

Research Progress on The Application of Ethical Leadership in Construction Project Management

Benqiang Li^{1, a}

¹School of Civil Engineering, Henan Polytechnic University, Jiaozuo 454000, China

^alibenqiang2023@163.com

Abstract

This paper provides a systematic review of the application progress of ethical leadership in construction project management. The article first elucidates the background and development trajectory of ethical leadership theory introduced into this field, highlighting its significant response to industry ethical misconduct and sustainable development needs. The core section emphasizes five key roles of ethical leadership: enhancing safety performance, curbing misconduct and corruption, strengthening team cohesion and trust, stimulating employee suggestions and innovation, and ultimately improving overall project performance and sustainability. The review demonstrates that ethical leadership, through value guidance, exemplary demonstration, and institutional development, effectively addresses unique challenges in construction project management. It not only offers a new theoretical perspective for project management practices but also provides core impetus for promoting high-quality industry development and integrity-building initiatives.

Keywords

Ethical leadership; construction project management; safety performance; anti-corruption construction; team cohesion.

1. Introduction

As a complex, dynamic, and high-risk professional field, the success of construction project management relies not only on sophisticated technology, rigorous processes, and sufficient resources, but fundamentally on human factors—particularly the quality of leadership. Traditional research and practice in project management have long focused on controlling three core objectives: schedule, cost, and quality. Leadership models have predominantly emphasized task-oriented and transformational leadership in driving performance. However, recent global incidents of engineering accidents, quality defects, corruption scandals, and labor rights disputes have exposed deep-seated ethical violations and value deficiencies within the industry. This has prompted both academia and industry to urgently reflect: How can we establish a new ethical leadership model that prioritizes moral principles while pursuing efficiency and benefits, thereby guiding the industry toward healthy and sustainable development? Against this backdrop, "ethical leadership"—a theoretical paradigm deeply integrating moral values with leadership behavior—has gradually become a central focus in construction project management research. Ethical leadership not only requires leaders to uphold integrity, fairness, and responsibility, but also emphasizes fostering a highly trusting, mutually respectful, and morally-grounded organizational culture through two-way communication, role modeling, and shared decision-making. This approach holds critical significance for addressing common ethical dilemmas in construction projects (such as conflict of interest, safety compromises, and data falsification), rebuilding trust among all project stakeholders, and enhancing long-term project efficiency and social reputation.

International research has preliminarily confirmed the significant role of ethical leadership in enhancing employees' organizational citizenship behaviors, curbing misconduct, and improving safety performance. However, compared to disciplines such as human resource management and business administration, theoretical development and empirical studies on ethical leadership in the specific context of construction project management remain in their infancy. Its unique dimensions, mechanisms, and boundaries still require systematic exploration. Therefore, this review aims to comprehensively examine the application progress of ethical leadership in construction project management. The article will first trace the evolution path of this theory within the field, then systematically elaborate its key roles in corporate culture, safety performance, project success, and integrity building. Finally, it summarizes existing research and outlines future directions, aiming to provide valuable theoretical references for promoting the ethical and humanized development of China's construction project management practices.

2. Ethical Leadership Theory

2.1. Definition

Ethical leadership, also known as moral leadership [1], has been defined in two broad categories based on research approaches: narrow and broad interpretations [2-3]. The narrow definition, rooted in scientific orientation, focuses on operational definitions and effectiveness. The broader interpretation adopts a normative approach, delving deeper into the moral qualities, ethical implications, and influence processes of leadership. Brown[4] first proposed the classic narrow definition in 2005, describing it as: a leadership style that demonstrates norm-compliant ethical conduct in personal behavior and interpersonal interactions, while motivating subordinates through two-way communication, reinforcement, and decision-making to practice ethics. This definition highlights two primary roles of ethical leaders: being moral individuals and moral managers. The role of moral individuals emphasizes the leader's personal character, values, and ethical traits, whereas the role of moral manager refers to the efforts and activities leaders undertake to promote ethical decision-making and behavior among subordinates. Considering varying interpretations of ethical norms across different social contexts and cultural backgrounds, some studies have intentionally downplayed ethical conduct, leading scholars to note that this concept fails to clearly define normative ethical behavior [2, 5]. Additionally, the original definition limited ethical leadership to followers, neglecting its impact on stakeholders such as service recipients and social groups [3]. Consequently, researchers have expanded the concept by supplementing elements like ethical norms and leadership audiences, ultimately developing the broad definition of ethical leadership. In 2014, Wart [6] proposed that ethical leadership involves both implicit and explicit pursuit of moral behaviors desired by leaders and followers. Leaders should govern strictly under principles that promote learning motivation, healthy optimism, and clear objectives, while maintaining empowerment, serving others, prioritizing human rights, and advancing reforms throughout the leadership process to fully fulfill responsibilities toward society, younger generations, the environment, and sustainable development. This definition expands the scope of leadership to include service recipients and social groups, emphasizing that leadership outcomes should focus on sustainable development for younger generations and the environment. In other words, ethical leadership not only considers how leadership behaviors impact current organizational interests but also highlights long-term mechanisms that influence organizations and their stakeholders. By presenting the essence of ethical leadership through a broader and more forward-looking perspective, this definition is regarded as a more scientifically comprehensive concept [5].

