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Walden University

College of Management and Technology

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David Amisano

has been found to be complete and satisfactory in all respects,
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Walden University
2017

Abstract

The Relationship Between Ethical Leadership and Sustainability in Small Businesses

by

David Christopher Amisano

MBA, Bellevue University, 2012

BA, University of Memphis, 1994

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

January 2017

Abstract

Since the 2008 financial crisis, business leaders' ethical behaviors have been under scrutiny. These leaders face uncertainty regarding ethical leadership behaviors and their impact. Because small business leadership involves multiple facets of behavior and decision-making, small business leaders may have an insufficient understanding of the impact of ethical leadership behaviors on the sustainability of their businesses. The purpose of this correlational study was to examine the relationship between ethical leadership and financial, social, and environmental sustainability in small businesses. Integrated social contracts theory was the theoretical framework. The participants consisted of 80 members of a chamber of commerce located in Miami, Florida who had experience with ethical leadership and more than 1 year of ownership or management of a business. The data collection instrument was a self-designed Likert scale survey with items based on the research literature and also included financial measures such as return on assets, net profit margin, and net revenue. Correlation analysis and Bonferroni corrected significance calculation indicated significant relationships ($p < .001$) between some ethical leadership behaviors and social and environmental sustainability; however, no statistically significant correlations were identified between ethical leadership and financial sustainability. The implications for positive social change include small business leaders partnering with local leaders to implement ethics and sustainability into community programs to create a basis for increased trust in local business leaders to improve consumer confidence.

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Dedication

Education and research provide us with new knowledge so that we can improve and enhance our understanding of the world, our communities, and individual lives. I dedicate this work to educators and researchers in all fields and at all levels for their tireless pursuit of knowledge, their consistent drive for the dissemination of information, and their concern for the well-being of society.

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Section 1: Foundation of the Study

As universities created business schools in the early 20th century, business ethics as a discipline began to move into the forefront of education and practice (Abend, 2013). Between 2008 and 2009, the Association of Certified Fraud Examiners found 1,843 fraud cases in the United States that cost businesses nearly 5% of their annual revenue (Austill, 2011). The causes of the 2008 U.S. market collapse are numerous, including a lack of ethical behavior on the part of financial institution leaders through secondary mortgage markets, derivatives, and unprincipled groupthink (Austill, 2011); increased risk-taking, even in conservative companies (Adelson, 2013); and perhaps decision-making under anxiety about the future in a speculative market (Parguez & Thabet, 2013). Companies involved in all of these events relied on their leaders to conduct business ethically while maintaining stakeholder interests and also to ensure the environmental, social, and financial well-being of the firm.

Background of the Problem

Recessions, such as the U.S. one that began in 2008, tend to generate more careful, more focused, and more price-concerned consumer behaviors (Hampson & McGoldrick, 2013). By the end of 2008, U.S. consumers brought spending on durable goods down by over \$200 billion as compared to the previous year (Bureau of Labor Statistics, 2014). However, reduced spending is not the only customer issue that businesses face in the wake of the 2008 recession. A greater perception of unethical business practice is problematic because it may lead to lower levels of consumer trust in a company (Leonidou, Kvasova, Leonidou, & Chari, 2013). Trust in a company has a

positive impact on both intent to purchase and word of mouth behaviors in consumers, and the perception of transparency can affect consumer trust (Kang & Hustvedt, 2014). If the public cannot trust businesses, and by implication their leaders, and continues to reduce spending because of lack of trust, transparency, and income, businesses may face a long recovery from a recession.

Since the 2008 U.S. economic crisis, business leaders' ethical behavior has also been under scrutiny. However, business leaders face uncertainty about their ethical actions and responsibilities because few ethical leadership norms establish appropriate ways in which to act (Eisenbeiss, 2012). Recent studies have attempted to define ethical behaviors by classifying leader actions according to their own descriptions (Eisenbeiss, 2012). Bagdasarov et al. (2016) suggested adding a sensemaking dimension to existing ethical decision-making models to enable leaders to fine-tune ethical decisions. In addition, researchers linked supervisory failure to unethical management behaviors (Ladany, 2014). However, to augment ethical decision-making and unethical behaviors, researchers measured the relationship between ethical leadership and employee and organizational performance, including impacts on supervisory-rated performance (Walumbwa et al., 2010). Researchers have also investigated influences on employee satisfaction, commitment, and organizational citizenship (Ruiz, Ruiz, & Martinez, 2011). Other studies have linked employee perception of ethical leadership to their perception of strategy (Tutar, Altinöz, & Çakiroğlu, 2011) as well as ethical leadership to corporate social responsibility (Zhu, Sun, & Leung, 2014).

Problem Statement

Financial professionals who perceive their organizations as trusting, cooperative, and socially engaged report less unethical behavior and more organizational participation in corporate social responsibility (Jin, Drozdenko, & DeLoughy, 2012). In a sample of multinational, multisector executives, 57.14% identify an unethical leader as one who acts mainly with their own interest in mind, while 45.71% indicate that an unethical leader acts dishonestly in personal behavior (Eisenbeiß & Brodbeck, 2014). Because of the connections between ethics and sustainability, as well as the impact of the unethical practice upon consumer behavior, the general business problem is that an unethical culture could influence business sustainability. The specific business problem is that some small business managers and owners lack an understanding of the correlation between ethical leadership behaviors and businesses' financial, social, and environmental sustainability.

Purpose Statement

The purpose of this quantitative correlational study was to examine the relationship between ethical leadership behaviors and financial, social, and environmental sustainability in small businesses. I specifically administered a survey investigating sustainability and ethical leadership. The study population included owners or managers of small businesses that had fewer than 99 employees and were members of the local chamber of commerce in the Miami, Florida area.

In this study, the dependent variable was ethical leadership, and independent variables were financial, social, and environmental sustainability. Ethical leadership was

defined as a set of normative behaviors demonstrated and advocated via leader activities and personal affiliations, in alignment with Brown, Treviño, and Harrison (2005).

Sustainability is the ability to satisfy current needs without causing the inability to satisfy those needs at a future point, in alignment with Bateh, Heaton, Arbogast, and Broadbent (2013). This study's implications for positive social change include the potential to inform building public trust, consumer and employee confidence, and loyalty in small businesses, as well as the generation of dialogue and emphasis regarding ethics in business and the relationship between ethical leadership and sustainability in local communities.

Nature of the Study

I considered several methodologies for this study. The goal of quantitative research is to answer questions about the relationships between variables in the form of correlation or comparison (Frels & Onwuegbuzie, 2013). Qualitative research is an exploration of individual and group experience in the form of case study, phenomenology, or ethnography (Frels & Onwuegbuzie, 2013). Mixed methods research occurs through qualitative and quantitative approaches, either in sequence or simultaneously, to explore, explain, and confirm data in the same study (Venkatesh, Brown, & Bala, 2013). Both approaches would be appropriate for a study regarding ethical leadership. Although leadership behaviors and sustainability are phenomena that researchers can explore from individual and group perspectives, the focus of this study was to determine if a correlation existed between these variables. From this perspective, a quantitative method was most appropriate and thus selected for this study.

I specifically selected a correlational research design. Correlational designs are quantitative methods in which the researcher must determine the relationship between variables (Frels & Onwuegbuzie, 2013). However, researchers can use regression analysis to determine if one variable is the predictor of another (Krotov, 2016). For this study, the goal was to correlate a measurement of ethical leadership with data regarding small business sustainability, as opposed to determining if the variables predicted each other. Given these factors, a correlational design was appropriate for the study to compare how ethical leadership behaviors correlated with the sustainability of the organization. To measure the correlation within and between variables, I collected organizational data related to social, financial, and environmental sustainability as well as ethical leadership behaviors at the management and ownership levels, via survey.

Research Question

The purpose of this quantitative correlational study was to examine the relationship between ethical leadership behaviors and financial, social, and environmental sustainability in small businesses. The focus of the study was to determine the relationship between managerial ethical behavior, a dependent variable, and financial sustainability, corporate social responsibility, and environmental responsibility, independent variables. The primary research question for the study was: How do ethical leadership behaviors correlate with financial, social, and environmental sustainability in small businesses? The secondary research included:

1. How do manager and owner ethical leadership behaviors correlate with long-term financial sustainability in small businesses?

2. How do manager and owner ethical leadership behaviors correlate with corporate social responsibility in small businesses?
3. How do manager and owner ethical leadership behaviors correlate with environmental responsibility in small businesses?

Hypotheses

H1₀: A significant correlation does not exist between manager and owner ethical leadership behaviors and financial sustainability in small businesses.

H1_a: A significant correlation exists between manager and owner ethical leadership behaviors and financial sustainability in small businesses.

H2₀: A significant correlation does not exist between manager and owner ethical leadership behaviors and with corporate social responsibility in small businesses.

H2_a: A significant correlation exists between manager and owner ethical leadership behaviors and corporate social responsibility in small businesses.

H3₀: A significant correlation does not exist between manager and owner ethical leadership behaviors and environmental responsibility in small businesses.

H3_a: A significant correlation exists between manager and owner ethical leadership behaviors and environmental responsibility in small businesses.

Theoretical Framework

Integrative social contracts theory includes two types of social contracts (Donaldson & Dunfee, 1994). The first contract is one among economic actors; when this exists, it also creates the second, an implicit contract among members of a certain collective, such as a business organization (Donaldson & Dunfee, 1994). As economic

actors create these contracts, they are responsible to each other and for the economic outcome of their activity, leading to collective sensibility beginning to replace personal power (Norris & Tait, 2011). However, reason limits human ability to make moral or ethical decisions (Donaldson & Dunfee, 1994). This bounded decision-making generates uncertainty and combines with the influence of cultural relativism in ethics, which implies that ethics decisions may be reflective of individual tastes and situations, even in the midst of a collective (Donaldson & Dunfee, 1994).

When members of collectives begin determining their contract and moral and ethical boundaries, they consider hypernorms: ethical norms that preexist or are so basic that individual members already have an understanding of them (Behnam & Gilbert, 2009). The question at contract formation is whether or not the members of the collective can agree on hypernorms and see them as a rational part of the contract and the organization as a whole. This process of agreement occurs in moral free space, in which the individuals and the collective determine ethical norms based on bounded rationality and cultural relativism (Dempsey, 2011). The collective may use practical discourse about their morals and ethics to fill the free space and decide on normative behavior via ethics codes or rules (Behnam & Gilbert, 2009). As collectives expand into multiple cultures and a global presence, the contract that defines ethics continually changes (Byerly, 2013), which means that business leaders must determine ethical codes and attempt to carry them out in everyday behavior.

This study used integrative social contracts theory as the basis for exploring business ethics and the ethical leadership that emerges from ethics codes, laws, and

hypernorms. Since business ethics and codes of ethics arise from relative and rationally-bound moral free space, ethical norms may differ between organizations. These differences may have an influence on leader ethical behavior and thus on organizational activities and outcomes. These concepts provide the basis for this examination of how ethical behaviors influence environmental and corporate social responsibility as well as long-term financial stability.

Operational Definitions

This study focused on concepts related to ethics, leadership, and sustainability. The following are definitions of key concepts and topics in the study.

Business ethics: A group of ethical values that establish a business's culture, generate business norms shared among multiple stakeholder groups, including employees, customers, and suppliers, and strengthen business performance (Su, 2014).

Corporate social responsibility (CSR): An organization's ability to transform problems in the community into economic benefits and prospects, as well as the further transformation of those problems into business production, knowledge, jobs, and prosperity (Drucker, 1984).

Ethical leadership: A set of suitable normative behaviors that leaders demonstrate via their activities and personal affiliations and advocate to their subordinates via communication, corroboration, and decision-making (Brown et al., 2005).

Ethical leadership orientation: The basic shared or accepted values that serve as focal points for ethical leadership (Eisenbeiss, 2012).

Organizational performance: The discovery of new markets, new product opportunities, increases in cost efficiency, decreases in costs, and heightened market awareness (Yang, Huang, & Hsu, 2014).

Small business: A very small business has 20 employees or less, while a small business has between 20 and 99 employees (U.S. Department of Commerce, 2015). For the purpose of this study, a small business will have between 1 and 99 employees.

Sustainability: The ability to use resources to satisfy current needs without impeding future ability to satisfy the same needs; business organizations practice sustainability through their responsibility for internal organizational as well as external organizational needs (Bateh et al., 2013).

Assumptions, Limitations, and Delimitations

Assumptions

Assumptions are ideas that scholars or practitioners accept as accurate, but which have limited statistical support (Jansson, 2013). The first assumption in this study was that small business leaders had similar management and leadership responsibilities across the businesses in the sample. The second assumption was that organizational structures were similar to the small businesses in the sample. The third assumption was that the participants had sufficient leadership and management experience to answer the survey questions effectively. The final assumption was that participants had the ability to act on their own given the information about the study. These assumptions were supported by the participants in the study being comparable from a responsibility and experience

standpoint, and by having the ability to answer questions accurately about their leadership in the context of their roles.

Limitations

A study limitation may impede the ability to generalize research results (Kirkwood & Price, 2013). The first potential limitation of this study and its findings was that defining small businesses by a number of employees brought entities of different asset sizes into the sample. The second limitation was that perceptions of leadership roles, as well as leader actions, differed based on business size and leader experience levels (Dane & Sonenshine, 2015; Marsh, 2013). The third limitation was that the rules and cultures in small businesses differed based on size, industry, or organizational structure, which could lead to differences in behavior. The fourth limitation was that leaders rated themselves. A final limitation was that because of geographical, participation, and organizational factors limitations, the results of the study might not be generalizable to larger businesses or small businesses in different geographies.

Delimitations

Delimitations are theoretical boundaries necessary to complete a research study (Florin, 2014). Delimitations of the study included the nature and validity of self-rated participation. Participants' accuracy and truthfulness in ratings bounded the results of the study. Participants were owners or managers of a small business. This study was geographically delimited to participants in the Miami, Florida metropolitan area and only included members of the local chamber of commerce; these boundaries for the study were in place to limit the potential sample size.

Significance of the Study

Contribution to Business Practice

The purpose of this study was to examine the relationship between ethical leadership behavior and environmental, social, and financial sustainability in small businesses. Ethics in business, as demonstrated by ethical leadership, is a key topic to the continued improvement and growth of the global economy (Eisenbeiss, 2012). The public, stakeholders, shareholders, and the media closely scrutinize the ethics of business leaders (Austill, 2011; Parguez & Thabet, 2013). In any industry, a fundamental basis of the relationship between consumer and company is trust; without ethical business practices, consumers trust less, which leads to lower satisfaction and less loyalty no trust exists (Leonidou et al., 2013). Under a distrustful relationship, business growth may falter (Jin et al., 2012). Publicity related to poor ethical decisions by business leaders may cause further distrust of leaders and their businesses, as well as a further hardship for communities, employees, and other stakeholders (Leonidou et al., 2013). The findings of this research may illuminate ethical behaviors under which business leaders can operate, and through which leaders may be able to regain and build consumer trust. Leaders could see the link between ethical practice and environmental, social, and financial sustainability as a reason to consider the future regarding their leadership behaviors.

Empirical links between ethical leadership and two key sustainability factors emerged from this study. The results may indicate a new set of ethical norms that leaders can research and emulate in their daily practice. This study's contribution to the literature on leadership would enable business leaders to enhance education and training programs,

especially in relation to ethical leadership. The link between ethical leadership and sustainability could serve as a reminder that organizational leaders can connect ethics practices and ethical codes to employee selection, performance evaluation, rewards systems, and organizational values and culture.

Implications for Social Change

If a small number of business leaders begin to reshape their behaviors, their employees and customers may begin to gain more trust. Communities and society will benefit from an improved level of trust in leaders, even if the number of leaders with new behaviors is small. The societal norm for viewing business leaders in many industries seems to be cynicism and skepticism. This perspective could be a hindrance to the growth of the global economy. Regeneration of ethical behaviors on the part of business leaders could generate trust, which would, in turn generate relationship-oriented business for the organizations. A trusting, ethical partnership between businesses and their leaders, stakeholders, consumers, and communities, should improve society both financially and socially.

A Review of the Professional and Academic Literature

The purpose of this study was to examine the relationship between ethical leadership behaviors and environmental, social, and financial sustainability in financial institutions. The study hypotheses included:

*H*₁₀: A significant correlation does not exist between manager and owner ethical leadership behaviors and financial sustainability in small businesses.

H1_a: A significant correlation exists between manager and owner ethical leadership behaviors and financial sustainability in small businesses.

H2₀: A significant correlation does not exist between manager and owner ethical leadership behaviors and with corporate social responsibility in small businesses.

H2_a: A significant correlation exists between manager and owner ethical leadership behaviors and corporate social responsibility in small businesses.

H3₀: A significant correlation does not exist between manager and owner ethical leadership behaviors and environmental responsibility in small businesses.

H3_a: A significant correlation exists between manager and owner ethical leadership behaviors and environmental responsibility in small businesses.

Since ethical leadership and sustainability factors comprised the dependent and independent variables for the study, the literature review focused on seven topics related to ethics, ethical and other types of leadership, and sustainability factors. These topics are: (a) general literature on business ethics, (b) an exploration of leadership styles as they relate to business ethics, (c) ethical leadership and its organizational outcomes, (d) an examination of how ethical leadership relates to environmental sustainability, (e) how ethical leadership relates to corporate social responsibility (CSR), (f) the relationship between ethical leadership and long-term financial outcomes, and (g) an examination of how ethical leadership influences organizational outcomes that could relate to all three sustainability factors. The literature review consisted of 109 references, of which 91% were peer-reviewed and published within 5 years of expected completion of the study.

The entire study utilized 210 references, 97% of which were peer-reviewed and 88% current references.

Research occurred mainly via electronic databases, including Business Source Complete, Science Direct, Academic Search Complete, ProQuest Central, and Psych Info. Keywords and search terms included multiple combinations of terms related to the seven key topics, including:

- *Ethics, business ethics, leadership, and leadership style* for business ethics and leadership styles related to business ethics;
- *Ethical leadership, ethical decision-making, and ethical leadership norms* for the influences of ethical leadership;
- *Ethical leadership, environmental responsibility, sustainability, and leadership* for the impact of ethical leadership on environmental sustainability;
- *Ethical leadership, CSR, corporate social responsibility, leadership, and social responsibility* for the relationship between ethical leadership and social responsibility;
- *Ethical leadership, financial outcomes, financial performance, profit, revenue, and leadership* for the influences of ethical leadership on financial sustainability;
- *Ethical leadership, organizational outcomes, productivity, work output, and organizational performance* for the relationship between ethical leadership and multiple organizational outcomes.

The primary themes in the literature review are ethical leadership norms and practices, and their influences upon the three sustainability factors. The literature review themes include ethical practices and their influences specifically on financial indicators.

Theoretical Framework Critical Analysis

Under integrated social contracts theory, economic and implicit contracts exist within an organization (Donaldson & Dunfee, 1994). Human reason is a boundary for behavior, especially ethical behavior that may or may not be a part of the implicit contract (Donaldson & Dunfee, 1994). Hypernorms, as part of integrated social contracts theory, create a moral free space in which actors, in this case, business owners and managers, must act (Donaldson & Dunfee, 1994). Under conditions of contracts and human reason, as well as the presence of hypernorms, the rules governing ethics change continuously, and may differ between organizations (Donaldson & Dunfee, 1994). Sustainability factors, including environmental, social, and financial elements, may be part of the moral free space. Business leaders who are acting ethically according to hypernorms therefore may or may not be acting ethically regarding business elements that are in the moral free space.

