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The impact of Ethical and Despotic
Leadership on the emotions and team work
engagement perceptions of individual
members within work teams

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Abstract

Title

The impact of Ethical and Despotic leadership on the emotions and team work engagement perceptions of individual members within work teams

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The purpose of this thesis is the study of the impact of two different leadership styles, ethical and despotic, on three different variables of members of a team: positive emotions, negative emotions and perception of team work engagement. Data was collected from both real world companies and through a laboratory study. The results show that ethical leadership seems to positively impact team work engagement perceptions and positive emotions and to negatively impact negative emotions. Despotic leadership, on the other hand, seems to be linked only to an increase of negative emotions. When analyzing data collected exclusively from companies, effects on positive emotions are not statistically significant. In terms of data exclusively retrieved from the study, only effects of ethical leadership on team work engagement and positive emotions are statistically significant. Furthermore, it was found that positive emotions seem to mediate the effect of ethical leadership on team work engagement.

Key words: *Ethical leadership, despotic leadership, positive emotions, negative emotions, team work engagement*

Resumo

Título

O impacto da liderança Ética e Despótica nas emoções e percepções individuais de team work engagement em membros de equipas de trabalho

Autor

João Gonçalo Madeira Fraga Fernandes Simões

O objetivo desta tese é o estudo do impacto de dois diferentes estilos de liderança, ético e despótico, em três variáveis diferentes de membros de equipas: emoções positivas, emoções negativas e percepção de team work engagement. Os dados foram recolhidos a partir de empresas reais e através de um estudo de laboratório. Os resultados mostram que a liderança ética parece influenciar positivamente as percepções de team work engagement e emoções positivas e influenciar negativamente as emoções negativas. A liderança despótica, por outro lado, parece estar ligada apenas a um aumento de emoções negativas. Ao analisar os dados recolhidos exclusivamente das empresas, verifica-se que os efeitos sobre as emoções positivas não são estatisticamente significativos. No que toca aos dados obtidos exclusivamente a partir do estudo de laboratório, apenas os efeitos da liderança ética em team work engagement e nas emoções positivas são estatisticamente significativos. Verificou-se ainda que as emoções positivas parecem mediar o efeito da liderança ética em team work engagement.

Palavras-chave: *Liderança ética, liderança despótica, emoções positivas, emoções negativas, team work engagement*

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1. Introduction

Nowadays, teams serve as extremely important structures to develop effective work and are present in most, if not all, of today's organizations (Hills, 2007; Kozlowski & Bell, 2003; Lawler, Mohrman, & Ledford, 1995). There is a consensus among top managers about the importance of team work as, for example, Martin & Bal (2006) found that 91% high-level managers agree that teams are of the utmost importance to the success of an organization. Leadership itself, a concept widely studied in organizational behavior literature, has been addressed as a fundamental construct of companies' success and several styles of leadership have also been documented. Under this scope, the present work attempts to further develop the understanding of two different leadership styles – ethical leadership and despotic leadership (Brown & Mitchell, 2010) – and their influence on some aspects of teams.

In the recent years, increasing attention has also been paid to the relationships between ethical leadership and the performance of teams within companies (Brown & Treviño, 2003). In an age of progressively competitive markets, recent findings suggest that ethical leadership may be beneficial by reducing both business costs and damaging behaviors of followers within a company (Thomas et al., 2004; Mayer et al., 2009). Furthermore, the interest in ethical leadership is also due to the fact that corporate ethics and morally acceptable practices have been also increasingly popular and explored (Treviño et al., 2006). As leaders are able to set the tone of the organization and represent its ethical conducts (Brown & Mitchell, 2010), the different perceptions that exterior stakeholders of the organization have may depend on them. Scandals such as Enron and WorldCom are valuable reminders of the possible outcomes of a non-ethical leadership style and, thus, the possible undesirable aspects of top executives have also been examined more closely in the last years (Hoobler & Hu, 2013).

Despite the growing attention, the ethical leadership of the CEO and its links to performance have not yet been thoroughly explained (Brown & Treviño, 2003), nor the mechanisms of its overall impact. The present work aims at further exploring these, directing its focus to three variables: positive and negative emotions and team work engagement (TWE). As mood is known to affect several dimensions of an individual – such as perception, reasoning skill, memory and even behaviors – its outcomes may be linked to performance (Totterdell, 2000), thus impacting the organization as a whole. Moreover, as TWE (which addresses the groups' absorption, dedication and vigor while working), has been proposed to influence team

effectiveness (Morgeson et al., 2009) and be influenced by several variables, it may also vary according to the leadership style of the leader of a team.

The structure of this dissertation is as follows. Chapter 2 addresses the recent literature on the subjects of ethical leadership, despotic leadership, mood and TWE, describing the definitions and the relationships between these concepts. Chapter 3 describes the methodology, sample and data gathered. In chapter 4 the results are presented and in chapter 5 they are discussed and their practical implications are presented. Chapter 6 is dedicated to the limitations of this work and some suggestions for further research are stated. In Chapter 7, some final comments are presented.

1. Literature review and theory development

1.1. Leadership and individual emotions

Leadership is regarded nowadays as a phenomenon that has grown beyond the study of the leader on its traits (Stogdill, 1974) and behaviors (Lewin et al., 1939), focusing on a wider range of factors such as his surroundings, colleagues and even culture (Avolio et al., 2009). It comprehends not only these concepts but is also defined as the ability of the leader to influence those around him, with the ultimate objective of accomplishing organizational goals (Naseer et al., 2016). The study of this subject is becoming increasingly popular and several different currents within the subject have been established, such as authentic leadership, transformational leadership, transactional leadership, cognitive leadership, shared leadership, cross-cultural leadership, e-leadership and ethical leadership (Avolio et al., 2009).

