Chapter 63
The Role of Ethical Leadership in Ethical Organizations: A Literature Review

Kijpokin Kasemsap
Suan Sunandha Rajabhat University, Thailand

ABSTRACT
This chapter reveals the role of ethical leadership in ethical organizations, thus illustrating the theoretical and practical overviews of ethical leadership, organizational ethical culture, and organizational ethical climate; the significance of organizational ethical climate in organizational performance; and the significance of ethical leadership and organizational ethical culture in ethical organizations. The utilization of ethical leadership is crucial for ethical organizations that seek to serve suppliers and customers, increase business performance, strengthen competitiveness, and achieve continuous success in global business. Therefore, it is essential for ethical organizations to explore their ethical leadership applications, promote a strategic plan to systematically evaluate their practical advancements, and urgently respond to the ethical leadership needs of organizational members in ethical organizations. Applying ethical leadership in ethical organizations will greatly improve organizational performance and reach business goals in the social media age.

INTRODUCTION
An increasing number of researchers have become interested in understanding the ethical dimension of leadership (Langlois, Lapointe, Valois, & de Leeuw, 2014). Ethics is a basic component of authentic leadership and frame follower feedback (Nichols & Erakovich, 2013). Leadership has to be recognized within a social context of ideas and practices, which give meaning and form to how leadership is enacted and experienced (Clark, Denham-Vaughan, & Chidiac, 2014). Leaders influence their followers by acting as role models of ethical conduct and being the object of identification and emulation to followers (Huhtala, Kangas, Lamsa, & Feldt, 2013).

Business ethics has been emphasized throughout the past decade (Yang, 2014). García-Sánchez et al. (2013) stated that ethical issues have received growing attention recently, after corporate scandals and during the current economic crisis. Organizations that want to promote the high levels
Leadership is a developmental process, which is based on the type of choice that a leader makes (Mostovicz, Kakabadse, & Kakabadse, 2009). Ethical leadership is recognized 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, Trevino, & Harrison, 2005). Social learning theory suggests that consequences (rewards and punishment) facilitate learning in an anticipatory manner (Bandura, 1986).

Research on organizational ethical context is primarily represented within two constructs: organizational ethical culture and organizational ethical climate (Kaptein, 2008; Trevino & Weaver, 2003). Organizational ethical culture is defined as those aspects and conventions of organizational behavior that either encourage the organization to operate in a sustainable way or deter it from doing so (Kaptein, 2008; Trevino & Weaver, 2003). Organizational ethical climate is viewed as those perceptions and aspects that determine what constitutes ethical conduct (Victor & Cullen, 1988).

**ROLE OF ETHICAL LEADERSHIP IN ETHICAL ORGANIZATIONS**

This section reveals the theoretical and practical overviews of ethical leadership, organizational ethical culture, and organizational ethical climate; the significance of organizational ethical climate in organizational performance; and the significance of ethical leadership and organizational ethical culture in ethical organizations.

**Overview of Ethical Leadership**

Leadership is usually examined in the context of the supervisor-subordinate relationship within the boundary of work groups (Choi & Choi, 2009). Leadership should be a key source of ethical guidance for an organization (Brown et al., 2005;