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The Ironic Double Whammy of Being an Ethical Leader: Follower Response to Leader Infidelity

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Abstract. This study examines how leaders' ethical behavior outside of work affects followers' attitudes toward them. Building on leader integrity and apology research, we conducted a scenario-based study that experimentally manipulated leader reputation (ethical/unethical), type of sex scandal (involving abuse of power or not) and the leader's response (denial, apology or atonement). The results support and extend recent work on apologies, suggesting that ethical leaders suffer more than unethical leaders from extra-role sex scandals, and that meaningful apologies are effective for personal responsibility but not for violations involving an official abuse of power.

Keywords: leadership, integrity, trust, trust recovery, apology

INTRODUCTION

Ethical leadership theorists suggest that behavior in leaders' personal lives relates to overall leader integrity due to holistic attributions of character (Bass & Steidlmeier, 1999; Eisenbeiss, 2012; Treviño, Brown, & Hartman, 2003; Treviño, Hartman, & Brown, 2000). Empirical research, however, primarily investigates in-role professional work behavior, as opposed to leader behavior outside of work (e.g., Brown, Treviño, & Harrison, 2005; Kalshoven, den Hartog, & de Hoogh, 2011; Mayer, Aquino, Greenbaum, & Kuenzi, 2012; Zhu, He, Treviño, Chao, & Wang, 2015). The present paper therefore attempts to address the issue of how behavior outside of professional life affects perceptions of managers. Specifically, we investigate how sexual affairs at work affect followers' perceptions. We examine sexual affairs not for their salacious nature but because they are commonplace yet normatively inappropriate (Gunderson & Ferrari, 2008). Such activities engender strong feelings in some people who view them as unethical, and they are easily described, compared to more covert unethical behavior (Thompson, 1983). The interesting research question is to what degree non-work activities influence followers' perceptions of their leaders. On the one hand, they are unrelated to professional competence, and, on the other, they communicate the moral fiber of leaders. The overall contribution is to show how morally sensitive activities influence followers' perceptions of leaders apart from leader competence.

The present study explores how factors associated with leaders' external unethical behavior affects responses in others. We assess how leader reputation, response to sexual affairs (e.g. apologies) and whether abusing official power affects follower satisfaction. With respect to the ethical reputation of the leader, we propose that leaders with reputations as ethical people suffer greater deleterious effects from scandalous activity because it deviates from their persona to a greater extent than leaders with less ethical reputations at the outset (Greenbaum, Mawritz, & Piccolo, 2015). Additionally, we propose that some types of scandalous activity respond to apologies more than others.

CONCEPTS AND HYPOTHESIS DEVELOPMENT

Research into ethical leadership, apologies and scandals contributes to understanding how people respond to unethical behavior in the personal lives of their leaders. Ethical leadership is fast becoming a well-established field with various ways of examining the construct. Brown, et al. (2005) define ethical leadership as "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement and decision-making" (2005: 120). Ethical leadership relates to a variety of positive follower attitudes and perceptions (Avey, Wernsing, & Palanski, 2012; Mayer, Kuenzi, & Greenbaum, 2010; Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009) and to job behaviors and performance (Avey, Palanski, & Walumbwa, 2011; Mayer et al., 2009; Zhu et al., 2015). Brown and colleagues' (2005) concept is based on social learning theory, whereas other conceptualizations of ethical leadership include broader sets of dimensions based in religious texts (Eisenbeiss, 2012), authenticity (Avolio & Gardner, 2005), word/deed consistency (Simons, 2002) or fairness/justice (Den Hartog & De Hoogh, 2009; Palanski & Yammarino, 2007). These various approaches predominantly focus on work-related leadership behavior and the potential outcomes. However, Treviño, et al. (2000) long ago theorized that people base their judgments of leader morality partly on "moral person" aspects that reflect non-work activities.

THE PERCEPTION OF A LEADER'S MORAL CHARACTER

Application of the "moral person" standard is a holistic attribution. People make holistic judgments about their leaders' moral character and then expect certain moral behavior based on that assessment (Moorman, Darnold, & Priesemuth, 2013; Moorman, Darnold, Priesemuth, & Dunn, 2012). In particular, people make inferences based on the moral character of an actor. For example, a recent study found that observers attribute negative moral characteristics to actors involved in impure acts such as incest compared to similar violent acts (Chakroff & Young, 2015). Furthermore, followers who hold implicit theories of fixed moral character experience a stronger relation between ethical leadership and their own performance (Zhu et al., 2015).

Given that people make attributions about their leaders' motivations, they are particularly perturbed by hypocrisy in their leaders (Greenbaum et al., 2015). Hypocrisy occurs when leaders espouse one set of expectations and then behave in discordance to those expectations (Greenbaum et al., 2015; Páez & Salgado, 2016; Simons, 2002). As Greenbaum, et al. found, people react more negatively to unfair treatment when they expect fair treatment from that particular leader. Extended to the present issues,

managers perceived to have ethical reputations suffer more negative attitudinal backlash from their followers when engaged in sexual affairs, due to the misfit with the "persona" of the manager (Grover & Hasel, 2015). People form holistic attributions of their leaders' ethical reputations (Fiske, 1993; Moorman et al., 2013; Moorman et al., 2012) based on, among other things, the degree to which leaders model and reinforce normatively appropriate behavior at work (Brown et al., 2005). Followers report better relationships with leaders whose behaviors overlap with the follower's schema. This improvement stems from follower anticipation of their leader's behaviors (Epitropaki & Martin, 2005). In contrast, leader behavior that deviates from those expectations promotes a discomfort and dissonance that followers seek to resolve.