Research has been done to explore how leaders make use of coaching activities in order to help teams (Manz & Sims, 1987; Wageman, 2001). Due to the recent findings on new leadership models, scholars have seen the need of focusing on leadership processes that go beyond the common set of leadership activities, such as formally appointed leaders of teams (Day et al., 2004). Morgeson and colleagues (2009: 8) argue that recent research on the subject has not delivered the expected breakthroughs and a team leadership method should be emphasized, defining it as an approach “*oriented around team need satisfaction (with the ultimate aim of fostering team effectiveness)*” – thus, the role of the leader is reserved for the individual that is in charge of satisfying the team’s needs. Under the same line of reasoning, the theory of functional leadership defines that the leadership role is one that must “*do, or get done, whatever is not being adequately handled for group needs*” (McGrath, 1962: 5). Functional leadership is a goal-oriented team leadership approach centered on improving effectiveness of groups within organizations (Santos et al., 2015) and sees the leader as a completer, ready to execute functions that may be lacking conclusion, to better satisfy the needs of a team (Schutz, 1961). Morgeson and colleagues (2009) further add to the theory defining 15 different leadership functions split between two phases (transaction phase and action phase) and with different levels of locus and formality. This approach focuses on the interaction between the leader and his or her team rather than on the personal characteristics of the leader. On account of it, the study of ethical and unethical leadership is strengthened, as both leadership styles may be used with the final

objective of benefiting an organization (Neubert et al., 2009; Umphress & Bingham, 2011; Vadera & Pratt, 2013). Furthermore, a leader can execute the leadership functions defined by Morgeson (2010) in both an ethical or unethical manner. For example, s/he can “compose the team” based on merit criteria, or on personal connections; s/he can monitor the team’s work using despotic comments and behaviors, or allowing the team to receive constructive feedback. Due to the limited amount of studies of ethical leadership within the context of teams, the present work also intends to further explore this area in order to clarify possible influences that may exist.

Ethical leadership can be defined as “*the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making*” (Brown et al., 2005: 120). This definition encompasses two different components: a first one related to the “normatively appropriate conduct” of the leader, suggesting that the leader is a responsible role model due to his or her characteristics, such as honesty, trustworthiness, fairness and care; and a second related to the “two-way communication”, which suggests that ethical leaders stimulate the participation of their followers (Brown et al., 2005). Regarding the profile of an ethical leader, there are several features to point out. According to Kanungo (2001), an ethical leader, to be considered as such, must engage in behaviors and actions that benefit others, drawing from his or her altruistic motives, while abstaining from any action that may harm others. Adding to this concept, Luthans and Avolio (2003) argue that authentic leaders are not only ethical but also hopeful, optimistic, resilient and true to themselves.

De Hoogh & Den Hartog (2008) classify three main components of ethical leadership: morality and fairness, referring to the moral behavior of the leader; role clarification, which addresses the transparent interaction between the leader and his or her followers with the objective of clearing all doubts, stating work and expectations and clarifying tasks; and power sharing, which addresses the ability of the leader to listen to his or her followers and to allow their participation in decision-making processes. The behavioral component of ethical leadership is reinforced due to the power that leaders accumulate from their position since, as role models, they are able to influence their workplace either positively or negatively (Flynn, 2008), influencing members of an organization through their “personal actions” and “interpersonal relationships” (Brown et al., 2005). The importance of a leader’s actions, rather than simply their morals, was further emphasized by Treviño and colleagues (2000), who argued that an ethical leader must incorporate both a moral manager (that seeks to influence the moral conduct

of the followers) and a moral person (by being honest and trustworthy) in order not to be perceived as either a hypocritical or ethical “neutral” leader. Brown and colleagues (2005) further add to the concept of role modelling drawing from social learning theory (Bandura, 1977), suggesting that leaders may transmit their ethical conduct to others through their own personal example and processes within work, such as rewards and job policies. Nevertheless, in order for an effective ethical modeling to happen, there must be a display of ethical actions within the workplace, thus leaders must actually show to be honest and considerate towards others. Otherwise, they run the risk of being ignored by their followers (Yussen & Levy 1975). It should also be noted that other leadership styles, such as transformational leadership (Bass, 1985; Bass & Avolio, 1993) and charismatic leadership (Conger, 1999; Conger & Kanungo, 1998), incorporate ethical dimensions that have significant outcomes, such as civil organizational behavior (Podsakoff et al., 1990) and increase of trust level of followers on the fairness of the leader (Pillai et al., 1999). Transformational and charismatic leaders, under the same reasoning described above, carry out positive influence mechanisms and have the power to convert their followers into moral leaders (Brown & Mitchell, 2010). Effects on productivity and job satisfaction of employees have also been documented (Mayer et al., 2009; Neubert et al., 2009).

Overall, ethical leadership seems to have various effects in several dimensions of an organization, weather externally or internally. According to Eisenbelss and colleagues (2015), the ethical leadership of the CEO was found to be positively related not only to the ethical culture of a company but also to the performance of the firm itself. Furthermore, ethical leadership has also been positively related to follower-leader goal congruence and, subsequently, to a positive job performance of followers (Bouckenooghe et al., 2014). Based on the findings of Strobel and colleagues (2010), ethical leadership gains even more importance since it can act has a tool that affects the overall attractiveness of an organization and its prestige, consequently increasing the capacity of a firm in attracting talented employees. Even so, the path between the performance of a firm and ethical leadership of a CEO has not yet been thoroughly explored (Brown & Trevinõ, 2003). From a broader scope, recent findings suggest that an ethical leadership style may be important due to the impact of leaders on the overall performance of an organization (Aronson, 2001; Kanungo, 2001; Trevinõ et al., 2003) and on the attractiveness of the organization itself, since this feature is influenced by policies related to the corporate social responsibility, performance and citizenship of an organization (Albinger & Freeman, 2000; Backhaus et al., 2002; Evans & Davis, 2008; Greening & Turban, 2000). At

