The Virtuous Influence of Ethical Leadership Behavior: Evidence from the Field

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ABSTRACT. This study examines a moderated/mediated model of ethical leadership on follower job satisfaction and affective organizational commitment. We proposed that managers have the potential to be agents of virtue or vice within organizations. Specifically, through ethical leadership behavior we argued that managers can virtuously influence perceptions of ethical climate, which in turn will positively impact organizational members' flourishing as measured by job satisfaction and affective commitment to the organization. We also hypothesized that perceptions of interactional justice would moderate the ethical leadership-to-climate relationship. Our results indicate that ethical leadership has both a direct and indirect influence on follower job satisfaction and affective commitment. The indirect effect of ethical leadership involves shaping perceptions of ethical climate, which in turn, engender greater job satisfaction and affective organizational commitment. Furthermore, when interactional justice is perceived to be high, this strengthens the ethical leadership-to-climate relationship.

KEY WORDS: ethical leadership behavior, virtue, ethical climate, interactional justice, job satisfaction, organizational commitment

Ethical scandals and accusations that organizations are perpetuating unethical behavior have spurred interest in understanding the sources of influence with organizations. Given their positions of legitimate authority, managers are receiving particular attention and scrutiny, and rightfully so. Managers play a critical role in providing a moral framework for organizational members (Barnard, 1938; Grojean et al., 2004; Mendonca, 2001) and in shaping the collective character of the organization (Moore, 2005; Wright and Goodstein, 2007). Organizational character, as the summary of characteristics that develop over time in response to an organization's challenges and opportunities (Selznick, 1957), can be characterized by virtue in promoting morally laudable attributes and behaviors or it can be characterized by vice in promoting immoral behavior or behavior that runs contrary to or corrupts virtue (Wright and Goodstein, 2007).

In many organizations, managers experience an underlying tension between the pursuit of what MacIntyre (1985) defined as external goods such as money or reputation, and internal goods such as enjoyment of work, pride in accomplishments, and satisfaction with a job well done. When managers allow the pursuit of external goods to dominate, an amoral or immoral organizational character emerges in which attention to internal goods is forsaken and the vice of excessive attention to material concerns thrives (MacIntyre, 1985; Moore, 2005). In contrast, a virtuous organizational character wards off "threats from its own inordinate pursuit of external goods" (Moore, 2005, p. 661), avoids extremes (Gowri, 2007), and contributes to the flourishing of its members (Wright and Goodstein, 2007). Internally, the "prevailing perceptions" of the organization's ethical character can be described as its ethical climate (Victor and Cullen, 1988, p. 101). An organization's ethical climate signals and reinforces to members what is appropriate or acceptable behavior (Treviño et al., 1998). Specifically, a climate characterized by virtue is perceived to be ethical (Wright and Goodstein, 2007).

Managers who engage in ethical leadership behavior act as virtuous agents in promoting an ethical climate (Flynn, 2008). Ethical leadership is "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making" (Brown et al., 2005, p. 120). The influence of ethical leadership may also be considered to be virtuous in that it can extend beyond promoting an ethical climate to influencing organizational members' attitudes toward everyday work (i.e., job satisfaction) and attachments to the organization (i.e., affective organizational commitment) (Brown and Treviño, 2006; Schminke et al., 2005). From a virtue perspective, behavior that contributes to "the flourishing of all members of a community" is virtuous (Finnis, 1980, p. 174).

The purpose of this study is to investigate the influence of ethical leadership behavior, as demonstrated by managers, on perceptions of ethical climate and, in turn, on the job satisfaction and affective organizational commitment of organizational members (see Figure 1). In addition, we examine the moderating influence of perceptions of interactional justice on the relationship of ethical leadership to ethical climate. Here, interactional justice perceptions relate to beliefs about a manager's fair treatment of others in day-to-day interpersonal transactions (Cropanzano et al., 2007). A theoretical foundation, which provides insight into the hypothesized relationships, comes from the social-cognitive theories of social learning and attachment as well as from virtue theory.
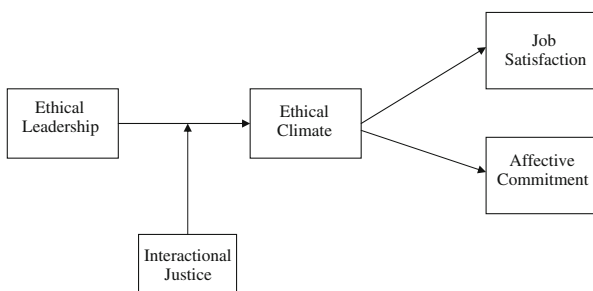

Figure 1. Model of ethical leadership and climate.

