

Examining Psychological and Physical Distance and Ethical Leadership During a Pandemic: A Two-Sample Study of the Effects on Ratings of Crisis Leader Effectiveness, Well-Being, and Improved Business-Related Outcomes

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Amid the challenges posed by COVID-19, this research focuses on the role of ethical leadership in shaping perceptions of crisis leaders' effectiveness, personal well-being, and business-related outcomes. In this two-sample study, we contrast political leadership at the highest level examining the ethical leadership of a distal executive (President Biden) and a proximal executive (CEO leadership) – advancing literature about why top management ethical leadership matters, the importance of moral and duty-based views, and distal or proximal leadership. This research expands our understanding of ethical leadership and prompts rethinking leadership roles, echoing the urgency to prioritize ethical leadership given its profound impact.

Keywords: ethical leadership, distance leadership, crisis leadership, well-being

INTRODUCTION

One of the most challenging events a leader can face is a crisis (Pearson & Clair, 1998). During a crisis – defined as “a rare, significant, and public situation that creates highly undesirable outcomes for the firm and its stakeholders... and requires immediate corrective action by firm leaders” (James & Wooten, 2010 p. 17) – the role of a leader is amplified (Caringal-Go et al., 2021). Despite the importance of understanding executive leadership during a crisis, including its role in addressing financial and reputational risks to the organization, research in this area is lacking (Lemoine et al., 2019).

Ethical leadership offers one potentially valuable lens for examining leadership during a crisis as it is important for managing crisis (Yeo & Jeon, 2021) and influences both personal and firm outcomes (Chughtai et al., 2015; Eisenbeiss et al., 2015). Ethical leadership involves demonstrating normatively appropriate conduct “... through personal actions and interpersonal relationships...” (Brown et al., 2005 p.

120). We answer calls for research to examine how leadership can result in flourishing (Allen et al., 2022). The effectiveness with which executive leaders handle crises (with decisive governance) influences not only business outcomes (Dowell et al., 2011) but also follower well-being (Bedi et al., 2014).

It is important to understand the effects of ethical leadership on personal and organizational outcomes (Allen et al., 2022; King et al., 2023; Lemoine et al., 2019; Shin et al., 2015), especially during a crisis (Gray et al., 2022; Wu et al., 2021). However, empirical insights on this important relationship are extremely limited (Wu et al., 2021). To reduce this current research gap, we investigate the influence of ethical leadership of executives on the ratings of crisis leaders' effectiveness, personal well-being, and business-related outcomes during the COVID-19 crisis. Further, we study two different types of leaders, distal and proximal to better understand these relationships.

Antonakis and Atwater (2002) note that psychological distance considers the psychological effects of real and perceived differences between the leader and follower. Lee et al. (2021) have argued that psychological distance and crisis type can inform corporate crisis responses. Todorov et al. (2006) note that psychologically distant things are not present in a person's reality's direct, subjective, and experience. Anything that is not present in the physical surroundings experienced is considered distal whereas anything in the direct line of an experience is considered proximal (Liberman et al., 2007). Antonakis and Atwater (2017) also describe leader distance in terms of leader-follower physical distance, perceived social distance, and perceived interaction frequency. For distal leaders, because there are no physical interactions, the leader's words become especially salient stimuli for follower impressions (Shamir, 1995). In contrast, direct supervisors or chief executive officers are proximal leaders who are physically and socially close to subordinates with a high degree of leader-follower interaction (Antonakis & Atwater, 2017). Because presidential leadership is considered distal, with the leader being physically and socially distant (Antonakis & Atwater, 2017), we focus on perceptions of the U.S. President for distal executive leadership. We examine perceptions of chief executive officers (CEOs) for proximal executive leadership (note we examine only employees who interact with their CEOs). We examine the same hypotheses in two samples and note differences in results based on leader-follower distance given that some research reports poor performance under distal leaders and other research reports no effect of distance (Carsten et al., 2022).

Therefore, the current research presents an investigation of executives' ethical leadership during the COVID-19 crisis in two separate samples to assess its influence for a national distal leader (President Biden) and proximal executives (CEOs) to understand the implications of psychological and physical distance in leadership (for distal versus proximal leaders) for both follower well-being and evaluations of business outcomes. Personal well-being describes life/non-work satisfaction, work/job-related satisfaction, and general health (Danna & Griffin, 1999); and evaluations of improved business-related outcomes show perceptions of improvement of outcomes such as sales, climate for business, business reputation, access to markets, and profitability over a specific period. In a crisis, leaders must work to find resolutions as well as maintain the image of the institution (crisis leader effectiveness), financial and economic stability (firm performance evaluations), and the welfare of followers (well-being) (Wooten & James, 2008).

The current research seeks to answer the following question: Given the psychological and physical distance, what is the influence of distal and proximal executives' ethical leadership on ratings of leader crisis leader effectiveness, reported personal well-being, and evaluations of improved business-related outcomes?

We examine a model (Figure 1) by conducting a study in two samples that examine the influence of executives' ethical leadership on ratings of crisis leader effectiveness and, in turn, on reported personal well-being and evaluations of improved business-related outcomes (that include public image, financial performance, and business climate): (1) we assess distal executive leadership perceptions (voter perceptions of the leadership of President Biden) and examine their influence on followers' well-being and their evaluations of improved business outcomes reported during the COVID-19 crisis; (2) we assess proximal executive leadership perceptions (employee's that have interactions with their CEO) and examine their influence on followers' well-being and their evaluations of improved firm performance reported during the COVID-19 pandemic.

This study was conducted during the COVID-19 pandemic. In March 2020, leaders needed to respond to a rare, significant, and public crisis – the COVID-19 pandemic. Although leaders had minimal guidance on how to respond to a global pandemic (CDC, 2020; Moerschell & Novak, 2020) – amidst the immense uncertainty, chaos, and fear surrounding a global crisis – followers were looking to their leaders (national and organizational) for decision making, guidance, and strength (Caringal-Go et al., 2021). Although followers reasonably expect executive leaders’ attention and care during a crisis (Kong & Belkin, 2021), a crisis is also when executives may become distracted or overwhelmed. The COVID-19 pandemic was when many individuals lost faith in leaders – at the national and local levels – with organizations making major cuts and layoffs (Kong & Belkin, 2021). Others were able to maintain perceptions of leaders’ effectiveness and social performance; for example, New Zealand’s federal government has been identified as having the single best overall response to the pandemic, and at the local level, firms focused on expanding health and family benefits (Smith & Akstinaite, 2023). The extent to which ethical leadership was demonstrated likely influenced follower perceptions of leader trustworthiness and effectiveness during a crisis.

