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Ethical Leadership and Organizational Culture: Literature Perspective

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Abstract:

Ethical leadership begins at the top with the chief executives championing every ethical activity for then followers to emulate them and respect the ethical behaviour within an organization. Ethical leadership has been found to be positively and significantly associated with transformational leadership and transformational culture of the organization. This comes in the background of unethical and financial scandals and leadership failures of nations in recent history. Organizational culture in this study refers to the underlying assumptions, beliefs, values, attitudes and expectations shared by an organization's members, including unwritten codes of conduct and behaviour. The study examines ethical leadership in relationship to organizational culture. A detailed review of extant literature is undertaken relevant to ethical leadership and organizational culture. Underpinning theories aligned to the study topic are examined and a conceptual model described. The study culminates with suggestions on the benefits of ethical leadership.

Keywords: Ethical, leadership, organizational, Culture, literature, benefits

1. Introduction

Ethics is the study of how decisions affect people. It is also the study of peoples' rights and duties, the moral rules that people apply in making decisions, and the nature of relationships among people. Ethical standards and practices form an important part of business practice. In the latter part of the twentieth century and spreading into the first decade twenty-first century, there has been a regrettable decline of ethical standards in business (Crosbie, 2008). Resultant to this decline has been poor financial performance and eventual insolvency of large corporations. Gill (2011), posits that such decline is the outcome of leader actions and behavior and, that leadership carries the blame for their prevalence; this, he adds, is because corporate culture and business ethics are established and propagated by proprietors of organizations and, maintained by their successors. While one aspect of ethics clearly believes that ethical behavior can be determined by the focus on following laws and regulations, ethical leadership should embrace ethics more widely. Organizations shouldn't just consider doing the right thing in terms of what the regulations say, but to express ethics in a wider framework of social justice and sustainable.

Display of poor ethics and integrity in public organizations for example, engenders decreased trust in government and may precipitate an implosion of the country's political system. Heres and Lasthuizen (2010) adduce that managers of an organization are expected to provide ethical leadership, safeguard and promote moral values and manage any social tensions that may obtain from poor economic performance. This study seeks to establish and discuss the relationship between ethical leadership and the corporate culture ensuing from such leadership. Strong and ethical organizational leadership are the ingredients of successful companies and governments and have been known to build organizational cultures that are supportive of integrity and positive work outcomes. On the contrary, suboptimal corporate culture has been associated with poor organizational financial performance.

A vast amount of literature referent to organizational culture and leadership ethics exist in academic space. This paper examines sections of extant literature to look at the interaction between leader ethical behaviour and resultant organizational cultural outcomes. The paper seeks to demonstrate the correlation if any between unethical leadership practices and organizational culture. Ethical leadership is described as the process of influencing people through principles, values and beliefs that embrace what we have defined as right behavior.

2. Leadership and Ethics

The subject of leadership invokes emotive discussions due to the divergent view of what constitutes its definition. According to Bolden (2004), leadership has been of interest for several centuries from the early Greek theorists such as Socrates to the plethora of contemporary management and leadership experts. Ashridge and IBLF (2012) adduce that the need for effective leadership has become a conspicuous rhetoric in the changing global business environment. They argue that in this ever-changing world, the success of individuals, organizations, sectors, regions and nations have its answer in by leadership. Indeed, the term leadership has a vast array

of definitions are there are authors(Heskett, 2007)demonstrating the fascination with which its importance has preoccupied the minds of scholars in recent history.

In the recent past, leadership as a concept has stirred up feelings of cynicism in the face of unethical leader practices that led to the collapse of large corporations at the turn of the 21st century(Nance & Koerwer, 2004). The world over, political regimes that have not lived up to the expectations of their citizenry have often created feelings of disillusionment and hopelessness, leading to the collapse of these governments through revolutionary or other processes. The rampant overthrow of governments in Africa in the 1970's and 80's(Salawu, 2012), followed by the European crisis of the 1990's are just but some of the exemplifications of leadership characterized by unpopular and non-progressive practices, or as stated by (Temple, 2012), "...schizophrenia in leadership leading to a compromise in healthy ethical behavior."

The contrary can be adduced of nations or organizations that have had progressive leadership, leading to positivity in the thinking of their citizens(Nye, 2014) and resultant growth. Notably, growth and development of organizations and nations has been attributed to the governance practices (Jacquart & Antonakis, 2014) of leaders. However, contenders of the attributional theory (e.g. Price argue that it is fallacious to judge leadership using a moral compass since leadership "...induces and maintains a leader's belief that he is somehow excepted from the moral requirements that apply to the rest of us." Her position notwithstanding, it is evident that failure or success of affirm or nation has positive co-linearity with the prevailing quality of leadership(Smith, 2003). So then, what is leadership?

Several definitions of leadership have been proposed by various contemporary scholars creating a potpourri of definitions; there occur as many definitions of the word as there are authors, possibly due to the word leadership having been taken from common vocabulary and defined technically (Yukl, 2013). Early scholars of leadership defined the term from a preserve of heroic accomplishments of mainly military leaders such as Napoleon Bonaparte or Abraham Lincoln, hence the advent of the "great-man theory"(Manning & Curtis, 2015). The theory has been criticized for putting emphasis on events and for being anti-feminist. Later scholars defined leadership from whatever characteristics that were held by the leaders such as height, facial features or emotional descriptions; trait theory suffered criticism for failing to provide a definitive list of leadership traits despite enormous number of tests having been in this area for over a century (Northouse, 2015).

Still, in spite of this deluge of information, there is no one unifying theory of leadership, a tested leadership prototype that identifies the essence of leaders and a classification of the conditions that produce leadership. We have therefore to make do with working definitions of leadership which include: the traditional naïve paradigm (leadership as good management); the semantic paradigm (leadership as the process of leading); the transactional definition (leadership as a social exchange between leaders and their followers); the situational definition (leadership as the phenomenon that precedes and facilitating decisions and actions); the aesthetic concept (leadership as an art or a craft) (Allio, 2012).

