Stable versus Shifting Ethical Leadership: The Impact on Follower Positivity and Performance

Dustin J. Bluhm

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Reading Committee:

Bruce J. Avolio, co-chair

Terence R. Mitchell, co-chair

Harvey Kevin Steensma

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ABSTRACT

Considering the temporal nature of ethical leadership is among the greatest challenges for ethical leadership researchers (Brown & Mitchell, 2010). Rising to that challenge, the central goal of this research is to consider ethical leadership that remains consistent over time (stable) in comparison with ethical leadership that improves or deteriorates over time (shifting). Follower consequences of stable vs. shifting ethical leadership are derived through Social Exchange Theory and Affective Events Theory, leading to hypotheses that stable, downward shifting, and upward shifting ethical leadership differentially influence follower performance through follower positivity. To test the hypotheses, studies were conducted in the US Army (n=107) and a Fortune 500 insurance company (n=387). Polynomial regression and response surface analysis were employed to analyze the effects of stable and shifting ethical leadership. Results consistently show that as long as ethical leadership is stable, its magnitude is positively related to follower positivity and performance. Additionally, downward shifting ethical leadership is consistently and negatively related to positivity. Results were mixed for upward shifting ethical leadership. Discussion focuses on the importance of a more dynamic understanding of ethical leadership and its consequences on followers' emotions, attitudes, and behaviors.

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I. INTRODUCTION

In their seminal review of ethical leadership, Brown and Trevino (2006) noted several

high profile executives including Kenneth Lay (Enron), Bernie Ebbers (Worldcom), and Denis

Kozlowski (Tyco) as well-known and respected for their civic-mindedness and philanthropy

before their ethical downfall. These formerly respected leaders, along with many others who had

been viewed as either moral or philanthropic individuals (e.g. Bernie Madoff – Madoff

Investment Securities; Cliff Baxter – Enron; Richard Scrushy – HealthSouth; Lord Conrad Black

– Hollinger International; John Rigas – Adelphia; Gary Winnick – Global Crossing Limited;

etc.), were all exposed as highly unethical leaders directing massive corporate scandals,

oftentimes leaving a company of employees in shock and disbelief. For example, when Adelphia

founder and former C.E.O. John Rigas was convicted of multiple counts of fraud and tax

evasion, some employees even came forward to defend him as a generally ethical and charitable

individual, noting that he should get leniency despite hiding $2.3 billion in liabilities from

shareholders and using corporate funds for personal use. The judge unequivocally stated "to be a

great philanthropist with other persons' money is not very persuasive", before sentencing Rigas

to 15 years in prison (Yanke, 2010).

Given the scandal-rocked years in recent American business, examples of ethical

leadership shifting downward are all too common. Although perhaps not as salient as downward

shifts, business executives might also surprise employees with a standout moral decision and

example, leading to an upward shift in ethical leadership. For instance, in the mid-1990s, Bennett

Lebow, then CEO of one of the major six US tobacco and cigarette companies, broke a decades

old tobacco alliance by agreeing to settle lawsuits. He went on to testify that the tobacco industry

knew cigarettes were addictive and caused cancer, and that the industry had conspiratorially

hidden that knowledge from government and consumers. His testimony and cooperation resulted in the first-ever tobacco settlement, which totaled nearly $250 billion from the tobacco companies. Although moral behavior and altruism might be riddled with ulterior motives, which they certainly were in this case, in response to if he ever doubted what he was doing to bring down the tobacco industry that he was a part of, Lebow stated, "No, I never did. Not for once. I knew it was the right thing to do. I really did have this sense, call it a gut feel, call it what you want, it was the right thing to do" (PBS Frontline, 1998). In his book on the history and future of cigarettes, Allan Brandt (2007) argued that we'll never know if LeBow was motivated by a moral epiphany or by the bottom line, but his morally courageous actions drastically changed the future of the tobacco industry in America.

The causes and effects of leaders becoming less ethical or more ethical in the eyes of their followers are not established in management research. While discussing potential research directions in their recent review of ethical leadership, Brown and Mitchell (2010) state that the role of time in ethical leadership has gone unstudied and remains one of the greatest challenges for future work. More specifically, they state, "Much more research is needed, based on patterned events over time to fully understand the dynamics of how followers' perceptions of leaders' ethics are formed. For example… can one salient event (negative or positive) change how the leader is perceived in terms of ethics? ...Can leaders recover from ethical lapses…?" This dissertation makes progress in that direction by first considering ethical leadership over time to assess the extent to which it is subject to change. I also conceptually and empirically examine potential causes of changes or shifts in the perceptions of a leader as ethical, and how those shifts affect follower performance through follower positivity.

II. VARIABLE SELECTION AND BOUNDARIES

Leadership Styles and Consistency

The balance of leadership styles and how they are perceived in any given leader is unlikely to remain constant across time, tasks, settings, and followers. For example, leaders engage in different behaviors with different followers as evidenced by the leader-member exchange literature (Graen & Uhl-Bien, 1995). Changing contexts such as the introduction of a crisis have also been shown to elicit certain leader behaviors while inhibiting others (Pearson & Clair, 1998; Shamir & Howell, 1999). Indeed, Perrow (1970) argued that leadership styles are not individual differences or traits, rather, they are dependent variables that depend on the setting, followers, and task at hand. The differences in leader behaviors and styles caused by varying settings, contexts, tasks, and followers all amount to a dynamic view of leadership styles, summarized in the notion that leadership behaviors and perceptions of leadership styles change over time. Certainly, some changes in leadership style over time can occur through deliberate leadership development. However, the leadership changes focused on in this research are those shifts in leader styles that can occur on a day-to-day basis based on contextual and situational factors, leader decision-making, and the salient leadership behaviors and characteristics that followers rely on when assessing leadership styles.

In a recent review, Porter and McLauglin (2006) compare leadership in context to the weather, arguing that many researchers mention the importance of studying the ways that context, time, and situations affect leadership, yet very few do anything about it. In their categorization of the exceptions to that rule, Porter and McLauglin (2006) determined a set of components that comprise the context that can influence or determine leader behaviors and styles, including culture, goals, people (e.g. demographic variability, capabilities), processes (e.g.

task factors, policies), condition (e.g. stability or crisis, financial health), structure (e.g. hierarchy, size of organization), and time. A number of the studies reviewed showed that leaders switch between styles and roles depending on a number of these contextual factors, ultimately demonstrating that leadership is not constant across time. (e.g. Balkundi & Kilduff, 2005; Denis et al, 2001; Eggleston & Bhagat, 1993; Scully et al. 1994). Leadership in context might then share another quality with the weather, in that it is subject to change from day to day.

As leaders demonstrate different behaviors across situations and over time, follower perceptions of the leaders' leadership style are likely to shift, even when the varying behaviors are determined by contextual factors. The fundamental attribution error suggests that others, including followers, are likely to perceive changes in behavior as dispositional rather than situational (Ross, 1977). Still, the attribution depends on the consensus, distinctiveness, and consistency of the leader behaviors in question as well as the follower's relationship with that leader (Eberly, Holley, Johnson, & Mitchell, 2011; Martinko, Douglas, & Harvey, 2006).

The absence or discontinuance of some behaviors associated with specific leadership styles might go completely unnoticed and therefore unattributed for a time. For example, a transformational leader who engages in inspirational motivation by creating a common vision for followers should not have to revisit that vision on a daily basis to remain transformational in the eyes of followers. If the same leader neglects individualized consideration by not listening when a follower expresses a concern, the follower will attribute the behavior either dispositionally, situationally, or relationally depending on consensus, distinctiveness, and consistency. If attributed to situational or relational factors, the change in the follower's perception of the leader's style should be minimized (caveat: A relational attribution would likely change perceptions of the dyadically based leadership style known as LMX or leader-member

exchange). If uncharacteristic leader behaviors are attributed to dispositional factors of the leader, then the follower's perceptual shift of the leader's style would be maximized.

Some leader behaviors are more likely than others to be dispositionally attributed. For example, when a leader high in idealized influence (e.g. viewed as an ethical role model, has trust and respect of followers) violates it by breaking explicit promises or behaving unethically, many followers would judge the appropriateness of such behaviors as questionable or unacceptable regardless of the situation or relationship, leaving attributional explanations to dispositional factors. In such a scenario, perceptions of the leader's transformational style would likely shift downward. Although leader ethical-decision making is heavily influenced by situational factors (Stenmakr & Mumford, 2011), the two morally-charged dimensions that comprise ethical leadership (moral person and moral manager) encompass salient behaviors that are likely to be dispositionally attributed, as morals and ethics are commonly believed to be more determined by character than situations. Thus, ethical leadership is a leadership style in which the occurrence and effects of shifts are likely to be maximized in terms of perceptions of the leader's followers.

Follower Outcomes of Stable and Shifting Ethical Leadership

Follower performance is among the most commonly studied dependent variables in leadership research, perhaps because it most directly addresses the value of effective leadership in terms of the bottom line. The research on ethical leadership is no exception to the rule, as social exchange theory (Blau, 1964) is commonly used to argue that followers of ethical leaders experience a need to reciprocate the fairness, respect, and morality with which they are treated, and often do so through improved task performance and citizenship behaviors (Brown, Trevino, & Harrison, 2005; Mayer, Kuenzi, et al, 2009; Walumbwa & Schaubroeck, 2009). Recent work

has added social identity theory as another explanatory means whereby ethical leadership influences employee performance, finding that leader-member exchange, self-efficacy, and organizational identification all play a mediating role between ethical leadership and performance (Walumbwa, Mayer, Wang, Wang, Workman, & Christensen, 2011). Thus, exploring the effect of stable and shifting ethical leadership on follower performance is a natural extension of and contribution to the current state of ethical leadership research.

The mechanisms whereby shifts in ethical leadership might influence performance are not as straightforward. Research on stable or consistent ethical leadership has examined a number of mediators through which ethical leadership exerts its influence on follower performance outcomes, including leader-member exchange, trust, self-efficacy, social identification, perceptions of ethical climate, and perceptions of autonomy and task significance (Brown et al, 2005; Mayer, 2011 – talk given at UW; Piccolo, Greenbaum, Den Hartog, & Folger, 2010). Yet, as Brown and Mitchell (2010) imply, both positive and negative salient events and behaviors can alter followers' perceptions of their leader's ethicality and overall ethical leadership style. Thus, the examination of fluctuations or shifts in ethical leadership over time adds the temporally-dependent element of event-driven change.

The state-trait continuum is helpful in determining the likely mechanisms whereby leader behavioral events could influence employee performance outcomes. Keeping with traditional conceptualizations, Luthans and colleagues (2007) who advance the continuum assert that states are momentary and easily altered whereas traits are stable and are more resistant to change. While state variables such as discrete emotions are likely to be elicited by (un)ethical behaviors of an immediate leader, they appear less likely to have an enduring impact on performance given their fleeting properties.

At the other end of the continuum, trait variables such as intelligence would not be impacted by the (un)ethical actions of a leader and are therefore illogical mediators of the effects of such events on follower performance. Moving away from the extremes, "trait-like" variables such as core self-evaluations and the Big Five personality dimensions are relatively stable and therefore, less likely to change with day-to-day (un)ethical behaviors of immediate leaders (Luthans et al, 2007). This process of elimination leaves "state-like" variables along the continuum as the most likely mechanisms whereby shifts in ethical leadership would influence follower perceptions of the leader as well as the follower's performance. State-like variables can have some stable trait elements to them, with research showing that they are fairly malleable, open to development, and more likely than state variables to have an enduring impact on performance. Some examples include optimism, hope, and efficacy. Additionally, numerous studies confirm that leadership styles and behaviors influence state-like variables such as hope, optimism, efficacy of followers, which in turn can affect follower performance (e.g. Avey, Avolio, & Luthans, 2010; Clapp-Smith, Vogelgesang, & Avey, 2009; De Hoogh & Den Hartog, 2008; Gooty, Gavin, Johnson, Frazier, & Snow, 2009; Walumbwa, Luthans, Avey, & Oke, 2011).

From a theoretical perspective, the impact of events that shift perceptions of ethical leadership on followers and their performance might be best understood through affective events theory (AET; Weiss & Cropanzano, 1996), which posits that positive and negative work events affect employee job performance and satisfaction through the elicitation of state and state-like emotional and attitudinal responses within the employees. Applying AET to leader behaviors as events, it follows that the state-like emotional and attitudinal reactions to shifts in ethical leadership should mediate the effect of such shifts on employee performance. At first glance, it

may seem that the day-to-day behaviors of immediate leaders aren't salient events that would trigger changes in follower emotions and attitudes. Yet, research has shown that the moods and actions of leaders alter the emotions, attitudes, and behaviors of their direct followers (e.g. Sy, Cote, & Saavedra, 2005). In fact, in a study of police officers, who, by the nature of their job are subjected to extreme affective conditions and situations, the authors reported that the most salient, affect-inducing experiences (positive and/or negative affect) were organizationally related such as dealing with administrators and supervisors rather than operationally related such as dealing with criminals and victims (Hart et al, 1995).

Research on employee reactions to exposed executive corruption identifies several of the state-like responses that may result from shifts in ethical leadership. For example, Pelletier and Bligh (2008) argue that when executives violate ethical standards, it is imperative to consider employees' positive and negative state-like responses, including feelings of optimism, pessimism, and cynicism. In Pelletier and Bligh's (2008) work with employees of a county government agency in the midst of a highly-publicized leadership corruption scandal, cynicism was the most prevalent emotional reaction recorded in an open-ended questionnaire administered to employees. Increased cynicism toward the leader and perhaps the organization is a logical consequence of downward shifts in ethical leadership. Research suggests that the onset of cynicism in such scenarios happens very quickly, yet the removal of cynicism through positive events such as upward shifts occurs over a much longer period of time (Kanter & Mirvis, 1989). Therefore, as upward shifts in ethical leadership are unlikely to share the immediacy of an effect on cynicism as downward shifts in ethical leadership, I chose to leave cynicism for future research and focus on its near-antithesis in this dissertation.

Continuing with Pelletier and Bligh's (2008) findings, increased pessimism is associated with globalizing problems and believing that negative events will have an enduring impact, whereas increased optimism can help employees view problems as only temporary setbacks that can be overcome, thus contributing to employee resiliency to recover from unethical leader behavior (Luthans, 2002 AME). The relationship between ethical leadership and follower optimism (De Hoogh & Den Hartog, 2008) along with the importance of optimism and resiliency to bounce back from unethical leader behavior provides a theoretically grounded mechanism of positivity through which shifts in ethical leadership could affect follower performance.

The positive organizational behavior (POB) movement has identified a higher-order construct of positivity, labeled psychological capital, which encompasses optimism and resiliency as well as hope and efficacy (Luthans, Avolio, Avey, & Norman, 2007). As all four facets can be theoretically linked to ethical leadership shifts, and as psychological capital as a composite higher-order factor is a better predictor of employee outcomes than its individual facets (Luthans et al., 2007), this paper concentrates on conceptually and empirically examining the effects of shifts in ethical leadership on follower performance through follower levels of PsyCap.

Executives vs. Low-Level Leaders

Considering the executive status of the leaders used as examples in the introduction, their philanthropic or moral triumphs and their legacies of often incalculable damage through moral failings are large in magnitude and widely reported. As moral triumphs can involve the gifting of hundreds of millions of dollars to worthy causes, and as the moral failings are often severe legal infractions that result in massive penalties, prison time, and even the crumbling of entire companies, researchers have sought to understand the antecedents and outcomes of

behaviors such as executive philanthropy that would lead to upward shifts in follower perceptions of the leader as ethical (Galaskiewicz & Burt, 1991; Shaw & Post, 1993) and executive corruption that would lead to downward shifts in those perceptions (Ashforth & Anand, 2003; Baucus, 1994; Baucus & Baucus, 1997; Baucus & Near, 1991; Daboub, Rasheed, Priem, & Gray, 1995; Davidson & Worrell, 1988; Luo, 2005; Moore & Mills, 1990; Schnatterly, 2003; Zahra, Priem, & Rasheed, 2005). However, upward and downward shifts in the perceptions of a leader as ethical are certainly not limited to the upper echelons of organizations. The ethical shifts of lower-level leaders have gone relatively ignored by researchers, perhaps because the triumphs and transgressions of such leaders would typically be of smaller magnitude and might not have dramatic consequences for the entire organization. Yet these upward and downward shifts in ethical leadership of lower-level leaders are still likely to have a large impact on the attitudes and behaviors of immediate followers, as well as the climate and culture of the organization over time.

