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# Are morally courageous leaders more effective?

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ABSTRACT

Detecting, interpreting, assuming responsibility, and being driven to act upon situations with *potential* ethical implications requires morally courageous leaders to be continuously 'tuned' to the environment. We argue that this 'tuning' facilitates leader respect for employees and greater receptiveness to their inputs, and that it is through these mechanisms that leader moral courage is positively related to leader effectiveness. In a multi-source study involving 102 team leaders (assessed by peers, subordinates, and supervisors), we found that leaders with higher levels of moral courage convey greater respect for team members and are more receptive to relational transparency from them, and that such respect and receptiveness enhance leader effectiveness. We also hypothesized and found that leaders who overestimate their moral courage (i.e., who self-describe as *being* morally courageous while others perceive them as *not being* so) are particularly less respectful toward team members, and thus are less effective.

## 1. Introduction

In today's complex and dynamic environment full of corporate and leadership dilemmas (from AI ethics to environmental, social, and governance issues), researchers (e.g., Comer & Vega, 2015; Solinger et al., 2020) and practitioners (e.g., Dorsey, 2023; George, 2018) have advocated for moral courage as crucial for preventing organizational wrongdoings and fostering organizational ethicality. Such an endeavor depends, to a great extent, on leaders' moral courage – because of their decisional power, role modelling, impact on employees' social information processing, and capacity to set organizational norms. As Koehn (2013, p. 44) wrote, "capitalism needs a brain and a soul" and "companies that cannot summon the moral courage demanded by principled leadership" will "decline". With morally courageous leaders at the helm of their teams and organizations, it becomes less necessary to ask employees to risk their jobs and careers to voice concerns and act against organizational wrongdoings, including those perpetrated or facilitated by leaders. Therefore, to foster ethicality in organizations (as well as leader effectiveness, as we discuss here), it is more effective to 'invest' in moral courage in leaders than to expect moral courage from employees.

However, acting as a morally courageous leader is, by definition, risky, and may require resisting morally questionable demands from stakeholders. It is particularly 'heavy' for leaders who, by being pressed (e.g., by their bosses and shareholders) to get 'results', may be tempted to cut moral corners. For some practitioners, a concern about leaders adopting a courageous moral stance is that it may undermine effectiveness. Such an approach assumes, to some extent, that leaders may be morally courageous *or* effective – but not *both*. We add to the growing scientific consensus that leaders may be *both* morally courageous *and* effective (Hannah et al., 2011; Sosik et al., 2012; Waldman & Bowen, 2016). In line with Crossan et al.'s (2017, p. 992) assertion that "character is not only important to individual and collective wellbeing and [ethical decision making] but it is also essential to effective leadership in organizations", we argue that leader moral courage actually contributes to leader effectiveness through prosocial mechanisms. Importantly, we examine leader moral courage as a standalone construct (more on this below) rather than combining broader conceptualizations of leader morals or ethics into a higher-order leadership style construct. This falls in line with recommendations to study the effects of specific leadership attributes and avoid the problematic nature of both theory and measurement of leadership styles (Fischer & Sitkin, 2023; Van Knippenberg & Sitkin, 2013).

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By 'morally courageous leaders' we mean leaders who demonstrate *dispositional* moral courage (i.e., the inclination to act *bravely* in taking an ethical stand across time, people, and situations). Henceforth, we use the expression 'leader moral courage' to refer to such a disposition. Exploring empirically how leaders' moral courage affects the largely ignored yet critically important outcome of leader effectiveness is an important endeavor for both *research* and *practice*. As noted by Cameron et al. (2004, p. 770), "an irony associated with organizational virtuousness is that without demonstrated benefits, virtuousness is unlikely to capture much interest [of both researchers and practitioners] in organizational research. In the absence of obvious advantages or positive outcomes, research focuses on instrumental outcomes and deficits created by negative occurrences". Unfortunately, very few studies have studied moral courage in team and organizational leaders,[1] and even fewer have investigated any association between leader moral courage and leader effectiveness (for an exception, see Sosik et al., 2019, who studied the self-reported moral courage of Air Force officers).

In this research, to explore why and how (i.e., the mechanisms) leader moral courage affects leader effectiveness, we draw on the integrative process of moral courage (Halmburger et al., 2017; see also Baumert et al., 2013), which includes five stages that lead to morally courageous behavior: (a) detecting the situation, (b) interpreting the situation as a (potential or actual) ethical violation, (c) accepting one's own responsibility in dealing with the situation, (d) perceiving oneself as able/competent to deal with the situation, and (e) deciding to act after weighing the (often competing) values present in the situation, as well as the benefits and costs of acting courageously. We consider that being able to detect, interpret, assume responsibility, and being driven to act upon situations with *potential* ethical implications requires being continuously 'tuned' to the environment and then scrutinizing its respective ethicality. We argue that such a 'tuning' taps into the prosociality of morally courageous leaders (Sasse, Li, & Baumert, 2022) to increase their respect toward employees and be receptive to their inputs.

Respect and receptiveness toward others are inherent to the integrative process of moral courage because ethicality is not always *self-evident*. The ethical nature of an issue may emerge cognitively only after detecting, interpreting, and discussing such an issue and its implications with others, including team members. Such a discussion allows weighing different and even competing values, needs, and interests before making a (courageous, if necessary) decision. Morally courageous leaders do not 'turn on' their 'moral radar' only when evident ethical issues emerge. On the contrary, they create "an open, transparent and safe culture" in which not only "discussing and reporting ethical issues is rewarded or even demanded" (Hannah et al., 2011, p. 558), but discussing and sharing other work issues with team members is also encouraged and expected. It does not make sense to imagine that, after detecting, interpreting, and discussing relevant inputs from team members, a morally courageous leader will discard inputs that, although ethically neutral or irrelevant, include information and knowledge that might contribute to a more effective decision-making process and overall leader effectiveness.

We thus posit that living up to the commitment of practicing moral courage entails a morally courageous leader demonstrating ongoing respect for team members (treating them as *individuals* with dignity and inherent value; Rogers & Ashforth, 2017) and receptiveness to their ideas through prosocial dialogue and deliberation (Rego et al., 2022). Such dialogue and deliberation is therefore a path that morally courageous leaders follow and that makes them not only more ethical (Quade et al., 2022; Sosik et al., 2019), but also more effective. Our research thus makes an important contribution to the literature on leader moral courage and, in particular, to the 'good leadership' approach by demonstrating that morally courageous leaders *extend* their influence beyond the ethical domain and, through a respectful and receptive stance, positively impact team effectiveness. Importantly, we test these relationships while controlling for leader humility, an important concurrent predictor of the outcome and mechanisms included in our study (Chandler et al., 2023; Kelemen et al., 2023; Rego et al., 2018, 2022).

We further contribute to the moral courage and leadership literatures by addressing a theory-methodology 'mismatch' in the extant research. We adopt a methodological procedure that, while unseen in studies on leader moral courage, is crucial to disentangling the effects of 'truly' morally courageous leaders on their teams. Self-reported ratings of moral courage have been used in the majority of studies on the subject (Gutzwiller-Helfenfinger & Perren, 2021; Halmburger et al., 2015), including those measuring leader moral courage (Peralta et al., 2021; Sosik et al., 2019), yet they are plagued by variety of problems. First, self-reported ratings of moral courage are susceptible to biases such as social desirability, self-presentation, and self-deception (Baumert et al., 2013; Sasse, Halmburger, & Baumert, 2022). Second, the discrepancy between *intentions* and *actual* courage may also compromise the accuracy of self-reported moral courage (Baumeister et al., 2007; Baumert et al., 2013; Sasse, Halmburger, & Baumert, 2022). Third, as a consequence of the arrogance effect (explained below), individuals who genuinely possess more courage are less likely to claim it for themselves (Biswas-Diener, 2012), whereas those lacking in courage may falsely profess to have it. In sum, overreliance on self-reported moral courage severely limits our understanding of its relationships with other constructs.

Our response to such a mismatch is twofold. While we show that measuring leader moral courage through self-reports alone is problematic, we also show that self-reported ratings must not be discarded, in that the (in)consistency between self- and observers-ratings of moral courage is informative about how *truly* courageous a leader is. While leaders who underestimate their moral courage are *truly* courageous (Biswas-Diener, 2012), overestimators are not. The implications of such discrepancies between self- and observers-ratings of moral courage are not well understood (Detert & Bruno, 2017; Hannah et al., 2011). Thus, by exploring the differential effects of leaders overestimating vs. underestimating their moral courage, we address the moral courage theory-methodology mismatch while also contributing to a more nuanced understanding of the intricacies of self-other agreement (SOA) in leadership (Lee & Carpenter, 2018). Overall, we test how leader moral courage predicts leader effectiveness via, serially, respect for employees and receptiveness to their relational transparency, and how that indirect relationship is affected by the (in)congruence between leader moral courage, as reported by others, and self-reported moral courage. Our conceptual model is presented in Fig. 1.

