WHAT IS AN ETHICAL LEADER LIKE? – A STUDY BASED ON BUSINESS STUDENTS' OPINIONS

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Abstract: *Nowadays, ethical behaviour, namely responsible behaviour towards the stakeholders of a company, is more and more required. Companies fulfil this expectation if their leaders are committed to an ethical approach, and if the whole organization is permeated with a moral and ethical approach through their example. Therefore, managers play a key role in the ethical operation of companies, and although bottom-up initiatives and objectives are important, they will have no effect without the support of leaders. The ideal situation is if the manager is ethically in control, both of his subordinates and of his company, from the beginning, i.e. the internal demands and the external expectations are both met. In my present study, I aim to investigate ethical leadership behaviour among students in higher education in economics, as most of them are likely to be leaders in their later careers. In my study, I first review the most important and most frequently cited definitions and theories of ethical leadership. Then, with the help of the Ethical Leadership Scale developed by Brown, Treviño and Harrison (2005), I examine what the students of the Faculty of Economics at the University of Debrecen think of leaders' ethical behaviour. In my research, 269 students took part, evaluating the 10 items of the ELS. They responded on the basis of their expectations of an ethical leader; that is to say they did not evaluate a particular individual. In qualitative analyses, I used averages, standard deviations and simpler statistical functions in order to find relationships among students' answers. In our students' opinion, the most important traits of an ethical leader are the following: "can be trusted"; "makes fair and balanced decisions" and "listens to what employees have to say". At the same time an ethical leader's least important trait is: "disciplines employees who violate ethical standards". Women consider "listens to what employees have to say" and "defines success not just by results but also the way that they are obtained" more important. Regarding smoking, previous ethical studies and work experiences, I also tried to search for relationships in students' answers; however, I found only some significant differences in my data base. Considering the respondents' status as full time or correspondence students, there was no significant difference in the answers. In some of the questions I examined, I found a moderate correlation, which means that values of certain items move together among the 10 items.*

Keywords: *ethical leadership; business students; ethical attitudes.*

JEL Classification: *M19; I23.*

1. Introduction

Ethical operations are becoming increasingly important in modern organizations, and the most common aspects of this are the development of social responsibility and its integration into everyday operations. This endeavour is partly due to the expectations of external market players and partly to internal, organizational intentions and goals. Internal organizational motivation for ethical activity may come from employees (e.g. employees' volunteer initiatives), but may also be the result of (senior) managerial ambitions. Moreover, we also know companies which are established not only to acquire more and more profit for their own purposes, but also to serve other socially responsible goals (e.g. Greenpeace). However, none of these decisions can be fully implemented if the organization's leaders display negative attitudes, i.e. if they are not active and do not support them. Leaders' attitudes are key from an ethical behaviour point of view. That is why I will here consider all the theoretical literature and important empirical research related to this topic. I started researching in this field in order to examine the ethical attitudes of business students participating in economic education, with the aim of exploring what ethical attitudes they have as a prospective employees, or later as leaders.

In my paper I first give an overview of the notion and theories of ethical leadership. In the second part of my article, I introduce my own empirical research, which was conducted among students at the Faculty of Economics and Business of the University of Debrecen.

2. Theoretical Background

In this chapter I will try to summarize some important approaches and theories related to ethical leadership.

The most frequently cited studies in this field are linked with the names of Brown and Treviño and their colleagues. In their study, which was published in 2000, they claim ethical leadership is composed of two pillars: the moral personality and the moral manager. Table 1 summarizes the elements of these two pillars. In the authors' opinion we can speak about an ethical leader if he/she is a moral personality and can, at the same time, be described as a moral manager.

Table 1. The Two Pillars of Ethical Leadership

Moral Person (Ethical)	Moral Manager (Leadership)
Traits: • Integrity • Honesty • Trustworthiness	Role Modelling Through Visible Action
Behaviours: • Do the Right Thing • Concern for People • Being Open • Personal Morality	Rewards and Punishment

Moral Person (Ethical)	Moral Manager (Leadership)
Decision-Making: • Hold to Values • Objective/Fair • Concern for Society • Follow Ethical Decision Rules	Communicating About Ethics And Values

Source: Treviño, Hartman and Brown (2000:131)

In their 2005 study, Brown, Treviño, and Harrison defined the concept of ethical leader as follows: "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making" (Brown et al., 2005:120). The second part of their article presented the research that had led them to develop the so-called Ethical Leadership Scale (ELS). Since then this scale has been used by many researchers to evaluate ethical leadership behaviour, and in the second part of this work I also use it in my empirical research. The statements to be evaluated in the ELS test are presented in Table 2.

