Technical Report 1403

Ethical Leadership in Army Companies: Investigating the Impact of Climate Strength

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14. ABSTRACT
Ethical behavior is recognized as a critical aspect of leadership performance in many public, private, and military organizations. Prior research has established that individual employees who see their leaders as more ethical enjoy a range of positive outcomes. However, there is a lack of evidence that these favorable effects also exist in aggregate at the group level. The current study explores whether workgroups led by individuals with higher levels of ethical leadership tend to perform more organizational citizenship behaviors and report higher average levels of affective commitment than their counterparts led by individuals with lower levels of ethical leadership. In addition, we examine whether or not the positive impact of collective perceptions of ethical leadership depends on the strength of a workgroup's climate for ethical leadership. We used an archival data set that surveyed 1,358 U.S. Army Soldiers and Officers from 57 Army companies and statistically aggregated individuals' responses to test the hypotheses at the company level. Ethical leadership climate level predicted group-level organizational citizenship behavior and affective commitment, but ethical leadership climate strength moderated these relationships. Our results add to the growing body of literature showing that the positive impacts of ethical leadership depend on contextual factors. Implications are particularly useful for understanding the boundary conditions of ethical leadership in a U.S. Army context but may also spark future research that considers the multilevel nature of ethical leadership across organizational contexts.

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ETHICAL LEADERSHIP IN ARMY COMPANIES: INVESTIGATING THE IMPACT OF CLIMATE STRENGTH

EXECUTIVE SUMMARY

Research Requirement:

Ethical behavior is a critical aspect of leadership performance in many public, private, and military organizations. Prior research establishes that individual employees who see their leaders as more ethical enjoy a range of positive outcomes; however, there is a lack of evidence that these favorable effects also exist in aggregate at the group level. One of the ways ethical leadership is assessed within the U.S. Army is through *command climate*. Active Army company commanders are required by Army Regulation 600-20 (U.S. Department of the Army, 2020) to conduct a command climate assessment within the first 60 days of assuming command and annually thereafter. In the interpretation of these assessments, mean climate scores, or *climate levels*, are the typical focus for reporting the results of command climate surveys. However, climate levels only report an average of the perceptions of the unit. Examining the degree of agreement among unit members in their perception of climate, or *climate strength,* along with climate levels can provide unit leadership with more granular information about the perceptions of their Soldiers. The current study aims to explore ethical leadership at the company level by examining how ethical leadership climate level and strength predict unit organizational citizenship behaviors and affective commitment. Previous research has found that both outcomes are consistently and positively related to ethical leadership at the individual level, but little is known about these relationships at the group level.

Approach:

In order to examine the impact of ethical leadership for unit level outcomes, the current study used archival survey data from 1,358 U.S. Army Soldiers and Officers from 57 Army companies. All hypotheses were tested at the company level. Individual level ratings of the unit leaders on ethical leadership were used to calculate the level of ethical leadership in each unit (average of subordinate ratings) and the climate strength of ethical leadership in the unit using the $r_{wg(j)}$ statistic (based on variance in subordinate ratings). We examined whether units led by individuals with higher levels of ethical leadership performed more organizational citizenship behaviors and reported higher affective commitment. In addition, we examined whether or not the impact of collective perceptions of ethical leadership depended on the strength of a workgroup's climate for ethical leadership.

Findings:

Results from a series of multiple regressions suggest that U.S. Army companies with a higher level of climate for ethical leadership perform more OCBs and report higher affective commitment on average. These findings indicate that the positive outcomes of ethical leadership established at the individual level replicate at the group level. However, our results also show that this group-level relationship depends on ethical leadership climate strength but in the opposite direction than expected. We predicted that the relationship between ethical leadership climate and both OCBs and affective commitment would be strengthened by stronger climates;

however, findings suggest that ethical leadership climate has a stronger effect on OCBs and affective commitment when climate strength is low rather than high.

Utilization and Dissemination of Findings:

The findings of the current project can provide U.S. Army leadership with useful information regarding the measurement and assessment of the collective experience of ethical leadership in units. We show how ethical leadership, as a facet of command climate, can influence unit-wide outcomes. Our findings suggest that not only do individual Soliders benefit from ethical leaders (as most prior studies have examined), but ethical leadership can also aid leaders in reaching unit-level goals. In addition, we highlight how the favorable effects of a climate for ethical leadership depends on ethical leadership climate strength. Our findings provide initial evidence that unit members' agreement about ethical leadership may provide important information that is overlooked when focusing on climate level. Army leaders should consider including ethical leadership climate strength in command climate survey reports. However, additional research is necessary in order to understand the role of climate strength in the functioning of ethical leadership at the group level.

ETHICAL LEADERSHIP IN ARMY COMPANIES: INVESTIGATING THE IMPACT OF CLIMATE STRENGTH

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ETHICAL LEADERSHIP IN ARMY COMPANIES: INVESTIGATING THE IMPACT OF CLIMATE STRENGTH

Ethical behavior has become an increasingly critical aspect of leadership performance in many public, private, and military organizations. The rising interest in positive, prosocial forms of leadership has led to an uptick in research on "ethical leadership." Extant meta-analytic evidence (e.g., Bedi et al., 2016) suggests that ethical leaders likely improve a range of outcomes in their subordinates, including decreased turnover intentions, increased work effort, and increased organizational citizenship behaviors. Such consistent and positive findings suggest that ethical leadership supports a variety of organizational goals and implies that organizations should select, develop, and retain ethical leaders. However, most ethical leadership research to date has focused on the individual-level subordinate perceptions of their leader's ethicality (Den Hartog, 2015). While individual subordinate ratings can be useful for understanding the impact of ethical leadership on individual-level outcomes, findings from this research do not explain how ethical leadership functions at the group level. A lack of understanding of ethical leadership as a multilevel phenomenon limits the applicability of research findings within the U.S. Army context. U.S. Army leaders are responsible for influencing groups containing several echelons of followers. For example, an Army company is comprised of many nested groups, as the company is typically made up of three to four platoons, each comprised of three to four squads, which may be further broken down into teams. The hierarchical structure of the U.S. Army necessitates a better understanding of the downward effect of ethical leadership at the group level. Research in other areas of leadership (e.g., leader-member exchange; Martin et al., 2018) suggests that leaders tend to construct idiosyncratic relationships with their followers, which can lead to variability in how subordinates perceive a shared leader. Disagreement between subordinates in regard to their shared leader's level of ethicality may have important consequences for the effectiveness of ethical leadership in a group context (Bormann et al., 2018).

