Ethics and Leadership in Crisis Management: A Systematic Literature Review

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A B S T R A C T

This study aims to systematically examine the role of ethical leadership in enhancing crisis management outcomes across various sectors, focusing on significant global crises such as the COVID-19 pandemic and the 2007–2009 financial crisis. Employing a systematic literature review guided by PRISMA protocols, six peer-reviewed articles from high-impact journals were analyzed using thematic content analysis. Key findings reveal that ethical leadership substantially improves both immediate crisis responses and long-term organizational resilience by fostering transparency, accountability, and stakeholder trust. Leadership styles, including transformational, directive, and responsible leadership, when integrated with robust ethical frameworks, effectively navigate complex crisis challenges while mitigating adverse effects on employees and reputation. The study underscores the importance of ethical communication and inclusive decision-making in sustaining organizational legitimacy during crises. Practical implications suggest that organizations should embed ethical leadership in crisis preparedness strategies and prioritize employee well-being during restructuring. The study contributes to the scholarly body by highlighting the necessity of sector-specific ethical frameworks and calling for more interdisciplinary, longitudinal research to deepen understanding ethical leadership in crisis contexts.

1. INTRODUCTION

The COVID-19 pandemic and the 2008 financial crisis are two pivotal global occurrences that have had significant effects on economies and public health worldwide (Dirani et al., 2020; Wu et al., 2021). In these turbulent times, effective leadership not only determines organizational survival but also affects people's well-being and long-term recovery (Collins et al., 2023; Dirani et al., 2020; Wu et al., 2021). Leadership decisions during a crisis can exacerbate or alleviate suffering, creating an ethical framework critical to the decision-making process (Awad & Ashour, 2022). Ethical leadership ensures that leaders act in ways consistent with fairness, accountability, and transparency, especially when facing significant uncertainty (Awad & Ashour, 2022; Varma, 2021).

In addition, leaders must make quick yet precise decisions in crises such as pandemics, natural disasters, and economic issues, as they relate to the fate of many people (Aftab et al., 2022; Varma, 2021). Although challenging, leaders must make decisions due to the great urgency and limited time in crises (Tabesh & Vera, 2020; Varma, 2021). Resource availability, prioritization, and choice of alternative solutions are crucial factors to consider (Branicki, 2020; Rodríguez-Espíndola et al., 2018; Sharmin et al., 2024; Shmueli et al., 2021; Varma, 2021).

Crises make things difficult to predict, so leaders must be more adaptive in their actions (Varma, 2021). Experienced leaders need time to adapt to uncertainty (Warner & Wäger, 2019). Leaders must always be ready to find new solutions to avoid being trapped in failure. Many often perceive uncertainty as a significant threat, but adaptive leaders can capitalize on crises with new approaches (Aftab et al., 2022). Therefore, it becomes increasingly important to understand how ethics and leadership intersect in managing crises in an increasingly disruptive global era (Bundy et al., 2017; Wu et al., 2021).

The significance of this topic is underscored by contemporary crises that have revealed considerable leadership deficiencies. Jacinda Ardern, the Prime Minister of New Zealand, is regarded as successful in

addressing the issues posed by the COVID-19 pandemic (Gurevitch, 2021; Hafner & Sun, 2021; Larsen & Stanley, 2021; Mazey & Richardson, 2020; McGuire et al., 2020; Wilson, 2020). Arden implemented evidence-based policies throughout the pandemic (Larsen & Stanley, 2021; Mazey & Richardson, 2020; McGuire et al., 2020; Wilson, 2020). Arden instituted scientifically informed protocols during the pandemic (Hafner & Sun, 2021; Larsen & Stanley, 2021; Wilson, 2020). Arden sought the expertise of epidemiologists and health specialists to refine her concepts (Mazey & Richardson, 2020; Wilson, 2020). They recommended that the New Zealand government concentrate on diminishing the virus's spread and eliminating its transmission (Hafner & Sun, 2021; Mazey & Richardson, 2020; McGuire et al., 2020; Wilson, 2020). A lockdown must be enforced to accomplish this (Gurevitch, 2021; Larsen & Stanley, 2021; Mazey & Richardson, 2020; McGuire et al., 2020; Wilson, 2020). Arden's selected approach indicated that the death rate was merely four individuals per one million population by the conclusion of April 2020 (Wilson, 2020).

The financial crisis of 2007—2009 revealed substantial ethical failures within the banking sector, resulting in pervasive distrust of leadership and regulatory bodies (Chwieroth & Walter, 2022; Knights & Mccabe, 2015; Schoen, 2017). The lack of ethical leadership often exacerbated the crisis's adverse effects in these situations. Recent studies demonstrate that leaders who prioritize ethical considerations during crises are more proficient in effective crisis management, underscoring the necessity for a strong ethical leadership framework in these contexts (Awad & Ashour, 2022; Branicki, 2020; Varma, 2021).

Although ethics plays a vital role in crisis leadership, existing literature reveals several limitations. Research generally separates leadership styles or decision-making frameworks without comprehensively integrating ethical dimensions, thereby fragmenting understanding (Bundy et al., 2017; Latta & Clottey, 2020). While transformational and transactional leadership models have been extensively studied in crisis contexts, few studies explicitly analyze how ethical decision-making influences short-term crisis outcomes and long-term organizational sustainability (Alpaslan & Mitroff, 2021; Shulga & Busser, 2024; Varma, 2021). Furthermore, existing research fails to integrate ethical theory with practical crisis management strategies, leaving gaps in the consistent application of ethical leadership principles across sectors and crisis types (Bundy et al., 2017).

