

Exploring the Role of Ethical Leadership in Fostering Organizational Trust and Integrity. A study of SMEs in South East England.

Francis Chukwuedo Achi
York St John University
London Campus, United Kingdom
f.achi@yorks.ac.uk

Bilal Zaghmout
York St John University
London Campus, United Kingdom
b.zaghmout@hotmail.com

Adebowale Adeshipo
York St John University
London Campus, United Kingdom
a.adeshipo@yorks.ac.uk

Uma Ema
York St John University
London Campus, United Kingdom
u.padminiema@yorks.ac.uk

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Abstract

This study investigates the critical role of ethical leadership in fostering organizational trust and integrity and its implications for employee behaviour and organizational outcomes, specifically from the perspective of SMEs based in South East England. Through a comprehensive literature review and empirical analysis, the research explores the relationship between ethical leadership behaviours and employee trust, the influence of ethical leadership on organizational integrity and ethical climate, the effects of perceived ethical leadership on employee attitudes and behaviours, and the organizational factors that may facilitate or hinder the practice of ethical leadership. The study aims to contribute to a deeper understanding of the importance of ethical leadership in promoting a positive organizational culture and enhancing employee engagement and ethical behaviour. This paper presents the research objectives, research questions, literature review, and the proposed methods for data collection.

Keywords: Ethical leadership, Organizational trust, Organizational integrity, Employee behaviour, Ethical climate, SMEs.

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Introduction

In today's rapidly changing business landscape, the role of ethical leadership in fostering organizational trust and integrity has become increasingly critical. For instance, a study by Brown et al. (2019) found that ethical leadership positively influences trust through its impact on perceived leader credibility and moral identity. Ethical leadership, characterized by leaders who demonstrate integrity, fairness, and transparency, plays a pivotal role in shaping organizational culture and guiding employee behaviour. This study aims to investigate the impact of ethical leadership on organizational trust and integrity, as well as its implications for employee attitudes and behaviours.

The importance of ethical leadership in organizations cannot be overstated. Leaders who prioritize ethical behaviour set the tone for their teams and create a culture of trust and accountability. By examining the relationship between ethical leadership behaviours and levels of trust among employees, this research seeks to provide valuable insights into the factors that contribute to a positive organizational climate.

Furthermore, this study will explore how ethical leadership influences organizational integrity and ethical climate. Organizational integrity, defined as the alignment between espoused values and actual behaviour, is crucial for building credibility and maintaining stakeholder trust. By examining the impact of ethical leadership on these factors, this research aims to uncover strategies for promoting ethical conduct and fostering a culture of integrity within organizations.

Research Aim and Objectives:

The aim of this study is to investigate the impact of ethical leadership on organizational trust and integrity and its implications for employee behaviour and organizational outcomes. The specific objectives are:

- To examine the relationship between ethical leadership behaviours and levels of trust among employees in the organization.
- To assess the influence of ethical leadership on organizational integrity and ethical climate.
- To explore the effects of perceived ethical leadership on employee attitudes and behaviours, such as job satisfaction, commitment, and willingness to report unethical conduct.
- To identify organizational factors that may facilitate or hinder the practice of ethical leadership, such as organizational culture, policies, and accountability mechanisms.

Research Questions:

1. How do ethical leadership behaviours influence levels of trust among employees in the organization?
2. What is the relationship between ethical leadership and organizational integrity, and how does it shape the ethical climate within the organization?
3. How does perceived ethical leadership affect employee attitudes and behaviours, such as job satisfaction, commitment, and willingness to report unethical conduct?
4. What organizational factors facilitate or hinder the practice of ethical leadership within the organization?

Literature Review

Ethical leadership behaviours and levels of trust among employees in the organization

The relationship between ethical leadership behaviours and employee trust has been extensively examined in scholarly literature. Mayer et al. (1995) proposed a comprehensive model of trust, comprising three essential components: ability, benevolence, and integrity. Subsequent studies, such as those by Dirks and Ferrin (2002), have underscored the critical role of leadership in fostering trust within organizations. They emphasize that leaders' integrity, fairness, and ethical behaviour play a significant role in building trust among employees. Furthermore, subsequent research by Brown and Treviño (2006) highlights the importance of specific ethical leadership behaviours, such as honesty, transparency, and consistency, in creating a positive climate of trust and confidence within the organizational context.

In addition to these seminal works, more recent studies have further elucidated the relationship between ethical leadership and employee trust. For example, a study by Brown et al. (2019) found that ethical leadership positively influences trust through its impact on perceived leader credibility and moral identity. Similarly, research by Wang and Hsieh (2020) demonstrated that ethical leadership behaviours, particularly ethical decision-making, and ethical role modelling, significantly contribute to employee trust and organizational citizenship behaviours. These findings underscore the enduring relevance of ethical leadership in fostering trust within organizations and highlight specific behaviours that leaders can adopt to enhance employee trust and commitment.

Influence of ethical leadership on organizational integrity and ethical climate

Research exploring the impact of ethical leadership on organizational integrity and ethical climate has yielded valuable insights, with recent studies adding to our understanding of this relationship. Treviño et al. (2000) defined organizational integrity as the alignment between an organization's stated values and its actual practices, highlighting the critical role of leaders in upholding ethical standards. Research by Mayer et al. (2009) has demonstrated that ethical leadership contributes to a positive organizational climate by encouraging ethical decision-making, enhancing perceptions of fairness and justice among employees, and cultivating a culture of honesty and accountability. Additionally, studies by Wang and Hsieh (2020) have further emphasized the importance of ethical leadership in shaping organizational integrity and fostering an ethical climate conducive to trust and integrity. However, this may be particularly challenging where leadership dynamics change when SMEs develop and go through various stages (development, expansion, etc.).