Followers are therefore surprised, and their senses are assaulted, by unethical behavior from someone who appears to be ethical, and they are unsurprised by unethical behavior from people who they believe to be unethical at the outset (Grover & Hasel, 2015). Making sense of behavior that seems outside the standard for a particular person requires more cognitive effort by not fitting the prototype (Winkielman, Halberstadt, Fazendeiro, & Catty, 2006). The new and contrasting information deviating from the schema for a leader requires the follower to recalibrate the schema, and because this recalibration is cognitively taxing and emotionally uncomfortable, the recalibration takes a more extreme position to account for this shift. That is, seeing leaders commit unethical behavior when they have espoused an ethical message or created an ethical image requires an uncomfortable re-thinking about that leader and the moral foundation on which the leader stands in relation to the follower. At least in the short term, this reconsideration of the relationship and attitudes toward the leader may take a more negative movement while the follower reconsiders the leader. This effect is more pronounced for leaders who have an ethical image compared to an unethical image. Unethical leaders are expected to behave unethically and when they do so, it does nothing more than confirm a schema already in place and requires little cognitive or emotional effort. People therefore react more negatively when they discover that honest and ethical leaders are involved in sex scandals compared to unethical leaders, leading to more severe negative attributions of their character and a subsequent reduction in the satisfaction with their leadership.

> *Hypothesis 1: Following discovery of a sexual affair, follower satisfaction with leaders is lower, and this effect is more pronounced for ethical leaders compared to unethical leaders.*

EFFECTS OF POWER ABUSE ON FOLLOWER SATISFACTION

Leaders can respond to allegations or revelations of personal sexual scandals in a variety of ways, such as denying, apologizing or atoning. There are only certain conditions when denial has been found to be effective in response to a scandal, namely when it is difficult to verify the accusations (Kim, Dirks & Cooper, 2009), whilst an apology can mitigate the aftermath of a scandal that was not brought about intentionally, but predominately originated in competence mishap (Kim, Ferrin, Cooper & Dirks, 2004; Kim, Dirks, Cooper & Ferrin, 2006). Atonement goes beyond an apology in that it is a four-step process comprising elements of apology and a public display of accepting one's wrongdoing and suffering consequences (Koesten & Rowland, 2004). The effect of the response depends on the nature of the scandal: scandalous behavior offends

differentially depending on its moral component, specifically on how it affects followers' attributions about the leader. For example, research in the political realm shows that people judge tax evasion much more negatively than sexual infidelity (Funk, 1996), and both are judged much more harshly when they are associated with an abuse of official power (Doherty, Dowling, & Miller, 2011).

The present study differentiates between sexual affairs that include misuse of corporate resources from those that do not. Sexual affairs may be viewed as negative violations of trust with one's spouse and errors of judgment, whereas misuse of corporate resources may be perceived as more negative and a violation of fiduciary responsibility or possibly law. Followers may be able to dismiss sexual infidelity as irrelevant to the job in a way that they cannot for misuse of corporate resources. Abuse of official power draws a negative attribution about the "moral manager" pillar of integrity compared to the "moral person" pillar (Treviño et al., 2000). Therefore, we propose the following hypothesis.

> *Hypothesis 2: Sexual affairs involving an abuse of power have a greater negative influence on leader satisfaction compared to those that are sexual affairs only.*

THE ROLE OF POWER ABUSE IN ACCEPTING A LEADER'S APOLOGY

Apologies have beneficial effects following misconduct, depending on the nature of the misconduct. Leader responses in the form of apologies positively affect follower perceptions of the leader (Basford, Offermann, & Behrend, 2014; Byrne, Barling, & Dupré, 2014), although the power of the apology may depend on the severity of the misdeed (Grover, Hasel, Manville, & Serrano Archimi, 2014). Denying an allegation is counterproductive for creating positive trusting relationships in the future (Chanley, Sullivan, Gonzales, & Kovera, 1994; Kim, Dirks, Cooper, & Ferrin, 2006), and denial retains more trust for integrity-based violations compared to apologies (Ferrin, Kim, Cooper, & Dirks, 2007).

Apology quality influences how apologies are perceived (Fehr & Gelfand, 2010). Effective apologies must be sincere and specific and involve internal attributions as opposed to external reasons for the violation (Tomlinson, Dineen, & Lewicki, 2004), and insincere apologies are worse than no apology at all (Basford et al., 2014). More thorough apologies, characterized by atonement, engage recipients in forgiveness. According to Koesten and Rowland (2004), true atonement takes the following four actions: (a) acknowledgement that one has done something wrong; (b) demonstration of "a changed attitude or policy to prevent future wrongdoing" (p. 73); (c) showing that one wants to turn that wrong into something better in the future; and (d) publicly displaying that one has suffered from the wrongdoing. If these four things occur in a public forum, then observers are more likely to forgive the person.

