
Ethical Leadership Across Cultures: Where is the Moral Manager?

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ABSTRACT

This study measured ethical leadership perceptions in three countries—Kazakhstan, Ukraine, and Dubai. Ratings for 177 employees of an international bank were used to determine the extent to which they perceived their managers to be moral persons and moral managers. Results indicate that, in all three countries, managers are perceived as relatively weaker moral managers as compared to moral persons. Holding employees accountable for their actions (rewarding ethical behavior and punishing unethical behavior) is the lowest rated aspect of the moral manager in each country. Overall ethical leadership ratings are the highest in Ukraine and the lowest in Dubai. Implications for future research and management practice are discussed.

Key words: ethical leadership, cross-cultural leadership, Kazakhstan, Ukraine, Dubai

INTRODUCTION

During the past few years, a growing number of studies have investigated the nature of ethical leadership, including the development of new instruments to measure ethical leadership in the workplace. The study of ethical leadership has expanded globally as researchers in at least fifteen countries have published articles on the subject. For example, researchers in the People's Republic of China have shown great interest recently in exploring the role and importance of ethical leadership in the economic development of the country. However, most of these global studies have one thing in common—they investigate ethical leadership in only one country. The single-country focus of these studies is partly due to the practical difficulties in obtaining samples in other countries, not to mention the barriers to getting permission from international companies to do academic research.

Of the very small number of studies that investigated ethical leadership across countries, almost all of them measured only managers' perceptions of ethical leadership. Furthermore, only two of these studies involve the use of ethical leadership data which was not collected as part of the Global Leadership and Organizational Effectiveness (GLOBE) project (see House, et al., 1999). Resick et al. (2011) obtained managers' descriptors of ethical and unethical leadership in the People's Republic of China, Hong Kong, Taiwan, Germany, and the United States. Kotloff, Erakovich, & Lasthuizen (2010) obtained ratings of ethical leadership from managers in the United States, Netherlands, Montenegro, and Serbia.

To date, only one cross-cultural study measured employee perceptions of ethical leadership (Kalshoven & Boon, 2012). But, the Kalshoven & Boon study did not specifically compare ethical leadership results across the Western European countries that they investigated. Therefore, to the best of the author's knowledge, this study will be the first to

compare employee perceptions of ethical leadership across cultures—including the first to compare ethical leadership between the countries of Kazakhstan, Ukraine, and Dubai.

WHAT IS ETHICAL LEADERSHIP?

Ethical leadership can be defined and described in various ways—which is partly dependent on cultural differences. For the purposes of this study, ethical leadership is defined 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” (Brown, Treviño, & Harrison, 2005, p. 120). As shown in Figure 1, this definition implies that a manager should be both a *moral person* and a *moral manager*. For a manager to be considered as an ethical leader, he should, on the one hand, possess certain traits, exhibit specific behaviors, and make decisions in a prescribed way. On the other hand, the manager should also actively promote ethical behavior in the organization through his own actions and communications. In short, according to this two-pillar model, it is not enough for a manager to be an ethical person himself; he should also regularly convey the ethics “message” to employees by being a role model, holding employees accountable for their (un)ethical behavior, and discussing ethics with employees whenever appropriate (e.g., ethical dilemmas).

Figure 1



Source: Treviño, L.K., Hartman, L.P. & Brown, M. 2000. Moral person and moral manager: How executives develop a reputation for ethical leadership. *California Management Review*, 42(4), p.131.

MORAL PERSON AND MORAL MANAGER RESEARCH

In addition to measuring ethical leadership across cultures, this study will be the second to investigate the existence of the moral person and the moral manager in organizations. Conrad (2013) measured employee perceptions of their managers' ethical leadership and found that Kazakhstani managers were perceived as weaker moral managers than moral persons. It should be noted that Mayer, Aquino, Greenbaum, and Kuenzi (2012) measured the moral manager dimension, but did not investigate the extent to which it existed (relative to the moral person dimension) among managers in the USA sample. Therefore, this is an exploratory study that will investigate the existence of the moral person and the moral manager in countries located in different parts of the world—Central Asia, Eastern Europe, and the Middle East.