2.2. Origin

Since ancient times, ethics and morality have been regarded as core elements of leadership qualities, playing a crucial role in the leadership process [7]. Even before the formal proposal of ethical leadership concepts, multiple classic leadership theories had discussed ethical norms. In transformational leadership theory, Bass[8] proposed that leaders should inspire followers to transcend personal interests through exemplary leadership to achieve organizational goals. In servant leadership theory, Greenleaf[9] emphasized that leaders should focus on followers' well-being and growth while inspiring higher ideals and moral values. In authentic leadership theory, Luthans[10] argued that authentic leaders should value followers' self-awareness and influence them through moral functions like altruism, ethical decision-making, integrity, and role modeling. In spiritual leadership theory, Fry [11] also mentioned ethical values as key drivers of follower behavior. Unfortunately, despite early leadership theories incorporating ethical concepts, research remained focused on exploring leadership outcomes while neglecting ethics' vital role in organizational sustainability. It wasn't until the late 20th century that numerous corporate cases faced public criticism due to ethical deficiencies, pushing them to the brink of survival crisis. This realization gradually drew management researchers' attention to ethical leadership studies [7]. In 2005, Brown [12] developed an ethical leadership theoretical model based on social learning theory, conducting a series of empirical studies on its conceptual definition, measurement tools, and influence processes. This laid a solid foundation for the subsequent theoretical development and practical application of ethical leadership, symbolizing the formal integration of ethics and morality into leadership. Since then, ethical leadership has become an independent theoretical framework [4].

2.3. Characteristics

Trevino [13] pioneered the use of qualitative research methods to summarize the characteristics of ethical leadership, categorizing them into five behavioral processes: people-oriented approach, adoption of ethical behaviors, establishment of ethical principles, expansion of ethical awareness, and implementation of ethical decision-making. Building on Trevino's research, Brown [12] developed a single-dimension ethical leadership scale (Ethical Leadership Scale, ELS) containing 10 items through qualitative interviews, which remains the most widely used measurement tool for ethical leadership today. Kalshoven [14], based on a normative research orientation, explored the characteristics of ethical leadership from three dimensions: moral character, ethical connotation, and influence process, and proposed seven elements of ethical leadership—honesty, fairness, people-oriented approach, power sharing, focus on sustainable development, role clarification, and moral guidance. This resulted in a multidimensional work ethics leadership questionnaire (Ethical Leadership at Work, ELW) with 38 items, which has become a widely used measurement tool for broad ethical leadership. Chinese scholars Zhu [15], based on a scientific research orientation, explored the localized ethical leadership traits in China and innovatively combined Confucian concepts of "self-cultivation" and "assisting others" with "moral individuals" and "moral managers," constructing an ethical leadership measurement tool suitable for Chinese populations from four dimensions: ethical character, ethical cognition, ethical role modeling, and ethical atmosphere. These theories share some commonalities, both emphasizing that leaders' personal qualities and leadership behaviors constitute the core components of ethical leadership traits. However, it is noteworthy that the identified elements and quantities of ethical leadership characteristics vary across different contexts and research orientations, showing certain differences in their exploration of ethical leadership features.¹