Apologetic responses need to be congruent with the type of offense. Kim, et al. (2006; 2004) differentiate between violations of integrity and competence, finding that trust can be restored by apologizing for mistakes of competence and not for violations based on integrity. Specifically, they use a hiring scenario paradigm, finding that people are more likely to trust an applicant for an accounting job who has misallocated funds by mistake (competence violation) and then apologized, compared to the identical error being made in a client's interest (integrity violation). Extending that finding to the leadership situation, followers more readily accept apologies

for a sexual affair (mistaken judgment) compared to a sexual affair accompanied by an abuse of power (integrity violation).

The present study examines two types of affairs: affairs of the heart and those involving a fiduciary abuse of power. Kim et al. (2006) invoke attribution theory to explain the difference: people attribute negative character qualities to integrity violations and not to the competence violations, which could be situations. Similarly, affairs of the heart are situational, whereas abuses of power or position involve negative character attributions. Therefore, we propose the following hypothesis.

> *Hypothesis 3: Leader response interacts with scandal type such that apologies have a more positive effect on satisfaction with the leader following s*exual scandals that do not involve (vs. involve) abuses of power.

This study contributes to the literature in two main ways. First, the study explores the interaction of personal life, ethical activities and professional life, an area alluded to in the literature (Treviño et al., 2003) and rarely studied, with notable exceptions (Grover & Hasel, 2015). Second, the study contributes to how leaders fare with various apologies. This study extends the apology literature by examining levels of apology and integrating theory and findings from trust recovery with leadership.

METHOD

In order to assess the impact of unethical acts and subsequent apologies on perception of leaders, we conducted a scenario-based experiment that asked participants to evaluate leaders who were engaged in a sexual affair. The experimental design has the strength of identifying causal patterns on a sensitive issue that might be impossible using other methods.

DESIGN

The 2 x 2 x 3 experimental design was designed with two levels of Reputation (ethical, unethical) x Scandal (abuse of power or no abuse of power) x Response (apology, atonement, denial). Participants were randomly assigned to a condition.

PARTICIPANTS

The 181 participants were 77 employees attending an in-house management training course for a major automobile manufacturer in Southern Germany and 104 students in an undergraduate management class in New Zealand. Independent sample t-tests, not corrected post hoc, were conducted on the dependent variables leader satisfaction before and after the manipulation (see Table 1). There were no significant differences between employees and students for either type of satisfaction and thus the samples were combined for the remainder of the analyses. Participants completed the materials in class as part of a class presentation and discussion on the topic of leader integrity. The company sample was 49% female with an average age of 25.6, ranging from 20-72; they had an average of 4.9 years of work experience and were 91% white European. The ages of the undergraduate sample ranged from 18 to 52 with an average age of 21.4; 58% were women; 77% were white European, 13% were Asian or Pacific Islander, and 10% held other ethnic orientations.

They had an average of 4.7 years of work experience, ranging from 1 to 32.

	Sample						95% CI for Mean Difference		
	Students				Managers				
	M	SD	n		M	SD	n		t	df
Leadership Before	42.72	11.40	102		41.78	11.58	77	-2.49, 4.36	0.54	177
Leadership After	27.16	8.58	99		28.88	9.31	77	-4.39, .95	0.21	174

Table 1. Results of t-tests and Descriptive Statistics for Leadership Before and After Revelation by Sample

Participants were given a description of the manager in question that was consistent in all conditions (see Appendix part 1). This was followed by the respective Reputation manipulation, which described the manager (Mark) as either ethical or unethical, then by a series of questions that included the first leader satisfaction questions as well as the Reputation manipulation check. Next, the case told of the leader's affair, in which the type of scandal and his response were manipulated (Appendix part 2). After reading this next section, the leader satisfaction questions were asked again along with the manipulation checks for Scandal and Response.

EXPERIMENTAL MANIPULATIONS

Reputation

This variable was manipulated as ethical or unethical. The ethical condition stated:

> "Mark believes in an open and honest workplace. He treats employees fairly, and strongly supports doing things in honest and ethical ways. Mark frequently questions whether the actions required to get new business and win contracts is the 'right' thing to do, and he once fired an employee for bribing a client."

The unethical condition stated:

> "Mark considers work as a battle ground. His employees are there to serve the company and his personal success. He does whatever it takes to get new business and win contracts as long as it is technically legal. He was once investigated by a governmental corruption unit for bribing a client, but the evidence was unsubstantiated and thus all charges were dropped."

Scandal (abuse of power)

This variable was manipulated with abuse of power as present or absent. Both conditions included a description of an affair that the leader had with an employee of the company. In the abuse of power condition, the following was added:

"However, since this relationship developed, Mark promoted Sandra to a special advisory role that gave her unparalleled access to the company's network and resource, a promotion that gave her a substantial salary increase. The promotion surprised many people because Sandra had much less experience and no further qualifications compared to her colleagues."

