Ethical Leaders and Leadership Effectiveness: The Moderating role of Individual Differences in Need for Cognitive Closure

Leader Etici ed Efficacia della Leadership: Il Ruolo Moderatore delle Differenze Individuali relative al Bisogno di Chiusura Cognitiva

Antonio Pierro*, Giorgia Nevigato, Clara Amato, Daan van Knippenberg

* Department of Social and Developmental Psychology, “Sapienza” University of Rome
4 Department of Information Engineering, University of Pisa
4 Department of Organization and Personnel Management, Rotterdam School of Management (RSM)

ABSTRACT

Ethical leadership is an important factor in leadership effectiveness, but the study of the contingencies of its influence is still in its infancy. Addressing this issue we focus on the moderating role of followers’ need for cognitive closure, the disposition to reduce uncertainty and swiftly reach closure in judgment and decision, in the relationship between ethical leadership and its effectiveness. We propose that need for closure captures followers’ sensitivity to the uncertainty-reducing influence of ethical leadership. In a field survey study we found support for the hypothesis that perceived ethical leadership has a stronger (positive) relationship with leadership effectiveness for followers higher in need for closure. This support is found across two indicators reflecting different aspects of leadership effectiveness: effort investment and job satisfaction. We discuss how these findings advance our understanding of the uncertainty-reducing role of ethical leadership.

Keywords: Leadership; Ethical leadership; Need for Cognitive Closure; Uncertainty.

RIASSUNTO

La leadership etica rappresenta un fattore importante per l’efficacia della leadership. Tuttavia, gli studi sulle contingenze della sua efficacia sono ancora ad uno stato embrionale. Il presente contributo si concentra sul ruolo del Bisogno di Chiusura Cognitiva (BCC) dei follower, inteso come disposizione individuale a ridurre l’incertezza epistemica e giungere rapidamente a un giudizio e una decisione chiari e non ambigui su un determinato oggetto di conoscenza, come moderatore nella relazione tra l’eticità della leadership e la sua efficacia. Viene suggerito che il BCC ben rappresenti la sensibilità dei follower alla funzione di riduzione dell’incertezza propria della leadership etica. I dati ottenuti da una ricerca sul campo supportano l’ipotesi che la percezione dell’eticità della leadership abbia una relazione (positiva) più forte con l’efficacia della leadership tra i follower con un alto bisogno di chiusura cognitiva. In particolare, i dati a supporto di tale ipotesi sono relativi a due indicatori dell’efficacia della leadership: gli sforzi e la soddisfazione lavorativa. Nell’ultima sezione, viene discussa l’importanza del presente contributo nell’arricchire la conoscenza del ruolo della leadership etica nel ridurre l’incertezza.

Parole chiave: Leadership; Leadership Etica; Bisogno di chiusura cognitiva; Incertezza.
Introduction

The many scandals involving international renowned companies, banking sector, and high-level political leaders that occurred over the past decade make ethical leadership a “hot topic” and emphasize the need to increase our insights into the ethical aspects of the leadership (for recent reviews see, Bachmann, 2017; Den Hartog, 2015). However, this need is not fulfilled: the ethical leadership still remain a relatively empirically unexplored terrain of leadership (Stouten, Van Dijck, & De Cremer, 2012).

The researchers have focused on the positive outcomes of ethical leadership, providing empirical evidence of its effectiveness. For instance, followers have been shown to exhibit a greater preference for, and high levels of satisfaction with, ethical leaders. The positive effects of ethical leadership are reflected also in extra efforts spent in work activity, greater well-being and performance. Further, ethical leadership seems to discourage counterproductive behavior, deviance and unethical conduct among followers (for reviews see, Bedi, Alpaslan, & Green, 2015; Den Hartog, 2015). Many of these contributions concern with the importance of ethicality, however, a clear explanation of why and when it is so important for followers appears to be lacking. Specifically, the study of the contingencies that make ethical leadership more effective is still in its infancy. The intent of this paper is to explore when the ethicality of the leader is particularly important to the followers. Based on Fairness Heuristic Theory (Van den Bos, 2001a; Lind, 2001) and on Uncertainty Management Model (Van den Bos, 2001b; Van den Bos & Lind, 2002; Lind & Van den Bos, 2002), we propose that ethicality matters because an attribution of ethicality offers useful information about the trustworthiness of the leader (Brown, Treviño, & Harrison, 2005) providing to the followers a means to reduce uncertainty. In fact, the decision to follow a leader is a decision that is made in conditions of uncertainty where followers must decide whether to comply with the authority, based on the best available information, by assessing how much risk, or convenience may be encountered through following leader’s request (Lind & Van den Bos, 2002; Lind, 2001). Since followers must make the decision to comply with the leader often in absence of an omniscient and certain information about future outcomes, they will use attributions of their leader (e.g., “He is ethic”; “He adheres to specific standards or moral norms”) as cognitive “shortcuts” (e.g., “Since he is ethic, he is trustworthy”) to reduce the uncertainty that is caused by having to cede (or not) to the authority (Van den Bos & Lind, 2002). Supporting this reasoning, empirical evidence has shown that the stronger is the uncertainty, the greater is the importance and the use of leader’s features (e.g., fairness) related to trustworthiness among followers (Van den Bos, Wilke, & Lind, 1998).

