

The Moderating Role of Employee Moral Development on the Relationship between Ethical Leadership and Ethical Climate

Yu-Chi Wu

Institute of Business and Management, National University of Kaohsiung, Taiwan

Mei-Yun Tsai

Institute of Business and Management, National University of Kaohsiung, Taiwan

Abstract

While productivity and financial objectives are often given the greatest emphasis, leaders also have responsibility for instituting standards of ethical conduct and moral values that guide the behavior of followers. This study implements social learning theory, and virtue theory to explain how the leaders behave as role models to promote virtue, which in turn could affect employees' perceptions of ethical climate. The purpose of this study is to investigate whether ethical leadership behavior influences employees' perceptions of ethical climate. In addition, this study also proposes that employees' moral development would moderate the relationship between ethical leadership and ethical climate.

Participants will be recruited from workplaces within the finance sector in Taiwan including banks, insurance companies, and securities companies. Questionnaires will be distributed to more than 300 Participants. The hypothesized interactions will be explored by using hierarchical regression.

This empirical study provides the explanation for the linkage between ethical leadership and ethical climate based on social learning theory, and virtue theory. Furthermore, implication of the moderating role of employee's moral development in this study is that when recruiting employees, the organization may select the mature moral development ones to reinforce the ethical leadership-to-climate relationship.

Keywords: moral development, ethical leadership, ethical climate.