A theory that supports integrative social contracts theory is Rawls's theory of social justice, which states that people may build their beliefs and carry out actions based on the things they care about (Miller, 2012). Under social justice conditions, members of a group ask for and receive assistance with the assured eventuality of reciprocity (Miller, 2012). This is important because when all members of a group are acting in reciprocity, relationships form (Lister, 2013). As individual members of the group work together,

they create guidelines that advance both individuals and the group, generating further shared interest (Miller, 2012). According to social justice theory, group members have an innate sense of justice and the ability to perceive what is good (Krishnamurthy, 2012). The guidelines that groups create under their innate sense of justice and good, along with the concept of reciprocity, may therefore contribute to the construction of hypernorms that provide support to social contracts.

In contrast to social justice and integrative social contracts theories, under consensual or covenant realism, no solid obligation to a social contract exists other than the will of the members of the group (Dehart, 2012). If members transfer power to other group members, there has to be some form of consent, which is not part of a social contract (Dehart, 2012). Coercion theory aligns with covenant realism but contrasts with integrative social contracts theory; this theory indicates that in less formal relationships between group members, members with more innate ability or talent end up at an advantage because of their superior skill (Lister, 2013). Group members that do not have the highest levels of ability and talent may end up submitting to the will or rules of those who possess talent, and, therefore power (Lister, 2013). This submission would, in certain respects, invalidate integrative social contracts theory, in that members of the collective would begin to work to their collective advantage, and perhaps adapt hypernorms for the entire collective in an unequal fashion.

Business Ethics

This business ethics section does not define business ethics, but instead provides an overview of ethical concerns and perceptions, the use of ethics codes, the reporting of

violations of such codes, and how humans make ethical decisions in business. Business ethics education has either stagnated or declined over time. (Dellaportas, Kanapathippillai, Khan, & Leung, 2014). Between 2002 and 2012, in a period of increased ethical scrutiny, ethics education in Australian accounting programs did not change significantly (Dellaportas et al., 2014). Moreover, Dellaportas, Kanapathippillai, Khan, and Leung (2014) indicated that in 39 Australian universities, ethics education in accounting curricula included fewer courses over 10 years. Business ethics is a longitudinal concern for educators and business leaders, but the specific elements of focus in the field may change over time.

Perceptions of business ethics also vary by culture, industry, and utilization in decision-making. Groups of Chinese and U.S. MBA students rated themselves equally regarding business ethics practices, but rated each other's groups as significantly less ethical than themselves (Gift, Gift, & Zheng, 2013). Consumers tend to prioritize their own ethical concerns before determining whether to shop for and commit to products that reflect those concerns (Carrington, Neville, & Whitwell, 2014). Leaders' own value systems influence organizational culture, and from this leaders must establish ethics through their leadership roles (Chekwa, Ouhirra, Thomas, & Chukwuanu, 2014). These findings suggest that cultural differences in business ethics perceptions could cause a breakdown or enhancement to international collaboration or even help consumers make choices regarding products and services.

Codes of ethics and overall ethical practices may be used as organizational ethics tools; the strength and use of ethics codes and practices is a key concept in the discussion

of business ethics. If an ethics code included an affirmation that managers would uphold the code, then investor confidence and manager ethical behavior, defined as taking appropriate action warranted by certain situations, increased over time (Davidson & Stevens, 2013). In a study of over 6,000 Korean employees in 263 companies, high levels of internal ethical behavior enhanced collective commitment, which also enhanced organizational citizenship (Chun, Shin, Choi, & Kim, 2013). These findings suggest that multiple factors can influence the use of ethical codes and the effect of ethical practices.

Differences in the specificity of regulatory laws and related training can augment cultural differences in business ethics. For example, Canadian regulatory laws are less explicit than U.S. ones, leading to a more voluntary environment as related to ethics (Bodolica & Spraggon, 2015). Bodolica and Spraggon (2015) sampled 131 Canadian firms, determining that 45% engaged in shadowing and either did not have an ethics code or did not make one public. In Australia, ethics training in accounting education declined between 2002 and 2012 (Dellaportas et al., 2014). In a study of 1,128 college students VanMeter, Grisaffe, Chonko, and Roberts (2013) determined that Generation Y individuals with relativist views demonstrated more acceptance of individual and group ethics violations than previous generations; however, those relativists showed a willingness to adjust to opposing viewpoints. This behavior could enable ethics violations, but could also encourage organizational leaders to create group dialog regarding ethics codes before putting them into effect (VanMeter, Grisaffe, Chonko, & Roberts, 2013). The literature on ethics codes suggests that the use, extent, and nature of business ethics codes differ based on profitability levels, the elements of the codes

themselves, and both national and cultural contexts (Bodolica & Spraggon, 2015; Davidson & Stevens, 2013; VanMeter et al., 2013). The possibility also exists that people within the same industries, such as accounting professionals within financial industries, may perceive strong ethics even though that perception may not be similar to outsiders (Bodolica & Spraggon, 2015; Davidson & Stevens, 2013; VanMeter et al., 2013).

In addition to the perception of ethics, ethical judgments and the reporting of lapses in ethical judgment leading to violations of ethics rules or codes also exist in the literature. Dane and Sonenshein (2015) theorized that regardless of age or position, employees do not have the same level of exposure to ethical decision-making. This lack of exposure provides a wide range of ethical decision-making abilities (Dane & Sonenshein, 2015). However, employees at multiple levels and ages have the capability of gaining experience in ethical decision-making over time and with exposure to ethical dilemmas in the workplace (Dane & Sonenshein, 2015). In a survey of 116 Chinese entrepreneurs, moral disengagement had a positive relationship with the potential for unethical decision-making, and the entrepreneur's overall desire for profit had an indirect link to unethical decision-making (Baron, Zhao, & Miao, 2015). Although experience may provide an employee with the ability to make strict ethical judgments, the literature does not support the reasoning behind reporting peers' ethics violations.

Leadership Styles and Ethics

Business ethics literature shows that various leadership styles, in addition to ethical leadership, have links with ethics, ethical climates, and ethical outcomes. Some of the researchers in ethical leadership were unable to connect leadership style to clear

ethical outcomes (Cohen, 2013; Fok, Payne, & Corey, 2016). Beyond leadership styles, some researchers linked leadership characteristics or actions to ethical climates and ethical outcomes (Cohen, 2013; Effelsberg, Solga, & Gurt, 2014; Kuntz, Kuntz, Elenkov, & Nabirukhina, 2013).

Although experience with ethics may differ, leaders that practice ethical behavior, both individually and in groups, can influence the ability for subordinates to recognize ethical dilemmas. In Russian and New Zealand businesses, potential whistleblowers indicated that the presence of ethical leadership in their environments might help them identify a legal issue arising from an ethical dilemma, but also might not help them identify the ethical issue behind it (Kuntz et al., 2013). In the same study, experience with ethical climate and ethical leadership differed significantly between participants in both Russia and New Zealand (Kuntz et al., 2013). Warren, Peytcheva, and Gaspar (2016) asserted that ethical environments could be the product of the overall tone generated by top leadership groups, such as executives or boards. The authors proposed that mixed messages in the overall ethical tone of top leadership personnel are common and lead to ethical dilemmas or conflict (Warren et al., 2016). Warren et al. (2016) also indicated that in a conflicted ethical environment, the overall ethical tone of leaders could generate conformity to ethical values, but that confusion may exist due to multiple ethical perspectives. Ethical behavior alone may not be sufficient to create organizational level ethics.

Gill, Lapalme, and Séguin (2014) determined from a study of 589 employees in Canadian financial institutions that when leaders used high political skill, which included

social ability, and the ability to change behavior situationally, employees had higher organizational citizenship behaviors. An organization's ethical culture may emerge from individual ethical judgment, and ethical codes or rules are not replacements for each person's level of ethics (Cohen, 2013). In similar terms, an ethics of care, which is part of the virtue ethics profile, should be present in both crisis and noncrisis situations, and stakeholders should not assume that leaders utilize an ethics of care approach (Linsley & Slack, 2013). In a study of Generation Y business students, high ethical idealists tended to display traits of the servant leadership style and a low tendency to commit ethical infractions (VanMeter et al., 2013). The results of the study also indicated that servant leaders in the participant group had an unfavorable view of ethical violations to further business needs (VanMeter et al., 2013). According to these studies, ethical leadership as a style may not be necessary to produce an ethical climate. Instead, leader virtue, technical and conceptual leadership skills, and even natural or generational inclinations to ethics may create an ethical climate.

In addition to individual leadership behaviors as a profile, leadership styles other than ethical leadership also have links to ethical climates and outcomes. In a study of 257 people across nationalities and industry, employees who recognized authentic leadership qualities in their leaders also had a high level of organizational trust (Onarato & Zhu, 2014). In two studies of 290 and 319 employees with varying nationalities and industries, transformational leadership had a positive relationship with employee willingness to work unethically for the improvement of the organization, thus creating somewhat of a risk from transformational leadership (Effelsberg et al., 2014). Other authors indicated

caution regarding authentic leadership and ethics. For example, authentic leadership was a moderator between temptation and an actual ethical decision, in that the presence of authentic leadership decreased the probability that a person would make an unethical decision in the face of temptation (Cianci, Hannah, Roberts, & Tsakumis, 2014).

However, authentic leadership did not moderate the same relationship significantly when no temptation was present, implying that authentic leadership impacts ethical decisions only under temptation to act unethically (Cianci et al., 2014). Authentic leadership has a connection to ethical behavior, but potentially only under certain circumstances.

Authentic leadership, transformational, paternalistic, and charismatic leadership have links to organizational outcomes. In a study of 956 employees in Chinese and Taiwanese companies, leaders acting with principle as part of an ethical climate was a mediator in the relationship between paternalistic leadership, including benevolence and morality in leadership, and overall team identification (Cheng & Wang, 2014). In a Taiwanese automotive business, employees' level of organizational identification increased as they perceived higher charismatic leadership characteristics (Yang, Tsai, & Liao, 2014). Similarly, charismatic leadership mediated the relationship between manager behavioral integrity and employee organizational identification (Yang, Tsai et al., 2014). From a study of 141 employees in a top 100 U.S. technology firm, Tonkin (2013) indicated that self-awareness and transparency predicted altruism over transformational leadership, while ethics and moral behavior had the opposite effect. Leaders who exhibit authentic, transformational, paternalistic, and charismatic leadership behaviors may be able to influence the ethical climates of their organizations.

Certain elements emerge from leadership behaviors and models also have connections to organizational ethics. Crossan, Mazutis, and Seijts (2013) proposed that virtue as an element of ethics could be a way for leaders to better execute ethical decision-making, and that this virtue leadership should include reference to consequences for ethical decisions. Similarly, leaders who act with self-awareness and openness to criticism create individual integrity, which may be the first building block of an ethical culture (Quick & Goolsby, 2013). Individual leadership elements seem to share the ability to create a basis for ethical behavior and culture.

Elements of benevolent, transformational, and transactional leadership also have connections with ethics. In a small Turkish business with 32 employees, the ethical sensitivity component of the benevolent leadership model caused a leader to undergo a reflexive process to determine the right thing to do in an ethical dilemma (Karakas & Sarigollu, 2013). Fok, Payne, and Corey (2016) found that universalist views had a positive relationship to ethical decision-making. People with a universalist perspective were also likely to make decisions based on ethical versus economic value (Fok et al., 2016). In the same study, utilitarianism had a positive relationship with ethical decision-making (Fok et al., 2016). The literature on ethical components in leadership indicates that the individual ethical elements of various codes and models may influence ethical outcomes and ethical climate.

Individual and Behavioral Influences of Ethical Leadership

The influences of ethical leadership are present in organizations via leader orientations to ethics, ethical decision-making, and individual behaviors in the workplace.

Eisenbeiss (2012) identified four ethical leadership orientations through qualitative studies of organizational leaders. The four orientations were humane, justice, responsibility and sustainability, and moderation (Eisenbeiss, 2012). Eisenbeiss also suggested that moderation could be one of the key orientations, and that future research should focus on a contingency orientation. Brown, Treviño, and Harrison (2005) developed a measurement for ethical leadership through seven studies of MBA and doctoral students, employees, and employee groups in a financial firm. According to the Brown et al. (2005) measurement instrument, ethical leadership arose out of the perception that leaders measured success by its means and not solely the outcome, were fair in decision-making, were trustworthy, and acted with employee best interest in mind. Kalshoven, Den Hartog, and De Hoogh (2011) developed an ethical leadership at work instrument and determined that ethical leaders had orientations to people, fairness, sustainability, and integrity, while being open to sharing power and providing clear ethical guidance.

Common experiences may represent themselves in the ethical behaviors of leaders (Marsh, 2013). Past traumas, supportive communities, and encounters with diversity seem to be trends that leaders with shared ethical orientations experienced (Marsh, 2013). The orientations of ethical leadership have not yet found a solid definition, but qualitative research helped to define them further. From the perspectives of orientations, common experience may be the actor that generates ethical orientations in leaders, which could lead to ethical leadership behaviors.

Ethical leadership behaviors, among other ethical and nonethical variables, also influence ethical decision-making in the organizational context. In a study of 218 psychology students, sensemaking thought strategies mediated the relationship between complex mental models and ethical decision-making (Bagdasarov et al., 2016). In a study of people working for a U.S. financial services company, Valentine, Nam, Hollingworth, and Hall (2014) determined that an organization's overall ethical context had an impact on ethical decision-making. The perception that an organization practiced ethics, as well as that leaders acted ethically, also had an influence on decision-making (Valentine, Nam, Hollingworth, & Hall, 2014). Although ethical leadership influences decision-making, the outcome of ethical decision-making could depend on thought processes, organizational context, and perception of ethical behavior.

Cultural perspectives also play a role in ethical decision-making. Mexican employees displayed an orientation towards rule utilitarianism in ethical decision-making, where the ethics focus is long-term collective good, whereas Chinese employees displayed orientation to act utilitarianism, in which the focus on ethics concentrates on the immediate consequences of an action versus the potential for long-term good (Erdener, 2013). Influences of ethical decision-making include ethical leadership as well as culture and contextual elements such as autonomy. These concepts show that ethical leadership is not the only influence of ethical outcomes, and that leader and follower orientations may contribute to ethical or nonethical behaviors.

A further influence of ethical leadership, as well as unethical leader behaviors, involves individual level behaviors. In a study of reporting unethical behavior as an

observer or a participant, the most common behavior was the mismanagement of an organization's resources (Zuber & Kaptein, 2014). In the same study, between 22.1 and 40% of respondents either observed or participated in conflicts of interest, as well as violations of workplace health or safety regulations, wage rules, or environmental policies (Zuber & Kaptein, 2014). Perceived ethical leadership behaviors at both high and low levels within the hierarchy of a troubled state agency increased commitment to the organization along with an overall ethical climate (Kottke & Pelletier, 2013). In a similar study of 201 employees in a waste management company, supervisory ethical leadership predicted employee commitment to the supervisor, while overall ethical leadership predicted organizational commitment (Hansen, Bradley, Brown, Jackson, & Dunford, 2013). From these perspectives, ethical leadership behaviors at supervisory levels, along with the perception of ethical leadership, could influence commitment even in potentially troubled organizations.

At a higher level, middle and upper management ethical leadership had a positive relationship with lower level employees' perceptions of ethical climate (Demirtas & Akdogan, 2015). In a study of 1,274 workers across multiple fields, rank had a positive correlation with perception of ethical leadership on an incremental scale, that is, as follower rank improved, perceptions of ethical leadership increased (Pucic, 2015). Moreover, ethical leaders influenced other leaders' ethical behaviors at different organizational levels. As leaders influence subordinates and culture, they may also influence external perception in the form of job applicants. In two studies, job pursuit behaviors were higher when applicants perceived an ethical CEO, although

organizational reputation accounted for the relationship between the two variables (Ogunfowora, 2013). Both ethical and unethical behaviors at supervisory and leadership levels influence organizational citizenship as well as commitment to supervisors, commitment to organizations, ethical leaders at multiple levels, and even job applicants (Demirtas & Akdogan, 2015; Ogunfowora, 2013; Pucic, 2015). Given the evidence from these studies, ethical leadership could influence employee decisions to stay or leave the organization and generate an ethical climate throughout an organizational hierarchy, which in turn would attract job candidates with similar values.

Individual behavioral outcomes of ethical leadership also expand to employee perceptions and intellectual capital (Metz, 2013; Tu & Lu, 2013; Zoghbi-Manrique-de-Lara & Suárez-Acosta, 2014). In a study of Spanish hotel workers, perceptions of ethical leadership had a positive relationship with interactional justice towards peers, or perceptions of employee mistreatment (Zoghbi-Manrique-de-Lara & Suárez-Acosta, 2014). In relation to intellectual elements, Bouckennooghe, Zafar, and Raja (2015) determined that supervisor ethical leadership had a positive relationship with follower psychological capital, including hope, resilience, self-efficacy, and optimism. For employees in a Turkish aviation firm, ethical leadership had a positive relationship with employee perceptions of organizational justice, and organizational justice was a partial mediator between ethical leadership and organizational misbehavior (Demirtas, 2015). With front line workers in a Chinese auto manufacturer and technology company, ethical leadership had a positive relationship with innovative behaviors on the job (Tu & Lu,

2013). The indication from these studies is that ethical leadership behaviors can reduce cynicism and increase feelings of ownership, satisfaction, and innovation.

Ethical leadership acts as a mediator of employee behaviors. In a study of working professionals across multiple industries, Bonner, Greenbaum, and Mayer (2016) found that perception of ethical leadership was a mediator between the effects of supervisor moral disengagement on organizational citizenship behaviors intended for the overall organization as well as other people. The mediating effect was significant when employee disengagement was already at low levels (Bonner, Greenbaum, & Mayer, 2016). Even employees' self-regulatory focuses mediated relationships between ethical leadership and extra-role compliance and voice behaviors as well as affective and normative commitment (Neubert, Wu, & Roberts, 2013). At high and low levels within organizational hierarchies, ethical leadership influences positive employee behaviors as well as the intellectual capital the organization depends upon. As employee behaviors become more fine-tuned, the presence of ethical leadership and ethical climate generated by leadership serves as a moderator and mediator between behaviors and outcomes.

Organizational Performance Outcomes of Ethical Leadership

The literature indicates that ethical leadership has an influence on (a) job satisfaction, (b) organizational commitment, (c) organizational citizenship, (d) turnover intent, and (e) stress (Çelik, Dedeoğlu, & İnanir, 2015; Demirtas & Akdogan, 2015; Shin, Sung, Choi, & Kim, 2015; Walumbwa et al., 2010; Yang, 2014). In a study of supervisors and their direct reports in a Chinese pharmaceutical company, ethical leadership had a positive relationship with performance (Walumbwa et al., 2010). Simultaneously, leader-

member exchange, self-efficacy, and organizational identification were facilitators of the ethical leadership and supervisory-rated performance relationship (Walumbwa et al., 2010). In a study across Korean industries, management ethical leadership was a predictor of ethical and procedural justice climates, which were then mediators on organizational citizenship behavior at the firm level as well as firm financial performance (Shin et al., 2015). At the organizational level, ethical leadership behaviors may influence employee identification as well as performance.

In a related study of Romanian workers in construction and metal products companies, ethical leadership had a positive relationship with followers' relational identification with both leader and organization (Zhu, He, Treviño, Chao, & Wang, 2015). Relational identification was a mediator between ethical leadership and follower voice behavior, while identification with the organization was a mediator between ethical leadership and follower voice behavior, that is, follower willingness to speak up for the benefit of the organization (Zhu et al., 2015). Followers' identification with organization and identification with their relationship with the leader served as mediators between ethical leadership and job performance (Zhu et al., 2015). The literature on performance and ethical leadership indicate that ethical leadership may be a conduit between multiple factors and eventual performance and organizational behavior outcomes. In addition, ethical leadership in supervisors seems to lead to highly rated employee performance.

