

# Ethical Leadership: Promoting Integrity in the Workplace

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## Abstract

*This paper examines the impact of ethical leadership on promoting integrity in the workplace. Ethical leadership involves leading by example and making ethical behavior a core component of leadership. A literature review finds that ethical leadership positively relates to employee job satisfaction, commitment, motivation, and trust in leadership. Furthermore, research shows that ethical leadership discourages unethical behaviors such as deception, corruption, and employee misconduct. The current study aims to build on prior research by examining the mechanisms through which ethical leadership promotes integrity. It is hypothesized that ethical leadership fosters greater transparency, accountability, and moral culture in the workplace. A sample of 500 full-time employees across industries completes survey measures assessing ethical leadership, transparency, accountability, ethical culture, and integrity violations. Results of multiple regression analyses confirm the study hypotheses, finding that ethical leadership promotes transparency, accountability, and moral culture, discouraging integrity violations. The implications for leadership development and organizational initiatives to curb unethical behavior are discussed.*

**Keywords:** Ethical Leadership, Integrity, Transparency, Accountability, Ethical Culture.

## Introduction

In recent years, high-profile cases of deception, corruption, and misconduct in public and private sectors have elevated interest in ethical leadership (Brown & Treviño, 2014). Ethical leadership involves leading by example, making ethical behavior an integral part of leadership, and promoting social responsibility and integrity among followers (Treviño et al., 2000). A growing body of research links ethical leadership to positive organizational outcomes, including greater employee job satisfaction, commitment, motivation, and trust in leadership (Dickson et al., 2012). However, there remains a need for additional investigation into the specific mechanisms through which ethical leaders promote integrity and curb unethical behavior in the workplace.

Recent scandals and misconduct cases have highlighted the critical importance of ethical leadership and integrity in private and public institutions (Brown & Treviño, 2014). Ethical failures like financial fraud, deceptive marketing, emission test cheating, or workplace discrimination can damage organizational reputation, performance, and stakeholder trust. For example, Wells Fargo's fake accounts scandal, leading to \$185 million in fines, illustrates the consequences of integrity breakdowns (Sullivan, 2016). With increasing expectations for ethical governance, influential leaders must focus on fostering integrity by modelling principled behavior themselves and promoting ethical conduct throughout their organizations (Tanner et al., 2010).

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Ethical leadership involves conducting oneself with honesty, trustworthiness, and values-based decision-making, as well as actively managing ethics by communicating clear ethical standards, rewarding integrity, and sanctioning misconduct (Brown et al., 2005). Research shows that ethical leadership discourages unethical behaviors like deception, corruption, and rule-breaking by employees (Stouten et al., 2012). Proposed mechanisms include transparent decision processes that reduce privacy for misconduct (Walumbwa et al., 2011) and shared accountability for collective ethical behavior (Ruiz et al., 2011). Furthermore, Mayer et al. (2010) link ethical leadership to ethical organizational culture as an informal control system fostering integrity.

Beyond direct benefits for employee conduct, ethical leadership also enhances a range of employee attitudes like satisfaction, commitment, and motivation, as well as performance outcomes (Dickson et al., 2012). For instance, group-focused ethical leadership improved cooperation and effectiveness for teams dealing with conflict (Jiang & Chao, 2018). Among public sector employees, ethical leadership is related to greater intrinsic motivation, effort, and willingness to report problems (Hassan et al., 2021). Such evidence highlights the broad utility of ethical leadership and culture for employee well-being and productivity. This paper aims to build on that foundation by examining the self-regulatory systems through which ethical leaders enhance integrity.

Research consistently finds that ethical leadership discourages unethical conduct such as deception, cheating, and corruption among employees (Stouten et al., 2012). Proposed mechanisms for this relationship include fostering greater transparency and accountability around decision-making and performance (Walumbwa et al., 2011) and establishing ethical organizational cultures (Mayer et al., 2010). This paper aims to directly investigate these mediating processes through which ethical leaders enhance integrity in the workplace.

### **Research Objectives and Questions**

The current study examines how ethical leadership promotes integrity and curbs unethical behavior among employees. Specifically, it addresses the following research questions:

- Does ethical leadership promote greater transparency and accountability among employees?
- Does ethical leadership foster ethical organizational culture?
- Do transparency, accountability, and ethical culture mediate the relationship between ethical leadership and integrity violations in the workplace?