In recent history, scholars have made attempts to have a more comprehensive definition of leadership. Gill (2011, p. 9), proffers that a leader shows the way and helps or induces others to follow it. For a leader to achieve this, showing the way entails having a vision of the future, supporting values, intelligent strategies and being able to empower those he leads to engage in his vision. Other authors such as and Northouse (2015), define leadership as a process where an individual influences a group of people to achieve a common goal or shared objectives through facilitating of individual or collective efforts. Yukl (2013, p. 24), goes a step further and defines what it is that leaders can influence to include: objectives and strategies, motivation to achieve, trust and cooperation of members, allocation of resources shared beliefs and values of members, among others.

Generally, most contemporary authors agree on one thing, that leadership is about social influence (Manning & Curtis, 2015, p.2), that results in change or else without change then (good) leadership has not occurred. Leadership has its importance in other aspects of life other than just in government alone. Names of historical figures such as Martin Luther King, Jr., Florence Nightingale, Margaret Thatcher, Nelson Mandela, Adam Smith point to leaders in various aspects of life such as socio science and conduct, nursing, politics, philosophy and many others. This brings into focus the premise that there are three kinds of leaders (p. 3) namely, teachers, such as Aristotle, Gandhi, Jesus; heroes such as Columbus, Shakespeare, Einstein and; rulers such as Julius Caesar, Elizabeth I, Genghis Khan, and others. Further, scholars changing their perception on how to define a leader—as anyone who influences family, friends, groups, organizations or any other social grouping towards achieving a given problem, project or work objective. Thus it is timely to discuss the role of a leader in an organization.

3. Ethical Leadership

There is often a tendency to imagine that the two terms ethics and morals mean the same thing and that they can be used interchangeably, this is not so. Aronson (2009), defines ethics as the study of standards for determining what behaviour is good and bad or right and wrong; he posits that morality is fundamentally concerned with the effects of actions on other people. In extending this definition to leadership, ethical leadership is composed of two basic elements, first, ethical leaders must act and make decisions in an ethical manner just as would all ethical persons. Secondly, ethical leadership must be seen in the way they interact with people daily, in their attitudes and in the way, they lead their organizations.

Ethical leadership can be described as both visible and invisible. It is seen visibly in the way the leader works with people and how he treats them, in his actions and behavior in public and, in his statements (Community Toolbox, 2015).Invisible aspects of ethical leadership originate in the leader's character, in the way he makes decisions, in his mentality, from his values and principles, and in his resoluteness in making ethical decisions in difficult situations. The ethic in ethical leaders is consistent all the time, not just when they are under observation and this consistency over time proves that ethics are an integral part of their intellectual and philosophical framework, that through this same framework, they interact with and understand their environment.

Some important components of ethical leadership are: the ability to surrender your ego and personal interests for the sake of the cause you pursue, the organization you lead, the needs of your people, and/or the greater good of the organization or community; the willingness to receive and respond to feedback, opinions that differ from your own and challenges to your ideas and actions; the ability to nurture leadership in others; engendering a culture that discusses ethics and ethical issues in the organization; improving your competence in view of the trust bestowed upon you to lead the group or organization effectively; being accountable and accepting responsibility and; using power of leadership well in a shared manner, never abusing it and exercising it only when it is of benefit those you lead.

So why practice ethical leadership? Despite the fact that there would be a lot of disagreement about what leadership means, the large majority of people would agree that leaders ought to be ethical. There are a number of reasons why ethical leadership makes sense. First, leaders stand as role models therefore, ethical leadership models ethical behavior to the community. Carsten and Uhl-Bien (2013) posit that if leaders want their organizations to run ethically, then it is up to them to model that ethical behaviour. Such an ethically led organization can serve as a model for ethical leadership to other organizations and even the community. Ethical leadership cultivates credibility and respect, for the leaders and the organization. Once established as an ethical leader, individuals and groups internally and external to the organization, respect you and your organization for your integrity. According to Toor & Ofori (2009), ethical leadership provides the ultimate environment for creating such organizational respect.

Ethical leadership builds trust and makes it easy to lead an organization. People find it easy to follow an ethical leader because they know they can always trust him to do what is right. This is quite the contrary of leadership gained and maintained through the use of force and intimidation. Where ethical leadership rules, a good operating climate exists within the organization (Jiao, Richards, & Zhang, 2011). When all employees in the organization know that power will be a shared commodity and not subject to abuse, that they will be treated respectfully, that they are empowered to do their jobs they are likely to exhibit good organizational citizenship behaviour. Such an organization becomes a benchmark for others and can invite collaboration even from other organizations who will be much more willing to offer collaboration once they are assured that you will always deal with them ethically (Crosbie, 2008).

Ethical leadership offers you advantage when facing opposition or if advancing a position as it provides you with the legitimacy to occupy the moral high ground. This is more so when the opposition is ethical as well since you will not look trivial as your ethical standards are up to par with theirs hence your cause cannot be easily discredited nor your allies alienated.

4. Leadership in Organizational Settings

It is imperative for organizations to first understand leadership essentials before making decisions regarding their leadership. This, according to Ali (2012), is because leaders are not created overnight and that a considerable amount of time and effort is involved in honing the requisite skills and competencies necessary for leadership. Although training is considered primary in developing a leader, understanding the leadership concept is key for leader development. According to Grojean, Resick, Dickson, and Smith (2004), leaders play a critical role in establishing a values-based organizational climate, convey the significance of ethical values to members and establish expectations concerning ethical conduct. These become engrained in the organization's climate and influence members' practices and anticipations and, additionally increase the significance of ethical values thus, resulting in the mutual perceptions that form the organizational climate. As well put by Duffy (2012), an organization is a society's "moral agent, responsible for its employees' conduct."

