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Ethical Leader Behavior and Leader Effectiveness: The Role of Prototypicality and Trust

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The study examines factors that mediate the impact of ethical leader behavior on leader effectiveness. Little is known about how ethical leadership impacts leader effectiveness. We hypothesized that prototypicality and trust sequentially mediate the relationship between ethical leader behavior and perceived leader effectiveness. The group prototype forms an ideal representation of the group's identity, prescribing appropriate attitudes and behaviors. Ethical leaders are role models and thus are likely to be seen as the group prototype. In turn, prototypes are more trusted and effective. We investigated whether ethical leader behavior overall and different specific ethical leader behaviors (fairness, power sharing, and role clarification) influence prototypicality and, in turn, trust in the leader and leader effectiveness. This model was tested in a field study among 244 employees. Results showed that the relationship between overall ethical leader behavior and leader effectiveness is mediated by prototypicality and trust. For the separate dimensions of ethical leadership, we found full mediation by prototypicality and trust for the relationship between fairness and effectiveness and partial mediation for the relationship between role clarification and leader effectiveness. As expected, the relationship between power sharing and leader effectiveness was not significant.

In recent years, organizations increasingly openly stimulate ethical leader behaviors as a reaction to media scandals of leaders' ethical violations. Ethical leader behavior is expected to have direct positive effects on the attitudes and ethically appropriate conduct of employees (Brown, Treviño, & Harrison, 2005; Kanungo, 2001; Treviño, Brown, & Hartman, 2003). Yet, our empirical knowledge about the effectiveness of ethical leadership is still limited. Only a few studies have investigated the relationship between ethical leadership and leader effectiveness. For example, Brown et al. (2005) and De Hoogh and Den Hartog (2008) found positive correlations between ethical leadership and perceived leader effectiveness.

This study examines factors that mediate the relationship between ethical leader behavior and leader effectiveness. In this way, we start to unravel how ethical leadership might have an impact on outcomes. Although mediating mechanisms have been more fully articulated for transformational leadership (Bass, 1985), similar examinations in the ethical leadership literature have been limited so far. Learning more about the process through which such leaders affect

outcomes is worthwhile, and in the present paper we propose prototypicality (i.e., the leader's representativeness of group identity) and trust as mechanisms through which ethical leader behaviors might enhance leader effectiveness. Previous theoretical work on ethical leadership has suggested trust as a mediator in the relationship between ethical leadership and various outcomes (e.g., De Hoogh & Den Hartog, 2009). For example, based on social exchange theory, ethical leader behaviors are expected to enhance the development of trust among employees and, in turn, these trusted leaders would be seen as more effective.

Building on social identity theory, multiple studies show that leader prototypicality is an important determinant of perceived leader effectiveness (for a review, see van Knippenberg, van Knippenberg, Cremer, & Hogg, 2004). A prototype can be defined as an ideal representation of how group members should behave. The prototype is used as identity information and describes and prescribes appropriate attitudes and behaviors (e.g., Hogg, 2001). A leader who is characterized as the group prototype is typically more effective in influencing the employees within the workgroup because followers identify with such a leader. We expect that ethical leaders will tend to be seen as high on group prototypicality as ethical leaders act as role models of desired behaviors (Brown et al., 2005). Similarly, prototypical leaders exemplify normative behavior and form an ideal representation of appropriate behaviors. We therefore argue that ethical leaders will be seen as more prototypical.

A recent publication of Giessner and van Knippenberg (2008) showed that prototypicality influences leader effectiveness via trust. We build on and extend this work by testing a mediation model proposing that ethical leadership is related to prototypicality. Prototypicality in turn affects trust in the leader, which leads to higher perceived leader effectiveness. We examine this mediation model in a field setting using data from two matched employees per manager. In sum, we suggest that it is time to examine in more detail how ethical leader behaviors influence outcomes and propose that prototypicality and trust form one possible mechanism by which ethical leaders affect perceptions and attitudes of followers.

Ethical Leader Behavior

Recently, research on ethical leader behavior in organizations has increased and several studies and a number of theoretical articles have begun to address ethical leadership and its correlates (for a review see Brown & Treviño, 2006). Several different conceptualizations of ethical leader behavior are found in the literature. Brown and colleagues (2005) investigated ethical leadership from a social learning perspective and view ethical leaders as role models of normatively appropriate behaviors. In addition, ethical leaders use reward and punishment to stimulate ethical conduct (Brown et al., 2005; Treviño et al., 2003). The authors defined ethical leadership 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" (p. 120). Researchers using social exchange theory focus more on the norm for reciprocity and hold that followers are willing to reciprocate when they are treated fairly and with concern (e.g., Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009). In line with the social exchange perspective, researchers have defined ethical leadership as the tension between altruistic and egoistic motives and have suggested that an ethical leader is driven by a system of accepted beliefs and appropriate judgments instead of self-interest, which is beneficial for followers, organizations, and society (Aronson, 2001; Kanungo & Mendonca, 2001; Turner et al., 2002). Resick and colleagues

(2006) focus on how leaders use their power in decisions, actions, and ways to influence others. Similarly, De Hoogh and Den Hartog (2009) conceptualized ethical leadership as the process of influencing - in a socially responsible way - the activities of an organized group toward goal achievement.

Brown and colleagues (2005) operationalized ethical leadership uni-dimensionally and in doing so combined various ethical leader behaviors (e.g., acting fairly and honestly, allowing followers' voice, and rewarding ethical conduct) in a single overall scale. De Hoogh and Den Hartog (2008, 2009), Kalshoven, Den Hartog and De Hoogh (in press), and Resick et al. (2006) argued that theoretically these ethical leader behaviors are rather different and they may have different effects. Combining multiple ethical leader behaviors into a single undivided measure could therefore make it harder to understand the mechanisms through which ethical leadership may be effective. For example, De Hoogh and Den Hartog (2008) separately measure three different ethical leader behaviors (i.e., fairness, power sharing, and role clarification) that Brown et al. (2005) combined in a uni-dimensional scale.