an internal level, through ethical leadership, leaders may earn the loyalty of their followers (Aronson, 2001), direct them towards corporate goals (Kanungo, 2001), increase subordinate job commitment (Brown & Treviño, 2006), autonomy (Piccolo et al., 2010) and, at top management level, increase both optimism and efficiency of work teams (De Hoogh & Den Hartog, 2008). Further benefits of ethical leadership may be explained through the social exchange theory (Blau, 1964; Gouldner, 1960), which posits that individuals may feel the need to express positive behaviors if they have been treated in a positive, fair and trustworthy manner. Thus, this theory may illustrate the positive effects of an ethical leader (Brown & Mitchell, 2009) on his or her followers. It has also been argued that, due to the favorable position that leaders have in influencing the emotions of their followers at work (Bass, 1985; House, 1977; Weber, 1920), ethical leadership may have an effect on these same emotions, possibly triggering positive ones (Brown & Mitchell, 2009). Considering all the literature stated above and the findings and implications of an ethical leadership style, I propose that ethical leadership has a positive effect on positive emotions experienced by the members of a team. Contrariwise, it is also expected that the same style of leadership may have a second effect by reducing the negative emotions of the members. The first two parts of my first hypothesis are therefore presented as:

- Hypothesis 1a – Ethical leadership has a positive effect on positive emotions of team members.
- Hypothesis 1b - Ethical leadership has a negative effect on negative emotions of team members.

Unethical leadership is described by (Howell & Avolio, 1992) as a self-absorbing and manipulative style that serves the selfish interests of a leader that is negligent to his or her followers' needs. Hence, Brown and Mitchell (2009: 588) define unethical leadership as *“behaviors conducted and decisions made by organizational leaders that are illegal and/or violate moral standards, and those that impose processes and structures that promote unethical conduct by followers”*. Unethical leaders can be characterized as manipulative and oppressive individuals (Tepper et al., 2007) and may engage in several intentional acts that may be illegal and/or unethical, such as abusive supervision, supervision undermining, toxic or tyrannical leadership (Brown & Mitchell, 2009). Despotic leadership is a related concept which (Aronson,

2001) describes as an authoritarian-based style, characterized by dominant and exploitative leader behavior. It is regarded as an example of an unethical style that incorporates the main negative features of the overall negative leadership styles (Schilling, 2009). Such leaders are often characterized by their arrogant, demanding and unforgiving behavior (Bass, 1990; House & Howell, 1992; Howell & Avolio, 1992; McClelland, 1975), lack of morals and integrity (Naseer et al., 2016), demanding obedience and exercising power over their subordinates (Schilling, 2009), as well as acting on their own interests and often limiting followers' participation in decision-making (De Hoogh & Den Hartog, 2008), thus not respecting the several dimensions of ethical leadership. Consequently, it is thought that employees may react to such behavior by lowering their overall performance (Naseer et al., 2016). Overall, unethical conducts within organizations appear to be harmful at individual follower level and for the organization as whole, since it may negatively affect corporate image (Strobel et al., 2010) and the perception of possible applicants (Morgeson et al., 2010).

Unethical behaviors, from a corporate management perspective, have been linked to decreasing employee's morale (Vitell & Davis, 1990) and commitment to the organization (Hunt et al., 1989). Employees who maintain regular contact with their leader are, in fact, prone to experience the effects of their leadership style (Strobel et al., 2010) whether through actions or behaviors. When it comes to behaviors, Sims & Brinkmann (2002) show that leaders who display aggressive conducts, reward short-term results and do not punish deviant acts, may influence followers to behave in a similar manner. This influence may occur even if the leader does not engage in unethical acts himself (Ashforth & Anand, 2003; Brief et al., 2001). Moreover, the fostering of unethical behaviors may also be explained through learning theories – employees may regard the leader as a role model and “learn” from his behavior (Brief et al., 2001; Kelman, 1973). According, once again, to social exchange theory, followers who are victims of unethical acts may engage in retaliatory behavior (Mitchell & Ambrose, 2007), experience a drainage in self-resources such as attention, will-power and esteem (Ferguson et al., 2009), which in turn may have negative consequences on the follower's personal life (Dollard et al., 1939). Finally, according once again to the social learning theory expressed before, it is possible that followers, when faced with an unethical leadership style and treated in a way that is perceived as unfair, may express negative behaviors (Blau, 1964; Gouldner, 1960) and emotions (Brown & Mitchell, 2009) as a response. According to this findings, it is thus expected that a despotic leadership style may have significant implications on the work of members of a team. I therefore propose two effects of such style: despotic leadership will have

a negative impact on positive emotions of members of a team and a positive effect on negative emotions of members of a team. The first two parts of my second hypothesis are stated below:

- Hypothesis 2a - Despotic leadership has a negative effect on positive emotions of team members.
- Hypothesis 2b - Despotic leadership has a positive effect on negative emotions of team members.

1.2.Ethical Leadership and TWE

The concept of TWE, defined as “*a shared, positive and fulfilling, motivational emergent state of work-related well-being*” (Costa et al., 2014: 420), has been recently proposed as a relevant construct for team performance and well-being (Halbesleben, 2010), therefore being able to impact the organization’s goals accomplishment. Three main dimensions compose this concept: vigor, dedication and absorption.