Leadership is important in the implementation of work in business, and public-sector settings. Some authors (e.g. Demirtas, Hannah, Gok, Arslan, & Capar, 2015) propose that ethical leadership "positively influences the meaningfulness of followers' work; this in turn positively impacts followers' work engagement levels and organizational identification, while reducing their levels of workplace discord and organizational cynicism. The authors touch on a fact often disregarded in leadership—for there to be leaders, there must be followers; in every sense of the argument leadership cannot be a success without followership. Gill (2011, p. 11), states that followership is a basic human (and animal) instinct therefore, examining leadership from a follower perspective provides with vital information of what characteristics they follow. However, followership is based on the premise of trust—that leaders will act in the best of their interests (Popper, 2011). Social exchange relationships between leaders and followers are built on trust. According to Kramer (1999).

Followership suffers from a stigma culminating from childhood experiences in which people are told to "always be the leader and not the follower" (Van Vugt, Hogan, & Kaiser, 2008). On the contrary, good followership provides leadership with the opportunity to perfect its act through the influence provided by followers. For instance, a CEO with good executive followers does not run the risk of falling into the group-think trap since authentic followers would not allow themselves to conform to expectations or demands of the group. Popper (2011).

5. Causes of Unethical Behavior

Recent history and literature is rife with scandalous documentation of ethics gone wrong in large corporations such as Enron, WorldComm, Lehman Brothers, AIG and Global Crossing (Kim, Burns, & Prescott, 2009). As earlier mentioned by Heres and Lasthuizen (2010), unethical practices diminish public trust in leadership and cause reason enough for loss of public faith in political and even organizational systems. A recent survey depicted the loss of public confidence in the ruling party in Kenya due to continued perpetuation of unethical practices by political leaders and, the indecisiveness of the executive in dealing with corruption (Ramoka, 2015). Unethical leadership can and has led to the overthrow of governments perceived as unethical by the public, such as the case of Bolivia where the public became activist, took control of state resources and voted out a rogue government replacing it with leaders deemed ethical (Dobos, Barry, & Pogge, 2011).

The pertinent question to ask is, why do leaders indulge in unethical practices? Bazerman & Tenbrunsel (2011) in their article “Ethical breakdowns: good people often let bad things happen. Why?” posit that corporate corruption is widespread despite the fact that the vast majority of managers mean to run ethical organizations. They propose part of the problem, though rare, may be that some leaders are inherently corrupted and, direct the rot from their positions. They believe that more often, employees bend or break ethics rules because leadership is blind to unethical behavior, and may even unwittingly encourage it. They suggest that leaders may create the perfect environment for employee unethical behaviour by setting ill-conceived goals, thus putting employees in situations where they have to cheat to meet unachievable targets.

Another situation is a psychological phenomenon known as motivated blindness where people see what they want to see and easily miss contradictory information when it’s in their interest to remain ignorant. For instance, organizations implement large and costly business process automation systems in a manner that the large automation software provides trifle value in spite of its cost, just to meet certain compliances or to be seen at par with counterpart organizations. Another phenomenon called indirect blindness (usually referring to the public) encourages leaders to regularly outsource what they consider unethical practice to other firms, because the public will judge the contractor less harshly for taking on the outsourced work than it would if the work had been done by the original firm. A case in example is giant pharmaceutical company outsourcing one of its drug line to a smaller company and then letting the smaller company sell of the drug at a one thousand per cent (1000%) mark-up so as to deflect the public’s opinion of overpricing to the contracted company.

When small unethical practices are let off time and again because they are too trivial to be noticed, leaders slowly become accustomed to unethical practices and with time condone even bigger ones (Bazerman, Loewenstein, & Moore, 2002). They call this “the slippery slope” to indicate the slow but sure momentum gained going down the slope from ethical to unethical. They advise that managers should be on sensitive alert for even trivial-seeming violations and address them instantaneously so as to avoid the slow development of unethical behavior. Further, when managers overvalue outcomes they stand accused guilty of rewarding results as opposed to high-quality decisions. For instance, a poor decision made by an employee may still turn out well, earning him a reward while a good decision may turn out poorly, earning the employee a reprimand. To reward unethical decisions because they produce good outcomes is “...a recipe for disaster over the long term.”

While many companies spend gigantic sums of money in their ethics compliance programs, unethical practices are still on the rise in the USA. Bazerman & Tenbrunsel (2011) call this “the managerial challenge.” They posit that the model used in inculcating ethical behaviour in leaders and followers within corporate environments is flawed. They advise that organizations should avoid “...forcing ethics through surveillance and sanctioning systems” but should instead ensure that managers and employees become cognizant of the biases that can lead to unethical behavior. Lastly, the lack of political will in fighting unethical behaviors such as corruption, has been one of the major problems in fighting unethical behavior. By not providing adequate deterrents within the legal system, enhancing government enforcement mechanisms and enacting legislation to provide a framework for dealing with litigation, politically connected leaders engage in unethical behavior simply because there they are likely to suffer very little retribution if any.

Although more teaching of business ethics does not warrant better morals in an organization, it still makes reasonable sense to equip parties involved in dealing with the ever-increasing problems of moral nature that business leaders have to deal with in the decision-making process (Van Niekerk, 2003). Ethical and performance challenges inherent to the current turbulent work environment calls for a novel approach to leadership. Leadership which lacks ethical conduct can be dangerous, destructive, and even toxic (Leroy, Anseel, Gardner, & Sels, 2015). In fact, leader ethics has become such a monolithic problem for leadership that some organizations have developed online training packages to induct employees with compliance to ethics (Finkel, 2010).

6. Factors Influencing Ethical Behaviour

It is important to critically evaluate why some people behave ethical and others unethical. There are several reasons why this happens. People are brought up within different set ups. This is attributed to interaction with various facets as outlined here in this section.

1. Religious believes: This involve these facts:
 - Our religious beliefs are the main foundation of our morals, value systems and ethical behaviour.
 - We believe in life after death and the day of judgment.
 - Good deeds will be rewarded and bad will be punished.
 - How devoutly a person adheres to these moral codes is a factor defining overall ethical behaviour.
2. Social Norms: Facts are outlined as:
 - Local customs and the rules of a community usually control how one should behave in order to fit appropriately within that community.
 - They basically define the ethical behaviour of those living within that culture.
 - What is considered normal and ethical in one culture can be completely unethical in another.
3. Laws and legal procedures:
 - Fear of prosecution and punishment is a great deterrent for many.
 - Thus, laws, and a person abiding by them, influence ethical behaviour.
4. Organizational Factors:
 - One of the key sources of organizational influence is the degree of commitment of the organization’s leader to ethical conduct.
 - This commitment can be communicated through the organizational code of ethics/conduct, policy statements, publications etc.

