

The Influence of Ethical Leadership and Climate Towards Intention

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Abstract

Purpose: Unethical behavior is also a university issue. This kind of behavior can affect academicians, administrators, or students. The elements of ethical leadership and ethical climate that may impact a person's decision to engage in such action are identified. Therefore, this study aims to find out whether those factors can cause academicians to behave unethically.

Methodology: A quantitative survey method was adopted to gather response from 100 lecturers. The data were analyzed using the partial least squares structural equation modeling (PLS-SEM) technique and Smart PLS 3 software.

Findings: The findings of the study found that ethical climate had a positive and significant relationship with intention while there is a negative relationship between ethical leadership and intention.

Practical implications: This study helps to understand the importance and role of ethical leadership and ethical climate in higher learning institutions, managing situations involving ethical decisions, thus improving the functions of the organizations.

Keywords: unethical behaviour, ethical leadership, ethical climate

Introduction

Corruption is not a new phenomenon as it can also happen in higher education institutions. Both developing and developed countries are also facing the problems of unethical behavior in their universities, be it the public or private institutions (Denisova-Schmidt, 2018). The issue could be caused by a lack of academic integrity, involvement of fraud, and other forms of unethical behavior. When considering the evolution and problems of higher education, it is clear that its quality is now inextricably related to ethical and moral ideals (Prisacariu & Shah, 2016).

Today, the topic of organisational ethics is a valuable one to address, particularly in light of unethical behaviour. Individuals, groups, and organisations will suffer as a result of improper conduct (Brown et al., 2005).

Researchers have noted the detrimental impact that unethical behaviour can have on an organization; as it can increase financial risks and cost which will reduce the company's value, resulting in a lower return to stakeholders ((Thomas et al., 2004). Other negative consequences such as poor work quality as well as time wasted, remarkable legal and medical expenses, and adverse effect on public opinion will also affect the organization's competitiveness in the long term (Litzky et al. 2006).

Unethical behavior may threaten academic integrity, which is maintained by all professionals, while also affecting the institutions' reputation for promoting learning and sharing quality (Mohd Zain et al., 2021). Having good governance means that the institutions of higher learning are well managed. The purpose of this research is to look at some of the elements shown to influence lecturers' inclination to engage in an unethical action.

Literature Review and Hypothesis Development

2.1 Theory used

The theory used in this study is The Hunt and Vitell General Theory of Marketing Ethics (Hunt & Vitell, 2006). The Hunt and Vitell theory was developed to better understand how people think about ethical dilemmas and what actions they should take when confronted with them. The dilemmas must have perceived ethical content, followed by ethical judgment and intention. For this study, two variables which belong to the organisation context are analysed to see the influence to the intention of academician.

2.2 Ethical climate

Ethical climate refers to the practice and social environment in organizations. The ethical goals and behaviour of a firm, as well as the ethics of its personnel, are influenced by the ethical climate in which they operate (Sait Dinc, 2018).

One of the most known definitions of ethical climate comes from Victor & Cullen (1988) as “the shared perception of what is correct behaviour and how ethical situations should be handled in organization”. It is further described in terms of employee’s perception, the rules and procedures that define what is right or wrong within the organization. They believe that organizations are social actors who are responsible for the ethical or unethical behaviours of their employees.

The execution of ethical norms, enforcements, and actions by management can help to foster a positive ethical culture within the organization. It is also essential to have a guide or code that explains what behavior is acceptable and what is not, and that guide must be well communicated to the employees. Additionally, there is an attempt to incorporate an ethics and compliance officer to assist the organization in managing ethical challenges. Learning more about their work, its value, plus suitability in the organization is one method the ethics officer can boost their credibility (Treviño et al., 2014). Employees who exemplify inappropriate behavior should be notified and advised.

Further, managers have a bigger responsibility to ensure that the environment in their organization is well controlled. When the environment is good, it is less likely that the employees will engage in misconduct. Previous research has investigated the effect of an ethical work environment on specific ethical outcomes. Positive ethical cultures, according to

Martin & Cullen (2006), are not significantly associated with organizational misbehavior.. Furthermore, in a non-western community, ethical climates are negatively related to misconduct (Vardi, 2001).

