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**The Dynamics of Ethical Leadership: Unraveling  
Influences on Individual Behavior within  
Organizations**

A Systematic Literature Review

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**ABSTRACT:**

Ethical leadership is a subject of growing interest within organizational psychology and management research. This research addresses the topic of ethical leadership's influence on individual behavior within organizational contexts. Ethical leadership is a crucial factor in shaping the behaviors of employees, affecting not only their performance but also the ethical climate within the organization. This master's thesis endeavors to contribute to the existing research by conducting a systematic literature review to comprehensively examine the mechanisms through which ethical leadership impacts individual behavior.

The primary purpose of this study is to investigate the key mechanisms and mediating factors through which ethical leadership affects individual behavior in organizations. Drawing from a theoretical framework that encompasses trust, moral identity, self-control, work engagement, and ethical decision-making, this research synthesizes the findings from 32 peer-reviewed journal articles published between June 2013 and October 2023. These articles provide critical insights into the intricate relationship between ethical leadership and various facets of individual behavior.

The findings of this systematic literature review illuminate several significant mechanisms by which ethical leadership ideally influences individual behavior. Ethical leadership serves as a catalyst fostering trust and ethical conduct among employees. It influences the development of moral identity and self-control in subordinates, leading to more ethical decision-making processes. Moreover, ethical leadership is linked with increased work engagement, creativity, and enhanced citizenship behaviors among employees. On the other hand, it also plays a role in reducing deviant behaviors and encouraging whistleblowing when ethical transgressions occur. However, the review also identifies the moderating influence of contextual factors, such as perceived organizational support, workplace friendships, organizational cynicism, and cultural context, on the relationship between ethical leadership and individual behavior. In presenting these findings, it is essential to note that they are presented in the most ideal and normative way.

This systematic literature review enhances the understanding of the crucial role ethical leadership plays in shaping individual behavior in organizations. The insights offer valuable contributions for scholars, practitioners, and organizations seeking to improve ethical leadership and elevate individual behavior in the workplace, fostering ethical and productive organizational climates. However, these normative findings, rooted in decision-making theory research, pose practical implementation challenges. Nevertheless, it is crucial to acknowledge that these normative findings present challenges in practical implementation. This research underscores the need for continued exploration of cultural variations, long-term effects, and practical applications in the field of ethical leadership.

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**KEYWORDS:** ethical leadership, individual behavior, organizational context, key mechanisms, mediating factors, systematic literature review

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## Abbreviations

CSR	Corporate Social Responsibility
HR	Human Resources
OCB	Organizational Citizenship Behavior
PRISMA	Preferred Reporting Items for Systematic Reviews and Meta-Analyses
SDT	Social Determination Theory
SET	Social Exchange Theory
SLR	Systematic Literature Review
SLT	Social Learning Theory
SPAR-4-SLR	Scientific Procedures and Rationales for Systematic Literature Reviews

# 1 Introduction

The opening chapter of this master's thesis aims to investigate ethical leadership and individual behavior within an organizational context. This chapter delves into the framework in which the study is conducted, highlighting its importance and the research question it aims to address. Besides, it outlines the research objectives, its key concepts, and provides a roadmap to navigate the upcoming chapters.

## 1.1 Background of the Study

Presently, the state of research within the domain of ethical leadership predominantly concentrates on establishing the connection between ethical leadership and its consequential outcomes. While these studies have significantly contributed to understand the positive impacts of ethical leadership on numerous individual outcomes, including job satisfaction and employee engagement (Guo et al., 2023; Mayer et al., 2012), there exists a notable gap in examining the intricate processes through which ethical leadership affects individual behavior in organizations. Specifically, a deeper examination is required to understand the specific mechanisms and intermediate processes considering that ethical leadership directly influences and shapes individual behavior within organizational settings (Demmke, 2020; Karam et al., 2019).

Although existing literature establishes the positive aspects of ethical leadership on organizational outcomes, it falls short in explicating the detailed pathways and mechanisms that translate this leadership approach into actual individual behaviors. Most studies emphasize the relationship itself rather than dissecting the underlying causal pathways or the behavioral nuances influenced by ethical leadership (Mayer et al., 2012; Lee et al., 2020). This dearth of detailed exploration constitutes a critical gap in the current scholarly landscape and is a pivotal area that this study aims to address (Demmke, 2020; Karam et al., 2019). It seeks to fill this void by uncovering the intricate connections and mechanisms by which ethical leadership distinctly shapes and influences individual behavior within organizational contexts (Kalshoven, Den Hartog, & De Hoogh, 2011).

By weaving these academic research threads together, the master's thesis aspires to bridge the research gap by offering a comprehensive overview of how ethical leadership shapes individual behavior. Importantly, inspiration is drawn from the work of Brown, Treviño, and Harrison (2005) which underscore the significance of ethical leadership and chart future research options. By addressing this research gap, the proposed master's thesis resonates deeply with practical implications for organizations, individuals, and leaders. As the mechanisms through which ethical leadership shapes individual behavior are fathomed, organizations are equipped with invaluable insights. Thus, the research not only advances academic knowledge but also proffers pragmatic solutions, elevating organizational ethics and, consequently, enhancing overall success.

Challenges that make embodying ethical leadership in practice a daunting task are multifaceted. The actual implementation of ethical leadership faces hurdles due to various reasons. For instance, the complex nature of ethical decision-making within dynamic organizational environments poses challenges. The conflicting priorities between short-term business goals and long-term ethical considerations often put leaders in difficult situations (Yukl, 2013). Moreover, the ambiguity and subjectivity surrounding ethical dilemmas can make it arduous for leaders to navigate through decisions (Lee et al., 2020). Additionally, the potential conflict between individual ethical values and organizational objectives can create tension and make the practice of ethical leadership more challenging (Guo et al., 2023). These challenges pose a critical perspective on the practical implications of ethical leadership.

Through this research, a further sophisticated comprehension of ethical leadership's impact on individual behavior will emerge. Enabling organizations to develop effective leadership practices such as workshops, and training, and to promote ethical conduct among employees. However, there is a critical need to further assess the real impact of such practices on individual behavior and to question whether leaders genuinely take advantage of training initiatives. Past literature (Brown, Treviño, & Harrison, 2005; Karam et al., 2019) suggests that workshops and training have a variety of effects on behavior,

impacted by factors beyond the mere delivery of knowledge. Additionally, research highlights the need to consider the actual uptake and implementation of training outcomes by employees and leaders, emphasizing that assumptions regarding their effectiveness may not always align with practical realities.

## 1.2 Research Question and Research Objectives

The study's core objective is to unravel the multifaceted dimensions of ethical leadership's influence on individual behavior. Therefore, the research question is essential in directing the investigation toward a comprehensive understanding of the complex interaction:

What are the mechanisms through which ethical leadership influences individual behavior in organizations?

Aligned with this guiding research question, for the further investigation process the following research objectives have been outlined (Table 1.):

**Table 1.** Research objectives.

	<b>Objective Category</b>	<b>Specific Objectives</b>	<b>Description</b>
1	Ethical Leadership	To investigate the various dimensions, behaviors, and characteristics connected with ethical leadership as discussed in the literature	Exploring various aspects that make up ethical leadership in a workplace
2	Individual Behavior	To explore different dimensions of individual behavior in the organizational context	Understanding how employees behave and engage with their work and organization

3	Mediating Mechanisms	To identify the potential mediating mechanisms that connect ethical leadership to individual behavior	Discovering the processes that explain the relationship between ethical leadership and how individuals act
4	Organizational Factors	To investigate the impact of organizational factors on the ethical leadership individual behavior relationship	Studying how organizations' setup affects how ethical leadership influences employee behavior

### 1.3 Delimitations and Scope

In conducting this study, it is essential to recognize the boundaries within which this research operates and the areas it focuses on. The study zooms in on the dynamic interplay between ethical leadership and individual behavior within organizational contexts. However, it is important to acknowledge the scope constraints. The primary focus is on understanding the fundamental mechanisms that link ethical leadership to individual behavior. While recognizing the diverse organizational landscape, it concentrates on unraveling these key relationships and their immediate influences.

Furthermore, this study relies on a literature-based approach, delving into previously published research, and articles to build the framework. This ensures a strong theoretical foundation but means that the findings are tethered to the existing body of knowledge. This research does not incorporate primary data collection methods or empirical studies. Additionally, it primarily considers the general organizational landscape and does not dive deeply into industry-specific characteristics or case studies.

### 1.4 Key Concepts

This section serves the purpose of providing a conceptual foundation for understanding the research topic. It is essential to define and explain key terms and concepts related to ethical leadership and individual behavior to establish a common understanding

throughout the thesis. Exploring these key concepts offers valuable remarks into the fundamental processes by which ethical leadership shapes individual behavior, thus enriching the comprehension of effective leadership practices and their repercussions on organizational outcomes.

### *Ethical Leadership*

Ethical leadership is a crucial aspect within organizational contexts, characterized by leaders who uphold and demonstrate principles, values, and behaviors that prioritize ethical conduct (Avolio & Gardner, 2005). These leaders act as exemplars for their subordinates, promoting ethical behavior and creating an environment that fosters trust and integrity (Treviño, Hartman, & Brown, 2000). Ethical leaders demonstrate a commitment to fairness, transparency, and accountability in their decision-making processes (Brown, Treviño, & Harrison, 2005). Their actions not only shape the ethical climate of the organization but also influence the attitudes and behaviors of their followers, thereby contributing to a positive work environment conducive to ethical conduct (Avolio & Gardner, 2005; Mayer et al., 2012).

### *Individual Behavior in Organizations*

Individual behavior within the organizational context refers to the actions, attitudes, and responses exhibited by employees in their work-related activities (Podsakoff et al., 2000). It encompasses various factors that influence how individuals behave in the workplace, including their personality traits, motivation, attitudes, and the organizational culture they are a part of (Meyer et al., 2002). Understanding individual behavior is crucial as it has implications for employee performance, job satisfaction, and overall organizational effectiveness (Eisenbeiss, Knippenberg, & Boerner, 2008). By exploring the factors that influence individual behavior it allows a deeper understanding of how ethical leadership impacts employees' attitudes, decision-making, and conduct within organizations.

### *Mechanisms of Ethical Leadership Influence*

Ethical leadership influences individual behavior through various mechanisms and processes. One theoretical perspective that provides insight into these mechanisms is the social learning theory (Mayer et al., 2012; Yukl, 2013). Considering this theory, individuals observe and imitate the behavior of their leaders, especially in cases where individuals consider their leaders to be ethical role models. Ethical leaders who consistently display integrity and ethical conduct can positively influence the attitudes and behaviors of their followers since they provide inspiration and direction (Avolio & Gardner, 2005). Another relevant framework is the social exchange theory, which posits that ethically minded leaders establish a social exchange with their subordinates (Dirks & Ferrin, 2002).

By promoting ethical behavior and establishing a supportive work atmosphere, ethical leaders build trust and reciprocity with their followers. In return, employees have a higher probability of participating in constructive organizational actions, such as ethical decision-making and ethical behavior (Walumbwa et al., 2011). Additionally, moral identity theory suggests that ethical leaders can influence individual behavior by activating followers' moral identities (Rest et al., 1999). Ethical leaders who consistently display and reinforce ethical values can help individuals align their behavior with these values, thereby fostering a stronger sense of moral identity and influencing their ethical conduct (Aquino & Reed, 2002). Through the exploration of these theoretical perspectives, a comprehension of the essential mechanisms by which ethical leadership molds individual behaviors within organizational settings can be attained.

### *Meditating and Moderating Factors*

Apart from the direct impact of ethical leadership on individual behavior, there are several mediating and moderating factors that shape this relationship. The role of organizational culture is critical in mediating the impact of ethical leadership (Treviño, Weaver, & Brown, 2008). When an organization's culture aligns with ethical values, it strengthens the impact of ethical leadership on individual attitudes and behaviors. Conversely, a weak ethical culture may undermine the effects of ethical leadership. Moreover,

organizational justice, which encompasses justice through distribution, administrative justice, and interactional fairness, significantly influences the behavioral outcomes driven by ethical leadership (Colquitt et al., 2001). Fairness perceptions about how employees are treated and decisions are made within an organization influence their behavior. Positive perceptions of fairness foster trust, commitment, and cooperation, aligning with the objectives set by ethical leaders.

Additionally, workplace attributes like independence, importance of the task, and feedback, can moderate the relationship between ethical leadership and individual behavior (Demmke, 2020). Positive job characteristics can enhance the influence of ethical leadership on employee behavior by fostering a sense of responsibility and intrinsic motivation. Furthermore, individuals' behavior can be significantly influenced by social determination theory (Deci & Ryan, 2000). This theory emphasizes the function of independence, capability, and connection in determining an individual's motivation and behavior. When leaders support employees' autonomy and help fulfill their psychological needs, it strengthens the beneficial effects of ethical leadership on behavior by promoting self-motivation and personal development.

Lastly, personal values also interact with ethical leadership to shape individual behavior outcomes. When employees' values align with the ethical values promoted by their leaders, they are more likely to behave ethically (Hofstede & Hoppe, 2004). Conversely, when there is a value incongruence between employees and their leaders, the influence of ethical leadership on individual behavior may be weakened. By considering these mediating and moderating factors, a thorough grasp of the intricate interplay between ethical leadership and individual behavioral outcomes in organizational contexts can be achieved.

## **1.5 Structure of the Thesis**

This thesis unfolds through five chapters. Starting with the first chapter (1.), the introduction, lays out the background of the study, research questions, and objectives.

Proceeding to the second chapter (2.), the theoretical part includes relevant existing literature and theories on leadership, organizational behavior, and their interconnections. The third chapter (3.) unfolds the research methodology of the literature-based analysis, focusing on the three stages of a systematic literature review (SLR) and the planning, conducting, and reporting of the review. Chapter four (4.) is devoted to presenting the findings derived from this thesis analyzing ethical leadership and individual behavior literature. Finally, the fifth chapter (5.) summarizes the results of the literature-based analysis and provides practical applications and recommendations. This chapter also clearly discusses limitations and concludes the thesis. The references follow, completing the structure.

The figure below (Figure 1) summarizes the content components of this thesis:



**Figure 1.** Structure of the Thesis.

## **2 Theoretical Background**

In this chapter, the theoretical framework will be introduced that underlines the examination of ethical leadership and its impacts on individuals. The purpose of this chapter is to provide a comprehensive overview of the key concepts, theories, and models that form the foundation of ethical leadership research in the organizational context. By the establishment of a convincing theoretical foundation, this framework will guide the upcoming analysis and interpretation of findings in the following chapters.

### **2.1 Ethical Leadership**

Ethical leadership is a crucial aspect of organizational behavior that has gained significant attention in recent years. Ethical leaders ideally act as exemplars, showcasing ethical values and conduct, and exerting a profound influence on individuals within the organization. Recognizing the connection between ethical leadership and individual behavior is essential for organizations aiming to cultivate a positive work atmosphere and encourage ethical conduct among their employees.

