**ETHICAL LEADERSHIP AND GRATITUDE
DURING ORGANIZATIONAL CHANGE**

**Abstract**

We explore ethical leadership in the context of organizational change by introducing a model of the moderating role of dispositional gratitude representing moral affect in the relationship between ethical leadership and job satisfaction and affective commitment to change. Our study employs 255 respondents from a diverse sample of organizations and includes respondents who are undergoing change and those not undergoing change as a comparison. Results support the moderating effect of dispositional gratitude for both job satisfaction and commitment to change. Thus, dispositional gratitude and ethical leadership appear to be important in the context of organizational change.

96 words

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"You must be the change you wish to see in the world" – Mohandas Ghandi

As Ghandi and many other world leaders suggested, the most significant changes are those that individuals not only wish for but live by and work for. Thus, employee dispositions may play an important, but relatively unexplored, role in the implementation of change. Additionally, research has shown that leaders play a key role in implementing and supporting change (Whelan-Berry, Gordon & Hinings, 2003). Leaders in organizations faced with large-scale changes have critical issues to consider when guiding their employees through change (Porras & Robertson, 1992). Despite current interest in ethical leadership and its effect on follower attitudes and behavior, research has not focused on the role of ethical leadership in facilitating employee's commitment to organizational change. Strain on leaders during times of change may significantly affect subordinates' perceptions of their leader's commitment to ethics. Leaders who remain ethical in times of change may be more credible in the eyes of the subordinates and induce positive subordinate attitudes and the willingness to commit to change. Our study extends previous research by investigating the effects of the context of both employee dispositions (i.e., gratitude as moral affect) and ethical leadership on employee attitudes and commitment to organizational change.

The study of ethical leadership has primarily focused on the factors allowing a leader to be considered both a moral person and a moral manager (Brown, Trevino, & Harrison, 2005; Brown & Trevino, 2006). However, the subordinates' perception of the leader is important as well (Graen & Uhl-Bien, 1995; Walumbwa, Mayer, Wang, Wang, Workman, Christensen, 2011). The predominant measure of ethical leadership examines subordinates' perceptions of their respective leaders (Brown & Trevino, 2006). Yet, previous literature has not examined

follower individual differences, which may strengthen the degree to which perceptions of ethical leadership relate to subordinate attitudes and organizational outcomes. In this study, we focus on an individual difference, dispositional gratitude, which may be very important in the management literature and have implications for organizational practice.

Dispositional gratitude has received recent attention in the psychology field and has been defined as "a generalized tendency to recognize and respond with grateful emotion to the roles of other people's benevolence in the positive experiences and outcomes that one obtains" (McCullough, Emmons & Tsang, 2002: 112). Previous literature has established gratitude as a moral affect that is pertinent to people's cognitions and behaviors in the moral domain and is therefore particularly relevant to the study of ethical leadership (McCullough, Kilpatrick, Emmons, & Larson, 2001). Employees who hold a grateful disposition in addition to perceiving their leader as ethical might have different attitudes regarding their employment and organization. Especially with regard to the moral management role, the ethical leader may influence subordinate attitudes. In particular, we examine the role that dispositional gratitude plays in the relationship between Ethical Leadership and subordinate Job Satisfaction and Commitment.

The study of ethical leadership is in the preliminary stage, yet continues to be a promising avenue for organizational research especially in the context of organizational change. Change poses challenges for leaders when resources may be scarce. For example, a leader may have to make difficult decisions during downsizing and restructuring that relate to lay offs or requests for furloughs from some employees. Considering the moderating effects of employees' dispositional variables will further develop our knowledge about the importance of ethical leadership. Therefore, the objectives of this paper are to (1) explore the role of ethical leadership in the

context of organizational change (2) introduce the importance of studying follower dispositions in relation to perceptions of ethical leadership, (3) advance a theoretical framework that examines the role of subordinate dispositional gratitude in the relationship between perceptions of ethical leadership and employee attitudes (job satisfaction and commitment to change), and (4) test the theoretical framework utilizing a sample of employees undergoing change (see Figure 1), with a sample of employees not undergoing change as a comparison group.

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Insert Figure 1 about here

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## THEORETICAL OVERVIEW AND HYPOTHESES

### The Context of Organizational Change

Organizational change has been studied as a combination of motivation to change, opportunity to change and capability to change (Miller & Chen, 1994). In enacting change, organizational leaders are concerned with employees' reactions to organizational change and persuading members to direct their efforts toward new organizational goals (Van Dam, Oreg, Schyns, 2008; Cyert & March, 1963). Many previous studies examine characteristics of the change process and employees reactions to the change (e.g. Wanberg & Banas, 2000). Successful change efforts include and consider employee's reactions to change (Armenakis, Harris & Mossholder, 1993; Piderit, 2000). Reaction to change may cause a failure of a planned organizational change (Coch & French, 1948). If employees' reactions are considered, there may be less resistance to change and enhancement in the employee's psychological well-being (Bordia, Hunt, Paulsen, Tourish, & DiFonso, 2004; Fugate, Kinicki, & Scheck, 2002). Employee acceptance of change is augmented by characteristics of the change process (Dent & Goldberg,

1999; Oreg, 2006). In order for change efforts to succeed, employees need to have confidence in the reliability and integrity of management and accept management's vision (Li, 2005). Ashford, Lee & Bobko (1989) found that perceived lack of predictability and control might motivate perceptions of job insecurity (organizational changes, role ambiguity, and external locus of control were all associated with increased job insecurity). Further, insecurity related to the organization can be reduced if the organization provides their employees with sufficient information about likely future outcomes (Ashford et al., 1989).