In the present study, we suggest that individual differences in the disposition to avoid uncertainty and swiftly reach closure in judgment and decision (i.e., the Need for Cognitive Closure, NFCC; Kruglanski & Webster, 1996; Kruglanski, 2004) could enhance sensitiveness to ethicality.

In the following section, we first report the definitions of ethical leadership and Need for Cognitive Closure, and, then, we present our hypothesis.

Ethical Leadership

Ethical leadership is defined traditionally as “the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers” (Brown et al., 2005, p. 120). Based on Western and Eastern moral philosophy and religious traditions, Eisenbeiss (2012) found four essential normative reference points of ethical leadership: 1) human orientation, 2) justice orientation, 3) responsibility and sustainability orientation, and 4) moderation orientation. These four central orientations are reflected in a sincere care for followers (e.g., concern for their well-being) and in a view of them as human beings and not only as production factors. It is expected that ethical leaders will treat the followers fairly (Zhu, May, & Avolio, 2004), since justice orientation, typical of ethical leaders, concerns with the respect of followers’ rights and the absence of exploitation or discrimination (Eisenbeiss, 2012). The result is an unconditional trust in the leader that doesn’t need to be evaluated every time the followers are in front of a “fundamental social dilemma” (i.e., “whether one can trust others not to exploit or exclude one from important relationships and groups”; Van den Bos & Lind, 2002, p. 9).
The majority of research in ethical leadership focused on traits, styles, and organizational factors that lead leaders to behave in ethical way, determining the antecedents of the ethical leadership (Caldwell, Bischoff, & Karri, 2002). In contrast, the followers’ perspective has been relatively understudied and research on moderators of the outcomes of ethical leadership has only recently started to emerge (e.g., follower self-esteem; follower moral emotions and follower mindfulness; follower moral attentiveness, Avey, Palanski, Walumbwa, 2011, Eisenbeiss & van Knippenberg, 2013; van Gils, Quaquebeke, & van Dijke, & De Cremer, 2015). Consistently, we aim to extend that literature by investigating the potential moderation role of individual Need for Cognitive Closure.

Need for Cognitive Closure

Need for cognitive closure (NFCC) is defined as a desire for “an answer on a given topic, any answer…compared to confusion and ambiguity” (Kruglanski, 1990, p.337). Individuals high in dispositional need for closure prefer processing information according to heuristic cues that constitute a readily available information rather than invest extra effort in judgment and decision making (De Dreu, Koole, & Oakersma, 1999; Klein & Webster, 2000). Individuals with an high need for closure rely on an elaboration process that is sensitive to stereotypical information (De Dreu et al., 1999; Dijksterhuis, van Knippenberg, Kruglanski, & Schaper, 1996), and search for consensus and shared reality within the members of a group (De Grada, Kruglanski, Mannetti, & Pierro, 1999).

Need for cognitive closure has received a lot of attention by researchers who spent their effort to understand its cognitive and social consequences (for a reviews, see Roets, Kruglanski, Kossowska, Pierro, Hong, 2015). In the last decade, the effects of NFCC have been also studied in real-world settings, including organizational settings (for a review, see Roets et al., 2015). Specifically, and notable for our research, need for cognitive closure has been revealed to play a key role in the interpersonal power dynamics between supervisors and subordinates (Pierro, Kruglanski, & Raven, 2012), in the preference for group prototypical leader (Pierro, Cicero, Bonaito, van Knippenberg, & Kruglanski, 2005), and in the sensitiveness to the procedural and interactional leader’s fairness (Pierro, Giacomantonio, Kruglanski & van Knippenberg, 2014; Pierro, Amato, & Pica, 2014).