At individual level, vigor can be described as the motivation of individuals to perform, as well as their mental resilience when faced with difficulties. Dedication suggest the level of identification with the task in hand and the sense of significance that derives from it. Finally, absorption is the concentration and emersion in the job (Schaufeli & Bakker, 2010). The conceptualization of work engagement derives from two other personal dimensions: the willingness of the follower to work and his capacity to do so (Bakker et al., 2011). Still, engagement is a dynamic concept, meaning that it varies not only in time (Sonnentag, 2011) but also with the nature of the task at hand (Schaufeli & Salanova, 2011). Thus, while some tasks may be more engaging to some employees than to others due to personal issues, this is not related to enjoyable tasks, since employees may be highly engaged with difficult tasks (Bakker et al., 2011). In fact, individual engagement is likely to be increased when the employee perceives his work environment to be not only challenging but also supportive (Bakker, 2010). The Job Demands-Resources model (Demerouti et al., 2001) sheds further light on the relationship between performance and engagement. According to this model, lacking of a number of job resources such as security, participation and feedback that may lead to disengagement of the worker, thus engagement is part of the process of motivation. Similarly, an excess of job demands such as workload and time constraints may lead to exhaustion. Since

the leader is often in a position to regulate both dimensions of the model (e.g. promoting resources and lowering demands), this suggest a mechanism of the effects of leadership style on engagement. Evidence of this is also found in recent literature. A study by Tims and colleagues (2011) found, in a sample of Dutch companies, a positive relationship between the same leadership style and work engagement, mediated by optimism. The work of Babcock-Roberson & Strickland (2010) also reveals positive relationships between charismatic leadership and work engagement. In terms of Ethical Leadership, Hartog and Belschak (2012) found that employees tend to enhance their work engagement in all its three dimensions when they perceived the leader to be ethical, while also minimizing counterproductive behaviors. It is also possible to find links between ethical leadership and the numerous dimensions of TWE. Several recent studies found that employees are significantly more willing to commit to an organization when faced with a leadership style that they perceive to be ethical (Neves & Story, 2015), as well as increasing their satisfaction with the task they are facing (Neubert et al., 2009). An ethical leadership style also leads to employees working more autonomously (Piccolo et al., 2010). Furthermore, a five week study by Hardré & Reeve (2009) found that a managerial style that supports autonomy leads to employees experience a higher level of commitment to the workplace. Lastly, a study by Clarke (2010) found that higher levels of autonomy lead to a higher involvement with the job. Two studies conducted in China also demonstrate how motivation mediates the relationship between ethical leadership and both innovative work behavior (Yidong & Xinxin, 2013) and general self-efficacy (Yidong & Xinxin, 2016). On the other hand, a study by Tepper (2000) found that abusive supervision, one of the main aspects of despotic leadership, leads to lower normative and affective job commitment of followers. Effects on the overall dedication to the job were also documented, since the same study showed that due to such leadership style, employees were more likely to quit their jobs.

At team level, less is known about this topic. From this perspective, TWE is an emergent state that results from actions of the members of a team and their interactions (Morgeson & Hofmann, 1999) and that is dependent on team interpersonal processes such as conflict management, affect management and motivation building (Marks, Mathieu and Zaccaro, 2001; Costa et al., 2014). With the previous understanding that leaders can influence individuals and the organization through their actions and behavior, and that they can manage teams' resources and/or demands, it is possible that an ethical (or unethical) leadership style may have effects on team work engagement. For example, an ethical leader may be capable to increase the team's motivation by encouraging the members' participation in decision making. He or she may also

function as an obstacle to relationship conflict, because he/she can foster openness in communication and explicitly discouraging interpersonal offense. Recent research of this relationship includes a study conducted in Portugal by Salanova and colleagues (2011) which found, among teams of nurses, that the relationship between transformational leadership and extra-role performance was mediated by work engagement. Therefore, team members may display higher behaviors that convey an idea of dedication and of energy at work, which, in turn, will influence their perceptions about their collective level of engagement.

It is therefore possible to theorize that ethical leadership may have a positive effect on the individual perceptions of team work engagement of followers, and that despotic leadership has the opposite effect. I thus present the last parts of my first and second hypotheses.

- Hypothesis 1c - Ethical leadership has a positive effect on individual perceptions of team work engagement.
- Hypothesis 2c – Despotic leadership has a negative effect on individual perceptions of team work engagement.

1.3.Ethical Leadership and TWE – a process relationship

In this section I intend to explain the relationship between ethical leadership and TWE, going beyond the direct effects by explaining the process itself, while focusing on emotions as a potential mediator. The possibility of leaders impacting their organization's results through mood has been discussed in the literature (Sy et. al., 2005). Mood, defined as subjective feeling, low in intensity, diffuse, and without a specific focus, (Lazarus, 1991) has been shown to change based on a positive and negative emotional state – valence - and range from activated to deactivated - arousal (Russel, 1980). Despite the proposal of several mechanisms to explain the effects of mood on performance/effectiveness, such as an increased self-efficacy (Shea & Howell, 1999; Towler & Dipboye, 2001) and increased effort (Ashford, 1989), there is still a lot of research to do in order to uncover possible mechanisms that influence performance

(Gaddis et al., 2004; George, 1995; George & Bettenhausen, 1990). Three performance-related mechanisms have been proposed by Matthews (1992): interference, where mood interferes with processing; processing efficiency, where mood changes the individual's resources and their allocation based on mood; and cognitive bias, where mood is responsible for the selection of cognitive processes. George and Briefs (1996) further add to this resource theory by stating that a poor mood may lead to an employee subconsciously reducing his or her resources that enable good performance. Despite the limitation, it is possible to observe several effects of positive mood, such as improved decision-making (Isen et al., 1982), motivation (Erez & Isen, 2002) and cooperation (Gouax 1971; Griffit, 1970). Again, according to the Job Demands-Resources model (Demerouti et al., 2001) and to Bakker and Oerlemans (2011), it is possible to understand that emotions and engagement share a common affective space, thus suggesting an underlying relationship between the two.

