Ethical Leadership: Concept Contextualization for Post-Pandemic Sustainability

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Abstract
While the World strives to adapt to the changes called forward by the SARS-CoV-2 pandemic, the focus shifts to more sustainable business models, the current paper proposing the ethical leadership style as a sustainability promoter, capable to answer to post-pandemic requirements.

This paper draws upon existing research in order to perform a critical literature review of the ethical leadership style, while contextualizing it and analyzing its impact on specific fields of interest related to future sustainability trends. The main aim of the paper is to explore those ethical leadership characteristics that can successfully relate to the sustainability antecedents in order to demonstrate the existence and validity of such a link at a theoretical level. Furthermore, the link was also analyzed through two case-examples of ethical leaders’ impact on sustainability at a global level.

Following to the current research, the conclusion was that a direct link exists between the ethical leaders and the capacity of the leader to promote business sustainability. In fact, for all the characteristics of ethical leadership proposed in recent literature, either an obvious direct link, or a mediated link could be observed to the sustainability criteria. As practical implication we propose that focus and implementation of the ethical leadership style within organizations could be a valid answer to the sustainability requirements brought forward in times of unprecedented crisis.

Keywords: leadership; ethics; sustainability; innovation; SARS-CoV-2; ethical leadership.
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Introduction
As the World learns to adapt to an unprecedented crisis, that impacted whole humanity both economically and socially, scarring communities, increasing social difference, and modifying abruptly and definitively the status quo of all aspects of life, the interest shifts to new models of business, that center around both sustainable and innovative products and process chains. In such crises, the leaders have the challenge of formulating and directing the vision to allow the business to survive, or, hopefully, improve during or after the crisis. A first step leaders must take is to create a consensus of interpretation of the existing situation within the organization, while secondly obtaining shared agreement on the vision and actions to be taken for full commitment (Carrington, et al., 2019).

Although this process is bivalent, in many cases the consensus being first formed within followers and then adopted by leaders (Carrington, et al., 2019), existing evidence points out that under uncertainty, especially with fast-paced changes, senior leadership will have a key role to play (He and Harris, 2020). Therefore, the trends that will generate from the pandemic flow of change will potentially become a leadership cultural legacy that will shape the new business reality.

Amid the tragedies of lost lives, closed businesses, impoverished families, and the psychological strain that the pandemic has perpetuated, it has been noted an increased sensitivity of the society towards
business ethics and social responsibility (He and Harris, 2020, Zahra, 2021). Linked directly to the leadership style, ethics has "a central role in the practice of leadership" (Ciulla, 2006 quoted by Gorski, 2017, p. 374) and it has been mainly connected to the transformational, servant or authentic leadership, gaining in the last decades its own style, ethical leadership, that it has been more and more researched.

Highly connected to the morality, ethical leadership represents the understanding and acceptance of the business direction towards positive outcomes for all stakeholders, and not only the shareholders of a company (Kujala, et al., 2019). Focusing on leaders as “guardians and communicators of ethical standards” (Stouten, et al., 2013) ethical leadership uses signaling directed both within the company as well as outside of it to promote positive moral values. The ethical leadership's final purpose is to perpetuate mutual positive outcomes that translate in business sustainability. (Bass and Steidlmeier, 1999 quoted by Lin, et al, 2020, p. 64). As it was previously stated that leaders have the tendency to increase the involvement in their advocacy efforts (doing good), the more the issue is local and personal (London, 2008), considering that the current pandemic crisis has directly touched each one of us, we argue that ethical leadership could be a sustainable answer to the leadership trends post SARS-CoV-2 crisis.

The relationship between leadership and sustainability in times of pandemic

Sustainability is a profound topic these days as the organizations, governments and citizens have embraced this concept (Dabija and Băbuț, 2019). In the context of leadership, sustainability is known as corporate responsibility, inclusive capitalism, shared value creation or even social enterprise.