5. Individual Upbringing:
 - Those who are brought up in loving, caring and non-abusive households, generally display socially appropriate ethical behaviour.
 - Conversely, those brought up in dysfunctional families tend to revolt and display unethical behaviour.
6. Personal Values and Personality:
 - An individual's morals and values influences his/her ethical standards.
7. Family Influence. Family Influences (esp. Early childhood).
8. Peer Influence/Friends/Acquaintances
9. Life Experiences:
 - Whether positive or negative, key events affect the lives of individuals and determine their ethical beliefs and behaviours.
10. Situational Factors:
 - People may behave unethically in certain situations because they may see no way out.
 - E.g. a manager may record fictitious sales in order to cover losses within his area of responsibility.
 - Another example; it is believed that debt is a major reason why individuals behave unethically, as a person in debt tends to lie and use delaying tactics whenever asked to repay.
11. School/Education
12. Desire for money
13. power/influence
14. Professional Ethics
15. Media Influence
16. Loyalty to Family/Friends/Company
17. Desire to preserve/enhance status
18. Personal Conscience and conviction
19. Political views
20. Stress

7. Organizational Culture

Culture is a term that occurs so regularly in discussions that it is taken for granted that the users of the term understand what it means. Although scholars propose various definitions of culture, they agree on the common position that there is no universally accepted definition of culture. McLaren (1998) proposes that culture is a learned phenomenon, transmitted from one person to another and, has inherent ability to transform itself and the people. Culture is therefore a shared experience between members of a group; it can shape behaviour or structure the way in which people perceive their surroundings (Chen, 2005). This perspective is pertinent considering that an organization is an interactive environment in which cultural transfer can and does occur from social intercourse between employees and hence the need to identify and moderate especially those cultural practices that may be considered counter-progressive to the organization.

Adler (1997) suggests that culture can be defined both in terms of its causes and its effects. In this perspective, culture can be defined in terms of: outcomes, that is a manifest pattern of behaviour in the consistent way in which people carry out tasks, resolve conflicts, or treat employees or, processes, that is, the informal values and norms that control how people in an organization interact with each other and with others outside the organization. Although culture is often mentioned in relation to people, some scholars argue that it is a characteristic of the organization, but manifested in and measured from the verbal and/or nonverbal behaviour of individuals (Hofstede, 1998); fundamentally, culture is confined to the organization's sphere of influence. Both of these approaches are relevant to understanding culture. It is important to make distinctions on what types of behaviour culture has greatest impact (outcomes) and how culture works to control the behavior of an organization's members.

As advanced by Trice & Beyer (1993), culture provides embedded guidelines for behaviour and channeling of emotion while serving to give people a sense of belonging through collective identity. In providing this shared identity culture can also define differences between groups, identifying particular groups by their similarities as well as their differences (Willcoxson & Millett, 2000). Management scholars have proposed that culture explains the economic performance of various nations (Hofstede, 1998). This view helps to elucidate the underlying factors behind an organization's performance or non-performance within the same cultural environment (Schein, 1990).

Anissa (2006), writing from a sociological standpoint states that culture is the result of all human endeavors. This definition is advanced from a relatively broad angle that entangles culture and humanity. Because organizations have people in them they are a sum of all represented cultures. Fortunately, culture is dynamic, in the sense that it can evolve with new experiences either as the result of a clear and presenting crisis or through elective change under skilled and sophisticated management (Christensen, 2006). This dynamism proffers a springboard on which an ethical climate can be built into organizational culture.

8. Organizational Culture and Ethics

As Cameron and Quinn state "An organization's culture is reflected by what it values, the dominant leadership styles, the language and symbols..." Interviewing 1709 CEOs from 64 countries and 18 industries, from September 2011 to January 2012, IBM identified that the top organizational attribute to draw out the best from their workforces was ethics and values (65 percent). So, what does it say about the culture of an organization when those selected to lead it have somewhat sketchy values and ethics?

Organization culture is a “discovery” of both academicians and business who because of their minimal interaction developed separate comprehensions of the subject in the 1980’s (Gordon, 2007). Emergent terms such as “corporate” or “organizational culture” were used to explain the financial victories of Japanese over North American organizations, the former of which strove to maintain a well-motivated labor force, and a tightly shared common set of beliefs and core values (Lim, 1995). It became a business phenomenon in the early 1980s, triggered by authors who suggested that corporate culture was key to organizational performance and that corporate culture could be managed to improve a company’s competitive advantage (Baker, 2002).

There are many kinds or levels of culture that affect individual and organizational behavior. At the outermost level, a global or world culture, such as a world religion’s culture or the culture of the African continent, would be the highest level. At a, less general level are national cultures (e.g., German culture) or subgroup cultures such as gender-based cultures (i.e., distinctive ways in which men and women view the world), ethnic group cultures (e.g., differences between Caucasians and blacks), occupational cultures (e.g., military culture), or socioeconomic group culture (e.g., rich versus poor). Each of these cultures is generally reflected by unique language, symbols, and ethnocentric feelings. Still less wide is the culture of a single organization. An organization’s culture is reflected by what is valued, the dominant managerial and leadership styles, the language and symbols, the procedures and routines, and the definitions of success that make an organization unique.

Inside an organization, subunits such as functional departments, product groups, or even teams may also reflect their own unique cultures. Difficulties in coordinating and integrating processes or organizational activities, for example, are often a result of culture clashes among different subunits. For example, it is common in many organizations to hear of conflicts between marketing and manufacturing, or to hear of disparaging comments about the fuzzy-headed HR department, or to hear put-downs of the white-coats in R&D. One reason is that each different unit often has developed its own perspective, its own set of values, its own culture. It is easy to see how these cultural differences can fragment an organization and make high levels of effectiveness impossible to achieve. Emphasizing subunit cultural differences, in other words, can foster alienation and conflict.