The present research has the potential to make several contributions to the literature on ethical leadership and leadership during a crisis, given mixed results reported for research on leader distance (Carsten et al., 2022). First, we respond to calls in the literature to extend our understanding of leadership in crisis situations (Davis & Gardner, 2012; Gray et al., 2022; Bricka & Schroeder, 2022). We also answer the call to examine the crisis leader effectiveness of political leaders (Yeo & Jeon, 2021) and adopt a process view (Wu et al., 2021), comparing the results for a political leader (President Biden) and business leaders (CEOs). In doing so, we draw implications about the role of proximity of ethical leadership and crisis leader effectiveness in affecting personal well-being and evaluations of business-related outcomes.

Second, we examine both a follower outcome (personal well-being), as well as a business outcome (follower evaluations of improved business-related outcomes) to add clarity to the roles that distal vs. proximal leadership plays in outcomes of ethical leadership. This is especially important during a crisis where there remain many questions on the impact on personal well-being (Bedi et al., 2016). Given the importance of personal well-being for performance (Robertson et al., 2012), more research is needed to better understand the role of ethical leadership and crisis leader effectiveness beyond the supervisory level (Yang, 2014; Bricka & Schroeder, 2022). Despite the discourse on the importance of executives’ ethical leadership, empirical research has been lacking, resulting in a limited understanding of the mechanisms through which executives’ ethical leadership affects business outcomes such as firm performance (Lemoine et al., 2019; Shin et al., 2015).

Third, although interest surrounding the role of ethical leadership by executives is high, research has focused on managers or first-line supervisors. The limited work on ethical leadership at the top of organizations has been more focused on specific cases (e.g., Donaldson & Gini, 1996) or reported very small sample sizes (Eisenbeiss et al., 2015) with a need for research with a longitudinal design, larger sample sizes, and focus on true top management (Eisenbeiss et al., 2015; King et al., 2023; Trevino et al., 2003).

An important approach to understanding how followers process leadership is implicit leadership theory (ILT), a perspective that suggests that followers have their own schemas of an ideal leader. These mental representations of leadership and the degree of congruence between follower schema and leader behaviors influence how followers perceive leaders’ effectiveness (Magsaysay & Hechanova, 2017). Because the COVID-19 pandemic brought unprecedented changes and societal challenges that had never been addressed before, the ideal and duty-based (moral) view of leadership that followers hold might be critically important during such a crisis (Caringal-Go et al., 2021; Epitropaki & Martin, 2004). An examination of followers’ perceptions of their leaders and the impact on their personal well-being and evaluations of improved business-related outcomes can provide insights into how leadership schemas held by followers influence their response to leaders during a national crisis (Kim et al., 2021). The COVID-19 pandemic had damaging effects on the economy such as economic slowdown and supply chain shortages (Gong et al., 2022), so understanding the role of executive leaders during such a crisis and the impact of their ethical leadership is essential (Kim et al., 2021).

THEORETICAL BACKGROUND AND HYPOTHESES

Managing a crisis – whether a political scandal, national disaster, computer data theft, local crimes, or pandemic – is arguably the ultimate test of ethical leadership. How a leader handles a crisis that affects stakeholders can influence perceptions that the organization (or the nation in the case of the President) can ‘weather the storm’ (James & Wooten, 2005). During a crisis, decisions must be made swiftly (Williams et al., 2009; 2021). As the pandemic was such a major crisis for the country and the business world, the US President and CEOs were constantly subject to scrutiny concerning their actions. History has shown that some leaders might fail to meet expectations given the challenges created during crisis situations, whereas others cope effectively with their vision, values, and deepening moral commitment. During crises, leadership schemas held by followers might guide their responses more closely, as their leadership ideals help them make sense of leaders’ responses and give them confidence in the probability of leader success. Accepted norms control ethical leadership perceptions and rely on leader behavior that is ‘other’ focused rather than ‘self’ focused (Brown et al., 2005), requiring decision-making that is beneficial to followers, organizations, and society – especially during crises. The broad themes of ethical leadership include people-orientation and focus, standard setting, ethical awareness, decision-making, visible ethical actions, and accountability – which might cause followers to believe that a leader is better equipped to handle a crisis (Trevino et al., 2003).

Ideally, people expect leaders to safeguard them amidst uncertainty (Boin & Hart, 2003) regardless of time pressure and high stakes (Pearson & Clair, 1998). A leader who is equipped to handle a crisis might inspire belief in their effectiveness as a crisis leader. Crisis leader effectiveness gauges the quality of the decision-making and confidence that the leader maintains while assessing information and making crisis decisions (Hadley et al., 2011). Successfully handling a crisis requires making a series of decisions and judgments (Aguilera, 1994), with leaders called on to clarify the situation and provide hope and motivation to help settle follower anxiety (McCombs & Williams, 2021). In this research, we expand our understanding of crisis leader effectiveness (which has mainly focused on transformational or charismatic leadership) to consider ethical leadership due to its vital role in follower perceptions and trust.

Hypotheses 1

Ethical leaders hold followers’ trust and public confidence and build reputational capital (Caldwell et al., 2012; Zhu et al., 2012). In this research, we examine relationships for distal and proximal leaders. A distal leader – in the case of this research, President Biden – has a less intimate relationship with his followers (Antonakis & Atwater, 2017). This results in followers of distal leaders having less available information to rely on; rather, they depend on the individual’s image-building efforts and performance cues for leadership attributes (Shamir, 1995). Frequently, attributional effects are even more prevalent for distal leaders because their followers are more prone to leader image-building efforts (Shamir, 1995). In the case of a distal leader such as President Biden, even though followers do not have one-on-one interactions, they can connect with the leader’s vision communicated in his moral beliefs shared during a crisis. Thus, followers’ perceptions of President Biden’s ethical leadership are important for follower ratings of crisis leader effectiveness. Research has shown that during a crisis, ethical, responsible, and moral choices reduce the effects of instability (Caldwell et al., 2012). The continuous spotlight in the media on how leaders were dealing with the crisis made it exceptionally salient for followers. For each decision made that was perceived as ethical (e.g., announcing mask mandates, social distancing guidelines, vaccine updates, or economic relief plans), followers’ perception that the crisis was effectively managed likely increased, and the perceived effects of instability created by the COVID-19 pandemic likely decreased.