METHOD

Sample

The sample was composed of 177 full-time employees from an international bank—67 from Kazakhstan, 60 from Ukraine, and 50 from Dubai. In Kazakhstan, 70% ($n = 47$) were female and 30% ($n = 20$) were male. In Ukraine, 67% ($n = 40$) were female and 33% ($n = 20$) were male. In Dubai, 24% ($n = 12$) were female and 76% ($n = 38$) were male. Data was sought from 93 employees (72% response rate) in Kazakhstan, from 97 employees (62% response rate) in Ukraine, and from 109 employees (46% response rate) in Dubai. An employee was defined as a person who did not have any subordinates.

Procedure

In Kazakhstan, the human resource director first sent an e-mail to all employees (and their managers) introducing the study and requesting voluntary employee participation in an ethical leadership survey. Each employee then received an envelope containing the anonymous survey and was asked to return it during a 10-day time period to the human resources department. In Ukraine and Dubai, the human resource director first sent an e-mail to all employees (and their managers) introducing the study and requesting voluntary employee participation. Each employee was then asked to visit a conference room during designated times (over a two-day period) to complete the anonymous survey and submit it to the author who was present in the room.

Measure

Employees responded to the Corporate Culture Ethical Leadership Scale (CCELS), a 20-item instrument developed by the author (see Conrad, 2013). All items were measured on 5-point Likert scales ranging from 1 (*strongly disagree*) to 5 (*strongly agree*). In Kazakhstan and Ukraine, employees responded to the CCELS in the Russian language. The questionnaire was back-translated to ensure accuracy of translation. In Dubai, employees responded to the CCELS in the English language. It should be noted that one item was deleted from the earlier CCELS version that was utilized in Kazakhstan (“care about and respect all of their employees”) and one item was added (“talk about ethical issues with employees”). The item “care about and respect all of their employees” was dropped because of its significant overlap ($r = .67$, $p < .01$) with the item “treat all of their employees well”. The item “talk about ethical issues with employees” was added to measure a key component of the moral manager—communicating about ethics and values.

RESULTS

Table 1 shows the CCELS items in the order of their average scores for Kazakhstan. Note that the ratings are lowest for holding people accountable—rewarding ethical behavior and punishing unethical behavior. Role modeling is also among the lowest rated items. Alternatively, items such as personal morality, trustworthiness, and treating employees well are among the highest rated items.

Table 1. Corporate Culture Ethical Leadership -- Kazakhstan

Item	Most supervisors and managers in this organization:	Mean
1	Are concerned about profit and the company's financial success.	4.24
2 (MP)	Have good personal moral behavior—they never behave in shameful ways at work and off-the-job.	4.12
3	Are concerned about the long-term, not just the short-term.	4.03
4 (MP)	Can be trusted—they have integrity and can be relied upon to fulfill their responsibilities.	3.88
5	Promote or set ethical standards and expectations about appropriate and inappropriate employee conduct at work.	3.87
6 (MP)	Treat all of their employees well.	3.84
7	Care about and respect all of their employees.	3.82
8 (MP)	“Do the right thing”—they try to be fair when making decisions.	3.70
9 (MP)	Are honest—they tell the truth and do not act in corrupt ways.	3.69
10	Are concerned about how business goals are achieved, not just the end results.	3.69
11 (MP)	Are open communicators and good listeners—they say what they think and people feel comfortable talking with them (even about “bad news”).	3.67
12	Are concerned about relevant stakeholders—including customers, suppliers, the community, etc.	3.66
13	Do what they say they will do—their actions match their words.	3.66
14	Use their power wisely—they use power to help most people and not just to benefit themselves and/or their “close people”.	3.64
15	Are concerned about how their decisions/actions will be judged by others (inside and outside the organization).	3.63
16 (MP)	Create values (e.g., mutual trust) and manage by these values on a regular basis.	3.61
17 (MP)	Are concerned about the “greater good” (especially about the organization and society).	3.54
18 (MM)	Are “role models” for other people—they serve as good examples of how leaders should act.	3.51
19 (MM)	Recognize or reward ethical employee behavior.	3.48
20 (MM)	Reprimand or punish unethical employee behavior.	3.36

