring a known or pre-determined set of variables. On this basis, the adoption of a quantitative ontological perspective was not deemed appropriate for this study.

3.2.2 Epistemology

Epistemology is the ‘knowing’ and the ‘nature of knowing’ (Schwandt, 1994). Importantly, epistemological assumptions are about knowledge and determining the most appropriate methods and form this knowledge may be obtained. According to Guba and Lincoln (1994), the epistemological assumption for constructivism is subjective. As such, knowledge of the world and phenomena is shaped by individuals and the social and cultural forces which influence them. In a qualitative research setting, the investigator and the informant are assumed to be interactively linked so that the findings are created through the process of the investigation itself (Patton, 2002). Therefore, subjective epistemology also concerns the relationship of the researcher to that which is being researched. This is in contrast to the quantitative paradigm which holds that knowledge can only be derived through independent observation. Therefore, in quantitative research the investigator remains independent of that which is being researched (Creswell, 1994). This study, in its adoption of semi-structured interviews as a principal data collection method aligned with a subjective epistemological theory. That is, respondents were able to recount, through their own words and experiences, their perceptions relating to both ethical leadership and ethical dilemmas.

3.3 Research Methodology

An examination of the role of values in the context of this study further clarified the choice of a constructivist paradigm for the research. Patton (2002) asserts that the decision relating to which methodology to use requires the researcher to decide what information is most needed and most useful in a given inquiry, and then employ the methods best suited to producing the needed information. In particular, the role of the researcher in a qualitative study is as part of a primary data collection instrument and that necessitates the identification of personal values, assumptions and biases. This is in contrast to a quantitative research process in which the researcher’s values are omitted

from the study and which relies upon the reporting of ‘facts’ from the evidence gathered in the study (Creswell, 1994).

A qualitative methodology has been adopted in this study because it allowed the researcher to study issues pertaining to ethical leadership in rich detail and great depth (Hitchcock & Hughes, 1989; Patton, 2002). Most importantly, inductive logic will prevail in a study in which ‘categories will emerge from informants, rather than are identified *a priori* by the researcher’ (Creswell, 1994, p. 48). Thus, data collection is not constrained by pre-determined categories of analysis, ensuring that the emerging themes are representative of respondents’ experiences and interpretations (Coll & Chapman 2000).

This context-bound information, gathered from the experiences of respondents, assisted in the formation of patterns or theories to explain the phenomenon under study. This process could not be readily achieved through a quantitative perspective. Questions were presented to the respondents through the principal research method of semi-structured interviews. The application of two data collection methods (the CIT and a vignette) was used to examine the ethical dilemmas experienced by respondents against responses to a hypothetical vignette. The adoption of these data collection methods fitted most readily with the use of a qualitative methodology. Wolcott (1998) recognises the significance of subjective experience that, in general, is characterised by great depth. Given that quantitative methods require the use of a standardised approach so that the experiences of people are limited to certain pre-determined response categories, it was considered that such a methodology was less useful than a qualitative methodology, for the purpose of this research.

The use of the semi-structured interview method, although consisting of set questions, allowed variation and individual input by participants and minimisation of pre-determined responses. In this study, the responses contained within the collected data were descriptive, spontaneous and personal. Therefore, if respondents wished to contribute personal experiences, which were not directly related to the questions, the

researcher included these, if they provided some context and insight into the phenomenon of ethical leadership.

3.4 Data Collection Methods

Researchers such as Marshall and Rossman (2006) and Merriam (1998) contend that data collection and data analysis must be a simultaneous process in qualitative research. It is a process of inductive reasoning, thinking and theorising, rather than a mechanical or technical process (Taylor & Bogdan, 1998). Throughout analysis, the qualitative researcher attempts to gain a deeper understanding of what is being studied and undertakes to continually refine their interpretations.

As stated, data collection for this study was undertaken through semi-structured interviews with pre-determined questions for all respondents (Patton, 2002). The purpose of the interview questions was to explore respondents' experiences and recollections of the phenomenon of ethical leadership. Two principal research methods were applied in the interviews (the CIT and a vignette). The application of these data collection methods in the interviews is detailed below.

3.4.1 Critical Incident Technique

The CIT was specifically applied to the question relating to participants' identification of a professional situation that they considered an ethical dilemma. The researcher, through the application of the CIT, sought to identify:

- the nature of the situation which leads to it being recognised as an ethical dilemma by the participants; and
- the process undertaken by the participants in order to manage and resolve the ethical dilemma.

The CIT, developed by Flanagan (1954), consists of a set of procedures for collecting respondents' direct observations of human behaviour in such a way as to facilitate their

potential usefulness in solving practical problems and developing broad psychological principles. The purpose of the CIT is to act as a tool to assist in observing and recording the characteristics and behaviours that are unique to the dilemma. One example, described by Flanagan (1954), consisted of a study to determine the particular circumstances in which pilots become disorientated during flight. The pilots' recollections assisted in understanding the nature and circumstances in which the disorientation occurred. The development of the CIT sought to prevent similar incidents and develop strategies for their management.

In order for an incident to be 'critical', the requirement is that it deviates from what is normally expected (Bejou, Edvardsson & Pakowski, 1996). For the specific purposes of this study, a phenomenological form of the CIT was adopted (Creswell, 1998; Snell, 1996). This approach recognises the importance of encouraging respondents to tell their story in their own way (Burns, Williams & Maxham, 2000; Ehrich, 2005; Snell, 1996). It allows insight into participants' lived experiences and a focus on feelings and values. This is supported by Flanagan (1954), in the context of leadership behaviour which is of particular relevance in this study, who asserted that the CIT facilitates collection of factual data relating to actions involving decision-making and choices rather than from a reliance on opinions and preferences.

Examples in which the CIT has been applied include Callan (1998), who gathered data using the CIT within the hospitality industry in the United Kingdom, identifying customers' perceptions of service immediately after the hotel check-in process. McNeil and Pedigo (2001) used the CIT to study critical incidences experienced by Australian managers working in international businesses. The CIT has also been applied in the health care industry; for example, Aveyard and Woolliams's (2006) research in which 100 critical incidences were collected through 30 in-depth interviews with qualified nurses. That study sought to identify the specific circumstances of incidents involving the administration of sedation to patients by qualified nurses.

More recently, an article by Butterfield and colleagues (2005), examined the development and application of Flanagan's CIT over the last fifty years. It highlights the use of the CIT in research that supports the fundamental elements of qualitative research proposed by Creswell (1998). The elements include: the research takes place in a natural setting; the researcher is the key instrument for data collection; the data are collected through interviewing, participant observation, and/or qualitative open-ended questions; data analysis is done inductively; and the focus is on participants' perspectives (Creswell, 1998).

Finally, as noted by Butterfield and colleagues (2005), the essence of Flanagan's CIT has been successfully applied as a research tool across many disciplines and research areas for the last fifty years. In the context of this study, the use of the CIT supports its development towards a greater focus on participants' thoughts and feelings and why a particular action may have been taken by individuals. One example to illustrate the applicability of the CIT to this study of ethics and leadership is a qualitative study by Ellinger and Bostrom (2002) in which the CIT was used to capture the beliefs or mental models of managers involved in a facilitation process with employees.

3.4.2 Vignette

A vignette was the second data collection method applied in this research. Argyris (1993, p. 2) confirms the need, in an interview situation, to provide what he terms 'the production of valid knowledge' which is actionable in everyday life. The use of vignettes 'helps to standardise the social stimulus across respondents and at the same time makes the decision-making situation more real' (Alexander & Becker, 1978, p. 94). Moreover, vignettes have been shown to be appropriate for assessing ethics-related phenomena (Cavanagh & Fritzsche, 1985; Trevino, 1992c). Therefore, the use of vignettes is applicable to the phenomenon of ethical leadership in this research. If a clear understanding of ethical leadership is to be formed, it is essential the research method allows for the development of knowledge about behaviour and decision-making processes exhibited by senior executives.

As highlighted by Kodish (2006, p. 464), ‘leadership is a complex, dynamic, and paradoxical combination of traits, behaviours, principles, and relationships’. The use of vignettes assisted in establishing an environment in which the validation of espoused theory, as opposed to reported theory-in-use, was possible. According to Alexander and Becker (1978), if a vignette is used, participants are less likely to consciously bias their responses for the purpose of gaining social approval of the researcher. This view is supported by Hughes and Huby (2002) who believe the use of vignettes reduce the influence of socially desirable responses because participants are asked to assume the role of the vignette character rather than focus on their own personal viewpoints. Furthermore, in relation to this study, the vignette provided a strategy for establishing congruence or otherwise between what participants said about the management of ethical dilemmas and how they, in reality, managed a dilemma.

For the purpose of this research, one question in the semi-structured interview involved the presentation of a vignette in which the incident detailed was as concrete and detailed as possible (Alexander & Becker, 1978). A pilot study was undertaken for the purpose of developing and testing a vignette for use in this study. Participants in the pilot study were asked to recall ethical issues they had experienced in their role as senior executives in the public and private sectors. The researcher sought from the participants of the pilot study incidences that challenged their value systems and required complex decision-making and judgements. In the context of this research, the use of a vignette enabled progression beyond what was actually said in response to the interview questions. The vignette provided a means to explore respondents’ management of ethical dilemmas and a clear illustration of what actions and processes they took in response to the vignette. Participants were required to make a judgement and/or decision relating to the hypothetical situation detailed in the vignette, included below.

The organisation in which you are a senior executive has recently been involved in a lucrative business proposal. You have been given principal responsibility for its development. The negotiations are with both private and government entities. You discover that the contract does not fully comply with mandatory compliance policies. This view is not shared by other executives within your organisation who are keen to proceed. The success of this contract is likely to have favourable consequences for your future career prospects. What would you do?

3.5 Research Design

The research design comprised five key stages. The first stage consisted of a literature review to explore the phenomenon of ethical leadership. The second stage was a pilot study with six senior executives in Western Australia who were drawn from both public and private sectors. This was undertaken to gain experience in the use of the CIT and to explore issues relating to semantics, comprehension and acceptability of wording, and to provide advice regarding interview protocols.

This preliminary fieldwork with the pilot study participants was a valuable exercise, as their responses to three vignettes gave the researcher constructive insight to further develop one vignette for the study. It also gave the researcher an opportunity to practise the interview technique. This optimised facilitation of participants being interviewed in the study, allowing the interviewer to be brought into their world of business (Patton, 2002).

The third stage explored the phenomenon of ethical leadership through the experiences of senior executives in the public and private sectors. This was achieved through semi-structured interviews, using the CIT and the hypothetical vignette. The findings which emerged from this data collection phase were analysed using the qualitative software program NVivo. That coding and retrieval system assists in the development of themes and categories (QSR, 2002; Richards and Richards, 1990, 1993).

The fourth stage of the research design consisted of analysis of research findings. The fifth and final stage presented a discussion of the findings that addressed the research

questions. The fifth stage included a second review of the literature. This provided a basis for comparing the findings of this study with the literature examined. **Figure 3.2** illustrates the five stages in the research design.

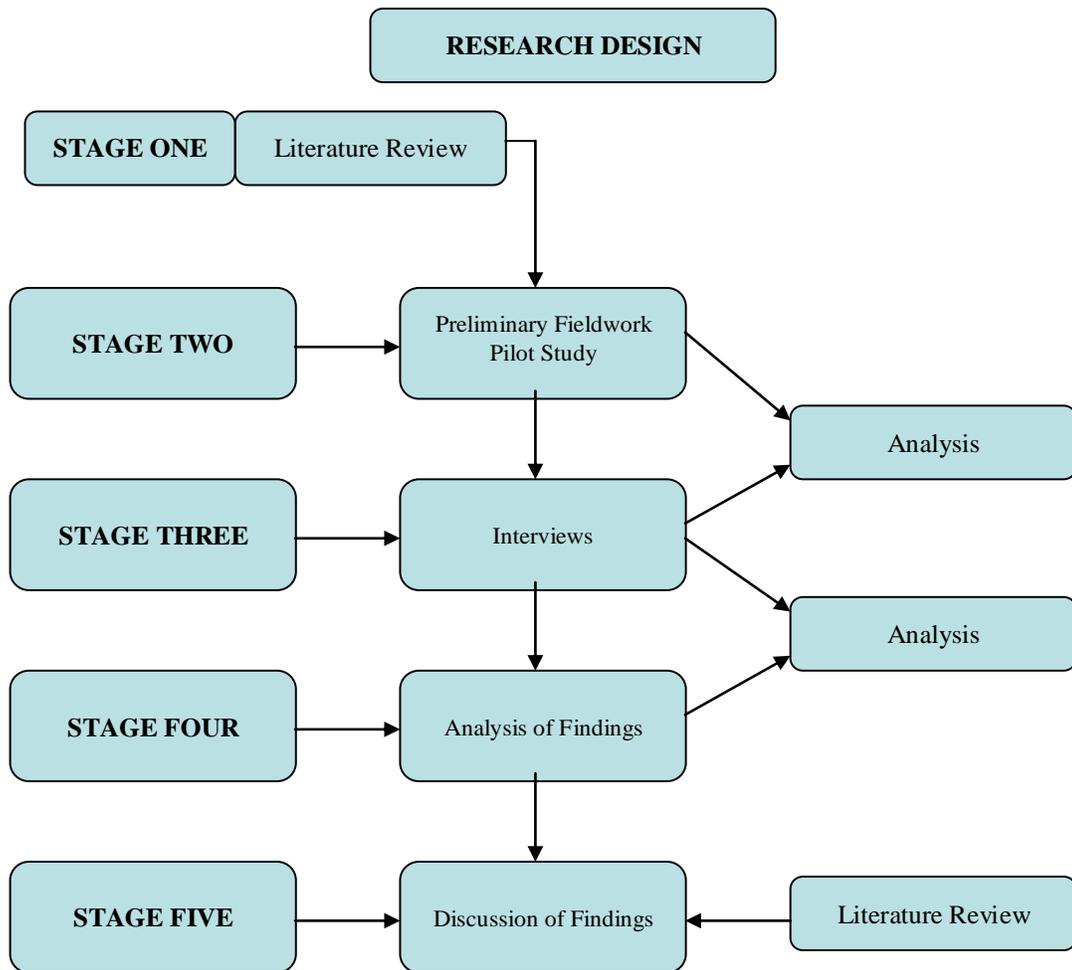


Figure 3.2: Research Design Stages

3.6 Sample

Participants were drawn from the following public and private sector groups:

- senior executives holding principal positions in the public sectors of Western Australia and Victoria; and
- senior executives holding principal positions in the private sectors of Western Australia and Victoria.

The term 'principal position' denoted executives who held the position of CEO in their organisation. The rationale for the chosen sample was based on the desire to have participants representing diverse demographical backgrounds and industry groups, drawn from both public and private sectors in Australia.

There was a commitment to ensure both males and females were represented equally in this research. However, at senior executive level, female representation was found to be difficult to achieve, particularly in the private sector. Industry groups represented by the private sector were diverse and included organisations that had both national and international contexts.

Information relating to private sector executives in Western Australia and Victoria was obtained through the assistance of the Chamber of Commerce and Industry of Western Australia. This agency is responsible for both providing advice to business groups and for maintaining official databases of business profiles in Australia. Business contact details were made available through their databases.

Senior executives from the public sector were randomly selected through government websites and the Chamber of Commerce and Industry databases. The sample represented a range of government portfolios, including independent statutory authorities and local government. Following the selection of potential respondents, contact was made by facsimile transmission of a letter which introduced the researcher, the purpose of the research, the timeframe in which the interviews would be conducted, and the invitation to be interviewed. Most importantly, executives were assured of the commitment to confidentiality and anonymity of the interview process. The facsimile letter indicated that a follow-up telephone call would be made by the researcher to ascertain availability of the executive to participate in this research.

In most instances, the follow-up call was received by the executive's personal assistant who was able to indicate the executive's availability. This contact with the personal assistant proved to be a valuable link for the researcher, particularly when scheduled

interviews had to be changed or further information sought. Additionally, personal assistants were well placed to provide information on the organisation. All interviews were conducted face-to-face by the researcher, and permission was sought and given to undertake and record the interview to meet the required protocols for researchers within Curtin University guidelines.

3.6.1 Sample Size

A letter of invitation was sent to a total of 199 executives, of which 152 were from the state of Western Australia and 47 from the state of Victoria. Seventy-eight (78) senior executives accepted the invitation to be interviewed, representing senior executives from both private and public sectors in both states. The diversity of industry groups represented, together with the size of the sample, provided a rich source of data encapsulating a range of experiences. **Figure 3.3** illustrates the numbers of interviewees from both Western Australia and Victoria.

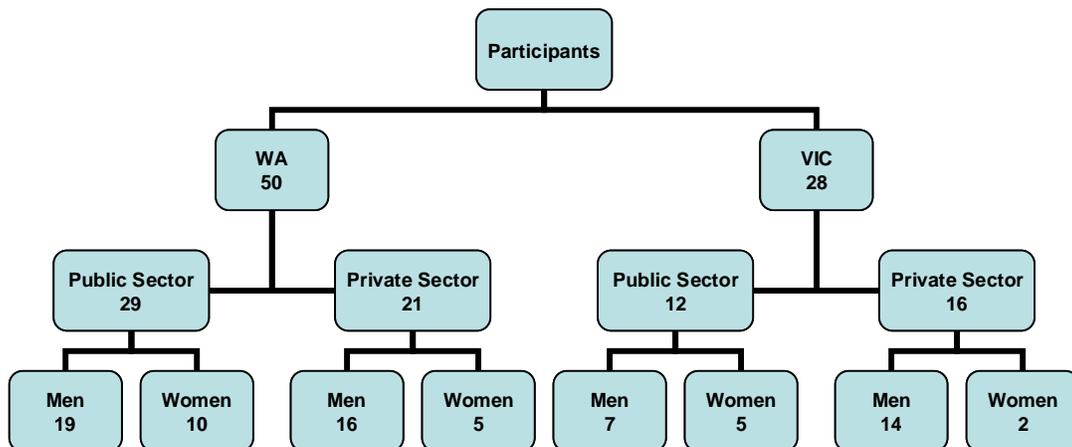


Figure 3.3: Details of Participants' Location, Gender and Industry Sector

3.6.2 Data Analysis Method

Data analysis in this research adopted the inductive research method of content analysis. As described by Patton (2002), data analysis is a creative process and, as such, extends beyond the process of identifying, coding and categorising the primary features of the data. 'Inductive analysis means that the patterns, themes, and categories of analysis come from the data; they emerge out of the data, rather than being imposed on them prior to data collection and analysis' (Patton, 2002, p. 390). A creative process inherent in the inductive research method means that there is no clear division between the data collection phase and the data analysis.

Data collection and analysis is the process by which researchers attempt to gain greater insight and understanding of what they have studied. 'Throughout participative observation, in-depth interviewing, and other qualitative research, researchers are constantly theorising and trying to make sense of their data' (Taylor & Bogdan, 1998, p. 141). This view of data analysis as an ongoing and dynamic process which occurs prior to and throughout the data collection phase is shared by Kval (1996, p. 176), who asserts that if a researcher is posing the question 'how shall I find a method to analyse the 1000 pages of interview transcripts I have collected?' then the question has been posed too late. Therefore, data analysis is integral to the whole research experience and as such requires careful consideration before and throughout the research process.

All interviews were tape recorded and transcribed verbatim by the researcher. The recorded interviews, while not replacing the necessity for note taking and other recorded observations, provided a permanent record of each interview. This allowed the researcher to thoroughly familiarise herself with the data and make comparisons with other supporting material, such as interview notes. Participants were assured that the transcription of the interview would be undertaken by the researcher with their identity encoded to provide anonymity and confidentiality of the interview data. A separate journal was maintained for participants in Western Australia and Victoria. These journals contained notes relating to the interview and observations and descriptions

about the professional environment of participants. Many respondents also provided organisational material, such as strategic plans and annual reports, which were included in the journal material. Further information, such as symbols on display of company values and details of operational processes, were also recorded in the journals to provide context for the interviews. The journal notes were used to capture observable characteristics and mannerisms of the participants which, when combined with listening to the recorded interview, gave the researcher a richer sense of the participant's communication through such elements as non-verbal cues and body language. Cross-referencing between journal notes and recorded interviews during data analysis assisted in the clarification of meaning, since the essence of words spoken was sometimes better captured in what was *not* said, rather than what was actually recorded.

3.7 Data Coding

Data collected in the interviews were transcribed into text units and colour coded in preparation for processing using the qualitative software program NVivo® (QSR, 2002; Richards & Richards, 1990, 1993). The NVivo software was of particular value in this study for data management, given the number of respondents (78) interviewed. The capacity of the system for storage and retrieval of text and references meant that the coding process was more manageable than if undertaken manually. However, computer software is no substitute for the insight and intuition that emanates from the work of the researcher (Coffey & Atkinson, 1996). This view is emphasised by Denzin and Lincoln (2000, p.805) who state that '[i]t is particularly important to emphasize that using software cannot be a substitute for learning data analysis methods. The researcher must know what needs to be done, and do it. The software provides tools to do it with'.

Each respondent was allocated a pseudonym, determined according to location, private or public organisation and the number of interviews conducted. This allowed for both respondent confidentiality and identification by the researcher. An example of a pseudonym is PP1, which represents the first respondent interviewed from the private

sector in Perth, Western Australia. Another example, VG5, represents the fifth respondent from the government sector of Victoria.

The verbatim transcripts from respondents' interviews were imported into the NVivo program as rich text files. This allowed the researcher to code single words, sentences or paragraphs in individual colours, which represented units of meaning or nodes.

These nodes formed the basis from which themes and categories could be determined. The NVivo program has several cross-reference and retrieval features that allowed the researcher to compile data sets for comparison and analysis in the formation of themes and categories relating to the interview questions (QSR, 2002; Richards & Richards, 1990, 1993).

Finally, Taylor and Bogdan (1998) argue that it is very important for a qualitative researcher to ensure that codes chosen fit the data collected from the participants. That is, codes represent the lived experiences of the participants and, as such, allocating such data to pre-determined codes may diminish the meaning conveyed by these individuals.

3.8 Rigour

Analysis of data has been acknowledged as the most challenging aspect of qualitative research (Taylor & Bogdan, 1998). As the researcher is central to the process of data collection, the validity of such research is dependent on the rigour through which the researcher undertakes his or her role (Patton, 2002). Rigour is described by Beck (1993) as the credibility, fittingness and auditability that is evident in the research. Validity is defined by Schwandt (as cited by Creswell & Miller 2000, p. 124) as 'how accurately the account represents participants' realities of the social phenomena and is credible to them'. Guba and Lincoln (1994) refer to trustworthiness of qualitative research and suggest truth, value, applicability, consistency and neutrality as criteria for rigour. Beck (1993) indicates that rigour can be achieved if credibility, fittingness and auditability are evident in the research. One strategy to promote such rigour is the provision of an audit trail.

As described by Creswell and Miller (2000), an audit trail is established by the researcher to ensure his or her research documentation can account for all research decisions and activities. Most particularly, the rigour and credibility of the audit trail needs to be examined and confirmed by an external examiner. Creswell and Miller (2000) also refer to what they term as ‘member checking’ as an integral component of an audit trail. In this study, validity of the data was confirmed by providing an electronic copy of the interview transcript for each participant so ‘[t]hat they can confirm the credibility of the information and narrative account’ (Creswell & Miller, 2000, p. 127). A further example of ‘member checking’ applied to this study. It consisted of an independent person listening to and checking two randomly recorded interviews to verify their accuracy with the written transcripts. **Appendix 3**, contains written documentation confirming that these recorded interviews correlated accurately with the transcripts.

The audit trail for this study included triangulation, described by Marshall and Rossman (2006) as the act of integrating more than one source of data within the study. The inclusion of a diverse range of participants and more than one data collection method strengthened this study’s validity and rigour. Finally, other components of the audit trail included:

- maintaining a journal for observations and details pertaining to all aspects of the research such as interviews, sample selection and data analysis;
- undertaking a pilot study in the use of CIT with a group of six senior executives in the public and private sectors of Western Australia; and
- engaging an individual, independent of this study, to verify the authenticity of two transcribed interviews. The chosen person is an academic at a university who was familiar with the process of transcribing interviews for the purpose of research.

An essential measurement of qualitative rigour includes what is described by Denzin and Lincoln (1994) as ‘thick description’. In essence, these go beyond superficial

recordings and observations. ‘Thick descriptions evokes emotionality and self-feelings. It inserts history into experience. It establishes the significance of an experience, or the sequence of events, for the person or persons in question. In thick description, the voices, feelings, actions, and meanings of interacting individuals are heard’ (Denzin & Lincoln, 1994, p. 83). In this study, for example, the inclusion of detailed notes relating to each respondent’s professional background and personal conversation preceding the recorded interview assisted in providing insight and meaning to responses given to the interview questions. Therefore, both verbal and non-verbal responses contributed to and gave meaning to respondents’ descriptions.

3.9 Summary

This chapter describes the research methodology, data collection methods and data analysis used in this research. The phenomenon of ethical leadership was examined through a qualitative approach. Participants’ recognition and management of ethical dilemmas, their response to a hypothetical vignette and their descriptions of the characteristics of ethical leadership provided the researcher with a rich source of data to address the research questions.

The data collection methods for the research were described in this chapter. Respondents were engaged in semi-structured interviews through which two principal data collection methods were employed. The CIT was applied, asking participants to recall and describe an ethical dilemma they had to manage. The second data collection method, a vignette, was used to test participants’ theory-in-use, as opposed to their espoused theory (Argyris, 1993). Finally, the methods undertaken by the researcher to ensure qualitative rigour of the research are presented.

Chapter 4: Data Analysis

The measure of a man's real character is what he would do if he knew he would never be found out.

Thomas B. Macaulay (1800–1859)

4.1 Introduction

This chapter details the coding that formed the basis for the analysis of data collected in this research. All analysis was based on the transcriptions of one interview undertaken with each respondent. The process of how data were content analysed and coded to establish emergent themes are presented in this chapter.

The interview, consisting of semi-structured questions, served three distinct purposes. First, three questions were designed to explore respondents' perceptions of what they thought were the principal characteristics of the phenomenon of *ethical leadership*. The descriptions and experiences of respondents to these questions were then coded and content analysed to examine emergent themes and trends relating to the phenomenon of *ethical leadership*.

Second, data were collected relating to respondents' self-reported incidents of ethical dilemmas and the actual actions (theories-in-use) they applied in response to these incidents. Finally, respondents were presented with a vignette based on an ethical dilemma which could realistically be encountered by senior executives in either a public or private organisation. The responses to this vignette were transcribed to determine the respondents' intended action (espoused theories). The researcher then compared respondents' management of their own ethical dilemmas with their intended action in response to the vignette, to determine if there was alignment between how the two scenarios were managed by respondents.

Stage 1 of the data analysis process consisted of three phases and was undertaken for all questions. Stage 1 is illustrated in **Figure 4.1**.

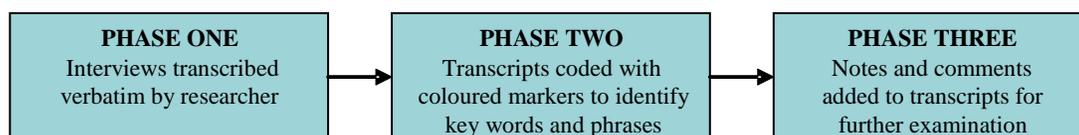


Figure 4.1: Data Analysis: Stage 1

The three phases outlined in **Figure 4.1** were completed to develop primary knowledge and understanding of all data that emerged from the interview process. Transcribing of the interviews was undertaken by the researcher, ensuring confidentiality for respondents. It also gave the researcher the opportunity to become immersed in the data, thereby assisting in the analysis process. Each respondent's transcribed interview was allocated a code name for identification and confidentiality purposes. The code was created according to whether the respondent was from the private or public sector and from Western Australia or Victoria. For example, PP16 referred to respondent number sixteen (16), represented by the private sector of Perth (Western Australia). The code VG9, referred to respondent nine (9), represented by the government sector of Victoria (a state in eastern Australia).

Following the transcription and code-naming of the interviews, key words or phrases of text were colour coded for each question and responses by respondents. Handwritten notes relating to the coloured text were also included in the margins of the transcriptions and provided reference points for data. The phases undertaken in Stage 1 assisted the researcher in identifying concepts that emerged from data, and formed the basis for further analysis and development of principal themes and categories undertaken in Stage 2. **Appendix 4** contains samples of the hand-coded data that emerged from the process undertaken in Stage 1.

Stage 2 of the data analysis process introduced the use of the qualitative software program NVivo (QSR, 2002; Richards & Richards, 1990, 1993). Respondents' transcribed interviews were copied as rich text files and transferred into NVivo. Rich text files allow viewing in multiple computer programs and provide a suitable platform for the manipulation of data for functions such as coding and interpretation. The key words and phrases of text, originally coded in Stage 1 using coloured markers, formed the basis for further analysis using NVivo. This text was organised into *nodes* representing key categories and *children* representing sub-categories, emerging from the data for each of the interview questions. The functions of NVivo allowed the researcher to examine data more efficiently and to create simultaneously an audit trail showing the development of themes, categories and sub-categories.

Figure 4.2 presents the framework that formed the basis of the development of principal themes and categories for all responses to questions that emerged from respondents' transcribed interviews.

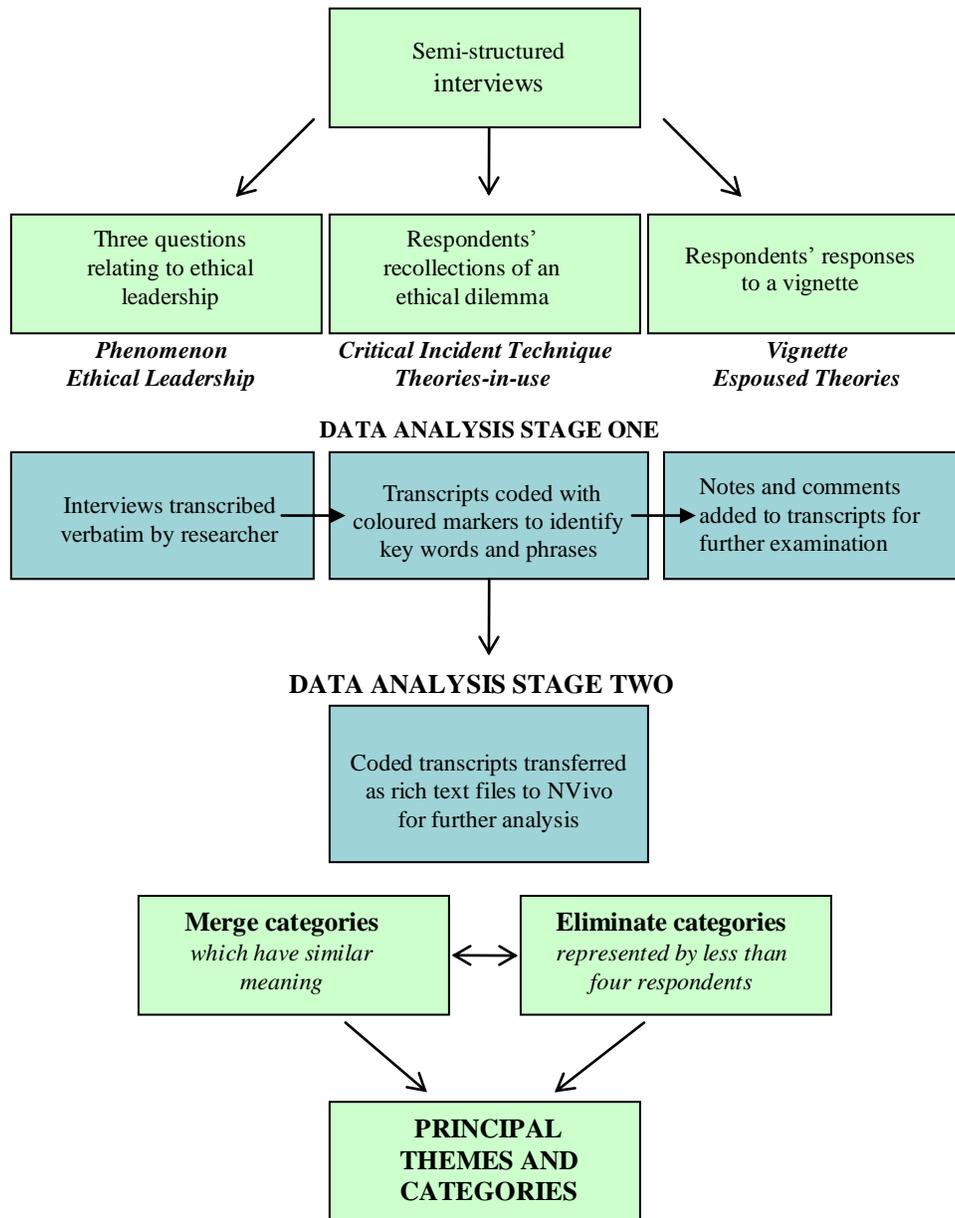


Figure 4.2 Data Analysis Framework

The volume of data at the commencement of the analysis process was extensive. A significant aspect of Stage 2, once the data were transferred to NVivo, involved the creation of many categories and sub-categories without any overarching themes being clearly evident. As **Figure 4.2** illustrates, the final themes and categories that emerged from the analysis process reflect the elimination of some categories and the merging of others. For example, categories represented by less than four respondents were

eliminated. It is important to note that this elimination was not done before careful consideration of the meaning and contribution each of these less represented categories contributed to the final themes which emerged from data. So too, categories which presented similar meanings to that in the principal categories were merged. As stated by Richards (2005 p. 86) '[q]ualitative coding is about data retention. The goal is to learn from the data, to keep revisiting it until you understand the patterns and explanations'. The processes of how data were content analysed and coded to establish emergent themes are detailed below. The themes relating to the phenomenon of *ethical leadership*, the nature and management of respondents' critical incidents and the respondents' management of the incident detailed in the vignette are each presented.

4.2 The Phenomenon of Ethical Leadership

Respondents were asked three questions, the purpose of which was to explore their perceptions of the characteristics and behaviours inherent in the phenomenon of *ethical leadership*. Firstly, respondents' descriptions of experiences relating to ethical leadership for questions 1 and 2 are presented. Finally, Question 3, relating to perceptions of characteristics associated with less than ethical leaders, is examined. Together, the three questions provided insight into the phenomenon of *ethical leadership*.

4.2.1 The Phenomenon of Ethical Leadership: Questions 1 and 2

Questions 1 and 2 introduced respondents to the principal theme of the interview, the phenomenon of *ethical leadership*. Question 1 gave respondents the opportunity to express, in general terms, what they thought of the phenomenon of *ethical leadership*.

- 1. In the context of your professional role and experiences, could you please describe what you think 'ethical leadership' is?*

Question 2 was designed to recall specific characteristics relating to respondents' recognition and experiences of individuals perceived as being ethical leaders.

2. *I would like you now to reflect upon an individual(s) you have associated closely with in your professional career who you would describe as being an ethical leader. Could you please explain some of the characteristics and behaviours which you observed in this individual which, for you, identified him or her as being an ethical leader.*

The primary nodes formed in NVivo were examined separately for questions 1 and 2. The number of responses for each of the categories was counted to ascertain the frequency of response and assist in the elimination of some categories and the merging of others that represented similar meaning. At this early stage of the data analysis process, it was evident that respondents' recollections for both Question 1 and Question 2 were similar in both the categories that emerged and in the frequencies with which they were recalled. **Appendix 5** contains the preliminary categories and sub-categories that emerged from the first analysis of the coded data in NVivo for questions 1 and 2. The bracketed numbers represent the frequency of responses for each category and sub-category. The sub-categories were included because they qualify the meaning of the emergent primary categories and most closely represented the meaning expressed by respondents. This was followed by a process of merging those categories with fewer than four responses.

Stage 2 of the data analysis process consisted of examining the primary categories to determine which ones could be grouped together to form principal themes qualified according to the most frequently recalled categories.

The primary themes that emerged for questions 1 and 2 are contained in **Appendix 5**. The preliminary emergent themes are: *individual character, value alignment, respect, governance, decision-making, altruism and fortitude-tenacity*. Under the themes are categories in bold italics. For example, ***honesty (36)***, which emerged from the initial

data analysis, is collapsed into the principal theme, *individual character*, to qualify its meaning. Some categories such as ***integrity (12)*** and ***trustworthy (10)*** are also in bold font. They are examples of two categories that were originally sub-categories in the primary data analysis phase and have been merged to form categories.

Individual character was qualified by categories that referred to characteristics relating to values and character; examples include honesty, trustworthiness and integrity. The categories qualifying *value alignment* were those that represented the alignment between an ethical leader's values and his or her behaviour. Therefore, categories such as *clear values* or *lived values* referred to leaders whose values were reflected by congruence, both in what was said and what was done.

The theme of *respect* referred to the importance respondents placed on ethical leaders' behaviour in relation to communicating with other people. Central to the meaning of this theme was the concept of fairness and of including people in the decision-making process. The theme of *governance* emerged, qualified by categories such as *doing the right thing*, *acts lawfully*, *meets responsibilities* and *brings people to account*. The meaning of *governance* expressed by respondents related to accountability in decision-making, and behaviour by leaders which respondents believed important if the decision-making process was considered ethical. *Governance* also included lawful adherence to proper processes and administrative procedures.

Relating closely to the theme of *governance* was the theme of *decision-making*, qualified by categories such as *open and transparent*, *accountable* and *checks and balances*. These categories referred to the importance attributed by respondents to decisions being accountable, transparent, and able to withstand formal scrutiny.

The principal category, *servicing the public interest*, was merged within the theme of *altruism*. Qualifying categories, such as *forgoes self-interest* and *acts in the public interest*, gave particular meaning to ethical leaders' propensity to place the interests of others before themselves. The final theme, *fortitude-tenacity*, emerged because it gave

specific reference to the manner in which an ethical leader responded to the process of decision-making. In particular, it applied to situations in which there was resistance from individuals in the organisation because they did not agree with the leader's final decision on a matter. In the face of this disagreement, the leader expressed a determination to stand by his or her position even though it may have been unpopular. Therefore, categories such as *demonstrates determination* or *gives frank and fearless advice*, were merged to qualify the theme of *fortitude–tenacity*.

Following the data analysis process described above, further merging of the principal themes and categories was undertaken. This resulted in three final themes for questions 1 and 2, namely: *value alignment*, *governance* and *relationship-centredness*. Each of these three themes is now examined, including the process through which they emerged in this research.

Figure 4.3 illustrates the first of the three themes, *value alignment*, along with its qualifying categories, *integrity* and *courage*. The themes *individual character* and *fortitude–tenacity* were merged into the theme of *value alignment*. Many of the categories that qualified the theme of *individual character* were merged and qualified by the category *integrity*. Similarly, the categories that originally qualified the theme of *fortitude–tenacity* were merged into the category *courage*. The categories that were collapsed into *integrity* and *courage* are highlighted by the arrows in **Figure 4.3**. The theme of *value alignment* encapsulates the central concept emerging from the data; that is, the personal values of ethical leaders are clearly evident and aligned with their observed behaviour.

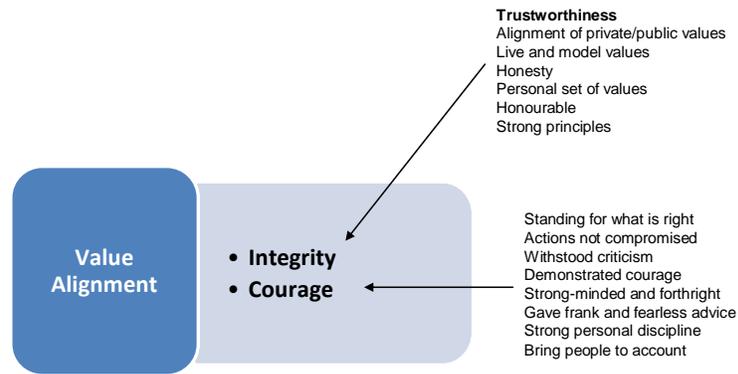


Figure 4.3: Themes of Ethical Leadership: Value Alignment

The second theme, *governance*, is illustrated in **Figure 4.4** and is qualified by two categories, *accountability* and *discernment*. The theme of *governance* was retained from initial analysis. The qualifying categories emerged to describe two aspects of governance emanating from respondents' recollections. The theme of *decision-making* and its categories were merged into the category *discernment*, to describe the particular way in which ethical leaders made decisions. The categories that originally qualified the theme of *governance* were collapsed to become *accountability*, as they encapsulated the principal meaning of *governance* also described by respondents. The examples recalled by respondents made clear reference to decision-making by ethical leaders as not only being the fulfilment of specific legal requirements, but also included action which was judged by others as being fair and reasonable.

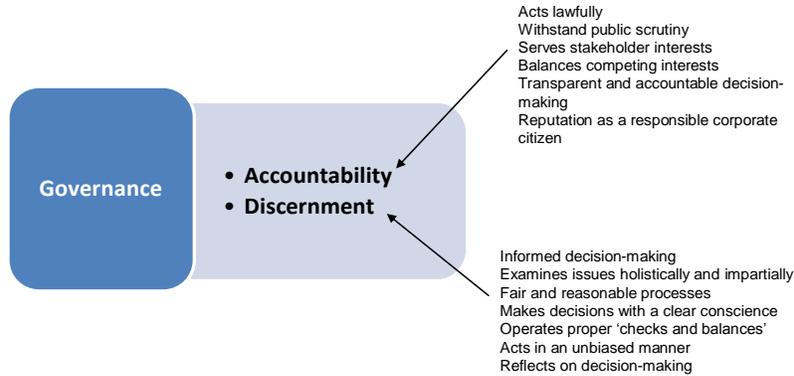


Figure 4.4: Themes of Ethical Leadership: Governance

The final theme of *relationship-centredness*, presented in **Figure 4.5**, emerged from the collapse of two themes, *respect* and *altruism*. The arrows in **Figure 4.5** show the categories that were collapsed to form the categories of *fairness* and *altruism*. Many of the categories that were merged to qualify the theme of *relationship-centredness* related to qualities and behaviours recalled by respondents that described communication and relationships as important foci of ethical leaders.

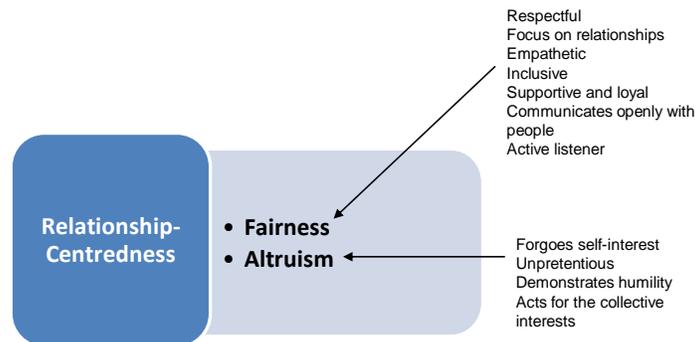


Figure 4.5: Themes of Ethical Leadership: Relationship-Centredness

In conclusion, **Figure 4.6** details the three themes of *value alignment*, *governance* and *relationship-centredness*. The categories leading from the arrows represent those which

were collapsed and merged to qualify the principal categories that qualify each of the three themes representing the phenomenon of *ethical leadership*.