The current study seeks to examine how ethical leadership functions at the group level for U.S. Army companies. First, we seek to examine the relationship between ethical leadership and two group-level outcomes: organizational citizenship behaviors (OCBs) and affective commitment. Meta-analyses show ethical leadership has significant positive relationships with these favorable outcomes at the individual level (e.g., Peng & Kim, 2019). To extend these effects to the Army company level, we draw on the concept of Army *command climate*, or "the organization's tone—the characteristic atmosphere in which people work" (Army Doctrine Publication [ADP] 6-0; U.S. Department of the Army, 2019b, p. 2-16), and consider ethical leadership as a climate dimension. Ethical leadership refers to the individual perceptions (usually the leader's subordinates) of the extent to which a given leader has a reputation for using an ethical leadership style. When individual unit members share their perceptions of ethical leadership, they indicate a dimension of the unit's group-level climate. However, using an average perception to represent all Soldiers within a unit (i.e., *climate level*) may not always be the most accurate representation of the perceptions of the unit members. Thus, the second purpose of the current study is to explore the moderating effect of *climate strength*, or the unit members' level of agreement about the unit's climate (Luria, 2008), on the group-level relationships between ethical leadership climate and the favorable outcomes of OCBs and affective commitment.

Ethical Leadership

Ethical leadership is typically defined as "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making" (Brown et al., 2005, p. 120). According to Brown et al. (2005), leaders achieve a reputation for ethical leadership through a combination of being a moral person (i.e., possessing traits such as integrity inside and outside the office) and a moral manager (i.e., role modeling ethical behavior and enforcing ethical codes of conduct). Ethical leadership research assumes that context-specific norms determine "ethical" behavior, such that ethical leaders demonstrate "normatively appropriate conduct" (Brown et al., 2005, p. 120). This follows the larger management literature on business ethics, which defines *ethical workplace behavior* as "behavior that is consistent with the principles, norms, and standards of business practice that have been agreed upon by society" (Trevino & Nelson, 2011, p. 19).

Within the context of the U.S. Army, ethical leaders are those who reflect the Army values and the Army ethic. The Army ethic refers to "the set of enduring moral principles, values, beliefs, and laws that guide the Army profession and create the culture of trust essential to Army professionals in the conduct of missions, performance of duty, and all aspects of life" (ADP 6-22; U.S. Department of the Army, 2019a, p. 1-6). The Army values "embody the practical application of the Army Ethic" (ADP 6-22; U.S. Department of the Army, 2019a, p. 1-12) and encompass seven core Army values (loyalty, duty, respect, selfless service, honor, integrity, and personal courage). The Army values and the Army ethic they represent serve as a foundation for many concepts within the Army leadership doctrine. For example, the Army Leader Requirements Model (see ADP 6-22; U.S. Department of the Army, 2019a, p. 1-15 – 1-16) describes the Army values as a key component of Army leader character or "the moral and ethical qualities of the leader" (ADP 6-22; U.S. Department of the Army, 2019a, p. 1-16). In addition, Army Command Policy emphasizes that all Army leaders must stay committed to the professional Army Ethic and ensure their subordinates receive annual ethics training (see Army Regulation [AR] 600-20; U.S. Department of the Army, 2020).

Organizational Climate for Ethical Leadership

Leadership scholars have studied ethical leadership as a unique leadership style (see Den Hartog, 2015 for a review); however, the ethicality of leaders is relevant to various topic areas within the organizational sciences. One such area that has begun to consider the role of leader ethicality at the group or unit level (as opposed to individual perceptions) is research on organizational climate. Organizational climate research has a long history in the organizational sciences (Schneider et al., 2014; Schneider et al., 2017). Climate is an "experientially-based description of what people 'see' and report happening to them in an organizational situation" (Ostroff et al., 2013, p. 644). In other words, climate research examines organizational members' "summary perception [of their organizational group] derived from a body of interconnected experience with organizational policies, practices and procedures…and observations of what is rewarded, supported, and expected" (Schneider et al., 2017, p. 1). Most recent literature considers organizational climate as a multidimensional construct composed of various facets (Zohar & Luria, 2004). Most climate studies focus on specific facets (e.g., safety climate or

customer service climate), that is, climates "for something" (Schneider, 1975). When individual-level climate perceptions are shared within an organization, they can be aggregated to the group-level mean as organizational climate (Zohar & Luria, 2004). In the current study, we use the company-level average of individual Soldiers' ratings of their shared leader's ethical leadership as an indicator of one specific facet of Army company command climate, climate for ethical leadership.

The Current Study

The current study introduces the concept of climate for ethical leadership, seeking to test the viability of conceptualizing ethical leadership as a dimension of command climate. To do so, we examine whether relationships between ethical leadership and beneficial outcomes (organizational citizenship behavior and affective commitment) that have been established at the individual level also exist at the company level. In addition, we examine ethical leadership climate strength as a boundary condition that explains when ethical leadership climate level is more or less likely to lead to favorable unit outcomes.

Ethical Leadership as a Command Climate Dimension

Ethical leadership in the U.S. Army context can be considered a dimension of organizational climate, or what the U.S. Army refers to as *command climate* (Adis et al., in draft). Command climate is "the perception and attitudes of Soldiers and Army Civilians as they interact within the culture with their peers, subordinates, and leaders" (AR 600-100; U.S. Department of the Army, 2017, p. 2). Command climate is leader driven, as leaders are responsible for setting the atmosphere and tone of the unit by their values, skills, and actions (ADP 6-22; U. S. Department of the Army, 2019). Thus, leaders are integral in setting the ethical tone of Army units, which makes climate for ethical leadership important for understanding ethical leadership and decision-making in Army contexts.

Conceptualizing ethical leadership as a dimension of command climate in the Army allows for a better understanding of how ethical leadership functions at the group level on average. This is necessary for linking ethical leadership to group-level outcomes. However, increased understanding of climate for ethical leadership in Army companies would also aid company leaders in developing and maintaining ethical behavior among their ranks. This is due to how important command climate is to the functioning of the U.S. Army. Upon assuming command, all U.S. Army commanders are required to conduct an initial command climate assessment within the first 60 days of their command and annually thereafter (AR 600-20; U.S. Department of the Army, 2020). Assessing command climate allows commanders to establish and maintain a positive command climate, helping in their efforts to sustain an Army force that is ready and resilient (Secretary of the Army, 2013). Understanding command climate gives commanders better insight into the perceptions of the unit, granting solid footing for building a climate of "trust and professionalism that emphasizes the Army Values" (Secretary of the Army, 2013, p. 12).