Effects of mood on engagement have also been studied on several occasions. Van Wijhe and colleagues (2011), in a survey sample of 173 participants, found a positive relationship between work engagement and positive mood. Moreover, Timms and colleagues (2015) found, in a sample of Australian companies, that workers that are submitted to experiences that enhance their mood are shown to increase their work engagement. A study conducted by Ouweneel and colleagues (2012) in a sample of 59 employees of a Dutch university also demonstrated that positive emotions also have indirect effects on the three dimensions of work engagement through hope. Furthermore, Fredrickson and Losada (2005) suggest that experiencing positive emotions is linked to a number of engagement related mechanisms such as an increase in the scope of attention, intuition and creativity. Thus, given that an ethical leadership style may lead to the followers experiencing a positive mood and that mood can increase or decrease work engagement, I propose that mood may act as a mediator in the relationship between the leadership style and the perceptions of TWE. Therefore, an ethical leader will increase the followers' positive emotions and these, because they are expressed and perceived by team members, will increase their perceptions of their collective level of team work engagement. In summary, I aim at testing if an ethical leadership style may lead to the perception of higher work engagement through positive mood. Conversely, the opposite effect may also be studied, since an unethical leader may lead to a negative mood of a team, which in turn may lead to less displays of vigor, dedication and absorption. I therefore propose my final hypothesis:

- Hypothesis 3a - Ethical leadership will lead to higher perceptions of TWE through positive emotions.
- Hypothesis 3b - Despotic leadership will lead to lower perceptions of TWE through negative emotions.

In figure 1, a sketch depicting all hypotheses is presented.

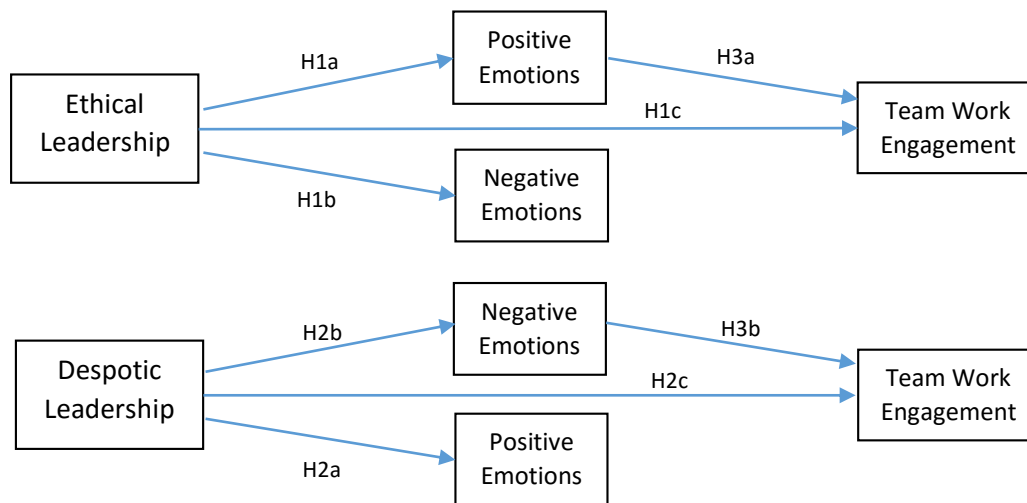


Figure 1. Schematic representation of the overall work.

2. Methods

2.1. Participants and procedure

In order to test the hypotheses previously stated, I, together with a team of four other students at Católica Lisbon School of Business and Economics, collected data in two distinct ways. At first, a questionnaire was built, covering the study variables – emotions, team work engagement, ethical and despotic leadership and demographics. This questionnaire was used to address companies, by either email or hand delivery, and also in a laboratory study in order to analyze the hypotheses in two different contexts, thus increasing the generalizability of the results.

The study consisted in gathering groups between four and six people in a room and lasted 20 minutes. At the start of the experience, a leader was randomly selected between the participants and given the instructions necessary to perform the task – he/her and his/her team were given a paper sheet with drawn pieces of a tangram and they were asked to build the maximum amount of figures within the time limit of 20 minutes (implying that they could use any means necessary). The leader was then responsible for transmitting the information to his team and together they solved the task. In the end, they were given a score corresponding to the total amount of figures built and the questionnaire to fill in. At the end of the study and after the compilation of the data, a gift card with a total amount of 30 euros was awarded to the team which was able to build the highest amount of figures within the specified time limit. Within companies, the teams that answered the questionnaire had the pre-requisite of having participated before in projects and team works among them. There were also two different versions of the questionnaire, one for the leaders and another one for the followers, where the only difference was the evaluation of the leader, either by self-evaluation or by follower's evaluation.

Overall, the data amounts to 243 individuals ($n = 243$), distributed among 51 teams, with 23 being from companies and 28 from the study, with each team having an average of 4.9 members and a standard deviation of 0.7. A total of 106 participants were male and 135 were female (2 omitted results). The average age of participants was 32.7 with a standard deviation of 13.1. When it comes to time spent working within the team, results for companies ranged from 3 months to 15 years.

2.2.Measurement

The variables used for this specific study were Ethical Leadership, Despotic Leadership, Positive Emotions, Negative Emotions and Team Work Engagement. Ethical Leadership was measured through an adaptation of Ethical Leadership Scale from De Hoogh & Den Hartog (2008), including three questions for each dimension of the variable to evaluate the leader or for self-evaluation: morality and fairness (e.g. Deserves trust, can be believed and relied upon to keep his/her word), role clarification (e.g. Explains what is expected of each member of the group) and power sharing (e.g. Will reconsider decisions on the basis of recommendations by those who report to him/her). Despotic leadership was measured based on the same scale, with three questions to evaluate the leader (e.g. Is in charge and does not tolerate disagreement or questioning, gives orders). Measurement of Team work engagement (9 items, e.g. While we are working we feel bursting with energy) and emotions (5 items for positive and 5 items for negative emotions; e.g. upset for negative emotions and inspired for positive emotions) were, respectively, based on Costa et al. (2014) and Thompson (2007) scales. Respondents answered all questions from all scales on a Likert scale from 1 to 7 (1 - strongly disagree to 7 – strongly agree).