Followers have closer relationships and more intimate interactions with proximal leaders – such as CEOs in this research. Based on the literature on proximal versus distal leadership, followers who experience support and consideration from their leaders versus just reading or hearing about them are more likely to develop trust and an emotional bond (Shamir, 1995). Those with a close (proximal) relationship – in contrast to a distal relationship with infrequent interactions and physical distance – depend more on directly observable cues (Shamir, 1995). Although reading about a leader’s ethical decisions or hearing them

proclaim personal investments in followers' welfare and being sensitive to followers' needs is effective, it is still different from experiencing a leader's ethical behaviors firsthand in consideration of followers' needs (Antonakis & Atwater, 2017; Shamir, 1995). Brown et al. (2005) note that ethical leaders ethically make decisions, with their ethical leadership witnessed in their daily interactions with people and how they lead. Using two-way communication, prioritizing the process over results, and focusing on followers (Brown et al., 2005) allows followers to feel more cared for and believe that the crisis is being managed more effectively. The development of trust results in respect, meaningful relationships, and the modeling of positive behaviors that followers may replicate (Brown et al., 2005). Ethical leaders in a crisis situation are more likely to acknowledge concerns, offer emotional support, and be fair and honest (Brown et al., 2005), influencing positive ratings of crisis leader effectiveness.

Hypothesis 1: *The ethical leadership of a distal leader (such as a U.S. President) or proximal leader (such as a CEO) predicts ratings of their crisis leader effectiveness.*

Hypothesis 2

An ethical leader acts as a moral person through fairness and honesty and as a moral manager by demonstrating and reinforcing normatively ethical and appropriate actions (Brown et al., 2005; Trevino et al., 2000). Through their consistent character, ethical leaders impact organizational culture, performance, and various follower outcomes (Bedi et al., 2016). We, therefore, propose that ethical leadership positively predicts both personal well-being and evaluations of improved business-related outcomes.

Even in distal leadership, such is the case with President Biden, ethical leadership is expected to positively influence personal well-being. Ethical leaders serve as role models for desirable behaviors and can motivate individuals to build up their own positive psychological resources (Yang, 2014) – resulting in an increased level of personal well-being. By managing the pandemic and concerns nationwide by communicating national strategy plans, Biden's ethical leadership likely increased follower trust. As follower trust increases so does one's well-being (Chughtai et al., 2015). Further, ethical leadership is expected to influence evaluations of improved business outcomes. In distal leadership, as for President Biden, assumptions and attributions about the leader are utilized to comprehend organizational outcomes (Yukl, 1998). Research on distal charismatic leadership, for example, suggests that followers attribute organizational success to the leader's performance and image-building effort events without direct evaluation of the leader's performance or day-to-day decisions (Shamir, 1995). From early in the presidential election campaign, President Biden's speeches and national strategic plans focused on restoring American trust by promoting transparency and, in the early days of the pandemic, called for a safe, fair, and effective vaccination process while also working to reopen the economy (The White House, 2022). Because the economy is a top-of-mind concern for individuals (Edwards-Levy, 2022), we suggest that the ethical leadership perceived during the pandemic is positively related to evaluations of improved business outcomes (when respondents compare current conditions to those 12 months prior, as restrictions and pandemic effects eased).

In contrast to distal leaders, proximal leaders are more closely evaluated based on their day-to-day decision-making (Antonakis & Atwater, 2017). Ethical leaders promote positive psychological resources that encourage followers to speak up, feel committed and satisfied in the organization, and often feel a sense of meaning and well-being (Chughtai et al., 2015). A meta-analysis by Bedi et al. (2016) suggested ethical leadership results in employees demonstrating positive behaviors and higher job satisfaction. Followers are likely to see the support and concern of ethical leaders as positive, increasing overall well-being (Chughtai et al., 2015). Although limited, research on the relationship between top management ethical leadership and organizational outcomes has been positive (Saha et al., 2020). Top management ethical leadership relates to favorable outcomes through a process in which executives influence the ethical behavior of followers (Mayer et al., 2009). However, top management ethical leadership's role in performance and business-related outcomes is less known. Ethical leadership may be one significant factor in distinguishing firms from competitors (Saha et al., 2020), relating to strategic decision-making (Choi et al., 2015) and follower engagement (Eisenbeiss et al., 2015). Because leaders are an important source of direction for followers,

their ethical leadership influences a variety of firm performance indicators, such as cost-saving methods, reputation, productivity, and perceptions of responsible business practices (Russell, 2000; Wang et al., 2017). Ethical leadership is therefore expected to influence evaluations of firm performance in the case of the CEO.

Hypothesis 2: *The ethical leadership of a distal leader (such as a U.S. President) or proximal leader (such as a CEO) predicts followers' personal well-being and evaluations of improved business-related outcomes (business outcomes and firm performance).*

Hypothesis 3

Observations of an executive's actions allow individuals to apply their own implicit leadership schemas to decide if they believe the leader behaved how they should (in this case, ethically). Because implicit leadership schemas influence leaders' potential, perceptions of ethical leadership might influence how effective they appear in the crisis. In turn, effectively handling the crisis affects evaluations of improved business outcomes. Ethical leaders who effectively manage a crisis by accessing information and making decisions swiftly and accurately have a positive influence on the follower's personal well-being as well as evaluations of improved business outcomes.

As a distal leader, President Biden faced a situation in which managing the pandemic, public health concerns, and ensuring that the economy could rebound were of utmost importance (The White House, 2022). Through the national strategy plans communicated such as the rapid deployment of vaccines to all communities in the nation, he highlighted his ethical leadership, potentially increasing follower trust. This trust can increase a follower's well-being. Further, his COVID-19 crisis plans, which focused on limiting the effects of COVID-19 while reopening schools, businesses, and the economy (The White House, 2022), might have influenced views of his effectiveness and, in turn, evaluations of improved business outcomes as well.

