Chapter 8
Ethical Leadership as a Cross-Cultural Leadership Style

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ABSTRACT

Although many leadership theories have been offered to date, scholars and practitioners still search for answers to failed leadership. A recent theoretical construct of ethical leadership has been proposed that may offer a solution (Brown, Trevino, & Harrison, 2004; Trevino, Brown, & Hartman, 2003). The increasing number of global companies adds a further dimension to the study of leadership, one that considers the impact of various country cultures. The study outlined in this chapter addressed both issues by exploring ethical leadership as a viable theory that may be considered for use across cultures. Research consisted of interviews with experienced international managers who also held MBA degrees. Results led to recommendations for international managers in leadership positions as well as directions for future research.

INTRODUCTION

The world is no longer comprised of separate, protected national markets which look to their own citizens for trade and commerce. A trend in recent years toward a more integrated global economic system has gained increased momentum (Hill, 2002). This process of globalization vigorously continued into the twenty-first century. In early 2009 the Group of 20 (G-20) nations, a global forum of the world’s largest 20 economies, met to seek solutions to what may be considered the worst economic crisis since World War II (Explanatory guide to the communique, 2009). A collective effort to right the world economy was sought, signifying a new global era.

Growing economic interconnectedness spawned global businesses, virtual organizations,
and migrating labor forces. Rapid technology advances and changing political systems fueled the speed of globalization (Thomas, 2002). These change mechanisms provided complexity to the role of global business leaders. Simultaneously, the twenty-first century witnessed failed leadership and the collapse of giant companies such as Enron, WorldCom, and Arthur Andersen. Ethical business practices and leadership became topics central to the discussion of these broken organizations (Prilleltensky, 2000; Thomas, Schermerhorn Jr, & Dienhart, 2004).

These events serve as a backdrop to the continual search for a universal theory of leadership. Many theories have been offered but one decisive definition has yet to emerge (Avolio, Walumbwa, & Weber, 2009; Ciulla, 1995). A somewhat new model, ethical leadership, has been the source of recent study and research (Brown, Trevino, & Harrison, 2004; Trevino, Brown, & Hartman, 2003). This article furthers these endeavors by introducing national culture and global application in an effort to ascertain whether ethical leadership can meet the needs of the changing world economic landscape.

The rise of global companies raises a question as to whether or not leadership theories can be applied universally across various cultures. International managers who function across national borders have little guidance on how to lead in different cultures (Hill, 2002). Leaders of virtual teams need to display skills that reflect adaptability and flexibility. Equally important, they need to establish effective communication and trust among team members. Leadership styles that foster trust can be an important factor in developing effective, high performing distributed teams. New data on effective leadership practices and styles may be beneficial to global organizations and the resulting development of geographically distributed teams.

The study outlined in this chapter examined the theory of ethical leadership and its cross-cultural viability. Findings from the Global Leadership and Organizational Behavior Effectiveness (GLOBE) research project (Javidan, Dorfman, DeLuque, & House, 2006; Thomas, 2002) were used as a foundation upon which to test cross-cultural leadership dimensions. Ethical leadership theory was examined for compatibility with these dimensions. The study also sought to determine whether findings of universally desirable and culturally contingent leadership attributes from the GLOBE project paralleled the two components of ethical leadership discovered through empirical research, transformational and transactional leadership. A qualitative study was conducted through interviews of international managers to obtain data on these questions. With the following research questions as guidance, the study sought to explore ethical leadership in a global context.

**Research Question #1:** Could ethical leadership be a viable cross-cultural leadership style?

**Research Question #2:** Do the transformational and transactional dimensions of ethical leadership parallel universally desirable and culturally contingent leadership attributes respectively?

## BACKGROUND

### Ethics and Leadership Theories

For the purposes of this study, ethics can broadly be defined as a “set of principles used to decide what is right or wrong” (Thomas, 2002, p. 107). A general view of ethics would include three main philosophies. Utilitarianism seeks to achieve the greatest balance of good over harm and speaks to the consequences of decisions. A Deontological approach values each human as an entity unto themselves with fundamental and important rights which should be upheld. Cultural Relativism supports respect for the ethical standards and cultural system of others, suggesting that it is inappropriate to impose one’s own standards on others (Fritzsche & Becker, 1984; Thomas, 2002). The study of ethics is beyond the scope of this chapter.