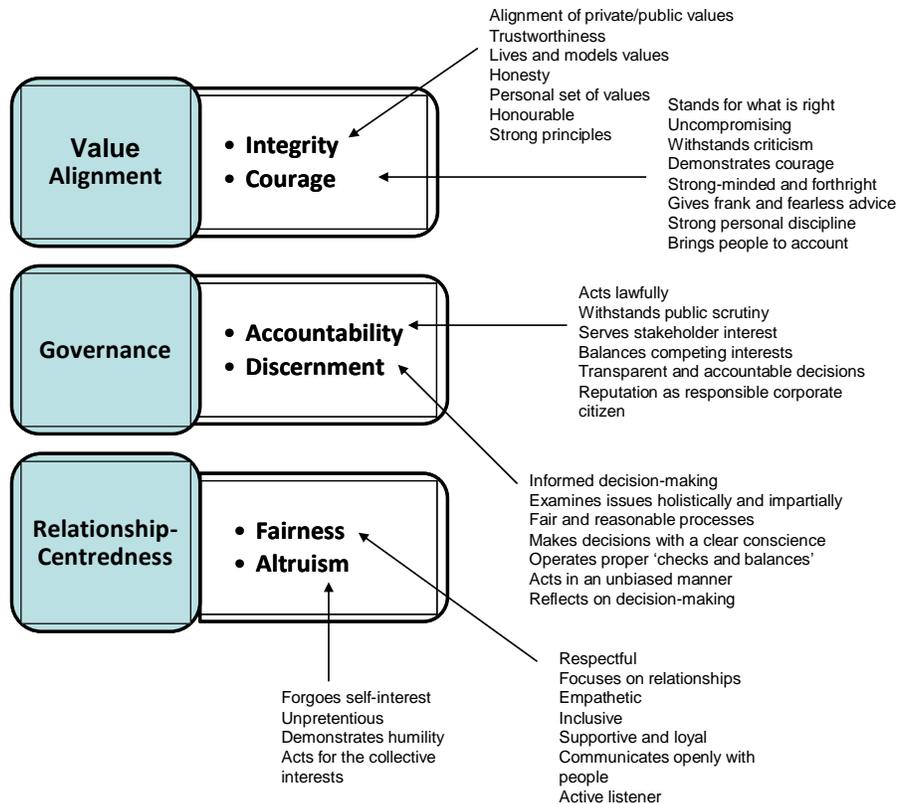


Figure 4.6: Final Themes of Ethical Leadership

4.2.2 The Phenomenon of Ethical Leadership: Question 3

Question 3 sought respondents' recollections of leaders whom they identified as being *less than ethical*. This term was adopted for Question 3 in recognition of the phenomenon of *ethical leadership* being represented on a continuum of characteristics and behaviours identified by the respondents. The analysis of respondents' recollections of what represented *less than ethical leadership* provided data that assisted in informing the principal question: what is ethical leadership? Responses were required to the following question:

3. *Conversely, I would now like you to reflect upon an individual you have associated closely with in your professional career who you would describe as being less than an ethical leader. Could you please explain some of the characteristics and behaviours which you observed in this individual which, for you, identified him or her as being less than an ethical leader.*

The data analysis process undertaken for questions 1 and 2 was similarly repeated for Question 3. That is, the responses were content analysed for categories and sub-categories from the first analysis of coded data in NVivo. Following this, categories and sub-categories were merged to form five themes, namely, *individual character*, *use of power*, *governance*, *unethical conduct* and *expediency* representing respondents' recollections of the characteristics of *less than ethical leaders*. **Appendix 6** contains the preliminary categories and sub-categories that emerged from the first analysis of the coded data in NVivo for Question 3. As with questions 1 and 2, the bracketed numbers represent the frequency of responses for each category and sub-category. The categories in bolded italics represent similar meaning to a key category and were merged into the one category. For example, *dishonest*, *duplicitous* and *conceals motives* were merged with the category *deception*. Similarly, *eliminates competitors* and *divides and conquers* were merged to qualify the principal category *sabotage*.

Following the data analysis process outlined above, further merging of themes and categories was completed. Three themes, namely *deception*, *governance* and *self-centredness* emerged to represent the characteristics of *less than ethical leadership*. Each of these three themes is now described.

4.2.2.1 Deception

The theme of *deception* represents the principal characteristic of a less than ethical leader. While ethical leaders' values and behaviour are closely aligned, less than ethical leaders' behaviour is characterised by concealment. In essence, there is a misalignment between what they say and how they behave. **Figure 4.7** illustrates the theme of

deception. The categories leading from the arrow were merged from the original theme *individual character* to form one qualifying category, *value misalignment*.

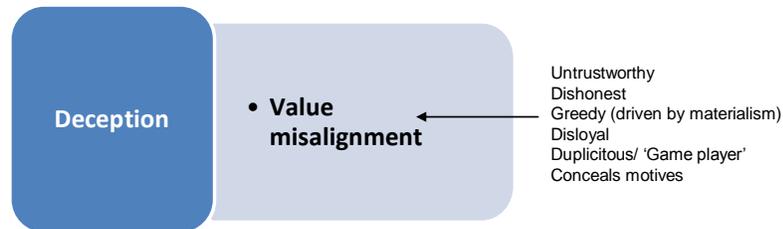


Figure 4.7: Themes of Less than Ethical Leadership: Deception

4.2.2.2 Governance

The second theme, *governance* is presented in **Figure 4.8**. In the original data analysis process, *expediency* emerged as a theme. It was collapsed to form one of the two principal categories for the theme of *governance*. The categories leading from the arrows represent those that were merged to qualify the two principal categories, *culpability* and *expediency*. While *governance* emerged as a theme for both ethical and less than ethical leadership, the categories qualifying *governance* were very different for the two leadership constructs. The categories of *culpability* and *expediency* are defined by behaviour that supports the theme of *deception*. For example, *withholds information* which was collapsed into the category *culpability* may represent a form of concealment. This is in contrast to ethical leaders whose behaviour relating to *governance* is defined by transparent and accountable processes.

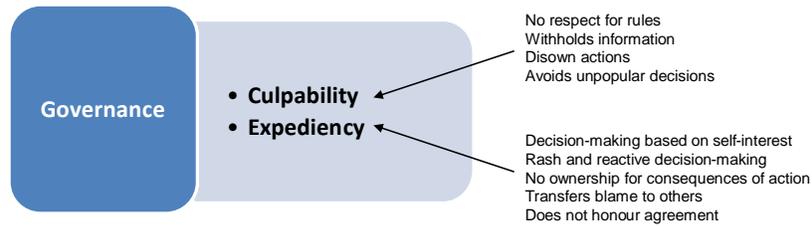


Figure 4.8: Themes of Less than Ethical Leadership: Governance

4.2.2.3 Self-Centredness

The final theme, *self-centredness*, is illustrated in **Figure 4.9**. The theme of *use of power* and its categories were collapsed in the initial data analysis process and merged to form the category *abuse of power*. The term ‘abuse’ better qualified the types of behaviour exhibited by a *less than ethical leader*. That is, a *less than ethical leader* ‘misuses’ power in an abusive manner. Categories such as *discriminates* and *engages in sabotage* were merged into the principal category *abuse of power*. Some of the categories which qualified the principal theme *self-centredness* were merged to form the category *self-serving* to qualify behaviour that was closely related to the principal theme.

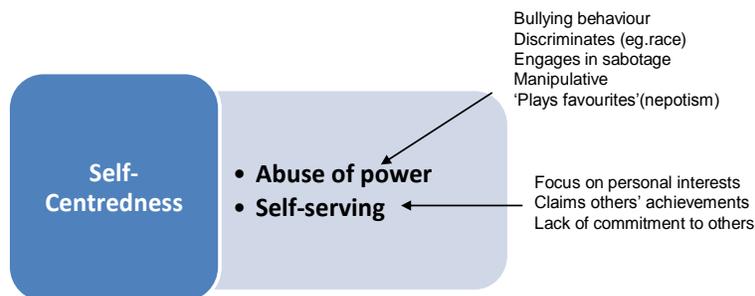


Figure 4.9: Themes of Less than Ethical Leadership: Self-Centredness

The final three themes and categories, which qualified the characteristics of *less than ethical leaders*, are presented in **Figure 4.10**. The categories leading from the arrows represent those that were collapsed and merged from other categories and themes in the initial data analysis process. The representation of characteristics of *less than ethical leadership* qualified by the themes of *deception*, *governance* and *self-centredness*, provide a basis for comparison with the three themes that qualified *ethical leadership*, namely, *value alignment*, *governance* and *relationship-centredness*. The data which emerged from respondents' recollections of both *ethical* and *less than ethical leadership* may provide better information on the principal question of this study: what is ethical leadership?

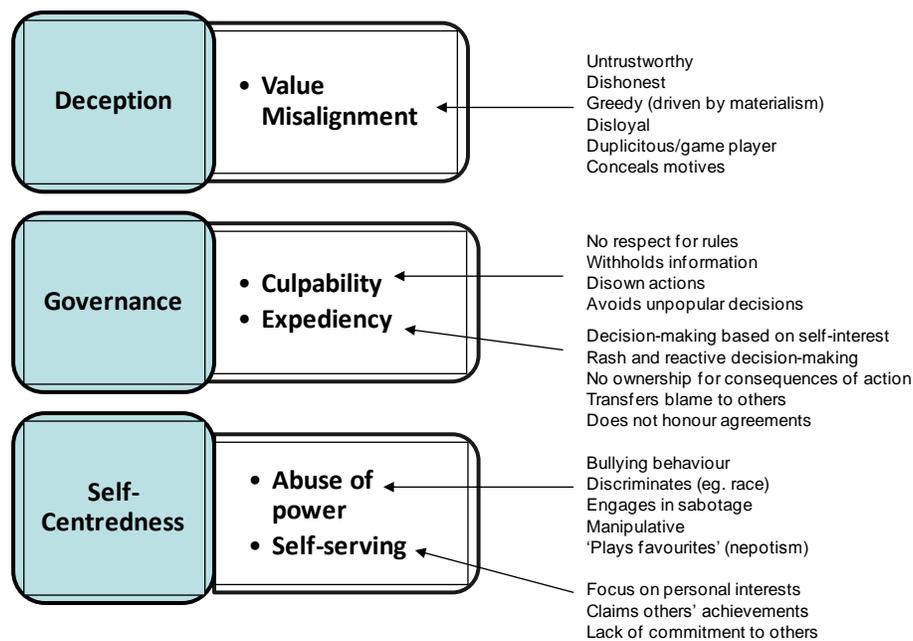


Figure 4.10: Final Themes of Less than Ethical Leadership

Following data analysis for *less than ethical leadership*, **Table 4.1** was created to allow comparison between the preliminary themes and categories that emerged in Stage 2 of the analysis process.

The themes of *individual character*, *governance* and *decision-making*, represent the themes common to both. The decision-making characteristics of *less than ethical leaders* were originally contained within the theme of *expediency*. Further content analysis resulted in these categories being grouped to form the theme of *decision-making*. The themes, which emerged for *less than ethical leadership*, have been placed in **Table 4.1** next to the closest opposing theme for *ethical leadership*. As such, the organisation of the themes is as follows: *value alignment* and *deception*; *respect* and *use of power*; *fortitude–tenacity* and *expediency*; and *altruism* and *unethical conduct*. The categories in bolded italics represent the categories that have been merged into a single category. For example, *dishonest*, *duplicitous*, *conceals motives*, *game playing*, *disloyal* and *untrustworthy* have been merged with *deception*.

The comparisons in **Table 4.1** assisted in the merging and collapsing of themes and categories for *less than ethical leadership* into three principal themes, namely, *deception*, *governance* and *self-centredness*. These three themes were defined differently for each construct; however, both focused on the areas of values, governance and relationships.

Table 4.1: Comparison of Preliminary Themes and Categories: Ethical and Less than Ethical Leadership

ETHICAL LEADER	LESS THAN ETHICAL LEADER
<p>INDIVIDUAL CHARACTER <i>Honesty truthfulness(73) Strong personal discipline and work ethic(39)</i> <i>Honourable character(14) Integrity(12)</i> Trustworthy(10)</p>	<p>INDIVIDUAL CHARACTER <i>Deception(61) dishonest, duplicitous, conceals motives, game playing, disloyal, untrustworthy</i> <i>Decisions based on self-interest(77) serves self, claims others' achievements</i> <i>Greedy, focused on materialism(10)</i></p>
<p>VALUE ALIGNMENT <i>Leads by example(54) Strong principles-values(43)</i> <i>Promotes an ethical workplace(26) Lives values(21)</i> Reputation for being ethical(10) Clear values(7) Values to guide organisation(6)</p>	<p>DECEPTION <i>Deception(61) dishonest, duplicitous, conceals motives, game playing, disloyal</i> <i>Manipulates and lies(29)</i></p>
<p>RESPECT <i>Strong communication skills(47) Treats people fairly(47)</i> <i>Relationship oriented(19) Respectful(17)</i></p>	<p>USE OF POWER <i>Manipulates and lies(29) Sabotage(26) eliminate competitors, divides and conquers</i> <i>Nepotism (20) plays favourites, discriminates,</i> <i>Bullying(20) Disrespectful(15) Withholds information(12)</i></p>
<p>GOVERNANCE <i>Brings people to account(44) Acts lawfully(19)</i> <i>Meets responsibilities(11) Stands for what is right(12) Does things in the right way(8)A responsible corporate citizen(7)</i> <i>Follows the spirit of the law(5)</i></p>	<p>GOVERNANCE <i>Disrespect for rules(18) Unsupportive of public interests(17) Breaches agreements(12)</i> <i>Lack of public service values(8)</i></p>
<p>DECISION-MAKING <i>Open and transparent(86) Makes decisions with clear conscience(42)</i> <i>Objective and reflective in decision-making(25)</i> Takes responsibility for decisions(25) Balances competing interests(24) Fair and reasonable processes(10) Impartial(8) Examines issues holistically(6)</p>	<p>DECISION-MAKING <i>Decisions based on self-interest(77)</i> <i>Disownership of actions(39) no ownership for consequences of action, transfers blame to others</i> <i>Avoids unpopular decisions(24) Indecisive</i> <i>Withholds information(12)</i></p>
<p>ALTRUISM <i>Acts in the public interest(40) Forgoes self-interest(27)</i> <i>Empathetic(11) Unpretentious and humble(9)</i> <i>Recruits talented people(8)</i></p>	<p>UNETHICAL CONDUCT <i>Decisions based on self-interest(77)</i> <i>Misrepresentation of credentials and records(22)</i> <i>Misuse of resources(20) Unsupportive of public interests(17) Conflict of interests(12)</i> <i>Bribery(9)</i></p>
<p>FORTITUDE–TENACITY <i>Demonstrates determination(60)</i> <i>Withstands criticism(28) Demonstrates courage(27)</i> <i>Gives frank and fearless advice(21)</i> Strong minded and forthright(17)</p>	<p>EXPEDIENCY <i>Disownership of actions(39), transfers blame to others</i> <i>Avoids unpopular decisions(24) Indecisive</i> Rash-reactive(11) Cut corners</p>

The principal themes and categories for questions 1, 2 and 3 are illustrated in **Figure 4.11**. The theme of *value alignment*, *governance* and *relationship-centredness*, emerged through analysis and coding of data related to each of the three questions and informed the principal question: what is ethical leadership?

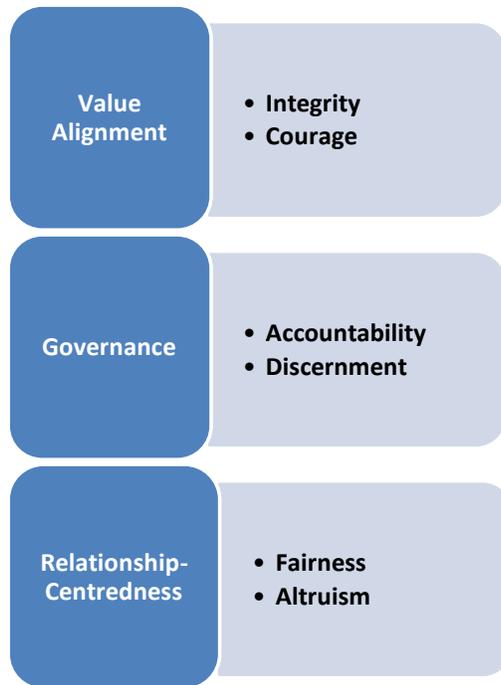


Figure 4.11: Final Themes and Categories: Ethical Leadership

4.3 Nature and Management of Critical Incidents: Theories-in-Use

4.3.1 Question 4

Respondents were asked to recall a critical ethical incident they had encountered in their professional role. The CIT, as outlined by Flanagan (1954), was applied to Question 4. This question was designed to examine respondents' *theories-in-use* or what they actually did in response to a critical incident. The question sought from respondents a description of the main elements of the critical incident, what steps they took to resolve

the conflict and the outcome(s) which resulted from the course of action they chose to take.

4. *I want you to reflect upon a situation in your professional career that you've been called upon to manage which you found very challenging to resolve because it was an ethical dilemma. Can you describe this situation and the steps you took to resolve it and what the outcome was?*

Data analysis of Question 4 was undertaken in two stages, applying the same framework used for the previous three questions. The first stage consisted of content analysis of the nature of respondents' ethical incidences and the second stage of analysis established the type of action undertaken by respondents to manage their ethical incidences. The two stages of analysis are presented in the following sections.

4.4 The Nature of Respondents' Critical Incidents

Respondents' ethical incidences were content analysed for principal themes and categories. First, respondents' incidences were summarised to depict the key elements. The tables illustrating this process have been placed in **Appendix 7** and they present the preliminary emergent themes and categories to qualify the nature of respondents' ethical dilemmas. **Table 4.2** presents a small example of how these tables have been presented for each respondent's recalled ethical incidence.

Table 4.2: Primary Data Analysis of Respondents' Critical Incidents

ETHICAL INCIDENT THEME	DESCRIPTION OF ETHICAL INCIDENT	CATEGORY	SUB -CATEGORY
PG2 Governance	An offer to CEO to secure preferential service by the organisation.	Bribery	Gifts and rewards
PG2 Relationship Management	Management of an employee's alcohol problem in the workplace	Workplace behaviour	Use of alcohol and drugs
PG2 Governance	Use of corporate credit card for personal use	Misappropriation of resources	Credit card use
PG3 Competing interests	The decision to release information under FOI and the challenge of determining what is 'in the public interest'	Confidentiality-disclosure	

Further content analysis was then undertaken to determine the themes and categories, which represented the nature of the incidences. **Figure 4.12** outlines the three principal themes that emerged from data to qualify the nature of critical incidences recalled by respondents, namely: *governance*, *relationship management* and *competing interests*.

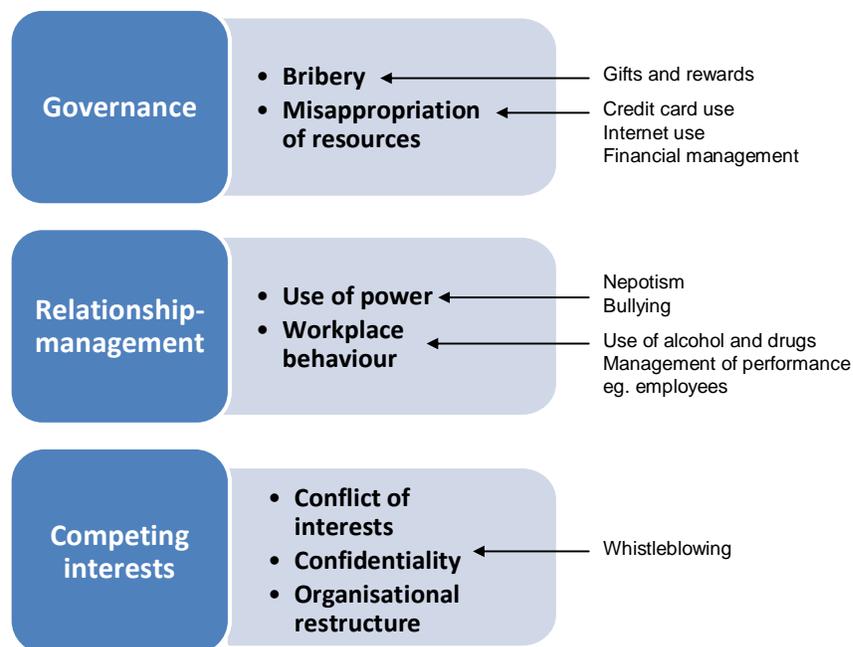


Figure 4.12: Respondents' Critical Incidents: Themes and Categories

Many categories qualified the most common incidences recollected by respondents, and the arrows in **Figure 4.13** lead from categories that were merged. For example, incidents recalled by respondents such as *bullying*, *nepotism*, *use of alcohol and drugs* and *management of performance* were merged to form one category, *workplace behaviour*. The *workplace behaviour* category represents an important element that emerged from respondents' recollections. While there were specific aspects relating to the nature and behaviour of the reported incident, this was not a defining element expressed in respondents' recollections. The most common challenge facing respondents was the management of the relationships with the parties involved in the critical incident.

Similarly, categories such as *credit card use* and *internet use* were merged with *misappropriation of resources* as the nature of these dilemmas centred on issues relating to the application of policies and rules within the area of an organisation's *governance*.

A process of further data analysis of the nature of the critical incidences was undertaken. For example, categories such as *bullying* and *nepotism* were merged to form the category *use of power* and became one of two categories to qualify the theme of *relationship management*. Categories such as *use of drugs and alcohol* and *management of performance* were merged into one qualifying category, *workplace behaviour*. The theme of *competing interests* is qualified by two final categories, *confidentiality* and *organisational change*. The categories *disclosure*, *conflict of interests* and *whistle-blowing* were merged into the principal category *confidentiality*. The category *organisational restructure* was modified to *organisational change* as it better reflected the nature of the critical incidences recalled by respondents.

Finally, categories such as *credit card use*, *internet use* and *use of finances* were merged and qualified by the category *misappropriation*. The category *gifts and rewards* merged with the principal category *bribery* and, together with *misappropriation*, qualified the theme of *governance*.

Figure 4.13 presents the final themes and categories that emerged from data relating to respondents' recollections describing the nature of their ethical incidences.

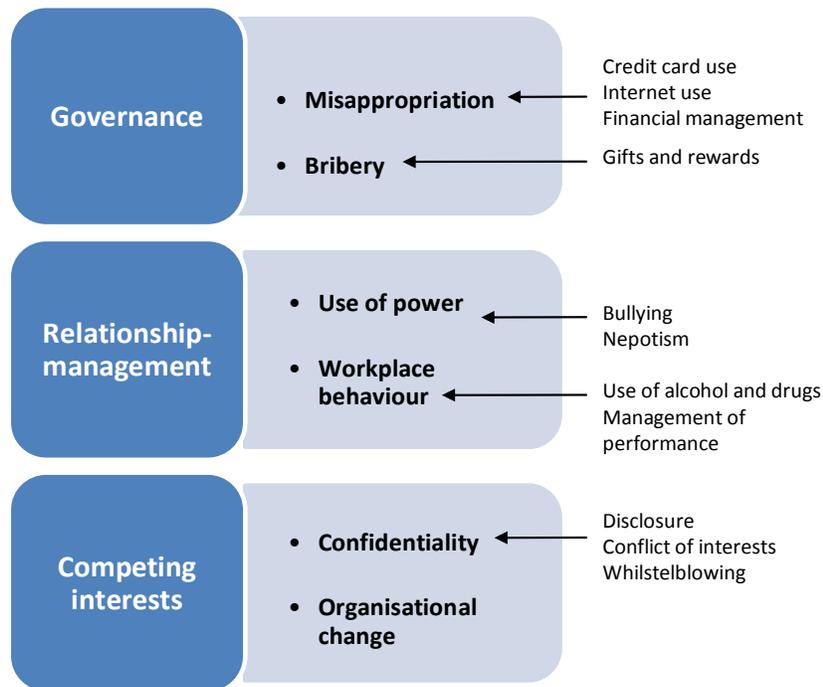


Figure 4.13: Respondents' Critical Incidents: Final Themes and Categories

4.5 Preliminary Coding of Respondents' Actions in Response to Critical Incidents

Following the coding of critical incidences, action taken by respondents to manage those incidences was content analysed for emergent themes and categories. Respondents' actions represented their theories-in-use, or what they actually did to manage their critical incidents.

Table 4.3: Respondents’ Management of Critical Incidences: Preliminary Themes and Categories

THEME	CATEGORY
GOVERNANCE	Seek independent assessment Adhere to governance rules Document position <i>Revise policies</i> <i>Examine options</i>
FORTITUDE–TENACITY	Argue position Rely on own judgement <i>Report to authorities</i> <i>Stand by decision</i> <i>Whistle-blow</i>
WITHDRAW	Refuse to participate Forgo potential career rewards/position
RELATIONSHIP MANAGEMENT	Build relationship with parties Seek to understand <i>Provide professional support</i> <i>Manage performance</i> <i>Use position to influence process</i>

Table 4.3 presents the preliminary themes and categories that emerged from content analysis of data related to actions taken by respondents in the management of their critical incidences. The categories in bolded italics are descriptions of action that emerged from data but not as frequently as the other categories included in **Table 4.3**. Following this initial coding, these categories were examined for emergent themes. Four themes emerged, namely *governance*, *fortitude–tenacity*, *withdraw* and *relationship management*.

4.6 Final Coding of Respondents’ Actions in Response to Critical Incidents

Further content analysis was undertaken and a number of categories were collapsed into one qualifying category. As detailed in **Figure 4.14**, categories that emerged from the preliminary coding were merged to be qualified by one principal category. For example, the categories *seek independent assessment*, *adhere to governance rules*, *document*

position, revise policies and *examine options* were merged to form the principal category *compliance*. The arrows in **Figure 4.14** show the merged categories leading to the principal categories that were formed.

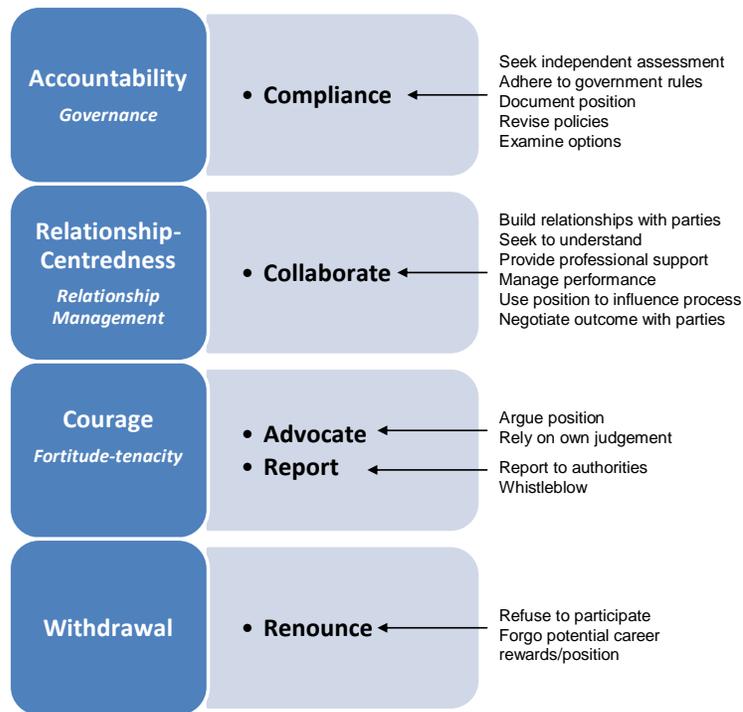


Figure 4.14: The Management of Critical Incidents: Final Themes and Categories

Following the merging of categories, preliminary themes were again content analysed. The theme of *governance* was merged to form the theme of *accountability* as it better qualified the actions reflected in respondents’ recollections of the management of their ethical incidences. The theme of *fortitude–tenacity* was further content analysed and merged to become the theme of *courage*. The principal categories, *advocate* and *report* emerged to qualify the theme of *courage*.

The theme of *relationship management* merged to become *relationship-centredness* and categories such as *build relationships with parties* and *negotiate outcome with parties* were merged and became qualified by one category *collaborate*. The theme of *withdrawal* is qualified by the principal category *renounce* from which *refuse to*

participate and *forgo potential career rewards* have been merged. The preliminary themes, *relationship management* and *fortitude–tenacity* have been included under the newly merged themes of *relationship-centredness* and *courage*. **Appendix 8** contains examples of the preceding content analysis and coding which emerged to determine respondents' actions.

The following section details the data analysis undertaken for respondents' reported actions in response to the hypothetical scenario detailed in a vignette presented to them in the interview.

4.7 Coding of Respondents' Actions in Response to a Vignette

All respondents were presented with a hypothetical scenario in the form of a vignette. The scenario depicted in the vignette was based on data collected in a pilot study undertaken before the semi-structured interviews with respondents. All participants in the pilot study were senior executives from public and private sectors. The vignette created for this study represents the results of constructive feedback received from pilot study participants on the scenario in the following vignette:

The organisation in which you are a senior executive has recently been involved in a lucrative business proposal. You have been given principal responsibility for its development. The negotiations are with both private and government entities. You discover that the contract does not fully comply with mandatory compliance policies. This view is not shared by other executives within your organisation who are keen to proceed. The success of this contract is likely to have favourable consequences for your future career prospects. What would you do?

Responses were content analysed for emergent categories that reflected respondents' intended course of action; that is, their espoused theories, to resolve the critical incident outlined in the vignette. **Table 4.4** outlines the themes and categories that emerged from preliminary data represented by responses to the vignette.

Table 4.4: Management of the Vignette Critical Incident: Preliminary Themes and Categories

THEME	CATEGORY
GOVERNANCE	Seek independent assessment Adhere to governance—Rules Examine policies Document position
FORTITUDE–TENACITY	Argue position Report to authorities
WITHDRAW	Outright refusal to participate Forgo potential rewards/position Advise Board not to proceed
RELATIONSHIP MANAGEMENT	Build relationship with parties Seek to understand Negotiate to achieve compliance

Identical themes emerged from the initial data analysis relating to both the vignette and the respondents’ own ethical dilemmas; the four themes being *governance*, *fortitude–tenacity*, *withdraw* and *relationship management*.

4.7.1 Final Coding of Respondents’ Actions in Response to the Vignette

Further content analysis was undertaken and a number of categories were merged. For example, the categories *outright refusal to participate*, *forgo potential rewards or position* and *advise board not to proceed* were merged into one category *renounce*, which was qualified by the theme of *withdrawal*. The categories *build relationships with parties*, *seek to understand* and *negotiate to achieve compliance* were also merged and qualified by one category *collaborate* that, in turn, was qualified by the theme of *relationship-centredness*. The theme *governance* merged to become *accountability* and was qualified by the category *compliance* from which the categories *seek independent assessment*, *adhere to governance rules*, *examine policies* and *document position* were merged. **Figure 4.15** illustrates the final themes and categories that emerged from data to qualify the espoused action taken by respondents in response to the vignette.

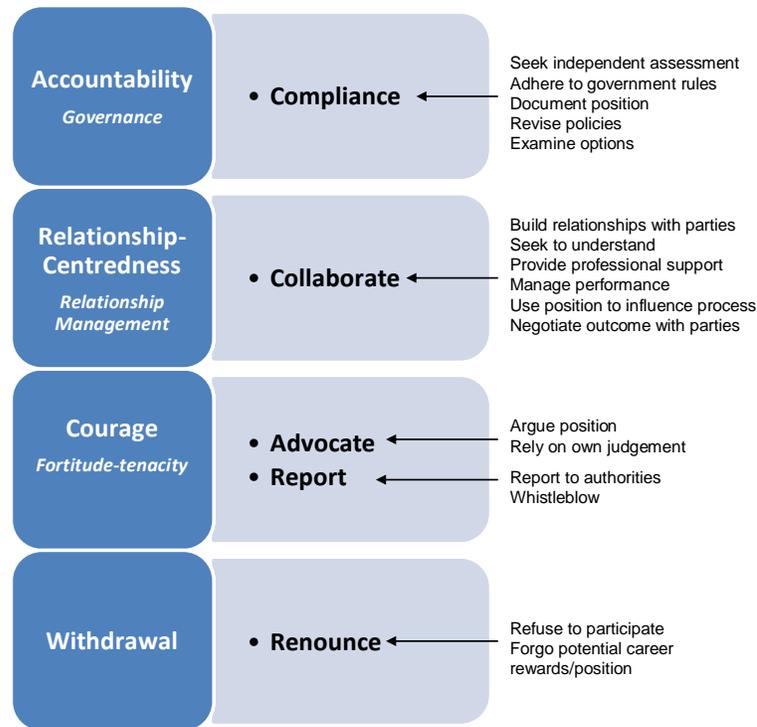


Figure 4.15: Respondents’ Management of the Vignette Critical Incident: Final Themes and Categories

While the themes and categories that emerged from data for respondents’ management of their own ethical dilemmas and the vignette were identical, the distribution of responses for each theme differed. There were two areas in which this distribution was most evident. First, in the management of relationships, the theme of *relationship-centredness* emerged as having a higher priority for respondents in the management of their own ethical dilemmas, as opposed to their responses to the vignette. Second, respondents’ *withdrawal* from the critical incident depicted in the vignette was a more common choice compared with the management of their own ethical dilemmas.

4.7.2 Alignment Between Respondents’ Theories-in-use and Espoused Theories

The final process in data analyses consisted of an examination to determine whether there was alignment between respondents’ action taken in response to the vignette (espoused theories) and the management of their own ethical dilemmas (theories-in-use).

Data relating to respondents' ethical dilemmas and their responses to the vignette were content analysed in various ways. Firstly, the actions of all respondents, using the previously coded identities, were aligned with each theme. **Table 4.5** illustrates this process. Column B in **Table 4.5** represents responses to the vignette and Column D the respondents' actions in relation to their own critical incidences. Responses in Column A are organised under four themes: *accountability*, *courage*, *withdrawal* and *relationship-centredness*. Finally, Column C (shaded) contains the number of respondents for each principal theme in which there was alignment between their *espoused theories* (intended action) and their *theories-in-use* (action taken). Respondents' actions for both the critical incident and the vignette that were aligned were bolded and underlined. While it is beyond the scope of this study to undertake a comparative analysis of differences in respondents' action within groupings such as male/female, or public/private sector, it is acknowledged that this represents potential research for the future.

At its fundamental level, the data represented in **Table 4.5** confirms that what respondents said they would do in the management of a hypothetical vignette compared with the management of their own ethical dilemmas did not align. For example, under the theme of *relationship-centredness*, 34 respondents indicated relationships were an important component of their decision-making in responding to their own critical incidences. However, when this was compared to the theme of *relationship-centredness* and the responses to the vignette, only four of the 34 respondents' actions aligned. **Table 4.5** also illustrates, for example, that respondents were more likely to demonstrate behaviour relating to *courage* when presented with the hypothetical vignette than in the management of their own ethical dilemmas.

Examples of the preceding data analyses relating to alignment are contained in **Appendix 9**.

Table 4.5: Response Alignment: Espoused Theories and Theories-in-Use

Column A	Column B	Column C	Column D
Themes	Vignette Respondents	Aligned respondents	Critical Incidence Respondents
Accountability	<p><u>PG1 PG2 PG3 PG4 PG5 PG6 PG7 PG12 PG13 PG14 PG15 PG17 PG18 PG19 PG20 PG21 PG22 PG23 PG24 PG25 PG26 PG27 PG28 PG29</u> PP1 PP2 PP3 PP4 <u>PP5 PP6</u> PP8 PP9 PP10 PP11 PP13 <u>PP14 PP16 PP17 PP18</u> PP19 PP20 PP21 VG1 <u>VG2 VG3 VG4 VG5 VG6 VG7 VG8 VG9 VG10 VG11 VG12</u> VP1 <u>VP2</u> VP3 <u>VP4</u> VP5 VP8 VP11 VP12 VP13 VP14 <u>VP15 VP16</u></p>	33	<p><u>PG1 PG2 PG3 PG5 PG7 PG10 PG11 PG13 PG14 PG15 PG17 PG19 PG20 PG21 PG22 PG25 PG26 PG27 PG28</u> <u>PP5 PP6</u> PP7 PP12 <u>PP14 PP16 PP17 PP18</u> PP21 <u>VG2 VG4 VG5 VG8 VG9 VG11 VG12</u> <u>VP2 VP4 VP15 VP16</u></p>
Withdrawal	<p><u>PG11 PG12 PG15 PG16 PG21 PG22 PG23 PG24 PG27 PG28 PP5 PP8 PP12 PP13 PP14 PP16 PP17 PP20 PP21</u> VG1 VG2 VG3 <u>VG7 VG10 VG11</u> VP1 <u>VP2 VP3 VP4 VP9 VP10 VP12 VP13</u> VP14 VP15 VP16</p>	24	<p>PG1 PG3 PG4 PG5 PG6 PG10 <u>PG11 PG12</u> PG13 <u>PG15 PG19 PG20 PG21 PG22 PG24 PG27 PG28</u> PP2 PP3 <u>PP5 PP7 PP8 PP12 PP15 PP16 PP17</u> PP19 <u>PP21</u> VG6 <u>VG7 VG8 VG9 VG10 VG11</u> <u>VP2 VP3 VP4</u> VP5 VP7 VP8 <u>VP9 VP10 VP12 VP13</u></p>
Courage	<p>PG3 PG6 PG8 PG9 PG10 PG12 PG13 PG14 PG15 <u>PG16 PG20 PG28 PG29</u> PP1 PP2 <u>PP3</u> PP5 PP6 PP7 <u>PP11 PP13 PP16</u> PP17 <u>PP18</u> PP21 VG2 VG5 VG8 VG11 VG12 VP2 VP3 VP4 VP6 <u>VP7</u> VP8 VP9 VP10 VP14 VP15 VP16</p>	9	<p>PG2 PG4 <u>PG16 PG20</u> PG22 PG24 PG27 <u>PG29</u> <u>PP3 PP11 PP13 PP16 PP18 VP7</u></p>
Relationship-Centredness	<p>PP12 PP15 <u>VG6 VG12</u> VP5 <u>VP11 VP13</u></p>	4	<p>PG7 PG8 PG9 PG13 PG14 PG15 PG16 PG17 PG18 PG19 PG22 PG23 PG25 PP1 PP4 PP6 PP8 PP9 PP10 PP13 PP14 PP20 VG1 VG3 VG4 <u>VG6 VG12</u> VP1 VP6 VP8 VP9 <u>VP11 VP13</u> VP14</p>

4.8 Summary

In this chapter the data analysis, coding themes and categories were presented in two parts. Part 1 consisted of three questions relating to the phenomenon of *ethical leadership*. This included the questions seeking respondents' recollection of the characteristics of both ethical and less than ethical leadership. Part 2 consisted of an examination of the nature of respondents' critical incidences (theories-in-use), followed by their responses to a vignette (espoused theories). Respondents' espoused theories were then aligned with their theories-in-use to ascertain whether respondents' values associated with their intended behaviour were congruent with their actual responses, when confronted with an ethical dilemma. Emergent data were content analysed to examine principal themes and categories for all questions. Chapter 5 discusses the findings from the analyses of the data collected.

Chapter 5: Findings

*This above all: to thine own self be true, and it must follow, as the night the day, thou
canst not then be false to any man*

William Shakespeare (1564–1616)

5.1 Introduction

This chapter presents the principal themes and categories that emerged from the collection, analysis and coding of data derived from semi-structured, face-to-face interviews performed for this research. Seventy-eight (78) senior executives from public and private sectors in the states of Western Australia and Victoria participated in the interviews.

Data were drawn from three exploratory questions relating to the phenomenon of *ethical leadership*. These questions, which formed Part 1 of this research, sought respondents' recollections of what characteristics they recognised as defining both an ethical leader and a less than ethical leader. Together these responses informed the principal question of this research: what is ethical leadership?

Following these introductory questions, respondents were presented with two additional tasks, which formed Part 2 of this research. The inclusion of these two tasks examined *ethical leadership* from different and personal experiences of the respondents. The first asked respondents to identify and discuss an ethical dilemma they had experienced in their role as a senior executive and what actions they took to resolve the dilemma. The purpose of this question was to establish respondents' actual actions when confronted with an ethical dilemma; that is, their *theories-in-use*. Second, respondents were given a vignette that contained an ethical incident, the context of which would present as a credible situation for professional groups represented in this research. Respondents were

asked to comment on the vignette and detail the action they would take in response to the ethical incident; that is, their intended or *espoused theories*.

Responses to the vignette were then aligned with the senior executives' reported action taken when confronted with their own experience of ethical incidents to determine whether their espoused theories were congruent with their theories-in-use. Part 2 of the research sought to examine the closeness, or otherwise, between what executives said they *would* do and what they *actually* did. The principal themes and categories that emerged from data for both parts 1 and 2 are presented. Chapter 5 concludes with a summary of the overall findings.

5.2 What is Ethical Leadership?

Part 1 consisted of three questions exploring the phenomenon of ethical leadership. Respondents were asked to comment generally on what they thought were the characteristics of ethical leadership and then recall, from their professional experiences, the characteristics of both ethical and less than ethical leadership. In doing so, respondents' recollections informed the principal question of this research: what is ethical leadership? Some recollections of the characteristics of less than ethical leaders are included to provide illustration and contrast to the principal question.

Figure 5.1 presents the three key themes, *value alignment*, *governance* and *relationship-centredness* that emerged from data relating to the three questions that formed Part 1 of the research. The three themes representing less than ethical leadership are included in **Figure 5.1** to provide a comparison with the characteristics of ethical leaders. Each of the three themes and the corresponding categories for ethical leadership are now examined.



Figure 5.1: Ethical and Less than Ethical Leadership: Themes and Categories

5.2.1 Value Alignment

The theme of *value alignment* represented a defining characteristic of ethical leaders recalled by respondents. **Figure 5.2** illustrates the theme of *value alignment*, which is qualified by three categories, *integrity*, *courage* and *trustworthiness*.



Figure 5.2: Ethical Leadership Theme: Value Alignment

Most respondents' descriptions and discussion included references to *value alignment*. Its meaning referred to the importance of alignment between what leaders espoused

about their values, and what they actually demonstrated in their behaviour to confirm those values. Many respondents emphasised that what leaders say is important; however, what is crucial is the recognition by others of those values stated by leaders be aligned with leaders' behaviour. The following respondent's description illustrates this fundamental meaning of *value alignment*:

You know, sort of you've really got to live them and set an example to others, so it's how you deal with people, how you deal with issues, how you communicate with people and I think it's really very much about setting an example, so it's not just about talking about it, it's living those values (VG4).

Respondents emphasised alignment as a holistic concept that is reflected and reinforced in all aspects of an individual's behaviour. Many referred to *value alignment* as being the essence of what defined an individual's character. Respondents' meaning of character resonated closely with the meaning derived from the ancient Greek philosopher, Aristotle. This is described as an individual's *ethos* or character, which refers to the enduring traits, attitudes, sensibilities and beliefs that affect how an individual perceives, acts and lives (Glover, 1999).