#### **2.1.1 Definitions and Conceptualization**

Ethical leadership is a multidimensional concept that encompasses the moral dimension of leadership behavior, emphasizing the ethical values, principles, and decision-making processes employed by leaders (Avolio & Gardner, 2005; Kalshoven, Den Hartog, & De Hoogh, 2011). Several definitions and perspectives on ethical leadership exist in the literature, reflecting the various dimensions and aspects of ethical leadership. For instance, Brown, Treviño, & Harrison (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."

(Brown, Treviño, & Harrison, 2005, p. 120).

Furthermore, researchers such as Avolio and Gardner (2005) accentuate the core elements of integrity, honesty, and ethical role modeling as foundational to ethical leadership. Heres and Lasthuizen (2012) contribute to this discourse by emphasizing the significance of ethical leadership in fostering a culture of ethical decision-making. Their research underlines the need for leaders to not only demonstrate ethical conduct themselves but also to actively promote and encourage such behavior among their followers. They stress the crucial role of leaders in establishing ethical norms and values within an organization, thereby creating a climate conducive to ethical decision-making.

In exploring ethical leadership, it is essential to take into account the role of trustworthy leadership in building organizational trust. Mayer, Davis, and Schoorman (1995) offer a comprehensive organizational trust model, shedding light on the components that contribute to fostering trust within an organization. Trust in leadership has been recognized as a crucial component influencing various organizational outcomes (Dirks & Ferrin, 2002). As ethical leaders demonstrate normatively appropriate conduct, their trustworthiness becomes a cornerstone in cultivating a positive work environment.

Conversely, the literature also delves into the darker aspects of leadership, emphasizing the existence of destructive leadership. Padilla, Hogan, and Kaiser (2007) introduce the "Toxic Triangle," demonstrating the interaction of toxic leaders, naive followers, and encouraging circumstances. Kellerman (2004) further explores the various forms of bad leadership, shedding light on the impact of destructive leadership on organizational dynamics. These perspectives serve as a stark reminder that ethical leadership is not only about positive exemplification but also involves guarding against detrimental leadership behaviors.

Lastly, in examining ethical leadership it also requires acknowledging the potential for amoral leadership behaviors in the pursuit of organizational success. Treviño, Weaver, and Reynolds (2006) contribute to this discourse by reviewing behavioral ethics in organizations, offering insights into amoral behaviors and their implications. This nuanced

understanding reinforces the importance of considering not only positive ethical leadership but also the potential challenges posed by amoral leadership behaviors.

### **2.1.2 Characteristics and Dimensions of Ethical Leadership**

Ethical leadership is typified by leaders who embody ethical behavior and act as moral examples for their followers (Treviño, Brown & Hartman, 2003). They promote ethical conduct by sticking to high ethical standards and values, making fair and principled decisions, and engaging in ethical communication and interactions with their followers (Den Hartog & De Hoogh, 2009). Ethical leaders put the welfare of their followers and stakeholders first, encourage social responsibility, and cultivate a climate of trust, transparency, and ethical awareness within the organization (Kalshoven, Den Hartog & De Hoogh, 2011).

Ethical leadership encompasses several key dimensions. Firstly, it involves moral character, where leaders demonstrate integrity, honesty, and consistency between their words and actions. Ethical leaders act by ethical principles and values, and they are committed to ethical behavior in all aspects of their leadership role (Mayer et al., 2009). Secondly, ethical leadership involves moral behaviors, where leaders participate in ethical decision-making processes and promote ethical conduct among their followers. They take into account the ethical implications of their choices and conduct, and they encourage their subordinates to do the same (Treviño, Brown & Hartman, 2003).

While ethical leadership has been connected to favorable perceptions among employees' attitudes and behaviors, it is essential to critically examine its practicality and realism within organizational contexts. The expectation for leaders to not only be moral persons but also moral managers can pose challenges. Paul Bloom, in "Against Empathy", discusses the limits and dangers of being excessively nice, empathetic, friendly, engaged, and emotional, suggesting that a balance between empathy and rational decision-making is crucial in leadership (Bloom, 2016). Applying this perspective to ethical leadership,

one might consider the potential risks of leaders being overly friendly or too emotionally connected, potentially blurring the lines between personal and professional boundaries.

Ethical leadership has a strong influence on employee attitudes within organizations. Research has consistently demonstrated that individuals who consider their leaders as ethical are more likely to possess a more optimistic attitude toward their position and the organization as a whole. An atmosphere of justice, respect, and trust is encouraged by moral leaders, which fosters high levels of job satisfaction and organizational commitment (Mayer et al., 2012).

The connection between leaders and followers is fundamentally based on trust. Ethical leaders who act with integrity and demonstrate transparency and honesty gain the trust of their employees (Brown & Treviño, 2006). Employees who trust their leaders are inclined to experience psychological safety, speak up with their ideas and concerns, and engage in open and honest communication. This trust-building process results in increased levels of organizational commitment and individual job satisfaction. The concept of trust can also be viewed critically. Distrust within an organization may emerge when leaders fail to meet the expectations set by their ethical standards (Dirks & Ferrin, 2002). Leaders must navigate the delicate balance of building trust while avoiding the pitfalls of blind trust that can undermine critical thinking and accountability.

In addition to trust, ethical leadership influences perceptions of fairness and justice within the organization. Ethical leaders are committed to treating employees equitably and making fair decisions (Mayer et al., 2009). When individuals believe that their leaders are equal and reasonable, they are more likely to feel appreciated and respected, resulting in increased job satisfaction and a positive organizational climate (Eisenbeiss, van Knippenberg & Boerner, 2008).

Ethical leadership is also correlated to employee job performance. Employee perception of ethical leadership increases the likelihood of participating in organizational citizenship

behavior (OCB), which is defined as discretionary actions that go above and beyond the obligations of their positions. OCB includes actions like offering assistance to coworkers, offering to take on additional tasks, and showing support for the organization (Podsakoff et al., 2000). Ethical leaders create a work environment that encourages and rewards OCB. By promoting these ethical leaders foster a sense of belongingness and organizational citizenship among employees. Employees who experience appreciation and worth are more apt to invest their time and effort in activities that benefit the organization, resulting in a rise in job performance (Walumbwa et al., 2011).

Moreover, ethical leadership influences employee task performance. Ethical leaders set high standards for performance and provide individuals with the tools they need and support to achieve those standards (Brown & Treviño, 2006). By creating a climate of fairness and transparency, ethical leaders enhance employee motivation and commitment to achieving organizational goals. Employees who are inspired by ethical leaders tend to exhibit higher levels of task performance, as they are motivated to excel in their roles and contribute to the overall success of the organization (Eisenbeiss, van Knippenberg & Boerner, 2008).

Ethical leadership has implications for employee well-being, encompassing their physical, psychological, and emotional health. Individuals who believe that their leaders act ethically experience higher levels of job satisfaction, which is closely linked to overall well-being (Judge & Bono, 2001). By fostering an ethical climate and demonstrating ethical behaviors, leaders help provide employees with a feeling of significance and meaning in their jobs (Brown & Treviño, 2006). Individuals who believe their work effort has a positive impact on others and aligns with their values experience increased degrees of mental health, including increased self-esteem with a feeling of accomplishment (Walumbwa et al., 2011). In addition, ethical leaders prioritize employee development and growth. They provide support and guidance to employees, encouraging their professional and personal growth (Avolio & Gardner, 2005). This support enhances employees' self-

efficacy and job engagement, leading to increased levels of psychological well-being (Eisenbeiss, van Knippenberg & Boerner, 2008).

### **2.1.3 Ethical Leadership Theories and Models**

In investigating ethical leadership and its influence on individuals within organizations, a deep dive into theoretical models and frameworks within this research field is essential. One particularly influential theoretical model is transformational leadership, placing a strong emphasis on the ethical dimensions of leadership (Bass & Riggio, 2006). Transformational leaders inspire and motivate their followers by utilizing their higher-order needs, highlighting ethical values, and encouraging ethical conduct (Mayer et al., 2012). Transformational leaders are recognized for their charm, energizing inspiration, stimulating intelligence, and thoughtfulness, which create a positive and ethical organizational climate. They function as ethical role models, encouraging trust and commitment among their followers (Bass & Riggio, 2006).

However, it is crucial to acknowledge that the transformative influence and power of leaders, while often positive, can also have negative implications. The very traits that make transformational leaders effective ethical role models, such as charisma and inspirational motivation, can, in certain circumstances, be used to influence followers detrimentally. The concept of transformational leadership, when taken to an extreme, may result in leaders wielding their influence for unethical purposes, manipulating followers, and compromising organizational values. This nuanced perspective underscores the need for a critical examination of leadership behaviors and the potential ethical pitfalls associated with powerful leadership styles (Eisenbeiss, van Knippenberg & Boerner, 2008).

Authentic leadership stands as another significant framework that highlights the significance of genuine leadership behavior and authenticity in ethical leadership (Avolio & Gardner, 2005). Authentic leaders are considered as transparent, self-aware, and guided by ethical principles. They ensure their actions align with their values and beliefs,

nurturing trust, open communication, and ethical conduct among their followers (Avolio & Gardner, 2005). By promoting a sense of purpose and ethical decision-making, authentic leaders are essential in shaping an ideal organizational culture. It is essential to critically examine the concept of authentic leadership. While authenticity is lauded in leadership, its subjective nature raises questions about how it is perceived by followers and whether it may inadvertently lead to a biased or selective interpretation of a leader's behavior. Additionally, the concentration on the leader's self-awareness and transparency may not always align with the complex and diverse characteristics of organizational dynamics. A leader's authenticity might be contingent on individual perceptions and cultural nuances, posing challenges to the universality of authentic leadership as an ethical framework (Gardner et al., 2011).

Servant leadership, as introduced by Greenleaf (n.d.), centers on the dedication of the leader to helping others and placing their needs first, in harmony with ethical principles (Kalshoven, Den Hartog & De Hoogh, 2011). Servant leaders embody traits such as humility, empathy, and a significant emphasis on the growth and welfare of their followers. They empower their followers, encourage ethical behavior, and cultivate a culture of ethical responsibility and care within the organization (Greenleaf, n.d.). The critical assessment of the application of servant leadership can be attributed to Kalshoven, Den Hartog, and De Hoogh (2011). They emphasize that while the servant leadership model is rooted in ethical principles, its effectiveness may vary based on organizational structures, cultural values, and industry norms. Challenges may emerge, particularly in hierarchical or fast-paced environments, where prioritizing followers' needs may conflict with the demands for efficiency and quick decision-making.

These theoretical models and frameworks highlight the value of ethical leadership in fostering ethical behavior and organizational outcomes. Providing insights into how leaders can influence the behavior and attitudes of their followers in ethical contexts. Ethical leadership models emphasize the ethical dimensions of leadership behavior, highlighting the significance of ethical values, integrity, and responsible decision-making.

## **2.2 Ethical Leadership and Influence on Individual Behavior**

The study of individual behavior delves into the complex field of human interactions, behaviors, and decisions within an organization. One essential component in this field is ethical decision-making it involves the art of making choices that are in line with moral principles and values. This chapter delves into the role of individual behavior within organizational contexts, shedding light on the various influences that shape individual behavior and guide ethical decision-making in the workplace.

### **2.2.1 Individual Behavior in Organizations**

The distinctiveness of individuals significantly shapes their behaviors in organizational settings. Everyone carries their blend of personal traits, life encounters, values, and viewpoints, which collectively affect their interpretation of and reactions to situations within an organization. Research has highlighted the substantial impact of personality attributes like extraversion, conscientiousness, and emotional stability on a range of organizational aspects, spanning from job performance and satisfaction to the effectiveness of leadership (Judge & Bono, 2001).

Individual factors play a vital part in forming ethical behavior within organizations. Personal values, moral development, and individual moral identity are crucial in influencing how individuals perceive ethical issues and make ethical choices (Reidenbach & Robin, 1990). Personal values are deeply held beliefs that guide individuals' attitudes and behaviors. Individuals who have high ethical standards are more inclined to act morally in the workplace (Schwartz, 1992). When individuals align their actions with their values, they are driven by a feeling of moral duty to behave ethically, even in challenging situations.

Furthermore, ethical decision-making within the workplace is profoundly influenced by an individual's values and attitudes. Personal values, representing deeply ingrained

convictions regarding what holds importance and ethical correctness, serve as guiding beacons for one's actions and underlie their ethical assessments (Schwartz, 1992). Concurrently, attitudes, encompassing elements like job contentment and dedication to the organization, significantly mold an individual's approach to their professional responsibilities, interactions with coworkers, and the ethical decisions they make (Meyer et al., 2002).

Moreover, cultural factors assume a pivotal role in shaping individual behaviors and ethical decision-making culture comprises shared beliefs, values, norms, and practices that characterize specific groups or societies. Diverse cultural backgrounds can exert a considerable influence on how individuals perceive and act upon ethical matters (Hofstede & Hoppe, 2004). According to Hofstede, Hofstede & Minkov, leadership styles differ significantly depending on organizational culture, traditions, and values within the given cultural framework (Hofstede, Hofstede, & Minkov, 2010). This implies that effective leadership practices depend on the awareness and ability to adjust to the peculiarities in the culture of an organization.

Furthermore, individual moral identity takes a crucial part in forming ethical behavior. The concept of individual moral identity describes how much individuals consider their moral values as an inherent component of their self-concept (Aquino & Reed, 2002). Among those individuals characterized by a robust moral identity, a higher tendency for ethical conduct and the manifestation of qualities emblematic of ethical leadership are observed (Treviño, Hartman & Brown, 2000). Essentially, these individuals perceive themselves as loyal supporters of moral principles and behave themselves to their values, even when facing ethical dilemmas.

### **2.2.2 Factors Influencing Ethical Decision-Making by Individuals**

Ethical decision-making is a cognitive process through which individuals evaluate ethical dilemmas and choose the most morally righteous path for proceeding. Several frameworks and models have been brought out for understanding the ethical decision-making

process. Herbert Simon's work in "Administrative Behavior" introduces the theories of bounded rationality and satisficing, acknowledging that decision-makers often make choices that are satisfactory rather than optimal (Simon, 1997). This perspective adds depth to the understanding of how individuals approach ethical decision-making in complex organizational environments. Another prominent model in this domain is the one proposed by the Markkula Center for Applied Ethics at Santa Clara University (2021), which comprises five distinct stages: (1) acknowledging the moral dilemma, (2) gathering information, (3) weighting potential courses of actions, (4) making a choice, and (5) implementing and considering on the decision.

Moreover, ethical decision-making is influenced by theoretical perspectives such as ethical behavioralism and the theory of moral reasoning at the workplace. Ethical behavioralism suggests that individuals past ethical behavior influences their future ethical choices and actions (Bazerman & Tenbrunsel, 2011). The theory of moral reasoning at the workplace, as proposed by Kvalnes (2015), posits that individuals' moral reasoning processes impact their ethical decision-making in professional settings.