## 2. Theory and hypotheses

### 2.1. Moral courage

The concept of courage has its origin in the Latin word 'coraticum', formed from 'cor', meaning *heart* (Stevenson, 2010). In Middle English, courage denotes the heart as the seat of feelings. Academics today describe courage as a multidimensional construct (Putnam, 2010), comprising three main dimensions: *physical* courage (i.e., action in the face of physical risk to the individual or others), *psychological* courage (i.e., persistence in the face of psychological or physical challenges), and *moral* courage (i.e., "a willingness to risk social rebuke, humiliation, or other types of harm to do what is right or good for others according to some ethical system or principles"; Detert & Bruno, 2017, p. 607). Although some overlap exists between these dimensions (e.g., moral courage may require psychological courage to deal with social ostracism), they are distinct (Putnam, 2010). This paper focuses on moral

[1] For example, a search on the Scopus database (December 1, 2024) found only three papers that mentioned "leader moral courage" in the abstract, with just one focusing on business organizations. A single abstract contained the expression "supervisor's moral courage" (none including "manager's moral courage").

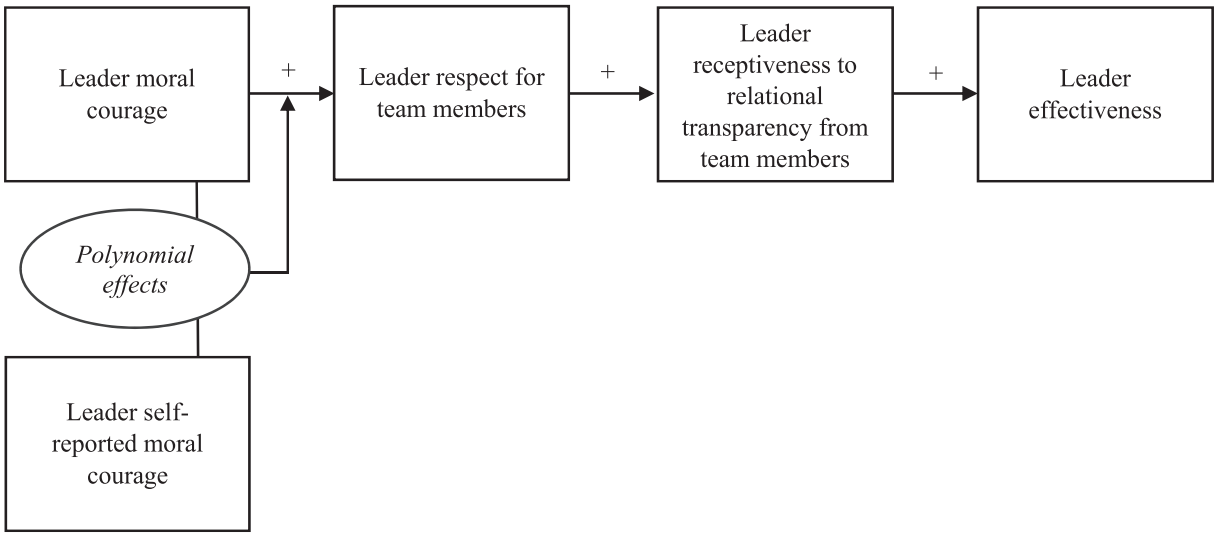


**Fig. 1.** A conceptual model of the effects of leader moral courage.

courage.

Scholars differ on whether moral courage is a malleable psychological state (Quade et al., 2022), a character strength or trait-like propensity (Peterson & Seligman, 2004; Sosik et al., 2019), a competency (Sekerka et al., 2009), an emergent pattern of action in context (Worline, 2012), an individual ability to reason and act (Worline & Quinn, 2003), or simply an act (Detert & Bruno, 2017). While each of these perspectives is worthy of investigation, we approach moral courage as a trait-like propensity. We focus on the *courageous actor* rather than on a specific or episodic *courageous act*. Therefore, we define leader moral courage as the leaders' *disposition* to translate moral intentions into moral behaviors and maintain moral principles, despite facing obstacles and anticipating possible negative consequences.

While leader moral courage shares commonalities (e.g., a moral orientation) with other moral leadership constructs such as ethical leadership (Den Hartog, 2015; Kaptein, 2019), authentic leadership (Gardner et al., 2011), leader moral orientation (Simola et al., 2010), and leader moral humility (Owens et al., 2019), it is distinct and vitally important to understand, as it is deemed 'necessary' for ethical behavior in organizations (Sekerka et al., 2009). Its uniqueness lies in the concept of *bravery*[2] – i.e., the capacity to 'stand up' in pursuing moral goods despite the awareness of the dangers involved in such a pursuit (Newman, 2017). Without such bravery, even *potentially* 'good leaders' who value morality may *actually* do 'bad things' and behave unethically (Bersoff, 1999; Duska, 2022; Sezer et al., 2015).

To elucidate this point further, moral courage is the most action-oriented dimension of the moral maturation and moral conation approach to understanding moral thought and action. A leader may have high levels of moral maturation (i.e. moral complexity, meta-cognitive ability, and moral identity), as is often the focus in the theorizing on moral leadership constructs such as leader moral orientation and the authentic and ethical leadership styles, and may experience strong levels of moral ownership and moral efficacy (two of the three moral conation capacities), but still fail to act ethically and stand up for moral principles if moral courage is not present (Hannah, et al., 2011). Applied to the integrative process of moral courage (Halmburger et al., 2017), moral maturation determines the moral sensitivity and judgment associated with detecting and interpreting the situation as a (potential or actual) ethical violation, while the moral conation capacities of ownership and efficacy are required to accept responsibility and feel able to deal with the situation. Moral courage is the final contributing factor to the decision to act after weighing the values, benefits, and costs of standing up for moral principles. Moral courage can be considered the most critical and proximal component to determine moral action when any perceived risk is involved. As such, the continued study and focus on the construct of moral courage, especially in organizational contexts where the literature is "nascent" and "limited" (Hannah, et al., 2011), makes a strong contribution to understanding and promoting ethical behavior and, as we argue, effectiveness. In the following sections, we discuss how moral bravery in the form of leader moral courage makes leaders more effective via showing respect and being receptive to the employees' inputs.

### 2.2. Respect and receptiveness as sine qua non social and informational resources

It is important to clarify that we do not discuss how and why morally courageous leaders behave *across the five stages* of the integrative process mentioned above (Halmburger et al., 2017). Our point is that, in their pursuit of detecting, interpreting, assuming responsibility, and acting proactively upon situations with *potential* ethical implications, morally courageous leaders are constantly 'tuned' to the environment and circumstances and then scrutinize their respective ethicality. Such a 'tuning' *also* captures information and knowledge that, although ethically neutral or irrelevant, might contribute to a more effective decision-making process. This includes respecting and being receptive to *true* opinions, ideas, and suggestions, even if they are critical and uncomfortable. It takes courage to overcome the fear of listening to team members' critical opinions, asking questions that may lead to 'uncomfortable' answers, or risking 'losing face' in front of others who point out the flaws of a decision made by the leader (Peterson & Seligman, 2004). In short, both respecting employees as autonomous thinkers (Solinger et al. 2020) and being receptive to their *true* inputs are *sine qua non* social and informational resources that nurture the five-stages integrative process of moral courage. We next discuss why morally courageous leaders respect their employees more.

### 2.3. Leader moral courage and respect for team members

Respect is the perceived worth accorded to one person by others (Rogers & Ashforth, 2017). Leaders are important sources of respect for

[2] Bravery is missing from how *ethical leadership* (Brown et al., 2005), *authentic leadership* (Neider & Schriesheim, 2011), *moral orientation* (Liddell & Davis, 1996), and *leader moral humility* (Owens et al., 2019) are operationalized and measured. Leader integrity also differs from leader moral courage in that the values that a leader espouses or enacts may not be ethical (see, e,g., Sosik et al., 2016, who distinguish integrity from bravery).

employees, and effective leadership involves, at least in part, expressions of respect. The feeling of being respected is greatly valued by employees (Rogers & Ashforth, 2017; van Quaquebeke & Eckloff, 2010). Showing respect for employees means acknowledging their importance and worth, valuing them as ends in themselves, and leading them to feel appreciated as persons. We thus define leader respect as "leader's behaviors that convey the message that the leader believes that team members have dignity and value in their own right" (Rego et al., 2022, p. 699). Considering that team members assess leader respect for them via judgments of the treatment they receive, we focus on respect from the receiver's perspective. Two interrelated arguments support the premise that morally courageous leaders are perceived as respectful by team members: one is normative, and the other is both normative and instrumental or purposeful.