Theoretical foundation

Managers can communicate and perpetuate either virtue or vice through their interpersonal relationships with their subordinates and their behaviors (Flynn, 2008; Moore and Beadle, 2006; Wright and Goodstein, 2007). This assertion is supported by research and theory related to ethical leadership which suggests that managers exhibiting ethical leadership influence organizational members through "personal actions" and "interpersonal relationships" (Brown et al., 2005, p. 120). In the following sections we use social learning theory, attachment theory, and virtue theory to describe how the position of managers provides them with the potential as role models and attachment figures to promote virtue, which is evident in perceptions of ethical climate and individual flourishing as manifest in job satisfaction and affective organizational commitment.

Role modeling

Social learning theory suggests that individuals are influenced by observing role models and learn about appropriate behavior vicariously through witnessing what is rewarded and what is punished or which actions attract attention and which do not (Bandura, 1986). In order for someone to be a role model, he or she must be credible and attractive in the eyes of others. Power and status enhance credibility and attractiveness (Bandura, 1986). When potential role models hold high status or positional power their behavior provokes replication because it conveys expectations and approved norms (Bandura, 1986; Brown and Treviño, 2006). Managers occupy positions of influence within organizations by nature of the legitimate authority inherent in their roles and responsibilities. The visibility and legitimacy of these roles and responsibilities provide managers with positional power and status that increases the likelihood that their behavior is readily observed and reproduced (Wood and Bandura, 1989).

Relational attachments

Attachment theory suggests that role models can also yield personal power from relational attachments

between themselves and organizational members. Relational attachments are emotional bonds that are formed on the basis of one person meeting the needs of another (Bowlby, 1969/1982). Although attachment theory originally described the bonds between caregivers and children, it has been extended to adult relationships when adults interact in close proximity to one another and one person meets the other's needs for safety and security (Davidovitz et al., 2007). The relationship of managers to their direct reports fits these criteria (Popper and Mayseless, 2003), particularly when direct reports look to managers for security in situations of uncertainty brought on by work challenges or dilemmas (Mayseless and Popper, 2007).

Managers also engender relational attachments through the considerate and trustworthy aspects of ethical leadership behavior. These behaviors are closely related to the idealized influence component of transformational leadership (Brown et al., 2005). Idealized influence relates to the process of followers identifying with and desiring to emulate leaders who are trustworthy (Bass and Avolio, 1993; Grojean et al., 2004). Empirically, ethical leadership behavior is significantly and strongly related to idealized influence as well as affective trust and consideration (Brown et al., 2005). Managers who have formed strong relational attachments by means of their ethical behavior also wield personal power to influence direct reports (Davidovitz et al., 2007).

Ethical leadership and virtuous behavior

Given that most people look outside themselves, at least in part, for ethical guidance (Alzola, 2008; Kohlberg, 1969; Treviño, 1986), the behavior of managers who have positional and personal power is of particular interest to organizational members. Such managers can be purveyors of virtue or vice through their modeling and relational attachments. Virtuous agents demonstrate and promote morally laudable behavior (Flynn, 2008; Moore and Beadle, 2006; Wright and Goodstein, 2007). The conceptualization of ethical leadership behavior as defined by Brown et al. (2005), and used in this research, does not encompass all aspects of virtue but is consistent with aspects of character virtues such as love, faithfulness, temperance, and justice (Peterson and Seligman, 2004;

Wright and Goodstein, 2007). Also, in a manner consistent with virtue ethics, ethical leadership behavior is conceptualized as acting in a manner that communicates the importance of considering the means by which outcomes are achieved (Brown et al., 2005).

At its core, ethical leadership behavior is conceptualized as discussing with employees what is the right course of action and acting with the best interests of employees in mind (Brown et al., 2005), which can be characterized as loving behavior (Peterson and Seligman, 2004). Furthermore, consistent modeling of ethical behavior that earns the manager a reputation of being trustworthy can be considered to be faithful behavior (McCloskey, 2008), whereas conducting oneself both professionally and personally in accordance with high ethical standards is consistent with manifestations of temperate behavior (Peterson and Seligman, 2004). Finally, listening to employees, making fair decisions, and disciplining violations of ethical standards are ethical leadership behaviors that are conceptually similar to the virtuous behavior of acting justly (Peterson and Seligman, 2004).