In order to test the reliability of each scale, the Cronbach's alpha for each one of them was calculated. The results are presented below in Table 1, as well as the number of items for each scale:

Variable	Number of items	Cronbach's alpha
Ethical Leadership	9	0,87
Despotic Leadership	3	0,80
Team work engagement	9	0,81
Positive emotions	5	0,76
Negative emotions	5	0,74

Table 1. Cronbach's alpha calculated for each study variable

The analysis of data, performed with SPSS Statistics software (2015), was conducted using regression analysis and single mediation analysis. The first hypothesis was tested with simple regressions of the dependent variables Positive Emotions, Negative Emotions and Team work Engagement on the independent variable Ethical Leadership, respectively, for H1a, H1b and

H1c. Similarly, the second hypothesis was tested with simple regressions of Positive Emotions, Negative Emotions and Team Work Engagement on Despotism leadership, respectively, for H2a, H2b and H2c. In all cases, the analysis were performed controlling for gender. The mediation was executed following Preacher & Hayes (2004) Process macro for SPSS. This allows the estimation of indirect effects and of their significance in a model with several independent variables. This macro uses bootstrapping - a nonparametric resample procedure that estimates the indirect effect on each of a number of samples created from the data. In hypothesis 3a, it tested the effect of the independent variable Ethical Leadership on the dependent variable Team work engagement through Positive emotions. Correspondingly, in hypothesis 3b it tested the effect of the independent variable Despotism on the dependent variable Team Work Engagement through Negative emotions as a mediator variable. Both analysis were conducted in order to better explain the underlying mechanism by which the leadership style may influence the individual perceptions of team work engagement, and controlling for gender.

3. Results

Table 2 shows the correlations between all the variables, as well as their average values (\bar{x}) and standard deviations (σ).

	\bar{x}	σ	1.	2.	3.	4.	5.
1. Ethical Leadership	5.410	0.995	1				
2. Despotism Leadership	2.310	1.414	-0.219**	1			
3. Positive emotions	5.369	0.800	0.211**	0.010	1		
4. Negative emotions	2.459	1.013	-0.159*	0.143*	-0.082	1	
5. Team work engagement	5.006	1.261	0.461**	-0.081	0.308**	-0.113	1

Table 2. Average, standard deviation and correlation between variables for the full database.

Notes. $N = 243$, * $p < 0.05$, ** $p < 0.01$

The regression analyses were performed following Field (2009). The following equation represents the regression analysis performed hereafter:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \mathcal{E},$$

where Y should then be read as the dependent variable (either Positive emotions, Negative emotions or TWE), with β_0 being its value independently of the explanatory variables added. X_1 and X_2 represent the independent variables and β_1 and β_2 represent their effect. While β_1 can be the value of either be Ethical leadership or Despotism leadership, β_2 is the value of the control variable for gender. An error term (\mathcal{E}) was also added to capture the effects of other variables that have not been included in the models. Results are presented in table 3.

		R²	B	SE B	β
Ethical leadership - Gender	Positive emotions	0.213	4.365	0.322	0.202** 0.049
	Negative emotions	0.178	3.537	0.413	-0.165* -0.049
	TWE	0.452	1.966	0.464	0.454** -0.024
Despotic leadership - Gender	Positive emotions	0.076	5.153	0.197	0.015 0.075
	Negative emotions	0.177	2.508	0.246	0.149* -0.092
	TWE	0.081	5.003	0.309	0.033 0.033

Table 3. Results of regression analysis.

n = 243, **p* < 0.05, ***p* < 0.01

In what the effects of the variable Ethical Leadership are concerned, we can observe that all of the effects from the hypotheses are statistically significant. The variable gender (sex) was added to the models in order to control for its effects on emotions and engagement. We can then see that Ethical leadership has a positive effect on Positive emotions ($\beta = 0.202$) and on TWE ($\beta = 0.454$), and a negative effect on Negative emotions ($\beta = -0.165$).

On our first model, we can see that the correlation coefficient R^2 is equal to 0.213. This means that Ethical leadership explains 21.3% of the variance of the responses to Positive emotions variable. Similarly, on our second model we may observe that the R^2 is 0.178, thus the model explains 17.8% of the variance of Negative emotions. On our third model, Ethical leadership explains 45.2% of the variance of TWE, and its value independently of leadership style or gender is 1.966. Output also reveals a standard error of 0.464 and a β of 0.454.

Despotic leadership presents a single statistically significant effect on the variable Negative emotions ($\beta = 0.149$), accounting for 17.7% of its variance. Although the control variable is not statistically significant, the effects of the Despotic variable on Positive emotions and TWE also aren't.

Dependent variable	Mediator	Independent variable	Bootstrapping (10000 samples)		
			Indirect effect with bootstrapping	Percentile 95% Bias	
				Lower	Upper
TWE	Positive Emotions	Ethical Leadership	0.055**	0.0156	0.1333
TWE	Negative Emotions	Despotic Leadership	-0.015	-0.0499	0.0021

Table 4. Results of mediation performed on full database.

$n = 243$, $*p < 0.05$, $**p < 0.01$

On table 4 we may see the results of mediation analysis, performed with a bootstrapping of 10000 samples and significance tested for a confidence interval of 95%. When it comes to the indirect effect of Ethical leadership on TWE through Positive emotions, a significant effect was observed (95% CI: {0.0156, 0.1333} with 10000 resamples) with an indirect coefficient of 0.055, controlling for the gender. Diversely, there is no significant indirect effect of Despotic Leadership on TWE through Negative emotions (95% CI: {-0.0499, 0.0021} with 10000 resamples), controlling for the gender.