The ethical decision-making process is notably shaped by individual factors. Aspects such as personal values, moral development, and the core of one's moral identity play pivotal roles in influencing how individuals perceive and navigate ethical dilemmas (Reidenbach & Robin, 1990). Moreover, individuals with elevated levels of moral reasoning, marked by their capacity to deliberate from multiple perspectives and moral principles, are inclined to make moral decisions more frequently (Rest et al., 1999). These factors collectively underscore the intricate interplay between individual characteristics and ethical decision-making.

Additionally, scholars like Bazerman & Tenbrunsel (2011) have highlighted the concept of "blind spots" in ethical decision-making, emphasizing that individuals may have cognitive biases or overlook ethical considerations due to various factors. Recognizing and addressing these blind spots is crucial for enhancing the ethical decision-making process

in organizations. Ethical decision-making is a multifaceted process influenced by individual characteristics, social factors within the organizational context, and various theoretical perspectives that shape how individuals navigate ethical dilemmas (Bazerman & Tenbrunsel, 2011).

### **2.2.3 Challenges in Promoting Ethical Conduct in Organizations**

Ethical conduct holds a fundamental place within organizational dynamics, serving as a foundation for the maintenance of trust, fostering positive work relationships, and the achievement of long-term success. The field of ethical behavior has a positive impact on various outcomes at the organizational level, comprehensive aspects like employee commitment, job satisfaction, and the demonstration of corporate responsibility (Mayer et al., 2012). Individuals who exhibit ethical behavior demonstrate integrity, honesty, and accountability in their actions. They act under moral principles and organizational values, even in the face of ethical challenges. Ethical behavior is not only beneficial for individuals themselves but also contributes to the overall ethical climate of the organization (Mayer et al., 2012).

Organizational leaders are essential in fostering ethical conduct among their team members. Ethical leadership practices which involve role modeling, ethical decision-making, and fostering an ethical culture, exert a significant influence on the ethical behavior of employees (Brown, Treviño & Harrison, 2005). Leadership behavior represents a crucial factor in shaping the ethical behavior of individuals within an organization. Ethical leaders function as exemplars, showcasing qualities of integrity, transparency, and accountability (Brown, Treviño & Harrison, 2005). Through their manifestation of ethical behavior and their prioritization of ethical decision-making, these leaders create an environment that cultivates ethical behavior among their followers. Furthermore, leaders influence the ethical environment by establishing ethical benchmarks, communicating expectations, and enforcing ethical policies and procedures (Bass & Riggio, 2006).

Organizational factors also significantly influence ethical behavior within the workplace. The organizational culture, ethical climate, and leadership behavior all play crucial roles in shaping employees' ethical judgments and choices (Treviño, Hartman & Brown, 2000). Within an organization, common values, beliefs, customs, and behaviors are referred to as organizational culture. A strong ethical culture promotes ethical behavior by setting clear expectations, fostering open communication, and holding individuals accountable for their actions (Cullen, Victor & Stephens, 1989). When ethical behavior is consistently valued and rewarded, it becomes ingrained in the organizational fabric. An organization's ethical atmosphere is a reflection of its members' collective perception of ethical norms and practices. Ethical climate influences individuals' ethical decision-making by providing cues about what behavior is acceptable or expected (Cullen, Victor & Stephens, 1989). When employees perceive a positive ethical climate that supports ethical behavior, they are inclined to behave ethically more often.

While the beneficial effects of ethical behavior on organizational outcomes are well-established, it is essential to acknowledge the potential challenges and limitations in promoting and sustaining ethical conduct within complex organizational settings. Research by Jones and Gaultschi (1988) implies that the correlation between ethical behavior and organizational success may not always be straightforward. Organizational contexts characterized by intense competition, rapid change, and resource constraints may create ethical dilemmas where individuals face conflicting demands, potentially leading to ethical compromises.

Moreover, the assumption that ethical leadership inevitably translates into ethical behavior among employees requires careful scrutiny. Some scholars argue that the effectiveness of ethical leadership can be contingent on various factors, including the consistency of leaders' ethical behavior, the alignment between leadership values and organizational practices, and the extent to which ethical expectations are reinforced throughout the organization (Avolio & Gardner, 2005; Mayer et al., 2012).

Additionally, the role of organizational culture in shaping ethical behavior is complex. While a strong ethical culture is often advocated, it is crucial to recognize that organizational cultures are multifaceted and may harbor conflicting values. Critical perspectives, such as those presented by Treviño, Weaver, and Reynolds (2006), highlight the challenges of managing ethical ambiguity within organizational cultures. In situations where ethical expectations are unclear or contradictory, employees may struggle to make ethically sound decisions. While ethical behavior is undeniably beneficial for organizational well-being, a nuanced understanding of the challenges and contextual factors influencing ethical conduct is vital for developing effective strategies to promote and sustain ethical behavior in the workplace.

### **2.3 Mechanism of Ethical Leadership Influence**

One prominent theoretical perspective that elucidates the mechanisms of ethical leadership influence is social learning theory (SLT). SLT holds the notion that individuals adopt new behaviors by watching and copying the acts of others, particularly authority figures and role models. Ethical leaders serve as moral exemplars, displaying ethical conduct, fairness, and integrity in their actions, which can inspire and shape the ethical behavior of their followers (Bandura, 1986). Through observational learning and the emulation of ethical leaders, employees internalize ethical values, develop a moral identity, and exhibit ethical behaviors in their roles (Mayer et al., 2009).

Another relevant framework is social exchange theory (SET), which argues that individuals have a mutual connection with their leaders in which they exchange various resources and benefits. Ethical leaders create a positive ethical climate, in such employees feel valued, supported, and appreciated, fostering a sense of psychological safety and a willingness to reciprocate the ethical behaviors demonstrated by their leaders (Eisenbeiss, van Knippenberg & Boerner, 2008). This reciprocal exchange promotes ethical behavior as employees perceive it to be mutually beneficial and aligned with their values and self-interests.

Furthermore, moral identity theory provides insights on how ethical leadership affects individual behavior. This theory suggests that individuals have an internalized moral self-concept, which guides their ethical decision-making and behavior. Ethical leaders who consistently demonstrate ethical conduct and moral values can activate and strengthen the moral identities of their followers (Aquino & Reed, 2002). By fostering a sense of moral identity, ethical leaders encourage their employees to prioritize ethical considerations and align their behavior with ethical standards, resulting in enhanced ethical decision-making and actions (Cullen, Victor & Stephens, 1989).

Additionally, social determination theory (SDT) offers a valuable perspective on understanding the motivational factors underlying ethical behavior within the context of ethical leadership. SDT asserts that individuals' psychological requirements for relatedness, competence, and autonomy are intrinsic. Ethical leaders, by fostering a positive ethical climate and promoting trust and fairness, contribute to meeting these fundamental psychological demands. When individuals feel supported, valued, and connected within the organization, they have a higher probability to internalize ethical values and engage in ethical behaviors willingly (Deci & Ryan, 2000).

In summary, while prevailing literature emphasizes the beneficial effects of ethical leadership on individual behavior, a nuanced examination reveals potential challenges and areas of scrutiny. Theoretical perspectives, including social learning theory, social exchange theory, moral identity theory, and social determination theory, provide valuable frameworks for comprehending the mechanisms by which ethical leadership purportedly influences behavior. However, a critical lens prompts consideration of the limitations and complexities inherent in these theoretical constructs.

The presumption that ethical leaders invariably serve as unblemished role models may overlook instances where leaders face ethical dilemmas or exhibit inconsistencies in their behavior (Brown, Treviño & Harrison, 2005). Moreover, the creation of a positive ethical climate, while theoretically beneficial, may encounter practical challenges in

diverse organizational contexts where conflicting values and priorities prevail (Treviño, Weaver & Reynolds, 2006). Additionally, the presumed seamless alignment between leaders' efforts to develop employees' moral identities and the actual internalization of ethical values warrants surveillance. Employees' moral identity development may be influenced by a myriad of factors beyond the leader's sphere of influence, including personal experiences and societal norms. As such, the effective use of ethical leadership in shaping moral identity may vary considerably among individuals (Treviño, Weaver & Reynolds, 2006).

While understanding these mechanisms is crucial, organizations must also acknowledge the dynamic and context-dependent nature of ethical leadership effectiveness. Theoretical frameworks provide valuable insights, yet real-world application may necessitate a more flexible and adaptive approach, considering organizational dynamics, cultural nuances, and the evolving nature of ethical challenges within the workplace. A critical appraisal encourages organizations to view ethical leadership not as a one-size-fits-all solution but as a dynamic approach that necessitates regular reflection, adaptation, and responsiveness to the multifaceted nature of individual behavior within the organizational context. Incorporating such critical perspectives into the understanding of ethical leadership practices allows organizations to navigate the complexities inherent in promoting ethical behavior and enhancing overall organizational effectiveness (Aquino & Reed, 2002; Mayer et al., 2012; Deci & Ryan, 2000; Treviño Weaver & Reynolds, 2006).

## **2.4 Mediating and Moderating Factors**

Apart from understanding the direct influence of ethical leadership on individual behavior, it is crucial to consider the mediating and moderating factors that can shape this relationship. Several factors within the organizational context have been recognized as potential mediators or moderators of the link between ethical leadership and individual behavior. This subchapter explores some of these factors, such as organizational culture, job characteristics, ethical climate, and personal values, and elucidates how they interact with ethical leadership to shape individual behavior outcomes.

Organizational culture is crucial in mediating the connection between ethical leadership and individual behavior. An ethical organizational culture, characterized by shared values, norms, and practices that prioritize ethical behavior, can enhance the result of ethical leadership on individual behavior (Demmke, 2020; Guo et al., 2023; Karam et al., 2019). Recent research by Paul Vorster and Leon van Vuuren has explored innovative approaches in measuring organizational culture, providing organizations with valuable tools to assess and understand their cultural dynamics (Vorster & van Vuuren, 2022). Incorporating these advancements into the exploration of mediating factors can enhance the precision with which organizational culture is examined concerning ethical leadership and individual behavior.

The relationship between ethical leadership and individual behavior is further explained when considering the mediating role of job characteristics. Research indicates that job characteristics, encompassing autonomy, meaningfulness, and feedback, play a pivotal role in moderating the influence of ethical leadership on individual behavior (Rubin, Munz & Bommer, 2005). When employees have autonomy in decision-making, they are more inclined to align their actions with ethical values, thereby exhibiting ethical behavior. Simultaneously, employees who find their work personally meaningful and receive feedback emphasizing the ethical dimensions of their performance are highly motivated to engage in ethical behavior (Bass & Riggio, 2006). This increased motivation increases the impact of ethical leadership, highlighting the complex interplay of factors that shape ethical conduct within organizations.

The relationship between job autonomy and individual behavior is multifaceted. While more job autonomy is generally associated with higher motivation, it is essential to acknowledge that the impact can vary. Some studies indicate that heightened job autonomy may lead to increased stress and reduced job control in certain situations (Clegg, Kornberger & Pitsis, 2008). This nuanced perspective prompts a deeper examination of

the conditions under which job autonomy aligns with positive outcomes and when it may contribute to adverse effects.

Consideration of additional organizational factors such as organizational justice, working conditions, and HR management practices is integral to comprehending the intricate interplay between ethical leadership and individual behavior. Research has suggested that perceptions of organizational justice, including distributive, procedural, and interactional justice, influence employees' ethical decision-making and behavior (Colquitt et al., 2001). In environments where employees perceive fairness in the distribution of rewards, transparency in decision-making processes, and respectful treatment, the positive effects of ethical leadership may be more pronounced. Additionally, working conditions, including workload, stress levels, and job control, can act as moderators, influencing the manifestation of ethical behavior. While increased job autonomy is often linked to higher motivation, it is crucial to recognize that, at times, it may also lead to heightened stress and reduced job control (Clegg, Kornberger & Pitsis, 2008).

The ethical climate, which concerns the collective perceptions of ethical and unethical conduct within an organization, is essential in balancing the relationship between ethical leadership and individual behavior (Cullen, Victor & Stephens, 1989). A positive ethical climate, characterized by explicit ethical expectations, support for ethical behaviors, and the presence of ethical role models, strengthens the effect of ethical leadership on individual behavior. Ethical leaders, as highlighted in the work of Kalshoven et al. (2011), shape this ethical climate through the establishment and reinforcement of ethical standards, fostering trust, and encouraging transparent discussions regarding ethical concerns. Consequently, a positive ethical climate fosters employees' identification with ethical values, their commitment to ethical behavior, and their willingness to link their actions with ethical norms.

Furthermore, personal values of employees can moderate the connection between ethical leadership and individual behavior. Individuals with strong personal values and moral

identities are vulnerable to being impacted by ethical leadership and exhibit ethical behavior (Mayer et al., 2012; Treviño, Brown & Hartman, 2003). When the values of ethical leaders align with the personal values of employees, the influence of ethical leadership on personal conduct is amplified. Individuals who hold similar values as their ethical leaders have a greater willingness to perceive their behavior as congruent with their values, fostering a sense of moral obligation and commitment to ethical conduct (Brown & Treviño, 2006).

In summary, various factors mediate or moderate the connection between ethical leadership and individual behavior. Organizational culture, job characteristics, ethical climate, and personal values all play significant roles in shaping the impact of ethical leadership on individual behavior outcomes. A supportive organizational culture and favorable job characteristics enhance the impact of ethical leadership, while an ethically favorable environment encourages ethical behavior among employees. Additionally, personal values interact with ethical leadership to determine the degree to which individuals are affected by ethical leaders and exhibit ethical behavior. Understanding these mediating and moderating factors allows organizations to design interventions and strategies that leverage ethical leadership more effectively and foster a culture of ethical behavior (Brown & Treviño, 2006; Kalshoven, Den Hartog & De Hoogh, 2011; Mayer et al., 2012).

### **3 Research Methodology: Systematic Literature Review (SLR)**

This chapter underpins the chosen research methodology, the Systematic Literature Review (SLR). Beginning with an explanation of SLR's rationale and approach, it progresses through its three distinct stages—Planning, Implementing, and Reporting. The purpose of this chapter is to unravel the intricate relationship between ethical leadership and individual behavior within the structured framework of SLR.

#### **3.1 Introduction to Systematic Literature Review**

The systematic literature review is a structured research approach used to synthesize existing publications on a specific topic. It follows a systematic and transparent process that involves identifying, selecting, appraising, and analyzing relevant studies from diverse sources (Kitchenham & Charters, 2007). By employing a predefined protocol and stringent criteria for study selection, the SLR aims to minimize bias and subjectivity throughout the review process.

##### **3.1.1 Rationale for Using SLR**

The rationale for selecting the SLR approach is multifaceted and rooted in its ability to offer a thorough comprehension of a research topic. A systematic literature review is not a mere summary of literature but a methodical process with specific purposes. It aims to provide an overview of the data that is available concerning a particular treatment, technology, or phenomenon. Additionally, it seeks to discover gaps in existing research, proposing issues for further research (Kitchenham & Charters, 2007).