Response

Apology, atonement, and denial comprised the three responses by the leader. The exact manipulations are shown in the Appendix. Apology was an apology and an excuse and the notion of the leader's attempt to move forward in the future. Atonement was a thorough apology in which the leader took full responsibility; he recognized that he was wrong and that he was working to improve himself. The denial was a strong statement that the allegations were false and that enemies were pursuing the leader.

DEPENDENT VARIABLES

Leader satisfaction

Leader satisfaction is defined as the degree to which followers are satisfied with their leader, and includes elements of cognitive satisfaction, reverence and trust in the leader. It was measured using nine items from Conger, Kanungo, and Menon's (2000) study. Sample items include "I feel good about him", "I feel satisfied with his leadership" (adapted from original for study), "I have great esteem for him" and "I have complete faith in him" (Bass, 1985). Satisfaction was measured on a seven point Likert scale with anchor points being Strongly Disagree (= 1) to Strongly Agree (= 7). The Cronbach alpha for the scale was $\alpha = .88$.

MANIPULATION CHECKS

The statement "If Mark were my manager, I would think he has an ethical image" appeared along with the leadership satisfaction questions in the first phase and before the introduction of the sexual affair manipulations. People in the ethical condition rated the manager as significantly more ethical than those in the unethical condition, $F(1,179) = 250.0$, $p<.0001$, Ms = 5.99 and 3.16. After the sexual affair manipulation, the abuse of power manipulation check for Scandal type stated "Mark abused his official position of power in his relationship with Sandra". People in the power abuse condition rated this question significantly higher than those in the no power abuse condition, $F(1, 177) = 11.65$, $p<.001$, Ms= 4.41 and 5.23. Lastly, "Mark has made a sincere apology" was used to assess the apologies manipulation, and it was statistically significant, $F(2, 178) = 131.05$, $p<.001$, such that atonement was more sincere than apology, which in turn was more sincere than denial, Ms =4.27, 3.88 and 2.25, respectively. Post hoc comparisons show that the means are all significantly different from one another ($p's<.05$). Therefore, the manipulations appear to robustly represent the variables they are intended to manipulate.

RESULTS

Following the recommendation by Cohen (1992), a post hoc power analysis was conducted using G*Power 3 (Faul, Erdfelder, Lang & Buchner, 2007; 2009). The sample size of 181 was used for the statistical power analysis with the calculated effect size of the t-test (t = 0.40) at an alpha level of p<.05. The estimated power exceeded the 80% threshold (power * .0.85).

The data were subsequently analyzed in two ways to test the hypotheses. First, the impact of ethical reputation was examined using a repeated measures ANOVA with the repeated factor of before and after the realization that an affair took place. This analysis tested for a change once the information was given and how that change varied by reputation. Second, the joint impact of apologies and ethical reputation was examined with the ANOVA on the post-realization measure of leader satisfaction.

A Reputation x Scandal x Response repeated measures ANOVA on leadership satisfaction was run. Leadership satisfaction was measured at two points: before and after it was revealed that the manager had an affair. The results of that ANOVA showed three significant effects of the repeated factor. The first effect showed that people were significantly less satisfied with the manager upon discovering that he had been involved in a sexual affair, $F(1, 167) = 237.50$, $p = .001$. More importantly, the repeated factor interacted with reputation, $F(1, 167) = 49.20$, $p = .001$, such that satisfaction with leadership dropped more with the ethical leader compared to the unethical leader. The mean reduction in satisfaction with the ethical leader after the scandal manipulation was 18.72 (SD = 1.03) compared to 9.99 for the unethical leader (SD = 1.04). As illustrated in Figure 1, the reputations of both unethical and ethical managers suffered upon revelation of their affair. The negative effect of the sexual affair was significantly greater for those managers who were previously rated as ethical compared to their unethical counterparts, supporting hypothesis 1. Additionally, the repeated factor interacted significantly with the type of scandal, $F(1, 167) = 5.66$, $p<.02$, such that the scandal including an abuse of power had a significantly more negative impact on the leadership satisfaction change. That is, the mean difference between the satisfaction measures before and after the manipulation for scandal was 1.08 (SD = 1.02) in the abuse of power condition and 12.62 where no abuse of power existed, supporting hypothesis 2. No other effects were significant in the repeated measure analyses.

The hypothesized Scandal x Response effect on the repeated factor (i.e. the triple interaction) was not significant. Due to problems with repeated ANOVA[1], we analyzed that measure separately by conducting an ANOVA on it alone, which is appropriate because Scandal and Response were manipulated so that they affected only the second leadership satisfaction measure.

1. Repeated measure ANOVA requires the assumption of sphericity. The assumption that the variances of the two dependent measures is identical can easily be violated (Jaccard & Ackerman, 1985). For example, we measured the same variables twice in a short span of time. Participants were likely to have more focused concentration on the notion of leadership satisfaction the second time, resulting in less variance the second time it was measured. In fact, this verifies empirically; the variance the first time is 11.45 and the second time 8.92. Therefore, we investigated the second measure carefully by conducting the ANOVA on just the second measurement of leadership satisfaction.