The seminal work of Argyris (1997) can be applied to the theme *value alignment* that emerged from this research. In particular, Argyris (1997, p. 10) states, 'Human beings hold two different master designs. The first incorporates the theories humans espouse about dealing effectively with others. The second design involves the theories they actually use (i.e., their theories-in-use)'. It is this concept of alignment which features in the findings of this research. Respondents' recollections of the characteristics of ethical leaders were strongly represented by the witnessed, unambiguous alignment of what leaders said they would do and what they did. Therefore, according to respondents' recollections, what leaders said they *would* do and what they *actually* do supports Argyris's theory. That is, what people may espouse about intended action does not necessarily align with what they do.

One meaning of *value alignment*, strongly reflected in respondents' recollections, centred on the values demonstrated and recognised by those with whom they interacted

with on a day-to-day basis. The expression ‘model’ values was used by some respondents, but most referred to the ‘living of values’; the latter being an innate aspect of an individual’s character and belief system. Importantly, the demonstration of these values did not depend on whether the leader was being observed by others, nor was it linked to a specific professional position or reward system. In essence, the leader ‘acted out’ his or her values because they were seen to originate from a strongly-held, intrinsic belief system. Therefore, the values were explicit because the alignment of the individual’s words and actions were unambiguous to the observer. The following respondent articulates this concept of value alignment:

It’s actually about if you’ve a leader, as I am here, then I have to live by a set of values or ethics, which ever you want to call it and not be seen to behave as it were hypocritical, because I think, and so the being self-aware thing is always being conscious of the need for your behaviour to be demonstrably in accordance with those values and ethics (VG9).

In relation to ethical leaders, respondents were able to identify the behaviour that they observed as being clearly aligned with the values that were articulated by leaders. Ethical leaders’ clearly demonstrated behaviour that confirmed the values they stated defined their conduct. For example, leaders who espoused the importance of respect, and then demonstrated acts of respect in their interaction with others, were recognised as having *value alignment*.

In contrast, respondents’ recollections of less than ethical leaders’ behaviour emphasised a misalignment between what was *said* and what was *done*. This misalignment was demonstrated in the form of *deception*, which clearly differentiated less than ethical from ethical leaders. Many respondents noted that this value misalignment was evident even though less than ethical leaders may have espoused similar values to ethical leaders. Respondents’ descriptions of less than ethical leaders reflected the various forms of *deception* they adopted to mislead others. The misalignment of values is captured in the following respondent’s recollection:

Probably the most common place issue is where people are not open in their intention and that can be manifested in a variety of different ways including duplicity in the way they act and acting in a different fashion than they say they would act (PP10).

The three categories which qualified the theme *value alignment* are now examined.

5.2.1.1 Integrity

In recalling their examples of ethical leaders, respondents used the term of *integrity* to refer to core values, such as honesty, trustworthiness and personal values, and the associated actions which were observable and consistently demonstrated. **Figure 5.3** illustrates the three categories that define the theme of *value alignment*. The category being presented is italicised throughout this chapter.



Figure 5.3: Value Alignment Category: *Integrity*

Integrity was described as a holistic and collective expression, dependent on the interrelated strength of all the values that formed the identity of an ethical leader. This concept of *integrity* as the interconnectedness of values is well defined in the following respondent's recollection:

It's about that sense of integrity and I guess the best way of describing that was when...we had a number of values and the last value was integrity and I always claimed that integrity was the value that kept all the others in check. In other words, when you are acting with integrity you're acting in accordance with all the other values (PG19).

In particular, it was the way an ethical leader related to others that defined his or her *integrity*. Individuals who demonstrated *integrity* were leaders who sought to engage and communicate with others and whose behaviour reflected the value they placed on collaboration and consensus. However, this did not mean leaders avoided conversations or decisions that may have evoked differences of opinion or group conflict. An integral component of *integrity* was a commitment by leaders to seek resolution rather than to avoid conflict in their relationships with others.

Respondent's recollections of ethical leaders incorporated the value of honesty into their meaning of *integrity*. A leader who had *integrity* was also honest. The manner in which honesty was recognised by respondents aligned with leaders who consistently presented themselves in an authentic and truthful way and who did not misrepresent themselves or a situation to others. Honesty was described by respondents as an individual demonstrating a willingness to be open and truthful about a situation and, importantly, having consistency and alignment between what was said they would do and what was actually done. Although in the recollections of most respondents, honesty was encapsulated by one respondent:

Honesty it's...interesting...people think oh it's just a buzz word, but it's honesty of action and honesty of thought so that you are honest in what you think, you're not putting a spin on it, there's no bias, it's a removal of prejudice and hopefully bigotry. So that's what we mean by honesty (PG19).

While respondents recalled that honesty was fundamental to the *integrity* of an ethical leader, the challenges and difficulties that being honest presented in their professional relationships was also a common theme among respondents' recollections. The concept of honesty was not expressed as always being fully open or truthful in professional and personal relationships. A dilemma recalled by respondents resided in making a judgement about what to reveal, or not reveal, to individuals involved in a specific situation. Many respondents described the potential damage which could arise to both themselves and others should complete honesty be exercised. This specific dilemma relating to the expression of honesty is illustrated in the following descriptions:

I've found that, funnily enough being honest can be very, very awkward when you are a leader (slight laugh) because what you say from an honest perspective can be manipulated and be changed and used against you and you are in quite vulnerable position there (PP9).

Sometimes you don't tell everyone the whole truth because the outcome would be devastating to them and you know your staff or you know the space in which some people are in and you learn that over time (PG9).

Therefore, inherent in this dilemma was making judgements about the degree of honesty and the level of openness that respondents adopted in their engagement with others. Respondents were conscious that the effects of being honest with others varied between individuals, and this was considered a difficult aspect to manage. For example, some individuals responded to leaders' honest communication positively, while others became defensive and took what was being said as criticism rather than as constructive feedback.

Embedded in the meaning of *integrity* were respondents' recollections of ethical leaders having a commitment to and an ability to demonstrate personal values. For many respondents, personal values were reflected in both honest intentions and honest action, commonly referred to as leaders who 'made clear what they stood for,' and this further illustrates the meaning of *value alignment*. The term 'principles' was used synonymously with personal values and embodied a leader who was true to his or her beliefs and provided an expectation for integrity in both themselves and others.

Personal values or principles were described by respondents as being the essence of what represented an individual's world view or belief system. Inherent in the meaning of personal values was the belief by most respondents that the values that defined conduct in leaders' personal lives represented the same values that should be consistently reflected in their professional lives. The following description is representative of what many respondents described in relation to personal and professional values being aligned:

I've very much worked on the basis that there is no split of personality, if you like, between personal and business leadership and on that fundamental premise then I simply look at what are the core values that I believe in as a person and apply those exact same core values in my role here (PP10).

Although respondents expressed a strong commitment to this private–professional value alignment, many acknowledged there was a perception held by some of their professional colleagues that this did not apply to the business environment. As the following description illustrates, this perception was not necessarily shared by all members of the business community:

I also worked in the private sector and there was the constant dilemma between delivering wealth for your owners and that sometimes, shouldn't, but sometimes, tend to bend people's value systems....I'm not talking about bending the rules, I'm talking about what you might think in your own life is a good value set but apparently when you get into business it's a different value set and I don't necessarily see that it's any different (PG12).

The inter-relationship between personal values and *integrity* was also expressed as the observance of an ethical leader's personal values being demonstrated through what was described as having a strong personal discipline or work ethic. Therefore, personal discipline and/or work ethic were characteristics which respondents recalled as important qualities and through which personal values were incorporated and consistently demonstrated.

In contrast to the observed commitment ethical leaders had to their personal values, respondents recalled that less than ethical leaders' personal values were defined by behaviour that reflected self-centredness. This was often described by respondents as leaders who were focused on self-interest. What appeared to matter most to a less than ethical leader was the fulfilment of his or her needs, without sufficient care for the needs of others. Significantly, respondents noted that it was the less than ethical leader's abuse of power that was the vehicle to fulfil self-interests. This was often described as a manifestation of greed or the quest for materialism. However, this was not to say that respondents considered materialism in itself as an undesirable ambition. Rather, greed and the pursuit of materialism defined the less than ethical leaders' personal value

system and became the motivating force in their subsequent behaviour and relationships with others.

5.2.1.2 *Courage*

The second category which emerged from data to qualify *value alignment* was *courage*. Respondents recalled *courage* in the context of ethical leaders who exhibited mental and emotional strength in the execution of their responsibilities as leaders. **Figure 5.4** presents the category *courage*.



Figure 5.4: Value Alignment Category: *Courage*

Leaders who demonstrated *courage* were described by respondents as taking ‘ownership’ of the manner in which decisions were made and not abrogating their decision-making responsibilities to others. Central to this commitment were clearly defined values that appeared to guide leaders’ behaviour and decision-making. Most particularly, respondents recalled *courage* as being demonstrated when leaders remained committed to their values in the face of strong criticism or opposition. Further, such leaders were prepared to be the dissenting voice and stand alone on issues rather than compromise their values or principles. This is clearly reflected in the following respondent’s recollection:

And he was attacked in articles, in the professional journals, for daring to take [the issue]...to the masses and vilified by some of his professional colleagues but he stood up for what he thought was right, was to be right(PG23).

Courage was also demonstrated by ethical leaders who took responsibility for the decisions; further, they rarely took at face-value information or situations without critical examination and consideration. This level of scrutiny extended to an expectation that individuals in the organisation would be accountable for their actions. This call to account by leaders was undertaken even if the issues were unpopular or had the potential to cause distress or disruption in the organisation.

This example of *courage* is encapsulated in the following two observations:

This person would put themselves on the line every time, if it meant doing the right thing but in the process of doing that becoming unpopular or treading on toes or whatever, they would always do it (PP21).

He used to ask the hard questions and he would often put those who brought certain circumstances to him, not through the grinder but certainly didn't necessarily immediately accept the arguments which were put to him (PG10).

Finally, another application of the meaning of *courage* observed by respondents in ethical leaders was a strong commitment to the development and promotion of an ethical culture in the organisation. Respondents expressed that this emanated from the leader's values that he or she instilled consistently into every aspect of the organisation's operations. Many respondents acknowledged this as being a potentially challenging undertaking, requiring a consistent level of *courage*, particularly when leading organisational change. In these circumstances, respondents expressed *courage* as being a necessary characteristic to manage those opposed or resistant to change.

Another example in which the development of an ethical culture was exercised by ethical leaders was the importance placed on the organisation's recruitment and selection policies. The implementation of these policies became a fundamental means of attracting not only the required professionally qualified people, but also those with values which would align with the organisation. This was achieved by leaders who clearly articulated the organisational values they wished to promote, and who had a strong commitment to recruit people who also identified with those values. Respondents expressed that integral

to this recruitment process, was an ethical leader's commitment to assist new recruits to reach their full potential as the following description illustrates:

He brought to everything he did that sense of why we were doing it and at the same time he treated people extremely humanely, he recognised the values that individual people brought to work and he actually found ways of unlocking potential in people (VP13).

Importantly too, respondents recalled in their descriptions of ethical leaders, that this recruitment process formed part of a strategic vision. Judgements relating to which individuals were selected were part of a process in the development of a culture in which there was an alignment of values between the leader, the people and the organisation.

5.2.1.3 Trustworthiness

The third and final category to emerge from data to qualify the theme *value alignment* was *trustworthiness*. This category featured prominently across all groups in this research. It was the respondents' observations of the alignment between leaders' words and action that defined *trustworthiness*. **Figure 5.5** illustrates the category *trustworthiness*.



Figure 5.5: Value Alignment Category: *Trustworthiness*

Leaders who gained the trust of others demonstrated, over time, transparent *value alignment* between words and action. Such *trustworthiness*, respondents recalled, could not be feigned or acquired quickly. A leader's reputation for *trustworthiness* was built up over a long period, through recognition by others that what a leader said was consistently and transparently reflected in what he or she did. That is, leaders' intentions

were clearly observable and unambiguous in nature. Many respondents made reference to such expressions as ‘follow through’ in reference to an ethical leader having *trustworthiness*, someone who did not ‘let others down’. Therefore, a trustworthy leader gave others a sense of assurance that the expectations of the role would be fulfilled consistently over time. This meaning of *trustworthiness* is clearly captured in the following description:

They were authentic in themselves and with that when they said they would do something, they followed through, they did that. When they said they wouldn’t do something you actually knew they wouldn’t do it. It actually brought, it instilled a trust in their judgement even if you might have disagreed with them (VP14).

An important observation made by many respondents was that a reputation for *trustworthiness* had the potential to be easily destroyed. Indeed, as the following respondent noted, trust could evaporate very quickly:

There’s a lovely saying that and I don’t know whether you ever encountered it and I didn’t hear about it until a year ago and it’s remained with me since, which is that truth arrives on, no, trust arrives on foot but departs on horseback(PG21).

Many respondents expressed that leaders who engaged in conduct that did not reflect strong *value alignment* may not necessarily have the continued trust and support of those with whom they communicated. Notably, this depended upon the nature of the leader’s behaviour and the context in which it occurred. Respondents therefore recognised the importance of transparency as opposed to concealment in behaviour that would assist in the development of relationships built on trust.

Respondents’ recollections of less than ethical leaders provided an insight to the principal question which related to the characteristics of ethical leaders. In contrast to ethical leaders, a reputation for untrustworthiness was developed through acts of concealment in the form of dishonest and duplicitous behaviour. Therefore, less than ethical leaders engaged in concealment, which served as a mask to hide their intended

action. The manifestation of this type of behaviour was referred to by respondents as ‘game playing’ or ‘not knowing where someone was coming from’ and was central to the development of a reputation for untrustworthiness. This erosion of trust brought about by acts of duplicity and concealment is clearly illustrated in the following respondent’s recollection:

Fortunately these people are in the vast minority whose words you couldn’t rely on, who always seemed to have an agenda, they weren’t disclosing, which if you knew about would have made you act differently, so they weren’t open. They played fast and loose with the truth and it turned out that things that they told you weren’t quite true or sometimes weren’t true at all and who had a fixation basically on their own self interests (PP13).

5.2.1.4 Summary: Value Alignment Theme

The *value alignment* theme was qualified by three categories: *integrity*, *courage* and *trustworthiness*. Respondents’ recollections established that a transparent alignment between a leader’s words and behaviour was the most important feature of an individual who had a reputation for being ethical. The *value alignment* of an ethical leader was described as being unambiguous and explicit in its expression. The effect of a leader demonstrating consistent *value alignment* was a reputation for integrity and trustworthiness. Ethical leaders’ reputation for *integrity* and *trustworthiness* was closely aligned by consistent behaviour, which respondents identified as showing *courage*. This was often demonstrated in leaders whose personal values remained uncompromised when they were challenged by others or in situations where decisions made by leaders may have been unpopular and required strength and commitment to implement.

In contrast, the behaviour of a less than ethical leader was described in terms of deception. Therefore, what a less than ethical leader may have *espoused* consistently did not align with *how* they behaved. This misalignment of values developed an erosion of trust in less than ethical leaders’ relationships with others.

5.2.2 Governance

The second theme, *governance* emerged from data and focused on mechanisms and administrative processes of accountability most often associated with systems of governance. That is, policies, regulations and operating systems applicable to the administration of an organisation. **Figure 5.6** presents the theme of *governance* and its two qualifying categories, *accountability* and *discernment*.

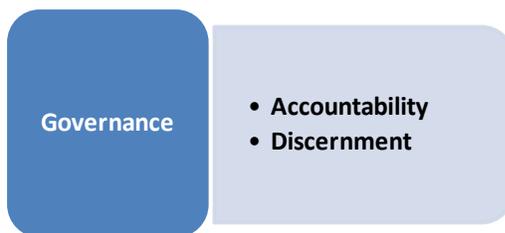


Figure 5.6: Ethical Leadership Theme: Governance

Integrated into the theme of *governance* were respondents' references to the importance of relationships through which activities relating to *governance* took place. This meant that ethical leaders were mindful not only of their legal obligations, but also took into consideration issues for which they may not have been legally obliged to observe; nonetheless, they were taken in account when making decisions. For example, an ethical leader may have been required legally to provide employees with benefits as part of a redundancy package, but also negotiated to offer further assistance to minimise such employees' hardships. This is illustrated in the following recollection:

It was too easy just to say take 100 people out and do it brutally if you like but he didn't want that. He knew that he had to reduce numbers but he still paid very generous redundancies, he looked after housing loans, we looked after relocations, we went the extra few yards. People might think then the end result was the person still lost their job but we tried.... (PP5).

Therefore, ethical leaders were not only committed to the adherence of proper processes and checks and balances but also ensured that they were administered in a manner which took account of the ongoing effects on principal stakeholders both within and external to

the organisation. Ethical leaders considered their *governance* responsibilities from social, cultural and environmental perspectives. In recalling examples relating to *governance*, respondents expressed this as leaders exercising what is termed as the ‘spirit of the law’. This translated into a respect and commitment to uphold the ‘letter of the law,’ but was not applied without careful consideration from other perspectives.

In contrast to ethical leaders, respondents’ recollections relating to less than ethical leaders focused on examples of non-compliance that emphasised a propensity to regard the rules of *governance* and accountability as applying to others, not themselves. Many respondents recalled situations in which non-compliance was overt and demonstrated little respect for rules. Indeed, less than ethical leaders often made little attempt to conceal their acts of non-compliance despite having full knowledge of both the rules and the consequences for breaching them. Whereas ethical leaders took full responsibility for corporate *governance* issues, less than ethical leaders viewed these systems of accountability as obstacles to the fulfilment of their own needs.

The two categories, *accountability* and *discernment*, that qualified the theme *governance* are now described.

5.2.2.1 Accountability

Accountability was a common expression through which respondents described recollections of ethical leaders’ decision-making. Essentially, *accountability* was recalled by respondents as an expectation which required that protocols relating to *governance* were being followed. As such, *accountability* involved decision-making which, if opened to examination by others, reflected clarity and honesty. **Figure 5.7** illustrates the category *accountability*, one of two categories that qualify the *governance* theme.

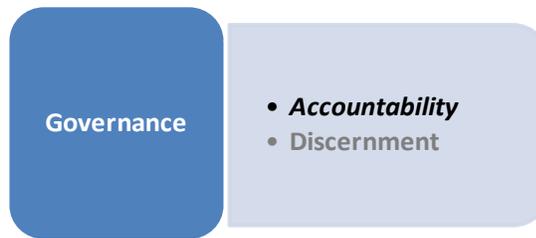


Figure 5.7: Governance Category: *Accountability*

Transparency was a common expression used by respondents to describe decisions in which the leader's actions were clear and unambiguous. Therefore, transparency not only included satisfying the rules of governance and accountability, but reflected decision-making that allowed people to understand the rationale and purpose behind the decision.

Ethical leaders' recognition of the measures of *accountability* was strongly aligned with a sense of duty and commitment to a course of action and with decisions founded on doing the 'right thing' irrespective of whether the outcomes were popular or resulted in commercial loss for the organisation. These leaders were described as being able to live with their decisions, and having clear consciences, relating to both their actions and the consequences of those actions. Therefore, ethical leaders made decisions based on their rightness, not popularity or 'goodness'. This meaning is clearly illustrated in the following description:

At times there probably would have been an advantage to cut corners, to not provide a full quality service, but at all times we have done that, sometimes to our commercial cost. At the end of the day and at three o'clock in the morning when you wake up thinking about it, you've got to be able to go back to sleep and I've never had any difficulty doing that (PP20).

Accountability in decision-making by ethical leaders was described by respondents as being closely aligned with effective communication. That is, a leader's decision-making processes demonstrated *accountability* when supported by clear communication, which ensured people were informed about decisions made by the leader. A willingness to

provide a clear representation of a decision or situation so its details were not ambiguous to others was cited as an important component of *accountability*. In doing so, ethical leaders provided stakeholders with a realistic and honest ‘picture’ of the nature of the decision-making process.

In contrast to ethical leaders who demonstrated a commitment to the fulfilment of their governance responsibilities, less than ethical leaders were seen to approach their responsibilities relating to *accountability* with behaviour that reflected a pursuit of self-interests. Respondents identified these leaders as using their positional power, and the structures and systems of the organisation, to maximise their own interests. Some respondents used the expression ‘worked the system’ to describe this form of self-centredness. Most commonly, this type of behaviour was recalled by respondents as being evident in leaders who espoused that they represented the interests of the organisation but, in fact, manipulated a course of action which was for their own professional or personal advancement. This is illustrated in the following recollection:

Yes I mean it’s always an easy one to describe because it’s usually underlined by self interest and I’ve had a few occasions where, you know, key people that I’ve worked with come up with an idea and you know straight away that the idea is actually not for the business, it’s actually for the individual or for the group that they represent (PP16).

An example of the contravention of *accountability*, which less than ethical leaders demonstrated, was that of acts of suppression. This related to leaders’ use of positional power to selectively withhold information, and in doing so, give advantage to the leader’s position. Suppression was described in two principal ways by respondents. First, some less than ethical leaders chose *not* to accept information that was made available to them. This suppression or non-disclosure provided justification for a less than ethical leader to avoid taking ownership or responsibility for decisions. The second form of suppression recalled by respondents related to the manipulation of information as a means of controlling decision-making and its affect on both the less than ethical leader and others. In many instances, this involved selective release of information, or the suppression of information that may have had a negative impact on the success of the

business proposal. One such example is evidenced in the following respondent's recollection:

They believed they should be able to report on the profit results that they wished to report and they wanted to go to the stock market as a publicly listed company with the results and release them prior to us having done the audit and then wanted to release them as audited information and we knew that the numbers hadn't been audited and in fact hadn't even been prepared (PP14).

5.2.2.2 *Discernment*

The second and final category that emerged from data relating to the theme of governance was *discernment*. An ethical leader's ability to 'step back' and give careful consideration to matters was associated with the ability to form better judgements. These judgements, according to respondents, required *discernment* because they involved issues that were often complex and multi-faceted in terms of their consequences. **Figure 5.8** illustrates *discernment* the second category qualifying the theme of *governance*.

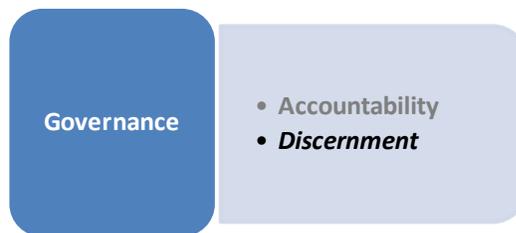


Figure 5.8: Governance Category: *Discernment*

A leader who demonstrated *discernment* approached decision-making processes in a considered and holistic manner. These leaders were described as being able to 'live with their decisions' or having 'a clear conscience'. These expressions included not only the decisions themselves, but also the consequences and effects that those decisions may have had on people both inside and outside the organisation. This meaning is reflected in the following recollection:

The person I am thinking of always had enough, actually always kept sufficient distance between himself and the day to day job to be able to recognise when there were bigger picture considerations that need to be taken care of. So I don't think, many people who may make poor decisions, I don't think they do it (VG1).

A component of *discernment* identified by respondents was impartiality in ethical leaders' decisions relating to governance. Impartiality encompassed decision-making which was fair and even-handed. Fairness was expressed by respondents as being a central component of impartiality and included consideration of interests of all parties affected by the decision-making process. This did not mean a leader met everyone's needs; rather, the leader undertook an equitable and impartial consideration of all affected parties.

Overall, *discernment* was evident in leaders who, at the core of their decision-making, were governed by doing 'the right thing'. The following recollection emphasises the concept of leaders being prepared to suffer a negative business outcome in the pursuit of remaining committed to doing 'the right thing':

I suppose the hallmark of this person is that they have been willing to take that risk, willing to suffer a commercial negative outcome in order to do the right thing (VP16).

In contrast to ethical leaders being measured and reflective in their decision-making, respondents referred to the propensity for impetuous behaviour being demonstrated by less than ethical leaders. Respondents used such terms 'cutting corners' to give meaning to behaviour based on deception. Such behaviour translated into leaders who were willing to compromise their governance responsibilities to meet their own interests. This meaning is captured in the following description:

I think opaque, no-one understands where or understood whether the person was on an issue, everyone was suspicious that they had an agenda that was, the government, is it the individual, where's it come from. He tended to communicate what was thought to be necessary and no more and possibly then fudging, so it was difficult to say when he was being objectively true and upfront and when not (VG3).

5.2.2.3 Summary: Theme of Governance

The theme *governance* and two categories, *accountability* and *discernment*, qualified what respondents described as their meaning and understanding of *governance*. This theme encompassed more than conforming to official rules and regulations. A crucial element recalled by respondents was that decisions could both withstand close examination and scrutiny, as well as take into account their effects on stakeholders. Therefore, according to respondents' recollections, it was important that ethical leaders followed both the 'letter of the law' as well as the 'spirit of the law'. The two categories which defined *governance* were demonstrated by ethical leaders who based their decisions on clear and honest representation (*accountability*) and careful and insightful consideration and decision-making (*discernment*).

In contrast, less than ethical leaders demonstrated disrespect for rules and policies pertaining to systems of governance. They commonly avoided taking ownership for their decisions and often blamed others for their behaviour. While an ethical leader was both responsive to others and reflective in decision-making and accountability processes, a less than ethical leader adopted an expedient approach to governance issues.

5.2.3 Relationship-Centredness

The third and final theme *relationship-centredness*, featured prominently in respondents' descriptions of values recognised as being associated with characteristics of ethical leaders. This theme represented respondents' recognition of the value ethical leaders placed in others. Therefore, leaders who had genuine consideration for others and actively encouraged their inclusion and involvement in the communication process demonstrated *relationship-centredness*. **Figure 5.9** illustrates the theme of *relationship-centredness* together with its two qualifying categories, *fairness and altruism*.



Figure 5.9: Ethical Leadership Theme: Relationship-Centredness

Ethical leaders demonstrated *relationship-centredness* by placing a high priority on their relationships with others, recognising the value of others and showing consideration and respect in their behaviour towards others. This commitment to people by ethical leaders translated into relationship-building being a hallmark of a successful organisation.

Effective communication was often recalled by respondents as integral to the demonstration of *relationship-centredness*. This was evidenced by a leader's genuine commitment to listen and consider the views of others. In addition, seeking their understanding in the decision-making process was also deemed as being an important aspect of effective communication. While ethical leaders' decisions were not pre-determined, and often formed by genuine engagement and consensus with others, ethical leaders nevertheless took responsibility for the final decision as evidenced in the following recollection:

Professional relationships were based on trying very hard to best explain the circumstances and decisions and being very prepared to hear people's views about what they thought the best course of action was but then being pretty clear about where the responsibility lay for taking a decision and then doing so (VG5).

Respondents also described empathy as integral to *relationship-centredness*. A leader who demonstrated empathy gave priority to understanding others and taking into consideration people's personal and professional circumstances when making decisions. As the following recollection expresses, an ethical leader is able to strike a balance between personal circumstances and the need to make decisions in the best interests of both the individuals and the organisation:

The other thing that I recall from him is he was someone who talked to me and said when we are dealing with these things we're dealing with the behaviour or the issue we're not dealing with the person, so I don't like what you're doing, it doesn't mean I don't like you and he was very good at explaining and separating those two issues which I think was a very valuable lesson that too often people actually get the two things mixed up (PG13).

Ethical leaders who demonstrated *relationship-centredness* were seen as being responsive to the individuals with whom they related and had what could be termed a mindfulness and consideration for differences among people. For example, an appreciation of different levels of expertise, personalities and ethnic backgrounds was perceived by ethical leaders as having a positive influence in an organisation. This responsiveness and regard for others was recognised in the leader's day-to-day interaction and communication with others, which demonstrated a genuine respect for difference. This respect was evident in leaders who, for example, established workplace policies and practices that drew on the collective strengths of individual differences. Therefore, leaders' respect for difference was integral to their commitment to relationship building and was not seen as an extra or add-on to existing practices.

The theme of *relationship-centredness* represented one of two themes that defined ethical leaders differently from less than ethical leaders. In contrast to *relationship-centredness* the theme of *self-centredness* emerged to represent how less than ethical leaders related to other individuals. Specifically these relationships were based on less than ethical leaders' drive to give priority to their own needs. This behaviour was characterised by the misuse of power, through such acts as bullying and discrimination.

The two categories, *fairness* and *altruism*, which qualified the theme *relationship-centredness*, are illustrated in **Figure 5.10**. Each of these categories is now described.

5.2.3.1 Fairness

Fairness was cited by respondents as an essential characteristic through which an ethical leader demonstrated respect for others. It was perceived by respondents as being synonymous with the equitable treatment of people. Such treatment entailed having in place opportunities, including public and private forums, for people to express their views and address concerns. The category *fairness* is represented in **Figure 5.10**.



Figure 5.10: Relationship-Centredness Category: *Fairness*

Many respondents' recollections centred on ethical leaders who demonstrated *fairness* by exercising impartiality. This was commonly expressed by leaders as making judgements without 'fear or favour'. That is, not giving any individual special consideration based on positional power or personal relationships. This is clearly illustrated in the following recollection:

It didn't matter whether, who you were, if you didn't meet these requirements that's the way you were treated and it didn't matter whether you were a supreme court judge or the little local market gardener...you got treated the same way so that was a good example of ethical standards and the fairness of treating everybody equally regardless of who they were or where they came from (PG19).

Overall, respondents believed *fairness* represented treating people in a considered and even-handed manner. However, its application and demonstration brought with it a common dilemma recalled by many respondents. For example, leaders could recognise the needs of different groups competing for limited resources. However, no matter how carefully leaders considered the distribution of the resources, those stakeholders who

‘missed out’ would not necessarily perceive the decision as equitable or fair. Notwithstanding this challenge, leaders who communicated closely with key stakeholders in the issue being addressed were more likely to have a reputation for behaving in a fair manner.

Respondents’ recollections also included descriptions of leaders’ behaviour that reflected the antithesis of the concept of *fairness*. Most prominently, the abuse of power adopted by less than ethical leaders to bring advantage to both their own needs or to a selected individual or group was commonly cited. Respondents used expressions such as ‘playing favourites’ and ‘currying favours’ to describe how less than ethical leaders applied acts of nepotism to serve the interests of selected individuals or groups. In the context of this research, nepotism represented a means by which a less than ethical leader abused power to nominate or secure favourable outcomes for close associates or relatives. These acts of favouritism or privilege were granted on the basis of personal affiliation or patronage, rather than on merit or professional attributes, as described in the following recollection:

He had favourites and really operated on the basis of self interest and self promotion and trying to attain popularity with others rather than adhering to what I would think would be an ethical code (PP7).

5.2.3.2 *Altruism*

The concept of *altruism* featured significantly across all groups of respondents in this research. It was essentially expressed as a commitment to the service of others. An ethical leader who demonstrated *altruism* supported people through daily gestures of compassion and kindness. **Figure 5.11** illustrates the theme of *altruism*.



Figure 5.11: Relationship-Centredness Category: *Altruism*

Respondents described *altruism* as an awareness of the needs of others and, in particular, as a sense of benevolence or generosity in ‘giving back’ to the community. Ethical leaders exhibited an innate desire to base action on promoting the greatest good and benefit to others. This commitment to the welfare of others was described by respondents in different ways.

Many referred to an ethical leader’s demonstration of *altruism* as being apparent when individuals’ needs were put before their own. This was often described by respondents in situations where leaders could legitimately make decisions to serve their own self-interests, but instead chose to meet the obligations of others and the organisation first. An example of this was recalled in leaders who were offered opportunities of more lucrative professional roles elsewhere but chose to remain in their current position, even though it did not attract similar professional recognition or status.

Another quality recalled by respondents to describe individuals who demonstrated acts of *altruism* was humility. Ethical leaders who demonstrated humility were not focused on themselves. Some of the characteristics recalled by respondents to describe humility were leaders who took pride in their achievements but did not claim to have succeeded without the contributions of others. Ethical leaders also demonstrated humility by self-effacing behaviour. That is, reflecting genuine modesty related to their role or successes. That is not to say they were selfless and did not seek to fulfil their own ambitions, rather, they were more likely to ‘play down’ the significance of their own achievements and graciously acknowledge the role of others in their own and the organisation’s success.

The concept of *altruism* was also described by some respondents as ‘serving the public interests’. In their recollections, this was expressed as a sense of duty to serve the interests of groups or individuals in the community. This service extended beyond matters relating strictly to business affairs. ‘Serving the public interest’ encompassed a level of community engagement pertaining to areas which were seen as contributing to areas such as general health and well-being issues. Two examples were lawyers who offer their services to some members of the public *pro bono* or mining companies that form community partnerships relating to environmental issues and education.

The propensity to forgo self-interest was also expressed in the context of leaders who invested their time and energy nurturing the careers of other individuals in their organisation. While it was seen as important to provide a professional environment in which individuals could reach their full potential, many respondents expressed this commitment to others as having ‘a down side’ for the organisation. That is, the provision of opportunities for individuals to develop their professional expertise meant they potentially could become more competitive or attractive to other organisations, and some chose to leave an organisation to pursue other professional opportunities. Therefore, an altruistic leader graciously accepted that in assisting others to develop to their full potential, they may lose individuals whom, given the choice, the leader would rather have retained for the benefit of their own organisation.

Respondents also recalled behaviour of less than ethical leaders that appeared to be the antithesis of *altruism*. In particular, this behaviour resulted in the thwarting rather than nurturing the potential of others. For example, acts of sabotage, illustrated the abuse of power used by less than ethical leaders to ensure their interests were fulfilled at the expense of others in the organisation. Expressions such as ‘divide and conquer,’ ‘eliminate competitors’ were used by respondents to describe sabotage by these leaders. Importantly, while the form of sabotage employed by less than ethical leaders may have differed, respondents’ recollections of sabotage centred on individuals who impeded or hindered courses of action or decision-making that did not fulfil their self-interests.

For many respondents it was the capricious behaviour demonstrated by less than ethical leaders and inconsistent demonstration of loyalty and trustworthiness that indicated acts of sabotage. That is, a less than ethical leader's behaviour was focused on fulfilling self-interests and, as such, did not reflect any particular constancy or allegiance to an individual, group or organisation. Respondents used the expression 'holding back' to describe some acts of sabotage by leaders who deliberately and insidiously impeded organisational progress to achieve self-interests. Sabotage was commonly recalled by respondents as being associated with leaders who consciously obstructed the work of individuals whose positions they wished to usurp. This behaviour was recalled as being deceptive in nature and centred on less than ethical leaders who were shrewd and devious and misrepresented themselves and situations.

A common example described by respondents occurred when less than ethical leaders made errors of judgement in decision-making and did not take responsibility for their impact on the organisation. In these situations, they made every effort to blame others for their mistakes and ensured this perception was communicated throughout the organisation. This type of behaviour was referred to as 'rewriting history' by some respondents when describing how less than ethical leaders misrepresented a situation or event. This action was designed to ensure other individuals in the organisation, especially those who held positions of influence, would form the view that other individuals, not the leader, were responsible for any adverse events in the organisation.

Finally, another type of sabotage described by respondents, consisted of acts initiated by employees towards their super-ordinates. This was most often described in the context of employees who did not support a leader's course of action in the organisation. This may have involved, for example, requirements for employees to make changes in the way they carried out their responsibilities. As illustrated in the following respondent's recollection, these employees strongly resisted any change initiated by the leader and attempted to gain the support of other employees in their acts of sabotage:

Yes, I think so, I have certainly pulled this person up, but very often they know every trick in the book industrially and so on, and they know how to get away with things. In many cases, what they do is they talk to others, you try to keep it at a confidential level, but they talk to other members of staff and they cause unrest by saying you're going to be next and that sort of thing and make it very difficult within the... (VP2).

5.2.3.3 Summary: Relationship-Centredness Theme

The *relationship-centredness* theme had two qualifying categories, *fairness* and *altruism*. Integral to respondents' perceptions of *relationship-centredness* was a leader who demonstrated an awareness and understanding of people, and who was sensitive to their differences. *Relationship-centredness* was also described as a leader's ability to be fair in his or her relationships with others. Respondents' recollections characterised ethical leaders as being individuals who respected their relationships with others. In contrast, less than ethical leaders abused power and used it as a vehicle to fulfil their own self-interests. In doing so they also demonstrated their lack of commitment to their relationships with others.

5.3 Summary: What is Ethical Leadership?

The purpose of Part 1 was to explore, through respondents' recollections, the phenomenon of *ethical leadership*. In doing so, respondents were asked to recall examples of both ethical and less than ethical leadership. Three principal themes emerged from data to describe the characteristics of ethical leadership, namely *value alignment*, *governance* and *relationship-centredness*. In contrast, the themes of *deception* and *self-centredness* emerged from data defining less than ethical leaders' behaviour. The theme of *governance* emerged from data for both ethical and less than ethical leaders. However, the categories *culpability* and *expediency* qualified the behaviour of less than ethical leaders relating to matters of *governance*. The concept of power featured in respondents' recollections in all themes. Importantly, it was how leaders used power that became the defining feature of whether the behaviour was recognised as ethical or less than ethical by respondents. Ethical leaders used their

power in a positive and constructive manner to empower others and achieve organisational goals. In contrast, less than ethical leaders abused their power to manipulate others and serve their own interests.

5.4 The Nature of Ethical Dilemmas Experienced by Respondents

The first task in Part 2 consisted of respondents' recollections of a situation they were required to manage; specifically, one that presented to them as an ethical dilemma. In the context of this research, an ethical dilemma has two main characteristics. Firstly, the incident challenged respondents' values, and secondly, a resolution for the management of the situation was not readily evident or simple in nature.

Three principal themes emerged from the data to represent the nature of respondents' ethical dilemmas. **Figure 5.12** presents these themes: *competing interests*, *relationship management* and *governance*. The qualifying categories are also included.

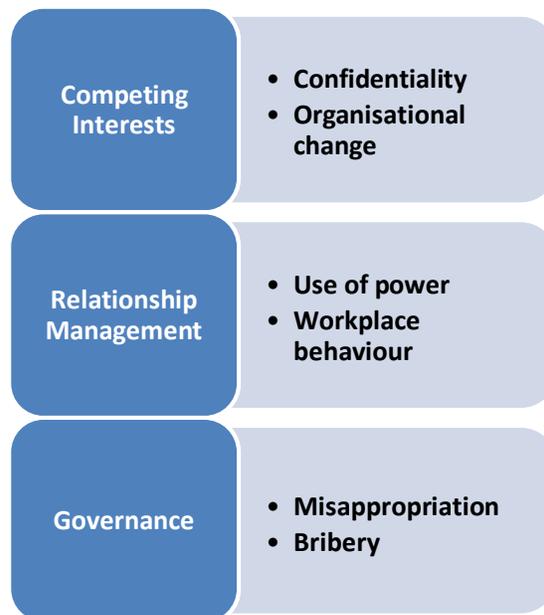


Figure 5.12: Themes: Respondents' Ethical Dilemmas

The vertical order of three themes presented in **Figure 5.12**, places the most common theme recalled by respondents, *competing interests*, at the top of the figure. The other

two themes, *relationship management* and *governance* follow in descending order. When data relating to the nature of respondents' dilemmas were examined, the themes *competing interests* and *relationship management* were very closely aligned. While the nature of respondents' recollections relating to *competing interests* may have differed, common to the two themes were the complexities of managing the relationships inherent in respondents' dilemmas.

Figure 5.13 presents the proportion of each of the three themes when the total number of responses relating to ethical dilemmas were examined. This figure illustrates the close alignment between *competing interests* and *relationship management*.

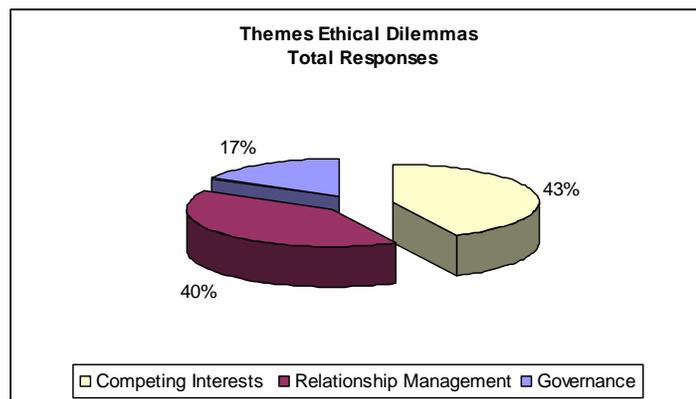


Figure 5.13: Themes: Ethical Dilemmas, Total Responses

Each of these themes together with their qualifying categories is now examined.

5.4.1 Competing Interests

The first theme, *competing interests*, emerged from data represented by respondents' descriptions of ethical dilemmas. This theme, together with the two qualifying categories, *confidentiality* and *organisational change*, are represented in **Figure 5.14**.



Figure 5.14: Theme: Competing Interests

The category *confidentiality* was the most common element in respondents' ethical dilemmas associated with *competing interests*. In the context of this research, *competing interests* had two dimensions to its meaning. Firstly, it referred to a situation in which the interests of one or more stakeholders were required to be examined in the decision-making process and for which not all parties' interests could be met. The nature of this dilemma was most often cited as occurring in an environment of limited resources, coupled with pressures of organisational or political imperatives.

This dilemma also related to findings in Part 1 in the theme *relationship-centredness*. Most particularly, the nature of *competing interests* aligned to respondents' recollections related to the category *fairness*. In these situations, respondents were faced with decisions in which stakeholders' circumstances may have warranted equal consideration but limited resources did not allow equal access to what was available. Respondents commonly acknowledged that this 'weighing up' of *competing interests* was an integral component of their role as senior executives. The following recollection illustrates this aspect of decision-making:

I guess what I tended to find is often the dilemma is leading up to making the decision and then once you've made it, it's so much easier, you've made the decision and you've grappled with all the issues and I think in these roles we do that all the time and I think that rarely a week goes by that you don't have to contemplate a decision over a matter that's complex and to make a judgement as to where you're going to fall on which side of the line on that particular issue (VG12).

The second dimension of this dilemma recalled by respondents referred to situations in which the decision-maker(s) may have had a personal relationship with a stakeholder or were privy to information that would not normally be available to them. In such cases, this raised the potential of a conflict between their professional obligations to serve the interests of all stakeholders and those of an existing personal relationship. The nature of this dilemma is illustrated in the following recollection:

A couple of years ago and I've been in this organisation seven years it came to pass that a site that was available for sale came on the market and I subsequently discovered that we had purchased it but the owner of the property had been a relative of one of our people who had been involved in the procurement of this particular property (PG10).

That dilemma represented the challenge of evaluating a situation objectively and impartially when stakeholders' personal details were made available to the respondent through the personal relationship. Therefore, while this respondent believed he or she viewed such information as objectively as possible, the personal relationship added complexity to the decision-making process. The nature of this example was representative of many respondents' recollections. It illustrated how professional judgement and decision-making may be potentially compromised between an individual's professional obligations and his or her personal relationship with others involved in the situation.