Understanding the fluctuations in perceptions of ethical leadership is the core of this dissertation, which conceptually and empirically focuses on the shifts of lower-level leaders and how those shifts impact the attitudes and behaviors of followers. I chose to narrow the scope to lower-level leaders for two reasons. First, the average employee in an organization would only be made aware of the largest of ethical triumphs and transgressions of executives, as social, physical, and hierarchical distance precludes interaction and direct evaluation of the executives' behavior, performance, and leadership styles. The proximal leadership that can more easily exist between lower level leaders and immediate followers is characterized by low physical distance between leader and follower, low perceived social distance, and high frequency of interaction, all

of which enable direct evaluation based on relational leader styles rather than attributed leader styles (Antonakis & Atwater, 2002).

Although ethical leadership has been shown to have trickle-down effects from higher-levels of leadership in an organization (Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009; Schaubroeck, Hannah, Avolio, Kozlowski, Lord, Trevino, Peng, & Dimotakas, 2012), information regarding changes in the higher-level leaders' styles is less accessible to the lower-level followers. Only the immediate, lower-level leaders share a low leader-follower distance in the dyad, allowing followers to more accurately assess day-to-day exchanges and actions that may contribute to or detract from perceptions of their lower-level leader as ethical.

Second, because the average employee is only aware of the major, exposed ethical transgressions of executives, downward shifts in perceptions of executives' ethical leadership are typically accompanied by the severance of the leader-follower relationship. For example, the research that has been done on follower reactions to executive corruption occurs in scenarios where the executives were sanctioned with fines and prison time and are thus no longer serving as leaders (e.g. Pelletier & Bligh, 2008). Because the moral triumphs and transgressions of lower-level leaders are typically of smaller magnitude and may not merit termination or prison time, the leader-follower relationship could endure past downward shifts of lower-level leaders. As the observance of (un)ethical leader behaviors over time is what leads to a reputation of (un)ethical leadership (Brown et al., 2006; Walumbwa & Schaubroeck, 2009), and as the effects of those changes over time on followers is the focal point of this dissertation, lower-level leaders and their shifts in ethical leadership are more suited to this theory building and empirical testing than executives.

Research Questions and Overview

The purpose of this dissertation is to provide the theoretical and empirical foundation for testing a dynamic model of ethical leadership, follower positivity, and performance. To accomplish this, I explore the following research questions: (1) What causes or predicts shifts in follower perceptions of ethical leadership over time? (2) How do shifts in ethical leadership influence follower performance?

The study of these questions makes a number of contributions to the leadership and positive organizational behavior literatures. First, from a broad perspective, this dissertation makes a significant contribution to the leadership literature by examining changes in leadership style over time. Although this work only studies the specific style of ethical leadership, the argument that day to day perceptions of a leader's style can shift upward or downward opens up future exploration into the stability of a variety of leadership styles. From such a lens, future research can approach a new understanding of the dynamic process of leadership.

Although the importance of ethical leadership in determining follower commitment, performance, citizenship, and ethical decision making has been well established, there is little understanding of the role of time in the ethical leadership process and how leaders can develop reputations for ethical leadership over time. By examining the predictors of both upward and downward shifts in ethical leadership, this dissertation informs researchers and practitioners of some of the opportunities to be taken advantage of and threats to guard against in the effort to establish a reputation of ethical leadership. Additionally, this research aims to show the value gained and lost through upward and downward shifts by measuring the effects on follower performance.

Another contribution of this dissertation is made in the positive organizational behavior realm. Previous research has established the significant relationship between leadership and

follower positivity. Transformational leadership (Gooty et al, 2009), authentic leadership (Clapp-Smith et al, 2009; Walumbwa, Luthans, Avey, & Oke, 2011), and leaders' own psychological capital (Avey, Avolio, & Luthans, 2010) are predictive of follower psychological capital, which in turn increases in-role and extra-role performance (Youssef & Luthans, 2007). Despite the overlapping nature of ethical leadership with the transformational and authentic leadership styles (see Table 1, borrowed from Walumbwa et al, 2008), no research that the author is aware of has tested the predictive value of ethical leadership on follower PsyCap. Conceptually and empirically connecting ethical leadership with follower PsyCap increases understanding of what leaders should be and do to have positive followers, while also illuminating another mechanism through which ethical leadership influences follower outcomes.

Chapters 1 and 2 respectively introduced the dissertation and explained variable selection and boundaries for this research. Chapter 3 presents a review of the literature on ethical leadership and positive psychological capital, leading to the hypothesis development in chapter 4. The fifth chapter presents study 1, conducted with soldiers in the US military, and reports findings and a brief discussion. Chapter 6 details study 2, conducted with the pharmaceutical department of a Fortune 500 insurance company, and reports findings with discussion. Chapter 7 offers a general discussion of the contributions and limitations of this work, with a number of suggestions for future research, while chapter 8 concludes the dissertation.

III. LITERATURE REVIEW

Ethical Leadership

Despite its seemingly recent introduction into leadership research, the study of ethical leadership has long dominated the thoughts and writings of both ancient and modern philosophers. From the philosopher kings in Plato's Republic to the more current debates on the motivations of ethical leaders as well as the assessment of leaders' ethical value (see Ciulla, 2004), the philosophical normative perspective focuses on how leaders *should* behave. Yet as the exposure of business and political scandal continues to increase in number and magnitude, practitioners and researchers have sought answers that address how leaders *actually* behave, as well as how followers perceive and react to ethical and unethical leadership. The more descriptive and predictive social-scientific approach to ethical leadership adopts that focus, with the added emphasis on why leaders behave ethically or unethically and the outcomes of those leader behaviors on followers.

Indeed, it is not just the leaders ethics that ethical leadership researchers are seeking to understand, explain and predict. The most basic tenet of social learning theory (Bandura, 1977, 1986) upon which ethical leadership is based is that people learn standards of normatively appropriate behavior by observing role models for cues on how to behave. When faced with an ethical question or dilemma in the workplace, employees will rely on their leaders for guidance (Trevino, 1986), particularly when considering leaders' prominence and salience from the followers' perspective (Sy, Cote, & Saavedra, 2005). It is no wonder that employees tend to conform to the ethics of their leaders (Schminke, Wells, Peyrefitte, & Sabora, 2002) and that leader behaviors are one of the most important factors in forming (un)ethical climates (Dickson, Smith, Grojean, & Ehrhart, 2001; Schein, 1985). To summarize, the importance of ethical

leadership is magnified by the fact that it sets the tone for the ethical climate and the ethical or unethical actions of followers.

The social-scientific approach to ethical leadership has been brought about through the intersection of the well-established business ethics and leadership literatures. One demonstration of this is James Weber's (1990) application of Kolhberg's (1981) theory of moral development to leadership by assessing the moral reasoning of business managers. Although managers were found to reason at the same stages as most adults in Western society, moral reasoning significantly decreased when the dilemma was set in a familiar business context compared to a non-business context. This early warning sign of the effects of familiarity and a competitive business environment on leaders' moral reasoning informed future research on leaders' moral traits and behaviors. For instance, Bowen and Power's (1993) article on the Exxon-Valdez oil spill concluded that moral management in business settings must expand the setting from shareholders to stakeholders and then revolve around a communicative ethic between management and stakeholders to maximize moral reasoning. Other work proposes the selection of leaders based on personality that is pre-disposed to high moral reasoning and ethical behavior no matter the setting (Jones, 1995).

The approaches to better understand the role and importance of ethics in leadership have taken varying paths, overall leaving the idea of ethical leadership in a fragmented state. Some research evolved beyond managers' moral reasoning to moral traits such as leader credibility, integrity, and fair-mindedness (Posner & Schmidt, 1992; Kouzes & Posner, 1993; Craig & Gustafson, 1998), while others maintained a more generalized view of overall ethical leadership by regarding it as employees' perception that their leaders care about ethics (e.g. Trevino et al, 1998; Weaver et al, 1999). A more dominant branch of the literature went in an opposing

direction by considering whether an ethical or moral perspective was simply a facet of already established leadership styles such as charismatic or transformational leadership (Kanungo & Mendonca, 1996; Kanungo, 2001; Turner, Barling, Epitropaki, Butcher, & Milner, 2002). As Yukl notes in his leadership review (2002), research on the dark side of charisma (Howell & Avolio, 1992) and on pseudo-transformational leadership (Bass & Avolio, 1997; Bass & Steidlmeier, 1999) suggests that exceptional leadership and ethical leadership are not necessarily aligned. As Aronson (2001) clarifies, a leader's morality "does not determine the style of leadership, only how ethical it is" (p. 250). Although there is some conceptual overlap between ethical leadership and both transformational and transactional leadership, these established leader styles do not encompass all that ethical leaders are considered to be and do (Brown, Trevino, & Harrison, 2005).

The interest in ethical leadership by researchers and practitioners coupled with the lack of any formal definition or systematic study of it as a unique leadership style up to that point prompted a qualitative investigation into the meaning of ethical leadership. Trevino, Hartman, and Brown (2000) conducted a series of 40 interviews with senior executives and corporate ethics officers across a variety of industries to understand the perceptions of ethical leadership. A dual-pillar approach to ethical leadership emerged from the data, suggesting the necessity of both "moral person" and "moral manager" components to be an ethical leader. The moral person pillar requires leaders to focus on their own moral traits and behaviors, stressing integrity and personal morality while paying close attention to ethics when making decisions. Many of the senior executives interviewed believed this was enough, however, the ethics officers along with a few of the executives stressed the importance of the visibility of the moral person to followers. The moral manager pillar adds this dimension, by prioritizing role modeling through visible

action, rewarding moral behavior and punishing immoral behavior, and communicating the importance of ethics and values. Further work with the data revealed an ethically neutral background that socially-salient, moral leader behaviors must stand out against if a reputation for ethical leadership is to be developed (Trevino, Brown, & Hartman, 2003).

Drawing on this and other research, Brown and colleagues defined ethical leadership as "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making" (2005: 120). The ethical leadership scale (ELS) they developed captures the full domain of this definition and provides a consistent and simple way to measure ethical leadership that has been used in the majority of subsequent research on the topic. Brown and colleagues (2005; 2006) also demonstrate the convergent and discriminant validity of ethical leadership with other leader traits and behaviors (honesty, trust, socialized charismatic leadership, authentic leadership, spiritual leadership, transformational leadership, etc.) and provide evidence of construct validity with ethical leadership predicting follower attitudes including perceived leader effectiveness, job satisfaction and dedication, and willingness to report problems to the leader.

In a follow-up review, Brown and Trevino (2006) rely on social learning theory to theorize the situational and individual antecedents of ethical leadership as well as the outcomes on follower attitudes and behaviors. Followers view leaders as role models and look to them for cues on appropriate ethical (or unethical) behavior, consequently engaging in similar behaviors. Additionally, recent research has shown that ethical leadership promotes ethical culture at various levels within the organization, suggesting that ethical leaders provide not only an example, but a context in which followers can think and act ethically (Schaubroeck et al., 2012).

Social exchange theory (Blau, 1964) and social identity theory (Ashforth & Mael, 1989) have also been used to explain the influence of ethical leadership on follower attitudes and behaviors (Mayer, Kuenzi, et al, 2009; Walumbwa & Schaubroeck, 2009; Walumbwa, et al, 2011). As ethical leaders treat employees morally and fairly, the employees feel indebted to their leader and fulfill the need to reciprocate by increasing levels of citizenship behavior, task performance, and ethical behavior. Further, ethical leaders enhance followers' identification with the group by promoting high ethical standards and values with which members desire to align themselves. Empirically, ethical leadership has been found to predict a number of employee outcomes, including job satisfaction, organizational commitment, optimism, engagement, perceived effectiveness, voice behavior, willingness to put in extra effort, organizational citizenship behavior, psychological safety, workplace deviance (negatively related), and perceptions of organizational culture and ethical climate (Brown et al., 2005; Neubert, Carlson, Kacmar, Roberts, & Chonko, 2009; Toor & Ofori, 2009; Walumbwa & Schaubroeck, 2009; Mayer et al, 2009; Mayer, Priesemuth, Brown, & Kuenzi, 2009; Piccolo, Greenbaum, Den Hartog, & Folger, 2010; De Hoogh & Den Hartog, 2008).

As a recently developed research construct with validated measures, ethical leadership appears to be gaining momentum in the literature. At the same time, researchers seem to agree that the extant research and ideas have only scratched the surface of what we ought to understand about ethical leadership (Brown & Mitchell, 2010). This dissertation proposal responds to the call of Brown and Mitchell (2010) to consider how ethical leadership might change over time, and how shifting ethical leadership affects followers' positivity and performance.

Positive Organizational Behavior and Psychological Capital

The emergence of a positive psychology (Seligman & Csikszentmihalyi, 2000) and the rapid momentum it has gained (e.g., Aspinwall & Straudinger, 2003; Carr, 2004; Compton, 2005; Giacalone, Jurkiewicz, & Dunn, 2005; Keyes & Haidt, 2003; Linley & Joseph, 2004; Lopez & Snyder, 2003; Peterson, 2006; Peterson & Seligman, 2004; Snyder & Lopez, 2002) caught the attention of a number of management researchers who immediately saw the potential of studying human flourishing in the workplace. At the helm of transitioning positive psychology to the workplace was Luthans (2002a, 2002b), who introduced positive organizational behavior (POB) as, "the study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement in today's workplace" (2002b, p. 59). Positive organizational behavior and its more broadly defined sister movement titled positive organizational scholarship (Cameron, Dutton, and Quinn, 2003) by no means claim to have introduced the study of positivity into management research. Rather, they provide a framework to categorize previous research and organize current and future management research on underrepresented positive states and outcomes (Roberts, 2006).

The relatively narrow definition of POB provides specific inclusion criteria that separate it from positive psychology, POS, and the mainstream self-help literature. First, positive OB constructs must be based in theory and researched with valid measurement, essentially following the scientific method. Second, the constructs must be state-like in that they should be open to development. The term "state-like" is indicative of a state-trait continuum, where states are at one end representing changeable momentary feelings such as emotions, and traits are at the other end representing very stable, "hard wired" characteristics, such as intelligence. As mentioned

earlier, a state-like capacity falls between the state-end and middle point of the continuum, suggesting the constructs are relatively malleable and open to change and development, whereas the trait-like constructs are relatively stable but could change over longer periods of time, such as the Big 5 personality variables (Luthans, 2002a; 2002b). The final requirement to meet the criteria of POB is that the construct must have performance impact. This criterion is not meant to limit research on other outcomes of interest; rather, the intent is to separate POB from positive psychology, which often holds positivity as an end in itself (Luthans & Youseef, 2007).

From the flourishing research in positive psychology, the four constructs of *self efficacy, optimism, hope,* and *resilience* were identified as the most relevant to POB (Luthans, 2002a; Luthans, Youssef, & Avolio, 2007). Each of these constructs will be briefly described here to demonstrate their fit in the POB literature (for those interested in a more in-depth review and discriminant validity analysis, see Luthans et al., 2007).