The Favorable Effects of Climate for Ethical Leadership

Individual perceptions of ethical leadership have a number of positive outcomes for individuals and groups (Bedi et al., 2016). In creating a fair and trusting environment and developing high-quality relationships with subordinates, individuals with ethical leaders tend to perform more ethical and prosocial behaviors, such as increased organizational citizenship behaviors and decreased counterproductive behaviors (Bedi et al., 2016; Hoch et al., 2016; Ng & Feldman, 2015; Peng & Kim, 2019). Studies have also shown that seeing one's leader as an ethical leader improves follower attitudes, increasing job satisfaction and organizational commitment as well as reducing turnover intentions (Bedi et al., 2016; Hoch et al., 2016; Ng & Feldman, 2015). In the current study, we use organizational citizenship behaviors (OCBs) and affective organizational commitment as exemplar outcomes. At the individual level, the positive relationship between ethical leadership and these favorable outcomes is well established (Bedi et al., 2016; Brown & Trevino, 2006; Den Hartog, 2015). However, little research exists exploring these relationships at the group level.

Climate Strength as a Boundary Condition

Aggregating individual-level perceptions of ethical leadership as climate for ethical leadership is only the first step to understanding how ethical leadership functions at the group level. This is because the validity of inferences based on group-level climate measures depends on the extent to which group members agree (Luria, 2008). In groups where large variations in individual perceptions are present, analyzing the mean score for the group overlooks information that may be valuable (Ehrhart et al., 2013). This realization led climate researchers to consider climate strength as an important boundary condition for climate's impact on organizational outcomes. *Climate strength* refers to the variability of group member climate perceptions (Luria, 2008). In short, climate strength measures the extent to which group members agree or disagree on specific climate facets. This within-group variability is typically captured statistically using James's (1982) $r_{wg(j)}$.

Lindell and Brandt (2000) argue that modeling climate strength as a predictor has limited statistical power. Climate strength is a measure of agreement, and therefore the relationship between climate level and climate strength is curvilinear (i.e., U-shaped); that is, very low and very high climate level scores must have consensus in individual perceptions to reach these points, which results in a strong climate (Zohar & Luria, 2004). However, the U-shaped relationship described by Zohar and Luria (2004) lends itself well to a moderation model. As such, the moderating influence of climate strength has been found for several climate facets, including customer satisfaction, commitment, performance, stress, well-being, and ethical leadership (Dawson et al., 2008; Shin, 2012). The climate strength literature suggests that group-level relationships between ethical leadership climate level and outcomes may not provide a realistic picture for all groups. Instead, the strength of these relationships likely depends on climate strength.

Organizational Citizenship Behaviors

Organizational citizenship behaviors (OCBs) refer to "individual contributions in the workplace that go beyond role requirements and contractually rewarded job achievements" (Organ & Ryan, 1995, p. 775). Given the positive relationship between ethical leadership and OCBs at the individual level, we expect unit leaders with higher mean ethical leadership ratings to have subordinates who perform more OCBs, on average. However, the strength of this positive relationship is likely to vary depending on the extent of dispersion in the individual scores that comprise that average. For example, two units may have the same average level of climate for ethical leadership but different levels of dispersion, or variation, across member scores, leading to differences in climate strength.

There is some evidence that the relationship between ethical leadership and follower OCBs depends on climate strength; however, prior studies found conflicting evidence about the direction of this moderating effect. Some report that ethical leadership is more predictive of OCBs in stronger ethical climates. For example, Shin (2012) examined the moderating effect of ethical climate strength on the relationship between CEO ethical leadership and firm-level averages of OCBs. Interviewing 223 CEOs and over 6,000 employees, Shin (2012) found that ethical leadership was highly related to the overall number of OCBs performed; this relationship was stronger in firms with strong ethical climates and weaker in firms with weaker climates. In contrast to Shin's (2012) conclusions, Babalola and colleagues (2017) found that ethical leadership is less predictive of OCBs in stronger ethical climates. Babalola and colleagues examined the extent to which employee perceptions of their leader's *ethical conviction* (i.e., strength and clarity of leaders' ethical stances) determine when ethical leadership is more or less likely to affect employee outcomes. Results from two studies indicate that a leader's ethical conviction weakens the association between ethical leadership and follower OCBs as well as deviance. When ethical leaders were perceived as flexible in their ethical convictions, employees responded positively by engaging in more OCBs and less deviance. However, when leaders were perceived as rigid or strong in their ethical convictions, employees responded less positively to ethical leaders. The extent to which a leader visibly and clearly commits to their ethical stance (i.e., leader ethical conviction) is not necessarily equivalent to the level of consensus among a leader's subordinates in the extent to which they exhibit ethical leadership (i.e., ethical leadership climate strength). However, the stark contrast between Babalola et al. (2017) and Shin's (2012) findings suggest the moderating role of climate strength in the relationship between climate for ethical leadership and OCBs is complicated.

Affective Commitment

Affective commitment refers to the extent an individual wishes to remain in their current job and feels psychologically attached to their role (Porter et al., 1974). Affective commitment differs from behavioral commitment in that it encompasses the attitudinal dimension of commitment (e.g., desire to maintain a relationship and feelings of attachment; Mowday et al., 1982). There is less evidence about the role of climate strength in the relationship between ethical leadership and follower affective commitment; however, existing evidence suggests a positive moderating effect. In one of the few studies of climate strength and affective commitment, Sanders et al. (2011) showed that climate strength increased the relationship

between leadership and affective commitment in a sample of 5,695 employees at 345 supermarkets across Europe.

Hypotheses

Following the extant research, we expect that average group-level climate for ethical leadership will positively predict average group-level OCBs and affective commitment. In addition, we expect individual perceptions of ethical leadership to vary within units, as members see different behaviors exhibited by their leader and may have differing ideas of which of those behaviors fit the description of an ethical leader. Thus, the favorable effects of ethical leadership level on both OCBs and affective commitment are likely to depend on ethical leadership climate strength.