First, moral courage includes a prosocial orientation that strives to uphold moral communal norms for the good of others (Osswald et al., 2010; Sosik et al., 2012). Simola (2015, p. 32) noted that "the goals of morally courageous action would include achieving more authentic, responsive, resilient and vital connections among individuals in order to support the health and flourishing of all". This suggests that a morally courageous leader sees team members as moral subjects rather than as objects (Pianalto, 2012). Enacting an ethic-of-care often requires courage (Gilbert & Mascaro, 2017), in that caring for others, while being the *right* thing to do, may hinder the pursuit of the bottom-line outcomes, at least in the short term. In competitively intense environments, it might be necessary to be courageous to be fair and compassionate. Acting in a morally courageous way often means reacting against injustice or violations of human dignity that affect team members (Osswald et al., 2010).

It is important to recognize that moral courage includes a confrontational aspect. This occurs, e.g., when a leader calls out perpetrators for their wrongdoings or sanction them (Sasse, Li, & Baumert, 2022). However, while a particular perpetrator might feel disrespected by a brave leader in some situations, the risk of such a perception is low due to the leader's dignity-oriented approach. Moreover, the leader's ethical stance in dealing with perpetrators also signals respect towards the other team members. Conversely, team members are unlikely to feel respected by a leader who lacks the courage to confront wrongdoing. Another reason moral courage is associated with respect is that morally courageous leaders are more inclined to acknowledge their mistakes and misdeeds toward team members, to apologize, and to undertake reparative actions (Liao et al., 2018; Sosik et al., 2019). These attitudes and behaviors are powerful demonstrations of respect for team members (Rogers & Ashforth, 2017).

Second, by respecting team members, the morally courageous leader makes them more likely to operate as autonomous thinkers (Solinger et al. 2020). Consequently, the leader is more likely to get genuine team member inputs, which supports him/her in living up to the commitment of maintaining a moral stance and making better decisions. A courageous leader knows that living up to high standards of ethical conduct and carrying out the integrative process of moral courage mentioned above requires courage in receiving bad news, listening to uncomfortable truths, and allowing team members to disagree with and even contradict leadership directives. That leader also knows that to elicit such openness from team members, (s)he must respect them. If the leader does not convey respect, team members do not feel psychologically safe transmitting 'hard truths' or questioning ethically dubious decisions, undermining the leader's ability to live up to the expectations of a morally courageous orientation. A respectful stance is thus a deliberate path to pursue the normative approach and demonstrate receptiveness to relational transparency from team members. Hence:

**H1**. *Leader moral courage is positively associated with leader respect for team members.*

### 2.4. Leader respect for team members and receptiveness to their relational transparency

Leader receptiveness to relational transparency from followers is "the extent to which team members believe that they can show their true selves to the leader, express their true thoughts and emotions, and openly share information with the leader" (Rego et al., 2022, p. 701). We define this construct from the team members' perspective, rather than the leader's perspective, because being a leader who *self-describes as being receptive* to the team members' relational transparency differs from being a leader whom *team members believe is receptive* to their relational transparency. Considering the leader-member power imbalance, being a relationally transparent follower (e.g., conveying 'hard truths') can be risky unless team members perceive the work environment as safe. Such perceptions depend significantly on the extent to which followers feel respected by the leader (Rego et al., 2022). Leader respect, beyond helping the leader live up to the commitment of maintaining a moral stance, also elicits several other positive member responses that are important for enhancing not only the integrative process that leads to morally courageous behaviors, but also for improving team and leader effectiveness.

First, when team members feel respected, they believe that the leader is receptive to their desire to be themselves and satisfy self-determination needs (Adams et al., 2020; Kalra et al., 2023). As a result, they are more inclined to express their true ideas. In sharing their genuine thoughts and concerns, and in conveying facts to the leader, team members also feel a sense of contributing to the better functioning of the team to which they belong (Hornsey & Jetten, 2004). They also develop a sense of meaningfulness and empowerment because they feel they can have a positive impact on team functioning by expressing their true ideas to their leader (Spreitzer et al., 1997). Second, in perceiving respect from the leader, team members develop a positive interpretation of the status the leader ascribes to them (Tyler, 1999). They consequently sense that sharing genuine opinions with the leader concerning the team's welfare and effectiveness is something the leader welcomes (Blader & Tyler, 2009; van Quaquebeke & Eckloff, 2010). Third, in experiencing respect, *team members feel that the leader is willing to listen to them and is open to advice and feedback even if in disagreement*. In summary, when followers perceive respect from the leader, they feel accepted for who they are and encouraged to frankly express their opinions. Hence:

**H2**. *Leader respect for team members is positively associated with leader receptiveness to team members' relational transparency.*

### 2.5. Leader receptiveness to relational transparency and impact on team effectiveness

When team members feel free to voice and share their true opinions with a courageous and respectful leader, they are more likely to convey bad news, point out possible flaws in the leader's proposals, and express diverse points of view. As a result, the leader is better supported in obtaining more accurate and diverse information and ideas, facilitating better-quality decision-making. The status afforded to team members by a respectful leader receptive to their relational transparency also leads members to develop a greater sense of team identification and invest in maintaining their team status. This investment may include adopting in-role and extra-role behaviors (Blader & Tyler, 2015; Yang et al., 2016) that contribute to team performance (Podsakoff et al., 2014). Moreover, the dialogical process enacted by a courageous and respectful leader creates a team atmosphere characterized by high-quality connections (Stephens et al., 2012). These relationships are generative and psychologically resourceful, as they foster positive emotions, psychological experiences, and resources that enhance follower development and

performance (Agarwal et al., 2022; Fletcher, 2007). These benefits reinforce the leader's positive influence on team effectiveness. As "teams have become the basic building blocks of present-day organizational designs," their effectiveness is critical to the success of the organization (Mathieu, et al., 2019, p. 18). Thus, leader impact on team effectiveness has become a commonly used measure of leader effectiveness (Rego, et al., 2018; Van Knippenberg & Van Kleef, 2016). On the other hand, when followers are afraid to voice genuine inputs to the leader, they deplete emotional, relational, and psychological resources that could otherwise have been used in pursuing team goals. Hence:

**H3**. *Leader receptiveness to relational transparency from team members is positively associated with leader effectiveness.*

### 2.6. Serial mediating effects

The arguments presented above suggest that through a co-created leadership process, a morally courageous leader can be more effective (Brown et al., 2005; Mayer et al., 2012). By conveying respect for team members (H1), the leader shows greater receptiveness to relational transparency from them (H2). This receptiveness facilitates better decisions and inspires team members to put greater effort into pursuing team goals. Consequently, morally courageous leaders have a greater positive impact on team effectiveness (H3). Hence:

**H4**. *The relationship between leader moral courage and leader effectiveness is serially mediated by leader respect for team members and leader receptiveness to relational transparency from team members.*

### 2.7. The arrogance effect

Although most studies measure moral courage through self-reports, these ratings have several limitations. In fact, because of social desirability, self-deception biases, and other response distortions (Baumert et al., 2013; Sasse, Halmburger, & Baumert, 2022; Sosik et al., 2012; Worline, 2012), individuals might have and/or report an inaccurate assessment of their own courage. Research also indicates that courageous *intentions* often do not manifest as *actual* courage (Baumeister et al., 2007; Goodwin et al., 2020; Sasse, Halmburger, & Baumert, 2022), calling into question the validity of self-reported moral courage. Furthermore, courage is prone to a paradox: while 'courage blindness' may cause *genuinely* courageous people to underestimate their courage (Biswas-Diener, 2012; Detert & Bruno, 2017), some individuals with a high moral-courage self-identity may fail to demonstrate moral courage. Pury et al. (2007) note that individuals who self-rate as cowards may actually be more courageous than those who self-rate as heroes. Therefore, self-reported moral courage measures the leader's self-conception and identity, which may be inconsistent with actual courage (Connelly & Hülsheger, 2012; Petriglieri & Stein, 2012). Moral courage also has a socio-relational dimension that self-report is unable to capture in full, especially when it deals with a relational phenomenon like leadership.

