ETHICAL LEADERSHIP AND ETHICAL BEHAVIOR IN THE LARGE PUBLICLY TRADED UNITED STATES-BASED BANKS

by Gerald "Jay" R. Rowe, III

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Liberty University, School of Business

December 2018

Abstract

Unethical behavior in business and banking has cost Americans significantly throughout the past several decades. Ethical lapses in banking contributed to the financial disaster of 2008-09, resulted in thousands of families losing their homes, cost consumers millions in bogus overdraft fees, resulted in millions of phony accounts customers did not agree to open, and cost end users billions in credit card fees, just to name a few of the transgressions. This study utilized Brown, Harrison, and Travino's (2005) Ethical Leadership Scale (ELS) to measure ethical leadership and Kaptein's (2008) Measure of Unethical Behavior in the Workplace to measure ethical behavior in the large, publicly traded United States-based banks. The researcher combined the measurement tools to test for the presence of ethical leadership and perceived ethical behavior and the relationship between the two variables. The research found both perceived ethical leadership and observed ethical behavior present in the study group and a statistically significant relationship between them. The study also found significant ethical behavior toward many stakeholder groups including financiers, customers, employees, suppliers, and society.

Key words: Ethical leadership, ethical behavior, banks, social learning theory, stakeholder theory.

ETHICAL LEADERSHIP AND ETHICAL BEHAVIOR IN THE LARGE PUBLICLY TRADED UNITED STATES-BASED BANKS

by Gerald “Jay” R. Rowe, III

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Liberty University, School of Business

December 2018

Dr. Keith Mathis

Dr. Jean Gordon

Dr. Edward M. Moore

Dr. Anita Satterlee

Dedication

I humbly dedicate this project to my God and my family. Lord, thank you for your unbounded grace and mercy. May Your victory over my difficulties bear witness to those I would help of Your power, love, and way of life. Your will always. My parents, Jerry and Becky Rowe, offered an incredible amount of encouragement throughout the program. Your love and support carried me across the finish line. My sons, Jake and Riggs patiently understood each time I had to cut our play short. You are both fine young men and I am so proud of you. I know you have bright futures and will accomplish amazing things.

Acknowledgments

First and foremost, I would like to give thanks to my higher power, almighty God. I reached the limit of my own mental and emotional capacities many times throughout my four years in the doctoral program. Every single time I asked for God's help, He granted me the strength and wisdom required to carry through. *Soli Deo Gloria*.

One cannot complete a project of this magnitude without the assistance and sacrifice of many people. Various individuals guided my progress through the dissertation with incredible patience and graciousness. I am forever in your debt. My project chair, Dr. Keith Mathis, offered invaluable insight and feedback throughout the two-year process and provided specific tools and direction forward each time I reached numerous impasses. "Dr. K" also tolerantly reminded me thousands of times that scholarly writing is active rather than passive. I would also like to thank Dr. Jean Gordon, who gave vital feedback each step of the way as the official reader of the project. Dr. Gene Sullivan and Dr. Edward Moore both gave generously of their time and energy to review drafts at various times throughout. Elaine Eisenbeisz provided incredible input, guidance, and direction on the statistical calculations necessary to complete the project.

Many people in my personal life made sacrifices and provided encouragement while I pursued this dream. My sons, Jake and Riggs, had to give up their dad on countless nights, weekends, and holidays. My hope is that my example shows you that amazing things are possible with God's help. I pray that you both find your passions, follow your dreams, work hard, and rely on God for guidance. My parents, Jerry and Becky Rowe unwaveringly believed in me and encouraged me to continue moving forward when I had doubts I could finish. My father's words, "I'd bet on you every time, son," gave me strength when I needed it most. I love you both dearly.

Table of Contents

List of Tables

List of Figures

Section 1: Foundation of the Study

Recent ethical lapses in the financial services industry, especially in large, publicly traded United States-based banks, have prompted lawmakers, regulators, and scholars to consider how to address the issue. In each case, those seeking to understand ethical failures in banking have called into question ethics in leadership and the effect it has on organizational members. One area of study concerned with ethical leadership has sought to define the concept and establish ideal leadership behaviors through descriptive and normative research. This study seeks to contribute to the literature on ethical leadership by determining to what extent ethical leadership exists in the large, publicly traded United States-based banks and what relationship it has to ethical behavior.

Background of the Problem

In September 2016, then Wells Fargo CEO, John Stumpf, appeared before the Senate Banking Committee to discuss a recent scandal involving the bank which resulted in a $185 million settlement with federal and state regulators. The hearings centered around alleged high-pressure sales tactics forcing Wells Fargo employees to open as many as 2 million checking, savings, credit, and other accounts consumers neither asked for nor knew they were receiving. The $185 million fine included $100 million paid to the Consumer Financial Protection Bureau (CFPB), $50 million paid to the city and county of Los Angeles, and $35 million paid to the Office of the Comptroller of the Currency. The bank fired 5,300 employees for improper sales tactics dating back to 2011 (Rules Amendments, 2016, pp. 8-9). Additional ethical lapses at the firm continue to come to light and have recently extended beyond Wells Fargo’s retail arm to include various lines of business.

Over the course of the decade beginning the 21st century, the federal government regularly accused and fined banks for predatory practices related to overdraft protection on checking accounts. An overdraft occurs when a consumer exceeds the funds in a checking account and a bank charges a fee for paying the transaction in question and allowing the balance to go negative. Complaints against banks included failing to clearly communicate what constituted an overdraft, manipulating and reordering transactions in order to maximize fees, charging fees when they were not warranted, delaying transaction posting to increase fee revenue, and charging excessive fees not justifiably related to the risk accepted by the bank (Overdraft fee issues, 2012). In 2009, the Federal Reserve amended Regulation E, the guideline governing electronic transfers and overdraft protection (Zywicki, 2012). Many United States-based banks paid millions of dollars in fines including Bank of America ($410 million), Fifth Third Bank ($9.5 million), PNC ($90 million), JP Morgan Chase ($110 million), and U.S. Bancorp ($55 million) (Overdraft fee issues, 2012).

After the financial crisis of 2008-2009, a glut of subprime mortgages, proliferated by the housing bubble and easy to obtain financing, left thousands of consumers with loans they could no longer pay. United States-based banks hastily moved to remove these assets from their portfolios and in the process committed mortgage loan servicing and foreclosure abuses which affected thousands of consumer households (McDonald, 2016). In February 2012, the Department of Justice announced a $25 billion settlement with the five largest mortgage servicing companies which were all large, publicly traded United States-based banks and included Bank of America, JP Morgan Chase, Wells Fargo, Citigroup, and Ally Financial. The fines included $10 billion to reduce the principal of borrowers, $3 billion to offer relief for borrowers who were underwater on their mortgages and could not refinance, and $7 billion to other forms of relief (McDonald, 2016).

The United States Justice Department has been locked in a battle with American credit card companies for many years over rules the firms have in place to prevent merchants from sharing information with consumers about processing fees. The Justice Department accused Visa, MasterCard, and American Express of purposefully imposing restrictive policies and rules discouraging merchants from accepting competing credit cards, discouraging consumers from dictating which form of payment they preferred, and preventing end users from receiving discounts for using different forms of payment (Schuh, Shy, Stavins, & Triest, 2012). Schuh et al. surmised that the three companies charged more than $35 billion for their services in 2009 alone, which was ultimately passed on to the consumer via higher retail prices. While the government was not seeking monetary damages in the suit, Visa and MasterCard settled with the Justice Department in 2010, making changes which ultimately saved consumers billions of dollars. American Express refused to settle in 2010, but a judge ruled in 2015 that its practices violated antitrust law and the company has since made concessions (Cumming, 2015).

The extent of the financial services ethics breaches outlined above indicates something went wrong in each case. Each incidence created a significant problem for consumers, not only in direct cost but also by damaging the economy as a whole, which often takes years to recover. In the case of Wells Fargo, industry experts speculate the problem is not an outlier in the banking industry regarding ethical breaches. A spokesman for the Committee for Better Banks indicated the problem is much bigger than one bank's sales practices, is an industry-wide problem, and change is necessary (Rules Amendments, 2016). Further, the sheer number of financial institutions involved in the overdraft protection fee actions, mortgage loan servicing and foreclosures abuses, and credit card transaction fee antitrust violations indicate all banking institutions are susceptible to ethical lapses. These lapses often occur at the expense of consumers and suggest a systemic problem in the industry. The focus of the current study is on the causes and potential solutions for the significant ethical lapses in the United States-based banks. By addressing the problem, the study seeks to shed light on a problem touching every household in America.

Problem Statement

The general problem to be studied is a lack of ethical leadership and its relation to the ethical misconduct occurring in large United States-based banks. The subject garnered much attention in the wake of the 2007-08 financial crisis in which banks played a major role. Of the many causes of the financial crisis, scholars have cited as a major factor the significant deterioration of ethical leadership and ethical behavior in banks (Groenland, Jeurissen, & Zaal, 2017). The problem is a crucial one to consider. Schoen (2017) indicates banks' ethical misconduct during 2007-08 created a significant cost to governments, institutions, and consumers and included massive unemployment, significant declines in the gross domestic product (GDP), and an unparalleled mortgage foreclosure crisis. The problems with ethical failures in banks are not limited to the financial crisis of 2007-08. According to McCormick (2015), ethical failure in banks is a pervasive and systemic problem which existed before, during, and after the financial crisis. Many thought leaders in the financial services arena have suggested ethical behavior is contingent on ethical leadership. Apergis and Payne (2015) suggested there were many causes of the financial panic in 2008 outside of the underlying leverage and capital circumstances of the banks involved and asserted a primary cause was a steady decline in the ethical quality of business leadership, which played a critical part in the crisis. Blaylock and

Faulk (2012) pointed to a lack of ethical leadership as a primary cause of the financial meltdown in 2008 and indicated scholars had largely ignored the issue in the available literature. A void of ethical leadership in one of the world's most essential industries is an issue in and of itself. Moreover, when combined with such glaring examples of unethical behavior as bank account fraud, mortgage servicing fraud, and overdraft protection deception, it becomes clear there is a need for an exploration of ethical leadership and its relationship to ethical behavior in banking.

The specific problem to be studied is the relationship between perceived ethical leadership and observed ethical behavior in the thirteen United States-based banks recognized by the Federal Reserve as systemically financially important institutions. The thirteen banks are overseen by the Federal Reserve's Large Institution Supervision Coordinating Committee. The list of banks includes Bank of America Corporation, The Bank of New York Mellon Corporation, Barclays PLC, Citigroup, Inc., Credit Suisse Group AG, Deutsche Bank AG, The Goldman Sachs Group, Inc., JP Morgan Chase & Co., Morgan Stanley, Prudential Financial, Inc., State Street Corporation, UBS AG, and Wells Fargo & Company. The study will explore the problem by determining whether ethical leadership exists in the thirteen large, publicly traded United States-based banks and has any relationship with the ethical behavior of the individual employees within those banks.

Several authors of leadership studies have explored the concept of ethical leadership. The literature indicates ethical leadership is both the modeling of acceptable behavior and the creation of cultural and physical mechanisms which encourage ethical behavior. Brown, Harrison, and Trevino (2005) define ethical leadership 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” (p. 120). Further, Brown, Hartman, and Trevino (2003) suggest ethical leaders encourage ethical behavior because their actions model the rules which create accountability within an organization. Brown et al. (2005) argue that ethical leadership is a good fit for environments where a high level of ethical behavior is deemed necessary. The authors established that employees look to others for ethical guidance and the presence of ethical leadership can predict ethical behaviors. To date, leadership studies have not explored the relationship between ethical leadership and ethical behavior in banks.

Purpose Statement

The purpose of this quantitative method correlational design study was to examine if there is a link between ethical leadership and ethical behavior in large United States-based banks. By examining ethical leadership’s association with ethical behavior, the project can shed light on one small area of a more general issue: ethical failures in banking. As asserted by Faulk (2012), there is a significant gap in the available scholarly literature discussing the linkage between ethical leadership and ethical behavior in the banking industry. Producing additional literature in the field will bring to light what relationship, if any, ethical leadership has with ethical behavior in banking. The results of the study could guide how regulations are formed and enforced, providing a roadmap for regulators to test for the presence of ethical leadership and create guidelines for strengthening banks. Bank managers would have valuable insight into the reasons for ethical lapses and arm themselves with tools to better hire, train, and manage the human resources within their organizations. The results could provide lawmakers and the American general public with a tangible explanation for why ethical lapses occur.

Nature of the Study

This study made use of the quantitative method using a correlational design to examine the existence of the independent variable of ethical leadership and the dependent variable of ethical behavior and the correlation between the two. The study used the quantitative method because it allows for in-depth statistical analysis of large datasets. Creswell (2012) argues quantitative studies are a good fit when a study seeks to explore how variables relate to one another. Crane (1999) advanced quantitative studies as particularly useful in the arena of ethics studies because they allow the researcher to gather measurable data from large groups to test ideas and explain relationships. The researcher chose the quantitative method over the qualitative method because qualitative research does not fit the data gathering and analysis method utilized. Stake (2010) points out that qualitative research includes observation, individual interviews, and personal inspection. The researcher had no personal interaction with study participants and did not have the opportunity to interview participants individually or observe their actions. Further, Berg (2004) argues the qualitative approach makes sense when the researcher is seeking to formulate a theory and can oscillate freely between stages of a study. For the present study, the researcher is seeking to establish correlations, not formulate a specific theory, and did not have the opportunity to reformulate and administer interviews multiple times.

Discussion of Method and Design

The data collection method is cross-sectional because the researcher distributed a survey to a representative cross-section of the study population at a single point in time. Kumar (2005) states cross-sectional studies are the best fit when a study seeks to find the pervasiveness of a specific behavior or issue by gaining the feedback of a cross-section of the population. Further, Creswell (2012) points out cross-sectional studies are particularly useful for current-day studies.

Creswell (2012) argued correlational designs are a good fit when quantitative studies want to measure the relationship between two variables. Further, Creswell (2014) claims correlational designs are non-experimental studies examining the degree of association between variables or datasets. The present study uses correlational design because the study seeks to show the presence and correlation between the dependent variable (ethical behavior) and independent variable (ethical leadership) at a single point in time in large, publicly traded United States-based banks. The researcher chose the correlational design over others such as experimental, quasi-experimental, or causal. Whereas experimental designs expose one group to treatment and withhold the treatment from another to determine the effect, quasi-experimental designs use the same approach without randomizing exposures (Creswell, 2014). Causal designs seek to show conclusively that one variable causes a change in another (Creswell, 2012). The current study measured the presence of the variables and the relationship between the two. It did not introduce a third variable to the equation or seek to prove one variable causes another. Correlational design fits the purpose of the study.

Research Questions

Three research questions guided the study.

Research Question 1: To what extent is ethical leadership perceived by employees at the large, publicly traded United States-based banks?

Research Question 2: To what extent is ethical behavior occurring in the large, publicly traded United States-based banks?

Research Question 3: Is there a statistically significant relationship between employee perception of ethical leadership and actual ethical behavior in practice at the large, publicly traded United States-based banks?

The study measured the relationship between the independent variable of ethical leadership and the dependent variable of ethical conduct in large, publicly traded United States-based banks.

Hypotheses

H_1 = There is a statistically significant relationship between perceived ethical leadership as scored on the Ethical Leadership Scale and ethical behavior as scored on the Measure of Unethical Behavior in the large, publicly traded United States-based banks.

H_0 = There is not a statistically significant relationship between perceived ethical leadership as scored on the Ethical Leadership Scale and ethical behavior as scored on the Measure of Unethical Behavior in the large, publicly traded United States-based banks.

Theoretical Framework

Bandura's (1986) social learning theory and Freeman's (1984) stakeholder theory offer observable behavior points where leaders interact with followers and followers interact with stakeholders. The present study theorizes a leader's observable actions are correlated to follower behavior. The researcher utilized Brown, Harrison, and Travino's (2005) Ethical Leadership Scale (ELS) to measure perceived ethical leadership and Kaptein's (2008) Measure of Unethical Behavior in the Workplace to measure observed ethical behavior. By analyzing the collective results, the researcher can determine if the independent variable of ethical leadership and the dependent variable of unethical behavior are correlated.

Discussion of Theory 1

Bandura's (1986) social learning theory states that leaders influence followers through the process of a subordinate absorbing a leader's actions and internalizing them. Brown, Hartman, and Trevino (2003) verified leaders have an effect on how followers behave by demonstrating suitable behaviors, setting ground rules for those behaviors, and holding followers accountable to established rules. Harnessing Bandura's social learning theory, Brown, Harrison, and Trevino (2005) developed the Ethical Leadership Scale to measure ethical leadership from the perspective of employees. The study addressed Research Question 1 by utilizing Brown, Harrison, and Travino's Ethical Leadership Scale to measure perceived ethical leadership at the point of its impact on followers. As social learning theory dictates leader actions influence follower behavior, this study sought to observe and measure whether it is true in the case of ethical leadership and ethical behavior.

Discussion of Theory 2

Kaptein (2008) developed an instrument to measure observed ethical behavior to determine whether a researcher could observe ethical behavior through the lens of Freeman's (1984) stakeholder theory. If individuals behave ethically, then the behavior is observable and measurable at the point where people interact with organizational stakeholders. The study addressed Research Question 2 by using Kaptein's (2008) Measure of Unethical Behavior in the Workplace to measure observed ethical behavior. By observing and measuring the points where leaders interact with followers and followers interact with stakeholders, the researcher can analyze the data to validate whether ethical leadership has any relationship with ethical behavior. The study used the combined scores from the Ethical Leadership Scale and the Measure of Unethical Behavior in the Workplace to address Research Question 3. See Figure 1 for a diagram of the proposed theoretical framework.

Discussion of Relationships Between Theories and Variables

Bandura (1986) advanced the social learning theory to explain the relationship between leader and follower behaviors and actions. Boon, Kalshoven, and Van Dijk (2016) discussed the social learning theory and the relationship between ethical leadership and follower ethical behavior by demonstrating ethical leaders affect followers through many transactional approaches, which include communications, rewards, and punishments. Further, Brown, Hartman, and Trevino (2003) suggest ethical leaders establish mechanisms establishing rules for ethical behavior and holding them accountable for their actions. The social learning theory is of particular use in demonstrating the presence of ethical leadership.

Figure 1

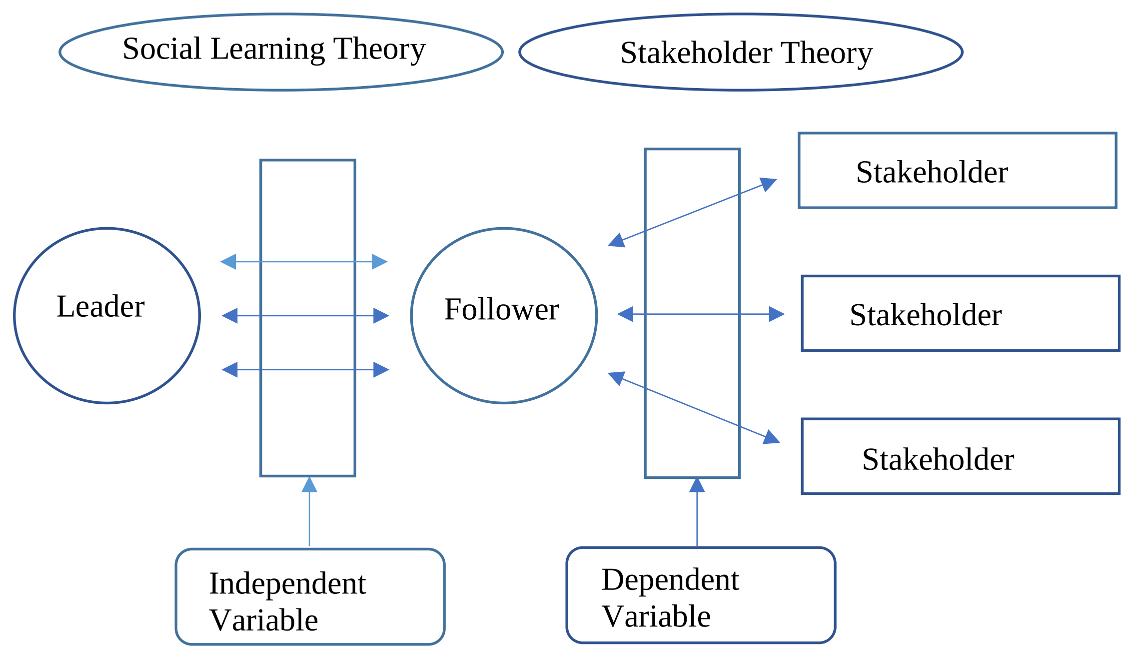

Figure 1. Relationship of variables.

Montja's (2016) discussion of ethics laid out a detailed definition which proposes ethics are principles defining acceptable and unacceptable behavior. Spector's (2013) conception of leadership suggests actions affect changes which help an organization adjust. As stated by the concepts above, ethics guide behavior. Leadership is needed to model the types of desired behaviors which create cultural norms and acceptable actions. The idea of ethical leadership was spelled out clearly in a definition offered by Brown, Harrison, and Trevino (2005). According to Brown et al., ethical leadership is the action of a leader showing followers proper behavior and reinforcing it with words, actions, and decisions. Brown et al.'s definition is particularly pertinent because the emphasis is on demonstration, relationships, communication, and reinforcement. The definition suggests consistently ethical behavior is not possible without leadership because a leader is needed to model and enforce behaviors. Followers will reflect the leadership they receive in their relationships with stakeholders. The space where followers interact with stakeholders offers a space where the measurement of ethical behavior is possible.

The stakeholder theory was originally developed by Freeman (1984) to understand the dynamics of the many groups holding an interest in the performance of a firm. It is interesting to note that Freeman indicates a stakeholder's interest in a firm can be both positive and negative. Any individual or group who has anything to gain or lose from a firm's success or failure falls into the stakeholder sphere (Freeman, 1984). The stakeholder theory is to some the direct opposite of shareholder theory which states a firm's main purpose is to maximize shareholder wealth and suggests dedicating resources to other groups is wasteful or even unethical (Freeman, Harrison, & Sá de Abreu, 2015). Still, many have argued the two approaches are not mutually exclusive, and the stakeholder approach returns more value to all stakeholders including shareholders. In stakeholder theory, each of the individuals with an interest in the firm's performance naturally falls into one or more groups.

Kaptein (2008) proposed ethical behavior is observable and measurable through the stakeholder theory. The stakeholder theory dictates that ethical behavior occurs where individuals meet with organizational stakeholders. Kaptein developed a tool to measure individual ethical behavior toward different stakeholder groups. The stakeholder theory offers a frame for observing ethical behavior.

Summary of the Conceptual Framework

Considering Bandura’s (1986) social learning theory and Freeman’s (1984) stakeholder theory, answering the study’s research questions conceptualized the extent to which ethical behavior is related to ethical leadership in large United States-based banks. The study hypothesis advances there is a statistically significant relationship between perceived ethical leadership as scored on the Ethical Leadership Scale and ethical behavior as scored on the Measure of Unethical Behavior in the large, publicly traded United States-based banks, and suggests that when ethical leadership is present it has a relationship to ethical behavior. Bandura’s (1986) social learning theory states followers learn behaviors from received communications and the observation of models. Boon, Kalshoven, and Van Dijk (2016) confirmed ethical behavior follows the pattern of the social learning theory. Freeman (1984) suggested stakeholder theory offers an observable point of interaction between organizational agents and stakeholder groups. The variables in the study are ethical leadership and ethical behavior. Ethical behavior is the dependent variable since it represents a desirable outcome. Ethical leadership is the independent variable because the study posits its presence will have a relationship to the dependent variable. The study will seek to determine if the independent variable has any relationship to the dependent variable.

Definition of Terms

There are several terms used throughout the study. The terms are defined here for reference.

Ethics: A collective of philosophical principles which include defining, defending, and recommending concepts considered right and wrong behavior (Montja, 2016).

Leadership: Actions mobilizing adaptive behavior within an organization (Spector, 2013).

Ethical Leadership: 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, Harrison, & Trevino, 2005).

Large, publicly traded United States-based banks: Those banks recognized by the Federal Reserve as systemically financially important institutions and overseen by the Federal Reserve's Large Institution Supervision Coordinating Committee. The banks include Bank of America Corporation, The Bank of New York Mellon Corporation, Barclays PLC, Citigroup, Inc., Credit Suisse Group AG, Deutsche Bank AG, The Goldman Sachs Group, Inc., JP Morgan Chase & Co., Morgan Stanley, Prudential Financial, Inc., State Street Corporation, UBS AG, and Wells Fargo & Company.

Assumptions, Limitations, Delimitations

Assumptions

The study and author make several assumptions addressed here for clarification. The first assumption is that ethical leadership and ethical behavior encourage favorable business outcomes. The discussion thus far has outlined many examples of large-scale ethical and business lapses. The researcher assumes putting some pre-determined ethical stopgap in place could mitigate the size and scope of the financial damage if not avoid them altogether. Second, the researcher assumes bank settings allow for ethical leadership and ethical behavior. Third, the researcher assumes profit is not always a proper motive for individual and business activity. No doubt, in many of the available examples of ethical lapses and resulting business crises, many people and businesses profited handsomely leading up to the event and fall out in question. The researcher assumes a sacrifice of profit in deference to ethical behavior results in a better overall outcome for all involved.

Limitations

The first limitation of the study is its reliance on a single point in time cross-sectional questionnaire to establish correlations and arrive at conclusions. The nature of the study limits its ability to address developments and to dissect how ethical leadership and ethical behavior in large, publicly traded United States-based banks change over the course of time. The study merely addressed whether ethical leadership and ethical behavior exist in these institutions today. Further, the study did not include an in-depth examination of the inner workings of individual institutions. The researcher collected no data on the specific banks and the study did not provide analysis on any individual bank. Third, since the study population is limited to large, publicly traded United States-based banks, the findings are not generalizable to all banking institutions. The research did not address small and community banks, which fall outside the scope of the study population.