Altogether, the integration of social-cognitive theories and virtue theory generally points toward the potential of managers, who model ethical leadership behavior and engender relational attachments, to exert moral authority that contributes to an environment conducive to the flourishing of organizational members. In the following section, we argue that this influence occurs by means of creating and perpetuating an ethical climate.

Hypothesized relationships

Ethical leadership and ethical climate

Researchers have consistently argued that the ethical climate of the work context is largely shaped by organizational managers (Schein, 1985; Schminke et al., 2005; Treviño et al., 2000). To assist managers in establishing and maintaining an ethical climate, organizations have implemented formal systems of ethical codes, corporate ethics audits, standardized procedures, and ethics training programs (Weaver et al., 1999). However, since ethical principles are reflected more-so in actions rather than words, the informal influence of managers' interactions and

behaviors are potentially more important than formal systems (Tenbrunsel et al., 2003).

Managers at all levels of the organization can have a primary role in shaping ethical climate through exemplifying what is appropriate through their behavior and interactions (Dickson et al., 2001). Managers have positional power that enhances their status in relation to their direct reports. Their power and status contribute to managers being perceived as role models for ethical behavior (Brown and Treviño, 2006). Managers also promote ethical behavior by communicating ethical expectations, emphasizing and adhering to policies and practices that reinforce ethical behavior, and holding organizational members accountable for ethical actions (Brown and Treviño, 2006; Wimbush and Shepard, 1994).

A manager's status is further enhanced through the development of relational attachments. The bonds of relational attachments follow from one person meeting the needs of others, particularly the needs for safety and security (Davidovitz et al., 2007). Ethical situations, by their nature, are often equivocal and uncertain (Flynn, 2008; Sonenshein, 2007). An ethical situation appears equivocal when there are several possible interpretations. Similarly, ambiguity regarding the causes or implications of potential actions creates uncertainty. Managers modeling ethical leadership behavior provide clarity and security by modeling appropriate behavior in a consistent, fair, and trustworthy manner (Brown and Treviño, 2006; Brown et al., 2005). Furthermore, ethical leadership behavior reduces anxiety associated with uncertainty in ethical situations by being considerate, open, trustworthy and honest, and by stressing the importance of adherence to high ethical principles (Treviño et al., 2003). In exhibiting ethical leadership, managers play a role in addressing organizational members' needs for safety and security, and, thereby, engender relational attachments that enhance their personal power to influence others (Davidovitz et al., 2007; Popper and Mayseless, 2003).

With both positional and personal sources of influence to enhance their status, managers who display ethical leadership behavior are credible and attractive moral authorities (Avolio et al., 1999; Brown and Treviño, 2006). Specifically, this heightened status allows ethical managers to specify expectations and shape the prevailing perceptions of individuals within a common work environment. The prevailing perceptions that make up an ethical climate do not develop in isolation; rather, they develop through interactions between the manager and direct reports and between direct reports (Grojean et al., 2004; Treviño, 1990; Umphress et al., 2003; Victor and Cullen, 1988). The common experiences of those influenced by the same manager tend to result in similar perceptions as the natural inclination to talk about uncertain or ambiguous situations stimulates workplace conversations (Degoey, 2000; Schneider and Reichers, 1983; Spell and Arnold, 2007). The process by which perceptions and attitudes are communicated from one person to another and, ultimately, converge, and are maintained by social relationships of those in close proximity has been described as social contagion (Brass et al., 1998; Burt, 1987; Roberson and Colquitt, 2005).

Social contagion has been declared to be the process underlying shared perceptions of ethics (Brass et al., 1998) and justice (Spell and Arnold, 2007), but, as of yet, it has not been linked to the virtuous influence of managers engaging in ethical leadership. Even so, a similar process is evident in descriptions of how virtuous behavior influences others. Managers, who role model ethical or virtuous behavior, have been described as agents in promoting virtue (Flynn, 2008; Moore and Beadle, 2006; Wright and Goodstein, 2007). It also has been asserted that behavior that is virtuous has an amplifying effect in which those who witness the behavior are inspired by it and tend to reproduce it (Caza et al., 2004), which results in virtuous behavior spreading to others (Fredrickson, 2003).