On the other hand, it is important to keep in mind that each subunit in an organization also contains common elements typical of the entire organization. Similar to a hologram in which each unique element in the image contains the characteristics of the entire image in addition to its own identifying characteristics, subunit cultures also contain core elements of the entire organization’s culture in addition to their own unique elements. There is always an underlying glue that binds the organization together. In assessing an overall organization’s culture, therefore, one can focus on the entire organization as the unit of analysis, or it is possible to assess different subunit cultures, identify the common dominant attributes of the subunit cultures, and aggregate them. This combination can provide an approximation of the overall organization’s culture.(Cameron & Quinn, 2011)

9. Factors Influencing Organizational Culture Change

It is critical for architects of organizational culture reform in developing countries to create optimality in organizational structures and assignment of responsibilities for principal personnel if any success of culture change programmes is to materialize (Nunberg, 1995). This is informed by the centrality of leadership in creating and maintaining organizational culture which is key to the sustained delivery of organizational objectives and desired performance. Leadership style is an important factor of management since culture is thought to emanate from leadership who should “create and manage culture” (Baker, 2002). Furthermore, Nunberg contends that public service reform undertaken in delicate, uncoordinated and politically incapacitated institutions suffers false starts whereas a better chance of success obtains for those underpinned with a stronger institutional support base.

Owusu (2005) advances a number of factors that should receive due regard in reform programmes. Firstly, planners should keep in mind that organizational cultural change is difficult, but not impossible. For assurance of success, new behaviours must be rooted in the organization’s shared values – the organization needs to create some urgent threat or external pressure as a stimulant to change, such as a job security system where tenure is guaranteed only by performance. Secondly, it should be realized that change is a process observed over a long time. This can however be mitigated by ‘quick wins’ offered by short term objectives while closely monitoring specific long-term objectives for positive long-term impacts. Quick wins offer additional impetus to reform efforts that are inundated with fatigue resulting from frequency of changes. Thirdly, reform policies should be tailored to specific organizations (or departments on a micro level) since organizations often sport different cultures even though they may be in the same country or sector. Some instances may call for total change of organizational culture rather than culture change.

Fourthly, organizations which seek to reform may need to not only address their management practices, but primarily also their leadership. Kotter (1996) presents a 70-90:30-10 ratio for an effective and transformative leadership to management mix. Most organization reforms in Africa have concentrated on management systems while faltering on leadership. Finally, Owusu (2005) states that reformists should within the framework of good corporate governance principles and budgetary ability address the incentive system as a precondition for cultural change since this guarantees retention of good workers while reducing entrenched and undesirable practices such as the culture of corruption. In general, culture, is a term derived from social anthropology that refers broadly to a shared set of beliefs, values and behaviours commonly held by a society. The concept of culture has recently been widely applied in the organizational context and forms an important pillar in reform of organizations both private and public sectors.

10. Leadership and Culture in the Public Service

According to Gill (2011, p.48), elected politicians use the public services as an instrument with which to pursue their visions and missions and, expect public sector managers to communicate and sell their (politicians’) vision to all employees at all levels. This makes it a considerable challenge for public service managers since they are required and expected to champion a vision and mission that exists at odds with that of their own. Exton, states that efforts to pursue innovation in the public face obstacles involving the

interplay of power and gender language, which they must overcome if they intend to drive an innovative vision. Public institutions are still engulfed with old bureaucratic systems that emphasize processes and compliance to rules and regulations in favor of innovative solutions to their institutional mission and vision of managing societal problems.

In keeping compliant with the expectations of the political class, public sector managers often face ethical dilemmas in discharging their leadership roles and bowing to the demands of their politician bosses. According to Carsten and Uhl-Bien (2013), the role played by followers in organizational setups in response to unethical requests by a leader is an important area that has been identified. In such situations, followers must decide, either to stand up to the unethical request (e.g., by proposing alternative courses of action or challenging the leader's directive) or they can comply with the leader's request hence leaving them an accomplice of unethical behavior. Ethical followership requires that followers wear the cloak of authenticity, disengage themselves from the romance of leadership (Hino & Aoki, 2013), and discharge their duties in a manner that does not invite censorship since even they as followers are accountable to the public that they serve in much the same way as their leaders.

However, when faced with ethical dilemmas followers may lack the availability of protective whistle blowing mechanisms within their environments thus resigning to and gravitating towards the path of least resistance. It has been found that employees' ethical conduct is influenced by their leaders. For example, the perception by employees that executives and supervisors sincerely care about ethics has been associated with the amount of unethical conduct observed in the organization (Trevino, Weaver, Gibson, & Toffler, 1999). However despite this evidence suggesting that leaders "matter" when it comes to organizational ethics, the specific role of leadership in determining unethical behavior in the workplace has yet to be fully explained.

11. Pitfalls of Unethical Leadership in Organizations

Pyramid schemes and financial scandals that have rocked businesses have developed the business fraternity a reputation for its lack of ethics. In an industry where getting ahead and making money appear to take precedence over ethical decision making, it can seem difficult to understand the importance of ethical behavior in business. On the corporate front, Siemens Ag of Germany was listed among the top 10 corrupt corporations in the world (Dollin, 2014) and was required by the US Securities and Exchange Commission to pay fines totaling to USD1.6 billion for breach of the US Foreign Corrupt Practices Act (FCPA) for engaging in a systematic practice of paying bribes to foreign government officials to obtain business (U.S. Securities and Exchange Commission, 2008). Closer home, a local daily had the headline "Ethics and Anti-Corruption Commission uncovers 42 corruption cases in Kwale within a week" on its website (Chanji, 2015). Clearly, this explains the cause for disillusionment with leadership.