There are two major streams of research within organizational change: employee's resistance to change (Oreg, 2006; Stanley, Meyer, & Topolnytsky, 2005) and openness to change (Herscovitch & Meyer, 2002; Miller, Johnson, & Grau, 1994; Wanberg & Banas, 2000). The change management literature has focused on the strategies managers may use to reduce resistance to change (e.g., Kotter & Schlesinger, 1979; Nutt, 1986). Resistance to change can significantly impede the change process (Miller et al., 1994; Piderit, 2000) and is linked with negative outcomes such as decreased satisfaction, productivity, and psychological well-being, increased theft, absenteeism and turnover (Bordia et al., 2004; Miller et al., 1994). Employees tend to oppose organizational changes (Reger, Gustafson, Demarie, & Mullane, 1994) because it may be difficult due to the differences in motives, interests and needs of the employees (Furst & Cable, 2008).

Although most change research focuses on employee resistance to change, some research examines employee commitment to change. Such commitment may be related to both employee dispositions and leadership since commitment has cognitive, affective and behavioral components (Piderit, 2000). Employees increase their commitment to change after a beneficial change is implemented (Adams, 1965; Cobb, Wooten, & Folger, 1995; Novelli, Kirkman, &

Shapiro, 1995). In contrast, negatively viewed organizational decisions may lead to anger, outrage, and in some cases a desire for retribution (Folger, 1993; Greenberg, 1990a). Much of the present literature emphasizes that employees' are more likely to commit to a beneficial organizational change effort (Adams, 1965; Cobb, Wooten, & Folger, 1995; Novelli, Kirkman, & Shapiro, 1995).

There are contradictory findings in the literature on commitment to change, however. It has been shown that increased employee support for a change (e.g., Coyle-Shapiro, 1999) and decreased employee support for a change (e.g., Bruhn, Zajac, & Al-Kazemi, 2001) can occur when employees are included in the planning of a change. According to Furst & Cable (2008), a possible explanation for these contradictory findings is employee differences in interpretations of managerial intent. The authors refer to Heider's (1958) attribution theory, which speculates that observers try to make sense of an actor's behavior by looking for a cause of the behavior. In this search, they use different cues to determine the actor's underlying motives and to decide whether the behaviors are triggered by dispositional or situational factors (Ferris, Bhawuk, Fedor, & Judge, 1995; Kelley, 1973). Furst & Cable (2008) reported a relationship between leader behavior and employee resistance to change. Other research shows the effect trust has on beliefs in reasons for organizational change and perceived legitimacy of changes (Rousseau & Tijoriwala, 1999; Dirks & Ferrin, 2001). In sum, the literature on employee commitment to organizational change has indicated a relationship between leader behavior and employee positive responses to change; however, there may be individual differences that moderate the relationship that have yet to be explored. Next, we will describe the role of ethical leadership and dispositional gratitude in the context of organizational change.

**Ethical Leadership and Employee Responses**

Ethical leadership has developed over the past decade and is becoming established as an important line of inquiry (Brown & Trevino, 2006). Ethical leadership is 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). Early qualitative research on ethical leadership reported characteristics of ethical leaders (Trevino, Brown & Hartman, 2003; Trevino, Hartman & Brown, 2000). They found the executives to have both personal qualities such as demonstrating care, trustworthiness, honesty and fairness and also modeling behaviors such as demonstrating ethical conduct, rewarding positive ethical behavior and disciplining unethical behavior. Later research produced a measure of ethical leadership and found ethical leaders to participate in unambiguous communication regarding ethical issues and they support the communication with consistent ethical action and reinforcement of others' ethical conduct (Brown et al., 2005; Brown & Trevino, 2006). Therefore, ethical leaders are thought to create an ethical climate that affects employee attitudes and behaviors.

Mayer, Kuenzi, Greenbaum, Bardes, & Salvador (2009) proposed and tested a "trickle down" model of ethical leadership and found both levels of leadership (top managers and supervisors) to have an important impact on employee behavior. Top management influenced employee behavior through supervisory leadership. The authors used social learning theory (SLT) and social exchange theory (SET) to understand why ethical leadership related to employee behavior in work groups. Corresponding with SLT theory, their results showed that employees imitate their leader's behaviors and leaders have the discretion to reward and punish their employees' behavior through modeling. Additionally, as described by SET, employees, as a form of reciprocity, behave in ways preferred by their leader because the leaders are thought to

be trustworthy and fair. Thus, ethical leadership appears to be important for the formation of employee behaviors and attitudes in the organization.

Previous research has found ethical leadership to predict employee satisfaction with the supervisor, dedication, willingness to report job problems to management, and perceived leader effectiveness (Brown et al., 2005). Neubert, Carlson, Kacmar, Roberts & Chonko (2009) examined a moderated mediation model in which ethical leadership influenced follower job satisfaction and affective organizational commitment through perceptions of ethical climate. They argued that managers who enact virtuous behaviors such as honesty and trustworthiness create a virtuous cycle, which generates an ethical work climate enabling subordinates to prosper. Hence, past research has shown the relationship between ethical leadership and both job satisfaction and organizational commitment. We therefore propose that subordinate perceptions of ethical leadership will have a positive relationship with job satisfaction.

*Hypothesis 1. Subordinate perception of ethical leadership is positively related to Job Satisfaction.*

As we have previously discussed, it is important to consider the context under which we are studying ethical leadership. Previous studies investigating ethical leadership have not given attention to the organizational context and it may be important to examine ethical leadership amidst organizations undergoing change (Durand & Calori, 2006). In many cases, organizational change is associated with turmoil (Kanter, 1991; Armenakis & Bedeian, 1999). In these situations, ethical scandals and accusations can arise indicating a need for ethical leadership. Therefore, during change, it would seem likely that ethical leadership would be even more

important to employee reactions to the workplace. Subordinate perceptions of ethical leadership should thus also be positively related to job satisfaction in organizations undergoing change.

