Chapter 48

Ethics and Leadership:
The Role of Prevention and Promotion Oriented Approaches to Leadership

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ABSTRACT

Leadership and ethics continue to be important areas of research. The devastating results of failed leadership in numerous Enron-like situations have ensured that this is the case. This chapter suggests how various leadership approaches and behaviors lead to or develop different types of employee behaviors that impact organizational outcomes. The framework reviews ethical, transformational, and servant leadership, and their relationship to self-regulatory focus. Specifically, promotion-oriented leaders tend to reflect transformational and servant-leadership behaviors and resulting organization cultures, while prevention-oriented leaders match the ethical leadership style and related organization culture. The prevention orientation is a conservative mindset guiding consistent leader and employee behavior, while the promotion orientation provides more opportunity for unique and innovative behaviors.

INTRODUCTION

In the current business environment, leadership and ethics continue to be important areas of research. This is particularly relevant given the frequency of Enron, Fannie Mae, and J. P. Morgan & Company-like corporate scandals that have continued to occur throughout the beginning of the 21st century. Despite the prevalence of such scandals, a recent review by Brown and Trevino (2006) concluded "ethical leadership remains largely unexplored" (p. 595). Existing research focuses on identified contexts, attitudes, and environments relating to unethical leader behavior and its impact on employees. Creating or fostering ethical leadership received less emphasis, revealing a conspicuous disparity between highlighting negative aspects of unethical leadership and incomplete discussion on the application of positive, ethical leadership. The work presented here is

intended to help scholars and practitioners gain insights into why the positive strengths of ethical leadership matter (Luthans & Youssef, 2007) and the precipitating factors that account for its emergence compared to that of transformational and servant leadership styles.

BACKGROUND

Promotion and Prevention Regulatory Focus and Leadership Style

Kark and van Dijk (2007) argue that leaders' influence on followers can be explained by the theory of regulatory focus (Higgins, 1997, 1998). Higgins has proposed two competing approaches that drive human behavior. A promotion approach is generally associated with transformational and charismatic leader behavior, while the prevention approach is characteristic of a monitoring and transactional form of leadership. "One regulates the achievement of rewards and focuses individuals on *promotion* goals, while the other regulates the avoidance of punishments and focuses individuals on *prevention* goals" (Kark & Van Dijk, 2007: 502). Kark and Van Dijk (2007) suggested that promotion oriented leaders are more likely to attend to and act on their aspirations, seek opportunities for reward, and take more risks. By comparison, prevention oriented leaders tend to be more attuned to social pressure, a sense of obligation and are less likely to see leading as a fun opportunity. This matters to organizations because regardless of orientation, a leader's regulatory focus affects followers and their related cognitive strategies, task behaviors, and emotions (Pierreo, Cicero, & Higgins, 2009). Several studies present positive impacts of promotion oriented leadership including followers who create a desired self-image (Stam & van Knippenberg,2010), higher employee creativity (Wu, McMullen, Neubert, &Yi, 2008), employees taking psychological

ownership (Avey, Avolio, Crossley, & Luthans, 2009), group members supporting affirmative action (Ellemers, Scheepers, & Popa, 2010), group member involvement with decision making (Scheepers, Ellemers, & Sassenberg, 2011), and more frequent employee helping behavior (Neubert, et al., 2008). Emerging empirical evidence supports conceptualizations where the role of regulatory focus predicts organizational commitment (Johnson, Chang, & Yang, 2010), moderates responses to organizational change (Petrou & Demerouti, 2010), mediates the relationship between self-deception and individualism or collectivism (Lalwani, Shrum, & Chiu, 2009), and finally, alters the relationships between certain values and the implications for motivation in various circumstances (Leikas, Lonnqvist, Verkasalo, & Lindeman, 2009). Clearly, regulatory focus is a salient theory in many domains of human behavior.

The current paper accepts Kark and van Dijk's (2007) assertion that promotion or prevention focus acts as a mechanism for different leader behaviors and these behaviors are situational cues observed by followers that are likely to evoke a similar promotion or prevention focus within followers. For instance, an organization's focus on safety may serve as a situational cue for a prevention focus in leaders who in turn pass a safety and prevention focus along to their employees (Wallace & Chen, 2006). While Kark and van Dijk (2007) discussed many organizational outcomes resulting from leader's promotion or prevention regulatory focus, they were silent on the impact on ethical behavior within the organization. But similar to the organizational safety example, a leader's style may induce an ethical mindset in followers toward "oughts" which may result in prevention oriented behavior patterns in them (Higgins, 1997, 1998). This focus is reflective of transactional leadership (Brown & Trevino, 2006). Another possibility would be the development of transformational leadership, which has been well described by Bass (1985). Communicating visions about positive future outcomes or overcoming challenges by

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