The literature also highlights links between ethical leadership and behavioral factors that could influence organizational performance, including job satisfaction, commitment, organizational citizenship, turnover, and stress. In a study of 391 Turkish

hotel workers, ethical leadership had a positive relationship with job satisfaction and with employees' level of organizational commitment (Çelik et al., 2015). As a mediator, the organizational commitment had a positive relationship with job satisfaction (Çelik et al., 2015). As a connection to previous studies, ethical leadership relates positively to organizational outcomes such as satisfaction and turnover.

In a study of mid-level managers in aviation maintenance facilities, ethical leadership had a positive relationship with ethical climate (Demirtas & Akdogan, 2015). In the same study, ethical climate was a partial mediator between ethical leadership and affective commitment, as well as a mediator between ethical leadership and turnover intention (Demirtas & Akdogan, 2015). For Chinese college alumni, ethical leadership had a positive relationship with employee well-being, which included stress levels, although mediated by job satisfaction (Yang, 2014). Ethical leadership also had a positive relationship with overall life satisfaction (Yang, 2014). From these perspectives, the presence of ethical leadership could reduce stress, raise employee well-being and life satisfaction, and impact turnover intention.

Ethical leadership may increase satisfaction and commitment and reduce turnover and conflict. In the Spanish banking and insurance industries, ethical leadership at supervisory and executive levels had positive relationships with employee job satisfaction, organizational commitment, and organizational citizenship (Ruiz et al., 2011). Both ethical leadership levels had negative relationships with the intent to leave (Ruiz et al., 2011). However, supervisory ethical leadership was an intermediary between executive ethical leadership and the job-related factors (Ruiz et al., 2011). At another

level of influence, Zhou and Shi (2014) found that ethical leadership was a moderator between leader-member exchange differentiation and team conflict. A stronger moderation relationship existed when ethical leadership was low (Zhou & Shi, 2014). The influence of ethical leadership seems to reduce conflict and potential turnover, but at the same time may make employees more committed to the organization. The presence of ethical leadership seems to affect employee citizenship levels. Although some links between ethical leadership and performance outcomes are indirect or moderated, the impact to organizational performance appears to be strong.

According to the literature, ethical climate also affects organizational performance factors. In the study of mid-level managers and engineers in aviation firms, ethical leadership had a positive relationship to the perception of an ethical climate, while the ethical climate was a mediator between ethical leadership and employee affective commitment (Demirtas & Akdogan, 2015). In turn, the ethical climate was a mediator between ethical leadership and employees' intention to leave the firm (Demirtas & Akdogan, 2015). Employees of international banks in Taiwan indicated that ethical climate had a negative relationship with emotional exhaustion, which served as a mediator between ethical climate and an employee's intent to leave the organization (Yang, Tsai, & Tsai, 2014). Ethical climate also had a negative relationship with intent to leave (Yang et al., 2014). Ethical climate, an outcome of ethical leadership, influences commitment and identification, while ethical culture influences the level of engagement.

Ethical climate and culture also affect attitudes toward knowledge management, whistleblowing, and identification with ethics. In a study of workers in a South Korean

public agency, ethical leadership had a positive relationship with psychological ownership, or the concept that an employee views the intellectual capital of their work as their own (Park, Kim, & Song, 2015). In a study of 116 MBA students, Dalton and Radtke (2013) determined that the strength of an ethical environment had a positive relationship with whistleblowing behaviors. In fact, in more Machiavellian environments, the positive whistleblowing intention showed less strength when mediated by an ethical environment (Dalton & Radtke, 2013). According to this segment of the literature, ethical culture influences how an employee identifies with and commits to the organization, which could lead to increased organizational performance. At the same time, the existence of an ethical culture creates occupational well-being and engagement in work and knowledge management, as well as the propensity to identify and report ethical infractions.

Ethical leadership impacts employee perceptions of performance-related variables, but those perceptions may differ based on culture. Employee perceptions of ethical leadership influenced their perceptions on strategic leadership (Tutar et al., 2011). Canadian financial institution employees revealed that ethical leadership had a positive relationship with employee organizational citizenship behaviors, but a leader's political skill was a moderator of the relationship (Gill et al., 2014). The relationship between ethical leadership and organizational citizenship behaviors was stronger when leaders demonstrated increased skills in organizational politics (Gill et al., 2014). However, in a study of 88 MBA students in Germany and Italy, Stedham and Beekun (2013) determined that power distance based on overall culture generated more harsh ethical judgment in the

lower power distance culture. People in both cultural groups also expected the opposite cultural group to act in a similar manner where ethical decision-making was involved (Stedham & Beekun, 2013). Although ethical leadership and its resultant ethical culture may have positive organizational performance impacts, perceptions may differ based on culture and context.

Ethical leadership relates to organizational performance factors. In a study of 145 employees in 32 companies, Eisenbeiss, van Knippenberg, and Fahrbach (2015) found that a CEO demonstrating ethical leadership had a positive relationship with the ethical culture of the organization. In addition, when an organization had a solid ethics system in place, CEO ethical leadership had a positive relationship with firm performance via the organization's ethical culture (Eisenbeiss, van Knippenberg, & Fahrbach, 2015).

Influences of Environmental Sustainability Integration

Financial benefits may be one reason behind why firms adopt environmental sustainability programs. In a study of 51 U.S. manufacturing firms on the Dow Jones Sustainability Index (DJSI), on the average, the financial payoff from high order sustainability initiatives was better than the payoff from low order sustainability initiatives, where high order initiatives generated new products or processes and low order initiatives only changed current products and processes (Kurapatskie & Darnall, 2013). In an analysis of corporate environmental and corporate financial performance reporting from 1970 to 2009, smaller firms received as much financial benefit as larger firms regarding environmental responsibility (Dixon-Fowler, Slater, Johnson, Ellstrand, & Romi, 2013). In addition, the environmental performance element had the most

consistent influence on financial performance, as measured by both short- and long-term indicators such as stock price, return on assets (ROA), and return on equity (ROE) (Dixon-Fowler et al., 2013). The leadership styles of executives and managers in environmentally sustainable firms contribute to the adoption of sustainability programs (Metcalf & Benn, 2013).

Leadership styles linked to ethics and social responsibility include spiritual and servant leadership (Lynch & Friedman, 2013). Servant leadership may be a misunderstood concept in the context of ethics and CSR; a servant leader may have the perception that profit, and thus benefit for employees and stakeholders, is a hallmark of that leadership style (Lynch & Friedman, 2013). The focus on stakeholder need may override any focus on societal need (Lynch & Friedman, 2013). Lynch and Friedman (2013) add the element of spiritual leadership to servant leadership, in that a leader with spiritual values may have more inclination to issues related to society and the environment. Organizational leaders who exhibit spiritual leadership and help to build a spiritual working environment may encourage employees to act in pro-environmental ways, such as having concern for the environmental and social impact of the business as well as taking responsibility for those impacts (Afsar, Badir, & Kiani, 2016). In a study of salespeople, Jaramillo, Bande, and Varela (2015) determined that both the exhibition of servant leadership behaviors as well as subordinate perceptions of these behaviors, contributed to ethical behavior and an ethical work climate.

To continue the examination of leadership and sustainability, Metcalf and Benn (2013) synthesized leadership theories as related to sustainability with a focus on

complex adaptive systems. Because of the dynamic nature of complex systems, leadership requirements for sustainability would require attributes from multiple frameworks, including emergent, situational, behavioral, ethical, and transformational leadership (Metcalf & Benn, 2013). In relation to the link between transformational leadership and sustainability, a proposed model of sustainable leadership included transformational attributes such as leading from context, consciousness, continuity, creativity, and collectivity (Tideman, Arts, & Zandee, 2013). Although transformational, spiritual, ethical, and situational leadership may influence the incorporation of environmental sustainability programs, the environmental leader may also incorporate personal values to achieve sustainability.

Corporate culture in the form of environmental ethics was an investigation point for research into the origins of environmentally sustainable organizations. Maruffi, Petri, and Malindretos (2013) argued that firms with a stakeholder orientation, that is, an orientation toward environmental and social responsibility, could see more profits in the long term, as well as higher levels of innovation. Although environmental ethics may contribute to profit advantage, other factors may influence the presence of environmental ethics.

In describing their framework aimed at encouraging pro-environmental behaviors, Steg, Bolderdijk, Keizer, and Perlaviciute (2014) proposed that making normative goals stronger might generate pro-environmental behavior along with a thought process that includes environmental consequences of decisions. However, emphasizing environmental goals that seem pleasurable or provide a benefit of some kind may also support

strengthened normative goals (Steg, Bolderdijk, Keizer, & Perlaviciute, 2014). In a study of 537 Mexican college alumni enrolled in business courses, employee commitment had a positive relationship with pro-environmental behaviors (Paillé & Mejía-Morelos, 2014). Employee commitment was a mediator between the perception that the organization has an appreciation for employees, or perceived organizational support, and pro-environmental behaviors (Paillé & Mejía-Morelos, 2014). According to Gualandris, Klassen, Vachon, and Kalschmidt (2015), business leaders should integrate appropriate stakeholders into the monitoring of sustainability practices, and that clear communication and disclosure of sustainability information could generate a move toward extended supply chains inclusive of multiple stakeholders. From these perspectives, culture in the form of goals and employee commitment, as well as clear communications of sustainability information to stakeholders could influence perceptions and pro-environmental behaviors.

Another element in the generation of environmental sustainability from the literature is the nonleadership rationale behind the integration of the environment into business practice. In a study of large German companies, Windolph, Harms, and Schaltegger (2014) analyzed the company functional areas requiring increased sustainability management to determine the overall motivation for the implementation of sustainable practices. Key motivators were the creation of legitimacy and market success, while a less important motivator was the desire to improve internal functions (Windolph, Harms, & Schaltegger, 2014). This research indicates that some leaders view

sustainability as an appropriate choice based largely on external factors as opposed to internal.

Other reasons for environmental sustainability seem to be less altruistic. At the organizational level, Zaman (2013) asserted that a reason for commitment to the environment other than altruism was due to the specific environmental risks of doing business. Risks included those related to general health, such as factory emissions, synthetic pesticides, and carbon monoxide (Zaman, 2013). Additional reasons included ecological risks that stemmed from the use of nonrenewable energy sources and land transformation, as well as economic risks caused by damage to people and physical property due to the health and ecological risks present in business processes (Zaman, 2013). Delmas and Pekovic (2013) determined that organizations with environmental practices in place had higher labor productivity as well as effective training and communication. However, in a study of Canadian manufacturing firms, managers' personal environmental values had a positive relationship with their organizational citizenship behaviors for the environment (Boiral, Talbot, & Paillé, 2015). In this sense, environmental sustainability may arise from risk, compliance, and productivity concerns and not necessarily from altruism.

Individual leader values may contribute to environmental sustainability. Wang and Young (2014) surveyed 223 high-level managers regarding collectivist values and 45 managers regarding satisfaction with firm financial performance to determine if either of these had an impact on manager environmental ethics. Managers' individual collectivist values had a positive relationship with environmental ethics, at the same time reducing

the negative relationship between dissatisfaction with firm financial performance and individual environmental ethics (Wang & Young, 2014).

The maintenance of sustainability programs through process integration is a key element in the literature. In a study of firms on the DJSI, 36 U.S. and 10 Scandinavian companies had a top management team executive whose sole responsibility was sustainability (Strand, 2013). As part of the business process, strategy-oriented human resources management (SHRM) had a positive effect on organizational citizenship behaviors for the environment in Chinese manufacturing firms (Paillé, Chen, Boiral, & Jin, 2014). Organizational citizenship behaviors for the environment had a positive effect on environmental performance, and were mediators between SHRM and environmental performance (Paillé et al., 2014). As a contrary view, CEOs, environmental managers, employees, and stakeholders in Greek firms indicated that negative results from environmental activity, such as higher costs, impeded the integration of environmental strategy and practices (Papagiannakis, Voudouris, & Lioukas, 2014). Given these findings, and above any other reasoning, leaders must incorporate environmental sustainability as part of the business process.

Influences in the Integration of Corporate Social Responsibility

Corporate social responsibility appears in the literature as related to leadership, business processes, and even values. After a meta-analysis of the literature related to the connections between leadership and CSR, Christensen, Mackey, and Whetten (2014) contended that servant leadership was an important facet of the connections between leadership and CSR. Under this framework, leaders engender trust that can generate

ethics and value creation, which are antecedents to CSR (Christensen, Mackey & Whetten, 2014).

Going further than orientation and into leadership styles, follower rating of transformational leadership had a positive relationship with leader CSR values and follower stakeholder CSR values (Groves, 2014). The values of leader stakeholders were also moderators between transformational leadership and follower stakeholder values (Groves, 2014). Among 122 organizational leaders and 458 subordinates, the leadership style and thus a relationship with CSR was dependent on the perception of leader ethics (Groves & La Rocca, 2011). Subordinates rated their leaders as transformational if they perceived them as moral altruists but as transactional if they perceived the leader as utilitarian in ethical approach (Groves & La Rocca, 2011). In line with this conclusion, the study indicated that transformational leadership had a positive relationship with the value subordinates placed on CSR (Groves & La Rocca, 2011). From this perspective, transformational and transactional leadership influence CSR and its value, but leader ethics may also have an effect on that relationship.

Perhaps to counterbalance the relationship between leadership, Ormiston, and Wong (2013) conducted a study of 49 Fortune 500 companies, in which previous CSR activity had a positive relationship with future corporate social irresponsibility (CSIR), because leaders may have felt they had some leeway in the definition of their ethical actions in the future. However, the moral identity presented publicly by CEOs was a mediator between CSR and CSIR; those with high levels of public moral identity created a stronger relationship between CSR and CSIR (Ormiston & Wong, 2013). Also, in terms

of CSIR, qualitative analysis of the United Kingdom financial and corporate social media rendered four continuous discourses on the reasoning behind CSIR, including the supposition that the global recession highlighted inadequate incorporation of CSR practices in financial industries and advanced the loss of business ethics in the industry (Herzig & Moon, 2013). Another discourse was the contradiction between the goals of CSR and the inherent nature of capitalism and the regulatory influence in the financial industry (Herzig & Moon, 2013). Discussion about CSR motives exists on multiple levels, but the position and motivation of leaders could also generate CSR or CSIR.

Perceptions and culture are aspects of the literature on CSR. In Nordic fashion firms, high-level managers and employees responsible for human resources or environmental controls indicated that the normal response to increased CSR pressure was conformity to regulations or industry standards (Pederson & Gwozdz, 2014). More pressure from stakeholders moved organizational management toward proactive CSR activities (Pederson & Gwozdz, 2014). The definition of CSR may differ between cultures and may thus manifest in programs that are definition specific.

Cultural differences include those in parts of Asia and Europe. In the hotel industry, Korean employees perceived their companies as nonperforming in CSR, as relatively compared to the perception of CSR importance (Kim, Kim, & Lee, 2015). However, Chinese hotel employees felt their organizations had an effective performance in CSR related to legal and environmental issues, but not in ethics-related CSR (Kim et al., 2015). In a study of large British multinational companies, CSR decision makers indicated that they developed policy without a focus on home country culture, preferring

international CSR issues as policy elements (Bondy & Starkey, 2014). The replacement of local culture with international elements represented leaders' need to simplify the complexity of issues at multiple local levels (Bondy & Starkey, 2014). As a recurrent theme, CSR may arise from community pressure, altruistic motivation, and possibly based on international concerns. As a recurrent theme, CSR may arise from community pressure as well as altruistic motivation, but possibly in noncustomer facing directions.

A final element in the literature relates to the integration of business processes and frameworks as a support for CSR. Godkin (2015) proposed that mid-level managers should begin to recognize employee engagement behaviors and channel that engagement into long-term CSR. Under this model, mid-level managers should become aware of employees who are ethical champions or employees who simply tell the truth (Godkin, 2015). In a content analysis of the top 50 companies on the Australian Securities Exchange, Klettner, Clarke, and Boersma (2014) examined annual and sustainability reports as well as company websites and asserted that these companies were in the process of integrating CSR into core business strategy. This assertion arose from the fact that 36 of the top 50 included sustainability information as part of the annual report and 27 issued a separate sustainability report, as well as from evidence that 22 companies had identified a board committee on sustainability (Klettner, Clarke & Boersma, 2014). Hahn, Pinske, Preuss, and Figge (2015) proposed an integration and understanding of the organizational, economic, and social tensions that arise due to CSR. Under the framework, business leaders can identify the tensions, define the rationale underlying the tensions, and generate solution strategies (Hahn, Pinske, Preuss, & Figge, 2015).

Influences of Firm Financial Performance

As with environmental sustainability, the discussion of the literature on ethics, ethical leadership, and financial performance begins with the reasoning and subsequent impacts of unethical or illegal behavior on firm performance. Executives who displayed overconfident behaviors were more likely to be involved in manipulation of financial reporting (Plöckinger, Aschauer, Hiebl, & Rohatschek, 2016). An executive's age, length of service and education reduced tolerance for risk in financial reporting, although one executive with concentrated power appeared to generate lower quality reporting (Plöckinger et al., 2016). In 128 banks with 164 legal violations between them, legal violations had a negative impact on financial performance and that the negative effect increased with the level of violation seriousness (Zeidan, 2013). In addition, multiple violations had a higher negative impact on financial performance (Zeidan, 2013). Although an earnings restatement is not necessarily illegal or unethical, nor do legal violations have a proven link to unethical behavior, they do have potentially negative impacts on firm financial performance. Ethics may also have an impact on financial performance and reporting.

Although direct links between ethical leadership and financial performance do not exist in the literature, ethics is a variable in financial reporting. Chief Financial Officers (CFOs) with a low level of earnings management ethics were more likely to report larger discretionary expense accruals when an individual financial incentive conflicted with an organizational incentive (Beaudoin, Cianci, & Tsakumis, 2015). In fact, the conflict in incentives was a moderator between the CFOs' tendency to become morally disengaged

and decisions regarding discretionary accruals (Beaudoin et al., 2015). Working professionals and accountants were more likely to view questionable practices that affected reporting outcomes from an ethically situational perspective as opposed to an organizational outcome perspective (Walker & Fleischman, 2013). In the same study, ethical behaviors had a positive relationship with ethical judgment (Walker & Fleischman, 2013). The presence of audit functions as well as situational thinking and judgment could bring ethics into financial reporting decisions.

Shin, Sung, Choi, and Kim (2015) conducted a study of 4,321 employees in 147 Korean companies, in which ethical leadership had a positive relationship with ethical climate, which had a positive relationship with a climate of procedural justice. The procedural justice climate had a positive relationship with both organizational citizenship behavior and overall firm financial performance (Shin et al., 2015). Regardless of the motivation for behavior, leaders exhibiting ethical and transformational leadership behaviors may influence financial outcomes.

Although no direct links exist from ethical leadership to financial performance, the literature indicates that multiple leadership styles may have influences on financial performance. In a study of CEOs in six countries, transformational leadership behaviors were moderators of the relationship between a leader's entrepreneurial orientation and the organization's ability to accomplish its financial goals (Engelen, Gupta, Strenger, & Brettel, 2015). In similar leadership terms, if leaders communicated a vision, such as organizational philosophies or mission, financial performance was better than if they did not communicate the vision (Jing, Avery, & Bergsteiner, 2014). If the vision became a

shared element with staff members, financial performance also improved (Jing et al., 2014).