*Hypothesis 2. Subordinate perception of ethical leadership is positively related to Job Satisfaction in times of organizational change.*

As described above, ethical leadership influences employee affective organizational commitment (Nuebert et al., 2009). Herscovitch and Meyer (2002) detailed three types of employee commitment amidst organizational change: Affective (desire), Continuance (perceived cost) and Normative (obligation). However, recent research has shown the empirical similarity between affective and normative commitment (Bergman, 2006; Solinger, van Olffen & Roe, 2008). Additionally, continuance commitment has been presented as discriminant from affective commitment and normative commitment (Bergman, 2006). Therefore, we focus this study on affective commitment to organizational change because of the expected link between gratitude, affect and desire. In times of organizational change, employees' perceptions of having an ethical leader may result in more commitment to the changes that are occurring in the organization. They may model the behaviors of their moral manager and feel a desire to bind themselves to the course of action regarded as necessary for the successful implementation of the change initiative. Therefore, we propose subordinate perceptions of ethical leadership to have a positive relationship with affective commitment to organizational change.

*Hypothesis 3. Subordinate perceptions of ethical leadership are positively related to affective commitment to organizational change.*

**Ethical Leadership and Gratitude**

Most research in ethical leadership to date has focused on the qualities and characteristics that consider one to be an ethical leader. However, little attention has been given to the individual characteristics of employees who are observing and interacting with the ethical leaders. The role of the subordinate is very crucial for organizational outcomes (Graen & Scandura, 1987). Some recent studies on ethical leadership have indicated the importance of subordinates. De Hoogh & Den Hartog (2008) examined the role of ethical leadership on subordinate attitudes. They found ethical leadership to contribute to subordinates optimism about the future of the organization and increased their inclination to remain and contribute to the success of the organization. In another study, Walumbwa & Schaubroeck (2009) found ethical leadership to influence follower voice behavior and this relationship was mediated by follower's perception of psychological safety. Most recently, Mayer, Aquino, Greenbaum, Kuenzi (In Press) examined who participates in ethical leadership and whether ethical leadership characterizes a unique property of leadership different from other leadership constructs. Subordinate perceptions of the ethical nature of their leaders is important for employee attitudes and also organizational outcomes. Therefore, we will focus on an individual disposition, dispositional gratitude, which may play an important role in the relationship between ethical leadership and both employee job satisfaction and commitment to organizational change.

**Dispositional Gratitude as a Moral Affect**

Early thought on gratitude was largely influenced by Adam Smith who considered gratitude to be a vital emotional resource for fostering social stability. Later, psychology scholars theorized the nature of reciprocity by means of social exchange theory. Simmel (1950) discussed gratitude as "the more memory of mankind" and Gouldner (1960) described gratitude as an

instrument by which people sustain their obligations of reciprocity. Recent literature in psychology has investigated the importance of a disposition, called gratitude (McCullough et al., 2002; McCullough et al., 2001). Dispositional gratitude, as defined above, describes an individual's tendency to identify and enact grateful emotion when encountering positive experiences. Moreover, gratitude has been described as both a "response to moral behavior and a motivator of moral behavior" (McCullough et al., 2001: 250). The authors compared gratitude to other moral affects such as empathy, sympathy, guilt and shame. Their logic is that certain people (beneficiaries) feel grateful when other people (benefactors) stimulate the beneficiaries' wellbeing by acting in a certain manner. In a reciprocal process, the beneficiaries also conduct themselves in a manner that enhances the benefactors' wellbeing. Therefore, due to their gratitude, the benefactors have a tendency to engage in prosocial behavior in the future.

McCullough et al. (2001) developed a framework categorizing three functions of gratitude that can be conceived as morally relevant. First is the moral barometer or an internal indicator perceptive of beneficial changes in one's social relationship. Therefore, gratitude relies on social/cognitive input. Employees will most likely feel grateful if they perceive they have: received an especially valuable benefit, extraordinary struggle and expenditure has been put forth on their behalf, effort appears to be intentional rather than accidental and effort was gratuitous. The second is the moral motive—the factor provoking grateful people to be prosocial. Grateful individuals will be more likely to contribute to the benefactor and also less likely to cause harm to the benefactor. Lastly, the third factor is the moral reinforcer referring to an expression of gratitude such as a "thank you" or acknowledgment of appreciation. This type of reinforcement provides gratification to the benefactors for their benevolence.

In addition to its role as a moral affect, dispositional gratitude also considers three additional factors: intensity, frequency and span (McCullough et al., 2002). Grateful people will feel more intensely grateful when experiencing a positive event. Additionally, they will feel grateful many times during each day and may be grateful for small favors or acts of politeness. Lastly, they may accumulate life experiences and feel grateful for multiple experiences at a given time. For example, upon completion of a task or goal in the organization, a grateful employee would recognize other people's contribution to the success rather than just his/her own effort. They tend to sidestep the tendency to take advantage of others and take benefits for granted.

**Subordinate Dispositional Gratitude and Perceptions of Ethical Leadership**

Theorists have found law and social contracts to be inadequate in controlling and assuring reciprocity in every aspect of human collaboration (Simmel, 1950). Forming an ethical organizational climate, the moral nature and moral management of ethical leaders serve as examples needed to incorporate missing social qualities in written organizational rules and contracts. Trevino, Butterfield, & McCabe (1998) described ethical climate as an indicator and buttress for members regarding suitable and/or tolerable behavior. In order to maintain an ethical climate, ethical leaders are needed to demonstrate moral behaviors and guidelines. Gratitude should augment the perception of ethical climate and represent a form of employee perception of their reciprocity responsibility (Simmel, 1950).