Note: MP = moral person, MM = moral manager.

Table 2 shows the CCELS items for Ukraine. Ratings very similar to Kazakhstan were found—holding people accountable and role modeling were among the lowest rated items, while personal morality and treating people well were among the highest rated items.

Table 2. Corporate Culture Ethical Leadership -- Ukraine

Item	Most supervisors and managers in this organization:	Mean
1	Are concerned about profit and the company's financial success.	4.37
2	Are concerned about the long-term, not just the short-term.	4.22
3 (MP)	Have good personal moral behavior—they never behave in shameful ways at work and off-the-job.	4.18
4 (MP)	Treat all of their employees well.	4.12
5	Are concerned about relevant stakeholders—including customers, suppliers, the community, etc.	4.08
6	Promote or set ethical standards and expectations about appropriate and inappropriate employee conduct at work.	3.97
7 (MP)	"Do the right thing"—they try to be fair when making decisions.	3.92
8 (MP)	Can be trusted—they have integrity and can be relied upon to fulfill their responsibilities.	3.88
9 (MP)	Are open communicators and good listeners—they say what they think and people feel comfortable talking with them (even about "bad news").	3.87
10	Do what they say they will do—their actions match their words.	3.85
11 (MP)	Are honest—they tell the truth and do not act in corrupt ways.	3.83
12	Are concerned about how business goals are achieved, not just the end results.	3.82
13 (MP)	Create values (e.g., mutual trust) and manage by these values on a regular basis.	3.78
14 (MP)	Are concerned about the "greater good" (especially about the organization and society).	3.78
15	Are concerned about how their decisions/actions will be judged by others (inside and outside the organization).	3.73
16	Use their power wisely—they use power to help most people and not just to benefit themselves and/or their "close people".	3.73
17 (MM)	Reprimand or punish unethical employee behavior.	3.73
18 (MM)	Talk about ethical issues with their employees.	3.72
19 (MM)	Are "role models" for other people—they serve as good examples of how leaders should act.	3.70
20 (MM)	Recognize or reward ethical employee behavior.	3.48

Note: MP = moral person, MM = moral manager.

Table 3 shows the CCELS items for Dubai. Once again, holding-people-accountable items (rewarding ethical behavior and punishing unethical behavior) are rated the lowest.

Also, role modeling is again among the lowest rated items. Similar to Ukraine, talking about ethical issues with employees is rated among the lowest items. Unlike both Kazakhstan and Ukraine, treating employees well is among the lowest rated items. Similar to both Kazakhstan and Ukraine, personal morality is among the highest rated items. Finally, it is interesting to note that for all three countries, using power wisely is among the lowest rated items.