Table 2. The Ethical Leadership Scale's items

Number of the question	Statement to be evaluated
1.	Listens to what employees have to say.
2.	Disciplines employees who violate ethical standards.
3.	Conducts his/her personal life in an ethical manner.
4.	Has the best interests of employees in mind.
5.	Makes fair and balanced decisions.
6.	Can be trusted.
7.	Discusses business ethics or values with employees.
8.	Sets an example of how to do things the right way in terms of ethics.
9.	Defines success not just by results but also the way that they are obtained.
10.	When making decisions, asks "what is the right thing to do?"

Source: Brown, Treviño and Harrison (2005:125)

Some authors approach an ethical leader's behaviour by characterizing the differences between ethical and unethical behaviour.
In Howell and Avolio's (1992) study we read the following description of the unethical leader:
- uses power only for personal gain or impact
- promotes his/her own personal vision
- censures critical or opposing views
- demands his/her own decisions be accepted without question
- one-way communication

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- insensitive to followers' needs
- relies on convenient external moral standards to satisfy self-interest (Howell and Avolio, 1992:4).

The ethical leader, on the other hand, can be characterized as follows:

- uses power to serve others
- aligns vision with followers' needs and aspirations
- considers and learns from criticism
- stimulates followers to think independently and to question the leader's view
- open, two-way communication
- coaches, develops and supports followers: shares recognition with others
- relies on internal moral standards to satisfy organizational and societal interests (Howell and Avolio, 1992:4).

Another excellent author in the literature on leadership is Gary Yukl, who summarised the definition of ethical leadership as follows: "… the criteria relevant for judging ethical behaviour of a leader include individual values, conscious intentions, freedom of choice, stage of moral development, types of influence used, and use of ethical as well as unethical behaviour" (Yukl, 2006). In 2002 Yukl and his colleague also collated the features of ethical and unethical leaders. Table 3 presents the characterization of the two leader types.

Table 3. Ethical and unethical leadership traits by Yukl and Yukl

Criterion	Ethical leadership	Unethical leadership
Use of leader power and influence	Serves followers and the organization	Satisfies personal needs and career objectives
Handling diverse interests of multiple stakeholders	Attempts to balance and integrate them	Favours coalition partners who offer the most benefits
Development of a vision for the organization	Develops a vision based on follower input about their needs, values and ideas	Attempts to sell a personal vision as the only way for the organization to succeed
Integrity of leader behaviour	Acts consistently with espoused values	Does what is expedient to attain personal objectives
Risk taking in leader decisions and actions	Is willing to take personal risks and make necessary decisions	Avoids necessary decisions or actions that involve personal risk to the leader
Communication of relevant information operations	Makes a complete and timely disclosure of information about events, problems and actions	Uses deception and distortion to bias follower perceptions about problems and progress
Response to criticism and dissent by followers	Encourages critical evaluation to find better solutions	Discourages and suppresses criticism or dissent
Development of follower skills and self-confidence	Uses coaching, mentoring and training to develop followers	Deemphasizes development to keep followers weak and dependent on the leader

Source: Yukl and Yukl (2002:354)

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At the end of my literature analysis, I present some measurement tools based on Chikeleze's work related to ethical leadership behaviour. Between 1998 and 2013, five types of scales/questionnaires were created which are suitable for this. These are given in Table 4 below.