Given that this research was conducted by collecting data from two sources – laboratory study and survey to companies – I decided to further explore the hypothesis by splitting the full dataset in two (a first containing only data from companies responses and a second one containing only data from the study) and running the same analysis as before. The results can be seen in tables 5 and 6.

		R²	B	SE B	β
Ethical leadership - Sex	Positive emotions	0.107	4.840	0.566	0.092 0.049
	Negative emotions	0.297	4.198	0.634	-0.272** -0.093
	TWE	0.319	3.045	0.821	0.319** -0.013
Despotic leadership - Sex	Positive emotions	0.074	5.203	0.343	0.071 0.020
	Negative emotions	0.354	2.330	0.372	0.139** 0.323
	TWE	0.225	5.657	0.488	-0.224* 0.016

Table 5. Results of regression analysis for the companies' database.

n = 104, **p* < 0.05, ***p* < 0.01

According to this database, Ethical leadership has statically significant effects on Negative emotions (accounting for 29.7% of its variance and with a standard error of 0.634) and TWE (accounting for 31.9% of the variance and with a standard error of 0.821). Respectively, β values are -0.272 and 0.319. Thus, we may see that Ethical leadership continues to have a negative effect on Negative emotions and a positive effect on TWE, as seen in the previous database. The control variable is not statically significant in any of the cases.

Despotic leadership has statically significant effects on the same variables, explaining 35.4% and 22.5% of the variances of Negative emotions and TWE, respectively. Despotic leadership seems to have a positive effect on Negative emotions ($\beta = 0.139$) and a negative effect on TWE ($\beta = -0.224$).

		R²	B	SE B	β
Ethical leadership - Gender	Positive emotions	0.279	4.025	0.426	0.272** 0.056
	Negative emotions	0.063	2.917	0.599	-0.063 0.002
	TWE	0.481	1.719	0.615	0.479** -0.062
Despotic leadership - Gender	Positive emotions	0.054	5.215	0.260	-0.016 0.050
	Negative emotions	0.066	2.532	0.351	0.056 -0.029
	TWE	0.054	5.000	0.424	-0.039 -0.043

Table 6. Results of regression analysis for the study database.

n = 139, **p* < 0.05, ***p* < 0.01

In the study sample, and as seen above, only the effects of Ethical leadership on Positive emotions and TWE are statically significant. Ethical leadership accounts for 27.9% of the variance of Positive emotions, with β having a value of 0.272 and standard error being 0.426. Also, Ethical leadership accounts for 47.9% of the variance of TWE, with β having a value of 0.479 and standard error being 0.615. The effect is also positive.

In summary, we may see that in the full database, Ethical leadership appears to impact all three variables, while Despotic leadership only seems to have a positive impact on Negative emotions. In here, mediation appears to be significant only for Positive emotions. In the companies' database, both styles of leadership appear to impact Negative emotions and TWE. In data collected from the laboratory study, only the effects of Ethical leadership on Positive emotions and TWE appear to be significant.

4. Discussion of results

Overall, ethical leadership has a positive impact on TWE and positive emotions, and a negative impact on negative emotions, as hypothesis 1 predicted. Due to the effects being statistically significant, Hypothesis 1 is supported on the full database, but only partially according to the others – H1a finds support also on the study database. H1b, besides the full database, also finds support on the companies' database. Contrarily, H1c finds support across all three databases. Hypothesis 2 is not supported, since there is no evidence to support H2a on any of the databases. Nevertheless, H2b finds support on two databases – full and companies' databases. Finally, H1c finds support only on the companies' database. The mediation hypothesis 3a is fully supported, since in the complete database the variable positive emotions seems to mediate the effects of ethical leadership on TWE. Therefore, we may conclude that an ethical leadership style leads to a positive mood, which in turn has a positive effect on TWE. Despite this, the hypothesis 3b is not supported, so it is not possible to conclude the “mirror” effect that negative emotions mediate the relationship between despotic leadership and TWE. It was also demonstrated that positive emotions acted as a mediator in the relationship between ethical leadership and TWE. It is thus possible to argue that an ethical leader may lead to the followers experiencing a higher level of positive emotions, which in turns leads to a higher individual perception of TWE. However, negative emotions were shown to not act as a mediator in the effects of despotic leadership on TWE. The impact of that style of leadership seems, then, to be direct.

On the companies' database, a despotic leadership style seems to make a difference, since its impact on both Negative emotions and TWE is statistically significant. When it comes to ethical leadership, the impact on the same variables is also significant. Surprisingly, the leadership style in companies, weather ethical or despotic, doesn't seem to affect positive emotions. Thus, within companies, ethical leaders may be able to suppress negative emotions on employees rather than improving positive ones. In the same contexts, unethical leaders may aggravate these same negative emotions. It is possible that, within companies, employees may require alternative methods to expand their positive emotions other than being the target of an ethical style of leadership. Nevertheless, the leadership style of the leader seems to be a definite construct that impacts the mood of followers at an emotional level, as well as their individual perception of the level of engagement of their work team.

It seems that, in terms of the study database, despotic leadership has no significant effects on either positive emotions, negative emotions or TWE. This may be due to the short time taken to perform the task in the simulated study, where the unethical characteristics of the leader did not become evident, therefore not having a noticeable impact on the followers. Furthermore, despotic leaders may not reveal the true nature of their leadership style in such a “light” and consequence-free task, becoming more evident in real word tasks and within work environments. On the other hand, an ethical leadership style of the leader seems to be more evident on the study database, as its influence on positive Emotions and TWE is significant. Similarly, due to the nature of the simple task performed in the laboratory study and its environment, it may be argued that participants may naturally show a higher level of positive emotions than on a real work context.