Gratitude is thus a moral emotion that connects people with the larger community (Simmel, 1950).  It also stimulates moral behavior (McCullough et al., 2001). If subordinates perceive their leaders to be ethical, and also have a tendency to be grateful, they will likely be more inclined to feel satisfied with their job. Due to the nature of reciprocity, such moral

reinforcement evokes employee feelings of satisfaction with the give and take they experience in relation to their job. Therefore, subordinate dispositional gratitude should intensify the relationship between perceptions of ethical leadership and subordinate job satisfaction.

> *Hypothesis 4. The relationship between ethical leadership and job satisfaction is moderated by dispositional gratitude such that the relationship will be more positive for those with higher dispositional gratitude than for those with lower dispositional gratitude.*

For employees undergoing change, dispositional gratitude should have an augmenting effect on the relationship of ethical leadership and job satisfaction. Due to the importance of ethical leaders as role models during times of change, job satisfaction will likely increase more significantly when subordinates are grateful and also feel they have an ethical leader. During times of change, the relationship between perceptions of ethical leadership and job satisfaction should thus be moderated by dispositional gratitude.

> *Hypothesis 5. During times of organizational change, the relationship between ethical leadership and job satisfaction is moderated by dispositional gratitude such that the relationship will be more positive for those with higher dispositional gratitude than for those with lower dispositional gratitude.*

Similarly, the relationship between perceptions of ethical leadership and affective commitment to organizational change will likely be intensified when employees are grateful. Feelings of desire to commit to the organizational change may be increased by the responsibility to reciprocate.

*Hypothesis 6. The relationship between ethical leadership and affective commitment to organizational change is moderated by dispositional gratitude such that the relationship will be more positive for those with higher dispositional gratitude than for those with lower dispositional gratitude.*

## METHOD

**Samples and Data Collection**

A nonprofit academic service, StudyResponse project (Stanton & Weiss, 2002) was employed to recruit subjects for the study. We recruited 523 respondents to complete our survey. As of April 2011, the StudyResponse service had registered 49,600 individuals, approximately 26,000 of which were employed. Previous research in the management literature has effectively used this method to collect data (Neubert et al., 2009; Piccolo & Colquitt, 2006; Judge, Ilies, & Scott, 2006). We chose this source in order to collect data from a wide variety of industries and organizations. As part of a larger data collection, all 523 employees were sent a survey link via email. For a compensation of $5, email recipients were requested to complete the survey. Participants were informed that the survey was entirely voluntary and the purpose was to "learn about the influence of organizational change on employee attitudes that may have implications for your organization's effectiveness." When completing the survey, respondents marked their StudyResponse ID number, which was the only identifier included with their responses (the researchers did not have any link to respondent identities). Of the email recipients, 255 completed the survey (a response rate of 49%). Participants were asked if their organization had undergone a change and one hundred forty-six participants responded affirmatively (57% of the sample).

Study participants came from a variety of disciplines extending from entry-level jobs to managerial positions. Thirty-five percent held no supervisory responsibilities, 27% supervised first level, 28% management, 8% director/vice president, and 2% senior vice president or above. Ninety-four percent of the population was employed full-time (there were no significant differences between full-time and part-time employees in the study variables; therefore we combined the samples). Thirteen percent of the sample held a High School Diploma, 13% Associates Degree, 36% Bachelor's Degree, 11% post baccalaureate, 20% Master's and 7% PhD.  Participants were 55% male and 35% were between the ages 22 to 34, 29% 35 to 44, 18% 45 to 54, 14% 55 to 64, and 2% 65 and older.  Eighty one percent of the sample was Caucasian, 5% African American/Black, 8% Asian American, 6% Hispanic/Latino, and 1% reported other race/ethnicity.

**Measures**

*Organizational change.*  Participants were requested to state if their organization had undergone any change, and if so, to specify the specific changes that their organization experienced (i.e. downsizing, relocation, restructuring, technology, merger, process-oriented, people-centered, or other).  Subsequently, they were asked to rank the changes that occurred in their organization from largest (having the most impact on them personally) to smallest (having the least impact on them personally).  We then requested respondents to list the one change that had the most impact on them directly, and asked them to consider this change for the affective commitment to change items. Participants were also requested to specify the time frame in which the change occurred (within the last three months, three to six months ago, or twelve or more months ago).

***Ethical Leadership.*** ($\alpha$ = .94) To measure ethical leadership, we used Brown et al.'s (2005) 10-item measure. A sample item for this measure is "My leader sets an example of how to do things the right way in terms of ethics." Responses were made using a 5-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree).

***Dispositional Gratitude***. ($\alpha$ = .77) To measure dispositional gratitude, we used McCullough et al.'s (2002) 6-item measure. A sample item for this measure is "I have so much in life to be thankful for." Responses were made using a 5-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree).

***Job Satisfaction.*** ($\alpha$ =.88) To measure job satisfaction, we used Hoppock's (1935) 4-item measure. A sample item for this measure is "Choose one of the following statements which best tells you how well you like your job." Responses were made using a 7-point Likert-type scale and response options varied respective to each item such as "I hate it, I dislike it, I don't like it, I am indifferent to it, I like it, I am enthusiastic about it, I love it."

