ETHICAL LEADERSHIP, LEADER-FOLLOWER RELATIONSHIP AND PERFORMANCE:
A STUDY IN A TELECOMMUNICATIONS COMPANY

JEANE RODRIGUES LUCENA NIEMEYER
Doutoranda em Administração e Pesquisadora da Escola de Negócios (IAG)
da Pontifícia Universidade Católica do Rio de Janeiro (PUC-Rio).
Rua Marquês de São Vicente, 255, Gávea, Rio de Janeiro – RJ – Brasil – CEP 22451-900
E-mail: jeane_lucena@yahoo.com.br

FLÁVIA DE SOUZA COSTA NEVES CAVAZOTTE
Doutora em Administração pela Virginia Commonwealth University.
Professora da Escola de Negócios (IAG)
da Pontifícia Universidade Católica do Rio de Janeiro (PUC-Rio).
Rua Marquês de São Vicente, 255, Gávea, Rio de Janeiro – RJ – Brasil – CEP 22451-900
E-mail: flavia.cavazotte@iag.puc-rio.br
ABSTRACT

Purpose: Analyze the influence of ethical leadership on the relationship between leaders and followers, as well as its consequences for individual performance, commitment to work goals, and organizational citizenship.

Originality/gap/relevance/implications: Although ethics in leadership is supposed to promote positive consequences in the work context, its association with performance and other relevant aspects in the business environment – such as the commitment to goals – has not yet been empirically studied. The present research contributes by filling this gap, therefore expanding the knowledge about the implications of ethical leadership in Brazil.

Key methodological aspects: A survey was conducted in a multinational telecommunications company, with a sample of 161 store clerks and 15 managers responsible for the sales units located in the city of Rio de Janeiro. The statistical analysis was done using the software SPSS, through multiple regression analyses conducted with the variables studied.

Summary of key results: The results corroborate the benefits of ethical leadership. They show a positive association between ethical leadership and both the quality of the leader-follower relationships and employee performance.

Key considerations/conclusions: The research suggests that ethical leadership seems to have a positive impact on work productivity, by building a better relationship with employees. Therefore, based on the findings, it is possible to recommend specific actions in leadership development programs, calling attention to the importance of discussing ethical dilemmas, behaviors, and models of practice.

KEYWORDS

1 INTRODUCTION

Recent events involving international conflicts, terrorism, corporate scandals, and corruption in politics have inspired the development and advancement of the theory about ethical leadership, stimulating research and initiatives focused on ethics in the academic and organizational environment (Sobral, 2009; Gama, Peixoto, Seixas, Almeida, & Esteves, 2013; Oliveira, Aguiar, Queiroz, & Barrichello, 2014). With respect to the climate of uncertainty of recent times, the greatest challenge appears to be the restoration of confidence, hope, and optimism in relations and social transactions – people are yearning for leadership in which they can trust, for good and honest leaders (Avolio & Gardner, 2005). In this context, the development of the theory about ethical leadership has sought to contribute to the investigation of the effects of moral conduct on the performance of the leader’s followers (Brown, Treviño, & Harrison, 2005). However, despite the role of ethics in leadership, which, in theory, promotes positive consequences in the context of work, the direct association between ethical leadership and work performance, and with other relevant aspects in the business environment, such as goal commitment, has not yet been studied empirically (Brown & Treviño, 2006; Piccolo, Greenbaum, Den Hartog, & Folger, 2010).

The present work investigates this subject, from the proposition that a more ethical kind of leadership would promote a series of benefits in the organizational context, including gains in productivity and citizenship behaviors among employees. These assumptions are developed and tested through an empirical study of employees at a multinational telecommunications company. The study investigates if ethics in leadership is linked to individual performance, organizational citizenship behaviors, and goal commitment among employees in the company. Furthermore, this study also explores the mechanisms whereby ethical leaders promote productive attitudes and behaviors at work, based on social exchange theory applied to leaders and followers; i.e., Leader-Member Exchange Theory (LMX) (Graen & Uhl-Bien, 1995), a proposition that has not been well explored in literature (Mashud, Yukl, & Prussia, 2010).

The results observed in this study, based on regression analysis, indicate that ethical leadership is associated with several positive organizational consequences. The subordinates who perceive their leaders as being more ethical tend to have more organizational citizenship behaviors. Moreover, it was noted that better relationship between leaders and subordinates (LMX) is associated with ethical leadership, and that more quality in the leader-follower relationship is associated with greater employee commitment to sales goals, and individual performance. The paper discusses theoretical and practical implications of these observations for developing leadership and people management skills in the segment studied.
2 THEORETICAL FOUNDATION AND HYPOTHESIS

2.1 ETHICAL LEADERSHIP

Although it is easy to identify leadership in practice, its precise definition is a challenging task for several authors. However, there seems to be a consensus on two basic principles about leadership: 1. it involves a process of influence, which occurs between the leader and their followers, having a result as final product; and 2. this process of influence unfolds from the behaviors and characteristics of the leader, the followers’ perception of the leader and the context in which this process occurs (Day & Antonakis, 2011).

The moral crises in the social, business, and political spheres in recent decades have given rise to an increasing interest in the study of ethics in leadership (Almeida, 2007; Brown & Treviño, 2006; George, Sims, Mclean, & Mayer, 2007; May, Hodges, Chan, & Avolio, 2003). The development of studies on ethical leadership has helped us understand how leaders influence ethical behavior in business through the attitudes of their followers. Studies in the international arena indicate that ethical leadership has implications of employee satisfaction with their leader, their effectiveness, and their dedication to making extraordinary efforts as part of their performance (Brown et al., 2005).

Ethical leadership is defined by Brown et al. (2005, p. 120) 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.