We consider that measuring leader moral courage through observer-rating, instead of self-reports, is valid because moral courage is high on both observability and evaluativeness (Cohen et al., 2013; Vazire, 2010). A trait is *observable* if it is easily detectable by others, and it is *evaluative* if it is value-laden and thus more susceptible to self-serving and ego-protective biases. Moral courage meets both of these criteria. Our decision is consistent with research showing that observer-ratings are valid to measure psychological and leadership constructs (Murphy & Reeves, 2019; Mutschmann et al., 2022; Oh et al., 2011). *However*, we go further and consider that when used together with other-reported moral courage, self-reported moral courage may provide insight into 'the arrogance effect' (of overestimating one's moral courage) and be predictive of how respectful a leader is. Our perspective is both consistent and inconsistent with the SOA leadership literature. This literature indicates an association between poor outcomes and both overestimation and underestimation of leader characteristics, with overestimation proving more harmful than underestimation (Braddy et al., 2014; Fleenor et al., 2010; Lee & Carpenter, 2018). In the context of moral courage, however, we argue that while overestimation is problematic, underestimation is not.

Our reasoning about underestimation is based on the 'courage blindness' or 'humility effect', which describes individuals who, while being courageous, attribute less courage to themselves (Biswas-Diener, 2012; Pury et al., 2007). These individuals are likely to be morally courageous. Their tendency is to act for both *the right* and *the good* (Pianalto, 2012), rather than for their own interests, and accordingly they are less likely to label themselves as courageous – instead considering their efforts as morally obligatory. It is thus reasonable to consider underestimators, unaware of their courage, as genuinely courageous leaders who show respect for team members and convey receptiveness to the relational transparency from team members. Observers' ratings are therefore a valid measure of the true moral courage of those leaders, and underestimating their own moral courage is just another indicator of such courage.

Conversely, leaders with an inflated self-image as courageous may suffer from a kind of arrogance that is problematic in how they express respect for team members (Amundsen & Martinsen, 2014; Atwater et al., 1998). These leaders, beyond lacking moral courage, are *also* arrogant, which makes them *even more* disrespectful to team members. They see themselves morally superior while they are *arrogantly* uncourageous (Kuenzi et al., 2019). They are morally courageous "legends [only] in their own minds" (Yammarino & Atwater, 1997, p. 41). They express little concern for others' ideas, are unwilling to accept feedback from team members, and may even react to negative feedback with anger (Kuenzi et al., 2019). An inflated moral courage identity (Simola, 2015) also makes overestimators less likely to realize the need to change (Amundsen & Martinsen, 2014; Kuenzi et al., 2019) and less likely to make efforts to develop their moral courage (Hannah et al., 2011; Sekerka et al., 2009). Research has shown that such arrogance leads them to undervalue team members' ideas and contributions, belittle and disparage team members, and adopt abusive leadership behaviors (Johnson et al., 2010; Lin et al., 2016).

Overestimators may even develop a sense of moral licensing (Blanken et al., 2015) to adopt disrespectful behaviors toward team members (Lin et al., 2016; Mitchell et al., 2023). In fact, moral licensing can occur even without *actually* having engaged in courageous acts. Just thinking about oneself as a courageous person may be enough to trigger the sense of moral licensing (Cascio & Plant, 2015; Sachdeva et al., 2009), and such an effect is more likely, we predict, because of the arrogance of overestimators. All these consequences suggest that overestimators convey *particularly low levels of respect* for team members. Considering that underestimators are genuinely courageous (as discussed above) and thus respectful toward team members, we expect *a negative slope along the line of disagreement* (in the polynomial regression) between self-reported moral courage and other-reported moral courage (Shanock et al., 2010). Hence:

**H5**. *Overestimation of leader moral courage is negatively related to leader respect for team members, as indicated by a negative slope along the line of disagreement. The lowest level of respect emerges at the highest levels of overestimation.*

## 3. Method

### 3.1. Sample and procedures

The sample comprises 102 leaders who rated themselves and were rated by 457 subordinates, 827 peers, and 102 supervisors. These leaders had middle and top management positions (mean age: 35.16 years, *SD*: 4.31; work experience: 13.79 years, SD: 4.38; 73.5 % men; all with a university degree) and worked for 94 organizations operating

across a variety of sectors in Portugal. Roles in this leader group varied and included head of innovation, finance director, HR manager, head of sales, and medical director. These managers were participants in a leadership development program conducted by a European Union business school. The program involved a 360° feedback exercise (before starting the program) created by a research team led by the first author. That exercise measures a wide number of variables, including those included in this paper. In a preliminary short session in which only operational guidelines were provided (no explanation about the relevance of the variables included in the survey was given), participants were instructed to invite observers to rate them on the variables included in the 360° feedback exercise. Participants were encouraged to include as many observers as possible (since they knew them well and were able to provide a frank assessment). Data from peers and subordinates were anonymous. As this study included only leaders who had been rated by the respective supervisor and at least three peers and three subordinates, three participants from the initial sample of 105 were dropped for failing to meet these requirements.

To reduce common method bias (CMB, which emerges from measuring the independent and dependent variables with data from the same source), each variable of our model was measured with data from different sources. As Podsakoff et al. (2024, p. 34) noted, "obtaining measures of the focal variables from different sources is an effective remedy to the effects of CMB". Thus, we measured: (a) self-reported moral courage with data from the focal leaders; (b) leader moral courage with data from peers, (c) respect and receptiveness to relational transparency with data from two different subordinate subsamples, and (d) leader effectiveness with data from the supervisor of the focal leader. Leader moral courage was measured with data from peers (Crossan et al., 2017; Palanski et al. 2015) because peers have continuous opportunities to observe the extent of the leader's moral courage. Moreover, peers vs. subordinates are more accurate raters of leader courage on account of the leader-subordinate power differential. A leader may stand up for what is right when there is opposition from subordinates, not because of courage, but simply because of hierarchy. Standing up for what is right when dealing with (or while being observed by) peers is thus a more accurate measure of moral courage (Palanski et al., 2015; Sosik et al., 2012). Detert and Bruno (2017) *also argued* that ratings from peers or bosses may be most appropriate when studying the outcomes of workplace courage. We resorted to peer ratings, instead of ratings by the supervisor of the focal leader, because leader effectiveness was rated by the leader's supervisor.

For similar reasons, leader humility (for control, see below) was also measured with data from peers. A leader may convey humility towards the superior not because the leader is truly humble, but because of the power differential that makes that leader *humbly* deferential to the superior. Conversely, subordinates may attribute a low level of humility to the leader, not because the leader is not humble, but because the leader sometimes makes unpopular decisions that are interpreted as reflecting low humility or even arrogance. Respect and receptiveness to relational transparency were measured using data from subordinates because these two variables represent team members' reactions to the leaders' moral courage. For each leader, we randomly split the sample of subordinates into two subsamples, with one subsample (#1) used to measure respect, and the other (#2) to measure receptiveness to relational transparency.

### 3.2. Measures

All variables were measured with 7-point scales. Leader *moral courage* (the expression we use to mean leader moral courage as reported by peers), was measured with six items ($\alpha = 0.83$) covering *both* bravery *and* ethicality, based on and/or adapted from the literature (Neider & Schriesheim, 2011; Peterson & Park, 2004): (1) "This leader often 'shrinks from' threats, fears or difficulties" (reverse-coded); (2) "Speaks his/her mind when he/she thinks he/she is right, even when he/she knows that others do not share his/her opinion"; (3) "Lets his/her convictions guide his/her actions, even if it is unpopular and others don't approve"; (4) "Courage is one of his/her greatest virtues"; (5) "Makes decisions based on what he/she considers to be life's basic values"; (6) "Makes difficult decisions inspired by high standards of ethical conduct". *Self-reported moral courage* ($\alpha = 0.60$) was measured with the same items after adaptation. Although Cronbach's Alpha is lower than the standard yet arbitrary cut-off value of 0.70, there is no evidence to suggest that the 0.70 standard is superior to a slightly lower value (Cho & Kim, 2015; Henson, 2001). This modest reliability may also reflect the limited validity of self-reports in measuring actual moral courage, as previously discussed.