Other leadership styles also have influences on financial performance outcomes. Key financial performance data from 2009 and 2010, including total debts to assets, short-term debts to assets, fixed assets to total assets, and earnings before interest and taxes (EBIT) to total assets, for 18 banks on the Abu Dhabi Securities Exchange (ADX) and the Dubai Financial Market (DFM), had positive relationships with laissez-faire and democratic leadership styles (Cherian & Farouq, 2013). From a review and analysis of literature regarding leadership and innovation, Sethibe and Steyn (2015) concluded that transformational leadership had an overall positive relationship with innovation. Transactional leadership was the best fit for generating innovation, while transformational leadership was the best fit for increasing organizational performance (Sethibe & Steyn, 2015). However, the literature in the review did not include solid links between innovation and higher ROA (Sethibe & Steyn, 2015). Transformational and transactional leadership appear again as influences upon financial performance, but laissez-faire and democratic leadership influences upon subordinate behaviors also influence financial performance.

Examination of the role of leadership in financial performance extends to the characteristics of executives and the CEO. In a study of CEOs, CFOs, and human resources directors in hotels in China, servant leadership had a positive relationship with financial performance, and a positive relationship with service climate (Huang, Li, Qui, Yim & Wan, 2016). Service climate had a positive relationship with performance, and

mediated the relationship between CEO servant leadership and performance (Huang et al., 2016). However, in 468 British firms from 2003 to 2008, high levels of dual role CEOs, i.e., those with Chairman of the Board responsibilities, as well as CEO influence with compensation committees and decision power, had negative relationships with firm performance (Veprauskaitė & Adams, 2013). Finally, in a study of firms employing high-performance work practices (HPWPs), or engagement and retention strategies which impact employee motivation, the use of HPWPs was a moderator in the relationship between corporate social performance and financial performance (Chang, Oh, & Messersmith, 2013). Leadership style influences financial performance, but CEO leadership behavior seems to have an influence as well.

Ethics and ethical leadership remain largely undefined; however, the influences of ethical leadership are present in the organizational culture, performance outcomes, individual and group behaviors, and sustainability integration. Business organizations place a framework upon ethics through manager and employee perceptions as well as ethical codes and ethical judgments (Bodolica & Spraggon, 2015; Chekwa et al., 2014; Dane & Sonenshein, 2015). Leadership styles that influence ethics and ethical cultures include ethical, authentic, transformational, virtuous, servant, and benevolent leadership styles (Christensen et al., 2014; Karakas & Sarigollu, 2013; Kuntz et al., 2013; Onarato & Zhu, 2014). At the individual level, ethical leadership influences decision making, consideration of ethical dilemmas, organizational climate, and organizational fit (Bagdasarov et al., 2016; Cohen, 2013; Effelsberg et al., 2014). At the organizational level, ethical leadership can increase employee commitment and organizational

citizenship behaviors while decreasing turnover (Demirtas & Akdogan, 2015; Hansen et al., 2013; Ruiz et al., 2011).

The three sustainability variables, including environmental, social, and financial sustainability, find their influences in multiple frameworks, including leadership. Business organizations move into environmental sustainability programs due to financial benefits, environmental culture, the integration of the environment into a systems approach to operation, and through the influences of spiritual, transformational, ethical, and authentic leadership (Gualandris et al., 2015; Kurapatskie & Darnall, 2013; Lynch & Friedman, 2013; Metcalf & Benn, 2013). CSR activity tends to depend on concentration of ownership; if large shareholders own companies, reduction of CSR activity is more likely (Godos-Diéz, Fernández-Gago, Cabeza-García, & Martínez-Campillo, 2014). If leadership acts in a steward role versus that of an agent for a small concentration of individual owners, CSR involvement is more likely (Godos-Diéz et al., 2014). Finally, organizational financial performance as it relates to ethics arises from the presence of strong internal audit functions and potentially along with entrepreneurial, charismatic, and visionary leadership (Beaudoin et al., 2015; Engelen et al., 2015; Jing et al., 2014). Ethical leadership, although undefined, influences organizational outcomes. However, sustainability has links to multiple leadership styles, organizational climates, and business processes.

Transition

The objective of this quantitative correlational study was to examine the relationship between ethical leadership behaviors and social, financial, and environmental

sustainability in small businesses with less than 99 employees. I administered a survey measuring manager and executive ethical leadership behaviors as well as sustainability actions. The information gained from the study could provide business managers and executives with an understanding of how their ethical decisions can influence long-term sustainability. With this information, business managers could implement normative standards for ethics and regain the trust of clients and communities. Section 1 of the study introduced the foundations of the research, including the purpose statement, problem statement, nature of the study, research questions and hypotheses, a theoretical framework, and a literature review.

The literature review showed that ethical leadership, although undefined, influences organizational outcomes. However, sustainability has links to multiple leadership styles, organizational climates, and business processes. Section 2 includes the participants of the study, the role of the researcher, the research method and design, data collection instruments and techniques, and the data analysis plan. Section 3 includes the findings of the study, the application of results to business practice, implications for social change, and recommendations for future research.

Section 2: The Project

The purpose of this study was to examine the relationship between ethical leadership behaviors and social, environmental, and financial sustainability in small businesses. Section 2 describes the method for gathering participants as well as justification and explanation of the research methods and design. This section also provides an overview of ethical processes, along with data collection instruments, techniques, and analysis methods. The purpose of the description in Section 2 is to detail the process used to address the research questions and hypotheses for the study.

Purpose Statement

The purpose of this quantitative correlational study was to examine the relationship between ethical leadership behaviors and financial, social, and environmental sustainability in small businesses. To investigate sustainability factors and ethical leadership behaviors, I administered a survey measuring both. The survey population included owners or managers of small businesses who were members of a local chamber of commerce in the Miami, Florida area.

In this study, the dependent variable was ethical leadership, and the independent variables were financial, social, and environmental sustainability. To define variables clearly, ethical leadership is a set of normative behaviors that leaders demonstrate via their activities and personal affiliations, and promote to their subordinates (Brown et al., 2005). Sustainability is a process or cycle that is able to satisfy current needs without canceling the ability to satisfy future needs, in alignment with Bateh et al. (2013).

This study will contribute to social change by providing managers with knowledge regarding the long-term influence of their ethical decisions as well as standards for ethical leadership. Using the results of this study, leaders can improve their understanding of the correlation between ethics and sustainability. If leaders adopt concrete standards for ethical leadership, as outlined in this study, they may be able to build stronger consumer trust. The return of consumer trust could influence economic sustainability at the local level. An improved relationship between small businesses and the communities they serve would improve social conditions by creating partnership instead of adversity.

Role of the Researcher

After receiving Institutional Review Board (IRB) approval to conduct this study, I recruited participants for the study via probability sampling of small business leaders who were members of the chamber of commerce in the Miami, FL area. My personal involvement in the chamber of commerce arose through ownership of a small business in the community as well as through professional contacts. Although a professional relationship existed with members of the chamber, the study participants remained confidential. I adhered to three ethical principles as identified in the Belmont Report (U.S. Department of Health and Human Services, 1979):

- (a) I selected managers or owners of small businesses from the chamber's membership, assuming that these participants could act on their own given the information regarding the study.

- (b) Participant responses remained confidential, but participants had access to study results.
- (c) Participants in the population meeting the specified criteria had equal opportunity to participate in the study.

After receiving IRB approval, I sent emails to individual participants inviting them to complete the survey instrument. Along with the email invitation, I attached the consent form that detailed the voluntary nature of the study, the risks, privacy information, and the ability to decline or consent as indicated in the Belmont Report regarding information and consent (U.S. Department of Health and Human Services, 1979). To verify eligibility for the study, I requested that participants affirm their eligibility based on the consent form via return email. Participants indicated consent by accessing and completing the survey instrument. To administer the survey instrument, I used Survey Monkey online survey software, from which I downloaded results to SPSS statistical software for analysis.

Participants

The study participants were all owners or managers of small businesses in the chamber of commerce that had fewer than 99 employees. The participants could be owners or managers in any industry and rated themselves on ethical leadership behaviors as well as reported general business information regarding financial, social, and environmental sustainability; the assumption was that these participants had enough knowledge regarding ethical behavior and their small business to complete the survey

accurately. The participants had varied tenures as managers or owners of small businesses, along with varied experience levels in the respective industries.

I used a probability sample process, which broadens a researcher's knowledge of a defined population (Uprichard, 2013). For this study, the probability sample represented the overall population of small business owners and managers. In comparison to nonprobability samplings, such as convenience or snowball sampling, probability sampling may provide a stronger ability to make inferences about the data (de Munnik, Illing, & Dupuis, 2013). A sample in which all representatives have an equal probability of selection is reflective of the overall population (Graftsröm & Schelin, 2014). However, the assumption in probability sampling is that responses will be complete and that nonresponse bias does not exist (Rowley, 2014).

To introduce the study, I attended chamber meetings as necessary to request participation. In this context, chamber members chose to participate because of their interest in the survey topic as well as the topic's links to their specific needs or goals; this aligned with more detailed accounts of survey topics being more likely to generate a high level of topic relevance and thus increase participation (Zillmann, Schmitz, Skopek, & Blossfeld, 2014). Obtaining informed consent is a primary method to ensure participant self-selection; acquisition of informed consent allows the researcher to know that participants understand the research and willingly choose to participate (Wang & Kitsis, 2013). However, since the primary data collection method was a survey instrument, I followed up with participants via email contact to explain the study further and reaffirm participation.

After confirming eligibility and participation, I followed up with an email detailing instructions for access as well as an explanation of privacy and ethical protection of participants and their responses. Participant consent in an online format relies on the context and time of a one-time request for participation (Nunan & Yeniciglu, 2013). To obtain consent, I attached the consent form, which explained that accessing the survey indicated consent to the conditions stipulated on the form. Each participant could withdraw from the study by refusing to access the survey instrument or by exiting the survey before completion. Since the survey was anonymous, with no collection of identifying information, participants were not able to withdraw after submission of the survey. I applied to the IRB for approval by submitting the appropriate ethical research data. After approval from the IRB, I began the data collection phase.

The survey instrument was electronic via Survey Monkey, an online survey tool with which researchers can disable Internet Protocol (IP) and email address information to protect participant anonymity (Black & Reynolds, 2013). To enable this protection, I used the IP and email disable function in Survey Monkey. Data traces from flash drives may remain on computer hard drives of users who accessed data via a flash drive (Ohana & Shashidhar, 2013). To ensure safekeeping, protection of data, and minimum data trace exposure, I saved raw response data on a password protected flash drive. Researchers can upload large datasets to cloud-based platforms, but often maintain smaller datasets on local hard drives for analysis (Marx, 2013). For this reason, I saved data used in analysis as well as the outcomes of statistical analysis on a password-protected hard drive, to which I had sole access. I maintained all paper data in a locked file cabinet to which only

I have a key and access. As part of the continued safekeeping of data, I will maintain all of these data sources for 5 years after completion of the study, at which time I will shred any physical documents and erase data from flash and hard drives.

Research Method and Design

A key aspect of the research process is the determination of the research method. The purpose of qualitative research is to explore experiences with the topic under study (McQuarrie & McIntyre, 2014). However, the purpose of quantitative research is to examine the relationships between variables in the topic (Thamhain, 2014). Mixed methods research employs the combination of both qualitative and quantitative approaches with the goal of confirmation or enhancement of the results of both methods (Harrison, 2013). For this study, I selected a quantitative method to determine if ethical leadership behaviors had relationships with sustainability factors. The research design was correlational, with data collection via an online survey.

Research Method

The quantitative research method was appropriate for this study due to an alignment with the goals and purposes of quantitative research in comparison to other methods, as well as the existence of prior quantitative work in the ethical leadership field. Researchers may use qualitative approaches questions that individual interviews or group interactions can answer (Bailey, 2013). Qualitative research provides a way for researchers to explore topics and gain the ability to project results to a population (McQuarrie & McIntyre, 2014), which was not necessary due to prior research.

Mixed methods researchers utilize both qualitative and quantitative approaches to provide an integrated view of the topic or potentially to provide further significance to the study results (Morse & Cheek, 2015). Research questions best suited for mixed methods approaches may be those in which the researcher needs to explore a phenomenon or generalize results (Harrison, 2013). Moreover, a researcher may employ a mixed approach to augment results of the first method in the study or to work with data that are scarce (Harrison, 2013), which was not desirable based on previous research.

Quantitative research allows researchers to obtain results that are readily comparable (Thamhain, 2014). Researchers may also utilize quantitative methods to examine objective research questions and define specific operational measurements (Westerman, 2013). The overall goal of a quantitative approach is to assess relationships between variables and express those relationships as correlational, causal, or comparable (Frels & Onwuegbuzie, 2013).

As described in the literature review, some of the current literature regarding ethical leadership and sustainability is quantitative. For example, Bouckennooghe et al. (2015) used quantitative correlational methods to determine the relationship between ethical leadership and job performance. Also in relation to organizational outcome variables, Zhu et al. (2015) utilized quantitative methods to examine how ethical leadership related to employee voice behaviors and organizational outcomes. Demirtas (2015) employed the quantitative approach to examine the relationship between ethical leadership and perceptions of justice. Finally, related to sustainability factors, Groves and

La Rocca (2011) used quantitative research to assess the relationship between ethical values, leadership styles, and employee perceptions and attitudes regarding CSR.

The goal of this study was not to explore ethical leadership behaviors or the rationale behind ethical or unethical behavior. Although confirmation of results through a mixed method approach would have been appropriate for later research, the purpose of this study was solely to assess the relationship between ethical leadership behaviors and the sustainability factors. As indicated in the literature review, a solid link between ethical leadership and sustainability was still in the process of determination at the time of this study. Based on these factors, the quantitative method was the most appropriate approach for this study.

Research Design

The selected research design for this study was correlational, with ethical leadership data collected via an online survey. Other designs were not appropriate based on the goals of this study. An experimental design producing quantitative results could have been useful in a similar study. In social and organizational research, researchers might use an experimental study to show links between elements in a process (Spector & Meier, 2014). In an experimental study, the goal is to demonstrate that a hypothesized element leads to a predetermined result (Spector & Meier, 2014). Researchers can also manipulate independent variables to see how the change affects the dependent variable (Spector & Meier, 2014). A quasi-experimental test/retest design, using quantitative data collection methods, would not have required manipulation of variables but would require testing control and treatment groups (May, Luth, & Schwoerer, 2014). However, the

focus of the current study was to determine if relationships between variables existed. In addition, the variables in the study did not provide the ability for rapid observable manipulation, so a quantitative experimental or quasi-experimental design was not appropriate.

Two nonexperimental quantitative methods were appropriate for this study. Regression analysis can help researchers determine if one variable predicts another (Krotov, 2016). Correlational analysis can also help researchers establish and justify the relationship between variables (Prion & Haerling, 2014). Correlation does not prove that one variable causes the other, nor explain the time sequence of the relationship (Thompson & Panacek, 2007). For this study, the goal was to examine whether a relationship existed between the variables. From this perspective, a correlational design was the most appropriate.

Population and Sampling

The population for the study was owners or managers of small businesses with less than 99 employees. For this study, participants had to have enough familiarity with the business to answer general questions about financial performance, social involvement, and environmental activity, so the minimum length of ownership or management was 1 year. Small business owners tend to think beyond economic data as sole indicators of performance (Raymond, Marchand, St-Pierre, Cadieux, & Labelle, 2013). In addition, small business owners may consider a wide range of stakeholders in decision-making, including employees and communities (Raymond et al., 2013). This information suggests that small business owners may have an influence upon local

environments and communities through their leadership and sustainability decisions, which could expand to larger businesses and communities.

Researchers can conduct an a priori analysis to determine sample size at a specific level of significance using G*Power (Weil et al., 2015). To obtain the recommended sample size for this study, I used G*Power 3.0.10 power analysis; with a medium effect size ($r=.30$), $\alpha=.05$, and a power of .80, the recommended sample size was 64. With a power of .99, the recommended sample size was 161. As power increases, the chances of a false result or Type I error decreases, where average statistical power ranges approximately between .4 and .8 (Fraley & Vazire, 2014). For the study, I sought between 64 and 161 participants to reduce the possibility of Type I error (Figure 1).

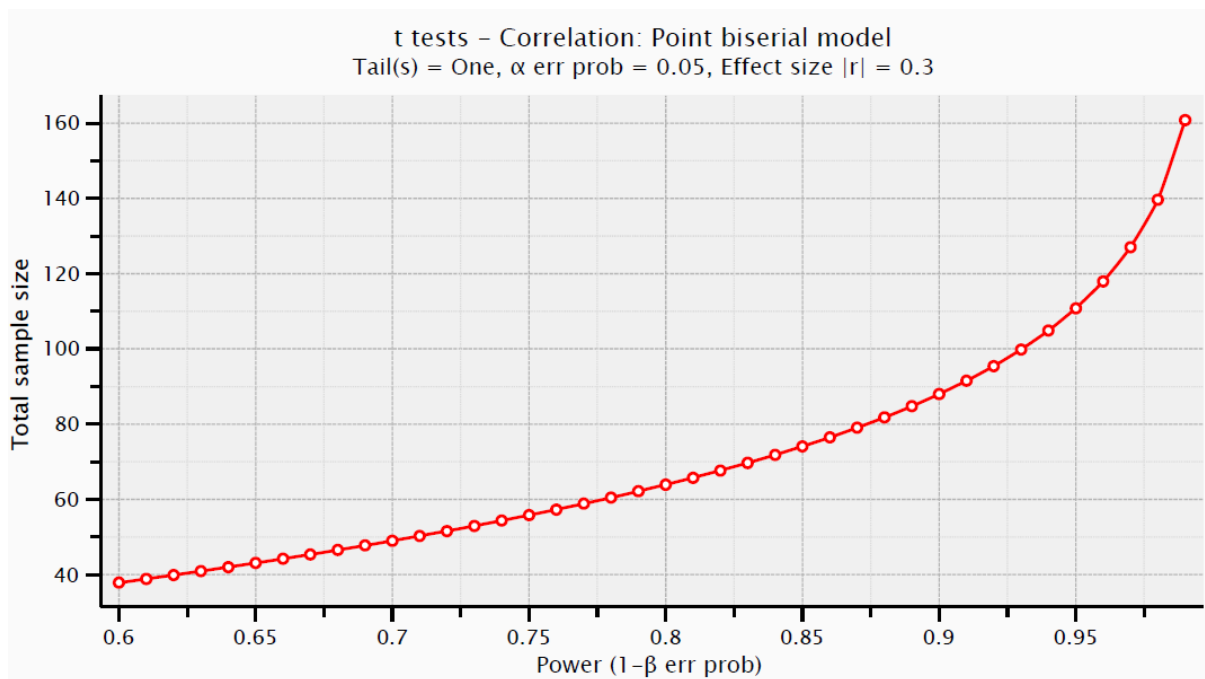


Figure 1. A graph showing power and sample size.

Effect size is the significant difference between two groups in a study (Gignac & Szodorai, 2016). Common measurements of effect size in quantitative studies include

Pearson's correlation (r) and r^2 or coefficient of determination (Gignac & Szodorai, 2016). The use of a medium effect size ($r=.30$) was appropriate due to the analysis of articles detailing correlational studies with ethical leadership as a variable. Pearson's correlation values for studies describing the relationship between ethical leadership and group or individual outcomes was between .243 and .367, with values between .3 and .51 labeled as significant (Demirtas & Akdogan, 2015; Kalshoven, et al., 2011; Yidong & Xinxin, 2013) Similarly, in studies describing the relationship of ethical leadership with social capital factors, employee commitment, and employee citizenship, r^2 was between .22 and .54 (Hansen et al., 2013; Park et al., 2015; Zhang et al., 2012). Given the analysis of effect sizes in these studies, the use of a medium effect size ($r=.30$) was appropriate for this study.