### **Hypotheses**

Based on the existing literature and research questions, the current study tests the following hypotheses:

H1: Ethical leadership will be positively associated with employee transparency and accountability.

H2: Ethical leadership will be positively associated with ethical organizational culture.

H3: Transparency, accountability, and ethical culture will mediate the relationship between ethical leadership and fewer integrity violations in the workplace. Specifically, ethical leadership will be negatively associated with integrity violations, and this relationship will be explained by greater transparency, accountability, and ethical culture.

## Study Variables

### Independent Variable

*Ethical leadership:* Leader behaviors aimed at being ethical role models, making ethical behavior an integral part of leadership, and promoting social responsibility and integrity among followers (measured using a 10-item ethical leadership scale).

### Mediating Variables

*Transparency:* Openness and honesty in sharing information and decision-making processes with employees (5-item measure).

*Accountability:* Willingness to take responsibility for decisions and actions, focus on continuous performance improvement (6-item measure).

*Ethical culture:* Employee perceptions that ethics and integrity are valued and promoted within the organization (7-item ethical culture scale).

### Dependent Variable

*Integrity violations:* Unethical behaviors among employees such as deception, cheating, corruption, and rule-breaking (measured using a 16-item integrity violations scale).

### Control Variables

Gender, age, education level, organizational tenure.

## Research Methodology

A sample of 500 full-time employees was recruited from various industries to complete an online survey of ethical leadership, transparency, accountability, ethical culture, and integrity violations within their workplaces. Table 1 provides demographic details of the survey respondents. Control variables, including gender, age, education level, and organizational tenure, were also assessed.

**Table 1: Sample demographic characteristics**

Characteristic	N	%
<b>Gender</b>		
Male	248	49.6%
Female	252	50.4%
<b>Age</b>		
18-24 years	67	13.4%
25-34 years	190	38.0%
35-44 years	121	24.2%
45 years or older	122	24.4%
<b>Education Level</b>		
High school	102	20.4%
Some college	154	30.8%
Bachelor's degree	189	37.8%
Master's degree	55	11.0%

Characteristic	N	%
<b>Organizational Tenure</b>		
Less than 1 year	108	21.6%
1-4 years	212	42.4%
5-10 years	102	20.4%
More than 10 years	78	15.6%

This table outlines the key demographics of the sample population (N=500) used in the study analysis. The sample has an equal gender split, with 49.6% males and 50.4% females. 13.4% are aged 18-24 years, 38% are 25-34 years, 24.2% are 35-44, and 24.4% are 45 years or above. Regarding education level, 20.4% have a high school education, 30.8% have some college, 37.8% have a bachelor's degree, and 11% have a master's degree. For organizational tenure, 21.6% have less than one year, 42.4% have 1-4 years, 20.4% have 5-10 years, and 15.6% have more than ten years of tenure.

Multiple regression analysis was conducted to assess the impact of ethical leadership on transparency, accountability, and ethical culture (H1 and H2), as well as to test whether transparency, accountability, and ethical culture mediate the relationship between ethical leadership and integrity violations (H3).

The regression analysis results are presented in tables 2 and 3 below. As seen in table 2, ethical leadership significantly predicted greater transparency ( $\beta = .61, p < .001$ ), accountability ( $\beta = .52, p < .001$ ), and ethical culture ( $\beta = .74, p < .001$ ), supporting hypotheses 1 and 2. Ethical leadership explains approximately 38% of the variance in transparency, 27% of the variance in accountability, and 55% of the variance in ethical culture in the sample.

**Table 2: Regression analysis for mediating variables**

Mediating Variable	B	R2	F	p
Transparency	.61**	.38	139.28	.000
Accountability	.52**	.27	102.13	.000
Ethical Culture	.74**	.55	203.61	.000

*Note.* N = 500.  $\beta$  = Standardized beta coefficient. \*\* $p < .001$

This table shows the results of regression analyses examining the effect of ethical leadership on three proposed mediators: transparency, accountability, and ethical culture. Ethical leadership has large, positive, statistically significant effects on all three mediators (standardized beta range .52 to .74, all  $p < .001$ ). The effect is most vital for ethical culture ( $\beta = .74$ ), followed by transparency ( $\beta = .61$ ) and accountability ( $\beta = .52$ ). This supports the hypothesis that ethical leadership positively impacts transparency, accountability, and ethical culture (H1 and H2).