We based our hypotheses on Shin's (2012) findings rather than Babalola et al.'s (2017) in predicting OCBs, given that ethical climate strength should be more similar to our construct of interest, ethical leadership climate strength, than leader ethical conviction. Shin drew on Mischel's (1976) situational strength theory to explain this moderation pattern. He argued that stronger climates for ethical leadership act as stronger situations that instill a consistent understanding of the expected behaviors within an organization and allow ethical leaders to have a stronger influence on their firm's outcomes. We adopt Shin's (2012) theoretical argument to hypothesize that climate for ethical leadership will have the strongest effect on OCBs when climate strength is also high.

> **Hypothesis 1.** Ethical leadership climate level (i.e., mean) is positively related to the level of OCBs.

> **Hypothesis 2.** Ethical leadership climate strength positively moderates the relationship between ethical leadership climate level and the level of OCBs such that the relationship is stronger when ethical leadership climate strength is high but weaker when ethical leadership climate strength is low.

In addition, we expected that ethical climate strength would show a similar positive moderation effect as in Sanders et al. (2011) on the relationship between ethical leadership and affective commitment in our sample.

> **Hypothesis 3.** Ethical leadership climate level (i.e., mean) is positively related to the level of affective commitment.

> **Hypothesis 4.** Ethical leadership climate strength positively moderates the relationship between ethical leadership climate level and the level of affective commitment such that the relationship is stronger when ethical leadership climate strength is high but weaker when ethical leadership climate strength is low.

Method

Participants

The data used for this study were collected as part of a previous data collection effort (see Adis et al., in draft). Participants included 1,710 U.S. Army Soldiers and Officers in units across eleven military installations. Respondent ranks ranged from Private to Master Sergeant/First Sergeant for enlisted Soldiers and from Second Lieutenant to Captain for officers. Average tenure within the Army was 4.07 years (*SD* = 4.82), and average company tenure was 15.39 months (*SD* = 13.00). The sample represented multiple unit types: 66.1% combat arms, 24.9% combat support, and 9.0% combat service support. Responses were removed due to excessive missing data (more than 30% missing), short company tenure (less than one month), or failure to answer attention check items correctly. In addition to this individual-level exclusion criteria, units were excluded if they had fewer than ten participants complete the survey. The final sample size was 1,358 individuals from 57 Army companies.

Measures

All measures were collected at the individual level using a 5-point Likert-like scale ranging from *strongly disagree* (1) to *strongly agree* (5), unless otherwise noted.

Climate for Ethical Leadership

Adis et al. (in draft) developed the six-item ethical leadership scale. Example items include, "Leaders of my unit value doing the right thing." The scale had high internal reliability (α = .93). The median unit agreement level (i.e., climate strength), as measured by James' (1982) $r_{wg(j)}$, was 0.75, with a minimum $r_{wg(j)}$ of 0.13 and a maximum of 0.94.

Organizational Citizenship Behaviors

OCBs were assessed using an adapted version of ten items from the short version of the Organizational Citizenship Behavior Checklist (OCB-C; Spector, Bauer, & Fox, 2010). Adis et al. (in draft) modified items slightly to be consistent with the Army environment. Items included, "How often have you helped a peer who had too much to do?" Items were rated on a five-point scale from *never* (1) to *every day* (5). The scale had high internal reliability (α = .91).

Affective Commitment

Individuals' affective commitment was measured with Gade and colleagues' (2003) four-item scale. Items included, "I feel emotionally attached to the Army." The scale had an alpha reliability of .93.

Analysis

We assessed Hypotheses 1 through 4 by aggregating the individual-level data for ethical leadership, OCBs, and affective commitment to the unit level (U.S. Army company). We operationalized ethical leadership climate level as the unit's mean and ethical leadership climate strength using within-group correlation, $r_{wg(j)}$ (James, 1982). The $r_{wg(j)}$ provides a measure of the interchangeability of raters by comparing observed variance in ratings to a hypothetical expected variance that should be obtained if the raters completely disagreed; it provides an estimate of interrater agreement within a group (James, 1982; James et al., 1984). We separated ethical leadership climate strength, $r_{wg(j)}$, into weak and strong along the mean, with one standard deviation above the mean classified as strong and one standard deviation below the mean classified as weak. The individual perceptions of ethical leadership had a negatively skewed distribution, necessitating the use of the $r_{wg(j)}$ formula for skewed data (see James, 1982). We used IBM SPSS Statistics 25 to run the hierarchical regression models and R to plot the moderation models.

Results

Table 1 reports descriptive statistics, scale reliabilities, and correlations among study variables. All scales showed high internal reliability in our sample.

Table 1

Descriptive Statistics, Correlations, and Scale Reliabilities

Construct	*M*	*SD*	1	2	3	4	5
1. Ethical Leadership Climate Level	3.88	.34	(.93)				
2. Ethical Leadership Climate Strength	.71	.18	.12	—			
3. Climate Level X Climate Strength	1.98	2.68	.20	.99***	—		
4. Organizational Citizenship Behavior	3.27	.26	.40**	.11	.12	(.91)	
5. Affective Commitment	3.47	.32	.58***	.24*	.27*	.61***	(.93)

Note. $N = 57$, $^{*}p < .05$, $^{**}p < .01$, $^{***}p < .001$. Values in parentheses represent item reliabilities.

Hypothesis 1 predicted that ethical leadership climate level is positively related to OCBs. This was supported, as the bivariate regression showed that, at the company level, ethical leadership climate level was positively correlated to OCBs ($\beta = 0.40$, $R^2 = .16$, $F(1,55) = 10.14$, $p = .002$), explaining 16% of the total variance in OCBs (see Table 2). Hypothesis 2 predicted that ethical leadership climate strength moderates the relationship between ethical leadership climate level and OCBs such that the stronger the climate, the more positive the relationship becomes. Our findings do not support this hypothesis (see Table 2). The findings showed that while climate strength had a significant moderating effect ($R^2 = .23$, $F(1, 53) = 5.41$, $p < .001$), the interaction showed the opposite of what was expected. The relationship between ethical leadership climate level and OCBs appeared stronger in weak climates such that, within units with strong climates, ethical leadership appeared inconsequential to OCBs (See Figure 1).

