Linking Ethical leadership with organizational deviance and CSR: Empirical review

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Abstract: This paper aims at empirically defining ethical leadership. Now a days, ethics considered to be of immense importance. Ethical leadership helps to retain employees, drive them toward positivity, encourages employees to be devoted for their organization. Moreover ethical leadership inspires followers to work as a whole, not to exploit others and work for the betterment of themselves as well as for the organization and society. The review examines the following outcomes: organizational deviance and corporate social responsibility. On the basis of literature it is concluded that ethical leadership is negatively related with organizational deviance. Ethical leadership demoralizes the deviance of employees and encourages them to work for the betterment of the society in form of corporate social responsibility. Thus this paper highlights the impact of ethical leadership on organizational deviance and corporate social responsibility.

Keywords: Ethical leadership, Ethics, Organizational Deviance, Corporate Social Responsibility

Introduction

Organizations along the globe faced managerial crises (Tyco, Adelphia etc.) often caused by absence of leading abilities, which is source of organizational culture (Aydemir & Egilmez, 2010). To be effective employees need proper guidance a role model. Among several leaders, who act individualistic, Ethical leaders are highlighted due to their high moral standards (Basar & Filizoz, 2015). Employees and researcher consider ethical leaders as life buoys for organizations which are in trouble (Howell & Avolio, 1992). As insolvencies are in place due to unethical behaviors, by realizing ethical leaderships’ importance, practitioners have started to employ and develop ethical leaders and scholars also carried out studies to understand basics of ethical leadership (Brown & Trevino, 2006). Current studies enlightened that employees who are supervised by leaders who are considered to be major basis of ethical guidance, are less likely to be victim of stress and their job satisfaction is high (Sharif & Scandura, 2013). Resultantly, ethical leadership that focuses actions based on ethics has been acknowledged as vital aspect to reduce burnout and deviant behavior and improved work related performance (Taylor and Pattie 2014).

Organizational deviance is regarded as basis for considerable business costs (Bennett & Robinson, 2000). Deviant behaviors are publicized to be most dominant among employees (Mitchell & Ambrose, 2007). Employees engaged in deviance can disrupt standards that are mandatory for performance of team (Mayer et al., 2009). Due to growing interest in explore ways to ease employee burnout and workplace deviance, various factors contributing towards such behaviors have been explored by scholar at individual as well as at team level (Mulki et al., 2006). Growing body of research on damaging or dark side of employee behaviors (burnout and workplace deviance) has emerged (Neubert & Roberts, 2013).

Extraordinary corporate social responsibility results in number of benefits to corporations, stakeholders, consumers, and workforce, inclusive of competitive edge, attraction to corporate financiers and reputation of organization (Agunis & Glavas, 2012). There are many intrinsic explanations for CSR, most scholars from managerial and economic literature considered CSR in term of strategic viewpoint (Baron, 2001). CSR has gained importance in management literature (Netaji & Ghasemi, 2012) and companies have engaged in CSR practicality (Dahlsrud, 2008). Key driver towards CSR is an increase in eco-friendly consumers who are asking for sustainability and more eco-friendly products and services (Van Beurden & Gossling, 2008).

There is large body of knowledge is available on CSR but there is still no refined and clear-cut description (Wood, 2010). Furthermore, Wood (2010) also contended that CSR is challenging to theorize. Authors also claimed that there is no clear definition of CSR which made it very hard to understand (Van Beurden & Gossling, 2008; Orlitzky, Siegel & Waldman, 2011). Previous studies have examined relationship between CEO transformational leadership and Corporate Social Responsibility (Waldman et al., 2006). Besides growth in evidence regarding relationship of ethical leadership and employees outcomes, need for further research in this area is highlighted by authors (Mayer et al., 2012).

Thus, on the basis of literature presented in this paper we propose that ethical leadership is positively associated with Corporate Social Responsibility and negatively related with
Organizational Deviance. This paper aims to contribute in knowledge of body by providing clearer and in-depth understanding about the ethical leadership, Corporate Social Responsibility, and organizational deviance. This paper will enhance the understanding of managers, to modify their behaviors so they could embed names of their organization as prestigious one and socially responsible.

**Literature review**

**Ethical leadership**

Now a days, possessing efficient and effective labor force has gained significant consideration, for this purpose it is considered that leaders must be capable to motivate them to engage in extra role behaviors (Gathungu et al., 2015). Ethical leadership is composed of two words ethics and leadership. Generally speaking ethics are moral set of principles. Ethics are important in our personal, professional life. It is the human nature that where there are ethics, they result in producing positive behaviors. People do not tolerate the unethical behaviors either in personal or professional life they began to retaliate. The origin of ethics is from Greek word “ethos” which means to be custom or character (Mihelic et al., 2010). Furthermore, proposed ethics as set of beliefs and honorable moralities that directs personal and group actions while considering right or wrong. Ethics proposed as ethical viewpoint or principles of what is right, fair, and good (Rowe & Guerrero, 2012). Ethics an integrated part of every leadership development program is a good start, ethical leadership is best supported by company-wide performance systems that require and reward ethical behavior (Linda Fisher Thornton, 2009). Leadership is an art to lead and take group of people to achieve something that they can’t think to achieve alone. Leadership is an attitude - a set of beliefs and emotions.