Rothman (2017) found that the deontological climate was the prevalent perceived ethical climate for administrators and full-time faculty in higher education institutions. He believes that adhering to the policies, professional standards, and applicable legislation will affect academics' and administrators' decision-making and behavior. A deontological ethical climate positively correlates to good ethical behavior. Employee misconduct was negatively associated with ethical climate, according to Mayer et al. (2010). Employee intention to do unethical acts is predicted by egoistic climates, according to Shafer (2008), but benevolent and principled climates diminish such intention. Accordingly, this study hypothesizes that,

H1: There is a significant relationship between ethical climate and intention to unethical behaviour.

2.3. Ethical leadership

Among factors that influence faculty plagiarism and fraud are leadership, organizational climate, and culture (Elliott et al. 2013). Leaders are the “tone at the top” and they are the one who are in charge of the organization's operations (Wan et al., 2017).

Leaders are responsible for cultivating a healthy moral space and climate within the organization, as well as leading by example to ensure that subordinates follow good moral norms (Bian, 2021). Treviño et al., (2014) argued that individuals as ethical leaders should be moral people and moral managers of the organization. As a moral manager, it is necessary to create a unique ethical climate within the organization to arouse employees' concern about ethical issues and consequently improve their thinking and behavior. From Brown's definition of ethical leadership, we can also see that the concept of ethical leadership itself contains the mission of creating a good organizational ethical climate.

Ethical leaders are the leaders who always place the importance of ethics among the employees. As they value ethics, and as moral managers, leaders will make sure that they control their behavior and action. Brown & Treviño, (2006) proved that ethical leadership and unethical employee behavior are related. The ethical leaders show good example and acts as role models for ethical behaviour. They also used reward to hold employees accountable for their conduct (McCabe et al., 2006).

According to Bedi et al., (2016), ethical leadership is positively related to a variety of follower outcomes, including perceptions of leader interactional fairness and follower ethical behaviour. Employees will respect their leaders; at the same time make their leaders as the source of guidance who show them good examples on values and behaviour (Walumbwa et al., 2017).

Leaders can report culture transformation in their respective departments as they have the tools to implement those changes (Bystydzienski et al., 2017). Employees can carry out their duties and responsibilities efficiently in a favourable working environment. Leaders, once again, can have a significant impact on the environment (Meriläinen & Kõiv, 2018). Higher education institutions should be able to ensure that the leaders they designate able to carry out their duties and responsibilities while also assisting in the oversight of their respective lecturers' behavior. Accordingly, this study hypothesizes that,

H2: There is a significant relationship between leadership and intention to unethical behaviour

Theoretical Framework

The main aim of this study is to investigate the relationship between ethical leadership and ethical climate towards intention to unethical behaviour. The unit of analysis for this study individual lecturers of higher education institutions. The framework can be seen as in Figure 1.

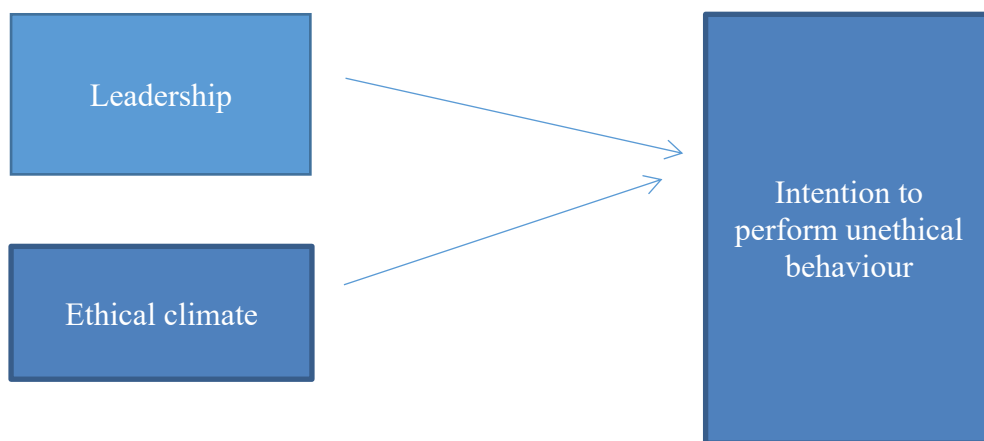


Figure 1: Conceptual framework

Methods

In order to fulfill the research objectives, we used quantitative research; and data was derived from online survey. The online platform was used as it is easy to handle and can attract faster responses. The questionnaires being sent to the lecturers of public universities in Malaysia through convenience sampling. This technique was chosen since there is no specific sampling frame for the respondents. There are 100 responses received and can be used for further analysis. This study used G*Power (Erdfelder et al., 2009) analysis in determining the sample size. Assuming the effect size, $f^2=0.15$, α err prob = 0.05, power ($1 - \beta$ err prob) = 0.95 and number of predictors = 2, the total sample size suggested by G*Power for this study is 68 lecturers. Data was analysed using SPSS Statistics 26 for the descriptive information and smartPLS 3 (Ringle et al., 2015) to test the hypothesis.