Self efficacy, which has certainly received the most attention of the four POB constructs in the OB literature, stems from Bandura's social cognitive theory (1986; 2001) and has been defined as individuals' confidence in their own abilities to successfully execute a specific task (Stajkovic & Luthans, 1998b). It is regarded and measured as a state (Bandura, 1997), and meta-analyses have confirmed that it is positively and strongly related to work performance (Bandura & Locke, 2003; Stajkovic & Luthans, 1998a).

Optimism is a cognitive, emotional, and motivational state that attributes positive events to personal, permanent causes and negative events to external, temporary causes (Luthans & Youssef, 2007; Seligman & Csikszentmihalyi, 2000). Although optimism utilizes generalized attributions and appears to include a dispositional baseline (Scheier & Carver, 1987), it is developed within the pursuit of personal goals, can be taught and developed (Seligman, 1998),

and is predictive of performance (Seligman, 1998; Luthans et al., 2005), thus meeting the POB criteria.

Hope is a two-component positive motivational state consisting of a sense of internalized control or agency that provides energy to accomplish personal goals and an adaptive planning process of contingency pathways to overcome obstacles toward the achievement of goals (Snyder, Irving, & Anderson, 1991). Hope's developmental nature (Snyder, 2000) confirms its state-like character, and empirical research has established its relation to workplace performance (Adams et al, 2002; Peterson & Luthans, 2003).

Resiliency has been defined as a proactive capacity to bounce back (and beyond) from significant adversity, failure, and other setbacks or challenges through positive adaptation (Luthans, 2002a; Luthans & Youssef, 2007; Masten & Reed, 2002; Reivich & Shatte, 2002). Work in positive psychology and POB suggests resiliency can be trained and developed, providing empirical support for its state-like nature (Luthans, Vogelgesang, & Lester, 2006; Masten, 2001; Masten & Reed, 2002). Resiliency has also been related to performance outcomes in the workplace (Luthans, Avey, et al., 2006; Reivich & Shatte, 2002; Vickers & Kouzmin, 2001; Youssef & Luthans, 2007).

Much like effective management of traditional capital (financial, physical, & technological), human capital (explicit and tacit knowledge), and social capital (networks, norms, & trust), the management and development of POB in the workplace can offer organizations a source of sustainable competitive advantage (Luthans & Youssef, 2004; Toor & Ofori, 2010). From this line of reasoning, the identified POB constructs have taken on the umbrella term of psychological capital, or PsyCap, which has been defined as: "an individual's positive psychological state of development… characterized by: (1) having confidence (self-

efficacy) to take on and put in the necessary effort to succeed at challenging tasks; (2) making a positive attribution (optimism) about succeeding now and in the future; (3) persevering toward goals and, when necessary, redirecting paths to goals (hope) in order to succeed; and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resilience) to attain success" (Luthans et al., 2007, p. 3). In fewer words, it has also been characterized as "one's positive appraisal of circumstances and probability for success based on motivated effort and perseverance" (Luthans et al., 2007, p. 550).

Importantly, the four positive constructs that form PsyCap have shown convergent and discriminant validity with and from each other (Luthans & Jensen, 2002; Luthans et al., 2007; Youssef & Luthans, 2007), yet taken together, they have been conceptually developed and empirically supported as a synergistic higher-order construct that is more predictive of outcomes than the individual components (Luthans, Avolio, Avey, & Norman, 2007; Avey, Patera, & West, 2006; Luthans, Avolio, Walumbwa, & Li, 2005). The support for PsyCap as a second-order factor suggests its components share a commonality or underlying mechanism of positive intentional striving toward thriving and success despite changes and challenges that may arise, leading some to simply refer to it as "positivity" (e.g. Avey, Avolio & Luthans, 2010; Avey, Wernsing, & Luthans, 2008; West, Patera, & Carsten, 2009). Put differently, the core construct of PsyCap or positivity is comprised of the shared variance between self-efficacy, optimism, hope, and resiliency (see Law, Wong, & Mobley, 1998).

Rigorous studies, some of which control for individual differences (e.g. Big 5 traits, core-self evaluations) and contextual variables (e.g. P-J fit, P-O fit) have consistently revealed PsyCap as a positive predictor of desirable work-related employee outcomes including job performance, satisfaction, commitment, work happiness, engagement, citizenship behaviors, and psychological

well-being (Avey, Luthans, & Youssef, 2010; Avey, Luthans, Smith, & Palmer, 2010; Avey,

Wernsing, & Luthans, 2008; Luthans & Jensen, 2005; Luthans, Avolio, Avey, & Norman, 2007;

Youssef & Luthans, 2007). Heeding the warning of POB critics (e.g. Fineman, 2006),

researchers have been careful to not ignore the influence on the negative when focusing on the

positive, and have found PsyCap to be a negative predictor of absenteeism, stress, cynicism,

deviance, counterproductive work behaviors, intentions to quit, and turnover (Avey, Luthans, &

Youssef, 2010; Avey, Patera, & West, 2006; Avey, Luthans, & Jensen, 2009; Avey, Wernsing,

& Luthans, 2008). Given the developmental nature of PsyCap and its considerable effects on

employee outcomes, a number of avenues are being explored to help employees increase their

psychological capital (Luthans, Avey, Avolio, Norman, & Combs, 2006; Luthans, Avey, &

Patera, 2008; Peterson, Balthazard, Waldman, & Thatcher, 2008).

One of these avenues of research that has received considerable attention is the role of

leadership in predicting PsyCap, along with the study of PsyCap as a positive form of leadership

in its own right. Partly based on the assumptions of mood contagion (Neumann & Strack, 2000;

Barsade, 2002), particularly from leader to follower (Sy, Cote, & Saavedra, 2005), leaders'

PsyCap has been shown to significantly predict followers' PsyCap both in the lab (Avey, Avolio,

& Luthans, 2010) and in the field (Walumbwa, Peterson, Avolio, & Hartnell, 2010), indicating

that positive leaders increase positivity in followers. Moreover, these studies separately

confirmed that follower PsyCap mediates the relationship between leader PsyCap and follower

job performance.

PsyCap has also been found to mediate the effects of other effective leadership styles on

follower behaviors. For example, within the unique sample of a university marching band that

had experienced a change of leadership, the positive effects of transformational leadership

perceptions on follower in-role and extra-role performance were mediated by follower PsyCap

(Gooty, Gavin, Johnson, Frazier, & Snow, 2009). Additionally, recent research demonstrates that

the positive influence of authentic leadership (which is rooted in POB - Luthans, Youssef, &

Avolio, 2007) on group performance and citizenship behavior is mediated by group PsyCap and

group trust, even when controlling for transformational leadership (Walumbwa, Luthans, Avey,

& Oke, 2011). Similar relationships hold at the individual level and in extreme contexts, with

PsyCap fully mediating the effect of authentic leadership on follower performance (Peterson,

Walumbwa, Avolio, & Hannah, 2012). Overall, these findings begin to substantiate the

relationship between effective leadership and followers' PsyCap. Building on past research

suggestive of a relationship between ethical leadership and the components of PsyCap, one of the

major contributions of this paper is a more complete and dynamic exploration of how ethical

leadership influences follower PsyCap.

IV. THEORY AND HYPOTHESIS DEVELOPMENT

Shifts in Ethical Leadership Style

This research relies on the assumption that employees adjust their perceptions of their immediate leader's leadership style over time. Given that the leadership process and the context in which it operates are in constant flux (Porter & McLaughlin, 2006), new information on a leader's style should be readily available to immediate followers. For example, personal interaction with the leader, observation of the leader, attributions of the leader's decision-making process, office gossip about the leader, etc. all provide data that can inform follower perceptions of that leader. Each point of data gathered within the leader-follower relationship can be plotted in an experience profile (Ariely & Carmon, 2000; 2003), which unfolds over time through interactions and experiences that vary in sign and intensity (See Figure 1 for examples). The experience profile offers a dynamic model of leadership in which not only the *level*, but the *shifts* or even the *trajectory* of a leadership style can influence follower attitudes and behaviors. Although I am aware of no other research that examines ethical leadership shifts or trajectories, previous research has considered similar dynamic models and trajectories of other variables, including organizational commitment (Bentein, Vandenberg, Vandenberghe, & Stinglhamber, 2005), job satisfaction (Boswell, Boudreau, & Tichy, 2005), performance (Reb & Cropanzano, 2007), and turnover (Kammeyer-Mueller, Wanberg, Glomb, & Ahlburg, 2005).

According to research in psychology and decision making, when followers summarize an experience profile to make a static evaluation such as their leader's ethical leadership style, they extract only a few salient features, or gestalt characteristics, of the profile and combine them into summary evaluations (Ariely & Carmon, 2000). Typically, the salient features include the more intense data points from the past as well as the most recent data points collected, the latter

of which makes shifts in a given leadership style highly probable over even short periods of time. We also know from prior research, that negative information is more emotionally charged and readily recalled than positive information (Rozin & Royzman, 2001), thus downward shifts in ethical leadership might be more prominent than upward shifts.

Shifts in ethical leadership should occur when followers receive new information that affects perceptions of either the moral person or moral manager dimensions of the immediate leader. 'Moral person' shifts might occur through rumors of (un)ethical behavior in the leader's private life or through observation of the leader making (un)ethical decisions in the workplace. Shifts can also occur in the 'moral manager' dimension through changes in the extent to which the leader teaches, trains, and focuses on ethics with followers. Some examples of leader behaviors that are likely to cause shifts in follower perceptions of ethical leadership can be found in Figure 2. A useful example in management research is provided by Offermann and Malamut (2002), who report on leaders at varying levels in an organization who either sexually harass followers or who make efforts to stop sexual harassment. While witnessing a leader sexually harass a follower should cause a downward shift in the moral person dimension of ethical leadership, the leader who punishes such behavior or makes other efforts to stop the harassment is likely to shift upward in followers' perceptions of the moral manager dimension.

In chapter 2, I described how context and attributions play a role in shifting perceptions of ethical leadership. But apart from contextual and attributional factors, how likely is it for a leader to behave differently than he or she has in the past? Do leaders engage in (un)ethical behavior that would alter leader style perceptions that have been established in an experience profile over a long period of time? To tackle this question from existing theory and research, I

first focus on potential causes of downward shifts followed by contributing factors to upward shifts in a leader's ethical leadership style.

Downward shifts in ethical leadership can be caused by any questionable moral missteps, which leaders may be more prone to in the first place because of their position of power. In an exchange between two British historians in 1887, Lord Acton wrote to Mandell Creighton the following famous couplet: "All power tends to corrupt and absolute power corrupts absolutely. Great men are almost always bad men" (Acton, 1948). This historical observation was empirically examined and corroborated in the foundational work of psychologist David Kipnis (1972; 1976), whose research was a catalyst for multiple streams of additional exploration on the misuse and abuse of power (see Lee-Chai & Bargh, 2001). One of these streams specifically focused on the ethical failure of successful leaders and has been labeled the "Bathsheba Syndrome" after the Biblical account of King David (Ludwig & Longnecker, 1993). Paradoxically, David's high moral character allowed his rapid rise to power, which power and success led to a downward spiral of unethical decisions culminating in the downfall of both his moral character and his power.

Another stream of research of the effects of power on morality focuses on hypocrisy, with evidence showing that more powerful individuals are stricter when judging others' moral transgressions yet are more likely to engage in the immoral acts themselves (Lammers, Stapel, & Galinsky, 2010). As downward spirals of unethical decisions as well as moral hypocrisy find their way into the varying levels of leadership, they are either immediately or eventually perceived by followers and can thus result in downward ethical leadership shifts.

The theoretical background of upward shifts in ethical leadership draws from broad developmental frameworks, such as Kegan's (1982; 1994) orders of consciousness, Torbert's

(Lichtenstein, Smith, & Torbert, 1995; Torbert, 1987; Torbert et al, 2004) action logic stages that inform moral reasoning and behavior, and Kohlberg's (1981, 1984) cognitive moral development (CMD) theory. In a review of these three constructive-developmental models in the context of leadership, McCauley and colleagues (2006) note the underlying assumption that developmental movement to a higher order or state is driven by increased complexity in the environment in which the leaders operate. A number of experiences can trigger development from one level to the next, including complex situations that naturally present themselves to leaders, personal changes in the lives of the leaders outside of the workplace, in-depth discussions of moral dilemmas, intense personal reflection, changes in the work environment, and structured developmental programs or interventions (Palus & Drath, 1995; Rooke & Torbert, 2005; Rest & Thoma, 1986).

Of the constructive-developmental models, CMD has received the most research attention relating it to ethical leadership. CMD theory proposes three broad stages of moral maturity. The first is the *preconventional* level, where individuals determine morality based upon the consequences of actions or the moral teachings of authority figures. Most adults are categorized under the *conventional* level, which is the second stage of moral development. At the conventional level, societal norms as well as peer and family influences are the major factors in determining morality. Finally, *postconventional* level morality is defined in terms of universalistic principles and personal conscience, independent from self-interest and societal pressures. The subdimensions within CMD allow for greater variance and categorization, and over a thousand studies have been done that assess CMD through either the moral judgment interview measure (Colby & Kohlberg, 1987) or the defining issues test (Rest, 1979). This vast amount of research has demonstrated that cognitive moral development is consistently related to

ethical behavior, with correlations usually in the .30 to .40 range (Trevino & Youngblood, 1990; Goolsby & Hunt, 1992; Rest, 1994).

Recent research confirms a positive relationship between leaders' CMD and follower perceptions of ethical leadership, with ethical leadership rated highest when leaders' CMD was higher than followers' CMD (Jordan, Brown, Trevino, & Finkelstein, 2011). Leaders who participate in research-based ethics programs offered by their organizations might experience an increase in cognitive moral development (Trevino, 1986), which has a direct and positive impact on ethical leadership. Moreover, intense personal reflection, discussion of moral dilemmas, and other practices that boost CMD are not limited to workplace interventions, and can occur in a myriad of ways such as individual meditation, casual or intimate conversation, self- or formal education, etc. (Rest & Thoma, 1986) Leaders participating in these activities of their own accord can independently advance their cognitive moral development and shift upward in their ethical leadership.

While Kohlberg (1981) was concerned with the highest level of moral reasoning of which each individual is capable as a predictor of outcomes, others advanced that people differ in the extent to which they apply their moral reasoning capacity to their behavior. Most recently, Hannah and colleagues (2011) advanced theory on the differences between moral maturation (akin to CMD) and moral conation, or the courage, efficacy, and moral ownership one possesses to not only think, but to act morally. Past research relied on the utilizer-score (U-score) to capture this individual difference, with high U-scores demonstrating consistency and low U-scores demarking inconsistency between CMD and actions (Thoma, 1994; Thoma & Rest, 1999; Thoma, Rest, & Davison, 1991). Brown and colleagues (2006) theorize that U-scores moderate the positive relationship between moral reasoning and ethical leadership.

U-scores have been shown to moderate the relationship between CMD and a variety of outcome variables (Thoma & Rest, 1999; Thoma et al., 1991), with recent research focusing on the role of *leader* U-scores in moderating organizational and follower outcomes. Schminke, Ambrose, and Neubaum (2005) may have been the first to study consistency and inconsistency in leaders' ethical behavior by proposing that leader U-scores moderate the relationship between leader CMD and ethical climate. They argue that "consistent moral actions [moral person] and consistent ethical messages [moral manager] should exert a stronger influence on the ethical norms of the organization" (bracketed phrases added; Schminke et al., 2005, p. 138). Conversely, as leaders with low U-scores demonstrate ethical action that is not always in line with their CMD, the signals sent to followers will be unclear and inconsistent and thereby have a weaker effect on ethical climate. Significant interactions between leader CMD and leader U-scores on four of the five types of ethical climate lend strong support to their hypotheses. In some of these interactions, inconsistently ethical leaders with U-scores one standard deviation below the mean had a negative effect on ethical climate. This finding speaks to the work by Duffy and colleagues (2002) on social undermining, which found the highest levels of follower counterproductive work behaviors and the lowest levels of follower self-efficacy and commitment were associated with supervisors characterized by high levels of both undermining and support rather than high undermining and low support. In summary, mixed moral signals and behaviors from leaders brings about negative follower outcomes.

