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Exploring Ethical Business in Central Europe: Leaders' Values and Perspectives on Good Practices

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Abstract: Weaknesses in the institutional environment of Central Europe challenge the sustainability of economic development. Institutional theory stipulates that institutions drive economic development, and institutions are configured by individual values and practices. The World Governance Indicators, the Corruption Perception Index, and the Doing Business Indicators indicate weaknesses in the institutional environments of the Visegrád countries. This paper explores the micro level perspective of institutions, focusing on values and practices, in terms of leadership and ethics. A survey of 868 private and public sector managers from Czech Republic, Hungary, Poland, and Slovakia provides evidence that leadership practices and ethical values are congruent, suggesting a positive influence on the institutional environment. The results also provide evidence for the presence of the gap, spanning between the micro and the macro level factors affecting sustainable economic development. These results imply that a bottom-up view of sustainable economic development is more suitable to the Central European context, and promotion of sustainable economic development needs to focus on the micro level factors.

Keywords: sustainable economic development; institutions; leadership; ethics; Central Europe

1. Introduction

This article builds on the fundamental view that institutions are essential for economic development [1]. Acemoglu and Robinson [2] argue that differences between economic development across nations can be explained by the differences in their relevant institutions. North's definition of institutions is "rules of the game in a society or, more formally ... the humanly devised constraints that shape human interaction" ([3] p. 3). Hodgson [4] builds on this definition and argues that institutions are systems of established social rules, structuring social interactions. Institutions are made up of rules and practices, which are relatively enduring [5].

Since institutions are viewed as essential causes of economic development [6], institutions also exercise substantial effect on economic sustainability. Sustainability consists of economic, social, and environmental dimensions [7]. Although institutional theory also captures the political [5] and

environmental [8] dimensions of sustainability, economic development theorists focus on economic sustainability [9].

In this article, we focus on the micro level manifestation of practices and values defining the way things are done [3]. We investigate the relationship between the leadership practices and ethical values of managers in Central Europe. Vaduva et al. [10] examine the phenomena of leadership and ethics in Eastern Europe, highlighting a range of gaps in the body of context specific knowledge in the area, warranting further, comparative research in the field.

While scholars argue that the concept of ethical leadership is hard to capture [11], due to the normative aspect of ethics, and that descriptive approaches to ethical leadership are unlikely to deliver further insights [12], there is a call for further research on testing the positive outcomes of ethical leadership, and the influence of culture on the relationship between leadership and ethics [13].

There is evidence to demonstrate that business performance and other organizational outcomes are driven by ethical leadership [14], although support for this assertion is not unanimous amongst scholars [15]. Business level leadership ethics in turn influences macro level societal outcomes [16], and in particular asserts global, systemic effects on the economic environment [17]. The relationship between leadership and ethics influences how companies impact this global environment and through that, effect public interest [18]. De Jong and van Ees [19] emphasize the importance of looking at ethical issues at multiple levels, with the purpose of ‘opening black boxes’ of explanations.

But what is the relationship between leadership and ethics? Ciulla [20] points out that this connection is strong but sometimes controversial. Levine and Boaks [21] direct scholarly attention to the necessity of testing this relationship, while Hornett and Fredricks [22] call for fundamentally re-addressing leadership theories from an ethical perspective. There is reasonable consensus among scholars, that ethics in leadership follows a pattern, in which ethical behaviors in organizations are driven by the ethical values of their members [23]. Within organizations, ethical values of leaders positively impact the ethical conduct of staff [24], although under performance pressure, ethical leadership can also inspire unethical staff behavior [25] and in certain cases, subordinates’ ethical values correspond more strongly to organizational norms than individual supervisor attributes [26].

The relationship between leadership and ethics has been investigated in different contexts in multiple countries; private and public sectors; and across varying management levels [15,27–29]. From a cross-cultural perspective, the GLOBE (Global Leadership and Organizational Behavior Effectiveness Research) project provided substantial insight into ethical components of leadership from a Western theoretical perspective [30]. However, researchers have been arguing for a more balanced view of leadership ethics across cultural contexts, integrating an Eastern view of leadership [31].

A multi-level view of ethics in leadership has been commonly adopted by researchers. Mozumder [24] for instance highlights the importance of incorporating perspectives of multiple organizational levels of analysis. It is essential to identify and capture the views of key informants from different levels of organizations to allow for generating a balanced view of the interaction between leadership and ethics. The concept of ethics in leadership is highly relevant for leaders facing complex and multifaceted challenges [32]. Pucic [33] argues that managers’ opinions on ethical leadership are good reflections of the actual situation. This research joins the series of leadership research, to evaluate the relationship between leadership practices and ethical values [34].

Based on this current understanding of the role of leadership and ethics in driving institutions, this study aims to contribute to body of knowledge by:

1. Testing the relationship between leadership practices and ethical values in organizations;
2. Contextualizing the study in the business and cultural environment of four Central European nations (Czech Republic, Hungary, Poland, and Slovakia).

The paper continues with the review of relevant literature and an introduction of the conceptual framework, followed by the explanation of the measures and data collection procedures used. The data analysis section provides the description of exploratory factor analysis to validate the scales used,

and an evaluation of the relationships between the emerging dimensions of leadership practices and ethical values by means of correlation analysis. The discussion of the results focuses on one hand on the explanation of the emergent dimensions of leadership and ethics, on the other hand the relationships between these dimensions identified. The discussion contrasts the findings of the individual level analysis to the attributes of the context in which the data was collected. The paper is concluded by a summary of limitations, theoretical and practical implications, and recommendations for further research.

2. Theoretical Framework

The theoretical framework of this paper rests on two pillars: the relationship leadership and ethics and the quality of the institutional environment for doing business (institutional economics). The first section of the review of literature discusses the connection between leadership and ethics, which is followed by the introduction into context specific leadership theories. The key characteristics of the institutional environment for doing business in the four Central European nations are described, followed by the definition of the research model and propositions.

2.1. Leadership and Ethics

Leadership research has developed through four generations of theoretical approaches, examining: (1) leader traits, (2) leader actions, (3) the context in which leadership takes place, and (4) leader values [35]. Traditionally, behavioral leadership research has focused on identifying and categorizing behaviors used by leaders [34], while follower-centric theories attribute good leadership outcomes to follower actions [36]. Sometimes also referred to as a style or a skill, leadership behavioral and follower-centric studies examined what leaders and followers do and how they act [37,38].

Ethical leadership research—as a fourth-generation leadership theoretical approach—has focused on how ethical leadership affects organizational outcomes [14]. However, according previous empirical results, evidence is presented that leader traits, leader actions, and the context of leadership all have positive relationships to organizational outcomes [35]. Therefore, in order to explore the right level at which leadership and ethics connect, we need to identify and assess leadership traits, actions, context, and values, and how these relate to organizational ethical values and outcomes. An ethical issue is present, when “a person’s actions, if performed freely, may harm or benefit others” ([39] p. 367). Nguyen and Biderman [28] emphasize that ethical issues lead to ethical awareness, judgement, intent, and behavior. Ethical values can be grouped in three major areas: corruption [40]; governance [41]; and transparency [30,42]. Although this grouping is commonly employed, studies often find that these dimensions overlap in the views of respondents [30].

Brown and Trevino [18] identify the link between ethics and leadership by introducing ethical/moral leadership theories. Leaders inspiring good (and bad) conduct are captured in the authentic leadership theory [43], but authentic leadership theory does not encompass the totality of the ethical leadership concept [36]. In fact, both authentic and ethical leadership theories—along with spiritual and servant leadership theory—are captured within the domain of ethical/moral leadership [44]. Ethical/moral leadership is an emerging domain of leadership theory built on the foundations of behavioral and follower-centric leadership theories [43,44].

The effect of leadership practices influencing ethical values in the organization has emerged as an integrating framework that explains, to some degree, the relationship between leadership and ethics [14,24]. This line of inquiry has been targeting managers’ ethical values, resulting in empirical evidence that leadership practices and ethics are connected [45]. Empirical results confirm that elements of the business environment—such as corruption—are strongly influenced by business managers’ practices and attitudes [40].

2.2. Context Specific Leadership Theories in Central Europe

The Central European Visegrád countries (Czech Republic, Hungary, Poland, and Slovakia) have been known for their unique character, particularly considering the post-transitional contexts [46], compared to other established market economies. Researchers such as Hofstede [47], Laurent [48], and Trompenaars [49] found that diverse management practices are effective and acceptable in different countries. The GLOBE study extended beyond cultural comparison and investigated dimensions of leadership behaviors with the intent of developing country-specific profiles [50]. House et al. [51] collected GLOBE data in 62 countries, including Hungary and Poland (later the Czech Republic was added, but not Slovakia), constructing national profiles and global clusters of leadership and culture relevant to the Visegrád countries. The Eastern Europe cluster (also containing Albania, Georgia, Greece, Hungary, Kazakhstan, Poland, Russia, and Slovenia) of the GLOBE study was primarily characterized by the shared pre-Soviet history, communism, and a strong force of predominantly Asian culture, revealing that societies of the Balkans, Central Europe, Eastern Europe, and Central Asia share substantial similarities [51].

It is within the context of this Central and Eastern European cluster, that an appropriate leadership model was sought to capture follower and leader perspectives on ethical values and practices. There is a conceptual hegemony of ‘Western’ cross-cultural comparative models addressing culturally contingent leadership theory [52]. Scholars have addressed the necessity of starting culturally specific leadership research by identifying major shortcomings of previously accepted research frameworks [53]. This has particularly been emphasized to accommodate constant shifts and changes, end paradoxical ambiguities, eliminating the possibility of generalizing leadership characteristics into universals in specific cultural contexts [54].

