



REVIEW ARTICLE

INTEGRATION OF STRATEGY AND ETHICAL LEADERSHIP IN THE PERFORMANCE OF PUBLIC INSTITUTIONS CRITICAL LITERATURE REVIEW

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ARTICLE INFO

Article History:

Received 20th June, 2016
Received in revised form
29th July, 2016
Accepted 18th August, 2016
Published online 30th September, 2016

Key words:

Ethics,
Ethical leadership,
Unethical,
Characteristics,
Culture,
Performance.

ABSTRACT

Purpose: The purpose of this paper is to address the issue of integrating strategy and ethical leadership to enhance performance of public institutions. It aims to show that ethical leaders who are presumed to act in agreement with their own values and that of the organization do the opposite. The underlying assumption that only leaders should be ethical, understanding the strategy and culture of the organization, has been overtaken by dynamic changes, both within and external, which requires other stakeholders to uphold ethical values, have the same understanding of the institutional strategy and culture as that of leaders.

Design/methodology approach: This is a review of literature

Research limitations/implications: The subject of integration of strategy and ethical leadership has not been fully researched in the discipline of strategic management. Consequently, there is limited literature on the subject. Empirical research is needed to address the issue of integrating strategy and ethical leadership for virtuous performance in public institutions.

Practical implications: Public institutions must strive to integrate strategy and the cultural tenets of the incumbent and novice employees. Ethical leadership and efficient performance in public institutions is possible when all stakeholders are involved in strategy formulation and implementation in due regard of the dynamic realities both internal and external to the institution. Strategy and ethical values should be objective and unbiased.

Originality/value: The paper fills the gap in the literature review in that strategy and ethical leadership are inseparably intertwined before and after the institutions' processes come into play. In addition, it brings into bear that all stakeholders in public institutions should be ethical, not only leaders and managers as evidenced in the literature reviewed. Reciprocal ethical behavior is a function that is equally done by top manager, employees and other stakeholders.

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Citation: Raphael Kayago Kinara, 2016. "Integration of strategy and ethical leadership in the performance of public institutions critical literature review", *International Journal of Current Research*, 8, (09), 39476-39485.

INTRODUCTION

Gregory's (2003) work outlines two main ethical traditions: deontological and teleological. Deontology stems from the Greek word *deontos*, meaning duty and obligation. The grounding principle is that a good and right action is based on duty or obligation. It is entirely rational and good in and of itself. Gregory (2003) argues that deontologists' golden rule is religious based "do unto others as you would have done unto you". Because it is based on duty, any action motivated from self-interest cannot be regarded as right or moral. The deontologists' approach to ethics though has problems. It does not take into account any consequences that may follow. For example, the truth is told irrespective of the hurtful impact it

may have on innocent people. Furthermore, professional life comprises all kinds of duties or obligations and what if they collide?. For example, an organization has a duty to its local community and may wish to support financially a community initiative, but also a duty to shareholders to maximize dividend returns. Which is a higher duty? (Gregory, 2003). The teleologist believe that a right action is one that has good consequences and brings the greatest happiness to the greatest number of people. The problem with this ethical approach is that it leads to "means justifies the end thinking", so lying is acceptable so long as the outcomes bring the greatest happiness for the greater number of people (Gregory, 2003). Teleology provides no yardstick for judging between several good, particularly since all the outcomes may not be known before the course of action is being undertaken. In practice, Gregory (2003) argues that elements of both traditions are used in ethical decision making. Most practitioners would accept