Respondents also recalled how easily incidences involving conflict of interest could influence organisational decision-making, and the importance placed on their role as senior executives to be aware of the potential damage such circumstances could have on the culture of the organisation. This challenge supported the findings which emerged within the theme *governance*. In particular, the ability to apply *discernment* in situations in which a leader had potential *competing interests* became an important component in the decision-making ability of an ethical leader.

Respondents' recollections also revealed the role of managing perceptions in determining how others made judgements about whether or not there was a potential

conflict of interest. While respondents took every precaution to do what they thought was ‘the right thing’ and minimise conflict of interests, this did not necessarily eliminate the perception others formed about their involvement and relationship with stakeholders. That is, no matter what action some respondents took, many expressed that even if there was no evidence of a conflict of interest, some individuals believed one existed.

Finally, the practice of engaging a third party to influence the decision-making process was cited as a dilemma. The use of lobbyists was given by many respondents to illustrate this form of conflict of interest. The context, in which this challenge was recalled, was one in which lobbyists were engaged to negotiate with politicians or senior public servants on behalf of industry groups. This process is designed to influence political decisions that may affect the industry’s future growth and development. The potential conflict of interest resided in the degree of objective decision-making, since many of these lobbyists were former members of parliament or senior public servants and often had ongoing professional and personal networks both within and outside government. The recollection below illustrates one respondent’s views on the use of lobbyists:

He was using lobbyists, you see, and I considered the use of lobbyists when you’re government owned to be totally unconscionable. I mean I would never, ever, ever do that and I don’t think it should be done, it’s not right, you’ve got bloody governments that are elected under democratic processes and by, you know, I mean... This is me, I’m a puritan, right, but anyway ...using politically connected lobbyists was completely unacceptable, it was covert (PG15).

5.4.2 Confidentiality

The category of *confidentiality* emerged from data representing a principal component of the ethical dilemmas of respondents. *Confidentiality* was recalled in terms of the challenge associated with matters relating to disclosure. Respondents described the issue of ‘weighing up’ what should or could be disclosed, and in whose interests such disclosures served. While many respondents made reference to specific groups when referring to matters of *confidentiality*, most used the term ‘in the public interest’.

Respondents also described the sensitive ‘balancing acts’ involved in determining issues of *confidentiality*. Examples of this challenging determination were evident in public sector respondents whose role it was to represent the ‘public interest,’ while balancing the political demands of the government of the day. This is clearly illustrated in the following recollection in which parties are seeking the release of confidential documents when the purpose of obtaining the information may not always be clear:

OK, I think I am in this particular position, it’s perhaps unique in that I’m presented with that sort of dilemma, I wouldn’t say daily but frequently. Where, for example, where, the government may wish to access for example information that was created by the previous government, particularly something like Cabinet documents and obviously you shouldn’t do that because of some political objective (PG17).

In the above example, a request to release confidential documents relating to the previous government’s activities may have had little to do with the ‘public interest’. Rather, such a request may have been designed to act as a leverage to promote and support the government’s position on matters which the government believes is in the best interests of the public. Similar challenges emerged from private sector respondents relating to what and how much information was disclosed about the viability of a company in a prospectus document for shareholders.

The management of a specific aspect of *confidentiality* was cited by respondents and related to what is commonly referred to as ‘leaking’. In the context of this research, ‘leaking’ referred to individuals who disclosed confidential information to parties both inside and outside the organisation. The most contentious form of ‘leaking’ which respondents managed, related to information released to the media without formal authorisation. The recollection cited below clearly illustrates the challenge of this breach of *confidentiality*:

Some of the things I find challenging in this role are the things that find their way into the media and when you’re dealing in our business you’re dealing with lots and lots of this and this is because of public scrutiny, you’re dealing with lots of issues many of which are confidential and the confidentiality is vital, in fact sometimes it can jeopardise a transaction, sometimes it can

jeopardise a person's reputation and we go to great lengths re: confidentiality, but often on numerous occasions we will have a meeting...and the day after something we've discussed confidentially is in the newspaper. I find that repulsive and we employ everybody to respect confidentiality (VP10).

Another variation of *confidentiality* which respondents recalled as being an ethical dilemma related to the act of 'whistle-blowing'. In this research, 'whistle-blowing' described an individual who disclosed alleged corruption or wrongdoing occurring within the organisation. Respondents did not specifically mention whether these disclosures were undertaken through formal complaint management systems set up in the organisation or through outside sources such as the media or independent bodies whose role it is to investigate complaints. For many respondents, it was not the disclosure of alleged wrongdoing that they believed existed that posed as a dilemma. It was the personal costs to career and reputation that represented the biggest challenge, as the following recollection illustrates:

And so, the other thing about this, he had some very good friends higher up near the top of the organisation so I knew that once I reported, I couldn't just report it and it not be made known, it would become known. A lot of career prospects coming out and I agonised and said what will I do? (PG20).

This example was most relevant to many respondents in this research because the perceived personal and professional costs associated with becoming a whistle-blower while occupying a senior executive role were considerable. In such positions, respondents were privy to highly confidential information and even if they revealed such information through formal avenues, they were almost certain to risk the loss of both their role and reputation. This is coupled with the belief that securing another senior executive role may be limited if the decision was made to 'blow the whistle'. Many respondents felt that if they became a whistle-blower then other organisations may be reluctant to recruit them for fear that they may repeat the same behaviour in their organisations.

5.4.3 Organisational Change

The final category to emerge from data to qualify the theme *competing interests* was *organisational change*. This category represented the ethical dilemmas which confronted respondents when they were required to manage significant change in their organisations. This could involve, for example, either the restructuring or closing down of a business. Crucially, it was the effect such changes had on the lives of employees and other stakeholders associated with the business that presented the most significant challenges for respondents.

A principal challenge of this dilemma included managing the displacement of people in the organisation. Respondents who managed significant organisational change reflected on the dilemmas such action created. This category strongly supports the theme *relationship management* since it was the management of people cited as the most challenging aspect involved in *organisational change*. This is succinctly encapsulated in the following recollection in which the business case for closure was clear but the human dimension of such action not as straight forward to execute:

From a business point of view this isn't a complex issue, this...is losing a ton of money, it is never going to actually fly, how do we cease the bleeding and liquidate the assets. (T)wo years prior the reality was the community board which had been running it for years had been in debt spiral for ten years. The ethical dilemma arises when you are looking someone in the eye and telling them that you are making them and all their colleagues redundant. How do you actually make a hard decision and exercise it compassionately and fairly (VP14).

That dilemma was repeated in a number of contexts by many of the respondents. However, the common factor linking the examples were the challenges relating to the management of human resources in the change process.

5.4.4 Relationship Management

The second theme *relationship management* emerged from data represented by respondents' descriptions of ethical dilemmas. The principal categories that qualified the nature of the ethical dilemmas experienced by respondents were, *use of power* and *workplace behaviour*. While the contextual nature of the dilemmas differed in the recollections, the underlying challenge experienced by respondents was in the management of the relationships connected to the specific ethical incidences. The theme *relationship management* together with the categories *use of power* and *workplace behaviour* are presented in **Figure 5.15**.

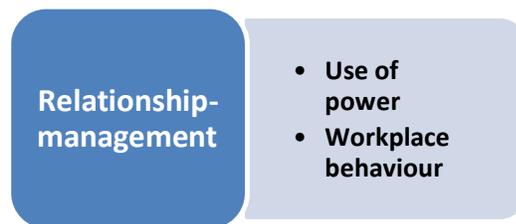


Figure 5.15: Theme: Relationship Management

Each of the categories that emerged from data to qualify *relationship management* is examined in the following.

5.4.5 Use of Power

The term *use of power* emerged from data as one of the most common elements of ethical dilemmas which respondents were required to manage, and in some instances, experience themselves. The form of the *use of power* recalled most often was the management of situations in which intimidating and bullying behaviour was prevalent. This included both overt and covert acts of bullying and occurred where there often existed an unequal distribution of power between alleged perpetrators and victims. There were many examples too, in which respondents had to manage bullying behaviour between employees as the following example illustrates:

It was very serious dispute, where I believed that they were threatening the wellbeing of a number of staff, they'd totally lost control of themselves shouting and bawling at staff, to the extent that the junior member of staff was incredibly intimidated and physically as well as emotionally distressed, and so under no circumstances especially after there'd been other verbal warnings of this behaviour, you know I couldn't imagine there would be a sort of adequate explanation, but nevertheless that was the path we were determined to go on (PG6).

The dilemma for respondents was that the alleged perpetrator often held a position of power in the organisation and with whom they had a professional, and sometimes, personal relationship. This meant the professional and personal contact with the alleged perpetrator was usually in an environment with other senior executives. Subsequently, there may have been limited opportunities to observe the alleged perpetrator's relationships with employees in the organisation. Many respondents felt their ability to make clear judgements in the management of such incidences complex, as it raised issues such as personal and professional loyalty.

An aspect of this dilemma that was recalled by respondents related to their sense of disbelief when they had no experience or knowledge of the bullying behaviour of the alleged perpetrator which was being reported by an employee in the organisation. Therefore, a potential conflict between their duty to address the *use of power* issue and their sense of loyalty to the professional and personal relationship with the alleged perpetrator arose. This is illustrated in the following recollection:

I was leading a team and it revolved around a person in my team making a claim of harassment from someone senior in the organisation to whom I reported and with whom I was friendly I found it particularly confronting because the person in question had never, ever, to my mind ever displayed those characteristics and yet for the person who actually lodged the complaint that had happened after a great deal of thought (VG5).

Another common expression relating to the *use of power* arose in the management of incidences of nepotism. This involved an individual using his or her official position to secure favourable outcomes or appointments for preferred family members or

professional associates. Many respondents recalled situations in which there was considerable pressure placed upon them while occupying their senior executive role, to appoint a family member or associate to the organisation. This pressure was often exerted by influential stakeholders both within and outside the organisation.

In these situations, respondents felt their values were being compromised, as ordinarily they would not have appointed a family member or associate without a formal recruitment and selection process being undertaken. Some respondents acquiesced to this form of pressure, while others, such as the respondent's recollection below, refused to do so without a formal recruitment and selection process:

I was on the board of an organisation, a very brand new organisation and when the appointment of the CEO occurred, there was considerable pressure from one of the obviously more powerful people on the board to actually appoint without interview and I declined to do that so I guess I basically forced the issue, we had to do the interviews (PP17).

The respondents, who expressed that they succumbed to pressure to appoint a family member or associate, described other issues associated with this type of dilemma. Most commonly, an appointment based on nepotism, aroused suspicion amongst other employees, as the process was perceived to be unfair and did not follow the selection policies of the organisation. In addition, the perception by other employees was that the appointee did not possess the required level of credentials or competencies to fulfil the requirements of the position. In these circumstances, respondents were often confronted with the management of reduced levels of morale amongst employees arising from the appointment. If, in the event that the appointee did not demonstrate the required level of competency in the position, other employees who believed they were more competitive for the position further resented the appointment. This situation was exacerbated if more competent employees were forced to compensate for the under-performance of the appointee. Many respondents expressed the dilemma of managing a decision they believed was forced upon them and for which they could not confidently defend to employees in their organisation.

5.4.6 Workplace Behaviour

The category *workplace behaviour* emerged from data as the second most cited issue in relation to the theme of *relationship management*. Specifically this category was associated with issues relating to respondents' management of people's performance in their professional role. Examples cited reflected the complex nature of issues relating to *workplace behaviour*, as incidences were rarely confined to an individual's job performance. In essence, respondents' dilemmas overwhelmingly centred on dealing with individuals' reactions to being confronted about their behaviour in the workplace. Recollections of *workplace behaviour* that emerged from data acknowledged personal aspects of relationships which made the management of behaviour complex, rather than the context in which the behaviour took place. Further, respondents found it more confronting to manage an individual with whom they had developed a long-standing professional relationship.

For example, a number of respondents recalled situations in which matters relating to the use of drugs and alcohol or family matters exacerbated workplace performance. Therefore, the dilemma for respondents was that the management of *workplace behaviour* and job performance is acknowledged as a legitimate process and responsibility. However, personal and family challenges could not always be isolated from an individual's personal and private affairs. These personal matters became integrated with the resolution process adopted by respondents. This is clearly illustrated in the following examples:

So, like for me the decision was and because you know that alcohol abuse is really a health issue so you've got this sort of dilemma between looking at this person with this health issue and looking at the impact that it's having on the students (PG9).

Unfortunately he couldn't see that the performance wasn't up to scratch, hadn't been married all that long and while this was going on his wife gave birth to their first child, so you've got that whole... side of things (PP4).

The other area of *workplace behaviour* that emerged from data related to cultural and political aspects affecting on the employment relationship of a senior executive member. In these instances, it was less about the actual performance in a role and more about an individual's 'fit' into a particular culture or political environment. The dilemma therefore centred not on managing issues such as under-performance but rather addressing the less clearly defined aspects of an individual's behaviour that were considered not being the desirable 'fit'. This could, at times, make decisions more challenging if the individual had an established identity within their professional or business community. In these instances, a decision to end the employment contract often resulted in some 'backlash' by these community members and perceptions that the individual had been harshly treated. However, from the respondents' perspective, the reality was that members of these professional and business stakeholders did not have a complete and informed view of the work and related performance of the individual. This dilemma is clearly articulated in the following recollection:

He has a very high community profile, he is prominent in the community. Do I deal with the stuff which has actually been levelled in a way in which I would deal with someone else who might not have the same community profile, might not the same prominence...which would be a much easier decision, so I've had to remove all the personal profile from this and make a decision which I thought was ethical (VP6).

In relation to *workplace behaviour*, many respondents recalled the challenges associated with addressing issues with individuals whose performance had not been previously or effectively managed by others. This was illustrated by recollections in which performance issues may have been identified in an individual but not addressed by management over a long period. Therefore, when respondents demonstrated a commitment to resolve an individual's performance issues, it was met with denial and shock because no-one had previously raised the performance issues with the individual. This situation is well illustrated in the following recollection and was recalled by many respondents in this research:

I've worked with those who have been unable to have a, have honest performance discussions with people so they leave individuals thinking they are doing well and then they get on to somewhere else and the new person comes in and they start getting a different message, that can spoil people's lives when they don't comprehend why one day they're OK and the next day they're not when actually it's the leadership (VG6).

In conclusion, the common theme throughout respondents' descriptions of *workplace behaviour* that emerged from data was acknowledgement that both the private and public circumstances of individuals make the management of *workplace behaviour* complex. The description below encapsulates what many respondents expressed:

It's interesting, people who are at arm's length tend to deal with each other, they tend not, they cautiously tend to deal with each other in a much more predictable and open fashion. I think the thing that makes the organisation complex and any relationship complex, is generally a lack of understanding of where an individual might be at a particular point in time. So there will be items and issues, whatever, impacting on individuals which then manifests on the way that they behave and you end up with this other scenario (PP10).

5.4.7 Governance

The third and final theme *governance* is represented in **Figure 5.16**. Dilemmas relating to *governance* arose in the context of the contravention of official policies, rules or regulations that applied to the administration of the organisation in which the respondents worked. Two principal categories emerged from data relating to ethical dilemmas under the theme *governance*; these were *misappropriation* and *bribery*. These two categories are examined in the following.

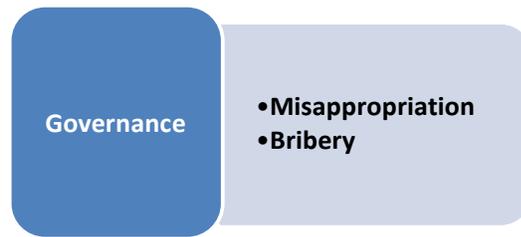


Figure 5.16: Theme: Governance

5.4.8 Misappropriation

The first category of respondents' ethical dilemmas that emerged from data relating to the theme *governance* was *misappropriation*. The nature of the *misappropriation* related most often to resources such as finances, including the use of corporate credit cards. There were also examples associated with the use of the internet, but these were not as significant compared to the misappropriation of finances. Importantly, respondents related these dilemmas within the context of leaders who used their positions of influence and power to conceal their contravention of matters relating to *governance*.

Dilemmas involving the misappropriation of finances were recalled in a variety of complex situations. A key factor in respondents' recollections was that alleged offenders often held a position of influence which gave them knowledge and access to financial systems not afforded to other individuals in the organisation. Further, in respondents' cited examples, they often had a business or personal relationship with the alleged offender. Many respondents expressed the emotion and disappointment they had to confront in the knowledge that someone they trusted and respected had betrayed their relationship. Therefore, while respondents did not retreat from their professional responsibilities in reporting such matters, the experience was more personally confronting because of the established relationship. This is illustrated in the following recollection:

Yes, I have had a situation where my best friend or if not all but my best friend, I was aware that he was misappropriating and again here, we're not talking here about hundreds and thousands or even thousands of dollars to be honest but was definitely abusing, I guess the position that he had, it wasn't good (PP9).

There were other examples recalled by respondents that involved the misappropriation of finances by individuals whose personal issues became embroiled in the resolution process. This aspect aligns closely with the findings relating to the theme *relationship management*. That is, while issues such as workplace performance, personal relationships and health matters were an additional aspect to the alleged misappropriation, respondents could not easily isolate these matters when seeking a resolution to the alleged *misappropriation*. The following recollection highlights this type of dilemma:

I had formed the view that there was something psychiatrically wrong with this person. Meanwhile a lot of money was going out of the organisation, so I contacted the chairman again and said we have got a real problem here, we need to do something and I said did you know that this person has gone and spent X and gone and done Y and all the rest of it. Oh no I didn't know that. Well I said it's going on, we have to act, yes, yes, yes (PP17).

Another common dilemma for respondents related to proving the misappropriation of finances. Many respondents were frustrated because they believed they had sufficient knowledge and evidence relating to the misappropriated finances but considered the evidence insufficiently robust to withstand legal scrutiny. Respondents therefore felt some moral responsibility along with a sense of powerlessness that someone had 'got away' with a serious offence.

The misuse of credit cards occurred in the context of goods and services being placed on organisational corporate cards. The dilemmas described by respondents were identified as not necessarily being centred on the nature of the goods or services, but rather the context and circumstances in which the credit cards were used. For example, while there may have been an official policy relating to the use of credit cards for goods or services such as food and beverages, many respondents expressed that this was not always as

straightforward as it appeared. Often, it came down to the individual's conscience and where, for him or her, 'the line could be drawn'. This was most often cited by respondents in circumstances where there was no official business purpose for a lunch or dinner but such an occasion would be perceived as a legitimate reason to use the corporate credit card and justify it as 'business'. The following description highlights a commonly described example by respondents in which the use of credit cards could be relatively easy to justify as a legitimate work-related expense:

I think the interesting thing, the reason I tell the story is, it would have been easier for me to write on the slip that that was a corporate expense because I was with people, no-one would have questioned it, I was with people from the industry and I could have said that it was an industry meeting but that didn't sit with my ethics in terms of you're either honest or you're not honest (PG13).

In contrast to the above, a commonly cited example, there were instances in which the use of credit cards for services clearly breached official policies. Therefore, respondents instinctively knew these could not be justified under any circumstances as the following description reveals:

(H)is career skyrocketed until the time when the staff member analysing his credit card bills realised that, you know, the Lonely Planet was not something to do with superman, it was to do with the brothel (PG7).

Another example within the category of *misappropriation* related to the misuse of technology. Specifically, this involved individuals who used electronic mail as a medium for harassment or intimidation of other employees. In these circumstances, the dilemma for respondents was initially confronting the complexities of identifying the alleged perpetrator. The use of technology allowed him or her to maintain anonymity and inflict considerable damage on targeted individuals both inside and outside the organisation. Respondents expressed the dilemma of trying to contain the effect and extent of the unidentified, alleged perpetrator's behaviour. One respondent described the situation as dealing with 'the invisible man'. This example is illustrated in the following respondent's recollection:

[A]nd this external source knew and was circulating these emails, not only to that person but to a number of the senior people within the practice, including myself, I was receiving copies of these emails from outside. I had never seen anything like this in my life, they were all innuendo and allegation and they were of a personal nature and they were very, very damaging to this individual concerned (PP14).

5.4.9 Bribery

Respondents represented by both the public and private sectors, described ethical dilemmas relating to the category *bribery*. One common example related to gifts and rewards. The challenge described by respondents was determining where the ‘line was drawn’ in situations where *bribery* took the form of offers of gifts and rewards. Respondents were rarely confronted with a situation in which they were offered a bribe in the form of money or other gifts and rewards in an explicit and direct manner. More commonly, respondents described circumstances associated with acts of *bribery* as being undertaken in a subtle and unobtrusive manner and therefore any implied expectations or obligations by the act of gift giving were unclear.

Most respondents recalled situations in which gifts took the form of entertainment, such as tickets to a corporate sporting event, which may or may not have included travel and accommodation. It was in relation to such entertainment that many respondents expressed the timing of the gift or reward which enabled them to more clearly define where ‘the line should be drawn’. This example was recalled specifically in the context of the procurement environment. In this situation, companies submitted a tender application for a contract to provide services to both government and non-government entities. Some of these companies made contact with members of the tender panel with offers of gifts in the form of tickets to major sporting events such as international cricket or Australian Football League (AFL).

Respondents described clearly where ‘the line should be drawn’ in these circumstances. That is, the acceptance of gifts while the tendering process was being finalised was inappropriate, as the following recollection illustrates:

So the dilemma was, in the midst of the negotiations, should they be offering free trips and they were offended when I said I didn't think they should. I had no rules because the company didn't have any rules in this area and I remember it was a free trip to the grand final (PP5).

Public sector respondents expressed more reluctance to accept gifts at any time and were more likely to recall the gift policy which they referred to for guidance. Private sector respondents were also conscious of the timing of when it was appropriate to accept gifts but were more likely to regard the exchange of gifts as integral to long-term business partnerships and goodwill. In addition to considering the timing of gift offers, many respondents managed this dilemma by making explicit the limit to which he or she would go in accepting a gift. The respondent in the recollection below provides an example of the boundaries made clear when a gift was offered to him or her by an individual or company. This recollection also acknowledges other potential risks in the acceptance of gifts:

So I suppose it's this stuff around honesty and by extension that I see between network relationship building and accepting kind of favours and hospitality that then puts you in somebody's debt in a way that makes it impossible for you to take balanced decisions. I see a lot of people...perhaps doing things that I would not do. Just a small example, every year I get invited...and every year I refuse on the grounds that there's a level of hospitality that I won't accept and the line is somewhere and for me the line is anything that involves overnight accommodation and travel (PG11).

Other respondents recalled examples of gift exchanges, which occurred in a cross-cultural environment. In many of these situations, respondents accepted such exchanges as common practice and most were comfortable with what were perceived as gestures of goodwill and relationship building. However, some respondents recalled there were business transactions in which there was the expectation of another form of exchange, which was more complex and less 'clear-cut'. It was in these situations that respondents expressed uncertainty and, as the following recollection illustrates, questions arose about the legitimacy and nature of such transactions:

One was an international trade issue and that was more generally dealt with by the group. It was about rebates to customers and whether they were open and transparent or whether in fact they were in the nature of bribes so and it's sometimes rebates are quite legitimate, people buy a volume of X product and they get a rebate for doing that. Now it's a question of where the rebate goes or the payment goes and how far one is obligated to find out about that. [T]here are less savoury customers around the world and you don't exactly know what happens to the money often enough and it was a question that it was a grey area, it was a borderline one (VP16).

While there were fewer examples recalled by respondents in an international context, many respondents in this research acknowledged dilemmas of this nature were likely to increase as their global business operations expanded.

Overall, most respondents acknowledged holding a senior executive position made the likelihood of gifts and rewards being offered and the challenge in exercising judgement in these situations, substantially increased. The view that was commonly expressed was their professional status as a senior executive placed them in a position where the offer of gifts and rewards became more prevalent. Many respondents referred to company policies or guidelines that contained procedures for the management of the exchange of gifts and rewards. However, many still found it challenging to make a judgement between what constituted a gift for the purpose of goodwill within the boundaries of a well established professional or business relationship and what represented an implied obligation or expectation on the part of the gift giver.

Many respondents expressed that despite following the prescribed policy on the acceptance of gifts, negative perceptions could still prevail amongst colleagues and employees within the organisation. A commonly cited example was when a senior executive paid for and attended a public event, but his or her presence still created assumptions amongst others that someone else had paid. Some respondents, when offered a gift, managed the situation by making explicit that the gift would be shared with others, thus communicating how the act of gift giving was being interpreted and managed. An example of this is illustrated in the following recollection:

In my sort of job I get invitations, I get offers to fly here, at Christmas time it can even, at Christmas time when gifts are presented and so you know, it's really nice to get a couple of bottles of Veuve Cliques champagne but my view of that, always to make it known to the giver that this is actually going to the staff, thank you very much (PG26).

5.5 Summary: Respondents' Ethical Dilemmas

The themes *competing interests*, *relationship management* and *governance* were presented in this chapter and detailed the nature of the ethical dilemmas recalled by respondents in this research. When total responses were examined relating to these three key themes, ethical incidences involving *competing interests* and *relationship management* predominated. Within these two themes, matters relating to *confidentiality* and *use of power* most often qualified the nature of respondents' ethical dilemmas.

5.5.1 The Management of Ethical Dilemmas by Respondents: Theories-in-Use

The first task presented to respondents in Part 2 concludes with an examination of actions taken by respondents when confronted with the ethical dilemmas previously discussed. Therefore, it outlines respondents' theories-in-use or what they *actually* did as opposed to their espoused theories or what they said they *would* do when faced with an ethical dilemma.

Figure 5.17 outlines the four principal themes that emerged from the data and which represent the type of action respondents took when faced with ethical dilemmas. These themes were *accountability*, *relationship-centredness*, *courage* and *withdrawal*. The four themes are organised in vertical order from the most commonly adopted action, *accountability*, to the least adopted action, *withdrawal*, to qualify how respondents managed their ethical dilemmas.



Figure 5.17: Ethical Dilemmas, Respondent’s Actions: Theories-in-Use

The data, which emerged relating to the four themes, indicate that respondents’ decision-making is complex and dynamic in nature. Most particularly, no single approach is applied to either examine or resolve dilemmas. There are normative ethical theories that propose some principle or principles for distinguishing right actions from wrong actions (Shaw & Vincent, 2004). However, one single ethical theory could not be applied to each of these four themes. This recognises, according to Williams (1985, p. 16), that ‘we are heirs to a rich and complex ethical tradition, in which a variety of different moral principles and ethical considerations intertwine and sometimes compete’. Therefore, in the context of this research, the findings presented reflect the action taken by respondents to manage their ethical dilemmas.

Figure 5.18 illustrates the distribution of the four themes, which qualified the ethical decision-making of respondents in this research. These are: *accountability*, *relationship-centredness*, *courage* and *withdrawal*.

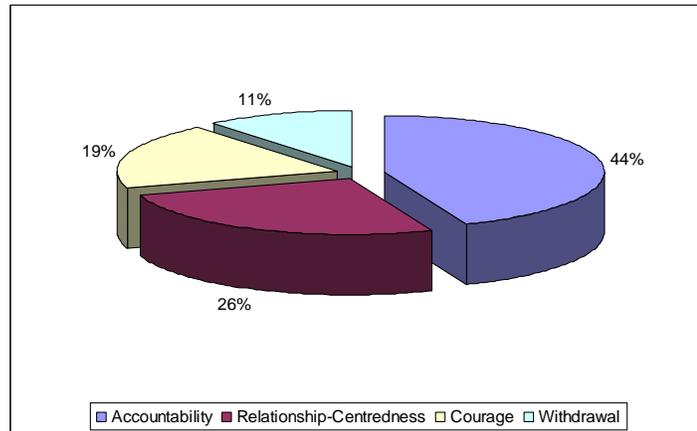


Figure 5.18: Theories-in-Use: Total Responses

When the total number of respondents represented in this research was examined, *accountability* was the most common theme relating to respondents’ decision-making when confronted with an ethical dilemma. The four themes, *accountability*, *relationship-centredness*, *courage* and *withdrawal* are now examined.

5.5.1.1 Accountability

The theme *accountability*, presented in **Figure 5.19**, emerged from data and described the type of action most commonly taken by all respondents in this research. The management of ethical dilemmas included in the theme *accountability* emphasised the rules, regulations or policies that were applied to and governed specific situations.



Figure 5.19: Theme: Accountability

The qualifying category *compliance* encapsulated the actions most commonly described by respondents and which were used to assist in making judgements about ethical dilemmas they faced. Most importantly, a process of verification was fundamental to these respondents to ensure their course of action complied with the organisation's adopted *accountability* measures. That is, their primary concern was to substantiate and validate the specific rules that governed the circumstances relating to their ethical dilemma. As part of the process, many respondents sought independent advice on the matters pertaining to the circumstances of the situation.

Respondents also emphasised the importance of formal documentation of their decision-making as an important aspect of *compliance*. Therefore, adhering to formal documentation protocols and complying with the rules that governed their particular situation, was a fundamental approach taken by respondents. For example, recollections relating to documentation included respondents who maintained detailed written records about the action they took to resolve their ethical dilemmas. Many respondents viewed documentation as an official record to provide evidence that the management of the dilemma was done in an accountable and transparent manner. Integral to the processes of *compliance*, respondents also recalled that the process of documentation provided a basis for ensuring the decision-making process took account of their core values. As the following recollection attests, personal values were integral to a number of elements in the *compliance* process:

So to put all of that process down in writing in four or five pages and to talk about, it's a very hard decision, you know, I laboured through each of those processes, it was, it was lots of agonising, lots of going outside for advice, testing it against your core values, weighing up the benefits to the organisation versus the benefits to the individual (PG7).

5.5.1.2 *Relationship-Centredness*

The theme *relationship-centredness* emerged from data to describe the action of respondents when confronted by ethical dilemmas. **Figure 5.20** illustrates *relationship-centredness* and the qualifying category, *collaborate*.



Figure 5.20: Theme: Relationship-Centredness

Respondents whose recollections aligned with the theme *relationship-centredness* focused on the character of individuals and the nature of the relationships with people involved in the management of the dilemmas. Importantly, the resolution of dilemmas was closely aligned with respondents acknowledging the importance of building relationships with stakeholders and relying on the reputation and strength of these relationships to resolve dilemmas.

The category *collaborate* represented the type of action most often reflected in respondents' descriptions of the management of ethical dilemmas that aligned with the theme *relationship-centredness*. Many respondents emphasised the importance of resolving their ethical dilemmas by being able to *collaborate* with stakeholders who may be affected by the circumstances of the situation. The process of *collaboration* was viewed as an important opportunity to build empathy and respect for the position held by key stakeholders affected by the situation.

Many respondents also cited the importance of building trust with individuals or organisations in the management of ethical dilemmas. Trust closely aligns with respondents' recollections of ethical leaders being individuals who have a reputation for trustworthiness. The following recollection acknowledges the place trust has if parties are to successfully *collaborate*:

I had a lot of fence mending to undertake and that meant getting out to key stakeholders and try and win the trust of the individual, and that really meant you had to get out on the front foot (PG18).

5.5.1.3 Courage

Figure 5.21 illustrates the third theme, *courage* that emerged from data to qualify how respondents in this research managed their ethical dilemmas.



Figure 5.21: Theme: Courage

The most distinguishing feature in respondents' descriptions for this theme was their emphasis on maintaining a level of confidence and determination in their own judgements and principles governing the nature of the ethical dilemma. In essence, the theme *courage* described respondents who adopted a determined and tenacious position relating to the management of their dilemmas. Commonly, their action involved decisions which may have been met with disapproval or resistance from others. The demonstration of *courage* was recalled as having the 'courage of one's convictions'. Respondents adopted a commitment to particular principles or values, and although an acceptable conclusion to their dilemmas was important, the means by which the dilemma was managed took precedence. Two categories qualified the theme *courage* and they were *advocate* and *report*.

Once the rules or policies which governed the situation were verified, the category *advocate* described the action of respondents who were prepared to put forward their argument in defence of the position they wished to take in the resolution of the ethical dilemma. Many respondents used expressions such as 'plead my case' or 'make recommendations' when describing their commitment to *advocate* their position on the circumstances of their situation. This process often took place in an official environment

such as the organisation's governing board or a group made up of senior executives from various divisions within the company.

The final category that qualified the theme of *courage* was *report*. This closely aligned with the theme of *accountability*. The category *report* referred more closely to the role of external independent authorities. Examples of these included tribunals, licensing and regulatory boards and professional bodies, which conduct formal inquiries involving activities such as reported misconduct or corruption. These bodies have legislative powers to conduct formal inquiries and for the most part, their activities are controlled and monitored by the government. For these bodies to investigate such alleged activities, a formal complaint is required. An individual or group, either within or outside an organisation, may initiate this action. In the context of this research, respondents sought the attention of such bodies with reports of activities within their own organisation they believed warranted formal and independent investigation. Some respondents recalled they needed to adopt a tenacious and persistent approach to these situations. When internal investigations had not addressed their concerns they were hopeful their concerns would be viewed as sufficiently serious by these independent bodies to set up a formal inquiry. The chances of this occurring were increased if the activities of the organisation were also the concern of stakeholders, such as community interest groups.

The following recollection is an example in which the respondent had initiated formal reporting procedures within the organisation and viewed the establishment of an independent, formal inquiry as the opportunity to have the matters more fully and satisfactorily investigated. The respondent believed that an inquiry was also a means to have his or her reported actions vindicated by an independent body:

You then go and look for verification and you talk to other people and there was no problem with the verification...people like me report the situation and then it then gets legs in terms of whether there's going to be an Inquiry and often there is an Inquiry, in my case I was lucky there was an actual Inquiry (PG24).

5.5.1.4 Withdrawal

The final theme *withdrawal* emerged from data to describe the action of respondents when confronted by ethical dilemmas. Respondents' descriptions for the theme of *withdrawal* concentrated on their preparedness to literally 'walk away' from both the situation and/or the organisation. Integral to this action was a strong declaration by respondents that they would have no further involvement in the resolution of the dilemma without specific aspects being altered to meet their concerns. Many respondents expressed they were prepared to resign from the organisation if the manner in which the dilemma was being managed could not be re-negotiated. **Figure 5.22** illustrates the theme of *withdrawal* and the qualifying category *renounce*.

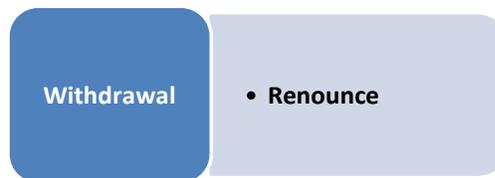


Figure 5.22: Theme: Withdrawal

The qualifying category *renounce* represented respondents' public declaration about their willingness to sacrifice their own professional and personal interests if the nature of the ethical dilemma compromised their principles. Importantly, this qualifying category emphasises the public nature of respondents' management of their *withdrawal* from the situation and/or the organisation. That is, knowledge of the respondent's sentiments and formal position in relation to the situation were made public. In this way other members of the organisation were left in no doubt why the respondent chose to resign from his or her position. This action differed from respondents who may have left the organisation and cited, for example, that they were leaving to 'pursue other opportunities' or 'personal reasons'. In these cases, other individuals may have suspected the reasons for the *withdrawal*, but not been entirely certain because the respondent had chosen not to publicly *renounce* his or her position and the details that led to departure from the organisation.

Many respondents described being in a situation in which the choice to uphold their principles and values also meant that opportunities to further their career aspirations, could be placed in jeopardy. In these circumstances, respondents who chose to remain in their organisations either lost the role they were occupying or were relegated to a position that did not carry the same responsibilities or status as their previous role. In essence, they lost their positional power because of their commitment to principles, which did not align with other members in the organisation. Some respondents were prepared not only to *renounce* their role and future career opportunities, but also resign and leave the organisation rather than compromise their position on the situation being examined.

5.5.2 Summary: The Management of Ethical Dilemmas: Theories-in-Use

The first section of Part 2 concludes with an examination of the management of ethical dilemmas by respondents. The themes of *accountability*, *relationship-centredness*, *courage* and *withdrawal* emerged from the data to qualify the key approaches respondents adopted in the resolution of their dilemmas. When the total responses were examined relating to these four themes, *accountability* and *relationship-centredness* represented the most commonly applied actions in the management of ethical dilemmas. An examination of the final section of Part 2, representing responses to a vignette, now follows.

5.5.3 Management of Ethical Dilemmas by Respondents: Espoused Theories

The concluding task of Part 2 in this research was presented to all respondents in the form of a vignette. The task was designed to explore the course of action respondents said they would take, if they were responsible for the management of the circumstances in the vignette. That is, respondents' *espoused theories* or what they said they would do. The following vignette was presented to all respondents:

The organisation in which you are a senior executive has recently been involved in a lucrative business proposal. You have been given principal responsibility for its development. The negotiations are with both private and government entities. You discover that the contract does not fully comply with mandatory compliance policies. This view is not shared by other executives within your organisation, who are keen to proceed. The success of this contract is likely to have favourable consequences for your future career prospects. What would you do?

In contrast, the nature and response to the ethical dilemmas described in the first task of Part 2, represented respondents' *theories-in-use* or what they *actually* did when confronted with the ethical dilemmas they had experienced themselves. The final section of Part 2 which involved the vignette, examined what alignment may exist between what respondents said they actually did when confronted by an ethical dilemma (*theories-in-use*) as opposed to what they said they would do (*espoused theories*) in the hypothetical situation presented to them.

Figure 5.23 presents the themes that emerged from the data to describe how respondents approached the ethical dilemma outlined in the vignette and in the management of their own ethical dilemmas. Respondents' *espoused theories* are presented on the left of **Figure 5.23** and their *theories-in-use* on the right.

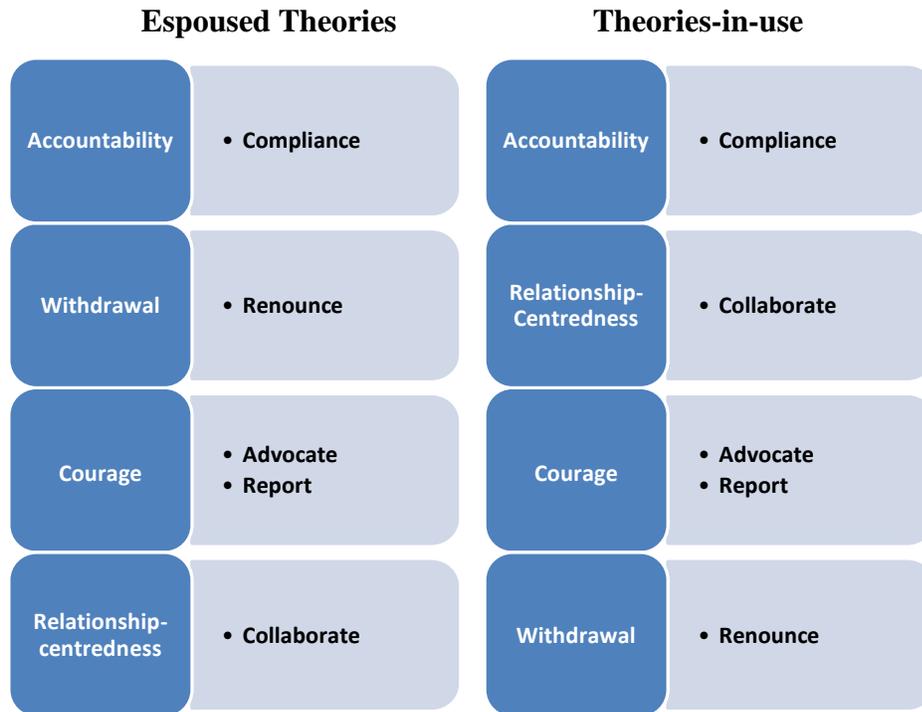


Figure 5.23: Ethical Dilemmas: A Comparison of Respondents' Actions

Four principal themes, *accountability*, *withdrawal*, *courage* and *relationship-centredness*, emerged from the data for both of the tasks in Part 2. The themes are ordered vertically in **Figure 5.23** with the theme with the greatest response rate (see **Figure 5.24**) at the top of each half of the figure.

The number of responses between respondents' *espoused theories* and their *theories-in-use* differed for each theme and **Figure 5.24** shows the proportional distribution of the four themes that emerged from the data for the responses to both the vignette (*espoused theories*) and the respondents' management of their own ethical dilemmas (*theories in use*).

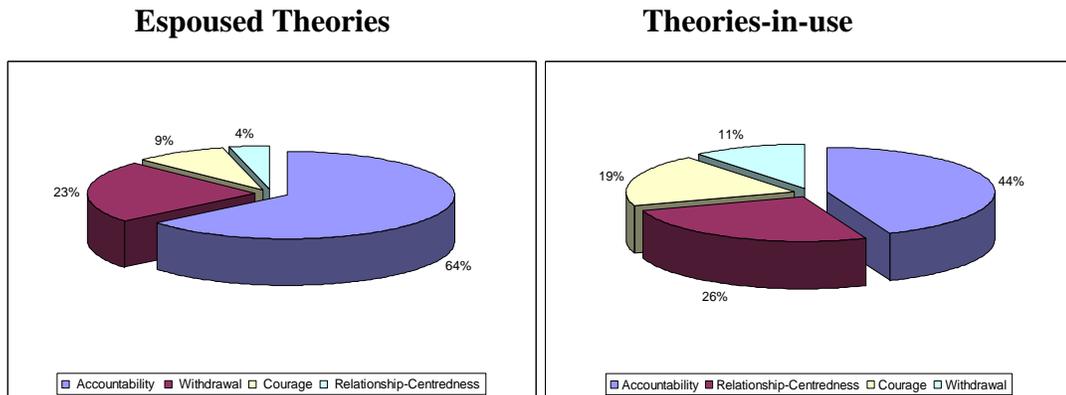


Figure 5.24: Ethical Dilemmas: Respondents' Actions—Comparison of Total Responses.

Each of these themes is now examined, highlighting the similarities and differences between the findings of the two tasks in Part 2 of the research.

5.5.3.1 Accountability

The theme of *accountability*, which emerged from data, described the action most commonly taken by all respondents when asked to respond to the vignette. The category to qualify respondents' action was *compliance*. Respondents, who adopted *accountability* in response to the vignette, were principally concerned with the policies, rules and regulations which may have applied to the scenario. Importantly, respondents emphasised that their decision-making was to be fully and officially documented.

While *accountability* represented the most common theme for both tasks, a much greater proportion of respondents *espoused* that they would follow or investigate the *accountability* measures required for the rules relating to the vignette. Respondents' questioning and examination of the compliance policies was the focus of their response when presented with the vignette. In relation to their own ethical dilemmas, respondents' recollections reflected more variation in the type of action they considered.

5.5.3.2 *Withdrawal*

The theme of *withdrawal*, which emerged from data relating to the vignette, was also represented differently from respondents' management of their own ethical dilemmas. The greatest difference between respondents' action in response to their own ethical dilemmas (*theories-in-use*) and the vignette (*espoused theories*) was a greater commitment and willingness for *withdrawal* from the situation represented in the vignette. Some respondents across all sectors of this research were emphatic that the only option for them when presented with the vignette was *withdrawal*. Many of these respondents made an instant judgement relating to the details depicted in the vignette and without any further consideration or examination of the details, expressed that they would refuse to participate in the scenario.