Effect of Ethical leadership on employee attitudes and behaviours

The correlation between perceived ethical leadership and employee attitudes and behaviours has garnered significant attention in contemporary organizational research. Walumbwa and Schaubroeck (2009) found that employees who perceive their leaders as ethical not only exhibit heightened levels of job satisfaction and organizational commitment but also demonstrate greater trust in leadership. Moreover, recent studies by Mayer et al. (2016) have highlighted

the positive impact of ethical leadership on employee morale and job performance, emphasizing the importance of ethical leadership in fostering a positive work environment.

Furthermore, Brown et al. (2019) conducted a comprehensive meta-analysis, revealing a robust association between ethical leadership and employee engagement. Their findings suggest that ethical leadership behaviours, such as fairness, integrity, and transparency, contribute significantly to employee engagement levels. Additionally, research by Treviño and Brown (2015) has shed light on the role of ethical leadership in promoting a speak-up culture within organizations, wherein employees feel empowered to voice concerns regarding unethical behaviour without fear of reprisal.

These recent studies underscore the critical importance of ethical leadership in shaping employee attitudes and behaviours, highlighting its role in fostering a culture of trust, accountability, and ethical conduct within organizations.

Organizational factors in the practice of ethical leadership

The examination of organizational factors influencing the practice of ethical leadership has garnered increased attention in recent years, with scholars delving into nuanced dimensions and contemporary challenges. Research by Treviño, Brown, and Hartman (2003) elucidates the multifaceted role of organizational culture in shaping ethical leadership behaviours, emphasizing the significance of a strong ethical climate in fostering leaders' adherence to ethical principles. Furthermore, studies by Brown, Mayer, and Treviño (2006) delve into the impact of organizational structures and processes on ethical leadership, highlighting the role of formal mechanisms such as ethical codes, training programs, and transparent reporting systems in supporting ethical leadership practices.

Moreover, recent research by Huhtala, Feldt, and Hyvönen (2013) explores the interplay between organizational climate and ethical leadership, emphasizing the reciprocal relationship between a positive organizational climate and leaders' ethical conduct. Additionally, findings from studies by Kalshoven et al. (2011) shed light on the role of organizational justice in facilitating ethical leadership, suggesting that perceptions of fairness and equity within the organizational context positively influence leaders' ethical behaviours.

Overall, contemporary literature underscores the intricate web of organizational factors that either enable or impede the practice of ethical leadership, offering insights into strategies for cultivating ethical cultures and structures conducive to ethical leadership development and sustainability (Al Halbusi, et al., 2020).

Methodology

Research Design

The meticulous analysis of data collected in any research endeavour is pivotal for yielding meaningful insights that address the research questions and objectives effectively. Marshall and Rossman (2014) contend that no single qualitative data analysis approach is universally applicable, emphasizing the need for adaptability based on the nature and scope of the data. Creswell (2003) further asserts that the analysis process must be tailored to the specific characteristics of the collected data. While diverse methodologies are proposed in literature,

adherence to standardized procedures is essential to ensure the attainment of research objectives and the elucidation of pertinent research questions.

Research Approach

Qualitative data analysis hinges on the identification of emerging patterns and themes, necessitating a process of inductive reasoning, sorting, and categorization based on salient themes. The current study adopts thematic analysis, which involves extracting meaningful information pertaining to specific themes that emerge from the data. Vaismoradi et al. (2016) underscore the importance of thematic analysis in uncovering rich insights inherent in qualitative data. To facilitate this analysis, Creswell's data analysis spiral method (2003) may be adopted, to provide a structured framework for iteratively refining themes and interpretations.

Sample

This research involves the participation of 50 to 60 leaders from Small and Medium-sized Enterprises (SMEs) in South East England, chosen through purposive sampling to ensure representation across diverse organizational contexts. Given the study's focus on leadership, data collection is grounded in an interpretive viewpoint, recognizing the subjective nature of leadership phenomena. While leadership dynamics are pertinent across all organizational strata, this study specifically targets general managers within the service sector, acknowledging their central role in shaping organizational culture and practices. Semi-structured interviews will be conducted with these leaders, allowing for a nuanced exploration of leadership perspectives and experiences. The interview transcripts will subsequently be analysed using thematic analysis, guided by the research objectives and informed by recent academic literature on ethical leadership and organizational integrity.

Ethical Consideration:

This study prioritizes ethical principles by ensuring that informed consent from participants will be gotten. Confidentiality and anonymity of data, voluntary participation without repercussions. Also, if applicable, ensure protection of vulnerable participants. Furthermore, minimization of harm and provision of support, approval from an institutional review board or ethics committee.

Conclusion

In conclusion, it is intended that this study will highlight the importance of ethical leadership in fostering organizational trust and integrity. Through a comprehensive analysis of the literature and empirical research, we believe this paper upon completion may provide valuable insights into the role of ethical leadership behaviours in shaping employee attitudes and behaviours. By prioritizing integrity, fairness, and transparency, leaders can create a culture of trust and accountability that enhances organizational effectiveness and sustainability.

Plan for developing the paper

The next steps include data collection and analysis, results writing, and discussions. Followed by providing the recommendations, implications, and contributions after that.

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