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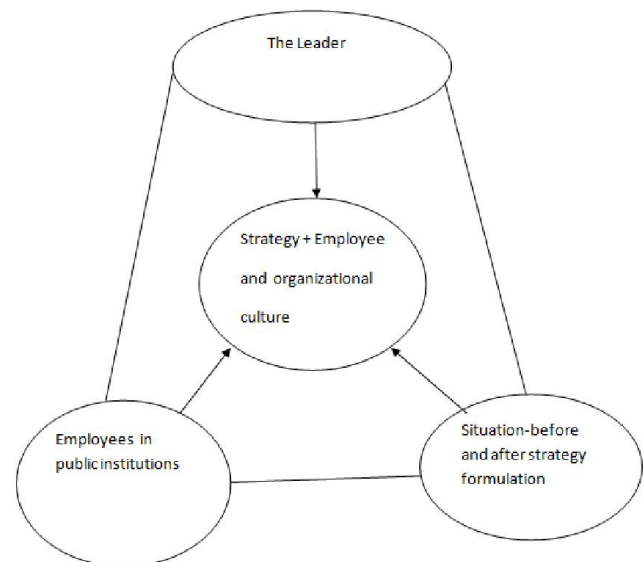
that there are basic ethical principles to abide by and there are duties laid down on them. For example, telling the truth, being fair, keeping the promise, besides being aware of the possible consequences. Gregory (2003) draws much from the work of the 18th century moral philosopher Immanuel Kant who perceived duty to be the precondition for the rights and justice. Kant saw duty as being the responsibility of all competent people and his golden rule was universalization principle, that is, a person should act in such a way, that if that act were translated into a rule of action for everyone, justice and society will be well served. Uche (2005) cites Ekpe (2003) who argued that sometimes it would appear that in spite of the lofty goals contained in the mission statements, banks really have one mission; that is to make a profit at any cost. The core values of integrity and professionalism are set-aside in the pursuit of ever increasing profits. Ekpe (2003) asks the question, “are we bankers willing to do the right think ethically and forego the profits? Ekpe’s (2003) believe is that many of the bankers pay lip service to ethics but are not willing to take the pain it takes. Uche (2005) further quotes Ekpe (2003) who retaliated that; Unethical situations or situations involving conflict of interest are like cancer. They spread if they are not checked and ultimately the whole institution is consumed and dies. This is because once the rank and file sees that senior management is not ethical or that decisions are not are not objective, they may exploit it. They begin to do the same very soon, decision making across the institution becomes biased and subjective. Both the institution and the shareholder suffer. This conceptual independent paper’s topic is “A critical review of literature on the integration of strategy and ethical leadership in the performance of public institutions”. This topic has been chosen because of the general unethical conducts being exhibited by employees and managers, in this paper referred as leaders, in public institutions. The major concern is the way the strategy of the institutions is conceptualized, conceived, crafted and implemented. In addition to the conception and crafting of the strategy, are the cultural values that the incumbent and novice employees do hold. The very first time the strategy is crafted, it must take into account the cultures that people bring to the organization and the public institutions’ culture. Ordinarily, the strategy is the plan, prior intention, which is conceptually and psychologically coined to realize the institution’s short-term and long-term intents. The success of public institutions depends upon how this strategy is conceptualized by the leaders and how the positive ethical psychological contract is inculcated among the incumbent and novice employee. Since employees come into the institution with some cultural value, these values need to be shaped in line with the strategy and values of the institution for it to achieve competitive ethical performance. The study was limited by literature on this same topic. For this reason, the literature reviewed spreads from the year 1980s to 2016. The following is the researcher’s model of study.

The researcher’s own model (2016)

The strategy and the employees’ culture and that of the organization are the reference point in this model. Any plan, any employees matters and the situation under which public institutions finds itself, to be remembered is the original strategy and the cultural beliefs held. The leader, people and the situations should work together in harmony in realizing the institutions ethical leadership. The strategy is at the center. The review borrows from the hen’s hatchability characteristics for explaining how the strategy is conceived and brought to

maturity. For an egg to hatch into a young chick, the temperature must be consistent and well kept in relation to the external and internal environment of the nest. The hatchability depends on the dynamic realities of both internal and external environment. When it is too cold, the hens keeps long days without going out of the nest, when it is too hot, it goes out almost on a daily basis. This conceptual review therefore employs the analogy of hatchability into the crafting and implementation of the strategy. The leader and the institutions people must interpret both internal and external situation accordingly. There is time to go out and learn what is taking place in the external environment that can affect the ethical leadership and performance of the institution. There is time to retreat, and retreat here does not mean surrender, but continuously and faithfully working on the strategy. Like that hen which does not surrender but faithfully monitors the dynamic internal and external realities of the net for it to hatch the chick successfully. The hen has its own culture, ethical values and strategy for work and an institution should have its strong cultural values, ethics and strategy for her competitive and outstanding performance.