In contrast, as individuals witness proximal leaders' actions day by day and their handling of crisis situations, they increase their trust in the leader; in turn, this influences their well-being and evaluations of improved firm performance. Given that follower's trust in the leader increases their well-being (Brown et al., 2005; Bedi et al., 2016; Chughtai et al., 2015), implicit leadership theory suggests a process in which followers' evaluations of CEOs' ethical leadership influence how effective they believe their leader has been in handling a crisis to meet their ideal leadership schemas. In turn, their beliefs about crisis leader effectiveness influence their evaluations of improved firm performance, such as company image, sales prospects, and other factors important for the firm's success.

Hypothesis 3: *The ethical leadership of a distal leader (such as a U.S. President) or a proximal leader (such as a CEO) has an indirect effect on followers' personal well-being and evaluations of improved business-related outcomes (business outcomes and firm performance) through crisis leader effectiveness.*

METHODS

Sample 1 – Distal Leadership

Procedure

Sample 1 focused on the perceptions of the leadership of President Biden as the focal executive leader to test Hypotheses 1 to 3 for executive distal leadership. The Time 1 survey was conducted eight weeks before the 2020 presidential election as part of a larger study on presidential leadership to collect responses to President Biden's ethical leadership (see Appendix A). This was administered to 650 registered voters using the Qualtrics survey platform (qualtrics.com, 2020). This sample was geographically representative of the nation (U.S. Census Bureau, 2019), with 17.4% of the sample representing the Northeast, 20.3% representing the Midwest, 37.4% representing the South, and 24.9% representing the West. Post-inauguration (time 2) data were collected 6 months after President Biden took office. We used this timing because the first 100-plus days of a presidential term hold great significance in the media and in voters'

reports on the new President's performance (Dominguez, 2005; Williams et al., 2020). We collected time 2 responses based on respondents from the original panel of 650 respondents surveyed. This resulted in 110 matched responses. COVID data during this period showed high infection risk, suggesting the ongoing pandemic crisis (NYtimes.com, 2021).

Sample Description

Over 60% of the final sample of 110 respondents was male (61.8%), with an average age of 58.63 years (ranging from 29 to 79 years, 31.8% of the sample was 29 to 50 years old, and over 44.6% were between 51 and 70 years). Racial demographics were 77.3% Caucasian, 0.9% Hispanic, 3.6% African American, 16.4% Asian, and 1.8% other. Republicans represented 29.1% of the sample, Democrats approximately 36.4%, Independents 33.6%, and "other" accounted for 0.9%. Concerning education, 7.3% had a high school education, 20.9% had 2 years of college or technical training, 44.5% had a bachelor's degree, 22.7% had a master's degree, 0.9% had doctoral degrees, and 3.6% had professional qualifications.

Measures

All items for leadership referred to "President Biden." Unless otherwise mentioned, a five-point response scale ranging from 1 "strongly disagree" to 5 "strongly agree" was employed.

Ethical Leadership (Time 1). We employed the validated ten-item measure of ethical leadership from Brown et al. (2005). A sample item is "When making decisions, asks "what is the right thing to do?" The coefficient alpha of reliability was 0.98.

Crisis Leader Effectiveness (Time 2). A nine-item measure of crisis leader efficacy (Hadley et al., 2011) was employed with a few updates – the items were developed to assess information assessment and decision-making in a crisis. Although designed as a self-report, we changed the referent to report on the leadership of President Biden. Hadley et al. (2011) provided initial evidence of the construct and discriminant validity of the measure. A sample item is "Makes decisions and recommendations even under extreme time pressure." The reliability coefficient was 0.97.

Personal Well-Being (Time 2). A measure of positive affect was employed (Watson et al., 1991). This research assessed the extent over the past 2 weeks individuals experienced the following feelings and emotions of being interested, excited, strong, enthusiastic, proud, alert, inspired, determined, attentive, or active – related to their well-being. We used a response scale ranging from 1 = "very slightly or not at all" to 5 = "extremely" ($\alpha = .94$).

Improved Business Outcomes (Time 2). The measure of improved business outcomes used seven items taken from the eight-item scale in Galbreath et al. (2016) that reports evaluations of business improvements over a 5-year period. We asked for evaluations of improvements for "businesses generally" over a 12-month period (to capture mid-2020 to mid-2021). The Galbreath et al. (2016) 8 items were from a ten-item measure in Pullman et al. (2010) – they refined the measure by deleting 2 items. We deleted 1 item irrelevant to this context ("Greenhouse gas emissions have been reduced"). We replaced 1 item ("We have served new markets in Australia") with a more general item (# 2 below) that was generally about business improvement. The final 7 items were: (1) Business sales have improved; (2) Climate for business has improved; (3) Customer satisfaction and loyalty in businesses have improved; (4) Business image and reputation have improved; (5) Businesses have increased access to markets; (6) Businesses are successfully introducing new products/services; (7) Business profitability has increased. The coefficient alpha of reliability for the improved business outcomes scale in the study was 0.95.

Control Variables

Our control variables were measured at time 1 (captured early in the survey). We controlled for perceptions of domestic crisis (Williams et al., 2009) because the economy was still suffering following COVID-19 lockdowns and reopening (e.g., At this time, during the COVID-19 Pandemic: "swift decisions must be made to resolve the current problems affecting the nation"; $\alpha = .86$). We also controlled for COVID-19 anxiety using the GAD-7 measure for assessing generalized anxiety disorder (Spitzer et al., 2006), as we wanted to account for the effects of anxiety over the pandemic. We asked, "At this time during

the COVID-19 Pandemic, over the past 2 weeks how often have you been bothered by the following problems?” This captures the severity of anxiety symptoms during this pandemic period such as “feeling nervous, anxious, or on edge”. A four-point response scale ranging from 1 “not at all” to 4 “nearly every day” (α .95) was employed. The background characteristic of *party affiliation* was included as a control in our analyses to capture the significant role that party identification plays in presidential leadership (Williams et al., 2009) in reporting about President Biden. Party affiliation was coded as 1 for “Democrat” and 0 for “all others.” We also controlled for age, gender (female = 0; male = 1), and race (minority = 0; white = 1), as these potentially influence perceptions (Williams et al., 2021). *Social desirability in responding* (SDRS) was also a control variable to account for biases in responding and was measured using a short-form, 5-item scale employed in previous research (Hays et al., 1989; Williams et al., 2021). The coefficient alpha of reliability in the study was 0.72.