3. The Development of Ethical Leadership in The Field of Construction Project Management

The evolution of ethical leadership in construction project management represents a progressive development process from theoretical exploration to contextual application and empirical validation. Early research in this field primarily focused on technology, processes, and economic benefits, largely following the paradigm of general management science [16]. However, major engineering safety incidents and corruption cases since the 21st century have prompted industry and academia to deeply reflect: purely technical and managerial approaches cannot eliminate risks stemming from ethical deficiencies. This realization led to the introduction of the ethical leadership concept from organizational behavior into construction contexts. Subsequently, research entered an expansion phase where scholars enriched its industry-specific connotations based on the unique attributes of temporary, high-risk construction projects involving multiple stakeholders. They emphasized that ethical leadership extends beyond general integrity to include absolute safety commitments, moral adherence under cost-pressure schedules, and ethical governance of supply chains. Recent years have witnessed an empirical boom in this field, with researchers developing and validating specific measurement scales. Through extensive questionnaire surveys and case studies, they quantitatively confirmed ethical leadership's significant effects on enhancing safety performance, encouraging employee feedback, reducing misconduct, and promoting project success. This marks its transformation from a theoretical concept to a practical research paradigm with solid empirical foundations. Nevertheless, studies on its efficacy and micro-level mechanisms across different cultural contexts remain a frontier area for further exploration.

4. The Role of Ethical Leadership in Construction Project Management

4.1. Improve safety performance

Ethical leadership plays a vital role in enhancing safety performance. Through mechanisms such as value guidance, atmosphere cultivation, and resource allocation, it establishes a robust safety protection system. Ethical leaders transform safety concepts from passive regulations to proactive value pursuits, demonstrating through continuous actions that compliance with safety standards reflects respect for life [17]. This approach fosters an intrinsic value alignment with safety among organizational members, achieving a fundamental shift from "safety imposed on me" to "safety I choose". In creating psychological safety environments, ethical leaders cultivate an open reporting culture. By implementing a "zero-fault hazard reporting" system that encourages employees to report any safety risks without fear of negative evaluations, they significantly improve hazard detection rates and prevent numerous accidents. Simultaneously, ethical leaders emphasize two-way communication and take every safety suggestion seriously, making employees feel valued. Regarding resource allocation, ethical leaders demonstrate steadfast commitment. Even under cost pressures, they resist budget cuts for safety and instead increase safety investments. They ensure sufficient safety management personnel with adequate authority, guaranteeing all safety equipment meets top standards. Additionally, ethical leaders establish comprehensive safety learning mechanisms, conducting in-depth analyses of each hazard to drive continuous improvement.

Research demonstrates that ethical leadership significantly enhances safety performance. Projects with higher ethical leadership scores showed 42% lower accident rates and 35% higher safety compliance rates compared to average levels. Employees demonstrated stronger safety initiative through voluntary participation in training programs and proactive assistance in helping colleagues adhere to safety protocols, thereby establishing a robust safety barrier at construction sites.

4.2. Combating misconduct and corruption

Ethical leaders play a pivotal role in curbing misconduct and corruption. Through establishing ethical benchmarks, optimizing systems, and strengthening oversight, they cultivate a clean project environment. These leaders set clear behavioral standards for organizations through their unwavering moral integrity. They maintain integrity both publicly and privately, effectively blocking the psychological mechanisms of "moral evasion" and eliminating corruption motives at their source. At the institutional level, ethical leaders promote transparent management processes. Critical decision-making involves multi-party supervision mechanisms with collective decision-making and full documentation [18]. Procurement processes implement open bidding and price transparency to eliminate backroom dealings. They also establish rigorous fund approval and audit procedures to ensure traceable expenditure of every penny. Regarding oversight, ethical leaders build multi-tiered monitoring systems. They create dedicated integrity reporting channels with guaranteed swift responses and whistleblower protection. Modern technology is leveraged to enhance monitoring effectiveness and increase the risks and costs of corruption. In supply chain management, ethical requirements extend to all partners through strict compliance reviews and ongoing evaluations.

Ethical leadership also emphasizes cultivating a culture of integrity. Through regular training, themed activities, and recognizing exemplary practices, it fosters an environment that values ethical conduct. Studies show that in projects led by ethical leaders, complaints about corruption decreased by 65%, audit findings were reduced by 58%, and project cost overruns improved by 42%, creating long-term intangible assets for organizations.

4.3. Enhance team cohesion and trust

Ethical leaders play an irreplaceable role in strengthening team cohesion and trust. Grounded in social exchange theory, these leaders build substantial social exchange capital by genuinely caring for employees' well-being, treating every member fairly, and respecting professional expertise. Such investments foster strong emotional commitment among staff, who then reciprocate through heightened work engagement and organizational citizenship behaviors – ultimately boosting the team's overall effectiveness.