The ethical leader gains great influence regarding the behavior of his followers. By engaging in behaviors based on honesty and by being careful with how they treat others, these leaders will evoke feelings of trust and gratitude, and promote positive attitudes and behaviors among their followers (Brown & Treviño, 2006).

Two dimensions are considered in the discussions about ethical leadership: whether the leader is a moral manager and a moral person (Brown et al., 2005; Treviño, Brown, & Hartman, 2003). The moral manager refers to the way in which the leader uses his position to influence the ethical behavior of his followers in the workplace. The moral person refers to the way in which the person conducts him- or herself; being honest, confident, caring, and respectful – how the leader relates to his or her employees, providing the necessary support.
Brown et al. (2005) believe that as ethical leaders present less selfish and more altruistic motivations for their actions, they lead to the creation of a work environment that is more pleasant and fair. The legitimacy of leaders who spous these values stems from the admirable conduct that they assume, being a source of identification and inspiration for their followers. In the organizational context, a leader guided by ethical values – such as unselfishness and righteousness – gives the impression of being more motivated to support, develop, and assist their subordinates. Thus, ethical leaders seem to offer fairer opportunities of career development, to recognize the work of their subordinates through rewards, and to behave in a transparent manner, not treating their employees improperly or exploiting them (Mashud et al., 2010).

Recent international studies have noted a positive association between ethical leadership and the behavior of the followers (Piccolo et al., 2010; Walumbwa et al., 2011). These leaders in fact practice what they preach and, as a result, become models of ethical conduct (Brown & Treviño, 2006).

### 2.1.1 Ethical leadership and leader-follower relationship

Brown et al. (2005) discuss that learning occurs through direct or indirect experience, through the observation of others’ behaviors and their consequences, which seems particularly relevant in respect to ethical conduct in organizations. The authors argue that the employees of an organization learn what is expected of them from the behaviors, rewards, and punishments practiced by their leaders. Once the follower is a key element in the process of leadership, it is pertinent to verify the influence of the ethical conduct of the leader on those around him or her.

The particular relationship that leaders develop with each of their followers is the focus of a leadership theory developed in the 1970s, named LMX (Northouse, 2010). The core of its design is in the approach to leadership as a process, as a result of the interaction between leaders and followers, and the dyadic relationship is the main target of the investigation. The relationship between the leader and the followers varies depending on the degree of respect, trust, and support exchanged between them, and can potentially develop into a high level of partnership.

The theory proposes that, due to the relationship established since their first contact, some followers would tend to engage more with the leader, leading to the formation of two distinct groups: the in-group, or endo-group, which is more integrated with the leader, with more informal relationships based on trust and high rewards; and the out-group, or exo-group, in which the relationship is based on formality, the leader rules with less confidence, there are fewer interactions, and limited support from the leader (Dienesch & Liden, 1986).
That way, while the social interactions between the leader and the followers who would be in the out group are characterized by low quality, restricted to the formal contract, the leader’s interactions with followers of the in group would be of high quality, characterized by a relationship of mutual exchange of resources and support that goes beyond what is required in the formal work contract (Le Blanc & González-Romá, 2012).

The main point highlighted in studies about this theory revolves around the same question: what are the consequences of these qualitative variations in the level of relationship between the leader and each follower? The research indicates that a high quality relationship between leader and follower has several consequences, such as less voluntary turnover of employees, better attitudes at work, greater organizational commitment, and better participation and performance (Graen & Uhl-Bien, 1995; Liden, Wayne, & Stilwell, 1993).

From the observed consequences when the leader’s relationship with his followers is of high quality, a pertinent question would be: what factors promote higher quality relationships between leaders and followers? Recent empirical studies suggest that ethical leadership carries implications with respect to this relationship (Tumasjan, Strobel, & Welpe, 2011). However, there are still few studies that have addressed the ethical behavior of leaders as the antecedents of the quality of the leader-follower relationship (Mashud et al., 2010).

The ethical values of a leader are observed in everyday situations, from behaviors guided by a sound moral conduct. With regard to the relationship with the team, the leader seems to promote ethics among the members of the group, and the desire to develop and maintain a collaborative relationship (Yukl, 2010). The fair distribution of rewards and benefits, the impartial mediation of conflict, and the dedication with which ethical leaders treat their teams, have the potential to strengthen their relationship and lead to better management (Mashud et al., 2010). Thus, the first hypothesis of this study proposes that the quality of the relationship between the leader and the followers – i.e. the exchange between them, also treated as LMX – tends to be best when the manager is considered ethical.

- Hypothesis 1: The ethical leadership, evaluated from the perspective of followers, is positively associated with the quality of the relationship between the leader and the follower (LMX).

2.1.2 Leader-follower relationship and individual performance

The results of an organization can be favored by the leader and his influence on the determinants of individual performance, particularly through his or her interactions with subordinates. These results appear when the leader engages
in behaviors that promote the support for subordinates, their recognition, and their development through coaching and mentoring tools, as well as when the leader is capable of delegating and promoting a climate of collaboration between the members of the team (Yukl, 2008). The leader’s influence on employees can thus play an important role with regard to the employee’s engagement, initiative and performance (Zhang, Wang, & Shi, 2012).

At the individual level, the term performance is used to define the proficiency with which employees act when they engage in behavior that is relevant to the organization. The performance achieved is the set of results caused by the behaviors and attitudes of individuals at work. In the business context, an individual’s performance is usually assessed as a percentage, comparing what was accomplished with what was expected (Motowidlo, Borman, & Schmit, 1997).

The leader’s involvement in this process is relevant, since it is the key to the alignment of the organizational systems and the behavior of the employees with the organizational vision. It is the leader who integrates the organization, its goals, and the staff, which is responsible for transforming the strategies and plans into reality (Hicks & Peterson, 1995). A leader can influence directly the performance of the staff when helping to remove obstacles associated with the work, providing the necessary support, encouragement, and coaching, and by creating a more constructive relationship at work. Therefore, followers of leaders who do this may exhibit superior performance compared to others who do not receive the same investment in the form of resources and time of their leader (Vecchio & Gobdel, 1984).