The sector-specific focus also limits the application of current knowledge, as most studies focus on single industries such as finance or healthcare, neglecting the cross-sector perspectives essential for a holistic understanding (Shulga & Busser, 2024; Stoker et al., 2019; Wu et al., 2021). This narrow focus hinders the development of universally relevant leadership approaches to address contemporary crises, ranging from public health emergencies to natural disasters and economic shocks. Furthermore, most research ignores the long-term impact of ethical leadership on organizational culture, stakeholder trust, and employee well-being beyond the crisis window (Stoker et al., 2019; Varma, 2021).

Addressing these shortcomings requires an integrative approach that combines multidisciplinary insights and offers an adaptive framework to help leaders across sectors navigate crises ethically (Awad & Ashour, 2022; Varma, 2021). This demands a shift from descriptive studies toward conceptual models that place ethics at the core of leadership effectiveness in volatile and uncertain environments. Developing such a framework enables leaders to enhance decision-making quality, strengthen organizational resilience, and maintain stakeholder legitimacy amid adversity.

This study aims to bridge this gap through a systematic literature review that synthesizes existing research on ethics and leadership in crisis management. This review establishes a comprehensive framework explaining how ethical principles are integrated into leadership decision-making and how such integration influences crisis outcomes across various contexts. Specifically, this study explores: (1) the impact of ethical leadership on crisis management outcomes in diverse scenarios, such as the COVID-19 pandemic and the global financial crisis; (2) the effectiveness of various leadership styles and ethical frameworks in managing crises across sectors, including finance and public services; (3) the relationship between the ethical frameworks adopted by leaders and their long-term impact on organizational trust and public reputation; (4) the role of ethical leadership in mitigating negative impacts on employees, particularly during restructuring and human resource retention; and (5) existing research gaps and potential integrative approaches to advancing theory and practice.

By conducting this review, this study provides a holistic and cross-sectoral synthesis that has rarely been consolidated in previous literature. It highlights the relational and emotional dimensions of ethical leadership that are often overlooked, including their impact on employee well-being and stakeholder trust. Additionally, this study proposes a conceptual framework for empirical research and practical leadership development tailored to ethical crisis management. Its scope encompasses various types of crises and industries, reflecting the diverse challenges faced by contemporary leaders and organizations.

2. METHOD

This study employs a systematic literature review (SLR) methodology to comprehensively investigate the relationship between ethics, leadership, and crisis management. The approach follows the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) 2020 guidelines, which ensure transparency, rigor,

and reproducibility in the synthesis of research findings (Page, McKenzie, et al., 2021; Page, Moher, et al., 2021). The application of the PRISMA framework guides the systematic identification, screening, eligibility assessment, and inclusion of relevant scholarly works, enabling a robust and replicable review process.

This research utilizes the Watase Uake research collaboration platform to facilitate precision and collaborative integration throughout the review process. Watase Uake offers advanced capabilities, including automated filtering, metadata extraction, and real-time qualitative coding, significantly enhancing methodological rigor and efficiency (Wahyudi, 2024). This technology-supported approach guarantees systematic data management and reduces human error, ensuring consistent application of inclusion and exclusion criteria.

The impetus for conducting this SLR is understanding how ethical leadership influences crisis management outcomes across various sectors and contexts. Prior research emphasizes that leadership decisions during high-pressure crises, such as the COVID-19 pandemic and the 2008 global financial crisis, have profound impacts not only on organizational survival but also on broader societal welfare and long-term recovery trajectories (Demerouti & Bakker, 2023; Garcia-Ortega et al., 2022; Schaedler et al., 2022; Varma, 2021). Despite an expanding literature base, notable deficiencies persist in comprehensively understanding the interplay between ethical frameworks, leadership styles, and crisis effectiveness across industries (Alpaslan & Mitroff, 2021; Latta & Clottey, 2020; Schaedler et al., 2022; Shulga & Busser, 2024).

The research questions steering this review encompass the following: How does ethical leadership affect crisis management outcomes in diverse contexts such as pandemics and financial crises? Which leadership styles and ethical frameworks are most effective in crisis management across sectors? How does ethical leadership influence organizational trust and reputation during and after crises? How can ethical leadership mitigate employee adverse impacts during crisis-driven human resource restructuring? Lastly, what gaps exist in the current research, and how can an integrative approach address them?

The literature search was conducted exclusively within the Scopus database via the Watase Uake platform, selected for its status as one of the most extensive and multidisciplinary repositories of peer-reviewed academic literature (Baas et al., 2020; Falagas et al., 2008; Harzing & Alakangas, 2016; Mongeon & Paul-Hus, 2016; Singh et al., 2021; Visser et al., 2021; Zhu & Liu, 2020). The search strategy implemented Boolean operators to combine key phrases, including "Ethics AND Crisis Management," "Leadership AND Crisis Management," "Ethics AND Financial Crisis," and "Leadership AND Financial Crisis." This comprehensive search ensured the retrieval of high-quality studies examining the nexus of ethical leadership and crisis management.

The initial database query identified 102 articles, which underwent a rigorous screening protocol aligned with established inclusion and exclusion criteria. Inclusion criteria required that articles be peer-reviewed, published in English between 2014 and 2024, explicitly address ethics or leadership within crisis management, contain abstracts, and be published in journals ranked within tiers Q1 through Q4 according to the Academic Journal Guide 2024. Exclusion criteria eliminated non-peer-reviewed sources, publications unrelated to crisis contexts or lacking ethical or leadership focus, duplicate records, inaccessible full texts, and articles from journals outside the specified quality tiers.