*Leader respect* ($\alpha = 0.84$, data from subsample #1 of subordinates) was measured through four items (Rego et al., 2022; e.g., "The team leader treats team members with dignity and respect"). *Leader receptiveness to relational transparency* ($\alpha = 0.86$, subsample #2) was measured with four items (Rego et al., 2022; e.g., "Team members feel free to communicate frankly and openly with the leader"). To measure leader effectiveness, we drew on DeRue et al. (2011), who considered that leadership effectiveness can be conceptualized along three dimensions: content, level of analysis, and target of evaluation. Our measure focuses on overall judgments of team effectiveness (*content*), at the team *level*, with the leader as the *target* being assessed. Therefore, *leader effectiveness* was theorized as the impact of the leader on team effectiveness. Four items ($\alpha = 0.90$; data from leaders' direct supervisors), drawing from Awamleh and Gardner (1999), were used (e.g., "The leader makes a strong contribution to the effectiveness of team members").

*Controls.* While including controls is important to isolate the true effects of the focal constructs, such a procedure may be problematic if the principle of parsimony is not observed. Specifically, "control variables substantively change the meaning of the relationship under investigation such that including a control variable along with a leadership predictor essentially replaces the leadership variable with a new residual predictor", and it "also reduces available degrees of freedom and lowers statistical power, and it may diminish the amount of explainable variance in outcomes attributed to focal predictors" (Bernerth et al., 2018, pp. 131-32). Controls may thus partially or entirely eliminate the very effects the researchers aim to study (Spector & Brannick, 2011), and those problems may increase as the number of controls also increases (Becker, 2005). This study deals with those challenges by selecting the most relevant and parsimonious set of control variables.

*Leader humility* was controlled because humble leaders are more respectful (i.e., convey the message that they believe that team members have self-worth and dignity in their own right; Rogers & Ashforth, 2017) and receptive to relational transparency from team members (Rego et al., 2022). Leader humility was measured with four items (Rego et al., 2018; $\alpha = 0.86$; sample item: "This leader prefers that his/her achievements speak for themselves, rather than calling attention to himself/herself"). *Leader likeability* (a single item adapted from Johnson et al., 2008: "This leader is likable") as rated by peers, subordinates (subsample #2), and the supervisor of the targeted leader, was controlled because raters who consider the leader more likable tend to inflate ratings of leader behavior (Hunter et al., 2007; Yammarino et al., 2020). Hansbrough et al. (2015, p. 226) observed that "failure to control for liking may contribute to endogeneity in leadership studies and render subsequent interpretations of data problematic." While single-item measures have limitations, Matthews et al. (2022) showed that a large percentage of single-item measures are valid and show moderate to high test–retest reliability. Therefore, using a single-item measure to assess a control variable is acceptable.

*Gender* was included as some studies suggest that women vs. men are more courageous (Simola, 2015; Sosik et al., 2012; Tkachenko et al., 2020), particularly in response to interpersonal abuse or injustice (Becker & Eagly, 2004). As women tend to be more *communal* (Badura

et al., 2018), it is likely that they convey greater respect for team members. *Age*[3] was included because moral courage is perceived to increase with age (Pury & Starkey, 2010). Management level (middle-level vs. top-level) was included because the complexity and nature of work for top-level managers may demand more courage (Tkachenko et al., 2020). We also created a dummy variable to distinguish leaders operating in the banking/financial sector from those in other sectors. The former sector is highly regulated and may require more moral courage from leaders (Monga, 2017; Voegtlin, 2016). Another dummy variable distinguished leaders operating in the industry vs. service sectors because some evidence suggests that directive vs. supportive leadership (more vs. less receptive to the frank opinions and suggestions of team members) is valued differently in these sectors (Chen et al., 2017).

### 3.3. Aggregating data and discriminant/convergent analysis

Three indices were calculated to test whether aggregating data at the leader/team level was valid (LeBreton et al., 2023): (a) ICC(1) represents the proportion of total variance that can be explained by group membership; (b) ICC(2) is a reliability index for group mean scores, and; (c) $r_{wg}$ is a measure of interrater agreement. ICC(1) values are 0.22 for leader likability-peers (medium-large effect; LeBreton & Senter, 2008), 0.30 for leader likability-subordinates (large), 0.27 for humility (large), 0.17 for moral courage (medium-large), 0.27 for respect (large), and 0.21 for receptiveness to relational transparency (medium-large). ICC(2) values are 0.70, 0.66, 0.75, 0.63, 0.62, and 0.55, respectively for those six variables. $r_{wg}$ values (uniform distribution) are 0.71, 0.68, 0.77, 0.87, 0.80, and 0.78, respectively, representing moderate-strong (0.68) and strong interrater agreement (LeBreton & Senter, 2008). Although ICC(2) for receptiveness to relational transparency is below the recommended cut–off (0.60), this value does not prevent aggregation if aggregation is theoretically justified and $r_{wg}$ is high.

Confirmatory factor analyses (CFA; LISREL 9, covariance-based SEM, maximum likelihood method) were conducted to test whether the six multi-item variables of our study (i.e., self-reported moral courage, moral courage, respect, receptiveness to relational transparency, and leader effectiveness plus humility as control) represent different constructs. Considering the high number of items, two parcels were created per construct (Little et al., 2002). The 6-factor model fits the data well ($\chi^2_{[39]} = 53.19$; RMSEA = 0.06; SMR: 0.05; GFI = 0.93; CFI and IFI = 0.98) and better than the following models: (1) humility and moral courage merged ($\Delta\chi^2_{[5]} = 104.30$ $p < 0.01$; RMSEA = 0.16; SMR: 0.12; GFI = 0.82; CFI: 0.80; IFI = 0.81); (2) self-reported moral courage and moral courage merged ($\Delta\chi^2_{[5]} = 38.83p < 0.01$; RMSEA = 0.10; SMR: 0.09; GFI = 0.88; CFI and IFI = 0.92); (3) the two mediators merged ($\Delta\chi^2_{[5]} = 88.15$, $p < 0.01$; RMSEA = 0.15; SMR: 0.09; GFI = 0.84; CFI and IFI = 0.83); (4) moral courage, the mediators, and the dependent variable merged ($\Delta\chi^2_{[12]} = 271.80$, $p < 0.01$; RMSEA = 0.23; SMR: 0.15; GFI = 0.70; CFI and IFI = 0.52); (5) all variables merged ($\Delta\chi^2_{[15]} = 433.94$, $p < 0.01$; RMSEA = 0.28; SMR: 0.22; GFI = 0.58; CFI: 0.23; IFI = 0.25). We also compared the 6-factor model with a 7-factor one, in which a common latent factor was added (Podsakoff et al., 2024). The two models do not differ significantly ($\Delta\chi^2_{(18)} = 28.78$; $p = 0.052$), and the average path coefficient from the common factor to all indicators is 0.04. The square of this value shows that the calculated variance is only 0.2% and suggests that our data were not affected significantly by CMB.

Table 1 shows that the average variances extracted (AVE) are higher than the threshold of 0.50 (Bagozzi & Yi, 1988; Fornell & Larcker, 1981). All square roots of AVE values are clearly higher than the correlations between the respective construct and the other variables, thus meeting the Fornell-Larcker criterion (Fornell & Larcker, 1981). All Heterotrait–Monotrait ratios (HTMT) are lower that the threshold of 0.85 (Henseler et al., 2015). All these findings support the discriminant and convergent validity of the variables in our study.

### 3.4. Polynomial modeling and response surface analysis

To test H5, we conducted a polynomial modeling and response surface analysis using the procedures and tools (i.e., the Excel spreadsheet) suggested by Shanock et al. (2010). Polynomial modeling enables examining complex relationships between two variables (*X* and *Y*, i.e., self-reported moral courage and moral courage) and an outcome variable (*Z*, i.e., respect). This technique allows for examining the extent to which different combinations of leader self-reported moral courage and leader moral courage relate to the leader's respect for team members. The response surface analysis is both a visual and interpretive procedure that provides a clearer understanding of the complexities of polynomial relationships.

## 4. Results

Table 2 presents means, standard deviations, and correlations. Female leaders are described as expressing greater moral courage, which is consistent with some literature, as mentioned above. Top managers self-describe as being less courageous and are described as more respectful. Leaders from the banking/financial sector are described as more courageous, a finding consistent with the notion that this highly regulated sector requires more moral courage from leaders (as discussed above). The correlations between the three components of leader likability are modest or moderate ($\alpha = 0.64$), which supports using the three scores separately. These three scores correlate positively with several variables in our model, corroborating the literature that suggests that leader likability inflates ratings of leader behaviors (Hansbrough et al., 2015; Yammarino et al., 2020). These findings, while not central to our study, support the inclusion of these variables as controls.