First, fairness is generally seen as a key dimension of ethical leadership (Brown et al., 2005; De Hoogh & Den Hartog, 2008; Treviño et al., 2003). Fairness is described by Brown et al. (2005) as being fair, trustworthy and honest. In other words, ethical leaders treat others with respect, do not have favorites, and make fair choices. Secondly, ethical leaders provide subordinates with voice, listen to their input, and allow them to share in decision-making on issues that concern their tasks (Brown et al., 2005). De Hoogh and Den Hartog (2008) label this dimension power sharing. Thirdly, ethical leaders work transparently, clarify expectations, and communicate openly so that followers understand what is desired and expected of them, which is labeled role clarification (De Hoogh & Den Hartog, 2008). In this study, we include the one-dimensional ethical leadership measure developed by Brown et al. as well as the three ethical leader behaviors as measured by De Hoogh and Den Hartog (2008). Thus, we measure fairness, role clarification, and power sharing in addition to overall ethical leadership.

Ethical Leadership and Leader Effectiveness

So far, the results of research on the correlates and outcomes of ethical leadership mainly demonstrate positive relationships of ethical leadership and its behavioral dimensions with a variety of followers' attitudes and behaviors, including commitment, satisfaction with the leader, trust in management, job satisfaction, and OCB (e.g., Brown et al., 2005; Den Hartog & De Hoogh, 2009; Kalshoven et al., in press; Mayer, et al., 2009). In addition, some studies show positive correlates between ethical leadership and perceived leader effectiveness. For example, Brown et al. (2005) found that ethical leadership was positively related to perceived leader effectiveness, and De Hoogh and Den Hartog (2008) found a positive relationship between the dimensions fairness and role clarification but not power sharing with perceived top management team effectiveness. Although only a few studies to date focus directly on ethical leadership and effectiveness, related research suggests positive relationships as well. For example, Den Hartog et al. (1999) found that honesty and integrity characterize highly effective or outstanding leaders in the eyes of middle managers. Also, Ayree, Budhwar, and Chen (2002) found that interactional justice (i.e., fair interpersonal treatment which resembles the fairness element of ethical leader behavior) was positively related to performance.

Yukl (2006) stated that effective leadership means mobilizing and influencing followers in the required direction. This suggests ethical leaders guide employees toward responsible goals

and objectives, which benefit the organization and its members (Kanungo, 2001). Thus, we expect ethical leadership to be effective. Similarly, from a social learning perspective employees are expected to identify with, admire, and emulate their ethical leaders and see them as role models of appropriate behavior (Brown et al., 2005). They are likely to perceive such a role model as effective (cf. Bandura, 1986). As role models, leaders set the tone in the organization. Followers are likely to copy behaviors of the ethical leader, which again should positively influence effectiveness.

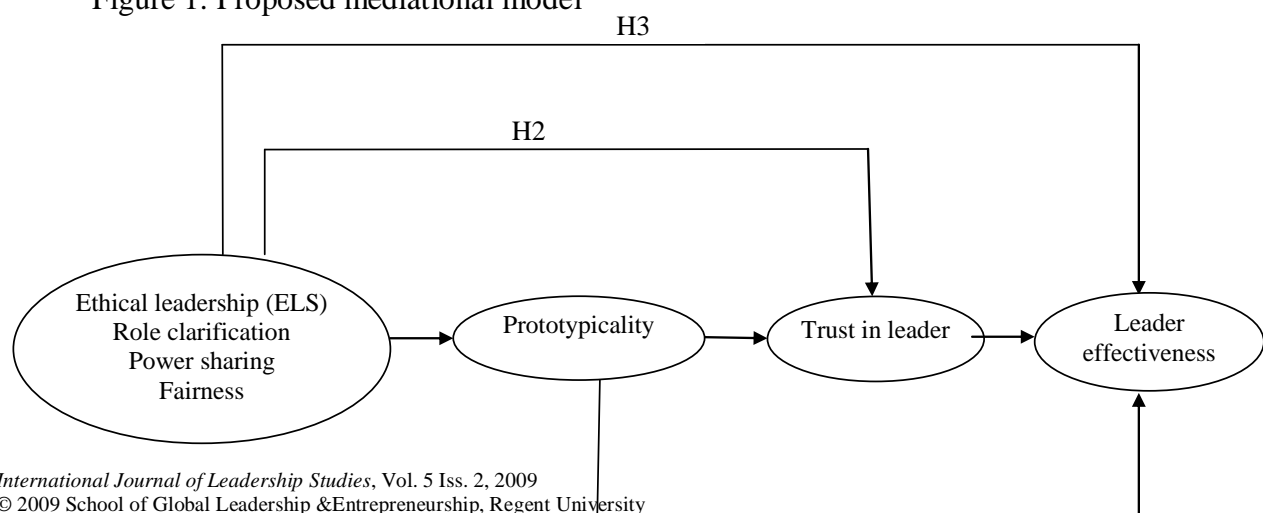
Thus, overall, ethical leaders will typically be experienced by their followers as effective. An effective leader influences followers to attain the goals of the organization. In addition, effective leaders work in an effective manner and go along with the work-related needs of the followers. We suggest that besides overall ethical leadership, the specific dimensions fairness and role clarification will contribute to perceptions of leader effectiveness. However, power sharing is probably less important for such leaders to be seen as effective. As stated, power sharing was unrelated to top management effectiveness in the study by De Hoogh and Den Hartog (2008). This is in line with Yukl (2006), who suggested that research results on the effectiveness of participative forms of leadership are inconsistent, suggesting such leadership may be more or less effective depending on the context. Thus, we expect that overall, power sharing is not important for leaders to be perceived as effective.

H₁: Ethical leadership overall as well as the dimensions of fairness and role clarification are positively related to perceived leader effectiveness.