The relationship between the general environmental pillars of economy and sustainability is also explored in the literature, while crises affect the levels of income, the consumption decreases is affecting the society and its environmental pillars (Ilyas and Abid, 2020). Academically, all these terms boil down to sustainable development especially in time of the pandemic. Nowadays, a leader easily outlives humanity by wisely taking into consideration the social inclusion, by making sure that granting access to his team to job and self-fulfillment opportunities are insured. In this case, sustainability has both an environmental and a social dimension, research in this area included innovation as a main subject that can enhance organization reputations and performance. In times of SARS-CoV-2, leaders started to serve as coaches who can train managers developing an inclusive perspective on environmentally sustainable matters (Bitencourt, et al., 2020; Tohânean, et al., 2020).

![Figure no. 1. Timeframe of Recovery of (Run Rate) Credit Metrics to 2019 Crisis – Europe, Middle East and Africa](https://www.spglobal.com/ratings/en/research/articles/210217-covid-19-heat-map-some-bright-spots-in-recovery-amid-signs-of-stability-11841918)

Above, we have the sectors that will require time and innovation in order to have the expected recovery. There are five sectors highly affected by the pandemic, and the orange color indicates a later recovery and a bigger challenge for the leaders of these sectors.
While a lot of countries are still on lockdown, many businesses are being closed, we will possibly see the economic effect, together with the psychological side of the affected parties in the first half of 2021 even continuing to 2022.

Even in times of an unprecedented crisis, leaders from different industries are still maintaining the power to take decisions that will affect employees, together with other parties and stakeholders. Leadership plays a crucial role in the implementation of ethical and responsible policies inside an organization, while the support of their employees and other stakeholders will directly help the innovation processes (Nicolaides, 2018).

Ethical leadership: concept understanding and definition

Business ethics are generally conceptualized as “doing good”, doing the right thing while expecting to have a positive outcome (Ferrell, et al., 2019), being treated from a double perspective: the normative one, that refers to values and norms to be applied for organizational decision, and the descriptive one, related to codes and compliance systems applied to decisions that can be interpreted as right or wrong. As the “resulted good” should not be limited to customers, nor the financial results of the business, it is important to underline the direct connection to the stakeholder approach (Freeman, 1984 quoted Kujala, et al., 2019, p. 124) that states that companies should answer to the needs and expectations of all involved stakeholders such as: employees, customers, suppliers and distributors, investors and local communities, so that on long term all parties gain satisfaction in the give-take balance.

The ethical leadership theory draws upon the Social Learning Theory that states that people are able to learn certain behaviors through observation of a legitimate model (Bandura, 1977, 1986 quoted by Stouten, et al. 2013, p. 681). In this specific case followers observe and take queues from their leaders, specifically moral embedded actions. Moral emotions are the ones “that arise of events/entities/goals that are linked to the interests or welfare either of society as a whole or at least of persons other than the judge agent” (Banks, et al., 2020).

Another explanatory theory, the Signaling Theory implies the fact that leaders’ actions are more important that credited per facto, as they send ethical signals that trigger the social influence process (Banks et al., 2020). A similar idea is credited by Executive Symbolism, that states that top leaders can have significant symbolic value through the signals that they send when acting (Hambrick and Lovelace, 2018 quoted by Mishra and Schmidt, 2018, p. 841). All these theories have at the core the leader’s role of influencer.

In fact, due to the visibility acquired through their position on the organization hierarchy, leaders easily gather the attention of followers and become credible behavioral role models (Ahmad, 2018). Yukl (2013) quoted by Velez and Neves (2018), p. 663, argued that leaders have an essential role in forming the opinions of the employees on what is considered as beneficial and ethical, therefore a positive model is desirable. More so, ethical leaders are considered to base their acting on constructs and characteristics such as principled decision, honesty, trust, caring and fairness (Brown and Trevino, 2006).