Sample 2 – Proximal Leadership

Procedure

The study was conducted on the leadership of organizations’ CEOs to test Hypotheses 1 to 3 for executive proximal leadership. Respondents were required to have at least 2 years of work experience in the current organization. They were screened for participation so that only those who were registered voters (to parallel the presidential sample) and reported having interactions with the CEO were included in our sample. The Time 1 survey was conducted in October 2021 to gather responses on CEOs’ ethical leadership. This was administered to 700 registered voters using the Qualtrics survey platform (qualtrics.com, 2020). This sample was geographically representative of the nation (U.S. Census Bureau, 2019), with 17.1% representing the Northeast, 21% representing the Midwest, 38.2% representing the South, and 23.7% representing the West. Time 2 data were collected 3 weeks after time 1 (in November 2021) to separate the collection of independent and dependent variables (crisis leader effectiveness and firm performance). This resulted in 302 matched responses. COVID data during this period continued to show high infection risk suggesting the pandemic crisis was ongoing (NYtimes.com, 2021).

Sample Description

Fifty-two percent of the final sample of 302 was female with an average age of 41.45 years (ranging from 20 to 75 years, 33% of the sample was 20–33 years old, and over 57.3% were between 34 and 60 years). Racial demographics were 71.2% Caucasian, 7.6% Hispanic, 14.6% African American, 5.6% Asian, and 1% other. Republicans represented 32.5% of the sample, Democrats approximately 45.70%, and Independents 21.9%. With respect to education, 16.2% had a high school education, 23.7% had 2 years of college or technical training, 31.8% had a bachelor’s degree, 15.2% had a master’s degree, 1.7% had doctoral degrees, and 1.3% had professional qualifications. Respondents indicated that 64.9% of the CEOs were male.

Measures

The same measures were used for study 2 as in study 1, but items were about “your main employing organization’s CEO”. *Ethical Leadership* (time 1): the coefficient alpha of reliability was 0.88. *Crisis Leader Effectiveness* (time 2): the reliability coefficient was 0.91. *Personal Well-Being* (time 2): the reliability coefficient was .92. *Improved Firm Performance* (time 2): the measure was similar to that for improved business outcomes in sample 1. We asked respondents to evaluate “the current business” firm performance. The coefficient alpha of reliability for the evaluations of firm performance measured in the study was 0.91.

Control Variables

We controlled for perceptions of domestic crisis (α .84) and COVID-19 anxiety (α .95), measured and introduced in the same manner as Study 1. We also controlled for age, gender, race, social desirability in responding, and CEO gender, as they potentially influence perceptions. *SDRS* was also a control variable (α 0.65.)

RESULTS

Sample 1 Results

Table 1 outlines the means, correlations, coefficient alphas for reliabilities, and standard deviations for our study variables.

TABLE 1
MEANS, STANDARD DEVIATIONS, AND INTERCORRELATION MATRIX (DISTAL LEADERSHIP- PRESIDENT BIDEN)

	Mean	SD	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
1. Crisis	3.92	0.79	0.86										
2. COVID Anxiety	1.40	0.62	0.13	0.95									
3. Age	58.63	14.69	0.19*	-0.15	--								
4. Gender	0.62	0.48	-0.02	-0.16	0.15	--							
5. Race	0.77	0.42	0.17	0.11	0.23*	-0.07	--						
6. Party	0.36	0.48	0.14	0.10	-0.01	0.01	-0.09	--					
7. SDRS	2.51	0.69	0.02	0.08	-0.04	0.16	-0.03	0.03	0.72				
8. Biden Ethics	3.38	1.26	0.16	0.11	0.03	-0.02	-0.30**	0.39**	-0.01	0.98			
9. Crisis Leader Effectiveness	3.07	1.16	0.18	0.13	0.02	0.03	-0.25**	0.30**	-0.02	0.84**	0.97		
10. Personal Well-Being	2.96	0.87	0.04	-0.26**	0.09	0.16	0.04	0.06	-0.26**	-0.11	-0.04	0.94	
11. Improved Business Outcomes	3.24	0.94	0.09	0.13	0.06	0.01	-0.19*	0.20*	0.01	0.61**	0.70**	0.05	0.95

Note. N = 110. Reliabilities appear in bold. Biden Ethics = President Biden Ethical Leadership.

*p <.05; **p <.01 (two-tailed)

SPSS version 28 was used to examine the hypotheses, with hierarchical regression analyses to test Hypotheses 1 and 2. The PROCESS macro (Hayes, 2015) was employed to examine indirect effects (Hypothesis 3). To examine multicollinearity problems among the independent variables, we performed regression diagnostics. The results revealed that the variance inflation factor (VIF) values were between 1 and 3.37 for the main study variables; these values are lower than the recommended cutoff threshold of 10 (Hair et al., 1992), suggesting that the results reported here are not artifacts of multicollinearity.

Confirmatory factor analyses were conducted to demonstrate the construct validity of the business outcome variable and to examine the extent to which the main variables of interest discriminate from each other given the high intercorrelations reported between President Biden's ethical leadership and his crisis leader effectiveness. We used Mplus 7.2 (Muthén and Muthén, 2012). For the 1-factor model of business outcomes the chi-square was 89.33, degrees of freedom (df) was 14, Tucker-Lewis Index was .85, Comparative Fit Index was .90, and SRMR was .04. Next, we examined the constructs of ethical leadership, crisis leader effectiveness, well-being, and improved business outcomes. We found support for a four-factor over a three-factor model (combining ethical leadership and crisis leader effectiveness) and over the one-factor model – with chi-squares of 1051.34, 1380.80.70, and 2507.49, respectively. For the three models, the df were 588, 591, and 594, respectively. The fit statistics were a TLI of 0.90, 0.82, and 0.57; CFI of 0.90, 0.83, and 0.59; and SRMR of 0.048, 0.06, and 0.17. The empirical data support the theoretical distinctions between constructs.

Common Method/Source Variance

We performed additional analysis to test for common method variance (Carlson & Kacmar, 2000; Green et al., 2016, Podsakoff et al., 2003). A CFA, where all the scales' items were loaded onto each respective factor, and then a common method factor was added to the model. The test revealed that the fit indices of this model (TLI and CFI) are the same (0.90) as those found in the hypothesized 4-factor model above. The results indicate that adding a common method factor did not improve model fit. Although common method variance may be present, it is unlikely to influence our results meaningfully. As recommended by Green et al. (2016), we conducted this post-hoc analysis in addition to controlling for social desirability in responding, guaranteeing respondent anonymity, spreading the data collection over time to reduce temporary affective states (Ostroff et al., 2002) specifically by separating the collection of the independent variable from dependent variables with a 3-week lag, and separating the mediator and dependent variables in the survey (well-being collected near the beginning, crisis leader effectiveness collected in the middle, and improved business outcomes collected at the end of the survey.)