Altogether, the ethical leadership behavior of managers engenders influence, through role modeling and relational attachments, which we assert is perpetuated and prevails as shared perceptions of ethical climate through social contagion processes (Spell and Arnold, 2007). Thus,

Hypothesis 1:   Ethical leadership will positively relate to perceptions of ethical climate.

Moderation: interactional justice

Perceptions of justice can relate to the distribution of outcomes, the process by which outcomes are

achieved or decided, and the interactions between people (Cropanzano et al., 2007). Distributive, procedural, and interactional justice are theoretically and empirically distinct perceptions with different causes and consequences. Whereas perceptions of distributive or procedural justice can also be influenced by organizational rules and practices (Colquitt, 2001; Malatesta and Byrne, 1997), supervisors or managers are the primary sources of interactional justice (Bies and Moag, 1986; Cohen-Charash and Spector, 2001; Cropanzano et al., 2007; Greenberg, 1993). Ethical leadership behavior, as conceptualized by Brown et al. (2005), is primarily concerned with the procedural aspects of listening and fair decision making and the distributive aspect of providing consequences for unethical behavior. In contrast, less attention is given to behaviors related to interactional justice.

From a virtue theory perspective, what is just or fair is ''concerned with good character, and with taking account of the situation and the specific people involved, giving a role to good judgment as opposed to just following the rules'' (Fortin and Fellenz, 2008, p. 419). Managers who are perceived as interactionally just appear to exercise good judgment in providing relevant and accurate information and explanations while communicating respectfully and sensitively (Greenberg, 1993). Interactional justice perceptions impact the quality of the relationship managers have with direct reports (Rupp and Cropanzano, 2002). This enhances the relational attachment of organizational members who find security and safety in reduced uncertainty and dignifying interactions (Davidovitz et al., 2007; Popper and Mayseless, 2003). So although the role modeling of managers is important in shaping follower attitudes, the ''interpersonal treatment one receives from a supervisor may be the critical variable'' that explains the reactions of direct reports (Rupp and Cropanzano, 2002, p. 938). The perception of managers as being interpersonally just likely elevates their status as a moral authority, which heightens their influence on virtuously shaping perceptions of an ethical work environment (Brown et al., 2005; Roberson and Colquitt, 2005). As such, managers are likely to be more effectual in influencing the prevailing perceptions of an ethical climate when the manager exhibiting ethical leadership is also perceived as being interactionally just. Thus,

Hypothesis 2: Interactional justice perceptions will moderate the ethical leadership-to-ethical climate relationship such that the relationship will be stronger for higher perceptions of interactional justice than for lower perceptions of interactional justice.

Mediation: ethical leadership, ethical climate, and follower job satisfaction and affective commitment

When an organization's climate is perceived to be ethical or virtuous these perceptions influence the ethical decision-making and behavior of organizational members as well as their attitudes toward individual jobs and attachments toward the organization (Brown and Treviño, 2006). Similar to how managers can meet organizational members' needs for security and safety, the same needs can be satisfied in a work climate influenced by the ethical leadership behavior of managers. Meta-analytic research results provide support for the impact of ethical climate on organizational commitment and job satisfaction (Martin and Cullen, 2006). Specifically, an ethical climate characterized by concern for others and sensitivity to others' needs has been demonstrated to influence organizational commitment (Cullen et al., 2003). Individuals tend to be more satisfied with their jobs and more committed to their organization when working in an environment characterized by ethical conduct, honesty, concern for others, and interpersonal fairness (Brown and Treviño, 2006; Treviño et al., 1998).

Managers exhibiting ethical leadership influence organizational members by means of their personal actions and interpersonal relationships (Brown and Treviño, 2006). The collective effect of multiple organizational members attending to the virtuous example of a manager exhibiting ethical leadership creates a work environment characterized by shared ethical work norms and perceptions (i.e., an ethical climate) (Davidovitz et al., 2007; Dickson et al., 2001). An ethical climate, in turn, affects individuals' attitudes toward their jobs and the organization (Cullen et al., 2003; Treviño et al., 1998). Altogether, the influence of ethical leadership extends to influencing organizational members' job satisfaction and organizational commitment through an ethical climate (Brown et al., 2005).