Table 2

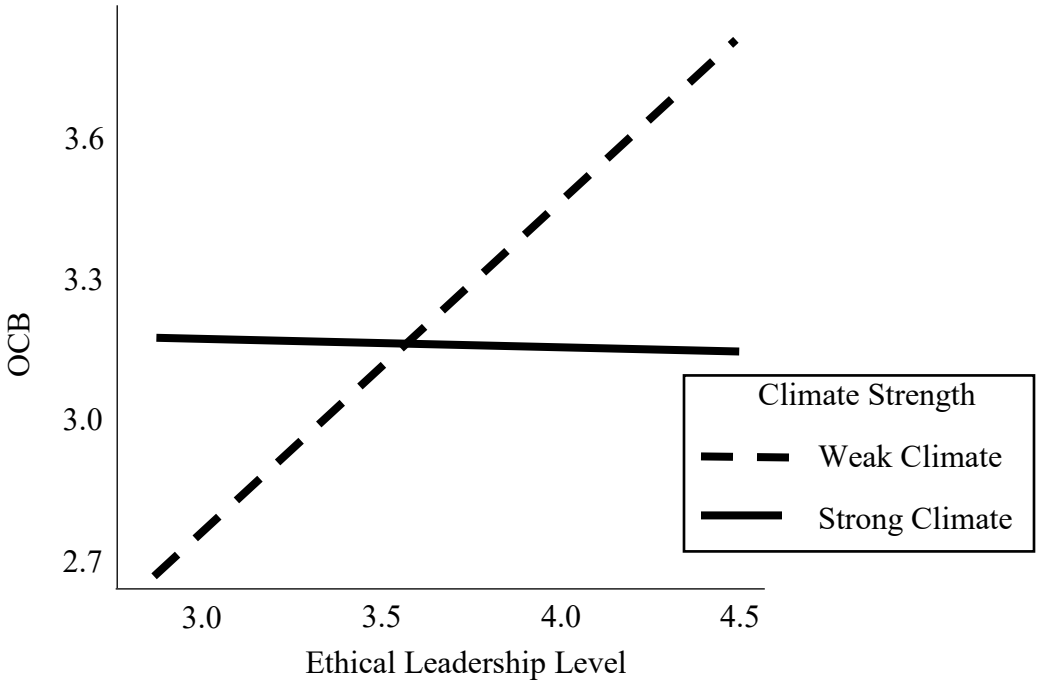
Hierarchical Regression Predicting Organizational Citizenship Behavior

Predictor	*B*	95% CI for *B*		*SE B*	*β*	R^2	ΔR^2
		LL	UL				
Step 1						.16	.16*
Constant	2.08**	1.33	2.83	0.37			
Ethical Leadership Level	0.31*	0.11	0.50	0.10	0.40*		
Step 2						.23	.08
Constant	1.14	-0.03	2.24	0.16			
Ethical Leadership Level	0.58**	0.27	0.89	0.16	0.75**		
Ethical Leadership Climate Strength	1.70*	0.22	3.18	0.74	4.81*		
Ethical Leadership Level X Climate Strength	-0.48*	-0.90	-0.06	0.21	-4.82*		

Note. $N = 57$; CI = confidence interval; LL = lower level; UL = upper level; *$p < .05$; **$p < .001$.

Figure 1

Climate Strength as a Moderator of the Relationship Between Ethical Leadership and OCBs



Hypothesis 3 stated that ethical leadership climate level is positively related to affective commitment. The findings support this hypothesis ($\beta = 0.58$, $R^2 = .34$, $F(1,55) = 27.90$, $p < .001$), showing that, at the company level, ethical leadership climate level explains 34% of the total variance in affective commitment (see Table 3). Hypothesis 4 predicted that ethical leadership climate strength moderates the relationship between ethical leadership climate level and affective

commitment. Specifically, we expected that stronger climates would be associated with a more positive relationship between climate for ethical leadership and affective commitment. Contrary to this hypothesis, the findings (see Table 3) showed a very similar pattern to the previous model, with climate strength showing a significant moderating effect (R^2 = .44, $F(1,53) = 13.70$, $p <$ .001) but in the opposite direction as expected. As shown in Figure 2, while the positive relationship between ethical leadership climate level and affective commitment was present in units with strong climates, this positive relationship was much stronger within units that have weaker climates (see Figure 2).

Table 3

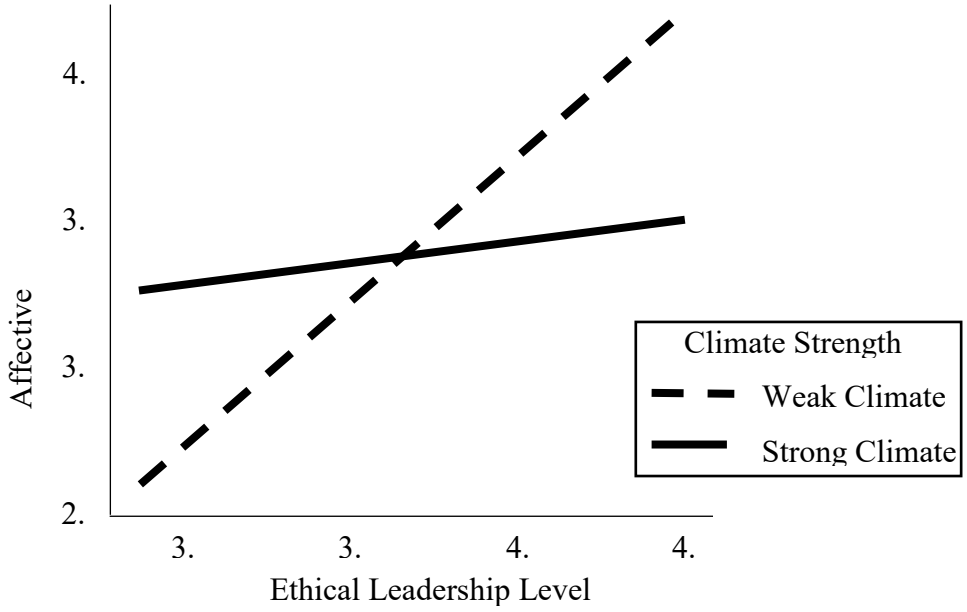
Hierarchical Regression Predicting Affective Commitment

Predictor	*B*	95% CI for B		*SE B*	*β*	R^2	ΔR^2
		LL	UL				
Step 1						.34	.34**
Constant	1.39*	0.60	2.18	0.40			
Ethical Leadership Level	0.54**	0.33	0.74	0.10	0.58**		
Step 2						.47	.10*
Constant	0.28	-0.88	1.44	0.58			
Ethical Leadership Level	0.84**	0.53	1.16	0.16	0.91**		
Ethical Leadership Climate Strength	2.02*	0.51	3.54	0.75	4.78*		
Ethical Leadership Level X Climate Strength	-0.56*	-0.99	-.13	0.22	-4.69*		

Note. N = 57; CI = confidence interval; LL = lower level; UL = upper level; *$p < .05$; **$p < .001$.