Based on LMX theory, studies have investigated the impact of the quality of the relationship between the leader and the follower on the results achieved in organizations. With regard to individual performance, this relationship has been shown to be positive (Bauer, Erdogan, Liden, & Wayne, 2006; Dunegan, Duchon, & Uhl-Bien, 1992; Klein & Kim, 1998). In this sense, the second hypothesis of this research suggests that the quality of the relationship between the leader and the follower encourages individual performance at work.

- Hypothesis 2: The quality of the relationship between leaders and followers (LMX) is positively associated with individual performance.

### 2.2 ORGANIZATIONAL CITIZENSHIP BEHAVIOR

Organizational citizenship behavior (OCB) concerns the individual actions, not directly or explicitly recognized by formal reward systems, but that somehow promote the proper functioning of the organization, as pointed out by Organ (1988). Several authors have discussed different constructs analogous to OCB...
in the early studies on the topic in the 1980s. From the survey conducted by Podsakoff, Mackenzie, Paine and Bachrach (2000), almost thirty forms of citizenship have been identified. These authors organized the concepts discussed into seven major dimensions: help behavior, sportsmanship, organizational loyalty, conscientiousness, or organizational obedience, individual initiative, civic virtue, and self-development.

A consequence of organizational citizenship behavior is increasing the productivity of the members of a team, which can be observed, for example, through the assistance of more experienced employees of new hires, the sharing of best practices among members of a work team, or the execution of activities not directly related to work but that favor the company (Organ & Ryan, 1995; Podsakoff & Mackenzie, 1997). Williams and Anderson (1991) discuss different behaviors that help at work, which could be directed to individuals or to the organization. In this research, the adopted concept of organizational citizenship behavior follows this differentiation, with an emphasis on individual organizational citizenship behavior (OCBi); that is, the behaviors in which individuals engage in relation to their co-workers.

2.2.1 Ethical leadership and organizational citizenship behavior

In the literature, some studies have examined the relationship between personality factors, attitudes in the workplace, and organizational citizenship behavior. Features such as conscientiousness, cooperation, and positive or negative affectivity seem to be associated with the guidance of individuals with regard to the relationship with peers and managers. These guidelines would then be responsible for their attitudes and behaviors that are more supportive, fair and committed (Organ & Ryan, 1995).

Leaders that are considered ethical are guided by honesty and unselfishness, develop relationships based on trust, and become possible targets and models of ethical conduct (Brown et al., 2005). Peculiar to this style of leadership is a proactive effort to influence the ethical behavior of their subordinates through explicit messages loaded with value, and reward systems consistent with the practices of a moral manager (Treviño et al., 2003).

As the ethical leader can be a model of conduct for his or her employees, it is possible that the behavior of helping and cooperating voluntarily is intensely promoted by these leaders. Thus, the third hypothesis of this research proposes that ethical leadership is associated with individual organizational citizenship behavior.

- Hypothesis 3: Ethical leadership is positively associated with OCBi.
2.3 GOAL COMMITMENT

In view of the importance of motivation for performance (Klein, Wesson, Hollenbeck, & Alge, 1999), when the focus is to achieve better results in organizations, goal commitment becomes a subject of central interest. Goal commitment has been associated with performance in various work contexts, and is characterized by determination in trying to achieve objectives, to persistently pursue them over time (Klein et al., 1999).

Klein and Kim (1998) suggest that in addition to the good relationship between the leader and their employees encouraging better individual performance, their influence on the employee’s commitment to work-related goals was critical to achieving good performance. This concept is considered crucial in terms of motivation by the goal setting theory and the achievement of results. The establishment of specific and challenging goals has been associated with superior performance (Locke & Latham, 1990). However, as shown by many studies on the definition of objectives, this relationship depends on the commitment of the individual to the goals established (Klein et al., 1999).

In the literature, several studies point to the level of commitment as an essential element to the performance with respect to hard-to-reach goals (Locke, Latham, & Erez, 1988). Once the performance is a factor resulting from goal commitment, it seems important to investigate the antecedents that may affect this attitude. In a meta-analysis performed by Klein et al. (1999), personal factors are explicitly linked as predictors of goal commitment. Also relevant to this process are situational factors, such as the difficulty, specificity, and complexity of the goal, the presence and type of feedback received, and leadership and supervisory support.

2.3.1 The leader-follower relationship and the commitment to the goal

Although some components have been previously pointed to as providing the background to the level of commitment to work-related goals, the number of studies that have devoted attention to these themes is still scarce and not sufficiently systematized (Klein et al., 1999). However, a few studies have investigated the impact of leadership on goal commitment. Piccolo and Colquitt (2006) found a positive relationship in terms of leadership style. According to the authors, leaders with a transformational leadership style have greater influence over the commitment of their followers to their goals. Another indication of this study is that this relationship appears to be mediated by the quality of the relationship between leaders and followers (LMX), suggesting that the followers
who experience higher quality in this relationship may be more open to social influence, which in turn builds confidence and commitment to their leaders.

So, in order to broaden the discussion about the impact of leadership on the commitment of the followers to their goals, the fourth hypothesis of this research suggests that the quality of the relationship between leaders and followers (LMX) has an influence on the commitment to goals among employees.

- Hypothesis 4: The quality of the relationship between leaders and followers (LMX) affects positively the commitment to the work-related goal.

**Figure 1**

**SUMMARIZES THE ASSUMPTIONS PRESENTED IN THIS STUDY**

![Diagram](source: Elaborated by the authors.)