The GLOBE study identifies six universal leadership dimensions, creating the framework of ‘culturally endorsed implicit leadership theories’ (CLTs) [51]. Jepson [55] argues, that a more dynamic understanding of the dimensionality of leadership is needed, allowing for capturing differences between countries and cultures. The use of universal dimensions is argued against [56], and these dimensions are often misused to draw inaccurate conclusions [57]. A unifying yet flexible framework was sought for within the four Central European Visegrád countries [58].

Scientific management theories have been used in Central European literature [59]. Western management theories have been accepted, translated, and adopted in the Central European context, also discussing leadership theory [60–62]. Successful attempts—such as the Global Executive Leadership Inventory [63]—encompass leaders in both ‘Eastern’ and ‘Western’ cultural contexts, while others articulate the need for using Eastern leader attributes [64].

Managers from Central Europe may be more preoccupied with the immediate and challenging daily demands of ongoing transition to a market economy [65]. For example, Polish managers’ awareness of leadership culture has only been growing recently, as a driver of business performance [66], and there is a growing number of leadership culture studies in Poland [61], as well as in other Eastern bloc countries. For example, post-transitional Russian leaders distinctively displayed Eastern characteristics of leadership culture [63]. Bakacsi et al. [67] provide a detailed overview of the background, historical and political character of the Central and Eastern European cultural group in the GLOBE leadership study. Corresponding to the Eastern influences [63,64,67], a strong collectivistic flavor with substantial team orientation and a preference for charismatic and participative leadership style was identified, with a uniquely configured power-culture and higher than expected uncertainty accommodating capacity in a traditionally collectivistic context.

2.3. The Institutional Environment for Doing Business in Central Europe

North [3] defines institutions as the rules shaping behaviors and interactions between members of a society. These institutions evolve over time, changing the behaviors of economic actors [68]. The change of institutions in turn will shape the behaviors of the actors [4], in particular the practices of business decision makers within an economy [69].

Kornai [70] highlights that ethical values are found to be relatively low priority in terms of public debate in the Central European Visegrád countries (Czech Republic, Hungary, Poland, and Slovakia), despite that ethical values have been identified as the baseline for building social institutions [71]. There are obstacles in the business environment of these countries reflected by the rankings of the Doing Business Report [72], the Corruption Perception Index annual report of Transparency International [73] and the Worldwide Governance Indicators [74]. These obstacles are reflected in literature, documenting institutional issues in business across the post-transitional region of Europe [75]. For example, Norris [76] asserts that trust is substantially lower in the Visegrád countries compared to Western countries of the EU.

Various dimensions of the quality of institutional configurations are measurable. The Worldwide Governance Indicators [74] operationalize measures of institutional quality by assessing the performance of the institutional framework in six dimensions: voice and accountability, political stability and absence of violence/terrorism; government effectiveness; regulatory quality; rule of law; and control of corruption. The Transparency International [73] Corruption Perception Index captures one important aspect of institutional performance globally. The Doing Business Indicators of World Bank [72] expand this spectrum by introducing a wider range of measurable performance indicators, from the perspective of businesses: ease of doing business; starting a business; dealing with construction permits; getting electricity, registering property; getting credit; protecting investors; paying taxes; trading across borders; and enforcing contracts. Figure 1 shows comparative figures of the Worldwide Governance Indicators, highlighting shortfalls of government performance in terms of control of corruption, rule of law, and voice and accountability [74].

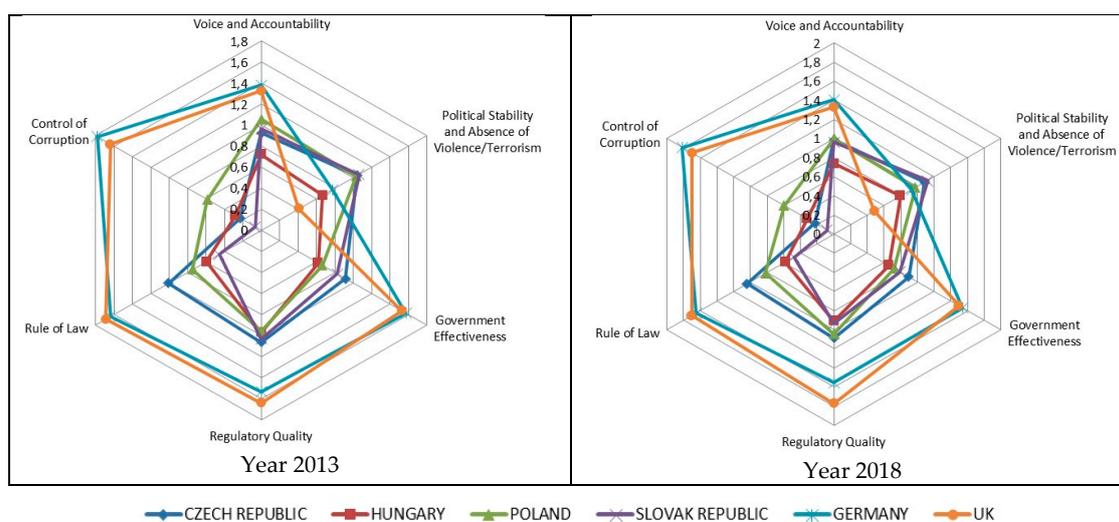


Figure 1. Worldwide Governance Indicators in Central Europe. Notes: (1) Worldwide Governance Indicators are displayed on a scale of -2.5 to $+2.5$, a higher score displaying better performance. (2) Germany and the UK are included in the figure as a developed country benchmark. (3) own figure based on data extracted from the World Governance Indicators [74] database.

Corruption Perception Index calculations [73] show presence of corruption in both the private and the public sectors (see Figure 2). The impact of these factors on the business environments of the Central European Visegrád countries is substantial, signified by the Doing Business Indicators [72], displayed in Figure 3. The latest available information (2018) and the figures from the time of conducting the field work (2013) are presented side by side for illustration. Figures 1–3 contain Germany and the UK as reference points, often viewed as a comparative benchmark in terms of institutional and economic performance in Europe.

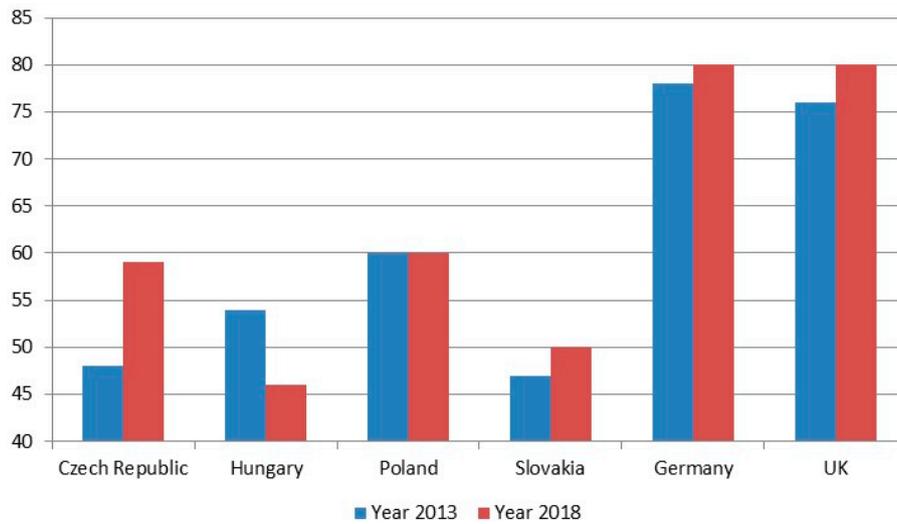


Figure 2. Worldwide Governance Indicators in Central Europe. Notes: (1) Corruption Perception Index scores are displayed on a scale of 0 to 100, a higher score displaying better performance. (2) Germany and the UK are included in the figure as a developed country benchmark. (3) own figure based on data extracted from Transparency International [73].

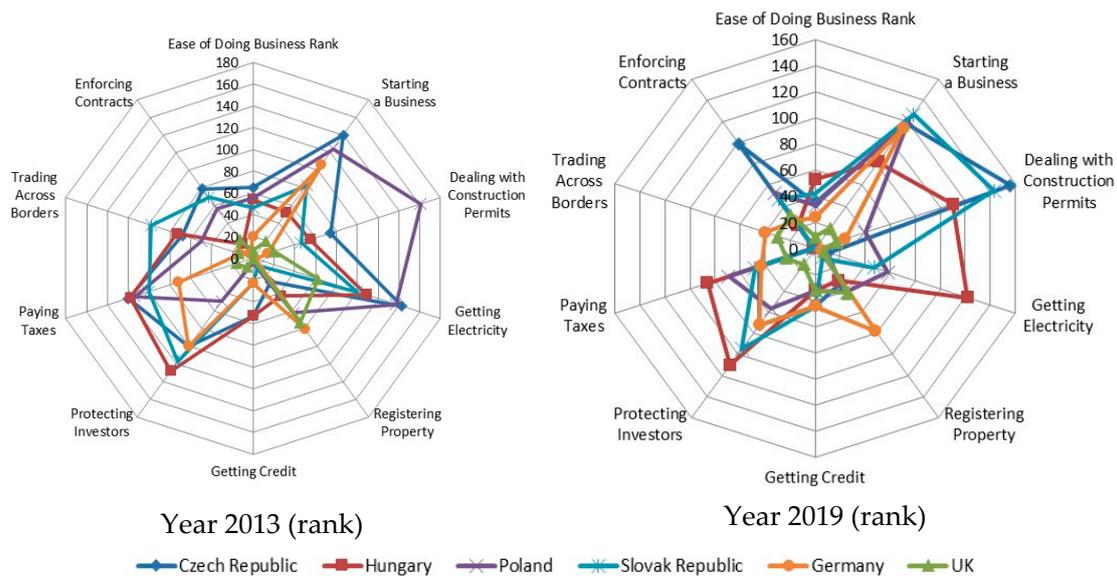


Figure 3. Doing Business in Central Europe. Notes: (1) Doing Business indicator ranks are displayed out of 189 countries. (2) Germany and the UK are included in the figure as a developed country benchmark. (3) own figure based on data extracted from the World Bank [72] Doing Business Reports.