Leader humility correlates positively with leader moral courage, which supports literature suggesting that character strengths tend to manifest in configurations (Crossan et al., 2017; Peterson & Park, 2004). The modest correlation suggests that, although both constructs share some commonalities (Detert & Bruno, 2017), they are distinct (see also CFA results, above). Leader humility also correlates positively with respect and receptiveness to relational transparency from team members, thus supporting the inclusion of leader humility as a control. Leader self-reported moral courage and leader moral courage intercorrelate positively, although modestly. The finding that moral courage, but not self-reported moral courage, correlates positively with respect supports H1, and also supports our reasoning, as discussed above, that other- vs. self-reports are more valid measures of moral courage. Leader respect correlates positively with both leader receptiveness to relational transparency (H2 supported) and leader effectiveness. Leader receptiveness to relational transparency also correlates positively with leader effectiveness (which supports H3).

Bootstrapping regression analysis was used to test the serial mediation model (PROCESS macro, template #6; Hayes, 2013). Table 3 shows that leader moral courage predicts respect for team members (Hypothesis 1 supported), which in turn predicts receptiveness to relational transparency (Hypothesis 2 supported). Leader receptiveness to relational transparency predicts leader effectiveness (Hypothesis 3 supported). While the direct effect is not significant (effect: −0.18, SE: 0.23, $p = 0.43$, CI [-0.47, 0.42]), the serial indirect effect (effect: 0.04, SE: 0.03, CI [.002, 0.10]) is significant (H4 supported). The same empirical pattern emerges when controls are not included (Spector & Brannick, 2011).

Before testing H5, we found that for 58.8 % of leaders (20.6 % were overestimators; 38.2 % were underestimators; Shanock et al., 2010) self-reported moral courage was discrepant from moral courage as reported by peers. These findings, together with the modest correlation between

[3] The length of work-experience was not included as control because of the very strong correlation of this variable with age, and the consequent multicollinearity.

**Table 1**
Fornell–Larcker criterion and Heterotrait–Monotrait Ratios (HTMT).

| | Fornell–Larcker criterion[a] | | | | | | | HTMT | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Variables | AVE | 1 | 2 | 3 | 4 | 5 | 6 | 1 | 2 | 3 | 4 | 5 | 6 |
| 1. Leader humility (peers) | 0.67 | **0.82** | | | | | | – | | | | | |
| 2. Self-reported moral courage | 0.64 | −0.04 | **0.80** | | | | | 0.11 | – | | | | |
| 3. Leader moral courage (peers) | 0.76 | 0.22* | 0.26** | **0.87** | | | | 0.25 | 0.32 | – | | | |
| 4. Respect for team members (subsample #1 of subordinates) | 0.75 | 0.23* | −0.05 | 0.33** | **0.87** | | | 0.27 | 0.06 | 0.39 | – | | |
| 5. Receptiveness to relational transparency from team members (subsample #2 of subordinates) | 0.76 | 0.22* | −0.05 | 0.15 | 0.35** | **0.87** | | 0.26 | 0.08 | 0.17 | 0.41 | – | |
| 6. Leader effectiveness (reported by the supervisor) | 0.79 | 0.01 | −0.15 | −0.01 | 0.31** | 0.31** | **0.89** | 0.05 | 0.45 | 0.09 | 0.35 | 0.36 | – |

[a] Diagonal (bold): square root of Average Variance Extracted (AVE). Off-diagonal values are correlations among the constructs.

the two variables, are consistent with the view that leader self-reported moral courage and leader moral courage are conceptually distinct. The polynomial analysis (Table 4) and the response surface analysis (Fig. 2) reveal three important findings. First, leader respect for team members increases as leader moral courage increases, regardless of the level of leader self-reported moral courage. Second, the slope (*a3*) along the line of disagreement is significantly negative (−0.39, $p < 0.01$), indicating that leader respect decreases as self-reported moral courage becomes greater than peer-reported moral courage. Third, the lowest level of leader respect emerges when leaders rate themselves as morally courageous while peers ascribe to them low moral courage. Therefore, Hypothesis 5 is supported. Note that it is not self-other disagreement on moral courage, *per se*, that explains leader respect for team members; if it were, *a4* (i.e., the curvature on x = −y) would have been significant. What contributes to lower leader respect for team members is leader overestimation of personal moral courage.

### 4.1. Post-hoc analysis

As leaders from the financial sector vs. other sectors were rated as more courageous, and some literature has suggested that this highly regulated sector requires more moral courage from leaders (Monga, 2017; Voegtlin, 2016), we tested if sector moderates the hypothesized mediated relationship (PROCESS macro, template #83). While the index of moderated mediation is not significant (effect: 0.09, SE: 0.12, CI [-0.13, 0.34]; $\Delta R^2 = 0.014$), the mediating effect is stronger for the financial sector (effect: 0.12, SE: 0.12, CI [-0.08, 0.41]) vs. the other sectors (effect: 0.04, SE: 0.02, CI [.001, 0.09]), and the lowest level of respect emerges for leaders with low courage operating in the financial sector. A possible explanation for the nonsignificant effect is the small number of leaders from this sector. As "a statistically non-significant result does not imply that there is no effect" and the "absence of evidence is not evidence of absence" (Wulff et al., 2023, p. 18), this result is worthy of exploration in future studies.

## 5. Discussion

As hypothesized, morally courageous leaders are more likely to respect team members and be more receptive to relational transparency from team members, which in turn makes the leader more effective. By developing respectful encounters with team members and encouraging them to *influence* (through relational transparency) their leadership, morally courageous leaders are not just more ethical – they are also better positioned to influence team effectiveness, and thus to be more effective leaders. In this respectful environment facilitated by leader moral courage, both leaders and team members grow and develop through a process of mutual influence (Cunliffe & Eriksen, 2011; Fletcher, 2007). This mutual influence and co-created leadership process is the result of two intertwined processes: the prosociality of morally courageous leaders enhances the integrative process that makes leaders not only adopt morally courageous behaviors, but also continuously 'turn on' their 'moral radar' and be 'tuned' to genuine inputs from team members, which increases their effectiveness as leaders. Considering that moral courage in leaders, while being a keystone of good character, is under-researched at the empirical level, our study makes a valuable contribution to the field. By empirically showing the indirect association between moral courage in leaders and their effectiveness, moral courage is more likely to capture greater interest from practitioners and as an area of academic inquiry (Cameron et al., 2004). In short, by showing that morally courageous leaders are more effective, our empirical findings also support scholars who have argued that both character and competence are the primary roots of effective and sustainable leadership (Crossan et al., 2017; Hannah & Avolio, 2011; Newstead et al., 2020).

Our study also responds to a mismatch in literature that results from acknowledging that self-reports of moral courage have low validity and, at the same time, using self-reported ratings instead of observer-ratings. We show that leader self-reported moral courage and leader other-reported moral courage are only modestly correlated, and it is the latter that predicts leader respect for team members. This finding suggests that self-reported vs. other-reported moral courage are different constructs. Considering that moral courage is high in both observability and evaluativeness (Cohen et al., 2013; Vazire, 2010), observer-reports are more valid for measuring such a disposition. From a relational leadership perspective, it also makes more sense to study leaders' other-reported moral courage than self-reported moral courage. Such a procedure is consistent with research suggesting that informant ratings are valid for measuring several psychological and leadership constructs (Murphy & Reeves, 2019; Mutschmann et al., 2022; Oh et al., 2011). It is also consistent with Cohen et al. (2013), who showed that peers are able to judge moral character with reasonable accuracy.

However, our findings suggest that it is inadequate to consider self-reported moral courage as irrelevant in predicting the impact of leader moral courage on team functioning and outcomes. While self-reports of leader moral courage (a value-laden and therefore highly evaluative disposition) are susceptible to several biases, leader self-reported moral courage can increase understanding, when measured together with other-reported moral courage, in assessing the leader's impact on team members. Leaders who overestimate their own courage are *particularly* less respectful, and thus less receptive to relational transparency from team members, thus minimizing their effectiveness as leaders. An important implication of our study is that research on leader character strengths must go *beyond* investigating which measurement source (self vs. others) is more accurate (Cohen et al., 2013; Vazire, 2010). Our findings suggest that the interplay between a *valid* measure (i.e., leader moral courage as reported by observers) and a measure that is *invalid when used in isolation* (i.e., self-reported moral courage) increases the level of accuracy in measuring (at least some) character strengths.