Figure 1. Leadership Satisfaction Before and After Announcement of Affair by Leader Reputation
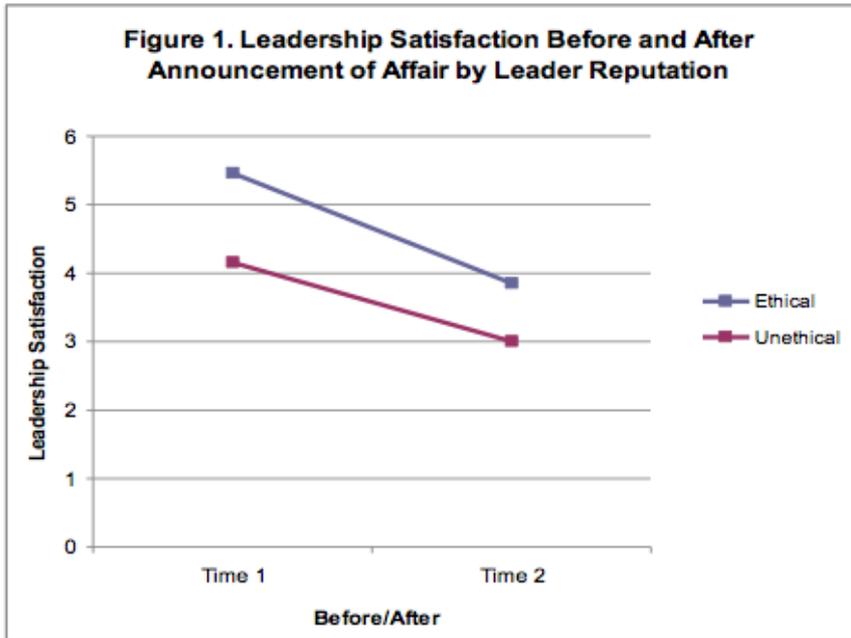
In order to examine the interaction of the independent variables on the leadership satisfaction measure after the treatment, an ANOVA was run on the second measurement of leadership satisfaction following the introduction of the sexual scandal. The Reputation (ethical/unethical) x Scandal (abuse of power, no abuse of power) x Response (apology, atonement, denial) ANOVA on the leadership satisfaction measure after the treatment yielded three significant effects: Reputation, Scandal x Response, and Reputation x Scandal, $Fs (1, 164) = 25.50, 3.26$, and 4.10, p's $<.001$, 05, and $.05$, respectively. The reputation effect shows that participants were more satisfied with the ethical compared to the unethical leaders (Ms = 31.91 and 24.67, SE = .87 and .88), mirroring the results from the repeated measures ANOVA above and supporting hypothesis 1.

The Scandal x Response effect was interpreted through simple effect analyses and illustrated in Figure 2. The Scandal simple effect was significant only in the apology condition, $F(1,164) = 7.81$, $p<.01$. People were significantly less satisfied with leaders who apologized and had abused their power compared to when no abuse of power occurred (Ms = 31.76 and 26.13) (Table 1). The simple Scandal effects in the atonement and denial conditions were not significant, Fs<1, showing no significant differences in the means illustrated in Figure 2.

Scandal	Response		
	Apology	Atonement	Denial
No Abuse of Power	31.76[a]	28.11[a,b]	25.93[b]
	(1.38)	(1.54)	(1.57)
Abuse of Power	26.13[b]	26.96[b]	27.84[b]
	(1.47)	(1.57)	(1.55)

Note: Means with different superscript letters indicate they are significantly different from one another using Fisher's Least Significant Difference (LSD) test. (Standard error shown in parentheses).

Table 2. Leader Satisfaction by Scandal and Response

Figure 2. Leader Satisfaction by Response and Scandal Type
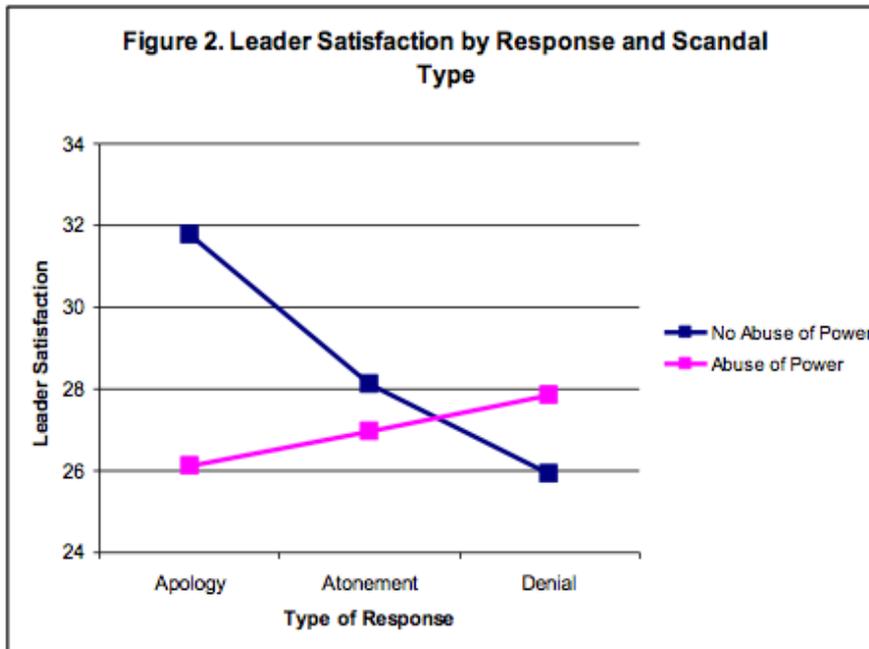
The Response simple main effect in the abuse of power condition was not significant, F<1. There was no significant difference in leader satisfaction between apology, atonement and denial when the marital affair was paired with an abuse of official power. However, the simple main effect in the no abuse of power condition was significant, $F(2,164) = 4.06$, $p<.02$, and post hoc comparison of means shows that apology (M = 31.76) was greater than denial (M = 25.93), $p<.01$, and both were not significantly different from atonement (M = 28.11). This finding supports hypothesis 3 because apology had a positive effect on satisfaction for situations in which the leader did not abuse his position.