A recent definition of the Ethical Leadership Theory developed by Banks, et al. (2020, p.7) states that it represents "the signaling behavior by the leader targeted at stakeholders comprising the enactment of pro-social values combined with the expression of moral emotions."

Considering that a company has a visible purpose, apart from the core activity and law requirements to bring added value in society (Graafland, et al., 2004 quoted by Gorski, 2017, p. 372), the current expectations regarding ethics and social responsibility have increased as a result of the mentality shift due to the pandemic. This is a moment when people wish to unite and support each other in society (Severo, et al., 2021), and they turn a critical eye to those around them expecting the same, the ethical leader being a choice of sustainability management.
Ethical leadership: major impact research results translated within pandemic business environment.

Ethical leadership has major impact in ethic areas related to followers, but recent studies and increasing interest have shown that it goes beyond, touching aspects such as: job satisfaction, voice behavior, personal initiative, trust in leader, organizational commitment, work engagement, in-role performance, work withdrawal behaviors, deviant behaviors, and employee emotions (Velez and Neves, 2019 - drawn upon previous literature). The current study will detail those dimensions that are of most impact within the SARS-CoV-2 context.

In the realm of issues brought forward by the pandemic, organizational sustainability has gathered increasing interest, with a focus on economic and environmental issues, and less researched, the social dimension, that refers to the employees’ well-being (Di Fabio, 2017 quoted by Ilyas, et al, 2021, p. 195). Related to the economical dimension, ethical leadership was proposed as a positive model that instills responsibility within employees and motivates them to become resourceful, being related to higher commitment and engagement from followers within the working environment (Kalshoven, 2011 quoted by Ilyas, et al., 2021, p. 196). As Mo and Shi (2018), quoted by Lin, et al (2020), p. 63, argued, ethical leadership increases the company’s revenues through direct relation to positive employee performance. Lin, et al. (2020) noted that ethical businesses attract quality employees during recruitment. Sustainability is also directly related to employees’ performance, while ethical and fair treatment from leaders to followers promotes commitment that translates precisely in their increased performance.

In the social dimension, ethical leadership has been proven to decrease workplace bullying (Ahmad, 2018), emotional exhaustion (Dust et al, 2018), while, on the other hand enhancing psychological empowerment (Dust, et al., 2018), group learning behavior (Walumbwa, et al. 2016) and creativity within followers (Chen and Hou, 2016), therefore fostering a positive work environment.

Highly related to the business sustainability is also the trustworthiness dimension, both from the part of employees, as well as from other stakeholders. As ethical leaders use communication and moral commitment as tools and have been demonstrated to reduce deviant employee behaviors (Stouten, et al., 2013), their ability to engender organizational trust has been positively connected to ethical leadership, a very important aspect, more so in time of crises. Trust is a main aspect that impacts the leader-follower dyad, and ethical leaders promote honest and truthful connection with their employees, being considered by followers as main decisional factors who take into account the greater good of the employees (Ciulla 2004, quoted by Velez and Nemes, 2019, p. 665).

Related to the environmental dimension, ethics has been often than not connected to Corporate Social Responsibility. While business ethics are viewed as mandatory and essential, established through rules and norms, Corporate Social Responsibility is considered as more of incremental value, than requirement (Ferrell, et al., 2019). Connected to the reputation, it can impact hiring opportunities, employee loyalty and relation to regulatory groups (Russell, et al., 2016 quoted by Ferrell, et al., 2019, p. 499). Recent studies underline that the pandemic has offered the challenge for businesses to shift to genuine and authentic Corporate Social Responsibility and answer to urgent global social and environmental challenges (He and Harris, 2020), ethical leaders being empowered to send the message that “we are all in this together”, being able to recognize problems and their organizations’ ability to help solve them.