Hypothesis 3a: Ethical climate will mediate the relations between ethical leadership and job satisfaction.

Hypothesis 3b: Ethical climate will mediate the relations between ethical leadership and affective organizational commitment.

Method

Sample

We recruited participants with the assistance of i.think inc., a research services company specializing in Internet-based services and surveys gathering information from willing and interested participants. Collecting data in this manner is not new, and management literature often uses this approach successfully (Judge et al., 2006; Piccolo and Colquitt, 2006). This approach offers the advantage of pre-screening potential respondents. Pre-screening on a variety of characteristics ensures the sample accurately represents the population of interest. For our purposes, we required that participants work full-time, within an organization (i.e., no telecommuters or virtual members), and have direct and frequent contact with their manager. For the present study, i.think recruited individuals compatible with our criteria to complete two surveys administered three weeks apart to reduce the influence of common method variance (CMV). We required the respondents to complete both surveys to be eligible for a payment of $10. The final sample included 250 individuals employed full time. The sample consisted of 170 (68%) male and 80 (32%) female participants with an average age of 40.44 years. Participants averaged 6.2 years spent in their current job; 207 (83%) of participants reported Caucasian ethnicity.

Measures

Unless otherwise indicated, all measures used a 5-point Likert scale where 1 = ''strongly disagree'' and 5 = ''strongly agree.'' We averaged items within the scales to create composite measures for each variable. Items were coded such that high scores equate to high levels of the construct of interest.

Ethical leadership

Brown et al. (2005) developed and validated the 10-item ethical leadership scale we used in this study. An example item is, ''My supervisor makes fair and balanced decisions.'' The Cronbach alpha for this scale was 0.95.

Ethical climate

The ethical climate scale ($\alpha = 0.94$) we used, developed by Treviño et al. (1998), consists of 10 items. An example item is, ''Ethical behavior is the norm in this organization.''

Interactional justice

The interactional justice scale we used consists of nine items (Colquitt, 2001). A sample item is, ''Has he/she treated you with respect?'' The Cronbach alpha for this scale was 0.95.

Affective organizational commitment

Meyer and Allen (1991) developed the affective organizational commitment scale ($\alpha = 0.89$), consisting of eight items, used in our study. An example item is, ''I would be very happy to spend the rest of my career with this organization.''

Job satisfaction

Job satisfaction was measured with a three item scale developed by Camman et al. (1979). An example item is, ''All in all, I am satisfied with my job.'' The Cronbach alpha for this scale was 0.95.

Results

Minimization of common method variance

Given that all of our data came from a common source we took several precautions, suggested by Podsakoff et al. (2003), to minimize common method biases. The data collection procedure was designed so that our independent and dependent variables were collected at different times. We introduced a time lag in our survey distribution to minimize consistency motifs and demand characteristics. In addition, the items within each scale were randomly ordered for each respondent to counterbalance the question order and decrease priming effects caused by the question context or item embeddedness. We presented detailed information about the precautions taken to

ensure the confidentiality of our respondents in an effort to decrease socially desirable responding and increase respondent candidness. Finally, we reminded our respondents that there were no correct or incorrect answers to the items in the survey to decrease evaluation apprehension.

Initial analyses

The correlations among and descriptive statistics for the variables in our study can be found in Table I. As expected, ethical leadership significantly correlated with the mediating, moderating, and dependent variables. Thus, to further explore the discriminant validity of these scales we followed the procedure outlined by Fornell and Larcker (1981) and calculated the square root of the average variance explained for the items that make up the scales in our study. We present this value, which represents the variance accounted for by the items that compose the scale, on the diagonal in Table I. To demonstrate discriminant validity, this value must exceed the corresponding latent variable correlations in the same row and column. If this condition is met, then we have evidence that the variance shared between any two constructs is less than the average variance explained by the items that compose the scale. As shown in Table I, all the scales used in our study demonstrate discriminant validity.

Hypotheses testing

Using regression, we followed Baron and Kenny's (1986) three-step procedure for assessing the medi-

ating role of the ethical climate. First, the independent variable should be significantly related to the mediator variable; second, the independent variable should be related to the dependent variable; and third, the mediating variable should be related to the dependent variable with the independent variable included in the equation. If the first three conditions hold, then at least partial mediation is present. If the independent variable has a non-significant beta weight in the third step, then complete mediation is present.