Following de-duplication and initial filtering based on publication year and journal ranking, 36 articles were excluded. The remaining 66 articles were then assessed for journal ranking precision, restricting the sample to those in journals with an Academic Journal Guide rating above 2. Abstract screening narrowed the selection by relevance and journal ranking quality, resulting in eight articles recommended for full-text retrieval. Due to access limitations, two articles were excluded, culminating in six final studies incorporated for detailed analysis. This selection process is depicted comprehensively in Figure 1, illustrating the PRISMA flow diagram that documents the transparent and replicable filtering and selection steps.

Data extraction from the final corpus of six articles was conducted using a standardized template to ensure consistency and rigor. Key bibliographic details were recorded, such as author names, publication years, article titles, and journal names. Critical study characteristics were systematically documented, including crisis context (type and sector), leadership styles analyzed, ethical frameworks employed, and organizational outcomes measured. Additionally, research designs, data sources, and analytical methods were extracted to facilitate qualitative synthesis and comparative analysis. Three independent researchers performed data extraction to mitigate bias and enhance reliability, supported by Watase Uake's collaborative tools.

The six articles in the analysis span diverse sectors such as financial services, healthcare, and hospitality, providing a broad perspective on ethical leadership in crisis contexts. These studies employ qualitative and quantitative methodologies, ranging from thematic analyses and case studies to structural equation modeling and event studies, enriching the thematic synthesis with methodological plurality. The purposive sampling approach prioritized the inclusion of high-impact Q1 journals, ensuring the reviewed literature is authoritative and relevant.

The analysis procedure was conducted through inductive thematic content analysis. All data were coded openly, then grouped into thematic patterns that emerged naturally from the articles' content. This thematic grouping facilitated comparisons between studies and synthesis of findings while revealing general patterns, differences, and gaps in knowledge that still need to be explored further.

Triangulation enhanced analytical rigor, enabling comparison across different sectors and methodological approaches. This methodological triangulation supports a nuanced understanding of the multifaceted role of ethical leadership in crises and aids in validating findings by cross-verifying evidence from diverse sources. The combination of qualitative depth and quantitative breadth afforded by the selected studies enables a holistic interpretation of leadership ethics in crisis management.

The systematic methodology culminates in a synthesized framework that identifies existing research gaps and proposes directions for future inquiry and practice. The approach balances methodological thoroughness with practical relevance, yielding transferable insights across sectors and crisis types. Thus, the methodology ensures a robust foundation for advancing theoretical understanding and offering evidence-based recommendations for ethical leadership development in crisis settings.
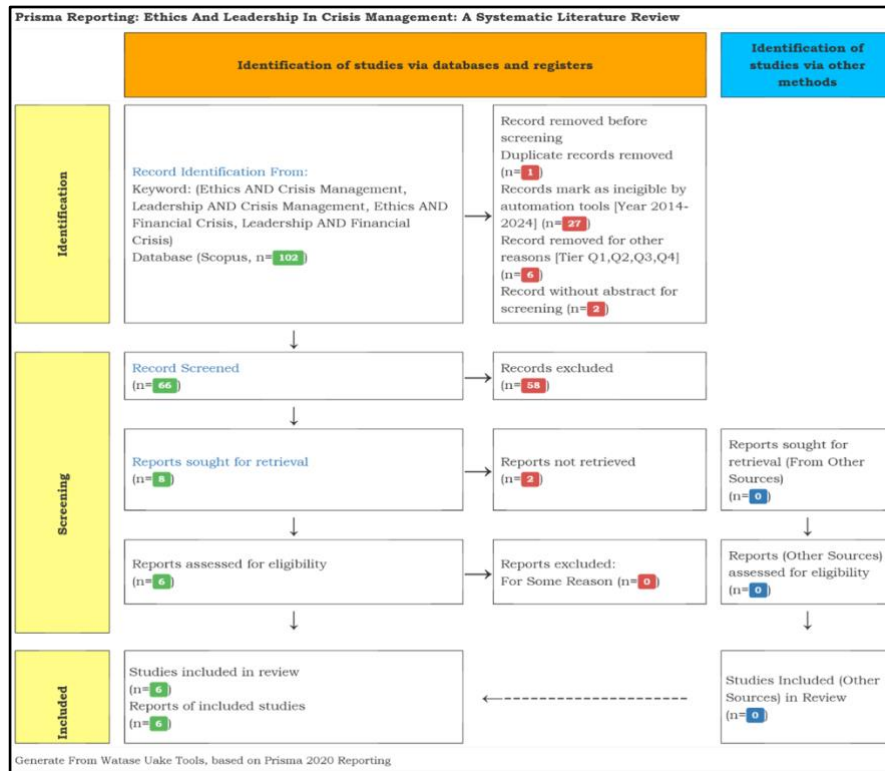

Figure 1. PRISMA Flow Diagram for Study Selection

3. RESULT AND DISCUSSION

Table 1 encapsulates significant academic efforts in exploring ethics and leadership within crisis management, highlighting influential publications. All six studies included in the research were published in Q1-ranked journals, underscoring their exceptional quality and influence in academia. Branicki's (2020) article on feminist ethics during COVID-19 has the highest citation count (144), highlighting its substantial impact on reshaping crisis management paradigms via care-oriented approaches. Stoker et al. (2019) conducted an extensive analysis of leadership behavioral changes during the financial crisis, receiving 111 citations, underscoring its substantial influence on understanding leadership dynamics amid external challenges. Both studies utilize stringent methodologies and are published in publications with AJG ratings of 3 or 4, affirming their validity and scholarly rigor.