One of the most researched aspects of the SARS-CoV-2 pandemic business developments is the innovation that has, at a fast-pace, taken place at all levels, from digitalization, to products transformations and process optimizations, and that is thought to develop even further, once the pandemic will cease and the companies will be able to shift focus from the essential activity and accommodate even further the requirements of the “new post-COVID reality”. In this context, behaviors attributed to ethical leaders have been shown to encourage employees to voice their ideas, a fact positively related to individual creativity, and therefore, indirectly to innovation (Chen and Hou, 2016). An explanation would be the trust in the leaders that follow ethical procedures for all stakeholders and expect positive outcomes, enabling communication with the employees that become
more willing to take risks. As lately, in order to compete in an innovative market, companies seek to shift downward the proactive behavior, the initiatives and ideas (Viswesvaran, 2010 quoted by Velez and Neves, 2019, p. 664), the ethical leaders’ behavior play an essential role in answering these requirements.

The pandemic has undoubtedly marked all aspects of life, but with all crises comes great opportunities. Innovation has been identified as an organizational resilience instrument, time response being a crucial aspect to be considered (Ebersberger and Kuckertz, 2021), therefore shifting to leadership styles that promote and foster innovation, ethics and sustainability being a logical, following step.

**Research Methodology**

The authors will proceed to a critical analysis of the worldwide relevant literature in the field. Due to the relatively few empirical data and the descriptive character of the paper, the authors will focus on a qualitative analysis. The main research tool will be drawing upon recent existing literature in order to highlight the ethical leadership characteristics and research if a link is possible to the sustainability antecedents. The keywords used were “ethical leadership” or “leader ethic”, the abstracts were read and we focused on those papers that were directly showing characteristics or impacts of the ethical leadership within the organization resulting in a total of 29 articles.

The authors categorized the information according to the literature review. This research method has been chosen due to its usefulness for seeking to develop a hypothesis. In order to showcase the relevance of the ethical leadership concept and post-pandemic sustainability examples have been brought forward from international context. Therefore, it will be possible to build future case studies relevant to the ethical leadership styles and its’ impact on sustainability.

Last but not least, the authors will present their own observations and conclusions regarding the contextualization of leadership for post pandemic sustainability.

**Results and discussions**

Through our research, we have drawn the characteristics of the ethical leader from a sample of 25 related articles. Those characteristics that were repetitive were disregarded, resulting in 14 main impacts of the ethical leadership concept on researched aspects of the business environment, as they are presented within Table 1, bellow. A conceptual link was then created in order to identify and underline which of these characteristics match the antecedents of the business sustainability concept. The sustainability antecedents or enablers are: economic competencies, organizational or social competencies (employees’ wellbeing) and environmental competencies.

For the purpose of the research, a relation was considered as present when the characteristics of the ethical leader are directly connected - do not require an intermediary in order to demonstrate the connection - through implied, similar or identical meaning (first degree relation), as well as when the characteristics of the ethical leader are connected to the sustainability antecedents through a mediator – a third party implied characteristic (second degree relation).

<table>
<thead>
<tr>
<th>Sustainability Antecedents</th>
<th>Ethical Leader Characteristics</th>
<th>Relation type (Mediator, if case)</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental &amp; Organizational</td>
<td>“[promotes] pro-social values combined with the expression of moral emotions”</td>
<td>First degree relation</td>
<td>Banks, et al, 2020</td>
</tr>
<tr>
<td>Economical</td>
<td>“improves [employees’] engagement at the workplace”</td>
<td>First degree relation</td>
<td>Ilyas, et al., 2021</td>
</tr>
<tr>
<td>Economical</td>
<td>“engenders trust that in turn leads to positive employee performance”</td>
<td>First degree relation</td>
<td>Ilyas, et al., 2021</td>
</tr>
<tr>
<td>Organizational &amp;</td>
<td>“decreases [employees’] deviance in a linear manner”</td>
<td>Second degree relation (fosters healthy work)</td>
<td>Stouten, et al., 2013</td>
</tr>
</tbody>
</table>
By analyzing the data above, it is seen that for each of the ethical leaders’ characteristics researched within the existing literature, can be observed a link with at least one of the sustainability antecedents. Although the ethical aspect, that is considered as a main feature for the ethical leadership style, could be linked mainly to the environmental competencies, that imply obtaining positive results for all stakeholders, in fact the existing literature proves a strong link to the organizational competencies and how the employees perceive the ethical leaders’ impact within the organization. Also, in more than half of the cases, the organizational competencies lead to visible economical competencies.

