The Assessment of Ethical Leadership in Developing Ethical Climate and Decision Making-Evidence from Pakistan

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ARTICLE INFO				ABSTRACT

ABSTRACT

Objective: The purpose of this research was to ascertain how ethical leadership influenced decision making through mediating role of ethical climate.

Methodology: The current study was based upon the single reality that is have used the positivist approach to examine the relationship of the variables. In the quantitative method of the research study different methods are applied to test the hypothesis. This study has used the cross sectional time horizon in which the data have been collected from the respondents of the Pakistani public organizations in single/one point in time. Data were collected from the respondents with the help of the survey questionnaire among 200 respondents where the researcher got 150 responses from the respondents. Non probability sampling technique was applied in the research study. All the ethical procedures and guidelines were followed while collecting the data from the respondents.

Results: Shown that ethical leadership has positive influence on ethical climate and decision making, ethical climate positively moderates the influence of ethical leadership on decision making.

Conclusion: Controlling the ethical aspects in leadership effectively boosts decision making through the role of ethical climate.

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INTRODUCTION

Ethical leadership have been developed as a result of organizational leaders unethical mistakes. These tools have mostly concentrated on how followers assess the ethical leadership qualities of

their leaders (Riaz et al., 2023). Leaders frequently find themselves forced to make difficult moral choices. Ethical leadership style when presented with making a choice about an ethical challenge. Understanding the benefits of an ethical leadership style help leaders make, they employ when presented with difficult decisions. Ethical leaders might be helpful in creating and enabling decision-makers in teams, organizations, and leaders (Arey et al., 2014; Arshad et al., 2022).

Given the many ethical catastrophes in almost every business, the need for an ethical leadership component appears evident. We must first describe the leadership phenomena to comprehend it, its relationships to drives, and its effects. The question has a normative response from philosophers: "What is ethical leadership?" by outlining the conduct that ethical leaders ought to exhibit. On the other hand, our social systematic method to the subject is primarily concerned with characterizing ethical leadership and identifying its causes and effects (Messick et al., 1996; Faisal & Iqbal, 2023).

Research backs up the long-held assumption of observers that character qualities like honesty would affect assessments of leadership effectiveness. For instance, survey research has linked assessments of a leader's effectiveness with assessments of their sincerity, moral character, and reliability. Additionally, good leadership philosophies have also been linked to cognitive trust (showing care in one's job, competence, and reliability) (Messick et al., 2001; Hayat et al., 2022).The purpose of this research is to explore the relationship between ethical leadership and decision making in public organization of Pakistan. While following the ethical leadership style leaders take ethical decisions in addressing any ethical dilemma.

This research help in enhancing the understanding in terms of the ethical leadership how they make decisions while facing any ethical dilemma in organizations. As now days the business ethics have been playing a major role in the running of the businesses ethically.

- To determine ethical leadership impact on ethical decision making.

- To examine mediator impact of ethical climate on ethical leadership and ethical decision making.

Reason behind choosing this topic

After reading most of the article and finding the gap researcher found ethical leadership as interesting topic for research study. As there is not as much research have been done on this topic that's why researcher have chosen this topic to see the impact of the ethical leadership on ethical decision making when they face any ethical dilemma in public organizations of the Pakistan.

LITERATURE REVIEW

Interest in increasing ethical conduct and developing ethical leaders has increased as a result of the unethical failings of business executives during the previous 10 years. To address these concerns, researchers developed evaluation techniques to assess the moral leadership of business executives. Financial limitations, heightened stakeholder expectations, and regulatory restrictions are all prevalent in the contemporary environment. Prior to increasingly scarce resources, it was believed that organizations and their regions would engage in a demand-response paradigm.

Numerous characteristics, such as organizational planning, resource management, communication, and cooperation, are aligned with these leadership qualities (Arar et al., 2016; Hayyat et al., 2023; Kousar & Shafiq, 2023).