Delimitations

The study population included individuals working in large, publicly traded United States-based banks. For the present study, large publicly traded United States-based banks include those institutions recognized by the Federal Reserve as systemically financially important institutions and overseen by the Federal Reserve’s Large Institution Supervision Coordinating Committee. The banks include Bank of America Corporation, The Bank of New

York Mellon Corporation, Barclays PLC, Citigroup, Inc., Credit Suisse Group AG, Deutsche Bank AG, The Goldman Sachs Group, Inc., JP Morgan Chase & Co., Morgan Stanley, Prudential Financial, Inc., State Street Corporation, UBS AG, and Wells Fargo & Company.

The study did not include banks governed by different bodies, or other banks publicly traded on one of the United States-based exchanges, regardless of the size of their presence in the United States. Large, publicly traded United States-based banks are extremely regulated and heavily scrutinized entities. They are regularly forced to share large amounts of data about their day-to-day activities, interactions with customers, training programs, profits, losses, stock prices, and returns. The information is readily obtained and dissected. An examination of this information can both provide color to the findings and insight into the nature of the study population.

Significance of the Study

Reduction of Gaps

The study sought to establish a correlation between perceived ethical leadership and ethical behavior in large, publicly traded United States-based banks. As has been outlined above and discussed in detail in the literature review below, ethical failures in banks have contributed significantly to a wide range of financial costs to consumers (McDonald, 2016; Overdraft fee issues, 2012; Rules Amendments, 2016; Schuh, Shy, Stavins, & Triest, 2012). If the study can identify a contributing cause for ethical lapses, the implications for regulators and bank managers will be far-reaching. The study could fill a significant gap in how regulations are formed and enforced, providing a roadmap for regulators to test for the presence of ethical leadership and provide guidelines for strengthening banks in this arena. Bank managers would have valuable insight into the reasons for ethical lapses and have a tool to better hire, train, and manage the human resources within their organizations.

Implications for Biblical Integration

The ethical treatment of customers and organizations is well grounded in biblical teachings. In Matthew 22:39 (New International Version), Jesus said, "Love the Lord your God with all your heart and with all your soul and with all your mind. This is the first and greatest commandment. And the second is like it: Love your neighbor as yourself." In establishing these two commandments as the primary guidelines for followers, Jesus addresses all other concerns by laying out these two basic rules. In pursuing profit at all costs, organizations often stray from Jesus's teachings. The ethical and fair treatment of each other in business naturally falls under these guidelines.

While the Bible does offer direction for how humans are to treat each other, the concepts of ethics and fair treatment are broad statements which do not offer specific guidelines for how businesses should behave. Van Duzer's (2010) work offers a more business-centric approach. The author points out, for example, profit is a valuable consideration for organizations because they cannot continue to operate without it. As Van Duzer discusses, profit is not a means unto itself. He argues businesses exist for other purposes, namely to serve, operate in a sustainable manner, and work with other institutions to pursue the good of the community as a whole. Taken together, these purposes for business offer a different approach from the widely accepted truth in traditional commercial discussions. The researcher weaved Van Duzer's concepts into the study to validate ethical leadership and ethical behavior as essential parts of applying biblical concepts to the practice of business.

Relationship to Field of Study

Precisely what ethical leadership is and how it can affect organizational performance is a still burgeoning area of scholarly research. There is perhaps no more significant an area of study than ethical leadership. As areas such as corporate social responsibility and sustainability continue to emerge as desirable and encouraged practices in the corporate community, ethical leadership has been thrust into the spotlight because ethical leaders are uniquely qualified to lead these types of initiatives. The proposed study seeks to contribute to the developing literature in this arena by defining ethical leadership as it relates to large, publicly traded, United States-based banks, exploring the issues and circumstances unique to these entities, and whether ethical leadership can impact the concerns created by ethical failures.

Literature Review

The study seeks to define and conceptualize ethical leadership and its relation to ethical behavior in large United States-based banks. As such, the review of professional literature below evaluates in-depth the topics of leadership, ethics, ethics in banking, ethical leadership, the formation of ethical leaders, the effects of ethical leadership, the social learning theory, and the stakeholder theory. The author seeks to conceptualize leadership in a general framework and then the review explores many of the specific types of leadership used within organizations seeking to change. Ethics, too, is conceptualized and explores the influences and attempts to formalize ethical behavior. Scholars have combined leadership and ethics into a singular leadership approach. The paper defines ethical leadership and discusses its accountability mechanisms and flow throughout an organization. Next, the paper explores the characteristics ethical leaders possess and the influences impacting their formation and development. Finally, many studies have proven ethical leadership’s effects on organizational outcomes. The author visits the outcomes of ethical leadership in detail. Further, the review delves into the theories advanced as the foundation of the study's theoretical framework and their applications to the present project. Bandura's (1977) social learning theory is advanced to understand how leaders model acceptable behaviors and teach followers how to behave with their actions. The review discusses Freeman's (1984) stakeholder theory as the prism through which organizations interact with stakeholders inside and outside the firm. Together these theories advance a way to understand the dynamics of organizational and individual ethics, how ethics promulgate throughout an organization, and how an organization's ethical standards affect individual stakeholder groups.

Leadership

As leadership is a central focus of the present study, a review of the major themes on the subject is in order. The following section reviews the prevailing literature to explore definitions of leadership, leading from anywhere within an organization, different styles of leadership, leading organizational change, leadership's effect on organizational effectiveness, and leadership's function as ethical guidance. Each of these areas are explored in detail, and each is a vital piece of the foundation of the study. By exploring each area, this section seeks to define leadership, what leaders do, how they lead, and their effects on the organizations around them.

Leadership defined.

Many thought leaders have sought to formulate a working definition of leadership. For example, Spector's (2013) definition centered on a leader's actions designed to activate organizational transformation. Daft's (2008) definition of leadership, by contrast, focused on the influence leaders have on followers when intending to change an organization. Further, management sage, Drucker (1992), advanced a more utilitarian definition including defining organizational goals and establishing rules and guidelines for achieving them. As demonstrated by these few examples, many different definitions of leadership exist. In fact, Kort (2008) points out scholars have collected no fewer than 221 different definitions of leadership and the author sought to distill them into a coherent theme. Kort advances all the definitions share one idea: leadership is the act of influencing others to accomplish a goal. Given Kort’s discussion and the prevailing themes in many of the working definitions from thought leaders on the subject, when reduced to its simplest form, leadership is influence. If leadership is influence, then what a leader influences is a matter of where he or she decides to concentrate attention. Where unethical behavior is prevalent, it is possible for leaders to concentrate their attention and influence on the issue to affect positive outcomes.

360 degree leadership.

Kort’s (2008) discussion can be misleading as the author implies a leader is an individual sitting atop an organization. Bolden (2011) advanced a concept known as distributed leadership and suggested successful organizations often see all employees as leaders and empower a firm-wide cultural phenomenon. Bolden suggests organizations have leaders dispersed throughout, and leadership should exist at every level, not necessarily from the top of the organizational chart. The author posited an entire organization of leaders can be trained to influence actions benefitting all parties involved and encourage ethical behavior.

Leadership styles and firm transformation.

Bratnicka (2015) outlined 15 different leadership styles discovered in organizations seeking to transform. The styles they found ranged from laissez-faire to servant leadership to benevolent leadership. The author sought to uncover which leadership styles were most often found and most effective in innovative organizations. Bratnicka created a graph where the x-axis represented creative innovation, and the y-axis represented creative usability. Leaders use laissez-faire and management by exception where both variables are low. For those organizations where mid-level innovation and usability are represented, empowering leadership, servant leadership, and transformative leadership is prevalent. Where innovation is high, and usability is low, transactional leadership makes more sense. In those few organizations where innovation is high and usability is high, integrative leadership and quality of exchange were most often found. Finally, the author introduces a new concept he dubs creative leadership which utilizes facets of all the other leadership styles and encourages innovation above all else.

Leadership and organizational change.

Leadership is influence. The very word influence suggests something needs to change. Leadership is often the driver of change and specific leaders bring about transformation in many different ways. The specific leadership style used varies widely depending on the organization, what it is attempting to accomplish, and the players involved. Brenner and Holten (2015) discuss two specific leadership styles and their respective applications to change. The authors advance transformational and transactional leadership styles as the two most effective means for promoting a positive reception of change. The authors suggest transformational leadership is characterized by acting as a role model, creating a shared vision, instilling pride and faith, inspiring and empowering followers, and encouraging followers to challenge conventional thinking. Transactional leadership, by contrast, is focused on contingent rewards and management by exception. Both styles of leadership are needed during transition because the transformational model provides an example of desired actions and transactional leadership holds followers accountable to a goal by ensuring compliance. The timing of the application of the respective styles is essential as well. Early in the organizational change process, transformational leadership is a better fit. During the implementation stage, transactional leadership makes more sense. Both styles of leadership fit during the latter stages of change management. In a case where leaders are attempting to bring about ethical change, the most appropriate style is transformational leadership.

Cangemi, Davis, Lott, and Sand (2011) suggest to survive all organizations must continually regenerate and the process can be broken down into three distinct categories: survival, stability, and creative-competitive. Each stage requires a different leadership application, and the authors discuss in detail the styles fitting each point in the life-cycle of a firm. In the survival life-cycle stage, the authors argue a savior-leader is needed to take drastic measures. Savior-leaders are typically charismatic, willing to act fast and decisively, and make tough decisions in the face of dire circumstances. In the stability life-cycle stage, a stabilizer-leader is one who can return normalcy to the organization. Stabilizer-leaders have the ability to return the organization to a steady pace of reasonable growth and profitability. The creative-competitive stage requires competitive oriented leadership. A competitive leader possesses the unique ability to spur the organization toward maximum efficiency, ensuring it can capitalize on market opportunities quickly. The authors suggest organizations need all three types of leadership, and different people often embody the three different types. All three leadership styles closely mirror transformational and transactional leadership.

Leadership and organizational effectiveness.

Cooke, Klein, and Wallis (2013) studied the impact leadership can have on both organizational culture and firm effectiveness. The authors found organizational effectiveness related to the specific type of firm culture and the cultural norms directly linked to leadership. Cooke et al.'s argument lends credence to the idea of how instilling ethical behavior as a cultural norm is directly contingent on leadership. The specific leadership styles they studied were interaction facilitation, task facilitation, goal emphasis, and consideration. Interaction facilitation refers to the ability of leaders to encourage team identification. Task facilitation is concerned with a leader's ability to facilitate problem-solving. Goal emphasis means setting expectations for achievement. Consideration is how well leaders support their employees. Leaders model acceptable behaviors and drive cultural change. Using quality of service as the baseline for assessing firm effectiveness, the authors quantitatively linked effectiveness and culture. Leaders can and do have a real impact on organizational performance by facilitating a culture encouraging effectiveness.

Viitala (2014) concentrated on the actions leaders take to create effective organizations. The authors point out leaders of finely tuned organizations are supportive of their employees, communicative, encourage participation, distribute authority among direct reports, collaborate to find solutions, and provide clear divisions of labor. In their study, the authors observed different healthcare organizations over several years and advanced four revelations about the differences in those organizations including good versus bad leadership, leaders who own their positions, leaders as need satisfiers, and change as an invisible hand. Those organizations experiencing good leadership, leaders who understood and owned their roles, leaders who empowered employees instead of providing for them, and leaders who managed change as opposed to letting it happen were much more effective in their execution against stated goals. Conversely, those organizations where poor leadership existed, leaders who shirked their responsibilities, provided everything employees needed, and passively let change happen measured as much worse at firm efficacy. The study confirms the deliberate and purposeful execution of leadership techniques does impact organizational effectiveness.

Leadership as ethical guidance.

There are many different styles of leadership, and each one has its merits for a very particular set of circumstances including organizational culture, design, and function. Whatever leadership style an individual chooses to adopt and, regardless of the culture, design, and function of the firm, ethics in leadership is an invaluable aspect of a leader’s function. Derr (2011) discussed at length the vital importance of ethics in leadership and pointed out ethics in combination with leadership affects behavior not only within the organization, but outside as well in society at large. Derr’s point is an alarming call to the reality of leaders who either behave unethically themselves or allow for unethical behavior in their organizations can have a significantly negative impact on every stakeholder touching the business. Ethics in leadership, or ethical leadership, is a meaningful concept and an exploration of its origins, uses, and practice makes sense. First, it is imperative to conceptualize ethics.

Ethics

Scholars have studied ethics for thousands of years. Christensen (1995) traced the origin of ethics as an area of study to the beginning of human civilization. Christensen advanced there is evidence that thought leaders have recognized ethics as a desirable pursuit since the beginning of recorded history. Scholars recognized ethics studies, while separate from religion, is an effective way to explain human nature. This section explores ethics in detail and defines ethics, discusses ethics and stakeholder treatment, culture’s relationship to ethics, policymaker attempts to mandate ethics, ethical behavior in banking, the causes of ethical misconduct in banking, and various proposed solutions.

Ethics defined.

Aristotle is widely accepted as the first scholar to fully develop an understanding of ethics and came to see where the larger answer to mastering human existence centered on becoming the best person possible (Durant, 1961). With Aristotle's questions in mind, Durant offered a simple definition of ethics as ideal conduct. Today, the definition of ethics has not changed much in more than two centuries of study. Montja (2016), for example, centered a definition on the action of defining and demonstrating ideas creating an organizational understanding of what is right. Further, Daft (2008) defined ethics as a pervasive guiding principle controlling how people behave.

Ethics and stakeholders.

One cannot separate the various definitions of ethics outlined above from moral philosophy, principles, values, or concepts governing and directing behavior in a way which benefits those who are affected by the behavior. In the realm of business, making decisions which limit harm to various stakeholders becomes the focal point of ethics. Fontrodona, Mele, and Rosanas (2017) made this clear by arguing organizations need a foundational understanding of ethics so the firm serves all parties involved without harming any one group. Ethics in business integrates moral standards into decision processes affecting the entire ecosystem of a firm.

Ethics and culture.

Individuals make decisions, but they make those decisions in consideration of the organization around them and, ideally, in deference to what is widely considered right and wrong. Perhaps no force more powerfully effects decision-making than organizational culture. Jones (2004) defines organizational culture as "The set of shared values and norms that controls organizational members' interactions with each other and with people outside the organization"

(p. 195). A 2007 survey conducted by the Federal Government's Ethics Resource Center found the most effective deterrent to ethical misconduct was a strong ethical culture. Organizational culture impacts the entire firm, which explains why ethical misconduct is often a system-wide issue. One example of unethical behavior as a firmwide issue was Toshiba overstating its profit by more than $1.2 billion in 2014. Investigators later concluded the misreporting of profits was a company-wide problem, including every division (Fontrodona, Mele, & Rosanas, 2016).

Mandating ethics.

When ethical misconduct rears its head in the financial world, a frequent response by the public and lawmakers is an attempt to introduce policies and regulations encouraging more acceptable conduct. In the last decade, public outcry over accounting scandals and irresponsible financial behavior reached a crescendo during and after the financial crisis of 2008. Lail, MacGregor, Marcum, and Stuebs (2017) examined the accounting profession and found regulatory reforms only go so far, and policies and guides cannot in and of themselves prevent unethical behavior. Lail et al. conclude by introducing virtuous professionalism as the only reasonable path to restore ethical behavior in finance. Virtuous professionalism includes both an effort to achieve financial goals and returning value to society at large at the same time.

Many phenomena influence ethics and ethical behavior. Both formal regulation and informal individual leadership are necessary to ensure ethical outcomes. Rules and regulations cannot interpret each circumstance, nor can policies dictate the right behavior in each instance. Individuals make decisions at a personal level. While culture can have a significant impact on those decisions, ethical leadership at the organizational, divisional, and individual level is necessary to produce reasonable outcomes for the organization and society and adhere to ethical standards.

Ethical behavior in banking.

Scholars have researched ethics in banking for many years, but the subject has received increased attention since the rise of massive ethical failures in business began to become more prevalent in the latter part of the last century. Further, ethical failures continue to plague the finance industry today. The following section addresses what some have posited as the causes for the failures, the effects of the ethical failures, the current guidelines, regulations, laws, and many of the suggested solutions. While some scholars have suggested the cause of ethical failures is the nature of banking as a business embodying the capitalist ideal of profits at all cost, other empirical studies have delved deeper into the subject and have produced some surprising results. Suggested solutions include creating additional regulation, forcing bankers to take an oath, and better educating future bankers about ethics. To date, the proposed fixes have not produced many actionable items with any tangible effect.

Potential causes of ethical failures in banking.

Why are ethical failures in banking so prevalent? Scholarly literature has explored the issue of ethical failures in banking extensively. Suggested causes range from culture, outdated regulation, lenient laws, to faulty incentive structures. Watkins (2011) places the blame squarely on what he coins the Goldman Rule, which encourages profits at all cost. Watkins argues economics dictates markets reward profits and punishes losses. The impending collapse of the banking system in 2008 prompted lawmakers to step in and provide bailouts which upended this basic economic structure by rewarding losses. The result was a cultural affirmation in a blind pursuit of profits as the best way to pursue running a business in the banking world. Bagus and Howden (2013) contend the very underlying function of a bank, to hold customer reserves and lend them out for a profit, is an unethical enterprise. As banking exists today, the companies are only required to hold a fraction of the money they hold in reserve against their other activities. The practice of fractional reserves developed as a response to the excess cash a bank holds because not all depositors request a return of their deposits at the same time, which means these resources are idle. Bagus and Howden assert the fractional reserve system banks use is unsustainable and unethical, violates client/bank agreements, and allows for other unethical behavior. The authors suggest an extensive redefining of the functions of a bank to address the issue.

Wehinger (2013) pointed to lax regulation as a significant contributor to unethical behavior in banking. The author discusses the Dodd-Frank Act, which was designed to overhaul the banking system, and Basel III, which offers guidelines to banks' liquidity and capital requirements, and suggests these regulations remain sorely lacking and do not go far enough to address banking ethical issues. Wehinger points to the High-Level Principles on Financial Consumer Protection, which were introduced in 2010 by the Organization for Economic Cooperation and Development (OECD) and adopted widely in 2012 as an improvement because they offered more succinct guidance on transparency and banking behavior and gave the public defined pathways for registering grievances. Wehinger calls for more stringent regulations because the OECD's guidelines do not fully address unethical behavior. Paulet (2011) agreed existing regulations were inadequate, but argued no level of policy and procedure guidance could fully address banking issues due to the rapid pace of innovation, the fact regulators cannot react quickly enough to keep up, and the preferred "light-touch" approach to regulation by the United States government. As a proposed solution, Paulet champions using regulation to change the functions of the banking industry to include more social considerations and ethical cultures. Poczter (2016) contended ethical failures in the banking industry are related to the incentives banks use to measure and reward employee performance. The author argues a basic tenet of economic study is agents responding to incentives. As the current incentive structure has proven lacking, Poczter argues stronger and alternative incentives are needed to improve the banking business model.

Ethical banking enforcement and guidelines.

The guidelines for ethical behaviors are well established in banking. As far back as 1933, the government passed the Glass-Stegall Act and the Federal Deposit Insurance Act in response to the Great Depression. The combined new laws were designed to instill consumer confidence in the banking system by separating commercial banks and investment banks and reduce conflicts of interest. Lawmakers designed the Truth in Lending Act of 1968 in response to a lack of transparency in lending. The Financial Institutions Regulatory and Interest Rate Control Act of 1978 and the Depository Institutions Deregulation and Monetary Control Act of 1980 were both put in place to address interest rate fraud. Congress passed the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 to restore confidence in the banking system and instituted severe penalties for the mismanagement of financial institutions. The Gramm-Leach-Bliley Act of 1999 effectively repealed the Glass-Steagall Act (Bexley, 2014). In 2005, the Federal Deposit Insurance Corporation (FDIC) published a guide for FDIC-regulated institutions for establishing their internal codes of ethical conduct. In a letter published in 2005 and titled Corp*orate Codes of Conduct: Guidance on Implementing an Effective Ethics Program*, The FDIC established expected banking behaviors (FDIC, 2005). In response to what lawmakers viewed as the inappropriate conduct bringing about the 2008-09 financial crisis, the Dodd-Frank Act was passed in 2010 to address what was seen as a shortfall in banking regulation (Bexley, 2014).

There are many groups created by the United States government designed to ensure the ethical behavior of banking entities. The government created the Consumer Financial Protection Bureau as part of the Dodd-Frank Act in response to the 2008-09 financial crisis. The bureau's primary functions include issuing guidance on banking regulation and enforcing the fair treatment of consumers (Lampe & Richardson, 2017). The Office of the Comptroller of the Currency (OCC) charters, oversees, and regulates all national banks and ensures, in part, banks offer fair access to financial products and treats customers fairly (www.occ.gov). The OCC has published at least 25 guidelines on best practices for consumer protection. The Federal Deposit Insurance Corporation (FDIC) insures all bank deposits up to $250,000 and oversees bank compliance to ensure the soundness of member institutions and protect consumers against deposit loss (www.fdic.gov). The Financial Industry Regulatory Authority (FINRA) is a not-for-profit organization created by Congress to oversee the investment industry and safeguards consumers against unethical and predatory practices by the 630,000 investment advisors in the United States (www.finra.org).

There are also many banking associations which create ethical guidelines and codes of conduct. Using the FDIC's 2005 letter as a guide, the American Bankers Association's (ABA) Institute of Certified Bankers (ICB) authored and published a code of ethics all bankers are expected to follow. Other similar groups include the Consumer Banker's Association, the National Mortgage Bankers Association, and the Independent Community Bankers Association of America. Each state has a statewide association of bankers. Each of these entities has published a strict code of ethics, which members pledge to follow.

Proposed solutions.

Scholars and researchers have proposed several specific solutions to the problem of unethical behavior in banking. Parnaudeau, Paulet, and Relano (2015) suggest a full-scale restructuring of the banking industry is needed. Parnaudeau et al. observe that the new regulations launched after the 2008-09 financial crisis have indeed impacted the business practices of banks. The authors argue banks fall into three distinct categories which include: those making the minimum adjustments necessary to comply with the law, those which have adopted a new more socially responsible approach to banking, and those behaving ethically already and therefore did not have to adjust their business model at all. Parnaudeau et al. further argue those banks already behaving ethically represent the most stable of the three groups while those who have instituted the least number of changes possible represent significant risks to economic systems.

Oates and Dias (2016) conducted a study to discern the extent of ethics education in graduate level banking programs at universities in Australia. They found a full 90 percent of graduate level banking and finance programs do not require training in ethics or assess knowledge of ethics as part of their curriculum. While the researchers only looked at Australian universities offering graduate level banking programs, the implications for the banking industry on a worldwide scale are startling. The authors suggest teaching both legislated ethics and banking values in all banking schools. Further, they suggest all banking curriculums should include assessments of students' knowledge base in the areas of ethics and values.

Boatright (2013) studied banking in the Netherlands where all bank executives are required to take an oath, similar to the physician's Hippocratic Oath, which dictates doctors do no harm. Boatright sought to understand whether the oath itself an effective method of compliance to ethical standards and if the specific oath taken by Netherland bankers was comprehensive enough to hold bankers accountable. The author argued because bankers are market agents held to the standards of shareholders and not professional office holders held to the standards of the public at large, the oath does not hold the same power as in other professions. Further, Boatright offers the oath taken by bankers in the Netherlands is far too general to provide specific guidance for the various instances presented in the day-to-day activities of bank employees.

Mass (2017) suggests all existing codes of banking ethics are outdated, and an entirely new approach is needed. Mass argues any code of ethics should begin with the understanding that no comprehensive set of rules exits or can be created for every single unique circumstance. Mass recommends the authors of a new code should undertake a social process to ensure the guide includes the feedback of many sources and includes the socially accepted interpretation of actions. The author argues no single code of ethics can apply to every line of business in the banking world and a different code of ethics is needed for every business function. Once banks institute these individual codes, the author proposes formalized continuous training is needed to normalize them. Finally, Mass proposes new codes of ethics must adjust as often as needed so they remain relevant.

Ethical Leadership

Perhaps no area of scholarly research has been given more attention than leadership studies. One development in the arena has explored the concept of ethical leadership. As the preeminent founders of ethical leadership study, Brown, Harrison, and Trevino (2005) not only conceptualized the idea but created what is widely recognized as an outstanding tool for measuring for the presence of ethical leadership. This section takes an in-depth look at Brown et al.'s definition of ethical leadership, breaks down how this specific type of leadership holds people accountable, and discusses the effects ethical leadership has on organizations.

Ethical leadership defined.

Brown, Harrison, and Trevino (2005) further conceptualize their definition with a detailed explanation of how ethical leaders behave which includes modeling behavior, serving as a role model, communicating about behavior, setting standards, defining rewards and punishments, and making ethical decisions. Brown et al. (2005) define ethical leadership 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 (p. 120).

To formulate their definition and dissect its components, Brown et al. draw on the work of several authors who worked on various components of the concept for many years. A few of these sources are discussed below to triangulate the concept of ethical leadership.

The portion of Brown, Harrison, and Trevino's (2005) definition of ethical leadership that references demonstrating behavior suggests leaders model behavior acceptable within the confines of a particular organizational setting. The section of the definition alluding to communicating about behaviors is drawn primarily from Bass and Steidlmeier (1999). Bass and Steidlmeier looked at transformational leadership and sought to study whether the leadership style was inherently unethical. They break down what they term moral leadership into two components: the moral agent and the agent's behavior, and assert the two are inseparable. Bass, and Steidlmeier judge moral agents in three areas including their developmental level of conscience, the degree of effective freedom exercised, and the probity of intention. The agent's behavior is evaluated based on the end sought, the means employed, and the consequences. The authors conclude leaders who are genuinely transformational must base their influence and subsequent communications on morals. Essentially, the authors argue effective leadership requires an ethical component because people will not follow if they do not trust the leader's decisions as just and right.