The institutional economics framework conceptually links these aggregate performance measures to individual values and behaviors. Within the context of individual values and behaviors, culture presents itself as an overarching descriptive framework. The following section continues with introducing the domains of leadership and ethics, as the individual level manifestations of institutional quality. We identify a leadership model to be used, that is not only nouvelle in the geographical and institutional context, but is also holistic in the sense that it captures leadership traits, action, context, and values across all generations of leadership theory development. We also discuss ethical values, as part of the model, providing a proxy of institutional quality at an individual level.

2.4. Conceptual Model and Hypotheses

Leadership models incorporating an Eastern contextualization have not yet been applied in Central Europe, even though such models promise a good contextual fit, compared to Western models (such as GLOBE). The Asian Perspectives on Excellence in Leadership (APEL) framework [77] based on both Eastern and Western management literature [78] is used in this paper. The APEL model consists of five behavioral categories: (1) environmental influences, (2) managerial behaviors, (3) organizational demands, (4) personal qualities, and (5) attributes of the excellent leader. Selvarajah et al. ([77] pp. 35–38) defines these categories:

- “Environmental influences are factors outside the organization that have influence on the operation and success of the organization;
- Managerial behavior refers to the values, attitudes, actions, and styles of managers that are specific to the performance of the management task;
- Organizational demands relate to the way a manager reacts or responds to organizational goals, roles, rules, structures, demands, pressures, and rewards;
- Personal qualities refers to the personal values, skills, beliefs, attitudes, and behaviors of the manager, irrespective of profession or organization.”
- Leadership excellence is an aggregate category encompassing behaviors generally applicable to multiple or all above mentioned categories.

The APEL model proposes a multi-dimensional view encompassing leadership, in terms of the different generations of leadership theories [35]. The model aligns with the first generation view of leadership theories focusing on traits, in terms of addressing leadership as personal characteristics. The APEL model also incorporates second generation leadership theories with their focus on actions, through its dimension of managerial behaviors. Third generation leadership theories address the context in which leadership takes place through the APEL dimensions of environmental influences and organizational demands. Finally, leadership values that are in the forefront of fourth generation leadership theories are represented in the APEL model by the dimension of leadership excellence. Therefore, the application of the APEL model gives an opportunity to not only explore the relationship between leadership practices and ethical values in a unique cultural context, but also provides an avenue to test the understanding behind the evolution of leadership theory, and its ability to address the ethical question.

Previous implementations of the APEL model have found 37 to 60 different behaviors describing dimensions within the five behavioral categories, in a wide range of Asian countries [78–86], in Europe [87], and in Africa [88]. In this study, the APEL framework was extended to include ethical values as highlighted in Figure 4 to examine the relationship between leadership practices and ethical values of managers from the Central European Visegrád nations. A conceptualization of ethical values relating to corruption [40], governance [41], and transparency [30,42] was developed to integrate with the model of leadership practices.

Theories of ethical leadership suggest a strong link between leadership behaviors and ethical values [18,20]. Based on this conceptual framework, and the extensive review of empirical research results of leadership theories presented by Ko et al. [14], the hypotheses are formulated. Empirical evidence is presented that leadership traits (first generation leadership theory) are positively linked with organizational outcomes [35]. This provides a basis for our first hypothesis:

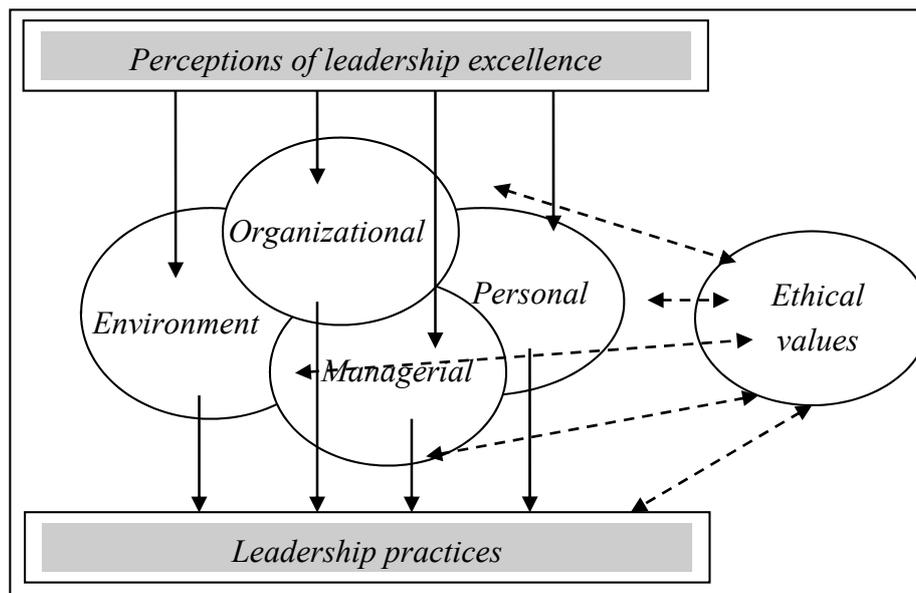


Figure 4. Conceptual framework linking ethics to leadership culture using the APEL model. Figure adapted from Selvarajah et al. [77] by the authors.

Hypothesis 1: *Personal qualities are positively associated to ethical values.*

Further empirical evidence exists for the positive relationship between leadership actions and organizational outcomes (second generation leadership theories), allowing the formulation of our second hypothesis [35]:

Hypothesis 2: *Managerial behaviors are positively associated to ethical values.*

Thirdly, evidence is presented for a positive relationship between leadership context and organizational outcomes (third generation leadership theories), supporting the next hypotheses:

Hypothesis 3a: *Environmental influences are positively associated to ethical values.*

Hypothesis 3b: *Organizational demands are positively associated to ethical values.*

Finally, leadership values according to ethical leadership theory are expected [14] and have been found to [35] be positively related to ethical values, providing support to our last hypothesis:

Hypothesis 4: *Leadership excellence is positively associated to ethical values.*

3. Data Collection and Analysis

In order to explore the two research propositions, data were collected and analyzed on individual attitudes towards leadership practices and ethical values. In the following sections, details of the data collection, the analytical process, and its results are introduced.

3.1. Questionnaire Development

The APEL questionnaire consisting of 94 items for measuring leadership excellence through behaviors was developed by Selvarajah et al. [77] and validated in Asia: Malaysia [79,80], China [81], Singapore [86], Vietnam [83], Cambodia [82], Thailand [89], and trialed in Europe, in the Netherlands [87] and trialed in Africa, in South Africa [88]. Comprehensive analysis of the results was conducted for

selected ASEAN (Association of Southeast Asian Nations) countries by Taormina and Selvarajah [78], confirming the applicability of the four broad categories identified in the APEL model. Measures of three dimensions of ethical values: corruption [40], governance [16], and transparency [30,42], were adopted from extant literature. These dimensions were selected to align with the aggregate measures of institutional quality, namely governance, corruption, and ease of doing business. Altogether, 14 items measuring the three factors of ethical attitudes were included in the survey. (The authors can provide the details of the full questionnaire upon request.)

Demographic information in relation to respondents—such as age, employment position, sector, and industry—was also collected, to control for biases and representativeness of the data. To ensure accurate representation and communication of concepts in the survey, and the compatibility of the data collected, the questionnaire was translated and subsequently back-translated from all four languages to English [90,91].

3.2. Data Collection

Researchers collected 220 responses in the Czech Republic, 201 in Hungary, 220 in Slovakia, and 227 in Poland, totalling 868 responses from the four countries, using a combination of paper-based questionnaires and online surveys, during 2013. The researchers received research ethics approval from Swinburne University of Technology, based on the ethical research code of conduct of the respective institutions, the authors were affiliated with. A key consideration during the data collection was to maintain anonymity of the respondents, and to avoid coercion of respondents.

The researchers approached Czech managers from companies, NGOs (Non-Government Organisations), and the government sector in person. Five hundred and fifty questionnaires were distributed to managers in local companies in the Zlin region, executive level government officials, and Masters students enrolled in the institution working full time, yielding 210 responses, resulting in a 38.2% response rate. Data collection in Hungary was conducted by distributing the survey to MBA students of the Budapest University of Technology (working full time), and circulated among selected members of the Hungarian Economic Association holding management positions. Seven hundred and seventy-nine survey invitations yielded 201 responses, resulting in a 25.8% response rate. The Polish researchers administered 662 invitations to potential respondents employed in managerial positions in businesses, government bodies, and NGOs, yielding 227 responses, resulting in a response rate of 34.3%. Three hundred private and public sector managers were randomly selected and contacted in Slovakia, yielding 220 responses, resulting in a response rate of 73.3%.