Researcher’s own model of study



What is Strategy?

Peng (2009) traces the origin of strategy as being derived from the ancient Greek Word *strategos* and was originally referred to the art of the general. It has very strong military roots, dating back to around 500 BC with the work of Sun Tzu, a Chinese military strategist. The application of the principles of military strategy to business competition, also known as strategic management, is a recent phenomenon which has been developed since 1960s. Peng (2009) is of the idea that three schools define what is strategy; (1) strategy as plan- concerned with drafting the plan of war and shaping campaigns, and within these, deciding on the individual engagements (Von Clausewitz, 1976) and it is a set of concrete plans to help the organization accomplish its goals (Oster, 1944) (2) strategy as action- a perspective that suggests that strategy is most fundamentally reflected by firm’s pattern of actions (Mitzberg, 1978), and (3) strategy as integration- the essence of strategy is likely to be a combination of both planned deliberate actions and unplanned emergent activities (Alfred, 1962). Peng (2009) cites Dess, Lumpkin and Eisner, (2008) who argued that strategy as integration involves analyses,

decisions, and actions an organization undertakes in order to create and sustain competitive advantage.

The Understanding of the Term Ethics

Godiwalla (2006) defined ethics as the process of distinguishing the right and good from the wrong and bad, and they imply a moral duty to pursue the good and the right. Godiwalla (2006) emphasized the importance of making ethical and socially responsible issues to be integral parts of multinational corporations' (MNC) strategic management process and it provided the frameworks that outlined the formulation of the overall, broad ethical and socially responsible values, goals and strategies at the MNC headquarters level, and, the foreign subsidiary level- for each foreign strategy. In the conclusion, Godiwalla (2006) pointed out that ethical and social responsible conduct should be the cornerstone of any organization's process. The process should start with such a conduct as the basis of all strategic management thought. It should be embodied in an organization's basic mission and vision. In the recommendation, Godiwalla (2006) posits that strategic management and ethical social responsibilities are closely interrelated. It is vital for any organization, more particularly the more global and larger organizations, to integrate core ethical and socially responsible values and goals into the organization's overall strategic management process. Adding them as an afterthought to its corporate strategy is not an acceptable approach because the foundation of any business is in its society, local and global.

Causes of Unethical behaviours

Adebayo (2014) examined the ethical issues in Nigeria. The authors work adopted the historical and literature review methods. The findings revealed that unethical behaviours come as a result of corruption and indiscipline among the civil servants. These behaviors include; searching and tracing files and other documents, sale of information and unlawful conduct. Salminen and Ikola-Norrbäck (2010) presented an empirical study and contributed to the discussion of administrative ethics and integrity by investigating three ethical issues, namely, trust, good governance and unethical actions in the Finnish public administration using empirical data from the National Citizen Survey of 2008 by the University of Vaasa, they sent the questionnaire for data findings. The findings indicated that the strength of Finnish society concerning trust is that the citizens feel confident in public sector organizations and societal organizations. Ignorance and bad treatment of citizens occur mostly in individual service encounters, and does not reflect the whole of the ethics of administration. The authors conclude that there are few cases of corruptions, though some work still need to be done to keep the situation under control. Boda and Zsolnai (2016) investigated the systemic causes of the failure of business ethics (BE) and suggested some possible remedies. Their paper resulted from the use of management ethics, more psychology and corporate governance for analyzing the causes of corporate unethical behaviours. The findings demonstrated that the failure of business ethics is deeply rooted in today's corporations-ruled business World. BE has failed to realize systematic features of modern business and therefore missed the target. They concluded that BE has developed normative models and organizational solutions that may be useful at some point. Ssonko (2010) working paper presented in Benin,