This was in contrast to respondents' reported action in the management of their own dilemmas. There was a greater preparedness to examine a number of avenues in the resolution process before contemplating *withdrawal*. Overall, respondents' language used in response to the vignette was expressed in an unequivocal manner as the following respondent's example illustrates:

I mean what I'm saying, there's a right and wrong answer, I hope that's the answer you're getting from everyone you're speaking with 'cause if they're giving you different answers then you have to wonder what they're doing running major organisations (PG23).

Many respondents approached the vignette from the perspective that their interpretation of the scenario was assumed correct and the opposing views of other executives needed to be challenged. In contrast, when respondents managed their own dilemmas, they commonly expressed that they would seek confirmation and advice on the rules or policies governing their particular circumstances. In addition, the respondents who chose *withdrawal* for the management of the scenario outlined in the vignette, were much more forthcoming in expressing their views about the potential personal or professional costs of their choice of action, as the following respondent's comments illustrate:

You know, I don't see what else, I don't see that there's any choice to be perfectly honest, I mean bad luck about your favourable consequences for your future career prospects, there are other consequences that will emerge, that will emerge (PG7).

This is in contrast to respondents who chose *withdrawal* in the management of their own ethical dilemmas. While they were prepared to *renounce* their position and risk personal and professional loss in relation to the vignette (*espoused theories*), most respondents did not view resignation, or the risk of their professional status, a viable option in the management of their own ethical dilemmas. This is clearly depicted in the following respondent's recollection:

Um, they would have to be keen to proceed with a public statement that the contract didn't comply with mandatory compliance policies. I wouldn't resign, like I wouldn't, I'm not a great believer in that as you actually don't achieve any purpose you just get out of it, a bit gutless really (PP6).

5.5.3.3 *Courage*

The categories *advocate* and *report* qualified the theme of *courage*, which also emerged from the data on responses to the vignette. These categories specifically related to actions by respondents, which involved arguing and defending their position with the other executives who held an opposing view on the circumstances outlined in the vignette. Notably, many respondents expressed a strong commitment that their interpretation of the scenario was correct and the other executives who wished to proceed were incorrect. Therefore, in the vignette scenario, respondents emphasised the importance of persuading other executives to adopt the position of not proceeding with their chosen action. This is illustrated in the following respondent's recollection:

I would be, I would be spending an awful lot of time trying to convince them that what they were doing was not right and mounting the case of why it wasn't right (PG12).

In contrast, in the resolution of their own dilemmas, respondents were also concerned about establishing whether any policies relating to governance were contravened.

However, this represented only one aspect of a number of options considered in the process.

5.5.3.4 Relationship-Centredness

The theme of *relationship-centredness*, together with the category *collaborate*, emerged from the data to qualify respondents' actions in relation to the vignette. However, respondents placed greater emphasis and importance on *relationship-centredness* in the management of their own ethical dilemmas as opposed to action articulated in response to the vignette. The theme of *relationship-centredness* was the least chosen action by respondents when presented with the vignette. The most commonly chosen action was *accountability* and *withdrawal*. Respondents sought to advocate or negotiate their own position when presented with the vignette. They were committed to presenting their position to the board of directors and, if necessary, would 'walk away' rather than compromise their viewpoint. In essence, their actions were expressed in a far more emphatic and determined manner. That is, if the circumstances depicted in the vignette did not comply with policies, then they considered *withdrawal* as the option they would choose.

Respondents' management of their own ethical dilemmas demonstrated a clear commitment to the principles or rules in their decision-making (*accountability*). However, it was the emphasis respondents placed on *relationship-centredness* that differed from the emphasis of their response to the vignette. That is, the nature of the relationships respondents had with others was clearly important. For many respondents these relationships became the means of exploring their options.

Clearly, respondents were not prepared to contravene mandatory policies, but they were committed to working with others to examine possible solutions. The following recollection illustrates an example of the commitment by the respondent to go beyond the 'letter of the law' in resolving a complex situation:

I think the other thing that business demands is how you treat staff and this is beyond the issue of industrial relations, this is just the relationship you have with staff and there's ethics involved in how you deal with staff (PP16).

5.5.4 Summary: The Management of Ethical Dilemmas: Espoused Theories

The themes of *accountability*, *withdrawal*, *courage* and *relationship-centredness* emerged from the data as qualifying themes of what respondents said they would do if confronted with the ethical dilemma represented in the vignette. *Accountability* represented the most dominant theme followed by *withdrawal* and *courage*. *Relationship-centredness* was the least represented theme in the responses to the vignette.

Overall, respondents demonstrated a greater willingness for *withdrawal* from the scenario depicted in the vignette. This action included a greater preparedness to accept the effect that *withdrawal* would have on future career rewards or opportunities.

5.6 Respondents' Theories in-Use and Espoused Theories: Alignment

The following section examines the extent to which alignment existed between respondents' *theories-in-use* or what they *actually* did in response to the management of ethical dilemmas and *espoused theories* or what they *would* do. **Figure 5.25** illustrates the proportion of alignment, which occurred within each of the four themes relating to respondents' chosen action for their own ethical dilemmas and the vignette. The principal question relating to this alignment was, to what extent did what respondents say they *would* do (*espoused theories*) align with what they *actually* did when managing their own ethical dilemmas (*theories-in-use*)?

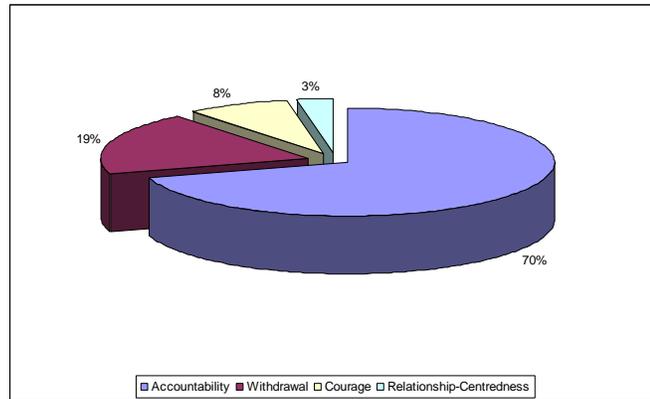


Figure 5.25: Espoused Theories and Theories-in-Use: Total Alignment

When all respondents in this research were considered, those whose action related to *accountability* demonstrated the strongest alignment between their *espoused* action and the action they adopted in the management of their own ethical dilemmas (*theories-in-use*). These respondents remained consistently committed to the rules or protocols relating to how they approached the management of both their own ethical dilemma and the vignette.

The theme of *relationship-centredness*, represented the smallest percentage of alignment between respondents' *theories-in-use* and *espoused theories*. Respondents' references to *relationship-centredness* in the resolution of their own ethical dilemmas (*theories-in-use*) were a significant consideration, but this did not align with their responses to the vignette (*espoused theories*). Respondents were more mindful of personal and professional relationships associated with the management of their own ethical dilemmas. This is consistent with findings related to the nature of respondents' own ethical dilemmas. Respondents expressed the management of relationships as the most challenging aspect in the management of their own dilemmas.

When respondents' action in relation to *courage* was examined for both the management of their own dilemmas and the hypothetical vignette, the degree of alignment was also low. That is, when confronted with their own dilemmas, respondents demonstrated greater determination to 'stand firm' on their choice of action. However, when this

action was compared to their responses to the vignette, the level of alignment did not reflect the commitment to demonstrate *courage*. The theme of *withdrawal* also showed a low incidence of alignment. Many respondents *espoused* they would consider *withdrawal* when presented with the vignette. However, in the recollection of their own experienced dilemmas, relatively few actually chose *withdrawal* in the resolution process.

Overall, there was evidence of misalignment between what respondents said they did and what they said they would do in the management of ethical dilemmas. **Table 5.1** shows respondents' action in the management of their own ethical dilemmas compared with the scenario represented in the vignette and the degree of alignment between the two tasks presented in Part 2 of this research.

In **Table 5.1**, Column B presents respondents' chosen action to the vignette (*espoused*) while Column D shows respondents' action in response to the management of their own ethical dilemmas (*theories-in-use*). The themes that emerged from the data to qualify respondents' *espoused* and *theories-in-use* actions are in Column A. All respondents in columns B and D are identity coded and placed according to their choice of action for the management of their own ethical dilemmas and the scenario presented to them in the vignette. Respondents did not necessarily choose only one action. The most commonly expressed action for both their own dilemmas and their responses to the vignette were used in **Table 5.1**.

The bold and underlined respondents' codes in **Table 5.1** illustrate those whose action taken in response to their own ethical dilemmas (*theories-in-use*) is in alignment with the action they chose in response to the vignette (*espoused*). Column C (shaded) contains the number of respondents whose action demonstrated this alignment. **Table 5.1** illustrates that action relating to *accountability* is the most commonly chosen and aligned response for respondents. Examination and compliance with rules, codes and policies was a strongly aligned choice of action for respondents in both the management of their own dilemmas and the scenario depicted in the vignette.

Table 5.1: Espoused Theories and Theories-in-Use: Response Alignment

Column A	Column B	Column C	Column D
Themes	<i>Vignette</i> Respondents	Aligned respondents	<i>Ethical Dilemma</i> Respondents
Accountability	PG1 <u>PG2</u> <u>PG5</u> <u>PG7</u> <u>PG13</u> <u>PG15</u> PG17 PG18 <u>PG19</u> <u>PG20</u> <u>PG21</u> PG25 <u>PG26</u> <u>PG27</u> PP2 PP4 <u>PP5</u> PP6 PP8 PP9 PP10 <u>PP14</u> <u>PP16</u> <u>PP17</u> <u>PP18</u> PP19 PP20 <u>PP21</u> VG1 <u>VG2</u> VG3 <u>VG4</u> <u>VG5</u> VG6 VG7 <u>VG8</u> <u>VG9</u> VG10 <u>VG11</u> <u>VG12</u> VP1 VP3 <u>VP4</u> VP5 VP8 VP12 VP13 VP14 <u>VP15</u> <u>VP16</u>	26	<u>PG2</u> PG3 <u>PG5</u> <u>PG7</u> PG10 PG11 <u>PG13</u> <u>PG15</u> <u>PG19</u> <u>PG20</u> <u>PG21</u> <u>PG26</u> <u>PG27</u> PG28 <u>PP5</u> PP7 PP12 <u>PP14</u> <u>PP16</u> <u>PP17</u> <u>PP18</u> <u>PP21</u> <u>VG2</u> <u>VG4</u> <u>VG5</u> <u>VG8</u> <u>VG9</u> <u>VG11</u> <u>VG12</u> VP2 <u>VP4</u> <u>VP15</u> <u>VP16</u>
Withdrawal	PG3 <u>PG4</u> PG6 PG8 PG9 PG10 PG14 <u>PG16</u> <u>PG29</u> PP1 <u>PP3</u> PP7 <u>PP11</u> <u>PP13</u> VP6 <u>VP7</u> VP9 VP10	7	<u>PG4</u> PG14 <u>PG16</u> <u>PG29</u> <u>PP3</u> <u>PP11</u> <u>PP13</u> <u>VP7</u>
Courage	PG11 <u>PG12</u> <u>PG22</u> PG23 <u>PG24</u> PG28 PP12	3	PG1 PG6 <u>PG12</u> <u>PG22</u> <u>PG24</u> PP15 PP19 VG7 VG10 VP3 VP5 VP10 VP12 VP13
Relationship-Centredness	PP12 PP15 <u>VP11</u>	1	PG8 PG9 PG17 PG18 PG23 PG25 PP1 PP2 PP4 PP6 PP8 PP9 PP10 PP20 VG1 VG3 VG6 VP1 VP6 VP8 VP9 <u>VP11</u> VP14

5.7 Summary

This chapter presented the findings that emerged from data collected from semi-structured interviews with 78 respondents in both the public and private sectors of two states in Australia. The findings were presented in two parts: Part 1 consisted of three questions exploring the phenomenon of ethical leadership; and Part 2 presented the recollection of respondents' ethical dilemmas and respondents' management of their own ethical dilemmas compared with a scenario in a vignette. Three principal themes emerged from data relating to respondents' recollections of ethical leadership. They were *value alignment*, *relationship-centredness* and *governance*. Three themes also emerged from data that qualified the nature of respondents' ethical dilemmas: *competing interests*, *relationship management* and *governance*. Lastly, four themes emerged from data representing respondents' management of both their own ethical dilemmas and the scenario depicted in the vignette: *accountability*, *relationship-centredness*, *courage* and *withdrawal*.

Chapter 6: Discussion

The reasonable man adapts himself to the conditions that surround him. The unreasonable man adapts surrounding conditions to himself. All progress depends on the unreasonable man

George Bernard Shaw (1856–1950)

6.1 Introduction

This chapter addresses the research questions and critically examines the findings of this research. The discussion of the findings is explored from the perspective of senior executives of the public and private sectors in Australia. The areas addressed in this discussion are the phenomenon of ethical leadership and the nature and management of senior executives' ethical dilemmas. Following this, the discussion examines whether there is congruence between executives' management of their dilemmas and their intended actions in response to a hypothetical situation. Chapter 6 concludes with a summary and an emergent model for ethical leadership.

6.2 Overview

The findings that emerged from Part 1 of this research addressed the principal question: what is ethical leadership? Respondents' recollections of ethical leadership are characterised by three themes: value alignment, governance and relationship-centredness. Ethical leaders are individuals whose words and actions are consistently aligned. The key outcomes of this alignment are leaders who are recognised by others for their *integrity*, *courage* and *trustworthiness*. Further, ethical leaders approach their decision-making with *discernment* and are focused on relationships based on *fairness* and *altruism*.

Findings relating to the characteristics of less than ethical leaders demonstrated that these leaders are characterised by deception and self-centredness. Their *abuse of power* and *self-serving* behaviour is a demonstration that less than ethical leaders' words did not consistently align with their actions. In matters relating to governance less than ethical leaders' behaviour is defined by *culpability* and *expediency*.

The findings of Part 2 of this research aligned with those in the literature that suggest that what leaders *say* and what they *do* does not consistently align. Respondents in this research emphasised the importance of the alignment between words and action as being a defining characteristic of ethical leaders. However, when comparison was made between respondents' statements of how they manage their own ethical dilemmas and their responses to the management of a hypothetical vignette, there was evidence of incongruence.

The following discussion presents a preliminary model of ethical leadership which encapsulates the key findings of this research. The findings are then discussed within the context of the existing body of literature.

6.3 What is Ethical Leadership? Preliminary Model

This qualitative research sought to define the characteristics of ethical leadership. Two recollections relating to the phenomenon of ethical leadership were sought from respondents, one of an ethical leader and one of a less than ethical leader. A preliminary model, depicted in **Figure 6.1**, was developed to capture the key findings relating to the characteristics of ethical leadership.

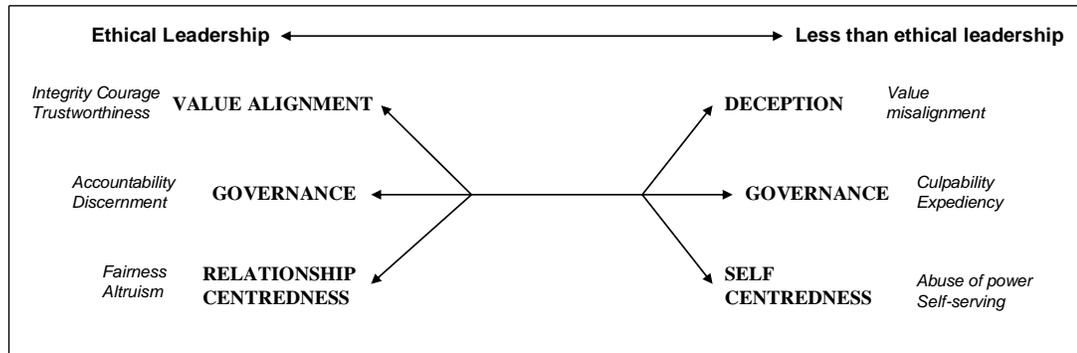


Figure 6.1: Ethical Leadership: Preliminary Model

At the top of **Figure 6.1** ethical leadership is presented at one end of a single continuum from ethical leadership to less than ethical leadership. Below this are the three themes for both constructs, together with their qualifying categories. These have also been placed on a single continuum, which branches near each end to form the themes and categories. This preliminary figure places ethical leadership on a continuum. However, the findings of this research confirmed there are distinct characteristics which define both ethical and less than ethical leadership. This represents a key contribution to the existing body of knowledge in the area of ethics and leadership. Brown and Mitchell (2010), for example, identified the need to further explore the characteristics of both ethical and unethical leadership. Respondents' recollections in this study provided a means to explore this phenomenon from a more socio-scientific perspective rather than from a normative perspective which suggests what leaders *ought* to do, rather than what they *actually* do (Brown, 2007). The existing literature also suggests individuals' propensity for ethical or unethical conduct may vary according to a range of complex individual, environmental and contextual factors (Brown & Trevino, 2006b; Brown & Mitchell, 2010; Caldwell, 2009). These are explored in the following discussion.

In this research, the relationship between intent and actual behaviour is represented by respondents' action in the management of their own ethical dilemmas compared to their intended action in relation to a hypothetical vignette. When respondents' theories-in-use (what they did) was compared to their espoused theories (what they said they would do) clear differences are evident (Argyris, 1997). Importantly, the difference between intent

and actual behaviour in leaders was identified by respondents as being important in the perception of an individual's ethicality.

A discussion of the characteristics of ethical and less than ethical leadership is now presented, followed by discussion of the nature and management of ethical dilemmas.

6.4 Characteristics and Behaviours of Ethical Leadership

Three themes relating to ethical leadership emerged from the data in this research. They are value alignment, governance and relationship-centredness. These themes together with their qualifying categories are discussed in the following sections.

6.4.1 Value Alignment

6.4.1.1 Integrity

The consistent alignment between an ethical leader's words and action is the defining characteristic of this theme. This theme is captured in this research by respondents discussing *integrity*, *trustworthiness* and *courage*. *Integrity* is identified as being important to leadership effectiveness (Chun, 2005; Parry & Proctor-Thomson, 2002; Peterson, 2004; Resick, Hanges, Dickson & Mitchelson, 2006). Nevertheless, based on a search of the literature, there is yet to emerge a clear definition of this term. Researchers such as Becker (1998), Storr (2004) and Parry and Proctor-Thomas (2002) have all identified the lack of a consistent definition or meaning. Many respondents in this research used the term *integrity*, honesty and *trustworthiness* interchangeably in their recollections of ethical leaders. This is supported by Chun (2005) who identifies a close relationship between the concepts of honesty and trustworthiness.

An aspect of honesty evident in the literature that did not emerge in this research was self-honesty and awareness (Dickson et al., 2001; Fry, 2003; Reave, 2005). The work of Brown and Trevino (2006b) in their examination of the authentic leadership construct, found that authenticity and self-awareness are not part of the ethical leadership

construct. Respondents in this research did not refer to self-knowledge or emotional intelligence being an essential component of ethical leadership. However, respondents' references to 'being true to oneself' could be viewed as indicative of having self-awareness and commitment to one's values.

Palanski and Yammarino (2007) make the point that while *integrity* is recognised as integral to effective leadership, there is little research on the relationship between leadership and *integrity*. They suggest that *integrity* be considered a virtue. Whetstone (2001, p. 4) describes virtue '[t]o be a qualitative characteristic, generally considered part of a person's character, something within a person, although neither materially nor biologically identifiable. A virtue is closer to an internal value, something of the spiritual essence of the person'. The respondents in this research, while not specifically using the term 'virtue', made reference to personal or internal values the terms of which fit with Whetstone's (2001) definition. This concept of virtue is also reflected in the work of Chun (2005) who developed a virtue character scale that includes *integrity* to measure the link between organisational level virtue and organisational performance. Chismar (2001) also describes virtues as ethical character traits that include *integrity*, and that represents behaviour which is demonstrated over time and relates to day-to-day business activities.

Palanski and Yammarino (2009) adopt the definition of *integrity* to mean consistency of action between words and behaviour. This aligns closely with the meaning of the theme value alignment in this research. Simons (2002) uses the term behavioural integrity as the perceived pattern of alignment between words and action. Ryan (2000) describes *integrity* as putting truth into practice. These meanings all support the key finding of this research relating to respondents' recollections of the *integrity* of ethical leaders. An important point made by Palanski and Yammarino (2009) is how critical it is that characteristics such as *integrity* are researched at group and organisational levels, since leadership is concerned with interdependent relationships which are an essential component of a group or an organisation. Respondents' recollections related to ethical leaders' behaviour in both the individual and group environments.

One of the ways respondents in this research perceived the *integrity* of ethical leaders was by the values they demonstrated. Schwandt (1992, p. 2) defines values as '[d]esirable states, objects, goals, or behaviours transcending specific situations and applied as normative standards to judge and to choose among alternative modes of behaviour'. Further, the pursuit of goals that are aligned with one's personal values have been associated with positive outcomes, such as a sense of well-being, job attitudes and performance (Bono & Judge, 2003; Cha & Edmondson, 2006; Judge et al., 2005). Badaracco and Ellsworth (1992) support this finding by stating it is the consistency with which leaders demonstrate their personal values in daily action that constitutes *integrity*.

Alignment or congruence between the values of leaders and followers is well represented in the literature (Baker, Hunt & Andrews, 2006; Brown & Trevino, 2009; Edwards & Cable, 2009; Fritzsche & Oz, 2007; Harshman & Harshman, 2007; Spangenberg & Theron, 2005) and has been iterated in the findings of this research. Brown and Trevino (2009, p. 478) refer to values-based leadership as '[a] process whereby leaders transmit values messages that resonate with employees'. In relation to this research, respondents also spoke of value congruence. This was expressed in terms of ethical leaders 'modelling values' or 'living values' as being important for the development of ethical standards and an ethical culture in the organisation.

While research suggests that congruent values between leaders and employees is related to positive follower and organisational outcomes, Brown and Trevino (2009) also assert that how congruence is achieved is less well understood. Further, in their research of charismatic leaders and value congruence they could not be certain if participants were '[c]onveying personally held values, the organization's values, or some combination of the two' (Brown & Trevino, 2009, p. 487). This observation is also evident in this research. While respondents made reference to values, it was not clear whether they were expressing their own values, or those they desired for the organisation which they were leading.

6.4.1.2 Trustworthiness

The relationship between an ethical leader's *integrity* and his or her *trustworthiness* represents an important finding in this research. While *trustworthiness* may be considered an integral component of *integrity*, it was commonly recalled by respondents in this research as a separate characteristic of ethical leadership. This suggests that the consistent alignment between an ethical leader's words and action, that is, *integrity*, is a central determinant of trust (Becker, 1998). The social theory of trust put forward by Sztompka (1999) refers to primary *trustworthiness* as being the initial estimates individuals make in determining whether or not to confer trust upon another person (the trustee) or institution. Sztompka (1999) asserts that a trustee's reputation, performance and behaviour over time, provide some primary basis to make assessments relating to an individual's *trustworthiness*. Schoorman, Mayer and Davis (2007) argue that trust is an aspect of relationships which varies within persons and across relationships. In the context of this research, the perception of *trustworthiness* of ethical leaders is gained, over time, through consistent and predictable behaviour in the relationships leaders hold with individuals and groups.

Respondents in this research made reference to *trustworthiness* being demonstrated in a number of ways and this is supported by Rotter's (1971, p. 444) definition of trust being '[a] generalized expectancy held by any individual or group that the word, promise, verbal, or written statement of another individual or group can be relied on'. While *trustworthiness* may be demonstrated by verbal or written statements, respondents placed greater importance on ethical leaders' *trustworthiness* being evidenced by words which were followed up by appropriate action. In particular, this action signalled to others that an ethical leader carried out what he or she said would be done. This alignment of words and action needed to be demonstrated consistently for a leader to develop a reputation for *trustworthiness*. Respondents made reference to leader *integrity* and saw a relationship between a leader's *trustworthiness* and the perception that the leader had *integrity*.

A meta-analysis on trust in leadership by Dirks and Ferrin (2002) found the proximity of leaders to employees was more strongly associated with employee outcomes, such as job satisfaction and performance, than with leaders who were distant. This finding is supported in research by Andersen (2005), which focused on why Swedish subordinates trust their managers, who found the level of trust to be high among employees who had a close relationship with their manager and those who could observe the manager's behaviour more directly than could other employees. This concept of proximity and *trustworthiness* is also evident in this research. Senior executives' recollections of ethical leaders were individuals with whom they had a close working relationship. Many respondents' examples of ethical leaders were those who had influenced their careers before they became senior executives themselves. They were individuals in whom respondents placed trust and sought guidance during the development of their careers.

6.4.1.3 *Courage*

Courage emerged from data as another concept related to value alignment. In the context of this research *courage* referred to an ethical leader's capacity to demonstrate perseverance and leadership strength. Many respondents in this research used the word 'resilience' to describe acts of *courage* by ethical leaders. Resilience is described in the literature as one aspect of positive psychological capital (Norman, Avolio & Luthans, 2010). Together with hope, optimism and efficacy, resilience represents '[a] higher-order, core construct which can be thought of as one's positive psychological resources or capabilities' (Luthans, Avolio, Avery & Norman, 2007). While *courage* may be included as an aspect of 'one's positive psychological resources, the literature defines resilience differently from *courage*. Luthans, 2002, p. 702) defines resilience as the '[p]ositive psychological capacity to rebound, to "bounce back" from adversity, uncertainty, conflict, failure or even positive change, progress and increased responsibility'. Bohn (2002) defines a sense of resilience as one component of what he termed 'organisational efficacy'. This is the capacity of the organisation and its members to cope with the demands and challenges of the business environment.

A specific aspect of *courage* recalled by respondents in this research related to ethical leaders who demonstrated a commitment to the development of an ethical culture in the organisation. This was achieved by leaders who were not afraid to ‘call people to account’ and make clear their expectations about ethical conduct. *Courage* was evident in leaders who stood by their decisions, even in the face of opposition or unpopularity. That is, an ethical leader did what he or she believed was right, not popular. The *courage* of one’s convictions captures the meaning recalled by respondents more succinctly than the term resilience. Therefore, respondents did not associate *courage* with ethical leaders rising above adversity, which is the core meaning of resilience. In the context of this research, the concept of resilience may be seen as a component of *courage*, but it did not completely encapsulate its meaning.

A theory that more closely defines the meaning of *courage* by respondents in this research is that proposed by Schlenker (2008). He asserts there are two dimensions to an ‘ethical ideology’ which is the system of beliefs and values an individual holds relating to matters of right and wrong; they are principled and expedient ethical ideology. A principled ideology is defined as the ‘[i]deas that moral principles exist and should guide conduct, that principles have a trans-situational quality and should be followed regardless of personal consequences or self-serving rationalizations, and that integrity, in the sense of a steadfast commitment to one’s principles, is inherently valuable and a defining quality of one’s identity’ (Schlenker, 2008, p. 1079). This definition fits with respondents’ recollection of ethical leaders’ *courage* in the face of resistance and potential personal loss. In contrast, individuals holding an expedient ideology believe moral principles are flexible and deviations are justifiable for personal gain. This certainly reflects the type of behaviour recalled by respondents relating to less than ethical leaders whose *culpability* and *expediency* were justified as a means of serving their own interests.

The literature pertaining to ethical leaders ‘calling people to account’ on ethical standards and behaviour supports the research findings related to *courage*. Seminal research by Trevino and colleagues (2000, 2003), Trevino and Nelson (2004), Brown

and Trevino (2006a, 2006b) and Brown et al. (2005) represent important empirical and theoretical works which conceptualise and measure the newly emerging construct of ethical leadership. In a comparative analysis of three leadership constructs with ethical leadership, Brown and Trevino (2006b, p. 600) established one key feature that distinguished ethical leadership from authentic, spiritual and transformational leadership: ‘ethical leaders explicitly focus attention on ethical standards through communication and accountability processes’. When respondents recalled the characteristics of ethical leadership, individuals who had *courage* were prepared to ‘call people to account’ on breaches of conduct rather than ‘turn a blind’ eye.

In other research by Weaver and colleagues (2005, p. 322), ‘[n]ot only did ethical role models communicate their ethical standards, they also held their subordinates accountable to high ethical standards’. Those findings were part of qualitative research consisting of interviews within diverse organisations in the United States of America. Earlier qualitative research by Trevino and colleagues (2003), in which senior executives and ethics officers were interviewed about the characteristics of ethical leadership, revealed similar findings in relation to ethical leaders emulating high ethical standards and holding people accountable for those standards in the organisation.

6.4.1.4 Ethical Role Modelling

The concept of the moral manager supports the findings in this research, since many respondents made reference to ethical leaders ‘walking the talk’. Brown and Mitchell (2010) also include ‘talk the walk’ in their assessment of a moral manager. As outlined previously, respondents in this research recalled ethical leaders’ *courage* being evident in how they strived to develop an ethical culture in the organisation.

6.4.1.5 Social Learning Theory

The act of ethical leaders modelling values, and their influence on follower behaviour and organisational outcomes, has been studied in relation to two social learning theories

(Brown et al., 2005; Brown & Trevino, 2006b). The first, Bandura's (1977) social learning theory, is based on the concept that individuals learn by observing and following the behaviour and values of role models. According to Brown and Trevino (2006b, p. 597) '[e]thical leaders are likely sources of guidance because their attractiveness and credibility as role models draws attention to their modeled behavior'. However, as Brown and Trevino suggest, ethical role modelling encompasses more than a leader's positional authority. Followers will observe and make judgements related to both positive and negative leadership modelling. Bandura's social learning theory supports the value alignment theme in this research. Respondents' recollections of ethical leadership were strongly related to what behaviour they could directly observe in a leader. The effect of this behaviour on both respondents and other individuals played a role in the judgements they made about leaders. Moreover, impressions of leaders were formed whether or not leaders 'walked the talk'.

6.4.1.6 Social Exchange Theory

The second theory, Blau's (1964) social exchange theory, has been applied in research on ethical leadership (Mayer et al., 2009). Social exchange posits that if an exchange partner does something beneficial for another, then it is more likely to generate reciprocal behaviour (Cropanzano & Mitchell, 2005). Respondents' recollections of ethical leadership referred to the reciprocal nature of the relationships they formed with these leaders. These relationships were described as being built on mutual trust and respect. Consequently, respondents were more willing to share such things as information, resources and 'give that bit extra'. In contrast, less than ethical leaders' propensity to demonstrate self-centredness made respondents more cautious about what they were prepared to give to the relationship, because the relationship was perceived as being one-sided.

Bandura's and Blau's theories have also been applied as a basis for understanding the relationship between a leader's use of reward and punishment and its influence on subordinates' behaviour in the workplace. That is, over time, followers gain cues as to

which behaviours are valued and rewarded, and which are punished in the organisation (Ashkanasy et al., 2006; Butterfield et al., 2005; Brown et al., 2005; Trevino et al., 2000). Relevant to the findings of this research was the importance of what was rewarded and punished by leaders and how reward and punishment was applied. Leaders who not only set expectations about behaviour and standards, but also were seen to apply these standards, were judged as being ethical. Similar findings emerged in research by Trevino and colleagues (2003).

6.4.1.7 Governance

The theme governance which emerged from the findings in this research was qualified by two categories: *accountability* and *discernment*. In this research governance referred to the responsibilities leaders had relating to the administration of laws, policies and procedures pertaining to their specific professional environment.

6.4.1.8 Accountability

Respondents in this research used such expressions as ‘acting lawfully’, ‘making responsible decisions’ and ‘withstanding public scrutiny’ to describe behaviour relating to *accountability* by ethical leaders. Although it was not explicitly stated by respondents, their recollections did suggest that ethical leaders were conscious that *accountability* requirements involved scrutiny of their conduct. This aligns with the literature relating to accountability theory. Beu and colleagues (2003, p. 89) define *accountability* as ‘[t]he perception of defending or justifying one’s conduct to an audience that has reward or sanction authority and where rewards or sanctions are perceived to be contingent upon audience evaluation of such conduct’. Indeed, Tetlock (1992) makes the point that without the capacity to call individuals or agencies to account for their actions, there would be no basis for social order. *Accountability* measures, contends Tetlock, are more likely to result in individuals conforming to the expectation of others.

Frink and Klimoski (2004, p. 2) refer to *accountability* as '[t]he adhesive that binds social systems together'. Therefore, pressure to conform is not only through *accountability* measures, but is also a complex web of interpersonal relationships. Beu and colleagues (2003) contend the complexity of these relationships is the driving force behind ethical behaviour in the workplace. In the context of this research, it is the influence of the ethical leaders' modelled behaviour that has the most salient influence on individual and group behaviour. Respondents' recollections were drawn from observations and perceptions of both ethical and less than ethical leadership behaviour and the affect this had on the behaviour of followers. The relationship between ethical leadership and follower behaviour is strongly supported in the literature (Brown & Trevino, 2006a, 2006b; Brown et al., 2005). It has been suggested by some scholars that leaders with ethical characteristics are positively linked to effective organisations (Ciulla, 2005; Kanunga & Mendonca, 2001; Sarros, Cooper & Hartican, 2006).

Respondents in this research placed the fulfilment of *accountability* measures relating to governance as being an important characteristic of an ethical leader. In particular, respondents' recollections related closely to leaders' decision-making and how this affected the followers' relationships with and perceptions of leaders. This is also supported by Bandura's (1986) social learning theory, since respondents' observations of leaders' approach to *accountability* requirements contributes to the perceptions they form of leaders.

6.4.1.9 Discernment

In relation to how an ethical leader demonstrated responsible governance practices, the category *discernment* encapsulated respondents' descriptions of how an ethical leader approached decision-making. When ethical leaders exercised *discernment* they considered decisions carefully, 'weighing up' the options and applying the required 'checks and balances' of requirements relating to governance.

The literature which aligns most closely with the meaning of *discernment* in the context of this research is ‘conscientiousness’, one of the Big Five factors representing the basic underlying dimensions of personality (Brown & Trevino, 2006b; Chun, 2005; Costa & McCrae, 1998; Kalshoven, Den Hartog & De Hoogh, 2010). The other four factors of the Big Five are agreeableness, openness, extraversion and neuroticism (Costa & McCrae, 1998). Leaders considered conscientious and who exercised *discernment* in decision-making were cautious before acting and adhered closely to their duties and responsibilities. Respondents in this research recalled ethical leaders communicating and seeking input from others as being part of the concept of *discernment*. This process is evident in Collier and Esteban’s (2000) use of the term ‘communities of discernment’ in describing a group of individuals who have a shared purpose and commitment to make judgements and decisions that are morally right. That is, open dialogue between the members of a professional community is more likely to lead to decisions considered beneficial to all members of the community.

Conscientious and discerning behaviour in leaders is expected to be positively related to ethical leadership (Brown et al., 2005; De Hoogh & Den Hartog, 2008). Brown and Trevino (2006b) propose that conscientiousness and agreeableness are positively related to ethical leaders. Agreeableness encompasses traits such as *altruism*, *trustworthiness* and *kindness* (Costa & McCrae, 1992; Kalshoven et al., 2010). This aligns with key traits of ethical leadership that emerged from data in this research. For example, *altruism* and *trustworthiness* are associated with the trait agreeableness and *discernment*, *courage* and *accountability* describe a conscientiousness leader. These traits were perceived by respondents as being positive qualities in ethical leaders. Walumbwa and Schaubroeck (2009) also found conscientiousness and agreeableness to be positively related to ethical leadership.

6.4.2 Relationship-Centredness

The final theme that emerged from data in this research to support the characteristics of an ethical leader is relationship-centredness. *Fairness* and *altruism* are the two

categories which described this theme. Relationship-centredness refers to ethical leaders' focus on building positive and productive workplace relationships. This theme aligns very closely with Brown and Trevino's (2006b, p. 595) definition of an ethical leader demonstrating 'normatively appropriate conduct through personal actions and interpersonal relationships' and promoting 'such conduct to followers through two-way communication, reinforcement, and decision-making', as indeed was evident in this research.

6.4.2.1 *Fairness*

Fairness describes the nature of the relationship ethical leaders developed with their followers. Many of the decisions leaders make have an effect on followers (van Knippenberg, De Cremer & Van Knippenberg, 2007). Therefore, followers are concerned about the *fairness* of decisions. 'The perceived fairness of the leader, either in terms of outcomes received (distributive fairness), the procedures used to arrive at these outcomes (procedural fairness), or the quality of interpersonal treatment (interactional fairness), may substantially impact leadership effectiveness' (van Knippenberg & De Cremer, 2008, p. 174). For example, research by De Cremer and Tyler (2007) found fair procedures promoted cooperation when an enacting authority is trusted. 'Authorities that can be trusted will create conditions under which the use of a fair procedure is meaningful, consequently installing motives of reciprocity and, thus, greater willingness to cooperate among people' (De Cremer & Tyler, 2007, p. 639).

The findings of this research place the concept of *fairness* central to a leader being perceived as ethical by others. Most particularly, respondents perceived ways in which an ethical leader demonstrated *fairness* as being closely associated with other characteristics such as *trustworthiness*, *integrity* and *discernment*. One concept respondents recalled in ethical leaders who demonstrated *fairness* was respect. In the context of this research, respectful leaders recognised the importance and value of others and sought to genuinely listen, empathise and consider their feelings and views. This meaning of respect aligns with van Quaquebeke and Eckloff's (2010, p. 344) definition of respect as '[a] person's attitude towards other people, in whom he/she sees a reason

that, in itself, justifies a degree of attention and a type of behaviour that in return engenders in the target a feeling of being appreciated in importance and worth as a person'. Earlier research conducted by van Quaquebeke, Zenker and Eckloff (2009) found that employees valued what they termed 'recognition respect' by their leaders and 'appraisal respect' from their leaders. Recognition respect represents leaders who focus on understanding and treating others with such behaviour such as kindness, whereas, appraisal respect relates specifically to the esteem an employee receives by leaders recognising and rewarding their skills and achievement (van Quaquebeke & Eckloff, 2010).

The performance of work by employees is a central focus of the organisation. In this research, respondents placed honest feedback and recognition of employees' work as an important demonstration of *fairness*. Respondents' recollections described ethical leaders as being open and honest in their disclosures, inclusive in their decision-making and empathetic to followers' concerns. Therefore *fairness* encompasses a number of qualities in the leader-follower relationship which includes being empathetic. Chun (2005), for example, suggests the ability to be empathetic is a fundamental value of an individual with ethical character.

Norman and colleagues (2010) undertook research to evaluate how a leader's positivity and transparency affected followers' perceived trust and leader effectiveness. Their results showed a strong relationship between a leader's transparency and positive psychological capacity and follower-rated trust and perceived effectiveness of the leader. Their research used a downsizing scenario to emulate the additional challenges relating to follower trust in the uncertainty of organisational change. In this research, the management of change was also cited as an example of an ethical dilemma. In their recollections, leaders' *integrity*, *trustworthiness* and *fairness* were perceived as being crucial in gaining follower cooperation and commitment to the proposed changes.

The transactional nature of ethical leadership, identified by Brown and Trevino (2006b) in their comparison with authentic, spiritual and transformational leadership constructs,

supports the findings in this research. That is, an ethical leader demonstrates *fairness*, *trustworthiness* and respect through such behaviour as clarification of goals, expectations and performance measures of employees. Some scholars assert that ethical leaders communicate in a transparent and respectful manner, which has an empowering effect on followers (De Hoogh & Den Hartog, 2008; Den Hartog & De Hoogh, 2009; Resick et al., 2006). This aligns with respondents' recollections in this research. A common example given by respondents was ethical leaders who gave employees honest and constructive feedback relating to their work performance. Leaders who did not provide feedback that demonstrated *fairness* were associated with reduced levels of *trustworthiness* by followers.

6.4.2.2 Justice

The literature makes a distinction between different aspects of justice, which is relevant to the concept of *fairness* in this research. Those aspects are: distributive justice, which centres on the fairness of outcomes received; interactional fairness, which relates to dignity and respect with which one is treated; and procedural justice, which focuses on fairness of procedures used to reach outcomes (Saunders & Thornhill, 2004; van Knippenberg et al., 2007). In the literature, perceptions of justice and injustice are linked to a number of employee behaviours and attitudes such as trust, commitment, turnover and deviant and unethical workplace behaviour (Greenberg, 2002; Marcus & Schuler, 2004; Mitchell & Ambrose, 2007; Tepper, 2007). In the context of this research, the exercise of procedural justice by leaders was perceived by followers as demonstrating *fairness*. Research by De Cremer and van Knippenberg (2003) found that leaders' procedural fairness interacted with the favourability of outcomes and cooperative behaviour in groups. Brown and colleagues' (2005) development of the ELS found that ethical leadership is positively related to interactional fairness.

The management of reward and punishment by leaders was cited by respondents in this research as an important example to illustrate justice and *fairness*. This is supported by literature which confirms a leader's reputation for *fairness* is gained by his or her

management of both rewards and punishment in the organisation (Butterfield et al., 2005; Trevino, 1992a; Trevino & Youngblood, 1990). Further, Trevino (1992a) theorised that the management of punishment also serves as a cue to observers about expectations relating to behaviour, workplace justice and how leaders manage misconduct.

6.4.2.3 Altruism

The respondents in this research recalled that ethical leaders, whose focus was on relationship building with others, demonstrated *altruism*. This was evident, according to respondents' recollections, in behaviour that reflected humility, unpretentiousness and a genuine interest in the welfare of others. Nagel (1970) describes an element of *altruism* to be a willingness to act in consideration of the interests of others without having ulterior motives for such action. A specific example recalled by many respondents that conveyed *altruism* was that of ethical leaders who nurtured the career development of employees. This was considered an act of *altruism* because ethical leaders provided support and mentoring to employees even though in doing so they risked a loss to themselves and the organisation if the employee sought professional opportunities outside the organisation.

Research by Brown and Trevino (2006b) also examined the similarities and differences between ethical, spiritual, authentic and transformational leadership. They identified *altruism* as a common trait in all the leadership constructs. In their research, *altruism* is described as demonstrating a genuine caring and concern for people. This meaning is also conveyed in agreeableness, which is one of the Big Five personality traits and which reflects characteristics associated with *altruism* (McCrae & Costa, 1987). The findings of this research align closely with characteristics such as *trustworthiness*, honesty and empathy, which are considered traits of agreeableness. The research by Kalshoven and colleagues (2010) found agreeableness to be an important predictor of ethical leadership and to be correlated positively with ethical leadership, *fairness* and power sharing.

The importance of *altruism* is evident in literature that examines ethical leadership from a cross-cultural perspective. Resick and colleagues (2006) confirmed that *altruism* is an important characteristic in the development of what they termed a community/people orientation. There is a similar meaning reflected in this research since respondents made reference to the focus ethical leaders had on relationships with others, which is one of the three principal findings, namely, relationship-centredness. Respondents also referred to the global business environment in which the building of relationships has become an important basis for success in business. This is confirmed in the cross-cultural research of Resick and colleagues.