The significant Reputation x Scandal type interaction was analyzed with simple effects. For ethical leaders, there was a significant difference between the condition that was only a sexual affair (M = 33.11, SD = 9.45) and the condition that also included an abuse of official power (M = 28.90, SD = 5.97), $F(1, 164) = 5.61$, $p<.02$. Whether the affair included an abuse of power made no difference for satisfaction with unethical leaders, Ms = 24.04 and 25.05, SDs = 9.06 and 7.89, F<1.

Finally, we tested for a potential gender or culture difference, as it is possible that the response to the scandal may differ between groups. However, no such effects were found. The interaction of gender (male/female) with: a) reputation (ethical/unethical); b) scandal (abuse of power or not) and c) the type of response (apology, atonement, denial) on the leadership satisfaction measure after the treatment yielded no significant effects: $Fs(2, 146) = 2.30$, 1.10 and 2.79, *ns*, respectively. Also, the image x scandal x gender interaction was insignificant $F(1,146) <1$. No cultural influence was found either. The introduction of culture into the ANOVA also yielded no additional significant results.

DISCUSSION

A leader can respond to the revelation of a sexual scandal in multiple ways. Under certain conditions, denying the allegations may serve him or her best. The effectiveness of denials in the aftermath of a scandal, however, is limited to conditions in which the accusations are difficult to

verify (Kim, Dirks & Cooper, 2009). When wrongdoing cannot be denied, leaders are advised to opt for an apology or atonement (Kim, et al., 2004; Kim, et al. 2006 ; Koesten & Rowland, 2004). Given the extra effort required to atone, leaders need to ask themselves whether they want to engage in a public display of personal suffering and improvement or merely apologize for their wrongdoing. The results are informative in that atonement may not always be beneficial to a leader caught up in a sexual scandal.

The central findings of this study are: a) leadership satisfaction suffers much greater harm following a sexual affair for managers who had previously been perceived as ethical than for their unethical counterparts; and b) how managers are perceived in terms of apologies and denials depends on whether they abused their position power. The normal, unrepentant apology worked in the manager's favor for the affairs lacking any abuse of official positional power and failed miserably if there was an abuse of power. Yet, those managers who engage in a sexual affair for purely romantic reasons are better served when they provide an apology without outlining a path for personal improvement. This may be due to a romantic affair being a personal matter rather than a professional one. This distinction is pivotal, as it indicates a clear distinction amongst observers between the personal aspects of a manager's life and the professional attitude that subsequently may affect others and the company.

Congruence between reputation and response to specific acts constitutes the greatest contribution of the present study. Participants rejected an unethical leader's apology after abusing positions of privilege because the apology was interpreted as insincere. This finding aligns with the concept that implicit beliefs about leaders determine subordinate relationships with their leaders and subsequent perceptions and that followers reflect hypocritical leaders (e.g., Epitropaki & Martin, 2005; Fiske, 1993). Atonement that is incongruent with expectations is perceived as farce or manipulative by followers. This incongruence or hypocrisy reduces opinions and views of the person and satisfaction with leadership.

The findings support recent theory suggesting apologies are beneficial for moderate deviation from norms and ethical reputation (Grover & Hasel, 2015). Ethical leaders suffer more because the behavior is incongruent with expectations. Moreover, people were less affected by leaders' sexual affairs absent of power abuse deeming the mischief as unrelated to roles. People differentiate more and less work-related events. Apologies for abusing power were ineffectual because the behavior represents character, and apologies for a sexual encounter with no sign of power abuse may be considered a human failing for which followers are more forgiving because they may be transient and unrelated to professional character. This finding is consistent with Grover and Hasel (2015) in that followers are capable of differentiating between failings in the personal and professional domains as long as followers perceive atonement efforts as genuine.