Table 3. Corporate Culture Ethical Leadership -- Dubai

Item	Most supervisors and managers in this organization:	Mean
1	Are concerned about profit and the company's financial success.	4.14
2	Are concerned about relevant stakeholders—including customers, suppliers, the community, etc.	3.72
3	Are concerned about how business goals are achieved, not just the end results.	3.72
4 (MP)	Have good personal moral behavior—they never behave in shameful ways at work and off-the-job.	3.70
5	Are concerned about the long-term, not just the short-term.	3.70
6 (MP)	Are honest—they tell the truth and do not act in corrupt ways.	3.62
7	Are concerned about how their decisions/actions will be judged by others (inside and outside the organization).	3.58
8 (MP)	Are concerned about the "greater good" (especially about the organization and society).	3.54
9 (MP)	Can be trusted—they have integrity and can be relied upon to fulfill their responsibilities.	3.48
10 (MP)	Create values (e.g., mutual trust) and manage by these values on a regular basis.	3.48
11	Promote or set ethical standards and expectations about appropriate and inappropriate employee conduct at work.	3.30
12 (MP)	Are open communicators and good listeners—they say what they think and people feel comfortable talking with them (even about "bad news").	3.26
13 (MM)	Are "role models" for other people—they serve as good examples of how leaders should act.	3.22
14 (MP)	Treat all of their employees well.	3.18
15	Do what they say they will do—their actions match their words.	3.16
16 (MP)	"Do the right thing"—they try to be fair when making decisions.	3.14
17 (MM)	Talk about ethical issues with their employees.	3.10
18	Use their power wisely—they use power to help most people and not just to benefit themselves and/or their "close people".	3.00
19 (MM)	Reprimand or punish unethical employee behavior.	2.94
20 (MM)	Recognize or reward ethical employee behavior.	2.50

Note: MP = moral person, MM = moral manager.

Descriptive statistics and Cronbach's alphas are shown in Table 4. The alpha coefficients for all of the variables are acceptable except for the Kazakhstan moral manager dimension and Ukraine moral manager dimension. The CCELS Dubai mean is significantly different from both the CCELS Kazakhstan mean, $t(115) = 3.47, p < .001$, and the CCELS Ukraine mean, $t(108) = 5.01, p < .001$.

Table 4. Means, Standard Deviations, and Reliabilities

Variable	M	SD	Alpha
1. CCELS KZK	3.73	0.48	.91
2. CCELS UKR	3.89	0.43	.89
3. CCELS DUB	3.37	0.63	.92
4. KZK MP	3.76	0.54	.85
5. KZK MM	3.45	0.60	.53
6. UKR MP	3.92	0.45	.79
7. UKR MM	3.66	0.51	.48
8. DUB MP	3.43	0.72	.88
9. DUB MM	3.94	0.73	.65

Note. KZK = Kazakhstan, UKR = Ukraine, DUB = Dubai.

MP (moral person) and MM (moral manager) are aggregate means.

In order to investigate the extent to which managers and supervisors were perceived as moral persons and moral managers, aggregate means of specific CCELS items (see Tables 1, 2, and 3) were calculated. For Kazakhstan, a paired-comparison *t*-test indicated that the aggregate means of the 8-item moral person dimension and the 3-item moral manager dimension were significantly different, $t(66) = 5.66, p < .001$. For Ukraine, a paired-comparison *t*-test showed that the aggregate means of the 8-item moral person dimension and the 4-item moral manager dimension were significantly different, $t(59) = 4.69, p < .001$. For Dubai, a paired-comparison *t*-test between the aggregate mean of the 8-item moral person dimension and the aggregate mean of the 4-item moral manager dimension was significant, $t(49) = 5.80, p < .001$.

DISCUSSION

The results provide evidence that, across cultures, managers are perceived as relatively weaker moral managers when compared to moral persons. Clearly the most deficient aspect of the moral manager is holding people accountable for their actions—rewarding employees for their ethical behavior and punishing them for unethical behavior. This result suggests that, despite the presence of a code of conduct and compliance training in the bank, managers tend to “look the other way” when employees do wrong and may fail to recognize those employees who “do the right thing.” However, in a practical sense, it may be problematic to reward ethical behavior in organizations. According to Treviño & Brown (2004), “ethical behavior is simply expected, and people don’t expect or want to be rewarded for doing their jobs the right way” (p.79). More specifically, rewarding ethical behavior means recognizing those employees who “blow the whistle” on others—a behavior which is not favorably viewed in many cultures (including most republics of the former Soviet Union).