The section of Brown, Harrison, and Trevino's (2005) definition which focuses on setting ethical standards and providing reinforcement harkens back to their earlier work on the subject with another author about perceptions of ethical leadership throughout organizations. Brown, Hartman, and Trevino (2003) began their discussion by positing leaders set the direction for their organizations. At the time of their work, there had been very little research conducted on ethical leadership and establishing a link between leadership and ethical behavior in an organization was a relatively new approach. The authors conducted a qualitative study to gather information from both executives and ethics officers through interviews in medium to large Unites States-based companies. The study found those leaders perceived as ethical embodied key traits such as people-orientation, respect, mentorship, walking the talk, role modeling, doing the right thing, honesty, listening, trustworthiness, communication, courageousness, integrity, and setting ethical standards and accountability, among others. The study was a very small sample size comprised of 40 interviews with senior executives and ethics officers from small and large businesses in American companies. The study definitively established a relationship between ethical leadership and holding others accountable to ethical behavior in organizations. The findings need additional validation through further research to ensure the results are indeed generalizable across all American companies.

The final element of Brown, Harrison, and Trevino's (2005) definition of ethical leadership focuses on the deliberate nature of the decision-making processes of ethical leaders and draws in part on the work of Avolio and Howell (1992). Avolio and Howell's work centered on charismatic leadership and its dual, often paradoxical nature. The authors proved charismatic leaders have a powerful influence on their organizations and can either benefit or destroy firms. Whether the leaders benefit or destroy the organization keys solely on their positive or negative ethical bent, and ethical leaders understand their actions and decision have a reverberating effect and therefore need to make decisions carefully. Avolio and Howell conducted interviews and surveys with more than 150 managers in major Canadian organizations to better understand what makes a charismatic leader and the differences between an ethical and unethical leader. The authors found all charismatic leaders have similar traits including exercising power, creating a vision, communication with followers, accepting feedback, intellectually stimulating followers, and developing followers. Ethical charismatic leaders separate themselves from their unethical counterparts because they possess moral standards, courage, a sense of fairness, and integrity. Unethical charismatic leaders only give the impression of these traits if it serves their self-interests. They are often masters of communication and manipulation and are only concerned with their personal agendas. Avolio and Howell conclude charismatic leaders of any ethical leaning can shape the behaviors of others in their firms. The study was extremely enlightening because it showed conclusively the effects of ethical leadership. The study is slightly dated and conducted with a relatively small number of Canadian firms. Further research is needed to empirically prove the relationship between ethical leadership and ethical behavior.

Ethical leadership and accountability.

While Brown, Harrison, and Trevino (2005) defined ethical leadership, the authors did not address how ethical leaders promote ethical behavior through accountability mechanisms or speak to how ethical leadership flows throughout an organization. Brown, Hartman, and Trevino

(2003) addressed accountability by demonstrating ethical leaders encourage ethical behavior because their actions establish a baseline for the right kinds of behavior and bind followers to a certain way of acting. The authors spell out the specific methods for encouraging and enforcing ethical behavior which includes setting standards and expectations, creating and institutionalizing values, sticking to principles and standards, practicing values-based management, using rewards and punishments, refusing to accept ethical lapses, and remaining disciplined. Effectively, the ethical leader enforces ethical behavior through a tough, no compromises approach. The ethical leader ensures everyone in the organization understands expectations and potential consequences. The authors’ discussion does not explain how everyone in the organization knows the expectations, nor does it expose how this knowledge flows through an organization.

Effects of ethical leadership.

Bardes, Greenbaum, Kuenzi, Mayer, and Salvador (2009) focused their research on understanding exactly how ethical leadership flows through an organization and what effects it has along the way. The authors draw on the social learning theory, the social foundations of thought and action theory, and the social exchange theory to test their trickle-down model of ethical leadership. To perform their research, the authors conducted a quantitative study of more than 900 employees and 195 managers in 195 different departments. Bardes, et al. found ethical leadership in middle management provided a strong link between top level leader behavior and group behavior throughout the organization. Effectively, the authors found ethical leadership does, in fact, move downward through an organization and has a direct impact on employee behaviors. The study findings were consistent with social learning theory because it showed modeling and reward/punishment systems play a vital role in determining ethical behavior outcomes. The research concluded ethical leadership has a direct effect on employee behavior, and leaders can encourage ethical behavior through the specific mechanisms of modeling, rewarding, and punishing behaviors. One concern with the study's findings is all the organizations studied were from the southeastern United States. More research is needed to validate their findings are generalizable to the entire country.

Ethical leadership formation.

No literature review of ethical leadership is comprehensive without a review of the qualities leaders of this type possess. Not surprisingly, ethical leaders have strong moral compasses. Ethical leaders possess many other qualities which overlap extensively with other types of leadership. Ethical leadership is not necessarily a style of leadership so much as it is a function of a good leader. This section discusses the specific qualities of ethical leaders, the overlaps of these qualities with other types of leadership, the types of mentorship ethical leaders receive, and the moral dimension of ethical leadership.

Ethical leadership qualities.

Lawton and Paez (2015) sought to develop a framework for ethical leadership via a comprehensive literature review, by defining the characteristics of ethical leaders, discussing how they go about leading ethically, and the outcomes of this unique type of leadership. Lawton and Paez show how ethical leaders possess virtues, which include courage, temperance, pride, good temper, friendliness, and truthfulness. Ethical leaders have integrity, which includes wholeness, coherence, and moral soundness. Ethical leadership requires authenticity, which means possessing a full awareness of self and transparency in their actions. As for how ethical leaders perform their craft, Lawton and Paez suggested it comes down to one word: responsibility. The authors claimed a crucial aspect of ethical leadership is responsible leadership which is concerned with considering the impacts of decisions considering all parties affected. By leading responsibly, ethical leaders encourage members of an organization to behave in ethically responsible ways as members of the group. The study found the specific mechanisms for ethical behavior throughout an organization include commitment, trust, follower effectiveness, an increased sense of purpose, and an amplified sense of service. The most significant finding produced by the research included evidence that the main byproduct of ethical leadership is a more ethical organization.

Frisch and Huppenbauer (2014) identified several behaviors ethical leaders exuded and included a discussion of the various stakeholder groups to consider through the lens of the stakeholder approach. The authors listed conscientiousness, agreeableness, emotional stability, moral identity, establishing trust, justness, and transparency as behaviors ethical leaders embody. Frisch and Huppenbauer identified three existing measurement scales widely accepted as useful measures of ethical leadership as ways of identifying ethical leadership behaviors. The authors pointed to the Ethical Leadership Scale (ELS), the Ethical Leadership Behavior Scale (ELBS), and the Ethical Leadership at Work Questionnaire (ELW) as valuable tools for identifying ethical leadership in organizations. The three tools identified by Frisch and Huppenbauer measure concepts such as setting an ethical example, doing the right thing, taking the time to instruct new staff, honoring agreements, an orientation to people, sharing power, sustainable behavior, and ethical guidance. Frisch and Huppenbauer’s research showed ethical leadership overlaps and has many shared characteristics with other leadership styles such as servant leadership, transformational leadership, transactional leadership, authentic leadership, and responsible leadership.

Frisch and Huppenbauer posited ethical leaders concern themselves with all stakeholders of an organization, both inside and out. Organizations do not exist in a vacuum. Many stakeholders interact with a firm at a myriad of levels. A stakeholder is any entity (group or individual) who has a relationship with the organization and can impact or is impacted by the firm's goals. Ethical leaders, then, must work with a variety of groups both inside and outside of the organization to achieve their goals. The authors observed ethical leadership is concerned not only with those stakeholders within the organization (employees) but with the many groups outside the firm including customers, society in general, suppliers, owners, the environment, government, and local community. This dual leadership role can create a delicate balancing act when considering all parties involved. The major theme of the article is the stakeholder approach as a primary concern for ethical leadership. Ethical leaders concern themselves with everyone the organization touches.

Herzog and Skubinn (2016) studied moral identity in ethical leaders and proposed a strong moral compass as an integral part of their makeup. The article showed ethical leaders have a sense of moral obligation not easily swayed by circumstance. The authors' focus on identity reveals the idea that moral actors behave morally because it is part of their makeup, not because the situation dictates a certain type of behavior. Herzog and Skubinn stated the most critical aspect of moral behavior is consistency across all interactions. The authors argued moral identity is such a part of ethical leadership that the two are virtually indistinguishable from one another. The study did distinguish between truly authentic ethical leadership and adopting it as a style. In such cases, no real difference can be expected in outcomes within an organization. Further, the distinction is made more evident in what the authors term as critical cases including sudden dilemmas, facing risk, and encountering naysayers, where ethical leadership tends to be set aside when it is not wholly internalized in the leader. Purposeful ethical leadership has clear outcomes. Purposeful ethical leadership is displayed when leaders make deliberately thoughtful decisions. In such situations, Herzog and Skubinn identified a significant reduction in behaviors that do not conform to organizationally accepted norms. The authors do not define how to delineate between purposeful and non-purposeful decision-making, and the concept can be hard, if not impossible, to measure.

Ethical leaders and mentors.

Brown and Trevino (2014) conducted a study to discern whether a leader having had an ethical role model influences their actual and perceived ethical leadership ability. The authors argued to become an ethical leader, an individual must be both a moral person and manager. Most individuals develop morals by learning from and emulating role models such as parents, coaches, teachers, clergy, and peers. However, work role models play a much more valuable part in helping others form an internal code of ethics. The study found many leaders reported having had a childhood, senior leader, or career mentor as an ethical role model. The results revealed the only ethical influence having a significant effect on subordinate perceptions of leader ethical leadership was career mentors. Ethical leadership skills are a different level of behaviors not necessarily taught by childhood influences or learned in the distantly removed senior leader and subordinate relationship. Brown and Trevino theorized the development of ethical leaders requires individuals to practice ethical behavior and continuously acquire new skills in both leadership and ethics. The authors proved ethical leaders learn their craft from other ethical leaders. The study results indicated the most effective way to instill ethical leadership in an organization is to institute an ethical leadership mentoring program.

Ethical leaders and public service.

Hassan, Park, and Wright (2016) studied the relationship between public service motivation (PSM) and ethical leadership. PSM includes the desire to help others and working toward the broader goal of providing a more significant benefit to society. PSM and ethical behavior were studied together because the two concepts have very similar underlying values. The authors hypothesized supervisors with higher PSM scores would more likely demonstrate ethical leadership, supervisors who scored higher on ethical leadership had subordinates with higher PSM scores, and subordinates with higher PSM scores showed more willingness to report witnessing unethical behavior in others to authority figures. The study findings did confirm the three hypotheses. Hassan et al. suggested their findings made sense for two reasons. As social learning theory suggests, employees will model the ethical behavior of their leaders. Ethical leaders are more likely to attract, hire, and retain employees matching their high ethical standards. The study's primary findings indicate ethical leaders both possess a strong service ethic and surround themselves with like-minded employees and those leaders who dedicate themselves to public service have a stronger ethical bent.

The moral dimension of ethical leadership.

Crews (2015) sought to understand precisely what makes an ethical leader and the characteristics shared across a diverse set of organizations. Crews began her discussion by comparing ethical leadership to other types of leadership such as authentic, spiritual, and transformational leadership. Crews found the recurring themes among these varying types of leadership were altruism, integrity, and role modeling. Further, the distinct difference between ethical leadership and the other types was a moral dimension. Ethical leaders possess a moral dimension where other forms do not necessarily. Other characteristics ethical leaders were found to possess included a sense of fairness, care for others, trustworthiness, courage, accountability, discernment, honesty, and fair-mindedness. Crews discussed three characteristics as indispensable to ethical leadership including value alignment, governance, and relationship-centeredness. Value alignment refers to a leader's consistency between words and actions. Governance means making responsible decisions in the face of public or private inquiry. Relationship-centeredness explains how ethical leaders account for how their decisions will impact all stakeholders in an organization. The most valuable take away from the study is ethical leaders establish baseline ethical behaviors through modeling and enforce similar behaviors through rewards and punishment systems.

Effects of ethical leadership.

A broad review of the major themes in ethical leadership includes how leadership style affects the organizations where it is employed. Many studies have been conducted to determine ethical leadership's effects, and the results provide a rich canvas of topics and relationships. While a direct link between ethical leadership and organizational outcomes has proved elusive with varying studies producing different results, researchers have established a strong correlation between ethical leadership and the aspects determining organizational outcomes. The most evident shared trait in the studies outlined below is how ethical leaders directly impact organizational mechanisms, which ultimately promote ethical outcomes. The discussion below outlines how ethical leaders create ethical cultures, create support for the organization as a whole, enhance firm financial performance, and encourage extra effort from employees.

Creating a climate of ethical behavior.

Choi, Kim, Shin, and Sung (2015) hypothesized ethical leadership could significantly impact the ethical climate and procedural justice climate of an organization that can, in turn, promote organizational citizenship behavior and firm performance. Choi et al.'s definition of an ethical climate centers on the shared perception of employees as a group about the policies of the organization. The authors then defined ethical procedural justice as the shared perception of fairness within the process of decision-making employed at the firm. Together, these two forces act as socially invisible hands marrying top leadership ethical direction and organizational outcomes. Choi et al. uncovered a lagged and indirect relationship between ethical leadership and firm performance. The authors did find a strong link between ethical leadership and its ability to shape the contexts influencing employee perceptions. While there was no direct correlation between firm outcomes and ethical leadership, the authors argue the two are not mutually exclusive. Rather, ethical leadership and firm performance have a reinforcing effect promoting better all-encompassing business results.

Ethical leadership and organizational support.

Cheong, Lam, Loi, and Ngo (2015) conducted a study to examine the relationship between ethical leadership and perceived organizational support (POS) that they hypothesized raises employee affective commitment and proliferates ethical behavior. POS refers to employee perceptions that the firm contributes to success in both personal and organizational affairs. Cheong et al., assert affective commitment is significant because it ties employee goals to firm goals through social exchange and reciprocation. The study found empirical evidence to support the idea POS does act as a linchpin between ethical leadership and employee affective commitment. The authors were careful to distinguish between organizations stressing social exchanges such as employee well-being and firms where economic exchanges such as making a reasonable wage exist. Cheong et al. suggested the more prevalent existence of economic exchange relationships, the less likely affective commitment was to exist. The results reveal organizational culture as an essential consideration for ethical behavior outcomes. If the culture is focused primarily on economic exchange outcomes such as making as much money as possible, ethical leadership is less impactful than in organizations focused on social exchanges. In the final analysis, the study suggests building and nurturing a healthy organizational culture is as paramount to encouraging strong business performance.

Ethical leadership and financial performance.

Eisenbeiss, Fahrbach, and Van Knippenberg (2015) proposed ethical leadership enhances organizational financial performance through the mediator of organizational ethical culture and the moderator of an organizational ethics program. The study found ethical leadership is positively associated with ethical organizational culture and firm performance only when a strong ethics program was in place. The study findings naturally raise the question of whether the CEO is responsible for fostering an ethical culture by supporting an ethics program or if the latter determines the behavior of the CEO. The authors acquiesced more research on the subject was needed to conceptualize the study findings fully. The study did confirm the elements of ethical leadership, ethical culture, and an ethics program need to work in harmony if a firm is to experience sustainable financial performance.

Ethical leadership and employee effort.

Eisenbeiss and Van Knippenberg (2015) conducted a study to determine what effect ethical leadership could have on discretionary work behaviors including extra effort and help. As extra effort and help are inherently ethical behaviors, organizations naturally encourage these outcomes. The authors studied extra effort and helping because these two variables involve a strong bent toward morality and are an integral part of membership in the organization. Eisenbeiss and Van Knippenberg proposed the moderators of moral emotions and mindfulness impacted the effectiveness of ethical leadership on individuals. Moral emotions are the most important part of the equation for Eisenbeiss and Van Knippenberg because they are the individual internal mechanisms producing powerful bindings to moral behaviors. The authors promote mindfulness as valuable to employees as well because it promotes a strong awareness of what is happening around them. The results revealed the higher individuals scored on moral emotions and mindfulness, the more likely they were to participate in extra effort, which in turn formed a more positive relationship with ethical leadership. The study findings suggest followers must first be ethically inclined before ethical leadership can have any impact on their behavior. If employees rank low on moral emotions and mindfulness to begin with, there may be little a leader can do to influence conduct. Properly screening potential employees is of paramount importance when adding additional personalities to an organization.

Lu and Tu (2016) studied the role of ethical leadership in motivating followers to engage in extra-role performance. Extra-role performance is a significant consideration because ethical behavior can be considered just such a positive outcome. Extra-role performance includes going above the call of duty accepted as reasonable effort, especially as it pertains to ethical behavior. Lu and Tu wanted to uncover whether ethical leadership encourages followers to voluntarily take on the extra duties of ethical stewardship. The study statistically established a relationship between ethical leadership and extra-role performance and found the relationship is strengthened by self-efficacy and intrinsic motivation in followers. The role of self-efficacy cannot be understated, as the authors established this quality was a vital moderator in the ethical behavior equation. Ethical leaders seeking employees who will go the extra mile and adopt their ethical views should first seek to hire individuals ranking high on a self-efficacy scale.

Social Learning Theory

In its most basic form, social learning theory suggests individuals and organizations take their behavioral cues from leaders. Most notably, individuals receive behavioral cues from those they see as authority figures. This section of the literature review explores the social learning theory comprehensively. The discussion reviews the formation of the theory, its applications to business, delves into how the theory ties to ethical behavior, and explores how researchers use the social learning theory to measure ethical leadership.

Theory formulation.

Social learning theory (Grusec, 1992) began as a way to combine both psychoanalytic processes and stimulus-response learning theories into a single approach. Sears and Bandura were the early leaders of developing the theory, and Bandura quickly parsed the psychoanalytic nature of the research and instead concentrated on cognitive and information processing to explain behaviors (Grusec, 1992). As early as the late 1950's, a group of psychologists which included Bandura, Ross, Ross, Huston, Blake, Grosser, Polansky, Lippitt, Rosenblith, Schachter, and Hall were conducting experiments to link children's aggressive behavior with model observation (Bandura, Ross, & Ross, 1961). Bandura, Ross, and Ross (1961) conducted an experiment called the "Bobo Doll Experiment" to validate aggression in children is learned by observing others and imitating their actions. In the experiment, Bandura et al. exposed one group of children to a model behaving aggressively toward a Bobo doll and a control group to a model exhibiting nonaggressive behavior toward the doll. The test provided the researchers with stark differences in the behaviors of the two groups. Those children exposed to the aggressive behavior of the model showed far more aggressive behavior after the treatment than did the group exposed to the nonaggressive model behavior.

While Bandura, Ross, and Ross (1961) did not initially identify their research as an attempt to formulate a theory, the term “social learning” appears for the first time in the text of the experiment summary article. For the next several years, Bandura continued to experiment and develop the idea and called the theory by several other names including identificatory learning (Baer & Bandura, 1962) and observational learning (Bandura, Grusec, & Menlove, 1966). Bandura (1977) drew on several theories and added the ideas of the linkage between stimuli and responses and observational learning to officially formulate the theory. Bandura’s (1977) foundational work on social learning theory solidified the idea that individuals learn behaviors from others they observe. Throughout the 1960s and 1970s, much of his work was an attempt to explain and predict behaviors as a function of observational learning (Grusec, 1992).

Social learning theory in business.

By the 1970s, scientists widely accepted the concept of individuals learning behavior through observation and researchers began to apply the social learning theory to management and leadership within organizational contexts. In the human resources and organizational theory space, social learning theory was used to understand and explain organizational culture and how behavioral patterns pass from one individual or group to another. Natham and Wexley (1981), for example, cited social learning theory as the central theme in their work. Decker (1986) pointed out organizational social learning theory centered on the premise of humans as social by nature and possessing a need to observe another’s actions to avoid unnecessarily repeating mistakes. The revelation of individuals within organizations observing the behaviors of others to understand how they should shape their behaviors led to a rise in the development of the idea of supervisors, managers, and leaders adjusting their behavior to influence the actions of followers. Accordingly, much of the scholarly work on human resource development during the 1970s and

1980s focused on teaching leaders how to model behavior and included published works by many of the thought leaders on the subject at the time.

Social learning theory and ethical behavior.

More recently, researchers have invoked the social learning theory to explain how ethical leadership translates to ethical behavior by those observing leader actions. Ethical leadership research was born out of necessity as scholars, lawmakers, and business practitioners struggled to understand how to stem a rash of ethical scandals in business in the 1990s and early 2000s (Brown, Harrison, & Trevino, 2005). Brown et al. theorized that individuals learn unethical behavior not only from what leaders overtly communicate as expected but by observation of what is subsequently rewarded and punished among peers. To this end, Brown et al. promoted the idea of leaders within organizations carrying a markedly influential role because they demand the attention of their followers through their status and place in the firm hierarchy.

Measuring ethical leadership and social learning theory.

Brown and Trevino (2006) established a link between ethical leadership and social learning theory advanced by Bandura (1977). The authors pointed out social learning theory as an explanation of how leaders influence their followers. As Bandura (1977) indicated in his foundational work on social learning theory, individuals learn behaviors both through their own experiences and observation. Bandura explicitly spelled out most behaviors are learned by watching the actions of others. Brown and Trevino wrote most individuals look for ethical guidance from others around them and organizational leaders serve as ethical role models. The authors pointed out leaders perform ethical leadership by communicating about ethics, setting ethical standards, using reward and punishment systems, and setting an example. Brown and

Trevino's (2006) work effectively tapped the social learning theory to explain why and how leaders influence the behaviors of others within their organizations.

Brown, Trevino, and Harrison (2006) further developed the idea of social learning theory explaining how leaders influence followers through ethical leadership. The authors indicated the primary mechanism through which leaders affect follower behavior is modeling and includes observational learning, imitation, and identification. The authors developed an instrument for measuring ethical leadership called the Ethical Leadership Scale (ELS) and conducted seven different studies to test its validity. They found a positive correlation between ethical leadership and consideration behavior, interactional fairness, leader honesty, idealized influence dimension of transformational leadership, and affective trust in the leader. The instrument was found to predict outcomes including satisfaction with the leader, perceived leader effectiveness, job dedication, and willingness to report problems to management. The primary takeaway from Brown, Trevino, & Harrison's work is their developed, tested, and statistically validated instrument for measuring the prevalence of ethical leadership within a wide variety of organizations. Further, the tool can be used effectively across different industries and functions.

Njoroge, Renn, Steinbauer, and Taylor (2014) used social learning theory to test how ethical leadership influences subordinate ethical judgment. The authors hypothesized ethical leadership increases follower ethical self-leadership, the relationship was contingent on perceived accountability, a positive association existed between ethical self-leadership and moral judgment, and ethical self-leadership and moral judgment required active as opposed to reflexive judgment. The study found ethical leadership and follower ethical self-leadership were positively correlated, and perceived accountability was, in fact, related. The study exhibited ethical self-leadership was positively associated with ethical decision-making only when an active and deliberate approach to decision-making was used. The study findings indicate ethical leadership does have an impact on follower decision-making. Still, those making the decisions must deliberately make choices. It is not enough to encourage ethical decisions. Followers can only make ethically sound choices when given the ability to thoughtfully consider their alternatives. The study did not advance a way to measure active or passive decision-making. To fully validate the study's findings, it is necessary to better understand decision processes.

Alpaslan, Bedi, and Green (2016) used social learning theory to test the link between ethical leadership and ethical follower work behavior. The authors tested several hypotheses, most notably ethical leadership positively influences follower ethical behavior. Their hypothesis was supported by their research, as ethical behavior scored the highest of the variables tested because of ethical leadership. Variables tested included self-efficacy (strong correlation), job satisfaction (strong correlation), turnover intentions (weak correlation), and work stress (weak correlation), among others. Alpaslan, Bedi, and Green tested perceptions of ethical leadership and found strong relationships between perceptions and favorable attitudes toward the leader, which supports the social learning theory approach. The authors included a geographic aspect to their study which indicated there is a stronger relationship between ethical leadership and organizational citizenship behavior in North America than in other parts of the world. The findings suggest ethical leadership has a stronger influence on follower behaviors in the United States as well, but it is possible the authors had some geographical bias in their findings.

Stakeholder Theory

Stakeholder theory (Freeman, 1984) offers a way to observe how agents within a business treat various constituents in different functions. Kaptein (2008) posited the stakeholder theory offered a window into ethical behavior by observing an individual's treatment of various organizational stakeholders. The author developed a tool which is considered a reliable measure of the presence of ethical behavior through the lens of the stakeholder theory. The measure is used as a part of the survey instrument for this study. This section explores the stakeholder theory by discussing the theory's development, how ethical behavior and stakeholder theory are linked, the theory's effect on organizational performance, and the limitations of the theory.

The stakeholder theory was originally developed by Freeman (1984) in an effort to understand the dynamics of the many groups which have an interest in the performance of a firm. It is interesting to note Freeman indicates a stakeholder's interest in a firm can be both positive and negative. Any individual or group who has anything to gain or lose from a firm's success or failure falls into the stakeholder sphere (Freeman, 1984). The stakeholder theory is to some the direct opposite of shareholder theory which states a firm's primary purpose is to maximize shareholder wealth and posits dedicating resources to other groups is wasteful or even unethical (Freeman, Harrison, & Sá de Abreu, 2015). Many have argued the two approaches are not mutually exclusive and the stakeholder approach returns more value to all stakeholders including shareholders. In stakeholder theory, each of the individuals with an interest in the firm's performance naturally falls into one or more groups. Freeman contended the stakeholder framework seeks to define each of these groups and their interest in the performance of the firm, lay out their proximity to the firm and each other in a two-dimensional map, understand the processes used to manage the relationship with each group, and understand the transactions the organization makes with each. Freeman then advances the idea of stakeholder management capability which identifies the organization's ability to manage each relationship. The author points out some firms naturally have a higher capability than others. With this basic framework in mind, Kaptein (2008) set out to create a measurement tool defining a firm's primary stakeholder groups and measuring ethical behavior toward each. Kaptein identified five major stakeholder groups including financiers, customers, employees, suppliers, and society at large and identified specific ways unethical behavior manifests toward each group.