A comprehensive analysis reveals several approaches to crisis leadership and ethics, reflecting the thematic and methodological diversity of the table. Knights & Mccabe (2015), referenced 47 times, contests the concept of omnipotent leadership during the 2008 Global Financial Crisis, presenting an innovative perspective on the systemic leadership challenges that led to the collapse. On the other hand, Shulga & Busser (2024) present a contemporary analysis of transformational leadership during the COVID-19 pandemic. Nevertheless, its impact remains little recognized, evidenced by its meager citation count 6. Schoen's (2017) analysis of moral failures during the financial crisis, evidenced by 45 citations, highlights the essential role of ethical leadership in crisis management. This comprehensive research highlights the importance of ethical considerations in leadership and encourages future investigations to link theoretical frameworks with practical applications in dynamic crisis scenarios.

Table 1. Studies Included in Review

NO.	TITLE	AUTHOR	YEAR	JOURNAL	TIER	AJG 2024	CITES
1.	'Masters of the Universe': Demystifying Leadership in the Context of the 2008 Global Financial Crisis	Knights, David; McCabe, Darren	2015	British Journal of Management	Q1	4	47
2.	The 2007–2009 Financial Crisis: An Erosion of Ethics: A Case Study	Schoen, Edward J.	2017	Journal of Business Ethics	Q1	3	45
3.	Tightening the leash after a threat: A multi-level event study on leadership behavior following the financial crisis	Stoker, Janka I.; Garretsen, Harry; Soudis, Dimitrios	2019	Leadership Quarterly	Q1	4	111
4.	COVID-19, ethics of care and feminist crisis management	Branicki, Layla J.	2020	Gender, Work and Organization	Q1	3	144
5.	Responsible Leadership and Reputation Management During a Crisis: The Cases of Delta and United Airlines	Varma, Tulika M.	2021	Journal of Business Ethics	Q1	3	36
6.	Covid-19 crisis management human resource cost-retrenchment: the role of transformational leadership and ethical climate	Shulga, Lenna V.; Busser, James A.	2024	International Journal of Contemporary Hospitality Management	Q1	3	6

Five grand theories underpin these studies: Ethical Theory, Responsible Leadership Theory, Threat-Rigidity Hypothesis, Contingency Theory of Leadership, and Feminist Theory. The discourse on Ethical Theory underscores the significance of moral principles as frameworks for guiding actions and decisions, particularly in crises, while illustrating how ethical norms are dynamically influenced by broader social and organizational contexts (Goodale, 2006; Walsham, 1996). Responsible Leadership Theory underscores the cultivation of ethical, values-driven leadership skills that empower business leaders to manage the intricacies of societal interconnections, harmonize varied stakeholder interests, and advance sustainable development objectives through systemic thinking and reflective practice (Muff et al., 2020). The Threat-Rigidity Hypothesis explains how organizations react to external threats, like the 2008 financial crisis, by implementing more rigid and directive leadership styles, marked by heightened centralization, limited information processing, and an emphasis on efficiency and control to alleviate environmental uncertainty, illustrating psychological and organizational dynamics at various levels (Chattopadhyay et al., 2001; Stoker et al., 2019). Conversely, Contingency Theory underscores the significance of context-sensitive leadership, highlighting the capacity to modify strategies according to organizational requirements and external circumstances (Moreno-Gómez & Calleja-Blanco, 2018). Feminist Theory further develops this perspective by emphasizing the significance of empathy and equity in decision-making, particularly in varied and evolving contexts (Carbin & Edenheim, 2013).

Figure 2. Theory Classification

The analysis of the study topics indicates that the predominant research centers on two significant crises: the 2008 global financial crisis and the COVID-19 pandemic. Three of the six evaluated studies focused on the global financial crisis, investigating how ethical shortcomings inside the financial industry intensified systemic effects (Schoen, 2017). Two further publications concentrated on the COVID-19 pandemic, emphasizing the significance of social inclusion and equality in decision-making throughout the global health crisis (Branicki, 2020). An article examined reputation management during crises, demonstrating how leadership narratives can enhance or diminish public trust (Varma, 2021).
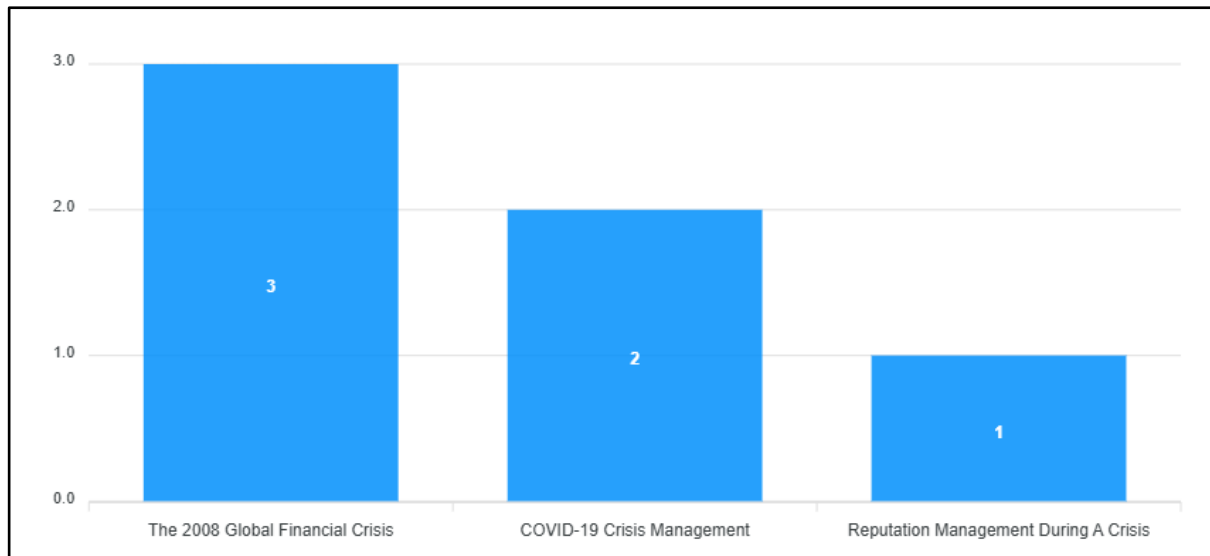
Figure 3. Area Study