Concept of ethical leadership gained consideration in empirical analysis in 2000 (Treviño, Hartman & Brown, 2000). It was proposed that Work settings’ ethical gozips pinned out that ethical issues are of significance and actions of leadership having moral content (Brown & Trevin’o, 2006). When we had a look in literature it was found that ethical leadership stressed on honesty, integrity and ethical leaders were perceived as impartial and moral decider (Eubanks et al., 2012; Kuntz et al., 2013). Ethical leaders do perform actions that benefit others, and simultaneously avoid to perform actions which can harm others (Yukl, et al., 2013). Moreover, ethical leaders can settle down the gashes, they do frame virtuous environment, in which employees may make progress from a number of distresses and their gashes may be settled (Basar & Filizoz, 2015). Moreover, Lynn Paine (2011) explored that ethical leaders have a moral center that guides their processes and decision-making. Furthermore Ethical leaders reflected the sense of honesty, dignity, respect, justice and fairness, community building, and service to others (Rowe & Guerrero, 2012). When ethical leaders are considered as moral managers, they do frame social codes for others, and have appreciable managerial abilities to direct employees (Mo et al., 2012). Further it was argued that superiors can influence employees on the basis that they possess control to administer reinforcements (Mayer et al., 2012). Moreover, employees tend to exhibit positive work behaviors when they their leaders exhibiting according to norms and will be considered as interactively impartial (Potipiroon & Faerman, 2016). Therefore ethical leadership has been proposed as exhibiting standardized proper behaviors in individual activities and mutual relations. Furthermore author added that these are promoted by followers with the help of shared message, decision making, and reinforcement (Brown et al., 2005). Ethical leaders habitually standardize group rules by means of reinforcement and penalty, in order to make sure that work setting is less frequently to be involved in unethical behaviors (Mayer et al., 2012). Ethical leadership make fair choices and principles, they are trustworthy and honest and take responsibility for their own actions (Ismail & Daud, 2014; De Hoogh & Den Hartog, 2008). When behaviors are considered ethical leadership is found to be in significant relationship with individual and group behaviors (Walumbwa, Morrison, & Christensen, 2012). Ethical leadership behavior is extremely beneficial for its survival. Unquestionable ethical guidelines and policies need to be in place in organizations, and all should adhere to them (Raed K. Shenaq, 2015).

**Ethical leadership outcomes**

Ethical leadership is positive in its nature and yields positive outcomes and it is remedial for negative outcomes for the organization. As concerned to positive outcomes previous studies identified followers’ outcomes yielded due to ethical leadership are interactional justice, satisfaction with superior, superiors’ effectiveness (Brown et al., 2005), job autonomy, task significance (Piccolo et al., 2010), employee sociability (Khuong & Nhu, 2015) turnover and affective commitment (Demirtas & Akdogan, 2014) and OCB (Mayer et al., 2009).

**Corporate Social Responsibility**

Corporate social responsibility is personal outcome. It is attitude of employee influenced by leadership style toward sustainable environment while using resources needed. Corporate social responsibility is basic concern toward keeping stakeholders interest and preferences at priorities. Now a days it has emerged as competitive advantage, long run customer retention, and attraction. Corporate social responsibility has been proposed (Aguinis, 2011) as actions and policies of organization that take into consideration prospections of stakeholders and triple the
economic, societal, and environmental performance. Extraordinary corporate social responsibility results in number of benefits to corporations, stakeholders, consumers, and workforce, inclusive of competitive edge, attraction to corporate financiers and reputation of organization (Aguinis & Glavas, 2012). Recent studies reported that CSR is more stimulated by non-institutional drivers as compared to institutional drivers, with regard to CSR impacting social and personal views (Angus-Leppan et al., 2010). Furthermore added most of the researchers argued that leadership is significant driver (non-institutional driver) for promotion of CSR. Employees’ behaviors with regard to corporate social responsibility and its effective exercise are considerably reinforced and inspired by leadership attitudes. Individuals in organizations expect ethical parameters it enlightens the requisite for ethical leadership (Treviño, 1986).