Hypothesis 1

To begin, we regressed the mediator (ethical climate) on the independent variable (ethical leadership). As shown in Table II, the beta weight for ethical leadership was significant and in the direction predicted. Thus, Hypothesis 1 regarding the positive relationship between ethical leadership and ethical climate was supported, and the first requirement for mediation was satisfied.

Hypothesis 2

Hypothesis 2 put forth the moderating effect of interactional justice on the ethical leadership to ethical climate relationship. First, we centered the interactional justice and ethical leadership scales to help alleviate multicollinearity (Aiken and West 1991). We entered interactional justice and ethical leadership in step 1. Both variables had significant

TABLE I

Mean, standard deviations, and correlations

Variable	Mean	SD	1	2	3	4	5
1. Ethical leadership	3.57	0.93	0.82				
2. Interactional justice	3.82	0.90	0.71★★	0.81			
3. Ethical climate	4.80	1.36	0.63★★	0.65★★	0.81		
4. Job satisfaction	3.86	0.96	0.44★★	0.54★★	0.56★★	0.92	
5. Affective commitment	3.32	0.90	0.50★★	0.53★★	0.57★★	0.69★★	0.71

$n = 250$, ★$p < 0.05$, ★★$p < 0.01$. Values on the diagonal are the square root of the average variance explained which must be larger than all zero-order correlations in the row and column in which they appear to demonstrate discriminant validity (Fornell and Larcker, 1981).

TABLE II

Regression analyses for mediation

	DV: Job satisfaction			DV: Affective commitment	
	Step 1 IV → Med *B*	Step 2 IV → DV *B*	Step 3 IV/Med → DV *B*	Step 2 IV → DV *B*	Step 3 IV/Med → DV *B*
Independent variable					
Ethical leadership	0.627★★	0.441★★	0.146★	0.503★★	0.239★★
Mediator					
Ethical climate			0.470★★		0.422★★
Adjusted R^2	0.39	0.19		0.25	
F(df)	160.23 (1,249)★★	59.77 (1,248)★★	600.34 (2,247)★★	83.90 (1,248)★★	69.79 (2,247)★★

$n = 250$, ★$p < 0.05$, ★★$p < 0.01$.
Note: Standardized Betas are shown.
IV = independent variable; DV = dependent variable; Med = mediator.

main effects at this step. In step 2, we entered the cross-product term we created using the centered variable for interactional justice and ethical leadership. As shown in Table II, the interaction term was significant. In order to graphically illustrate the significant moderation effects uncovered in the analyses, we used a procedure similar to that used by Stone and Hollenbeck (1989), plotting two slopes: one at one standard deviation below the mean and one at one standard deviation above the mean. This plot is shown in Figure 2. The simple slope test (Aiken and West, 1991) was significantly different from zero for high ($t = -5.67$, $p < 0.05$) and for low interactional justice ($t = 3.04$, $p < 0.05$) suggesting that perceptions of ethical climate significantly increase for both low and high interactional justice when ethical leadership is high. However, this effect is stronger when interactional justice is high which provides support for hypothesis 2.

Hypotheses 3a and 3b

Next, we regressed the dependent variables on the independent variable (Table II). To satisfy the second requirement of mediation, the beta weight for ethical leadership had to be significant. Results from this step of our mediation analyses demonstrated significance for both of our dependent variables. To

test the third step of mediation, we regressed the dependent variables on the mediating variable, with the independent variable included in the equation.

The results, shown in Table II, indicate ethical climate partially mediated the relationship of ethical leadership to job satisfaction (H3a) as the beta for ethical leadership decreased after adding ethical climate but remained significant. Similarly, ethical climate partially mediated the relationship of ethical leadership to affective commitment (H3b) as the beta for ethical leadership decreased after adding ethical climate but remained significant.