Though the work of Schminke and colleagues (2005) approaches the idea of inconsistencies in the two main pillars of ethical leadership (moral person and moral manager) through utilization-scores of CMD, it does not consider the bi-directional nature of the inconsistencies. U-scores depict the extent to which the leader makes decisions based on their

highest attained level of moral reasoning, with low U-scores representing inconsistency that should result in downward shifts in follower perceptions of ethical leadership. High U-scores, on the other hand, are equivalent to stability in ethical leadership, as the leaders make decisions and act consistently over time and situations. But the theory and empirics behind U-scores do not provide an analogy to upward shifts in perceptions of ethical leadership.

Although not focused on leadership, more recent work in behavioral ethics has explored bi-directional moral shifts with the discovery of the moral pendulum effect. Using self-completion theory (SCT; Gollwitzer & Kirchhof, 1998; Wicklund & Gollwitzer, 1982) as a framework for a series of experiments, Jordan, Mullen, and Murnighan (2011) show that recalling past moral behavior provides individuals with a sense of moral completeness, effectively licensing them to morally transgress in the same or separate domain. Conversely, the recollection of past immoral behavior threatens individuals with a sense of incompleteness with respect to their moral self, which in turn motivates moral action to arrive at a more complete moral self-conception. Among other findings, the magnitude of immoral behavior was positively correlated with the magnitude of subjects' recalled moral behavior, suggesting a sort of overcorrection which keeps the individual from remaining at their ideal moral self-completeness. These findings are summarized into the moral pendulum effect, which advances that individuals' moral behavior fluctuates above and below the baseline of their ideal moral self, constantly overcorrecting for moral and immoral behaviors (Jordan et al, 2011). Of course, one's ideal moral self can be synonymous or at least related to moral identity, which has been recently supported as an antecedent to ethical leadership (Mayer et al, 2012). When applied to leaders, the moral pendulum effect suggests that as long as these fluctuations are perceived by followers,

ethical leadership should be constantly shifting, with alternating upward and downward shifts that are likely to have an impact on followers.

In summary, beyond the effects of context in leader ethical decision-making (Stenmark & Mumford, 2011), a wide array of factors can contribute to the phenomenon of upward and downward shifts in perceptions of ethical leadership. Previous and more recent empirical research are in agreement that the power that comes with leadership can result in moral failure as depicted in the Bathsheba effect. But, not all leaders get caught in a downward spiral of unethical decisions. Instead, they might simply demonstrate inconsistencies in the moral person and moral manager dimensions of ethical leadership. Downward shifts in ethical leadership can occur through corruption or by merely not utilizing one's cognitive moral development to the fullest. Research on U-scores is applicable to these downward shifts. Upward shifts can occur through increased leader moral development and increased moral conation through training and other interventions in the organization or through the leader's own efforts. Additionally, research on the moral pendulum effect indicates that ethical leadership shifts may be cyclical, in that they alternate between more ethical and less ethical behaviors as leaders try to maintain their own idealized level of moral self completion.

As a number of constraints in the present research prevented a complete empirical examination of the many potential antecedents of shifts in followers' perceptions of their leaders ethical leadership style, I chose to explore the role of salient leader behaviors on shifts in ethical leadership, as presented in the following hypotheses:

H1: Salient ethical actions of leaders are positively related to upward shifts in

perceptions of ethical leadership.

H2: Salient, unethical actions of leaders are positively related to downward shifts in

perceptions of ethical leadership.

Before exploring the effects of shifts in ethical leadership on follower outcomes, I first

address the influence of non-shifting or stable ethical leadership on follower PsyCap and

performance. The research on ethical leadership has shown it is positively related to followers'

job satisfaction, organizational commitment, motivation, performance, and organizational

citizenship behavior, and negatively related to counterproductive behavior (Brown et al., 2005;

Brown & Trevino, 2006; Mayer et al, 2009). I expect stable ethical leadership to yield similar

effects, demonstrating a positive relationship with job performance.

Hypothesis 3: When ethical leadership is stable over time, the level of ethical leadership

is positively related to follower performance.

As mentioned previously, the role of leadership in predicting follower PsyCap has been

fruitfully explored in a number of research studies. Specifically, transformational and authentic

leadership styles have been conceptually and empirically linked to levels of follower PsyCap

(Gooty et al., 2009; Walumbwa et al., 2011; Luthans et al., 2007; Zhong & Li, 2008), yet despite

the large conceptual overlap between these three leadership styles (see Brown, Trevino, &

Harrison, 2005; Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008), no research directly

examines the influence of ethical leadership on follower PsyCap. In their article on ethical and

despotic leadership, De Hoogh and Den Hartog (2008) proposed that "employees will be more

positive, hopeful, and optimistic about their organization and work situation and more willing to

remain and contribute to its success *when their leaders act in an ethical manner*" (p. 300,

emphasis added), yet they limit their dependent variables to optimism and performance rather

than assessing PsyCap in its entirety. More recently, Walumbwa and colleagues (2011) found

support for follower efficacy, another component of PsyCap, as a key mediator in the relationship between ethical leadership and follower performance.

Combining the work of De Hoogh and Den Hartog (2008) as well as that of Walumbwa and colleagues (2011), I propose that stable ethical leadership is positively related to the core construct of PsyCap, comprised of efficacy, hope, optimism, and resiliency. Walumbwa and Schaubroeck (2009) state, "Ethically-oriented behavior must be constant across time and different situations in order for a leader to develop and maintain a reputation for ethical leadership" (p. 1282). This reputation of stable ethical leadership should directly increase PsyCap through its effect on the confidence, loyalty, optimism, and efficacy of followers (Aronson, 2001; De Hoogh & Den Hartog, 2008; Walumbwa et al., 2011). Additionally, such stability of ethical behavior has been revealed as the most important element in developing trust within a dyad such as a leader-follower relationship (Dunn, 2000). Luthans and Youssef (2007) argue that trust increases PsyCap by building efficacy through social persuasion and by serving as a resource to promote the pathway component of hope. Additional empirical work has shown positive correlations between trust and PsyCap (Walumbwa, Luthans, Avey, & Oke, 2011; Clapp-Smith, Vogelgesang, & Avey, 2009), suggesting that the trust that emanates from ethical leadership stability also ought to influence the higher-order factor of PsyCap. As research has shown PsyCap to have a robust relationship with performance (Avey et al., 2008; Avey et al., 2009; Avey et al., 2010), I expect the state-like construct of PsyCap to mediate the effects of stable ethical leadership on performance.

Hypothesis 4: Follower PsyCap mediates the positive relationship between the level of

stable ethical leadership and performance.

As followers detect upward and downward ethical leadership shifts, they may experience a number of emotional and attitudinal responses that affect performance and withdrawal behaviors. Research attention on the aftermath of unethical leader behavior and corruption in the workplace has almost exclusively focused on top management corruption with consequences considered only at the macro-level. Much of this research addresses the ethical turnaround of organizations, largely from case-studies that involve high-profile scandals such as corruption in the Olympics and WorldCom where top management was replaced following the scandal exposure (Bowen & Powers, 1993; Milton-Smith, 2002; O'Connell, 2009; Pandy & Verma, 2005). Other work seeks to explain top-management fraud through its societal, industrial, and organizational antecedents, as well as consequences at the organizational level (Baucus & Near, 1991; Zahra, Priem, & Rasheed, 2005). This research only provides a cursory glance at the impact of ethical leadership shifts on employees, yet it proposes that employees are often hit the hardest by unethical manager behavior, which can then result in the loss of their jobs, retirement savings, and reputation (Cialdini, et al. 2004; Zahra et al., 2005).

Though limiting their research to top-management corruption, organizational behaviorists Pelletier and Bligh (2008) argue for examining the employee perspective, stating that the examination of employee emotional reactions to exposed leader unethical behavior is long overdue. In their 2008 article, Pelletier and Bligh surveyed employees of a local government agency whose chief administrative officer along with other elected and appointed officials had been indicted for misuse of funds, bribery, and improper contracting for millions of dollars in kickbacks. Some of these authorities were sentenced to prison time as well as penalties totaling over six million dollars. The following emotional-reaction categories characterizing followers emerged from their open-ended questionnaire on the topic of ethical and unethical leadership:

cynicism, pessimism, optimism, and fear. Cynicism was the most prevalent and was directed at the organization and its leaders, who had lost the trust of their employees. As the organization was implementing ethics programs in its attempt at turning around the ethical climate, employees were divided between optimism and pessimism, with some believing real change was taking place and others feeling they were wasting time and being punished for the unethical acts of others. Finally, fear was associated with possible reprisals of whistleblowing.

The sports management literature provides further insight into follower reactions to shifts in ethical leadership. In a case where an NCAA basketball coach and several higher-ups were exposed for academic fraud, Kihl, Richardson, and Campisi (2008) applied a qualitative approach grounded in suffering theory to identify the following harmful employee outcomes: distrust, dysfunctional relationships, embarrassment, anger, stress, conflict, and noncompliance. Kihl and colleagues summarized their findings by stating that the players simply became "an emotional mess" (p. 283).

Additionally, as the moral manager aspect of ethical leadership is closely related to moral self-presentation (also known as exemplification; see Gilbert & Jones, 1986; Jones & Pittman, 1982), shifts in the moral person dimension that go against exemplification are likely to be perceived by followers as hypocrisy. Attributions of hypocrisy lead to follower disenchantment and erode follower trust in the leader by reducing perceived integrity (Mayer, Davis, & Schoorman, 1995; Cha & Edmondson, 2006).

These findings from previous research begin to illustrate the adverse emotional, attitudinal, and motivational consequences for followers whose leaders undergo a downward ethical leadership shift. The cynicism, pessimism, stress, conflict, disenchantment, and loss of trust should collectively have a negative impact on follower positivity, which in turn would

reduce performance. Thus, the negative effects of downward shifts in ethical leadership should extend to follower performance, mediated by follower PsyCap.

Still, this research does not consider the potential effect of upward ethical leadership shifts on follower positivity and performance. The general lack of research on upward shifts in ethical leadership complicates the formation of hypotheses in this domain. From one perspective, leader behaviors that trigger upward shifts in ethical leadership could be perceived by followers as a systematic development of the ethical leadership style, reflecting sincere progress in the moral person and/or moral manager aspects of the leader. This perception of moral improvement should enhance trust and respect for the leader, thereby increasing follower performance through follower PsyCap. On the other hand, extreme improvements in the moral person and moral manager dimensions of ethical leadership could be perceived as hypocrisy, as followers are aware of their leaders' past behavior and the extent to which the leader cared and talked about ethics in the past. Rather than attributing the behaviors reflecting an upward shift to improved ethical leadership, they might instead consider the behaviors to be insincere and the leaders' behavior simply inconsistent. As people possess a general distaste for inconsistent and insincere behavior (Cialdini, 1988; Stone, Wiegand, Cooper, & Aronson, 1997; Tedeschi, Schlenker, & Bonoma, 1971), extreme upward shifts in ethical leadership could have a detrimental effect on follower performance, again mediated by PsyCap.

Combined, these theoretical backgrounds lead to the following set of hypotheses and a research question regarding the effect of shifts in ethical leadership on follower positivity and performance:

Hypothesis 5: Downward shifts in ethical leadership are negatively related to follower performance.

Hypothesis 6: Upward shifts in ethical leadership are positively related to follower performance.

Hypothesis 7: Follower PsyCap mediates the effects of shifting ethical leadership on performance.

Research Question: Can upward shifts in ethical leadership of large magnitude be detrimental to follower PsyCap and performance?

IV. STUDY I

The goal of this research is to examine ethical leadership from a dynamic perspective to understand the effects of stable and shifting ethical leadership on follower performance through follower positivity. When approaching a research topic like ethical leadership from a new, longitudinal perspective, it is advisable to select a sample where the phenomenon (shifting perceptions of leadership) is most likely to be observed (Pettigrew, 1990). Although shifts in ethical leadership can occur from day-to-day in any organization, the role of context should not be ignored as it can easily add to or detract from the moral intensity and salience of the leader's (un)ethical decisions and behaviors. As the moral issues increase in salience, the likelihood of followers noticing and adjusting their perceptions of the leader's ethical style also increase. Thus, the ideal sample to study this topic would come from a context with salient ethical issues as well as clear leader-follower relationships where followers interact with the leader frequently. Finally, the ideal study should encompass a clear event or critical incident in the study design that could evoke ethical leadership shifts in either direction.

Sample and Procedure

A sample that met these criteria was taken from the U.S. Army, where ethical dilemmas are commonly life or death situations, a clear hierarchy exists between squad leaders and soldiers, and with active warzone deployment as the event likely to evoke ethical leadership shifts. In conjunction with a larger study, data was collected from 564 soldiers from an Army battalion stationed in the United States and that was awaiting deployment to an active warzone. Approximately 18 months following the initial survey, the soldiers returned to the United States where a second survey was administered. Of the original 564 soldiers, only 254 were returned to the same pre-deployment base and were available to take the second survey. Because of IRB

constraints to maintain anonymity in survey responses, the matching of soldiers from pre- to post-deployment was accomplished within each squad through demographic variables. As we deemed accuracy as paramount to quantity in this matching process, and as many Army soldiers possess similar demographics, the final sample yielded 107 soldiers that I was absolutely certain were matched across time. Although the matching process left 58% of the post-deployment surveys unusable, no significant differences existed among study variables between the 107 matched subjects and the 147 that could not be matched over time (F = .238, p > .05), lending confidence that the final sample is representative of the whole. Post-deployment, the soldiers averaged 25.6 years of age with 4.47 years in the Army. 95.4% were male, and only 2.8% possessed a four-year degree. For 53.8% of the soldiers, the time spanned by our study was their first deployment.

METHODS

Survey 1 assessed perceptions of ethical leadership, and survey 2 included the same ethical leadership measure as well as a measure of PsyCap and self-reported performance. None of the survey items had greater than 5% missing data, and as SPSS analysis revealed the values were missing at random, they were estimated through regression (Tabachnick & Fidell, 2007).

Measures

Ethical leadership. The ten-item ethical leadership scale (ELS) developed and validated by Brown et al. (2005) was used to measure follower perceptions of squad leaders' ethical leadership. Soldiers rated the extent to which they agreed with the items on a 5 point Likert-type scale ranging from strongly disagree to strongly agree. Sample items include "*My leader sets an example of how to do things the right way in terms of ethics*", "*My leader can be trusted*", and "*My leader discusses ethics or values with subordinates*". In survey 2, soldiers were asked to rate

the leader that they deployed with to ensure they were rating the same leader as survey 1. Cronbach's alpha ratings of the scale reliabilities were high (survey 1 α=.95; survey 2 α=.96).

Psychological Capital. To better fit the Army context, a condensed 18-item measure of PsyCap was taken from the Psycholgical Capital Questionnaire (PCQ) developed by Luthans and colleagues (2007). The items removed from the measure were lacking in face validity for soldiers, such as "I feel confident contacting people outside the organization (e.g., suppliers, customers) to discuss problems". Soldiers rated the extent to which they agreed with the items on a 6 point Likert-type scale ranging from strongly disagree to strongly agree. Sample items include "*There are lots of ways around any problem*", "*I usually take stressful things at work in stride*", and "*I always look on the bright side of things regarding my job*". Cronbach's alpha rating of the scale reliability was high (α=.90).

Performance. The 4-item self-rated measure of employee performance is based on the work of Heilman, Block, & Lucas (1992). Sample items include, *"How would you judge the overall quality of your work?"*, and *"All in all, how competently do you perform your job?"* Soldiers responded on a 5 point Likert-type scale ranging from "Consistently performed way below expectations" to "Consistently performed way beyond expectations". Cronbach's alpha indicated the scale reliability was high (α=.88).