Hypothesis Testing

Table 2 presents the results of our hypothesis tests for Hypotheses 1 to 3. Hypothesis 1 was supported, with President Biden's leadership predicting ratings of crisis leader effectiveness. Hypothesis 2 was partially supported, with President Biden's ethical leadership predicting evaluations of improved business outcomes. Hypothesis 3 was partially supported, with the indirect effect of President Biden's ethical leadership on evaluations of improved business outcomes of 0.41 (CI: 0.21, 0.61) through ratings of crisis leader effectiveness.

TABLE 2
RESULTS OF REGRESSION ANALYSIS FOR HYPOTHESES 1A, 2A, 3A

Variables	Dependent Variable		
	CLE (<i>B</i>)	Well-Being Business (<i>B</i>)	Outcomes (<i>B</i>)
<i>Variables entered at Step 1:</i>			
Crisis	0.24†	0.06	0.07
COVID-19 Anxiety	0.25	-0.33*	0.23
Age	0.01	0.00	0.01
Gender	0.08	0.30†	0.01
Race	-0.80**	0.14	-0.52*
Party Affiliation	0.57*	0.15	0.31
Social desirability	-0.09	-0.34**	-0.01
Overall R^2 (F)	0.19 (3.50**)	17 (2.92**)	11 (1.79†)
<i>Variable added at Step 2 (H1a, H2a):</i>			
Biden Ethics	0.77**	-0.10	0.45**
Overall R^2 (F Change)	0.71 (182.71**)	0.18 (1.90)	0.38 (43.39**)
<i>Variable added at Step 3 (H3a):</i>			
(Biden Ethics)		-0.21†	0.04
Crisis Leader Effectiveness (CLE)		0.14	0.54**
Overall R^2 (F Change)		0.19 (1.20)	0.50 (25.21**)
	Effect	Boot SE	95% CI
Indirect Effect (Ethics on Well-Being)	0.11	0.11	[-0.12, 0.31]
Indirect Effect (Ethics on Business-Related Outcomes)	0.41	0.96	[0.21, 0.61]

Note. $N = 110$. Biden Ethics = President Biden Ethical Leadership. Business Outcomes = Improved Business Outcomes
† $p < .10$; * $p < .05$; ** $p < .01$

Sample 2 Results

Table 3 outlines the means, correlations, coefficient alphas for reliabilities, and standard deviations for our study variables.

TABLE 3
MEANS, STANDARD DEVIATIONS, AND INTERCORRELATION MATRIX (PROXIMAL LEADERSHIP- CEOS)

	Mean	SD	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
1. Crisis	4.14	0.74	0.84										
2. COVID Anxiety	2.13	0.91	0.14*	0.95									
3. Age	41.45	12.46	0.09	-0.30**	--								
4. Gender	0.48	0.50	0.05	-0.04	-0.03	--							
5. Race	0.71	0.45	0.09	-0.01	0.18**	-0.05	--						
6. CEO Gender	0.65	0.48	0.03	-0.03	-0.01	0.55**	-0.04	--					
7. SDRS	3.49	0.77	0.07	-0.32**	0.20**	-0.16**	0.04	-0.11	0.65				
8. CEO Ethics	4.36	0.76	0.14*	0.00	-0.02	0.10	-0.03	-0.06	0.12*	0.88			
9. Crisis Leader Effectiveness	3.71	0.75	0.24**	0.08	-0.10	0.12*	-0.12*	0.00	0.04	0.53**	0.91		
10. Personal Well-Being	3.41	0.95	0.20*	-0.08	0.01	0.19**	-0.17**	0.05	-0.03	0.25**	0.49**	0.92	
11. Improved Firm performance	3.66	0.80	0.20**	0.10	-0.19**	0.22**	-0.14*	0.12*	-0.06	0.36**	0.59**	0.40**	0.91

Note. N = 302. Reliabilities appear in bold. CEO Ethics = CEO Ethical Leadership.

*p < .05; **p < .01 (two-tailed)

SPSS version 28 was used to examine the hypotheses, with hierarchical regression analyses to examine Hypotheses 1 and 2. The PROCESS macro was employed to examine indirect effects (Hypothesis 3). Regression diagnostics results revealed that the VIF values were between 1 and 1.40 for the main study variables, suggesting that the results reported here are not artifacts of multicollinearity.

Confirmatory factor analyses were conducted to demonstrate the construct validity of the firm performance variable and to examine the extent to which the main variables of interest discriminate from each other given the high intercorrelations reported between CEOs' ethical leadership and crisis leader effectiveness. We used Mplus 7.2 For the 1-factor model of business outcomes, the chi-square was 77.11, degrees of freedom (df) were 14, Tucker–Lewis Index was .93, Comparative Fit Index was .95, and SRMR was .04. Next, we examined the constructs of ethical leadership, crisis leader effectiveness, well-being, and improved business outcomes and found support for a four-factor over a three-factor model (combining ethical leadership and crisis leader effectiveness) and over the one-factor model –with chi-squares of 1003.67, 1623.70, and 437.68, respectively. The three models' degrees of freedom were 588, 591, and 594, respectively. The fit statistics were a TLI of 0.93, 0.82, and 0.52; CFI of 0.93, 0.83, and 0.54; and SRMR of 0.047, 0.08, and 0.13. The empirical data support the theoretical distinctions between constructs.

Common Method/Source Variance

Similar to sample 1, we performed analysis to test for common method variance (Calrson & Kacmar, 2000; Green et. al., 2016, Podsakoff et al., 2003). Post-hoc analysis included conducting a CFA, where all the scales' items were loaded onto each respective factor, and then a common method factor was added to the model. The test revealed that the fit indices of this model (TLI and CFI) are lower (0.92) than those found in the hypothesized 4-factor model above (0.93 and 0.95). The results indicate that adding a common method factor did not improve model fit. Although common method variance may be present, it is unlikely to meaningfully influence our results. Again, similar to sample 1, we also followed recommendations by Green et al. (2016) to control for social desirability in responding, guaranteeing respondent anonymity, separate the collection of the independent variable from dependent variables with a 3-week lag, and separate the mediator and dependent variables in the survey (well-being collected near the beginning, crisis leader effectiveness collected in the middle, and improved business outcomes collected at the end of the survey.)