We also contribute to a better understanding of SOA in leadership. On the one hand, our findings are consistent with the SOA literature of leadership (Braddy et al., 2014; Fleenor et al., 2010; Lee & Carpenter, 2018) by showing that overestimation of a leader characteristic is associated with poor outcomes. On the other hand, in contrast with that literature, our findings suggest that a leader underestimating their own

**Table 2**
Means, standard-deviations, and correlations.

| Variable | Mean | *SD* | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 13 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Leader age | 35.16 | 4.31 | – | | | | | | | | | | | | | |
| 2. Leader gender (0: woman, 1: man) | – | – | −0.08 | – | | | | | | | | | | | | |
| 3. Management level (middle: 0; top: 1) | – | – | 0.21* | 0.01 | – | | | | | | | | | | | |
| 4. Banking/finance (1) vs. other (0) sectors | – | – | 0.03 | −0.28** | −0.15 | – | | | | | | | | | | |
| 5. Industry (1) versus service (0) sectors | – | – | −0.12 | 0.03 | −0.26** | −0.18 | – | | | | | | | | | |
| 6. Leader likability (peers) | 5.62 | 0.76 | −0.22* | 0.11 | 0.10 | 0.08 | 0.00 | – | | | | | | | | |
| 7. Leader likability (subordinates) | 5.44 | 1.08 | −0.13* | 0.14 | 0.09 | −0.06 | 0.02 | 0.54** | – | | | | | | | |
| 8. Leader likability (supervisor) | 5.26 | 1.19 | −0.12 | 0.04 | −0.04 | 0.14 | −0.12 | 0.36** | 0.34** | – | | | | | | |
| 9. Leader humility (peers) | 4.82 | 0.71 | 0.28** | −0.07 | 0.04 | 0.03 | 0.04 | 0.14 | 0.10 | 0.03 | (0.86) | | | | | |
| 10. Self-reported moral courage | 5.39 | 0.64 | −0.16 | −0.18 | −0.21* | 0.04 | −0.05 | 0.03 | −0.09 | −0.04 | −0.04 | (0.60) | | | | |
| 11. Leader moral courage (peers) | 5.56 | 0.41 | 0.05 | 0.23* | 0.02 | 0.22* | 0.01 | 0.30** | 0.11 | 0.03 | 0.22* | 0.26** | (0.83) | | | |
| 12. Respect for team members (subsample #1 of subordinates) | 5.78 | 0.82 | 0.11 | −0.02 | 0.21* | −0.05 | 0.04 | 0.30** | 0.30** | 0.26** | 0.23* | −0.05 | 0.33** | (0.84) | | |
| 13. Receptiveness to relational transparency from team members (subsample #2 of subordinates) | 5.60 | 0.76 | −0.07 | −0.04 | −0.11 | −0.03 | -0.08 | 0.34** | 0.68** | 0.30** | 0.22* | −0.05 | 0.15 | 0.35** | (0.86) | |
| 14. Leader effectiveness (reported by the supervisor) | 5.25 | 0.91 | 0.00 | −0.04 | 0.08 | 0.13 | −0.10 | 0.16 | 0.19 | 0.53** | 0.01 | −0.15 | −0.01 | 0.31** | 0.31** | (0.90) |

$N = 102$. Reliabilities are in parentheses on the diagonal.
* $p < 0.05$, ** $p < 0.01$ (two-tailed).

moral courage is not problematic but rather may instead represent a form of 'courage blindness' that obscures genuine moral courage. Thus, our study suggests that while overestimation may be problematic for some leader characteristics, underestimation may reflect a 'healthy' perspective for characteristics like moral courage. Future studies may explore whether this more nuanced evidence of SOA in leadership is also found for other leader characteristics that are both observable and evaluative.

### 5.1. Limitations and future studies

While our multisource design significantly reduces the risks of common method variance, it does not support causality, and other causal explanations are plausible. For example, leaders may become more receptive to employees' relational transparency after perceiving that they have a positive impact on team effectiveness. Second, the measures adopted in this study were not tailored specifically to test the hypothesized model. As they were part of a 360° exercise for leadership development, they may suffer from limited content validity. Future studies may thus include more established measures with broader content. This is particularly relevant for moral courage, considering the modest reliability of the self-reported measure of that variable. Future studies may test whether that modest reliability is a consequence of the limited validity of self-reports in accurately measuring actual moral courage, as discussed above, or whether a different and broader set of items is recommendable. Third, although all focal leaders who compose our sample were encouraged to include feedback from all well-acquainted peers and subordinates, our data may be affected by a selection bias.

Fourth, our model does not include mediators between leader receptiveness to relational transparency and leader effectiveness. It is possible that leader receptiveness to relational transparency makes the leader more effective because team members develop greater engagement and other psychological resources that enable them to make more positive contributions to team effectiveness. It is also possible that the relationship between leader receptiveness to relational transparency and leader effectiveness is moderated by team members' characteristics (e.g., proactive personality). Other moderators (such as sector) may condition the relationship between leader moral courage and team outcomes. Fifth, future studies should include objective measures of leader effectiveness. Finally, while moral courage is a key factor in determining whether leaders will behave morally when faced with challenging, complex, and risky business decisions (as well as moral dilemmas such as whistleblowing, ESG dilemmas, and AI ethics), future studies may include not only moral courage but also moral ownership and moral efficacy (Hannah & Avolio, 2010) as predictors of leader respect for team members. Future studies may also include other leadership constructs (e.g., ethical leadership, leader moral humility, and moralized leadership) to further assess the convergent and discriminant validity of leader moral courage.

### 5.2. Practical implications

Despite these limitations, our study offers some practical implications. Overall, the study underscores the importance of considering moral courage in leader selection and promotion processes, not just for preventing organizational wrongdoing, but as a contributor to leader effectiveness. It is important, however, to be careful regarding the tools used to assess moral courage. Resorting to self-reports – a procedure frequently used in personality inventories for selection purposes – may result in flawed selection and promotion decisions. Obtaining more 'objective' assessments from observers through 360° feedback exercises is recommended. Organizations should be particularly cautious regarding leaders who overestimate their own moral courage. The 'self-confident and agentic aura' that overestimators transmit may lead to a short-lived 'romanticized' but dangerous perspective (Cunha et al.,

**Table 3**
Testing the serial mediation model (Bootstrap regression analyses; PROCESS Macro, template #6; 5000 samples).

| | Leader respect for team members | | | Leader receptiveness to relational transparency from team members | | | Leader effectiveness | | |
|---|---|---|---|---|---|---|---|---|---|
| Variable | *B* | *SE* | [LLCI, ULCI] | *B* | *SE* | [LLCI, ULCI] | *B* | *SE* | [LLCI, ULCI] |
| Age | 0.02 | 0.02 | [−0.02, 0.06] | −0.01 | 0.01 | [−0.03, 0.02] | 0.00 | 0.02 | [−0.04, 0.04] |
| Gender (0: woman, 1: man) | −0.03 | 0.18 | [−0.39, 0.34] | −0.25 | 0.13 | [−0.50, 0.01] | −0.05 | 0.20 | [−0.44, 0.34] |
| Management level (middle: 0; top: 1) | 0.29 | 0.18 | [−0.06, 0.64] | −0.45** | 0.13 | [−0.69, −0.20] | 0.27 | 0.20 | [−0.12, 0.67] |
| Banking/finance (1) vs. other (0) sectors | −0.43 | 0.38 | [−1.18, 0.33] | −0.36 | 0.27 | [−0.89, 0.17] | 0.49 | 0.40 | [−0.31, 1.29] |
| Industry (1) versus service (0) sectors | 0.15 | 0.16 | [−0.17, 0.48] | −0.30** | 0.11 | [−0.53, −0.08] | 0.10 | 0.18 | [−0.25, 0.45] |
| Leader likability (peers) | 0.08 | 0.13 | [−0.18, 0.34] | −0.07 | 0.09 | [−0.25, 0.11] | −0.03 | 0.14 | [−0.30, 0.24] |
| Leader likability (subordinates) | 0.09 | 0.08 | [−0.07, 0.26] | 0.47** | 0.06 | [0.35, 0.58] | −0.17 | 0.11 | [−0.40, 0.06] |
| Leader likability (supervisor) | 0.15* | 0.07 | [0.02, 0.29] | 0.01 | 0.05 | [−0.08, 0.11] | 0.36** | 0.07 | [0.21, 0.51] |
| Leader humility (peers) | 0.11 | 0.11 | [−0.11, 0.32] | 0.14 | 0.08 | [−0.02, 0.29] | −0.12 | 0.12 | [−0.36, 0.12] |
| Self-reported moral courage | −0.07 | 0.13 | [−0.32, 0.18] | −0.05 | 0.09 | [−0.23, 0.12] | −0.13 | 0.13 | [−0.39, 0.13] |
| Leader moral courage (peers) | 0.58** | 0.21 | [0.17, 1.00] | 0.03 | 0.15 | [−0.27, 0.33] | −0.18 | 0.23 | [−0.63, 0.27] |
| Respect for team members (subsample #1 of subordinates) | – | – | – | 0.17* | 0.07 | [0.03, 0.32] | 0.17 | 0.11 | [−0.05, 0.40] |
| Receptiveness to relational transparency (subsample #2 of subordinates) | – | – | – | – | – | – | 0.38* | 0.16 | [06, 0.69] |
| F | 3.35** | | | 10.86** | | | 4.23** | | |
| $R^2$ | 0.29 | | | 0.59 | | | 0.38 | | |