### 3 METHOD

#### 3.1 PROCEDURES AND DATA COLLECTION

The employees who participated in this study are sales representatives at a multinational telecommunications company. The company operates in the Brazilian national context, and has about 8,000 employees. The sample of clerks in this study was selected out of convenience, not randomly, and consisted of 161 employees and 15 shop managers who work in the sales units of
the company to which the researchers had access. With respect to the clerks, 54% were women and 46% were male; the average age was 28 years, the lowest age was 19 and the highest age was 44. As regards to the level of education, the average years of schooling was 13.9 years; specifically, 27.3% had a high school education only, 49% had incomplete higher education, 21.7% had completed higher education, and 2.48% had graduate degrees. The average amount of experience with sales among the participants was 5.4 years, and the average time spent in the company was 4.8 years.

With respect to the shop managers, 53.3% were women and 46.6% were male; the average age was 32 years, the lowest age was 26 and the highest age was 43. As for the level of education, the average years of schooling was of 15 years: 33.33% had incomplete higher education, 53.3% had completed higher education, and 13.3% had graduate degrees. The average time in company among the managers was 6.5 years, and the average time on the job in this company was 2.4 years.

3.2 DATA COLLECTION INSTRUMENTS

Data collection among the clerks was conducted in person by means of printed questionnaires, while the managers filled out the forms electronically by accessing a link sent to them by email. The instruments used were different for the two groups considered. Each salesperson was asked to evaluate the leader through the Portuguese version of Ethical Leadership Scale (ELS) – ethical leadership scale – developed by Brown et al. (2005). One of the items in this range was: “my manager provides examples of how to do things the right way from the ethical point of view”. The questionnaire on goal commitment was based on the instrument developed by Hollenbeck, Williams and Klein (1989), and was also answered by the clerks. Here is an example of an item in this range: “I think it’s unlikely that I will reach all my goals”. The quality of the relationship between leaders and followers (LMX) was evaluated through the scale developed by Bauer and Green (1996) and one of its items was: “My manager understands my problems and needs in the workplace”.

Studies that investigate the factors that contribute to performance use both quantitative metrics, which are of a more objective nature, and qualitative metrics, which are more focused on the attitudes and behaviors of individuals (Luthans, Avolio, Avey, & Norman, 2007; Williams & Anderson, 1991). In this study, the evaluation of individual performance was made through quantitative and qualitative metrics. The quantitative metric used was the average of the percentage of hit targets in the previous three months, which was provided by the company. The managers responsible for the participating clerk teams individually evaluated the performance and organizational citizenship of their subordinates through the
scales developed by Williams and Anderson (1991). Here is an example of an individual performance scale item: “this clerk demonstrates superior performance in the execution of their duties”. Here is an example of an OCBi scale item “this clerk helps their colleagues when there is a high workload”. Finally, some demographic and biographical variables that were assessed as possible influences could be controlled for in the subsequent analyses.

4 ANALYSIS

For the carrying out of the calculations and the data analysis, we used the SPSS statistical software. In order to trace the profile of the sample studied, the first statistical analysis of the variables performed was descriptive, which generated as a result all the averages, the standard deviation, and the correlations among the variables involved in the study. We also conducted analyses of the reliability of the scales used, which are presented in Table 1.

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>AVERAGE</th>
<th>SD</th>
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<td>2. Age</td>
<td>28.24</td>
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<td>3. Education</td>
<td>13.96</td>
<td>1.50</td>
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<td>.20**</td>
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<td>4. Experience (clerk)</td>
<td>5.48</td>
<td>2.83</td>
<td>.04</td>
<td>.41**</td>
<td>.19*</td>
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<td>5. Time in company</td>
<td>4.85</td>
<td>2.51</td>
<td>-.01</td>
<td>.46**</td>
<td>.26**</td>
<td>.33**</td>
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<td>6. Time working with the leader</td>
<td>0.88</td>
<td>.48</td>
<td>.15</td>
<td>-.17**</td>
<td>-.14</td>
<td>-.01</td>
<td>-.00</td>
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<td>7. OCB</td>
<td>4.19</td>
<td>.26</td>
<td>-.08</td>
<td>.02</td>
<td>-.10</td>
<td>.04</td>
<td>.07</td>
<td>-.02</td>
<td>(0.51)</td>
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<td>8. LMX</td>
<td>3.62</td>
<td>.72</td>
<td>.09</td>
<td>.03</td>
<td>.00</td>
<td>.00</td>
<td>-.08</td>
<td>.14</td>
<td>.11</td>
<td>(0.85)</td>
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<tr>
<td>9. Ethical leader (subordinate’s evaluation)</td>
<td>5.80</td>
<td>1.10</td>
<td>.15</td>
<td>.10</td>
<td>.03</td>
<td>.04</td>
<td>.01</td>
<td>.05</td>
<td>.15</td>
<td>.74**</td>
<td>(0.92)</td>
<td></td>
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<td>10. Performance</td>
<td>3.79</td>
<td>.86</td>
<td>.07</td>
<td>.17*</td>
<td>.02</td>
<td>-.03</td>
<td>.15</td>
<td>.11</td>
<td>.10</td>
<td>.23**</td>
<td>.14</td>
<td>(0.90)</td>
<td></td>
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<td>11. Goal commitment</td>
<td>2.09</td>
<td>.69</td>
<td>.09</td>
<td>.08</td>
<td>.14</td>
<td>.02</td>
<td>.21**</td>
<td>.04</td>
<td>-.11</td>
<td>-.29**</td>
<td>-.19*</td>
<td>-.14</td>
<td>(0.65)</td>
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<td>12. Achievement of the goals</td>
<td>0.77</td>
<td>.16</td>
<td>.04</td>
<td>.02</td>
<td>.12</td>
<td>-.10</td>
<td>.00</td>
<td>.06</td>
<td>.04</td>
<td>-.10</td>
<td>-.03</td>
<td>.11</td>
<td>.03</td>
<td>–</td>
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</table>

Note: Diagonal values in parentheses correspond to the Cronbach’s alpha; * p < 0.05; ** p < 0.01.