The landscape is not any better for the public sector either. According to the Union of International Associations, the level of official corruption in some countries, notably in Africa, has driven foreign investors out of the market, and made it virtually impossible to conduct business (Union of International Associations, 2015). Data on corruption is naturally difficult to obtain since concealment is in the interest of all parties; public sector corruption notably with regard to the developing countries could not be effectively three decades ago, because of its political implications. The union exposes unethical practices in the public sector relating to corruption, fraud, nepotism, financial scandals, theft of public resources and, official tolerance of crime virtually across the globe.

The anticorruption watchdog Transparency International listed the 10 most self-enriching political leaders in recent years. Ranked by the amount each allegedly stole, in U.S. dollars, they are: former Indonesian president Suharto, former Philippine president Ferdinand Marcos, former Zairian president Mobutu Sese Seko, former Nigerian president Sani Abacha, former Yugoslav president Slobodan Milosevic, former Haitian president Jean-Claude Duvalier, former Peruvian president Alberto Fujimori, former Ukrainian prime minister Pavlo Lazarenko, former Nicaraguan president Arnoldo Alemán and, former Philippine president Joseph Estrada (World Bank, 2012). Clearly, the problem of ethics in leadership is a monumental one as demonstrated by this report. A lack of ethics leads to a wealth of problems for a nation and business—all the individuals named above were leaders of developing nations which are struggling both economically and socially. These are some of the countries in the world with some of the poorest provision of social amenities to their citizenry such as healthcare, access to clean water, food and shelter and security.

Ethical leadership has been found to have the following benefits: reduction of business liability, helping employees make good decisions, assurance of high-quality customer service, prevention of costly administrative errors and growing profits consistently (National Ethics Association, 2015). On the contrary several problems can occur both in the short and long run if unethical leadership practices continue to be abetted within an organization. First, litigation is most certain especially in jurisdictions with independent judicial systems. Breaking laid down statutory provisions can attract severe fines that affect profitability of a company in the short run outweighing its initial gain and destroy company image in the long run. Additionally, executives of companies who consistently engage in unethical behavior cultivate a culture of harmful practices among employees and customers could face criminal charges.

Setting of unreasonable and impracticable objectives for employees has a negative effect on employee performance. Employees may be so concerned with getting ahead and achieving these objectives ignoring laid down procedures and protocol. Further, managers who reward production at the expense of procedure inadvertently condition employees to indulge in unethical practices. Employees who feel acting ethically and following the rules disadvantages them over those who do not will feel a lack of motivation, which often leads to a diminution in performance (Litzky, Eddleston, & Kidder, 2006).

It is true that, managers who exhibit lack of ethical behavior face losing the respect of their employees and can cause tension among employees; some employees will resent others who do not play by the rules and yet are still rewarded for achieving their targets. Unethical behavior in the workplace also has the potential to lead to a lack of trust among employees, creating employee relations problems that may be difficult to resolve. Organizations can get away with unethical practices for as long as they remain hidden from the public. However, once the public becomes privy to such information, the organization loses credibility and key customer bases which may be difficult to re-attract even with expensive re-branding and advertising campaigns. Recoveries from news about lack of

ethics, can end up costing an organization a lot of time and sometimes phenomenal sums of money to restore its image and consumer confidence.

Often a lack of ethics appears because of poor planning and faults elsewhere in the business. To prevent unethical behavior, set realistic goals for employees. If employees are expected to meet unreachable quotas and goals, they could engage in unethical behavior to attempt to reach those goals. Consistently monitor employee performance. Employees left unmonitored sometimes slack in their performance and take credit for completing tasks that were left uncompleted. Properly train all employees. Untrained employees often cut corners and make excuses for not completing work up to the standards the business requires.

Classical ethics approaches are generally categorized into the virtue, deontological, or teleological approaches; they are also known as the character, means (duty), and ends (greatest good) schools of ethical thought. In recent decades, there has been proliferation of literature exalting the various types of ethical leadership. According to Wart (2014), Analysis of the six current major ethical leadership perspectives shows that they can be clustered into “scientific” expressions of three dominant class distinctions. These are as follows: authentic (positive) leadership models can be seen as classic virtue approaches, which look to the individual as the primary center of ethical action. Moral management and professionally-grounded leadership can be seen as classic deontological approaches, focusing on society’s rules and roles, as spelled out through compliance or professional education. Finally, variants of the socially responsible leader and transforming leadership models can be seen as classic teleological approaches, emphasizing broad shareholder inclusiveness with “greatest-good” assumptions.

12. Authentic Leadership Theory

Authentic leadership is said to occur when individuals portray their true selves in their leadership role (Leroy et al., 2015). It is also important to understand that just like authentic leaders, authentic followership fosters self-determined work motivation in the workplace and produces superior results. Authentic leadership can be traced in early historical writings although it was not perceived as a leadership style until recently, when it was developed by George (2003). In this practical approach, George describes the five authentic leadership characteristics as understanding their purpose, practicing solid values, leading with heart, establishing connected relationships and demonstrating self-discipline. Authentic leaders what they are about and are clear with where they are heading to. According to Northouse (2015), they are passionate individuals who have deep interest in their work. They operate in a values-based system and treat others according to these values that they espouse. These leaders know their “True North”.

Authentic leaders invest in strong relationships and have strong connections with others, often willing to share their experiences with others and create mutual trust with others. They are self-disciplined meaning that they are self-directed to pursue their self-established goals. Northouse (p. 201) states that their ability to move forward even in difficult circumstances allows them to remain cool, calm and consistent. Thus, they establish a level of predictability thus creating easy communication with their followers. It is the strong values and ability to invest in relationships combined with self-discipline and consistency that makes authentic leadership an ethical leadership style. Lastly, authentic leaders have compassion, i.e. are sensitive to the needs of others and are willing to help them. They create a heart and compassion for others by getting involved with their life experiences. Authentic leadership is a lifelong developmental process Northouse (p. 200).

12.1. Ethics and Authentic Leadership

A leader’s failure causes people to wonder and search for the cause, to search for an explanation of the leader’s behaviour. Notably, we find that the leader’s behaviour is at the center of leadership. Society expects leaders to conduct themselves in an ethical manner, their behavior should align with the organization’s set standards. According to (Bishop, 2013), corporate governance and standards of behavior must comply with business ethics, so an authentic leader’s actions must be within the confines of set values and ethics or else it stands the risk of being viewed by others as unethical.