The results also provide some evidence that managers in different cultures are possibly not “leading by example” as much as they should. This apparent lack of role modeling among bank managers is a missed opportunity to help improve the ethical culture of the organization. Kaptein (2011) found that there was less unethical employee behavior when

managers and supervisors were perceived to be ethical role models. However, acting as an ethical role model is easier said than done, especially in countries (such as Kazakhstan and Ukraine) where levels of corruption are relatively high.

Furthermore, the results point to an apparent lack of on-going discussion between managers and employees about ethics in both Ukraine and Dubai. Communicating about ethics and values should be seen by managers as more than just annual compliance training. Ethical talks, which may be viewed as “preaching” by some employees, should occur with employees when managers have concrete examples and dilemmas that people can learn from. In short, this study shows that managers across cultures tend to be “ethically silent leaders” who are obviously more concerned about financial results than being active moral managers (see Treviño & Brown, 2004).

Finally, the CCELS average rating for Dubai is significantly lower than the CCELS average ratings for both Kazakhstan and Ukraine. Looking at the specific CCELS items for each country may provide some clues to help explain this difference in level of ethical leadership. In Dubai, “treating all of their employees well”, “do the right thing”, and “use their power wisely” are all rated relatively lower by employees as compared to Kazakhstan and Ukraine. The lower CCELS average rating in Dubai may be partially due to the work culture in the Middle East—where evidence shows the existence of a predominantly coercive (command and control) leadership style in workplaces (HayGroup, 2009).

In general, this study found mainly convergence in employee perceptions of ethical leadership across cultures, in the sense that the *moral manager* was rated universally lower than the *moral person*. This finding is very interesting in light of the fact that the survey was done in three different parts of the world—Central Asia, Eastern Europe, and the Middle East. The few other cross-cultural studies all found both convergence and divergence in ethical leadership beliefs (Keating, Martin, Resick, & Dickson, 2007; Kolthoff, et al., 2010; Martin, Resick, Keating, & Dickson, 2009; Resick, et al., 2011; Resick, Hanges, Dickson, & Mitchelson, 2006).

FUTURE RESEARCH

More ethical leadership research needs to be done in different countries to investigate the prevalence of the moral person and the moral manager. In what countries, if any, is moral management significantly practiced and why is it part of the work culture there? Also, ethical leadership perceptions should be measured in different companies and in different industries. What effect, if any, do company culture and industry culture have on ethical leadership perceptions? Finally, the effect of the moral person and the moral manager on employee attitudes, behavior, and performance should be investigated. What difference does it really make if a company has moral managers or not?

PRACTICAL IMPLICATIONS

Organizations should try, whenever possible, to select and promote people (to management positions) who have an “ethical mind”. A person with an “ethical mind” espouses high standards, lives up to these standards consistently, and tries to help others do the same (Fryer, 2007). Managers with ethical minds try to create a work culture where “doing the right thing” is the norm and they have a “zero tolerance” for unethical behavior.

Organizations should also conduct on-going training for managers in the primary elements of moral management—ethical role modeling, holding employees accountable for un(ethical) behavior, and communicating with employees about ethics. Also, companies should hold

managers themselves accountable for their moral management behavior in the performance management system.

Finally, the importance of ethical role modeling cannot be underestimated in more corrupt countries, especially at the higher levels of management. Because ethical leadership has been shown to cascade down the organization (Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009), it is imperative that upper-level executives set a good example for managers and employees. Unless executives act as ethical role models, moral management training will not be accepted by cynical managers and supervisors.

LIMITATIONS

There are three major limitations of this study. First, the samples for each country are relatively small. Second, only one company was surveyed in each country. More companies from various industries should be surveyed to be able to generalize the results to the work culture in each country. Third, as an exploratory study, this research measures only ethical leadership perceptions and does not investigate any antecedents or consequences of ethical leadership in each country—such as the relationship between ethical leadership and employee stress.

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