An unanticipated finding was the Reputation x Scandal effect on leader satisfaction. Participants differentiated between managers whose affairs included abuse of power or not for the ethical but not the unethical managers. The satisfaction with unethical managers who engaged in any kind of affair was severely lower than that of the ethical managers, and this provided the space for the participants to differentiate between ethical managers who engaged in affairs while misusing corporate resources or not. In essence, leadership satisfaction for ethical managers was lower when they abused official power and conversely higher when they engaged in a sexual affair without abusing their official power. This finding could be explained as a floor effect for unethical managers. Simply being

perceived as unethical lowers satisfaction among followers to a low (floor) level that is unlikely to reduce further. The more subtle differences in the behavior of the ethical leaders proved to influence reactions. Interestingly, the finding for the ethical leaders advances the idea that their images suffer more from unethical behavior.

THEORETICAL IMPLICATIONS

The present findings contribute to the literature on how leaders respond to trust violations. Basford, et al. (2014) found that how followers responded to leaders' apologies depended on the previous relationship (cf., Grover & Brockner, 1989). Their study, however, only examined apologies in the abstract and did not differentiate among types of apologies including levels of sincerity or elements of atonement. Additionally, our study triangulates methodologically with theirs by using an experimental method that attributes causation to the experimental manipulation of apology type. Whereas their study showed that apology depended on sincerity, we experimentally demonstrate how this sincerity is achieved.

This study also adds to attribution-based theories of ethical leader perceptions (Moorman et al., 2013; Tomlinson & Mayer, 2009; Weiner, 1985). Mounting theoretical and empirical evidence supports the idea that people make holistic judgments of leaders and that ethical behavior inside and outside the relevant realms influences those judgments. Treviño, et al. (2003) theorized this relation long ago, and we are only now moving toward unraveling how and to what extent non-work-related ethical behavior influences work attitudes and relationships. Treviño, et al. (2003) suggested that people make holistic attributions of their leaders' integrity based on the two pillars of being a moral person and being a moral manager. The present findings concerning the abuse of power show that people make a distinction between these two in their attributions. Our participants held stronger satisfaction feelings toward the manager who apologized unremorsefully for the affair of the heart that involved no abuse of his official position, and participants uniformly held the leaders who had abused their positional power in contempt, as demonstrated by the lower satisfaction ratings. Therefore, people may make holistic attributions concerning their leaders, yet they do differentiate between professional and personal lives. Because the present study is one of the few to actually investigate the personal lives of managers or leaders in terms of their followers' perceptions, it has implications for future research to suggest that the distinction does occur.

PRACTICAL IMPLICATIONS

Because people do in fact engage in ethically questionable practices such as affairs in their personal lives, this study has important practical implications (e.g., Associated Press, 2007, July 10; Drew, 9 November 2012; Hernandez, 16 June 2011; Kulish, 17 August 2011; Rice, 6 May 2007; Worthen & Lublin, 8 August 2010). A question not often addressed in management education concerns recovering relationships generally, and the leadership relationship specifically, following transgressions or mistakes. The present findings suggest a number of practical considerations. First, the ironically stronger negative impact on the ethical leaders bears important consideration. There should be a realization, as opposed to surprise, that a person who has led a morally positive life and created that impression in other people will suffer more when they ethically lapse. This is the double whammy: living a good life and then suffering

more when one transgresses as many others have. However, it is useful to understand the social implications of how one has behaved.

The second practical implication relates to apologetic responses. The nature of the violation determines whether an apology will work. People were in fact forgiving in their perceptions of men who apologized for a personal failing, and, in contrast, they judged harshly those who attempted to apologize for the official abuse of power. This suggests that people are in general less judgmental about extra-role activities that are truly outside the scope of work, compared to unethical work behavior. The implication is that people may have highly refined considerations of what is work-appropriate, and, more to the point, people may be able to disregard non-work-related issues such as sexual affairs, especially when they are acknowledged and some effort to assuage concerns is made, such as through apologies. To translate these implications into advice, we suggest that leaders need to realize that their outside-of-work behavior influences perceptions toward them and that they can take steps to mitigate the negative perceptions by addressing them.

LIMITATIONS

This study has several limitations. First, it is a hypothetical scenario-based study that experiences threats to ecological validity. People may in fact react differently to situations in the milieu of life with deep, layered information compared to the hypothetical scenario. This threat is offset by the strength of experimental design not found in the field and the security of causation that it applies. The second limitation is in the student sample. Some of the participants have less life experience in these matters, and the other part of the sample is practicing professionals in executive education who do have experience. It is important to note, however, that there was no statistically significant difference between these two subsamples.

The difference between atonement and apology is not entirely clear in this paper, and that could be due to length differences in the manipulation. Out of necessity, the atonement description is longer than the straight apology manipulation because atonement is an apology with more components. This could influence the results, however, as the manipulation may not be read thoroughly by participants, negating its influence. Studies of differences in apologies are rare, and this method is just a first stab at characterizing the difference (Fehr, Gelfand, & Nag, 2010).