Analysis

The data collected in this study has undergone data screening so that the data are ready and valid for testing. This research is using the partial least square (PLS) to analyse the measurement and structural model. The validity and reliability can be proven by internal consistency, convergent validity and discriminant validity (Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, 2017). The first step is to determine the factor loadings for each item. The value which is the same or greater than 0.7 can be accepted (Hair et al. 2011). As for the discriminant validity, the value of AVE (average variance extracted) must be higher than 0.5 and the square root of AVE for each construct must be higher from the correlation value among

other construct (Fornell & Larcker, 1981). Further for the composite validity which the value is higher than 0.7 is considered enough and can be accepted (Vinzi et al., 2010). Table 1 and 2 present all the criterias used for testing model validity.

Table 1: Convergent validity and reliability

Variables	Cronbach alpha	Rho A	Composite reliability	Average Variance Extracted
Ethical Climate	0.858	0.766	0.878	0.715
Ethical Leadership	0.973	1.037	0.974	0.706
Intention	0.944	0.948	0.953	0.673

Table 2: Discriminant validity

	EC	EL	Intention
Ethical Climate (EC)	0.845		
Ethical Leadership (EL)	0.452	0.840	
Intention	0.205	-0.112	0.820

Notes: Number in bold in the diagonal form is the square root of AVE

Meanwhile, the hypothesis testing is evaluated through the value of coefficient of determination or R^2 . (Cohen 1988) proposed that the value of 0.2 is small, 0.13 is intermediate and 0.26 as big for the path coefficient. As to see the significant relationship among construct, the bootstrapping procedure will be used to get the t-value. Significant value must be higher than 1.64 (for one-tailed test). The result is shown in table 3. Based on the analysis, the first hypothesis is supported. The ethical climate is found having a positive relationship with intention through the β value of 0.321, ($p < 0.05$). The second hypothesis is not supported as ethical leadership and intention shows the β value of -0.257, ($p > 0.05$). The β value for each hypothesis in this study is shown in Figure 2.

Table 3: Hypothesis testing

Hypothesis	Path coefficient value	t-value	Interpretation
H ₁ EC → Intention	0.321	1.794	Supported
H ₂ EL → Intention	-0.257	1.393	Not Supported