Ethical behavior and stakeholder theory.

Many scholars have argued the stakeholder approach is an ethical way to run a business. In its base form, stakeholder theory states firms must manage to the needs and desires of those groups that have a stake in the well-being of the firm in the interest of a mutually beneficial relationship (Freeman, 1984). Freeman, Harrison, and Sá de Abreu (2015) argue the theory includes, by nature, the ethical treatment of stakeholders by encouraging the treatment of these groups with integrity, and the honest and fair dealings with one group has contagious implications by affecting how individuals within the firm treat other groups. Further, Cording, Harrison, Hoskisson, and Jonsen (2014) argue the firm's treatment of stakeholder groups results in the reciprocation of behavior by groups toward the firm, in both ethical and unethical ways, depending on their treatment by individuals and the firm as a whole. Stakeholders not only treat ethical firms with ethical treatment, they respond by rewarding the firm with more business, which in turn increases profits and expands the firm's influence.

Stakeholder theory and firm performance.

One question that has persisted among scholars is whether the stakeholder theory represents a model for increased overall firm performance or merely a way to manipulate various groups to the betterment of the firm. Dorobantu, Henisz, and Nartey (2014) sought to definitively answer the question of whether stakeholder theory increases firm value through a quantitative study of 19 publicly held gold mining companies. Dorobantu et al. hypothesized the stakeholder approach served to encourage firm investment in social capital used to modify the behavior of a wide group of stakeholders. The authors argued social capital is crucial as a lever to enact stakeholder cooperation which is needed if the firm is to succeed. Dorobantu et al.'s results showed a direct positive and substantive relationship between stakeholder support and firm valuation. The authors recommend further research into the costs associated with each stakeholder group and the necessary investment in each.

Bosse, Harrison, and Phillips (2010) found firms utilizing the stakeholder approach dedicate more resources to the management of relationships than a firm dedicated to returning shareholder value. The authors advanced the investment pays off in firm overall performance by creating lasting relationships which encourage future transactions with the firm, encourages innovation, and better prepares the firm to react to environmental changes. Harrison and Wicks (2013) argued the very term "value" has been oversimplified and other non-economic measures are vital to understanding the overall value a firm produces. The authors developed a measure of stakeholder firm value, which included actual goods and services, organizational justice, affiliation, and opportunity costs. In short, the authors point out value is much more than wealth and includes such broad concepts as happiness and well-being. Harrison and Wicks argue these other non-economic concepts are meaningful considerations when measuring value creation and ethical treatment of stakeholders.

Stakeholder theory limitations.

Despite the many proponents of stakeholder theory, many detractors have argued the approach has limitations because it does not offer a clear way to define relevant stakeholders or their treatment. Hill (2017), for example, argued it is possible for a group to have a negative interest in the success of a firm. The author questions whether negative interest groups are stakeholders and what treatment they have a right to expect from the firm. Under these circumstances, a firm could reasonably define such groups as non-stakeholders and make unethical treatment an acceptable alternative. Enyinna (2014) openly questioned whether the stakeholder theory is ethical at all. Enyinna argued stakeholder theory is not a normative theory because it does not provide principles to guide actions, rather it is descriptive because it describes how people should act. The author concludes the stakeholder theory can become normative with scholars and practitioners putting additional focus on its normative aspects. In the case of Wall Street and financial services, Freeman and Purnell (2012) argue the dominant approach to business has been increasing shareholder value at all costs. The authors further posit the shareholder approach has been so embedded into the culture and thought processes of banking, a shift to the stakeholder approach is difficult if not outright impossible without much more concentrated effort by firm managers. Freeman and Purnell suggest managerial effort should center on more effective ethics communications among employees designed to break down the ethical barriers currently existing in the financial services environment.

Variables in the Study

This research project measured the independent variable of ethical leadership and the dependent variable of ethical behavior and the relationship between the two. Ethical behavior is the dependent variable since it represents a desirable outcome. Ethical leadership is the independent variable because the study posits its presence will have a relationship to the dependent variable. The study sought to determine if the independent variable has any relationship to the dependent variable. Ethical leadership and was generally defined as “the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making” (Brown, Harrison, & Trevino, 2005, p. 120). Ethical behavior and was generally defined as adherence to “a collective of philosophical principles that include defining, defending, and recommending concepts that are considered right and wrong behavior” (Montja, 2016, p. 52).

Transition and Summary

This study examined ethical leadership and its relation to ethical behavior in employees at thirteen large United States-based banks. The review of professional literature covered the topics of leadership, ethics, ethics in banking, ethical leadership, the formation of ethical leaders, and the effects of ethical leadership. The author conceptualized leadership in a general framework and then the review explored many of the specific types of leadership used within organizations seeking to change. Ethics was defined and organizational influences and attempts to formalize ethical behavior was also discussed. Scholars have combined leadership and ethics into a singular leadership approach. The research defined ethical leadership and discussed its accountability mechanisms and flow throughout an organization. The research explored the characteristics ethical leaders possess and the influences impacting their formation and development. Finally, many studies have proven ethical leadership’s affects on organizational outcomes. The author visited the outcomes of ethical leadership in detail.

The study design utilized the social learning theory (Bandura, 1977) and the stakeholder theory (Freeman, 1984) to form a theoretical framework through which to study the project variables. The researcher explored Bandura’s (1977) social learning as a way to understand how leaders model acceptable behaviors and teach followers how to behave with their actions. The review discussed Freeman’s (1984) stakeholder theory as the prism through which organizations interact with stakeholders inside and outside the firm. Together these theories advance a way to understand the dynamics of organizational and individual ethics, how ethics move throughout an organization, and how an organization's ethical standards affect individual stakeholder groups.

Section 2: The Project

The author conducted research to search for correlations between ethical leadership and ethical behavior in large, publicly traded Unites States-based banks. There is limited research available on the topic in the large, United States-based banks, and a gap in the available scholarly literature discussing the linkage between ethical leadership and ethical behavior in the banking industry. Scholars have studied other business environments extensively and published a variety of studies on ethical leadership and its effects on behavior. Using Bandura's (1977) social learning theory and Freeman's (1984) stakeholder theory as a framework, the researcher surveyed employees at large, publicly traded Unites States-based banks, and made use of two previously validated tools. The researcher created the survey instrument by combining the Ethical Leadership Scale by Brown, Harrison, and Trevino (2005) and the Measure of Unethical Behavior in the Workplace developed by Kaptein (2008).

This section discusses the execution of the project and the various steps and activities involved. This section will lay out in explicit detail: the purpose of the study; the role of the researcher; research methodology and design; population, sampling, and participant selection; data collection including instruments, technique, and organization; and data analysis. The section includes a discussion of the validity and reliability of the data and concludes with a summary of the project and an overview of its application to professional practice.

Purpose Statement

The purpose of this quantitative cross-sectional survey study was to test Bandura's (1977) social learning theory and Freeman's (1984) stakeholder theory linking ethical leadership to ethical behavior among the study population of employees at large, publicly traded United States-based banks. The independent variable is ethical leadership and was generally defined as "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making" (Brown, Harrison, & Trevino, 2005, p. 120). The dependent variable is ethical behavior and was generally defined as adherence to "a collective of philosophical principles that include defining, defending, and recommending concepts that are considered right and wrong behavior" (Montja, 2016, p. 52).

There is a significant gap in the available scholarly literature discussing the linkage between ethical leadership and ethical behavior in the banking industry. Producing additional literature in the field will bring to light what relationship, if any, ethical leadership has with ethical behavior in banking. The findings could be used to provide financial institution senior management, government regulators, and consumer advocacy groups valuable insight to assist in refining their approaches to hiring, developing, training, and promoting individuals in bank leadership positions and providing guidance for overseeing the activities of United States-based banking entities. The variables studied were ethical leadership and ethical behavior in the United States-based banks. Ethical behavior is the dependent variable since it represents a desirable outcome and the study seeks to explore whether ethical leadership is a contributing aspect of ethical behavior. Ethical leadership is the independent variable for a study to determine if it has any relationship on the dependent variable. The population for the study included employees of large, publicly traded United States-based banks.

Role of the Researcher

The role of the researcher in this quantitative cross-sectional survey was to gather contact information for all participants, communicate the purpose of the research, and to coordinate data collection. The researcher obtained contact information for participants through LinkedIn's

InMail service and distributed information about the research to participants including the consent form and recruitment communication via an online survey tool. The recruitment communication included information about the requirements of the participants and the time needed to submit the survey.

The data collection process included creating, setting up, and coordinating the electronic distribution of the survey instrument to the participants via an online survey tool. The participants were instructed to follow a link to a survey and respond to the questions on an entirely anonymous Web site created for data collection. Participants were instructed to respond to the survey on their own time and personal devices. The researcher was never directly involved with the survey participants and never interacted with respondents. The use of a Web-based survey tool helped to maintain the confidentiality of all participants.

Participants

Participants in the study were employees of large, publicly traded United States-based banks. Large, publicly traded United States-based banks are institutions the Federal Reserve designates as posing the greatest threat to the financial system due to their size, complexity, and the interwoven nature of their relationships with each other, the financial system, and economy (www.federalreserve.gov). These thirteen institutions include Bank of America Corporation, The Bank of New York Mellon Corporation, Barclays PLC, Citigroup Inc., Credit Suisse Group AG, Deutsche Bank AG, The Goldman Sachs Group, Inc., JP Morgan Chase & Co., Morgan Stanley, Prudential Financial, Inc., State Street Corporation, UBS AG, and Wells Fargo & Company. The Federal Reserve’s Large Institution Supervision Coordinating Committee oversees the thirteen entities.

The researcher utilized LinkedIn’s InMail application to sort for employees of the thirteen large, publicly traded United States-based banks and sent a link to the consent documents and survey via the service. Potential participants were not contacted directly by the researcher. The researcher did provide direct contact information to all those involved in the event in case they had any questions or wanted to seek additional guidance on the survey. The consent information distributed assured potential participants their participation was voluntary. Further, the recruitment information and consent form spelled out that their responses remained confidential and did not capture any identifying information.

Research Method and Design

The researcher developed the project’s method and design to address the research questions and hypothesis. This section addresses the data collection, compilation, and quantitative analysis associated with the project. The section also outlines the details of the data gathering process, research method, design, analysis, population, and sampling, and discusses the rationale for each. Supporting validation for the project method, design, population, and sampling is provided and is based on a review of the current literature from thought leaders on the subjects and a thorough review of related academic literature.

Research Method

The research project made use of quantitative methodology. The researcher chose the quantitative method because it allows for in-depth statistical analysis of large datasets. Quantitative methods allow the researcher to measure for variables and gather data for analysis (Creswell, 2014). Crane (1999) argued quantitative studies are particularly useful in ethics studies because they help measure specific variables gathered from large samples and can test hypotheses and explain correlation and causality. The quantitative approach was particularly useful here since the ethical nature of the issues is not in question and has been well established.

The researcher chose the quantitative method over other methods such as qualitative or mixed methods. Qualitative research is primarily concerned with understanding the meaning of a problem to individuals or groups (Creswell, 2014). Mixed methods research gathers both quantitative and qualitative data (Creswell, 2014). The primary focus of the present research is to measure the existence and relationship between the variables under study. The researcher determined that qualitative and mixed methods research would not fit the project.

Research Design

The researcher chose a correlational study design because the study seeks to uncover the presence and relationship between the dependent variable (ethical behavior) and independent variable (ethical leadership) at a single point in time in large, publicly traded United States banks. Creswell (2012) says, “relationship questions seem to answer the degree and magnitude of the relationship between two or more variables” (pp. 124-125). The study made use of a quantitative cross-sectional explanatory survey to explore the existence of the independent variable of ethical leadership and the dependent variable of ethical behavior and the correlation between the two variables. The two basic types of survey designs are cross-sectional and longitudinal. Cross-sectional designs collect data at a single point in time, and longitudinal designs collect date over time. (Creswell, 2012). The study is cross-sectional because the researcher distributed a survey to a representative cross-section of the study population at a single point in time. The researcher collected data only once and the research does not address how the variables change over time. The researcher ruled out longitudinal design. Kumar (2005) states a cross-sectional study fits when seeking to measure the pervasiveness of a problem.

Further, Creswell (2012) states cross-sectional studies can delve into the prevalence of current practices.

According to Creswell (2012), there are two types of correlational designs: explanatory and prediction. Explanatory research designs correlate two or more variables, collect data at one point in time, examines participants as a single group, collects data on both variables, uses correlational statistical tests, and makes interpretations from the statistical test results. Prediction designs, by contrast, seek to predict an outcome, include a predictor variable and a criterion variable, and forecast future performance. The study is explanatory since the goal of the research is to explain how the presence of one variable is related to the presence of another variable.

Population and Sampling

No comprehensive list of employees in large, publicly traded United States-based banks exists, and contact information for the group is not publicly available. Statista, a market data and research company, estimated the total number of employees working in the commercial banking sector in the United States at 1.57 million as of 2014 (www.statista.com). Even if there were a comprehensive list of all employees in large, publicly traded United States-based banks, the numbers involved make a study of the population impossible to execute. Therefore, the researcher sought to identify a representative proximate sample of the population for study.

Study Population

The researcher distributed the survey to employees of large, publicly traded United States-based banks who are registered and active on LinkedIn via the service’s InMail platform which allows a user to message another user directly. The list included employees of firms the Federal Reserve designates as those institutions posing the most significant threats to the financial system due to their size, complexity, and the interwoven nature of their relationships with each other, the financial system, and economy (www.federalreserve.gov). These thirteen institutions include Bank of America Corporation, The Bank of New York Mellon Corporation, Barclays PLC, Citigroup Inc., Credit Suisse Group AG, Deutsche Bank AG, The Goldman Sachs Group, Inc., JP Morgan Chase & Co., Morgan Stanley, Prudential Financial, Inc., State Street Corporation, UBS AG, and Wells Fargo & Company. The Federal Reserve's Large Institution Supervision Coordinating Committee oversees the thirteen banking entities. The population included employees at all levels of the banks. All employees are exposed to leadership and can speak to whether ethical leadership and ethical behavior exists in their working environments.

Study Sampling

The project used single stage sampling as this is a quantitative research project. Single stage sampling is a fit for a study when the researcher has access to a population and can dissect at the individual level without limitations (Creswell, 2014). The researcher chose a single stage over cluster sampling because of the level of access to the list of potential participants. Stratification was not involved because the demographic characteristics of the population are not known. A convenience sample was taken from the population. Convenience sampling was chosen due to the access to potential respondents. This sampling method is less random than other methods, but is considered rigorous (Creswell, 2014). Using Yamane's (1973) sample calculation, the study required 100 participants to ensure the generalizability of the findings to the study population. Calculation of the sample size consisted of a 10% margin of error and 95% confidence level. The researcher distributed the survey to 19,644 potential participants and received 103 responses. See Table 1 for a summary of Yamane's sample size table. The researcher utilized LinkedIn's InMail service to generate a randomized convenience sample from the more than 650,000 available individuals. One hundred responses is statistically significant since the sample population included more than 650,000 potential participants, the researcher set the confidence level at 95%, and chose a 10% margin of error.

Table 1

Yamane's Sample Size Table

By Taro Yamane: Confidence Level 95% & P=5%		
Size of Population	Sample Size (n) for Precision (e)	
	±5%	±10%
500	222	83
1,000	286	91
2,000	333	95
3,000	353	97
4,000	364	98
5,000	370	98
7,000	378	99
9,000	383	99
10,000	385	99
15,000	390	99
20,000	392	100
25,000	394	100
50,000	397	100
100,000	398	100
>100,000	400	100

Data Collection

The researcher chose to utilize a quantitative data collection process to gather information from the study population. Creswell (2012) states quantitative data collection involves five steps: determining whom to study, obtaining permission to study the participants, determining what information to collect, selecting an instrument, and overseeing the data collection process. By directly messaging potential participants via LinkedIn's InMail service, the researcher was able to access employees currently working in the large, publicly traded United States-based banks.

The list contained contact information for more than 650,000 potential participants. The researcher then combined two previously statistically validated instruments into a single survey to collect information about the respondents' perceptions of ethical leadership behavior and actual ethical behavior in their work environments. Lastly, the researcher administered the data collection process. This section discusses each step in detail.

Instruments

The researcher used an online survey tool to collect data. The researcher distributed the survey to potential participants via LinkedIn's InMail service. The communication distributed to potential participants included informed consent documentation and clarified participation in the study was optional and all data collected remained confidential. Participants were asked to confirm they had digested and understood the consent information and instructed to proceed to the survey only if they agreed to the terms of study participation.

The researcher created the survey by combining the Ethical Leadership Scale developed by Brown, Harrison, and Trevino (2005) (See Appendix D for permission) and the Measure of Unethical Behavior in the Workplace developed by Kaptein (2008) (See Appendix E for permission). The Ethical Leadership Scale provides a way for employees to evaluate their leaders on ten items designed to gauge their ethical leadership practices and has been statistically validated and proven a consistent instrument for ethical leadership research (Frish, & Huppenbauer, 2013). The Measure of Unethical Behavior in the Workplace enables employees to rate the ethical behavior of others within their organizations. The 37-item questionnaire was developed utilizing business codes of ethics as the basis for the items and validated using an eight-step exploratory and confirmatory factor analysis process (Kaptein, 2008). The respective creators previously statistically validated each tool used in the combined survey instrument. The instrument did not require additional assessment of reliability and validity. The researcher did not make any adjustments or revisions to either tool used in the survey instrument. The survey questions were included to provide insight into the ethical leadership and ethical behavior practices in the large, publicly traded United States-based banks and collect evidence for discussion on the subject matter. (See Appendix B for a copy of the survey instrument).

Respondents were asked to rate each of the survey questions on a Likert scale. For the Ethical Leadership Scale portion of the survey, instructions included: “Please rate your direct supervisor on the following 10 statements on a five-point scale, where “1” is Strongly Disagree and “5” is Strongly Agree.” The ten statements in the Ethical Leadership Scale include items designed to measure the perceived ethical leadership of those in supervisory positions and have proven ethical leadership includes traits such as integrity and honesty as well as initiating methods to hold employees accountable to ethical behavior (Brown, Harrison, & Trevino, 2005). The Ethical Leadership Scale provides a sound tool to test for the presence of ethical leadership and will answer definitively the question of whether ethical leadership exists in the large United States-based banks.

For the Measure of Unethical Behavior in the Workplace section of the survey, instructions included: “Please rate each of the following statements on a five-point scale where 1 = Never, 2 = Rarely, 3 = Sometimes, 4 = Often, and 5 = (Almost) always. In the past 12 months, I have personally seen or have first-hand knowledge of employees or managers engaging in the following activities…” The 37-item tool utilizes statements derived from codes of ethics and designed to measure actual ethical or unethical behavior in five distinct stakeholder-centric categories because different stakeholders require different types of ethical responsibilities (Kaptein, 2008). The Measure of Unethical Behavior in the Workplace offers an excellent tool for measuring whether unethical behavior exists toward an organization’s primary stakeholder groups. By combining the Ethical Leadership Scale and the Measure of Unethical Behavior in the Workplace, the new tool will provide insight into whether perceived ethical leadership and ethical behavior exist in the participant group and provide data for analysis on the relationship between ethical leadership and ethical behavior.

Data Collection Technique

The data collection technique for the study utilized the Ethical Leadership Scale developed by Brown, Harrison, and Trevino (2005) and the Measure of Unethical Behavior in the Workplace developed by Kaptein (2008) (see Appendix B for survey instrument). The Ethical Leadership Scale provides a way for employees to evaluate their leaders on ten items designed to gauge their ethical leadership practices and has been statistically validated and proven to be a consistent instrument for ethical leadership research (Frish, & Huppenbauer, 2013). The Measure of Unethical Behavior in the Workplace enables employees to rate the ethical behavior of others within their organizations, has been statistically validated, and is reliable.

The survey presented all 47 items on the combined survey instrument on a five-point Likert scale for data gathering. For the Ethical Leadership Scale portion of the survey, instructions included: “Please rate your direct supervisor on the following 10 statements on a five-point scale, where 1 = Strongly Disagree, 2 = Disagree, 3 = Neither Disagree or Agree, 4 = Agree, and 5 = Strongly Agree.” For the Measure of Unethical Behavior in the Workplace section of the survey, instructions included: “Please rate each of the following statements on a five-point scale where 1 = Never, 2 = Rarely, 3 = Sometimes, 4 = Often, and 5 = (Almost) Always. In the past 12 months, I have personally seen or have first-hand knowledge of employees or managers engaging in the following activities…" The researcher converted all responses into coding for analysis by taking the coded response and maintaining an associated number (i.e., 1, 2, 3, 4, 5).

The researcher partnered with online survey tool provider SurveyMonkey to collect the research data. The researcher chose to utilize SurveyMonkey over other online service providers due to the ease of use, cost structure, and user-friendly interface for creating and customizing surveys. SurveyMonkey has a sound reputation in the survey community for its commitment to data security and privacy.

The researcher loaded the survey questions into the online survey tool and tested the site for operational soundness. The project chair and several independent testers we also tested the link and survey. The researcher sent a link to the SurveyMonkey site via LinkedIn's InMail service. The landing page of the survey included informed consent information, the purpose of the study, completion requirements, and confidentiality information. The bottom of the landing page included a button to click "participate" if participants agreed to the terms of the study.

The researcher held open the SurveyMonkey for three weeks. The researcher sent communication through LinkedIn's InMail system to the contacts requesting their participation (See Appendix C for a copy of the participation request). The researcher tracked participation throughout the three-week data gathering period to ensure the study met the minimum sample size needed. Once collected, SurveyMonkey provided the data for download in Microsoft Excel format and the researcher imported the data into SPSS for analysis.

Data Organization Technique

SurveyMonkey offered a powerful and user-friendly tool for data collection and organization and included a tool for tracking and organizing responses. After the three-week data gathering period, the researcher closed the survey and downloaded the data from the Website. SurveyMonkey provided the data for download in Microsoft Excel format. The raw data remains securely on the SurveyMonkey Website and only the researcher and the project chair have access. The researcher retained the data on a password-protected laptop computer.

Data Analysis Technique

The researcher designed the project's data analysis to address three questions and one hypothesis. The researcher used SPSS and Microsoft Excel for all statistical analysis.

Research Questions

The researcher proposed three questions:

Research Question 1: To what extent is ethical leadership perceived by employees at the large, publicly traded United States-based banks?

Research Question 2: To what extent is ethical behavior occurring in the large, publicly traded United States-based banks?

Research Question 3: Is there a statistically significant relationship between employee perception of ethical leadership and actual ethical behavior in practice at the large, publicly traded United States-based banks?

Hypothesis

The researcher proposed a single hypothesis and accompanying null hypothesis:

H_1 = There is a statistically significant relationship between perceived ethical leadership as scored on the Ethical Leadership Scale and ethical behavior as scored on the Measure of Unethical Behavior in the large, publicly traded United States-based banks.

H_0 = There is not a statistically significant relationship between perceived ethical leadership as scored on the Ethical Leadership Scale and ethical behavior as scored on the Measure of Unethical Behavior in the large, publicly traded United States-based banks.

The researcher included the portion of the survey instrument incorporating Brown, Harrison, and Trevino's (2005) Ethical Leadership Scale to gather data addressing Research Question 1. The Ethical Leadership Scale measures the perceived presence of ethical leadership. A participant's score on the instrument indicates the level of ethical leadership he or she perceives from their direct supervisor. Potential responses to each question included strongly disagree, disagree, neither disagree or agree, agree, and strongly agree. A score of "Strongly Agree" demonstrates strong ethical leadership, whereas a score of "Strongly Disagree" indicates weak or no ethical leadership (Brown, Harrison, & Trevino). The researcher included the portion of the survey instrument incorporating Kaptein's (2008) Measure of Unethical Behavior in the Workplace to gather data addressing Research Question 2. The Measure of Unethical Behavior in the Workplace measures observed ethical behavior. Participant scores rate the level of ethical or unethical behavior observed in one's working environment. Potential responses included Never, Rarely, Sometimes, Often, and (Almost) Always. A score of "Never" indicates little or no unethical behavior, whereas a "(Almost) Always" indicates the participants consistently observes unethical behavior.

The researcher used descriptive statistics to answer Research Question 1 and Research Question 2 by calculating the mean, confidence interval, standard deviation, median, and Cronbach's alpha coefficients for internal consistency reliability and representing each visually in an easily readable table. Dielman (2005) indicates descriptive statistics is a summary of the sample data gathered. The summary was created by condensing the information gathered and presenting it in an easily reviewable and digestible format including tabular, graphical, and numerical. Dielman indicates mean (average of all numbers), median (the middle number), and standard deviation (the average variability in the data) are useful descriptive statistics to help represent the characteristics of data. The researcher utilized each of these descriptive tools to analyze the data before running statistical analysis and represented the data in a visually presentable format. A descriptive statistics summary can also offer a high-level view of how participant scores on the combined instrument reveal how the responses compare to what the instrument was designed to measure.