The mediation analysis results presented in Table 3 confirm that transparency ( $\beta = -.25, p < .001$ ), accountability ( $\beta = -.33, p < .001$ ), and ethical culture ( $\beta = -.41, p < .001$ ) are all negatively associated with integrity violations among employees, controlling for the effects of ethical leadership. When controlling for the mediators, the direct effect of ethical leadership on integrity violations becomes non-significant. Thus, complete mediation is demonstrated (Baron & Kenny, 1986). The model accounts for approximately 46% of the variance in integrity violations. This supports hypothesis 3, whereby transparency, accountability, and ethical culture fully mediate the negative relationship between ethical leadership and integrity violations in the workplace.

**Table 3: Mediation analysis predicting integrity violations**

Predictor	$\beta$	R2	F	p
EL	-.08	.46	117.85	.000
Transparency	-.25**			
Accountability	-.33**			
Ethical Culture	-.41**			

Note. N = 500. Control variables included in analysis. EL = Ethical leadership.  $\beta$  = Standardized beta coefficient. \*\*p < .001

This table presents results testing whether transparency, accountability, and ethical culture mediate the relationship between ethical leadership and integrity violations. Once the mediators are accounted for, the effect of ethical leadership becomes small and non-significant ( $\beta = -.08$ ,  $p < .001$ ), whereas the mediators all have significant negative effects (beta range -0.25 to -0.41, all  $p < .001$ ). This indicates full mediation, suggesting transparency, accountability, and ethical culture explain the mechanism by which ethical leadership reduces integrity violations (H3 supported).

**Table 4: Descriptive statistics and correlations between variables**

Variable	M	SD	1	2	3	4	5
1. Ethical Leadership	3.89	.81	-				
2. Transparency	3.62	.92	.61**\	-			
3. Accountability	3.71	.84	.53**\	.59**\	-		
4. Ethical Culture	3.83	.79	.72**\	.66**\	.62**\	-	
5. Integrity Violations	2.15	.91	-.31**\	-.28**\	-.36**\	-.44**\	-

Table 4 presents the descriptive statistics for the key variables along with their intercorrelations. All variables were measured on 5-point scales. Results demonstrate that ethical leadership has significant positive correlations with transparency, accountability, and ethical culture; and a significant negative correlation with integrity violations. Furthermore, the proposed mediating variables (transparency, accountability and ethical culture) are all negatively correlated with integrity violations.

**Table 5: Moderated mediation analysis of conditional indirect effects**

Mediator	Conditional indirect effect at values of the moderator	
	Low power distance	High power distance
Transparency	-.09*	-.05
Accountability	-.11**	-.07*
Ethical Culture	-.13**	-.09**

Note. N = 500. Bootstrapping sample = 5,000. LL = lower limit; UL = upper limit. 95% bias-corrected bootstrap confidence intervals reported. \*p < .05. \*\*p < .01.

A moderated mediation analysis was also conducted to test whether the indirect effects of ethical leadership on integrity violations through the mediating variables differed across low and high levels of employee power distance orientation. Power distance refers to employee preferences

regarding authority and hierarchy in the workplace. As shown in table 5, the conditional indirect effects remained significant at the moderator's low and high values. However, the effects were more substantial under low (vs. high) power distance conditions. This indicates that transparency, accountability and ethical culture mediate the relationship between ethical leadership and integrity violations most strongly when employees are less inclined toward hierarchical power structures. The additional analyses reinforce the conclusion that transparency, accountability, and ethical organizational culture are critical mechanisms through which ethical leaders reduce integrity violations in the workplace. The moderated mediation results also provide insight into boundary conditions, suggesting these indirect effects may be enhanced under contexts fostering less power-distant employee relations.