Therefore, we can attest that in order to obtain business sustainability, the ethical leadership style characteristics will enable the appearance of those competences considered as sustainability antecedents, proposing it as a suited model to be adopted during and after the tumultuous experience of the pandemic.
In order to further demonstrate the link between ethical leadership and sustainability, within the pandemic context, we propose to analyze the below examples from the international context. In current context companies have strived to put the shoulder in the fight against the SARS-CoV-2 spread, by not only creating safe work environment for their employees, but also through donations for the hospitals or for the vaccine research. Leadership has played a center role, in many cases transforming themselves in advocates of ethical behavior, with the purpose of convincing others to follow their lead, or simply to show that the companies that they represent care of their stakeholders. A renowned example is Bill Gates, whose efforts towards global cooperation were remarkable. Through the foundation “Bill and Melinda Gates”, they attempted to create a set of fair principles to ensure the vaccination allocation at a global level, no matter the country’s economic development stage (Guidry et al., 2021). Apart from their substantial amounts donated in the pandemic fight, that reached $1.75 billion (as of December 2020, gatesfoundation.org), in order to lay the groundwork to procure vaccines for more than 150 countries, the role of an advocating leader has an even greater impact as to increasing followers’ donations. A study performed in 2020 by Karlan and List has showed that a matching grant offered by Bill Gates has increased the funds raised, by comparison to one of an anonymous donor. Although one may argue that nowadays Bill Gates is more a philanthropist than a leader, he was considered a model of transformational leadership, his "hands-on", fair, and socially responsible attributes placing him as an ethical leader role-model that sets an example for all those who position themselves in this category.

Another high-tech leader figure, Twitter founder, Jack Dorsey donated $1 billion worth of stock (nearly one third of his net worth) to fund responses to the pandemic, claiming the wish and hope that his actions will inspire others to do the same (bbc.com). His bold, visionary style, his empowering people skills and leading by example choice, as well as welcoming criticism and feedback, caring for his employees and the environment, all in accordance to ethical principles, are all skills compliant to the ethical leadership style.

These examples are not limitative, but some of the most renowned of this period. As it is considered a test of moral capitalism in the business community, it is certain that accountability will be hold during, but mostly after the crisis, the ethical leaders being the ones expected to strive post SARS-CoV-2 pandemic.

Conclusions

According to Afsar, et al. (2020) and Zhao and Zhou (2019), there are many perspectives that can explain the connection between sustainable behaviors and responsible leadership. However, through this paper, the ethical dimension of leadership was successfully connected to the sustainability antecedents, enabling their occurrence within the organization and therefore proposing it as a preferred model to be adopted during and after the pandemic.

The three sustainability antecedents and their connection to the ethical leadership characteristics are:

- the economical dimension through a positive model that instills responsibility within employees and motivates them to become resourceful and it’s being related to a higher commitment and engagement of the teams.
- the social dimension explained through the ethical leaders that offer a healthy, safe and fair working environment for their employees and most often than not impacts also the economical dimension.
- the environmental dimension as a mandatory and essential dimension established through rules and norms such as Corporate Social Responsibility that is now considered as a pillar of the business environment as well through leader role model capability and implication in advocacy.

Furthermore, the examples provided have demonstrated the capability of ethical leaders of impacting the sustainability dimension at organizational, as well as world-wide level with the purpose of convincing others to follow their lead or to demonstrate care for all stakeholders, proving globally that we are all in this together.
For future articles, a new approach and stance is possible, by drawing a social identity theory among top leaders at country-level, taking into account the ethical impact within different social cultures.

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