The study methodologies exhibited diversity, comprising case studies (33.3%), mixed methods, surveys, and theoretical analysis. Case studies prevail because they provide profound insights into the distinctive dynamics of businesses in crises, enabling detailed exploration and contextual understanding (Gerring, 2004; Siggelkow, 2007). Mixed methods amalgamate qualitative and quantitative approaches, augmenting the robustness of findings via methodological triangulation and complementarity (Johnson & Onwuegbuzie, 2004, 2007). Surveys, encompassing both online and offline questionnaires, facilitate broader generalizations but necessitate meticulous attention to mode impacts on data reliability and validity (Zhang et al., 2017). Theoretical analysis, such as second-order analysis, contributes by constructing conceptual explanations grounded in data while integrating existing literature, which fosters critical reflections on ethics and leadership (Shkedi, 2004). This methodological variability underscores the significance of a multidisciplinary approach in tackling the intricacies of crisis management.
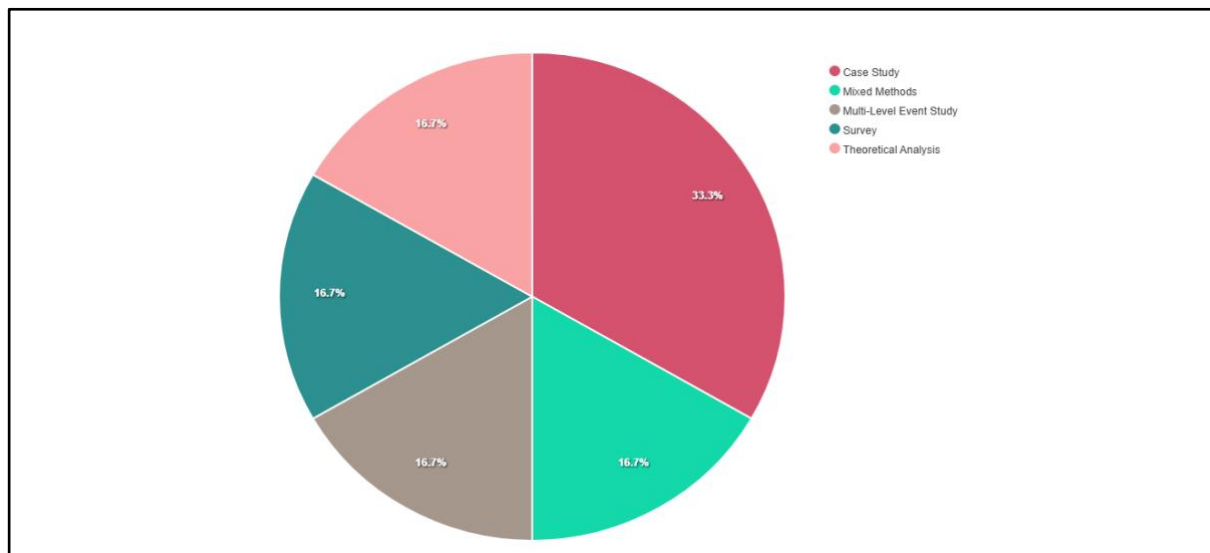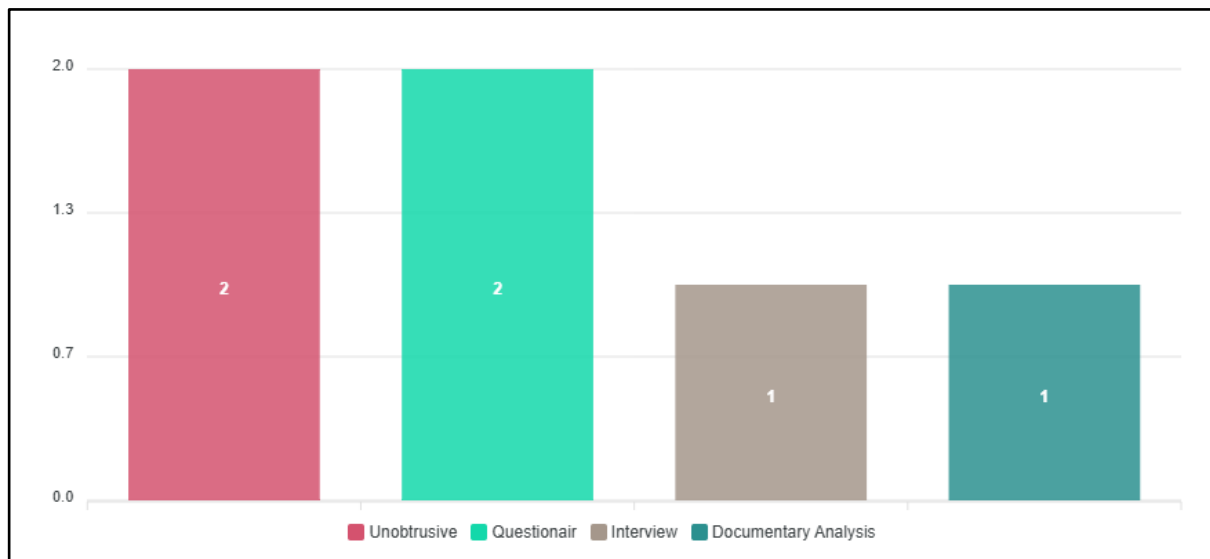
Figure 4. Methods Classification