Exemplary ethical and unethical actions. The following two items were used to retrospectively assess salient ethical and unethical leader actions: "How often did you witness your leader perform an exemplary ethical act for which they did or should have received positive recognition for?" and "How often did you witness your leader take credit for an act which they did not deserve?" Both items were measured on a 5-point Likert type scale, ranging from "Not at

all" and "Once in a while" to "Fairly often" and "Frequently, if not always". These single item measures were used separately to respectively test hypotheses 1 and 2.

Control Variables. Two issues of military service were statistically controlled for in this study. The first is experience. Soldiers who have served in the Army for longer time periods, have been through multiple deployments, and are higher ranking are more likely to have been exposed to a wider range of leaders and leadership styles. Shifts in ethical leadership may be less surprising or have less of an impact on their PsyCap and performance if they have experienced similar scenarios previously. Second, the extreme scenes of violence and moral dilemmas associated with the life of a soldier can lead to habituation and desensitization over time (Bandura, 1978), potentially making ethical leadership less impactful as well as less salient. Therefore, I initially controlled for tenure (single-item assessing number of years in the Army), rank (represented by paygrade), number of deployments (single-item count measure), and combat exposure.

The combat exposure scale was formed from 6 total questions, with 4 numeric count questions including items such as "How many times have you been attacked by an IED (Improvised Explosive Device)?" and "How many times have you been exposed to enemy killed/wounded?". To solve issues with outliers, responses were coded on a 6 point scale, from "zero" to "five or more". Two dichotomous questions were also included in the scale, asking, "Have you killed or seriously injured anyone in combat?" and "Have you lost a close friend or comrade in combat?". Considering the severity of these items, affirmative responses were coded as a "5" and negative responses were coded as a "0" before averaging them with the other items into the combat exposure measure.

The controls had no significant effect on the regression results, potentially due to high levels of multicollinearity between the first three control variables. A reduced set of tenure (selected for its greater generalizability) and combat exposure still had no significant impact, and to increase degrees of freedom, only combat exposure was controlled for in the final analysis as it showed a moderately significant effect ($p = .09$).

RESULTS

Descriptive Statistics

Means, standard deviations, reliabilities, and correlations among key variables are presented in Table 2.

Validity of Measures

Average variance explained (AVE) was used to ensure the two measures of ethical leadership represent distinct constructs. The test requires that the variance captured by each measurement of ethical leadership should be larger than the squared correlation between the two constructs, with a minimum AVE of .50 (Fornell & Larcker, 1981; Netemeyer, Johnson, & Burton, 1990). Principal components analyses were conducted on each measurement (pre-deployment and post-deployment) of ethical leadership to calculate factor loadings. To calculate AVE, the sum of the squared factor loadings is divided by the sum of the residual variance and squared loadings together. For the pre-deployment assessment of ethical leadership, AVE was calculated at .64, with an AVE of .68 for the post-deployment measurement. As the AVEs both exceed the minimum requirement of .50 and the square of the correlation between the two measurements (.03), the results suggest that the separate measurements of ethical leadership are empirically distinguishable.

Further, for the two measurements of ethical leadership, the calculation of the intraclass correlation coefficient (ICC) allows quantification of the relative proportion of measurement variance within subjects over time versus across subjects. The ICC value for the longitudinal measurements was .156, with a 95% confidence interval from .00 to .34. Thus, up to 34% of the variance in perceptions of ethical leadership in this sample was between people, whereas 66% or more constituted within-person variance over time. As stated in Funk and Dennis' (1999: p. 6) work with ICCs, "Over short periods of time the intra-class correlation coefficient can be interpreted as reliability. As the amount of time between observations increases, however, the interclass correlation is more appropriately interpreted as a measure of stability (vs. change)." Considering the 18-month time frame between the two measurements of ethical leadership, the Pearson correlation between the two measurements of .157, which is equivalent to the interclass correlation for 2 observations (Hayes, 1988), is more appropriately interpreted as a measure of change/stability than an indicator of measurement reliability. Still, the correlation is much lower than is traditionally found in test-retest assessments of leadership. For example, in a study on the psychometric properties of the Multifactor Leadership Questionnaire in which repeated assessments occurred 12 months apart, the ICC values ranged from .62 to .75, with 95% confidence intervals extending from .47 to .83 (Kanste, Miettunen, & Kyngas, 2006). Another study assessing the subdimensions of charismatic leadership found test-retest reliabilities ranging from .69 to .84. with the measurements taken only 24 hours apart (Conger & Kanungo, 1994). Although I am aware of no research that examines the reliability of the ELS using test-retest procedures, I would expect the reliability of the measure to typically fall within similar boundaries as charismatic or transformational leadership styles. The low correlation derived from this sample is likely due to the nature of the context, in which perceptions of leaders that are

formed pre-deployment can undergo real and drastic change when in an active war zone, due to changes in both leaders and raters.

Shifts versus Stability

To determine the base rate of shifts in the sample, I followed previous research by standardizing the ethical leadership scores from both surveys and then comparing the number of cases that shifted either up or down by at least a half standard deviation (Fleenor et al., 1996; Shanock, Baran, Gentry, Pattison, & Heggestad, 2010), with results reported in Table 3. The shifts were almost evenly divided, with 32% of the subjects experiencing a downward shift, 36% of subjects experiencing an upward shift, and 32% of subjects experiencing no significant shift in perceptions of ethical leadership. Of course, this assessment of shifts does not partial out measurement error including unreliability of the measure and other statistical artifacts, relying on the assumption that any change of more than a half standard deviation captures meaningful variance beyond error variance.

To determine the extent to which regression to the mean affected the measurement of shifts (Nesselroade, Stigler, & Baltes, 1980), I conducted a one-way ANOVA of the three shift-groupings on ethical leadership measured at time 1. Although the overall model was significant ($F_{(2,104)} = 36.56$, $p<.01$), pairwise comparisons with the Bonferroni correction revealed that only the subjects who experienced an upward shift in perceptions of ethical leadership significantly differed from the other groups ($p<.01$), with no significant difference between those who experienced downward shifts and those whose perceptions did not shift. As the upward shifting group had a lower mean than the other two groups, the test suggests that some variance in the shifts can be accounted for by regression to the mean, thereby making the analysis of the impact of ethical leadership shifts more conservative.

To learn more about the causes of perceptual shifts in ethical leadership, I also conducted exploratory analysis at the item level to determine if some items were contributing to shifts in ethical leadership more than others. Although the ELS is not a multi-factor scale, some of the items clearly represent the moral person aspect of ethical leadership while others typify the moral manager. By grouping subjects together depending on whether they reported an upward or a downward shift in ethical leadership (those who reflected stable ethical leadership were left out of the item analysis), I was able to calculate the means of each ELS item for the two groups and the standard deviation of the item means for each group. For the group that experienced downward shifts in ethical leadership, the two items that had means more than a standard deviation beyond the average of all items were 1) "My leader makes fair and balanced decisions" and 2) "My leader can be trusted". For the group that experienced upward shifts, two different items fell a standard deviation or more above the mean: 1) "My leader listens to what subordinates have to say" and 2) "When making decisions, my leader asks 'what is the right thing to do?'". Thus, for both upward and downward shifts, the fairness and morality of the leaders' decision making was a prominent factor. The measure does not specify whether the salient decisions are in the leaders' personal lives or within their organization, which suggests that those items could represent both the moral person and moral manager aspects of ethical leadership. As the ELS does not have multiple factors, overlap between moral person and moral manager is to be expected. However, the other two items that were prominent contributors to shifts can be more easily categorized. The item regarding the trustworthiness of the leader was a significant contributor to downward shifts, which speaks more to the moral person dimension of ethical leadership, whereas the item concerning listening to followers was a larger contributor to upward shifts, and is more reflective of the moral manager aspect of ethical leadership.

Although exploratory in nature, this item analysis shows that both moral person and moral manager issues can prominently contribute to upward and downward shifts. In this study, the moral person dimension of ethical leadership appears to be a stronger contributor to downward shifts in ethical leadership, whereas the moral manager dimension was a stronger contributor to upward shifts in ethical leadership. These findings can be useful in determining antecedents of shifting ethical leadership in future research.

Hypothesis Testing

Hypotheses 1 and 2 were designed to lend confidence to the theory proposed of leadership experience profiles and the use of Gestalt characteristics when it comes to assessing leadership style. To test how the single item measures of ethical and unethical leader behaviors antecede congruence between ratings of ethical leadership over time as a dependent variable, I followed the approach advanced by Edwards (1995). First, each rating of ethical leadership was regressed on the two predictors (see Table 4 for results). Using the unstandardized coefficients, I plotted the regression lines for both measurements of ethical leadership on the same set of axes, with the level of ethical leadership on the Y axis and each single-item antecedent on the X-axis of Figures 3 and 4. Controls were held at their respective mean levels in the graphs.

Comparing the slopes of the two measurements of ethical leadership in Figure 3 revealed a significant difference (t= 4.04, p<.01), providing support for hypothesis 1 that the frequency of exemplary ethical acts of a leader is related to shifts in perceptions of ethical leadership. As depicted in the graph, leaders who rarely performed exemplary ethical acts (the left side of the X-axis) tended to shift downward in ethical leadership, as evidenced by the lower ratings at time 2 compared to time 1. Those who performed exemplary ethical acts often tended to shift upward,

evidenced by the growing gap between the measurements of ethical leadership on the right side of the X-axis.

The effect of a leader taking credit for something undeserved on the stability of ethical leadership was plotted in Figure 4, with a comparison of the slopes revealing only a marginally significant difference ($t = 1.75$, $p<.10$). As reported in Table 4, each slope shows a significant and negative effect on its own, which suggests that taking credit for undeserved acts during deployment was negatively related to post-deployment ratings of ethical leadership, and was also predicted before deployment by the rating of the leader's ethical leadership style. Because of this, the difference in the two slopes is not as large as it would have otherwise been if the slope from the pre-deployment measurement of ethical leadership had been zero. Still, the marginally significant comparison between the slopes can be interpreted through the graph, which shows that when leaders never take undeserved credit, their ratings of ethical leadership are very stable at time 1 and time 2. Yet as the frequency of a leader taking undeserved credit increases, the gap between the plotted lines of ethical leadership grows, demonstrating a distinctive downward shift, lending support to hypothesis 2. Combined, these analyses support the argument that salient (un)ethical leader behaviors contribute to shifts in perceptions of ethical leadership.

To test the remaining hypotheses, I relied on polynomial regression as it can assess the effects of congruence (no shifts) and discrepancies (positive or negative shifts) in two measurements of a single variable over time. As an analysis tool, polynomial regression offers a number of advantages over difference scores (for a complete discussion, see Edwards, 1994; 2002), but the primary advantage for this study is that unlike difference scores, polynomial regression does not confound the effects of the predictor variables by merging their independent effects into a single score. As an example, consider two independent subjects from this sample

where one soldier rates his leader as average on ethical leadership at time 1 (a 3 on a 5 point scale) and the other rates his leader as highly ethical at time 1 (a 5 on a 5 point scale). If both soldiers' experience an equal shift in their perceptions over time, the first soldier now sees the leader as very low on ethical leadership (a 1 on a 5 point scale) and the second soldier perceives his leader as average (a 3 on a 5 point scale). By retaining the independent effects of each component measure, polynomial regression can show the difference between these soldiers' experience on their outcomes, whereas the use of difference scores would imply these subjects shared an identical experience of shifting ethical leadership. Thus, polynomial regression allows a more nuanced examination of ethical leadership shifts by considering subjects' base ratings of their leaders in combination with the shifts. The assumptions of polynomial regression are the same as multiple regression analysis, and preliminary analysis for study 1 revealed these assumptions were met.

The full polynomial regression is represented by the following equation:

$$Z = b_0 + b_1X + b_2Y + b_3X^2 + b_4XY + b_5Y^2 + e$$

In this scenario, Z represents self-rated performance, X represents ethical leadership measured at time 1, and Y represents ethical leadership measured at time 2. Edwards (1993, 2002, website) specifies the requirements and steps of analysis for testing advanced polynomial models, including mediation. Following his recommendations, to test mediation in polynomial regression, the initial equation must yield significant results, as well as the following equation that regresses the mediator on the polynomial terms:

$$M = a_0 + a_1X + a_2Y + a_3X^2 + a_4XY + a_5Y^2 + e_M$$

If the relationships with the outcome and the mediator are both significant in these separate tests, then the outcome variable is regressed on the equation with the mediator included as shown in

this second equation:

$$Z = b_0 + b_1M + b_2X + b_3Y + b_4X^2 + b_5XY + b_6Y^2 + e$$

By substituting the second equation into the third equation, the second term of the equation

becomes $b_1(a_0 + a_1X + a_2Y + a_3X^2 + a_4XY + a_5Y^2 + e_M)$, with distribution and collecting of like

terms yielding the following third equation:

$$Z = (b_0 + a_0b_1) + (b_2 + a_1b_1)X + (b_3 + a_2b_1)Y + (b_4 + a_3b_1)X^2 +$$

$$(b_5 + a_4b_1)XY + (b_6 + a_5b_1)Y^2 + (e_Z + b_1e_M)$$

The singular coefficients within the parentheses represent the portion of the effect that bypasses

the mediator, while the compound coefficients within each set of parentheses capture the portion

of the effect mediated by M. Both sets of coefficients can be analyzed with response surface

analysis, which breaks the equation down to plot a three-dimensional graph and to complete four

surface tests that determine the significance of the slopes and curvatures along the lines of

agreement (X = Y) and incongruence (X = -Y) (Edwards, 2002; Atwater et al., 2005). In this

study, the line of agreement represents stable ethical leadership, whereas half of the line of

incongruence represents downward shifts and the other half represents upward shifts.

To set up the analysis, I followed the steps outlined by Atwater et al. (2005) and Shanock

et al. (2010). First, to reduce the potential for multi-collinearity (Aiken & West, 1991), I centered

the ethical leadership measurements around the midpoint (Edwards, 1994) of their 5-point scale

by subtracting three. I then calculated the cross-product and squares of the centered time 1 and

time 2 ethical leadership variables and ran the regressions based on the above equations (with

control variables included).

When regressed on the mediator, the polynomial equation accounted for significant

variance beyond the controls (R^2 change = .165, F change = 4.09, p < .01), with a significant

overall model fit for the effect of dynamic ethical leadership on PsyCap ($F_{(8,104)} = 3.49$, $p<.01$).

Regressing performance on the polynomial equation yielded similar results, with significant

variance beyond the controls accounted for (R^2 change $= .097$, F change $= 2.31$, $p < .05$) and a

significant overall model fit ($F_{(8,104)} = 2.90$, $p<.01$). With the first two steps of mediation

complete, I used hierarchical regression to regress performance on the controls in step 1, PsyCap

in step 2, and the ethical leadership and polynomial terms in step 3. The results, reported in Table

5, are indicative of mediation, as the addition of the ethical leadership polynomial terms did not

significantly contribute to the variance predicted by the model (R^2 change $= .046$, F change $=$

1.17, $p = .33$). Following Edwards (2002, website) analysis recommendations, I plotted the

results of each equation using response surface analysis.

Figure 5 depicts the effects of dynamic ethical leadership on performance. Hypothesis 3

predicts that when ethical leadership is stable over time, the level of ethical leadership is

positively related to performance. In response surface analysis terms, this suggests that

congruence over time between higher levels of ethical leadership will be related to higher levels

of PsyCap than congruence between lower levels of ethical leadership, which can be assessed by

the slope along the line of agreement. The line of agreement is depicted in Figure 5 by the

dashed line on the XY plane, and the hypothesized relationship is seen by the increase of the

graphed surface from the front corner to the back corner of the graph. Along the line of

agreement, or in other words, when ethical leadership is consistent over time, the slope

(calculated by $b_1 + b_2$) is positive and significant ($a_1 = .30$, $p=.01$), thus supporting Hypothesis 3.