The organization mission and values, in theory, guide institutional leadership and decision-making. But a lot relies on a leader's perspective on the goal, the values, and the importance of different mission components. A leader's decision-making process is significantly influenced by their mental model, which is founded on their own value system (Winston et al., 2007; Iqbal et al., 2023). A leader's leadership style is built on their fundamental values and beliefs, which help them, make decisions regarding the demands and desires of stakeholders at all levels. Garza Mitchell (2012) discovered that organizational decisions made under difficult times are far more inclined to reflect the leader's opinions at the highest levels. Additionally, there is a link between leadership philosophies and practices. Five facets of moral conduct are crucial to leadership: duty as a human being, duty as an individual and public servant, duty as an educator, duty as a manager, and responsibility as a leader (Gardiner et al., 2007; Mastoi, 2023).

Each area has distinctive critical components that connect leadership with moral principles those priorities the common good over private gain. According to Demirtas et al., (2015) claimed that their philosophy of learning as a manner of leading fosters change towards social good and that the underlying ethic of leadership involves change to create a more humane and just society. The frequently advanced hypothesis that certain leadership philosophies and behaviors correspond to specific leadership styles was put to the test in a recent research (Lu et al., 2014; Nosheen & Danyal, 2022). The study's findings confirmed that teleological ethical principles, like act and rule utilitarianism, were heavily linked to authoritarian leadership, while deontological ethical principles, like altruism, universal human rights, and Kantian principles, were strongly linked to democratic leadership (Avey et al., 2014; Ramzan et al., 2023; Arshad et al., 2022).

The bulk of leadership focuses on teamwork and the ethical consideration of others; hence leadership research tends to be tied to deontological ethical norms. Social benefit. However, the more authoritarian and transactional ideas of conventional leadership are still regarded as being good ones (Ghasempour et al., 2021; Roshana et al., 2023; Ali & Asim, 2023; Shafiq et al., 2023). These leadership styles typically show ethical beliefs that are more concerned with the organization and the rules than they are with the people inside the organization or the outside community (Elci et al., 2021; Kumar & Khan, 2023). This is not a criticism of any form of leadership, but it is crucial for leaders to understand the ethical foundations of their individual leadership styles, especially in times of significant change, in order to explain their choices to stakeholders and to better understand why they make them.

H1: There is the positive impact of ethical leadership on ethical decision making.

H2: Do ethical climate mediates the relationship between ethical leadership and ethical decision making.

Research Framework
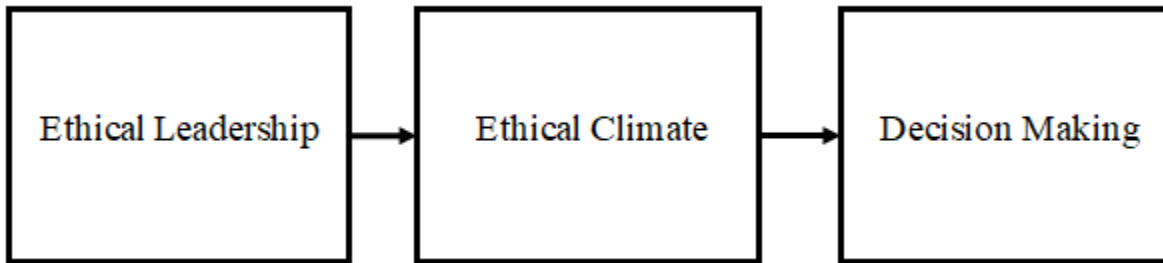
RESEARCH METHODOLOGY

This research study has used the quantitative research method strategy. As the nature of the study were based upon the single reality either that can be true or false so on the basis of the research philosophy this research investigation used the survey questionnaire approaches to collect the data from the respondents of the Pakistan public organizations. The current study based on testing the affiliation of the variables ethical leadership and decision making. The research technique was intended to be chosen on the basis of the nature of the research study topic. Hence the selection of the methods of the study were on the basis of that as the research were exploratory and cross sectional in nature that were based on the testing of the hypothesis.