Ethical Leadership, Leader Effectiveness, Trust, and Prototypicality

Besides the proposed direct relationship between ethical leadership and leader effectiveness, we argue that mediation processes play a role. Whereas for other models of effective leadership, such as transformational leadership, these potential mediating mechanisms explaining how leaders affect followers have been more fully articulated and studied, such examinations in the ethical leadership literature have been limited. In this study, we propose one such mechanism by which an ethical leader's influence may be realized. Drawing on the work on leader prototypicality and leader trust, we suggest that prototypicality and trust will sequentially mediate the relationship between ethical leader behavior and leader effectiveness. The proposed model is depicted in Figure 1. Thus, we expect and propose that the relationship between ethical leader behavior and leader effectiveness is sequentially mediated by prototypicality and trust.

Figure 1: Proposed mediational model



To describe the theoretical background of the research model, we first focus on the connection between trust and ethical leadership. Next, we describe the relationship between prototypicality and ethical leadership and the role of prototypicality as a mediator of the relationship between ethical leadership and trust. Finally, we will describe the double mediation of prototypicality and trust in the relationship with effectiveness.

In previous studies, trust has been investigated in relation to ethical leadership and leader effectiveness, albeit never in combination. In line with existing research, we expect a positive relationship between ethical leadership and trust. Ethical leadership is highly related to trust ($r = .76$) in the study by Brown et al. (2005). Also, Den Hartog and De Hoogh (2009) found that the ethical leadership dimensions of power sharing and fairness were positively related to trust in management. In the present paper, we look specifically at trust in the leader. From social exchange theory it seems likely that trust grows as leaders and employees interact due to high-quality relationships (Blau, 1964). In this vein, Dirks and Ferrin (2002) proposed that trust is built on perceptions of behaviors such as open communication, integrity, availability and reliability. Ethical leaders' fair and caring treatment, consistent behavior, and clear communication likely result in trustful relationships. Also, leaders exhibiting power sharing signal trust that employees are likely to reciprocate. Moreover, ethical leaders are likely to inspire trust as ethical behavior signals these leaders take an interest in issues beyond themselves, rather than being only self-oriented (based on Kanungo, 2001). Thus, we expect ethical leader behaviors (fairness, role clarification, and power sharing) to be highly related to trust.

We argue that the relationship between ethical leadership and trust is partially mediated by prototypicality. The propositions in the literature on leader prototypicality build on the social identity theory (cf. Hogg, 2001; Tajfel & Turner, 1986). This theory focuses on people's self-definition that is partly based on their group membership. People define themselves in terms of collective attributes of a group to which they belong (i.e., social identity). Self-conception in terms of group membership involves a psychological "merger" of self and group, in which self-conception is contingent on group prototypes. Such a group prototype reflects a set of beliefs, attitudes, norms, values and behaviors (Hogg, 2001). The group prototype has considerable influence on the group identity and is conceptualized as an ideal representation of the group's identity that describes and prescribes appropriate attitudes and behaviors (Giessner & van Knippenberg, 2008). The prototype reflects the shared social identity and is a reference point in groups with which people identify. Prototypical group members exemplify desired behavior. A leader is viewed as the person who symbolizes the group (Tyler & Lind, 1992), and the fit of the leader to the accepted prototype is important for employees' attitudes and behaviors (Hogg, 2001). In other words, prototypical leaders have characteristics that are more closely matched with the group ideal characteristics. The more prototypical a leader is, the more the leader represents the group's standards, values and norms (Hogg, 2001).

Both social learning and social identity theory would suggest that ethical leaders are likely to be perceived as group prototypes. Prototypical leaders exemplify normative behavior (Hogg, 2001). This relates closely to the role modeling idea that is central to theory on ethical leadership. Therefore, we expect ethical leaders who act as role models to be seen as more prototypical. More specifically, based on social learning theory, an ethical leader is proposed to influence followers through identification, observation, and imitation (Brown et al., 2005; Treviño et al., 2003). Followers learn about appropriate behavior through observation of others'

behavior and its consequences (based on Bandura, 1986). Leaders are important source of information through modeling. Ethical leaders are expected to act according to the prototype of the group or organization. For example, the fair treatment of group members shown by ethical leaders will make them more representative of the group. In other words, leaders who manage through fair procedures create a sense of identity among followers and even encourage employees to identify with the group (cf. Tyler & De Cremer, 2005; van Knippenberg et al., 2004). Thus, we would suggest that ethical leaders are likely to be seen as a prototype.

Prior research has consistently shown that prototypical leaders are perceived as more effective (e.g., Hogg, 2001; Pierro, Cicero, Bonaiuto, van Knippenberg, & Kruglanski, 2005; van Knippenberg, van Knippenberg, De Cremer, & Hogg, 2004) as well as more trusted (e.g., Giessner & van Knippenberg, 2008; van Knippenberg & van Knippenberg, 2005). Social identity theory suggests that employees are more likely to trust prototypical leaders because the prototype is a source of information about social reality and the employees are more open to the influence of prototypical leaders (Hogg, 2001). Identity is important to shape employees' relationships with the leader or organization, i.e., to enhance trust (cf. Tyler & De Cremer, 2005). Leader's prototypicality leads followers to have faith in the leader. A prototypical leader will likely be seen to have the group's best interest in mind, and therefore followers will have more trust in the leader. As ethical leaders are seen as role models and therefore group members will experience ethical leader behaviors as identity information, these leaders will be more trusted. In line with this, previous studies found that people who are procedurally fair shape employees' identities, which in turn influence followers' attitudes and feelings (e.g., Tyler & Blader, 2005). Such leaders who are more representative of a group are more influential and more attractive and therefore more likely to be perceived as effective (van Knippenberg, Lössie, & Wilke, 1994).