discussed the concept of ethics, accountability, transparency, integrity and professionalism in the public service. The paper also discusses some practices and behaviours which undermine ethical behaviours in public servants by putting special emphasis on; corruption, conflict of interest and human resource practices. The paper also discusses the measures which can be taken to reduce the malpractices. More specifically it discusses the Ugandan situation with regard to ethics, accountability, transparency, integrity and professionalism in the country's public service. In conclusion, the paper notes that although the Ugandan government by then had attempted to put in place a number of institutional measures to combat evils like corruption, the success of such measures largely depended on the serious implementation and enforcement mechanisms which the government had put in place. Arulrajah (2015) quotes Wiley (1993) whose work revealed five most serious unethical events namely; (1) hiring, training or promotion based on favourism, (2) sexual harassment, (3) using indiscipline for managerial and non-managerial personnel inconsistently, (4) non performance factors used in appraisals, and (5) allowing differences in pay, discipline, promotion due to friendships with the top management.

Ethics in the Public Institutions in General

Belak, Duh, Melej and Strukelj (2010) their study was to show the need for business ethics planning, the need to disclose the need for requisitely holistic planning of enterprise ethics and to offer their concept of the requisitely holistic planning of the enterprise ethics. Belak *et al.* (2010) used various research insights in their design and methodology. The research cognitions on the importance of ethical core values, enterprise culture, ethical climate and informal as well as formal measures of business ethics were discusses and argued in application of the dialogical systems theory. The authors found out that the importance of the requisitely holistic planning of enterprise ethics in a sense of sustainable development of enterprise as well as enterprises' long-term success. Their paper gave insights on the state of importance and interconnection between ethical values, culture and ethical climate as well as informal and formal measures of business ethics in relation to enterprise business implementation. Belak *et al* (2010) found out that for successful implementation of the ethical program or plan, it is important that the program is internalized by all stakeholders. The paper's findings also indicate that credibility and ethical behavior of an enterprise can be achieved through requisitely holistic planning of the enterprise. Webb (2010) explored the relationship between public management reform and ethics management in South African public service. Using the empirical research, the study applied a combination of qualitative and quantitative approaches and found out that the haphazard implementation of management reform could lead to weaknesses in the management of ethics within the public sector. The paper evaluates the literature and description of the mainstream work on corruption. The paper's practical implications is that it provides a starting point for debate on ethics management within developing states, more particularly on the subject of negative consequences of corruption. The author concludes the work that public management reform should be approached with caution, as it could have adverse consequences for the management of ethics. Whyatt, Wood and Callaghan (2012) determined the commitment to business ethics in UK corporations. Using unsolicited questionnaire of top 500

private corporations, they found out that measures of business ethics commitment appeared to be underutilized by many of the UK organizations. Whyatt *et al.* (2012) found out that in order to influence practice, it is not enough to have the artifacts of an ethical culture, such as codes without ensuring that all employees are assisted in understanding what is required of them. The authors' conclusion suggested that many organizations have not so far developed a strong organizational commitment to embedding their codes of ethics into organizational practices.