Creswell (2012) stated instruments can gather one of three types of data: nominal, ordinal, and interval/ratio. Nominal scales ask respondents to answer a question or statement by placing their response in a pre-defined category describing certain attributes and does not have a specific order. Ordinal scales imply there is some inherent order associated with the answer and ask respondents to assign a rank to their response. Interval or ratio scales ask respondents to rank an answer on a continuous scale and assumes there is a fixed distance between options. Interval/ratio scales often use the Likert scale. The Ethical Leadership Scale developed by Brown, Harrison, and Trevino (2005) utilizes interval data collection utilizing a five-point Likert scale from strongly disagree to strongly agree. Kaptein’s (2008) Measure of Unethical Behavior in the Workplace gathers ordinal data because the author used a five-point frequency scale implying a rank order from never to (almost) always. Creswell (2012) indicates data produced by interval scales is convertible to ordinal data. In the interest of standardization, the researcher converted the interval data collected from the Ethical Leadership Scale to ordinal data. The conversion allows ordinal analysis of all data collected.

The combined survey instrument gathered data to address Research Question 3 and the hypothesis and null hypothesis. The researcher chose the appropriate inferential statistic test to use based on Research Question 3, the hypothesis and null hypothesis, and the type of data collected. Hou, Hung, Xu, and Zou (2013) state that Kendall's Tau is the appropriate inferential statistics test when using only ordinal data. Barrett, Gloeckner, Leech, and Morgan (2013) indicate Kendall's Tau is a good fit when using ordinal data, the research is a basic two variable question, has five or more ordered levels, and is seeking to understand the level of correlation. The use of Kendall's Tau allows the researcher to test for the statistical significance of the potential relationship between the variables. According to Barrett et al., Kendall's Tau produces values that can be compared to a critical value taking into consideration degrees of freedom and number of participants. If the value of the statistic is large, the probability of a Type I error is small, and the null hypothesis can be rejected, signifying a statistically significant relationship between variables. Contrastingly, if the value of the statistic is small, the probability of a Type I error is more significant, and the null hypothesis cannot be rejected.

Barrett, Gloeckner, Leech, and Morgan (2013) argue any test for a statistically significant relationship should also examine effect size to determine the strength of the relationship between the dependent and independent variables. Salkind (2013) discusses the correlation coefficient in-depth and indicates a measurement is a number indicating the strength (or weakness) of a relationship between variables. Values range from -1 to +1, and positive numbers indicate a direct correlation while negative numbers indicate an indirect correlation. The closer the number is to either -1 or +1, the stronger the relationship while a 0 indicates no relationship at all. The specific correlation coefficient calculation used is dependent on the type of analysis the author wishes to perform. Barrett et al. indicate the Pearson correlation coefficient is a fit when the researcher is seeking to understand the strength of association between variables.

The researcher then used Microsoft Excel to translate the data into a visually presentable format utilizing graphs and tables and imported the analysis into Microsoft Word for presentation.

Reliability and Validity

According to Creswell (2008), reliability and validity are very different measurements in quantitative research. Reliability measures the stability of the instrument used to collect data, and subsequently, the consistency of the data collected. Contrastingly, validity is a measurement of the data's soundness of repeatable interpretation for a specified use. Creswell states researchers can use one or more of five reliability tests to determine a survey instrument's reliability including test-retest, alternate forms, test-retest and alternate forms together, interrater, and internal consistency. Creswell further points out there are five categories of evidence for demonstrating the validity of a survey instrument including evidence based on test content, response processes, internal structure, relations to other variables, and the consequences of testing. The following sections discuss the reliability and validity methods utilized by Brown, Harrison, and Trevino (2005) and Kaptein (2008) in developing their respective survey instruments, which were combined to create the instrument used in the research presented in this paper.

Reliability

Brown, Harrison, and Trevino (2005) and Kaptein (2008) used the test-retest and internal consistency methods of establishing reliability for their respective survey instruments. Creswell (2008) explains the test-retest process measures how consistent an instrument produces similar results from one test to another. Brown et al. conducted seven different tests and incorporated the feedback of several groups of subject matter experts to cull their list of items included in the survey from 48 down to ten. The result is a ten-item instrument which reliably produces consistent answers. Kaptein, likewise, utilized the test-retest method. The author first presented the items in the instrument to several groups of ethics scholars, ethics officers, ethics consultants, and business students to reduce redundancy and vagueness, reducing the included items from 48 to 37. Kaptein tested the instrument on several sample groups to establish reliability. The combination of both instruments provided reliable insight into both perceived ethical leadership and actual ethical behavior in bank environments.

Creswell (2008) stated an instrument is internally consistent if a respondent answers questions the same way throughout. Brown, Harrison, and Trevino (2005) and Kaptein (2008) used statistical measures to test their instruments for internal consistency. Brown, Harrison, & Trevino used exploratory factor analysis to determine the instrument showed strong internal consistency where $\alpha = .92$, .91, .94, and .93 during subsequent tests. Brown et al. estimated the reliability at $\alpha = .78$ for their instrument. Kaptein (2008) used several statistical tests to prove internal consistency including confirmatory factor analysis, second-order confirmatory factor analysis, an X^2 difference test, *t*-values test, and a discriminant validity test. The discriminant validity test showed $\alpha = .93$, .93, .90, .95, and .93 for the respective subsets of unethical behavior within the instrument. In each case, α was much higher than the statistically relevant minimum of .7 (Nunnally, 1978). Kaptein estimated reliability at $\alpha = .88$, .90, .65, .87, and .80 for the subscales of unethical behavior in relation to financiers, customers, employees, suppliers, and society.

The tests for reliability performed by Brown, Harrison, & Trevino (2005) and Kaptein (2008) illustrate the respective instruments are stable and can consistently collect data for their intended purposes. In the case of Brown et al's Ethical Leadership Scale (ELS), the authors designed the instrument to measure perceived ethical leadership. Further, Kaptein's developed the Measure of Unethical Behavior in the Workplace to measure ethical behavior. Combining the two instruments allows respondents in the present study to report on both perceived ethical leadership and ethical behavior.

Validity

Creswell (2008) discussed validity at length and says the most meaningful test is whether an instrument produces consistent scores on the items it is designed to measure. Creswell recommends a five-step process for determining whether the scores from an instrument are valid and include: identifying an instrument, looking for evidence of validity from prior studies, examining the purpose for the instrument, examining how the researchers the scores from the instrument, and determining whether the researchers provide evidence linking the interpretation of the scores to their intended use. The author suggests the evidence provided can fall into one of five categories which include evidence based on test content, response processes, internal structure, relations to other variables, or the consequences of testing. The researcher discusses the specific validity scores and evidence presented by Brown, Harrison, and Trevino (2005) and Kaptein (2008).

The researcher identified Brown, Harrison, and Trevino's (2005) Ethical Leadership Scale (ELS) for use in the present research after an extensive search to find an instrument which could measure the perception of ethical leadership from a social learning perspective in a financial services environment. Since the researcher is attempting to measure the perceived ethical leadership in banking environments, the instrument is a fit for the present research. Brown et al. designed their instrument to test the perceptions of ethical leadership and tested it several times in financial services environments. The paper discussed the instrument’s reliability above; but the authors also tested the instrument for validity. The authors tested for discriminant validity finding age, gender, perceived race/ethnicity, perceived education, perceived age similarity, perceived lifestyle similarity, and perceived religious similarity of respondents unrelated to the ELS. The researchers’ findings demonstrated the ELS is robust, specific, and free from bias. Brown, Harrison, & Trevino then gathered data to test the instrument’s ability to measure the incremental differences between ethical leadership and idealized behavior, for which Avolio and Bass (2000) developed a section of the Multifactor Leadership Questionnaire (MLQ) and the results again supported the validity of the instrument. Brown, Harrison, & Trevino’s tests for validity fit well with Creswell’s (2008) tests for validity and make the instrument a sound measure of perceived ethical leadership which can provide valid data.

The researcher reviewed Kaptein’s (2008) Measure of Unethical Behavior in the Workplace as part of an extensive search to pinpoint an instrument designed to measure unethical behavior in financial services environments. The current research sought to establish correlations between perceived ethical leadership in banking environments and actual ethical behavior. Kapten’s instrument provides a useful tool for the present research. Kaptein recognized no available research addressed a way to measure unethical behavior in more than thirty years of study and sought to develop an instrument for this purpose. The author established validity for the instrument with several sample tests to assess discriminant, nomological, and criterion-related validity. Kaptein used as a baseline an instrument developed by Newstrom and Ruch (1975) to measure unethical behavior and two other scales designed to measure deviant behavior in the workplace (Kaptein, 2008). Kaptein found the instrument positively correlated with Newstrom and Ruch's scale of unethical behavior (r = .81), and less positively with deviant behavior (r = .64), demonstrating the new measure is a robust and specific measure of unethical behavior in the workplace. Kaptein conducted an additional study to show criterion-related validity, or predictive validity, and confirmed the criterion-related validity of the instrument. Kaptein's validity tests align with Creswell's (2008) suggested approach and the researcher used the instrument to measure ethical behavior for this study.

Transition and Summary

Section 2 of this paper began by restating the purpose of this quantitative cross-sectional survey study, which is to explore the relationship between ethical leadership and ethical behavior in large, publicly traded United States-based banks. The section then described in detail the role of the researcher, the participants, the method and design, population and sampling, data collection, data organization, data analysis, instruments, and reliability and validity of the project. Each section spells out the academic reasoning for the specific approach included in the project, and the researcher references the scholarly thought leaders on each subject to validate their inclusion. The researcher carefully followed each step of the research process to ensure the incorporated methodologies, and subsequent results support scholarly theories and literature.

Section three of this paper includes an overview of the study, presentation of the findings, applications to professional practice, recommendations for action, recommendations for further study, and reflections on the project. The section contains a detailed discussion of the statistical methodologies used to analyze the data collected as well as a discussion of the level of confidence in the data and analysis. This study is an applied research project, and therefore presents a discussion of specific applications to real-world issues and makes recommendations for areas of further study. The findings of the study will contribute to the current body of research in leadership and ethics, and section 3 discusses applications to each.

Section 3: Application to Professional Practice and Implications for Change

This research project sought to establish a relationship between ethical leadership and ethical behavior in the 13 large, publicly-traded Unites States-based banks the Federal Reserve has deemed systemically financially significant institutions. The researcher conducted a quantitative method study using a correlational design to survey employees currently working in the 13 banks. Section 3 is a presentation of the findings complete with an overview of the study, a discussion of the purpose and process, and a review of the research questions and hypotheses addressed. A detailed presentation of the findings and interpretations of the data analysis follows including an investigation of assumptions as they relate to inferential analysis, conclusions of the tests of the hypotheses, and how the findings relate to theory and prevailing literature. The paper then discusses applications to professional practice, leadership, biblical worldview, and recommendations for action. As no project is comprehensive and questions remain, the paper makes recommendations for further study. The section then turns to the reflections of the researcher including a review of the research process and experience. The section concludes with a summary of the key findings of the study, the study conclusions, and addresses how the project has closed a gap in the available literature. The researcher used SPSS v. 22 for all descriptive and inferential analyses and set all inferential tests at a 95% level of significance.

Overview of the Study

Each time an ethical lapse occurs in the banking arena, there is a significant cost to governments, institutions, and individuals (Schoen, 2017). The many instances of ethical failures at the large United States-based banks make it apparent that a solution is needed. Many studies and scholars have sought to understand why unethical behavior is so prevalent in banking institutions. The purpose of this quantitative method correlational design study was to determine if there is a link between ethical leadership and ethical behavior in large United States-based banks. The researcher built the study to explore the relationship between the independent variable of ethical leadership and the dependent variable of ethical conduct. By exploring ethical leadership's association with ethical behavior, the project can shed light on one small area of a more general issue: ethical failures in banking.

As asserted by Faulk (2012), a significant gap exists in the available scholarly literature discussing the linkage between ethical leadership and ethical behavior in the banking industry. To date, no study has sought to understand whether there is a relationship between ethical leadership and ethical behavior specifically in large United States-based banks. Producing additional literature in the field will bring to light what relationship, if any, ethical leadership has with ethical behavior in banking. The results of the study could guide the formation and enforcement of regulations, providing a roadmap for regulators to test for the presence of ethical leadership and create guidelines for strengthening banks. Bank senior management would have valuable insight into the reasons for ethical lapses and arm themselves with a tool to better hire, train, and manage the human resources within their organizations. Finally, the results could provide lawmakers and the American public with tangible insight into the causes of ethical lapses.

The researcher sought to accomplish the difficult task of gathering data by surveying employees currently working in large, United States-based banks. The survey collected data by sending a survey link to the study group through LinkedIn's InMail service. After data collection, the researcher conducted a statistical analysis to address the study's hypotheses and questions.

Research Questions

The research addressed the following research questions and hypotheses:

Research Question 1: To what extent is ethical leadership perceived by employees at the large, publicly traded United States-based banks?

Research Question 2: To what extent is ethical behavior occurring in the large, publicly traded United States-based banks?

Research Question 3: Is there a statistically significant relationship between employee perception of ethical leadership and actual ethical behavior in practice at the large, publicly traded United States-based banks?

Hypotheses

H_1 = There is a statistically significant relationship between perceived ethical leadership as scored on the Ethical Leadership Scale and ethical behavior as scored on the Measure of Unethical Behavior in the large, publicly traded United States-based banks.

H_0 = There is not a statistically significant relationship between perceived ethical leadership as scored on the Ethical Leadership Scale and ethical behavior as scored on the Measure of Unethical Behavior in the large, publicly traded United States-based banks.

Relationship of the Hypothesis to Research Questions

The researcher utilized descriptive statistics to address Research Questions 1 and 2. The researcher tested the null hypothesis to address Research Question 3. The study then called for a series of bi-variate comparisons using Kendall’s Tau correlation coefficients to investigate the relationship between perceived ethical leadership and ethical behavior. The study used scores on the Ethical Leadership Scale (ELS) to measure perceived ethical leadership and scores on the Measure of Unethical Behavior in the Workplace Scale to measure ethical behavior.

Population and Study Participants

Participants in the study included employees of large, publicly traded United States-based banks. Large, publicly traded United States-based banks included the 13 institutions that the Federal Reserve designates as posing the greatest threat to the financial system due to their size, complexity, and the interwoven nature of their relationships with each other, the financial system, and economy (www.federalreserve.gov). The 13 institutions include Bank of America Corporation, The Bank of New York Mellon Corporation, Barclays PLC, Citigroup Inc., Credit Suisse Group AG, Deutsche Bank AG, The Goldman Sachs Group, Inc., JP Morgan Chase & Co., Morgan Stanley, Prudential Financial, Inc., State Street Corporation, UBS AG, and Wells Fargo & Company. The Federal Reserve's Large Institution Supervision Coordinating Committee oversees the 13 banking entities.

The researcher utilized LinkedIn's InMail application to sort for employees of the 13 banks and sent an invitation to participate in the study and a link to the consent documents and survey via the service from a LinkedIn profile page called The Ethical Leadership Research Project. Therefore, potential participants were not contacted directly by the researcher. The researcher did provide his direct contact information to all those involved in case they had any questions or wanted to seek additional guidance on the study. The consent information distributed assured potential participants their participation was voluntary. Further, the recruitment information and consent form sent to participants spelled out that their responses remained confidential and did not capture any identifying information.

The researcher sent the study information to potential participants which included a recruitment cover letter introducing the study and a link to a SurveyMonkey Website (See Appendix C for a copy of the recruitment letter). Once a participant clicked on the link in the communication, the SurveyMonkey Website opened and the informed consent letter displayed along with a button that the participant had to click to indicate an agreement to the terms of the study (See Appendix A for a copy of the Informed Consent letter).

Due to time and budgeting constraints, the researcher distributed the survey information to 1,500 potential participants per day. LinkedIn uses a two-stage process for distribution of sponsored content to its members. Recipients are chosen first for their availability on the site. Only a LinkedIn member who is active on the site during the campaign receives the content. Second, LinkedIn randomizes potential recipients. As there were more than 650,000 potential recipients, there was a high likelihood that more than 1,500 potential participants were active on LinkedIn on any given day. To solve this potential issue, LinkedIn employs a randomization process to choose which members receive content.

The researcher collected data for three weeks from June 14 through July 5, 2018, and distributed the survey to 19,644 potential participants. The survey received a healthy “click rate” of 49.96%. However, participants completed the survey at a much lower rate. A total of 137 respondents who met the study criteria responded to the request for participation and consented to the study which represents a .00697% response rate. All respondents did not complete the entire survey. The researcher excluded responses from thirty-four of the respondents because they did not complete the Measure of Unethical Behavior in the Workplace portion of the survey. Only 75.18% of respondents completed the entire survey for a total of 103 responses, which represents a .00524% completion rate. Thus, the researcher retained a total of N = 103 records for analysis. The number of responses slightly exceeded the needed data points for statistically significant analysis using Yamane’s (1973) sample size calculation method at a 10% margin of error and 95% confidence level.

The study did not collect demographic information for the study participants. The researcher downloaded all response data from SurveyMonkey in a Microsoft Excel document and converted all responses to numerical values. For the 10 responses to the Ethical Leadership Scale questions, the researcher coded answers as 1 = Strongly Disagree, 2 = Disagree, 3 = Neither Disagree or Agree, 4 = Agree, and 5 = Strongly Agree. For the Measure of Unethical Behavior in the Workplace section of the survey, the researcher coded answers as 1 = Never, 2 = Rarely, 3 = Sometimes, 4 = Often, and 5 = (Almost) Always. The researcher then imported the data into IBM's SPSS software for analysis.

Presentation of the Findings

The survey completed by the N = 103 participants included a total of 47 items derived from two survey instruments combined into a single questionnaire: The Ethical Leadership Scale (Brown, Harrison, & Trevino, 2005) included 10 items, and Kaptein's (2008) Measure of Unethical Behavior in the Workplace included 37 items sorted into five factors. The five factors consisted of employee's unethical behavior toward financiers, customers, employees, suppliers, and society.

Some of the N = 103 records were missing individual item scores. To preserve as many records as possible for analysis, the score for the Ethical Leadership Scale and the five factors derived from the Measure of Unethical Behavior in the Workplace scale were averaged rather than totaled. Averaging each of the six-factor scores allowed the researcher to make use of the entire dataset, adjust for missing items, and retain similarly scaled scores for all study participants. The scores for each factor had a possible range of 1 to 5. The authors of the Ethical Leadership Scale arranged the items so that higher scores represent greater ethical leadership. The authors of the Measure of Unethical Behavior in the Workplace scale worded the five factors so that higher scores represent more unethical behavior. Thus, the researcher anticipated the five-factor scores of the Measure of Unethical Behavior in the Workplace scale to negatively correlate with the score derived from the Ethical Leadership Scale.

Table 2 presents the measures of central tendency and variability, and Cronbach's alpha coefficients for internal consistency reliability, for the six factors derived from the survey completed by the study participants.

Table 2

Measures of Central Tendency and Variability, and Cronbach's Alpha Coefficients for the Factors Derived from the Ethical Leadership Scale and the Measure of Unethical Behavior Scale (N = 103)

Scale/Factor	# of Items	*M*	95% CI of Mean	*SD*	*Mdn*	Sample Range	α
Ethical leadership scale	10	3.59	3.39 – 3.79	1.03	3.80	1.00 – 5.00	.940
Measure of Unethical Behavior Scale							
Financiers	10	1.41	1.29 – 1.51	0.56	1.20	1.00 – 3.70	.882
Customers	8	1.25	1.15 – 1.35	0.52	1.00	1.00 – 4.15	.881
Employees	5	1.52	1.37 – 1.68	0.78	1.00	1.00 – 4.40	.872
Suppliers	7	1.18	1.09 – 1.26	0.43	1.00	1.00 – 3.57	.884
Society	7	1.15	1.08 – 1.23	0.39	1.00	1.00 – 3.29	.858

Note. *M* = Mean; *CI* = confidence Interval; *SD* = Standard Deviation; *Mdn* = Median; α = Cronbach's Alpha Coefficient.
Higher scores on the Ethical Leadership Scale are indicative of *greater* ethical behavior.
Higher scores on the Measure of Unethical Behavior Scale are indicative of *lesser* ethical behavior.

Internal Consistency and Reliability of Instrumentation

Table 2 presents the Cronbach's alpha coefficients of internal consistency reliability for the six variable constructs used in the descriptive and correlational analyses of this study. A Cronbach's coefficient alpha value of .70 or greater indicates good reliability of an instrument with the data collected (Fidell, & Tabachnic, 2007). Reliability coefficients for all six-factor scores exceeded the .70 threshold. Thus, the factors derived from the surveys confirmed the study participant responses as reliable.

Research Question 1

To what extent is ethical leadership perceived by employees at the large, publicly traded United States-based banks?

The authors scored items of the Ethical Leadership scale on a Likert-type response format of 1 = Strongly Disagree, 2 = Disagree, 3 = Neither Agree nor Disagree, 4 = Agree, and 5 = Strongly Agree, with higher scores indicative of *greater perceived ethical leadership*. The mean of the Ethical Leadership Scale (M = 3.59, SD = 1.03; see Table 2) was higher than an average score of 3.0 (Neither Agree nor Disagree) and lower than an average score of 4.0 (Agree). The mean score of M = 3.59, with the associated 95% confidence interval (3.39, 3.79) indicated that, on average, the participants perceived their leadership as operating ethically, above an average value representing “Neither Agree nor Disagree” but below a value representing “Agree.”

Research Question 2

To what extent is ethical behavior occurring in the large, publicly traded United States-based banks?

The five factor scores of the Measure of Unethical Behavior scale indicated that the participants on average rated the behavior in their workplace environment as ethical. Items from the Measure of Unethical Behavior scale were scored on a Likert-type response format of 1 = Never, 2 = Rarely, 3 = Sometimes, 4 = Usually, and 5 = (Almost) Always, with higher scores indicative of *lesser ethical behavior* in the workplace. Thus, scores below an average of 3.0 represent greater ethical behavior. The mean scores of the five factors of the Measure of Unethical Behavior Scale were all lower than an average score of 3.0 (neither agree nor disagree) and the means and confidence intervals for the five factor scores were between values of 1.0 = Never (as relates to *unethical behavior*) and 2 = Rarely (again, as related to *unethical behavior*).

Thus, the scores of the five factors indicated that, on average, the participants felt their workplace was ethical as relates to financiers [M = 1.41, SD = 0.56; 95% CI (1.29, 1.51)], customers [M = 1.25, SD = 0.52; 95% CI (1.15, 1.35)], employees [M = 1.52, SD = 0.78; 95% CI (1.37, 1.68)], suppliers [M = 1.18, SD = 0.43; 95% CI (1.09, 1.26)], and society [M = 1.15, SD = 0.39; 95% CI (1.08, 1.23)]. The participants scored relationships with employees the highest which indicated the least ethical behavior in the workplace towards the employee elements of ethics. The participants scored relationships with society the lowest, indicating the most ethical behavior in the workplace is towards the societal elements.

Research Question 3

Is there a statistically significant relationship between employee perception of ethical leadership and actual ethical behavior in practice at the large, publicly traded United States-based banks?

H_1 = There is a statistically significant relationship between perceived ethical leadership as scored on the Ethical Leadership Scale and ethical behavior as scored on the Measure of Unethical Behavior in the large, publicly traded United States-based banks.

H_0 = There is not a statistically significant relationship between perceived ethical leadership as scored on the Ethical Leadership Scale and ethical behavior as scored on the Measure of Unethical Behavior in the large, publicly traded United States-based banks.

The researcher performed a series of bi-variate correlational analyses using Kendall's Tau-b statistic. The researcher used Kendall's Tau-b because the computations of this particular coefficient allows for adjustments for ties in ranked scores. Assumptions for the use of Kendall's

Tau-b include (a) variable measurement on an ordinal or continuous scale and (b) a monotonic relationship between variables, i.e. the relationship between two variables is either increasing, or decreasing, and not changing direction. The research met both assumptions.

Table 3 presents the results of the correlational analyses. Cohen (1988) suggests that correlation coefficients with an absolute magnitude between .10 to .29 are weak, between .30 to .49 are moderate, and between .50 to 1.0 are strong. The researcher found statistically significant correlations ($p < .01$) for all bi-variate relationships. The analysis demonstrated an indirect (negative) correlation between the Ethical Leadership Scale scores and all five of the Measure of Unethical Behavior Sale scores. The researcher anticipated the negative correlation because higher scores on the Ethical Leadership Scale indicated greater perceived ethics in leadership and higher scores on the five factors of the Measure of Unethical Behavior scale indicated that higher scores demonstrated more *unethical* behavior.

The Ethical Leadership Scale score moderately and indirectly correlated with the Measure of Unethical Behavior Scale (MUBS) factor score of financiers ($\tau_b = -.317$, $p < .0005$). The direction of the correlation indicated that as scores increase (or decrease) for ethical leadership, the scores move in an opposite direction for the MUBS factor score of financiers. The Ethical Leadership Scale score also moderately and indirectly correlated with the MUBS factor score of customers ($\tau_b = -.316$, $p < .0005$). The direction of the correlation indicated that as scores increase (or decrease) for ethical leadership, the scores move in an opposite direction for the MUBS factor score of customers. The Ethical Leadership Scale score moderately and indirectly correlated with the MUBS factor score of employees ($\tau_b = -.415$, $p < .0005$). The direction of the correlation indicated that as scores increase (or decrease) for ethical leadership, the scores move in an opposite direction for the MUBS factor score of employees.