The benefits of conducting a systematic literature review are substantial. It enables a comprehensive understanding of the chosen research subject, facilitating the identification of common themes, theoretical perspectives, and empirical findings across multiple studies. Notably, a systematic literature review helps researchers identify gaps,

consistencies, and contradictions in the existing literature, forming an adequate basis for answering the research question (Paul et al., 2021).

The systematic literature review approach aligns with the objectives of the study, encompassing an investigation into the dimensions of ethical leadership within the exploration of individual behavior in organizational contexts, including the identification of mediating mechanisms, an examination of organizational influences, and an analysis of contextual factors (Brown, Treviño, & Harrison, 2005; Mayer et al., 2012). A thorough review of existing literature provides valuable insights into these goals, fostering a comprehensive understanding of the connection between ethical leadership and individual behavior.

### **3.1.2 SLR Approach Overview**

Conducting a systematic literature review requires a meticulously structured approach across three fundamental stages: planning, implementation, and reporting of the findings. Vital components of an SLR encompass creating a review protocol, formulating a well-defined search strategy, carefully documenting the search process and its outcomes, setting explicit inclusion and exclusion criteria for study selection, and systematically extracting and evaluating data from primary studies using predefined quality criteria. This process also involves considering the potential for qualitative meta-analysis to ensure a comprehensive and rigorous review (Kitchenham & Charters, 2007).

### **3.1.3 Advantages of Utilizing SLR**

By conducting a systematic literature review, this research aims to gain a comprehensive understanding of the chosen research subject. This approach facilitates the identification of common themes, theoretical perspectives, and empirical findings across multiple studies. Paul et al. (2021) highlight the significance of systematic literature reviews, discussing their role in integrating and synthesizing existing knowledge, identifying

knowledge gaps and inconsistencies, and proposing future research directions to advance knowledge within the review domain (p.2).

Various research in the field of business and management promotes the effectiveness and overall benefits of literature-based research and systematic literature reviews. For example, Tranfield, Denyer, and Smart (2003) emphasize the value of systematic reviews in generating strong knowledge bases by combining knowledge from various studies. They argue that systematic reviews are a rigorous and comprehensive synthesis of existing data, facilitating evidence-based decision-making. Furthermore, the EPPI-Centre (2019) emphasizes the importance of following general guidelines in conducting systematic reviews, such as transparency in presenting results, developing a review framework, and conducting a thorough search for relevant studies. Adhering to these guidelines ensures a bias-free and transparent methodology, enhancing the credibility of the research (EPPI-Centre, 2019).

By adopting a systematic literature review approach this research methodology aligns with the research objectives. These objectives encompass investigating ethical leadership dimensions, exploring individual behavior within organizational contexts, identifying mediating mechanisms, examining organizational influences, and analyzing contextual factors. A thorough review of existing literature provides valuable insights into these objectives, offering a comprehensive knowledge of the subject of ethical leadership.

### **3.2 The Three Stages of a Systematic Literature Review**

Conducting a Systematic Literature Review (SLR) is a rigorous process encompassing three key stages, each plays a critical role in guaranteeing a comprehensive and unbiased review (Figure 2).

### **3.2.1 Phase 1: Planning Stage**

The planning stage is a critical phase in conducting a Systematic Literature Review as it involves developing a comprehensive plan for the entire review process. Initially, the review's necessity is recognized, and the research questions to be addressed are formulated. These research questions guide the review and are outlined in the review protocol, which serves as a guideline for the entire process (Kitchenham & Charters, 2007).

After identifying the need for an SLR in a specific area, an extensive search is conducted to determine if any existing SLRs have already addressed the research questions of interest. Developing a review protocol is essential to minimize research bias. The protocol includes key elements such as background information on the SLR, the research questions to be addressed, a list of databases to be searched for relevant data sources, and details of inclusion and exclusion criteria. It also incorporates checklists for assessing the quality of individual studies, predetermined techniques for data extraction, anticipated validation techniques for data manipulation, and a timetable outlining the start dates and deadlines for each phase of the SLR. Finally, the review protocol undergoes critical review by experts to ensure its rigor and appropriateness (Kitchenham & Charters, 2007).

### **3.2.2 Phase 2: Implementing Stage**

The subsequent phase of a systematic literature review begins after the approval of the review protocol. This phase involves crucial stages, commencing with the identification of relevant sources for the review (Kitchenham & Charters, 2007). Key databases such as Scopus are initially queried to initiate the search process.

The search process is meticulously designed and executed in collaboration with experts and librarians, encompassing electronic databases, journals, research registers, and reference lists from primary studies (Kitchenham & Charters, 2007). To minimize publication bias, it is imperative to include diverse results — positive, negative, and null. The entire search process is thoroughly documented to ensure transparency, replicability,

and the potential for reanalysis. During study selection, inclusion and exclusion criteria are established according to the research question, considering factors such as language, journal, authors, settings, participants, research design, sampling method, and publication date. In some cases, a third stage of selection based on detailed quality criteria may be conducted to refine the included studies (Kitchenham & Charters, 2007).

In the subsequent data extraction stage, comprehensive information from primary studies is accurately recorded using predefined data extraction forms (Kitchenham & Charters, 2007). The data extraction strategy involves two stages: preliminary analysis and secondary analysis. The former entails reviewing abstracts to determine relevance to the research question, while the latter focuses on analyzing headings, subheadings, and relevant sections of selected papers to extract meaningful insights. Following data extraction, data synthesis is performed to compile and succinctly summarize findings from the primary studies. Various approaches, including descriptive synthesis, quantitative synthesis, or meta-analysis, are employed for analyzing the gathered data. The merged data is presented using appropriate methodologies like forest plots or funnel plots, aiding in determining publication bias (Kitchenham & Charters, 2007).

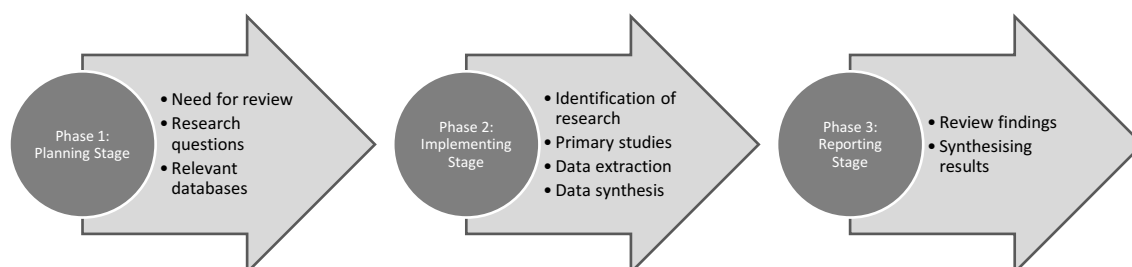
### **3.2.3 Phase 3: Reporting Stage**

The last stage of a systematic literature review is to report the review's results. This stage focuses on successfully communicating the review's findings. It entails providing an overview of important features of the included studies, their design, sample size, and research methodology. Researchers conclude and address the effects of the findings by synthesizing the results. During the reporting stage, the findings must be presented clearly and thoroughly considering the research question and SLR objectives (Kitchenham & Charters, 2007).

The PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) framework, developed by Moher, Liberati, Tetzlaff, and Altman (2009), provides guidelines and checklists for reporting key aspects of the SLR process and findings, ensuring a

methodical and open procedure from the initial phase of identification through the choice of the finally selected applicable papers. By adhering to the PRISMA guidelines, researchers can enhance the quality and credibility of their SLRs, facilitating stakeholders' evaluation and interpretation of the findings (Moher et al., 2009). PRISMA delineates the systematic literature review process into three distinct and interconnected stages: Identification, Screening and Eligibility, and Inclusion and Data Synthesis. Each stage is meticulously designed to guide the researcher through a structured path, enhancing the reliability and credibility of the systematic literature review (Moher et al., 2009).

The reporting stage holds a pivotal role, requiring the formulation of well-founded assumptions. The primary task involves presenting the key findings precisely and unbiased with a strong focus on their relevance and consequences. Additionally, the reporting stage provides an approach to delve into broader implications. This encompasses the identification of additional research domains, suggesting potential pathways for further investigation, and underlining the significance of the results for key stakeholders, including decision-makers and practitioners (Kitchenham & Charters, 2007).



**Figure 2.** Stages of a Systematic Literature Review (Kitchenham and Charters, 2007).

### 3.3 Planning the Review

#### 3.3.1 Defining Research Objectives

The initial step in the planning stage of the systematic literature review (SLR) involves recognizing the need for the review and commissioning it (Kitchenham & Charters, 2007). In the scope of this master's thesis, the research question "What are the mechanisms

through which ethical leadership influences individual behavior in organizations?” serves as the motivation for conducting this review. By recognizing the need for this review, the aim and overall objective is to contribute to existing research publications. Besides, it addresses the dynamics in understanding the connection between ethical leadership and individual behavior.

The first objective of this study (Objective 1: Ethical Leadership) is to examine the various dimensions, behaviors, and characteristics associated with ethical leadership by conducting a systematic literature review following Kitchenham and Charters' (2007) structured research approach. SLR allows for the synthesis of existing publications on ethical leadership, facilitating the identification and analysis of relevant studies from diverse sources.

Continuing with the second objective (Objective 2: Individual Behavior) it analyzes different dimensions of individual behavior in the organizational context. Through the literature-based review, relevant academic resources will be critically reviewed to identify theoretical perspectives and empirical findings to form a basis for answering the research question.

Identifying the potential mediating mechanisms that connect ethical leadership to individual behavior is the third objective of this study (Objective 3: Mediating Mechanisms). This will be achieved through a SLR, enabling the identification and synthesis of studies that have investigated these mediating mechanisms. Insights into the underlying processes through which ethical leadership influences individual behavior will be gained.

The fourth objective (Objective 4: Organizational Factors) involves investigating the influence of organizational factors on the relationship between ethical leadership and individual behavior. Through the systematic literature review process, relevant research that has examined the function of organizational factors in this relationship will be

examined. This review will provide valuable insights into how the organizational context shapes the impact of ethical leadership on individual behavior.

### 3.3.2 Specifying Research Questions

The formulation of research questions plays an essential role in realizing the systematic literature review and providing a clear direction to the review process. To provide a specific direction to the review process, research questions are formulated following the four research objectives (Table 2):

**Table 2.** Research questions.

ID	Question
RQ1	What are the dimensions, behaviors, and characteristics associated with ethical leadership in organizational contexts as discussed in the literature?
RQ2	What are the different dimensions of individual behavior in the organizational context as explored in the literature?
RQ3	What potential mediating mechanisms have been identified in the literature that link ethical leadership to individual behavior?
RQ4	How do organizational factors influence the relationship between ethical leadership and individual behavior, as discussed in the literature?

These research questions aim to investigate various dimensions, behaviors, and characteristics associated with ethical leadership (research objective 1), different dimensions of individual behavior in the organizational context (research objective 2), potential mediating mechanisms linking ethical leadership to individual behavior (research objective 3) and the influence of organizational factors on the ethical leadership individual behavior relationship (research objective 4).

### 3.3.3 Scope of the Study and Review Protocol

This study's scope includes a thorough investigation of the interplay between ethical leadership and individual behavior in the organizational context. This encompasses an in-depth investigation into the dimensions of ethical leadership, its effects on individual behavior, and the mediating mechanisms involved. Furthermore, the research considers how organizational and contextual factors influence and shape this relationship.

To ensure a systematic and transparent approach, a review protocol is designed. In this study, the review protocol includes background information on ethical leadership and individual behavior, the identified research questions, a list of relevant databases for the literature search, and inclusion and exclusion criteria aligned with the research objectives (Kitchenham & Charters, 2007).

Incorporating the Scientific Procedures and Rationales for Systematic Literature Reviews (SPAR-4-SLR) framework introduced by Paul et al. (2021) in the planning stage is a fundamental step for ensuring that this systematic review aligns with established scientific procedures and rationales. This systematic review enhances the commitment for conducting a thorough and comprehensive literature review (Figure 3):

<b>Identification</b>	
Domain:	Influence of ethical leadership on individual behavior
Research ques- tions:	<p>(1) What are the dimensions, behaviors, and characteristics associated with ethical leadership in organizational contexts as discussed in the literature?</p> <p>(2) What are the different dimensions of individual behavior in the organizational context as explored in the literature?</p> <p>(3) What potential mediating mechanisms have been identified in the literature that link ethical leadership to individual behavior?</p>

	(4) How do organizational factors influence the relationship between ethical leadership and individual behavior, as discussed in the literature?
Source type:	Peer-reviewed research articles published in international journals, with the full text being available
Sources	EBSCOhost Academic Search Elite, EBSCOhost Business Source Premier, JSTOR Arts & Sciences I, Scopus (Elsevier)
quality:	

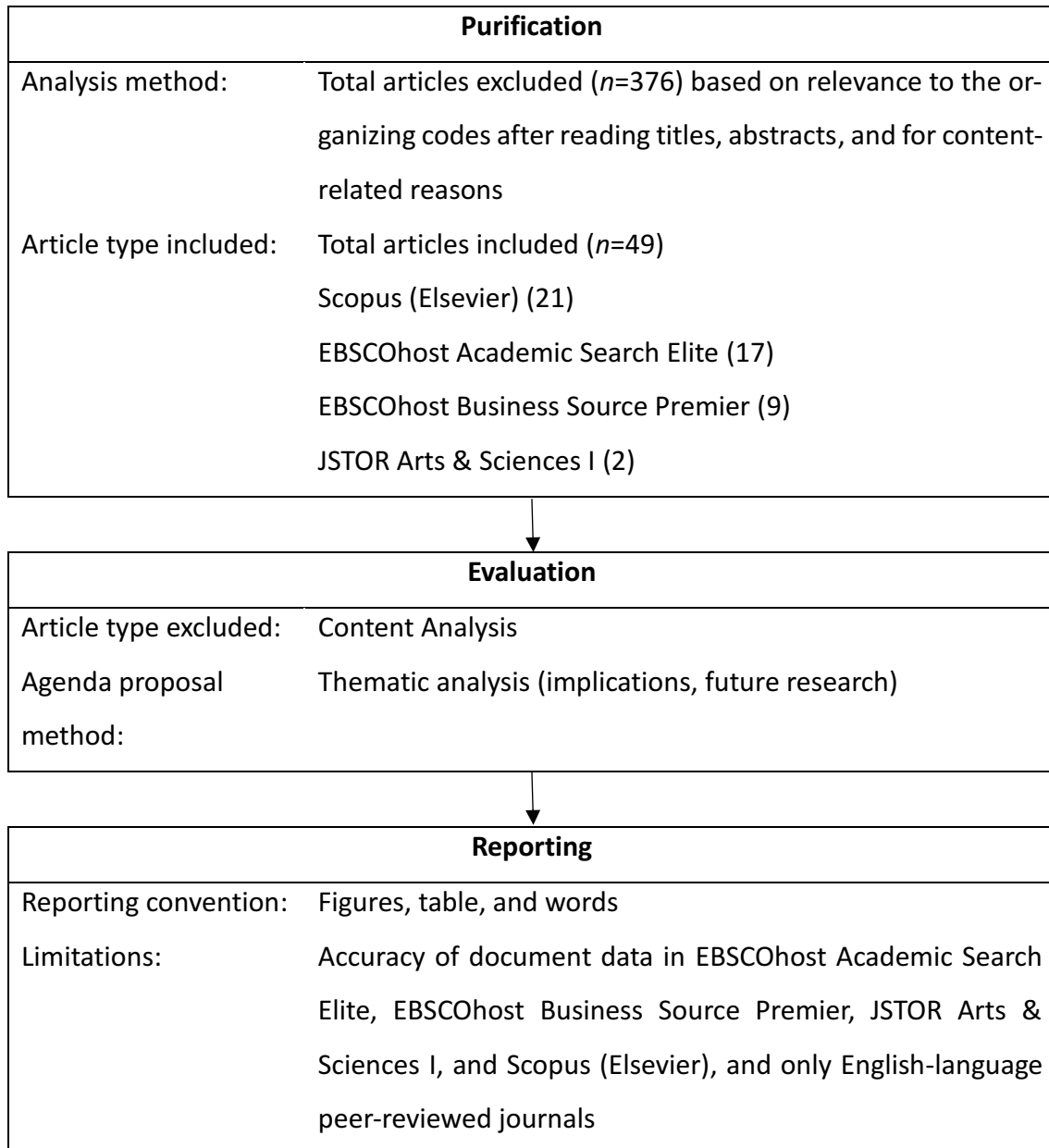


<b>Acquisition</b>	
Search mechanism and material acquisition:	Boolean search on EBSCOhost Academic Search Elite, EBSCOhost Business Source Premier, JSTOR Arts & Sciences I, Scopus (Elsevier)
Search period:	Up to October 2023
Search keywords:	Using combinations and variations of the keywords “ethical leadership”, “effect”, “individual behavior”, “organizational behavior”, “mechanism” and “influence” through <i>boolean search “AND”, “OR”</i>
Total number of articles returned from the search:	$n = 898$ records (limited to English language)