The tables presented in Appendix A display the response numbers and key demographic characteristics of respondents (labor market participants). In the Czech sample, there are slightly more female respondents. Median age of the respondent population is 35, which indicates substantial presence of the post-transition generation. Male respondents are also slightly over-represented in the Hungarian sample, with a relatively high proportion of government employees in comparison to other country samples. The median age of respondents in Hungary is 45, showing that the younger generation is under-represented in the sample compared to the other three country samples. Managers from NGOs are better represented in the Polish sample compared to the other three country samples. Median age of the respondents is between 35 and 45. There are also slightly more male respondents in the Slovak sample, with high representation of respondents in government positions similar to Hungary. There were no respondents in the NGOs category. Median age of the respondents is between 35 and 45 years.

3.3. Measurement Validation

Exploratory factor analysis was conducted to establish common dimensions of the six behavioral categories (leadership excellence, managerial behaviors, organizational demands, environmental influences, personal qualities, and ethical attitudes) conceptualized. Indicators associated with the leadership dimensions were specified based on prior studies utilising the APEL model, to maintain

face validity. Exploratory factor analysis was used to identify the specific dimensions of the APEL categories, and the ethical conduct category. The indicators associated with the individual behaviors were consolidated into a set of factors measured by the same indicators across all four countries. Factors of leadership and ethical attitudes not present in all four countries as measured by the model were not included in further analysis. This has been done in order to maintain the comparability of the results across the four countries.

The resulting scales were refined and assessed for validity and reliability. Convergent validity was established based on the average variance extracted (AVE) exceeding 0.5 [92]. Reliability was assessed by Cronbach's alpha scores, greater than 0.7 [92]. In certain cases, Cronbach's alpha values greater than 0.6 were also accepted, as suggested by Hair et al. [92] to be suitable for exploratory factor analysis. In cases where the refinement of the measures resulted in scales with less than 3 indicators, Spearman's correlation was used to evaluate the reliability of the two-item scales. Spearman's correlation is appropriate to evaluate the strength of connection between variables measured on a 5-point Likert-type response format, and is reflective of scale reliability in such cases [93]. Highly significant ($p < 0.01$) and medium ($0.3 < |\rho| < 0.5$) level correlations were sought, but significant ($p < 0.05$) or low ($0.1 < |\rho| < 0.3$) level correlations were occasionally also accepted for the exploratory analysis [93]. In general, the results are further validated by deriving a similar factor structure and scale composition across all four countries.

After assessing the validity and reliability of measures, correlations were explored to quantify the link between ethics and leadership culture, in order to reflect on the hypotheses.

3.3.1. Leadership Excellence

This factor in the Visegrád countries presented itself as a single, monolithic leadership dimension. The validity and reliability statistics of the leadership excellence scale are shown in Table 1. (Full scale details are presented in Appendix B). One of the strongest loading variables in all four countries was employee motivation, and one of the weakest was developing competitive strategies. The composition of the leadership excellence dimension was similar to that of the original conceptualization by Selvarajah et al. [83], focusing on a broad range of highly important behaviors practiced by excellent leaders, aligning into a single dimension.

Table 1. Leadership excellence scale.

LEADERSHIP EXCELLENCE	Loadings				
	CZ	HU	SK	PL	All V4
Eigenvalue of factor	(2.56)	(2.56)	(2.50)	(2.92)	(2.63)
Cronbach's Alpha	0.75	0.76	0.74	0.80	0.76
Total/Average Variance Extracted (AVE)	51.2%	51.2%	50.0%	58.4%	52.4%

3.3.2. Environmental Influences

The two dimensions identified by the respondents were: (1) cultural tolerance and (2) environmental awareness and screening, as displayed in Table 2. (Full scale details are presented in Appendix B). In cultural tolerance, multicultural orientation was commonly understood was the strongest loading item. Environmental awareness and screening was characterized by technology awareness and screening for problems and opportunities.

Reliability of the cultural tolerance scale for the Czech sample was weaker (Cronbach's alpha < 0.7), but this finding is not unusual. The GLOBE results have also encountered issues with the factor analysis for Czech empirical results [64].

Table 2. Environmental influences scales.

ENVIRONMENTAL INFLUENCES	Loadings				
CULTURAL TOLERANCE	CZ	HU	SK	PL	All V4
Eigenvalue of factor	(2.23)	(2.68)	(2.74)	(2.97)	(2.70)
Cronbach's Alpha	0.69	0.74	0.77	0.79	0.76
Average Variance Extracted (AVE)	0.51	0.53	0.55	0.58	0.55
ENVIRONMENTAL AWARENESS and SCREENING	CZ	HU	SK	PL	All V4
Eigenvalue of factor	(1.45)	(1.05)	(1.25)	(1.15)	(1.18)
Spearman's correlation	0.45 **	0.42 **	0.57 **	0.60 **	0.51 **
Average Variance Extracted	0.67	0.66	0.76	0.76	0.72
Total Variance Extracted (by all factors)	61.2%	62.1%	66.4%	68.7%	64.6%

** significant at $p < 0.01$.

3.3.3. Managerial Behaviors

It was difficult to identify the commonalities across the various countries in this category. Eventually, the dimensions of (1) practicality, (2) teamwork, and (3) decisiveness were identified, as shown in Table 3. (Full scale details are presented in Appendix B). In terms of practicality, task focus loaded strongest for Czech, Slovak, and Polish managers, while detail orientation loaded strongest for Hungarian managers. Allowing subordinates autonomy was the strongest loading indicator of the teamwork dimension in all countries. Speed of decision making was the strongest loading indicator of the decisiveness factor in all samples. The Hungarian and Czech samples stand out in terms of the practicality dimension, the Czech sample for teamwork, the Czech, Hungarian, and Slovak samples for decisiveness, which unfortunately show weaker reliability, reflecting the difficulty to cross-validate a common factor structure across the four countries.

Table 3. Managerial behaviors scales.

MANAGERIAL BEHAVIORS	Loadings				
PRACTICALITY	CZ	HU	SK	PL	All V4
Eigenvalue of factor	(1.04)	(1.46)	(1.35)	(0.87)	(0.94)
Focus on the task-in-hand	0.73	0.74	0.88	0.84	0.87
Think about the specific details of any particular problem	0.71	0.78	0.76	0.73	0.68
<i>Spearman's correlation</i>	0.22 **	0.29 **	0.39 **	0.33 **	0.31 **
<i>Average Variance Extracted (AVE)</i>	0.52	0.58	0.65	0.62	0.61
TEAMWORK	CZ	HU	SK	PL	All V4
<i>Eigenvalue of factor</i>	(0.96)	(0.93)	(1.06)	(1.37)	(1.13)
Allow subordinates authority and autonomy	0.83	0.83	0.82	0.86	0.84
Consider suggestions made by employees	0.64	0.73	0.79	0.77	0.75
<i>Spearman's correlation</i>	0.16 *	0.33 **	0.34 **	0.41 **	0.36 **
<i>Average Variance Extracted (AVE)</i>	0.55	0.62	0.65	0.67	0.63

Table 3. Cont.

MANAGERIAL BEHAVIORS	Loadings				
	CZ	HU	SK	PL	All V4
<i>Eigenvalue of factor</i>	(2.41)	(2.20)	(2.25)	(2.62)	(2.40)
Make work decisions quickly	0.87	0.83	0.81	0.82	0.81
Make decisions earlier rather than later	0.73	0.66	0.57	0.71	0.66
Make decisions without depending too much on others	0.68	0.73	0.85	0.82	0.80
<i>Cronbach's Alpha</i>	0.69	0.63	0.67	0.73	0.67
<i>Average Variance Extracted (AVE)</i>	0.58	0.55	0.57	0.62	0.57
<i>Total Variance Extracted (by all factors)</i>	62.9%	65.5%	66.7%	69.4%	66.1%

* significant at $p < 0.05$, ** significant at $p < 0.01$.

3.3.4. Organizational Demands

Organizational demands form one dimension in the study across all four countries (shown in Table 4). (Full scale details are presented in Appendix B). The strongest loading component of this dimension of leadership in the Czech, Slovak, and Polish sample was the support for joint decisions, and advocating a professional image in the Hungarian context. Despite further efforts of attempting to refine this scale to maintain reliability and validity, the psychometric qualities of this scale did not meet the minimum requirements, and therefore it was not possible to utilize this part of the data collected for further analysis.

Table 4. Organizational demands scale.

ORGANIZATIONAL DEMANDS	Loadings				
	CZ	HU	SK	PL	All V4
<i>Eigenvalue of factor</i>	(1.71)	(1.44)	(1.58)	(1.70)	(1.61)
Act as a member of a team	0.76	0.65	0.74	0.72	0.74
Support decisions made jointly by others	0.79	0.66	0.77	0.82	0.77
Sell the professional image or corporate image to the public	0.72	0.77	0.66	0.71	0.69
<i>Cronbach's Alpha</i>	0.61	0.46	0.55	0.61	0.56
<i>Total/Average Variance Extracted (AVE)</i>	57.1%	48.1%	52.8%	56.7%	53.7%

3.3.5. Personal Qualities

This dimension has also displayed substantial diversity among the different countries, but eventually, substantial commonalities were identified as displayed in Table 5. (Full scale details are presented in Appendix B). The two dimensions found in this category are (1) openness and (2) moral virtue. Openness refers to consistency and accountability, and moral virtue stands for moral and emotional drive.

Being consistent is the common and strongest loading shared value across the Polish and Slovak samples, while in the Czech and Hungarian samples, accountability was the strongest determinant of openness. Emotional considerations loaded the strongest in Czech, Hungarian, and Polish samples, in terms of virtue, while morals loaded strongest in the Slovak sample.