In sum, the argumentation above suggests that ethical leadership enhances prototypicality and that prototypicality is likely to influence trust in the leader. However, we propose that prototypicality only partly mediates the relationship between ethical leadership and trust as leaders and followers also could have a personal relationship beyond the one that is based on these workgroup processes. In other words, we expect that ethical leadership will still have a direct link to trust beyond prototypicality as ethical leaders are likely to affect trust in multiple ways. For example, social exchange theory would suggest a direct link. Blau (1964) implied that trust is likely to grow as employees perceive themselves as being in a high quality relationship with their ethical leader, whose fair treatment results in strong trust in the leader. It is also important to note that, although we do expect a mediation of prototypicality in the relationship between ethical leader behavior and trust, other variables that are not measured in the current study, such as efficacy or motivation, could also play a role (cf. Knippenberg et al., 2004). In this study, we focus on one of these mechanisms through enhanced prototypicality. We thus expect that prototypicality partially mediates the relationship between ethical leader behaviors and trust in the leader.

To summarize, we expect that ethical leadership, trust, and prototypicality are positively related to each other. Giessner and van Knippenberg (2008) found that leader prototypicality is related to leader effectiveness via trust. Their experimental design shows the directionality of results and they found support for the mediator role of trust in the relationship between prototypicality and leader effectiveness. We extend this model with ethical leadership and suggest that ethical leader behavior will be an important signal for employees of the leader's prototypicality and that in turn, more prototypical leaders may affect trust and effectiveness.

- H_{2a}: Prototypicality partially mediates the relationship between ethical leadership and trust in the leader.
- H_{2b}: Prototypicality partially mediates the relationship between the ethical leadership dimensions power sharing, fairness, role clarification, and trust in the leader.
- H₃: Prototypicality and trust in the leader mediate the relationship between ethical leadership overall and the dimensions of fairness, role clarification, and leader effectiveness.

Method

Sample and Procedure

Students at the Business School voluntarily provided management contacts, whom we invited to participate in a university study. The participants were from various organizations in the Netherlands. We asked each manager to invite two employees that reported directly to him or her to participate in our study by completing a questionnaire. The questionnaires were identified through identical numbers in such a way that the questionnaires of the employees could be related. Each respondent received a postage-paid envelope for returning their questionnaire directly to the researchers, who were available for questions. All participants were assured of the confidentiality of the data and the voluntary nature of participation was stressed. As an incentive, an overall report was offered to the participants upon completion of the study.

In total we received 268 completed questionnaires. We used two employees reporting about the same manager to allow us to aggregate the data for leadership style. We had to remove 24 participants from the sample as no matching peer questionnaire was received. The final sample consisted of 244 participants (two employees per manager). The response rate was 49%. The participants' average age is 34 years ($SD = 11$), and the sample consists of 134 males and 109 females; 1 participant did not report gender. Approximately half of the sample, 143 out of 244, had finished higher professional or university education. The leader-employee tenure was more than 6 months for 85% of the sample. Employees worked in various sectors, such as health care, education, government, financial and business services, and the manufacturing industry.

Measures

Ethical leadership. Ethical leadership was measured in two ways. First, the three dimensions of fairness, power sharing, and role clarification as used by De Hoogh and Den Hartog (2008) were assessed. The *fairness* dimension was assessed using six items and included leaders' honesty, taking responsibilities, treating followers equally, and being dependable. A sample item is: "Manipulates subordinates (reverse coded)." This scale had a Cronbach's α of .84. The *power sharing* dimension was assessed using six items measuring giving employees' voice and opportunities for input. A sample item is: "Allows subordinates to influence critical decisions." Cronbach's α was .74. The dimension *role clarification* was measured using five items and referred to clarification of expectations and responsibilities and engaging in open communication. An example is: "Explains who is responsible for what." Cronbach's α was .83. The items of the three dimensions had a 5-point response scale, ranging from 1 (*strongly disagree*) to 5 (*strongly agree*).

Second, ethical leadership was measured with the ELS developed by Brown and colleagues (2005). The ELS assesses overall ethical leadership with 10 items. A sample item is: "Listens to what employees have to say." The items had a 5-point response scale, ranging from 1 (*strongly disagree*) to 5 (*strongly agree*). Cronbach's α was .82.

Confirmatory Factor Analysis (CFA) showed a good fit for a four factor-structure with the fairness, role clarification, power sharing, and ELS items loading on separate factors, χ^2 four-factor model (318, $N = 236$) = 643.47, $p < .01$, CFI = .95; NNFI = .95 RMSEA = .07; SRMR = .07 (cf. Hu & Bentler, 1999).

Leader effectiveness. Respondents indicated how effective they think their leader is. Leader effectiveness was assessed with three items from the MLQ (e.g., Bass & Avolio, 1993). A sample item is: "How effective is the person you are evaluating as a leader?" The items had a 5-point response scale ranging from 1 (*not at all*) to 5 (*very much so*). Cronbach's α was .75.

Trust in the leader. Trust in the leader was measured with a 5-item scale based on Cook and Wall (1981). A sample item is: "I absolutely trust my leader." The response scale ranged from 1 (*strongly disagree*) to 5 (*strongly agree*). Cronbach's α was .82.

Prototypicality. Prototypicality was assessed with three items adapted from Platow and van Knippenberg (2001). A sample item is: "My leader is representative of our team members." The response scale ranged from 1 (*strongly disagree*) to 5 (*strongly agree*). Cronbach's α was .85.