<b>Organization</b>	
Organizing codes:	Document type: Articles Language: English Sources type: Academic journals Total documents retained from the arranging stage: 898 documents.





**Figure 3.** SPAR-4-SLR protocol of the review procedure (Paul et al., 2021).

### 3.4 Conducting the Review

#### 3.4.1 Research Identification

In this section, the procedure for identifying research for the systematic literature review on the influence of ethical leadership on individual behavior will be outlined. The primary focus is on understanding dimensions, behaviors, and characteristics associated with ethical leadership in corporate settings, investigating various dimensions of

individual behavior, identifying potential mediating mechanisms linking ethical leadership to individual behavior, and understanding how organizational factors influence this relationship.

The main source type selected for this review is peer-reviewed research articles published in international journals, ensuring access to full-text content. The high level of standard of the sources was maintained through access to Scopus, a well-regarded academic database, as well as EBSCOhost Academic Search Elite, EBSCOhost Business Source Premier, and JSTOR Arts & Sciences I. The search was conducted by using combinations and variations of keywords such as "ethical leadership", "effect", "individual behavior", "organizational behavior", "mechanism" and "influence" through a Boolean search on the selected databases. The search period spans up to October 2023 and aims to include also most recent literature on the research topic.

#### **3.4.2 Selection of Primary Studies**

The selection of primary studies involved identifying records through reputable databases, namely EBSCOhost Academic Search Elite, EBSCOhost Business Source Premier, JSTOR Arts & Sciences I, and Scopus (Elsevier), resulting in a total of 898 records. Subsequently, a screening process was conducted based on abstracts and titles, leading to the identification of 425 records meeting the eligibility criteria. Following this, records were assessed for eligibility through a thorough reading of abstracts, resulting in the exclusion of 376 records due to content-related reasons. Full texts of the remaining records were carefully evaluated against the eligibility criteria, with 49 articles meeting the selection criteria.

Among the selected full-text articles, 17 were excluded for specific reasons, such as not deeply enough related to the research questions. As a result, the systematic literature review on the influence of ethical leadership on individual behavior contained a total of 32 papers.

### **3.4.3 Quality Assessment**

In this section, the quality assessment of the 32 chosen studies was conducted rigorously to determine their methodological robustness and validity (Kitchenham & Charters, 2007). The evaluation encompassed critical elements such as study design, sampling strategies, methods for collecting data, and data analysis techniques. Additionally, aspects like the clarity of research objectives, appropriateness of the theoretical framework, and transparency in presenting results were taken into account. This thorough evaluation process enabled a critical assessment of the reliability and strength of the findings presented in the selected studies (Kitchenham & Charters, 2007). Moreover, a bias evaluation was carried out to consider potential biases that might have influenced the results and interpretations of the included studies.

### **3.4.4 Data Extraction Process**

The data extraction process entailed a thorough analysis and organization of the 49 selected articles. Categorization was done based on document type (articles), language (English), and source type (academic journals). This categorization ensured the reliability and relevance of the documents to the research theme.

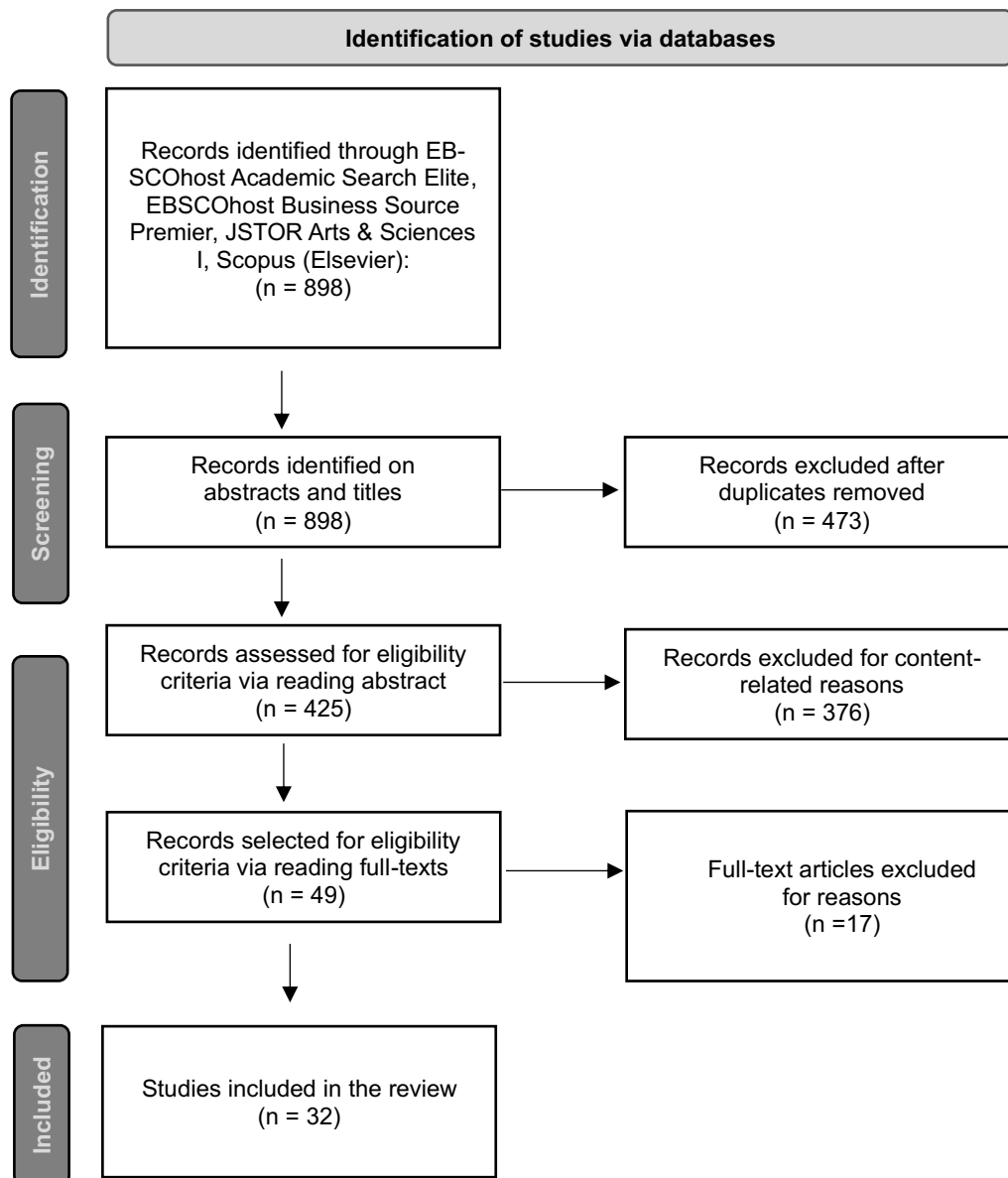
The subsequent step involved a comprehensive data extraction process from the 32 included studies. This process aimed at gathering pertinent information on the dimensions, behaviors, and characteristics associated with ethical leadership, as well as different dimensions of individual behavior in organizational contexts. The focus was also on identifying potential mediating processes that connect ethical leadership to individual behavior and understanding the influence of organizational factors on this relationship.

### **3.4.5 Data Synthesis**

Within the section on "Data Synthesis," the focus narrows to the culmination of the systematic literature review process, centering on the analysis and interpretation of insights gleaned from the selection of 32 studies (Appendix 1). This synthesis aims to distill key

patterns, correlations, and predominant themes that emerge from the relationship between ethical leadership and individual behavior in organizational settings.

Presenting this stage involves the visual representation by the PRISMA flow diagram (Figure 4), highlighting the precise steps taken to filter and refine the research articles in this systematic review. Based on these investigations the synthesis addresses the linked dimensions of ethical leadership and their implications for individual behaviors, as well as possible mediating factors that connect these components within organizational environments.



**Figure 4.** The PRISMA flow diagram for the review process (Moher et al., 2009).

## 3.5 Reporting the Review

### 3.5.1 Formulating the SLR Report

In structuring the report for this systematic literature review, a clear and logical organization is crucial to effectively communicate the research process and findings (Kitchenham & Charters, 2007). The report begins with an introduction that offers an overview of the review's purpose, research questions, and significance in the base for

comprehending the influence of ethical leadership on individual behavior within organizational settings. Following this, the methodology employed is detailed, encompassing research identification, selection of primary studies, data extraction process, data synthesis, and quality assessment (Kitchenham & Charters, 2007; Moher et al., 2009).

Moreover, the report transitions into the results and analysis section, presenting the synthesized data derived from the 32 selected studies. Visual aids such as figures and tables are utilized to concisely illustrate key patterns and insights for comprehension. Subsequently, the discussion section analyzes the implications of the findings, addresses any encountered limitations during the review, and suggests potential areas for future research. This lays the groundwork for the conclusion, which succinctly summarizes the systematic literature review, underscoring its contributions to the comprehension of the impact of ethical leadership on individual behavior within organizational contexts.

### **3.6 Reflection on Methodological Choices and Recommendations**

The methodological choices made in conducting this systematic literature review had a significant impact in shaping the depth and rigor of investigating the relationship between ethical leadership and individual behavior within organizations. The chosen methods aimed to ensure that the research was conducted systematically, following established guidelines and criteria. Nonetheless, it is important to reflect on these choices, acknowledge their strengths and limitations, and provide recommendations for future studies in this domain.

In selecting the research sources, peer-reviewed articles from reputable journals were the primary focus. This choice was grounded in the necessity to guarantee the credibility and reliability of the data utilized in this review (Kitchenham & Charters, 2007). By exclusively considering peer-reviewed articles it aimed to maintain a high standard of quality and rigor in the data included. However, this choice might have inadvertently excluded valuable insights from other sources such as grey literature, which could be an avenue for further exploration in future reviews.

The search strategy employed involved using specific keywords and Boolean search techniques across selected databases. While this approach ensured a comprehensive search, the predefined keywords might have limited the inclusion of potentially relevant studies that used different terminology to address the same constructs (Bramer et al., 2016). Future studies could take a wider variety of search terms and synonyms into account to capture a more extensive pool of studies.

In the process of synthesizing the data, narrative analysis was used along with a descriptive synthesis to merge and integrate the findings. This method provided a qualitative approach to consolidate the extracted information coherently, ensuring a comprehensive presentation of the literature (Thomas & Harden, 2008).

## 4 Findings

This chapter concentrates on the extracted findings of the research on the complex relationship between ethical leadership and individual behavior within organizational frameworks (Table 3). The chapter is categorized into five subsections, each delving into a specific facet of this intricate relationship.

**Table 3.** The selected data.

<b>Author(s) and year of publication.</b>	<b>Title of the article</b>	<b>Purpose of the Study</b>	<b>Answer to RQ</b>
<i>Al Halbusi, H., Ruiz-Palomino, P., &amp; Williams, K. A. (2023).</i>	Ethical leadership, subordinates' moral identity and self-control: Two- and three-way interaction effect on subordinates' ethical behavior	Investigates the interaction impacts of ethical leadership, moral identity of subordinates, and self-control on ethical behavior.	<b>RQ1, RQ3</b>
<i>Alam, I., Kartar Singh, J. S., &amp; Islam, M. U. (2021).</i>	Does supportive supervisor complements the effect of ethical leadership on employee engagement?	Examines the complementing role of a encouraging supervisor about the impact of ethical leadership on employee satisfaction.	<b>RQ1</b>
<i>Amore, M. D., Garofalo, O., &amp; Guerra, A. (2023).</i>	How Leaders Influence (un)Ethical Behaviors Within Organizations: A Laboratory Experiment on Reporting Choices	Conducts a laboratory experiment to study how leaders influence ethical behaviors and reporting choices within organizations.	<b>RQ2</b>
<i>Cheng, J., Zhang, L., Lin, Y., Guo, H., &amp; Zhang, S. (2022).</i>	Enhancing employee wellbeing by ethical leadership in the construction industry: The role of perceived organizational support	Investigates ethical leadership in enhancing employee well-being in the building sector, considering perceived organizational support.	<b>RQ1, RQ4</b>
<i>Costa, S., Daher, P., Neves, P., &amp; Velez, M. J. (2022).</i>	The interplay between ethical leadership and supervisor organizational embodiment on organizational identification and extra-role performance	Explores the interaction between ethical leadership and organizational representation of the supervisor regarding extra-role performance and identification with the organization.	<b>RQ1, RQ3</b>