The reliability of the openness scale for the Slovak data is relatively low, similar to the reliability of the moral virtue scale for the Hungarian sample, showing some minor issues with the scales used.

Table 5. Measures of personal qualities.

PERSONAL QUALITIES	Loadings				
	CZ	HU	SK	PL	All V4
OPENNESS					
<i>Eigenvalue of factor</i>	(1.78)	(1.55)	(1.05)	(1.71)	(1.71)
<i>Spearman's correlation</i>	0.51 **	0.39 **	0.24 **	0.41 **	0.39 **
<i>Average Variance Extracted (AVE)</i>	0.77	0.64	0.62	0.73	0.71
MORAL VIRTUE	CZ	HU	SK	PL	All V4
<i>Eigenvalue of factor</i>	(1.22)	(1.16)	(1.72)	(1.28)	(1.65)
<i>Spearman's correlation</i>	0.43 **	0.30 **	0.48 **	0.43 **	0.41 **
<i>Average Variance Extracted (AVE)</i>	0.71	0.65	0.73	0.72	0.71
<i>Total Variance Extracted (by all factors)</i>	75.0%	67.6%	69.1%	74.7%	71.9%

** significant at $p < 0.01$.

3.3.6. Ethical Values

Table 6 displays the two dimensions of ethical values as measured in the survey. (Full scale details are presented in Appendix B). The conceptualization of ethical dimensions suggested three dimensions: corruption, governance, and transparency. However, these three dimensions were not reflected in the results of the factor analyses. A two-factor solution was selected, identifying positive and negative attitudes in relation to ethical conduct, which is to the findings of Resick et al. [30]. The two-factor solution, explained by Resick et al. [30], occurs when respondents distinguish between positive and negative behavioral patterns in terms of ethical attitudes, but do not express different attitudes towards specific areas of ethical conduct. Differences are identifiable between the different countries in terms of loadings of various indicators compared to each other. While accepting corruption as part of doing business was the strongest loading indicators of negative behavioral patterns across all countries, the neglect of accountability and transparency was the weakest loading indicator.

Table 6. Ethical values scales.

NEGATIVE PATTERNS	CZ	HU	SK	PL	All V4
<i>Eigenvalue of factor</i>	(3.99)	(3.90)	(3.89)	(3.13)	(3.38)
<i>Cronbach's Alpha</i>	0.86	0.90	0.89	0.82	0.86
<i>Average Variance Extracted (AVE)</i>	0.59	0.69	0.65	0.52	0.59
POSITIVE PATTERNS	CZ	HU	SK	PL	All V4
<i>Eigenvalue of factor</i>	(2.08)	(1.79)	(2.76)	(2.84)	(2.26)
<i>Cronbach's Alpha</i>	0.73	0.79	0.85	0.86	0.74
<i>Average Variance Extracted (AVE)</i>	0.54	0.62	0.69	0.69	0.56
<i>Total Variance Extracted (by all factors)</i>	58.7%	66.6%	66.6%	59.8%	60.9%

In terms of positive patterns, consulting stakeholders was the weakest loading component of good practice for the Czech, Slovak, and Polish respondents. Considerations for stakeholder impact loaded the strongest item for Czech respondents, while assessing stakeholder claims loaded the strongest in the case of the Hungarian, Slovak, and Polish samples.

3.3.7. Discriminant Validity

Discriminant validity was assessed using the Fornell and Larcker [94] criterion. According to the results displayed in Table 7, all dimensions are compliant, however as the organizational demands category of the APEL model lacked convergent validity and reliability, it was not included in further

analysis. Therefore, the relationships between the organizational demands category and the dimensions of ethical attitudes were not evaluated.

Table 7. Discriminant validity evaluation for the combined sample.

Categories	Dimensions	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Ethical Values	<i>Negative patterns (1)</i>	0.78									
	<i>Positive patterns (2)</i>	0.07 *	0.81								
Leadership Excellence (3)		−0.24 **	0.33 **	0.72							
	<i>Cultural tolerance (4)</i>	−0.07	0.26 **	0.49 **	0.74						
Environmental Influences	<i>Environmental Awareness and Screening (5)</i>	−0.08 *	0.22 **	0.51 **	0.36 **	0.85					
	<i>Practicality (6)</i>	−0.05	0.11 **	0.39 **	0.31 **	0.37 **	0.79				
Managerial Behaviors	<i>Teamwork (7)</i>	−0.24 **	0.21 **	0.50 **	0.38 **	0.30 **	0.23 **	0.82			
	<i>Decisiveness (8)</i>	−0.02	0.08 *	0.38 **	0.31 **	0.38 **	0.37 **	0.19 **	0.78		
Personal Qualities	<i>Openness (9)</i>	−0.13 **	0.14 **	0.40 **	0.31 **	0.22 **	0.33 **	0.30 **	0.28 **	0.84	
	<i>Virtue (10)</i>	0.07 *	0.01	0.15 **	0.30 **	0.17 **	0.15 **	0.21 **	0.11 **	−0.13 **	0.84

* significant at $p < 0.05$, ** significant at $p < 0.01$, The diagonal of the table contains the squared root of AVE score for each dimension [94].

3.4. Exploring the Relationship between Leadership and Ethics

After establishing validity and reliability of the scales used in measuring leadership behaviors and ethical attitudes, mean scores of the scales were calculated to explore the relationships between the constructs. Correlation analysis was used to reveal the relationships between the categories in the leadership model and dimensions of ethical attitudes of the respondents.

3.4.1. Descriptive Statistics

Table 8 provides detail on means and standard deviations of responses. Country scores above the four-country average are highlighted in bold. Standard deviation displays the discrepancies between respondents within the sample. The standard deviation values in the dimensions on which the respondents expressed opinions the least consistently, were marked in italics.

It appears that Hungarian response means are most frequently the highest, indicating potential presence of some biasing effect (such as social desirability). At the same time, the Slovak sample shows the lowest level of consistency (highest standard deviation) amongst the respondents in the four APEL categories and ethical values, followed by the Polish sample, suggesting that the opinions of the respondents varied the most in these two countries. On the other hand, the respondents from Hungary and the Czech Republic were more consistent in their expressed values and opinions.

3.4.2. Correlation Analysis

A bivariate Pearson's correlation matrix is used to assess relationships between categories of leadership excellence, and ethical attitudes. Table 9 underpins a broadly positive relationship between leadership excellence and attitudes towards the positive ethical dimension. The leadership excellence category and both dimensions of environmental influences show significant positive relationships to positive ethical attitudes in all four Visegrád countries.

Data provides varying outcomes regarding the dimension of managerial behaviors and personal qualities. For example, virtue, incorporating issues of morality, only relate to positive ethical attitudes in case of the Slovak sample. However, the relationships are not consistent across the board for the managerial behaviors dimension either, suggesting that this aspect of leadership excellence is not universally related to ethical behavior.

Table 8. Response statistics for leadership practices and ethical values.

			CZ	HU	PL	SK	V4 MEAN
N (Number of Respondents per Country)			220	201	227	220	
Ethical values	Negative Patterns	Mean	2.01	2.02	1.66	1.97	1.91
		Std. dev.	0.84	1.06	0.69	0.92	
	Positive Patterns	Mean	3.07	3.37	3.57	3.19	3.30
		Std. dev.	0.73	0.86	0.96	0.88	
Leadership Excellence		Mean	4.10	4.33	4.11	4.08	4.15
		Std. dev.	0.63	0.57	0.72	0.69	
Environmental Influences	Cultural Tolerance	Mean	3.23	3.66	3.43	3.31	3.40
		Std. dev.	0.73	0.81	0.86	0.88	
	Environmental Awareness and Screening	Mean	3.71	4.11	3.85	4.01	3.91
		Std. dev.	0.80	0.75	0.88	0.92	
Managerial Behaviors	Practicality	Mean	3.84	4.08	3.87	3.77	3.88
		Std. dev.	0.67	0.67	0.77	0.88	
	Teamwork	Mean	3.45	4.14	3.99	3.64	3.80
		Std. dev.	0.71	0.67	0.78	0.78	
	Decisiveness	Mean	3.66	3.94	3.61	3.74	3.69
		Std. dev.	0.74	0.66	0.74	0.77	
Personal Qualities	Openness	Mean	4.37	4.60	4.04	3.36	4.08
		Std. dev.	0.81	0.53	0.79	0.74	
	Virtue	Mean	2.27	2.85	2.77	3.56	2.96
		Std. dev.	0.86	1.05	1.02	0.78	

1: strongly disagree; 5: strongly agree.

Table 9. Correlations between leadership practices and positive ethical attitudes.

Leadership Excellence Categories and Dimensions		Positive Ethical Attitudes				
		HU	CZ	SK	PL	All
Leadership excellence		0.25 **	0.28 **	0.29 **	0.47 **	0.33 **
Environmental Influences	Cultural Tolerance	0.17 *	0.29 **	0.30 **	0.22 **	0.26 *
	Environmental Awareness and Screening	0.18 *	0.16 *	0.18 **	0.30 **	0.22 **
Managerial Behaviors	Practicality	n.s.	n.s.	n.s.	0.24 **	0.11 **
	Teamwork	n.s.	0.16 *	n.s.	0.23 **	0.21 **
	Decisiveness	n.s.	0.15 *	n.s.	0.16 *	0.08 *
Personal Qualities	Openness	n.s.	n.s.	n.s.	0.30 **	0.14 **
	Moral Virtue	n.s.	n.s.	0.15 *	n.s.	n.s.