Hawke (2012) identified and explained the key factors affecting the success of Australia's public sector performance management system. In the methodology the study extracted six key influences on public sector performance management from academia and practitioner literature. The author examined the available data from official documents, reviews and performance audits to identify and analyze the factors that shaped the Australian system. The findings of the paper showed that Australian public sector performance management arrangements have been defined by strong external political, structural and technical factors. The findings suggested that more emphasis on management, behavioural and cultural factors could be more beneficial than continuing to focus on purely technical refinements for further reform. Radouche (2014) investigated the significance of adopting a strategy of professional ethics for the implementation of local government principles. Using a survey as the design and methodology in Tunisian municipalities, the results were analyzed using the structural equation models with latent variables, particularly the Partial Least Square Approach (PLS). The findings demonstrated that the development of ethical orientation in the organizational structure of Tunisian municipalities is still in its embryonic stage. Even if this strategy is implicit, it can still help, through legal and procedural constraints, to prohibit dishonesty behavior and malpractice. Punishment is an indispensable step to address any risk of deviant behaviour but remains insufficient for the stability and sustainability of ethical behaviour. Radouche (2014) concludes the study by arguing that; deviations from the requirements of municipal governance reveal that overall efficiency cannot be guaranteed exclusively through following of pre-set rules, standards and procedures, decentralization, and good managerial approaches and procedures. It additionally requires the adoption of a strategy of ethics. The promotion of ethical thinking should urge public officials to take good initiative and dissuade, or at least reduce, unfair behaviour and professional conduct driven by various actors' opportunism, whether they be individuals or groups of individuals. Knox and Bowman (2008) examined attitudes about ethics in American government during the turbulent time from the end of the 20th century to the beginning of the 21st century. Using data from a national survey, the authors explored views towards ethics in society and integrity in public agencies, with an emphasis on the code of ethics of the American society for public administration. The results of their work indicate that ethics codes promote more than simple compliance; they foster the use of judgment and recognition of responsibility for decisions rendered- the real work of ethics. Further findings indicate that; ethics is not a cult and that government has the responsibility to set the example in society. Ethics in the workplace can be empowering, although not all agencies and their executives employ consistent approach to accomplish it. More organizations today take an affirmative 'high road' strategy that encourage praiseworthy behaviour and provide more training and oversight capacity than was the case earlier. The authors suggest that there is an ongoing effort

to reinforce virtuous public service, an effort that underscores the role of leadership in that endeavour. There is a belief that a well-designed ethics codes can be important in promoting organizational integrity.

Characteristic and Themes of Ethical Public Leaders

Cuellar and Giles (2012) sought to report on research inquiry that explored the educational praxis of ethical school leaders in Chile. They employed a multiple case design to gain insight into the feelings, beliefs and thoughts of ethical school leaders in Chile regarding their educational experience. In their findings, six main themes that reflect experience of being ethical as a school teacher in Chile were identified and included the following; holding personal and professional ethics as inseparable, consistently inspiring practice, valuing others, sustaining a humane view of education, being sensitive to the complex local context and leading as serving. Their findings still indicate that behaving ethically is an imperative for school leaders and being an ethical educational leader is something different. It is not only behaving according standards, but also rather involves an ethical way of being what engages the leaders holistically in their attempt to do the right thing for the students. Cuellar and Giles (2012) concluded in their findings that ethical leaders in education have been shown to influence educational contexts from a moral imperative that is grounded in a critical and humanistic concern that deeply affirms others as good. Agyemang, Fantini and Frimpong (2015) examined the relationship between country-level governance and ethical behaviour of firms in African countries in the period 2009-2012. Agyemang *et al* (2015) using a broad set of country-level governance ratings by World Bank and data of ethical behaviour of firms by the World Economic Forum's report of Global Competitiveness, they found out that a statistically significant and positive relationship between country-level rule of law, regulatory quality, control of corruption and democracy, and firm ethical behaviour of firms in African economies. The findings implied that improvement in country-level rule of law, regulatory quality, control of corruption and democracy tends to be associated with sound ethical behaviour of firms in African economies. Agyemang *et al* (2015) their study did not find any statistical significant relationship between country-level accountability, political stability, outsider model of governance and ethical behaviour of the firms. Africa as a continent that if yet to fully discover its potential, the practice of good governance is particularly relevant, as this may not only help ensure sound ethical standards of corporations, but may also aid the continent to attract foreign investors, which will beneficially impact economic growth and development of African economies Agyemang *et al* 92015). Agyemang *et al* (2015) concluded their work that ensuring an effective and transparent enforcement of laws through legal costs, investigation cost, imprisonment and fines will help in realizing ethical standards in the public sector.