Source: Elaborated by the authors.
Analyses were performed to assess the assumptions of the regression analysis, through diagrams of residuals and normality graphs (Black, 2010). The results pointed to the non-infringement of the conditions of normality, homoscedasticity, linearity and independence of residuals; with the exception of the individual organizational citizenship, which featured asymmetry in its distribution. Although, in general, the Cronbach’s alphas presented are satisfactory, the alpha of organizational citizenship requires attention. The alpha of the original scale is 0.88, and the alpha found in this study was 0.51. This may be a product of the low variance observed in the responses of participants to this scale. According to Schwab (2011), when it comes to an independent variable, low reliability can mitigate the regression coefficients, making confirmation of hypotheses more difficult. However, poor reliability in a dependent variable has no effect on the estimates of the coefficients in the regression, which is why it was decided to proceed to the hypothesis testing as planned.

4.1 HYPOTHESES ANALYSIS

For the analysis of proposed hypotheses, multiple regressions were performed, with the different dependent variables considered in the study. With regard to hypothesis 1, about the antecedents of the quality of the relationship (LMX), the first analysis used multiple regression to investigate the direct effect of ethical leadership, evaluated by the follower, on the quality of the relationship-LMX (Table 2). Included in this analysis was the subordinate’s performance (in the evaluation of leader), as a predictor of LMX, and, for purposes of control, demographic variables (age, gender, education) and biographical variables (sales experience, time in the enterprise).

Model 1, consisting of the control variables, was not statistically significant. Model 2, which included the biographical variables, was statistically significant, being able to explain 8% of LMX ($R^2 = 0.08, p < 0.01$). As can be seen in Table 2, the regression coefficient of the variable performance was significant ($\beta = 0.24; t = 2.99; p < 0.01$). This denotes that the leader-follower interaction (LMX), evaluated from the perspective of the follower, is positively associated with the subordinate performance as evaluated by the leader. Model 3, which included the variable of greatest interest – the ethics of the leader in the eyes of his subordinates –, was found to be statistically significant, with a high magnitude ($R^2 = 0.58, p < 0.001$). In this case, the regression coefficient of the ethics of the leader proved to be significant ($\beta = 0.73; t = 13.57; p < 0.001$). This result suggests that the quality of the relationship between leaders and subordinates is associated with ethical leadership. Together, the performance of the follower (assessed by the leader) and
the ethical leadership (assessed by the subordinate) were capable of explaining 58% of the variance in the quality of the leader-follower relationship (LMX). This result confirms the first proposed hypothesis (H1).

### Table 2

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>MODEL 1 DEMOGRAPHY</th>
<th>MODEL 2 BIOGRAPHY</th>
<th>MODEL 3 ETHICAL LEADERSHIP</th>
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<tbody>
<tr>
<td></td>
<td>β</td>
<td>t</td>
<td>β</td>
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<td>0.10</td>
<td>1.22</td>
<td>0.08</td>
</tr>
<tr>
<td>Education</td>
<td>-0.01</td>
<td>-0.17</td>
<td>0.01</td>
</tr>
<tr>
<td>Experience (clerk)</td>
<td>0.04</td>
<td>0.41</td>
<td>0.02</td>
</tr>
<tr>
<td>Time in company</td>
<td>-0.15</td>
<td>-1.64</td>
<td>-0.10</td>
</tr>
<tr>
<td>Performance</td>
<td>0.24</td>
<td>2.99**</td>
<td>0.15</td>
</tr>
<tr>
<td>Ethical leadership</td>
<td></td>
<td></td>
<td>0.73</td>
</tr>
</tbody>
</table>

| R²                         | 0.01   | 0.08**| 0.58***|
| R² aj.                     | -0.01  | 0.04**| 0.56***|
| Δ R²                       | 0.01   | 0.07**| 0.51***|

Note: N = 161; ** p < 0.01; *** p < 0.001.

Source: Elaborated by the authors.

With the purpose of analyzing the individual predictors of performance, two regressions were conducted: the first, considering the performance from objective metrics, that is, the average percentage of quarterly achievement; the second, considering the performance as evaluated by the leaders. With respect to the first regression, no variable presented a statistically significant relationship with the quarterly result. In this sample, variations in the percentage of achievement of quarterly goals are apparently not directly related to demographic factors, biographical factors, with LMX, or with ethical leadership.

The second regression was performed considering the same predictors examined in previous regressions: biographical factors, demographic factors, and ethical leadership (Table 3).
Table 3

**Regression-performance (measured by supervisor)**

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>MODEL 1 DEMOGRAPHY</th>
<th>MODEL 2 BIOGRAPHY</th>
<th>MODEL 3 ETHICAL LEADERSHIP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>( \beta )</td>
<td>( t )</td>
<td>( \beta )</td>
</tr>
<tr>
<td>Gender</td>
<td>0.10</td>
<td>1.21</td>
<td>0.10</td>
</tr>
<tr>
<td>Age</td>
<td>0.19</td>
<td>2.32*</td>
<td>0.20</td>
</tr>
<tr>
<td>Education</td>
<td>-0.03</td>
<td>-0.32</td>
<td>-0.03</td>
</tr>
<tr>
<td>Experience (clerk)</td>
<td>-0.14</td>
<td>-1.62</td>
<td>-0.14</td>
</tr>
<tr>
<td>Time in company</td>
<td>0.11</td>
<td>1.15</td>
<td>0.14</td>
</tr>
<tr>
<td>Ethical leadership</td>
<td></td>
<td>-0.12</td>
<td>-1.05</td>
</tr>
<tr>
<td>LMX</td>
<td></td>
<td>0.32</td>
<td>2.78**</td>
</tr>
<tr>
<td>( R^2 )</td>
<td>0.04</td>
<td>0.06</td>
<td>0.12**</td>
</tr>
<tr>
<td>( R^2 ) aj.</td>
<td>0.02</td>
<td>0.03</td>
<td>0.08**</td>
</tr>
<tr>
<td>( \Delta R^2 )</td>
<td>0.04</td>
<td>0.02</td>
<td>0.06**</td>
</tr>
</tbody>
</table>

Note: \( N = 161; ** \( p < 0.05; *** \( p < 0.001 \).