Ethical leaders develop a moral environment that results in promotion of societal interest, instead of profit maximization. Furthermore stated, that they can influence employees for ethical practices in work settings and formation an organizational vision, which promotes both growth of firm and societal development (Brown et al., 2005). Ethical leadership can be related to employees’ attitude toward CSR form social learning perspective as ethical leaders inspires their followers to carry out their obligations in organization in ethical manners as much as they can (Bandura, 1986). As leaders style to lead impacts followers by developing value system which consequently promotes the collective interest of society (Yukl, 2006) so ethical leadership promotes CSR. Furthermore it was argued that when an organization develops ethical climate (Practices) in work settings, it encourages followers to give consideration to societal issues from ethical view, resultantly CSR sense is developed (Kanungo, 2001). Ethical leaders are characterized by fairness, care, trustworthiness, and honesty. These qualities help in promotion of flexible culture being based on information sharing and consideration toward societal issues (Brown et al., 2005). From viewpoint of societal interest, followers’ attitudes regarding CSR are influenced by ethical leadership.

Organizational Deviance

Scholars have been specifically concerned regarding impact of ethical leadership and behaviors of employees, like performance (Walumbwa et al., 2012) and deviance (Mayer et al., 2009). When followers experience low ethical leadership they may begin to frustrate. Different ways can be considered to express frustration. They may directly behave unethically. Power of leader may restrict followers’ reaction toward his unethical behavior (Reference). Resultantly deviant behaviors are mostly focused at organization, these behaviors may be in form of misrepresentation in receipts or exerting less efforts to perform job or at members of organization, by exerting aggression regarding others in work settings (Bennett & Robinson, 2000). Indirect retaliation concerning the organization to exhibit deviant behaviors is considered to be a safer choice (Mayer et al., 2009). Bennett and Robinson (2000) proposed organizational deviance as intended behaviors aimed at violating norms of organization and in so doing threatens organizational well-being as well as members. In previous studies organizational deviance is found to be one of the several responses by followers as in case of ow ethical leadership (Brown & Treviño, 2006; Mayer et al., 2009).

Ethical leaders strive to develop ethical climate based on trust. Employees are made clear about expectations form them and way to make a positive organizational contribution (Kalshoven et al., 2011). Furthermore, when employees feel that they are being supported and equally treated, thus engage themselves in building trust in leader (De Hoogh & Den Hartog 2008). It was argued that individuals who feel themselves cared and supported by leaders are less likely at burnout risk (Kannan-Narasimhan and Lawrence 2012). They are at lesser risk to be engaged in deviant behavior, which is regarded as actually harmful for organization (Wu et al. 2011). Previous studies proposed that followers who are being supervised by ethical leaders, are supposed to have more access toward psychological resources which help them to build up superior leader member relationship based on mutual trust (Sharif and Scandura 2013). Furthermore, in such relations, employee feel themselves secure to share inner feelings to leader (Hochschild 1983) and may establish considerable commitment and psychological identification with organization (Neves & Story 2015).

Conclusion

This empirical review is aimed at to explore ethical leadership and its outcomes. Authors considered corporate social responsibility as outcome of ethical leadership. Previous studies have discussed CSR as resulting due to ethical leadership. Ethical leaders are characterized by trust, integrity, and honesty. They do not exploit their followers. They always strive to form an ethical climate to promote culture of cooperation, collaboration, and sense of mutual benefits. Previous studies have also contribute to proposed relationship between ethical leadership and CSR (Brown et al., 2005; Bandura, 1986; Yukl, 2006). Limitations are always exist in studies because rationality is difficult, so bounded rationality is another way to give future directions and express limitations of study. CSR gives competitive advantage to organization, better performance, and customer attraction. Possible outcomes of CSR are not explored in this study. Future research could be considered to explore the relationship between ethical leadership and CSR.
Organizational deviance in general is violation of organizational norms. It may be aimed at person or organization. Ethical leadership is negatively related with organizational deviance. It means that in ethical climate followers are not exploited, everyone gets rewards in accordance with performance, organizational norms are followed, and if someone violated he gets punished. That’s why ethical leadership is negatively related with organizational deviance. Organizational deviance has previously studied in destructive leadership context. Further research may be conducted while considering negative relation between CSR and organizational deviance. Further research may consider CSR as possible mediator between ethical leadership and organizational deviance. For better understanding the proposed ethical leadership with its outcomes may be considered for quantitative analysis.

This paper has it practical implications for service sector as well as for manufacturing sector. As it is observed that in Pakistan ethical climate is rare. People are exploited, unfair practices and rewards are there, resultantly employees begin to retaliate in any possible way they can. Findings of this paper will enhance understanding about ethics and ethical leadership to overcome the negative outcomes for organization. Current study is also composed of limitations. This study is not supported by inferential statistics. Future research could be carried on to find out antecedents of ethical leadership. Further research could be conducted to analyze outcomes of Corporate Social responsibility.

References