Table 3

Correlations for Bi-Variate Relationships of Variables Utilized for Inferential Analysis of Hypothesis for Research Question 3 (N = 103)

Variable		1	2	3	4	5
1.	Ethical leadership scale					
2.	MUBS: Financiers	-.317**				
3.	MUBS: Customers	-.316**	.620**			
4.	MUBS: Employees	-.415**	.592**	.546**		
5	MUBS: Suppliers	-.231**	.545**	.568**	.514**	
6.	MUBS: Society	-.266**	.490**	.518**	.554**	.563**

Note: MUBS = Measure of Unethical Behavior Scale

* p < .05
** p < .01

The results also demonstrated small and indirect correlation effects between the Ethical Leadership Scale score and the MUBS factor score of suppliers (τ_b = -.231, p < .0005) and society (τ_b = -.266, p = .001). The direction of the correlations indicated that as scores increase (or decrease) for ethical leadership, the scores move in an opposite direction for the MUBS factor scores of suppliers and society. The MUBS scores all directly (positively) correlated with each other, indicating that the scores for each of the five factors moved in a similar manner. For example, when scores of MUBS financiers increased or decreased, then the scores for MUBS customers moved similarly (τ_b = .620, p < .0005)

Conclusion as Related to the Null Hypothesis

Reject the null hypothesis. There is sufficient evidence to indicate that a statistically significant relationship exists between perceived ethical leadership as scored on the Ethical

Leadership Scale and ethical behavior as scored on the Measure of Unethical Behavior in the Workplace in the large, publicly traded United States-based banks.

Summary of the Findings

The mean scores were above average for the ELS and below average for the MUBS. Higher scores on the Ethical Leadership Scale indicate greater perceived ethical leadership by employees. Lower scores on each of the five factors of the MUBS indicate greater observed ethical behavior. Thus, the findings from the analysis of the survey responses indicated that the participants perceived both their leadership and workplaces as ethical, on average. Statistically significant and indirect correlations were found between the Ethical Leadership Scale scores and all five MUBS factor scores, which supported the research (alternative) hypothesis of a significant relationship and supported higher perceived leadership ethics as significantly associated with higher ethics in the workplace.

The research findings are consistent with the larger body of literature on ethical leadership and ethical behavior and fit well with the conceptual framework proposed by the researcher. The research results align with Bandura’s (1986) social learning theory, which states leaders influence through the process of a follower absorbing a leader’s actions and internalizing those actions. Further, the findings echo Bandura, Ross, and Ross’s (1961) Bobo Doll experiment in which the authors demonstrated that aggression in children is learned by observing others and imitating their actions. The results also demonstrate that the point at which a firm’s internal actors interact with stakeholders is influenced by ethical leadership, which squares with Freeman’s (1984) stakeholder theory. Finally, the research findings support the concept of ethical leadership as an invaluable tool to influence ethical behavior and behavioral outcomes throughout an organization.

Applications to Professional Practice

The study addressed three primary questions. Is ethical leadership occurring in large, United States-based banks? Is ethical behavior occurring in large, United States-based banks? Are ethical leadership and ethical behavior related in large, United States-based banks? The findings contribute to the literature on ethical leadership and ethical behavior in several ways. First, the study found ethical leadership occurring in the study group. Second, where ethical leadership exists ethical behavior exists as well. Third, ethical leadership is related to ethical behavior toward a variety of firm stakeholder groups including financiers, customers, employees, suppliers, and society.

The study findings are relevant to business today because the current state of ethics in banking has seen its share of shortfalls. Unethical behavior is not unique to banking. Unethical behavior in business is a much larger problem rooted in a bigger issue. Van Duzer (2010) confirms the misalignment between the desired state and the current state of ethics in the business. The author sees unethical behavior as a symptom of the downfall of man and the broken world. However, Van Duzer (2010) argued a closer proximation of the desired state is possible. The author offers a detailed discussion of business ethics in terms of sustainability, meaning a firm should conduct all aspects of its business in ways to sustain its relationships across every stakeholder interaction, and points out a myriad of ways businesses fall short of the goal today including, but not limited to, unethical behavior in business. Van Duzer’s solution to the problem includes businesses acting to produce goods and services to provide the world with much-needed resources and to restore the world to its desired state. Improved business practice in ethics, therefore, includes both providing goods and services to their communities in such a way that does not harm stakeholders and restoring the current state of the business world.

The study findings are relevant to improved business practice because it shows that where ethical behavior exists, ethical behavior is more prevalent toward stakeholder groups. The findings confirm the critical link for ethical leadership and ethical behavior in one small study for one small study population. The study does not establish causation, nor does it provide insight into the circumstances cultivating either variable. The study does, however, provide additional support to the concept that ethical leadership and ethical behavior are present at the same time in the same banking organizations. Since the two variables are related, improved business practice means taking defined steps to create environments where both ethical leadership and ethical behavior can flourish.

A myriad of studies cited and discussed in the literature review above detail at the very least, ethical leadership encourages ethical behavior. Further, many studies have empirically linked unethical leadership to unethical behavior repeatedly. Banking institutions are no different from any other business environment in this respect. Ethical leadership establishes acceptable guidelines to hold people accountable to higher ethical standards. Brown, Hartman, & Trevino (2003) demonstrated ethical leaders encourage ethical behavior because their actions establish a baseline for the right kinds of behavior and bind followers to a certain way of acting. Bardes, Greenbaum, Kuenzi, Mayer, & Salvador (2009) found ethical leadership moves downward through an organization and has direct impacts on employee behaviors. Avolio, & Howell (1992) found leader actions and decisions have reverberating effects throughout an entire organization. Prevailing literature on the subject demonstrates the power of ethical leadership to make positive impacts on ethical behavior in employees.

Since ethical leadership and ethical behavior are related, business leaders should look for ways to increase the prevalence of ethical leadership in their organizations. Firms can cultivate ethical leaders by communicating its importance, creating an ethical culture, training leadership ethics, measuring for ethical leadership impact, and regularly adjusting the organization as necessary changes present themselves. Organizational change is hard, and it takes intensive, concentrated, and constant effort to accomplish, which includes a strategy designed and implemented to proliferate ethical leadership. The recommendations for action section below include a detailed discussion of each of these recommendations.

Biblical Principles

The study findings spell out the relationship between ethical leadership and ethical behavior in the study group. The discussion above details the reasoning for why an absence of ethical behavior is an undesirable state. Christians and business people who serve Jesus are called to serve a higher purpose. Jesus himself gave followers specific direction for how they are to behave. Christ taught expansively on leading by example, making a commitment to ethical behavior, treating others ethically, and the appropriate way to pursue firm profitability.

Let your light shine – lead by example.

Ethical leadership at its essence is leading by example. Ethical leaders show people how they should behave by behaving in ways to demonstrate the way forward. In the Sermon on the Mount, Jesus spoke to followers about setting an example for others. In Matthew 5: 14-16 (New International Version), Jesus said,

> You are the light of the world. A city on a hill cannot be hidden. Neither do people light a lamp and put it under a bowl. Instead they put it on its stand, and it gives light to everyone in the house. In the same way, let your light shine before men, that they may see your good deeds and praise your Father in heaven.

The lesson implies followers watch leader behavior, absorb the message those actions present, and emulate them through their actions. Leaders cannot hide their actions because they stand in the open for all to see and send clear and distinct signals, just as a lamp sends out light into the world. Followers cannot ignore the messages communicated by leader actions, just as individuals cannot ignore a light in a dark room. Leaders should choose carefully the message they send out into the world.

Commit to ethical behavior.

Jesus spent his entire life dedicated to ethical leadership and ethical conduct. One example is his reaction to a question of whether to pay taxes. In Luke 20:25 (New International Version) Jesus said, "give to Caesar what is Caesar's, and to God what is God's." Jesus's answer in this context has far broader applications whether to pay taxes. Jesus acknowledged Christians live in a world with organizations they must serve. Service to organizations, however, does not include unethical behavior. A Christian's first loyalty should be to God, and service to a company, government, or other institution should fall in line with this priority. Manz (2011) argues serving God first means individuals have a duty to the organizations they serve, but only to the extent the duty calls for ethical and moral behavior. Manz also states, "It is not reasonable for our organizations to expect immoral or unethical acts from us" (p. 42). Leaders must commit to behaving in ethical ways within the business environments where they operate. As Avolio, & Howell (1992) found, ethical leaders committed to guiding their firms with ethical behavior have profound and lasting positive effects on their organizations.

The Golden Rule – treat others as you would like to be treated.

Jesus also established a rule for how Christians should treat each other. In Matthew 7:12 (New International Version) Jesus taught, "So in everything, do to others what you would have them do to you." This dictum, referred to as the Golden Rule, directs leaders and followers to lead and behave with ethics toward all. Manz (2011) argues the Golden Rule not only encourages individuals to operate above the fray of unethical behavior but fosters better all-around interactions because people will live up to the expectations set for them. If leaders treat people as if they will behave in ethical ways, followers will live up to the expectation. Further, it is a recognition of an individual's unique, God-given value to treat that person as you would have that person treat you. Golden Rule behavior is a kind of spiritual ballet whereby one person is paying respect to the soul of another and encourages them to become the best version of themselves.

Profit is not a means unto itself.

Van Duzer (2010) points out profits are a critical part of running a successful enterprise. The author posits profits are the lifeblood of a business and provides necessary capital for the continuation of operations. However, the author also asserts profit is not the primary reason a business should operate. Van Duzer argues the main reason a business exists is to provide services, goods, and create wealth for all in its sphere. Unethical behavior and the extreme consequences associated with it are often outgrowths of an effort to maximize profits at all costs. Van Duzer points out a business culture focused on the bottom line grew out of the fall of man and has many far-reaching consequences including work as self-protection, less direct contact with God, and suppression of employee rights and ability to make a decent living. Ethical leadership and ethical behavior offer a complete way forward for businesses to become less profit-centric and more stakeholder conscious enterprises. Ethical decision making encourages firm agents to consider what is right for all involved rather than what will benefit the bottom line.

When Jesus said, “give to Caesar what is Caesar’s, and to God what is God’s,” he was also allowing that Christians often serve under various rulers here on earth. Caesar can also be interpreted to represent the organizations that individuals serve as employees and taxes can also mean profit. Jesus acknowledged worldly institutions deserve their fair share of the return on their efforts. He did not, however, indicate these institutions deserve to pillage their communities by maximizing profits at all cost. Jesus was also refusing to allow for followers to sacrifice their morals and ethics in service of institutions. By delineating both God and organizations deserve what is theirs, Jesus affirmed organizational profits were acceptable to Him and His followers should feel free to help an organization generate revenue. However, since a Christian’s loyalty is to God and His direction first, Jesus indicated His followers should never compromise their ethics in service of any company.

Recommendations for Action

The findings of this study have direct implications for bank managers specifically and business practice in general. The study should inform business leaders seeking to create, oversee, manage, and direct any organization. Since ethical leadership and ethical behavior are related, business leaders should look for ways to increase the prevalence of ethical leadership in their organizations. Firms can cultivate ethical organizations by creating and managing an ethical culture, committing to an ethical culture, teaching ethics, sustaining ethics, regularly communicating the importance of ethics, measuring the effects of their efforts, regularly adjusting the organization as necessary, and hiring leaders who will lead by example. Changing organizations is hard and takes intensive, concentrated, and constant effort to accomplish, which includes a strategy designed and implemented specifically to proliferate ethical leadership.

Rumelt (2011) asserts that good strategy formulation includes three primary elements: a diagnosis of the problem, a guiding policy for handling the situation, and a set of coherent actions to execute the guiding policy. Rumelt states that a diagnosis is simply understanding what is happening. When diagnosing an ethics issue, leaders must understand whether ethical behavior is a problem in their organization, where and when it is formed, and how it manifests itself. A guiding policy is formed out of a well-rounded understanding of the situation and reduces complexity and ambiguity by defining a clear overarching guideline for moving forward. Coherent actions create a set of complimentary forward-movements designed to tackle and overcome a specific issue. Coherent actions should build on each other and tighten organizational grip on a problem as they are executed.

With Rumelt's (2011) recommendations as a guide, the study findings spell out a defined way forward by forming and implementing several coherent actions. The findings confirm that ethical leadership and ethical behavior exist in the study population but are not omnipresent. Therefore, the diagnosis of the problem is that there is a gap in the desired state of ethical behavior and the current state of today's business. The data confirm that this gap is present in the study group and suggest that a gap also exists in the larger banking arena and the business world. Considering the study findings, a recommended guiding policy includes the treatment of all stakeholder groups with complete ethics. With the diagnosis and guiding policy in place, the researcher recommends a few specific coherent actions.

Commit to an Ethical Culture

Organizations should commit to an unwavering ethical culture. Enciso, Milikin, and O'Rourke (2017) state that the onus for creating an environment where an ethical culture can thrive falls squarely on organizational leadership. Organizational leaders can create an ethical culture by instituting a four-step process which includes writing a code of ethical conduct, teaching it to internal organizational stakeholders, reinforcing the code, and communicating it to all internal and external stakeholders. The process of building an ethical culture begins with creating a code of ethics that is more than mere buzzwords and phrases designed to appease regulators and customers. Enciso et al. suggest a proper code of ethics should address issues that are universal such as legal compliance, workplace issues, harassment, discrimination, environment, and community, as well as firm-specific issues including political contributions, information sharing, recordkeeping, and responsible communication.

Teach Ethics Throughout an Organization

The next step in creating an ethical culture includes teaching the code to all internal stakeholders. For Enciso, Milikin, and O'Roarke (2017), the process begins with teaching basic ethical principles to all employees. It is dangerous for an organization to assume employees understand basic ethical concepts. Ethical trainers need to start by teaching fundamental ethical ideas and progress to more unclear concepts only when everyone has a firm grasp on the essentials. Barnes, Harris, and Smith (2014) draw a distinct parallel between learning organizations and ethical organizations. According to the authors, learning organizations marshal all their collective resources to consistently expand the knowledge base. When the goal is an ethical culture, learning organizations far exceed their counterparts in training and implementation. Ethical leaders should strive to create and maintain a learning organization when instituting ethical practices.

Sustain an Ethical Culture

Alexakis and McFarlane (2017) outline a six-step process for sustaining an ethical culture. The steps include formulating shared guiding principles, staffing, training and development, eliminating punishments and rewards, empowering ombudsmen, and re-evaluating and revising as necessary. Formulating shared principles includes creating a code of ethics specific to the organization and its stakeholders. Appropriate staffing means hiring the right people to execute on the shared vision and includes every person in the organization from top senior leadership down to front-line workers. The organization should strive to institute training and education that touches all employees from their first day to their last day of work. Firms should also eliminate punishments and rewards for ethical behavior and seek to empower employees to do what is right, regardless of potential personal gain or loss. The firm should also hire, train, and empower an ethical ombudsman to oversee and manage the ethical culture. Finally, the authors argue that the firm should re-evaluate the entire approach regularly. Alexakis, & McFarlane assert that once the six-step process is institutionalized, it creates a systemic guide for sustaining an ethical organizational culture. Maintaining momentum is often the most difficult part of organizational change. Creating a systematic, deliberate approach to sustaining an ethical culture encourages proactive adjustments.

Communicate About Ethics

Open and frequent communication is one of the most effective ways that leadership can reinforce the ethical culture message. Enciso, Milikin, and O’Rourke (2017) suggest that effective communication about ethics should consider when to communicate, the message, audience members, and the channel used to disseminate the message. The authors draw a sharp contrast between companies that are proactive communicators and those that are reactive. They suggest that proactive communicating companies are much better at maintaining their ethical cultures. Enciso et al. also suggest that proactively communicating organizations are better at communicating the right message which helps shape how stakeholders view them. Once the organization formulates the right message, all internal stakeholders should communicate it to all stakeholders and use all available methods. Barnes, Harris, and Smith (2014) demonstrate that traditional, top-down communication structures are not conducive to learning organizations, and effective communication in learning organization more closely resembles a conversation in a community. Company leaders need to start a system wide conversation about ethics, so every player is in on the message and fully understands how to react when faced with an ethical dilemma.

Measure for Impact

It is impossible to fully understand how well a program of action is working without measuring its impact. There are many ways to measure the effect of a program of ethics focused on ethics. Giacalone and Jurkiewicz (2016) outline one such method which centers on watching for three main outward manifestations of ethical organizations: compliance to the letter of the law, ethical leadership, and robust monitoring processes. If a firm has these three pillars in place, they are much more likely to catch and address ethical shortcomings before they become a problem. Muel Kaptein is perhaps the business world’s foremost authority on measuring ethical culture and behavior. Kaptein has developed a variety of tools designed to measure the presence and impact of ethics. The present study used one of Kaptein’s tools, the Measure of Unethical Behavior in the Workplace, as part of the questionnaire administered to gather data. Another Kaptein measurement tool includes the Corporate Ethical Virtues Model Scale, which the author designed to measure the ethicality of corporate cultures (Armenakis, DeBode, Field, & Walker, 2013). Alexakis and McFarlane (2017) suggest that the process of formulating shared guiding principles, staffing, training and development, eliminating punishments and rewards, empowering ombudsmen, and re-evaluating and revising as necessary also offers a way to measure effectiveness by checking expectations against each actual performance on each of the steps. Of course, there are many other measurement tools available, many of which can be used to divine the effectiveness of ethical culture change efforts.

Leaders Should Walk the Walk

Ethical leaders lead by example. The results of this study indicate that when ethical leadership is present, ethical behavior is more likely to exist. Organizational leaders who are committed to running ethical firms should lead by demonstrating their commitment to ethics. Lawton and Paez show ethical leaders possess virtues which include courage, temperance, pride, good temper, friendliness, and truthfulness. Ethical leaders have integrity, which includes wholeness, coherence, and moral soundness, and requires authenticity, which means possessing a full self-awareness and transparent actions. Organizational leaders should digest, adopt, and embody each ethical leadership trait to demonstrate ethical behavior to their followers. Self-awareness means that a leader understands every moment matters. Leaders cannot tolerate even the simplest momentary lapse of ethical judgment in themselves or their leadership teams. While it may serve an immediate purpose, a single moment of unethical behavior can set off a negative chain of events in the followers who pick up on the unstated message it sends. Leaders must walk the walk by purposefully and deliberately letting people see them live ethical lives.

Adjust Efforts as Necessary

Alexakis and McFarlane (2017) argue that efforts should never end when refining organizational ethics. For managers interested in formulating and ethical culture, this means constantly reviewing all parts of the plan to identify areas where adjustments are necessary. A comprehensive review includes the underlying ethical codes, educational plans, reinforcement actions, communication efforts, measurement tools, and actions of the leaders. Alexakis and

McFarlane establish that the review process should empower everyone inside the organization to participate, and call into question any action falling outside of the stated guidelines. Companies should treat ethical program and culture implementation as more of an evolution than a one-time modification that is launched and left in place. Organizational leaders must continuously reassess ethical program results and adjust immediately when it becomes apparent that any part of the program is not working.

Groups Impacted by the Study

A variety of groups could benefit from reviewing the results of this study including lawmakers, regulators, watchdog groups, bank senior leadership, managers, internal auditors, compliance personnel, front-line employees, and consumers. Lawmakers and regulators should see the study results as an encouraging sign because they demonstrate that ethical leadership and ethical behavior present themselves in the study group. In a financial news climate where much of what gets disseminated about big banks is negative, the study findings show that good leaders and actors within banks work every day to do right by their company, fellow employees, customers, and other stakeholders who interact with the firm. Watchdog groups can benefit by shifting their calls for more regulation to touting additional ethical training and education within the firms they watch over. Bank senior leaders, managers, internal auditors, compliance personnel, and front-line employees should take note that nothing less than complete ethical treatment of all stakeholders is appropriate. To that end, bank agents should demand clarification of what appropriate ethical behavior means in the banking world and hold each other accountable to a higher standard. Consumers should remain ever vigilant in protecting their financial safety and security and only interact with companies that live up to expectations for ethical treatment of all stakeholders.

Dissemination of Results

Many types of publications would benefit from disseminating the study results. The researcher could produce a summary article of the study and results to distribute for publication. The banking industry has many publications including several by the American Banking Association such as *ABA Banking Journal* and *ABA Bank Compliance Magazine*. Each state level banking association also has a publication. The author should also distribute the article for consideration to popular financial publications including *The Wall Street Journal*, *Financial Times*, and *Forbes*. The Consumer Financial Protection Bureau, the Competition and Markets Authority, and National Advocacy Group for Consumer Protection and Corporate Fair Play each have publications as well and could publish the article as a part of a broader discussion on their ongoing efforts to understand ethical failures in banking. Finally, Liberty University will publish this paper as a part of its doctoral research library. The library is open to search for other students, doctoral candidates, and research professionals and makes the study available for cross-reference in future projects.

Recommendations for Further Study

This study contributed in small part to the growing body of literature on the relationship between ethical leadership and ethical behavior. The study results demonstrate there is a statistically significant relationship between ethical leadership and ethical behavior, that the two variables are present at the same time, and support the concept of ethical leadership as an invaluable tool to influence ethical behavior and behavioral outcomes toward a variety of stakeholder groups. The study results are limited because the project involved only large, publicly-traded United States-based banks. Further, the study did not address whether causation exists between ethical leadership and ethical behavior, nor did it seek to quantify the factors contributing to the formation of ethical leadership and ethical behavior. Business scholars and researchers should conduct additional research in these three areas.

Various businesses could benefit from understanding whether ethical leadership and ethical behavior exist within their organizations. Researchers could replicate the methodology of this study within their businesses to discern whether ethical leadership and ethical behavior exist and how strongly they relate. The results would give any organization a clear understanding of the presence of ethical leadership and ethical behavior within their firms. The results could also give firms valuable insight into designing, implementing, measuring, and maintaining firm-specific ethical programs.

One area this study did not address is whether ethical leadership has a causal relationship to ethical behavior, or vice versa. If ethical leadership and ethical behavior have a direct causal relationship where the presence of one variable can determine the presence of the other, the findings would have enormous implications for business. Businesses could concentrate resources on creating the presence of the determinate variable with the understanding that its occurrence significantly increases the likelihood of increasing the prevalence of another variable. The insights gained from a causal relationship study would significantly increase the efficiency of organizations seeking to form a more ethical entity.

Another question deserving more attention is how organizations create and foster the factors contributing to the formation of ethical leaders and ethical behavior. Firms should fully understand how to cultivate ethical behavior. Rules, regulations, policies, and procedures can only provide the foundation for ethical environments. Businesses should know what actions, structures, communications, and guidelines provide a friendly atmosphere for the growth of ethics-based cultures.

Finally, the study findings suggest that ethical leadership and ethical behavior exist in the study group. The presence of the variables and the relationship between them prompt a host of new questions about the causes of ethical failures in banking. If ethical leadership and ethical behavior are so prevalent in the study group, why do ethical failures occur in banks? Is it merely a matter of a few bad actors intentionally carrying out nefarious plans? Alternatively, and more likely, do well-intentioned people sometimes make bad decisions? The author of this study would argue that the latter is more likely true. More research on the subject would help firms carefully target the space where good people make bad decisions. Researchers and business practitioners need to identify the specific circumstances and timelines that lead to poor ethical decision making. Once researchers properly illuminate critical ethical decision points, organizations can build better tools to ensure the right kind of help shows up at the exact moment it is needed. The right tools could serve as a simple nudge toward better ethical outcomes, perhaps moving individual decision making closer to the desired state.

Reflections

This seed of this study arose from the author's experience working in large, publicly-traded United States-based banks. The author's observations and intuition in the retail banking arena led to a consideration of whether banking institutions could benefit from infusing ethical leadership into their management practices. Thus, this research project began by positing that a study could observe the relationship between ethical leadership and ethical behavior through the lenses of social learning theory and stakeholder theory. Secondly, the author surmised that the presence of one variable would link to the presence of the other. This research project demonstrated the validity of those instincts.

This author also believed that the study would produce vastly different results in the observation of ethical leadership and ethical behavior. There have been many instances of ethical failures in the publicly-traded banking world over the past several decades. The study author fully expected to find a limited presence of ethical leadership and a significant presence of unethical behavior in the study group. As section 3 of this paper has spelled out, the findings exhibit quite the opposite. Both ethical leadership and ethical behavior are prevalent in the study group. Furthermore, where one variable exists, the other is present and there is a strong correlation between the two. These findings surprised this author.

Preconceived ideas about ethical leadership and ethical behavior in large, publicly-traded United States-based banks did not however, influence the outcomes of the study. The author designed the project in such a way as to prevent any interaction between the researcher and study participants. Further, the author designed the study with these specific concerns in mind and received invaluable feedback from both the project chair and the committee that eliminated the influence of personal biases entirely. Further, a careful review of the reliability and validity of the survey instruments ensured that the study gathered unbiased responses.

As stated above, the author began this study expecting to find a widespread lack of ethical leadership and ethical behavior in the study group. Instead, the study showed a statistically strong presence of ethical leadership which correlated with ethical behavior. The results proved vastly different from what the researcher expected to find. The results challenged the author's thinking about ethical leadership and ethical behavior in the study group entirely. It would seem, based on the results, that a lack of ethics is not widespread in large banks. The study results show that individuals working in banks observe ethical leadership from their managers and do their best to behave ethically every day.

The fact remains that many ethical failures have caused significant problems in the banking world and have negatively affected many groups including customers, employees, leadership, and governments. More study is needed to fully understand the timing, circumstances, and decision processes that create ethical lapses. The findings convinced the author that well-meaning people occasionally make bad decisions, and those decisions can have horrible consequences. This change in thinking represents a significant departure from what the author believed before this study began. Additional research would help businesses provide individuals with better tools when they need it most: the moment they face tough ethical decisions.

Reflection on Biblical Principles

A few of the biblical principles discussed above include leading by example, making a commitment to ethical behavior, treating others ethically, and the appropriate way to pursue firm profitability. Christ taught extensively on each subject and offered detailed instruction for how to handle such situations. These principles, when properly incorporated into business, help return organizations to their God-intended purpose: serving others. Van Duzer (2010) refers to this desired state of business as shalom. Shalom, in this sense, means conducting business in a way that is sustainable and includes interacting with all stakeholders in a way that serves each. There are no greater conduits for shalom than ethical leadership and ethical behavior.