Sobel tests

Finally, to confirm support for our mediational hypotheses, Sobel tests were used to assess the significance of the indirect effects (MacKinnon et al., 2002; Sobel 1982). Sobel tests involve calculating the magnitude of the unstandardized indirect effect and its accompanying standard error. The ratio of the indirect effect over its standard error, referred to as the Sobel statistic, is then compared to a z-distribution to determine the statistical significance of the indirect effect. Supporting hypothesis H3a, the Sobel test results indicated that the indirect effects of ethical leadership on job satisfaction for ethical climate ($z = 5.19$, $p = 0.00$) was in the anticipated direction
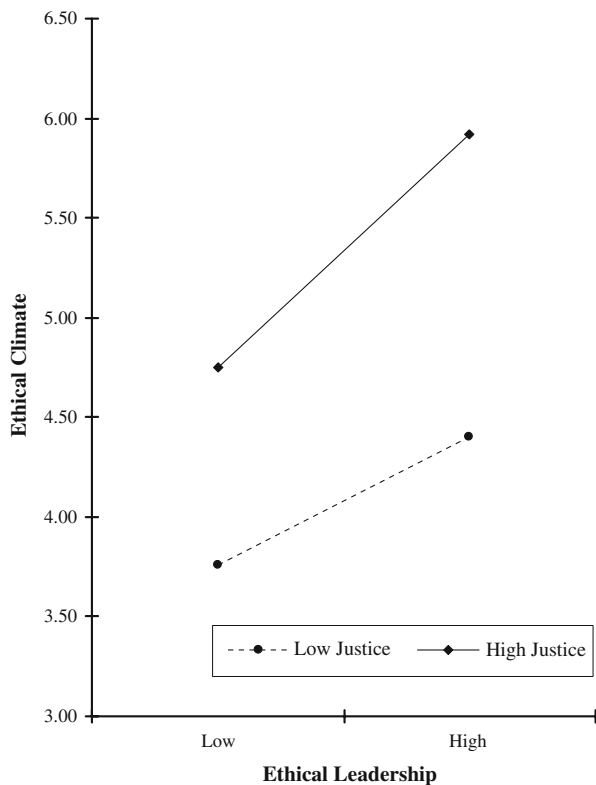
Figure 2. The interaction of ethical leadership and interactional justice on ethical climate.

and statistically significant. Supporting hypotheses H3b, the Sobel test results indicated that the indirect effects of ethical leadership on affective commitment for ethical climate ($z = 5.26$, $p = 0.00$) was in the anticipated direction and statistically significant.

Discussion

Managers are under scrutiny as the potential source of organizational excesses and unethical behavior. This study examined a moderated mediating model of the influence of managers' ethical leadership behavior on organizational members. By integrating social-cognitive theories with virtue theory, we argued that by modeling ethical leadership behavior and engendering relational attachments, managers acquire moral authority that has a virtuous influence on organizational members. Furthermore, we argued that the influence of ethical leadership behavior spreads through the work context via the process of social contagion to shape the ethical climate, which,

in turn, contributes to organizational members experiencing greater satisfaction in their jobs and feeling more committed to the organization as a whole. In other words, we reasoned that when managers behave in a fair, honest, trustworthy, and considerate manner these virtuous behaviors seem to create a virtuous cycle in which ethical leadership behavior perpetuates an ethical work climate that allows subordinates to flourish.

Our results concur with those who assert that managers displaying ethical leadership play a critical role in shaping perceptions of ethical climate (Dickson et al., 2001; Grojean et al., 2004; Schminke et al., 2005; Treviño et al., 2000). We extend existing research by demonstrating, in a diverse sample of people and organizations, that ethical leadership behavior is related to perceptions of ethical climate and that ethical climate mediates, in part, the influence a manager exhibiting ethical leadership has on individual outcomes. Further, our results indicate that perceptions of interactional justice moderated the ethical leadership-to-ethical climate relationship such that this relationship was stronger in situations of high interactional justice than in low interactional justice. This suggests that even though managers can exert influence through the fair behavior of following rules and reinforcing ethical behavior, how they communicate information and interact with individuals is particularly important in shaping ethical perceptions in the work context.

It is important to note that although there is a great deal of research lauding the value of subjective perceptions of justice in explaining affective and behavior reactions (Cohen–Charash and Spector, 2001; Colquitt et al., 2001; Rupp and Cropanzano, 2002), perceptions of justice may not equate with conceptions of actual normative justice (Fortin and Fellenz, 2008). For example, managers can show respect for organizational members by frequently sharing information but share only the side of the story that supports the managers' perspective. To employees with less power or access to information, this may be perceived as fair, but in reality it may be normatively unjust because the managers' institutional power is used to perpetuate the managers' interpretation events or issues (Fortin and Fellenz, 2008). Despite this possibility, we assert that the exercise of ethical leadership behavior is generally consistent with aspects of the virtue of justice

(Brown et al., 2005; Peterson and Seligman, 2004; Wright and Goodstein, 2007) and may even be more likely to represent normative justice when ethical leadership behavior is accompanied by behavior that is perceived to be interactionally just.