The work of Kanungo and Mendonca (1996) found *altruism* to be the critical ingredient to effective leadership. Indeed, they go so far as to say that '[b]y ignoring the altruistic motive, the discussion and research of the leadership phenomenon essentially avoided the moral and ethical issues that are involved in leadership' (Kanungo & Mendonca, 1996, p. 44). While they recognise that leadership behaviour does have a set of needs, namely the need for power, achievement and affiliation, their view is that unless these needs are motivated by *altruism*, leadership behaviour is ineffective.

Ciulla (2005) believes there is a fundamental challenge in the way Kanungo and Mendonca represent the concept of *altruism*. That is, their assertion leaders are only truly effective if they are motivated by a concern for others. As stated by Ciulla (2005, p. 327) '[b]oth selfishness and altruism refer to extreme types of motivation and behaviour.' Further, even if a leader does act altruistically it does not guarantee that their actions will be moral. Ciulla's argument relating to *altruism* is reflected in the findings of this research. Respondents recognised *altruism* as being a component of ethical leadership. However, they did not represent *altruism* as being an exclusive act of self-sacrifice on the part of an ethical leader. Rather, acts of *altruism* occurred when '[a] concern is combined with a concern for one's own self-interest the behaviour can be called *utilitarian* or *mutual altruism*' (Kanungo & Medonca, 1996, p. 40). Price (2003)

also supports this view when he claims that the self-interests of leaders can be served by the demonstration of what appears to be *altruism*.

Research by Engelbrecht, van Aswegen and Theron (2005) analysed the relationships between *altruism* and transformational leadership and the ethical climate. One of the findings confirms the positive effect of *altruism* and *integrity* on transformational leadership and organisational climate. Followers in Engelbrecht and colleagues' research perceived leaders as transformational if they demonstrated behaviours which were considered altruistic in nature. However, followers' perception of *altruism* in leaders rested on the leaders displaying consistency in words and action. The respondents in this research did not refer to a specific leadership construct. However, they did attribute acts of *altruism* to leaders perceived as demonstrating *integrity*. The most common description of *integrity* was consistency in words and action and this aligns with the finding by Engelbrecht and colleagues.

Brown and Trevino (2006b) define the ethical leadership construct as having distinct characteristics which represent a key difference from authentic, spiritual and transformational leadership. 'Ethical leaders explicitly focus attention on ethical standards through communication and accountability processes' (Brown & Trevino, 2006b, p. 600). This focus on ethical standards aligns with the findings of this research. Specifically, the modelling by leaders of *integrity*, *trustworthiness* and *fairness* represents the principal characteristics that communicate the ethical standards and expectations leaders have of their followers within the organisation.

Finally, while respondents did not refer to the concept of self-awareness, they did recall an ethical leader as being 'true to oneself', that is, having no pretences and holding true to one's personal values. This was recalled in behaviour that demonstrated these personally held values of leaders. Therefore, it was the alignment between words and actions (value alignment) that represented the most important finding relating to the characteristics of ethical leadership. Question 2, which relates to the characteristics of less than ethical leadership, is now discussed.

6.4.3 Characteristics and Behaviours of Less than Ethical Leadership

Three themes emerged from the data to qualify the characteristics of less than ethical leadership: deception, governance and self-centredness. Brown and Trevino (2006b) have acknowledged that more research is required to understand the relationship between ethical and unethical leadership. Specifically Brown and Trevino (2006b, p. 611) ask: '[a]re ethical and unethical leadership opposite ends of a single continuum? Or are these separate constructs?' Brown and Mitchell (2010) note that while the dark side of leadership has been explored, the literature has generally not described destructive leadership behaviour as unethical. Brown and Mitchell (2010, p. 588) offer a definition of unethical leadership as '[b]ehaviors conducted and decisions made by organizational leaders that are illegal and/or violate moral standards, and those that impose processes and structures that promote unethical conduct by followers'. In this research, the addition of a question relating to less than ethical leadership has enabled the inclusion of comparative discussion of these two leadership constructs.

The term 'less than ethical leadership' was adopted in this research in recognition of the complex factors that influence leadership behaviour, both ethical and unethical. As with other leadership constructs, such as transactional and transformational leadership, an individual leader is unlikely to exhibit exclusive behaviours that represent one singular construct. The discussion that follows examines the characteristics and behaviours of less than ethical leadership and includes principal differences between ethical and less than ethical leadership. An emergent model is proposed based on the findings of this research and discussion of the literature relating to both ethical and unethical leadership.

6.4.3.1 Deception

The theme of deception is qualified by one category, *value misalignment*, which emerged from data in this research and represented respondents' recollections of the characteristics of less than ethical leadership. Ethical leaders were recalled as individuals

whose words and actions were closely aligned. This alignment contributed to the perception formed by followers that ethical leaders had *integrity, trustworthiness* and *courage*. In particular, they had a commitment to the moral management of their organisation. In contrast, less than ethical leaders' words were perceived as not aligned with their actions. The meaning of deception in the context of this research is the misrepresentation of oneself, both to oneself and to others. It is manifested in a variety of behaviours that respondents identified with the characteristics of a less than ethical leader.

Primary clarification of the meaning of deception in this research is captured closely in the seminal works of Bok (1978, 1989, 1995), who defines deception as an overarching category within which lying is a component. A lie, according to Bok (1978, p. 13) is '[a]ny intentionally deceptive message which is *stated*'. Further, the lie does not necessarily have to be verbally stated and may be conveyed non-verbally, through body language. Most respondents in this research were cautious about the explicit use of the word 'lie' but it was clear from their recollections that they believed less than ethical leaders did lie. They used expressions to convey the act of lying such as 'misrepresented himself', 'concealed motives', 're-invented history' or 'manipulated the facts'. Respondents' perceptions of deception were formed because of inconsistent truth-telling. This aligns with Bok's meaning of deception. Bok (1978, p. 15) states '[a]ll deceptive messages, whether or not they are lies, can also be more or less affected by self-deception, by error, and by variations in the actual intention to deceive'. Bok refers to the means adopted by individuals to deceive as 'filters' that act as distortions in how messages are both communicated and interpreted by others.

Respondents recalled similar types of 'filters' such as 'game playing', 'covering up' or 'never knowing where he or she was coming from'. It was the inconsistency of behaviour in less than ethical leaders that developed in followers a sense of mistrust. In addition, Bok (1989) asserts that secrecy is part of all deception, which includes self-deception, and this involves lying and keeping secrets from oneself. In this research a less than ethical leader keeps secret those values that define them as individuals. That

is, they use deception to hold secret their true values and intentions while giving the appearance to others of a different set of values. However, followers perceive the misalignment of these values between a less than ethical leader's words and actions.

In this research, respondents considered the status of a leader's 'ethicality' was built up over time and determined by the consistency of alignment between words and action. The term 'ethicality' refers to how ethical or less than ethical leaders were perceived by respondents' recollections. Respondents' perceptions relating to less than ethical leaders were formed by the consistency of *value misalignment* over time. This was also related to increased mistrust in leaders. As stated by Bok (1995, p. 77) '[t]rust is the prime constituent of the social atmosphere. It is as urgent not to damage that atmosphere by contributing to the erosion of trust as it is to prevent and attempt to reverse damage to our natural atmosphere. Both forms of damage are cumulative; both are hard to reverse'. This sentiment was expressed commonly by respondents in reference to breaches of trust by less than ethical leaders. Many cited examples of the challenges of restoring trust in a leader who had consistently demonstrated deception.

This research suggests leaders' ethicality was not perceived as being at extreme ends of a continuum; that is, a leader being either wholly ethical or unethical, all of the time. Rather, leaders' ethicality was judged as predominately ethical or less than ethical relative to followers' perceptions of both the consistency and reliability of the alignment of words and action. This finding is supported by the concept of trust and mistrust explored by Lewicki, McAllister and Bies (1998). They argue that trust and mistrust are separate but linked dimensions that are not at opposing ends of a continuum. Therefore, it is possible for parties to both trust and mistrust one another depending on the context and nature of the relationship between parties. Lewicki et al. (1998) uses the term 'confident positive expectations' to describe the belief that an individual may hold expectations in another person to act with good intention and have a willingness to act on the basis of this other person's conduct. A less than ethical leader's inconsistency between words and action is directly related to followers' lack of confidence and thus to the expectation that he or she would 'follow through' with what was said.

6.4.3.2 Governance

Bandura's (1977) social learning theory has also been applied to research relating to ethical leadership by Brown and Trevino (2006b). The theory forms the basis for explaining the antecedents and outcomes of ethical leadership. Social learning theory may also be applied to perceptions that respondents formed about less than ethical leaders' management of governance issues. That is, behaviour reflecting *expediency* and *culpability* provided cues to respondents that these leaders were not reliable, ethical role models.

6.4.3.3 Expediency and Culpability

Agreeableness and conscientiousness have been positively related to ethical leadership (Brown & Trevino, 2006b). Research by Judge and colleagues (2002) confirmed that neuroticism was negatively related to leader effectiveness. Brown and Trevino (2006b) proposed neuroticism to be negatively related to ethical leadership. Some of the characteristics of neuroticism, namely anxiety, impulsiveness and hostility (Costa & McCrae, 1992), closely resemble the behaviours of less than ethical leaders that were identified by respondents in this research. As opposed to ethical leaders who were perceived to exercise *discernment* and conscientiousness in the management of governance issues, less than ethical leaders were seen as rash and reactive and made decisions based on *expediency*. Further, they consistently diminished or avoided their responsibility relating to governance matters. Respondents used expressions such as 'disowned actions,' 'no respect for rules' and 'avoided unpopular decisions' to describe less than ethical leaders' *culpability*.

There are a number of theories in the literature that align closely with respondents' recollections of the characteristics of less than ethical leaders, including behaviour relating to *culpability* and *expediency*. Tenbrunsel and Messick (2004) use the term 'ethical fading' to describe individuals who engage in self-deception and

psychologically do not see or acknowledge their unethical conduct. The type of behaviour they describe as ethical fading is reflected in respondents' recollections of less than ethical leaders. Many respondents recalled less than ethical leaders 'not seeing' or 'turning a blind eye' to what were obvious breaches in governance rules. For example, Tenbrunsel and Messick (2004) cite 'disguising' and 'acts of omission' of stories by individuals to make unethical behaviour appear acceptable. Respondents used similar expressions to describe less than ethical leaders 'reinventing history' and 'withholding information'.

Respondents commonly mentioned that the *culpability* of less than ethical leaders was observed when they transferred or blamed others for their own mistakes. This is in contrast to ethical leaders who are more receptive to feedback about their mistakes (Caldwell, 2009; Kouzes & Posner, 1993). Further, leaders who perceive a closer relationship between their own behaviour and the consequences of that behaviour are associated with individuals with an internal LC (Trevino, 1986). LC is the degree of control individuals perceive they have over the events in their lives. Brown and Trevino (2006b) propose that an internal LC is positively related to ethical leadership. In this research, less than ethical leaders consistently avoided and blamed others for their mistakes. Thus, their *culpability* would align with the proposition that these leaders have an external LC (Trevino & Youngblood, 1990). Individuals holding an external LC blame others and external factors for the events affecting their lives.

6.4.3.4 *Self-Centredness*

In all aspects of decision-making, including those relating to governance, less than ethical leaders were perceived as being motivated by self-centredness. This represented the final theme that emerged from data to describe less than ethical leaders. The categories *self-serving* and *abuse of power* qualified the self-centredness of these leaders.

6.4.3.5 *Self-Serving*

The rationale for decisions based on *expediency* was, for less than ethical leaders, related to *self-serving* purposes. Batson, Thompson, Seufferling, Whitney and Strongman (1999) adopted the term ‘moral hypocrisy’ to describe the findings of their research which demonstrated that individuals are motivated to engage in behaviour which appears to be moral in their own and others’ eyes while avoiding being moral. This, Batson and colleagues (1999) assert, allows individuals to pursue self-interest without giving the impression of being *self-serving*. Their research draws on Bandura’s (1986) theory of moral disengagement to support their concept of moral hypocrisy. The *self-serving* behaviours that include acts of *culpability* and *expediency* described by respondents in this research align with Bandura’s theory of moral disengagement.

6.4.3.6 *The Theory of Moral Disengagement*

According to Bandura’s (1986) theory, individuals develop self-regulatory processes that monitor and control thoughts and behaviour. Individuals’ internal moral standards regulate behaviour and help form judgements about what constitutes good or bad conduct. Individuals usually act according to these internal standards (Bandura, 1999). In this research, both ethical and less than ethical leaders possess self-regulatory processes for their behaviour. However, as Bandura (1999, p. 193) states ‘[t]he self-regulatory mechanisms governing moral conduct do not come into play unless they are activated, and there are many psychological manoeuvres by which moral self-sanctions are selectively disengaged’. This suggests that less than ethical leaders engage in psychological manoeuvres to avoid being accountable. Therefore, even though governance rules may be explicit, they still chose a course of action that was not right. In contrast, ethical leaders self-regulated their behaviour to align with their internal moral code or values.

Specific examples that emerged in the findings align with Bandura’s theory of moral disengagement. One respondent who related an example of an employee embezzling

money from the company used what Bandura termed ‘advantageous comparison’. That is, the respondent downplayed the offence because ‘it was not a lot of money compared to other examples’. Another respondent used ‘euphemistic labelling’ by describing the ‘restructure’ of an organisation when in fact the principal duty of the respondent was to significantly reduce the number of employees. In essence, the mechanisms described in these examples are intended to minimise the impact and significance of what is actually taking place.

6.4.3.7 Attribution Theory

Respondents commonly referred to *self-serving* and *expediency* being witnessed in less than ethical leaders who blamed or made others ‘scapegoats’ for their decisions. Another theory supporting these findings is attribution theory. For the purposes of this discussion, attribution theory is described as how individuals perceive and interpret the causes of events in their lives (Heider, 1958). However, as suggested by Harvey and colleagues (2006) attributions that people make about the world are not necessarily accurate and are often subject to personal bias. Related to attribution theory, Werhane (2008) uses the term ‘mental models’ to define people’s view of the world and emphasises these models are socially learned and modelled and as such can be altered. Particularly in reference to behaviour of less than ethical leaders ‘[s]elf-serving bias refers to the tendency of individuals to take credit for successful outcomes while blaming external factors for failures’ (Harvey et al., 2006, p. 3). This is the type of behaviour respondents attributed commonly to less than ethical leaders.

6.4.3.8 Abuse of Power

The *abuse of power* by less than ethical leaders was commonly cited by respondents. In contrast to ethical leaders who were described as individuals who used power for the benefit of others, *abuse of power* was associated with less than ethical leaders. Respondents’ recollections of this *abuse of power* included behaviour such as bullying, sabotage, withholding and manipulating information and nepotism. McClelland’s (1975) theory of motivation posits that individuals are driven by three principal motives. The

one most relevant to this finding is the power motive, which relates to the need to influence others. McClelland makes a distinction between individuals who use power for their own self-interests and those who use power for the benefit of others; those two forms are personalised power and socialised power, respectively. Howell and Avolio (1992) identified socialised charismatic leadership to be more ethical than personalised charismatic leadership. While not all charismatic leaders abuse power, it has been associated with what is termed as destructive leadership (Conger, 1990; Conger & Kanunga, 1988; Hogan & Hogan, 2001; Maccoby, 2000; Tepper, 2007). In this research, *abuse of power* was evident in many of the behaviours recalled by respondents.

The use of coercion and manipulation by less than ethical leaders was recalled as behaviours associated with bullying. This aligns closely with Brown and Trevino's (2006b) proposition that these traits were not ethical sources of influence and negatively related to a Machiavellian style of leadership. *Abuse of power* was also identified in less than ethical leaders who misused the privileges of their position to appoint friends and family (nepotism) and who generally demonstrated a sense of entitlement, which was reflected in what respondents recalled as being 'greedy' or 'arrogant'. These behaviours have also been aligned in the literature with narcissistic leaders (House & Howell, 1992; Maccoby, 2000, 2004; Padilla et al., 2007; Rosenthal & Pittinsky, 2006; Sankowsky, 1995). In contrast to less than ethical leaders' *abuse of power*, McClelland's (1975, 1985) theory of motivation positively associates power inhibition with the characteristics of ethical leaders identified in this research, namely: *fairness, altruism, integrity and trustworthiness*.

Ethical leaders were perceived to share power with others through open communication and transparent decision-making processes (Norman et al., 2010). In contrast, less than ethical leaders' *abuse of power* came from the control they exerted over information, through deception and concealment. Thus, less than ethical leaders gained power in how they controlled the flow of information (Bok, 1989). In this research, the theory of power by Bachrach and Baratz (1970) relates closely with examples of *abuse of power* such acts as nepotism, discrimination and sabotage adopted by less than ethical leaders.

According to Bachrach and Baratz (1970) there are ‘two faces’ of power. The first face acknowledges the work of Dahl (1957, p. 203) who asserts that power is a relationship among people and occurs when ‘[A] has power over B to the extent that he can get B to do something that B would not otherwise do’. This theory of power by Dahl identifies most closely with respondents’ recollections of less than ethical leaders’ overt *abuse of power*. Two examples of this behaviour cited in the findings of this research were verbal abuse of employees and publicly claiming credit for work done by others.

The second face of power posited by Bachrach and Baratz (1970) refers to more covert forms of power. This has particular relevance to this research since respondents recalled less than ethical leaders exercised more covert *abuse of power* than ethical leaders. This covert behaviour was perceived by respondents to be more difficult to identify and challenge. Many referred to covert use of power as ‘insidious’ ‘duplicitous’, ‘illusive’ or ‘deceptive’. One expression used by respondents to describe less than ethical leaders’ covert *abuse of power* was ‘rule bending’. That is, less than ethical leaders would find ways to create exceptions to rules and in doing so allow them to bypass the scrutiny usually applied to other people in the organisation.

In the words of Bachrach and Baratz (1970, p. 43) this *abuse of power* consists of ‘[a] set of predominant values, beliefs, rituals, and institutional procedures (‘rules of the game’) that operate systematically and consistently to the benefit of certain persons and groups at the expense of others. Those who benefit are placed in a preferred position to defend and promote their vested interests’. This second face of power strongly supports the findings in this research. Respondents recalled leaders who systematically misused their positional power to secure outcomes for themselves and other individuals. Further, because these leaders held influential positions in the organisation few individuals were prepared to challenge the behaviour.

A very common example of the *abuse of power* related to leaders bypassing recruitment and selection processes to appoint friends (nepotism). Respondents believed this contributed to perceptions of unfairness and low morale in the organisation. Expressions used by respondents to describe these situations were feeling ‘distrustful,’ ‘cynical’ or

'betrayed'. This *abuse of power* in recruitment and selection processes was also cited by respondents in a different context, which contained two key elements. First, an individual perceived to be less than ethical by respondents was not 'called to account' for his or her conduct. Respondents felt strongly that ethical leaders demonstrate *courage* by 'calling people to account'. This aligns very closely with the moral manager aspect of ethical leadership identified by Brown and colleagues (2005), which refers to the focus on ethical standards and calling people to account for their behaviour.

The second element relates to the *abuse of power* by leaders in organisations who promote individuals perceived by others to be less than ethical. Therefore, respondents make a direct connection between the perceived unethical conduct of an individual and his or her promotion in the organisation as a reward. This is an interesting example since the promotion may well have occurred through an *abuse of power* by the leader in promoting the individual. However, the link between the promotion and the unethical conduct is a perception formed by other individuals in the organisation, not necessarily by the individual responsible for the promotion.

Kellerman's (2004) typology of bad leadership was used in research by Erickson, Shaw and Agabe (2007) who investigated perceptions of 'bad' leadership. Promotion of bad leaders was the most common example cited in Erickson and colleagues' research. This supports the findings in this research relating to the perception that less than ethical leaders were commonly rewarded through promotion, regardless of their perceived poor behaviour. Another examples of the *misuse of power* included leaders who covertly excluded individuals from essential information or resources about their role in the workplace. This form of sabotage provided the means for a less than ethical leader to unfairly target individuals and make it appear they were incompetent and responsible for a systematic failure.

The characteristics of both ethical and less than ethical leadership have been presented in this discussion. The moral manager dimension of ethical leadership is a defining characteristic of this research that is supported in the literature (Brown & Trevino,

2006b; Brown & Mitchell, 2010; Trevino et al., 2000). Further, an important dimension of a moral manager prominent in this research is value alignment. In the words of Brown and Trevino (2006b, p. 597), '[e]thical leaders do not just talk a good game – they practice what they preach and are proactive role models for ethical conduct'. This research confirmed that perceptions of the ethicality of a leader are strongly connected to the alignment between words and action (value alignment). The more closely and consistently, over time, value alignment is demonstrated, the more ethical a leader is perceived by others. This ethicality is recognised in leaders whose behaviour embodies *integrity, courage* and *trustworthiness*. Further, ethical leaders are individuals who are focused on building relationships with others based on decisions which reflect *discernment, fairness* and *altruism*. This is in contrast to less than ethical leaders whose words and action consistently did not align. Their behaviour is defined by deception. Less than ethical leaders are driven by self-interest and their decision-making reflects *culpability* and *expediency*. Less than ethical leaders' *abuse of power* defines the relationships they have with others.

6.5 What is Ethical Leadership?: An Emergent Model

Following the development of the preliminary model of ethical leadership, an emergent model is proposed. This model, detailed in **Figure 6.2**, encompasses the key findings of this research. The preliminary model was a lineal representation of ethical leadership. The emergent model is circular to signify the non-lineal inter-relationships among the characteristics of ethical leadership. It encompasses a number of changes which more accurately depict the principal findings of this research.

The bolded arrows in **Figure 6.2** represent the three themes that emerged from data describing the characteristics of ethical and less than ethical leadership. The themes and categories for these two constructs have been placed opposite each other on each of the three arrows. This mirror-like placement on the continua signifies that, for the three principal themes, individuals may potentially exhibit characteristics of either of these constructs.

In **Figure 6.2**, broken circles have been adopted to represent the dynamic and complex environment in which leaders operate and make decisions. Further, it signifies that '[i]ndividual reasoning is a dynamic process that should be reflected in a complex (not simpler) and multivariate (not single) measure' (Weber & McGivern, 2010, p. 151). The inner circle represents ethical leadership. Radiating outward along the continua, the less than ethical leadership region is reached. The 'influencing factors' encompass the many influences which have been proposed in the literature that affect both leader and follower relationships and behaviour. Given that this research focused on the characteristics of ethical leadership, these 'influencing factors' have been acknowledged but not detailed in the model. Suffice to say, greater understanding of the antecedents and outcomes of ethical leadership continue to gain the attention of contemporary scholars (Brown & Mitchell, 2010; Brown & Trevino, 2006b). Details of the influencing factors found most relevant to this research have been included in both the review of the literature and discussion.

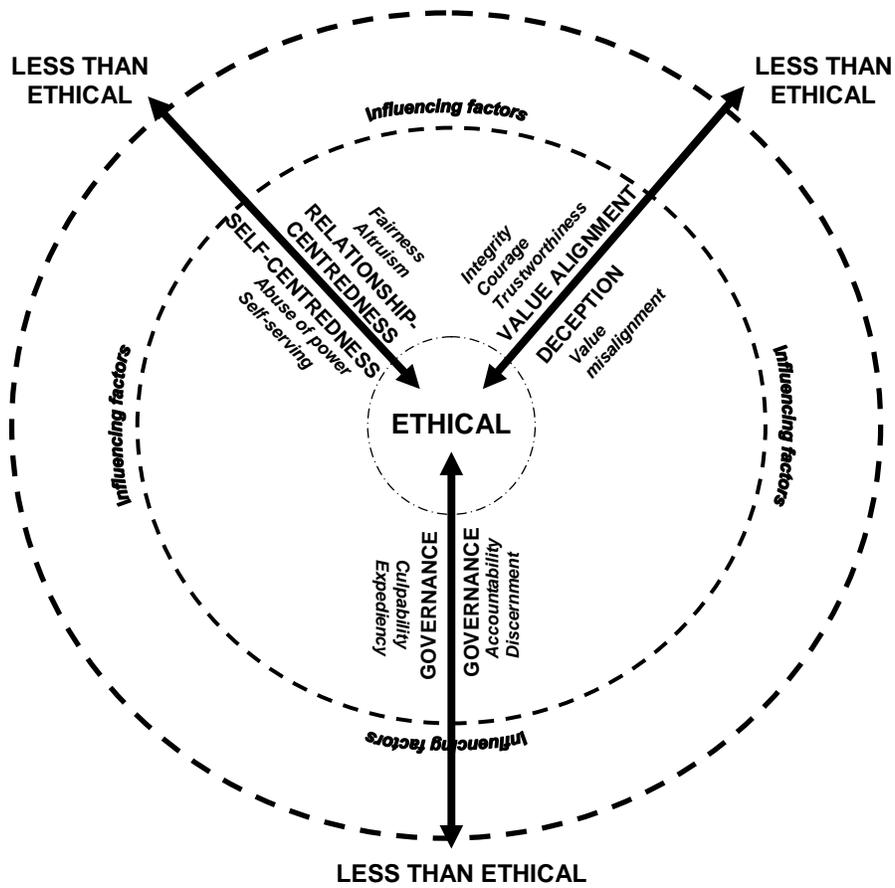


Figure 6.2: Ethical Leadership: Emergent Model

6.5.1 The Nature and Management of Ethical Dilemmas

The nature of the ethical dilemmas recalled by senior executives consisted of three principal themes: competing interests, relationship management and governance. In terms of the reported action taken in response to their own ethical dilemmas and the hypothetical vignette, senior executives took four main actions. They were represented by the following four themes: accountability, relationship-centredness, courage and withdrawal. A discussion relating to these themes and the relationship with existing literature follows.

How leaders manage ethical dilemmas has been established as an important context in which followers make judgements relating to how ethical a leader is perceived to be (Brown & Trevino, 2006b). The social learning theory of Bandura (1977) proposes that the behaviour of leaders provides the basis for follower observation and the emulation of such things as leader behaviour, attitudes and values. Ethical dilemmas represent situations in which there is the possibility for harmful outcomes on followers. ‘[W]hen the potential for great harm exists, observers will pay attention to the decision-maker to see how he or she handles the situation’ (Brown & Trevino, 2006b, p. 602). Church and colleagues (2005, p. 364) purport that ‘[a]n ethical issue is present in a situation when a person’s voluntary actions have a positive or negative impact on the welfare of another person’. Sinnott-Armstrong (1988) refers to an ethical dilemma occurring when one or more ethical requirements are in conflict and no clear resolution is evident.

6.5.1.1 The Nature of Ethical Dilemmas

This research included the exploration of the nature of ethical dilemmas confronting senior executives and the congruence between what respondents said they did (espoused theories) and what they actually did (theories-in-use) in the management of ethical dilemmas. The literature on ethical theory, decision-making and moral cognition is extensive. Therefore, this discussion will focus on the theories and models that are most relevant to findings of this research.

Geva's (2006) typology of moral problems encapsulates a key finding in this research. The business environment presents situations in which it is challenging to make a judgement about which ethical requirement in conflict should prevail. However, '[i]n terms of the typology, a genuine ethical dilemma stems from conflicting requirements, not from a lack of ability or willingness to do what is right; and therefore, it calls for ethical analysis' (Geva, 2006, p. 136). In this research, many situations identified by respondents as ethical dilemmas related to issues of compliance which, according to Geva (2006, p. 137) '[i]s primarily one of ability and willingness. There is no doubt in this case as to the right thing to do, but performance may be inhibited by pressures of self-interest, short-term thinking, bottom-line orientation, market practices or unwritten organizational laws which run counter to morality'.

This is true of respondents who focused on organisational requirements and obligations governing the situation they were required to resolve. Therefore, respondents readily identified the rules of compliance which applied to the context of their situation. For example, *workplace behaviour* issues, such as the under-performance of employees, use of drugs and alcohol in the workplace, and *misappropriation* relating to finances and credit card use were commonly recalled. In these cases, respondents were focused on the rule or code of conduct that had been broken. Many respondents cited examples of competing interests, one being *organisational change*. These examples too are supported by Geva's typology in that what was required was evident. However, the execution of action was perceived as problematic. One specific example related to a respondent given the responsibility of closing down a large business. The 'business case' for the closure was perceived to be undisputable as it was operating at a significant loss.

6.5.1.2 Relationship Management

The aspect of the situations which respondents identified as being an ethical dilemma related to managing the relationships of those individuals or groups most affected by the situation. Relationship-centredness represented one of three themes to qualify the action

taken by respondents in the resolution of ethical dilemmas. This finding is supported by Hitt (1990, p. 35) who stated that '[t]he ethical dimension points the manager toward doing the right thing for people'. The management of relationships was also identified in research by Waters and colleagues (1986) as being the most common moral dilemma cited by managers. The contextual details cited by respondents also align with the ethical issues identified by Fritzsche and Oz (2007) as being the ones that business executives find most challenging. They include *bribery*, coercion (*use of power*), theft (*misappropriation*) and deception (*abuse of power*). The italicised issues represent the findings of this research.

There is significant literature in which business ethics researchers have drawn on moral psychology to explore the relationship between moral judgement and moral action (Covrig, 2000; Jones, 1991; Rest, 1986; Reynolds, 2006; Trevino, 1986; Weber & McGivern, 2010). The relationship between moral reasoning and action is complex and not clearly defined (Church et al., 2005; Trevino, 1986). Therefore, how leaders approach and resolve ethical dilemmas has been an important avenue for exploring this relationship which includes examining why some individuals behave more ethically than others.

6.5.1.3 The Management of Ethical Dilemmas

This research focuses on the identification of the characteristics of ethical leadership. The findings relating to respondents' management of their own ethical dilemmas and responses to a hypothetical ethical vignette, aligned with a dominant theme in the CMD literature. That is, moral judgement and intent do not necessarily translate to what individuals may actually do (Argyris, 1997; Butterfield et al., 2000; Shao et al., 2008; Snell, 1996; Trevino, 1986; Weber & Gillespie, 1998). Similar findings relating to the gap between individuals' intended and actual behaviours is evident in this research. This discussion is confined to the most relevant theories that apply to this key finding.

6.5.1.4 Ethical Decision-Making

Central to the empirical research on ethical decision-making is that moral behaviour is predicated on individuals' awareness and recognition of a moral issue (Butterfield et al., 2000; Covrig, 2000; Jones, 1991; Reynolds, 2006; Trevino, 1992b). For the purposes of this discussion, a brief overview of the most seminal theories is presented. Rest (1986) proposed a four-stage model of ethical decision-making: recognising a moral issue, making a moral judgement, establishing one's moral intent and implementing a course of action in response to a moral issue. While this model established some important aspects of ethical decision-making, it does not take account of the complexity of moral decision-making, which is relevant to this research.

6.5.1.5 Moral Awareness

O'Fallon and Butterfield (2005) raise an important question relating to the first step in Rest's model, moral awareness. That is, what factors or influences precede an individual's moral awareness of a situation? In this research some respondents, when asked to recall an ethical dilemma, responded that they had not encountered any in their careers. As senior executives in roles such as social services that have the potential for high moral intensity situations, this is unlikely (Kelley & Elm, 2003). The fact that some respondents did not recognise a moral issue points to the complexities between moral reasoning and moral action involving other unexplained mechanisms (Shao et al., 2008). As stated by Reynolds, (2006, p. 241) '[t]he stages of moral decision-making may not be discrete elements of a formulaic thought process but may actually be interrelated in a very complex way such that the stages or moral intent, moral judgement, and moral behaviour influence moral awareness as much as or more than moral awareness influences them.' Respondents recalled the steps they took to resolve their ethical dilemmas. However, as highlighted in the literature this provides some insight into *what* may influence the action individuals take, but not the cognitive reasoning on *how* or *why* they derived solutions to their dilemmas (McDevitt et al., 2007).

Subsequent researchers built on Rest's (1986) model and these have taken account of some of the complexities inherent in moral decision-making. Trevino (1986) proposed an interactionist model which posits that ethical decision-making arises from a combination of individual and situational factors. An example of one of the individual moderators in Trevino's model is LC, which represents the level of control individuals perceive to have the events over their lives. Relevant to this research is the proposal that an internal LC is positively related to ethical leadership (Brown & Trevino, 2006b). Situational factors in the model include job context and organisational culture and, in this research, job context and organisational factors were cited in respondents' examples of ethical dilemmas. For many respondents being accountable to either a board of directors (private sector) or a government minister (public sector) represented an organisational factor that influenced ethical decision-making.

6.5.1.6 Jones's Theory on Moral Decision-Making

Jones's (1991) model identified the moral intensity of an issue being an important determinant in individuals' recognition of a moral issue. That is, '[b]ecause high-intensity moral issues are salient and vivid, they will be more likely to catch the attention of the moral decision-maker and will be recognized as having consequences for others, a vital component of recognizing moral issues' (Jones, 1991, p. 381). One example in this research that is supported by Jones's theory on moral intensity is leaders' management of *bullying* and *nepotism*. These situations were, for followers and the individuals most affected, salient and vivid. Further, followers' judgement on the ethicality of a leader in recognising and calling people to account for the harm they caused in these situations was important.

6.5.1.7 Kohlberg's Theory of Cognitive Moral Development

Once an awareness of a moral issue has been established an individual is more likely to have moral judgement processes triggered (Rest, 1986). The most prominent theory relating to moral judgement is Kohlberg's (1969) theory of CMD. 'This theory focuses

not on the ethical decision itself, but on how the individual decides what is right – the cognitive processes underlying ethical decision-making and the kinds of reasoning an individual uses to justify an ethical decision’ (Loviscky, Trevino & Jacobs, 2007, p. 264). Kohlberg’s theory proposes six stages of moral judgement and according to that theory, individuals move through the stages in an irreversible sequence (Trevino et al., 2006).

Most adults fit within the conventional level of Kohlberg’s model. That is, their thinking related to what is right and wrong is influenced by rules, laws and significant others (Trevino et al., 2006). The sixth stage is considered theoretical since little empirical evidence is available which places adults at this stage of development (Brown & Trevino, 2006b). The application of Kohlberg’s CMD model to respondents’ management of ethical dilemmas supports research which places adults at the conventional level of CMD. Respondents expressed awareness of the rules and laws governing their situation and the authorities or stakeholders (significant others) which held them responsible for their actions. This is evident in the theme accountability, qualified by *compliance*, which respondents most commonly adopted in the management of their own dilemmas and the hypothetical vignettes.

6.5.1.8 Limitations of Cognitive Moral Development Theory

Kohlberg’s CMD model has been criticised in two areas that have relevance to this research. Firstly, the model is concerned with the capacity to make moral judgements from a normative position. That is, what ought to be done in a given scenario, not what is actually done (Snell, 1996). This closely aligns with the criticism that leadership, and with it the ethicality of leaders, has been predominantly examined from a philosophical or normative perspective, how leaders *ought* or should behave. The findings of this research revealed evidence that when respondents made choices relating to a real ethical dilemma and one depicted in a hypothetical vignette, the actions did not consistently align. For example, in the hypothetical vignette, after choosing accountability (*compliance*) respondents opted for withdrawal from the situation (*renounce*). In

contrast, when making choices in relating to the management of their own ethical dilemmas, after accountability (*compliance*) respondents chose relationship-centredness (*collaborate*). Therefore, in the management of their own dilemmas, a commitment to the welfare of individuals was more important.

The second criticism relating to Kohlberg's model suggests that the stages of CMD are less hierarchical and flexible than first proposed. Researchers posit moral reasoning may not always be as predictable or carefully applied by individuals as reflected in the model. Some, for example, suggest individuals take 'shortcuts' which lead to biases in judgements (Beach, 1998) or in the results of intuition (Haidt, 2001). Therefore, an individual who has developed at the conventional stage of CMD may, in the presence of contextual and other influencing factors, operate at a lower stage of development (Trevino, 1992b; VanSandt et al., 2006; Jones, 1991).

6.5.1.9 Management of Workplace Dilemmas Versus Hypothetical Scenarios

In this research, respondents operated at a lower level of moral reasoning when confronted with their own workplace dilemmas compared to the hypothetical vignette. Specifically, in response to the vignette, respondents operated at the principled stage of CMD. Their choice to demonstrate courage (*advocate, report*) or proceed with withdrawal (*renounce*) from the situation, demonstrated they were acting according to their own ethical principles rather than to the consensus of the group. In relation to their own ethical dilemmas, respondents chose action which indicated they were operating at the lower stage of the conventional level in which individuals conformed to the expectations and rules relative to the context in which they operate. Therefore, respondents placed importance on accountability measures (*compliance*) and relationship-centredness (*collaborate*).

These findings are supported in the literature that argues that individuals operate at a lower level of CMD in work-related settings compared to hypothetical non-work settings (Trevino, 1986; Weber, 1990). This is because circumstances confronting individuals are

more tangible in real situations and, as a result, moral judgements are expected to be lower than they are in hypothetical dilemmas. The use of a hypothetical vignette in this research is consistent with the literature and reveals similar findings relating to decision-making in hypothetical vignettes compared to real ethical dilemmas.

6.5.1.10 The Theory of Cognitive Dissonance

Trevino (1992b) draws on cultural anthropology to present an explanation to account for how individuals use a lower level of moral reasoning in workplace contexts. In essence, individuals' lives have many differentiated roles that allow them to accommodate values, norms and behaviours in different life circumstances (e.g., work and home). Festinger's (1962) theory of cognitive dissonance offers an explanation for the differences in moral decision-making evident in this research. According to Festinger, individuals value consistency in their behaviour and attitudes. Therefore, individuals seek to reduce contradictions and rationalise their position on an issue so it aligns more comfortably with their behaviour. In this research, an example of the application of cognitive dissonance related to respondents who justified not providing totally honest feedback to particular employees because 'it would destroy them'. As proposed by Trevino (1992a), obedience to authority or maintenance of the status quo may be issues which constrain leaders' moral reasoning capacity.

6.5.1.11 The Management of Relationships and Ethical Dilemmas

Respondents in this research placed considerable value in the management of relationships in the resolution of their own ethical dilemmas. This is supported by a moral identity theory put forward by Blasi (2005). According to Blasi, moral desire is the essence of an individual's moral character. An individual's moral desire strives for first-order outcomes, such as kindness, fairness, truthfulness and compassion. However, the most chosen action in response to both their own ethical dilemmas and the hypothetical vignette in this research were the adoption of measures of accountability (*compliance*). As an example, when Geva's (2006) typology of accountability is applied

to this research, respondents applied a first-order response to their ethical dilemmas. That is, in cases which involved *misappropriation* or *bribery*, respondents sought to clarify the rule or law that may have been contravened and applied the remedy available. Geva suggests true moral obligations go beyond the boundary of what constitutes the ‘moral minimum’. In the context of this research, this involves leaders setting the ethical tone and putting in place measures which aim to prevent the problems of compliance. This type of action aligns with respondents’ recollections of ethical leaders who demonstrated *courage* in setting and establishing an ethical culture in their organisations. It also supports respondents’ recollections of the characteristics of ethical leadership.

6.5.1.12 Management of Ethical Dilemmas and Ethical Theories

The management of ethical dilemmas by respondents in this research overwhelmingly aligns with utilitarian ethical theory. Specifically, respondents adopted rule-based utilitarianism in which individuals conform to rules that will give the most desirable outcome to the greatest number of people. Respondents’ concern for building and maintaining relationships suggests two theories may be evident in the management of their ethical dilemmas. First, the principles of virtue ethics, since a concern for the welfare of others was central to the recognition of an ethical dilemma for many respondents. Second, a deontological approach in which a judgement about what is right or wrong is determined not by the consequences, but by characteristics of the action itself (Aronson, 2001). Research by Peachment, McNeil, Souter and Molster (1995) supports the findings in this research in which most respondents demonstrated a greater concern for outcomes (utilitarianism) in the management of their own ethical dilemmas.

6.5.1.13 Espoused Theories Versus Theories-in-Use

The incongruence between respondents’ espoused theories (intended action) and theories-in-use (actual action) is evident in this research. An example of research that supports this finding is that by Weber and Gillespie (1998) who found a significant

difference between intention and action in the behaviour of participants in their research. They drew on Kohlberg's theory of CMD and also on Ajzen's (1991) theory of planned behaviour; the latter suggests that the stronger the commitment to engage in a specific behaviour the greater the likelihood that an individual will follow through with the planned behaviour.

6.5.1.14 Argyris and Schon's Theory of Action

The theory that aligns closely with the overall findings in relation to incongruence and also with the characteristics of ethical leadership is Argyris and Schon's (1974) theory of action. The essence of this theory is that individuals typically espouse one set of beliefs and values relating to how they manage their interaction with others. However, what individuals actually adopt in practice (theories-in-use) differs. In this research, respondents' espoused theories in response to the hypothetical vignette, for many, did not align with their theories-in-use described in relation to the management to their own ethical dilemmas. Snell (1996) suggests this is especially the case when the situation signifies a threat or requires the leader to 'save face'. An important element of Argyris and Schon's (1974) theory is most individuals are unaware of the incongruence between their espoused and theories-in-use. Therefore, this raises the question of whether, without an awareness of incongruence, leaders can become effective and credible in the eyes of followers.

Argyris and Schon's theory of congruence augments well with the findings of this research relating to the characteristics of ethical leadership. According to Argyris and Schon (1974, p. 23) '[a] behavioural world of low self-deception, high availability of feelings, and low threat is conducive to congruence'. In contrast they suggest that low self-esteem and high threat is conducive to self-deception and incongruence. Most particularly, this aligns with findings that suggest less than ethical leaders are defined by *deception* and value misalignment.

6.6 Summary

The focus of this research was to explore and define the characteristics of ethical leadership. Three themes emerged from the data to define ethical leadership, namely: value alignment, governance and relationship-centredness. Ethical leaders are individuals who behave with *integrity*, *courage* and *trustworthiness*. Their decision-making is achieved through transparency, *accountability* and *discernment*. They are focused on relationships and their interaction with others is recognised for its *fairness* and *altruism*.

Most importantly, an ethical leader's words are closely aligned with his or her actions (value alignment). It is value alignment that represents the most critical difference between ethical and less than ethical leaders. Deception characterises the behaviour of less than ethical leaders; this is evidenced in the misalignment between words and action.

Respondents' recollections of the management of ethical dilemma and their responses to a hypothetical vignette were compared for congruency. This research showed there was incongruence between respondents' actions in response to their own dilemmas and the hypothetical vignette presented in the interview. This is supported by literature that confirms individuals' intent and actual behaviour may not align. Specifically, respondents demonstrated a greater willingness to build relationships in the management of their own dilemmas compared with their espoused action when presented with the hypothetical vignette. In relation to the latter, respondents were more willing to withdraw from the scenario depicted in the vignette and demonstrated less commitment to building relationships.

The most common themes that emerged from the data to describe the ethical dilemmas experienced by respondents were competing interests, relationship management and governance. The context in which the ethical dilemmas occurred varied; however, the common dimension was the challenge of managing the relationships in these situations.

Respondents predominantly adopted rule-based ethical theories in the management of the ethical dilemmas. One was rule utilitarianism in which individuals conform to rules that will give the most desirable outcome to the greatest number of people. The other consists of a deontological basis for decision-making that centres on the means by which decisions are considered. Rule deontology and act deontology represent two examples presented in relation to ethical decision-making in this research. In terms of leadership style, the findings of this research correspond to a formalist approach in which individuals subscribe to a set of rules or principles to guide behaviour. Respondents' commitment to relationship management suggests they may also consider virtues and moral character for decisions relating to ethical dilemmas.