Source: Elaborated by the author.

Model 1, which consisted of demographic data (gender, age, and education) was statistically significant. The age of the clerks was positively linked to their performance in the assessment by their superiors. Model 2, which consisted of the biographical data (sales experience, time in company) as predictors of performance, was not statistically significant. Model 3, however, which included the LMX variable, was statistically significant (\( R^2 = 0.12, p < 0.01 \)), as that variable was significantly associated with the level of performance (\( \beta = 0.32; t = 2.78; p < 0.01 \)). An individual’s performance in specific functions is affected by many factors not linked to the leader, and by factors that are beyond the limits of this study, which explains the small portion of the total variance in performance yielded by the analyses. However, despite the low \( R^2 \), the the LMX regression coefficient was significant, which makes it possible to draw important conclusions regarding variances observed in performance that are associated with the relationship between the leader and his subordinates. Thus,
this result suggests that the quality of the relationship between leaders and followers (evaluated by the subordinates) is positively associated with individual performance (assessed by the manager), confirming the second hypothesis of this study (H2).

To evaluate the third hypothesis of this study (Table 4), which concerns the impact of ethical leadership on individuals-oriented organizational citizenship behavior individual (OCBi), a multiple regression analysis was performed, using two new models with the independent variables LMX and ethical leadership. For control purposes, demographic factors (sex, age and education) were included in this analysis.

The first model proved to be statistically significant, being able to explain 4% of the variance of organizational citizenship behavior ($R^2 = 0.04$, $p < 0.05$), with a significant regression coefficient for the leader’s ethics ($\beta = 0.18$; $t = 2.18; p < 0.05$). Although in areas of study that investigate human behavior the proportion of variance explained is not usually very high, the total variance explained on citizenship by the tested model was low even for these standards. Still, it can be concluded that the ethical behavior of the leaders is significantly associated with the citizen behavior of his subordinates, although it explains only a small part of the variation in this behavior (Cohen, Cohen, West, & Aiken, 2002). Thus, this regression analysis suggests that there is a significant effect of ethical leadership on organizational citizenship behavior individually, which confirms the third hypothesis of the study (H3). In the second block, LMX was incorporated to the regression, but it did not change the explanatory capacity of the model, concluding that the added variable was not relevant in the prediction of individual organizational citizenship when ethical leadership is considered.

### Table 4

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>MODEL 1 ETHICAL LEADERSHIP</th>
<th>MODEL 2 LMX</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\beta$</td>
<td>$t$</td>
</tr>
<tr>
<td>Gender</td>
<td>-0.01</td>
<td>-0.11</td>
</tr>
<tr>
<td>Age</td>
<td>0.03</td>
<td>0.36</td>
</tr>
<tr>
<td>Education</td>
<td>-0.11</td>
<td>-1.36</td>
</tr>
</tbody>
</table>

(continue)
For analysis of hypothesis 4, regarding the influence of LMX on the commitment to goals, a new regression was performed (Table 5). The first model included simultaneously demographic control variables and biographical variables, but none of them were significantly associated with goal commitment. With the inclusion of LMX in the second model, it became statistically significant, explaining 15% of the variance in commitment to goals ($R^2 = 0.15$, $p < 0.01$). The LMX variable regression coefficient was significantly negative ($\beta = -0.31$; $t = -2.73$; $p < 0.01$). Despite only explaining a small portion of the variance in goal commitment, these results allow us to conclude that the quality of the relationship between the leader and the follower is associated with greater employee commitment to their work goals. It is worth mentioning that in the goal commitment scale, larger values indicate lack of commitment, while lower values, greater commitment. Thus, the negative value of the LMX coefficient indicates that the higher the quality of the relationship between the leader and follower, the greater the goal commitment, corroborating the fourth hypothesis of this study (H4).

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>MODEL 1 ETHICAL LEADERSHIP</th>
<th>MODEL 2 LMX</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\beta$</td>
<td>t</td>
</tr>
<tr>
<td>Ethical leadership</td>
<td>0.18</td>
<td>2.18*</td>
</tr>
<tr>
<td>LMX</td>
<td>0.04</td>
<td>0.35</td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.04*</td>
<td></td>
</tr>
<tr>
<td>$R^2$ aj.</td>
<td>0.01*</td>
<td></td>
</tr>
<tr>
<td>$\Delta R^2$</td>
<td>0.02*</td>
<td></td>
</tr>
</tbody>
</table>

Note: $N = 161$; * $p < 0.05$.

Source: Elaborated by the authors.
5 DISCUSSION

The present study aimed to examine the influence of ethical leadership on the relationship of leaders and followers, and the possible consequences of this relationship on individual performance. The results of the analysis are aligned with the propositions of this study, and suggest that ethical leadership is beneficial to the relationship with followers and can positively influence individual and organizational performance (Ruiz, Ruiz, & Martínez, 2011). The following is a summary table on the results of the hypotheses and statistics generated in this study.