To be eligible for the study, participants had to be an owner or manager with access to business financial, environmental, and social responsibility data for their company, and to have owned or managed the business for at least 1 year. Also, to be eligible, participants could not be consultants or temporary employees. Through the consent form and initial questions on the survey instrument, participants certified eligibility. Participants were accessible via email and had access to an Internet connection. Although participants could choose not to complete the survey, they did have a comfort level with completing a survey regarding their leadership practices and business sustainability data.

A potential weakness of probability sampling is that the researcher risks excluding certain cases to fit the purpose of the research (Uprichard, 2013). Probability

sampling can only occur if the researcher knows a list of all possible samples (Uprichard, 2013). The group of all possible samples from which to draw participants, or the sample population, must have both inclusion and exclusion factors (Robinson, 2014). A strength of probability sampling is that existing knowledge of the study population reduces the need to determine if differences exist between individual cases (Uprichard, 2013). In this study, the sample population's inclusion and exclusion factors were membership in the chamber as well as the eligibility criteria for the study. These criteria arose from existing knowledge of the overall population.

A simple random probability sample occurs when all possible samples from the known sample population have an equal probability of selection (Graftsröm & Schelin, 2014). The research process is practical with random probability sampling since researchers can access the sample efficiently from the known population (Uprichard, 2013). However, a weakness of random probability sampling is the assumption that the sample fits into the overall population in ways that are conducive to the research (Uprichard, 2013).

In comparison, stratified probability sampling is the process by which a researcher selects a final sample intentionally, and then divides that sample using selected criteria (Robinson, 2014). If the researcher has no need to stratify the sample, the possibility exists that stratification could cause a more complex recruitment process (Robinson, 2014). The use of simple random probability sampling was appropriate for the current study because no need to stratify the sample existed, and data collection was efficient due to the random sampling method. For the study, the sampling frame was the membership

of the chamber of commerce, and the random probability sample ensured representation of the small business population

Ethical Research

Research and data collection must occur under highly ethical circumstances. Multiple research domains carry general ethical considerations, including respect for research participants, informed consent, absence of coercion, protection of anonymity or confidentiality, and secure data storage (Vanclay, Baines, & Taylor, 2013). As part of the research process, the Walden University IRB examined the proposal for compliance with ethical principles, including fair treatment, consent procedures, ability to withdraw, protection of confidentiality, and data storage before the start of data collection. After IRB approval [approval #: 06-08-16-0395252, expiration date 06/17/17], I began soliciting initial participants via contact with members of the chamber of commerce.

Participants received an informed consent form via email. The consent form specified that participants automatically agreed to take part in the study by clicking the survey link. An important element of informed consent is also the knowledge the participant may withdraw at any time (U.S. Department of Health and Human Services, 1979). Participants could withdraw from this study by avoiding consent initially, refusing to click the survey link after reading the informed consent form, or by exiting the online survey before final submission. Once the participant completed the survey instrument, they were not be able to withdraw, since no identifying information existed via Survey Monkey. Without identifying information, participants' individual responses remained in the dataset after survey submission. Researchers sometimes use an incentive to increase

response rates with varying levels of success (Boucher, Gray, Leong, Sharples, & Horwath, 2015). For this study, participants did not receive any incentives of any kind to participate.

Storage for very large datasets may be cloud-based, but researchers can retain small datasets on local hard drives for analysis and maintenance (Marx, 2013). A flash drive may leave data traces on users' computers (Ohana & Shashidhar, 2013). To address these elements of secure data storage, I will maintain raw survey data on a personal hard drive to which only I have access, along with a password-protected flash drive secured in a locked file cabinet for 5 years. Also as part of secure storage, any paper records emerging from the research process will remain in a locked file cabinet for 5 years; I will shred any paper data and erase electronic files 5 years after completion of the doctoral study. SPSS Statistical Software is a common statistical support program (Šebjan & Tominc, 2015). I used SPSS Version 21 to analyze the raw data, which resided on the password protected hard drive. Researchers can disable IP and email address information in Survey Monkey as a protection of participant confidentiality (Black & Reynolds, 2013); I used this feature to protect confidentiality. The use of these features for the survey protected names, organizations, and email addresses. The protection of raw data, as well as the assurance of participant confidentiality in the survey instrument, provided adequate ethical protection of study participants.

Instrumentation

The data collection instrument was a self-designed survey. The method of data collection was an online survey. Researchers can design them in online environments for

efficiency and data collection accuracy (Phillips, 2015). An online survey may require specific answers, thus avoiding the potential for incorrect or invalid responses (Chang & Vowles, 2013). An online survey also protects the participant's privacy through the use of anonymity or identification masking (Esponda, Huerta, & Guerrero, 2016). Given the potentially sensitive nature of a survey, asking a participant to self-rate ethical leadership, privacy, and rigidity were necessary components for the collection instrument.

The data collection instrument utilized a 5-point Likert scale with 1/Strongly Disagree as the lowest anchor and 5/Strongly Agree as the high anchor for ethical leadership items, along with specific scales for sustainability questions. The scale and survey instrument design for ethical leadership followed the models utilized by Brown et al. (2005) and Kalshoven et al. (2011) and measured behaviors and orientations related to ethical leadership as indicated by those researchers. Ethical leadership concepts from the literature that appeared in the survey instrument included manager's concern for the greater good and well-being of both employees and society in decision-making, the perception of fairness and ethics in administration and decision-making, concern for social and environmental impacts, the ability to be trustworthy, and concern for how successful results emerge (Brown et al., 2005; Eisenbeiss, 2012; Kalshoven et al., 2011). In addition, the survey instrument measured business sustainability through questions targeting environmental and social involvement, as well as financial indicators (Bondy & Starkey, 2014, Dixon-Fowler et al., 2013, Metcalf & Benn, 2013).

To measure internal consistency and address threats to validity, I conducted a pilot test with five participants. A reliable measurement of internal consistency is the

Cronbach's alpha coefficient test (Dunn, Baguley, & Brunsten, 2014). The minimum acceptable alpha value is .70 (Bakhla, Verma, Hembram, Praharaj, & Sinha, 2013). The high range of alpha values is between .88 and .90 (Bakhla et al., 2013). However, an alpha value of .80 or above indicates strong reliability and internal consistency (Zhang, Fan, & Zhu, 2014). For this study, items with an alpha value between .70 and .95 remained in the survey instrument after the pilot. Results from the pilot test indicated that items in all constructs had alpha values between .704 and .93.

In addition, I measured construct validity via factor analysis after the pilot test and utilized the results of the factor analysis to determine which items remained in the survey instrument for the primary data collection period. Items that loaded with only one factor and a value of less than .30 did not remain in the survey for primary data collection (Streiner, 2013). In the first round of factor analysis testing of pilot results, items 11, 12, 13, 18, 19, and 24 loaded on one factor with values of less than .30. After removing those items from their respective constructs, all items loaded on one factor with values above .30. In addition, items 2 and 18, when removed from the ethical leadership construct added to the CSR construct, tested above acceptable minimums.

For participants of both the pilot and the primary data collection group to complete the instrument, they clicked the link as indicated by the consent form and answered each question on the instrument; the survey software did not allow participants to skip questions. If participants did not complete the survey, they were no longer participants in the study.

Researchers may also convert correlation values to z -scores, calculate the average, and convert averages back to correlations to compare convergent and discriminant validity using the Fisher method (Samuel, Mullins-Sweatt, & Widiger, 2013). High correlations between similar items would indicate convergent validity while low correlations between similar items would indicate discriminant validity (Samuel et al., 2013). For this study, I used this conversion method to determine convergent and discriminant validity. In social science research, accepted medium values for correlations are between .35 and .60 while large values are .60 and above (Prion & Haerling, 2014). Items related to the same or similar constructs should demonstrate convergent validity with medium to high correlation, while items with no relation to the same or similar constructs should demonstrate divergent validity with low correlation (Hsiao, Wu, & Yao, 2013). In the survey for this study, items 1-8 and 13-21 measured ethical leadership, items 9 and 22-24 measured environmental responsibility, items 10 and 11 measured CSR, and items 12 and 20-25 measured financial sustainability; these items showed convergent validity within each construct. Alternatively, items compared outside of their constructs indicated divergent validity. In the first iteration of correlation conversion measurements of pilot data, items 11, 12, 13, 18, 19, and 24 had average values below the .35 minimum threshold. After the removal of these items from their respective constructs, and the addition of item 18 to the CSR construct, all measurable correlation conversion averages were above the .35 minimum.

The survey instrument measured all variables via correlation between items. The independent variable was ethical leadership behavior as self-rated by small business

owners and managers. The dependent variables were financial, social, and environmental sustainability. In terms of financial sustainability, a common indicator of economic performance is ROA (Belu & Manescu, 2013). In addition, net profit margin is an indicator of organizational or business unit profitability, which implies effective financial management (Mekraz & Gundala, 2016). For this study, a small business's financial sustainability measures were ROA and net profit margin. The measurement for social responsibility were items in the survey directly related to the owner/manager's concern for community and society. The measurement of environmental responsibility were items in the survey directly related to environmental and social impact.

The Cronbach's alpha measure from the pilot was used to address threats to reliability and validity. In addition, Cronbach's alpha as an internal consistency test on pilot results will combat threats to internal consistency (Dunn et al., 2014). Items in the pilot study that did not reflect internal consistency as indicated by Cronbach's alpha results above .70 did not remain in the survey instrument. After removing items that were below minimum standards in factor analysis and correlation conversion, all constructs had Cronbach alpha values between .70 and .03.

Split-half measurement is also a useful method to address threats to reliability (Beckstead, 2013). To address the split-half measurement, I used SPSS Version 21's reliability analysis feature. Using this method, I was able to obtain split-half correlation coefficients as automatically calculated by SPSS. Accepted values for correlations in social science research are medium, between .35 and .60, and large, .60 and above (Prion & Haerling, 2014). These correlation values from the pilot test provided a way to address

reliability threats. All items passed split-half reliability as measured by the Spearman-Brown coefficient with values between .884 and .99. These combined approaches ensured that invalid items did not appear in the instrument, and that the instrument was valid and reliable. The survey instrument is available for examination in Appendix A and raw data from the survey will reside on a secure flash drive and a secure hard drive.

Data Collection Technique

Social science researchers commonly gather data from individuals via survey research (Littvay, Popa, & Fazekas, 2013). A survey is also an effective collection method for data from a sample of a specific population (Hardigan, Popovici, & Carvajal, 2016). Survey Monkey online survey software allows researchers to protect anonymity via the removal of IP and email identification data (Black & Reynolds, 2013). To effectively collect data and protect participant anonymity, the collection method for the dependent and independent variables was an online survey via Survey Monkey. Participants took the instrument (Appendix A) by clicking the link provided in the consent form.

Since a pilot study will assist in validating the survey instrument (Meloncon, England, & Ilyasova, 2016), a pilot study with 5 participants occurred after IRB approval. To complete the pilot study, I solicited participants from the chamber membership. Each of the pilot participants took the survey. Factor analysis and Cronbach's alpha tests can help to ensure internal consistency and construct validity (Dunn et al., 2014). These tests were part of the pilot findings. Acceptable alpha ranges are .70 to .90, and the acceptable factor analysis value is .30 (Bakhla et al., 2013; Streiner, 2013). Using the Cronbach's

alpha range of .70 to .90, factor analysis results of one-factor load and a value less than .30, comparison of converted correlation values, and split-half reliability as measured by the Spearman-Brown coefficient, I made the determination to remove items 1,3,4,5,11, 12,13, and 24 from the survey instrument. For general data collection, items 2-4, 7-10, and 12-13 measured ethical leadership, items 1, 6, and 11 measured CSR, items 5, 14-15 measured environmental responsibility, and items 16-21 measured financial sustainability. The revised survey instrument for general data collection is available for examination in Appendix B.

Data Analysis

The goal of data analysis in this study was to answer the following research question:

How do ethical leadership behaviors correlate with financial, social, and environmental sustainability in small businesses?

Answering this research question required the testing of these hypotheses:

H1₀: A significant correlation does not exist between manager and owner ethical leadership behaviors and financial sustainability in small businesses.

H1_a: A significant correlation exists between manager and owner ethical leadership behaviors and financial sustainability in small businesses.

H2₀: A significant correlation does not exist between manager and owner ethical leadership behaviors and with corporate social responsibility in small businesses.

H2_a: A significant correlation exists between manager and owner ethical leadership behaviors and corporate social responsibility in small businesses.

H3₀: A significant correlation does not exist between manager and owner ethical leadership behaviors and environmental responsibility in small businesses.

H3_a: A significant correlation exists between manager and owner ethical leadership behaviors and environmental responsibility in small businesses.

The goal of this study was to accept or reject the null hypotheses. Correlational analysis was the most appropriate statistical method to test the hypothesized relationships between variables. Correlational analysis does not prove causation or sequence of variables in a relationship (Van der Stede, 2014). Using correlation can establish what relationship exists between variables (Prion & Haerling, 2014). In this study, the correlation between variables emerged using Pearson's correlation coefficient. Pearson's correlation coefficient is a determination of relationship or association (Puth, Neuhäuser, & Ruxton, 2014).

Researchers use regression analysis to measure the strength of prediction between two or more variables (Yang, Liu, Tsoka, & Papageorgiou, 2016). Regression results also indicate the numerical value of the relationship between the variables (Sainani, 2013). Researchers can interpret correlation to establish a relationship between variables before conducting regression analysis (Wiedermann & Hagmann, 2016). The goal of this study was to establish the relationship between ethical leadership and the sustainability factors. Given this set of rationale for the use of regression analysis and the goal of this study, regression was not an appropriate statistical method.

When the ethical leadership instrument closed, I downloaded all raw data from Survey Monkey into Excel. To protect the identity of participants, I coded surveys by

number. After the analysis was complete, I uploaded the Excel data into SPSS Version 21 for analysis. To maintain security, raw data will reside on a personal, password-protected laptop. In further protection of security, a backup copy of raw data will reside on a password-protected flash drive, located in a locked personal file cabinet in my home office.

One way to ensure that secure data remains private is to use statistical queries that do not identify any individual characteristics (Heffetz & Ligett, 2014). In this study, none of the queries generated identifying information. Any paper-based data, if necessary, will remain in a locked file cabinet in my home office. The retention period for all data will be 5 years from the end of the doctoral study. After the five-year period, I will erase raw data from the laptop and flash drive, and will shred any remaining paper data.

Descriptive statistics are part of a nonexperimental quantitative design (Bedeian, 2014). To provide a descriptive overview of the participants, and using the survey, I determined the average length of business ownership, average number of employees, and primary industries. A measurement of correlation as well as directional relationship between variables, available in SPSS, is the Pearson correlation coefficient (Hall, 2015). After generating descriptive statistics, I calculated the Pearson correlation coefficient between multiple variables using SPSS. Regression analysis may indicate prediction, but the analysis result may depend on an established relationship between variables (Prematunga, 2012). Because the goal of this study was to determine the strength of the relationship and not the causation of variables, regression analysis was not an appropriate statistical analysis.

Researchers can use SPSS as a support tool for statistical interpretation (Šebjan & Tominc, 2015). The predefined validation rules in SPSS can help to identify missing data, as well as data that does not have a correct value input (Green & Salkind, 2011). For small data sets in SPSS, a visual inspection of descriptive statistics output should reveal missing data or items that have responses outside of the response ranges (Green & Salkind, 2011). For this study, I conducted a visual inspection of data along with an automated SPSS validation to identify missing data or abnormal responses. A common method for management of missing data is to eliminate that data from analysis (Seaman & White, 2013). If data was missing from the data set, I deleted the data for that individual case using the delete case feature in SPSS. Descriptive statistics also indicated potential skewness of data. The most common descriptive statistics for Likert scale items are mean, standard deviation, and distribution (Loveless & Brickman, 2013). These statistics did not indicate abnormal data; the best data analysis method was Pearson correlation.

Two main assumptions exist during analysis of the Pearson correlation coefficient: normal distribution of data and the independence of individuals sampled (Prion & Haerling, 2014; Puth, Neuhäuser, & Ruxton, 2014). An effective tool to visually assess normality of multivariate data is a Q-Q plot (Korkmaz, Goksuluk, & Zararsiz, 2014). If variables have a normal distribution, a visual linear relationship will exist (Green & Salkind, 2011). To assess the distribution of data and determine if a violation of normal distribution existed, I produced Q-Q plots using SPSS and examined the visual data for linear relationships. All variables followed normal trend line distributions.

The independence of scores assumption signifies that each case in the analysis is from a random, representative sample, and that each case score for each variable does not have any dependence on the other cases in the sample (Green & Salkind, 2011). The Pearson correlation is not sensitive to this assumption (Norman, 2010). However, the sample of small business owners was representative of the population and participants completed surveys independently of each other. In the event that an abnormal distribution exists, as evidenced by outliers, nonlinear patterns, or descriptive statistics, Spearman's rank-order correlation is an acceptable nonparametric alternative (Hannigan & Lynch, 2013). The assumptions were not in violation, so I used SPSS to conduct Pearson correlation calculations.

In social science research, accepted values for the Pearson correlation coefficient are small (.35), medium (between .36 and .67), and large (.60 and above) effect sizes (Prion & Haerling, 2014). SPSS output for the correlation includes a two-tailed significance test measuring confidence intervals and *p*-values (Green & Salkind, 2011). Confidence intervals and *p*-values are indicators of statistical certainty (Ellingson, 2013). A *p*-value of .05 and a 95% confidence interval indicate high certainty (Ellingson, 2013). However, to reduce the possibility of Type I error, I applied the Bonferroni method to obtain a corrected significance level. For this study, if the *p*-value for a correlation was .001 or less with a confidence interval of 99%, I rejected the null hypothesis. For a *p*-value of more than .001 and a confidence interval of less than 99%, I accepted the null hypothesis.

Study Validity

Statistical conclusion validity emerges through adequate statistical analysis methods, especially with small samples (Luft & Shields, 2014). Researchers can use statistical methods to mitigate the possibility of Type I error in data analysis (White, 2014). The two most common assumptions with the Pearson correlation coefficient are normal distribution and independence of scores (Green & Salkind, 2011). If data appeared in normal patterns in a scatterplot, the assumption was that the data was acceptable. Outliers, as shown by a scatterplot did not remain as part of the dataset. However, if all data does not seem to have a normal distribution, the next assumption is that a Spearman's rank-order correlation is an appropriate measurement of data (Hannigan & Lynch, 2013). As a further protection against Type I error in multiple correlations, the Bonferroni method will provide a corrected significance level during data analysis (Green & Salkind, 2011). Since multiple correlations were part of the data analysis, I applied the Bonferroni method to obtain a corrected significance level.

G*Power statistical software is a useful method of a priori analysis for sample size (Weil et al., 2015). The required sample size with effect size $r=.30$, and a low power of .80 and high power of .99, was between 64 and 161. Even within the power analysis range, a larger sample size will provide further statistical conclusion validity (Cumming, 2014). To ensure statistical validity, I attempted to obtain the largest sample size within the power analysis range.