The next and final chapter examines the strengths and limitations of this research and the implications these findings may have for future research in the field of ethics and leadership.

Chapter 7: Conclusions

It is only with one's heart that one can see clearly.

What is essential is invisible to the eye.

Antoine de Saint-Exupéry (1900–1944)

Author of 'The Little Prince'

7.1 Introduction

This chapter presents a summary of the research findings that identified the characteristics of ethical leadership. Included are respondents' recollections of less than ethical leadership and a comparison between the management of their own ethical dilemmas and that of a hypothetical vignette. The responses to all of the research components were included to form a response to the principal question: what is ethical leadership? The research's strengths and limitations are also presented, along with suggestions for further research.

7.2 Summary of Findings

This research sought to identify the characteristics of ethical leadership. These findings revealed ethical leaders were defined by three themes: value alignment, governance and relationship-centredness. The theme value alignment captured the most significant characteristic of an ethical leader. To be perceived as ethical, it is essential an individual's character and values, represented and expressed in words, is closely aligned with behaviour. Many respondents referred to value alignment as 'living one's values' with those values being an expression of one's innate character. Ethical leaders' value alignment was recognised in individuals who demonstrated *integrity*, *courage* and *trustworthiness*. While respondents recalled each of these characteristics individually,

integrity was expressed as encompassing a number of core values, including honesty and *trustworthiness*. Ethical leaders demonstrated *courage* when they stood up for what they believed was right, even when their position on a matter may have been unpopular or against the views shared by others. This meaning is captured in the phrase ‘the *courage* of one’s convictions’. *Courage* is also reflected in leaders who ‘called people to account’ on ethical standards and behaviour. This is a defining feature of ethical leaders in comparison to other constructs such as transformational, authentic and spiritual leadership.

The governance theme described ethical leaders whose decision-making was defined by fair and transparent processes which followed both the ‘letter’ of the law and the ‘spirit’ of the law. In doing so ethical leaders accepted *accountability* for their actions. Decision-making reflected *discernment* and undertaken in an informed and impartial manner. Finally, ethical leaders are relationship-centred; that is, how they communicate and relate to others is a focus of their leadership style. Relationships are defined by *fairness*, which encompasses qualities such as respect and empathy, both of which characterise *altruism*.

Respondents’ recollections of less than ethical leaders revealed individuals for whom the themes deception and self-centredness most signified their characteristics. Unlike ethical leaders, the words and actions of less than ethical leaders are not aligned. Deception was described by respondents in a number of ways. Commonly used phrases were ‘game player’, ‘duplicitous’ and ‘conceals motives’. The deceptive behaviour of less than ethical leaders permeated other aspects of their leadership such as their decision-making and relationships with others. Their *abuse of power* and *self-serving* behaviour demonstrated that less than ethical leaders were focused on their own needs. They did not take responsibility for their behaviour and decisions, rather, transferring blame to others for their *culpability*. Unlike ethical leaders who approached decision-making in a discerning manner, less than ethical leaders’ decision-making was characterised by *expediency*.

The nature of respondents' ethical dilemmas was defined by three themes: competing interests, relationship management and governance. While the context of ethical dilemmas varied, there was one finding common for many respondents. The management of relationships with individuals or groups associated with the ethical dilemmas was the most cited challenge facing respondents in this research. In terms of themes relating to the action taken in response to ethical dilemmas, the issues of accountability (*compliance*) and relationship-centredness (*collaborate*) were most readily recalled by respondents. The themes courage and withdrawal were also reflected in respondents' action, but were less common forms of action.

When respondents were presented with the hypothetical vignette and the action adopted was compared with reported action in response to the management of their own ethical dilemmas, there was incongruence. In both scenarios, respondents favoured a strong accountability approach; that is, concern for the rules and laws applicable to the context of the situation. Where the incongruence was most evident was their espoused concerns for the management of relationships in their own ethical dilemmas compared to the hypothetical vignette. When respondents were presented with the hypothetical vignette, their actual response (theories-in-use) did not express the same concern for relationships as they expressed in the management of their own ethical dilemmas. Respondents chose instead to either withdraw or demonstrate the courage of their convictions. Therefore, respondents' intended action (espoused) did not translate into what they actually did (theories-in-use) (Argyris, 1997).

If respondents' chosen action is examined from an ethical theory perspective, the theme accountability indicates a predominantly rule-based utilitarian approach to the resolution of ethical dilemmas was adopted. That is, the rule which resulted in the best outcome to the greatest number was chosen by respondents. A focus on relationship management in ethical dilemmas indicates respondents were concerned about the means (deontological) involved in the resolution process. It also reflects elements of a virtue ethics approach which seeks to resolve dilemmas by the character of the moral agent (leader) rather than

by adherence to any specific rule. The resolution adopted is premised on the particular circumstances of the situation and affected individuals.

7.3 Research Strengths

Quantitative work has dominated the business ethics research discipline (Brand, 2009; Shao et al., 2008). Nonetheless, in this research, a qualitative, rather than quantitative methodology was adopted. Two data collection methods, the CIT and vignette, both applied in semi-structured interviews, provided the most appropriate means for this enquiry. As pointed out by Brown and Mitchell (2010), while ethical leadership has been the subject of enquiry by scholars for some time, descriptive ethics research is relatively new. This research moves towards addressing this gap and builds on existing work relating particularly to the construct of ethical leadership. The defining aspect of its contribution to the body of literature is that respondents' recollections of the ethics of leaders consisted of *what* and *how* leaders behaved and in doing so contributed to defining the characteristics of ethical leaders. This is strengthened by the inclusion of an investigation of unethical leadership, which has been raised as an important area of research that requires more focus by scholars in the area of ethics and leadership (Brown & Mitchell, 2010; Brown & Trevino, 2006b).

Brand (2009) emphasises the value of qualitative methodology in gaining a greater understanding of the 'how' and 'why' of respondents' perceptions which cannot be elicited easily from large-scale questionnaires. Marshall and Rossman (2006) support this by arguing that qualitative research assists in 'shedding light' on phenomena that are poorly understood. Trevino and colleagues (2006) have also called for the use of more rigorous research methods, including qualitative methods that can be applied to topics about which current knowledge is limited.

This qualitative research represents work that responds to the views expressed by various scholars. In terms of rigour, 78 respondents represent a credible and sizable sample from which rich sources of data were drawn. The majority of these respondents,

from two Australian states, held CEO positions in their organisations. Respondents were well represented by a diverse range of industry backgrounds, both public and private sectors. Many of the companies' activities included national and international business operations. A pilot study with six CEOs enabled the development of a realistic vignette for the sample group who participated in this research.

Perceptions of ethical and less than ethical leadership that emerged in the findings of this research were formed on the basis of the strength of alignment between leaders' words and actions. This concept also emerged as an important theme relating to respondents' management of ethical dilemmas and a hypothetical vignette in this research. Together, the findings from these research questions were well supported by empirical research, which suggests the strength of association between individuals' moral reasoning and moral action is small or moderate (Shao et al., 2008). Finally, the application of a qualitative methodology in this research enabled respondents' views and recollections to emerge which may not have emerged using a quantitative approach. As pointed out by Brand (2009, p. 431) '[o]pen-ended, particularly in-depth, questioning offers the possibility that respondents will nominate outcomes not envisioned by the researcher. These alternative outcomes are potentially of great relevance, not least because they have not been anticipated by the investigator'.

7.4 Research Limitations

The application of a qualitative methodology in this research potentially includes some limitations as well as strengths. The key limitation is the interpretive nature of qualitative research. Specifically in relation to this research, a single researcher collected, transcribed and conducted the data analysis and its interpretation. Aspects of this process included the researcher determining the themes and categories relating to respondents' recollections of the characteristics of ethical and less than ethical leadership. This limitation is mentioned by Banister, Burman, Parker, Taylor and Tindall (1994), who suggest that the researcher is central to the sense-making of data. Further, different researchers may provide different interpretations of data. This limitation was

addressed in this research by the audit processes, which were applied in the data analysis phase. That is, the process of merging and elimination of categories that emerged from the findings underwent a number of checking phases to ensure only the most common categories were retained.

A further limitation may have been that the interviewer in this research was female. That is, whether the nature of respondents' recollections may have differed had the interviewer been male. For example, would issues relating to sexual harassment have arisen in the presence of a male interviewer?

Finally, research in the field of ethics and leadership includes issues relating to values and such research has been identified as being prone to socially desirable responses by participants (Brown & Trevino, 2009). In this research, the potential for this occurring was minimised in the following ways. All respondents were assured of their anonymity through the use of code names, and all interview transcriptions were only viewed and transcribed by the researcher. Respondents' recollections relating to ethical and less than ethical leaders focused on the characteristics and behaviours of other individuals, not on themselves. That is, they were not being asked to describe their own behaviour; thus, the potential for socially desirable responses was reduced. The use of a hypothetical vignette in the semi-structured interviews also reduced the likelihood of socially desirable responses. The vignette's scenario may have contained a similar context to what respondents had experienced and this may have allowed them to provide responses that represented what they would have done if confronted by what was described in the scenario.

7.5 Future Research

There are a number of areas that may be pursued based on the findings that emerged from this research. Respondents were asked to recall individuals they identified as being ethical and less than ethical. Further research involving senior executives may be undertaken to establish leaders' perceptions of their own ethical characteristics and

behaviours. The data could then be compared with the perceptions of managers reporting to these senior executives and of selected employees associated with the ethical characteristics and behaviours of those same leaders. In this way, leaders' behaviours can be examined from their own perceptions and compared with perceptions of key followers in their organisations. As mentioned by Brown and Trevino (2006b), leaders underestimate how and to what degree their behaviour is being judged by others in terms of ethics.

Respondents in this research were asked to recall an ethical dilemma which had challenged them in their role as senior executives. Future research could focus on what factors define a situation being an ethical dilemma. In addition, second tier managers from the same organisation could be asked to recall situations they perceived as being ethical dilemmas. This may provide some insight into circumstances that represent ethical dilemmas for senior executives as opposed to those for other members of the organisation.

An emergent model was presented in this research based on the findings relating to recollections of both ethical and less than ethical leadership. This could be used as a basis to develop a survey instrument to measure leader and follower perceptions of ethics and leadership in their organisations. As indicated by Brown and Mitchell (2010) the lack of an established measure for both ethical and unethical values has not allowed rigorous measurement and testing of these concepts. Therefore, the use of the emergent model from this research represents the potential for future research of a quantitative nature in the field of ethics and leadership.

Finally, the literature relating to ethics and leadership makes a clear distinction relating to the construct of ethical leadership compared with other constructs, such as transformational, authentic and spiritual leadership. Specifically, the transactional nature of the 'moral person, moral manager' defines an ethical leader (Brown & Trevino, 2006b). This raises the question of what place leadership styles may have in the perceptions individuals have of how ethical or unethical a leader is perceived to be.

Therefore, to what extent, if any, is a leader's ethicality related to the style of leadership he or she exhibits? Perhaps future research should include not only questions relating to perceptions of ethical or less than ethical leadership, but also include the perceived style of leadership in these individuals. Perhaps, as Badaracco (2002) suggests, ethical leaders may not be individuals who are recognised as having 'larger-than-life' personalities or a reputation for so-called 'heroic acts'. Rather, they are individuals whose leadership is characterised by many day-to-day acts, which quietly, but effectively, build a desired ethical climate and follower commitment in the organisation.

7.6 Summary and Reflection

This research has confirmed that the ethics of leadership continues to capture the interest of many who share the belief that the conduct of leaders *does* matter. Leaders occupy positions of privilege, with accompanying power to influence organisational outcomes that affect the lives of employees and stakeholders. As such they have a moral duty to respect the power and limitations of their leadership position. As suggested by Price (2008, p. 480) '[w]hat we morally *ought* to do depends – to some extent – on what we are *able* to do, and leaders are certainly able to do what others are often unable, or less able, to do'.

The experience this research has provided has been an extraordinary opportunity to observe and listen to the reflections of leaders. The virtue of reverence captures, for the writer, a fundamentally important aspect of leadership. That is, regardless of one's position or influence, there remain limitations to all human activity. Leaders therefore are subject to similar human frailties to those who do not occupy officially recognised leadership roles. The virtue of reverence is eloquently summed up by a contemporary philosopher, Paul Woodruff in his book 'Reverence: Renewing a Forgotten Virtue' states:

Reverence begins in a deep understanding of human limitations; from this grows the capacity to be in awe of whatever we believe lies outside our control – God, truth, justice, nature, even death. The capacity for awe, as it grows, brings with it the capacity for respecting fellow human beings, flaws and all (Woodruff, 2001, p. 3).

In conclusion, the findings of this research define ethical leaders as individuals, who through the close alignment of their words and action demonstrate a respect for the limitations of their position and a concern and commitment to the relationships they develop with others. In essence, what is said and how it is said *does* matter. However, what matters more is that what is *said* is clearly evident in what is *done*. This research also recognises that less than ethical leaders are defined in a distinctively different way from ethical leaders. Deception is the characteristic that defines the behaviour of these less than ethical leaders. Such leaders abuse their power in order to satisfy their own needs. In doing so, they demonstrate their lack of respect for their position and for their relationships with others. What they *say* is not aligned with what they *do*. Perceptions are formed by others, over time, relating to the ethicality of leaders. The alignment or misalignment of words and action is at the heart of a leader's ethicality.

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Appendix 1: Pilot Study Interviews: Feedback Notes Six (6)

Interviews

A1.1 Participant A (Female – Public Sector)

A1.1.1 Nature of Ethical Dilemmas Presented

- Being asked by your superordinate to undertake action which they should have taken responsibility for and then not supporting that action – leaving you to face consequence which isolates you professionally
- Questioning one's involvement in professional activity, perceiving it to be a 'conflict of interest' but 'everyone's doing it'
- Dilemma of whether to be a whistle-blower
- Managing relationships as a public sector employee with private sector contracts eg. Accepting gifts/favours

A1.2 Participant B (Male – Public Sector)

A1.2.1 Nature of Ethical Dilemmas Presented

- Lack of support in carrying out actions with whom you are accountable
- Making decisions which are politically sensitive whilst you are in a vulnerable position, for example, acting as opposed to substantively employed
- Dilemma of giving 'frank and fearless' advice knowing it will potentially damage your future career prospects
- Balancing the relationship with the agency stakeholders and the Minister

A1.3 Participant C (Male–Private Sector)

A1.3.1 Nature of Ethical Dilemmas Presented

- Dilemma of whether you will adopt practices eg. Bribes to gain favourable contracts. Consequences more serious for small companies

- Being open and honest, dealing with people without ‘duplicity’ difficult-‘game playing’ common
- Dishonesty rewarded, trust/honesty carries more risk

A1.4 Participant D (Female – Private Sector)

A1.4.1 Nature of Ethical Dilemmas Presented

- Managing the relationship with the Minister when a strong political line is adopted that goes against what may be in the best interest of the stakeholders
- The decision making and moral dilemma of dismissing someone, trusting someone else’s enquiry/investigation into the matter
- Having to publicly defend decisions which you have had no control over or do not align with your personal beliefs/principles
- Being an agent of change and having factions trying to exert their influence in an opposing direction to your agenda

A1.5 Participant E (Female – Public Sector)

A1.5.1 Nature of Ethical Dilemmas Presented

- Challenging long-standing practices in the organisation which are strongly defended and you are new to public service
- Dealing with issues of performance of staff when they have not been challenged before about any aspect of their performance – ‘giving the bad news’
- Concerned about what is ‘right’ in relation to spending of tax payers’ money – worried that staff do not perceive it as such and their ‘right’
- Ethical dilemmas reflect one’s life journey and as such difficult to be neutral and always rational about the decisions one makes which have moral elements
- Concern about decisions being transparent and accountable

A1.6 Participant F (Male – Private Sector)

A1.6.1 Nature of Ethical Dilemmas Presented

- Dealing with deeply entrenched cases of sexual harassment in a male dominated industry
- Employee dishonesty, substandard performance

A1.7 Pilot Study Scenarios

1. The organisation in which you are a senior executive has recently been involved in a lucrative business proposal. You have been given principal responsibility for its development. The negotiations are with both private and government entities. You discover that the contract does not fully comply with mandatory compliance policies. This view is not shared by other executives within your organisation, who are keen to proceed. The success of this contract is likely to have favourable consequences for your future career prospects. What would you do?
2. You have just negotiated on behalf of your organisation some important business partnerships for the future. One of these partnerships is in an industry whose business activities receive a high level of scrutiny by the Government. You hear via your business networks the CEO of the organisation has allegedly re-negotiated some contractual details without your knowledge. As the executive responsible for the contracts' success or failure what do you do?
3. Your CEO has asked you to be a panel member for the selection of a senior executive in your organisation. The successful applicant will be working directly for you. Sources you regard as professionally reliable inform you the CEO wishes to appoint an applicant who has a very poor professional reputation. The CEO is a personal friend of the applicant and presents a case for this applicant's appointment. What do you do?
4. As a senior executive you have prepared for the CEO a proposal for a potentially lucrative business contract. You discover highly sensitive and confidential details of the proposal have been leaked to your principal competitor. You know as the senior executive you will be viewed as having full responsibility for the outcome of the proposal and the loss of the contract to your competitor will have serious consequences for your organisation. How do you manage this situation?
5. As a senior executive you have prepared for the CEO a proposal for a potentially lucrative business contract. You obtain highly sensitive and confidential details

about your principal competitor, which could be of significant advantage to you in the outcome of this contract. What do you do with this information?

Appendix 2: Consent Form and Letter

FORMAL CONSENT TO PARTICPATE RESEARCH

I.....(full name), hereby give my consent to participate in the research being undertaken by Julie Crews who is a Doctorate of Business Administration (DBA) student at the Curtin Graduate School of Business.

It is my understanding that Julie will be interviewing me for approximately 30-45 minutes and that this interview will be recorded. This interview will be treated in the strictest of confidence and all personal information and interview material will remain secure and confidential according to strict University Ethics Guidelines which all researchers must satisfy to proceed with their research.

I understand that I may withdraw from participating in this research at any stage. Finally, my identity, including where I am employed, will not be identifiable in any published document relating to this research.

Yours sincerely

.....(signature)

.....(printed name)



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INFORMATION LETTER: PARTICIPATION IN RESEARCH

I am a DBA (Doctor of Business Administration) Candidate at the Curtin Graduate School of Business, Western Australia. I am under the supervision of Dr Verena Marshall, Curtin Graduate School of Business and Dr Kerry Pedigo, also of Curtin School of Management. The objective of my research is to explore perceptions held by senior executives in the public and private sectors on the question: *What is ethical leadership?*

I am writing to you in the hope that you will agree to participate in this research. Your views on this subject will be very much appreciated. Participation will involve approximately 30 minutes of your time for an interview, at a place and time convenient to you. Please be assured that opinions you express will be held in the strictest confidence and data will be analysed through computer software without reference to individuals or any information that may disclose your identity. In return, I will be pleased to provide you with a summarised report of the major findings of my research.

In order to learn of your willingness or otherwise, to participate in this research, I will contact your Personal Assistant in the next three to five working days. Should your response be positive, I will request a scheduled appointment with you.

Please find outlined below my contact details should you require further information.

Telephone 0423 270 459
E-mail jcrews@wa.globaldial.com

Thank you for considering my request and I look forward to speaking with you.

Yours sincerely

A handwritten signature in cursive script that reads "Julie Anne Crews".

Julie Crews B.A (UWA); B.Ed (ECU); M.IR (UWA)



Appendix 3: Interview Transcript Verification

Interview Transcript verification

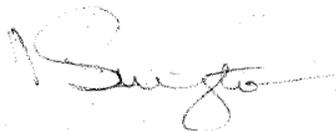
To:	Julie Crews
From:	Dr Helen Sitlington
Date:	April 2011
Re:	Report on the accuracy of audio-tape transcribing

I have examined two randomly selected audio-tapes transcribed by yourself and have assessed the accuracy of the transcribing in the section below:

General Comments

The two transcripts gave a complete and accurate representation of the interviews contained on the audio tapes.

Yours sincerely



Dr Helen Sitlington
Lecturer, School of Management
Edith Cowan University
Perth, Western Australia

Appendix 4: Hand-Coded Data

Q1

JC: Welcome and than you very much for agreeing to participate in my research. I'd like to open up first of all and ask you could you give me a bit of a snapshot of the role you have, how long you've been in it and something about your industry

VP1: OK, the industry we are working in is the environmental consulting and contracting industry. IP environmental is primarily a supplier of services to predominately industry but government as well in the area of environmental impact assessment, environmental site investigations and particularly contaminated land works. That's the predominate activity that we're involved in. Our customers tend to be mostly petrochemical type of industries, the oil industries, land developers and also various local and state government departments. The products of what we do is mostly reporting and environmental investigations and the like but we also do contracting work to clean up contaminated land primarily

ENVIRONMENTAL CONSULTING

VP1: Our company is currently about 150 people strong, we operate out of each of the main capital cities. In fact we have six offices, the largest of those [redacted] obvious reasons and we've been operating in Australia [redacted] we were established as a wholly owned subsidiary of a US entity originally as groundwater technology which was a [redacted] Subsequently in [redacted] that company was sold to another US New York stock exchange listed company called [redacted] sorry [redacted] operated a world wide business for three years prior to selling it to the IT group which then ran it for the next four or five years. Most recently our business was sold to [redacted] limited which is an [redacted] IT environmental is now a wholly owned subsidiary of Cofees

150 STAFF

PETRO-CHEMICAL INDUSTRIES

VP1: I've been with the company since [redacted] in its various forms, it's had three or four different names but effectively the company has been pretty much the same business throughout and I was appointed managing director and CEO of the Australia and Asia Pacific operations in [redacted] so I've been in that role for about six years, in fact December '97, so six and a half years during which time I have been responsible for all aspects of strategic direction, operations, management, financial oversight of the business

AUST-WIDE

JC: Very diverse

VP1: Yes, so the most recent change as I said was a couple of months ago has been the selling of our business to [redacted] and we are now on a part of an Australian identity after being owned by [redacted] like 17 years

Q2

JC: So you have a very diverse portfolio, a lot of stakeholders and you are in a core business that can be politically very sensitive in the things you are dealing with. So what I'd like to move into now if I may is the second question in the context of your work what do you think ethical leadership is, what are the characteristics for you

VP1: Well I guess purely as a title of a couple of words for me it is for me it would represent the qualities that individuals display to walk the talk so to speak to lead by action to show others that certain things are important to you as a leader, in this case ethical behaviour and what you interpret that to mean and then to ensure you act consistent with the advice that you are providing to others. So ethical leadership is basically walking the talk when it comes to how we behave

WALK THE TALK

VP1: What sort of behaviours could you describe, key behavioural characteristics that you would put in that definition

LEAD BY ACTION TO SHOW OTHERS

JC: Or what you are recommending

VP1: OK, I think the sort of key words that come to mind would be fair, honest, open within the constraints of business. I think that there is, I've put that proviso there that when one is acting as a consultant in an industry one has clients and particularly in the environmental industry that often can be a conflict between what your client desires and objectives are compared to what perhaps what the legislation is in fact

ACT CONSISTENT WITH ADVICE

JC: Or what we are ourselves, one of the things that I do try to tell all of our people is that we are not environmentalists, so although we work in industry providing environmental advice ourselves. I try to steer away from having environmental opinions of my own when it comes to business and work because, of course we all do have our own views on greenhouse gases, our own views on forests, our own views on all sorts of other things and I believe that they should remain our own views when we act in our businesses we need to make sure that we advise our clients in the best way possible by taking all the parameters into account and doing what we believe is the best advice

FAIR, HONEST, OPEN

KEEP OUR OPINIONS TO SELF IN BUSINESS, GIVE RIGHT ADVICE

Q6	FEATURES OF INCIDENT	WHY IT WAS A DILEMMA STEPS TO RESOLVE/DILEMMA CONSEQUENCE	OUTCOME/NOTES
<p>♂</p> <p>VP 1</p> <p>██████████</p> <p>██████████</p>	<p><u>SELECTION & APPOINTMENT</u></p> <ol style="list-style-type: none"> 1. HIS APPOINTMENT TO POSITION OF CEO 2. AT THE TIME HE WAS BEING MANAGED BY CEO HE RECALLED 3. OWEN'S REP CAME TO INVESTIGATE 'DOCT' PRACTICE OF PREVIOUS CEO 4. CEO LEFT → HE WAS APPT 	<ol style="list-style-type: none"> 1. HE WAS A CLOSE FRIEND AND REPORTED TO CEO 2. CEO THOUGHT HE HAD SET HIM UP 3. STAFF ASSAULTED HIS DECISION (PREVIOUS CEO) RECOGNITION A. DON'T CONFRONT CEO ABOUT CONCERNING MANAGER IT THROUGH OWEN CONTACT B. SECRET NOT CONFRONTING CEO 	<ol style="list-style-type: none"> 1. PREVIOUS CEO LEFT 2. REPUTATION APPROVED BY OWEN OWEN
<p>♀</p> <p>VP 2</p> <p>██████████</p> <p>EXECUTIVE</p>	<p><u>APPOINTMENT OF PERSON</u></p> <ol style="list-style-type: none"> 1. APPOINTMENT OF PERSON 2. DELEGATED SOME OF POWERS (PERSONAL CHOICE) 3. PERSON WAS WRONG CHOICE 4. TOOK 2 YRS TO GET RID OF HIM 	<ol style="list-style-type: none"> 1. HE WAS WRONG CHOICE 2. RE-STRUCTURED TO REMOVE HIS POSITION & HIM 3. HE RATED ON NIGHTS → ANNUAL APPRaisal PERIOD 4. SABOTAGED STAFF A. SHOULD HAVE PERSONALLY CHECKED POTENTIAL 	<ol style="list-style-type: none"> 1. GOT RID OF HIM VIA ONE PROCESS 2. VERY PAINFUL TO STAFF & COMMUNITY 3. TOOK 2 YRS OF PROCESS
<p>♀</p> <p>VP 3</p> <p>██████████</p> <p>██████████</p>	<p><u>UNPOPULAR DECISION / CONFIDENTIALITY</u></p> <ol style="list-style-type: none"> 1. CEO HAD TO CHOOSE A HARD DECISION ON A VERY PRIVATE AND SENSITIVE MATTER 2. COULDN'T TELL STAFF / COMMUNITY BECAUSE OF CONFIDENTIALITY 3. FLOW IN FACE OF COMMITMENT TO LEAD DEMOCRATICALLY 	<ol style="list-style-type: none"> 1. STAFF / COMMUNITY COULDN'T HAVE WHEED INTO WHY THE DECISION WAS SO DIFFICULT 2. STUCK BY DECISION IN FACE OF HEAVY CRITICISM 	<ol style="list-style-type: none"> 1. STUCK TO PROCESS
<p>♂</p> <p>VP 4</p> <p>██████████</p> <p>██████████</p>	<p><u>BUSINESS DECISION / SENSE OF RESPONSIBILITY</u></p> <ol style="list-style-type: none"> 1. CEO CHALLENGED BY DECISION TO LOOK AFTER BUSINESS → SHAREHOLDERS AND FAMILY AND BUSINESSES AND COULD NOT QUIT 2. A LOT OF PRESSURE FROM INVESTMENT BANKERS SUGGESTING CEO TO MAKE A LOT OF MONEY PERSONALLY 	<ol style="list-style-type: none"> 1. INTEREST OF BUSINESS LEAD SHAREHOLDERS (IN WORK) 2. NEGOTIATED FOR BEST OUTCOME FOR 5 BUSINESSES 3. HARD DIFFICULT BECAUSE PERSONALLY WANT 5 BUSINESSES 	<ol style="list-style-type: none"> 1. GOT 45% OF NEW VOUCHER 2. BEST POSSIBLE OUTCOME CONSIDERING CIRCUMSTANCES

Appendix 5: Preliminary Themes and Categories of Ethical Leadership

CATEGORIES	SUB-CATEGORIES
Honesty (36)	Integrity (18) Trustworthiness (9) Transparent (7) Reliable(7)
Personal set of values-principles (23)	Acts out values (54) Leads by example (33) Alignment of public-private values (26) Role models values (15) Legacy that is of value (9) Makes values clear (7) Values to guide organisation (6) True to him/herself(5) Aligns with corporate objectives (4)
Open and accountable decision-making (21)	Balances competing interests (24) Takes responsibility for decisions (17) Informed decision making(10) Withstands public scrutiny (9) Willingness to make decisions (8) Impartial (8) Examines issues holistically (6) Deals with difficult people/situations (4) Feels a moral obligation to people (4) Decisions based on right and wrong (4)
Proper governance (20)	Gives frank and fearless advice(21) Individual conduct admired(13) Meets responsibilities (11) Reputation for being ethical (10) Fair and reasonable processes (10) A responsible corporate citizen (7) Responsible exercise of power (4)
Doing the right thing (19)	Actions are not compromised(60) Withstands criticism(28) Demonstrates courage(27) Strong minded and forthright(17) Complies with the law (15) Stands for what is right (12) Doing things in the right way (8) Actions reflect the spirit of the law (5)
Serves the public interest (13)	Serves the interests of the stakeholders (24) Serves the interests of the Minister (11)
Includes people in communication (11)	Fair treatment of people (20) Respectful of people (21) Supportive (5) Expresses both negative and positive things (4)

Appendix 6: Preliminary Themes and Categories of Less than Ethical Leadership

THEMES	CATEGORIES
INDIVIDUAL CHARACTER	Deception(61) <i>dishonest/duplicitous/conceals motives/game playing/disloyal</i> Decisions based on self-interest(77) <i>serve self or agency's interests</i> Disrespectful(15) Greedy, focused on materialism(10) Disloyal(9) Untrustworthy(9)
USE OF POWER	Manipulates and lies(29) Sabotage(26) <i>eliminates competitors, divides and conquers</i> Nepotism (20) <i>plays favourites, discriminates</i> Bullying(20) Withholds information(12)
GOVERNANCE	Disrespect for rules(18) Unsupportive of public interests(17) Breaches agreements(12) Lack of public service values(8)
UNETHICAL CONDUCT	Misuse of resources(20) Misrepresentation of credentials and records(22) Conflict of interests(12) Bribery(9)
EXPEDIENCY	Disownership of actions(39) <i>no ownership for consequences of action, transfers blame to others</i> Rash-reactive(11) <i>Cut corners</i> Avoids unpopular decisions(24) <i>Indecisive</i>

Appendix 7: Preliminary Coding for Critical Incidences

ETHICAL INCIDENT THEME	DESCRIPTION OF ETHICAL INCIDENCE	CATEGORY	SUB-CATEGORY
NO DILEMMA CITED	PG8 PG18 PP2 PP19 VG1 VP7 VP8	TOTAL 7	
PG1 Competing interests	Board members reject decisions made by the administration of the organisation	Executive-Administrative relationship	
PG2 Governance	An offer to CEO to secure preferential service by the organisation.	Bribery	Gifts and rewards
PG2 Relationship Management	Management of an employee's alcohol problem in the workplace	Workplace behaviour	Use of alcohol and drugs
PG2 Governance	Use of corporate credit card for personal use	Misappropriation of resources	Credit card use
PG3 Competing interests	The decision to release information under FOI and the challenge of determining what is 'in the public interest'	Confidentiality-disclosure	
PG4 Competing interests	A request to change official advice	Executive-Administrative relationship	
PG4 Competing interests	Refusal by MP to accept advice given by Department	Executive-Administrative relationship	
PG5 Competing interests	Investigation of alleged misconduct by MPs	Executive-Administrative relationship	
PG6 Relationship Management	Illicit drugs in the workplace	Workplace behaviour	Use of alcohol and drugs
PG6 Relationship Management	The management of bullying junior employees by a senior executive in the workplace	Workplace behaviour	Use of power
PG7 Competing interests	Employee blew whistle on former CEO and sought resolutions from newly appointed CEO	Confidentiality-disclosure	Whistle-blowing

PG9 Relationship Management	Employee with alcohol problem at the workplace and impacting on work performance and workplace relationships	Workplace behaviour	Use of alcohol and drugs
PG10 Governance	Employees accessing pornographic material on workplace computers	Misappropriation of resources	Internet use
PG10 Competing interests	The provision of confidential information relating to a procurement contract	Confidentiality-disclosure	
PG11 Governance	The acceptance of bribes for a favourable outcome in a procurement process and also allegedly embezzling company funds	Bribery	Gifts and rewards
PG11 Governance	Offer of gifts by company which engages in business with organisation	Bribery	Gifts and rewards
PG11 Competing Interests	The issue of a limited number of licences which affect the livelihood of small business operators	Conflict of interests	
PG12 Governance	The acceptance of gifts in exchange for a favourable outcome in a procurement process	Bribery	Gifts and rewards
PG13 Relationship Management	New CEO needed to change long-standing practices and involved major staff changes	Workplace behaviour	Management of performance
PG14 Relationship Management	An appointment the individual could not do but CEO unable to raise matter as it was politically expected that it would 'work'	Workplace behaviour	Management of performance
PG15 Competing interests	CEO had major lobbyist wanting to change business decision and engaged in sabotage	Executive-Administrative relationship	
PG16 Competing interests	CEO had pressure from Minister to adopt action which was not resourced	Executive-Administrative relationship	
PG16 Relationship Management	Man hired in a senior position with no background in portfolio and failed to do job	Workplace behaviour	Management of performance
PG17	The request for confidential information	Confidentiality-disclosure	

Competing interests	for potential misuse		
PG19 Competing interests	CEO had to close business because of a potential health risk but staff refused to cooperate	Executive-Administrative relationship	
PG20 Relationship Management	Superordinate was sexually harassing staff	Workplace behaviour	Use of power
PG21 Relationship Management	CEO implementing reform and one staff member did not want change and took complaint outside and tried to sabotage CEO	Workplace behaviour	Use of power
PG21 Relationship Management	CEO had complaint about staff member and decide to act on the complaint without investigating	Workplace behaviour	Use of power
PG22 Competing interests	CEO made application for confidential information in an independent inquiry and it was refused even though the CEO had right to its access	Confidentiality-disclosure	
PG23 Governance	CEO had to be part of inquiry about misappropriation of funding by senior staffer who was also friend.	Misappropriation of resources	Use of finances
PG23 Competing interests	CEO had partner who was CEO in an agency which he did business with	Conflict of interest	
PG24 Competing interests	CEO blew whistle on major problems with agency and it led to public inquiry	Confidentiality-disclosure	Whistle-blowing
PG25 Relationship Management	Staff member lodged a grievance against person, very damaging and very personal and was unfounded	Workplace behaviour	Use of power
PG26 Relationship Management	Individual employed who had allegedly had an inappropriate relationship and history was known at the time of the appointment.	Workplace behaviour	Use of power
PG27 Competing interests	Very public campaign about the state of a Govt. Department - CEO was being pressured to misrepresent scenario	Executive-Administrative relationship	
PG28	CEO asked to attend major meeting about	Conflict of interests	

Competing interests	project and lobbyists were there to push project in conflict to position of CEO and agency.		
PG29 Relationship Management	CEO had pressure by superordinate to accept interstate position otherwise 'future career would be in jeopardy'	Workplace behaviour	Use of power
VP1 Relationship Management	CEO was promoted into a CEO position as result of poor performance of previous CEO who was friend	Workplace behaviour	Management of performance
VP2 Relationship Management	Person hired, proper checks not carried out, did not perform, sabotaged staff when performance was raised	Workplace behaviour	Management of performance
VP3 Relationship Management	Staff resisted major decision, strong pressure to change, CEO could not disclose reasons for decision	Workplace behaviour	Management of performance
VP4 Competing interests	CEO involved in large company which was merging and many small business operators' livelihood would be affected	Organisational restructure	
VP5 Competing interests	Changed long-standing policy about business practice, businesses claimed decision was unfair	Organisational restructure	
VP6 Relationship Management	CEO had long-standing staff member and high profile person in community underperforming	Workplace behaviour	Management of performance
VP7 Governance	CEO offered large sum of money by businessman 'no strings attached' in recognition of work done.	Bribery	Gifts and rewards
VP8 Relationship Management	Culture of organisation was one in which sexual harassment was not challenged seriously	Workplace behaviour	Use of power
VP9 Competing interests	CEO had to manage public complaints about a valued employee	Conflict of interests	
VP10 Competing interests	The challenge of managing highly confidential material being 'leaked' to the media	Confidentiality-disclosure	Whistle-blowing

VP11 Governance	CEO had dilemma of large sums of donated funds not being used for their designated purpose	Misappropriation of resources	Use of finances
VP11 Relationship Management	CEO had employee who was failing to meet requirements of job and had a long history of mismanagement	Workplace behaviour	Management of performance
VP12 Competing interests	CEO making decisions for an organisation for which he held an influential position	Conflict of interest	
VP13 Competing interests	CEO managing public officers who 'blew whistle' on matters	Executive-Administrative relationship	Whistle-blowing
VP13 Competing interests	CEO in inquiry and had dilemma – to what degree does a public servant reveal information that may damage the Govt	Confidentiality-disclosure	Whistle-blowing
VP14 Competing interests	CEO responsible for closure of business which had significant impact on country community	Organisational restructure	
VP15 Relationship Management	CEO asked by influential person in the organisation to employ his son	Workplace behaviour	Nepotism
VP15 Competing interests	CEO left company and took two staff with him and started own company using intellectual property of former organisation.	Conflict of interests	
VP16 Governance	CEO of International company concerned about the management of trading arrangements	Bribery	Gifts and rewards
PP1 Relationship Management	CEO had individual who had major personal problems and presented the dilemma of resolving the individual's issues versus the interests of others and the organisation	Workplace behaviour	Management of performance
PP3 Relationship Management	Company set up a contract and it was changed and major issues arose	Workplace behaviour	Use of power
PP4 Relationship Management	Staff member was not performing and did not accept there was an issue	Workplace behaviour	Management of performance

PP5 Governance	Long-standing arrangement in company of gifts to staff during tendering process was questioned by CEO	Bribery	Gifts and rewards
PP5 Governance	Business operators gave staff use of latest goods as 'trial' but inference was that the business would enter into long-standing contract	Bribery	Gifts and rewards
PP6 Competing interests	CEO member of organisation which is lucrative benefactor of large fund worth \$M - pressure from other companies that it should be distributed differently	Conflict of interests	
PP7 Competing interests	Request for very personal information on file to be used as evidence but considerable risks to weigh up	Confidentiality-disclosure	
PP8 Relationship Management	A number of complaints about employee who failed to perform required 'duty of care'	Workplace behaviour	Management of performance
PP9 Governance	CEO caught senior officer stealing large sums of money from accounts – person a friend	Misappropriation of resources	Use of finances
PP10 Relationship Management	CEO cited a number of situations in which staff are in conflict in the workplace	Workplace behaviour	Use of power
PP11 Relationship Management	A lot of pressure from client to do business and very aggressively pursued CEO using a variety of tactics	Workplace behaviour	Use of power
PP12 Competing interests	CEO of major business in take-over and pressure applied for changing systems to disadvantage competition	Organisational restructure	
PP13 Relationship Management	CEO in industry and lobby group were publishing misinformation about the company's involvement in the industry	Workplace behaviour	Use of power
PP14 Relationship Management	Cyberspace stalker stalking individuals and material of a very personal and damaging nature	Workplace Behaviour	Internet Use
PP15 Competing interests	CEO made changes to the organisation and interests of longstanding employees	Organisational restructure	

	were not met as expected.		
PP16 Relationship Management	CEO managed an international company and significant threats were made to adopt a line of action against company policy	Workplace behaviour	Use of power
PP17 Relationship Management	CEO put under great pressure to select without panel or process in a significant appointment	Workplace behaviour	Nepotism
PP17 Governance	CEO had senior officer responsible for finances and he embezzled money	Misappropriation of resources	Use of finances
PP18 Relationship Management	Management of a significant contract changed several times and completion of the project was complex and it impacted on the CEO's company.	Workplace behaviour	Use of power
PP20 Governance	CEO confronted a very personal and public dilemma		
PP21 Relationship Management	CEO had a lot of pressure by Board to resolve a major employee conflict quickly by 'cutting corners'	Workplace behaviour	Use of power
VG2 Competing interests	CEO had to decide on disclosing what was deemed 'in the public interests'	Confidentiality-disclosure	
VG3 Relationship Management	CEO in position where senior employees were technically competent but deemed as not 'fitting' with the culture of the organisation	Workplace behaviour	Management of performance
VG4 Relationship Management	The management of an employee who was bullying many staff in a very political area of government	Workplace behaviour	Use of power
VG4 Relationship Management	Employee refused lawful instruction in his interests and CEO had to manage serious consequences	Workplace behaviour	Management of performance
VG5 Relationship Management	Serious claim of harassment made to the CEO – alleged perpetrator a friend of the CEO	Workplace behaviour	Use of power
VG6	CEO had to reduce the numbers of	Organisational restructure	

Competing interests	employees significantly and issues were complex		
VG7 Competing interests	Direct requests to public servants (CEO) from political advisors to take a course of action	Executive-Administrative relationship	
VG8 Competing interests	Competing interests between scientific advice sought and Government	Executive-Administrative relationship	
VG9 Governance	Media exposed alleged credit card abuse on front page of newspaper and pressure for CEO to stand down by Government	Misappropriation of resources	Credit card use
VG10 Competing interests	Political pressure to have formal and public inquiry into sensitive community issue	Executive-Administrative relationship	
VG11 Governance	CEO received major funding and it was significantly in excess of allocated budget.	Misappropriation of resources	Use of finances
VG11 Competing interests	CEO's dilemma of decisions relating to the welfare of minors and the competing interests relating to them	Conflict of interests	
VG12 Competing interests	Privatisation of a major Govt. asset - was very public and political -pressure on CEO	Executive-Administrative relationship	

Appendix 8: Preliminary Coding for Action Taken to Manage Critical Incidents

THEME	NATURE OF DILEMMA	ACTION TAKEN	ACTION CATEGORY
PG1 Competing interests	Board members reject decisions made by the administration of the organisation	Provided strong evidence for decision, stood ground	Argue position Document position Stand by decision
PG2 Governance	An offer to CEO to secure preferential service by the organisation	Confronted person and indicated they would get no preferential treatment	Adherence to governance Outright refusal to participate
PG2 Relationship management	Management of an employee's alcohol problem in the workplace	CEO withdrew privileges and made private agreement to pay for damages done to company resource whilst allegedly under the influence	Negotiate outcome
PG2 Governance	Use of corporate credit card for personal use	CEO conducted an inquiry internally and then referred to authorities. Person was cleared as they had paid the money back but had not followed policy	Report to authorities Conduct independent assessment
PG3 Competing interests	The decision to release information under FOI and the challenge of determining what is 'in the public interest'	CEO makes sure all processes are accountable and sound – stood firm by decisions and not be influenced by personal	Adherence to governance Argue position Stand by decision
PG4 Competing interests	A request to change official advice	DG refused outright and asked that they put the request in writing to change the advice	Outright refusal to participate Stand by decision
PG4 Competing interests	Refusal by MP to accept advice given by Department	DG had dilemma because speaking out may have been contempt of court but media were not putting forward whole story. CEO accused by employees of 'caving in'	Adherence to governance Stand by decision
PG5 Competing interests	Investigation of alleged misconduct by MPs	CEO sought advice and made sure the investigation had a lot of transparency to back decisions, a lot of pressure and interest from press to reveal outcome before it was finalised	Conduct independent assessment Document position Argue position Stand by decision
PG6 Relationship	Illicit drugs in the workplace	CEO had dilemma that officer had broken the law and he referred it to	Report to authorities