Table 4. Ethical Leadership Measurements

Year	Instrument	Authors	Measurements
1998	Perceived Leader Integrity Scale (PLIS)	Craig and Gustafson	Trust, civility, self-centered, honest, evil
2005	Ethical Leadership Scale (ELS)	Brown, Treviño, and Harrison	Fairness, trust, "Do the right thing"
2010	Leadership Virtues Questionnaire (LVQ)	Riggio, Zhu and Reina	Prudence, fortitude, temperance and justice
2011	Ethical Leadership Work Questionnaire (ELWQ)	Kalshoven, Den Hartog, and De Hoogh	Fairness, integrity, ethical guidance, people orientation, power sharing, role clarification and concern for sustainability
2013	Ethical Leadership Questionnaire (ELQ)	Yukl, Mahsud, Hassan, and Prussia	Honesty, fairness, integrity, sets example, concern for values

Source: Chikeleze (2014:84)

Before turning to the results of the empirical research, I must point out an important research finding: managers' self-evaluation of their performance is not related to the ratings of their managers or subordinates (Harris and Schaubroeck, 1988; Hogan et al., 1994). It is therefore unlikely that managers can give a real, unbiased assessment of their ethical leadership style. Rather, the evaluation of subordinates gives the most accurate estimate of the ethical leadership of their superiors, especially when the subordinates work closely with the leader and have an insight into how the leader treats others and makes decisions (Brown and Treviño, 2006:610).

3. Methodology

Having presented the theoretical literature, here I will review the methodological background of my own research.

The idea of my research is based upon the Ethical Leadership Scale (ELS) published by Brown, Treviño and Harrison in 2005. This scale ultimately includes 10 statements about how respondents judge the ethical leader. In my present study, I asked the respondents to evaluate every item on a 7-grade Likert scale, according to their opinions about an ethical leader. I would like to emphasize that this did not involve an evaluation of an actual leader (for example their boss), but the expectations held by the participants emerged during the filling of the questionnaire

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(i.e. I believe this gives us a picture of ideal ethical leadership behaviour). The questionnaires were filled in anonymously on paper and the answers were digitized. The questionnaires were completed in February and March 2019 by students at the Faculty of Economics at the University of Debrecen. The full sample element number is 271, and two of the questionnaires were unusable. Consequently, I was able to analyse 269 students' questionnaires, of which 96 were from men (35.7%) and 172 from women (63.9%); 1 student did not respond to this question. Regarding types of education, 232 of the respondents (85.6%) were full-time students, the others were attending correspondence courses. In terms of their year, 230 were first year students (85.5%), 18 were second year students (6.7%), and 20 were third year students (7.4%); 1 student did not respond to this question. Our students attend the following programs: the tertiary education vocational course in Business Administration and Management, the Bachelor's course in Business Administration and Management and the same level courses in the field of International Business, Finance and Accounting. The Master's programmes were the MA in Human Resource Counselling , the MSc in Management and Leadership and the MSc in Business Administration. In addition to the above, in the interest of further analysis, I asked whether our students smoked, had taken a course in ethics during their studies, and whether they had work experience. On the basis of these last three questions, I made comparisons in order to explore the students' ethical attitudes related to ethical leadership.

Considering the number of elements involved, the examined sample is adequate but not representative. This in itself restricts the ability to generalize the conclusions drawn from the analysis of the data, but provides the opportunity to analyse the data obtained through simple calculations. During the analyses, I analysed means and standard deviations, and tried to find significant differences, using independent two sample t-tests, between different variables (gender, the existence or lack of previous ethical studies and the existence or lack of work experience). Furthermore, considering the whole sample, I used the Pearson's correlation indicator to illustrate the relationship between individual issues. The value of the correlation coefficient can be interpreted by Evans (1996), as follows:

- 0.00 - 0.19 : "very weak"
- 0.20 - 0.39 : "weak"
- 0.40 - 0.59 : "moderate"
- 0.60 - 0.79 : "strong"
- 0.80 - 1.0 : "very strong" connection between the examined factors.

In the next section I present the results of my empirical research.

4. Results

Based on the analysis of my empirical database, I can state that according to the opinion of the students of the Faculty of Economics, the most important characteristic of an ethical leader is trustworthiness, because this statement has the highest average. That is to say, in this question students' views are quite homogeneous, as the standard deviation of the answers is the lowest. Based on

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average values, the next most important characteristic is fair and equitable decision-making, and listening if your colleagues want to say something; the average value for both these answers is over 6. The majority of the questions examined are found in the "mid-range" with means between 5.4 and 5.9, with a slightly higher standard deviation which indicates the division of respondents' opinions on this issue. Our students were least likely to associate an ethical leader with the ability to punish those workers who violate ethical standards: here the average value was only 4.06, although the standard deviation was the highest, at 1.40. This means that the opinions of the respondents are most divided on this issue. Means and standard deviations of the total sample responses are shown in Table 5.