Figure 2

Climate Strength as Moderator of the Relationship Between Ethical Leadership and Affective Commitment



Discussion

Ethical organizational behavior is a complex and multilevel phenomenon. This is especially true in the context of the U.S. Army. To achieve the favorable outcomes that are expected of such behavior (e.g., prevention of ethical misconduct), the Army will need to consider multiple levels of analysis. The extant literature has a narrow focus on individual perceptions of ethical leadership and lacks empirical research on ethical leadership as a group-level construct. As the topic of ethical leadership continues to gain momentum within leadership research, it is important to understand within what contexts and under what circumstances ethical leadership corresponds to favorable group-level outcomes.

Our results add to the growing body of literature that shows the positive impact of ethical leadership depends on situational factors (Den Hartog, 2015). In addition, we provide evidence that the relationship between ethical leadership and positive outcomes (OCBs and affective commitment) is not idiosyncratic to the individual level of analysis but can also exist at the group level. Replicating Shin (2012) and Sanders (2011), we found a direct, positive relationship between ethical leadership climate level and the group-level outcomes of OCBs and affective commitment. In addition, we found that those relationships depend on ethical leadership climate strength when predicting both OCBs and affective commitment. Considering ethical leadership climate strength as moderating variable is necessary not only for methodological reasons (as a statistic that informs aggregation decisions) but also for theoretical reasons (as an indicator of context surrounding climate level). Our findings show that in units with weak climate for ethical leadership (i.e., where there was low agreement about the group leaders' ethicality), ethical leadership level is a strong predictor for the average group-level OCBs and affective commitment. However, for units with strong climate for ethical leadership (i.e., where there was high agreement about the group leaders' ethicality), ethical leadership level seems to be inconsequential for OCBs and affective commitment.

Interestingly, our moderation results are the opposite of what we predicted based on previous literature. For example, both Shin (2012) and Sanders (2011) theorized that stronger ethical climates aid ethical leadership in improving outcomes, because a stronger climate for ethical leadership act as a strong situation. This argument is based on situational strength theory (Mischel, 1976), which defines a strong situation as one with clear expectations for what is normal behavior and argues that individuals tend to act similarly when in situations with clear behavioral norms (e.g., attending a funeral) as compared to situations with more ambiguous norms for what is appropriate (e.g., shopping for groceries). If strong ethical climates act as strong situations, they would provide a clear indication for what is and is not ethically appropriate, strengthening the effects of ethical leadership. In fact, this is what Sanders (2011) found in predicting affective commitment and what Shin (2012) showed with OCBs. However, our results revealed the opposite of these findings. Instead, the moderation effects for both OCBs and affective commitment are more in line with Babalola et al.'s (2019) individual-level study on the moderating role of leader ethical conviction, defined as "the perception that a leader maintains a strong and absolute stance on his or her ethicality and projects such nonnegotiable views on others" (p. 86). Similar to our finding, Babalola et al. (2019) found employees report stronger relationships between ethical leadership and OCBs when they perceive their leader's

ethical conviction to be weaker than those who perceive their leader's ethical conviction to be stronger.

Although individual perceptions of leader ethical conviction are not theoretically synonymous to the strength of a group's climate for ethical leadership, leaders with strong ethical convictions likely foster strong climates for ethical leadership. Babalola et al. (2019) argue that leaders who instill clear ethical norms and expectations can actually work against the goals of ethical leadership "because leader ethical conviction reflects the lack of welcoming others' perspective on ethical conduct and bearing an open mind" (p. 88). Similarly, Newman (2014) argues that leaders who project an image of being "too ethical" may be less attractive role models, resulting in employees who feel morally reproached by their leaders. Following this logic, it is possible that the strength of a company's command climate for ethical leadership (i.e., level of agreement about the leaders' level of ethical leadership) reflects agreement among unit members stemming from the strictness, not clarity, of the leaders' ethical standards. Given that we examined climate strength as agreement in ethical leadership, it makes sense that our results reflect Babalola et al. (2019) more than Shin (2012). Shin (2012) considered climate strength as agreement in ethical climate scores, which include but are not limited to the ethicality of the group's leader. This distinction between climate for ethics and climate for ethical leadership is important and deserves future research attention.

Limitations

Before discussing the implications of our findings for the U.S. Army and our recommendations for future research, we would like to note two study limitations. First, results are based on a relatively small sample size. Despite collecting responses from 1,710 Soldiers, we aggregated individual-level data to only 57 units. The number of individual responses used to inform unit-level averages varied across units; however, all units had at least ten member responses. The current study relies on aggregation statistics like r_{wg} to determine meaningful group-level statistics; however, additional research is needed to understand best practices for balancing individual-level sample size and group-level sample size for group-level analyses. In addition to limitations in our sample sizes, survey data were collected via a cross-sectional study relying on single source and single time-point measures. Ethical leadership is typically measured from the follower perspective (Brown et al., 2005), which may help reduce social desirability bias in ratings. However, by measuring all variables in the model from the follower perspective and during the same measurement occasion, it is impossible to infer causal relationships. Instead, our findings suggest correlational relationships. In future research, researchers may reduce common methods bias by separating measures of ethical leadership climate and its outcomes across multiple measurement occasions and/or respondents.

Implications for the U.S. Army

Specific to Army purposes, the results of this study suggest that climate for ethical leadership is a meaningful construct at the company level and is useful for predicting company-level OCBs and affective commitment. This finding suggests that extant ethical leadership research conducted at the individual level may be generalizable to the group level. However, additional research is needed to confirm that the many favorable effects of individuals perceiving

their leader to be high in ethical leadership also exist at the group level (i.e., when examining climate for ethical leadership), particularly within an Army context.

In addition, we show how considering not only climate level but also climate strength may provide a more holistic, nuanced picture of a unit's command climate. Considering the strength of climate for ethical leadership (and other climate dimensions) may reveal potential issues within leadership that may otherwise be masked by aggregating individual responses. The specific climate strength moderation effects that were found in the current study highlight the need for leaders to consider how exactly they communicate ethical values and norms. Our findings are highly dependent on how we operationalized the climate for ethical leadership and climate strength variables. Our climate for ethical leadership variable captures the level of agreement in a group about the extent to which the group's leader exhibits an ethical leadership style. This is theoretically distinct from climate for ethics, or the level of agreement in group member perceptions of their group's ethical standards, practices, and behaviors. Thus, future research should treat the strength of ethical leadership climate as distinct from the strength of ethical climate. High agreement within a unit that the unit is ethical (i.e., strongly ethical climates) may lead to very different outcomes than high agreement within a unit on the unit leader's level of ethical leadership (i.e., strongly ethical leadership climates). While the former case may indicate clarity in expectations for ethical behavior, the latter case may suggest that subordinates see the leader as too strict in their expectations. Leaders need to consider how they approach being ethically consistent across situations and with each of their subordinates, being careful to avoid the negative sides of consistency (seeming strict) and promote the positive side (clarity of expectations, upholding the Army ethic).