External validity is the extent to which a researcher can apply study results to additional or other groups (Newman, Joseph, & Feitosa, 2015). Factors that are threats to

external validity, especially in experimental studies, include the setting of the study, participant selection, and research procedures (Rockers, Røttingen, Shemilt, Tugwell, & Bärnighausen, 2015). However, nonexperimental studies may not generate the same threats to validity as an experimental or quasiexperimental studies (Exadaktylos, Espín, & Brañas-Garza, 2013). Because the study was nonexperimental, one of the greatest threats to external validity was participant selection, in this case the population from which the sample emerged.

If a sample population is not representative of the overall population, results may not apply to groups other than the sample population (Jordan et al., 2013). To reduce potential bias in the sample, and thus reduce the threat posed by participant selection, the sample population should be as heterogeneous as possible (Ioannidis et al., 2014). The requirements for the participants of this study helped to ensure the heterogeneity of the sample population. In a study in the U.S. and Brazil, small business owners shared characteristics, including innovation, intuitiveness, risk-taking, creativity, independence, and self-confidence (Vilas Boas, Vasconcellos Dias, & Amtmann, 2014). According to the 2012 U.S. Census, 48.4% of employment in the U.S. occurs within small and medium-sized businesses (U.S. Department of Commerce, 2015). From this perspective, the participant pool of small business owners or managers in the specified region was representative of small business owners or managers in other regions. This possibility of generalization to all small businesses provided some reduction of threats to external validity.

Internal validity refers to the ability to infer causation between dependent and independent variables (Crano, Brewer, & Lac, 2015). Internal validity is a concern in experimental studies, since manipulation of one or more variables occurs (Crano et al., 2015). In this study, no manipulation of variables occurred, and the goal was to determine whether or not a relationship between variables exists. However, the pilot study provided evidence of reliability and internal validity and ensured that instrumentation did not become a threat to validity. The use of Cronbach's alpha testing on the pilot study determined the internal consistency reliability of the ethical leadership instrument (Peterson & Kim, 2013). The results of this testing, using Cronbach's alpha, also determined which items in the survey instrument were not reliable and therefore did not contribute to the final instrument. Cronbach's alpha values demonstrate reliability at .7 or above (Moghaddam, Khoshnevisan, Bondarianzadeh, Mohammadi, & Abkenar, 2014). Another indication of data reliability is the elimination of careless or invalid responses, such as repeated use of one response (Curran, 2016). To ensure that careless responses were easily identifiable, I randomized the survey questions in Survey Monkey and examined responses for excessive use or patterns.

Researchers can conduct a test/retest process in which one or more groups receive a test, a treatment, and then another test (Green, Strobach, & Schubert, 2014). Researchers use experimental designs to provide and observe more than one treatment or interaction to the study population (Johnson et al., 2013). For the pilot and primary data collection in this study, test/retest reliability was not effective, as the study was non experimental and anonymous; under these conditions, the participants were not able to

take the instrument on two separate occasions. Cronbach's alpha is a measure of internal consistency (Purpora & Blegen, 2015). The use of Cronbach's alpha in pilot test results confirmed internal validity.

Statistical conclusion validity refers to the ability to make inferences based on the data as presented and includes elements that could influence Type I errors (Neall & Tuckey, 2014). Type I inference error, or the probability that a researcher arrived at an inference based on chance alone, is one of the greatest threats to statistical conclusion validity (Crano et al., 2015). The use of statistical significance tests are the most effective way to reduce the Type I threat to statistical conclusion validity (Rothman, 2014). The acceptable value for statistical significance in this study was a p -value of .05 or less and a 95% confidence interval. These parameters helped combat the threat of Type I errors.

Small business owners in two countries shared similar characteristics, such as innovation, intuition, independence, and risk-taking (Vilas Boas et al., 2014). In addition, 48.4% of total employment in the United States comes from small and medium-sized businesses (U.S. Department of Commerce, 2015). The participants in this study resided and worked in a specific geographic region in the United States. However, the heterogeneity of the sample should increase generalizability (Ioannidis et al., 2014). Given the commonality of small business owner and manager characteristics, as well as the fact that almost half of employment in the United States is within medium-sized or small businesses, the findings of this study can generalize to larger populations of small business owners and managers.

Transition and Summary

The purpose of this quantitative study was to determine if a correlation existed between ethical leadership behaviors and financial, social, and environmental sustainability in small businesses. Participants were owners or managers of small businesses with less than 99 employees. Participants were able to answer basic company financial sustainability questions to provide financial sustainability data. The sample of owners and managers of small businesses with less than 99 employees was a simple random probability sample from members of the local chamber of commerce. The quantitative correlational method and design were the most appropriate for the goals of the study and for the determination of whether a correlation existed between ethical leadership and the sustainability factors. To protect privacy and maintain ethical research standards, participants were able to withdraw from the study by avoiding consent or not completing the survey. All physical and electronic data will remain in a password protected or locked physical storage for 5 years after the end of the study.

The self-designed survey instrument employed a 5-point Likert scale and measured ethical leadership behaviors from multiple orientations, including decision-making, fairness, and trustworthiness. Data to measure sustainability factors was also part of the survey and included small business ROA, net profit margin, and concern for social and environmental impact. To facilitate analysis, I used SPSS to determine the correlation between items. Data will reside in raw form in Excel spreadsheets before upload into the SPSS application.

To ensure reliability, I measured internal consistency through Cronbach's alpha testing on pilot results. The pilot test also lessened the potential for common method bias. In addition, the pilot test confirmed construct validity. Regarding external validity, the use of small business owners and managers in the identified region will facilitate generalizability to other regions. The general approach to the measurement of ethical leadership in this study may also provide validity to larger businesses, especially those that practice social and environmental responsibility.

Section 3 includes a presentation of study findings and the connection to the current literature on ethical leadership and sustainability. This section also addresses how business leaders can apply study results to their professional practice. Section 3 also provides a description of how the study results may influence society in the form of positive change. Finally, the section includes recommendations for action based on the study results, as well as recommendations for further study in the topic area.

Section 3: Application to Professional Practice and Implications for Change

Introduction

The purpose of this quantitative correlational study was to examine the relationship between manager and owner ethical leadership behaviors and financial, social, and environmental sustainability in small businesses. In this study, the dependent variable was ethical leadership, and independent variables were financial, social, and environmental sustainability. Because elements of ethical leadership did not have significant correlations with financial sustainability, I accepted the null hypotheses that no correlation existed between ethical leadership and financial sustainability. However, significant correlations existed between ethical leadership and environmental and social sustainability, so I accepted the alternate hypotheses.

Presentation of the Findings

In this section, I discuss testing of the assumptions, present descriptive and inferential statistic results, provide a theoretical conversation pertaining to the findings, and conclude with a concise summary. To explore the relationship between variables, I conducted correlation analyses between ethical leadership variables and environmental, social, and financial sustainability variables. To address normality of data, I visually inspected Q-Q plots and examined means and standard deviations after conducting the correlation analysis on variables.

Descriptive Statistics

Participants submitted 95 surveys. After an initial review of raw survey data, I eliminated four records because the participants reported more than 99 employees. I also

eliminated a further 11 records due to missing data, resulting in 80 records used in the final analysis. The average age of businesses in the survey was 21.83 years, while participants' average length of time in the ownership or management position was 17.26 years. Business owners and managers reported an average of 9.35 employees. The primary industries for the businesses in the survey covered a wide range, with most industries or business types occurring only once. The most prevalent business types in the data set were agriculture, catering, construction, hospitality, insurance, law, and medical businesses, each of which were reported twice. The frequency distribution table for reported primary industry is found in Appendix C. Table 1 depicts participant descriptive data.

Mean (with standard deviations in parentheses) for the ethical leadership construct was 4.52 (.678), the CSR construct was 4.4 (.788), the environmental responsibility construct was 3.55 (1.15), and the financial items for current ROA, net revenue, and net profit margin was 2.58 (1.43). For financial items in which the participant indicated a decrease or increase in financial indicators over the previous year, 62.5% reported an increase in ROA, 60% reported an increase in net revenue, and 63.8% reported an increase in net profit margin. Tables 1, 2, and 3 show the descriptive statistics for the study variables.

Table 1

Participant Descriptive Statistics

Description	<i>M</i>
Average business age (years)	21.83
Average number of employees	9.35
Average length of ownership or management (years)	17.26

Note: *n*=80

Table 2

Variable Descriptive Statistics

Variable	<i>M</i>	<i>SD</i>
Ethical Leadership	4.52	.678
CSR	4.45	.788
Environmental Responsibility	3.55	1.15
Financial	2.58	1.43

Note: *n*=80

Table 3

Frequency and Percentage Distribution of Year Over Year Change in Financial Indicators

Indicator	<i>n</i>	%
ROA Decrease	30	37.5
ROA Increase	50	62.5
Net Revenue Decrease	32	40
Net Revenue Increase	48	60
Net Profit Margin Decrease	29	36.3
Net Profit Margin Increase	51	63.8

Note: *n*=80

Tests of Assumptions

Data must meet the assumptions of normal distribution and independence of scores for correlation analysis. To test the assumption of normal distribution visually,

researchers can use Q-Q plots (Korkmaz et al., 2014). To examine the survey data visually, I therefore produced Q-Q plots based on the mean scores of each construct in the survey. The mean scores followed the trendline for the four constructs, including ethical leadership (Figure 2), environmental responsibility (Figure 3), and corporate social responsibility (Figure 4). Because three survey items measuring financial sustainability were two-choice responses (increased or decreased), I constructed two separate Q-Q plots for the financial sustainability construct (Figures 5 and 6).

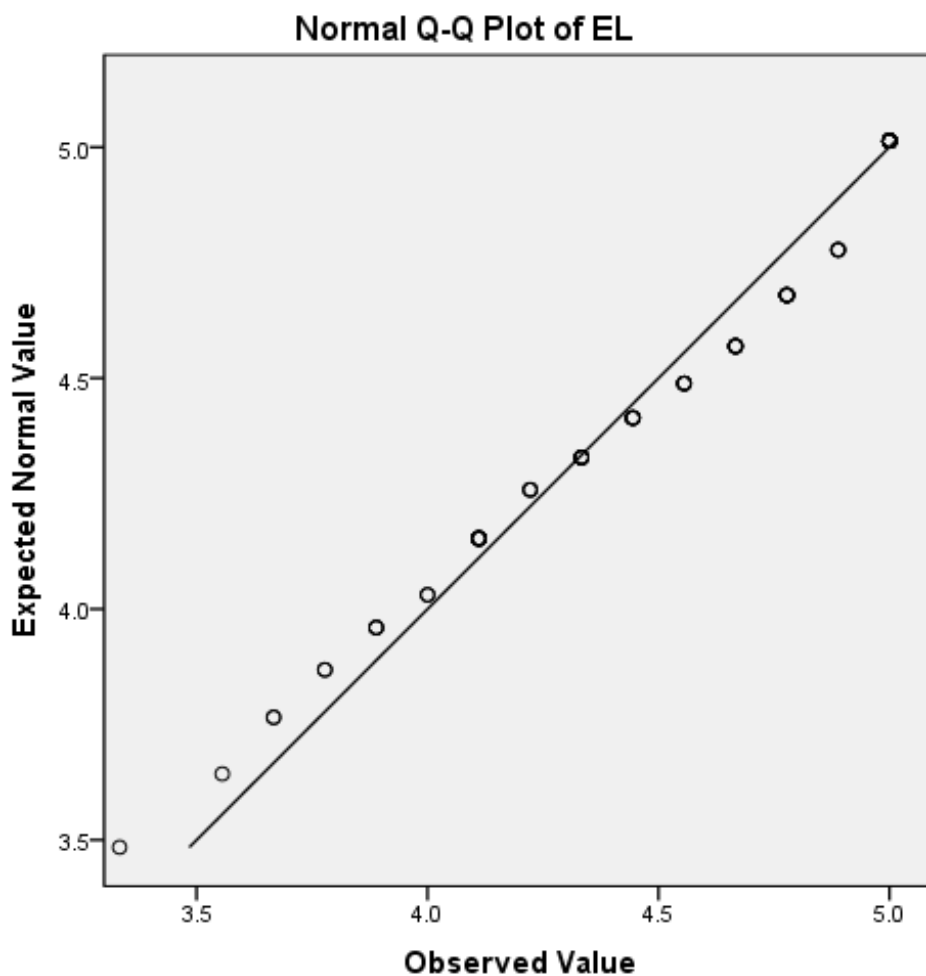


Figure 2. Q-Q plot of mean scores on the ethical leadership construct items.

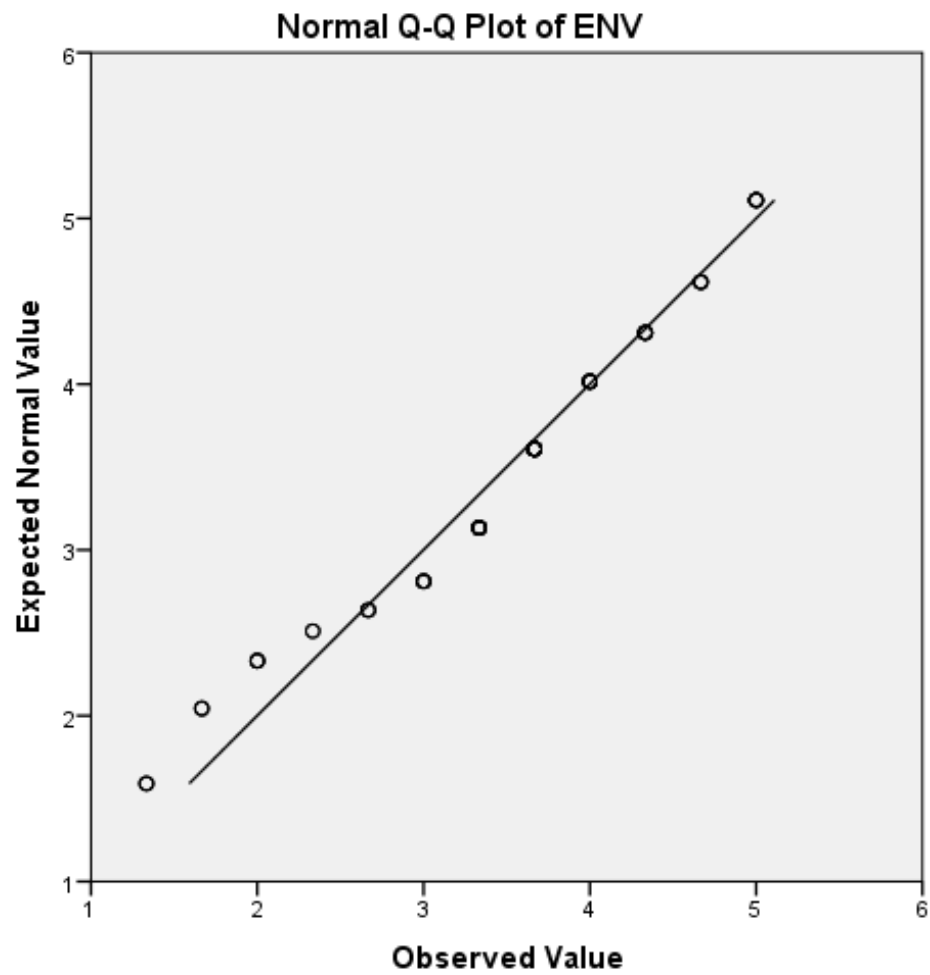


Figure 3. Q-Q Plot of mean scores for environmental responsibility items.

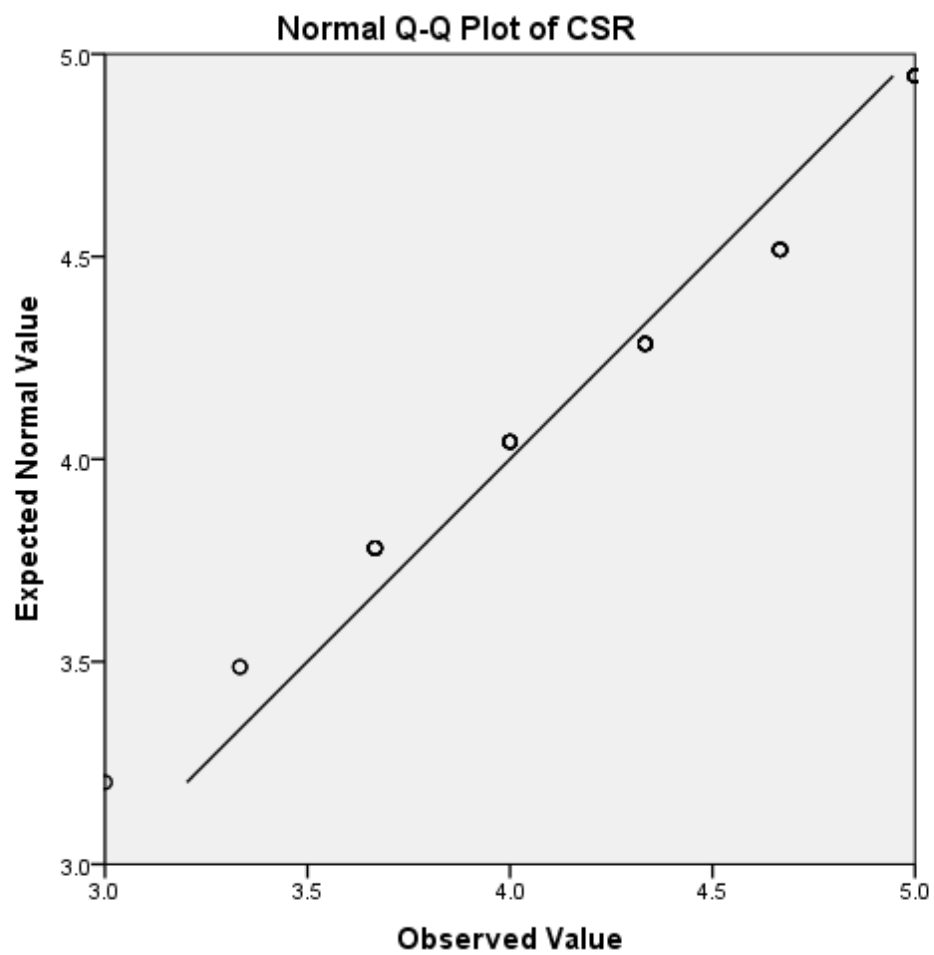


Figure 4. Q-Q Plot of mean scores for corporate social responsibility items.