Hypotheses 5 and 6 predict the effects of shifts in ethical leadership on performance and

can be tested by the slope along the line of incongruence, depicted in Figure 5 by the solid line

on the XY plane. The slope is calculated by subtracting the coefficient of Y from the coefficient

of X ($b_1 - b_2$), which in this case yields a non-significant result (t = .37, p = .71). Thus,

hypotheses 5 and 6 are not supported. The curvature along the line of incongruence is used to

answer the research question regarding a potential detrimental effect of upward shifts on PsyCap

and performance. This curvature is represented by $b_3 - b_4 + b_5$, and did not provide support for

the research question as there was no significant curvature (t = .65, p = .52).

Hypotheses 4 and 7 propose PsyCap as a mediator of the stable and shifting ethical

leadership effects on follower performance. Because the only significant effects on performance

were found from stable ethical leadership, there is no support for hypothesis 7. Using the

procedures explained earlier in this section, I examined the coefficients of the equation that

bypass the mediator effect of PsyCap. To test hypothesis 4, the slope along the line of agreement

must no longer be significant when the mediator is included in the model. In other words, if the

portion of the effect that bypasses the mediator is not significant, then hypothesis 4 predicting the

mediating role of PsyCap between stable ethical leadership and performance is supported.

Results support the hypothesis, with the previously significant slope becoming non-significant

when the mediator is included in the equation (a_1 = .19, t = 1.57, p > .10).

Further analysis was conducted to assess the effects of stable and shifting ethical

leadership on PsyCap alone. Having already obtained a significant result of regressing PsyCap

on the polynomial equation to test for mediation, I expanded the analyses using response surface

methodology. Figure 6 depicts the relationship of dynamic ethical leadership on follower

positivity. The significant and positive slope along the line of agreement (t=3.15, p<.01) suggests

that when ethical leadership is stable over time, the level of ethical leadership positively predicts

follower PsyCap. Although the theory building section proposes PsyCap as the mechanism

through which the effects of shifting ethical leadership on performance operate, the slope (t= -

.02, p=.99) and curvature (t = -.147, p=.15) along the line of incongruence are not significant. Still, the trend along the line of incongruence shows a negative curvature, and although not significant, it provides some evidence that downward shifts and extreme upward shifts in ethical leadership are related to lower levels of follower PsyCap.

DISCUSSION

Study 1 makes several contributions to the understanding of stable and shifting ethical leadership and its influence on follower PsyCap and performance. First, it empirically confirms the idea of shifts in follower perceptions of ethical leadership. The fact that two-thirds of the sample experienced a shift of more than half a standard deviation over the course of 18 months suggests that ethical leadership shifts among low-level leaders are a pervasive phenomenon requiring more research attention. Certainly, some of the shifts can be attributed to measurement error, regression to the mean, less than ideal reliability of the measure, and nested data (of the 106 in the sample, only 43 different leaders were rated), yet the results obtained from the analysis demonstrate that the shifts also capture meaningful variance. In particular, the analysis on antecedents to the shifts reveals that follower recollection of the frequency of leaders' ethical and unethical behaviors significantly predicts upward and downward shifts in ethical leadership.

Study 1 also shows that of the potential methods for exploring these shifts that might be useful in future research, polynomial regression can be an appropriate and effective tool to understand how shifts impact outcomes of interest. Specifically, the polynomial regression and response surface analysis offer many strengths over methods such as difference scores (Edwards, 2002), and can reveal the sensitivity of follower positivity and performance to stable and shifting ethical leadership.

This study confirmed the hypotheses that when ethical leadership is stable, the level of ethical leadership is positively related to follower PsyCap and self-rated performance, with PsyCap mediating the effect on performance. Importantly, the response surface analysis reveals some effects that cannot be tested along the lines of agreement and incongruence. For example, when holding ethical leadership constant at its maximum level for time 2, the graph reveals a positive trend along the X-axis, or as the level of ethical leadership at time 1 increases. This suggests that it isn't simply the most recent assessment of a leader's ethical leadership style that affects performance, but that past levels of the ethical leadership style impact the effect that the present level of ethical leadership has on follower performance. Still, the results of this first study did not confirm the hypotheses regarding upward and downward shifts in ethical leadership and their respective influences on PsyCap and performance. There are a number of limitations to this study, some of which may account for why the effects of shifts were not significant.

One limitation, as is the case with many longitudinal studies, is that the attrition rate in this sample is high. Although no significant differences were found between the subjects used in the final sample and those that couldn't be matched, the use of only 19% of the original 564 subjects could have introduced unknown biases into the analysis. Also, despite the time lag, the data is subject to common-method and same-source bias as all variables were collected from surveys of followers. This is particularly problematic with the dependent variable of performance. Moreover, self-rated performance is typically inflated, suffers from range restriction, and is only weakly correlated with supervisor-rated performance (e.g. Cleveland & Shore, 1992).

Another limitation of study 1 is with the context of the sample. The sample spanned military warzone deployment and was selected for the higher probability of finding ethical leadership shifts, yet it is also more prone to introduce bias into the study. For instance, there is no way to determine the influence of deployment itself on shifts in ethical leadership as well as their relationship with PsyCap. Additionally, deployed squadrons do not always remain intact throughout the entire deployment, and depending on their assignments, soldiers may operate in a number of squads in the field based on need, even though on paper they appear to belong to a single unit. By instructing soldiers to rate their current leader at time 1 and the leader they deployed with for survey 2, it was ensured that the surveys measured shifts in ethical leadership and not the ethical leadership of different leaders. However, the extent to which leaders and followers worked and spent time together while deployed is unknown. It is probable that the more time followers spend with their leader, the more likely they will notice changes in the moral person and moral manager dimensions of ethical leadership. Thus, this study may not be entirely representative of the extent that shifts in ethical leadership occur, even during military deployment. Additionally, as the unique experience of active warzone deployment has few equivalents, the sample also limits the generalizability of the study to other organizations.

Finally, as a pilot study, study 1 is limited in terms of the variables used and the expansion of a nomological net for ethical leadership shifts. The pre- and post-deployment measures of ethical leadership are limited to individual perceptions and thus fail to take into account the social nature and collective endorsement of leadership (DeRue & Ashford, 2010; Fairhurst & Grant, 2010). Perceptions of leadership are processed at the individual, dyadic, and group levels (Hall & Lord, 1995), yet the assessment at the individual level can capture variance from all three levels and best represents individuals' experience of the leader. Although these

perceptions might have a greater influence on individual follower outcomes than an aggregate measure, they are also more subject to individual whims and biases, leaving questions regarding whether shifts in ethical leadership are as prevalent at the team level, and whether those shifts result in similar outcomes for the attitudes and behaviors of the team.

I expect that shifts in ethical leadership are also perceived at the team level, and that the relationships specified in the hypotheses should generalize to the team level. Theorizing and testing identical models across multiple levels is known as homology, which relies on two underlying assumptions (Chen & Bliese, 2005). The first is that the constructs maintain theoretical similarity across the different levels of analysis. Leadership styles such as ethical leadership are commonly assessed as either a perceptual measure of each follower at the individual level of analysis or as an aggregate of multiple followers depending on follower agreement (Hall & Lord, 1995), thereby meeting the multi-level criteria.

The dependent variable in the model can also be shifted from individual to team performance, which is commonly used in meso-level research. Finally, much like the work relating self-efficacy with the group-level construct of collective-efficacy (Lindsley, Brass, & Thomas, 1995; Chen, Webber, Bliese, Mathieu, Payne, Born, & Zaccaro, 2002), research has conceptually and empirically extended individual PsyCap to the team level (West, Patera, & Carsten, 2009; Walumbwa et al, 2009; Clapp-Smith et al., 2009). Thus, the theoretical underpinnings of the variables in the model depicted in Figure 6 have all been established at both the individual and group levels of analysis, thereby meeting the first assumption of homology.

The second assumption when testing homology is that the relationships observed at the individual level of analysis are similar to those represented by the relationships between the group-level variables at the higher-level of analysis (Chen & Bliese, 2005). Considering the

conceptual parallels between the variables at the individual and group levels of analysis, I expect

the relationships to also demonstrate similarity. In other words, the teams' shared assessment of

ethical leadership shifts ought to have a similar impact on team PsyCap and performance as an

individual's assessment of shifts on the individual's PsyCap and performance. Therefore, study 2

examines the same hypotheses as study 1, but at the individual and group levels.

Overall, study 2 was designed to overcome many of the limitations of study 1. The aim of

study 2 was to test the same relationships in a sample that provided (1) a better longitudinal

response rate, (2) a supervisor-report measure of performance rather than self-rated performance,

(3) improved generalizability to non-extreme organizations and contexts, and (4) a larger final

sample with clear groupings to allow team-level analyses.

VI. STUDY 2

Several considerations were required to meet the aims of study 2, which were ultimately to increase the internal and external validity of the results. First, an improved longitudinal response rate is difficult to achieve, as nearly all longitudinal studies suffer from sample attrition (Goodman & Blum, 1996). However, a number of factors contributed to the high attrition rate of the first study, including the extreme nature of the sample, the difficulty of matching soldiers across time while maintaining anonymity, and the long 18 month time lag between the two surveys. The second study was designed with these factors in mind, and was conducted in a more typical (non-extreme) organization, with clear yet anonymous identifiers that could be preserved electronically to ensure survey matching, and with only a one-month time lag between the two measurements. Although the optional nature of the 360 feedback assessments precluded a perfect response rate, more than 50% of the respondents took both surveys and were used in the analysis, with a final response rate of nearly three times the 19% achieved in the first study.

The single-month time lag was certainly a concern for a study on shifts in ethical leadership, as fewer shifts should occur in shorter time periods. However, when viewing leadership through the experience profile lens, it is understandable that meaningful shifts in the perceptions of leadership style can occur within a single day, suggesting that a month ought to be enough time to detect shifting perceptions of ethical leadership. A review of the example shift-inducing behaviors listed in Figure 2 further demonstrates that a month should be a sufficient amount of time for followers to observe at least some of those leader behaviors.

The extension of the hypotheses to the team level in this second study also verifies the presence of shifts in ethical leadership over the shorter time period, as the number of shifts must be assessed at both the individual and group levels. High within-group agreement on stable or

changing perceptions of ethical leadership is highly suggestive that any shifts being captured represent meaningful variance in the measure and not just measurement error. While the group-level analysis was not possible in the first study given the low final response rate, the design of study 2 and the organizational structure with clear supervisor-follower relationships allowed the validation of the hypotheses at the group level.

Finally, the organization that provided the data is a large, Fortune 500 insurance company. The data is from one of the pharmacy department call centers in a central office of the organization, making the findings of this study much more generalizable to typical businesses and organizations. While the organization could not provide frequency of ethical and unethical leader behaviors to test hypotheses 1 and 2, it was able to provide supervisor-ratings of follower performance that are used to make promotion and salary decisions (unlike the self-rated performance from study 1).

METHODS

Sample and Procedure

As mentioned, the sample for study 2 comes from the pharmaceutical department of a Fortune 500 insurance company. The company uses scheduled electronic surveys as part of its 360 degree feedback system, which measures the critical variables used in study 1 including follower ratings of their leaders' performance and ethical leadership style. Through a contact who worked for the organization, I obtained complete survey data from 387 employees of the pharmaceutical department. Not all of the company's HR and 360 degree feedback surveys are mandatory, and only 54% of the 720 lower-level employees in the department provided responses to both surveys. Additional archival data was provided for control and outcome variables.

Unlike the military sample in study 1, a unique ID system preserved anonymity while allowing accurate and complete matching of subjects over time. No significant differences in critical or control variables were detected between those who responded to both surveys and those who responded to only one survey. 71.6% of employees were female, with an average of 37.5 years of age (sd = 11.2). 60.5% of followers were Caucasian, with 17.6% African American, 10.1% Hispanic, 2.3% Asian, and 9.6% who marked Other. Finally, the employees averaged 3.4 years of tenure with the organization (sd=3.5) and 1.1 years working with their immediate supervisor (sd=1.3).

The ethical leadership measurement was used from the first assessment. From the second assessment, I used the measurements of ethical leadership, follower PsyCap, team PsyCap, and supervisor-rated performance. None of the survey items had greater than 5% missing data, and as the missing value analysis in SPSS revealed the data were missing at random, the values were estimated through regression (Tabachnick & Fidell, 2007).

Measures

Ethical leadership. All ten items from the ELS (Brown et al., 2005) were used to measure ethical leadership. Employees rated the extent to which they agreed with the items on a 5 point Likert-type scale ranging from strongly disagree to strongly agree. Sample items include "*My leader sets an example of how to do things the right way in terms of ethics*", "*My leader can be trusted*", and "*My leader discusses ethics or values with subordinates*". Cronbach's alpha ratings of the scale reliabilities were high (survey 1 α=.96; survey 2 α=.97).

When studying leadership at the group level, the precedent is to aggregate follower responses using a direct consensus composition model (Chan, 1998). Acceptable levels of

within-group agreement on ethical leadership (survey 1 rwg_j = .93, survey 2 rwg_j = .92) justified the aggregation for the group-level portion of the analysis.

Psychological Capital. The assessments included the reduced 12-item PCQ that has been used and validated in prior research (Luthans, Avey, Clapp-Smith, & Li, 2008; Avey, Avolio, & Luthans, 2010). Followers rated the extent to which they agreed with the items on a 6 point Likert-type scale ranging from strongly disagree to strongly agree. Sample items include "*I can think of many ways to reach my current work goals*", "*I usually take stressful things at work in stride*", and "*I always look on the bright side of things regarding my job*". Cronbach's alpha rating of the scale reliability was high (α=.90).

At the group level, PsyCap has primarily been conceptualized and assessed using the referent-shift model (Walumbwa, Luthans, Avey, & Oke, 2011; West, Patera, & Carsten, 2009). Unlike the direct consensus model that would aggregate group members assessment of their own PsyCap, the referent shift model is an aggregate of group members' assessment of the group's PsyCap (Chan, 1998). The 12-item reduced PCQ measure with a team referent was used from the second assessment with items such as "*Our team can think of many ways to reach our current work goals*", "*Our team usually takes stressful things at work in stride*", and "*Our team always looks on the bright side of things regarding work*". Cronbach's alpha rating of the scale reliability was high (α=.95), and within group agreement met acceptable levels to justify aggregation (rwg_j = .93).

Performance. The in-house measure of performance is a single-item, supervisor-reported number, titled the "contribution score". Contribution scores are integers ranging from zero to four, with a zero suggesting the employee makes no contribution to the company and should be removed, and a four suggesting the employee's contribution is far beyond the employee's job

description and that the employee should be considered for promotion or larger salary increases. Supervisors are encouraged to take in-role and extra-role performance into account when assessing contribution scores, although it is simply a single-item summary judgment with no subscales employed. Contribution scores were aggregated for the group-level analysis.

Control Variables. Tenure with the company and frequency of interaction between leader and follower are used as controls. Both controls were provided by the HR department of the organization, with tenure measured in months and frequency of interaction measured on a 9 point scale ranging from annual interactions with an immediate leader to several times per day.

RESULTS

Descriptive Statistics

Means, standard deviations, reliabilities, and intercorrelations among variables are presented in Table 4.

Validity of Measures

To ensure that the measures of ethical leadership taken only one month apart can be tested as empirically distinct measurements, I used average variance extracted (AVE) to compare the variance shared by each construct and its measures with the variance shared by both constructs (Fornell & Larcker, 1981; Netemeyer, Johnson, & Burton, 1990). To be considered distinguishable constructs, the variance captured by each measurement of ethical leadership should be larger than the squared correlation between the two constructs, with a minimum AVE of .50. Using simple equations with the factor loadings of the items for each measurement of ethical leadership, AVE for the first measurement of ethical leadership was calculated at .74, with an AVE of .75 for the time 2 measurement. As the AVEs both exceed the minimum requirement of .50 as well as the square of the correlation between the two measurements (.48),

the results suggest that the two assessments of ethical leadership taken a month apart are empirically distinguishable measurements.