* correlations significant at $p < 0.05$; ** correlations significant at $p < 0.01$; n.s., correlations not significant.

The relationships between dimensions of leadership excellence and negative ethical attitudes are summarized in Table 10. The leadership excellence category shows significant negative correlation to negative ethical behaviors, demonstrating that respondents in all four countries are well aware that good leadership cannot be executed through unethical behaviors.

Table 10. Correlations between leadership practices and negative ethical attitudes.

Leadership Excellence Categories and Dimensions		Negative Ethical Behaviors				
		HU	CZ	SK	PL	All
Leadership Excellence		<u>-0.21 **</u>	<u>-0.30 **</u>	<u>-0.29 **</u>	<u>-0.23 **</u>	<u>-0.24 **</u>
Environmental Influences	Cultural Tolerance	n.s.	n.s.	n.s.	n.s.	0.086 *
	Environmental Awareness and Screening	n.s.	-0.16 *	n.s.	-0.16 *	-0.08 *
Managerial Behaviors	Practicality	n.s.	-0.14 *	n.s.	n.s.	n.s.
	<u>Teamwork</u>	<u>-0.42 **</u>	<u>-0.18 **</u>	<u>-0.16 *</u>	<u>-0.23 **</u>	<u>-0.24 **</u>
Personal Qualities	Decisiveness	n.s.	n.s.	n.s.	0.14 *	n.s.
	Openness	-0.50 **	-0.32 **	n.s.	n.s.	-0.13 **
	Moral Virtue	0.32 **	n.s.	-0.25 **	n.s.	0.07 *

* correlations significant at $p < 0.05$; ** correlations significant at $p < 0.01$; n.s., correlations not significant.

Cultural tolerance displays no relationship to negative ethical attitudes, interestingly demonstrating that while this dimension significantly relates to positive ethical attitudes, it does carry potential to eliminating bad ethical practices. The dimension of moral virtue—incorporating morality—demonstrates an adverse relationship to negative ethical attitudes, similarly to positive attitudes. The other dimension of the personal qualities category (openness)—defined as a mixture of personal values—is mostly consistently negatively correlated with negative ethical attitudes, indicating the direction of the link between the personal qualities category and negative ethical attitudes. This link is however not reflected in the Slovak and the Polish samples, therefore the link between these dimensions cannot be confirmed.

The teamwork dimension—showing inclusive work practices—of the managerial behaviors category is also consistently negatively related to negative ethical attitudes. The negative relationships of teamwork to negative ethical attitudes in all four countries highlight existing and effective means of potentially combating corruption, and other undesirable ethical practices.

4. Discussion of Results

The paper set out to investigate the relationship between leadership practices and ethical values, and evaluate leadership and ethical attitudes in the context of the Central European Visegrád countries. The hypotheses anticipated positive relationships between leadership practices and ethical values. Table 11 provides a summary of the outcomes of hypothesis testing. Hypothesis 1 is not supported because factor of the personal qualities category is significantly related to ethical attitudes in all four countries. Hypothesis 2 is partially supported, because only one dimension of environmental influences (teamwork) is linked significantly, and only to negative ethical attitudes. Hypothesis 3a is only partially supported, because both its dimensions are significantly positively associated to only the positive ethical attitudes, but no significant relationship is demonstrated to the negative ethical attitudes. We were unable to test Hypothesis 3b, because it was not possible to validate the organizational demands scale. Finally, hypothesis 4 is fully supported, because leadership excellence is significantly related to both dimensions of ethical attitudes, in an appropriate direction.

These results imply, that in the Visegrád countries, only the fourth stage (values based) leadership model can provide a coherent explanation to ethical leadership, while the other theories only demonstrate a partial link to ethical values.

Table 11. Correlations between leadership practices and positive ethical attitudes.

		Positive Ethical Attitudes	Negative Ethical Attitudes
H1: Personal qualities	Openness		
	Moral Virtue		
H2: Managerial behaviors	Practicality		
	Teamwork		SUPPORTED
	Decisiveness		
H3a: Environmental influences	Cultural Tolerance	SUPPORTED	
	Environmental Awareness and Screening	SUPPORTED	
H4: Leadership excellence		SUPPORTED	SUPPORTED

4.1. Congruence between Leadership Behaviors and Ethical Attitudes

As described above (see Table 11), some hypotheses are partially, others are fully supported by the results. The leadership excellence and of the environmental influences categories relate positively to positive ethical attitudes (see Table 10). Characteristics of the leadership excellence category, and the teamwork dimension of the managerial behaviors category display a significant negative correlation to negative ethical attitudes (see Table 11). These results indicate, that while leadership traits, actions, and values (generations two and three of leadership theories) are partially able to explain ethical attitudes of leaders, it is only the value-based leadership theory (generation four), that is able to comprehensively explain both positive and negative ethical attitudes of the respondents.

Specifically, leadership excellence, managerial behaviors, and environmental influences categories of the leadership model are related significantly to ethical attitudes. Teamwork—as a set of managerial behaviors—serves as inhibitor of negative ethical attitudes. Cultural tolerance and environmental awareness and training dimensions of the environmental influences category support positive ethical attitudes. Leadership excellence is significantly positively related to positive, and negatively to negative ethical attitudes, demonstrating the ability of a values based leadership approach to explain ethical leadership the best.

While the results have been able to demonstrate that several dimensions of leadership excellence are positively related to positive and negatively related to negative ethical attitudes across all four Central European Visegrád countries, several leadership dimensions showed no significant relationships with ethics, or only showed a significant relationship in some countries but not others.

In summary, Hypothesis 4 can be supported, because significant relationships have been found demonstrating that a values-based approach to leadership is congruent with ethical values. However, there have been no consistent correlations found between leadership and ethics indicators at the trait, action and context-based approaches [35], providing evidence that a values-based approach to leadership is necessary to explain leadership ethics.

Based on this outcome, it would be logical to assume, that leadership excellence incorporating teamwork, environmental awareness and screening, and cultural tolerance creates an ethical business environment that is corruption free and transparent. However, what is expressed at the micro level—in the form of a coherent system of values—is not necessarily reflected at the macro level, in the business environment. This issue is initially indicated in our discussion regarding the context of the research, and elaborated further in the following section of the discussion.

4.2. The 'Gap'

It has been argued, that ethics in leadership follows a trickle-down process, and that leadership ethics has substantial aggregate implications at the business environment level, through influencing

the ethical conduct of individuals [24,95]. Our results demonstrate that respondents subscribing to certain leadership values (such as leadership excellence) also expressed positive ethical attitudes. This illustrates the first step of the trickle-down effect also evidenced by Harshman and Harshman [23], Ruiz, Ruiz, and Martinez [95], and Mozumder [24]. On the flip side, respondents subscribing to certain other excellent leadership behaviors reject negative ethical attitudes. This illustrates the trickle-down effect, in that leaders do not only have the capability to inspire good conduct in subordinates, but also discourage poor conduct.

With this evidence illustrating the trickle-down effect of ethical leadership, and the congruence of leadership behaviors and ethical attitudes in the Central European Visegrád countries, the necessity presents itself to explain why individual level results showing an ethical approach to leadership are not reflected in the performance of the institutional environment in terms of business conduct and other indicators. Given a positive relationship between leadership practices and ethical values was found, a gap emerges in terms of the individual leadership ethics and the aggregate observations of the business environment as described by the institutional indicators (see Figures 1–3).

Blake [96] describes this gap within the bounds of the theory of planned behavior [97,98], as individual respondents expressing different intent to the measurable outcome of their actions. An aggregate measure of the outcome of the respondents' actions is reflected in the business environment (World Governance Indicators [74], Corruption Perception Index [73], Doing Business Indicators [72]). Therefore, the gap is identified if leadership practices and ethical values are positively related, while the institutional environmental indicators are less favorable. Reversing the argument, the aggregate institutional performance indicators falling short of the benchmark suggest gaps in individual performance (practices and values) of leadership and ethics, implying the presence of a gap.

This value-action gap manifests between micro and macro levels of institutional qualities in the Central European Visegrád countries, and is demonstrated by the difference between individual values and collective outcomes [99]. Positive relationships between leadership behaviors and ethical attitudes would imply a well performing institutional environment. As illustrated by the Corruption Perception Index [73], Doing Business Indicators [72], and the Worldwide Governance Indicators [74]—from the year of the survey data collection (2013)—the performance of the institutional environment was not as strong as the individual level results would suggest. Leadership practices and ethical values are indicative of a good outcome from an individual level, and something else inhibits the positive impact to manifest at the aggregate level. Therefore, it can be concluded, that the institutional environment is not conducive to the sustainable economic development, which could be achievable building on the micro level leadership values.

Potential explanations to this observation may be found in either firm level factors or in the dynamics of the change process of the institutional environment. In the case of Central European countries, institutional transition can be identified in the phenomenon of transition [70,71], that resulted in developing a gap between institutional frameworks and individual level practices. However, this transformation is difficult to capture [100]. Previous research has confirmed insight into the differences in institutional development between countries even within the Central and Eastern European region [101], and has highlighted the variation firm level factors may cause in individual perceptions [19,97,102].

5. Conclusions and Implications

This paper demonstrates the positive relationship between leadership practices and ethical values in private and government business sectors in the Central European Visegrád countries. The results show, that the last generation of value-oriented leadership theory is only truly capable of explaining the whole spectrum of ethical values of the respondents. We also provide evidence for the presence of a gap, spanning between individual level attitudes and aggregate outcomes. The results of this paper—in light of empirical evidence presented by other researchers—imply that the reason for the

gap between micro and macro level manifestation of institutions cannot be explained by the disconnect between leadership practices and ethical values.