The predominant data collection methods were unobtrusive techniques and questionnaires, each noted in two studies. One article employed in-person interviews to obtain insights from organizational executives, illustrating their use as a robust method for capturing subjective experiences in detail (Petitmengin, 2006). Documentary analysis offers historical and factual background, providing a systematic approach to understanding social phenomena through existing records (Lawson, 2018). Thematic analysis was employed in two studies to discern significant patterns in ethical decision-making, utilizing both inductive and deductive approaches to ensure rigor and reliability in qualitative analysis (Braun & Clarke, 2006; Fereday & Muir-Cochrane, 2006). Quantitative methods, including Partial Least Squares Structural Equation Modeling (PLS-SEM), provided statistical support for examining correlations among variables, enabling robust modeling of causal relationships (Hair et al., 2011). This diversity of methods underscores the importance of methodological triangulation in capturing the multifaceted nature of crisis management research.

Figure 5. Data Collection Classification
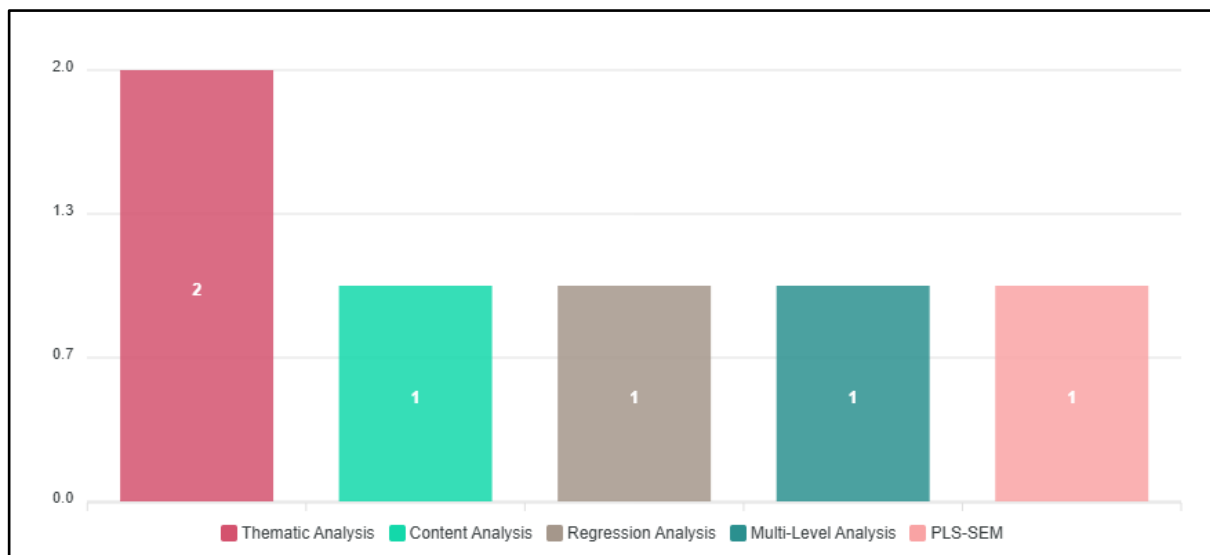
Figure 6. Analysis Methods

Ethical Leadership as a Determinant of Crisis Outcomes

The review confirms that ethical leadership fundamentally shapes short-term reactions and long-term recovery trajectories during crises. The financial crisis of 2007–2009 starkly illustrated the detrimental

consequences of unethical leadership practices, particularly in the banking sector, where conflicts of interest, lack of accountability, and unethical incentives intensified systemic failures and eroded public trust (Knights & Mccabe, 2015; Schoen, 2017). In contrast, leadership during the COVID-19 pandemic underscored the vital role of ethics and empathy in mitigating adverse effects on vulnerable populations and maintaining organizational legitimacy (Branicki, 2020). Leaders who embrace transparency, fairness, and stakeholder engagement effectively balance operational demands with social responsibility, fostering equity and stability in uncertain environments.

Corporate examples reinforce this pattern, during reputational crises faced by United and Delta Airlines, leaders who incorporated ethical considerations and relational decision-making managed to preserve stakeholder trust and ameliorate financial repercussions (Varma, 2021). These cases exemplify how ethical leadership extends beyond compliance, influencing tangible and intangible facets of crisis recovery and aligning organizational actions with stakeholder expectations.