***Affective commitment to change.*** ($\alpha$ =.86) To measure affective commitment to change, we used Herscovitch and Meyer's (2002) 6-item scale. A sample item for this measure is "I believe in the value of this change." Responses were made using a 5-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree).

**RESULTS**

*Initial Analyses*

Correlations between the study variables are shown in Table 1. Ethical Leadership was significantly and positively related to Job Satisfaction (including those participants who were and were not undergoing change) providing initial support for Hypotheses 1 and 2. Ethical

Leadership was also significantly and positively related to Affective Commitment to Change providing support for Hypothesis 3.

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Insert Table 1 about here

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To test the discriminant validity of our study variables, we conducted a Confirmatory Factor Analysis (CFA) including all of our variables: Ethical Leadership, Dispositional Gratitude, Job Satisfaction, and Affective Commitment to Change. The results of the CFA are shown in Table 2 supporting a four-factor model with a Comparative Fit Index (CFI) of .94 and a RMSEA=.10. Moreover, the four-factor model produced a better fit to the data than rival three-, two-, and one-factor models. These results suggest that our study variables are distinct from each other.

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*Tests of Hypotheses*

The relationship between Ethical Leadership and Job Satisfaction (when no change was occurring) was hypothesized to be moderated by Dispositional Gratitude. We initially divided the sample into two groups: those employees not undergoing change (N=146), and those undergoing change (N=109). To test the moderation model proposed in Hypothesis 4 we only used the sample of employees that were not undergoing change. With Job Satisfaction as the dependent variable, Ethical Leadership, the independent variable, was entered as the first hierarchical step. The second hierarchical step included the interaction term (cross-product of

Ethical Leadership and Dispositional Gratitude) (Baron & Kenny, 1986). As shown in Table 3, results indicated that the cross-product term between Ethical Leadership and Dispositional Gratitude was significant ($B = .35$, $t = 2.77$, $p < .01$). Additionally, the relationship between Ethical Leadership and Job Satisfaction became insignificant. Therefore, we found support for Hypothesis 4 in which Dispositional Gratitude moderated the relationship between Ethical Leadership and Job Satisfaction for employees not undergoing change. The graph of this moderation effect is shown in Figure 2.

We next tested Hypothesis 5 with the same procedure. In this test, we only employed the sample of employees undergoing change. Ethical leadership was entered as the initial hierarchical step with Job Satisfaction as the dependent variable. We then entered the interaction term (cross product of Ethical Leadership and Dispositional Gratitude) as the second step. As shown in Table 4, results indicated that the cross-product term between Ethical Leadership and Dispositional Gratitude was significant ($B = .37$, $t = 2.51$, $p < .05$). These results supported Hypothesis 5 in which Dispositional Gratitude moderated the relationship between Ethical Leadership and Job Satisfaction for employees undergoing change. The graph of this moderation effect is shown in Figure 3.

Finally, employing the same procedure, we examined Hypothesis 6. Given the nature of the questions about commitment to change, employees included in this sample were only those undergoing change. With Affective Commitment to Change as the dependent variable, Ethical Leadership was entered as the first hierarchical step. We next entered the interaction term (Ethical Leadership X Dispositional Gratitude). As shown in Table 5, results showed that the cross-product term between Ethical Leadership and Dispositional Gratitude was significant ($B = .32$, $t = 2.32$, $p < .05$). These results supported Hypothesis 6 predicting Dispositional Gratitude to

moderate the relationship between Ethical Leadership and Affective Commitment to Change. The graph of this moderation effect is shown in Figure 4.

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Insert Tables 3, 4, and 5 about here

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## DISCUSSION

The literature on leadership and organizational change has indicated that the behaviors of leaders may influence employee commitment to change.  However, there have been no studies of ethical leadership and change.  Further, most research in ethical leadership has focused on characteristics of ethical leaders; however research on dispositional variables that may influence subordinate perceptions of their ethical leaders is sparse. To address these gaps in the literature, our research investigated the relationship between ethical leadership and dispositional gratitude with respect to job satisfaction and commitment to change. We found significant results supporting our hypotheses and indicating the potential for gratitude to help explain why some employees are more committed to change than others.

Dispositional gratitude moderated the relationship between Ethical Leadership and Job Satisfaction and Commitment to Change (for both respondents who were experiencing change and those who were not). Generally, dispositional gratitude strengthened the relationship between ethical leadership and outcome variables. Employees perceived a climate of reciprocity established by their leaders and felt the need to give back to their leaders and the organization.

They were grateful for the benevolence of their leaders and this gratitude was extended to their organization. However, for those employees who were not undergoing change in their organization, dispositional gratitude greatly mattered more if the individuals perceived their leader to have low ethical leadership. Moreover, if employees felt that their leader was not a moral person and/or a moral manager, employee dispositional gratitude generated higher job satisfaction. Those employees who had a grateful disposition were generally more satisfied with their jobs. This is a significant finding for management research because this demonstrates the importance of individual dispositions. Dispositional gratitude, as a moral affect, played a critical role in conjunction with ethical leadership. Additionally, our research shows the significance of individual perceptions of leadership in the context of organizational change.

For those employees who were undergoing change, dispositional gratitude did not have much of an influence on those who perceived low ethical leadership. Instead, dispositional gratitude mattered significantly for those individuals who perceived high ethical leadership. If employees perceived their leader to be ethical, high dispositional gratitude led to increased job satisfaction. These results indicate the importance of observing the context when studying ethical leadership. During times of change, ethical leadership may be more important. If ethical leadership is missing, as shown in our results, the moral affect of dispositional gratitude may lose its value.