Summary and Study Conclusions

Unethical behavior in business and banking has cost Americans significantly over the course of the past several decades. Ethical lapses in banking contributed to the financial disaster of 2008-09, resulted in thousands of families losing their homes, cost consumers millions in bogus overdraft fees, resulted in millions of phony accounts customers did not agree to open, and cost end users billions in credit card fees, just to name a few of the transgressions. This study utilized Brown, Harrison, and Travino's (2005) Ethical Leadership Scale (ELS) to measure ethical leadership and Kaptein's (2008) Measure of Unethical Behavior in the Workplace to measure ethical behavior in the large, publicly-traded United States-based banks. The researcher combined the measurement tools to test for the presence of ethical leadership and perceived ethical behavior and the relationship between the two variables. The research found both ethical leadership and perceived ethical behavior present in the study group and a statistically significant relationship between them. The study also found significant ethical behavior toward many stakeholder groups including financiers, customers, employees, suppliers, and society.

The researcher explored three questions in this study. The research addressed the first question, "To what extent is ethical leadership perceived by employees at the large, publicly traded United States-based banks?" by utilizing descriptive statistics. The results demonstrated a strong presence of perceived ethical leadership in the study participants. This finding suggests both that ethical leadership exists in the environments where the study respondents work and that the leaders practice their craft proactively. Study participants would not have reported perceived ethical leadership so strongly otherwise.

The study also addressed the second research question, "To what extent is ethical behavior occurring in the large, publicly traded United States-based banks?" with descriptive statistics. The study findings demonstrated a strong presence of ethical behavior among the study participants. Further, study participants expressed witnessing ethical behavior toward a variety of stakeholder groups including financiers, customers, employees, suppliers, and society. This finding suggests ethical behavior is present, pervasive, and saturates all areas of employee interaction both inside and outside of their banks. The study findings deliver promising results because they suggest that the necessary basic structure for improved ethical conduct already exists. Business practitioners merely need a better methodology for ensuring ethical compliance.

The study explored the third question, “Is there a statistically significant relationship between employee perception of ethical leadership and actual ethical behavior in practice at the large, publicly traded United States-based banks?” by performing a series of bi-variate correlational analyses using the Kendall’s Tau-b statistic. The results demonstrated a strong correlation between ethical leadership and ethical behavior, suggesting not only that the two variables correlate, but exist in the study group at the same time. This finding shows that the stronger the presence of one variable, the stronger the presence of the other. The findings do not suggest causation between the two variables, but additional study could offer additional insight. If other research could demonstrate causation, the findings would have far-reaching implications for business and begin to guide leaders to better ethical practices.

Finally, the findings demonstrate that there are good ethical leaders and ethical actors within the study group. The study confirms that good people make bad decisions. All humans are subject to poor decision making in the face of extreme pressure. In Romans 3:23 (New International Version) Paul’s letter to the Romans warns, “for all have sinned and fall short of the glory of God.” God views unethical behavior as a sin and therefore condemns it. Jesus’s sacrifice atones for all sins and redeems all who follow him. However, God’s redemption does not excuse believers from vigilantly working to improve their behavior and the world around them. Christ’s followers can and should strive to incorporate ethical leadership and ethical behavior into their daily lives. The results of such behavior can improve business practice and the outcomes of unethical conduct.

The results of this study contribute to the body of literature on ethical leadership and its relationship to ethical behavior by demonstrating a relationship between the two. Much research is still needed to understand the issue entirely. Recommended areas for additional research include whether causation exists between ethical leadership and ethical behavior, and the factors contributing to the formation of the two variables. The most important reason for the additional research is self-evident, researchers and professionals must improve the problem by fully understanding the reasons underneath ethical lapses. Lowering the instances of ethical failures will not only improve the practice of business, but also move organizations closer to God’s original purpose for businesses.

Annotated Bibliography

Alexakis, G., & McFarlane, D.A. (2016). Sustaining an ethical organizational culture: A systems approach. *Journal of Ethics & Entrepreneurship, 6*(2), 143-158.

Alpaslan, C.M., Bedi, A., & Green, S. (2016). A meta-analytic review of ethical leadership outcomes and moderators. *Journal of Business Ethics, 139*(3), 517-536. doi:10.1007/s10551-015-2625-1.

Alpaslan, Bedi, & Green (2016) used social learning and social exchange theories to test the relationship between ethical leadership and behavior. The authors established definitively the link between ethical leadership and the reward and punishment system associated with transactional leadership. They found the perception of a leader as ethical is just as necessary as the act of leading ethically. When followers perceive leaders as ethical, the leader has a stronger effect on ethical behaviors throughout an organization.

American Bankers Association: ICB Code of Ethics. (2014, July 9). Retrieved from http://www.aba.com/Training/ICB/Pages/Ethics.aspx.

The American Bankers Association Institute of Certified Bankers (ICB) established a code of ethics for all bankers in the United States in 2014. The code outlines acceptable behaviors for the banking industry and how bank employees should interact with the bank and its customers. It is included for reference here because the ICB code of ethics will be used as a baseline of acceptable behavior when comparing actions and events at the United States bank in the past.

Apergis, N., & Payne, J. (2015). Special issue: Recent developments in finance and banking after the 2008 crisis. *International Journal of Financial Studies*, *3*(2), 151-152. doi:10.3390/ijfs3020151.

Apergis, & Payne (2015) reviewed many of the reasons for the financial meltdown of 2008-09. One of the primary reasons they suggested the financial and ethical failures occurred was a lack of leadership at the United States-based banks. The authors assert financial institutions, and the market as a whole, can be manipulated by market players and a lack of leadership was partly to blame.

Armenakis, A.A., DeBode, J.D., Field, H.S., & Walker, A.G. (2013). Assessing ethical organizational culture: Refinement of a scale. *The Journal of Applied Behavioral Science, 49*(4), 460-484. doi:10.1177/0021886313500987

Avolio, B., & Bass, B.M. (2000). *Multifactor leadership questionnaire (Second ed.)*. Redwood City, CA: Mind Garden.

Avolio, B.J., & Howell, J.M. (1992). The ethics of charismatic leadership: Submission or liberation? *The Executive, 6*(2), 43-54. Retrieved from http://ezproxy.liberty.edu/login?url=https://search-proquest-com.ezproxy.liberty.edu/docview/210518333?accountid=12085.

Babbie, E. (2002). *The basics of social research (Second ed.)*. Belmont, CA: Wadsworth/Thompson Learning.

Baer, P.E., & Bandura, A. (1963). Social reinforcement and behavior change - Symposium, 1962: 1. Behavior theory and identificatory learning. *American Journal of Orthopsychiatry, 33*(4), 591-601. doi:10.1111/j.1939-0025.1963.tb01007.x

Bagus, P., & Howden, D. (2013). Some ethical dilemmas of modern banking. *Business Ethics: A European Review, 22*(3), 235-245. 10.1111/beer.12025

Bandura, A. (1977). *Social Learning Theory*. New York, NY: General Learning Press.

Bandura, A. (1986). *Social Foundations of Thought & Action*. Englewood Cliffs, NJ: Prentice-Hall.

Bandura's (1986) work is an expansion of the author's foundational work on social learning theory. Bandura originally proposed the social learning theory in 1977 as a way to understand how leaders affect their organizations and the individuals who serve them. The author's 1986 work expounds on the theory and further spells out the mechanisms, antecedents, and consequences of social learning theory.

Bandura, A., Grusec, J.E., & Menlove, F.L. (1966). Observational learning as a function of symbolization and incentive set. *Child Development, 37*(3): 499-506.

Bandura, A., Ross, D., & Ross, S.A. (1961). Transmission of aggression through imitation of aggressive models. *The Journal of Abnormal and Social Psychology, 63*(3), 575-582. doi:10.1037/h0045925

Bandura, A., & Walters, R.H. (1963). *Social Learning and Personality Development*. New York, NY: Hold, Rinehart, & Winston.

Bandura, & Walters (1963) developed the social learning theory in their foundational work. The authors came to the theory out of necessity as a way to explain why people behave in certain ways. Perhaps the most profound idea advanced by the authors was their explanation for how people learn new patterns of behavior. The authors argued new behaviors are to be acquired by either direct experience or from observing others. The theory established a theoretical explanation for the importance of leading by example.

Bandura, A., & Walters, R.H. (1977). *Social learning theory*. New York, NY: General Learning Press.

Bardes, M., Greenbaum, R., Kuenzi, M., Mayer, D.M., & Salvador, R. (2009). How low does ethical leadership flow? Test of a trickle-down model. *Organizational Behavior and Human Decision Processes, 108*(1), 1-13. Retrieved from doi:10.1016/j.obhdp.2008.04.002.

Barnes, K.J., Harris, C, & Smith, G.E. (2014). A learning approach to the ethical organization. *The Learning Organization*, *21*(2), 113-125. doi:10.1108/TLO-07-2011-0043

Barrett, K.C., Gloeckner, G.W., Leech, N.L., & Morgan, G.A. (2013). *IBM SPSS for introductory statistics: Use and interpretation* (5th ed.). New York: Brunner-Routledge.

Bass, B.M., & Steidlmeier, P. (1999). Ethics, character, and authentic transformational leadership behavior. *The Leadership Quarterly, 10*(2), 181-217. Retrieved from doi:10.1016/S1048-9843(99)00016-8.

Berg, B.L. (2004). *Qualitative research methods for the social sciences, 5th ed*. Boston, MA: Pearson Education.

Bexley, J B. (2014). Three stages to bank over regulation. *Academy of Accounting and Financial Studies Journal, 18*(3), 89-96.

Blaylock, B.K., & Falk, C.F. (2012). The H factor: A behavioral explanation of leadership failures in the 2007-2009 financial system meltdown. *Journal of Leadership, Accountability and Ethics, 9*(2), 68-82. Retrieved from http://search.proquest.com.ezproxy.liberty.edu/docview/1030726236/fulltextPDF/2E97AF6979F34027PQ/1?accountid=12085.

Blaylock, & Falk (2012) devised a test called the “H factor” to measure the behavioral characteristics of several of the key players in the financial meltdown of 2008-09. The test measured the hubris, hypocrisy, hostility, honor, humility, and honesty of the

leaders in question. The authors advanced all the leaders studied scored low on each measured characteristic and argued many of the shortcomings were perceptible before the crisis occurred.

Boatright, J.R. (2013). Swearing to be virtuous: The prospects of a banker's oath. *Review of Social Economy, 71*(2), 140-165. 10.1080/00346764.2013.800305

Bolden, R. (2011). Distributed leadership in organizations: A review of theory and research. *International Journal of Management Reviews, 13*(3), 251-269.Retrieved from doi:10.1111/j.1468-2370.2011.00306.x.

Boon, C., Kalshoven, K., & Van Dijk, H. (2016). Why and when does ethical leadership evoke unethical follower behavior? *Journal of Managerial Psychology, 31*(2), 500-515. doi:10.1108/JMP-10-2014-0314.

Boon, Kalshoven, & Van Dijk (2016) review ethical behavior in light of two theories: social learning theory, and social exchange theory. Their review of the social learning theory and the mechanisms through which ethical leadership encourages ethical behavior among followers is succinct and offers a pertinent application for the present study. The authors offer several summaries of relevant research papers demonstrating ethical leadership is negatively related to unethical behavior, even when ethical behavior is harmful to the organization.

Bosse, D. A., Harrison, J. S., & Phillips, R. A. (2010). Managing for stakeholders, stakeholder utility functions, and competitive advantage. *Strategic Management Journal, 31*(1), 58-74. 10.1002/smj.80

Bratnicka, K. (2015). Relationship between leadership styles and organizational creativity. *Management and Business Administration, 23*(1), 70-79. Retrieved from http://rx9vh3hy4r.search.serialssolutions.com/?ctx_ver=Z39.88-2004&ctx_enc=info%3Aofi%2Fenc%3AUTF-8&rfr_id=info%3Asid%2Fsummon.serialssolutions.com&rft_val_fmt=info%3Aofi%2Ffmt%3Akev%3Amtx%3Ajournal&rft.genre=article&rft.atitle=Relationship+Between+Leadership+Styles+and+Organizational+Creativity&rft.jtitle=Management+and+Business+Administration&rft.au=Katarzyna+Bratnicka&rft.date=2015-03-01&rft.pub=De+Gruyter+Open&rft.eissn=2300-858X&rft.volume=23&rft.issue=1&rft.spage=70&rft.epage=79&rft_id=info:doi/10.7206%2Fmba.ce.2084-3356.134&rft.externalDBID=n%2Fa&rft.externalDocID=10_7206_mba_ce_2084_3356_13423170&paramdict=en-US.

Bratnicka (2015) explores various leadership styles and their respective relationships to organizational creativity. Building an inheritently creative organization requires a substantial amount of flexibility. The author's exploration of specific leadership styles and their effect on an organization's ability to adjust internal structures to accommodate for creativity is pertinent to the paper. The author addresses how different leadership styles play a role in shaping organizational design.

Brenner, S.O., & Holten, A. (2015). Leadership style and the process of organizational change. *Leadership & Organization Development Journal, 36*(1), 2-16. Retrieved from http://www.emeraldinsight.com.ezproxy.liberty.edu:2048/doi/full/10.1108/LODJ-11-2012-0155.

Brenner & Holten (2015) explore the link between leadership style and organizational change. Organizational change effectiveness is strongly correlated to the perception of those tasked with executing the change on a day-to-day basis. The specific leadership style of the individual or group facilitating the change has a direct impact on the reaction from the rank and file. The authors discuss different leadership styles, their individual characteristics, and which ones are most effective in a change environment.

Brown, M. E., Harrison, D.A., & Trevino, L.K. (2005). Ethical leadership: A social learning perspective for construct development and testing. *Organizational Behavior and Human Decision Processes, 97*(2), 117-134. doi:10.1016/j.obhdp.2005.03.002.

Brown, Harrison, & Trevino's (2005) foundational work on ethical leadership offers a definition of the concept and develops a tool called the Ethical Leadership Scale. The measurement tool has been statistically validated many times over and used countless times to measure ethical leadership aptitude in organizations. The authors compare and contrast ethical leadership to other leadership styles and discussed the style's influence and ability to predictable organizational outcomes.

Brown, M., Hartman, L.P., & Trevino, L.K. (2003). A qualitative investigation of perceived executive ethical leadership: Perceptions from inside and outside the executive suite. *Human Relations*, *56*(1), 5-37. doi:10.1177/0018726703056001448.

Brown, Hartman, & Trevino (2003) conducted a qualitative study to understand ethical leadership better. The authors conducted interviews with corporate ethics officers and senior leaders and identified several dimension of ethical leadership. The authors concluded ethical leadership is more than a combination of traits and values-based leadership, it ultimately involves transactional leadership and establishing and enforcing a rewards system which sets the ethical tone for the entire organization and holds all players accountable.

Brown, M. E., & Trevino, L.K. (2006). Ethical leadership: A review and future directions. *The Leadership Quarterly*, *17*(6), 595-616. doi:10.1016/j.leaqua.2006.10.004.

Brown, & Trevino (2006) conducted a comprehensive literature review to summarize the collective works on ethical leadership and establish areas which garnered further exploration. In their review, the authors argued social learning theory explains why and how ethical leadership effects ethical behavior. The review compared ethical leadership to other leadership styles and argued the approach takes pieces from other styles but is entirely unique in its approach.

Brown, M.E., & Trevino, L.K. (2014). Do role models matter? An investigation of role modeling as an antecedent of perceived ethical leadership. *Journal of Business Ethics,122*(4), 587-598. doi:10.1007/s10551-013-1769-0.

Brown, & Trevino (2014) continued their work on linking social learning theory and ethical leadership by examining whether role modeling linked to follower behaviors. The most valuable revelation in their study was effective, ethical leaders usually had a career mentor which helped establish their internal moral compass. The authors compared career mentors to other types of mentors including childhood, religious, sports, and teachers. Ultimately, the authors concluded career mentors were most influential in instilling moral values into ethical leaders.

Cangemi, J., Davis, R., Lott, J., & Sand, T. (2011). Three levels of organizational challenges and change: Needed-three different styles of leadership. *Organization Development Journal, 29*(1), 27-32. Retrieved from http://search.proquest.com.ezproxy.liberty.edu:2048/docview/862094650?pq-origsite=summon.

Cangemi, Davis, Lott, & Sand (2011) offer specific guidance on which leadership styles are required at critical junctures in an organization's life-cycle. Once a need for change has been identified, the authors suggest a leader should be focused on survival and the adjustments needed to prepare a company for the future. When the threat of organizational demise has dissipated, a leader must then focus on stability. Finally, once stability has been achieved, a leader is needed who can focus on creativity and competition. Each leadership approach has specific implications for organizational design during the specific stage in a life-cycle.

Cheong, S., Lam, L.W., Loi, R., & Ngo, H.Y. (2015). Exchange mechanisms between ethical leadership and affective commitment. *Journal of Managerial Psychology, 30*(6), 645-658. doi:10.1108/JMP-08-2013-0278.

Cheong, Lam, Loi, & Ngo (2015) conducted their research to determine whether ethical leadership produces perceived organizational support and thereby increases employee affective commitment. By linking ethical leadership to perceived organizational support, the authors established the leadership style can, in fact, affect organizational outcomes by increasing employee loyalty to the organization. The work is applicable to the current research because it establishes ethical leadership produces outcomes not necessarily directed toward the leader. Rather, ethical leadership inspires ethical behavior in all aspects of a follower's work life.

Choi, J.N., Kim, M.S., Shin, Y., & Sung, S.Y. (2015). Top management ethical leadership and firm performance: Mediating role of ethical and procedural justice climate. *Journal of Business Ethics, 129*(1), 43-57. doi:10.1007/s10551-014-2144-5.

Choi, Kim, Shin, & Sung (2015) studied how ethical leadership affects ethical climate and procedural justice climate. The authors proved empirically the two are, in fact, linked and organizations with ethical climates and strong procedural justice climates benefit from better organizational citizenship behavior and financial performance. The authors identified employ perceptions of the fairness of decision-making processes within the organization were the most relevant input in contributing to procedural justice climates. The study concluded ethical leadership has a strong effect on internal firm level policing mechanisms in turn produces a stronger overall organization.

Christensen, B.A. (1995). Ethics by definition. *Journal of the American Society of CLU & ChFC, 49*(5), 32-33. Retrieved from http://ezproxy.liberty.edu/login?url=https://search-proquest-com.ezproxy.liberty.edu/docview/209609074?accountid=12085.

Cohen, J. (1988). *Statistical power analysis for the behavioral sciences (2nd ed.)*, New Jersey: Lawrence Erlbaum Associates.

Cooke, R.A., Klein, A.S., & Wallis, J. (2013). The impact of leadership styles on organizational culture and firm effectiveness: An empirical study. *Journal of Management and Organization, 19*(3), 241-254. Retrieved from http://search.proquest.com.ezproxy.liberty.edu:2048/docview/1735405618?pq-origsite=summon.

Cooke, Klein, & Wallis (2013) explore the impact of leadership styles on both firm culture and organizational effectiveness. Not surprisingly, the authors argue the most effective leadership style is directly dependent on the type of organizational culture presented in each situation. They point out once the right kind of leadership style has been applied, both organizational culture and firm effectiveness can be impacted. The

authors argue organizational change is primarily affected through redefining cultural norms and changing cultural norms naturally impacts organizational structures.

Cording, M., Harrison, J.S., Hoskisson, R.E., & Jonsen, K. (2014). Walking the talk: A multistakeholder exploration of organizational authenticity, employee productivity, and post-merger performance. *The Academy of Management Perspectives, 28*(1), 38-56. 10.5465/amp.2013.0002

Crane, A. (1999). Are you ethical? Please tick yes □ or no □ on researching ethics in business organizations. *Journal of Business Ethics, 20*(3), 237-248. doi:10.1023/A:1005817414241.

Crane (1999) reviews a wide swath of business ethics research and concludes better methodologies are needed to lend the practice credibility. Among the author's suggestions is a reliance on quantitative research to evaluate the data collected in such studies to interpret the findings using a theoretical based empirical approach. The author argues effective methodology selection is of paramount importance when undertaking any social research and the nature of the problem being addressed should inform the specific method chosen.

Creswell, J.W. (2012). *Educational research:* P*lanning, conducting, and evaluating quantitative and qualitative research (Fourth ed.).* Boston, MA: Pearson.

Creswell (2012) is widely accepted as an expert in the fields of quantitative and qualitative research. The author's 2012 book on research methodology provides a clear guide to creating and conducting quantitative research projects. The author delivers valuable insight into the purposes of quantitative research projects as well as specific guidance on choosing a methodology best fit a particular research question. Chapter 12 is entirely dedicated to survey design and spells out a defined approach to identifying when survey research fits, identifying potential participants, contacting participants, and evaluating results.

Creswell, J.W. (2014). *Research design: Qualitative, quantitative, and mixed methods approaches (Fourth ed.).* Los Angeles, CA: Sage Publications.

Crews, J. (2015). What is an ethical leader?: The characteristics of ethical leadership from the perceptions held by Australian senior executives. *Journal of Business and Management,21*(1), 29-58. Retrieved from http://ezproxy.liberty.edu/login?url=http://search.proquest.com.ezproxy.liberty.edu/docview/1777749208?accountid=12085.

Crews (2015) conducted a qualitative study to collect the perceived characteristics of ethical leaders from senior executives in a diverse set of industries. The author's research found ethical leaders possessed integrity, were fair, cared for others, were trustworthy, honest, fair-minded, and cared about the welfare of others, among other traits. The most advanced themes from the research was ethical leaders present value alignment, fair governance, and relationship-centeredness.

Cumming, C. (2015). Amex antitrust ruling could spawn price war. *American Banker, 1*(27), 1-2. Retrieved from zproxy.liberty.edu/login?url=http://go.galegroup.com/ps/i.do?p=ITOF&sw-w&u-vic_liberty&v=2.1&id=GALE%CA402424999&it=r&asid=ea34f4fac722335d0a484ac5cdda9075.

Cumming (2015) reviews U.S. District Judge Nicholas Garaufis' ruling Amex had written illegal merchant contracts with many small business owners, effectively putting an end to the company's assertion the contracts were legitimate. The ruling was the last of a set of agreements with major United States credit card companies which shifted the power back to consumers by forcing the firms to provide more transparency in their contracts and allowed customers to choose which payment method to use to take advantage of better pricing offered by merchants. The court documents spell out Amex's rates were higher than other credit card companies and their contracts were anticompetitive in nature.

Daft, R.L. (2008). The leadership experience. Mason, OH: Thompson Higher Education.

Daft (2008) introduces leadership as an organizational function with the main purpose of making changes toward intentional outcomes. His definition is particularly pertinent to the literature review because of its organizational leaning and focus on action. The author discusses leadership as a people activity based in the pursuit of change. The focus on action in guiding organizational change makes it a perfect fit for this literature review.

Decker, P. J. (1986). Social learning theory and leadership. *Journal of Management Development*, *5*(3), 46-58. doi:10.1108/eb051615

Derr, C.L. (2012). Ethics and leadership. *Journal of Leadership, Accountability and Ethics, 9*(6), 66-71. Retrieved from http://ezproxy.liberty.edu/login?url=https://search-proquest-com.ezproxy.liberty.edu/docview/1315152989?accountid=12085.

Dias, R., & Oates, G. (2016). Including ethics in banking and finance programs: Teaching "we shouldn't win at any cost". *Education & Training*, *58*(1), 94-111.

Dielman, T.E. (2005). Applied regression analysis: A second course in business and economic statistics. Belmont, CA: Brooks/Cole Thompson Learning.

Dorobantu, S., Henisz, W.J., & Nartey, L.J. (2014). Spinning gold: The financial returns to stakeholder engagement. *Strategic Management Journal*, *35*(12), 1727-1748. 10.1002/smj.2180

Drucker, P.F. (1992). Managing for the future: The 1990s and beyond. New York, NY: Truman Talley Books.

Durant, W. (1961). The story of philosophy: The lives and opinions of the great philosophers of the western world. New York, NY: Simon & Shuster.

Eisenbeiss, S.A., Fahrbach, C.M., & Van Knippenberg, D. (2015). Doing well by doing good? Analyzing the relationship between CEO ethical leadership and firm performance. *Journal of Business Ethics, 128*(3), 635-651. doi:10.1007/s10551-014-2124-9.

Eisenbeiss, Fahrbach, & Van Knippenberg (2015) studied the relationship between CEO ethical leadership and firm performance. The study investigated an area which has not been studied to a great extent as CEOs are the most senior leader in an organization. The authors identified the moderating factor of an internal ethics program and a moderating variable of an organizational ethical culture as unique to organizational level analysis. The study found only when a strong internal ethics program is in place, a strong organizational culture exists. Their research indicated a CEO's ethical leadership could effect firm performance by lending validity to an ethics program and proliferate a strong ethical culture.

Eisenbeiss, S.A., & Van Knippenberg, D. (2015). On ethical leadership impact: The role of follower mindfulness and moral emotions. *Journal of Organizational Behavior, 36*(2), 182-195. doi:10.1002/job.1968.

Eisenbeiss, & Van Knippenberg (2015) explored follower extra effort, helping, moral emotions, and mindfulness as contingencies of ethical leadership. The study found the follower's propensity toward extra effort and helping was directly related to their scores on moral emotions and mindfulness. Those who scored higher were more likely to rate ethical leadership as more effective in effecting ethical behavioral outcomes. The study posits the intrinsic nature of the individual receiving a message is just as significant as the message delivered.