Bishop (p.4) adduces that authentic leadership provides a genuine example because by focusing on the self, it presupposes that that is beneficial. He further notes that “Authentic leaders exemplify high moral standards, integrity, and honesty and authentic leaders acknowledge their personal limitations and shortcomings, and are therefore less likely to adopt a defensive attitude about organizational problems.” Organizations adopt codes of ethics that are closely linked to moral standards in order to establish universally acceptable behavior by those in the organization. A code of ethics is basically a written, distinct and formal document which consists of moral standards which help guide employee or corporate behavior (Schwartz, 2005).

Ethics are comprised of moral standards, which have their own unique characteristics and applications: moral standards deal with matters that we think can seriously injure or seriously benefit human beings; moral standards are not established or changed by the decisions of particular authoritative bodies, moral standards should be preferred to other values including self-interest; moral standards are based on impartial considerations and; moral standards are associated with special emotions and a special vocabulary (Morris, 2004). Morals are an inherent component of good leadership whether transactional, transformational, or authentic, and must be discernible by followers.

12.2. Servant Leadership Theory

Servant leadership was coined by Greenleaf through his essay “The Servant as Leader” published in 1970 and in subsequent writings in 1972 and 1977 (Northouse, 2015). It has since been extensively studied (e.g. Tran, 2014) and has been associated with enhancement of employee performance and behavioural attributes. Positive employee citizenship behaviour is pertinent towards attainment of organizational goals and more so in creating competitive advantage. DePree (1989) highlighted the importance of servant leadership as an antecedent of creating desirable employee citizenship behaviour. Servant leadership is a theory that derives its exclusivity from

its antithetic philosophy that places the needs of followers before those of their leader. Northouse (2012) reveals this unique feature by highlighting the caring principle in which leaders focus on their followers' needs in a deliberate intention of developing the followers to have servant leadership attributes like the leaders themselves.

Dingman and Stone (2007) demonstrated that servant leadership has a positive correlation with institutional succession. Although the theory is relatively new, being described in scholarly literature for the last 4 decades, the approach of describing servant leadership is similar to traditional leadership theories in the sense of being leader-focused (Day & Antonakis, 2012). Spears (2004), identified ten characteristics in the writings of Greenleaf: Listening, empathy, healing, awareness, persuasion, conceptualization, foresight, stewardship, commitment to growth of people and, building community.

These characteristics provided ingredients for the first model of servant leadership. In addition, the ethical behavior of servant-leaders is embedded in four operating principles that guide them in their daily decision-making. The four principles are: to serve people, to help people grow, to exercise foresight and, to care about everyone the organization touches. Not only are these principles ethical but, they are also effective because they support high performance and exceptional organizational results. Servant-leaders do not make a choice between ethics and success, they know that their ethical behavior enhances their organization's success.

Servant-leaders serve people, which are ethical because it respects the needs of others, and makes effort to treat people right by meeting their needs. When a servant-leader identifies and meets the needs of this colleague, the colleagues can perform better. When servant-leaders identify and meet their customers' needs, the customers are gratified and are likely to make a return visit. Servant-leaders help others to grow; this respects each individual's potential and recognizes the importance of personal growth to job satisfaction. Development of others is also a key to organizational success since, people are the most important resource of an organization. When people grow, their capacity grows, growth of their capacity translates into growth of the organization's capacity, better service to customers, benefit of individuals and even the organization.

A servant leader exercises foresight which requires the use of information and an awareness to identify emerging trends and events that eventually shape the future. A leader who fails to exercise foresight might fail to adapt to change, getting his or her organization into a difficult place, hurting scores of people along the way. Robert Greenleaf, who launched the modern servant leadership movement, said that foresight is the central ethic of leadership. This is because foresight is central to sustainability of the organization and its ability to meet its obligations. Servant-leaders care about everyone associated with their organization— employees, customers, business partners, creditors, shareholders, and communities. Many people are impacted by organizations. It is only ethical to care about all of them, and to make the impact on them as advantageous as possible.

Developing ethical leaders and ethical followers is an integral part of institutionalizing ethical practices in an organization. The literature reviewed supports the presence of an enabling organizational culture as pertinent in the development of ethical followers. This can only be realized if the functioning of the organization's leadership is underpinned by ethical values and well documented organizational code of ethics. The literature suggests that authentic and servant leadership theories offer strong constructs by which ethical leadership can be practiced.

13. Discussion of the Literature

Toor & Ofori, (2009) found in a study that ethical leadership is positively and significantly associated with transformational leadership, transformational culture of the organization, and contingent reward dimension of transactional leadership, leader effectiveness, organization citizen behaviour, and employee satisfaction with the leader. The study also found that ethical leadership bears no correlations with transactional leadership and that it is negatively correlated with laissez-faire leadership and transactional culture of the organization. The findings also reveal that ethical leadership plays a mediating role in the relationship between employee outcomes and organizational culture.

Cheung, Cheng, Chang, and Kuo (2014) studied the phenomenon of subordinate voice in relation to ethical leadership. They found ethical leadership facilitates subordinates to engage in their work and encourages subordinates to speak up. The study also revealed a positive relationship between ethical leadership and work engagement that is moderated by the subordinate's self-regulatory focus, which is driven by a focus on promotion. The study extended ethical leadership theory by considering that work engagement serves as a cognitive motivational underpinning in support of the link between ethical leadership and voice behavior. The results provide new and deeper insights in explaining the impact of ethical leadership on voice behavior by strengthening the mediating role of work engagement. Similar results were found by (Hassan, Mahsud, Yukl, & Prussia, 2013) whose research results indicated that ethical leadership and empowering leadership have positive associations with LMX, subordinate affective commitment, and perception of leader effectiveness, therefore relating ethical leadership to better leader-subordinate relationships.