The current study were based upon the single reality that is have used the positivist approach to inspect the connection of the variables. In the quantitative method of the research study different methods are applied to test the hypothesis. This study has used the cross sectional time horizon in which the data have been collected from the respondents of the Pakistani public organizations in single/one point in time.

This study distributes the survey questionnaire among 200 respondents where the researcher got 150 responses from the respondents. Non probability sampling technique was applied in the research study. So based upon that the sample size of the study consists upon 150 respondents in total.

The current study unit of the analysis was the individuals who were working in the public sector organizations of the Pakistan.

Data were collected from the respondents with the help of the survey questionnaire distribution. Most of the time was given to the respondents to fill out the survey questionnaires. All the ethical procedures and guidelines were followed while collecting the data from the respondents.

When the data were completely collected it was arranged and analyzed with the help of SPSS software. Different tests were run through the software like statistics; correlation, reliability and the Andrew F. Hayes model were utilized in order to examine the connection between the variables

DATA ANALYSIS

Descriptive Analysis

Table 1 represents the respondent's gender. 104 male respondents were the part of the study that make up 69.3% and 46 were female respondents that took part in research study that make up 30.7% of the total sample size of the study. It shows that most of the male all involve in the ethical leadership.

Table 1- Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	104	69.3	69.3	69.3
	Female	46	30.7	30.7	100.0
	Total	150	100.0	100.0	

Table 2 represents age of the participants that participated in the research study. 21-25 years respondents were 90 that make up 60%, 26-30 years respondents were 20%, 31-35 years respondents were 12%, 35-40 years respondents were 11 that make up 7.3% and more than 40 years age respondents were 0.7%. Majority of the respondents were 21-25 years age respondents and 26-30 years that are playing the major role of the ethical leadership in decision making.

Table 2- Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-25	90	60.0	60.0	60.0
	26-30	30	20.0	20.0	80.0
	31-35	18	12.0	12.0	92.0
	35-40	11	7.3	7.3	99.3
	More than 40	1	.7	.7	100.0
	Total	150	100.0	100.0	

Table 3 represents the Education of the respondents that participated in the research study. 62 of the individuals were high school that shows 41.3% ratio of the participants, 67 were undergraduate respondents that represent 44.7% of the participants and 21 were the postgraduate participants that constitute 14% of the total sample size. Majority of the respondents were undergraduates who were playing the role of the ethical leader in making decision in organizations of Pakistan.

Table 3- Education

		Frequency	Percent	Valid Percent	Cumulative Percent
	High School	62	41.3	41.3	41.3
Valid	Undergraduate	67	44.7	44.7	86.0
	Postgraduate	21	14.0	14.0	100.0
	Total	150	100.0	100.0	

Table 4 represents the occupation of the individuals that took part in the research study. 80 individuals were employed that constitute 53.3%,, 34 were self-employed respondents that make up 22.7% and 36 were temporary workers that constitute 24% of the total sample size. Majority of the respondents that were the part of the research study were employed that were playing the role of ethical leader while creating the ethical climate so that employee makes ethical decisions in Pakistani organizations.

Table 4- Occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
	Employed	80	53.3	53.3	53.3
Valid	Self-employed	34	22.7	22.7	76.0
	Temporary	36	24.0	24.0	100.0
	Total	150	100.0	100.0	

Reliability Analysis

Table 5 represents the reliability of the items used in the research study. Reliability is the measure of the items consistency that used in the research. Acceptable level of the Cronbach Alpha more than 0.5. Whereas some of the research consider more than 0.6 to be acceptable level. Current study consists of three items Ethical leadership, ethical climate and decision making. EL has Cronbach Alpha value 0.971, ethical climate (EC) has Cronbach Alpha value of 0.944 and decision making (DM) have Cronbach Alpha value of 0.934. All of the times used in the study have excellent reliability.