Hypothesis Testing

Table 4 presents the results for Hypotheses 1 to 3. The hypotheses were supported. For Hypothesis 3, the indirect effect of CEO ethical leadership on personal well-being was .28 (CI: 0.19, 0.40) and evaluations of firm performance was 0.26 (CI: 0.17, 0.37) through ratings of crisis leader effectiveness.

TABLE 4
RESULTS OF REGRESSION ANALYSIS FOR HYPOTHESES 1B, 2B, 3B

Variables	Dependent Variable		
	CLE (<i>B</i>)	Well-Being Business (<i>B</i>)	Outcomes (<i>B</i>)
<i>Variables entered at Step 1:</i>			
Crisis	0.25**	0.29**	0.23**
COVID-19 Anxiety	0.04	-0.13*	0.02
Age	-0.01	0.00	-0.01
Gender	0.25*	0.40**	0.32**
Race	-0.20*	-0.37**	-0.21**
CEO Gender	-0.14	-0.17	0.00
Social desirability	0.08	-0.05	0.00
Overall R^2 (F)	0.11 (5.16**)	0.12 (5.87**)	0.14 (6.87**)
<i>Variable added at Step 2 (H1a, H2a):</i>			
CEO Ethics	0.48**	0.26**	0.34**

Overall R^2 (F Change)	0.34 (101.04**)	0.17 (14.73**)	0.24 (36.73**)
<i>Variable added at Step 3 (H3a):</i>			
(CEO Ethics)		-0.21	0.07
Crisis Leader Effectiveness (CLE)		0.59**	0.54**
Overall R^2 (F Change)		0.31(59.09**)	0.41 (82.56**)
	Effect	Boot SE	95% CI
Indirect Effect (Ethics on Well-Being)	0.28	0.06	[0.19, 0.40]
Indirect Effect (Ethics on Business-Related Outcomes)	0.26	0.05	[0.17, 0.37]

Note. $N = 302$. CEO Ethics = CEO Ethical Leadership. Firm Performance = Improved Firm Performance

† $p < .10$; * $p < .05$; ** $p < .01$

DISCUSSION

In light of the greatest crisis (the COVID-19 pandemic) that many have experienced in their lifetime (Sergent & Stajkovic, 2020), the present research analyzed whether ethical leadership is related to crisis leader effectiveness, personal well-being, and business-related outcomes. Further, it examined the conditions under which this may hold true by comparing distal and proximal leadership. Because a crisis intensifies the decisions and impact of leaders (Caringal-Go et al., 2021), it is vital to understand the type of leadership that may influence the effectiveness of handling a crisis and the related outcomes. Given that implicit leadership schemas represent ideal leadership in the minds of followers, this research supports the concept that ethical leadership has an important influence on crisis leader effectiveness. Ethical leadership is an integral part of leadership research that can no longer be ignored in a crisis because of its impact on people's lives.

Our findings confirmed that distal (for President Biden) and proximal (for CEOs') ethical leadership positively predicts crisis leader effectiveness. Further, we found that only proximal ethical leadership positively predicted personal well-being, whereas both distal (for President Biden) and proximal (for CEOs') ethical leadership predicted improved business-related outcomes. Finally, supporting part of our model, the results yielded indirect effects of proximal ethical leadership (CEOs) on personal well-being (mediated by crisis leader effectiveness) and indirect effects of distal and proximal ethical leadership on business-related outcomes (mediated by crisis leader effectiveness).

Theoretical Implications

The present research makes several theoretical contributions. First, this study adds to the literature on leadership in crisis situations. By examining President Biden and CEOs during arguably the largest crisis of our generation (the COVID-19 pandemic), we affirmed the importance of ethical leadership for ratings of crisis leader effectiveness. We suggested its importance in influencing the process through which followers evaluate improved business-related outcomes for distal and proximal leaders. Ethical leadership also appears important for improving followers' well-being for proximal leaders.

Furthermore, the current literature on ethical leadership has been limited in examining its role in influencing firm performance, with most research focusing on individual and team outcomes (Brown et al., 2005). As interest in research on ethical leadership continues to grow, addressing its linkage to both personal well-being and business-related outcomes is an important contribution (Gardner et al., 2020). The current research illustrates the role of perceptions of ethical leadership and crisis leader effectiveness – research that can deepen our understanding of how the ethical leadership of top management affects organizational outcomes.

This research also contributes to our understanding of executives' leadership. Although the majority of research on ethical leadership has surveyed managers or first-line supervisors, our research examined President Biden (a national leader at the highest level) and CEOs. In this two-sample study, we are able to contrast political leadership at the highest levels with business leadership at the highest level – advancing the current knowledge about why top management ethical leadership matters. Because the limited research

to date has focused on specific cases or small sample sizes, our research deepens our understanding of the potential effects of ethical leadership. Finally, our two-sample study examined executives' ethical leadership that is distal and proximal. Research often assumes that relationships hold regardless of whether followers have close daily interactions with the leader (proximal) or base their opinions on messaging and more distant actions (distal). We developed each hypothesis to examine the potential for the relationships to be present for both distal and proximal leaders. For distal leadership, we found this was the case for business outcomes but not personal well-being – highlighting the role distance (psychological and physical) may play in the influence of ethical leadership on follower well-being. Our research also highlights the importance of CEO ethical leadership for employee well-being during a crisis situation. Whereas distal and proximal ethical leadership are important for business outcomes, the proximal leader may have a larger influence on follower well-being – especially during crisis situations.

Practical Implications

Our findings emphasize the importance of the influence of ethical leadership on followers' ratings of crisis leader effectiveness and business-related outcomes. Though the effect on personal well-being only held for proximal leadership and not distal leadership, the findings suggest that leaders, especially in the context of a crisis such as COVID-19, should be particularly mindful about engaging in ethical leadership. This is especially the case for proximal leaders with respect to followers' personal well-being – leadership training might focus on ethical leadership in leader development (more proximal leadership) to help support employee well-being as well as build confidence influencing evaluations of improved business-related outcomes.