Joyce (2011) outlines the characteristics of the public service leader, thus; knowing the situation (including foresight), knowing how to lead people, good at learning and development, challenging people to change, understanding and managing stakeholders, building trust and the led, self-confidence and building alliances and coalitions. Joyce (2011) remarks Gabris *et al* (2000) who operationalized the definition of credible leaders and applied it to chief executives. Gabris *et al* (2000) said that credible leaders communicate purpose

and rationale for change, actively work to communicate the vision and mission to employees, work to get shared vision and set of core values, hold employees trust and delegate power and authority. Grojean, Resick, Dickson and Smith (2004) examined the critical role that organizational leaders play in establishing a value based climate. They discussed several mechanisms by which leaders convey the importance of ethical values to members, and establish the expectations regarding ethical conduct that become ingrained in the organizations. The authors findings suggested that leaders at different organizational levels rely on different mechanisms to transmit values and expectations. Leaders impact the climate regarding ethics of their organizations through seven mechanisms as posited by Grojean *et al* (2004). These mechanisms are; use of values-based leadership, set the example, establish clear expectations of ethical conduct, provide feedback, coaching, and support regarding ethical behaviour, recognize and reward behaviours that support organizational values, be aware of individual differences among subordinates and establishing leader training and mentoring. Agatiello (2008) took a look at a new paradigm that is taking shape in an increasingly interwoven system – that of ethical governance. Agatiello (2008) used the literature and own knowledge as the design and methodology approach. The author's findings indicate that all over the World governments are relinquishing many of their hitherto-inherent activities through deregulation, privatization, concession, outsourcing or sheer desertion, even in sensitive areas like food and drug control, public health and personal security. The author concludes the study by suggesting that it is through principles-based policy making and management that ethical governance would be achieved rather than being wishful thinking. Kolthoff, Hubberts and Heuvel (2007) examined a theory, based on the existing knowledge, which provided the possible negative, as well as the positive effects of the introduction of businesslike methods in the public service. Kolthoff *et al* (2007) found out that since the late 1980s, public administration had moved to a more businesslike approach, commonly referred to as New Public Management (NPM)- output budgeting, privatization, competition and commercialization had received more attention. The question raised in their study was, if too much identification with the style of the private sector might not generate undesired effect, for example in the area of public integrity. Kolthoff *et al* (2007) concluded their work that the effect of introducing businesslike methods in the public sector depends more on the establishment of practical principles to ensure that these methods are exercised in an effective and ethical manner, than the introduction of businesslike methods as such. Resick, Martin, Keating, Dickson, Kwan and Peng (2011) examined the meaning of ethical and unethical leadership held by managers in six societies: People's Republic of China (PRC), Hong Kong, the Republic of China (Taiwan), the United States (the US), Ireland, and Germany, with the goal of identifying areas of convergence and divergence across culture. The authors' findings indicated that, across societies, six ethical leadership themes emerged from the thematic analysis of the open-ended responses. Resick *et al* (2011) gave a summary of ethical and unethical themes across cultures. Ethical themes include; accountability, consideration and respect for others, fairness and non-discriminatory treatment, character, collective orientation- organizational and social, openness and flexibility. Unethical themes include; acting in self-interest and misuse of power, deception and dishonesty, lack of accountability, compliance, or transparency, lack of personal values or moral code, incivility and narrow or short-term focus. Resick *et al*

(2011) reached the following findings of their work. (i) That when faced with a cultural or ethical dilemma, members of one culture will frequently use their own cultural and ethical value systems as an absolute standard against which to measure the behaviour of members of the other culture or they adopt the norms of the other culture. This is particularly true in more universalistic cultures such as the US, rather than more particularistic cultures such as the People's Republic of China (PRC). (ii) That the actions and outcomes of organizational leader's decisions that are embraced in one culture for their ethical merit may be overlooked in another culture. Understanding these cultural contingencies provides a basis for identifying the competences which might equip leaders to deal more effectively with the challenges of leading ethically across cultural borders (Keating *et al*, 2007).