Data Aggregation

To investigate whether the justification for aggregating subordinates responses to characterize ethical leader behaviors of managers was justified, we completed one way-analyses of variance with leaders as the independent variable and the mean scores of two subordinates for ethical leadership and its dimensions as the dependent variables. We performed an intra-class correlation coefficients ICC(1) (see Shrout & Fleiss, 1979). The ICC(1) is an estimate of the degree to which subordinates of the same leader answer equally. In this study, the ICC(1)'s values were .28 for the ELS, .36 for fairness, .38 for power sharing, and .27 for role clarification. These ICC(1) values are all above the median of perceptual agreement, which is .12 (ranging from .00 to .50) as reported in the organizational literature (James, 1982). To further assess within-leader agreement, we also calculated a within-leader correlation (rwg) to assess the amount of agreement across subordinates (James, Demaree, & Wolf, 1984). A value of .70 or above is suggested as good with respect to within-group agreement (James, Demaree, & Wolf, 1993). These mean correlations were .92 for the ELS, .85 for fairness, .88 for role clarification, and .90 for power sharing, indicating good agreement. Combined, these statistics support aggregating the ethical leader behavior scales to the leader level. We assigned the averaged scores (i.e., the aggregated data) for ethical leader behavior to each peer in the dyad. In this way, the leader behavior data are not only a function of participants' own perceptions and reflect a more shared idea of how the leader operates. The other variables of individual perceptions and attitudes and were therefore not aggregated.

Results

Means, standard deviations, and intercorrelations of the scales used in the study are presented in Table 1. The magnitude of the correlations is in line with previous work in this area.

For instance, in previous field studies prototypicality and leader effectiveness were correlated ranging from .41 to .64 (cf. Giesnner & van Knippenberg, 2008; Pierrro et al., 2005; van Knippenberg & van Knippenberg, 2005). In our study this correlation is .48. Next, in the study of Giesnner and van Knippenberg prototypicality and trust were .75 correlated. In our study, the correlation is somewhat lower, namely .57. Thus, our data seem representative.

Table 1: Descriptive Statistics and Correlations Among All Study Variables

Construct	<i>M</i>	<i>SD</i>	1	2	3	4	5	6
1. ELS	3.73	.38						
2. Fairness	3.87	.56	.56**					
3. Role clarification	3.78	.47	.52**	.22**				
4. Power sharing	3.59	.46	.54**	.45**	.25**			
5. Trust in Leader	3.90	.56	.72**	.54**	.50**	.45**		
6. Prototypicality	3.51	.77	.60**	.41**	.31**	.40**	.57**	
7. Leader effectiveness	3.47	.63	.56**	.31**	.59**	.47**	.77**	.48**

Note. *n* varies between 243 and 244 due to missing values.

** $p < .01$ (one-tailed).

Next, we performed various regression analyses to investigate the proposed mediational models for ethical leadership overall and for the separate ethical leadership dimensions (fairness, role clarification, and power sharing) together. To examine the sequential mediating roles of prototypicality and trust in the relationship between ethical leadership and leader effectiveness, three steps were followed in line with the recommendations of Baron and Kenny (1986).

The first step in mediation analysis recommended by Baron and Kenny is to demonstrate that there is a relationship between all the antecedents and consequences. Regression analysis showed relationships between the antecedents (ethical leadership, fairness, role clarification, and power sharing) and the two dependent variables (trust in the leader and leader effectiveness). As predicted, regression analyses showed a significant relationship between all measures of ethical leadership and trust in the leader (β ranging from .38 to .63, $p < .01$) and between ethical leadership and leader effectiveness (β ranging from .20 to .53, $p < .01$). Thus, ethical leadership measured with the ELS and the three dimensions of ethical leadership all relate positively and significantly to both trust in the leader and leader effectiveness.

As a second step in the sequential mediation analysis, the relationship between the antecedents (ethical leadership, fairness, role clarification and power sharing) and the mediator (prototypicality) as well as between the mediator (prototypicality) and the first dependent variable (trust) should be significant. Further, as we propose a chain with four variables (see Figure 1), the relationship between the second antecedent, (prototypicality) and the second mediator (trust) and this mediator (trust) and the final dependent variable (leader effectiveness) should be significant. As predicted, we found positive and significant relationships between all ethical leadership variables and prototypicality (β ranging from .37 to .58, $p < .01$) as well as between prototypicality and trust ($\beta = .57$, $p < .01$). Also, trust and leader effectiveness were significantly related ($\beta = .77$, $p < .01$). Finally, the mediators (prototypicality and trust) should be significantly related to the dependent variable (effectiveness). To conclude, we found support for the first two mediation steps as proposed by Baron and Kenny (1986).

As a third step, the unique impact of both the mediators (prototypicality and trust) was demonstrated. The regression results are presented in Table 2 for overall ethical leadership

measured with the ELS and in Table 3 for the three ethical leadership dimensions.

Table 2: Regression Results of Ethical Leadership Overall

Construct	Trust in Leader				Leader effectiveness			
	Adj. R ²	ΔR ²	F	β	Adj. R ²	ΔR ²	F	β
Step 1	.39**	.39**	154.88**		.28**	.28**	93.55**	
Ethical Leadership overall				.63**				.53**
Step 2	.45**	.07**	101.56**		.32**	.05**	57.74**	
Ethical Leadership overall				.45**				.38**
Prototypicality				.31**				.25**
Step 3	-	-	-	-	.59**	.27**	115.72**	
Ethical Leadership overall								.07
Prototypicality								.04*
Trust in Leader								.70**

Note. N = 244.

*p<.05 **p<.01. (one-tailed).

Table 3: Regression Results of Fairness, Role Clarification, and Power Sharing

Construct	Trust in Leader				Leader effectiveness			
	Adj. R ²	ΔR ²	F	β	Adj. R ²	ΔR ²	F	β
Step 1	.33**	.33**	39.80**		.31**	.31**	37.17**	
Fairness				.33**				.19**
Role clarification				.32**				.50**
Power sharing				.17**				.03
Step 2	.45**	.12**	48.77**		.40**	.10**	41.82**	
Fairness				.23**				.10*
Role clarification				.25**				.44**
Power sharing				.08				.04
Prototypicality				.39**				.35**
Step 3	-	-	-	-	.66**	.26**	95.33**	
Fairness								-.06
Role clarification								.27**
Power sharing								.09
Prototypicality								.08
Trust in Leader								.68**

Note. N = 244.