The COVID-19 pandemic further demonstrated the critical role of transformational and ethical leadership in sectors heavily reliant on employee engagement, such as hospitality. Leaders who cultivated "other-focused ethical climates" effectively countered the negative impacts of cost-reduction measures, including layoffs, by fostering employee satisfaction, trust, and resilience (Shulga & Busser, 2024). The adoption of feminist ethics of care, which emphasizes empathy and relational well-being, provided a valuable ethical framework to address inequalities intensified by the pandemic, highlighting the adaptability and relevance of ethical leadership in complex crisis scenarios (Branicki, 2020).

Ethical leadership emerged as a cornerstone of effective crisis management, facilitating transparent decision-making and accountability that engender long-term organizational stability and adaptability. Ethical frameworks enabled leaders to balance efficiency with equity, ensuring humane responses that preserved social legitimacy and organizational sustainability (Knights & Mccabe, 2015).

Diverse Leadership Styles and Ethical Frameworks in Crisis Contexts

Leadership styles and ethical frameworks significantly influence crisis management efficacy, with their effectiveness contingent on sector-specific conditions and crisis characteristics. The review highlighted a dichotomy between directive and transformational leadership approaches, each offering distinct benefits and drawbacks shaped by contextual demands.

Directive leadership predominated during the 2008 financial crisis, particularly within banking and manufacturing sectors, where rapid, centralized decision-making was prioritized to restore operational stability (Stoker et al., 2019). Rooted in the threat-rigidity hypothesis, this leadership style favored control and efficiency but often marginalized ethical considerations, resulting in public distrust and reputational damage (Knights & Mccabe, 2015; Schoen, 2017). The failure to embed ethical monitoring within directive frameworks exacerbated crisis severity, underscoring the critical need for integrating ethics into leadership even during high-pressure decision-making.

Conversely, the COVID-19 pandemic illustrated the potency of transformational leadership, especially in healthcare and hospitality sectors where employee engagement and adaptability are paramount. Transformational leaders emphasized empathy, transparency, and ethical accountability, cultivating inclusive ethical climates that enhanced employee morale and organizational commitment amid cost retrenchment (Branicki, 2020; Shulga & Busser, 2024). This approach not only mitigated negative employee attitudes but also fostered innovation and resilience. The feminist ethics of care framework further enriched this leadership style by prioritizing communal welfare and addressing structural inequalities during crises (Branicki, 2020).

The review also highlighted responsible and situational leadership models as complementary frameworks. Responsible leadership, demonstrated by airlines during reputational crises, emphasized ethical decision-making, transparent communication, and accountability to rebuild stakeholder trust (Varma, 2021). Situational leadership's flexibility allowed leaders to adapt approaches dynamically based on crisis severity and sectoral needs, reinforcing the contingency theory that leadership effectiveness is context-dependent (Knights & Mccabe, 2015).

The synthesis indicates that a hybrid leadership model integrating directive and transformational elements within robust ethical frameworks may optimize crisis responses. Such models balance swift stabilization with creativity and stakeholder engagement, ensuring decisions align with both operational imperatives and ethical standards (Shulga & Busser, 2024; Stoker et al., 2019). This balanced methodology is essential for sustainable crisis management amid escalating global complexities.

Ethical Frameworks' Influence on Organizational Trust and Reputation

Ethical leadership's role in shaping organizational trust and public reputation during and after crises emerged as a significant theme. The absence of ethical stewardship during the financial crisis severely undermined trust. It damaged reputations, as unethical behaviors such as misrepresentation and reckless risk-taking led to stakeholder disillusionment and regulatory backlash (Schoen, 2017). Rebuilding trust post-crisis required adopting ethical leadership practices grounded in transparency, accountability, and stakeholder engagement.

Delta and United Airlines case studies illustrate how ethical leadership practices positively influenced reputational recovery. United Airlines' transparent acknowledgment of faults, sincere apologies, and commitment to reform fostered renewed public confidence, while Delta's less transparent response resulted in comparatively weaker recovery (Varma, 2021). These findings emphasize the importance of ethical communication strategies prioritizing openness and proactive governance to maintain organizational legitimacy.

The review also underscored the importance of constructing truthful and ethically grounded organizational narratives during crises. Overreliance on charismatic leadership figures, as observed during the financial crisis, often detracted from systemic accountability, undermining stakeholder trust when leaders failed to meet expectations (Knights & Mccabe, 2015). Ethical frameworks that promote authenticity and moral realism in leadership narratives support sustainable reputational strength and cultivate resilient organizational cultures.

Transformational leadership, supported by ethical organizational climates emphasizing collective well-being, further contributes to sustaining stakeholder trust. Firms prioritizing empathy and inclusive ethical cultures during crises reported higher employee loyalty and enhanced external perceptions of trustworthiness (Shulga & Busser, 2024). Such integrative approaches underscore ethical leadership fosters long-term reputational benefits by embedding accountability and relational trust within organizational practices.

Ethical Leadership's Impact on Employee Well-being and Retention

The review highlights ethical leadership's critical role in mitigating the adverse effects of crises on employees, particularly amid restructuring and retention challenges. Crises often exacerbate organizational tensions, making transparent and empathetic leadership indispensable for sustaining morale and loyalty (Branicki, 2020; Schoen, 2017). Ethical leaders who communicate openly about difficult decisions, such as layoffs or cost reductions, help alleviate employee apprehension and foster trust, which is essential for organizational cohesion.