When observing affective commitment to change, the same pattern of results held. Dispositional gratitude did not play a role when ethical leadership was low; however, dispositional gratitude greatly increased affective commitment to change when ethical leadership was high. This reinforces the importance of context and the importance of ethical leadership during times of change. Employees have more enthusiasm and desire to commit to organizational

changes when they feel that their leader is ethical and are also grateful. Ethical leaders provide an ethical climate in which individuals' feelings of reciprocity and duty are heightened. During change, dispositional gratitude was shown to increase employees' desire to commit if the leaders displayed ethical behavior. However, dispositional gratitude did not compensate for low ethical leadership during times of change.

**Limitations**

Although our study supported the importance of studying the context of organizational change when examining the ethical leadership and employee dispositions, our research is not without limitations. Our eclectic sample of organizations improves generalizability; however, future research is needed to replicate our model within a single organization. Due to the nature of our data collection, we were limited to collecting the data at one point in time. This may result in same source bias concerns (Podsakoff et al., 2003). Future studies need to examine dispositional gratitude longitudinally. Additionally, it would have been beneficial to measure all study variables from the perspectives of both the leader and subordinate. Thus, our preliminary research indicates some directions for future research.

**Directions for Future Research**

Researchers should explore ethical leadership in the context or organizational change. Our findings indicated that ethical leadership is related to job satisfaction and commitment to change during organizational change. The study of this relationship in different organizational contexts may show that some organizations are more prone to moral hazards and therefore the role of ethical leadership is essential.  Future research on ethical leadership is also needed to examine other employee dispositions that may affect their perceptions about their leaders. Our

results showed the importance of an employee disposition for the perception of ethical leadership. For example, big five personality variables could be examined (Goldberg, 1990; McCrae & John, 1992; Judge, Bono, Ilies, & Gerhardt, 2002) to see if emotional stability, for example, is related to the perception of Ethical Leadership. Implict theories of leadership (Lord & Maher, 1991) might be examined with respect to ethical leaderships since employees may have preconceived ideas regarding what the behavior of an ethical leader should be during times of change. Finally, the role of ethical leadership in relation to specific decisions made by leaders could be an area for future research. For example, decisions regarding layoffs may result in lower perceptions of ethical leadership in comparison to other types of organizational change.

Our results indicate that including gratitude in models examining leadership and change may be important. Future studies on gratitude are needed to further delineate the nature and importance of the construct for management literature. Gratitude would likely be important for studies of other types of leadership including Authentic Leadership and Charismatic leadership since these leadership theories discuss the moral aspect. Additionally, dispositional gratitude might be very important in the study of leader-member exchange (Graen & Scandura, 1987). Given that leader-member exchange puts value in the subordinates' perceptions of the working relationship, it can be expected that gratitude may affect the employees' perception of the benefits from a high-quality LMX relationship.

**Practical Implications**

Our research recommends some implications for practice. Given the importance of ethical leadership to organizational change, organizations should make particular efforts to hire ethical leaders. During change, it is even more crucial for organizations to make sure that ethical

leadership is present to create an ethical climate. This may be accomplished through the development of training programs that focus on ethical behaviors. We also found that the ethical climate is needed to support individual characteristics, such as dispositional gratitude. Reinforcement of gratitude and role modeling gratitude may enhance employee perceptions of the work environment. These employees will tend to be more satisfied and have a desire to commit to the organization during change.

Organizations have been experiencing unprecedented change and crises related to the ethical behavior of their leaders. It is time that we incorporate ethical leadership into studies of organizational change and its effects on employees. Recently Patzer and Voegtlin (2010) mapped the leadership domain in terms of its relationship to organizational change. These authors contend that leadership has been redefined due to the economic and moral turmoil organizations have undergone in the last decade and that "good" leadership is "ethical" leadership. There has been increasing pressure from stakeholders to hold leaders to higher ethical standards. We hope that this research study is the first in a line of empirical inquiry that incorporates ethics into theories of organizational change.

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**TABLE 1**

**Means, standard deviations, coefficient alpha reliabilities, and intercorrelations**

| Variable | Mean | SD | 1 | 2 | 3 | 4 |
|---|---|---|---|---|---|---|
| 1. Ethical Leadership | 3.56 | .80 | (.94) | | | |
| 2. Dispositional Gratitude | 3.67 | .70 | .22 ** | (.77) | | |
| 3. Job Satisfaction | 3.30 | .95 | .50 ** | .32 ** | (.88) | |
| 4. Affective Commitment to Change | 3.13 | .89 | .38 ** | .25 ** | .47 ** | (.86) |

*Note.* $N = 255$. Coefficient alpha internal consistency estimates are shown on the diagonal.

**p < .01

**TABLE 2**

**Summary of Model Fit Indexes (4 Factor Model)**

| Model | $\chi^2$(df) | $\Delta\chi^2$($\Delta$df) | CFI | NFI | SRMR | RMSEA |
|---|---|---|---|---|---|---|
| Four Factor Model[a] | 1059.03 (293) | --- | .94 | .92 | .08 | .10 |
| Three Factor Model[b] | 1767.24 (296) | 708.21 (3) | .90 | .88 | .12 | .14 |
| One Factor Model[c] | 3210.09 (299) | 2151.06 (3) | .82 | .80 | .14 | .20 |
| Independence Model | 11571.53 (325) | 10512.50 (32) | --- | --- | --- | --- |

*Note. Sample 2; N = 255.*

a. Ethical Leadership, Dispositional Gratitude, Job Satisfaction, Affective Commitment to Change

b. (Ethical Leadership, Dispositional Gratitude), Job Satisfaction, Affective Commitment to Change

c. (Ethical Leadership, Dispositional Gratitude, Job Satisfaction, Affective Commitment to Change)