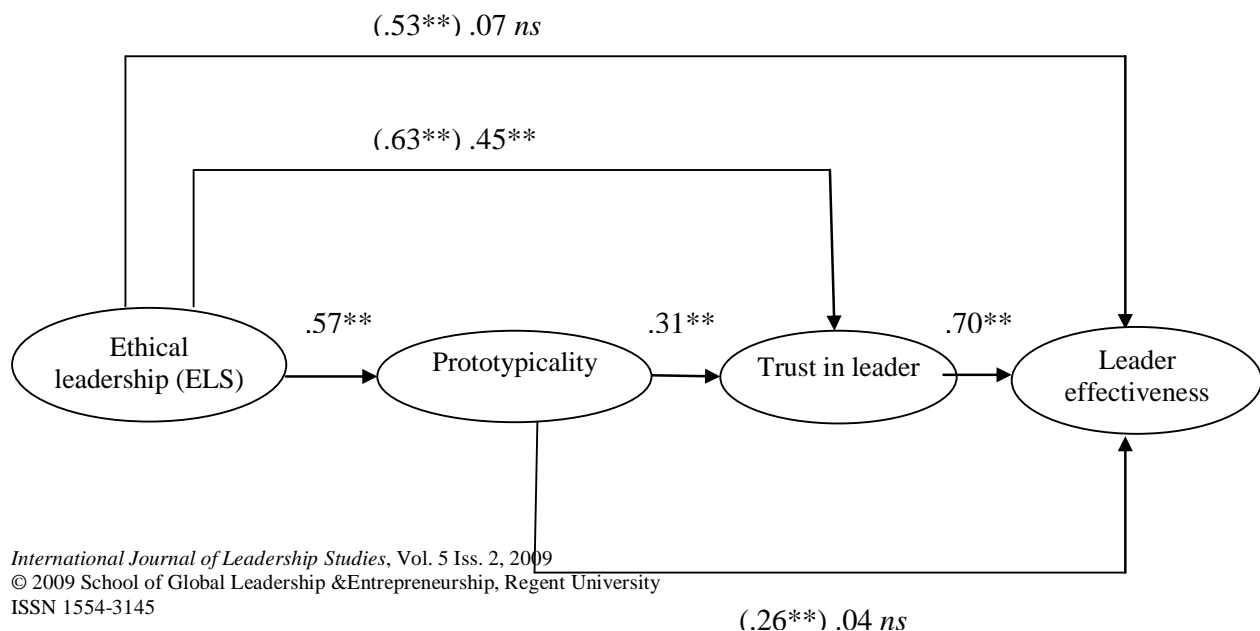
*p<.05 ** p<.01 (one-tailed).

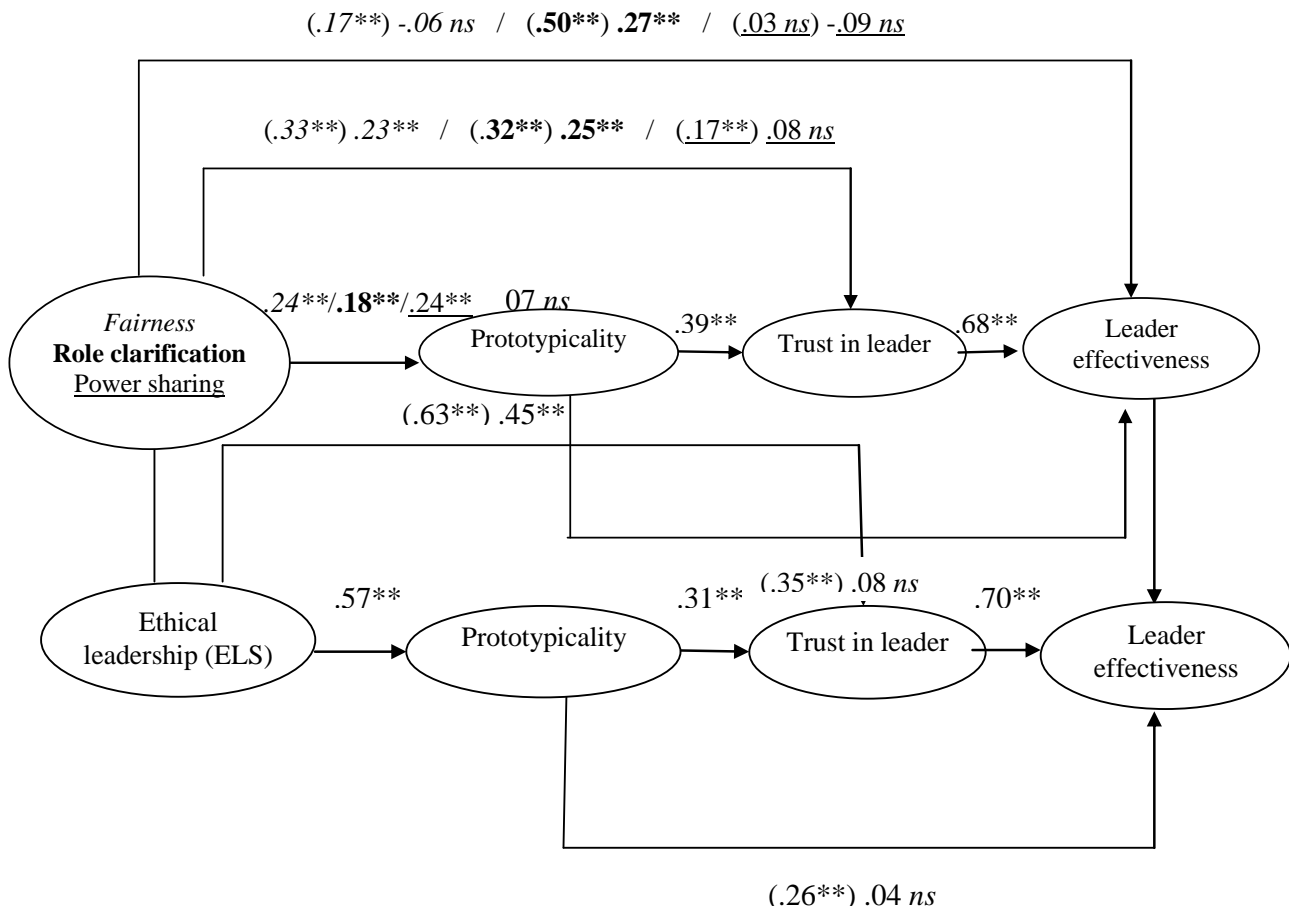
First, we tested whether prototypicality (partially) mediates the relationship between ethical leadership and trust, as predicted in hypothesis 2. Thus, after adding ethical leadership in step 1 of the regression, the mediator prototypicality is entered into the equation in step 2 with trust as the dependent variable. The betas of the main effects of ethical leadership measured with the ELS declined when prototypicality was added (change in beta from .63 to .45). Also, the main effects of fairness and role clarification declined when prototypicality was added (respectively, change in beta from .33 to .23 and from .32 to .25).

