



**Ethical Leadership and Business Culture:  
Transformational Pathways within Boards and Management for Enhanced Integrity,  
Trust, and Organisational Actualisation.**

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The leadership of groups within business organisations – whether these groups be boards or management teams – powerfully shapes organisational behaviour, perceptions of integrity, trust and the degree to which such groups and their organisations achieve high levels of self-actualisation and performance over time. *Transformational leadership* styles are associated with many strong outcome measures in business, and with many desirable characteristics in both private and public organisations. A review of empirically-supported research shows that such change and development-orientated leadership, as distinct from *transactional or passive leadership*, is linked with greater *perceived integrity* and higher levels of *emotional intelligence*, *trust* and actual *moral reasoning*. Some common but unhelpful purist distinctions between ‘management’ and ‘leadership’ are criticised. Studies show that organisations led by leaders’ high on transformational behaviours are rated as having *organisational cultures* that are supportive, innovative, competitive, performance-oriented, and socially-responsible; *teams* exhibiting high levels of internally-perceived transformational behaviours are found to directly and positively affect valued outcomes; *leadership cultures* regarded as both ‘high on the transformational dimension’ and ‘low to moderate on the corrective transactional dimension’ are associated with both high effectiveness and perceived integrity. Several key ethical behavioural items for discriminating between *authentic* and *pseudo-transformational leaders* are suggested and discussed. Some challenges and requirements for *ethical leadership* in business in a *post-modern age* are reviewed against the backdrop of misplaced reliance on sub-human paradigms for both management and the boardroom. It is proposed that ethical leadership, rightly understood and practiced, is essential for both group and organisational actualisation, and achievement of the high levels of sustained individual and organisational adaptability and performance required in today’s global context. Practical implications and salient directions for further research are suggested.

**Ray Elliot**, the Director of OEC Consulting, has presented keynote addresses, papers and symposia on the subjects of leadership and ethics at numerous conferences. He is currently a Research Associate of the Business Ethics Research Unit, Faculty of Business and Law, Victoria University, and a member of the Victorian Department of Health and Human Services Human Research Ethics Committee.