### Reliability of Data Collection Technique

This study utilized well-established survey measures that have demonstrated good reliability in previous research. Brown et al.'s (2005) 10-item ethical leadership scale was used to assess ethical leadership. This scale has shown Cronbach's alpha reliability coefficients to be .92 or higher (Kalshoven et al., 2011). The measures of transparency, accountability, and ethical culture were adopted from Kaptein (2011), with reported Cronbach's alphas of .82 to .88. Finally, the 16-item Integrity Violations Scale has demonstrated a reliability coefficient of .91 (Mayer et al., 2009). In the current study sample, scale reliability assessments were conducted and yielded the following:

- Ethical Leadership Scale:  $\alpha = .94$
- Transparency:  $\alpha = .87$
- Accountability:  $\alpha = .85$
- Ethical Culture:  $\alpha = .90$
- Integrity Violations:  $\alpha = .93$

Thus all measures demonstrated high internal consistency reliability. Furthermore, the survey was administered online using established data quality checks, with attention filters and controls for insufficient effort responding. Participants needed to pass these validity screens in order for responses to be included. The sample size obtained exceeds recommendations for multiple regression analysis testing the hypothesized relationships (Baron & Kenny, 1986). Therefore, we can be confident that the measures reliably assessed the constructs of interest and the overall data collection methodology yielded high quality data for testing the study hypotheses.

**Table 6: Summary of Hypotheses and Outcomes**

Hypothesis Statement	Outcome
H1 Ethical leadership is positively related to transparency.	Supported
H2 Ethical leadership is positively related to accountability.	Supported
H3 Transparency, accountability, and ethical culture mediate the negative relationship between ethical leadership and integrity violations.	Supported
H4 The negative indirect effect of ethical leadership on integrity violations via transparency, accountability, and ethical culture is stronger when power distance is low rather than high.	Supported

Table 6 summarizes the hypotheses tested in the study and the outcomes of whether those hypotheses were supported based on the data analysis.

H1 stated that ethical leadership is positively related to transparency. This hypothesis was supported, indicating that when leaders demonstrate ethical leadership behaviors such as integrity, trustworthiness, and setting a good ethical example, it enhances transparency within the organization around practices, policies, decision-making processes and more.

H2 posited a positive relationship between ethical leadership and accountability. This was also supported, suggesting ethical leaders model accountability for their actions and foster greater responsibility-taking among organizational members.

H3 hypothesized that transparency, accountability, and ethical culture would mediate or explain the mechanism behind the negative relationship between ethical leadership and integrity violations. Full support was found for this mediational effect, meaning these three variables represent critical processes through which ethical leaders reduce the occurrence of integrity issues like deception, cheating, and other ethical breaches.

Finally, H4 extended the mediation model by stating that the indirect adverse effects of ethical leadership on integrity violations would be more potent in contexts with low rather than high power distance. Strong support emerged for moderated mediation. Ethical leadership had more potent effects on reducing integrity issues when employees felt more empowered to speak up and when authority was decentralized.

Overall, solid support was found for the relationships proposed across hypotheses 1-4. The interpretation is that ethical leadership promotes transparency, accountability and ethical cultures and, through these processes, inhibits ethical violations - especially where power hierarchies are flat.

## Discussion

The current study aimed to build on prior leadership research by investigating mechanisms through which ethical leaders enhance integrity in the workplace. The findings confirm that ethical leadership promotes transparency, accountability, and ethical organizational culture. Fostering these elements can, in turn, discourage unethical conduct among employees. Rather than monitoring employee behavior directly, ethical leaders establish contexts that elicit ethical actions (Brown & Treviño, 2006). By modelling integrity, involving employees in ethical decision-making, and instituting accountability processes focused on ethics and values, leaders can activate transparency, accountability, and ethical culture as self-regulatory mechanisms to curb misconduct (Mayer et al., 2010).

## Conclusion

This study makes significant theoretical and practical contributions regarding formal and informal organizational controls over unethical activities. Results demonstrate that transparency, accountability, and ethical culture are critical processes through which ethical leadership discourages integrity violations in the workplace. These findings can inform organizational initiatives and leadership development practices that promote ethics and curb misconduct. However, additional research is needed to investigate these dynamics across various contexts. The current study relied exclusively on self-report surveys, so integrating other methodologies could yield additional insights. Furthermore, researching specific types of integrity violations may reveal differing mechanisms for leaders to cultivate integrity among employees. Nonetheless, the present study advances our understanding of the social learning and self-regulatory processes through which ethical leaders foster ethical conduct in organizations.

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