Full mediation was found for prototypicality in the relationship between power sharing and trust (change in beta from .17 to .08). The beta value for the ELS, fairness, and role clarification remained significant, and therefore the mediation is a partial mediation, as predicted by hypothesis 2. A Sobel test was performed to assess whether the decreases in each of the betas is significant (Goodman, 1960). For the partial mediation model of ethical leadership, prototypicality and trust, the z -value was 7.50, $p < .01$ (one-tailed), for the model with role clarification the z -value was 3.54, $p < .01$ (one-tailed) and for the model with fairness the z -value was 2.98, $p < .01$ (one-tailed). Thus, in line with hypothesis 2, prototypicality partially mediates between ethical leadership, role clarification, and fairness and trust. Full mediation of prototypicality was found for power sharing and trust. The results of these regression models are depicted in Figure 2.

To test the complete chain model, with effectiveness as dependent variable, ethical leadership was added in step 1, the first mediator prototypicality in step 2, and the second mediator trust was added in step 3 of the regression analysis. These results are also presented in Table 2 (for overall ethical leadership) and in Table 3 (for the dimensions) and depicted in Figure 2. When trust was added in step 3 of the regression, the beta value for ethical leadership measured with the ELS declined and became insignificant (change in beta from .53 to .07; see also Figure 2), in line with hypothesis 3. When trust was added, the relationship between prototypicality and leader effectiveness declined and became insignificant (change in beta from .26 to .05). Results for the three dimensions of ethical leadership show that the relationship between fairness and leader effectiveness is fully mediated by prototypicality and trust (change in beta from 17. to -.06). Partial mediation was found for prototypicality and trust in the relationship between role clarification and leader effectiveness (change in beta from .50 to .27). Finally, as expected the relationship between power sharing and leader effectiveness was not mediated (change in beta from .03 to -.09). When trust was added in the model (fairness, role clarification, power sharing), the relationship between prototypicality and leader effectiveness declined and became insignificant (change in beta from .35 to .08).¹

Figure 2: Main and mediating relationships of ethical leadership and leader effectiveness





Note. $N = 244$; *ns* = non-significant. The numbers represent standardized coefficients including connecting mediator. Betas between brackets are main effects. * $p < .05$ ** $p < .01$ (one-tailed).

To conclude, our results suggest that the relationship between ethical leadership and leader effectiveness is fully mediated by prototypicality and trust. This also holds for the ethical leadership dimension fairness. Partial mediation is found for role clarification. In other words, ethical leadership and especially fair behavior is related to a shared prototype, which in turn is related to increased trust, and that is related to enhanced leader effectiveness. This is congruent with hypothesis 3.

Discussion

The present study extends previous research by demonstrating a mechanism through which ethical leaders are perceived as effective. We tested a mediation model in which we examined prototypicality and trust as potential mediators of the relationship between ethical leader behavior and perceived leader effectiveness. The results help in starting to clarify how ethical leaders affect followers' perceptions and attitudes.

In line with previous research and as proposed, we found a relationship between ethical leadership and perceived leader effectiveness (e.g., Brown et al., 2005). Further, we found that prototypicality and trust are important mediators in this relationship. More specifically, the findings suggest that ethical leaders are viewed as idealized group prototypes. Being seen as a prototype strongly enhances trust in these leaders, which in turn enhances perceptions of effectiveness. For the three separate dimensions we found some differing results. For the relationship between fairness and perceived leader effectiveness we found full mediation by prototypicality and trust. However, the effect of role clarification on leader effectiveness declined but remained significant when prototypicality and trust were added. Thus, partial mediation was found. We did not find support for this same mediation model for the ethical leadership dimension of power sharing. As predicted, power sharing is not related to leader effectiveness. Prototypicality does, however, mediate the relationship between power sharing and trust, as hypothesized.

The partial mediation of prototypicality and trust in the relationship between role clarification and leader effectiveness suggests that other mechanisms play a role in this relationship as well. For example, van Knippenberg et al. (2004) argued that self-efficacy could be important in the relationship between leader behavior and effectiveness. Moreover, McAllister (1995) distinguished between cognitive (i.e., inference about the leader's character) and affective (i.e., inference about the relationship with the leader) trust. In this study, we focused on a single operationalization of trust in the leader that is closer to affective trust, whereas De Hoogh and Den Hartog (2009) suggested that cognitive based trust rather than affective based trust might be related to role clarification. On the whole, our research supports the idea that a sizeable part of the effects of ethical leader behaviors on leader effectiveness may involve role modeling of appropriate behaviors and developing a sense of trust among employees.