Based on the uncertainty-reducing function of leadership (Van den Bos & Lind, 2002; Lind & Van den Bos, 2002), we propose that ethical leaders, who behave according to the moral principles, provide readily accessible (i.e., quick) information about leader trustworthiness and reliability and this may contribute to a preference for ethical leadership by followers high in need for cognitive closure. This potential sensitiveness to ethical leadership for followers high in need for cognitive closure has not yet been investigated. The importance of filling this gap is twofold. Studying this relationship could, first, enrich the knowledge of the contingencies of ethical leadership, specifically the knowledge of the individual characteristics that make followers more sensitive to ethical leadership, and, second, contribute to developing our knowledge of the need for closure’s role in leadership-followers’ interactions.

The Present Research

As mentioned above, in the absence of other clues, leader ethicality attributions constitute a heuristic (i.e., cognitive shortcut) acting as a proxy for necessarily missing information about leadership outcomes. This heuristic offers followers’ the needed confidence that their decision to follow is correct by removing doubts about whether they will encounter an ethical or unethical treatment. Based on this rationale and on the literature reported above, we proposed that for the followers acutely sensitive to uncertainty (namely, people high in the NFCC), is particularly important having clear expectations about moral correctness and ethical appropriateness of the leader. Accordingly, we hypothesized that the effectiveness of ethical leadership will be stronger for the followers with high need for cognitive closure. Specifically, we hypothesized that two indicators of ethical leadership effectiveness widely used in the literature (i.e., job satisfaction and effort investments; Bedi et al., 2015; Den Hartog, 2015) will be higher for the followers with a high need for cognitive closure than for those with a low need for cognitive closure.

To disambiguate the effect of the ethicality from the one referring to stereotypicality of the leader, we introduced the perceived stereotypicality of the leader among the control variables in our analysis. Indeed, leadership categorization theories (Lord, Brown, Harvey & Hall, 2001; Lord &
Maher, 1991) suggest that followers’ perceptions of leadership and the perceived match between leader characteristics and internal schemas of effective leaders (Eagly & Karau, 2002; Lord & Maher, 1991; Ridgeway, 2001) affect perception of leadership's effectiveness. Therefore, it could be argued that followers with high need for closure judge leadership effectiveness on schemas or stereotypes (called prototypes by Lord and colleagues) matched with ethical characteristics. In fact, a follower with a high NFCC whose leadership schema may favoring “ethical behaviors,” “adherence to moral norms,” and “fairness” as core leadership attributes, could be more likely to endorse a leader as a function of its ethicality, morality and fairness. In other words, it may be likely that judgments on the effectiveness of ethical leadership are based, for people with an high NFCC, on an implicit perception of the match between leader’s characteristics of ethicality and leadership schemas.

Method

Sample and Procedure. Ninety-seven employees (89 men) of a NATO Communications and Information Systems School located in Italy participated in the study on a voluntary basis. Their mean age was 45.38 years (SD = 8.48). 40.2% of the participants had a university degree and 59.8% had a high school degree. On average respondents were with their company (job tenure) for 16.60 years (SD = 9.64). Before the paper-and-pencil questionnaire was administered, participants were informed about the study and were asked to consent to the use of their anonymized data.

Measures. All responses to questionnaire items, with the exception of the ethical leadership measure (see below) were recorded on 6-point scales ranging from 1 (strongly disagree) to 6 (strongly agree), and variables scores were based on the mean computed across these items. Because questionnaire length was a concern, measurement of the dependent variables relied on shortened scales with items selected to be representative of the larger scale.

Need for Cognitive Closure. Participants responded to the Italian version of the Revised Need for Closure Scale (Rev NFCS, Pierro & Kruglanski, 2005). This scale constitutes a brief 14-item self-report instrument designed to assess stable individual differences in the need for cognitive closure (e.g., “I dislike unpredictable situations”). Previous studies (Pierro & Kruglanski, 2005) have demonstrated that the revised version of NFCS has nomological validity (the disattenuated correlations between Rev NFCS and old NFCS in USA and Italian samples are .92 and .93, respectively) and satisfactory reliability (α = .80 in the USA sample, and α = .79 in the Italian sample). In the present sample, Cronbach’s alpha was .82.

Ethical leadership. Participants responded to the 12-item of the The Ethics Principles of Leadership Scale (EPLS) developed by Eisenbeiss & van Knippenberg (2013; Italian translation with back-translation). This scale, based on the conceptual framework of Eisenbeiss (2012), assesses concrete and universally shared content of ethical leadership, such as human orientation, justice orientation, responsibility and sustainability orientation, moderation orientation (e.g., “Adherence to principles, consistency”; “Treatment of others with dignity and respect”). Items were rated on a 7-point Likert scale ranging from 1 (completely disagree) to 7 (completely agree). Previous reliability analysis of the EPLS indicated excellent values of Cronbach’s alpha (.97) (Eisenbeiss & van Knippenberg, 2013). In the present sample, Cronbach’s alpha was .95.