Based on the points included in the evaluated statements, our students have relatively high expectations of ethical leaders, as the averages on the Likert scale were above 4 in every case.

Table 5: Respondents' opinion on the ethical leader

Statements	Mean	Std. deviation
Can be trusted.	6.61	0.68
Makes fair and balanced decisions.	6.23	0.95
Listens to what employees have to say.	6.21	0.92
Has the best interests of employees in mind.	5.91	0.95
When making decisions, asks "What is the right thing to do?"	5.67	1.27
Defines success not just by results, but also the way that they are obtained.	5.62	1.23
Sets an example of how to do things the right way in terms of ethics.	5.51	1.23
Conducts his/her personal life in an ethical manner.	5.45	1.28
Discusses business ethics or values with employees.	5.38	1.18
Disciplines employees who violate ethical standards.	4.06	1.40

Source: Author's own research results or Primary data?

I try to investigate the potential correlations between the results in my data base. The results are presented below.

I found a medium correlation between the following statements:
- Between "Listens to what employees have to say" and "Makes fair and balanced decisions" (r=0.419 is significant at the 0.01 level).
- Between "Has the best interests of employees in mind" and "Makes fair and balanced decisions" (r=0.489 is significant at the 0.01 level).
- Between "Has the best interests of employees in mind" and "Can be trusted" (r=0.403 is significant at the 0.01 level).
- Between "Makes fair and balanced decisions" and "Can be trusted" (r=0.460 is significant at the 0.01 level).

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- Between "Discusses business ethics or values with employees" and "Sets an example of how to do things the right way in terms of ethics"(r=0.468 is significant at the 0.01 level).
- Between "Defines success not just by results but also the way that they are obtained" and "When making decisions, asks "What is the right thing to do?"" (r=0.451 is significant at the 0.01 level).

In the analysis of the data, I tried to find significant differences in terms of gender, smoking, previous ethical studies and work experience. The results are:

Analysing averages by an independent-sample T test (5% significance level), women consider "Listens to what employees have to say" and "Defines success not just by results but also the way that they are obtained" more important (question 1, average for women: 6.39; for men: 5.91). Women also consider it more important that success matters not only in itself but also in terms of how it is achieved (question 9, average for women: 5.78; for men: 5.30).

Investigating my data base non-smokers think "Listens to what employees have to say" is more important than smokers do, based on the independent-sample T test at a 5% significance level (question 1, average for non-smoking students: 6.30; for smoking students:5.83). Non-smoking students also consider it more important that success matters not only in itself but also in terms of how it is achieved (question 9, average for non-smoking respondents: 5.70; for smoking respondents: 5.23). In other words, smoking seems to make people more tolerant of the ethical behaviour of managers in these two issues.

Based on previous ethical studies, I found only one case of stricter expectations of the ethical behaviour of managers: those who have participated in an ethics course think that it is not only success that matters but the way it is achieved. The average response of those who had taken this type of course is significantly higher (5.81) than the average of those who had not (5.52) – based on an independent-sample T test at a 5% significance level.

In the case of work experience, there is only one significant difference in the opinions of the respondents: those who have had no work experience said that "Listens to what employees have to say" is more important (average 6.43) than those who have had work experience, who found it less important (average 6.15) – based on an independent-sample T test at a 5% significance level. The explanation for this is probably the negative personal impressions of those who have work experiences, or simply that they believe other aspects of ethical leadership are more essential.

However, there is no significant difference among the means of the answers given to the questions between respondents who are full-time and those who are part-time students.

5. In conclusion

In my study I examined the topic of ethical leadership. First I reviewed what differences there are between ethical and unethical leaders, according to the related literature. The second part of my article presented the results of empirical research

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conducted among business students. Students at the Faculty of Economics and Business of the University of Debrecen believe that the most important feature of an ethical leader is trustworthiness, and the least important feature is punishing those who violate ethical standards. Based on the points evaluated in the statements, our students have relatively high expectations of ethical leaders, as the averages on the Likert scale were above 4 in every case. Although our research was not based on a representative sample, it may be a good antecedent for a larger overall research study. In the future I am also planning further research on this topic, using a more detailed questionnaire with more complex questions in order to gain a more precise picture of student's opinions about ethical leadership.

6. Acknowledgements

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