**TABLE 3**

**Results of Regression Analyses for Dispositional Gratitude as a
Moderator of Ethical Leadership and Job Satisfaction**

| | Job Satisfaction | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Step 1 | | | | Step 2 | | | | | |
| | $b$ | $SE$ | $\beta$ | $t$ | $b$ | $SE$ | $\beta$ | $t$ | $R^2$ | $\Delta R^2$ |
| Step 1 Ethical Leadership | .52 | .10 | .43 | 4.97** | .16 | .18 | .13 | .89 | .19 | --- |
| Step 2 Ethical Leadership* Dispositional Gratitude | | | | | .08 | .03 | .37 | 2.51** | .23 | .05** |

*Note. Sample NOT with organizational change; N = 109.*

*\*\*p ≤ .01*

*\*p ≤ .05*

**TABLE 4**

**Results of Regression Analyses for Dispositional Gratitude as a
Moderator of Ethical Leadership and Job Satisfaction with Organizational Change**

| | Job Satisfaction | | | | | | | | | |
| | Step 1 | | | | Step 2 | | | | | |
| | $b$ | $SE$ | $\beta$ | $t$ | $b$ | $SE$ | $\beta$ | $t$ | $R^2$ | $\Delta R^2$ |
| Step 1 Ethical Leadership | .61 | .08 | .53 | 7.55** | .27 | .14 | .24 | 1.86 | .28 | --- |
| Step 2 Ethical Leadership* Dispositional Gratitude | | | | | .08 | .03 | .35 | 2.77** | .32 | .04** |

*Note. Sample with organizational change; N = 146.*

*\*\*p ≤ .01*

*\*p ≤ .05*

**TABLE 5**

**Results of Regression Analyses for Dispositional Gratitude as a
Moderator of Ethical Leadership and Affective Commitment to Change**

| | Affective Commitment to Change | | | | | | | | | |
| | Step 1 | | | | Step 2 | | | | | |
| | $b$ | $SE$ | $\beta$ | $t$ | $b$ | $SE$ | $\beta$ | $t$ | $R^2$ | $\Delta R^2$ |
| Step 1<br>Ethical Leadership | .49 | .09 | .42 | 5.54[**] | .18 | .16 | .15 | 1.10 | .18 | --- |
| Step 2<br>Ethical Leadership*<br>Dispositional<br>Gratitude | | | | | .07 | .03 | .32 | 2.32[*] | .21 | .03[*] |

*Note. Sample with organizational change; N = 146.*
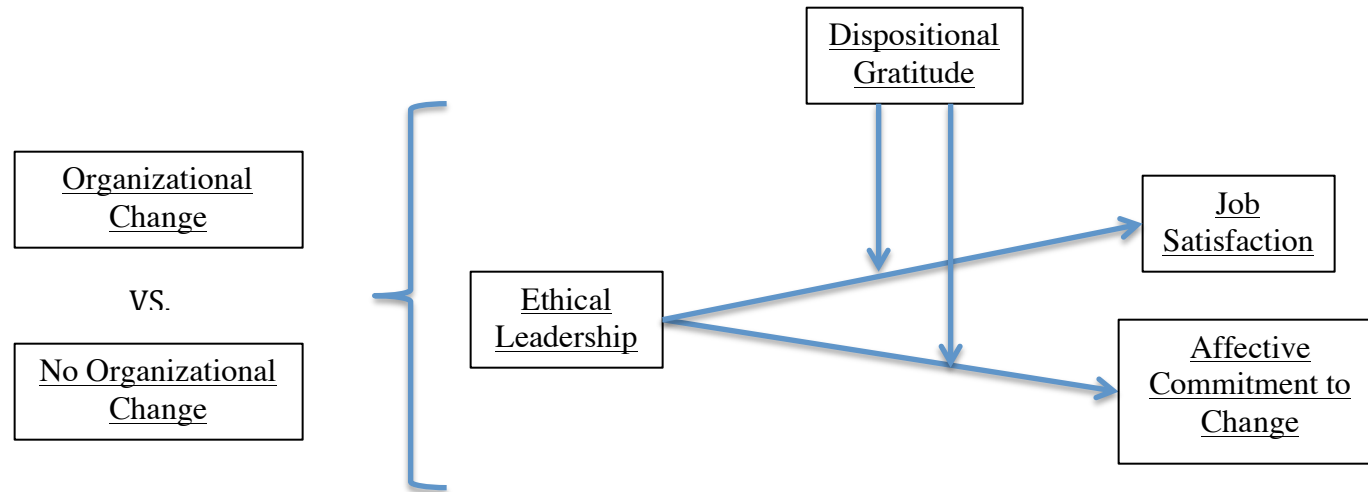
*\*\*p ≤ .01*