Future Research

The results of this study may be informative for organizational researchers and practitioners interested in the benefits of ethical leadership for group-level outcomes, especially in Military organizations. Ethical leadership has become popular in both research and practice. The research shows that ethical leadership is beneficial for those employees who see their leader as highly ethical; however, the literature has yet to fully explain how ethical leadership affects group-level outcomes. Ethical leadership climate strength provides context to our understanding of the relationship between ethical leadership and outcomes. Our findings suggest that ethical leadership is not a panacea. Even though ethical leadership may be useful for achieving higher levels of OCBs and affective commitment in groups, it depends on the strength of a unit's ethical leadership climate.. Given that our findings are in contrast to earlier work (e.g., Shin, 2012), we recommend that future research explore the boundary conditions surrounding the relationship between a workgroup's ethical leadership climate and outcomes, including but not limited to group-level OCBs and affective commitment. Our findings challenge our original hypothesis that stronger climates for ethical leadership act as strong situations characterized by high levels of ethical behavior performed by all unit members. One potential reason for this disconnect between our predictions and findings is that ethical leadership climate strength does not seem to produce the same outcomes as ethical climate strength. The strength of a group's climate for ethics is an indicator of consistency in communication about ethical behavior from the organization including the leader. Thus, we expected a strong climate for ethical leadership to provide similar benefits as strong climate for ethics in general. While strong ethical climates

likely lead to stronger climates for ethical leadership where group members all agree on their leader's level of ethical leadership, our findings suggest that these two variables must be treated distinctly. Specifically, ethical leadership climate strength should be treated as an aspect of the relational leadership process, similar to Babalola et al.'s (2017) concept of leader ethical conviction, where the level of ethical leadership and the agreement on that level are indicators of two different processes. Additional work is needed to examine the ways in which within-group agreement on ethical leadership (what we term ethical leadership climate strength) functions similarly and distinctly from ethical climate strength, and what this means for achieving favorable group outcomes. For example, maybe fostering a strong ethical climate helps highly ethical leaders in achieving high-levels of favorable group outcomes, whereas, as our findings suggest, a strong ethical leadership climate acts on its own despite the ethicality of the group leader to produces neither great nor terrible outcomes but medium-levels of OCBs and affective commitment.

In attempts to better understand the constructs of ethical leadership climate level and ethical leadership climate strength, future studies should pay specific attention to how these group-level variables are measured and aggregated. In our sample, the distribution of individual-level ethical leadership ratings was negatively skewed. That is, most Soldiers rated their leaders as high in ethical leadership, which restricts the ability of our findings to explain how climate for ethical leadership influences outcomes in workgroups with extremely low levels of ethical leadership. Unfortunately, this bias towards higher ratings is common in ethical leadership research, and it poses a limitation of range restriction that future research must address. For ethical leadership to be a meaningful construct at the group level, there must be enough variability across groups as a whole but not too much variability within groups. In order to capture a realistic picture of group-level ethical leadership and further develop the concept of climate for ethical leadership, future research should address the issues of range restriction and socially desirable responding. This is especially important in unique populations such as Army Soldiers. In addition, subsequent studies may explore different theories of group-level ethical leadership and employ different methods of statistically aggregating individual perceptions of ethical leadership to the group level. Leaders have a powerful influence on climate; however, leadership is only one aspect of climate. There may be additional contextual variables or climate dimensions that are pertinent to the study of climate for ethical leadership that help clarify why mixed findings exist in the literature. Alternatively, there may be other variables, distinct from the aggregate of individual ethical leadership ratings, that better illustrate ethical leadership at the group level. The specific conceptualization of group-level ethical leadership will likely depend on the outcomes of interest. In the case of OCBs, unit member perceptions of how often and what type of OCBs members are expected to perform may create a flattening effect in the relationship. As Bergerson (2007) pointed out, OCBs are not performed within a vacuum. The time and resources consumed by performing OCBs are finite and may interfere with in-role task performance. Therefore, in organizations with high ethical climate strength, a baseline level of OCBs may be performed regardless of ethical leadership. Within companies that vary in their understanding of the expectations, ethical leadership may have a more direct, positive relationship to the performance of OCBs.

Finally, future research might examine the role of culture in what ethical leadership means to employees and the extent to which ethical leadership aids leader influence processes.

Shin (2012) conducted their study in China, whereas the current study used a U.S. military sample. Cultural dimensions, such as individualism/collectivism, are known to vary considerably across countries and this variation has been found to change the expectations of and requirements for successful leadership (House et al., 2004). Future research should examine culture as a boundary condition for the impact of ethical leadership on outcomes in workgroups.

Conclusion

Ethical behavior is one of the most critical aspects of Army leadership. We sought to examine whether ethical leadership as a dimension of command climate leads to favorable outcomes. Our results suggest that shared perceptions of high ethical leadership at the group level can provide benefits to Army companies, but these positive effects depend on the extent to which unit members agree about the level of ethical leadership in their company (i.e., climate strength). Thus, while this study replicates the findings that ethical leadership is associated with more OCBs and higher affective commitment, it also highlights an important boundary condition for these favorable effects at the group level. Going forward, researchers and practitioners must consider the multilevel complexities of ethical leadership. Considering how ethical leadership functions at the group level will be especially important for the Army context given the hierarchical structure of the Army and the responsibilities of Army leaders.

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Appendix

Poster Presented at Society for Industrial and Organizational Psychology 2020 Virtual Conference

The Impact of Ethical Leadership Depends on Climate Strength

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Research Questions

1. Does **ethical leadership** have similar positive effects at the team-level as it does at the individual-level? Specifically, are teams with higher **climate for ethical leadership** those who achieve higher group average **organizational citizenship behaviors (OCBs)** and **affective commitment**?
2. Does the impact of ethical leadership on group-level outcomes depend on the **strength of climate for ethical leadership** within a team?