Similar to study 1, I also calculated the intraclass correlation coefficient (ICC) which allows quantification of the relative proportion of measurement variance within subjects over time versus across subjects. The ICC value for the longitudinal measurements at the individual level was .68, with a 95% confidence interval ranging from .61 to .75. Thus, between 61% and 75% of the variance in perceptions of ethical leadership in this sample was between people, whereas 25-39% constituted within-person variance over time. At the group level, the ICC value was .66, with a much wider 95% confidence interval ranging from .54 to .94, suggesting that the majority of the variance in perceptions of ethical leadership at the group level was between groups, rather than within groups. This is also indicative of higher levels of within-group agreement, as already attested to by the reported rwg statistics. With the one-month time lag between measurements, the within-person and within-group variance is best interpreted as a measure of stability versus change rather than reliability (Funk & Dennis, 1999). Still, whether interpreted as stability or reliability, the ICC values for study 2 are much more on par with the psychometric properties of other leadership styles than the ICC value from the first study. Overall, this denotes that fewer shifts took place and that the shifts that did occur were somewhat smaller in magnitude than the average shifts in study 1.

Given the non-extreme context and the shorter time span of study 2 compared to study 1, the fact that less change in perceptions of ethical leadership took place was expected. Still, these initial findings are not without implications. First, comparisons between the two studies should be made carefully, as the half standard deviation change that constitutes a shift represents a smaller change on the actual 5-point measurement scale than it did in study 1. Thus, behaviors

that would constitute a shift in study 2 might not be enough on their own to cause a shift in the first study. Fewer shifts in the second study, as well as the shortened time span over which shifts were considered, might also cause changes in the experience profile of leadership. For example, over the 18 months in study 1, the low point and the overall slope of the profile might be driving the effects on follower ratings of ethical leadership and follower outcomes, whereas when fewer shifts are occurring, other aspects of the experience profile might become more salient. Finally, the response surfaces produced from study 2 are unlikely to be as accurate at the far corners of the graph along the line of incongruence, as the regression equation is forced to estimate those points with relatively little data on extreme shifts. However, this should not affect the hypothesis testing of the slope and curvature along the line of incongruence, as all of the data is used to assess the overall response surface (Shanock et al., 2010).

To assess how the causes of perceptual shifts in ethical leadership might be different in this context than they were in the extreme, military context, I repeated the exploratory item analysis to determine which items of the ethical leadership scale were more significantly contributing to shifts. Subjects were grouped together depending on whether they reported an upward or a downward shift in ethical leadership, with those who reflected stable ethical leadership removed from the item analysis. The means of each ELS item for the two groups and the standard deviation of the item means for each group were calculated, and items that had means more than a standard deviation beyond the average of all items for the group were determined to more significantly contribute to shifts. For the group that experienced downward shifts in ethical leadership, "My leader has the best interests of employees in mind" was the only item that stood out as a stronger determinant of shifts, and is clearly more focused on the moral manager aspect of ethical leadership rather than the moral person dimension. For the group that

experienced upward shifts, two items stood out as main contributors: 1) "My leader has the best interests of employees in mind" and 2) "My leader makes fair and balanced decisions". Thus, for both upward and downward shifts, having the best interests of employees in mind was an uncommonly strong determinant of the shifts. Only for upward shifts did the fairness of leader decision making stand out as a stronger determinant of the shifts.

While both moral person and moral manager issues were prominent contributors to upward and downward shifts in the military sample, only moral manager issues stood out in the item analysis for the more typical business sample. Keeping the best interests of employees in mind was critical, suggesting that employee perceptions of this item are particularly likely to change in traditional business contexts, even over short periods of time such as a month. Unlike study 1, the trustworthiness of the leader did not stand out as a prominent factor in this study, which could be explained by the short amount of time for a leader characteristic like trustworthiness to undergo significant change. While exploratory in nature, these findings can be useful in making comparisons between the two samples as well as in determining antecedents of shifting ethical leadership in future research.

Hypothesis Testing

To determine the extent to which shifts occurred over the one month sample period, ethical leadership scores from both time points were standardized and compared. Cases were considered shifts when they changed by a half standard deviation or more (Fleenor et al., 1996; Shanock et al., 2010), with results reported in Table 2. At the individual level of analysis, 18.9% of subjects reported a downward shift, 19.6% reported an upward shift, and 61.5% reflected stability in ethical leadership. At the group level of analysis, 19.1% of groups reflected a downward shift, 17.6% reflected an upward shift, and 63.2% showed stable ethical leadership

over the one-month time span. A significant one-way ANOVA of the three shift-groupings on ethical leadership measured at time 1 ($F_{(2,384)}$ = 40.6, p<.01) called for a closer inspection to determine how regression to the mean was influencing the data. Much like the sample in study 1, pairwise comparisons with the Bonferroni correction show that only the subjects who experienced an upward shift in ethical leadership significantly differed in mean ethical leadership scores from the other groups (p<.01), with no significant difference between those who experienced downward shifts and those who did not shift. As the upward shifting group had the lowest mean of the three at time 1, these results suggests that some variance in the shifts can be accounted for by regression to the mean, again providing for a more conservative analysis of the influence of dynamic ethical leadership follower and group performance.

To test hypotheses 3-7 and their respective group-level iterations, I followed the steps outlined by Atwater et al. (2005) and Shanock et al. (2010) to conduct polynomial regression with response surface analysis. After centering the ethical leadership measurements around the midpoint (Edwards, 1994) of their 5-point scales, I calculated the cross-products and squares of the centered time 1 and time 2 ethical leadership variables at both levels of analysis. The polynomial regression was run by regressing performance on all five terms as well as the tenure and dyadic tenure control variables. The individual-level analyses were then repeated at the group level.

Individual Level of Analysis

With performance as the dependent variable, polynomial regression revealed a significant overall model fit at the individual level of analysis ($F_{(7,379)}$ = 2.64, R^2=.05, *p*=.01; See Table 4). Subsets of the polynomial regression coefficients were used to test the hypotheses according to the response surface plotted in Figure 7. Hypothesis 3 predicts that when ethical leadership

remains stable over time, the level of ethical leadership is positively related to follower performance. In response surface analysis, this suggests that congruence over time between higher levels of ethical leadership will have a stronger, positive influence on performance than congruence between lower levels of ethical leadership. The slope along the line of agreement (calculated by $b_1 + b_2$) is positive and marginally-significant ($a_1 = .13$, p=.07), lending support to hypothesis 3. Despite the changes made from study 1 in hopes of finding support for the other hypotheses in study 2, such as the use of a supervisor-report measure of performance, hypotheses 5 and 6 as well as the research question regarding the effects of shifts in ethical leadership on follower performance were again unsupported. The curvature ($a_4 = .09$, $p > .10$) and slope ($a_3 = .15$, $p > .10$) along the line of incongruence were not significant. The implications of these findings will be considered in the discussion section.

Without significant findings along the line of incongruence, hypothesis 7 regarding the mediation effect of PsyCap for the effects of shifts in ethical leadership on performance is also unsupported. However, hypothesis 4 predicts that PsyCap mediates the effect of positive effect of the level of stable ethical leadership on performance. To test this hypothesis, I ran another polynomial regression with PsyCap as the outcome. With results reported in Table 4, the significant model fit ($F_{(7,379)} = 2.64$, $R^2=.05$, $p=.01$) and slope along the line of agreement meet the second step of mediation testing. Using the same procedures explained in study 1, I examined the coefficients of the equation that bypass the mediator effect of PsyCap. To confirm hypothesis 4, the slope along the line of agreement must no longer be significant when the mediator is included in the model. Similar to study 1, the results lend support to hypothesis 4, as the previously, marginally-significant slope becomes non-significant when PsyCap is included in the equation ($a_1 = .11$, $t = 1.52$, $p > .10$).

To compare the effects of stable and shifting ethical leadership on follower PsyCap across the 2 studies, I plotted the response surface analysis for PsyCap using the coefficients from the significant polynomial regression equation as shown in Figure 8. Similar to the results found in study 1, the positive slope along the line of agreement is significant. Moreover, a significant slope was also found along the line of incongruence, suggesting that follower PsyCap improves with upward shifts and decreases with downward shifts in ethical leadership. Thus, although the effects of hypotheses 5 and 6 were not found on the performance outcome, similar effects existed with the hypothesized mediator. Although not significant, the trend suggested by the research question can even be noted in Figure 8, with the positive slope of PsyCap tapering off as the upward shifts increase in magnitude.

Group Level of Analysis

Using the aggregated, group-level variables, I followed the same procedures for testing the hypotheses at the group-level as I did at the individual-level. First, I ran a polynomial regression with group performance as the dependent variable, which showed a significant overall model fit ($F_{2,65} = 2.64$, $R^2=.27$, $p=.02$), confirming that subsets of the polynomial regression coefficients should be used in conjunction with response surface analysis for hypothesis testing and results interpretation. The response surface is plotted in Figure 9. At the group level, hypothesis 3 predicts that when ethical leadership is stable, the level of ethical leadership is positively related to team performance. The slope along the line of agreement is positive and marginally-significant ($a_1 = .79$, $p = .09$), providing support for hypothesis 3. Hypothesis 5 predicts that downward shifting ethical leadership will be negatively related to follower performance, which is confirmed in the response surface analysis with the significant, negative curvature along the line of incongruence ($a_4 = -1.68$, $p = .03$). This significant curvature also

lends support to the research question, which suggests that the effects of upward shifts in ethical leadership on follower performance are curvilinear and trend downward with shifts of larger magnitude. Hypothesis 6 which predicts positive performance effects from upward shifts in ethical leadership was not supported (a_3 = .72, p > .10).

Taken to the group level, hypotheses 4 and 7 respectively suggest that the effects of stable and shifting ethical leadership on team performance are mediated by team PsyCap. Another polynomial regression with team PsyCap as the outcome revealed a significant effect of stable and shifting ethical leadership on the proposed mediator ($F_{2,65}$ = 13.54, R^2=.62, p<.00). In the response surface analysis plotted in Figure 10, the significant, positive slope along the line of agreement (a_1 = .71, p = .03) confirms that it could potentially mediate the effects of stable ethical leadership, while the marginally-significant negative curvature along the line of incongruence (a_4 = -.94, p = .06) similarly confirms it as a potential mediator of the effects of shifting ethical leadership. Interestingly, the slope along the line of incongruence is also significant (a_3 = -1.43, p < .01), suggesting that upward shifts in ethical leadership do have a positive influence on team positivity (this effect was not found for performance as predicted by hypothesis 6), but as depicted in the graph, the positive effects begin to trend downward as the magnitude of the upward shift increases which lends support to the research question..

By adding the mediator into the polynomial regression equation on team performance, the coefficients of the equation that bypass the mediator can be examined. By hierarchically regressing team performance on the controls in step 1, the mediator in step 2, and the ethical leadership and polynomial terms in step 3, I can first determine if the coefficients are interpretable. While step 2 explained a significant amount of variance over step 1 ($F_{1,61}$ = 4.31, p = .04), step 3 did not significantly contribute to the model ($F_{5,56}$ = 1.95, p > .10). This suggests

that team PsyCap effectively mediates any effects of stable and shifting ethical leadership on team performance, providing some support for hypotheses 2 and 6. Although the coefficients that bypass the mediator effect do not have a significant effect on the overall model, I tested the significance of the slope along the line of agreement and the curvature along the line of incongruence to determine if both hypotheses 4 and 7 were fully supported. Along the line of agreement, the slope was not significant ($a_1 = .80$, $p > .10$), providing full support for hypothesis 4. Along the line of incongruence, the curvature remained significant ($a_4 = -1.70$, $p = .03$), leaving hypothesis 7 only partially supported with the results of the overall model.

DISCUSSION

Study 2 adds a number of contributions to the understanding of stable and shifting ethical leadership shifts and their influence on follower positivity and performance. First and foremost, study 2 confirms that shifts in ethical leadership of low-level managers are prevalent in workplace settings beyond the military. In a single month, roughly 1/5th of the sample rated their leader an average of 1 standard deviation higher on the ethical leadership style, whereas another 1/5th rated them an average of one standard deviation lower. Until future research in this area uses quasi-experimental field studies, the extent to which these shifts in ratings capture meaningful variance versus measurement error is unknown. However, one advantage of testing the same relationships at the group level using the direct consensus composition model is that the meaning of the higher level construct is found in the consensus among the individual raters. High within-group agreement (rwg averages of .92) support the theory at the group level, that the group experiences stability and shifts in ethical leadership together, or as a unit. While extraneous variables might still be introducing measurement error by influencing the entire group, the random error associated with individual measurements should be reduced.

At the group level, the results show that 37% of groups experienced average shifts in ethical leadership of an entire standard deviation in just one month, with approximately half shifting upward and half shifting downward. This finding demonstrates the critical need for a more dynamic understanding of ethical leadership, as it shows the ethical leadership style to be less stable than traditionally assumed. Although some of this instability can be accounted for by statistical artifacts such as regression to the mean, or even problems inherent in the measure, a large portion of it must be meaningful variance given the fairly consistent patterns emerging in the results.

Study 2 confirms the supported hypotheses of study 1, that when ethical leadership is stable, it is positively related to follower performance. Further both studies supported hypothesis 4, that follower PsyCap mediates the relationship between stable ethical leadership and performance. Importantly, study 2 replicated this result with supervisor-reported performance rather than the self-report measure of performance used in study 1, suggesting a robust effect. At the same time, both study 1 and study 2 at the individual level failed to provide support for the hypothesized effects of shifting ethical leadership on performance. However, study 2 at the individual level did reveal an interesting effect of shifting ethical leadership on PsyCap, with upward shifts being positively related to follower PsyCap and downward shifts being negatively related to PsyCap. This effect was again found with team PsyCap in the group-level analyses, with an additional curvilinear effect that suggests that upward shifts in ethical leadership improve team PsyCap up to a certain threshold in the magnitude of the shift, but when the shift becomes too large, the positive effect is reduced.

Extending dynamic ethical leadership to the group-level is another primary contribution of study 2. The average shifts in ethical leadership at the group level are of the same magnitude

of those at the individual level, indicating a common understanding among group members of their leader's varying ethical leadership behaviors. The fact that in-group agreement on ethical leadership remained high across measurements suggests that empirical shifts in ethical leadership should not be discounted as measurement error pertaining to individual biases. Affective mood could be one of these biases, as research on moods in the workplace demonstrates that affective moods can influence employees' ratings of a leader (Johnson, 2009 LQ Do you feel what I feel?), potentially distorting leadership measures and the individual-level analysis on shifts in ethical leadership style. Yet with high agreement at the group level, there are fewer alternative explanations to explain significant shifts in perceptions of ethical leadership. The potential reduction of such measurement error might account for why significant effects of shifts on performance were only found at the group level, despite the reduced statistical power.

VI. GENERAL DISCUSSION & CONCLUSION

The conceptual and empirical work comprising this dissertation has explored ethical leadership as a dynamic construct, subject to stability and shifts over time that can influence follower attitudes and behaviors. Previous work on corruption as well as ethics or justice interventions has implied changes that take place in the moral person and/or moral manager dimensions of individuals and leaders, yet the extant research has not previously considered the influence of both the initial and the resultant levels of perceived ethical leadership once change occurs. As suggested by research on experience profiles (Ariely & Carmon, 2000; 2003), the Gestalt characteristics of a follower's experience of a leader can be different across individuals, and the perception of that leader's ethical leadership style can change even without major events such as exposed corruption or ethics interventions. Rather, the day to day observations of the leader's behaviors can add data to the experience profile from which the follower draws conclusions regarding the leader's style.