*\*p ≤ .05*

**FIGURE 1**

**Proposed Moderation Model of Dispositional Gratitude in relation to Ethical Leadership**

**FIGURE 2**

**Dispositional Gratitude's Moderating Role in the Relationship between Ethical Leadership and Job Satisfaction (Not During Change)**
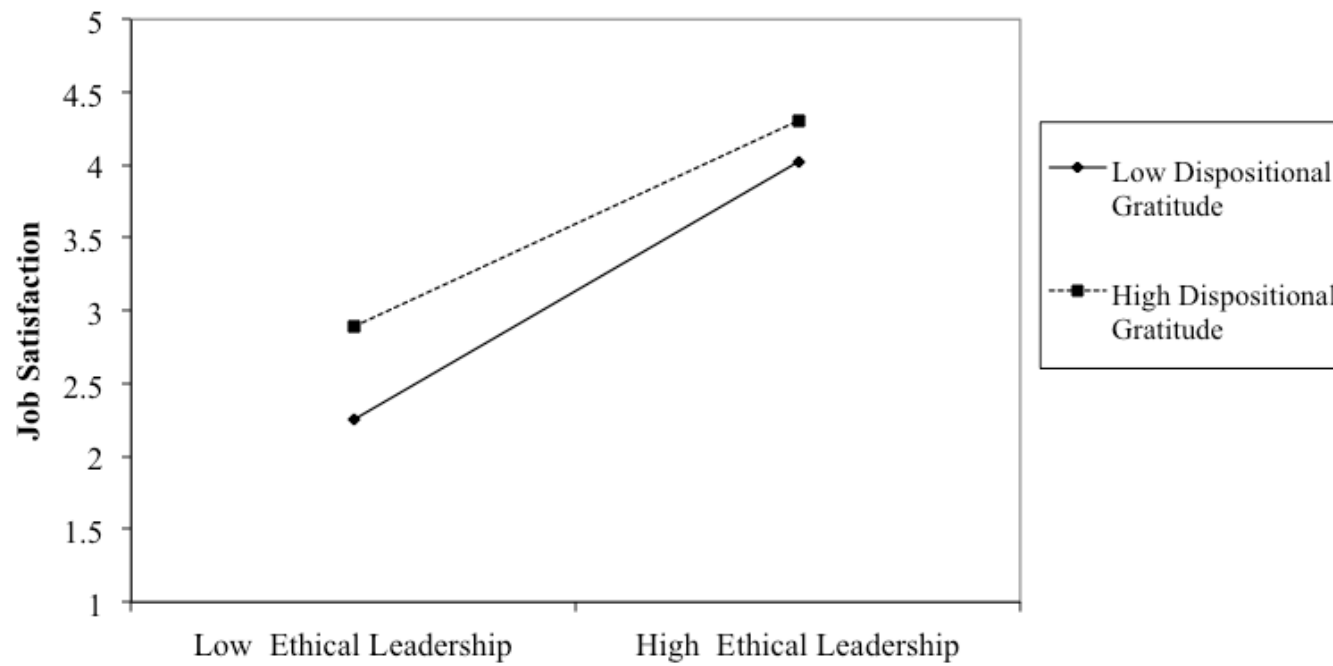
**FIGURE 3**

**Dispositional Gratitude's Moderating Role in the Relationship between Ethical Leadership and Job Satisfaction (During Change)**
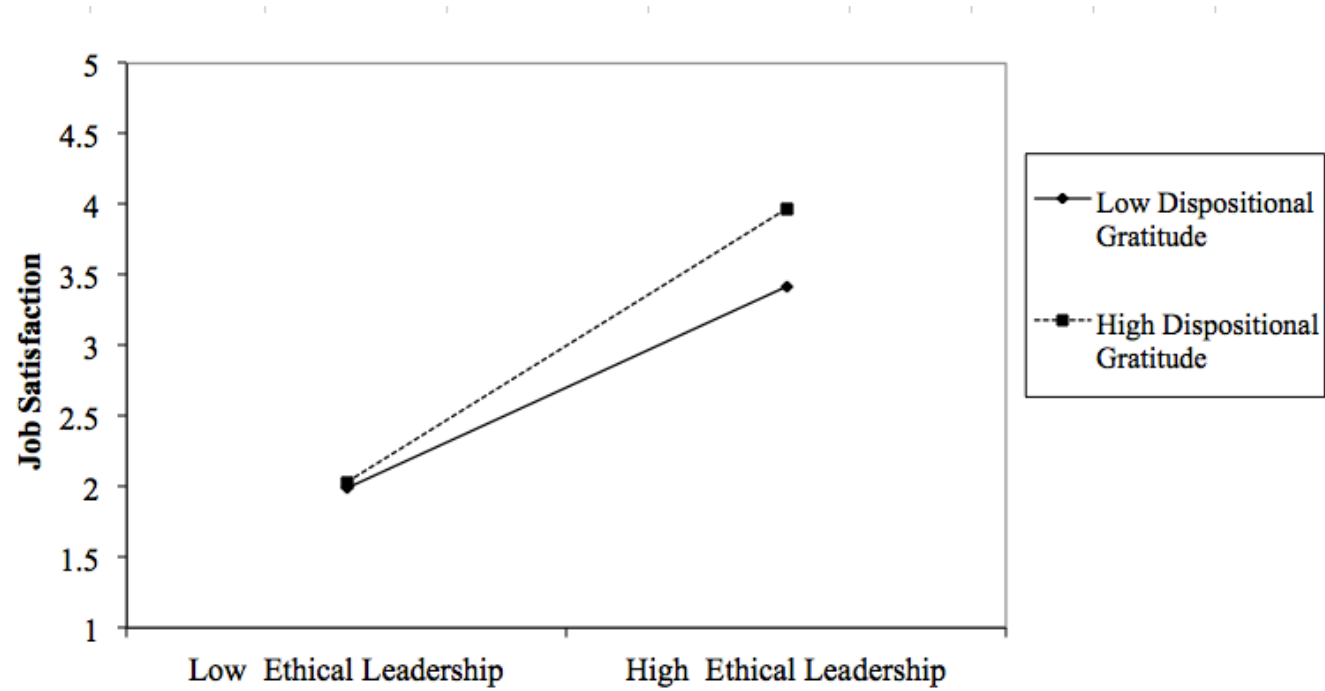
**FIGURE 4**

**Dispositional Gratitude's Moderating Role in the Relationship between Ethical Leadership and
Affective Commitment to Change**