This is important in so far as organizational culture is concerned. A study by Banerji and Krishnan (2000) found that inspirational leadership is negatively related to the leader's preference for bribery and favoritism, and intellectual stimulation is negatively related to preference for bribery. Followers' organization citizenship behaviour is also negatively related to the leader's preference for bribery and favoritism. Results also suggest that organizational culture might moderate the relationship between transformational leadership and ethics and, that charisma and individualized consideration are not related to the leader's ethical preferences.

Corroborating this were results of a study by Christie, Barling, and Turner, (2011) which revealed that pseudo-transformational leadership can be distinguished from transformational leadership in terms of both attitudinal and behavioral outcomes after controlling for participant affect. Thus, to avoid the outward appeal of pseudo-transformational leaders, astute followers should then pay careful attention to the foundation of their leaders' visions, whether collective- or self-focused, along with the leaders' tolerance for intellectual stimulation and encouragement of followers. Leaders should also be aware of how inspirational behaviors may lead to an

attributional effect their followers. The findings suggested that an inspirational leader wishing to gain actionable support from followers would be amiss without also actively emphasizing a collectively based mission.

Ethical leadership provides for shared leadership, which is important for organizational development as suggested by findings from a study performed by Rok (2009) which demonstrated that corporate responsibility strategy will succeed only if employees recognize that this strategy creates value for them as well. In recent times, participative leadership is at the center of an important shift in a corporate world increasingly moving away from traditional top-down leadership to more decentralized models based on ethical values shared by all stakeholders. Hence moral motives carry greater weight in determining the total “CSR motivation” held by each employee, so employees will seek to work for, remain in, and get attached to organizations whose organizational strategies are consistent with their moral values.

An ethics ambassador network is a cost-effective way of ensuring that ethical values are embedded throughout an organization (Irwin & Bradshaw, 2011). An effective network can help mitigate integrity risks and encourage a culture that is supportive of high ethical standards and legal requirements. HR practitioners within organizations can facilitate the use of ethics ambassadors to propagate the ethics message. However, Park & Blenkinsopp (2013), found that the relationship between ethics programmes and misconduct is fully mediated by ethical culture. The ethics programme did however appear to strengthen ethical culture, suggesting such programmes make an important contribution to reducing unethical behaviour in organizations. The findings provide insights into the role of ethics programmes in improving ethical behaviour, suggesting resources should be deployed to those aspects of these programmes which serve to strengthen ethical culture.

14. Conceptual Framework

The conceptual framework is based on the fact that ethical leadership can lead to favorable organizational culture where employees are committed and high productivity can be realized.

Figure 1 below illustrates this proposal.

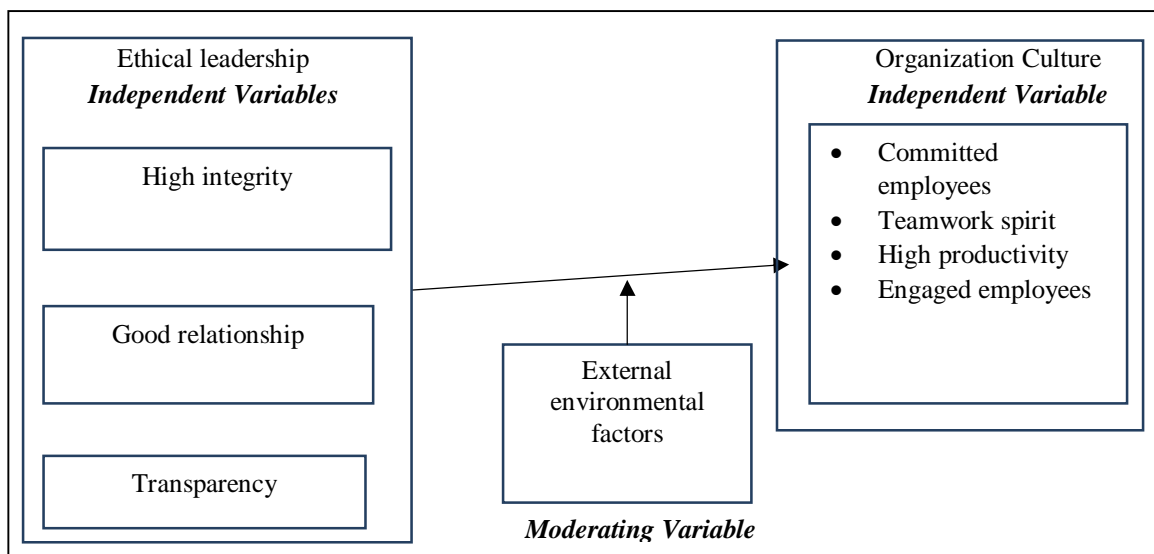


Figure 1: Conceptual framework

Source: Author (2017)

Ethical leadership typically involves leading employees to build good relationships based on respect and trust. Effective leaders fundamentally believe that acting with integrity, honesty, fairness, equity, justice and compassion result in sustainable success. When people recognize the value of adhering to standards for business conduct, they treat each other with sincerity. This leads to committed employees, team spirit, high productivity and engaged employees as well as organizational competitiveness.

15. Conclusion

This paper reviewed the effect of ethical leadership on organizational culture. Ethical leadership has gained significant attention in recent history following global leadership crises and financial scandals that rocked the corporate world at the beginning of this millennium. The study has interrogated extant literature and relevant theoretical constructs and provided a framework for the empirical enquiry of ethical leadership. The study makes the following observations. Good and ethical leaders require both competence and integrity; they must understand the culture of the enterprise and the context within which it operates to be able to steer the organization in the intended direction.

Leadership can manifest at many places in the organization at different times, hence providing for shared leadership as part of ethical leadership construct. The best leaders leverage their own limited abilities by allowing and catalyzing the leadership that is latent in the organization. The power of the follower is increasing in today's world, while that of the leader is diminishing. Leaders must accept to

help followers develop their skills. Leaders attend to needs of multiple parties with invested interest in the organization; they often have to balance economic and non-economic goals and, establish and monitor both short-term and long-term performance measures.

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