Another finding of the present study concerns that the relationship of ethical leadership and its dimensions fairness and role clarification to trust were partially mediated by prototypicality. The relationship between power sharing and trust was fully mediated by prototypicality. In other words, ethical leader behavior signals the leader's prototypicality and being seen as prototypical in turn enhances levels of trust. Although we found some evidence for partial mediation, a direct link of ethical leadership behavior on trust remained beyond the effect of prototypicality. This suggests that other mechanisms by which ethical leaders affect employees' trust may also play a role, and an unmediated direct link between ethical leadership and trust also seems likely. Both our results and those of Brown et al. (2005) show high associations between the ELS and trust, as well as higher associations than those between the ethical leadership dimensions identified by De Hoogh and Den Hartog (2008) and trust. This is likely due to the operationalization of the ELS, as the ELS included an item about trust in the leader ("can be trusted"). We would argue that trust and ethical leadership are different constructs, however, and should be distinguished.

The findings of this study also add to the recent research on leader prototypicality. First, we replicate the finding by Giessner and van Knippenberg (2008) that trust plays a mediating role in the relationship between prototypicality and leader effectiveness. Our study also adds to the prototypicality literature as, to our knowledge, ethical leader behavior and prototypicality have never been linked before. Our study suggests that ethical leaders generally are also more prototypical of the group. This is in line with related previous research that shows that leaders who are viewed as procedurally fair (i.e., procedural justice) are usually seen as prototypical

(e.g., Lipponen et al., 2005; Platow & van Knippenberg, 2001). In other words, our results support the importance of role modeling for ethical leaders as noted by Brown et al. (2005). In addition, most studies in the prototypicality research field are experimental and only a few are field studies; thus, our study also adds an additional field study to this literature.

Limitations

Although this study contributes to the literature on the effectiveness of ethical leadership and its dimensions, our sample represented a mix of job levels and sectors in a field setting, and we used measures with sound psychometric properties, it also has some limitations. First, the cross-sectional nature of the study implies that we cannot test for causal relationships. However, parts of the model have been tested in experimental settings before. For example, multiple studies tested the relationship between prototypicality and leader effectiveness in experimental settings (e.g., Platow & van Knippenberg, 2001; van Knippenberg & van Knippenberg, 2005). Although this study does not test causal relationships, the proposed direction of results is therefore based on previous experimental studies that did allow testing for directionality. More research is needed on cause-effect relationships. Also, more research on the development of ethical leadership, identity, and trust over time is needed.

Another limitation is that the data may be subject to common source and common method bias. The relationships between the variables may thus be overestimated. Leader behavior, prototypicality, trust and leader effectiveness are all assessed by employees. This way of measuring is hard to avoid when assessing attitudinal variables such as trust and prototypicality. Many published studies on prototypicality thus test relationships in this manner (e.g., Lipponen et al., 2005; Pierro et al., 2005; Tyler & De Cremer, 2005). To avoid some overestimation and to gain a more realistic view of leader behavior, we aggregated the ethical leader behavior data to leader level and assigned these averaged scores to each individual in the dyad. In this way, the leader behavior data are not only a function of participants' own perceptions but also reflect a more shared idea of how the leader operates. The other variables are individual perceptions and attitudes, and they were therefore not aggregated. The correlations found in this study are in the same direction and of the same magnitude as in previous studies (cf. van Knippenberg & van Knippenberg, 2005), suggesting the data is representative. More research is needed on these relationships using multiple sources. For instance, leader effectiveness could be assessed through another source (e.g., supervisor) or through more objective performance measures. In this study, leader effectiveness was measured through the eyes of the employees. The participants were from various organizations and the leaders had various tasks and roles, making it difficult to find comparable objective performance measures. Future research might complement the ratings of leader effectiveness for more objective measures. However, the way we measured leader effectiveness is consistent with a larger body of work on the social identity analysis of leadership (cf. van Knippenberg et al., 2004; van Knippenberg & van Knippenberg, 2005).

Another limitation is that managers chose subordinates who would participate in the study. This procedure is more often used in leadership research, but it could be that the selection system leads to positive bias that could restrict variance. It is possible that managers chose those followers who they think would give most positive leadership answers. The managers were instructed to invite employees for the study who they directly supervise and work closely with. However, we assured confidentiality of the responses and obtained responses from two

individuals per leader. Thus, we think that the possible positive bias is limited.

Conclusion

In conclusion, the results show the importance of leaders' ethical behavior for prototypicality, trust, and perceived leader effectiveness. Leaders' ethical behaviors such as clarifying roles, sharing power, and acting fairly signal that these leaders can be seen as ideal representatives of the group, and that in turn implies they can be trusted. Furthermore, such trusted leaders are perceived as more effective. We believe we have extended both the ethical leadership and prototypicality research by combining these variables in this study. In doing so, we have highlighted the importance of leaders' ethical behavior and start to test the mechanisms through which such ethical behavior may impact on others. We demonstrate that affecting prototypicality and trust is one such mechanism. Further research is needed to assess other ways in which ethical leader behavior can be perceived as effective or have their lasting and positive impact on followers and ultimately the organization.

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Footnote

¹ We also performed the same regression analysis with all the variables aggregated to leader level. The ICC(1) score are .45 for leader effectiveness, .41 for trust, and .39 for prototypicality. Also, the rwg scores are calculated: .89 for leader effectiveness, .90 for trust, and .72 for prototypicality. The aggregated regression results show similar results for the relationship of ethical leadership and its dimensions with effectiveness, as well as for the sequential mediation of prototypicality and trust as found at the individual level. The relationship between overall ethical leadership and leader effectiveness is mediated by prototypicality and trust (significant change in beta from .63 to .01). For the separate ethical leadership dimensions, the results showed that the relationship between fairness and leader effectiveness was mediated by prototypicality and trust (significant change in beta from .22 to -.10). Partial mediation was found for prototypicality and trust in the relationship between role clarification and leader effectiveness (significant change in beta from .58 to .29). Finally, the relationship between power sharing and leader effectiveness was not mediated. Thus, the regression results showed similar results for the mediation model when all variables are aggregated.