### Table 5

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>MODEL 1 DEMOGRAPHY AND BIOGRAPHY</th>
<th>MODEL 2 LMX</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>β</td>
<td>t</td>
</tr>
<tr>
<td>Age</td>
<td>0.09</td>
<td>1.19</td>
</tr>
<tr>
<td>Gender</td>
<td>0.01</td>
<td>0.06</td>
</tr>
<tr>
<td>Education</td>
<td>0.09</td>
<td>1.14</td>
</tr>
<tr>
<td>Experience (clerk)</td>
<td>-0.08</td>
<td>-0.86</td>
</tr>
<tr>
<td>Time in company</td>
<td>0.21</td>
<td>2.29</td>
</tr>
<tr>
<td>LMX</td>
<td>-0.31</td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.06*</td>
<td></td>
</tr>
<tr>
<td>R² aj.</td>
<td>0.03*</td>
<td></td>
</tr>
<tr>
<td>∆ R²</td>
<td>0.03*</td>
<td></td>
</tr>
</tbody>
</table>

Note: N = 161; * p < 0.05; ** p < 0.01.

Source: Elaborated by the authors.
### Chart 1

**SUMMARY TABLE WITH THE RESULTS OF THE STUDY**

<table>
<thead>
<tr>
<th>HYPOTHESIS</th>
<th>STATISTIC</th>
<th>RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>H₁:</strong> The ethical leadership, evaluated from the perspective of followers, is positively associated with the quality of the relationship between the leader and the follower (LMX).</td>
<td>R² = 58%</td>
<td>Accepted hypothesis; a leader considered ethical by his team maintains a good relationship with their subordinates.</td>
</tr>
<tr>
<td><strong>H₂:</strong> The quality of the relationship between leaders and followers (LMX) is positively associated with individual performance.</td>
<td>R² = 12%</td>
<td>Accepted hypothesis; a good relationship established between leader and follower influences the individual performance of subordinates.</td>
</tr>
<tr>
<td><strong>H₃:</strong> Ethical leadership is positively associated with OCBi.</td>
<td>R² = 4%</td>
<td>Accepted hypothesis; a leader considered ethical by his team influences their subordinates organizational citizenship behaviors.</td>
</tr>
<tr>
<td><strong>H₄:</strong> The quality of the relationship between leaders and followers (LMX) affects positively the commitment to the work-related goal.</td>
<td>R² = 15%</td>
<td>Accepted hypothesis; the higher is the quality of the relationship between leader-follower, the greater the commitment for the achievement of sales goals.</td>
</tr>
</tbody>
</table>

*Source: Elaborated by the authors.*

In this sample, the previous statements were corroborated, since ethical leadership is positively associated with the relationship between the leader and his team: the more ethical the leader is considered by his subordinates, the better the quality of the relationship established between the leader and his subordinates is. This result seems to strengthen the propositions about ethical leadership, i.e., leaders’ behaviors based on equity, and on actions that are deemed morally correct and benefit the whole group, not just one person in isolation (Schulman, 2002).

In relation to the consequences of the relationship between leader and followers (LMX), it was observed that the better the quality of the relationship is from the perspective of the subordinate, the better that individual’s performance is according to the assessment of his direct superior, which confirms the second hypothesis of this study. This finding extends the literature on the subject, and reinforces the notion that LMX plays an important role in individual performance (Bauer *et al.*, 2006; Dunegan *et al.*, 1992; Klein & Kim, 1998). The observed
association is aligned with the proposition that greater support, encouragement, and coaching received by the subordinate; i.e., when the quality of the leader-follower relationship is enhanced, can positively influence the performance of that individual compared to the performance of others who are not the target of these types of investments (Vecchio & Gobdel, 1984).

Even though the leader-follower relationship did not have a statistical association with performance measured as the achievement of quarterly goals, the leader-follower relationship had a positive association with followers’ goal commitment, which indicates that the good quality of the relationship between leader and subordinate seems to increase the commitment and the determination to achieve the established goals. In the group studied, subordinates of leaders who were considered more ethical showed more citizenship behaviors according to the evaluation of their superiors – which are attitudes that benefit the team. This result is in line with theories about ethics in leadership: the selfless traits of this kind of leader, e.g.: demonstrating concern with the well-being of others, seem to act as a model for their subordinates (Penner & Finkelstein, 1998; Treviño et al., 2003).

6 CONCLUSIONS AND IMPLICATIONS

Although the theory about ethical leadership is considered recent, ethics in society and in the contemporary business world is a matter of extreme importance (Mashud et al., 2010). The first finding of this study is that subordinates who considered their leaders to be ethical tended to evaluate their relationship with their superior in the most favorable way. In this sample, the most ethical forms of leadership, from the perspective of the subordinates, was also associated with a higher incidence of citizenship behavior among the members of the studied teams, according to observations made by third parties. In other words, people managed by ethical leaders seem to actually have greater propensity to voluntarily cooperate with other people, confirming previous research results on this subject (Mashud et al., 2010; Ruiz et al., 2011). Leaders perceived by their followers as having more altruistic motivations would create a more pleasant and fair work environment, more conducive of cooperation (Brown et al., 2005; Graham, 1995).

Another relevant conclusion of this study is that employees who saw themselves as having a high quality relationship with their superiors also showed greater commitment to the established sales goals and had superior performance evaluations from their supervisors. These results contribute to broadening the
debate about the predictors of goal commitment, a proposition that had not yet been fully addressed and investigated in applied research (Klein et al., 1999).