Enciso, S., Milikin, C., & O'Rourke, J.S. (2017). Corporate culture and ethics: From words to actions. *Journal of Business Strategy, 38*(6), 69-79. doi:10.1108/JBS-01-2017-0001

Enyinna, O. (2014). Is stakeholder theory really ethical? *African Journal of Business Ethics, 7*(2)10.15249/7-2-38

Federal Deposit Insurance Corporation. (2005). *Corporate Codes of Conduct: Guidance on Implementing an Effective Ethics Program* (Publication No. FIL-105-2005). Retrieved from https://www.fdic.gov/news/news/financial/2005/fil10505.pdf.

In 2005, the Federal Deposit Insurance Corporation released guidance for all publicly traded banks on developing and instituting their internal codes of ethical conduct. The document offers detailed suggestions for what codes of conduct should include, how the code should be instituted, and how to train bank employees on incorporating the code into their everyday work lives. The document and its specific contents are included as a baseline for ethical behavior for bank employees for comparison to actual events.

Fetiniuc, V., & Luchian, I. (2014). Banking ethics: Main conceptions and problems. *Annals of the University of Petrosani: Economics,* (1), 91-102.

Fidell, L.S., & Tabachnick, B.G. (2007). *Using multivariate statistics (5th ed.)*. Boston, MA: Pearson Education, Inc.

Fontrodona, J., Melé, D., & Rosanas, J.M. (2017). Ethics in finance and accounting: Editorial introduction. *Journal of Business Ethics, 140*(4), 609-613. Retrieved from doi:10.1007/s10551-016-3328-y.

Freeman, R.E. (1984). *Strategic management: A stakeholder approach*. Marshfield, MA: Pitman.

Freeman, R.E., Harrison, J.S., & Sá de Abreu, M.C. (2015). Stakeholder theory as an ethical approach to effective management: Applying the theory to multiple contexts. *Revista Brasileira De Gestão De Negócios, 17*(55), 858-869. 10.7819/rbgn.v17i55.2647

Freeman, R.E., & Purnell, L.S. (2012). Stakeholder theory, Fact/Value dichotomy, and the normative core: How wall street stops the ethics conversation. *Journal of Business Ethics, 109*(1), 109-116. 10.1007/s10551-012-1383-6

Frisch, C., & Huppenbauer, M. (2014). New insights into ethical leadership: A qualitative investigation of the experiences of executive ethical leaders. *Journal of Business Ethics,123*(1), 23-43. doi:10.1007/s10551-013-1797-9.

Frisch, & Huppenbauer (2014) researched the behaviors ethical leaders advance toward employees and other stakeholder groups, and the antecedents and consequences of ethical behavior. The study is valuable to the current study because it made use of the Ethical Leadership Scale (ELS), the Ethical Leadership Behavior Scale (ELBS), and the Ethical Leadership at Work Questionnaire (ELWQ) to measure ethical leadership behaviors. Antecedents identified included agreeableness, conscientiousness, moral reasoning, locus of control, cognitive moral reasoning, role modeling, responsibility, justice, and transparency, among others. Consequences included affective organizational

commitment, building follower trust, satisfaction with the leader, satisfaction with the job, psychological well-being, perception of the ethical climate, and optimism about the future of the organization, and organizational citizenship behavior. The study concluded ethical leaders care about stakeholders and identified specific behaviors exhibited in the organizational context.

Giacalone, R.A., & Jurkiewicz, C L. (2016). Organizational determinants of ethical dysfunctionality. *Journal of Business Ethics, 136*(1), 1-12. doi:10.1007/s10551-014-2344-z

Groenland, E.A., Jeurissen, R.J., & Zaal, R.O. (2017). Organizational architecture, ethical culture, and perceived unethical behavior towards customers: Evidence from wholesale banking. *Journal of Business Ethics(1)*, 1-24. doi:10.1007/s10551-017-3752-7

Grusec, J. E. (1992). Social learning theory and developmental psychology: The legacies of Robert Sears and Albert Bandura. *Developmental Psychology, 28*(5), 776-786. doi:10.1037/0012-1649.28.5.776

Harrison, J.S., & Wicks, A.C. (2013). Stakeholder theory, value, and firm performance. *Business Ethics Quarterly, 23*(1), 97-124. 10.5840/beq20132314

Hassan, S., Park, J., & Wright, B.E. (2016). Does a public service ethic encourage ethical behavior? Public service motivation, ethical leadership and the willingness to report ethical problems. *Public Administration, 94*(3), 647-663. doi:10.1111/padm.12248.

Hassam, Park, & Wright (2016) examined the relationship between public service motivation (PSM) and ethical behavior. The study showed those employees that were naturally more inclined to a PSM mentality were more likely to engage in ethical behavior. Further, the study proved leaders who are more inclined to PSM were perceived as better ethical leaders by their subordinates. The primary contribution of the study was ethical leaders wishing to build a more ethical organization should first hire employees and leaders reveal a leaning toward PSM. By hiring more PSM minded employees, ethical leadership can impact firm ethical behavior.

Herzog, L., & Skubinn, R. (2016). Internalized moral identity in ethical leadership. *Journal of Business Ethics, 133*(2), 249-260. doi:10.1007/s10551-014-2369-3.

Herzong, & Skubinn (2016) sought to prove the moral identity of leaders played a valuable part in their effectiveness as ethical leaders. The study proved effective, ethical leadership is predicated on the moral identity and the former cannot exist without the latter. The authors make clear a distinction between true ethical leadership and adopting it as a style. Further, the study indicated the true test of ethical leadership is whether it is used in critical situations such as sudden dilemmas, facing risk, and encountering differing opinions. The study concluded when ethical leaders do possess a strong moral ethic, their actions significantly impact employee deviant behaviors.

Hill, R.P. (2017). Failure of ethical leadership: Implications for stakeholder theory and "anti-stakeholders". *Business and Society Review, 122*(2), 165. 10.1111/basr.12114

Hou, Y., Hung, Y.S., Xu, W., & Zou, Y. (2013). A comparative analysis of Spearman's rho and Kendall's tau in normal and contaminated normal models. *Signal Processing, 93*(1), 261. doi:10.1016/j.sigpro.2012.08.005

Jones, G.R. (2004). Organizational theory, design, and change: text and cases, fourth edition. Upper Saddle River, NJ: Pearson.

Kaptein, M. (2008). Developing a measure of unethical behavior in the workplace: A stakeholder perspective. *Journal of Management, 34*(5), 978-1008. doi:10.1177/0149206308318614

Kaptein (2008) developed a survey tool called “The Measure of Unethical Behavior in the Workplace.” The tool is designed to enable employees to rate the ethical behavior of others within their organizations. The 37-item questionnaire was developed utilizing business codes of ethics as the basis for the items and validated using an eight-step exploratory and confirmatory factor analysis process. The tool has been statistically validated and proven as a reliable instrument for data collection.

Kort, E.D. (2008). What, after all, is leadership? ‘Leadership’ and plural action. *The Leadership Quarterly, 19*(4), 409-425. Retrieved from http://www.sciencedirect.com.ezproxy.liberty.edu:2048/science/article/pii/S1048984308000684.

Although a little outdated, Kort (2008) was included because the author offers a historical perspective on the definition of leadership as it relates to organizational design. The author reviews no fewer than 221 definitions of leadership and advances a condensed and standardized version that have application to the present review. Of particular usefulness, is the author’s comprehensive review of the leadership definition literature. The author explores leadership as an individual characteristic and contrasts this view with a pluralistic approach.

Kumar, R. (2005). Research Methodology: *A step-by-step guide for beginners (Second ed.)* London, England: Sage Publications.

Kumar’s (2005) book on methodology is a solid guide for choosing, formulating, and designing research projects. The author addresses retrospective study design where identifiable events have happened in the past and can be addressed through rich data sets readily available from the time period. Kumar’s assessment and guidance of retrospective

study design is included here because the author offers specific direction for designing and conducting such research.

Lail, B., MacGregor, J., Marcum, J., & Stuebs, M. (2017). Virtuous professionalism in accountants to avoid fraud and to restore financial reporting. *Journal of Business Ethics, 140*(4), 687-704. Retrieved from doi:10.1007/s10551-015-2875-y.

Lampe, D.C., & Richardson, R.J. (2017). The consumer financial protection bureau at five: A survey of the bureau's activities. *North Carolina Banking Institute, 21,* 85-86.

Latham, G.P., & Wexley, K.N. (1981). *Developing and Training Human Resources in Organizations*, Glenview, IL: Scott, Foresman.

Lawton, A., & Paez, I. (2015). Developing a framework for ethical leadership. *Journal of Business Ethics*, *130*(3), 639-649. doi:10.1007/s10551-014-2244-2.

Lawton, & Paez (2015) examined ethical leaders to determine their characteristics, why they behave in certain ways, and the outcomes of their actions. Lawton, & Paez found ethical leaders demonstrate virtues, integrity, and authenticity above all else. The study showed ethical leaders impact organizations by demonstrating ethical values and creating a rewards system which encourages ethical behavior, further lending credence to the social learning theory. Finally, the study concluded ethical leaders behave ethically because their internal values aligned with the approach, demonstrating ethical outcomes are in part due to the ethical nature of the leaders themselves.

Lu, X., Tu, Y. (2016). Do ethical leaders give followers the confidence to go the extra mile? The moderating role of intrinsic motivation. *Journal of Business Ethics*, *135*(1), 129-144. doi:10.1007/s10551-014-2463-6.

Lu, & Tu (2016) took a look at ethical leadership and its effects on employee willingness to provide extra effort. Extra effort is an important consideration because ethical behavior in general is not easy and requires the actor to provide effort over and above the daily requirements of a job. The authors identified general self-efficacy as a mediating role of ethical performance. The study proved ethical leadership does have an impact on self-efficacy and thereby encourages extra effort and ethical behavior. However, the study found extra effort is a byproduct of those who showed an inclination toward self-efficacy, suggesting ethical leaders should seek out and hire competent individuals before attempting to influence their behavior, ethical or otherwise.

Mass, R. (2017). A banker's code of ethics. *Oxford Review of Economic Policy, 33*(2), 257-277.

McCormick, R. (2015). The 'conduct crisis': Will banks ever get it right? *Business Law International, 16*(2), 105-118.

McDonald, O.A. (2016). Holding banks to account for the financial crisis? *Journal of Financial Crime, 23*(1), 45-69. doi:10.1108/JFC-08-2015-0041.

McDonald (2016) examined how the United States government has attempted to hold banks accountable for the financial crisis of 2008. The paper offers a comprehensive review of the fines and penalties paid by the major United States based banks in the aftermath of the crisis. The article provides a comprehensive review of the circumstances and history of the United States housing market and the issues bringing the housing bubble to a head.

Meier, L. L., & Spector, P.E. (2014). Methodologies for the study of organizational behavior processes: How to find your keys in the dark. *Journal of Organizational Behavior, 35*(8), 1109-1119. doi:10.1002/job.1966.

Meier, & Spector (2014) review several methodologies for observing and measuring organizational behavior and evaluate the merits of each approach. The authors establish solid reasoning for such research. Meier, & Spector establish not only can quantitative research triangulate organizational behaviors as they exist at any point in time and which variables are involved, it can further predict how the behaviors will develop over time.

Montja, M. L. (2016). Definition of 'ethics' deconstructed. *Accountancy SA, 1*(4), 52-53. Retrieved from http://search.proquest.com.ezproxy.liberty.edu/docview/1780967766/abstract/495C1F68BFBF4E59PQ/1?accountid=12085.

Montja (2016) offers a definition of ethics pertinent to the discussion and background presented as part of the present research. Montja is an account, and the definition is written about accountancy. However, accountancy is by its very nature a financial concern and the definition presented is applicable. The author stresses the moral aspect of ethics and includes a valuable discussion of the importance of ethical behavior in financial matters. Montja points out an internalized moral code of ethics is invaluable when faced with dilemmas not easily answered with conventional business logic.

Newstrom, J.W., & Ruch, W.A. (1975). The ethics of management and the management of ethics. *MSU Business Topics, 23*(1), 29-37.

Njoroge, P.K., Renn, R.W., Steinbauer, R., & Taylor, R.R., & (2014). Ethical leadership and followers' moral judgment: The role of followers' perceived accountability and self-leadership. *Journal of Business Ethics*, *120*(3), 381-392. doi:10.1007/s10551-013-1662-x.

Njoroge, Renn, & Steinbauer (2014) studied the relationship between ethical leadership and follower ethical judgment. The authors tapped the social learning theory to explain how ethical leadership encouraged follower self-leadership focused on ethics. The study found ethical leadership does, in fact, promote self-leadership and self-efficacy in ethical matters. The authors point out self-leadership focused on ethics requires a deliberate approach to decision-making, suggesting ethical behavior requires thoughtful consideration of alternatives and more than reacting to a situation. The primary takeaway was ethical leaders should hire and encourage individuals to exercise their capacity to make decisions in light of the ethical direction provided by the leader.

Nunnally, J.C. (1978). *Psychometric theory*. New York: NY: McGraw-Hill.

Overdraft fee issues continue to vibrate. (2012). *The Bankers Letter of the Law*, *46*(9), 5. Retrieved from http://go.galegroup.com.ezproxy.liberty.edu/ps/i.do?p=ITOF&u=vic_liberty&id=GALE|A305839245&v=2.1&it=r&sid=summon&userGroup=vic_liberty.

The article was included as part of a regulatory update in a banking specific industry publication. The author includes a review of the fines paid by many of the largest United States banks in conjunction with the United States government's investigation and intervention into overdraft fee charges paid by consumers. The article offers a review of the most egregious overdraft issues investigated and the ultimate costs paid by American consumers.

Parnaudeau, M., Paulet, E., & Relano, F. (2015). Banking with ethics: Strategic moves and structural changes of the banking industry in the aftermath of the subprime mortgage crisis. *Journal of Business Ethics, 131*(1), 199-207. 10.1007/s10551-014-2274-9

Paulet, E. (2011). Banking ethics. *Corporate Governance: The International Journal of Business in Society, 11*(3), 293-300. 10.1108/14720701111138715

Poczter, S. (2016). Banking's ethics problems run much deeper than Wells Fargo. *American Banker*, *1*(220), 1-2.

Rules amendments effective in December; Wells Fargo under fire for sales practices. (2016). *American Bankruptcy Institute Journal*, *35*(10), 8-9. Retrieved from http://search.proquest.com.ezproxy.liberty.edu/docview/1827240391?pq-origsite=summon&http://search.proquest.com/abicomplete?accountId=12085.

The article is a regulatory update in a banking industry publication which offers a succinct summary of the then still developing account scandal at Wells Fargo. Of particular relevance, was the assertion by an industry expert that the issues raised in the case were not limited to Wells Fargo. Rather, the expert indicated the problem was industrywide and a leadership failure.

Rumelt, R.P. (2011). *Good strategy bad strategy: The difference and why it matters.* New York, NY: Random House, Inc.

Salkind, N.J. (2013). *Statistics for people who (think they) hate statistics (Third ed.).* Los Angeles, CA: Sage.

Schoen, E.J. (2017). The 2007–2009 financial crisis: An erosion of ethics: A case study. *Journal of Business Ethics, 146*(4), 805-830. doi:10.1007/s10551-016-3052-7

Schuh, S., Shy, O., Stavins, J., & Triest, R. (2012). An economic analysis of the 2011 settlement between the department of justice and credit card networks. *Journal of Competition Law and Economics, 8*(1), 107-144. doi:10.1093/joclec/nhr020.

Schuh, Shy, Stavins, & Triest (2012) outline the details of the 2010 suit against the Department of Justice and all three major credit card networks: American Express, MasterCard, and Visa. The primary cause for the suit were allegations that the firms involved sought to intentionally keep information from the public which allowed consumers to make more informed decisions about the best ways to pay and take advantage of discounts offered by merchants. The authors assert the purposeful withholding of information amounted to collusion and antitrust violations which cost consumers millions of dollars annually.

Sidel, R. (2015, February 19). American Express loses antitrust lawsuit on merchant rules; justice department claimed rules result in higher fees for consumers, hurt competition. *Wall Street Journal (Online).* Retrieved from http://search.proquest.com.ezproxy.liberty.edu/docview/1656065368?pq-origsite=summon&accountid=12085.

The article published in the *Wall Street Journal* outlines the ultimate ruling of a judge in American Express's fight against an antitrust lawsuit on merchant fees and rules. American Express was the last of the three large merchant processing companies to hold out on settling in the antitrust lawsuit. The suit and subsequent ruling definitively put an end to American Express, MasterCard, and Visa's predatory practices which cost business and consumers billions of dollars due to the cryptic and predatory practices instituted.

Spector, B. (2013). Implementing organizational change: Theory into practice, third edition. Boston, MA: Pearson.

Spector (2013) offers a definition about organizational change. The emphasis of the author's definition focuses on action and influence. The definition is particularly relevant to the discussion because ethical leadership is grounded in action through demonstration, guidance, and actively setting an example. The author stresses leadership can be exercised at all levels of an organization and effective leadership shapes the behaviors of employees. Spector includes a discussion of the tasks associated with leadership which includes communication, establishing goals, forging an emotional bond with employees, and developing new leaders.

Stake, R.E. (2010). *Qualitative research: Studying how things work*. New York, NY: The Guilford Press.

Van Duzer, J. (2010). *Why business matters to God: And what still needs to be fixed*. Downers Grove, IL: Intervarsity.

Van Duzer's seminal work on God's plan for business spells out a new approach based on biblical teachings about the creation, fall, and redemption of man. At the heart of Van Duzer's argument is businesses exist to serve. Businesses serve many ways including providing goods and services communities need to flourish, providing a way for employees to express their gifts as image bearers, and through sustainably creating value for stakeholders. The author argues while profit is a necessary concern, the service outcomes are ultimately the purpose of business.

Viitala, R. (2014). Leadership in transformation: A longitudinal study in a nursing organization. *Journal of Health Organization and Management, 28*(5), 602-618. Retrieved from http://www.emeraldinsight.com.ezproxy.liberty.edu:2048/doi/full/10.1108/JHOM-02-2014-0032.

Viitala (2014) studied the self-perpetuating relationship between leadership and change. The author discussed how leadership can produce change in organizations. Conversely, organizational change produces leaders. Change leadership has the two-pronged effect of both producing the desired change within the organization and develops future leaders.

Watkins, J.P. (2011). Banking ethics and the goldman rule. *Journal of Economic Issues, 45*(2), 363-372. 10.2753/JEI0021-3624450213

Wehinger, G. (2013). Banking, ethics and good principles. *Organization for Economic Cooperation and Development. the OECD Observer*, (294), 14-15.

Yamane, T. (1973). *Statistics: An introductory analysis*. New York, NY: Harper & Row.

Zywicki, T.J. (2012). The economics and regulation of bank overdraft protection. *Washington and Lee Law Review, 69*(2), 1141-1197. Retrieved from http://search.proquest.com.ezproxy.liberty.edu/docview/1021246876/fulltextPDF/328FDADBA9684A4FPQ/1?accountid=12085.

Zywicki (2012) provides a brief history of overdraft protection practices and regulation in the United States. The author argues overdraft protection practices in the United States banking system prey on the uneducated and ill-informed. Those who use overdraft protection most are the same groups of people who cannot afford to pay additional fees for their banking relationships. Zywicki does point out further regulation or wholesale abandonment of the overdraft system could ultimately cost banks and consumers and force many out of the banking system altogether. Moreover, the author acquiesces unethical practices resulting in additional or unwarranted fees should be halted.

Appendix A

CONSENT FORM

Ethical Leadership and the Large, Publicly Traded United States-Based Banks
Jay Rowe
Liberty University
School of Business

You are invited to be in a research study of ethical leadership's relationship with ethical behavior. You were selected as a possible participant because you work at a large, publicly traded United States-based bank. Please read this form and ask any questions you may have before agreeing to be in the study.

Jay Rowe, a doctoral candidate in the School of Business at Liberty University, is conducting this study.

Background Information: The purpose of this study is to explore the relationship between ethical leadership and ethical behavior in the large, publicly traded United States-based banking institutions.

Procedures: If you agree to be in this study, I would ask you to do the following things:

1. Complete an anonymous online survey that should take no longer than 30 minutes.

Risks and Benefits of Participation: The risks involved in this study are minimal, which means they are equal to the risks you would encounter in everyday life.

Participants should not expect to receive a direct benefit from taking part in this study.

Benefits to society include providing financial institution senior management, government regulators, and consumer advocacy groups valuable insight to assist in refining their approaches to hiring, developing, and promoting those in bank leadership positions and providing guidance for overseeing the activities of banking entities. Society in general would benefit from a stronger banking industry.

Compensation: Participants will not be compensated for participating in this study.

Confidentiality: The records of this study will be kept private. In any sort of report I might publish, I will not include any information that will make it possible to identify a subject. Research records will be stored securely, and only the researcher will have access to the records. Any data collected will be stored securely on the researcher's computer. The survey will not collect any personally identifiable information about participants. The data may be used in future studies or presentations regarding the study findings.

Voluntary Nature of the Study: Participation in this study is voluntary. Your decision whether or not to participate will not affect your current or future relations with Liberty University. If you decide to participate, you are free to not answer any question or withdraw at any time prior to submitting the survey without affecting those relationships.

How to Withdraw from the Study: If you choose to withdraw from the study, please exit the survey and close your internet browser. Partial responses will not be included in the study.

Contacts and Questions: The researcher conducting this study is Jay Rowe. You may ask any questions you have now. If you have questions later, **you are encouraged** to contact him at 615-310-8843 or by email at jrowe6@liberty.edu. You may also contact the researcher's faculty advisor, Dr. Keith Mathis at dkmathis2@liberty.edu.

If you have any questions or concerns regarding this study and would like to talk to someone other than the researcher, **you are encouraged** to contact the Institutional Review Board, 1971 University Blvd., Green Hall Ste. 1887, Lynchburg, VA 24515 or email at irb@liberty.edu.

Please notify the researcher if you would like a copy of this information for your records.

Statement of Consent: I have read and understood the above information. I have asked questions and have received answers. I consent to participate in the study.

(NOTE: DO NOT AGREE TO PARTICIPATE UNLESS IRB APPROVAL INFORMATION WITH CURRENT DATES HAS BEEN ADDED TO THIS DOCUMENT.)

To acknowledge your review of this information and proceed to the survey, click here □

Appendix B

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Appendix C

June 15, 2018

[Recipient]
[Title]
[email address]

Dear [Recipient]:

As a graduate student in the School of Business at Liberty University, I am conducting research as part of the requirements for a Doctor of Business Administration degree. The purpose of my research is to explore the relationship between ethical leadership and ethical behavior in the large, publicly traded United States-based banking institutions, and I am writing to invite you to participate in my study.

If you are 18 years of age or older, work in a large, publicly traded United States-based bank, and are willing to participate, you will be asked to complete a short online survey. It should take approximately 30 minutes for you to complete. Your participation will be completely anonymous, and no personal or identifying information will be required.

To participate, click on the link provided below, then complete the consent document and survey.

A consent document is provided as the first page you will see after you click on the survey link. The consent document contains additional information about my research, but you do not need to sign and return it.

Sincerely,

Jay Rowe
Candidate, Doctor of Business Administration at Liberty University

Appendix D

From: MICHAEL EDWARD BROWN <meb239@psu.edu>
Sent: Monday, January 15, 2018 7:23:44 AM
To: Rowe, Jay
Subject: Re: Doctoral Research Permission Request

Hi Jay,

Absolutely-- No need to ask permission. The ELS is freely available.

Good luck with your research!

Mike

Michael E. Brown
Professor of Management and Samuel Patton and Marion Toudy Black Chair in Business
Behrend Honors Program Director and Schreyer Honors Campus Coordinator
Sam and Irene Black School of Business
Penn State Erie, The Behrend College
5101 Jordan Road
Erie, PA 16563-1400
Telephone: (814) 898-6324

From: "Rowe, Jay" <jrowe6@liberty.edu>
To: mbrown@psu.edu
Sent: Saturday, January 13, 2018 10:10:05 AM
Subject: Doctoral Research Permission Request

Hello Dr. Brown,
I hope you are well! My name is Jay Rowe, and I am a candidate for Doctor of Business Administration at Liberty University.

I am writing to request permission to use the Ethical Leadership Scale you developed in your 2005 work, "Ethical leadership: A social learning perspective for construct development and testing." I would use the ELS to measure the prevalence of ethical leadership in large, United States-based banks.

I am happy to share more details about my project if you would like. Thank you in advance for your time and consideration.

Sincerely,
Jay Rowe, Candidate
Doctor of Business Administration
Liberty University

Appendix E

- **Doctoral Research Permission Request**

  Hello Dr. Kaptein, I hope you are well! My name is Jay Rowe, and I am a candidate for Doctor of Business Administration at Liberty University. I am writing to request permission to use the Measure of Unethical Behavior in the Workplace you developed in your 2008 work, Developing a measure of unethical behavior in the workplace: A stakeholder perspective as part of my dissertation project. I am happy to share more details about my project if you would like. Thank you in advance for your time and consideration. I can be reached by email at **Jrowe6@liberty.edu** or by phone at 615-310-8843. Sincerely, Jay Rowe, Candidate Doctor of Business Administration Liberty University

- Muel Kaptein sent the following messages at 2:50 PM

  View Muel's profile 

  Dear Jay, great that you send me a message by LinkedIn. I sent you 3 e-mails from different addresses and my 2 secretaries also tried, but we received all e-mails back with the message that your email system did not work. I will send you the mail below. Best regards, Muel

  

- **View Muel's profile**

  From: Kaptein, Muel Sent: maandag 12 februari 2018 17:35 To: 'Rowe, Jay' <**jrowe6@liberty.edu**> Subject: RE: Doctoral Research Permission Request Dear Jay, Your research sounds very promising! You have my permission to use the scale. I wish you all the best with your research. Best regards, Muel