Effects of an ethical leadership style on positive emotions can be observed on the full, study databases, but not on the companies’ one. This may also suggest that the style and presence of an ethical leader is immediately noticeable by followers and originates a positive emotional response by augmenting their positive emotions, although it may vanish with time, since teams within companies show no significant positive effect of this style on their positive emotions. Contrarily, effects of ethical leadership on negative emotions show only significant effects on the full and companies’ database. This may suggest that, although the effects of ethical leadership may not have an immediate effect on diminishing the negative feelings of the followers, on the long run, an ethical leader may help followers in keeping negative emotions away. The effects of ethical leadership on team work engagement seem quite obvious due to their outstanding results in this study. It may then be argued that an ethical leader is a key factor on the individual perceptions of collective engagement within a team, since a follower will have a higher perception of his/her team level of engagement if he/she is led by an ethical leader. To the best of my knowledge, this is the first study that attempts to understand how different types of ethical leadership influence TWE and it proves that, in fact, leadership is a relevant variable for the study of engagement at the team level.

Since hypothesis 2a is not confirmed under any database, a despotic leadership style does not seem to impact positive emotions under any circumstances in this study. Still, the partial confirmation of hypothesis 2b shows us that under certain circumstances, this leadership style may increase negative emotions on followers. Since this was observed on the full database and on the companies’ database, we may also argue that these effects are more noticeable on the long term and the short duration of the laboratory experience does not show the long-lasting

effects of a despotic leader. The partial confirmation of hypothesis 2c on the companies' database may indicate that the engagement of a team may be compromised by a despotic leader in the long term, even if the effect is not noticeable in the short amount of time of the experience. It may also be argued that the level of collective engagement on team formed "on-the-spot" may be lower than the one of a team whose members have worked together previously (as in companies), and thus the effects of despotic leadership are more noticeable under those circumstances.

4.1. Practical implications

In light of the results of this work, a number of real world implications may be drawn. First, due to its effects, ethical leadership should be addressed as an important feature within companies, capable of delivering consequences on different dimensions of followers. Identifying, developing, maintaining and defining such a leadership style should then be regarded as a priority. Alike, the identification and suppression of despotic behaviors should also be a concern in the corporate world, due to the implications of such leadership style. Within the corporate environment, companies may promote this either by investing in the education of leaders through seminars, workshops or individual coaching, fostering the ethical conscience among workers. A previous step can also be taken, in the sense of human resource departments and recruiting teams addressing the issue beforehand, by looking for ethical characteristics in possible applicants. Companies may also support social responsible policies in order to improve the internal ethical environment due to the proximity of both concepts. Such policies may be also formulated and applied by an ethical leader with the same purpose.

As seen in the mediation effect, promoting positive emotions while diminishing negative ones also seems to be an important action that may affect the overall performance of a worker. A leader should then be concerned with this task, respecting the emotional space of his or her followers and ensuring a fair treatment to each of them. Moreover, a normal work-life balance should also be assured so that the follower can make a clear distinction between the two and maintain a constant positive level of emotions in his or her professional life, while effectively managing negative emotions at the same time.

5. Limitations and suggestions for further developments

Aside from its contributions, this study also presents a number of limitations that should be stated. First, the study was not performed on a very extensive sample size ($n = 243$) and further research may address this issue by collecting additional data in order to construct a more extensive and complete database. Also, a higher amount of real companies may be added so that the results have more concrete practical implications. Other limitations include the fact that the answers to the questionnaires were self-reported, and each respondent of the survey answered it based on self-evaluation (with the exceptions of evaluating his or her leader and team). Additionally, the data is cross-sectional, meaning that it was collected at the same point of time, disregarding time differences, and therefore having the normal disadvantages of this type of data, as results may be skewed due to the common method bias. Also, the data is a “snapshot” of the current situations, and opinions of respondents in relation to their leader and team may vary in time as they take part in different projects. Future research may also address this issue by collecting data at different points in time.

Moreover, it should be noted that this study was performed at an individual level, as the leader may demonstrate differences in the relationship with his or her employees (for example, treating some with more respect and fairness than others). Thus, the perceptions of the ethical behavior of the leader are also individual, as well as the experienced emotions and the perceived level of team work engagement. In accordance to this, future research may choose to focus on a team perspective, exploring whether it may be possible to aggregate these perceptions at team level.

Verifying the accuracy of the ideas stated previously in chapter 5.1. is also a possibility for further researching. A number of studies could be performed to assess which corporate policies actually promote an ethical internal environment (and/or diminish an unethical one) and their consequences. Testing several different policies in such environment is also a possibility, in order to determine the best practice for the best results. Research in terms of evaluating the personality of leaders is also a possibility, to determine if any personality trait is related to a more ethical or despotic leadership style. In terms of human resource management, this could prove to be valuable, as departments could develop efficient tools with this purpose in order to predict impacts of a leader on followers based on his or her personality.

6. Final Comments

I believe that during the development of this dissertation, I was able to grow not only at a professional level but also on a personal one. During the approximate time frame of 4 months, I was able to contact with concepts that were new to me and that I believe to be crucial in the area of management.

By studying the effects of ethical leadership, I was able to apply not only knowledge collect during my degree but also to improve my knowledge of human emotions and their possible influence in teamwork. I believe that, no matter the environment, it is impossible for a worker to completely distance himself/herself from emotional biases and thus its study is relevant in any context. I also believe that an ethical leadership style is an essential component of any workplace and hope that this work further stresses its importance in the corporate world. As the present work shows, ethical leaders have a significant effect on the workers and thus it is my belief that they can lead to better results both in short and long term.

By adopting an ethical style, many companies can thus better achieve their internal goals and also create additional value for the society as a whole.

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