Ethical leadership not only represents the morally appropriate approach for handling crisis situations but also influences ratings of leader effectiveness in handling crises and evaluations of improved business-related outcomes. The U.S. President and CEOs served as role models who fostered trust and unity among their followers during the pandemic. Therefore, when selecting national and regional leaders and hiring executives in organizations, decision-makers might focus on hiring those who display ethical leadership. During recruiting, executive candidates' ethical behavior or past unethical behaviors should be addressed and considered (Suar & Khuntia, 2010). Second, leader development programs and interventions should be provided to develop ethical leadership and effective decision-making, especially during crises. Finally, ethical behavior is considered a cornerstone of ILTs held by individuals. Evaluations of effective leadership may not be granted if a leader falters in their ethical decision-making. As nations and organizations struggle to prepare themselves for future crises, developing and fostering ethical leadership at the national and local levels is important.

Limitations and Future Research

The samples reported in our study limits the conclusions that can be drawn from our analyses. Future research that examines larger, nationally representative samples and capture responses from separate sources over longer periods would be ideal to validate our results. Further, the age of the respondents in our samples reflected maturity, with a mean age older than 40 years – likely reflecting COVID-19 pandemic challenges, with younger workers potentially experiencing anxiety and less engagement (Sergent & Stajkovic, 2020), which might have limited their participation. Although we separated the collection of independent and dependent variables and captured responses across a wide range of ages (20 to 70), future research might also examine responses by age cohort.

To generate a deeper understanding of ideal leadership (based on ILTs) in crisis situations, it would be worthwhile to examine changes in outcomes evaluations for proximal and distal leaders across various crises, cultures, and periods. Given that future research will likely continue to explore how executives in organizations and local and national governmental positions approached the COVID-19 crisis, this research represents a crucial step in understanding followers' needs and evaluations of leaders during this crisis and the implications for business outcomes. Over 50% of the sample reporting on CEOs noted that the pandemic was the main influence on how they viewed the CEO, and over 60% of the sample responding on President Biden (after inauguration) indicated that the pandemic influenced their view of him. Research suggests that

idealized forms of leadership, including charisma (Davis & Gardner, 2012), transformational leadership (McCombs & Williams, 2021), and now ethical leadership, are important to motivate followers during a crisis. Future research should expand the leadership approaches used to include more authoritative and servant-oriented approaches to compare their effectiveness.

CONCLUSION

The current research highlights the importance of ethical leadership during a crisis that has an extensive impact on followers at the national and local levels and highlights the role both distal and proximal leadership play in reports of personal well-being and evaluations of improved business outcomes. Crises that affect the economy and conduct of business require leaders who can influence evaluations of outcomes that are improving over time as followers reflect on the recovery of businesses at national and local levels regarding sales, reputation, and profits to rebuild their confidence that leaders are delivering on promises. We also found a distinctive role for proximal ethical leadership in follower well-being. With reports of long-term psychological effects of the pandemic lockdowns and some difficulties workers might face with getting back to a normal routine and the continued threat of other crises, continued research on well-being seems timely. It is important to determine the effect of ethical leadership on ratings of leader effectiveness in making decisions while managing the crisis, as this has implications for life-and-death and economic outcomes for followers.

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APPENDIX A

Data Transparency: Sample 1 is part of a larger research project on presidential leadership. Sample 2 is part of a larger research project on CEO leadership. The independent, mediator, and dependent variables in this study have not been investigated in published work. This manuscript does incorporate select variables from published work but only as control variables.

Sample 1

Current Paper and Published Paper Variables

Variable	Current Paper	Published a*	Published b*
Ethical Leadership at Time 1	✓ (independent)		
Crisis Leader Effectiveness at Time 4 (labeled time 2 in current)	✓ (mediator)		
Personal Well-being at Time 4 (labeled time 2 in current)	✓ (dependent)		
Improved Business Outcomes at Time 4 (labeled time 2 in current)	✓ (dependent)		
Perceptions of domestic crisis Time 1	✓ (control)		
Attributed charisma at Time 1		✓ (control)	
Attributed charisma at Time 2		✓ (independent)	✓ (mediator)
Party affiliation, Race, Social desirability in responding (Time 1)	✓ (controls)	✓ (controls)	✓ (controls)
Age at Time 1	✓ (control)		✓ (control)
Gender Time 1	✓ (control)		✓ (control)
Education Time 1	✓ (control)		
Socialized charisma Time 2		✓ (independent)	
Personalized charisma Time 2		✓ (independent)	

Importance placed on COVID-19 in deciding who to vote for (ranked item) at Time 2		✓(control)	✓(post hoc report)
Importance placed on COVID-19 in deciding who to vote for (open ended item) at Time 3			✓(post hoc report)
Importance placed on the economy in deciding who to vote for (ranked item) at Time 2			✓(post hoc report)
Importance placed on the economy in deciding who to vote for (open ended) at Time 3			✓(post hoc report)
Leader narcissism ¹ Time 1		✓(moderator)	
Voting for Trump Time 3		✓(dependent)	
Dark triad traits Time 1			✓(independent)
Honesty-Humility trait at Time 1			✓(independent)
Rejection of a leadership candidate at Time 3			✓(dependent)
COVID-19 anxiety at Time 1	✓(control)		✓(control)
COVID-19 anxiety at Time 2			✓(moderator)

¹Part of the Dark triad traits global measure used in the published study.

Table A1. Current Paper and Published Paper Variables.

Sample 2

Current Paper and Published Paper Variables

Variable	Current Paper	Published*
Ethical Leadership at Time 1	✓ (independent)	
Crisis Leader Effectiveness at Time 2	✓ (mediator)	
Personal Well-being at Time 2	✓ (dependent)	
Improved Business Outcomes at Time 2	✓ (dependent)	
Perceptions of domestic crisis at Time 1	✓(control)	
CEO gender, Race, Social desirability in responding, Age, Gender, Education (Time 1)	✓(controls)	✓(controls)
Importance placed on COVID-19 influencing the way they saw their CEO (ranked item) at Time 1	✓ (post hoc report)	✓ (post hoc report)
Job was affected by the pandemic (ranked item) Time 1	✓ (post hoc report)	
Self-Leadership at Time 1		✓(moderator)
Dark triad traits at Time 1		✓(independent)
COVID-19 anxiety at Time 1	✓(control)	
COVID-19 anxiety at Time 2		✓ (mediator)
Evaluation of effectiveness of COVID-19 Response at Time 2		✓(dependent)

Table A2. Current Paper and Published Paper Variables.