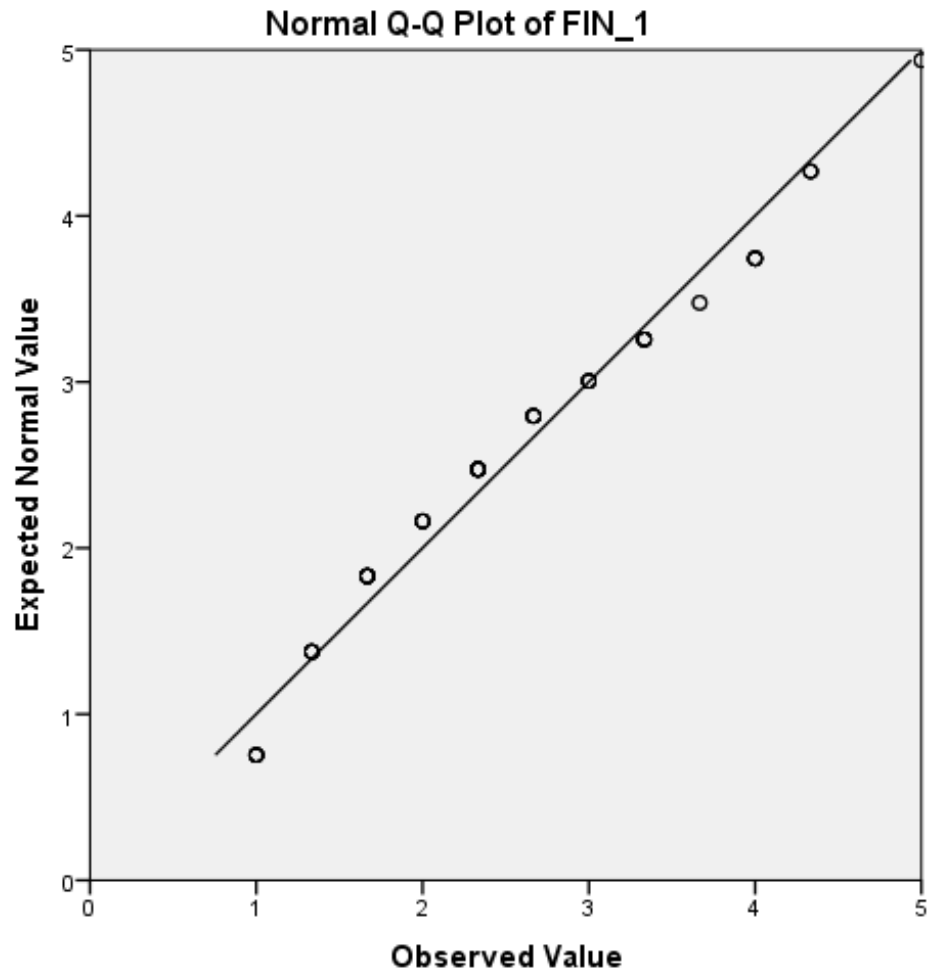


Figure 5. Q-Q Plot of mean scores for 5-choice financial sustainability items.

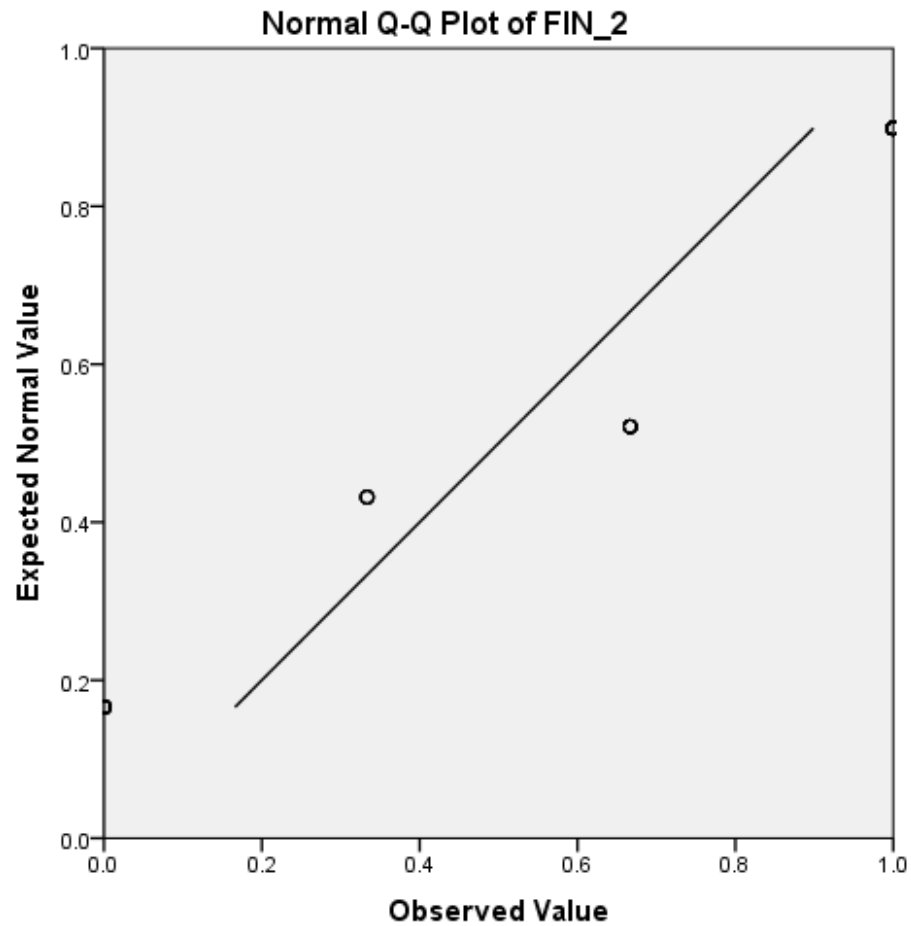


Figure 6. Q-Q- Plot of mean scores for 2-choice financial sustainability items.

The independence of scores assumption describes the belief that all cases are random samples from the sampling frame, and that the cases are completely independent of each other. My visual inspection of data did not reveal any outliers or irregular scores. Although the Pearson correlation is not sensitive to the assumption of independence, the data from the survey appeared to be normally distributed and independent, so I decided to continue using the Pearson correlation.

Analysis Summary

The purpose of the study was to examine the relationship between manager and owner ethical leadership behaviors and financial, social, and environmental sustainability in small businesses. To determine the correlation between survey items measuring the dependent variable ethical leadership and survey items measuring social, environmental, and financial sustainability, I used the Pearson correlation in SPSS Version 21. To protect against Type I error, I applied the Bonferroni correction to obtain a revised significance level ($p < .001$), by dividing the existing significance level ($p = .05$) by the total number of 108 correlations. The conclusion from this analysis was that ethical leadership behaviors did not have a significant correlation with financial sustainability. However, some ethical leadership behaviors did correlate with environmental and social sustainability elements.

Findings for Hypothesis 1: Ethical Leadership and Financial Sustainability

Table 4 contains Pearson correlations between ethical leadership behaviors and financial sustainability elements.

Table 4

Correlation Matrix: Ethical Leadership and Financial Sustainability

Variable	V17_ chgROA	V18_ Netrev	V19_ chgNetrev	V20_ netPM	V21_ chgnetPM
V2_success	.122	-.045	-.078	.176	.048
V3_fairpp	-.043	-.163	-.111	.134	-.030
V4_fairdm	.026	.042	-.008	.284*	.043
V7_promises	.025	-.015	.065	.142	.104
V8_trust	-.024	-.105	-.050	.095	.117
V9_subcomp	-.056	-.132	-.066	.035	-.032
V10_percomp	-.132	-.232*	-.196	-.071	-.084
V12_bestint	-.048	-.098	.063	.115	-.024
V13_right	-.032	-.141	-.025	.075	-.014

* Correlation is significant at the 0.05 level (2-tailed)

None of the correlations between ethical leadership behaviors and financial sustainability items was significant at the corrected significance level ($p < .001$). However, very small correlations at the .05 level existed between fair decision-making and net profit margin, $r(78) = .284$, $p < .05$, as well as between personal compliance with ethical codes and net revenue, $r(78) = .232$, $p < .05$. These correlations suggest a small positive relationship between a leader's ethical decision making and compliance with ethical codes and net revenue and net profit margin levels. However, these correlations were not strong enough to be statistically significant. Given correlation values and the corrected significance level, I accepted the null hypothesis that a significant correlation between ethical leadership and financial sustainability did not exist.

Themes from the literature confirm the results, as leadership and financial performance are often indirectly related or have mediators or moderators in the relationship (Beaudoin et al., 2015; Shin et al., 2015). For example, Shin et al. (2015)

concluded that overall financial performance had links to ethical leadership through ethical climate, procedural justice, and organizational citizenship behaviors. For CFOs, conflicts in financial incentive moderated the relationship between moral disengagement and decisions regarding discretionary accruals (Beaudoin et al., 2015).

Leadership styles with indirect links to financial performance vary. Engelen et al. (2015) determined that transformational leadership moderated a relationship between CEO entrepreneurial orientation and achievement of financial goals. In a meta-analysis of leadership data, transactional leadership generated innovation, and transformational leadership increased overall organizational performance, but links between innovation and ROA were not present (Sethibe & Steyn, 2015). However, servant leadership had a positive relationship with financial performance in the Chinese hospitality industry (Huang et al., 2016). These findings could mean that a small business leader would need a leadership profile that combines the leadership styles that influence financial performance, whether mediated or not. In the current study, the leadership variables related directly to ethical leadership, but not to other styles or combinations of styles.

Other studies suggest possible parallels between corporate and small business general leadership behaviors and financial performance, but not direct links from specific ethical leadership to financial performance. Executive overconfidence was more likely to lead to financial misstatements, while age and tenure made executives less ready to accept financial risk (Plöckinger et al., 2016). Regarding general business ethics, an organizational leader may be able to create culture through their own value systems (Chekwa et al., 2014). The studies in the literature support links from some leadership

behaviors to financial outcomes, as well as financial processes, which lends some support to my findings that ethical leadership does not create specific correlations with financial indicators.

The integrated social contracts theory theoretical framework includes the concept of hypernorms, which are normative behaviors established by a collective as members of the collective begin to explore moral free space (Donaldson & Dunfee, 1994). In the moral free space, reason and circumstance are actors upon how the collective chooses to create hypernorms (Donaldson & Dunfee, 1994). In relation to the connection between ethical leadership and financial performance, ethics may be part of the moral free space and could be different from group to group. From this perspective, small business leaders may operate under ethical rules that vary from business to business, which may also have various effects on leadership and financial performance.

As part of the theoretical framework, and as a contrast to integrated social contracts theory, Rawl's theory of social justice may support the findings of the current study. Under social justice theory, members of a group or collective, such as a small business or a group of small businesses, create beliefs and action plans based on what they care about as individuals (Miller, 2012). Group members then begin to formulate beliefs and actions that advance their individual members and the group (Miller, 2012). Moreover, Lister (2013) suggested that under consensual or covenantal realism, members of the collective that do not have the highest abilities and skills may submit to those who do. Under this framework, small business leaders may act to their own advantage because this action is acceptable within a small business leadership community. Other leaders in

the community may follow those that act to their advantage. This concept may invalidate the potential that ethical leadership has an impact on the financial sustainability of a small business, thus lending support to the findings for hypothesis 1.

Findings for Hypothesis 2: Ethical Leadership and Corporate Social Responsibility

Significant correlations existed between some ethical leadership behaviors and corporate social responsibility elements. Table 5 displays the Pearson correlation values between ethical leadership and corporate social responsibility items.

Table 5

Correlation Matrix: Ethical Leadership and Corporate Social Responsibility

Variable	V1_wellbeing	V6_society	V11_greaterg
V2_success	.245*	.285*	.243*
V3_fairpp	.426**	.399**	.258*
V4_fairdm	.455**	.412**	.294**
V7_promises	.073	.341**	.362**
V8_trust	.009	.276*	.410**
V9_subcomp	.060	.380**	.477**
V10_percomp	.045	.303**	.554**
V12_bestint	.155	.493**	.675**
V13_right	.052	.516**	.579**

* Correlation is significant at the 0.05 level (2-tailed)

** Correlation is significant at the .01 level (2-tailed)

Medium correlations existed between V3_fairpp, fairness in business procedures and practices, and V1_wellbeing, caring for stakeholder well-being, $r(78) = .426, p < .001$, as well as V6_society, concern for the well-being of society, $r(78) = .399, p < .001$.

Medium correlations existed between v4_fairdm, fairness in decision-making, and V1_wellbeing, caring for stakeholder well-being, $r(78) = .455, p < .001$, and V6_society,

concern for the well-being of society, $r(78) = .412, p < .001$. Trustworthiness (V8_trust) had a moderate correlation with V11_greaterg, consideration of the greater good in decision-making, $r(78) = .410, p < .001$. V9_subcomp, ensuring subordinate compliance with ethical codes, V10_percomp, personal compliance with ethical codes, and V13_right, making decisions based on the right thing to do, had moderate correlations with V11_greaterg, consideration of the greater good in decision-making, $r(78) = .477, p < .001$; $r(78) = .554, p < .001$; $r(78) = .579, p < .001$, respectively. V12_bestint, acting with others' best interests at heart, and V13_right, making decisions based on the right thing to do, also had moderate correlations with V6_society, interest in the well-being of society, $r(78) = .493, p < .001$; $r(78) = .516, p < .001$, respectively. A large correlation existed between V12_bestint, acting with others' best interests at heart, and V11_greaterg, consideration of the greater good in decision-making, $r(78) = .675, p < .001$.

The literature on CSR and leadership provides support and some contradiction to these findings. A key supporting element from the literature review was that a general relationship with CSR depended on employee perceptions of leader ethics (Groves & La Rocca, 2011). To augment support, Christensen et al., (2014) developed a framework for CSR which included servant leadership. The servant leadership trait of engendering trust could create value and ethics for followers, which are preceding components of CSR (Christensen et al., 2014). Finally, follower perceptions of transformational leadership had a positive relationship with a leader's CSR values, which moderated stakeholder values and transformational leadership (Groves, 2014). These studies support the current findings in that a relationship exists between leader ethics, sustainability values, and

CSR. Although other leadership styles contribute to the development and integration of CSR, the clear connection seems to be leader ethics, trustworthiness, values, and even transformational leadership attributes.

Other elements in the literature, although based on medium or large businesses, support the findings that small business leadership may influence CSR. For example, financial benefits of sustainability for small firms were equal to those of larger firms between 1970 and 2009 (Dixon-Fowler et al., 2013). Managers should begin recognizing employee behaviors that may contribute to CSR and at the same time look for ethical champions in the employee pool (Godkin, 2015). Business leaders that can recognize the societal and business tensions that CSR generates can also generate solution strategies (Hahn et al., 2015). In larger businesses, a shift toward international CSR elements arose from a need to maintain simplicity in CSR at the local level (Bondy & Starkey, 2014). From these perspectives, small business owners or managers who recognize and demonstrate ethical leadership behaviors may work more closely with employees, society, and business communities, thus ensuring a culture of CSR.

In contradiction to the findings of the current study, sustained CSR could lead to corporate social irresponsibility, because leaders may provide themselves with leeway in how they define their own ethical actions (Ormiston & Wong, 2013). More proactive CSR activities may be the result of stakeholder pressure and potentially conformity to industry standards (Pederson & Gwozdz, 2014). If this framework transfers to small businesses, CSR could be cyclical based on owners' or managers' self-provision for

leeway in CSR and ethics. Moreover, CSR may simply be the result of conformity to a set of industry standards and the standards of a small business community.

In relation to the theoretical framework, a basic tenet of integrated social contracts theory is the concept that the implicit contract between economic actors changes based on the overall collective, in this case, a small business community or local economy. Given these boundaries, the elements of the contract, such as ethics or CSR, may not be the same between collectives. From this perspective, and in contradiction to the current findings, leaders may place CSR in a position of importance regardless of their ethical leadership inclinations.

Under integrated social contracts theory, the bounded decision-making employed during contract formation generates uncertainty (Donaldson & Dunfee, 1994). This uncertainty may create cultural relativism on the individual level (Dempsey, 2011). Ethics is culturally relative, but the survey in the current study measured the emerging, basic elements of ethical leadership. In contrast, as the collective, such as a small business community or a local economy, changes, ethical decisions may also change. Social justice theory, although in contradiction to integrated social contracts theory, is the basis for the collective members' assurance that reciprocity and relationships will eventually form. Collective members design guidelines to advance individuals and the overall group, based on shared interest. This element seems to create a space for CSR to develop regardless of the leadership style or ethics level.

Findings for Hypothesis 3: Ethical Leadership and Environmental Responsibility

Significant correlations existed between three ethical leadership dimensions and one environmental responsibility dimension. Table 6 presents the matrix for this series of correlations.

Table 6

Correlation Matrix: Ethical Leadership and Environmental Responsibility

Variable	V5_envimp	V14_dialog	V15_envguide
V2_success	.486**	.227*	.085
V3_fairpp	.472**	.064	.203
V4_fairdm	.404**	.005	.155
V7_promises	-.017	.101	.122
V8_trust	.051	.074	.136
V9_subcomp	.282*	.198	.246*
V10_percomp	.324**	.255*	.304**
V12_bestint	.127	-.028	.174
V13_right	.186	-.030	.215

* Correlation is significant at the 0.05 level (2-tailed)

** Correlation is significant at the 0.01 level (2-tailed)

Moderate correlations existed between V2_success, leader does not enjoy success at the cost of others, V3_fairpp, fairness in procedures and practices, and V4_fairdm, fair in decision-making, and V5_envimp, concern for the organization's impact on the environment, $r(78) = .486, p < .001$; $r(78) = .472, p < .001$; $r(78) = .404, p < .001$, respectively. This finding indicates that small business owners or managers who do not enjoy success at the cost of others, are fair in procedures and practices, and are fair in decision-making have concern for the impact their business makes on its environment.

Although a limited number of correlations existed between ethical leadership and environmental responsibility, the literature provides support to the findings. Pertaining to leadership and environmental concerns, Metcalf and Benn (2013) determined that leadership styles contributed to an organization's adoption of sustainability activity. In the same study, the leadership profile for environmental responsibility should match systems complexity, and would reflect multiple leadership styles, such as emergent, situational, ethical, and transformational (Metcalf & Benn, 2013). Based on this literature, and in support of the current findings, if a small business owner is a strong leader with ethical leadership traits, his or her business may gravitate naturally to a state of environmental concern or action.

A theme in the literature is the connection between manager values and stakeholder orientation and environmental responsibility. A stakeholder orientation that leans toward environmental and social responsibility, could lead to long-term financial sustainability, along with high levels of innovation (Maruffi et al., 2013). Also, the personal environmental values of a manager had a positive relationship with leader and manager organizational citizenship behaviors for the environment (Boiral et al., 2015). These concepts indicate a recurrence of the theme of profit in environmentally sustainable business. However, due to small business size, as well as the breadth of control naturally afforded to an owner or manager, the small business could be more oriented to stakeholders; a small business owner or manager may interact directly with stakeholders on an individual level, as opposed to an indirect relationship. If, as the findings of the current study show, owners with ethical leadership inclination have

concern for their business's impact on the environment, then a small business leader's personal orientation may be toward environmental concern. This concern could generate environmentally oriented OCBs on the part of the leader as well as the employees in a small business environment.

Paillé and Mejía-Morelos (2014) determined that employee commitment positively correlated to employee pro-environmental behaviors. Along these lines, ethical leadership could result in an increase in organizational citizenship behaviors (Demirtas & Akdogan, 2015; Hansen et al., 2013; Ruiz et al., 2011). From these perspectives, ethical leadership and employee commitment have positive relationships with organizational citizenship and pro-environmental action. The results of the current study indicate that ethical leaders have concerns about employee well-being. If employees in a small business are aware of this, they may be more committed and thus inclined to support environmentally conscious activity in the business.

Finally, studies related to business structure and process provide support for the current findings. For example, 46 companies listed on the DJSI had dedicated high-level executives with the responsibility for sustainable activity (Strand, 2013). In continuation of the business process theme, consumers also know what their ethical priorities are when they shop for or commit to products reflecting those priorities (Carrington et al., 2014). With this literature as a basis, a small business owner or manager acts in multiple capacities that also exist in larger businesses, such as CEO or CFO. Although the small business owner or manager may not have a direct focus on sustainability, they may focus more time and energy on those activities.