<b>Author(s) and year of publication.</b>	<b>Title of the article</b>	<b>Purpose of the Study</b>	<b>Answer to RQ</b>
<i>Cramwinckel, F. M., De Cremer, D., &amp; van Dijke, M. (2013).</i>	Dirty Hands Make Dirty Leaders?! The Effects of Touching Dirty Objects on Rewarding Unethical Subordinates as a Function of a Leader's Self-Interest	Investigates the consequences of handling unclean objects on rewarding unethical subordinates, considering a leader's self-interest.	<b>RQ1</b>
<i>Engelbrecht, A. S., Heine, G., &amp; Mahembe, B. (2017).</i>	Integrity, ethical leadership, trust and work engagement	Examines the connection between integrity, ethical leadership, trust, and work engagement.	<b>RQ1, RQ3</b>
<i>Esguerra, G. A., Jáuregui, K., &amp; Espinosa, J. C. (2022).</i>	Ethical leadership and organizational support for creativity at work	Investigates the relationship between ethical leadership and organizational encouragement of creativity in the workplace.	<b>RQ1, RQ4</b>
<i>Gan, C. (2018).</i>	Ethical leadership and unethical employee behavior: a moderated mediation model	Examines a moderated mediation model concerning ethical leadership and unethical employee behavior.	<b>RQ1, RQ3</b>
<i>Geng, X. (2021).</i>	The Effects of Perceived Leader Emotional Intelligence and Group Prototypicality on Subordinate Whistleblowing Intentions	Investigates the impact of perceived leader emotional intelligence and group prototyping with the goal of subordinates reporting misconduct.	<b>RQ2</b>
<i>Guo, F., Xue, Z., He, J., &amp; Yasmin, F. (2023).</i>	Ethical leadership and workplace behavior in the education sector: The implications of employees' ethical work behavior	Explores the implications of employees' ethical work behavior in the education sector, focusing on ethical leadership.	<b>RQ1, RQ3, RQ4</b>
<i>Haller, D. K., Fischer, P., &amp; Frey, D. (2018).</i>	The power of good: A leader's personal power as a mediator of the ethical leadership-follower outcomes link	Investigates the power of a leader as a mediator linking ethical leadership and follower outcomes.	<b>RQ1, RQ3</b>
<i>Hanaysha, J. R., Kumar, V. V. A., In'aitrat, M., &amp; Parimaiah, C. (2022).</i>	Direct and indirect effects of servant and ethical leadership styles on employee creativity: Mediating role of organizational citizenship behavior	Examines the effects of servant and ethical leadership on individual creativeness, mediated by corporate citizenship behavior.	<b>RQ1, RQ3</b>

<b>Author(s) and year of publication.</b>	<b>Title of the article</b>	<b>Purpose of the Study</b>	<b>Answer to RQ</b>
<i>Kacmar, K. M., Carlson, Dawn S., &amp; Harris, Kenneth J. (2013).</i>	Interactive Effect of Leaders' Influence Tactics and Ethical Leadership on Work Effort and Helping Behavior	Examines the interaction impact of leaders' influence strategies and ethical leadership on work exertion and helpful actions.	<b>RQ1,</b> <b>RQ2</b>
<i>Kang, S.-W. (2019).</i>	Sustainable influence of ethical leadership on work performance: Empirical study of multinational enterprise in South Korea	Investigates the sustainable influence of ethical leadership on work performance in a multinational enterprise in South Korea.	<b>RQ1,</b> <b>RQ3,</b> <b>RQ4</b>
<i>Khan, S., Khan, A. K., Shah, A. M., Ali, L., &amp; Ullah, R. (2021).</i>	Impact of employees' perceived threat of market competition on unethical marketing and selling practices: Moral disengagement and ethical leadership	Investigates the impact of employees' considered risk of market competition on unethical marketing and selling tactics, considering moral disengagement and ethical leadership.	<b>RQ1,</b> <b>RQ3,</b> <b>RQ4</b>
<i>Lee, A., Lyubovnikova, J., Tian, A. W., &amp; Knight, C. (2020).</i>	Servant leadership: A meta-analytic examination of incremental contribution, moderation, and mediation	Conducts a meta-analytic examination of the incremental contribution, moderation, and mediation of servant leadership.	<b>RQ1,</b> <b>RQ3</b>
<i>Liu, J., Kwan, H. K., Fu, P. P., &amp; Mao, Y. (2013).</i>	Ethical leadership and job performance in China: The roles of workplace friendships and traditionality	Examines the purposes of workplace friendships and traditionality in China's link between ethical leadership and job performance.	<b>RQ1,</b> <b>RQ4</b>
<i>Lu, X. &amp; Guy, M. E. (2014).</i>	How Emotional Labor and Ethical Leadership Affect Job Engagement for Chinese Public Servants	Examines the impact of emotional labor and ethical leadership on Chinese job engagement of employees in the public sector.	<b>RQ1,</b> <b>RQ2</b>
<i>Miao, Q., Eva, N., Newman, A., Nielsen, I., &amp; Herbert, K. (2020).</i>	Ethical Leadership and Unethical Pro-Organisational Behaviour: The Mediating Mechanism of Reflective Moral Attentiveness	Explores the link between ethical leadership and unethical pro-organizational behavior mediated by reflective moral awareness	<b>RQ1,</b> <b>RQ3</b>
<i>Nemr, M. A. A., &amp; Liu, Y. (2021).</i>	The impact of ethical leadership on organizational citizenship behaviors: Moderating role of organizational cynicism	Investigates the influence of ethical leadership on corporate citizenship practices, considering organizational cynicism's moderating effect.	<b>RQ1,</b> <b>RQ3,</b> <b>RQ4</b>

**Author(s) and year of publication.**      **Title of the article**      **Purpose of the Study**      **Answer to RQ**

<i>Phetsombat, P., &amp; Na-Nan, K. (2023).</i>	A Causal Model of Ethical Leadership Affecting the Organizational Citizenship Behavior of Teachers in the Office of the Basic Education Commission	Proposes a contextual framework of ethical leadership that influences teachers' organizational citizenship behavior.	<b>RQ1, RQ3</b>
<i>Saleem, A., Bashir, M., &amp; Abrar, M. (2022).</i>	Ethical behaviors by leaders act as a stimulant to the wellbeing of employees by restraining workplace embitterment	Investigates how ethical behaviors by leaders influence employee wellbeing by restraining workplace embitterment.	<b>RQ1</b>
<i>Servaes, M., Nguyen Thi Thu, H., Kluijtmans, T., &amp; Crucke, S. (2023).</i>	Don't talk the talk, but walk the walk: The role of authentic CSR in fostering beneficial employee outcomes	Examines the function that authentic CSR plays in fostering positive results for employees.	<b>RQ4</b>
<i>Sosik, J. J., Chun, J. U., Ete, Z., Arenas, F. J., &amp; Scherer, J. A. (2019).</i>	Self-control Puts Character into Action: Examining How Leader Character Strengths and Ethical Leadership Relate to Leader Outcomes	Examines how the link between a leader's character qualities, ethical leadership, and leader results are mediated by self-control.	<b>RQ1, RQ3</b>
<i>Stouten, J., van Dijke, M., Mayer, D. M., De Cremer, D., &amp; Euwema, M. C. (2013).</i>	Can a leader be seen as too ethical? The curvilinear effects of ethical leadership	Investigates the restraining influences of ethical leadership and if a leader is perceived as being overly ethical.	<b>RQ1</b>
<i>Tarkang, M. E., Ozturen, A., &amp; Nange, R. Y. (2022).</i>	Avoiding employee deviance in the hotel industry: Investigating the mediating effect of trust in leadership	Investigates preventing employee deviance in the hotel sector, taking into account the moderating influence of leadership trust.	<b>RQ3</b>
<i>Tu, Y., Lu, X., &amp; Yu, Y. (2017).</i>	Supervisors' Ethical Leadership and Employee Job Satisfaction: A Social Cognitive Perspective	Examines the connection between leaders ethical leadership and subordinates job fulfillment from a social behavioral approach.	<b>RQ1</b>

**Author(s) and year of publication.**      **Title of the article**      **Purpose of the Study**      **Answer to RQ**

<i>Vullingsh, J. T., De Hoogh, A. H. B., Den Hartog, D. N., &amp; Boon, C. (2020).</i>	Ethical and Passive Leadership and Their Joint Relationships with Burnout via Role Clarity and Role Overload	Investigates the joint relationships between ethical and passive leadership and burnout through clarified roles and excessive responsibility.	<b>RQ2</b>
<i>Zacharias, T., Rahawarin, M. A., &amp; Yusradi, Y. (2011).</i>	Cultural Reconstruction and Organization Environment for Employee Performance	Investigates cultural reconstruction and organizational environment about employee performance.	<b>RQ4</b>
<i>Zahra, T. T., Ahmad, H. M., &amp; Waheed, A. (2017).</i>	Impact of Ethical Leadership on Innovative Work Behavior: Mediating Role of Self-Efficacy	Examines the impact of ethical leadership on innovative work behavior, considering the mediating role of self-efficacy.	<b>RQ1, RQ3</b>
<i>Zhang, Q., &amp; Liu, Y. (2019).</i>	Employees' environmental protection and charitable donation and ethical leadership: An empirical study	Investigates employees' environmental protection and charitable donation, considering the function of self-efficacy as a mediator.	<b>RQ2</b>

#### 4.1 Dimensions, Behaviors, and Characteristics of Ethical Leadership

Understanding the dimensions, behaviors, and characteristics of ethical leadership is essential to gaining a comprehensive insight into its role in organizational contexts. In this regard, several studies have delved into the dimensions of ethical leadership, enriching the understanding of this multifaceted concept. Al Halbusi, Ruiz-Palomino & Williams (2023) explore how ethical leadership interacts with employees' moral identity and self-control, making a major contribution to answering the first research question and objective. Their research provides an answer to the question by revealing that ethical leadership involves influencing subordinates' moral identity and self-control, shedding light on its dimensions.

Cheng et al. (2022) clarify the function of ethical leadership in the construction industry, offering a specific context in which the dimensions of ethical leadership can be understood. They find that ethical leadership is adaptable across different industries, highlighting its generalizability. Similarly, Costa et al. (2022) comprehensively examine ethical leadership and its interplay with supervisor organizational embodiment, shedding light on dimensions and characteristics connected to ethical leadership. Their findings emphasize the significance of organizational embodiment in ethical leadership. Cramwinckel, De Cremer, and van Dijke (2013) take an unconventional approach by examining the consequences of encountering dirty matters on leaders' decisions concerning unethical followers, indirectly addressing novel dimensions of ethical leadership. Their study reveals that external factors can influence ethical leadership, broadening the understanding of its dimensions.

Transitioning from dimensions to behaviors, several studies directly address the initial research question by investigating how ethical leadership influences employee behavior. Gan (2018) presents a model that encompasses various facets of ethical leadership, illuminating the intricate dynamics of ethical leadership and its potential to alleviate unethical conduct. His research reveals that ethical leadership effectively curtails unethical behavior, emphasizing the behavioral aspect. Furthermore, Engelbrecht, Heine, and Makhembe (2017) along with Esguerra, Jáuregui, and Espinosa (2022) offer insights into how ethical leadership amplifies work engagement and fosters creativity, showcasing the beneficial effects of ethical leadership for individual behaviors within organizations. These studies specifically outline concrete behavioral outcomes of ethical leadership, associating it with improved work engagement and increased creativity.

Moreover, Guo et al. (2023) investigate the implications of ethical leadership on workplace conduct within the education sector, aligning with the first research question. They find that ethical leadership has a beneficial impact on employees' ethical work conduct, providing a specific behavioral dimension. Zahra, Ahmad, and Waheed (2017) delve into the impact of ethical leadership on creative workplace behavior, revealing how self-

efficacy mediates this relationship, providing fresh insights into the specific dimensions and traits linked with ethical leadership. Their study implies that the dimensions of ethical leadership significantly impact self-belief, resulting in enhanced innovative work behavior within organizational contexts. Whereas Haller, Fischer & Frey (2018) explore how the power of a leader affects the relationship between ethical leadership and follower outcomes, adding a unique perspective to the understanding of ethical leadership characteristics. Their research uncovers the function of personal power in forming ethical leadership traits. Furthermore, Hanaysha et al. (2022) focus on the dimensions and characteristics connected to ethical leadership in the context of employee creativity, emphasizing the effect of ethical and servant leadership on enhancing creativity. Their study showcases that ethical leadership can enhance employee creativity, representing a specific behavioral dimension.

Transitioning to the characteristics of ethical leadership, Kacmar, Carlson & Harris (2013) explore how ethical leadership dimensions and behaviors interact with leaders' influence tactics to affect employee work effort and helping behavior. Their research provides direct answers to the first research question and objective by identifying key characteristics and dimensions of ethical leadership that directly influence individual behavior within the organization.

Additionally, Kang (2013) investigates how ethical leadership influences work performance in a multinational enterprise, providing insights into specific aspects of ethical leadership that influence work performance. Their findings detail the characteristics of ethical leadership related to work performance. Khan et al. (2021) examine how ethical leadership interacts with employees' perceived threat of market competition to influence their behavior, directly addressing the first research question by shedding light on dimensions associated with ethical leadership. They highlight the connection between ethical leadership and employees' responses to market competition, offering an understanding of the characteristics of ethical leadership. Besides, Lu and Guy (2014) investigate how emotional labor and ethical leadership affect employees' level of job

engagement in the public sector in China, directly addressing the first research question. They provide insights on the traits and aspects of ethical leadership and emotional labor within public service. Their study illustrates the interconnection between emotional labor and ethical leadership, offering insights into their attributes and dimensions.

Additionally, Alam, Singh, and Islam (2021) investigate the complementarity of supportive supervisors with the effects of ethical leadership on employee engagement, enhancing the understanding of the influence of leadership support within the framework of ethical leadership. Their findings imply that combining ethical leadership with supportive supervisors significantly impacts employee engagement, emphasizing the dimensions of ethical leadership in cultivating a supportive organizational environment. Tu, Lu, and Yu (2017) explore the relationship between leaders' ethical leadership and followers' satisfaction within the workplace from an interpersonal viewpoint, enriching the comprehension of how ethical leadership traits influence job satisfaction. Their study reveals that ethical leadership behaviors positively influence job satisfaction, indicating that ethical leadership characteristics play an essential part in creating a satisfying work environment within organizational contexts.

Lee et al. (2020) conducted a meta-analytic examination of servant leadership, providing insights into the dimensions and characteristics associated with servant leadership. Their meta-analysis underscores the characteristics of servant leadership, contributing to the understanding of ethical leadership's characteristics. Additionally, Liu et al. (2013) explore ethical leadership within the Chinese context, contributing significantly to answering the first research question and objective. They find that ethical leadership dimensions influence job performance in a Chinese context, emphasizing the characteristics specific to that region.

Miao et al. (2020) concentrate specifically on ethical leadership and its connection with unethical pro-organizational behavior. Their study provides insights into particular traits and dimensions linked with ethical leadership, particularly concerning unethical

behaviors within the organization. It uncovers the traits of ethical leadership associated with these unethical behaviors. Additionally, Nemr and Liu (2021) delve into how ethical leadership influences organizational citizenship behaviors. They shed light on the dimensions, behaviors, and traits connected with ethical leadership that promote positive organizational conduct. Their findings emphasize the characteristics and dimensions of ethical leadership that foster organizational citizenship behaviors.