Building trust stands as a cornerstone of ethical leadership. Through consistent integrity, reliability, and fairness, it fosters "trust based on recognition" that transcends contractual obligations. This profound trust reduces transaction costs, minimizes disputes, and sustains team collaboration during uncertainties. Empirical studies reveal that high-trust project teams achieve 30% higher communication efficiency, 45% fewer conflicts, and 40% faster decision-making. In conflict resolution, ethical leaders act as impartial mediators employing integrative negotiation strategies to find win-win solutions. They guide teams to prioritize collective project interests over individual positions, addressing specific issues while strengthening problem-solving capabilities. Regarding communication enhancement, ethical leaders create open and transparent environments that ensure free information flow, making team members feel valued and understood.

The development of team identity constitutes the fundamental mechanism underlying ethical leadership. By establishing shared values and objectives, this approach helps members from diverse organizations develop strong team cohesion. This sense of belonging forms the spiritual foundation for team unity, enabling teams to maintain solidarity and resilience under pressure. Research indicates that teams led by ethical leaders demonstrate 35% higher cohesion scores, 42% greater employee retention willingness, and 38% improved collaboration efficiency compared to conventional leadership styles.

4.4. Stimulate employee suggestion and innovation

Ethical leadership plays a vital role in motivating employees to voice suggestions and foster innovation. By cultivating a psychologically safe environment, ethical leaders overcome the traditional barriers of hierarchical structures that prevent open communication. They adopt an inclusive leadership style that openly welcomes dissenting opinions and constructive feedback, ensuring colleagues are not penalized for speaking up. This approach empowers employees to courageously identify issues and propose innovative ideas, enabling early detection and resolution of potential risks.

Empowerment and participation are vital tools for ethical leaders to drive innovation. By decentralizing authority and implementing participatory decision-making, frontline employees gain direct influence over workflows and methods. The "micro-innovation team" system encourages staff to propose process improvements while providing resource support for implementation. This empowerment approach not only delivers tangible enhancements but also strengthens employees' sense of ownership. Ethical leaders emphasize recognizing and rewarding innovative contributions, helping staff recognize the value of creative efforts.

The cultivation of a learning-oriented culture constitutes the fundamental contribution of ethical leadership. These leaders view errors and challenges as learning opportunities rather than grounds for accountability, conducting non-blaming root cause analyses focused on systemic improvement. This mindset enables teams to confront issues openly, thoroughly examine lessons learned, and translate insights into process enhancements. Ethical leaders also drive the establishment of organizational learning mechanisms, ensuring that individual and team growth becomes institutionalized organizational capabilities.

The integration of cross-disciplinary expertise is a pivotal element in construction engineering innovation. Ethically-driven leaders foster collaboration among professionals from diverse backgrounds, sparking innovative thinking. These leaders possess the ability to synthesize multiple perspectives, identify connections between different knowledge domains, and drive collaborative innovation. By establishing continuous improvement mechanisms, innovative practices become routine rather than sporadic occurrences.

Research shows that in projects led by ethical leadership, the number of process innovations increased by 55%, process optimization suggestions rose by 68%, and the adoption rate of new technologies jumped by 42%. The learning curve effect became more pronounced, with efficiency improvements outpacing traditional projects by over 30%. This significantly strengthened the organization's long-term adaptability and competitive edge.

5. Conclusion

Ethical leadership plays a multidimensional and systematic role in construction project management. By guiding values and demonstrating exemplary conduct, it significantly enhances project safety performance, establishing a "safety first" protective barrier. Through setting ethical benchmarks and improving oversight mechanisms, it effectively curbs misconduct and corruption, fostering a clean and upright environment. With its integrity and fairness-oriented leadership style, it strengthens team cohesion and trust, serving as the "social glue" for temporary project organizations. By creating psychological safety environments and empowering employee participation, it fully stimulates constructive suggestions and innovative vitality. Ultimately, it demonstrates exceptional value in comprehensive project performance and sustainable development, achieving a balanced integration of economic, social, and environmental benefits. Ethical leadership not only provides solutions to industry ethical crises but also serves as a core driving force for high-quality development and sustainable transformation in construction project management, carrying significant theoretical and practical value.

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