Background and Hypotheses

- Ethical leadership research has established that individual employees who see their leaders as more ethical enjoy a range of positive outcomes including increased OCBs[1]; however, there is a lack of evidence that these relationships exist at the group-level[2].
- Most research on ethical leadership draws on individual-level perspectives, often asking followers to rate their leaders.
- Ethical leadership at company-level is a dimension of climate.
- We predicted that **climate for ethical leadership** is *positively* related to **OCBs** (H1) and **affective commitment** (H2).
- We predicted that the **strength of climate for ethical leadership** *positively moderates* the relationships between climate for ethical leadership and OCBs (H3) and affective commitment (H4), such that ethical leadership has a stronger effect in teams with a higher level of agreement on their leader's ethicality.

Method

Sample:

- 1,358 U.S. Army Enlisted Soldiers (including Privates to Master Sergeant/First Sergeant) and Officers (Second Lieutenant to Captain) working in 57 companies across 11 military installations.
- On average, Soldiers had spent 4.07 years (*SD* = 4.82) in the U.S. Army but only 1.28 (*SD* = 1.08) working in the referent Army company.

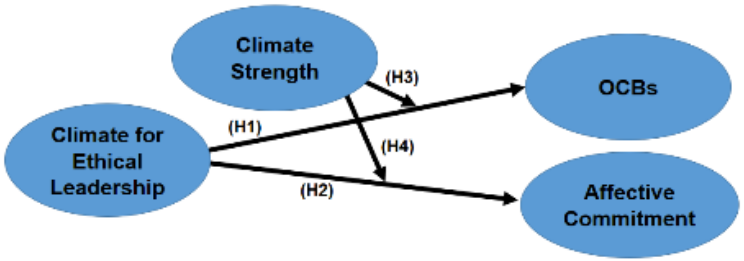
Procedure & Measures:

- Questionnaires (administered at the individual-level) measured ***Climate for Ethical Leadership*** (six items; α = .93), ***OCBs*** [ten items; α = .91][3], and ***Affective Commitment*** [four items; α = .93][4] using 5-point Likert-like scales.
- Individual-level data was aggregated to the unit-level (U.S. Army company).
- Responses were excluded if fewer than 10 unit members completed the survey.
- ***Strength of Climate for Ethical Leadership*** was operationalized as unit-level $r_{wg(j)}$ of climate scores[5], whereas company-level *means* were used for all other variables.

Analysis:

- Hierarchical linear regression models were run in SPSS 25.
- Moderation models plots were created in R.

Model

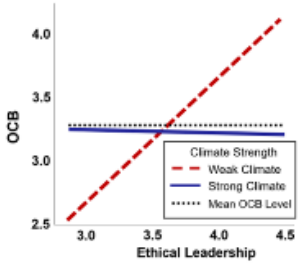


Results

Descriptive Statistics, Correlations, and Alpha Reliabilities

Construct	*M*	*SD*	1	2	3	4	5
1. Ethical Leadership Climate Level	3.88	.34	(.93)				
2. Ethical Leadership Climate Strength	.50	.75	.12	—			
3. Climate Level X Climate Strength	1.98	2.88	.20	.99 ***	—		
4. Organizational Citizenship Behavior	3.27	.26	.40 **	.11	.12	(.91)	
5. Affective Commitment	3.47	.32	.58 ***	.24 *	.27 *	.61 ***	(.93)

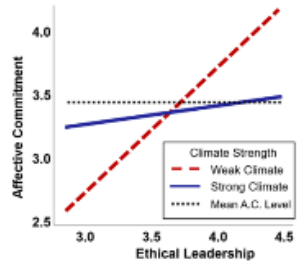
Note. $N = 57$. *$p < .05$. **$p < .01$. ***$p < .001$. Values in parentheses indicate scales alpha reliabilities.



Hierarchical Regression Predicting OCBs

Predictor	*B*	*SE*	*β*	ΔR^2
Step 1				.16 **
Ethical Leadership Level	.31	.10	.40 **	
Step 2				.06
Ethical Leadership Level	.58	.16	.75 ***	
Ethical Leadership Climate Strength	1.70	.74	4.81 *	
Ethical Leadership Level X Climate Strength	-.48	.21	-4.82 *	

Note. $N = 57$. *$p < .05$. **$p < .01$. ***$p < .001$.



Hierarchical Regression Predicting Affective Commitment

Predictor	B	SE	β	ΔR^2
Step 1				.00 **
Ethical Leadership Level	.54	.10	.58 **	
Step 2				.01 *
Ethical Leadership Level	.84	.16	.91 ***	
Ethical Leadership Climate Strength	2.02	.75	4.80 *	
Ethical Leadership Level X Climate Strength	-.56	.22	-4.69 *	

Note. $N = 57$. *$p < .05$. **$p < .01$. ***$p < .001$.

Discussion

- As positive, prosocial forms of leadership continue to gain momentum within leadership research and practice, it is important to understand within what contexts and under what circumstances these types of leadership impact group-level outcomes.
- Our results add to the growing body of literature that shows the positive impact of ethical leadership depends on situational factors.[2]
  - In addition, we replicate previous findings[5,7] suggesting the relationship between ethical leadership and positive outcomes (OCBs and affective commitment) is not idiosyncratic to the individual-level of analysis but can also exist at the group-level.
  - However, we found evidence that units with weak climates for ethical leadership (low agreement across group-members perceptions of climate for ethical leadership) are those where ethical leadership has the most positive impact on member OCBs and affective commitment. This suggests that in units with strong climates, ethical leadership is inconsequential for group-level OCBs and affective commitment, which is the opposite effect of what has been found previously.[6,7]
- This study is limited in generalizability given (a) the sample was drawn from U.S. Army Soldiers and (b) the variance across Soldier reports of their leaders' ethical leadership is negatively skewed.
- Organizational researchers and practitioners interested in the benefits of ethical leadership should consider the role of ethical leaders in improving individual- and group-level outcomes separately.
  - While ethical leaders generally inspire their followers to perform more OCBs and to feel more committed to their organization, the role of ethical leadership in improving group-level outcomes depends on climate strength.
  - In units with weak climates for ethical leadership, ethical leadership may be helpful for improving group-level averages of OCBs and affective commitment.
  - In units with strong climates for ethical leadership (high level of member agreement on how ethical their leader is), climate strength may be enough to increase group-level averages of OCBs and affective commitment regardless of the leader's average ethical leadership score.

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