Although ethical climate partially mediated the influence of ethical leadership, managers also influenced job satisfaction and organizational commitment directly by displaying ethical leadership. This affirms the prominence of ethical leadership behavior among many factors that may influence the attitudes and attachments of organizational members (Brown and Treviño, 2006) and contribute to individual flourishing (Finnis, 1980; Wright and Goodstein, 2007). Indeed, managers seem to have considerable moral authority to promote virtue or vice through their behavior. As such, organizations will be well-served by paying attention to who is selected or promoted to serve in the critical role of manager and by reinforcing the importance of ethical leadership behavior by holding managers accountable for such behavior. Furthermore, managers also should be attuned to the implications of their role as moral agents. As stewards of the education of many future managers, perhaps this suggests that business schools should focus not only on the development of competency but also building and buttressing character.

Strengths and weaknesses

Our study has several notable strengths. First, by gathering data using the services of an on-line company we were able to secure a large sample of full-time employees, which enhances the potential generalizability of our results. Second, we separated, in time, the collection of the independent and dependent variables in our study, and took various other proactive steps to reduce the possible common method effects that can emanate from data from the same source. Finally, our study advances the ethical leadership literature by coupling social–cognitive theories of attachment and learning and blending them with the ethical perspective of virtue to offer an explanation for the process by which ethical leadership influences ethical climate and the job satisfaction and affective organizational commitment of organizational members. Our study also has

several limitations which need to be mentioned in order to fully interpret the results offered. Although our sample incorporated a wide variety of organizations and job positions, the sample was not demographically diverse. Thus, our results do not offer insight on whether our model would hold for more diverse samples or if the influence of ethical leadership generalizes to other cultures (e.g., Khuntia and Suar, 2004; Resick et al., 2006). Further, although our selection of variables was theory driven and designed to intentionally demonstrate the broad positive effects of ethical leadership and climate, we included only a few of the many possible variables in our paper. While some may view the empirical focus of our paper as relatively narrow, we submit that it makes a contribution by linking ethical leadership to virtuous outcomes.

Future research

Future researchers should consider capitalizing on the weakness outlined above. For example, our study could be extended by including additional outcome variables such as political, counterproductive, or deviant behaviors. If ethical leadership is to be judged as having broad value, then it should minimize the occurrence of such negative workplace behaviors. Also, future research can extend our study's results by measuring other virtuous behaviors such as a concern for the community and the development of organizational members, which are typically associated with conceptualizations of servant leadership (Neubert et al., 2008). Additionally, in future studies, the attachment and role-modeling mechanisms that are proposed as the means by which managers influence others should be measured. Delving deeper into these mechanisms should offer a clearer picture of how ethical leadership behavior creates the positive outcomes noted in our paper.

To overcome our single source data, research could collect data from a source other than the organizational members themselves. This approach will reduce social desirability effects and minimize concerns regarding common method effects. Another fruitful avenue for future research would be to use a multi-level approach to theorize and analyze the effects of ethical leadership. In this study we were interested in the individual level effects of ethical

leadership on perceptions of climate and individual outcomes. Future research might benefit from collecting data from multiple organizational members within intact work groups so that the data could be aggregated to assess the impact of ethical leadership on group level climate and behavioral variables.

Conclusion

In conclusion, this study investigated the means by which managers displaying ethical leadership behavior contribute to individuals flourishing. Indeed, ethical leadership behavior directly and indirectly, through shaping ethical climate, impacted individual's job satisfaction and organizational commitment. Moreover, the influence of ethical leadership behavior on ethical climate was enhanced when the manager was perceived to be interactionally just. Although much has been said and written about the importance of ethical leadership, a ''descriptive and predictive social scientific approach to ethics and leadership has remained underdeveloped and fragmented, leaving scholars and practitioners with few answers'' (Brown and Treviño, 2006, p. 595). Furthermore, the integration of ethical leadership theory with virtue theory is an appropriate, but not frequently discussed, approach to framing empirical research in leadership (Wright and Goodstein, 2007). This study contributes to the field by providing a partial description of the virtuous influence of managers exhibiting ethical leadership.

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