Potential boundary conditions that are not investigated in the present study could influence the results. Specifically, culture and gender may influence how people respond to leaders' infidelity. Although outside the scope of the present study, culture presumably influences how people respond to this specific leader behavior outside of work. While we might cheekily suggest that sexual affairs occur in most cultures, the level of cultural acceptance of the behavior varies wildly (Christensen, 1963). Even though the present study includes samples from different countries, they do not differ substantially in their social attitudes. Given that a main finding is that people separate their attitudes based on whether a leader abuses positional power, future research into cultures with stricter attitudes toward social convention would be interesting. In fact, such stricter cultures may either exacerbate or ameliorate the difference. On the one hand, stricter cultures might judge the abuse of power more harshly, or, on the other, they may reduce the difference between abusing power or not because all will be judged harshly and the distinction will not be made.

We also expect that gender should influence perceptions of the male leaders in this study. We did test the main effects of gender and its interaction with reputation, scandal (abuse of power or not) and the type of response, and none of these effects were significant. However, studies designed to assess specific gender effects could derive more intriguing results, as men and women do hold different attitudes toward sexual relationships (Thompson, 1983). Research focusing on gender effect, for example, may focus on the nature of the relationship, including characteristics of both the leader and the other party of the affair.

A potential for concern is the difference between the repeated measure analysis and the analysis of the second leadership measurement alone. We could have reported only a signal analysis. However, we believe that the repeated measure analysis is illustrative of the reduction in satisfaction with leaders who engage in sexual scandal and the differences in how that affects ethical versus unethical leaders. Nevertheless, the results concerning apology versus denial responses were not found in the repeated measures analysis. Therefore, replicating this finding would solidify the concept of the differences in how leaders respond to non-professional unethical activity.

CONCLUSION

This study has extended leader apology research by more fully exploring extra-role ethical failings. Little research has explored extra-role behaviors of leaders in the realm of leadership ethics, and the present study combines with the sparse previous work to show that the factors of deviation from norms and from ethical reputation do influence the impact of various apologetic responses. The key to the findings may be in a congruence model, findings that the response of apology or atonement or denial needs to be congruent with the leader's image and the nature of the violation.

APPENDIX - EXPERIMENTAL MATERIALS

PART 1

Mark Jones is a 44-year-old senior manager with Xerfast Engineering Group, a global player in the technology, engineering and electronics sector. Mark has been with the company for almost ten years now and has enjoyed a successful career. He joined Xerfast as a junior manager and quickly moved through the ranks. He is now heading the new e-tech unit, a department working on sustainable energy technologies for household items. The unit contributes a substantial percentage to the multi-million dollar electronics division of Xerfast. Mark is a well-connected manager and enjoys company sports and running marathons. He is married to Diane, his long-term partner, for more than 15 years and has three children Eric aged 5, Alex aged 9, and Brian aged 11.

PART 2

Recently, reports have confirmed that Mark has been having a sexual affair with 29-year-old Sandra Mason, a young employee within his unit. She joined Mark's unit about six months ago. Sandra is an attractive woman whose ambitions to succeed at work have resulted in her working long hours. She never engages in any type of hostile interaction with peers and believes that she will get ahead by doing her best and working hard and long hours. Although it is not entirely known when their affair began, others have noticed that Mark and Sandra spend a lot of time together, particularly after work hours when most people have already left the office.

While some assume that Sandra hopes the relationship with Mark will speed up her career, those who know her closest feel that she is genuinely interested in a romantic relationship with Mark.

APOLOGY

"This past week has been very difficult for Diane and me. I can confirm that the rumors and claims about me and Sandra Mason are essentially accurate, and I am sorry for any disappointment I may have caused. But this is a private matter between me and my wife. We will work together to put this behind us. In the meantime, I will intensify my efforts to work for our division and company. My enemies in this company who have planted this seed must not be allowed to prevail. I will meet with the executive board tomorrow to decide on future steps to make our division an even greater success as it already has been and is."

ATONEMENT

"The past week has been very difficult for Diane and me. I can confirm that the rumors and claims about me and Sandra Mason are essentially accurate. I want to offer my deep sincere apologies to all those I have let down and disappointed with these actions. I am completely responsible and I am very, very sorry. I know this has hurt the relationship of trust I have enjoyed with so many of you, and I have a lot of work to do to rebuild that. It is important to me that everybody who has been hurt knows that the sorrow I feel is genuine: first and most important, my family; also my friends, my staff, and my company. I have asked all for their forgiveness. I will

continue on the path of repentance, seeking pastoral support and that of other caring people so that they can hold me accountable for my own commitment. I will intensify my efforts to work for our e-tech division and the company as a whole in the hope that with a broken spirit and a still strong heart I can be used for greater good, for we have so much work to do. And though I cannot move beyond or forget this – indeed, I must always keep it as a caution light in my life – it is very important that our unit, as a team, and our company moves forward and succeeds. I will do my utmost to fulfill the trust you have placed in me for so many years and our e-tech division the greatest success. I thank you for your time and let us now move forward."

DENIAL

"I want to respond to the allegations over the last week in the strongest language possible. These allegations are completely false. I have done nothing inappropriate. Furthermore, these accusations come from enemies, who only mean to harm my reputation and who are too spineless to debate issues in the open. Instead they engage in activities that are driven by the lowest incitements in the form of politically motivated rumors and accusations. I will not let this distract me and must continue the important work that needs to be done for this company."

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