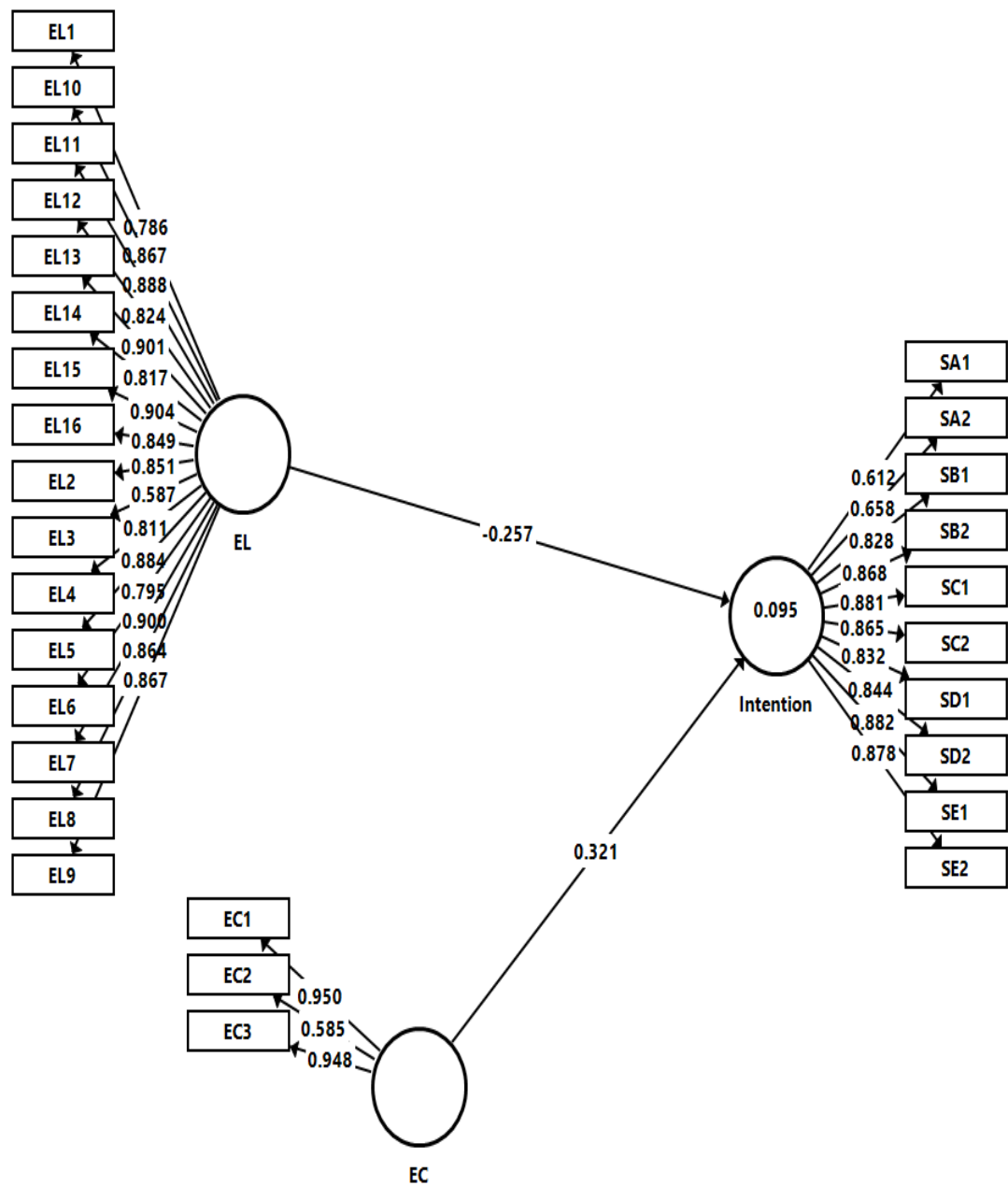


Figure 2: PLS-SEM structural model with path

Discussion and Recommendation

As being explained in the literature review, there are two hypotheses for this study. However, only the first hypothesis shows significant relationship to the intention to perform unethical behaviour. This study also found that the variance explained is 9.5%. As being expected, ethical climate has a positive and significant influence to the intention to perform unethical behaviour. This means that when ethical climate is well maintained in the organization, the lesser the intention of the lecturer to perform unethical behaviour. This finding is consistent with (Shafer, 2008), who discovered that egoistic settings predicted employee desire to engage in unethical behaviour. Universities should create an ethical climate which is benevolent and principled

within the organization. In a way it can help to reduce the egoistic climates from developing. There is also a need to have an ethical code, which is obviously important stating different rules to which employees must comply with.

The ethical leadership construct is found to have no significant relationship to the intention of lecturers. The relationship which is not significant could indicate that there is no involvement of leaders who are ethical to the intention of their employees. This is the same with the study of Hamoudah et al., (2021) stating that ethical leadership is not related to the integrity violation of public services employees. Bhana et al (2020) also posits that ethical leadership is not related to the line management leadership style. This management leadership style had an effect on the performance and behaviour of the institution's employees.

Limitations and Suggestions for Future Research

Although this research is able to show the relationship that exist between ethical climate and ethical leadership to the intention to unethical behaviour among lecturers, it is still subject to some limitations. First, this is a cross-sectional study, in which data is taken for one certain time and the respondent's perception which always changed will influenced the result in the future. Future research should be expanded into longitudinal study. Furthermore, the model is able to explain 9.5% of the findings. The remaining 91.5% are explain by other variable such as attitude, peer influence and professional commitment which can be studied in different perspectives.

Conclusion

It can be concluded based on the findings of this study that higher learning institutions should give their attention creating a unique and acceptable ethical climate, and emphasize on the good ethical conduct of employees. The value of creating such a good climate will be a great help to control the lecturer's intention to behave unethically.

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