Studies in the literature also contradict the current findings. Regarding business process and financial risk, Zaman (2013) indicated that rationale behind environmental activity was not altruism but concern for the environmental risks of conducting business, such as danger to employee or consumer health. This element means that ethical leadership may not be a primary actor in environmentally sustainable activity; a small business leader may have more concern about the consequences of risk, including financial consequence, as opposed to the altruistic desire to protect the environment. An impediment to integration of strategic environmental practice at all levels of organizations was the potential for negative financial results (Papagiannakis et al., 2014). Leaders of manufacturing firms on the DJSI indicated that high-level sustainability efforts had better financial results than low-order efforts (Kurapatskie & Darnall, 2013). Higher order sustainability efforts produced innovation in the form of new products or processes, versus changes in existing ones (Kurapatskie & Darnall, 2013).

From these perspectives, ethical leadership alone may not have a significant relationship with environmental responsibility because the small business owner could show more concern for environmental risk and its consequences as opposed to the altruistic ethics of environmentalism. The knowledge that higher costs may arise from environmentally sustainable business may also impede environmental responsibility; a small business owner may have concern for the environment but may not act accordingly because of the financial burden. However, the potential for greater financial reward could stimulate environmental responsibility regardless of a small business owner or manager's inclination or disinclination to environmental concerns.

Finally, experience and culture may contradict the current findings. Dane and Sonenshein (2015) indicated that employees at all levels gain experience in ethics over time and with actual exposure to workplace ethical issues. The culture of ethics at an organizational level may arise from individual ethical judgments (Cohen, 2013). The average length of ownership or management of small businesses in this study was 17.26 years. As small business owners and managers progress in time, their exposure to the ethics component of environmental responsibility may grow, thus increasing the likelihood of environmental activity. However, at a personal level of ethical judgment, the ethics of environment may be a low priority for small business owners or managers.

As part of integrated social contracts theory, the creation of hypernorms by a group generates moral free space (Donaldson & Dunfee, 1994). As part of the previous discussion of the results of the current study, all of the sustainability elements may be part of the moral free space. The concern for environmental action in small businesses may or may not be a hypernorm from community to community. For example, one community of small business leaders may have great concern for the environment because its changes may impact profit, while another small business community may not have a similar concern.

As with Rawl's theory of social justice, individuals create their beliefs and act based on their priorities or concerns (Miller, 2012). Under this framework, and similar to integrated social contracts theory, a small business owner may build a business process related to environmental concern out of their own individual concern for the environment. In contrast, a small business owner without a level of environmental

concern may place environmental responsibility as a low priority, or give it no priority at all.

Applications to Professional Practice

The purpose of this quantitative correlational study was to examine the relationship between small business owner or manager ethical leadership behaviors and financial, social, and environmental sustainability. Applicability to the professional practice of business begins with further information regarding specific ethical leadership behaviors that may promote sustainability. Ethics decisions create uncertainty in management and leadership due to the lack of norms in ethical leadership (Eisenbeiss, 2012). For small business owners, uncertainty in decision-making can be costly in time and money, not to mention in the perception of ethics from employees or other stakeholders. In the current study, multiple leadership behaviors had correlations with sustainability, so these behaviors may add to the knowledge framework regarding ethical leadership for small business leaders.

Leaders that practice ethical leadership, generate trust, and have individual collectivist values also generate ethical climates and environments (Christensen et al., 2014; Shin et al., 2015; Wang & Young, 2014). The findings from this study indicate that a manager's fairness in procedures, practices, and decision-making correlate to concern for stakeholder and societal well-being as well as concern for the business's environmental impact. Also, trustworthiness, ensuring personal and subordinate compliance with ethical codes, decision-making based on the right thing to do, and acting with others' best interests at heart correlate with consideration of the greater good in

decision-making. Findings also indicate that leaders who do not enjoy success at others' cost also have concern for environmental impact. Small business leaders can examine their leadership styles to determine if the correlated ethical leadership behaviors are present.

The findings of the current study are also applicable to business practice in that small business leaders may gain a more effective understanding of the impact of their ethical leadership and decision-making. If consumers perceive unethical business practice or lose trust in the business, they may be less likely to purchase from that business (Kang & Hustvedt, 2014; Leonidou et al., 2013). Ethics had relationships with moral disengagement, perceptions of ethical climate, and decision-making (Baron et al., 2015; Demirtas & Akdogan, 2015; Valentine et al., 2014). Although no significant correlations existed between ethical leadership and financial sustainability, small business owners may still be able to understand the far-reaching consequences of practicing ethical leadership, including the possibility of financial sustainability.

Other elements of applicability arise through the potential emphasis on ethics codes and training. Results of the current study indicate that small business leaders who comply with ethics codes and ensure that their subordinates comply with codes seem to make decisions with the consideration of the greater good. Davidson and Stevens (2013) determined that if managers affirmed their willingness to uphold and comply with ethical codes, then investor confidence in ethical leadership increased. In contrast, of 131 Canadian companies, 45% did not publish an ethics code or did not have one (Bodolica &

Spraggon, 2015). From this perspective, small business leaders may gain the knowledge that ethics codes are key to business processes, no matter how small the business is.

From the results of the current study, business leaders may gain an understanding of the importance of ethics training and education, even though business ethics has a broad definition and varies between groups or cultures (Brown et al., 2005; Eisenbeiss, 2012; Gift et al., 2013). During the period of worldwide scrutiny on business ethics between 2002 and 2012, Dellaportas et al. (2014) noted that the level of ethics education in Australian accounting did not change. Moreover, the number of ethics education courses in business curricula decreased over ten years (Dellaportas et al., 2014). Given the decrease in ethics education, small business leaders may gain a renewed interest in advocating ethics training and education at organizational, community, and academic levels.

Implications for Social Change

The implications for social change include continuing to build public trust and consumer confidence in small businesses at the local level. Trust impacts consumer behavior and action, and consumers' perceptions of transparency impact trust (Kang & Hustvedt, 2014). In addition, the perception of unethical business could lower levels of consumer trust (Leonidou et al., 2013). Consumers will prioritize their ethical concerns before patronizing a business and will ensure that the business's ethical priorities match their own (Carrington et al., 2014). From the results of the current study, small business owners can understand the social implications of their ethical leadership and decision-

making. Small business leaders who demonstrate ethics as part of leadership and business process may be able to create a trusting, confident community of consumers.

Another element of social change is that small business leaders, with knowledge from the current study, can build employee confidence and loyalty through their ethical leadership. In a study of a government organization, the perception of ethical leadership increased organizational commitment and ethical climate (Kottke & Pelletier, 2013). With similar results, supervisor ethical leadership was a predictor of employee commitment (Hansen et al., 2013). Supervisor ethical leadership also positively related to employee hope, resilience, self-efficacy, and optimism (Bouckennooghe, Zafar, & Raja, 2015). As they gain knowledge regarding their ethical leadership, small business owners and managers' behaviors could create employee commitment to the business, the environment, and the community.

The results of the current study indicate that ethical leadership behaviors correlate with elements of environmental and social sustainability. Using this information, community leaders can generate dialogue about ethics in business, including the relationship between ethical leadership and sustainability. For example, Herzig and Moon (2013) identified four continuing dialogues regarding CSIR in the United Kingdom, including the idea that CSR goals may contradict basic capitalism. As part of the theoretical framework of the current study, the moral free space created as groups consider hypernorms is how discussions about ethics begin (Donaldson & Dunfee, 1994). Given this potential, small business leaders can begin the discussion in local communities and define or redefine ethical hypernorms.

Along with the discussion regarding ethical hypernorms comes the potential that by discussion alone small business leaders may be able to place heavier emphasis on environmental and social sustainability in local communities. The findings of the current study indicate that ethical leadership correlates with elements of environmental sustainability. Financial benefits, mainly for large businesses, arise from environmentally sustainable activity (Dixon-Fowler et al., 2013; Kurapatskie & Darnall, 2013). Stakeholder pressure may spur growth in sustainable activity (Pederson & Gwozdz, 2014). In addition, if business leaders identify organizational and societal tension that arises from sustainable activity, they can define reasons for the tension and create solutions (Hahn et al., 2015). From this perspective, small business leaders can use knowledge gained from this study to augment the creation of sustainability solutions.

Recommendations for Action

Ethical leadership is still partially undefined in terms of specific leader behaviors (Eisenbeiss, 2012). With the knowledge gained from the current study, including specific behaviors and their correlations with environmental and social responsibility, small business, community, and local government leaders should focus on ethical leadership as a discussion point in regular community forums. Part of this discussion should be the natural progression from ethical leadership to sustainability, with a focus on social and environmental sustainability and how to integrate these into small business practice.

Although the findings of the current study do not indicate a correlation between ethical leadership and financial sustainability, the topic of potential financial gain should also be a focus of community-level discussion. This discussion could arise from the

knowledge that consumers build trust through perceptions of ethics, as well as make ethical choices related to products and services (Carrington et al., 2014; Leonidou et al., 2013). Local leaders can carry out these recommendations via local level educational programs, such as chamber of commerce events and local government leadership training or academies. Moreover, small business, community, and local government leaders could create joint programs regarding ethical leadership and sustainability, facilitated by consultants from academics and business.

Recommendations for Further Research

Although the U.S. Department of Commerce defines small businesses by the number of employees, the use of this definition included businesses of different asset sizes in the current study. To counter this limitation, researchers conducting further study in this area should define small businesses by asset sizes to determine if financial conditions differ. Asset size classifications may vary based on geographic location and industry; however, this refinement of small businesses used for research could provide useful results.

As indicated by Donaldson and Dunfee (1994), collectives that form under integrated social contracts theory have varied cultures, rules, and hypernorms determined upon formation. The rules, cultures, and hypernorms in small businesses in this study differed because of business size, industry, and organizational structure, which could lead to behavioral differences among leaders and employees. To address this limitation, future researchers could group businesses by industry, organizational structure, or geography to uncover leadership differences caused by those factors.

Leadership roles, perceptions of those roles, and leader actions could differ because of the size of a business or leadership experience levels. Cultural differences related to perceptions of leadership and leader behaviors exist in multiple contexts (Bodolica & Spraggon, 2015; Davidson & Stevens, 2013; Dellaportas et al., 2014). Given this limitation, researchers can confine investigation of small business leadership to specific demographics or regions. In relation to ethics and ethical decision-making, business leaders can gain experience over time and with exposure to ethical situations (Dane & Sonenshein, 2015). Based on longitudinal experience, researchers can also delimit study participants using length of time in a leadership role. These perspectives support the ability to overcome limits to generalization of small business study results. A final limitation in the current study was that leaders rated themselves; accuracy and truthfulness bounded the results of this study. To counteract self-rating, researchers can develop survey instruments that require employees, colleagues, or members of a common group to rate leadership behaviors.

Reflections

As a leader in the corporate community and later in the small business community, I began this study with the preconceived idea that small businesses and their leadership may not contribute to any relationship between ethics and sustainability. As a former employee of large corporate organizations, my preconceived idea was that only the most visible and largest entities could impact and emphasize the importance of ethics, leadership, and sustainability. Small businesses with 99 or fewer employees employ 34.3% of the U.S. workforce, while businesses with 500 or fewer employees generate

48.4% of U.S. employment (U.S. Department of Commerce, 2015). With this knowledge, I also began the study with the idea that small business leaders' interest in ethics or sustainability took a secondary role to the necessity for continuity of business. These preconceived ideas arose from my role as a small business owner.

During the research for this study, small business owners may have felt an obligation to take the survey, since I am their colleague in a chamber of commerce. However, to counterbalance this, some small business owners indicated that they would not participate in the research by choice. As a researcher, my role was to collect and analyze data. Driven by that role, I did not influence participants, data, or research situations, and conducted research with ethical standards and the rights of the participants as guidelines.

In response to the research process and the results of the study, my framework for addressing small business research changed. Small business leaders have concern about their ethics and sustainability, and understand that they can have an impact on these elements locally. Leaders' concern about ethical leadership arises because they understand that the perception of ethics has an influence upon how the local community and other leaders regard them. Finally, as a researcher, I understand the importance of dialogue and training at the small business level, not only from an operational perspective but also from the perspective of ethics, leadership, and sustainability.

Summary and Study Conclusions

The purpose of this quantitative correlational study was to determine if correlations existed between ethical leadership behaviors and financial, social, and

environmental sustainability in small businesses. The dependent variable was ethical leadership and the independent variables were financial, social, and environmental sustainability. The main research question was: how do ethical leadership behaviors correlate with financial, social, and environmental sustainability in small businesses? Results indicated that ethical leadership behaviors had a correlation with social and environmental sustainability. Implications for positive social change include the continued growth of trust between consumers and small businesses, the generation of employee and confidence and loyalty, the integration of sustainability and ethics into dialogue between small business, community, and government leadership, and the potential for increased emphasis on environmental and social sustainability at the local level.

The results of this study led me to the realization that small business leaders have concern about ethics and sustainability, as well as how their businesses influence these elements. In addition, the results led me to understand the importance of discussion and training regarding ethical leadership and sustainability in small businesses and in local communities. Small business leaders, along with government and community leaders, should emphasize ethical leadership and its connection to sustainability issues in public forums as well as group membership contexts; the continuation of knowledge regarding these elements of business influences financial sustainability as well as consumer trust. From the findings, I concluded that small business leaders should understand the importance and impact of ethical leadership, the connection between ethical leadership

and sustainability, and should make these components part of their internal and external business processes.

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Appendix A: Survey Instrument - Pilot

Thank you for taking the time to complete this survey. Please type your answers in the response box for the questions about your industry and business age. For the questions regarding ethical leadership and sustainability, answer the questions based on how you feel your subordinates, coworkers, or business partners might perceive you.

Primary Industry:

Age of business:

Number of employees:

Length of ownership/management:

Use the following scale for questions 1-24:

1 – Strongly disagree

2 – Disagree

3 – Neutral

4 – Agree

5 – Strongly Agree

1. I have an interest in the professional development of my subordinates as well as myself
2. I care about my subordinates', partners', and customers' well-being
3. I allow subordinates to make autonomous decisions when warranted
4. I listen to the concerns of others, both subordinates and colleagues
5. I hold others accountable for their actions
6. I do not enjoy success at the cost of others
7. I am fair in procedures and practices
8. I am fair in decision-making
9. I have concern for my organization's impact on the environment
10. I have an interest in the well-being of society
11. I have concern for the impact my organization can make on society
12. I have concern for the long term impact of my financial decisions

13. I have concern for the long-term impact of my human resources decisions
14. I keep my promises
15. I am trustworthy
16. I personally ensure subordinates' compliance with ethical codes or rules
17. I personally comply with ethical codes or rules in every situation
18. I always consider the greater good in my decision-making
19. I worry about how successful results emerge
20. I act with others' best interests at heart
21. I make decisions based on the right thing to do
22. I am engaged in ongoing dialog with other small business owners regarding
environmental issues
23. I have developed a set of environmental guidelines (formal or informal) for my
business operations
24. I view monitoring and controlling my business's environmental impact as a
responsibility of business ownership and/or management
25. The current ROA (Net income divided by average total assets) for my business is:
 <5%
 5-10%
 11-15%
 15-20%
 >20%
26. The ROA for my business has (increased/decreased) over the past year.
27. The net revenue (gross sales minus the cost of sales including cost of goods sold)
for my business as of the last full fiscal year is:
 <\$100,000
 \$100,001-249, 999
 \$250,000-499,999
 \$500,000-999,999

>\$1,000,000

28. The net revenue for my business has (increased/decreased) over the past year.
29. The current net profit margin (net profit divided by revenue generated) for my business is:
 - <15%
 - 16-20.99%
 - 21-25.99%
 - 26-29.99%
 - >30%
30. The net profit margin for my business over the past year has (increased/decreased).

Appendix B: Survey Instrument – General Data Collection

Thank you for taking the time to complete this survey. Please type your answers in the response box for the questions about your industry and business age. For the questions regarding ethical leadership and sustainability, answer the questions based on how you feel your subordinates, coworkers, or business partners might perceive you.

Primary Industry:

Age of business:

Number of employees:

Length of ownership/management:

Use the following scale for questions 1-24:

1 – Strongly disagree

2 – Disagree

3 – Neutral

4 – Agree

5 – Strongly Agree

1. I care about my subordinates', partners', and customers' well-being
2. I do not enjoy success at the cost of others
3. I am fair in procedures and practices
4. I am fair in decision-making
5. I have concern for my organization's impact on the environment
6. I have an interest in the well-being of society
7. I keep my promises
8. I am trustworthy
9. I personally ensure subordinates' compliance with ethical codes or rules
10. I personally comply with ethical codes or rules in every situation
11. I always consider the greater good in my decision-making
12. I act with others' best interests at heart
13. I make decisions based on the right thing to do

14. I am engaged in ongoing dialog with other small business owners regarding environmental issues
15. I have developed a set of environmental guidelines (formal or informal) for my business operations
16. The current ROA (Net income divided by average total assets) for my business is:
 - <5%
 - 5-10%
 - 11-15%
 - 15-20%
 - >20%
17. The ROA for my business has (increased/decreased) over the past year.
18. The net revenue (gross sales minus the cost of sales including cost of goods sold) for my business as of the last full fiscal year is:
 - <\$100,000
 - \$100,001-249, 999
 - \$250,000-499,999
 - \$500,000-999,999
 - >\$1,000,000
19. The net revenue for my business has (increased/decreased) over the past year.
20. The current net profit margin (net profit divided by revenue generated) for my business is:
 - <15%
 - 16-20.99%
 - 21-25.99%
 - 26-29.99%
 - >30%
21. The net profit margin for my business over the past year has (increased/decreased).

Appendix C: Frequency and Percent Distributions of Primary Industry

Primary Industry	Frequency	Percentage
accounting	1	1.3
accounting and taxes	1	1.3
Administrative Assistance	1	1.3
Agriculture	2	2.5
art	1	1.3
Arts-based non profit	1	1.3
bar	1	1.3
Bar	1	1.3
Catering	2	2.5
Charities	1	1.3
Condominium Consulting	1	1.3
construction	1	1.3
Construction	1	1.3
consulting	1	1.3
Consulting	1	1.3
creative arts	1	1.3
doctors	1	1.3
education	1	1.3
Educational Software	1	1.3
engineering	1	1.3
Entertainment	1	1.3
environmental advanced technologies	1	1.3
family office	1	1.3
Financial Advisor	1	1.3
Fitness	1	1.3
food & alcohol beverage	1	1.3
Health	1	1.3
healthcare	1	1.3
Healthcare	1	1.3
hoapitality, leisure	1	1.3
Hospitality	2	2.5
HVAC	1	1.3
insurance	2	2.5

Insurance	1	1.3
Investments	1	1.3
landscape	1	1.3
law	2	2.5
Medical	2	2.5
Medical imaging.	1	1.3
Meetings and trade shows	1	1.3
not for profit	1	1.3
Nutritional supplements	1	1.3
Online retail	1	1.3
Online sales	1	1.3
personal services/pet care	1	1.3
Photography	1	1.3
printing	1	1.3
Printing	1	1.3
Public relations	1	1.3
Publishing	1	1.3
real estate	1	1.3
Real Estate	1	1.3
recruitment and employee placement	1	1.3
religion	1	1.3
Residential apartments	1	1.3
Restaurant	1	1.3
retail	2	2.5
sales	1	1.3
SEAMLESS GUTTERS AND IRRIGATION	1	1.3
service	1	1.3
Service	1	1.3
Spiritual	1	1.3
Supplemental Insurance	1	1.3
Title Insurance	1	1.3
Trading	1	1.3
Transportation	1	1.3
transportation of agricultural products	1	1.3
travel	1	1.3

Travel	1	1.3
veterinary	1	1.3
veterinary medicine	1	1.3
veterinary services	1	1.3
Water Resources Consulting	1	1.3
<hr/> Total	<hr/> 80	<hr/> 100.0