Table 5- Reliability Analysis

Variable	Cronbach Alpha
Ethical Leadership	0.971
Ethical Climate	0..944
Decision Making	0.934

Correlation Test

Table 6 displays the correlation of the variables. While a negative number implies a negative correlation, an optimistic sign suggests a beneficial connection between each factor. Every value shown in the table is favorable in this case, demonstrating a significant association between each factor. The correlation among ethical leadership, ethical climate, and decision-making in Pakistan businesses is favorable at 99% level of significance level.

Table 6- Correlations

		Ethical Leadership	Ethical Climate	Decision Making
EL	Pearson Correlation	1	.923**	.896**
	Sig. (2-tailed)		.000	.000
	N	147	147	147
EC	Pearson Correlation	.923**	1	.948**
	Sig. (2-tailed)	.000		.000
	N	147	150	150

	Pearson Correlation	.896**	.948**	1
DM	Sig. (2-tailed)	.000	.000	
	N	147	150	150

**. Correlation is significant at the 0.01 level (2-tailed).

Regression Test (Andrew F. Hayes Model)

The Andrew F. Hayes process that has been applied in the study to test the relationship of the variables. Model 4 have been used where Decision making have been used as the dependent variable, EL have been used as the ethical leadership and Ethical climate have been used as the mediator in the research study. The R value of the variable, which indicates that 92% of a dependent variable is explained by independent variables, is shown in the model summary. R square displays the 85% goodness of fit of the discovered regression model. The model shows that 92.5% of ethical leadership shows 1 unit change in the decision making of the workers. There is the statistically significant relationship between ethical leadership and decision making because that significance P-value in the table is less than 0.05.

The P-value of the ethical leadership and decision making of the workers. Direct effect of the ethical leadership and decision making were found to be significant that means we accept the alternative hypothesis and reject the null hypothesis.

Through the use of non-parametric bootstrapping, the indirect effect has been investigated. The indirect impact (E=0.73) in this instance is statistically significant95% CI (0.59, 0.88). Now the table 8 shows the indirect effect of the mediator on the EL and EC. Accordingly, it has been discovered that ethical climate mediates the link among ethical leadership and employee decision-making based on the confidence interval. So on the basis of the research support the alternative hypothesis.

DISCUSSION

As ethical dilemmas drive leaders to examine preexisting paradigms, the area called ethical leadership is always expanding. Organizational ethical transgressions have reignited interest in this field. The present research focuses on three main issues: barriers to implementing ethics in businesses, ethics within the individual leader, and the capacity of ethical leaders to receive frequent while making ethical decisions. The ethical field that must be taken into account is the continuing development of models that deal with the implementation of ethical in public organizations. Current study shows that most of the male are performing the role of the ethical leader more than the female leaders in the public organizations of the Pakistan. When they face any ethical dilemma they try to use the fair and moral considerations while making any decision. Reliability test were used in the study to test the consistency of the items used in the study.

Correlation tests were used in the study to check the association between the variables. There is a

correlation among ethical leadership, an ethical climate, and decision-making, with a 95% degree of certainty. The H1 is supported by a regression test that revealed a favorable link between moral leadership and decision-making. Additionally, H2 were also in favor of the idea that leadership and decision-making are mediated by ethical climate. More study is needed to understand all of the inexplicable grey zones that exist in ethical leadership.

CONCLUSION

With help of SPSS software hypothesis were tested by using Andrew F. Hayes process in the study to test the relationship of the variables. Different tests were used in the study like statistics, frequency, reliability, correlation as well as regression. The table 8 shows the R value of the variable that shows that 92% of the dependent variable is explained by the independent variable. R square demonstrates the precision with which the regression model that have been found to 85%. The model shows that 92.5% of ethical leadership shows 1 unit change in the decision making of the workers. There is the statistically significant relationship between ethical leadership and decision making of the workers because that significance P-value in the table is less than 0.05. It have been found that the hypothesis H1 and H2 both hypothesis were supported. As the P-value of the direct effect of the variables relationship between ethical leadership and decision making have the positive impact the H1 was supported. With this the indirect impact of the ethical climate have the confidence interval between the intervals this relationship were tested through bootstrapping that also shows H2 supported.

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