I argue in this dissertation that it is not just the resultant or most immediate level of ethical leadership perceived by followers that affects the followers' work attitudes and behaviors, but that the stability and/or shifts in ethical leadership also drive follower attitudes and outcomes. Specifically, stable and shifting ethical leadership influence followers' positive psychological capital, comprised of the shared variance among hope, optimism, efficacy, and resiliency, which in turn influences follower performance. In general, the hypotheses predicted positive effects from stable and upward shifting ethical leadership, and negative effects from downward shifting ethical leadership.

While some results from the two studies were consistent, others were mixed. Hypotheses 3 and 4 regarding stable ethical leadership's effect on follower performance and the mediating

role of PsyCap were supported in study 1, study 2 at the individual level, and study 2 at the group level. Considering the vastly different contexts, time-frames, and performance measures across the two studies, the consistency of support for the first two hypotheses is indicative of a robust effect. In sum, to maximize follower PsyCap, and in turn, follower performance, leaders should maintain high levels of ethical leadership over time through consistently demonstrating and promoting moral conduct.

While the effects of stable ethical leadership are clear, the results of upward and downward shifts did not replicate across the two studies. No significant effects of upward or downward shifts on PsyCap or performance were detected in study 1. Believing that both the context and the self-reported measure of performance were the cause of the non-significant findings, I replicated the test with study 2 in a more typical organizational context and with supervisor-reported performance. Yet at the individual level, neither the curvature nor the slope of the line of incongruence was significant in study 2. At the group level, a significant, negative curvature was found, suggesting that downward and upward shifts both reduce team performance. Although some negative effects of upward shifts were anticipated as declared in the research question, the group level analysis shows no performance benefits at all from upward shifts. This effect may be due to the use of supervisor-rated performance of individuals simply aggregated to the group level. The followers' aggregated experience of ethical leadership and their referent-shift assessment of team PsyCap produced more understandable effects as can be seen in Figure 10.

The lack of clear results for the effects of shifts in ethical leadership on performance could be caused by any number of factors. Although prior research has found significant relationships between ethical leadership and performance (e.g. Walumbwa et al., 2011), the

broader domain of leader integrity has also seen mixed results with performance as an outcome. A meta-analysis on trust found a negative relationship between leader integrity and follower job performance (Colquitt, Scott, & LePine, 2007), with the only explanation for the unanticipated result being high multicollinearity between integrity and other variables like benevolence. More recent work has attributed the negative meta-analytic relationship to poor definitions of integrity, yet with a clearer definition, they still found only indirect effects of leader integrity on performance (Palanski & Yammarino, 2011). Therefore, while follower performance was a suitable starting point to study the effects of dynamic ethical leadership, future research ought to consider other outcomes commonly associated with ethical leadership, including citizenship behaviors, job satisfaction, organizational commitment, and (un)ethical behavior in the workplace (Brown et al., 2005; Walumbwa & Schaubroeck, 2009; Mayer et al, 2009). Perhaps the effects of downward and upward shifting ethical leadership will be clearer with this broader set of outcomes.

Contributions and Future Research

Brown and Mitchell (2010) suggest that understanding ethical leadership in the context of time is one of the greatest challenges facing ethical leadership researchers. This dissertation adds to the foundation for a more dynamic model of ethical leadership in a number of ways. First, the conceptual consideration of stability and shifts in ethical leadership advances the theory and understanding of the role of time in ethical leadership. Notably, it is not just the followers with little to no time with a leader who experience changes in their perceptions of the leader's style. Rather, in line with experience profiles of a relationship, these shifts can and do occur even when the leader-follower relationship is well established. Backed by the empirical evidence of shifting ethical leadership in two distinct samples, this has broad implications for leadership research in

general. A variety of leadership styles might be less stable than traditionally assumed, and the variance in test-retest that was once attributed to measurement error and reliability issues should be reconsidered as capturing meaningful change as well. For example, considering research that shows test-retest reliabilities of the Multifactor Leadership Questionnaire ranging from .44 to .85 (Mandell & Pherwani, 2003), transformational leadership might be another leadership style that is subject to shifts. A conceptual comparison of the antecedents and outcomes of shifts across a variety of leadership styles could be the first step to promoting a more dynamic understanding of leadership styles.

Second, the empirical examination of ethical leadership stability and shifts through response surface analysis demonstrates one of the tools that can be used to assess and understand leadership styles over time. It is particularly useful for determining the effects along the lines of agreement and incongruence, which represent stability and shifting ethical leadership. Of course, these advancements only begin the process of understanding the role of time in ethical leadership and leave it up to future research to examine more than just two time points. Such research should consider and measure leadership trajectories, with four or more time points to determine if initial shifts mark an extending trend or if the shifts vacillate upward and downward similar to the moral pendulum effect. Justice researchers have considered the effects of perceptual justice trajectories on distal work outcomes, demonstrating cumulative effects that stem from the trajectories and explain variance beyond the end-state levels of the justice variables (Hausknecht, Sturman, & Roberson, 2011). Similarly, with more than two time points, research on dynamic ethical leadership could control for the end-state level of ethical leadership and thereby measure only the effects of the trajectory on work outcomes.

Certainly, three or more measurements of the leadership style over time are necessary for a fuller understanding of dynamic ethical leadership. The original structure and plan of both studies presented in this dissertation included a third survey for another measurement of ethical leadership style. The collection of data during deployment in the Army study proved impossible for the research team involved, and a third measurement at the insurance organization was not released to us as researchers. However, I am presently involved in the collection of data from a home-security company, in which the leaders recruit and train college students as door-to-door sales representatives for a 4 month summer sales campaign. The organization has agreed to a four-survey study, which will allow us to capture ethical leadership trajectories while controlling for the fourth measurement to examine the trajectory effects. Fitting with the Army study in this dissertation, the summer-sales job provides a salient event similar to (albeit less extreme than) deployment, as each leader is required to relocate to another part of the country for the summer with all of his recruits. As I prepare my dissertation for publication in an academic journal, I expect to use the military data as a pilot study for the summer sales study. Although the contrast between the military study and the insurance company study was a planned part of my dissertation that was approved by the committee, the lack of a salient event over the course of one month to cause perceptual changes in ethical leadership makes it difficult to compare with a study encompassing a critical event such as military deployment.

Another contribution of my dissertation is to the positive organizational behavior literature. The relationship between various styles of leadership and follower PsyCap has been examined in a number of studies, but this is the first to explore any relationship between PsyCap and ethical leadership. As mentioned previously, the conceptual overlap between ethical leadership and other leadership styles such as transformational and authentic leadership is

enough to warrant a closer examination of PsyCap as an outcome of ethical leadership. Moreover, the roots of ethical leadership as moral person and moral manager should inspire positivity among followers, as followers hope, optimism, and efficacy can be founded on their trust in the leader and the knowledge of continued support. The results from this dissertation demonstrate that as long as ethical leadership remains stable or is shifting upward, it is positively related to follower and team PsyCap. Thus, this is the first study to empirically establish a relationship between ethical leadership and PsyCap in its entirety (De Hoogh & Den Hartog, 2008). As PsyCap is related to a number of desirable follower outcomes, these findings also add to the knowledge of the value of ethical leadership in the workplace.

The effects of upward shifts on team PsyCap are especially noteworthy, as they are positive yet there is evidence to suggest that they begin to trend downward when the magnitude of the upward shift becomes larger. This effect could be caused by attributions of hypocrisy or disbelief that the leader truly cares about ethics when the leader's behavior suggested the opposite in the past.

Practical Implications

As the first empirical research to examine stability and shifts in ethical leadership over time, the results offer a number of practical implications. First and foremost, leaders ought to be aware that followers' perceptions of their ethical leadership style are subject to change from day to day, especially when the leader engages in highly ethical or unethical activities that are visible to the followers as supported by the first two hypotheses in study 1. Whether actively or passively on the part of the followers, leaders are always under scrutiny, and their actions such as those illustrated in Figure 2 directly contribute to followers' perceptions and the resulting levels of follower positivity, motivation, and performance. Leaders should strive for stability at high

levels of the ethical leadership style that they project. Past research has shown many benefits to leading with high levels of ethical leadership, but unlike this research, it has not considered the importance of consistency or stability at those levels. Leaders ought to be made aware of how they can maintain high levels of the ethical leadership style, with future research directed at more fully answering that important question.

The negative impact that downward shifts in ethical leadership have on PsyCap (significant in study 2 at both the individual and group levels, not-significant in study 1) should be of particular importance to practitioners. The loss of optimism, hope, efficacy, and resiliency among employees as a result of leaders becoming or being exposed as less ethical can have serious consequences for employee outcomes. Thus, organizations ought to actively monitor follower perceptions of their leaders using 360 degree feedback, so that when downward shifts in ethical leadership occur, the loss of follower PsyCap can be combated with interventions to increase positivity (Luthans et al., 2006; Luthans et al., 2008; Peterson et al., 2008). Additionally, it is likely that the leaders themselves are not fully aware of the perceptions of their followers regarding their ethical leadership style. As the organization alerts leaders to downward shifting perceptions, the leaders can become more aware of the causes of those shifts in their own units and can strive to amend the situation and behaviors that contributed.

Finally, although the research question only received support for positivity at the group level in study 2, the curvilinear effect suggests that when making efforts to increase their ethical leadership style, leaders should seek incremental rather than monumental improvements. This effect can be explained in terms of experience profiles, as incremental improvements will provide an overall positive slope that should appear sustainable to followers, whereas a dramatic upward shift (such as 3 or 4 points on a 5 point scale) could be seen as inconsistent and

unsustainable given prior perceptions of the leader. Interventions to increase ethical leadership behaviors should take into account the prior levels of participants' ethical leadership style and make recommendations that will provide opportunities for incremental improvement, allowing the leaders to grow into higher levels of ethical leadership over time in a manner that fosters the trust and acceptance of followers.

Limitations and Future Research

This dissertation has a number of weaknesses and limitations, many of which can be addressed through future research. As mentioned previously, future research (some of which I am currently conducting) should consider more than two points of time to better understand how ethical leadership fluctuates over time. This could help address research questions such as whether leaders follow a cyclical pattern around a baseline of ethical leadership as suggested by the work of Jordan and colleagues (2011) and whether leaders can recover from lapses in ethical leadership. Additionally, it would allow a more nuanced analysis to determine how trajectories of ethical leadership influence follower outcomes when controlling for the end state perceptions of ethical leadership. With only two measurements of ethical leadership, and concurrent measures of the mediator and dependent variable, this research does not capture lag effects that may occur from the shifts in ethical leadership. Additionally, having only two points of measurement for ethical leadership precludes the study of trajectory effects, as the final measured level of ethical leadership is not controlled for but rather used as a predictor in the analysis.

A great deal of work remains to be done on the antecedents to shifts in ethical leadership. Study 1 tested the first two hypotheses regarding the frequency of ethical (exemplary ethical act) and unethical (taking undeserved credit) behaviors as antecedents to shifts in ethical leadership.

Although the results are very promising, these single item measures are inadequate to explain large amounts of variance in the changes in ethical leadership perceptions. Future research ought to consider varying categories of antecedents to stable vs. shifting ethical leadership, including contextual antecedents (organizational climate, employee layoffs, power distance), leader characteristics and behaviors (Moral Development and U-scores, leader counterproductive work behaviors, leader impression management, moral identity), and follower characteristics (affect, moral attentiveness). Qualitative research would also be particularly useful in this area, as followers could relate the specific actions or inactions of their leaders that influence their perceptions of the leaders' ethical leadership style.

Other limitations include issues of study design and measurement. Same source and common method bias is a concern with both studies, as all of the variables in study 1 were from the same source and method, while the predictor and mediator in study 2 were from the same source and method. Of course, the time delay of 18 months in the first study and 1 month in the second study reduces the likelihood of such a bias between the first measurement of ethical leadership and the outcomes. The composition models used in the group-level portion of study 2 also help alleviate this concern, as predictors were aggregated from individual perceptions (ethical leadership) whereas the mediator was measured with a referent-shift perspective (Chan, 1998), and the outcome was reported from a different source.

Another weakness of this research is the use of performance as the only dependent variable. Although the relationship between ethical leadership and performance has been clearly established in prior research (e.g. Walumbwa et al., 2011), performance might the outcome most affected by stability and shifts in ethical leadership. For example, if my leader were to engage in behavior that prompted a downward shift in ethical leadership, my first reaction as a follower

would probably not be to decrease my performance. Instead, future research ought to examine the effects of shifting ethical leadership on more ethically-oriented dependent variables. Downward shifts in ethical leadership might decrease followers' moral efficacy, or increase their justification and licensing of their own moral failings. Arguably, PsyCap might serve as a more important dependent variable in the present research than performance, as PsyCap is attitudinal and more likely to be affected by immediate perceptions of ethical leadership. Future research on dynamic ethical leadership that does include performance as a dependent variable should capture lag effects on performance from the shifts.

While the time delay between measurements can help reduce same source and common method biases, the amount of the delay and the difference in delay between study 1 and study 2 is problematic. The 18 month gap in study 1 provides plenty of time for real changes in perceptions of ethical leadership, yet it also introduces a host of potential biases and extraneous variables that might be influencing the results. The one month timeframe of study 2 limits those biases while also limiting the likelihood of meaningful change occurring in perceptions of ethical leadership. Overall, future research in this area ought to have theoretical reasoning for the amount of time that passess between measurements. The studies presented in this dissertation provide evidence that stable and shifting ethical leadership influence followers whether it is one month or 18 months,

Finally, in study 1, pre- and post-deployment measurements of ethical leadership offer clear reasoning for the time frame and a salient event (warzone deployment) that could cause shifting perceptions of ethical leadership. However, study 2 does not encompass a salient, morally-charged event, and only covers one month of employees' experience profile with their leaders. Therefore, the first measurement of ethical leadership is probably not an adequate

baseline to assess shifts, as a month prior to that measurement the perceptions of ethical leadership may have been different, and even more different further in the past. In hindsight, a more proper way to measure trajectories or shifts in ethical leadership would be to either start at the inception of the leader-follower relationship, or to alter the wording in the ELS to assess the desired time frames. For example, the first measurement could present the scale with the introduction, "considering all of your history, observation, and experience with your immediate leader, please rate the extent to which you agree with the following statements", while the follow-up measurements taken a month apart could introduce the scale with, "considering your observation and experience with your immediate leader over the past month, please rate the extent to which you agree with the following statements". Although such an approach will certainly not yield perfect representations of the followers' experience of ethical leadership, it should produce a more accurate assessment of a baseline from which the researcher can track changes and trajectory.

CONCLUSION

Answering the call of Brown and Mitchell (2010) to explore the role of time in ethical leadership, I use this dissertation to conceptually and empirically explore stability in ethical leadership versus shifts in ethical leadership over time. Both upward and downward shifts in ethical leadership have proven to be a pervasive phenomenon at the highest levels of organizations and now among lower level managers as well. From active warzone deployment in a military organization spanning a period of 18 months to a single-month span in a department of a Fortune 500 company, it is clear that shifts in ethical leadership not only occur, but that they can significantly affect followers' positivity and performance.

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TABLE 1

Overlapping Nature of Authentic, Transformational, and Ethical Leadership Styles

Theoretical Components	Authentic Leadership	Transformational Leadership	Ethical Leadership
Authentic leadership			
Leader self-awareness	✓	✓	
Relational transparency	✓	✓	
Internalized moral perspective	✓	✓	✓
Balanced processing	✓	✓	
Ethical leadership			
Moral person	✓	✓	✓
Moral manager	✓	✓	✓
Transformational leadership			
Idealized influence	✓	✓	✓
Inspirational motivation		✓	
Intellectual stimulation		✓	
Individualized consideration		✓	✓

Note: ✓ = focal component; ✓ = minor or implicit component.

Borrowed from Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008