Perceived Leader Stereotypicality. Participants responded to the following five items developed by Cronshaw and Lord (1987) and designed to evaluate their work-group supervisors on different behaviors considered in the literature focusing on leadership perceptions as prototypical (stereotypical) leader behaviors: “He (the work-group supervisor) delays actions on decisions”; “He Carefully plans what to do”; “He emphasizes group’s goals”; “He coordinates group’s activities”; “He lets other group members know what is expected of them”. In the present sample, Cronbach’s alpha was .77.

Job satisfaction. Job satisfaction was measured with the following three-item measure adapted from Brayfield and Rothe (1951): “Most days I am enthusiastic about my work”; “I feel fairly satisfied with my present job”; “I find real enjoyment in my work”. In the present sample, Cronbach’s alpha was .80.
Effort investment. Participants responded to the following two items of the effort measure developed by Brown and Leigh (1996): “When there is a job to be done, I devote all my energy to getting it done”; “I work at my full capacity in all of my job duties”. In the present sample, Cronbach’s alpha was .64

Results

Descriptive statistics and correlations between variables are presented in Table 1.

Table 1. Descriptives and correlations between variables

<table>
<thead>
<tr>
<th></th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tbody>
<tr>
<td>1) Ethical Leadership</td>
<td>5.84</td>
<td>1.09</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2) Need for Cognitive Closure</td>
<td>3.58</td>
<td>.75</td>
<td>-.05</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>3) Leader Stereotypicality</td>
<td>4.31</td>
<td>.85</td>
<td>.22</td>
<td>.38***</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4) Job Satisfaction</td>
<td>4.86</td>
<td>1.06</td>
<td>.54***</td>
<td>-.10</td>
<td>.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5) Effort Investment</td>
<td>5.32</td>
<td>.70</td>
<td>.43***</td>
<td>-.04</td>
<td>.20</td>
<td>.53***</td>
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</tbody>
</table>

Note: *p < .05; **p < .01; ***p < .001. In brackets (Cronbach’ alpha), N = 97.

Predictions regarding the interaction of ethical leadership and followers need for closure on the two outcome measures (i.e., job satisfaction, effort investment) were tested by means of two separate moderated multiple regression analyses using the product variable approach suggested by Baron and Kenny (1986). In these moderated multiple regression analyses we entered the main effects of ethical leadership and need for closure, and the interaction between these variables. Following Aiken and West (1991) predictor variables were standardized, and the interaction term was based on these standardized scores. Gender (dummy coded as Male = 0, and Female = 1), age, job tenure, education, and perceived leader stereotypicality were entered as control variables. Summary of results of these analyses are reported in Table 2.

As can be seen in Table 2, consistent with previous research (see, Brown & Mitchell, 2010; Eisenbeiss & van Knippenberg, 2015; Piccolo, Greenbaum, Den Hartog, & Folger, 2010) the results yield significant and positive relationships between ethical leadership and job satisfaction and effort investment.
Table 2. Summary of Results of Moderated Multiple Regression Analyses. Standardized Regression Coefficients are Reported

<table>
<thead>
<tr>
<th>Predictors</th>
<th>Criteria</th>
<th>Job Satisfaction</th>
<th>Effort Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Beta</td>
<td>Beta</td>
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<tr>
<td>Control variables</td>
<td></td>
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</tr>
<tr>
<td>Gender</td>
<td></td>
<td>-.23**</td>
<td>-.07</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td>.05</td>
<td>.07</td>
</tr>
<tr>
<td>Job tenure</td>
<td></td>
<td>.04</td>
<td>.04</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td>.22**</td>
<td>-.01</td>
</tr>
<tr>
<td>Leader Stereotypicality</td>
<td></td>
<td>-.01</td>
<td>.12</td>
</tr>
<tr>
<td>Main predictors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Need for Cognitive Closure (NFCC)</td>
<td></td>
<td>-.12</td>
<td>-.23</td>
</tr>
<tr>
<td>Ethical Leadership (EL)</td>
<td></td>
<td>.54***</td>
<td>.39***</td>
</tr>
<tr>
<td>NFCC X EL</td>
<td></td>
<td>.19*</td>
<td>.32**</td>
</tr>
<tr>
<td>R²</td>
<td></td>
<td>R² = .44</td>
<td>R² = .31</td>
</tr>
</tbody>
</table>

Note: * p < .05; ** p < .01; *** p < .001. ΔR² due to interaction = .03 for Job Satisfaction, and .08 for Effort Investment.

