

THE IMPACT OF LEADERSHIP STYLES ON ETHICAL BEHAVIOUR

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Abstract

Ethical behaviour is one of the dynamics of modern business life of which importance have been increasing. Many factors affect to make the employees behave ethically. Being one of these factors, leader's behaviour is a premise of ethical behaviour as it is of many organizational behaviors. The main objective of this study is to investigate the effect of transformational leadership and contingent reward leadership styles, two important leadership styles, on the employees' ethical behaviour. An empirical study was performed to investigate the effect of leadership styles on the employees' ethical behaviour and mediating role of Leader-Member Exchange (LMX) for this effect. It was seen that transformational leadership and contingent reward leadership styles affected leader-member exchange positively and meaningfully and leader-member exchange affected employees' ethical behaviour positively. According to the findings of hierarchical regression analysis of the effect of Transformational Leadership (TL) and Contingent reward leadership (CRL) on ethical behaviour (EB) that composed in Structural Equation Model, it was not found any meaningful effect of TL and CRL on EB. Also, it was seen that the relation between LMX and EB is unmeaningful while this relation was meaningful in SEM.

Keywords: Ethical Behaviour, Transformational Leadership, Contingent Reward Leadership, Leader-Member Exchange.

JEL classification codes: M10, J24.