Furthermore, Phetsombat and Na-Nan's study directly aligns with the first research question. They explore the dimensions, behaviors, and characteristics linked to ethical leadership, focusing on how these aspects impact teachers' Organizational Citizenship Behaviors. This study offers a direct response to the first research question and objective. It specifically addresses how ethical leadership, defined by ethical behaviors, influences employee well-being. In their research, Saleem, Bashir, and Abrar (2022) delve into the characteristics and dimensions of ethical leadership and its implications.

Sosik, Chun, Ete, Arenas, and Scherer (2019) examine the relationship between the character qualities of a leader and ethical leadership and their effects on leader outcomes, directly addressing the first research question and objective. Their research explores the characteristics connected to the qualities of a leader's character strengths and their effects on ethical leadership. The study conducted by Stouten, et al. (2013) provides invaluable insights into the intricate nature of ethical leadership by considering the potential effects of being perceived as too ethical, contributing to the broader comprehension of the roles and boundaries related to ethical leadership in organizational settings.

Together, these studies comprehensively provide a detailed understanding of the characteristics, behaviors, and dimensions of ethical leadership. This nuanced insight helps us grasp the complex nature of ethical leadership and its various impacts on job performance, pro-organizational behavior, and organizational citizenship.

## 4.2 Different Dimensions of Individual Behavior

Understanding how different dimensions of individual behavior are shaped by leadership is crucial, especially concerning ethical decision-making and reporting within organizations. Various studies have delved into these aspects and the traits linked to leadership that impact ethical behavior. For instance, Amore, Garofalo, and Guerra (2023) researched how ethical leadership affects the moral identity and self-control of subordinates, offering valuable insights into the complex dimensions of ethical leadership that contribute to ethical decision-making and reporting. Their findings directly tackle the second research question by exploring the behaviors and dimensions influenced by leadership within the setting of ethical decision-making and reporting.

Whistleblowing, an integral aspect of ethical decision-making and reporting, has been the focus of a study by Geng (2021), who explored the consequences of perceived leader emotional intelligence and organizational standards on the motivations of subordinates to report misconduct. While indirectly addressing the second research question and objective, this study sheds light on the dimensions of individual behavior that revolve around whistleblowing, revealing how leadership, particularly emotional intelligence, and group prototypicality, influences these dimensions in the organizational context.

Kacmar, Carlson & Harris (2013) have contributed significantly to understanding the impact of leadership on ethical decision-making and reporting by examining leaders' influence tactics and ethical leadership. Their research directly addresses the second research question by delving into the dimensions influenced by leadership, particularly within the framework of ethical decision-making and reporting. By investigating how leadership tactics affect employee work effort and helping behavior, the study adds depth to the comprehension of these dimensions and characteristics in the context of ethical decision-making and reporting.

The exploration of different leadership styles and their impact on employee outcomes can indirectly illuminate dimensions related to ethical decision-making and reporting.

Vullings et al. (2020) investigated the joint relationships of ethical and passive leadership and their impact on burnout. Although their primary focus is not on ethical decision-making and reporting, their findings can provide insights into the dimensions influenced by leadership, which include ethical decision-making and reporting choices. This research aligns with the second research question by delving into leadership styles' impact on various dimensions of individual behavior.

Lu and Guy's (2014) study primarily focuses on how engaged employees are. However, it also indirectly touches on how leadership impacts the way individuals make ethical decisions and report issues within the workplace. Their research investigates how dealing with emotions on the job and having ethical leaders can affect job engagement, which is closely tied to how individuals make ethical decisions and report matters at work. This study aligns with the second research question, exploring how managing emotions at work and having ethical leaders can influence various aspects of ethical decision-making and reporting in the workplace.

How ethical leadership affects actions related to the preservation of the environment and charity contributions can be regarded as a form of ethical decision-making and reporting within an organizational context. Zhang and Liu (2019) directly respond to the second research question by examining how ethical leadership shapes employees' engagement in the protection of the environment and contribution to charity. This research provides insights into the dimensions of these behaviors influenced by leadership, offering a comprehensive expertise of ethical decision-making and reporting in the context of pro-environmental and charitable activities. The findings underline the dimensions and characteristics of leadership that impact ethical behavior in these specific contexts, contributing to the understanding of ethical decision-making and reporting.

### **4.3 Understanding Mediating Mechanisms**

Understanding the mediating mechanisms in ethical leadership's influence on individual behavior is pivotal, and several studies provide insights into these intricate processes. Al

Halbusi, Ruiz-Palomino & Williams (2023) delve into how subordinates' moral identity and self-control mediate the connection of ethical leadership and ethical behavior, illuminating the complex dimensions and behaviors involved in ethical decision-making and reporting. Furthermore, Gan (2018) examines potential mediating mechanisms, particularly focusing on unethical actions by employees, using a model of regulated mediation to unveil intricate relations among ethical leadership and unethical behavior. This thorough exploration provides a robust response to the third research question, elucidating the complex processes involved in ethical leadership's impact on individual behavior.

Furthermore, Sosik and colleagues (2019) took a deep dive into the connection between leader virtues of character, ethical leadership, and the results achieved by leaders. They highlighted the pivotal role of self-control in translating these character strengths into action. Their study significantly added to the understanding of how ethical leadership shapes individual behaviors, weaving the influence of character strengths into the effects of leadership.

Costa et al.'s (2022) research investigates the mediating mechanisms linking ethical leadership and supervisor organizational embodiment to individual behavior within the organization. It explores how ethical leadership and the organizational manifestation of a supervisor jointly influences organizational identification as a mediating factor, shedding light on the intricate pathways through which ethical leadership and supervisor organizational embodiment influence employees' behavior beyond their formal job duties. This in-depth analysis contributes significantly to understanding how ethical leadership shapes ethical behavior and extra-role performance among employees, providing a comprehensive response to the third research question and objective.

Engelbrecht, Heine & Mahembe's (2017) study explores the function of trust as a mediator in the link between ethical leadership, integrity, and work engagement. It examines how trust acts as a mediating factor by which ethical leadership and integrity lead to increased work engagement, contributing to a comprehensive knowledge of the way

ethical leadership influences individual behavior and outcomes. Guo et al. (2023) provide insights into the link among ethical leadership and ethical work behavior, which can be considered a mediating outcome. Haller, Fischer, & Frey's (2018) study contributes to the exploration of potential mediating mechanisms outlined in the third research question by examining a potential mediating mechanism, a leader's power, which operates between ethical leadership and follower outcomes.

The research conducted by Hanaysha et al. (2022) explores the mediating role of organizational citizenship behavior in the relationship between leadership styles (ethical and servant) and employee creativity. It examines how ethical and servant leadership behaviors may influence OCB, which, in turn, affects individual behavior, especially creativity. This research offers insights into the mediating mechanisms that link ethical and servant leadership to employee creativity, addressing the third research question. Kang's (2019) research focuses on the sustainable effect of ethical leadership, directly addressing the third research question by investigating the long-term implications of ethical leadership on work performance.

Khan et al. (2021) examine how moral disengagement functions as a mediator in the relationship between employees' perceptions of market competitiveness and unethical marketing and sales tactics. Their study aligns with the exploration of mediating mechanisms outlined in the third research question, addressing how ethical leadership may mitigate or influence the process of moral disengagement and its effect on individual behavior. The study by Lee et al. (2020) focuses on the function of mediation of emotional exhaustion in the connection between leadership styles (servant and transformational) and workplace deviance. It examines how emotional fatigue can function as a moderating factor through which leadership styles impact workplace deviance.

Miao et al. (2020) explore the mediating mechanism of considering moral awareness with reflection, addressing the third research question directly. This study identifies and examines a specific mediating mechanism that links ethical leadership to immoral

activity that benefits the organization, helping understand the fundamental components through which ethical leadership affects individual behavior, particularly within the framework of unethical behavior that benefits the organization's interests. Nemr and Liu's (2021) study addresses the third research question by investigating the function of OCBs as mediators in the connection between ethical leadership and follower outcomes, offering insights into the dimensions, behaviors, and characteristics associated with ethical leadership about encouraging positive organizational behaviors such as OCBs. Phetsombat and Na-Nan (2023) explore the potential mediating effect of trust in leadership, closely related to research question three. They investigate how trust in leadership may serve as a mediating mechanism in reducing employee deviance, thereby linking ethical leadership to individual behavior.

Tarkang, Ozturen, and Nange (2022) explore leadership credibility as a moderating element within the framework of the hotel industry, examining its role in reducing employee deviance. Zahra, Ahmad, and Waheed (2017) address the function of self-efficacy as a mediator in the interaction between ethical leadership and innovative work practices. These studies contribute to the in-depth analysis of the mechanisms through which ethical leadership influences various organizational behaviors and outcomes.

#### **4.4 Organizational Factors Influence on Ethical Leadership's Impact**

Studying how organizational factors influence the relationship between ethical leadership and individual behavior provides some valuable insights. Cheng et al. (2022) shed light on how perceived organizational support functions as a bridge between ethical leadership and employee welfare, contributing to a comprehensive understanding of how organizational factors play a meaningful role in shaping this connection. Esguerra, Jáuregui & Espinosa (2022) emphasize how important it is to have organizational support for creativity within an ethical leadership framework. They highlight how the workplace environment is crucial in fostering creativity. Guo et al. (2023) focus on the education sector, showing how the organizational setting can adjust the connection between

ethical leadership and individual behavior. They stress how organizational factors significantly influence this connection.

Kang's (2019) study mainly looks at how ethical leadership affects work performance within a multinational company, but it also indirectly considers the impact of organizational factors on this connection. Furthermore, Khan et al. (2021) explore how recognized market competition affects unethical commercial and sales techniques, highlighting the roles of ethical leadership and moral disengagement as mediators. Their findings clarify the complex link between organizational factors and how ethical leadership influences employee behavior.

Liu et al. (2013), although not the primary focus of their study, provide insights by taking traditional values and workplace connections as moderating factors in the ethical leadership-job performance relationship into account. This sheds light on how organizational factors, such as workplace friendships and traditionality, can influence the strength and character of the connection between ethical leadership and individual job performance, especially within the Chinese cultural context.

Nemr and Liu (2021) directly address this aspect by examining organizational cynicism's moderating effect on the interaction between ethical leadership and organizational citizenship behaviors. Their study demonstrates how organizational factors, like organizational cynicism, can in two ways improve or diminish the impact of ethical leadership on individual behavior, specifically OCBs. Furthermore, Servaes et al. (2023) explore the impact of authentic Corporate Social Responsibility (CSR) on positive individual outcomes, highlighting the influence of managerial elements on the link between ethical leadership and individual behavior.

Zacharias, Rahawarin, and Yusriadi (2011) contribute significantly by investigating how cultural reconstruction and the workplace environment affect employee performance. Their study sheds light on how organizational elements, specifically cultural and

workplace factors, mold the relationship between ethical leadership and individual behavior. In essence, these studies collectively highlight how crucial organizational factors are in shaping the impact of ethical leadership on individual behavior within organizational settings, providing valuable insights into this association.

#### **4.5 Mechanisms through Which Ethical Leadership Influences Individual Behavior in Organizations**

In response to the overarching research question, "What are the mechanisms through which ethical leadership influences individual behavior in organizations?" this systematic literature review provides insights derived from the analysis of multiple studies. The review encompasses findings that address the first research question concerning the dimensions and characteristics of ethical leadership. It is evident from the literature that characteristics of ethical leadership include attributes like integrity, trustworthiness, and empathy. Leaders who embody these traits influence individual behavior by promoting higher levels of trust, ethical decision-making, and moral identity among their subordinates (Al Halbusi, Ruiz-Palomino & Williams, 2023; Cheng et al., 2022; Engelbrecht, Heine & Mahembe, 2017).

Furthermore, the systematic review addressed the second research question focusing on how ethical leadership affects individual conduct. The studies reveal that ethical leadership fosters positive individual behaviors like ethical decision-making, engagement, and pro-organizational actions. Leaders who demonstrate emotional intelligence and group collaboration, for example, stimulate reporting motives among subordinates, highlighting the influence of ethical leadership on individual behavior (Geng, 2021). The review also highlights the significance provided by organizational elements in shaping the relationship of ethical leadership and individual behavior. Findings indicate that organizational support for creativity encourages creative behavior, particularly when combined with ethical leadership (Esguerra, Jáuregui, & Espinosa, 2022).

Addressing the third research question, the systematic review investigates the mediating mechanisms among ethical leadership and individual behavior. Gan (2018) introduces a paradigm of regulated mediation, illustrating the complex link between ethical leadership and unethical conduct. Mediating variables such as trust, supervisor organizational embodiment, and reflective moral attentiveness further elucidate the methods that demonstrate how ethical leadership affects individual behavior (Costa et al., 2022; Sosik et al., 2019). These mechanisms offer valuable insights into the intricate processes through which ethical leadership shapes individual behavior.

Finally, the comprehensive review addresses the fourth research question, focusing on how organizational factors impact the connection between ethical leadership and individual behavior. The results indicate that factors within the organization, like perceived support and encouragement for creativity, serve as bridges in the link between ethical leadership and individual behavior. Specifically, they have a notable impact on aspects like employee well-being and creativity (Cheng et al., 2022; Esguerra, Jáuregui & Espinosa, 2022). This highlights the significance of taking into account the wider organizational context to fully grasp how ethical leadership influences individual behavior.

To summarize the findings, Table 4 offers a comprehensive overview of the research questions, key references, and main findings:

**Table 4.** Summary table: Research questions, key references, and main findings.

Research Question	Key References	Main Findings
Ethical Leadership Characteristics (RQ1)	Al Halbusi, Ruiz-Palomino & Williams, 2023; Cheng et al., 2022; Engelbrecht, Heine & Mahembe, 2017	Ethical leadership is characterized by traits like integrity, trustworthiness, and empathy, influencing trust and ethical decision-making.

Ethical Leadership and Individual Behavior (RQ2)	Geng, 2021; Esguerra, Jáuregui & Espinosa, 2022	Ethical leadership encourages ethical decision-making and pro-organizational behavior. Organizational support for creativity fosters creative individual behavior.
Mediating Mechanisms (RQ3)	Gan, 2018; Costa et al., 2022; Sosik et al., 2019	Mediating variables such as trust, supervisor organizational embodiment, and reflective moral attentiveness elucidate the pathways through which ethical leadership influences individual behavior.
Organizational Factors (RQ4)	Cheng et al., 2022; Esguerra, Jáuregui & Espinosa, 2022	Organizational factors like perceived organizational support and encouragement for innovation mediate the link among ethical leadership and individual behavior.

In summary, ethical leadership ideally influences individual behavior in organizations by its inherent characteristics, fostering positive behaviors, and operating through mediating mechanisms and organizational factors. These collective findings highlight the multifaceted mechanisms that underscore the connection between ethical leadership and individual behavior inside settings of organizations.