Management		police	
PG6 Relationship Management	The management of bullying junior employees by a senior executive in the workplace	CEO removed aggressor from managing the staff and directed an independent inquiry	Conduct independent assessment Build relationship with parties Seek to understand Remove individual
PG7 Competing interests	Employee blew whistle on former CEO and sought resolutions from newly appointed CEO	CEO took advice, followed processes and concluded organisation did not have an obligation to re-hire employee. The employee had serious issues with the organisation and it had become very public	Conduct independent assessment Build relationship with parties Seek to understand
PG8 No dilemma cited		No dilemmas as believed being 'up front' with Minister resulted in issues not arising	Build relationship with parties
PG9 Relationship Management	Employee with alcohol problem at the workplace and impacting on work performance and workplace relationships	CEO treated it as a health issue and got help – agreed for the staff member to take leave and not return to position but employee did not keep to agreement	Negotiate outcome Build relationship with parties Seek to understand Provided professional support
PG10 Governance	Employees accessing pornographic material on workplace computers	CEO mounted inquiry and employees' representative made it complex. Long and protracted industrial issue	Adherence to governance Conduct independent assessment Report to authorities
PG10 Competing interests	The provision of confidential information relating to a procurement contract	CEO was alerted to issue but due to amalgamation of organisation did not scrutinise such dealings – CEO tried to stop action but too late and put in processes and policies for future incidences	Conduct independent assessment Specify policies for the future
PG11 Governance	The acceptance of bribes for a favourable outcome in a procurement process and also allegedly embezzling company funds	Referred to police, put in place process for employees managing tendering processes – clearer rules in relation to bribes and conflict of interest	Report to authorities Specify policies for the future
PG11 Governance	Offer of gifts (accommodation, travel and entertainment) by company which engages in business with organisation	Refused outright even though pressure from Minister to attend	Outright refusal to participate Stand by decision
PG11 Competing interests	The issue of issuing a limited number of licences which affect the livelihood of small business operators	CEO has great angst with these decisions because they are about future livelihood – some people very threatening and personal-sought advice and stood by decisions	Adherence to governance Argue position Conduct independent assessment

PG12 Governance	The acceptance of gifts in exchange for a favourable outcome in a procurement process	CEO referred to authorities but could not mount strong enough evidence to prosecute	Report to authorities
PG13 Relationship Management	New CEO needed to change longstanding practices and involved major staff changes	Staff refused to be involved, many left on their own accord, others could not change to new environment no matter how much support or assistance was provided – managed them ‘out’	Build relationship with parties Provided professional support Stand by decision Specify policies for the future
PG14 Relationship Management	A very political appointment but became clear individual could not do job but CEO unable to raise matter as it was politically expected that it would ‘work’	CEO put in process to make employee accountable and other employees had to ‘cover’ and do the work – mounted a case of discrimination but eventually left	Build relationship with parties Provided professional support Report to authorities Document position
PG15 Competing interests	CEO had major lobbyist wanting to change business decision and engaged in sabotage	CEO alerted group to the plan and they pressured the Govt not to bow to the plan – put in place new uniform system with Govt’s support and other States’ backing	Whistle-blow Build relationship with parties Specify policies for the future
PG16 Competing interests	CEO had pressure from Minister to adopt action which was not resourced and advice had already been given that it was unworkable	CEO lobbied for extra funding and worked hard for three years but did not get cooperation – walked away from project upon completion	Argue position Negotiate outcome Forgo potential career rewards Withdraw from situation
PG16 Relationship Management	Man hired in a senior position with no background in portfolio and he failed to do job	CEO believed that organisation had history that ‘sets people up to fail’ and found the situation difficult to manage, had employee moved to another area	Manage performance Remove individual Seek to understand
PG17 Competing interests	The request for confidential information for potential misuse	CEO establishing why and for what purpose they wanted the information, sought independent advice	Conduct independent assessment Seek to understand Negotiate outcome
PG18 No dilemma cited	CEO did not believe he had any real dilemmas as he negotiated most outcomes successfully with the parties	Met with key stakeholders and discussed issues to avert dilemmas	Build relationship with parties Negotiate outcome
PG19 Competing interests	CEO had to close business because of a number of risks but employees refused to cooperate	CEO found new site but not successful in moving employees not resolved, CEO knows he has a potential dangerous and political situation	Conduct independent assessment Report to authorities Argue position Seek to understand
PG20	Superordinate was sexually harassing staff and the alleged	CEO got victims to formally submit claims to him and he presented them to	Adhere to governance Forgo potential career rewards

Relationship Management	offender	authorities and an investigation was undertaken. Offender promoted and CEO had to work with him	Document position Whistle-blow
PG21 Relationship Management	CEO implementing reform and one staff member did not want change and took complaint to Minister, misrepresented process and tried to sabotage CEO	CEO had detailed notes which proved the employee's lies and forced meeting with Minister so he was called to account	Adhere to governance Document position Report to authorities Stand by decision
PG21 Relationship Management	CEO had complaint about staff member and decide to act on the complaint	CEO did not check on facts but acted from information given by one party. CEO regretted the way the situation was managed and learned from it for future scenarios	Rely on own judgement Use position to influence process Manage performance
PG22 Competing interests	CEO made application for confidential information in an independent inquiry which could embarrass the Govt and it was refused even though the CEO had right to its access	CEO stood ground on basis to have access and got legal advice which countered what was being said. CEO threatened legal action and eventually got information which vindicated the action	Outright refusal to participate Argue position Use position to influence process Stand by decision
PG23 Governance	CEO had to be part of inquiry about misappropriation of funding by senior staffer who was also friend	CEO thought it was a witch hunt and tried to have process shortened, inquiry found it wasn't 'a hanging offence' but went on for a long time and CEO found it difficult	Use position to influence process Negotiate outcome
PG23 Competing interests	CEO had partner who was CEO in an agency which he dealt with and made decisions impacting on both agencies(financial and policy decisions)	Both partners signed a declaration with their Ministers that each would not deal with matters that dealt directly with each of their agencies	Document position Adhere to governance
PG24 Competing interests	CEO blew whistle on major problems with agency and it led to public inquiry	CEO was removed from office, Govt wanted to personally blame him, inquiry vindicated his actions but he was still isolated	Whistle-blow Forgo potential career rewards
PG25 Relationship Management	Staff member lodged a grievance against person, very damaging and very personal and was unfounded but person continued 'attack'	CEO could not get complainant to successfully mediate, and continued campaign when it was not proven. CEO 'took sides' after lengthy inquiry in best interests of victim who was being continually victimised	Conduct independent assessment Build relationship with parties Negotiate outcome

PG26 Relationship Management	Individual employed who had allegedly had an inappropriate relationship and history was known at the time of the appointment. Complex issues to resolve for CEO	CEO had independent inquiry but did not have sufficient evidence to dismiss	Conduct independent inquiry
PG27 Competing interests	Very public campaign about the state of a Govt. Department - CEO was being pressured to cut budget and this made it difficult to meet perception of the contrast of what was being reported	CEO made it clear to Minister that there would not be deceptive about public program without it being in writing - prepared to walk away if it comes to that	Adherence to governance Forgo potential career rewards Argue position Stand by decision
PG28 Competing interests	CEO asked to attend major meeting about major project and discovered lobbyists were there to push project in conflict to position of CEO and agency	CEO did not feel comfortable about their presence and possible influence in outcome - could not do anything, CEO was open about the organisation's position and stood ground	Adhere to governance Argue position Stand by decision
PG29 Relationship Management	CEO had pressure by superordinate to accept interstate position otherwise 'future career would be in jeopardy'	CEO refused to go and had short-term career lapse – believes one has to have a balanced life	Outright refusal to participate Forgo potential career rewards
VP1 Relationship Management	CEO was promoted into a CEO position as result of poor performance of previous CEO who was friend	International company sent over person to manage situation and CEO was put in place of friend – very difficult, had to give evidence, employee resigned but had caused a lot of damage	Build relationship with parties Use position to influence process
VP2 Relationship Management	Person hired, proper checks not carried out, did not perform, sabotaged staff when performance was raised 'you'll be next' – used industrial avenues to resecure contract	CEO put performance reviews in place but a very lengthy and 'nasty' process. The employee found employment elsewhere. CEO raised issue that other CEOs not totally honest when participating in employment checks	Conduct independent assessment Stand by decision
VP3 Relationship Management	Staff resisted major decision, strong pressure to change, some wanting preferential treatment	Made final decision, did not back away, stood ground, wore consequences of unpopular decisions	Stand by decision Specify policies for the future

VP4 Competing interests	CEO involved in large company which was merging and many small business operators' livelihood would be affected	CEO had to negotiate deal which allowed the small business to remain viable but not entirely possible – sought advice and not all parties happy but made decision	Build relationship with parties Conduct independent assessment Stand by decision
VP5 Competing interests	Changed long-standing policy about business practice, businesses claimed decision was unfair	CEO reversed policy back to original arrangement. Cannot please everyone but reversing less unpopular	Rely on own judgement
VP6 Relationship Management	CEO had longstanding staff member and high profile person in community underperforming and had long history not addressed by former CEOs	CEO offered alternative positions and options but employee would not cooperate, sabotaged CEO in community. CEO dismissed employee with a package but a long and damaging process	Negotiated outcome Remove individual Provide professional support
VP7 Governance	CEO offered large sum of money by businessman 'no strings attached' in recognition of work done	Outright refusal to accept gift. CEO did not believe there was any expectation on part of the businessman but refused anyway	Outright refusal to participate
VP7 No dilemma cited	Did not believe he had any	Believed that it was simple – you did not cross your own line with values	Stand by decision
VP8 No dilemma cited	Did not believe he had any	Take quick action – would not be in business if it was dodgy – make a judgement	Rely on own judgement
VP8 Relationship Management	Culture of organisation was one in which sexual harassment was not challenged seriously	CEO made it clear it would not be tolerated and staff were dismissed and slowly over a long period incidences decreased	Stand by decision Remove individual(s)
VP9 Competing interests	CEO had to manage public complaints about a valued employee, the nature of which was in conflict with the ethos of the organisation but not inappropriate in the broader community	CEO would not consider dismissing employee as it was only a few community members CEO met with community complaints	Stand by decision Build relationship with parties
VP10 Competing interests	The challenge of managing highly confidential material being 'leaked' to the media which was damaging to the organisation and individuals	CEO made considerable attempts to stress issue of confidentiality but certain people still had contact with media and would not cease practice – ongoing and hard to trace and prove	Stand by decision Argue position

VP11 Governance	CEO had dilemma of large sums of donated funds not necessarily being used for the purpose for which they were originally donated	Politics of organisation very complex and highly political and decisions made which may go against what the general public know about	Selective management of information Use position to influence process
VP11 Relationship Management	CEO had employee who was failing to meet requirements of job and had a long history of mismanagement	CEO made decision not to dismiss and placed employee him in another area but still did not do job. CEO managing under-performance and hoping employee will leave organisation	Remove individual Manage performance
VP12 Competing interests	CEO making decisions for an organisation for which he held an influential position	CEO did not see this as a conflict of interest even though public criticism of actions – stood by action	Stand by decision
VP13 Competing interests	CEO managing public officers who ‘blew whistle’ on matters that were not illegal or questionable but may not align with their personal views	CEO made it clear public servants were hired to implement Govt policy and it wasn’t for them to decide what that policy was	Stand by decision
VP13 Competing interests	CEO called this dilemma the ‘Nuremburg syndrome’ – to what degree does a public servant reveal information that may damage the Govt ect. The issue arises with matters which question the line between legal and moral	CEO raised the situation Govt CEOs face when advising politicians – how much do you tell, what do you reveal. A common dilemma for CEOs in government	Selective management of information
VP14 Competing interests	CEO responsible for closure of business which had significant impact on country community	CEO closed it but dilemma was the fact that values of company was honesty and action to close business involved not revealing details of closure - wasn’t hard business decision, emotional fall-out from staff and community difficult	Selective management of information Build relationship with parties
VP15 Relationship Management	CEO asked by influential person in the organisation to employ a family member	CEO did not feel comfortable but put person through a process and interviewed and placed in a job	Adhere to governance
VP15 Competing interests	CEO left company and took two staff and started own company using intellectual property of former organisation	It did not work out with the staff who left and they returned and the CEO felt even worse about the situation – CEO realised action was wrong	Rely on own judgement
VP16 Governance	CEO of International company concerned about the management of trading arrangements	Investigated up and as close to what was deemed legally required by their organisation – did not investigate further	Adhere to governance

PP1 Relationship Management	CEO had individual who had major personal problems and presented the dilemma of resolving the individual's issues versus the interests of others and the organisation	CEO got professional assistance, made arrangement for individual to return when issues could be managed	Provide professional support Seek to understand
PP2 No dilemma cited	No dilemma cited	No reason given	
PP3 Governance	Company set up a contract and it was changed and major issues arose	The CEO tried to mediate with parties, parties were put under investigation and CEO was prepared to walk away from project	Stand by decision Forgo potential career rewards
PP4 Relationship Management	Staff member was not performing and did not accept there was an issue and complaints were increasing from stakeholders	CEO tried several ways to bring the areas of concern to employee. Assistance brought in and employee defensive and in denial – eventually left on own accord	Provide professional support Managed performance Negotiate outcome
PP5 Governance	Longstanding arrangement in company of gifts to employees during tendering process was questioned by CEO – caused major conflict with tender group and employees who received gifts	CEO put a stop to practice and businesses were offended. Followed this by putting in place a policy – very unpopular with employees but other businesses followed with lead	Specify policies for the future Stand by decision
PP5 Governance	Business operators gave employees use of latest goods as 'trial' but inference was that the business would enter into longstanding contract with the company and employees did not have to return 'trial' goods'	CEO changed arrangement so such things were not allowed	Specify policies for the future Stand by decision
PP6 Competing interests	CEO member of organisation which is lucrative benefactor of large fund worth \$M - pressure from other companies that it should be distributed differently	CEO had great difficulty with decision of whether it should be kept or shared because the will stated it should go to specific parties and times have changed, still unresolved	Seek to understand Weigh up options
PP7 Competing interests	Request for very personal information on file to be used as evidence but considerable risks to weigh up – could assist or harm individual	CEO did not release information but expressed that should it be required, support would be there if it was a legal requirement	Stand by decision Adhere to governance

PP8 Relationship Management	A number of complaints about employee who failed to perform required 'duty of care'. CEO dismissed employee and longstanding legal 'battle' took place for reinstatement	Matter was settled legally and employee awarded compensation. CEO was advised dismissal not necessary but CEO had lost confidence and dismissed employee	Stand by decision Remove individual
PP9 Governance	CEO caught senior officer stealing large sums of money from accounts – person a friend	CEO warned officer but it continued and he was caught by others - CEO expressed regret he did not take action earlier	Negotiate outcome
PP10 Relationship Management	CEO cited a number of situations in which staff are in conflict in the workplace	CEO found these situations the most difficult because even with all the processes it is usually about personalities and they are never really solved and it's a dilemma for time and resources	Negotiate outcome Seek to understand
PP11 Relationship Management	A lot of pressure from client to do business and very aggressively pursued CEO using a variety of tactics	CEO refused to enter into a business arrangement despite financial incentives	Outright refusal to participate
PP12 Competing interests	CEO of major business in take-over and pressure applied for changing systems	CEO changed systems and the owner died and CEO was left to deal with the consequences of CEO's decisions	Specify policies for the future Rely on own judgement
PP13 Relationship Management	CEO in industry and lobby groups were publishing misinformation about the company's involvement in the industry and damaging their reputation	CEO and company spent \$M trying to manage damage but no avail – chose to pull out of industry	Negotiate outcome Withdraw from situation
PP14 Relationship Management	Cyberspace stalker stalking individuals, including senior staff. Material of a very personal and damaging nature	CEO had to get court order to establish identity, got professional help for parties, many employees affected and organisation had to have assistance. Put in place processes for any future incidences	Specify policies for the future Provide professional support Conduct independent assessment
PP15 Competing interests	CEO made changes to the organisation and interests of longstanding employees were not met as expected. Major issues to resolve	Employees took industrial action but company stood firm and business remained operating – difficult decision – some employees left	Stand by decision
PP16 Relationship	CEO managed an international company and significant threats	CEO refused and managed to convince threatening authorities action was not in	Adhere to governance Outright refusal to participate

Management	were made to adopt a line of action against company policy	their best interests and came to a compromise to restart business operations	Stand by decision
PP17 Relationship Management	CEO put under great pressure to select without panel or process in a significant appointment	CEO refused to proceed without process and board agreed and selected employee who later was proven to be highly unsuitable	Adhere to governance Stand by decision
PP17 Governance	CEO had senior officer responsible for finances and was embezzling money	CEO alerted board but did not get support and tried to follow process and resigned in protest	Outright refusal to participate Adhere to governance Withdraw from situation Stand by decision
PP18 Governance	Management of a significant contract changed several times and completion of the project was complex and it impacted on the CEO's company. Difficulty with honouring payment and work	The CEO initially refused but then realised the client had a bad reputation in the industry so CEO cut losses and walked away from the project	Adhere to governance Withdraw from situation
PP19 No dilemma cited	Did not believe he had any	Believed he dealt with issues as they arose and did not lose sleep over anything - deal with the things that mattered and left those that did not	Rely on own judgement
PP20 Governance	CEO confronted a very personal and public dilemma, the nature and details of which cannot be stated for potential breach of confidentiality	CEO became a public 'face' for the issue	Seek to understand
PP21 Relationship Management	CEO had a lot of pressure by Board to resolve a major employee conflict quickly as board perceived the organisation's reputation may be damaged in the community	CEO stood ground and refused to take shortcuts and put in place thorough processes to investigate and presented findings to board despite pressure to proceed quickly	Stand by decision Argue position Adhere to governance
VG1 No dilemma cited	No dilemma cited	Believed you negotiated with Govt and 'there should be no surprises' and if there was a real dilemma that meant he could not live with the situation CEO would walk away	Build relationship with parties
VG2 Competing interests	CEO had to decide on disclosing what was deemed 'in the public interests'	Go through thorough process and be accountable and be clear	Adhere to governance
VG3 Relationship	CEO in position where senior employees were technically competent but deemed as not	CEO believed there is not a solution as trust in relationship is not there for some reason – highly political	Build relationship with parties Seek to understand

Management	'fitting' with the culture of the organisation	appointment at that level – CEO had to manage these people and there is no real evidence of why the person lost their position	
VG4 Relationship Management	The management of an employee who was bullying many staff in a sensitive unit which dealt with a very political area of government	CEO got an independent assessment done, gave person alternatives to leave and be placed elsewhere	Conduct independent assessment Negotiate outcome Remove individual
VG4 Relationship Management	Employee refused lawful instruction in his interests and CEO had to manage serious consequences of the employee's behaviour	Dilemma for CEO to be involved in oversight of inquiry and withdraw and allowed an independent resolution	Use position to influence process
VG5 Relationship Management	Claim of harassment made to the CEO – alleged perpetrator a friend of the CEO	CEO conducted independent inquiry and no case was found but a lot of damage done	Conduct independent assessment
VG6 Competing interests	CEO had to reduce the numbers of employees significantly and issues were complex	CEO put in place process so staff knew what was happening - never hid the facts, redundancies, counselling and career advice, as smooth as outcome for the situation	Build relationship with parties Provide professional support Stand by decision
VG7 Competing interests	Direct requests to public servants (CEO) from political advisors to take a course of action in government agency	CEO took view that it is the Minister to whom one is accountable and ignores political 'minders' – believes they usually go away, stand firm	Stand by decision
VG8 Competing interests	Competing interests between scientific advice sought and Government – complex issues confronted the CEO	CEO implemented Govt's position and had to manage the fall-out from angry employees who felt their professional advice and work had been ignored	Adhere to governance Stand by decision
VG9 Governance	Media exposed alleged credit card abuse on front page of newspaper and pressure for CEO to stand down by Government	CEO refused to give in and pressed for formal inquiry. Matter solved but political pressure great	Rely on own judgement Stand by decision Conduct independent assessment
VG10 Competing interests	Political pressure to have formal and public inquiry into sensitive community issue. The CEO had complex issues to consider in making the decision	CEO revealed details internally and received a lot of 'flack' from families who wanted information to remain confidential. A very difficult decision but believed the organisation had to set example	Rely on own judgement Stand by decision
VG11 Competing interests	CEO received major funding and it was significantly in excess of	CEO discussed with employees and many wanted to keep it as it was in an	Weigh up options Stand by decision

	allocated budget. Issues of disclosure confronted the CEO and senior employees	area of Govt which was always short of funds. CEO decided to give the money back because the agency's values emphasised honesty	
VG11 Competing interests	CEO's dilemma of decisions relating to the welfare of minors and the competing interests/confidentiality relating to them	CEO puts legislative obligations at top of decision making process, seek advice, follow clearly defined process and act	Adhere to governance Conduct independent assessment
VG12 Competing interests	The privatisation of a major Government asset which was very public and political and the pressure applied to the CEO to adopt a decision not necessarily based on the interests of the stakeholders	CEO sought a lot of advice from trusted colleagues and legal opinion to minimise perception that it was a 'done deal'	Adhere to governance Conduct independent assessment
VG12 Competing interests	CEO cited worst professional decisions involved those relating to vulnerable members of the community and their welfare	CEO could not get used to making these types of decisions as there were no 'winners' – left that area of Govt because of the type of work	Seek to understand Weigh up options

Appendix 9: Preliminary Coding for Critical Incident / Vignette Alignment

RESPONDENT	ACTION TAKEN & THEME OF ACTION TAKEN		ALIGNMENT
	VIGNETTE	CRITICAL INCIDENT	
PG1	Look at compliance options Find ways to achieve compliance Table legal and other opinion Argue position Refuse to proceed without compliance <i>Governance</i> <i>Fortitude/Tenacity</i>	Argue position Document position Stand by decision <i>Fortitude/Tenacity</i>	No
PG2	Examine the policies Examine the options Refuse to proceed without compliance Table legal and other opinion Conduct a probity/independent assessment <i>Governance</i> <i>Fortitude/Tenacity</i>	Adherence to governance Outright refusal to participate <i>Governance</i> <i>Withdraw</i>	Yes
PG3	Refuse to proceed without compliance Accept personal cost and be prepared to walk away Consider whistle-blowing Advise board not to proceed Have position documented <i>Fortitude/Tenacity - Withdraw</i>	Adherence to governance Argue position Stand by decision <i>Governance</i> <i>Fortitude/Tenacity</i>	No
PG4	Look at compliance options Refuse to proceed without compliance Seek explanation from board Table legal and other opinion Seek Minister's approval <i>Governance - Withdraw</i>	Outright refusal to participate Stand by decision <i>Fortitude/Tenacity</i> <i>Withdraw</i>	Yes
PG5	Examine the policies Have position documented <i>Governance</i>	Conduct independent assessment Document position Argue position Stand by decision <i>Governance</i>	Yes

PG6	<p>Outright refuse to comply Table legal and other opinion Conduct a probity/independent assessment <i>Governance Withdraw</i></p>	<p><i>Fortitude/Tenacity</i> Report to authorities Whistle-blow <i>Fortitude/tenacity</i></p>	No
PG7	<p>Refuse to proceed without compliance <i>Governance</i></p>	<p>Conduct independent assessment Build relationship with parties Seek to understand <i>Governance</i> <i>Relationship management</i></p>	Yes
PG8	<p>Outright refuse to comply Forgo potential career rewards <i>Withdraw</i></p>	<p>Build relationship with parties <i>Relationship management</i> No dilemma</p>	No
PG9	<p>Depends on the nature of the compliance Outright refuse to comply <i>Withdraw</i></p>	<p>Negotiate outcome Build relationship with parties Seek to understand Provided professional support <i>Relationship management</i></p>	No
PG10	<p>Outright refuse to comply <i>Withdraw</i></p>	<p>Adherence to governance Conduct independent assessment Report to authorities <i>Governance</i> <i>Fortitude/Tenacity</i></p>	No
PG11	<p>Issue of perception Fortitude/Tenacity</p>	<p>Report to authorities Examine policies <i>Governance</i> <i>Fortitude/Tenacity</i></p>	No
PG12	<p>Look at compliance options Refuse to proceed without compliance Accept personal cost and be prepared to walk away Suffer career setback Seek explanation from board Table legal and other opinion Argue position <i>Governance – Fortitude/Tenacity - Withdraw</i></p>	<p>Report to authorities <i>Fortitude/Tenacity</i></p>	Yes
PG13	<p>Find ways to achieve compliance Examine the options Refuse to proceed without compliance Accept personal cost and be prepared to walk away Argue position</p>	<p>Build relationship with parties Provided professional support Stand by decision Examine policies <i>Governance</i></p>	Yes

PG14	<p><i>Governance - Withdraw</i></p> <p>Outright refusal to comply Have position documented</p> <p><i>Governance - Withdraw</i></p>	<p><i>Relationship management</i></p> <p>Build relationship with parties</p> <p>Provided professional support</p> <p>Report to authorities</p> <p>Document position</p> <p><i>Relationship management - Governance</i></p>	Yes
PG15	<p>Look at compliance options Find ways to achieve compliance Examine the options Refuse to proceed without compliance Inconceivable position to be in – not be in situation in the 1st place Accept personal cost and be prepared to walk away Suffer career setback Table legal and other opinions Argue position Have position documented Seek Minister’s approval Conduct a probity/independent assessment</p> <p><i>Governance – Fortitude/Tenacity - Withdraw</i></p>	<p>Whistle-blow</p> <p>Build relationship with parties</p> <p>Examine policies</p> <p><i>Governance</i></p> <p><i>Fortitude/Tenacity</i></p> <p><i>Relationship management</i></p>	Yes
PG16	<p>Outright refusal to comply Accept personal cost and be prepared to walk away Suffer career setback Argue position</p> <p><i>Fortitude/Tenacity/Withdraw</i></p>	<p>Argue position Negotiate outcome Forgo potential career rewards</p> <p>Withdraw from situation</p> <p><i>Withdraw</i></p> <p><i>Fortitude - Tenacity</i></p>	Yes
PG17	<p>Look at compliance options Find ways to achieve compliance Depends on the nature of the compliance Refuse to proceed without compliance Table legal and other opinion Advise board not to proceed Conduct a probity/independent assessment</p> <p><i>Governance</i></p>	<p>Conduct independent assessment Seek to understand</p> <p>Negotiate outcome</p> <p><i>Governance – Relationship management</i></p>	Yes
PG18	<p>Look at compliance options Find ways to achieve compliance Examine the policies Start process again Seek Minister’s approval</p> <p><i>Governance</i></p>	<p>Build relationship with parties</p> <p>Negotiate outcome</p> <p><i>Relationship management</i></p> <p>No dilemma</p>	No
PG19	<p>Look at compliance options Find ways to achieve compliance</p>	<p>Conduct independent assessment</p> <p>Report to authorities</p>	Yes

	Governance	Argue position Seek to understand Governance – Relationship management – Fortitude/Tenacity	
PG20	Find ways to achieve compliance Accept personal cost and be prepared to walk away Consider whistle-blowing Seek explanation Advise board not to proceed Argue position Governance - Withdraw	Adhere to governance Forgo potential career rewards Document position Whistle-blow Governance - Withdraw Fortitude/Tenacity	Yes
PG21	Look at compliance options Find ways to achieve compliance Examine costs so far Examine the policies Examine the options Depends on the nature of the compliance Refuse to proceed without compliance Seek explanation from board Argue position Governance – Fortitude/Tenacity	Adhere to governance Document position Report to authorities Stand by decision Governance Fortitude/Tenacity	Yes
PG22	Find ways to achieve compliance Depends on the nature of the compliance Have position documented Argue position Governance – Fortitude/Tenacity	Outright refusal to participate Argue position Use position to influence process Stand by decision Withdraw – Fortitude/Tenacity Relationship management	Yes
PG23	Refuse to proceed without compliance Advise board not to proceed Argue position Governance – Fortitude/tenacity	Use position to influence process Negotiate outcome Relationship management	No
PG24	Look at compliance options Start process again Refuse to proceed without compliance Table legal and other opinion Governance – Fortitude/tenacity	Whistle-blow Forgo potential career rewards Fortitude/Tenacity	Yes
PG25	Refuse to proceed without compliance Table legal and other opinion Governance	Conduct independent assessment Build relationship with parties Negotiate outcome Governance – Relationship management	Yes

PG26	Look at compliance options Find ways to achieve compliance Depends on the nature of the compliance Refuse to proceed without compliance Table legal and other opinion <i>Governance</i>	Conduct independent inquiry <i>Governance</i>	Yes
PG27	Look at compliance options Consider whistle-blowing Have position documented Argue position Table legal and other opinion <i>Governance – Fortitude/Tenacity</i>	Adherence to governance Forgo potential career rewards Argue position Stand by decision <i>Governance – Fortitude/Tenacity</i>	Yes
PG28	Look at compliance options Find ways to achieve compliance Examine the policies Examine the options Accept personal cost and be prepared to walk away Argue position <i>Governance – Fortitude/Tenacity - Withdraw</i>	Adhere to governance Argue position Stand by decision <i>Governance – Fortitude/Tenacity</i>	Yes
PG29	Refuse to proceed without compliance Outright refusal to comply <i>Governance - Altruism</i>	Outright refusal to participate Forgo potential career rewards <i>Withdraw</i>	Yes
PP1	Refuse to proceed without compliance Outrightly refuse to comply <i>Withdraw - Governance</i>	Provide professional support Seek to understand <i>Relationship Management</i>	No
PP2	Examine the options Depends on the nature of the compliance Proceed if there's benefit Refuse to proceed without compliance Outrightly refuse to comply Seek explanation from the board <i>Governance - Withdraw</i>	No dilemmas	
PP3	Look at compliance options Find ways to achieve compliance Examine the options Accept personal cost <i>Governance - Withdraw</i>	Stand by decision Forgo potential career rewards <i>Fortitude – Tenacity</i> <i>Withdraw</i>	Yes
PP4	Find ways to achieve compliance Refuse to proceed without compliance <i>Governance</i>	Provide professional support Manage performance Negotiate outcome <i>Relationship management</i>	No

PP5	<p>Look at compliance options Find ways to achieve compliance Examine policies Comes down to perception Accept personal cost and be prepared to walk away Seek explanation from the board Understand the views of others Adhere to governance Argue opinion</p>	<p>Examine policies Stand by decision <i>Governance – Fortitude/tenacity</i></p>	Yes
PP6	<p><i>Governance – Withdraw Fortitude/tenacity</i> Depends on the nature of the compliance Refuse to proceed without compliance Outrightly refuse to comply Accept personal cost and be prepared to walk away Table legal and other opinion Have position documented</p>	<p>Seek to understand Examine options <i>Relationship management</i> <i>Governance</i></p>	No
PP7	<p>Outrightly refuse to comply Inconceivable position to be in <i>Withdraw</i></p>	<p>Stand by decision Adhere to governance <i>Governance – Fortitude/Tenacity</i></p>	Yes
PP8	<p>Refuse to proceed without compliance Seek explanation from the board Argue opinion <i>Governance – Fortitude/Tenacity</i></p>	<p>Stand by decision Manage performance <i>Relationship management</i> <i>Fortitude/Tenacity</i></p>	No
PP9	<p>Refuse to proceed without compliance <i>Governance</i></p>	<p>Negotiate outcome <i>Relationship management</i></p>	No
PP10	<p>Refuse to proceed without compliance Have position documented <i>Governance</i></p>	<p>Negotiate outcome Seek to understand <i>Relationship management</i></p>	No
PP11	<p>Refuse to proceed without compliance Accept personal cost and be prepared to walk away Argue opinion <i>Governance - Withdraw</i></p>	<p>Outright refusal to participate <i>Withdraw</i></p>	Yes
PP12	<p>Depends on the nature of the compliance Proceed if there's benefit Comes down to perception Build relationships with the parties Understand the views of others</p>	<p>Examine policies Rely on own judgement <i>Governance – Fortitude/Tenacity</i></p>	No

PP13	<p><i>Fortitude/Tenacity – Relationship management</i></p> <p>Refuse to proceed without compliance Outrightly refuse to comply Accept personal cost and be prepared to walk away Argue opinion Advise board not to proceed</p> <p><i>Governance – Withdraw Fortitude/Tenacity</i></p>	<p>Negotiate outcome Withdraw <i>Relationship management</i> <i>Withdraw</i></p>	Yes
PP14	<p>Find ways to achieve compliance Examine policies Examine the options Depends on the nature of the compliance Proceed if there's benefit Comes down to perception</p> <p><i>Governance – Fortitude/Tenacity</i></p>	<p>Examine policies Provide professional support Conduct independent assessment <i>Governance – Relationship management</i></p>	Yes
PP15	<p>Not about rules – integrated approach</p> <p><i>Relationship management</i></p>	<p>Stand by decision <i>Fortitude/Tenacity</i></p>	No
PP16	<p>Look at compliance options Examine policies Refuse to proceed without compliance Accept personal cost and be prepared to walk away Table legal and other opinion Argue opinion</p> <p><i>Governance – Fortitude/Tenacity - Withdraw</i></p>	<p>Adhere to governance Stand by decision <i>Governance – Fortitude/Tenacity</i> <i>Withdraw</i></p>	Yes
PP17	<p>Refuse to proceed without compliance Accept personal cost and be prepared to walk away Argue opinion Advise board not to proceed</p> <p><i>Governance – Fortitude/Tenacity</i> <i>Withdraw</i></p>	<p>Adhere to governance Stand by decision <i>Governance - Fortitude/Tenacity</i></p>	Yes
PP18	<p>Look at compliance options Find ways to achieve compliance Accept personal cost and be prepared to walk away Seek explanation from the board Adhere to governance Table legal and other opinion</p> <p><i>Governance - Withdraw</i></p>	<p>Adhere to governance Withdraw from situation <i>Governance</i> <i>Withdraw</i></p>	Yes
PP19	<p>Look at compliance options Table legal and other opinion</p>	<p>Rely on own judgement <i>Fortitude/Tenacity</i></p>	No

	Conduct a probity/independent assessment	No dilemma	
PP20	<i>Governance</i> Look at compliance options Refuse to proceed without compliance Argue position <i>Governance – Fortitude/Tenacity</i>	Seek to understand <i>Relationship management</i>	No
PP21	Refuse to proceed without compliance Outrightly refuse to comply Accept personal cost and be prepared to walk away Argue opinion Advise board not to proceed <i>Governance – Withdraw - Fortitude/Tenacity</i>	Stand by decision Argue position Adhere to governance <i>Governance – Fortitude/Tenacity</i>	Yes
VG1	Find ways to achieve compliance Refuse to proceed without compliance Table legal and other opinion Argue position <i>Governance – Fortitude/Tenacity</i>	Build relationship with parties <i>Relationship management</i>	No
VG2	Look at compliance options Find ways to achieve compliance Examine the policies Examine the options Depends on the nature of the compliance Comes down to perception Outright refuse to comply Argue position <i>Governance Withdraw – Fortitude/Tenacity</i>	Adhere to governance <i>Governance</i>	Yes
VG3	Look at compliance options Proceed if there's benefit Comes down to perception Adhere to governance Argue position Have position documented <i>Governance – Fortitude/Tenacity</i>	Build relationship with parties Seek to understand <i>Relationship management</i>	No
VG4	Find ways to achieve compliance Refuse to proceed without compliance Seek explanation from board Table legal and other opinion Have position documented	Conduct independent assessment Negotiate outcome Manage performance <i>Governance – Relationship management</i>	Yes

VG5	<p><i>Governance</i></p> <p>Look at compliance options Find ways to achieve compliance Examine the policies Examine the options Accept personal cost and be prepared to walk away Table legal and other opinion Argue position</p>	<p>Conduct independent assessment <i>Governance</i></p>	Yes
VG6	<p><i>Governance – Withdraw Fortitude/Tenacity</i></p> <p>Look at compliance options Find ways to achieve compliance Examine the policies Examine the options Comes down to perception Seek explanation from board Understand the views of others Adhere to governance Table legal and other opinion</p> <p><i>Governance – Relationship management</i></p>	<p>Build relationship with parties Provide professional support Stand by decision <i>Relationship management</i> <i>Fortitude/Tenacity</i></p>	No
VG7	<p>Rules will not allow it to happen Refuse to proceed without compliance Consider whistle-blowing</p> <p><i>Governance – Fortitude/tenacity</i></p>	<p>Stand by decision <i>Fortitude/Tenacity</i></p>	No
VG8	<p>Accept personal cost and be prepared to walk away Outright refuse to comply Adhere to governance Conduct a probity/independent assessment</p> <p><i>Governance - Withdraw</i></p>	<p>Adhere to governance Stand by decision <i>Governance – Fortitude/Tenacity</i></p>	Yes
VG9	<p>Look at compliance options Find ways to achieve compliance Examine the policies Examine the options Depends on the nature of the compliance Refuse to proceed without compliance Adhere to governance</p> <p><i>Governance</i></p>	<p>Rely on own judgement Stand by decision Conduct independent assessment <i>Governance – Fortitude/Tenacity</i></p>	Yes
VG10	<p>Examine the policies Examine the options Refuse to proceed without compliance Table legal and other opinion Argue position</p>	<p>Rely on own judgement Stand by decision <i>Fortitude/Tenacity</i></p>	No

VG11	<p>Advise board not to proceed <i>Governance – Fortitude/Tenacity</i> Outright refuse to comply Accept personal cost and be prepared to walk away Consider whistle-blowing Argue position Have position documented <i>Governance – Fortitude/Tenacity</i> Withdraw</p>	<p>Examine options Stand by decision Adhere to governance Conduct independent assessment <i>Governance – Fortitude/Tenacity</i></p>	Yes
VG12	<p>Refuse to proceed without compliance Suffer career setback Table legal and other opinion Seek explanation from board Understand the views of others Adhere to governance Conduct a probity/independent assessment <i>Governance – Withdraw– Relationship management</i></p>	<p>Adhere to governance Conduct independent assessment Seek to understand Examine options <i>Governance – Relationship management</i></p>	Yes
VP1	<p>Depends on the nature of the compliance Consider whistle-blowing Seek explanation from board Argue opinion Conduct a probity/independent assessment <i>Governance – Fortitude/Tenacity</i></p>	<p>Build relationship with parties Use position to influence process <i>Relationship management</i></p>	No
VP2	<p>Outright refuse to comply Accept personal cost and be prepared to walk away Argue opinion Advise board not to proceed <i>Governance – Withdraw Fortitude/Tenacity</i></p>	<p>Conduct independent assessment Stand by decision <i>Governance – Fortitude/Tenacity</i></p>	Yes
VP3	<p>Find ways to achieve compliance Refuse to proceed without compliance Accept personal cost and be prepared to walk away Argue opinion Advise board not to proceed <i>Governance – Withdraw Fortitude/Tenacity</i></p>	<p>Stand by decision <i>Fortitude/Tenacity</i></p>	No
VP4	<p>Refuse to proceed without compliance Accept personal cost and be prepared to walk away Seek explanation from board Table legal and other opinion</p>	<p>Build relationship with parties Conduct independent assessment Stand by decision <i>Governance – Fortitude/Tenacity</i></p>	Yes

	Argue opinion Conduct a probity/independent assessment <i>Governance – Withdraw – Fortitude/Tenacity</i>		
VP5	Seek explanation from board Understand the views of others Adhere to governance Table legal and other opinion <i>Governance – Relationship management</i>	Rely on own judgement <i>Fortitude/Tenacity</i>	No
VP6	Outright refuse to comply Accept personal cost and be prepared to walk away <i>Withdraw</i>	Negotiated outcome Manage performance Provide professional support <i>Relationship management</i>	No
VP7	Accept personal cost and be prepared to walk away <i>Withdraw</i>	Outright refusal to participate Stand by decision <i>Withdraw</i> <i>Fortitude/Tenacity</i> No dilemma	Yes
VP8	Find ways to achieve compliance Examine the options Depends on the nature of the compliance Comes down to perception Refuse to proceed without compliance Accept personal cost and be prepared to walk away Seek explanation from board Table legal and other opinion Argue opinion <i>Governance - Withdraw</i>	Rely on own judgement Stand by decision Manage performance <i>Relationship management</i> <i>Fortitude/Tenacity</i>	No
VP9	Outright refuse to comply Accept personal cost and be prepared to walk away Argue opinion <i>Withdraw – Fortitude/Tenacity</i>	Stand by decision Build relationship with parties <i>Fortitude/Tenacity</i> <i>Relationship management</i>	No
VP10	Outright refuse to comply Accept personal cost and be prepared to walk away Consider whistle-blowing Suffer career setback <i>Withdraw – Fortitude/Tenacity</i>	Stand by decision Argue position <i>Fortitude/Tenacity</i>	No
VP11	Find ways to achieve compliance Understand the views of others <i>Relationship management</i>	Selective management of information Use position to influence process Manage performance <i>Relationship management</i>	Yes
VP12	Comes down to perception	Stand by decision	No

VP13	<p>Adhere to governance <i>Governance – Fortitude/Tenacity</i> Find ways to achieve compliance Depends on the nature of the compliance Comes down to perception Build relationships with parties Consider whistle-blowing Seek explanation from board Adhere to governance Argue opinion <i>Governance – Relationship management - Fortitude/Tenacity</i></p>	<p><i>Fortitude/Tenacity</i> Stand by decision Selective management of information <i>Fortitude/Tenacity</i> <i>Relationship management</i></p>	<p>No</p>
VP14	<p>Find ways to achieve compliance Examine the policies Refuse to proceed without compliance Accept personal cost and be prepared to walk away Argue opinion <i>Governance – Withdraw</i> <i>Fortitude/Tenacity</i></p>	<p>Selective management of information Build relationship with parties <i>Relationship management</i></p>	<p>No</p>
VP15	<p>Find ways to achieve compliance Examine the policies Examine the options Adhere to governance Comes down to perception Refuse to proceed without compliance Accept personal cost and be prepared to walk away Consider whistle-blowing Suffer career setback Argue opinion <i>Governance – Withdraw- Fortitude/Tenacity</i></p>	<p>Adhere to governance Rely on own judgement <i>Governance</i> <i>Fortitude - Tenacity</i></p>	<p>Yes</p>
VP16	<p>Find ways to achieve compliance Depends on the nature of the compliance Comes down to perception Accept personal cost and be prepared to walk away Adhere to governance Argue opinion <i>Fortitude/Tenacity</i> <i>Governance – Withdraw</i></p>	<p>Adhere to governance <i>Governance</i></p>	<p>Yes</p>