Transformational leadership combined with an ethical climate proved effective in preserving employee satisfaction during the COVID-19 pandemic. Studies in the hospitality industry revealed that leaders emphasizing collective well-being and participatory decision-making minimized the negative emotional impacts of downsizing, enhancing employee engagement and resilience (Shulga & Busser, 2024). Excluding employees from decision processes or lacking transparency tended to increase stress and reduce loyalty, potentially impeding recovery efforts.

Ethical leadership also addresses employees' emotional needs through empathetic support and care-oriented frameworks. Programs offering psychological assistance, counseling, and flexible work arrangements, aligned with care ethics principles, significantly reduced moral distress and bolstered resilience (Branicki, 2020; Shulga & Busser, 2024). This holistic approach fosters a supportive community within organizations, which is essential for maintaining workforce stability during turbulent periods.

The positive impact of ethical leadership on employee well-being also extends to organizational reputation. Firms perceived as ethically responsible and caring tend to enjoy enhanced public trust, further motivating employee loyalty and commitment (Varma, 2021). Thus, ethical leadership functions as a strategic asset, facilitating both immediate crisis navigation and long-term organizational sustainability.

Future Research Directions

While the reviewed literature offers substantial evidence of ethical leadership's significance in crisis management, several limitations constrain current understanding and application. A notable gap is the lack of comprehensive, cross-sectoral analyses that generalize ethical leadership models beyond specific industries. Research has often focused narrowly on finance or healthcare sectors, limiting the applicability of findings to broader organizational contexts (Schoen, 2017; Shulga & Busser, 2024). Expanding empirical inquiry across diverse industries would enhance the robustness and transferability of ethical leadership frameworks.

Additionally, insufficient attention has been paid to cultural and contextual factors shaping ethical leadership practices during crises. Variations in cultural norms, such as power distance and individualism, affect leadership effectiveness and ethical perceptions, yet remain underexplored in crisis contexts (Branicki, 2020; Stoker et al., 2019). Future research should integrate cross-cultural analyses to develop contextually sensitive leadership models.

Longitudinal studies examining the enduring effects of ethical leadership on organizational culture, employee well-being, and stakeholder trust are notably scarce. Most investigations focus on immediate or short-term crisis outcomes, overlooking the trajectory of recovery and adaptation over time (Stoker et al., 2019). Long-term, multi-level research designs would provide critical insights into how ethical leadership contributes to sustained resilience and organizational transformation.

Furthermore, existing studies often emphasize micro-level leadership behaviors, neglecting broader organizational, social, and institutional dynamics that influence ethical decision-making and crisis management. Integrating multi-level perspectives, including organizational culture and external regulatory environments, would enrich understanding and practical guidance for leaders (Knights & Mccabe, 2015; Shulga & Busser, 2024).

To address these limitations, future research should adopt interdisciplinary, mixed-method approaches that combine qualitative and quantitative data to capture the complex realities of ethical leadership in crises. Incorporating stakeholder perspectives across sectors and cultures will facilitate the development of comprehensive, actionable frameworks. Moreover, integrating ethical advice mechanisms and decision-support tools into leadership development programs may enhance leaders' capacity to navigate ethical dilemmas under crisis conditions effectively.

4. CONCLUSION

This study confirms that ethical leadership is critical in shaping effective crisis management outcomes across various sectors and crisis contexts, including the COVID-19 pandemic and the 2007–2009 global financial crisis. Ethical leadership fosters transparency, accountability, and trust among stakeholders, positively influencing both immediate crisis responses and the long-term resilience of organizations. Different leadership styles, transformational, directive, responsible, and situational, demonstrate varying effectiveness depending on sector-specific demands and the nature of the crisis. Nevertheless, the consistent integration of strong ethical frameworks remains a unifying factor that ensures leadership decisions align with societal values, enhance employee well-being, and safeguard organizational reputation. Moreover, ethical leadership mitigates adverse impacts on employees during restructuring and cost-reduction phases by promoting empathy, inclusive communication, and supportive environments, ultimately strengthening organizational unity and sustainability.

Despite these valuable insights, this study has limitations that warrant careful consideration. The systematic review encompasses only six studies, which naturally constrains the breadth and generalizability of the findings. While these selected studies offer important perspectives, the limited sample size suggests that conclusions should be applied cautiously beyond the contexts examined. Furthermore, the current review predominantly centers on the finance and hospitality sectors, with relatively insufficient exploration of other vital areas such as healthcare, education, and public administration. These sectors confront distinct ethical and leadership challenges during crises that remain underexamined in the literature. Acknowledging these gaps highlights the necessity for more extensive, cross-sectoral research to develop comprehensive ethical leadership frameworks applicable across diverse organizational environments and crisis types.

Building on these findings, it is recommended that organizations invest in developing ethical leadership programs specifically tailored to their sectoral realities, thereby enhancing crisis preparedness and response capacity. Policymakers and practitioners should incorporate ethical principles explicitly into decision-making frameworks to promote transparency and meaningful stakeholder engagement during crises. Additionally, human resource managers should adopt leadership approaches emphasizing care and relational accountability to preserve employee morale and retention amidst uncertainty. Future research should focus on industries where ethical leadership during crises is insufficiently studied, including technology, energy and utilities, and the nonprofit sector. There is also a pressing need for empirical investigations in emerging markets and public administration, particularly concerning crises involving environmental disasters and cybersecurity threats. Employing longitudinal and cross-cultural mixed-method studies will deepen understanding of how ethical leadership evolves and adapts to diverse organizational and cultural contexts. Such research efforts will be instrumental in refining practical frameworks that support organizations in navigating increasingly complex global crises with integrity, resilience, and social legitimacy.

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