## 5 Conclusion

### 5.1 Summary

In this systematic literature review, the primary objective was to investigate the mechanisms through which ethical leadership influences individual behavior within organizational contexts. The examination of various studies revealed essential insights concerning the complex relationship between ethical leadership and individual behavior, shedding light on the dimensions, behaviors, characteristics, mediating mechanisms, and organizational factors that underpin this relationship.

#### *Dimensions, Behaviors, and Characteristics of Ethical Leadership*

The review unveiled that ethical leadership includes a range of dimensions and behaviors, promoting moral identity, self-control, and ethical conduct between employees (Al Halbusi, Ruiz-Palomino & Williams, 2023; Gan, 2018). It is evident that ethical leadership significantly influences workforce engagement, innovation, and ethical conduct, showcasing the multifaceted nature of this leadership style (Alam, Kartar Singh & Islam, 2021; Cheng et al., 2022). Furthermore, unconventional aspects, such as the effect of touching dirty objects on leaders' decisions, add an intriguing dimension to the understanding of ethical leadership (Cramwinckel, De Cremer & van Dijke, 2013). These findings provide substantial insights into the complexities of ethical leadership, directly addressing the first research objective.

#### *Different Dimensions of Individual Behavior*

Understanding the diverse dimensions through which ethical leadership influences individual behavior was a key focus of this review. The synthesis of the literature demonstrates that ethical leadership affects various aspects of behavior. It was revealed that moral identity and self-control mediate the connection between ethical leadership and ethical decision-making, providing a mechanism to comprehend the ethical nature of behavior (Amore, Garofalo & Guerra, 2023). Additionally, emotional intelligence and group prototypicality impact whistleblowing intentions, which, in turn, affect individual

behavior (Geng, 2021). Leadership tactics, such as influencing strategies and ethical leadership, assess the level of effort put in and beneficial behaviors (Kacmar, Carlson & Harris 2013). Furthermore, leadership styles, including ethical, servant, and transformational leadership, influence dimensions like employee creativity, job performance, and workplace deviance, revealing a broad spectrum of behavioral impacts (Hanaysha et al., 2022; Kang, 2019; Lee et al., 2020). These findings, which directly address the second research objective, highlight the extensive reach of ethical leadership in shaping individual behavior within organizations.

#### *Unpacking Mediating Mechanisms*

A critical aspect of this review was to investigate the mediating mechanisms within ethical leadership that influence individual behavior. The research yielded valuable insights into the underlying processes. Studies demonstrated that moral identity and self-control act as mediating mechanisms connecting ethical leadership with ethical behavior, contributing to a comprehensive understanding of ethical conduct (Al Halbusi, Ruiz-Palomino & Williams, 2023). Trust emerged as a mediator, facilitating the relationship between ethical leadership, integrity, and work engagement (Engelbrecht, Heine & Makhembe, 2017). Furthermore, mediating mechanisms including reflective moral attentiveness, moral disengagement, and organizational citizenship behaviors shed light on the complex interplay between ethical leadership and unethical or pro-organizational behavior (Miao et al., 2020; Phetsombat & Na-Nan, 2023). These insights addressed the third research objective, offering a sophisticated comprehension of how ethical leadership's impact on behavior is mediated by various psychological and attitudinal factors.

#### *Organizational Factors Influence on Ethical Leadership's Impact*

When exploring the fourth objective, the study discovered that organizational elements significantly shape the connection between ethical leadership and individual behavior. Factors, like perceived organizational support, workplace atmosphere, friendships at work, traditional values, and cultural influences, were recognized as crucial in influencing this connection. These elements were observed to either moderate or mediate the effect

that ethical leadership has on various aspects, including employee well-being, creativity, job performance, ethical behavior, workplace misconduct, and more (Cheng et al., 2022; Esguerra, Jáuregui & Espinosa, 2022; Guo et al., 2023; Zacharias, Rahawarin & Yusriadi, 2011).

In conclusion, this systematic literature review provides a holistic comprehension of the mechanisms by which ethical leadership influences individual behavior in organizations. Ethical leadership's dimensions, behaviors, and characteristics interact with various mediating mechanisms and are influenced by organizational factors to produce the observed effects on individual behavior. These findings contribute to the research on ethical leadership and have practical implications for organizations aiming to enhance employee well-being, creativity, and ethical conduct within their ranks.

## **5.2 Practical Applications and Recommendations**

The insights gained from this systematic literature review provide practical applications and recommendations for organizations, individuals, leaders, and researchers. The findings shed light on the ways ethical leadership can be ideally implemented to effectively influence individual behavior positively within an organizational context.

### **5.2.1 Practical Applications for Organizations**

Companies can design training programs that help their leaders to develop strong ethical qualities. These programs should concentrate on building a sense of morality, boosting emotional intelligence, and improving skills that help in building trust. When leaders are developed with a strong ethical foundation, it can influence the company's culture, encouraging ethical behavior among employees (Liu et al., 2013; Phetsombat & Na-Nan, 2023).

Given the importance of whistleblowing in organizational ethics, fostering an environment that rewards employees to report ethical violations without fear of retribution is

vital. Organizations can establish anonymous reporting systems and offer protection to whistleblowers, aligning with the findings that group prototypicality influences whistleblowing intentions (Al Halbusi, Ruiz-Palomino & Williams, 2023; Geng, 2021).

According to Cheng et al. (2022), creating a supportive environment within an organization can boost both the well-being and ethical conduct of employees. To achieve this, organizations should concentrate on offering essential resources and support to their workforces, such as providing training and opportunities for development.

The review revealed that different leadership styles have varying impacts on individual behavior. Organizations can tailor their leadership style to match their objectives. For instance, if creativity is a priority, they can implement a servant leadership style to encourage employee creativity (Hanaysha et al., 2022).

The choice of leadership style should align with the specific outcomes organizations aim to achieve. To boost how ethical leadership affects creativity, organizations can put their resources into programs that support creativity and innovation (Esguerra, Jáuregui & Espinosa, 2022). When fostering a culture that values creativity and offers employees the tools they need, leaders can inspire innovative problem-solving and the generation of new ideas.

### **5.2.2 Practical Applications for Individuals and Leaders**

Individuals can significantly contribute to the promotion of ethical behavior within organizational contexts by incorporating practical applications gleaned from the systematic literature review. Just as leaders enhance their emotional intelligence to facilitate the beneficial interaction between ethical leadership and individual behavior (Engelbrecht, Heine & Mahembe, 2017; Geng, 2021), individuals, too, can prioritize the development of key traits associated with ethical leadership.

Traits like integrity, trustworthiness, and empathy are integral for fostering a culture of ethicality among team members (Al Halbusi, Ruiz-Palomino & Williams, 2023; Cheng et al., 2022). Recognizing the mediating role of emotional intelligence, individuals can consciously cultivate this skill to positively influence their behavior and decision-making in the context of ethical leadership.

Recognizing the impact of their actions can help leaders make informed decisions to influence ethical conduct positively. Leaders and organizations need to acknowledge the cultural and contextual elements that may alter the link between ethical leadership and individual behavior. This recognition can guide leaders in tailoring their approaches to different organizational settings (Zacharias, Rahawarin & Yusriadi, 2011).

Much like leaders are mindful of their influence tactics, understanding their impact on employee work effort and helping behavior (Kacmar, Carlson & Harris, 2013), individuals can adopt a similar awareness. Being cognizant of one's actions and their potential influence on ethical conduct empowers individuals to make informed decisions that positively shape their behavior.

Moreover, by acknowledging the cultural and contextual factors influencing the connection between ethical leadership and individual behavior (Zacharias, Rahawarin & Yusriadi, 2011), individuals can tailor their approaches to different organizational settings. This recognition allows individuals to navigate diverse cultural landscapes effectively and contribute to ethical behavior in a context-specific manner.

Furthermore, CSR initiatives can be used to reinforce ethical leadership's impact. Leaders should consider the integration of authentic CSR initiatives that align with ethical values, as suggested by Servaes et al. (2023). Individuals can actively engage in Corporate Social Responsibility (CSR) initiatives, aligning with ethical principles and reinforcing the impact of ethical leadership (Servaes et al., 2023). Embracing authentic CSR initiatives adds

another layer to individual contributions, making a positive impact not only within the organizational setting but also in the broader societal context.

In essence, individuals can leverage these practical applications to embody ethical leadership traits, foster trust, and contribute to a workplace culture characterized by integrity and positive organizational behavior.

The figure below (Figure 5) presents the practical applications for organizations and individuals in a summarized form:

<b>Practical Applications for Organizations</b>	<b>Practical Applications for Individuals and Leaders</b>
<ul style="list-style-type: none"> <li>• Develop Ethical Leadership Training Programs</li> <li>• Promote a Culture of Whistleblowing</li> <li>• Enhance Organizational Support</li> <li>• Leverage Leadership Styles</li> <li>• Cultivate Creativity</li> </ul>	<ul style="list-style-type: none"> <li>• Foster Trust and Emotional Intelligence</li> <li>• Understand the Impact of Leadership Tactics</li> <li>• Recognize Cultural and Contextual Factors</li> <li>• Integrate CSR Initiatives</li> </ul>

**Figure 5.** Practical applications for organizations, individuals, and leaders.

### 5.3 Limitations and Future Research Directions

While this systematic literature review aimed to offer a broad comprehension of the mechanisms through which ethical leadership influences individual behavior in organizations, several limitations should be acknowledged. The inclusion criteria were limited to peer-reviewed journal publications written in English, potentially excluding relevant studies released in other languages or outside of peer-reviewed publications. This language and source restriction may have introduced language and added prejudice in publication. Moreover, the information found in the chosen articles served as the basis for the findings' interpretation, which may not have covered all relevant nuances.

Due to the vast heterogeneity in the methods and measures used in the primary studies, conducting a quantitative synthesis of the results proved challenging. The included research' possible exposure to publication bias is another limitation to consider. Publications with noteworthy findings are more feasible, potentially leading to an overrepresentation of positive findings in the literature. This bias may impact the overall picture of how ethical leadership influences individual behavior.

Additionally, due to the extensive scope of the literature in this field, this review may not encompass the most recent studies that have emerged after the knowledge cutoff date in October 2023. The subject of ethical leadership and individual behavior is dynamic, and new studies may have provided additional insights into the topic. Therefore, it is essential to consider the potential developments that may have occurred since the completion of this review when applying the findings to current organizational contexts.

It is essential to acknowledge the practical challenges and complexities that organizations may face in implementing ethical leadership, despite the normative ideals presented in the master's thesis. The gap between theory and practice is a typical incident, and recognizing these challenges is crucial for a realistic comprehension of the application of ethical leadership principles. In practice, ethical decision-making can be impacted by various variables, like the bounded ethicality of individuals and the constraints of the organizational environment. Leaders may grapple with competing priorities, limited resources, and external pressures that can compromise their ability to consistently uphold ethical standards. Moreover, the inherent biases and moral reasoning of individuals within leadership roles can introduce complexities, making it challenging to execute rational ethical leadership consistently.

Bounded reality further underscores the limitations that leaders may face. The idealized concept of ethical leadership may encounter obstacles in the dynamic and sometimes unpredictable nature of organizational contexts. Leaders may need to navigate

conflicting interests, organizational politics, and external demands that can strain their capacity to adhere strictly to ethical principles.

These limitations, while important to acknowledge, do not diminish the value of this systematic literature review in enhancing the comprehension of the process by which ethical leadership affects individual behavior in organizations. Future research might expand upon these findings by taking these constraints into consideration and continuing to explore this critical area of study.

Looking ahead, several promising directions for future research can be identified after conducting this research. Firstly, research should explore the impact of cultural and contextual elements that may moderate the relationships between ethical leadership and individual behavior. Investigating the cross-cultural applicability of ethical leadership and understanding how it operates within different organizational settings is essential. Such research can reveal variations and demonstrate the adaptability of ethical leadership tactics.

Secondly, longitudinal studies tracking the long-term impact of ethical leadership on individual behavior are crucial. Such studies would provide insights into whether the influence of ethical leadership is persistent over time or undergoes changes. This approach can help provide insides of the dynamics of ethical leadership and its lasting effects.

Thirdly, future research should delve into how specific industries and sectors shape the mechanisms by which ethical leadership affects individual behavior. Different sectors, such as healthcare or education, might show unique dynamics and challenges that impact the relationships through investigations. Incorporating experimental research designs into future studies is another aspect to consider. Such an approach can help establish relationships between ethical leadership interventions and individual behavior outcomes, providing a more robust proof regarding the mechanisms in ethical leadership contexts.

Lastly, researchers should continue to develop and test interventions, training programs, and leadership development initiatives that aim to promote ethical leadership. It is crucial to measure the effects on individual behavior systematically. This pragmatic approach will enable organizations to implement evidence-based strategies for fostering ethical leadership and enhancing workplace behaviors.

These recommendations for future research have the potential to contribute to a greater understanding of the mechanisms through which ethical leadership influences individual behavior within organizational contexts. This, in turn, can empower organizations to adopt and promote more ethical leadership practices that result in positive outcomes for both leaders and followers.

#### **5.4 Final Conclusion**

In the realm of leadership and organizational behavior, ethical leadership stands as a cornerstone in guiding individuals within an organization toward ethical conduct and responsible behavior. This systematic literature review has meticulously examined a wide array of research, offering a deep and nuanced comprehension of the process by which ethical leadership influences individual behavior within organizational settings. This review's original goal was to investigate the multifaceted dimensions of ethical leadership and its impact on individual behavior. The review found that ethical leadership is not a singular trait or practice but a multi-dimensional construct encompassing components such as moral awareness, moral judgment, and moral courage. These dimensions interplay to inspire ethical behavior among organizational members, reflecting the profound influence of ethical leadership.

A deeper exploration led to an examination of the characteristics and attributes associated with ethical leaders. This research highlighted the significance of characteristics such as trustworthiness, authenticity, and integrity. Ethical leaders possess these traits, which significantly contribute to their ability to inspire ethical behavior in others. The systematic literature review also revealed the mediating mechanisms in ethical

leadership's influence on individual behavior. Understanding these mechanisms is crucial for comprehending how ethical leadership exerts its effect. Moral identity, moral judgment, trust, and psychological empowerment were identified as key mediating variables that elucidate the underlying processes. Lastly, the review explored the role of organizational factors in shaping the connection between ethical leadership and individual behavior. It underscored the importance of the organizational context in modulating the influence of ethical leadership. Factors like organizational support, organizational embodiment, and organizational cynicism play pivotal roles in this regard.

In conclusion, this normative systematic literature review consolidates the understanding of how ethical leadership influences individual behavior and provides valuable insights that hold practical implications for organizations, individuals, and leaders. By recognizing the dimensions, behaviors, and characteristics associated with ethical leadership and understanding the mediating mechanisms and the influence of organizational factors, leaders can make informed decisions that promote ethical conduct within their organizations. Consequently, this review contributes to the ongoing endeavor to foster ethical leadership practices and their subsequent positive impact on individual behavior. It underscores the importance of cultivating ethical leadership within the leadership framework and highlights its potential to steer organizations toward a more ethical and prosperous future.

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