Some limitations of this study should be considered. The effect of the variables on performance was observed when the managers made the assessments; however, the same effect was not seen in the calculation of objective individual goals. So, for future studies we suggest the use of a longer period of verification, such as a semester or a year, in order to reduce any seasonality that may have influenced the results during the relevant period, which in fact could be considered short. If, on the one hand, restricting the study to a single company allowed us to confine the variations in organizational factors that could have skewed the results – such as organizational culture –, on the other hand, this element of the research design could be regarded as limiting the application and the generalization of the results. The context and the specific features of the company and the sample do not allow us to extend the results to other organizations, business segments, and professional activities. So the suggestion for future studies is to evaluate the relationships investigated in this research study in other sectors and professional areas. Although we used multiple sources of data, whenever the sources and response metrics are the same, one cannot also dismiss the presence of common method effects, which occurred in this study between the LMX assessments and goal commitment, both informed by the follower. Causal inferences could not be made, due to the research be transversal and non-experimental nature of the study.

Regarding the proposed research model, we also suggest expanding the scope and investigating new variables, such as other consequents and antecedents of ethical leadership. In order to expand the study of the moral and ethical dimension of leadership, in future studies it would be worth using experimental research or longitudinal models to investigate its causes and implications in the corporate environment, as well as to describe such processes of leadership and their consequences over time. Future research may explore other factors influencing positive relations between leaders and followers, such as the congruence of the values and the personality of those involved. The internalized moral perspective of the authentic leader profile, as pointed to by Gardner, Cogliser, Davis and Dickens (2011), is also associated with the theme of ethics in leadership, and provides another field for future research, particularly with regard to organizational performance.

For organizations, the main contribution of this paper is to indicate the importance of considering the ethical dimension in our understanding of the phenomenon of leadership and in the quest for superior organizational results. Recruiting and training programs of leaders should also incorporate issues of ethical leadership in order to contribute to fostering positive attitudes and behaviors, such
as commitment, citizenship, and good performance at work. Leadership training programs should involve discussions of ethical dilemmas, possible models of practice, and recommended guidelines of violations of ethical standards. In addition, such programs should discuss the opportunities and challenges for building positive relationships between leaders and subordinates that are based on fairness and free from bias.

LIDERANÇA ÉTICA, RELACIONAMENTO LÍDER-SEGUIDOR E DESEMPENHO: UM ESTUDO EM UMA EMPRESA DE TELECOMUNICAÇÕES

RESUMO

Objetivo: Analisar a influência da liderança ética sobre o relacionamento líder-seguidor e suas consequências para o desempenho individual, o comprometimento com metas de trabalho e a cidadania organizacional.

Originalidade/lacuna/relevância/implicações: Apesar de a ética na liderança ser, em tese, propulsora de consequências positivas no contexto do trabalho, sua associação com o desempenho e atitudes relevantes no ambiente empresarial, como o comprometimento com metas, ainda não foi evidenciada empiricamente. A presente pesquisa contribui para o preenchimento dessa lacuna, permitindo avançar o conhecimento sobre ética e liderança no Brasil.

Principais aspectos metodológicos: A pesquisa foi realizada em uma empresa multinacional de telecomunicações, com uma amostra de 161 vendedores de lojas e 15 gerentes responsáveis por unidades de vendas localizadas na cidade do Rio de Janeiro. A análise estatística dos dados contou com o auxílio do software SPSS, através do qual foram realizadas regressões múltiplas entre as variáveis estudadas.

Síntese dos principais resultados: Os resultados corroboram as proposições sobre os benefícios da liderança ética, tendo sido observada uma associação entre a ética do líder, a qualidade do relacionamento estabelecido com seus subordinados e o desempenho no trabalho.

Principais considerações/conclusões: A pesquisa sugere que a ética na atuação dos líderes parece ter implicações positivas sobre a produtividade no trabalho, por meio da construção de um melhor relacionamento com seus subordinados. É possível recomendar ações específicas em programas de desenvolvimento de lideranças, a fim de potencializar o debate sobre dilemas éticos, condutas e modelos de atuação.
PALAVRAS-CHAVE

Liderança ética. LMX. Desempenho individual. Comprometimento com a meta. Cidadania organizacional.

LIDERAZGO ÉTICO, RELACIÓN LÍDER-SEGUIDOR Y EL DESEMPEÑO: ESTUDIO REALIZADO EN UNA EMPRESA DE TELECOMUNICACIONES

RESUMEN

Objetivo: Analizar la influencia del liderazgo ético sobre la relación líder-seguidor y sus consecuencias para el rendimiento individual, compromiso de trabajo y objetivos de la ciudadanía organizacional.

Originalidad/laguna/relevancia/implicaciones: A pesar de la ética en el liderazgo, en teoría, propulsar las consecuencias positivas en contexto de trabajo, su asociación con el rendimiento y actitudes relevantes en el entorno empresarial, tales como el compromiso con objetivos, todavía no se ha demostrado empíricamente. Esta investigación contribuye a avanzar en la construcción de este conocimiento en Brasil.

Principales aspectos metodológicos: La investigación fue realizada en una empresa multinacional de telecomunicaciones, con una muestra de 161 vendedores y 15 gerentes responsables para unidades de ventas ubicadas en la ciudad de Rio de Janeiro. El análisis estadístico de los datos, utilizando el software SPSS, realizará regresiones múltiples entre las variables estudiadas.

Síntesis de los principales resultados: Los resultados corroboran las declaraciones sobre los beneficios del liderazgo ético, donde se ha observado una asociación entre la ética del líder, la calidad de la relación establecida con sus subordinados y el rendimiento en el trabajo.

Principales consideraciones/conclusiones: Hay evidencia de que la ética en la actuación de los líderes parece tener implicaciones positivas en la productividad en el trabajo, a través de la construcción de una mejor relación con los subordinados. Es posible recomendar acciones específicas en los programas de desarrollo de liderazgo con el fin de mejorar el debate sobre dilemas éticos, conductas y modelos a seguir.
**PALABRAS CLAVE**

Liderazgo ético. LMX. Rendimiento individual. Compromiso con el objetivo. Ciudadanía organizacional.

**REFERENCES**