5.1. Theoretical Implications

Theoretical implications based on the results are twofold. Firstly, the evidence provided for the strong link between leadership practices and ethical values suggests the possibility of a continuous effort of integrating ethical aspects into currently existing leadership theories. This possibility for incremental theoretical development feeds into the need for further research pointed out by Levine and Boaks [21], on values-based leadership [35]. On the other hand, a fundamental re-thinking of the relationship between ethics and leadership as proposed by Hornett and Fredricks [22] is not warranted. Given the large number of leadership models already in existence [43,44], the real challenge for theorists is either to find the model best suited for incorporating an ethical dimension, or to consolidate the portfolio of models in a way that allows for the emergence of an ethics driven model at the same time.

In particular, we need to highlight our result, in terms of reflecting on the progress of leadership theory development [35]. While trait (generation one), action (generation two), or context (generation three) based leadership theories are not able to holistically capture the relationship between ethics and leadership, value-based leadership theory (generation four) is. This validates the necessity of the new generation of leadership theories, when researching ethical leadership.

Further theoretical implications are driven by the outcome related to the value-action gap. Ethical leadership theorists suggested that ethical leadership at an individual level shapes collective outcomes [17,18,41]. In light of the results of this paper, it can be concluded that individual level leadership ethics is a necessary, but by no means a sufficient condition to achieving greater good at a societal level. Therefore, researchers inspiring to tackle the issue of leadership at a societal level will need explore further dimensions of influences going beyond what current leadership theory has already addressed [36].

5.2. Practical Implications

Practical implications of the results of this research can be targeted at three particular audiences. Leaders in business, government, or the third sector wishing to inspire ethical attitudes in their subordinates in the Central European Visegrád countries need to foster an organizational culture of teamwork, cultural tolerance, and openness. In terms of facilitating teamwork, leaders need to listen, delegate, be objective, and logical. Openness can be enhanced by demonstrating dependability, trustworthiness, consistency, and accountability, by taking initiative, being practical, and communicating clearly both verbally and in writing. In terms of cultural tolerance, leaders need to be open to integrate positive aspects and contributions of a diverse workforce, and foster an international perspective within the organization. This latter recommendation may prove to be challenging in the current political climate in the region.

The second audience—which is in a position to actually shape leadership behaviors and ethical attitudes—is educators. In order to enhance the awareness of the link between leadership and ethics, educators can incorporate these issues into the curriculum.

Finally, the political elite of these countries—with hands on experience of systemic change and transformation—need to be aware of the value-action gap and the human capital available in their respective nations in terms of ethical leadership capabilities. For them, the greatest challenge is to facilitate these capabilities to emerge and positively influence the institutional environment in their countries.

5.3. Limitations and Further Research Direction

As with every single source study, based on self-reported measures, common method variance is a potential issue [103]. Although much of the concern for the common method bias in this research is alleviated by the use of established measures, an emphasis of establishing discriminant validity

between the dimensions [104] and the use of multiple country samples in establishing invariance [105], validation of the outcomes by further qualitative research creating a narrative to the outcomes may be viewed as desirable.

We also recognize that the scales presented have some validity and reliability issues. In order to achieve the necessary levels of convergent validity, several indicators were discarded during the scale refinement process. This, however, negatively impacts face validity of the scales, and in particular, narrows their scope. Although reliability of the scales was considered sufficient (most Cronbach's Alpha scores were greater than 0.6), in case of scales with only two indicators, it was not possible to conduct a robust reliability assessment. Further analysis—such as confirmatory factor analysis—can alleviate validity and reliability issues by presenting a strong measurement model fit. Although the authors did not proceed with such analysis in this article, as the exploratory analysis of the scales was considered sufficient, such analysis may be conducted for the purposes of further research, and potentially after collection of more primary data.

Furthermore, representativeness of the sample may be questionable, due to the predominantly convenience-based sampling methods employed. In such multi-country studies, it can be difficult to harmonize the data collection methods. Validation of representativeness was conducted by comparing main demographic characteristics of the sample to the total populations in each country respectively. Even though this may be considered sufficient for this research, there is a risk that repeated sampling may deliver different results, therefore further validation of the outcomes by collecting additional data may be sought in future research.

Besides representativeness of the sample, the age of the data may also raise questions. The survey data was collected in 2013, and in several cases, old data can be considered insufficient to drive practical or theoretical conclusions. We argue, that this is not the case in terms of leadership and ethics research. Prominent authors in the field find, that culture itself—related to leadership and ethics—is robust and does not change rapidly over time [49–53]. In fact, the change perceived by researchers is often more strongly due to the shifting perspective [54]. Our research endeavored to consider all four generations of leadership research perspectives currently known. In this sense, we consider the data—regardless of its age—sufficient for the purpose of reflecting on our hypotheses.

The gap between micro and macro level institutional outcomes identified by the results provides further avenues for potential research. Theory suggests, that this discrepancy can be explained by firm level Donadelli et al. [102] or institutional [99] factors, which requires further investigation to ascertain the source of this discrepancy. A multi-level empirical design [106] integrating individual, firm, and country level information in one analysis may provide an approach that is more successful in identifying the reason for the value-action gap. Although gaps spanning between firm and other levels have been recently addressed [19,99,102], systematic investigation using a multi-level approach could allow for further insights and amalgamate findings from different levels into an integrated theory of ethical business conduct.

Another avenue for further research could be taking the perspective of change over time. There is a possibility, that cultural change at an individual level needs time to take effect in terms of the aggregate outcomes. Longitudinal studies—encompassing the change of attitudes and values, and institutions—could show whether there is a difference in terms of the speed of change between the individual and the aggregate levels of observations. Finally, a qualitative study could potentially help in exploring the causes of the gap between micro and macro level institutional performance by allowing individual level reflection on the phenomenon.

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Conflicts of Interest: The authors declare no conflict of interest.

Appendix A : Respondent Demographics

Table A1. Respondent demographics in the Czech Republic and Hungary.

	Czech Republic				Hungary				
	#	%	Valid %	National Figures %	#	%	Valid %	National Figures %	
Gender	Male	96	43.6	44.7	56.8 ¹ (74.2) ²	115	57.2	58.1	53.7 ⁶
	Female	119	54.1	55.3	43.2 ¹ (25.5) ²	83	41.3	41.9	46.3
	Total valid	215	97.7	100		198	98.5	100	
	Missing	5	2.3			3	1.5		
	Total	220	100			201	100		
Sector	Private	151	68.6	71.9	74.8 ³	112	55.7	58.3	67.9 ⁷
	Government	36	16.4	17.1	25.2 ³	68	33.8	35.4	28.1 ⁷
	NGO	23	10.5	11	⁴	12	6	6.3	⁸
	Total valid	210	95.5	100		192	95.5	100	
	Missing	10	4.5			9	4.5		
Total	220	100			201	100			
Age	<25	26	11.8	12	6.3 ⁵	6	3	3	5.6 ⁹
	25–35	83	37.7	38.4	24.9 ⁵	48	23.9	24.1	26.1 ⁹
	36–45	60	27.3	27.8	28.6 ⁵	56	27.9	28.1	29.6 ⁹
	46–55	37	16.8	17.1	24.1 ⁵	48	23.9	24.1	24.7 ⁹
	56–65	9	4.1	4.2	14.5 ⁵	37	18.4	18.6	13.1 ⁹
	65<	1	0.5	0.5	1.6 ⁵	4	2	2	0.9 ⁹
	Total valid	216	98.2	100		199	99	100	
	Missing	4	1.8			2	1		
Total	220	100			201	100			

¹ Based on total employment statistics, year 2012 [107]; ² 2011 data on managerial employment displayed in brackets [108]; ³ Employment (FTE) based calculations of 2010 [108]; ⁴ Included in private sector employment. Estimated to be 1.2% of total employment using the figures provided by the Czech Statistical Office [108]. Others estimate this ratio between 1.89% (excl. voluntary work)—2.42% (incl. voluntary work) for 2009 [109]; ⁵ Employment (FTE) based calculations of 2011 [108], based on standard age classification; ⁶ Based on total employment statistics, year 2012 [107]; ⁷ Based on full time employment statistics, 2012 [110]; ⁸ Based on reported number of general employment and full-time employees for 2009, estimated share of NGO employment is 3.5-4% [111], included in private sector employment; ⁹ Based on total employment statistics of year 2012 [110].

Table A2. Respondent demographics in Poland and the Slovak Republic.