Of greater interest is the finding that for both criterion variables the hypothesized interaction between ethical leadership and follower need for closure was significant and positive, suggesting that the relations between ethical leadership and these criterion variables were stronger for higher (vs. lower) need for closure. These findings are illustrated in Figure 1 (Panels A-B).

To further illustrate the nature of these interaction effects, simple slopes analyses for low (1 SD below the mean) and high (1 SD above the mean) need for closure were performed following Aiken and West (1991). These analyses revealed that the relationship between ethical leadership and job satisfaction was stronger for participants relatively high in need for closure (b = .81; p < .001) than for participants relatively low in need for closure (b = .33; p = .04). The relationship between ethical leadership and effort investment was only significant for followers high in need for closure (b = .54; p < .001) and not for those low in need for closure (b = .01; p = .96).
Figure 1 (Panels A-B): Job Satisfaction and Effort Investment as a Function of Follower's Need for Cognitive Closure (NFCC) and Ethical Leadership

Panel A

Panel B
Discussion

The results of the study support our hypothesis that the relationship between ethical leadership and leadership effectiveness is moderated by followers' need for cognitive closure. Across two indicators of leadership effectiveness (i.e., job satisfaction and effort investment), ethical leadership has been shown to be more strongly related to leadership effectiveness for followers higher in need for cognitive closure. In other words, followers with a high desire to avoid uncertainty perceive ethical leaders as more effective and, consequently, they are more satisfied with their job and spent more efforts in their tasks.

These findings confirm the key role of need for cognitive closure in the interpersonal dynamics between supervisors and subordinates and enrich the knowledge of the individual characteristics that render followers more sensitive to ethical leadership. Specifically, the need for cognitive closure of the followers determined the preference for leaders who make future events more predictable and controllable (Lind & Van den Bos, 2002; Thibaut & Walker, 1975). Ethical leaders, indeed, behave consistently across situations (because of the adherence to normative and moral standards; Brown et al., 2005) and they create relationship based on honesty and trust with the followers (i.e., follower expect a fair treatment from ethical leader, they expect that he will not exploit them).

The preference of the followers high in NFCC for ethical leadership is in line with previous studies on NFCC and leadership styles that accomplish with an uncertainty-reducing function (e.g., leadership based on procedural and interactional fairness; Pierro et al., 2014; Pierro et al., 2014).

The present study contributes to enrich the knowledge of the contingencies of ethical leadership that seem relatively understudies, with some exceptions for more recent contributes (Eisenbeiss & Van Knippenberg, 2015; van Gib, et al., 2015). Furthermore, answering to what conditions ethical leadership may be more effective offer insights for improving positive outcomes in the organizational settings. For example, companies could pay particular attention to the leaders’ adherence to ethical principles especially when need to avoid uncertainty is particularly salient (e.g., conflict situations). Furthermore, leadership training programs may raise leaders’ awareness about ethicality issues. Specifically, these programs should incentive leaders in showing ethicality, especially in the presence of a high uncertainty-reduction motive of the followers. Actually, ethical leadership is not a simply normatively appropriate conduct, but its effectiveness depends to the extent that followers perceive leader’s ethicality: the more leaders show their ethicality, the stronger will be the positive effects of ethical leadership; this is particularly true for followers with high need to reduce uncertainty.

The results of the present research obviously are encouraging, but the study has its limitations that relate to :1) the common method bias, being the data based on self-report measures; 2) the correlational nature of the data. Relatively to the first one, it should be noted that while common method/source biases might inflate relationships between variables they actually lead to an underestimation of the interaction effects (Evans, 1985; McClelland and Judd, 1993). Thus, it is unlikely that the interaction effect that is central to the present findings can be attributed to such biases. For this reason, future research could complement the present self-ratings with more objective, behavioral data. Relatively to the second one, in the present research we treated the need for closure as a dispositional variable only, not allowing for causal inference. Future research should address this point by using an experimental design. In this vein, it could be interesting to investigate the situational factors known to induce an high need for closure (e.g., time-pressure, noise or mental fatigue; Kruglanski & Freund, 1983; Webster, Richter, & Kruglanski, 1996), which may moderate the impact of leader ethicality on its effectiveness as well. Finally, future contributions could also add some information about the other possible variables that could intervene in the impact of the interaction effect found here (need for closure by ethical leadership) on leadership effectiveness. For instance, the importance of normative and moral standards for people with high need for closure.
References