*Note.* $N = 102$.
* $p < 0.05$, ** $p < 0.01$ (two-tailed).

**Table 4**
Polynomial regression: how the (dis)agreement between leader self-reported and leader peers-reported moral courage predicts leader respect for team members.

| | *B* | *SE* | $R^2$ | *Z* | *B* | *SE* | $R^2$ | *Z* |
|---|---|---|---|---|---|---|---|---|
| Constant | 2.69* | 1.12 | | | 5.81** | 0.11 | | |
| Self-reported moral courage (x) | −0.18 | 0.13 | | | −0.11 | 0.09 | | |
| Leader moral courage (reported by peers) (y) | 0.73** | 0.19 | | | 0.28** | 0.09 | | |
| Self-reported moral courage squared | | | | | 0.00 | 0.06 | | |
| Self-reported moral courage X leader moral courage | | | | | 0.02 | 0.08 | | |
| Leader moral courage squared | | | | | −0.04 | 0.05 | | |
| | | | 0.13 | 7.20** | | | 0.13 | 2.91* |
| Surface tests | | | | | | | | |
| *a1* (slope along x = y) | | | | | 0.17 | 0.10 | | |
| *a2* (curvature on x = y) | | | | | 0.00 | 0.10 | | |
| *a3* (slope along x = -y) | | | | | −0.39** | 0.14 | | |
| *a4* (curvature on x = -y) | | | | | −0.08 | 0.12 | | |

Note. $N = 102$. x = y (x = −y): line of agreement (disagreement).
* $p < 0.05$, ** $p < 0.01$ (two-tailed).

2024). These leaders may be particularly inclined to show disrespect for team members, with negative consequences for their effectiveness as leaders. Correspondingly, organizations should not view underestimating one's courage as a less desirable attribute in leaders. On the contrary, such underestimation may be an indicator of moral courage. Another implication of our study is that organizations should prioritize leadership development activities that bolster self-awareness, such as 360° feedback exercises, which are particularly important for dealing with overestimators.

### 5.3. Conclusion

Despite its critical importance, moral courage has received little empirical attention in management and organization studies. By showing that morally courageous leaders are more respectful, more open to frank and honest inputs from team members, and therefore more effective, our research contributes to exploring the foundations of 'good' leadership – leadership that is both ethical and effective. Scandals and tragedies such as Boeing, Theranos, Volkswagen, and Wells Fargo (Collins & Kanashiro, 2021), among others, could likely have been prevented had the leaders of those companies been morally courageous enough to speak up while also respecting and listening to employees' opinions. These cases epitomize how the lack of moral courage in leaders is not only ethically problematic but also detrimental for organizational effectiveness and survival.

## Ethics approval

The 360° tool was approved by the Ethics Committee of the first author's University (report number ESR 07/2017).

## Human participants

The focal individuals who participated in this research were

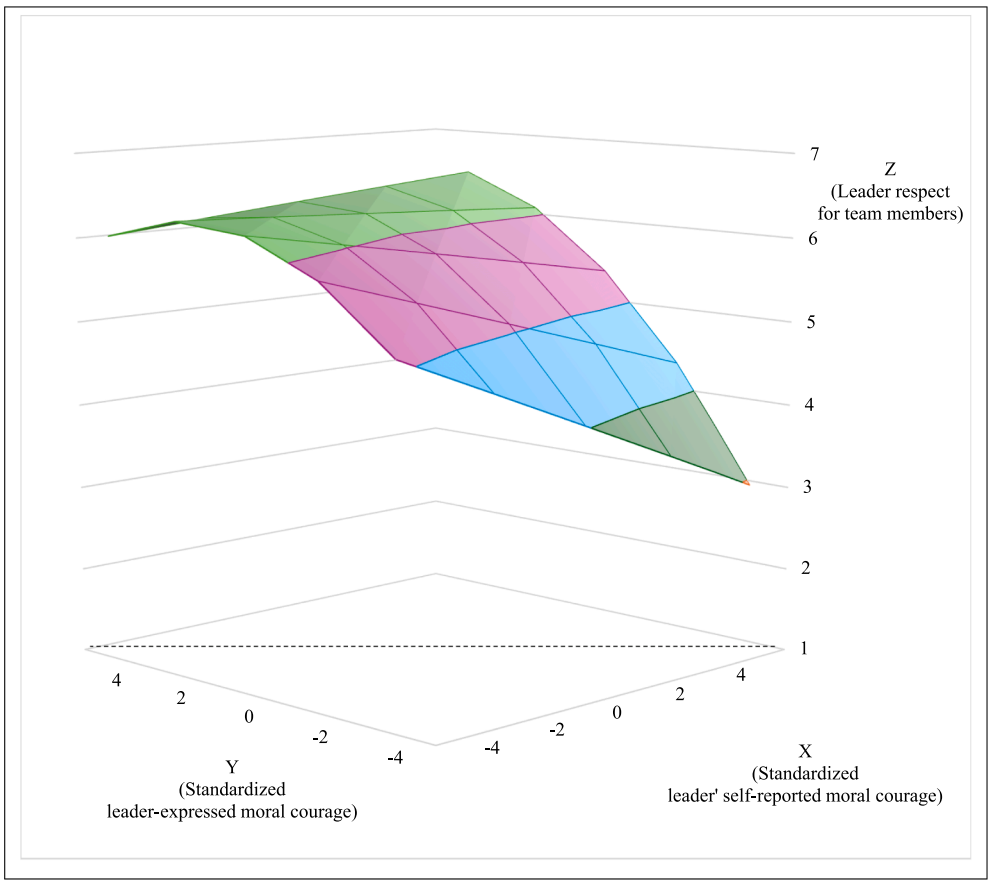


**Fig. 2.** Surface analysis: How the (dis)agreement between leader self-reported moral courage and leader peers-reported moral courage predicts leader respect for team members. *Note: The dashed line on the floor of the graph represents the line of disagreement. The significant, negative slope of the surface along the line of disagreement indicates that leaders who underestimate their moral courage maintain high levels of respect for team members, whereas leaders who overestimate their moral courage experience the lowest levels of leader respect for team members.*

managers participating in a leadership development program conducted by a European Union business school. In the first part of that program, managers took part in a 360° feedback assessment in which the variables of our hypothesized model were measured. Participation was voluntary and those managers were informed that the exercise had only developmental purposes. They were also informed that their self-reported data would be treated confidentially by the instructor, who is an author of this work. Data from the observers (whose participation was voluntary) of those managers were anonymous, and they were informed so.

## Informed consent

Informed consent was obtained from all individual participants included in the study.

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## CRediT authorship contribution statement

**Arménio Rego:** Writing – review & editing, Writing – original draft, Methodology, Funding acquisition, Formal analysis, Data curation, Conceptualization. **Ace Volkmann Simpson:** Writing – review & editing, Conceptualization. **Dustin J. Bluhm:** Writing – review & editing, Conceptualization. **Miguel Pina e Cunha:** Writing – review & editing, Funding acquisition.

## Declaration of competing interest

The authors declare that they have no competing financial interests or personal relationships with other people or organizations that could inappropriately influence the work reported in this paper.

## Appendix A. Supplementary data

Supplementary data to this article can be found online at https://doi.org/10.1016/j.jbusres.2025.115423.

## Data availability

Dataset included in the submission.

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