		Poland				Slovak Republic			
		#	%	Valid %	National Figures %	#	%	Valid %	National Figures %
Gender	Male	115	50.7	50.7	55.5 ¹⁰	109	49.5	50.5	56.0 ¹⁴ (69.0) ¹⁵
	Female	112	49.3	49.3	44.5 ¹⁰	107	48.6	49.5	44.0 ¹⁴ (31.0) ¹⁵
	Total valid	227	100	100		216	98.2	100	
	Missing	0	0			4	1.8		
	Total	227	100			220	100		
Sector	Private	127	55.9	57.5	77.7 ¹¹	140	63.6	65.7	73.2% ¹⁶
	Government	54	23.8	24.4	22.3 ¹¹	69	31.4	32.4	26.8% ¹⁶
	NGO	40	17.6	18.1	¹²	4	1.8	1.9	¹⁷
	Total valid	221	97.4	100		213	96.8	100	
	Missing	6	2.6			7	3.2		
Total	227	100			220	100			
Age	<25	8	3.5	3.5	7.3 ¹³	8	3.6	3.7	6.5 ¹⁸
	25–35	78	34.4	34.4	27.9 ¹³	73	33.2	33.3	27.5 ¹⁸
	36–45	59	26	26	26.5 ¹³	56	25.5	25.6	27.2 ¹⁸
	46–55	37	16.3	16.3	23.1 ¹³	54	24.5	24.7	26.2 ¹⁸
	56–65	38	16.7	16.7	13.6 ¹³	27	12.3	12.3	12.1 ¹⁸
	65<	7	3.1	3.1	1.6 ¹³	1	0.5	0.5	0.5 ¹⁸
	Total valid	227	100	100		219	99.5	100	219
	Missing	0	0			1	0.5		1
Total	227	100			220	100			

¹⁰ Based on total employment statistics, year 2012 [107]. In 2013 48% of senior managers in Poland were female [112];

¹¹ Based on total employment statistics, year 2012 [113]; ¹² Included in private sector employment, estimated to be less than 1% of total employment [114]. Przewłocka et al. [115] in their earlier work specifically estimate the total FTE employment at around 0.64% of total employment in Poland; ¹³ Based on total employment statistics, qIV/2012 data. [113]; ¹⁴ Based on total employment statistics, year 2012 [107]; ¹⁵ 2011 data on managerial employment displayed in brackets [116]; ¹⁶ Based on total employment statistics of year 2011 [116]; ¹⁷ Included in private sector employment. Estimated to be 1.1% of total employment using the figures provided by Strečanský [117] for 2010; ¹⁸ Based on total employment statistics of year 2011 [117].

Appendix B : Scales

The complete questionnaire is available from the authors upon request.

LEADERSHIP EXCELLENCE	Loadings				
	CZ	HU	SK	PL	All V4
Eigenvalue of factor	(2.56)	(2.56)	(2.50)	(2.92)	(2.63)
Motivate employees	0.79	0.73	0.79	0.82	0.79
Have a strategic vision for the organization	0.79	0.67	0.69	0.78	0.74
Create a sense of purpose and enthusiasm in the work place	0.72	0.70	0.73	0.81	0.74
Give recognition for good work	0.71	0.78	0.74	0.79	0.76
Develop strategies to gain a competitive edge in the industry	0.54	0.69	0.57	0.60	0.58
Cronbach's Alpha	0.75	0.76	0.74	0.80	0.76
Total/Average Variance Extracted (AVE)	51.2%	51.2%	50.0%	58.4%	52.4%

ENVIRONMENTAL INFLUENCES CULTURAL TOLERANCE	Loadings				
	CZ	HU	SK	PL	All V4
Eigenvalue of factor	(2.23)	(2.68)	(2.74)	(2.97)	(2.70)
Look for and use the positive aspects of other cultures	0.81	0.69	0.83	0.83	0.82
Have a multicultural orientation and approach	0.83	0.83	0.88	0.88	0.86
Foster an international perspective in the organisation	0.56	0.79	0.70	0.74	0.69
Identify social trends which may have an impact on work	0.62	0.56	0.52	0.57	0.58
Cronbach's Alpha	0.69	0.74	0.77	0.79	0.76
Average Variance Extracted (AVE)	0.51	0.53	0.55	0.58	0.55

ENVIRONMENTAL AWARENESS & SCREENING	Loadings				
	CZ	HU	SK	PL	All V4
Eigenvalue of factor	(1.45)	(1.05)	(1.25)	(1.15)	(1.18)
Constantly evaluate emerging technologies	0.84	0.80	0.89	0.87	0.85
Check constantly for problems and opportunities	0.80	0.82	0.86	0.88	0.85
Spearman's correlation	0.45 **	0.42 **	0.57 **	0.60 **	0.51 **
Average Variance Extracted	0.67	0.66	0.76	0.76	0.72
Total Variance Extracted (by all factors)	61.2%	62.1%	66.4%	68.7%	64.6%

** significant at $p < 0.01$.

MANAGERIAL BEHAVIORS PRACTICALITY	Loadings				
	CZ	HU	SK	PL	All V4
Eigenvalue of factor	(1.04)	(1.46)	(1.35)	(0.87)	(0.94)
Focus on the task-in-hand	0.73	0.74	0.88	0.84	0.87
Think about the specific details of any particular problem	0.71	0.78	0.76	0.73	0.68
Spearman's correlation	0.22 **	0.29 **	0.39 **	0.33 **	0.31 **
Average Variance Extracted (AVE)	0.52	0.58	0.65	0.62	0.61

** significant at $p < 0.01$.

TEAMWORK	Loadings				
	CZ	HU	SK	PL	All V4
Eigenvalue of factor	(0.96)	(0.93)	(1.06)	(1.37)	(1.13)
Allow subordinates authority and autonomy	0.83	0.83	0.82	0.86	0.84
Consider suggestions made by employees	0.64	0.73	0.79	0.77	0.75
Spearman's correlation	0.16 *	0.33 **	0.34 **	0.41 **	0.36 **
Average Variance Extracted (AVE)	0.55	0.62	0.65	0.67	0.63

* significant at $p < 0.05$; ** significant at $p < 0.01$.

DECISIVENESS	CZ	HU	SK	PL	All V4
Eigenvalue of factor	(2.41)	(2.20)	(2.25)	(2.62)	(2.40)
Make work decisions quickly	0.87	0.83	0.81	0.82	0.81
Make decisions earlier rather than later	0.73	0.66	0.57	0.71	0.66
Make decisions without depending too much on others	0.68	0.73	0.85	0.82	0.80
Cronbach's Alpha	0.69	0.63	0.67	0.73	0.67
Average Variance Extracted (AVE)	0.58	0.55	0.57	0.62	0.57
Total Variance Extracted (by all factors)	62.9%	65.5%	66.7%	69.4%	66.1%

ORGANIZATIONAL DEMANDS	Loadings				
	CZ	HU	SK	PL	All V4
Eigenvalue of factor	(1.71)	(1.44)	(1.58)	(1.70)	(1.61)
Act as a member of a team	0.76	0.65	0.74	0.72	0.74
Support decisions made jointly by others	0.79	0.66	0.77	0.82	0.77
Sell the professional image or corporate image to the public	0.72	0.77	0.66	0.71	0.69
Cronbach's Alpha	0.61	0.46	0.55	0.61	0.56
Total/Average Variance Extracted (AVE)	57.1%	48.1%	52.8%	56.7%	53.7%

PERSONAL QUALITIES	Loadings				
	CZ	HU	SK	PL	All V4
OPENNESS					
Eigenvalue of factor	(1.78)	(1.55)	(1.05)	(1.71)	(1.71)
Be consistent in dealing with people	0.86	0.77	0.84	0.85	0.84
Accept responsibility for mistakes	0.88	0.83	0.73	0.86	0.84
Spearman's correlation	0.51 **	0.39 **	0.24 **	0.41 **	0.39 **
Average Variance Extracted (AVE)	0.77	0.64	0.62	0.73	0.71

** significant at $p < 0.01$.

MORAL VIRTUE	CZ	HU	SK	PL	All V4
Eigenvalue of factor	(1.22)	(1.16)	(1.72)	(1.28)	(1.65)
Follow the heart—not the head—in compassionate matters	0.86	0.86	0.85	0.88	0.87
Follow what is morally right—not what is right for self or organization	0.82	0.75	0.86	0.82	0.81
Spearman's correlation	0.43 **	0.30 **	0.48 **	0.43 **	0.41 **
Average Variance Extracted (AVE)	0.71	0.65	0.73	0.72	0.71
Total Variance Extracted (by all factors)	75.0%	67.6%	69.1%	74.7%	71.9%

** significant at $p < 0.01$.

ETHICAL ATTITUDES	Loadings				
NEGATIVE PATTERNS	CZ	HU	SK	PL	All V4
Eigenvalue of factor	(3.90)	(4.26)	(3.89)	(3.13)	(3.69)
Understand that engaging in corruption is a way “things get done.”	0.86	0.92	0.86	0.83	0.88
Recognize that bribes are often necessary means to achieve outcomes.	0.83	0.91	0.85	0.82	0.86
Accept corruption as a part of doing business.	0.79	0.91	0.86	0.54	0.81
View deception as a necessity.	0.76	0.75	0.74	0.81	0.76
View corruption as a tool of competing effectively.	0.74	0.92	0.82	0.75	0.83
View accountability, compliance and transparency as luxuries.	0.60	0.47	0.67	0.48	0.54
Cronbach’s Alpha	0.86	0.90	0.89	0.77	0.86
Average Variance Extracted (AVE)	0.59	0.69	0.65	0.52	0.60
POSITIVE PATTERNS	CZ	HU	SK	PL	All V4
Eigenvalue of factor	(1.97)	(2.40)	2.76)	(2.84)	(2.26)
Consider the consequences of decisions that affect stakeholders.	0.82	0.78	0.83	0.83	0.83
Assess different stakeholder claims before making decisions.	0.74	0.82	0.84	0.87	0.83
Be aware of relevant stakeholder’s claims.	0.72	0.76	0.84	0.80	0.79
Involve the affected stakeholders in the decision making process.	0.67	0.79	0.80	0.81	0.77
Cronbach’s Alpha	0.73	0.79	0.85	0.86	0.82
Average Variance Extracted (AVE)	0.54	0.62	0.69	0.69	0.65
Total Variance Extracted (by all factors)	58.7%	66.6%	66.6%	59.8%	62.5%

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