Bello (2012) cites Resick, Hanges, Dickson and Mitchelson (2006) who identified six key attributes that characterized ethical leadership which includes character and integrity, ethical awareness, community/people-orientation, motivation, encouraging and empowering, and managerial ethical responsibility. Further still, Bello (2012) quotes Freeman and Stewart (2006) who identified ethical characteristics as (a) the articulation and embodiment of the purpose and values of the organization by the leader (b) the leader focuses on organizational success rather than on personal ego, (c) the leader find the best people and develop them, (d) he/she create a living conversation about ethics, values and the creation of value for stakeholders, (e) take a charitable understanding of others' values, (f) make tough calls while being imaginative and (g) create stakeholder support and societal legitimacy. Trevino, Brown and Hartman (2003) quoted by Bello (2012) argued that ethical leaders are thought to be receptive and open, possess traditional leadership traits such as honesty, integrity and trustworthiness. Bello (2012) cited O'Connell and Bright (2009) who identified nine characteristics of an ethical leader as the following; (i) Uses an ethical lens, (ii) makes ethical decisions (iii) considers long-term implications of business decisions, (iv) considers others' well-being when making decisions and treats others fairly (v) acts ethically or role models ethical behavior (vi) communicates the importance of ethics (vii) understands themselves and those with whom they work (viii) holds others accountable for acting ethically and (ix) offers training and support for employees on how to act ethically in the workplace. The development of the common strategy and its integration with ethical leadership is brought closer by Bello (2012) who argued that, a fundamental focal point in the paper's review on the development of leaders is that leadership can be taught and must be taught. Bello (2012) cites prince II, Tumlin and Connaughton (2009) who identified the following as critical elements of ethical leadership development;

- (i) Knowledge of leadership and ethics that provides a conceptual framework for understanding the practice of ethical leadership when one is engaged in leading others.
- (ii) Opportunities to practice leadership roles in situations that require collective action where the learner has some responsibility for outcomes that matters to others.
- (iii) Opportunities to study, observe and interact with leaders, especially leaders who have demonstrated moral courage.
- (iv) Formal and informal assessment of the efforts of those learning to lead ethically.

- (v) Feedback of the results to the learner along with the reflections by the learner on the experience.
- (vi) Strengthening a personal ethic that embodies foundation, core values such as integrity, service to others, and loyalty.

Ethical performance and culture

Ethics are culture bound”, if the organizational culture is lagging behind an approved core ethical and socially responsible values, then the organizational leaders must influence to change the organizational culture (Godiwalla, 2006). Arulrajah (2015) paper reviewed the existing literature on creating and sustaining ethical culture and climate through human resource management (HRM) by discussing major issues and objectives of managing ethical culture and climate and examining the state of human resource management in the same context. Arulrajah (2015) review indicates different forms of ethical issues that still widely exist in the organization and also reveal limited literature that examines how culture and ethical climate can be managed in organizations through effective HRM. Arulrajah (2015) findings present the contribution of functional dimensions of HRM in creating and sustaining ethical culture and climate at all levels of the organization. Arulrajah (2015) study pointed out that embedding ethics into HRM functional dimensions (recruitment and selection (Bennington and Wein, 2000, Spence, 2000, and Baker and Cooper, 2000, Shen *et al*, 2009), training and development (Denaley and Sockell, 1992, Brown, 1995, Paine, 1996; Hatcher, 2000, Vuuren and Eiselen, 2006), performance appraisal (Useem, 1998, Wistanelly and Hartog, 2000; Brown and Stilwell; 2005), pay and reward management (Jansen and VonGlinow, 1995, Rowan, 2000, James, 2000), and employee relations (Erdlen, 1997). These studies imply that changing the unethical behaviour through ethical climate may have a significant effect on organizational performance and reputation. Meng (2014) looked into the relationship between organizational culture and excellent leadership in public relations with two fold aims; first how and to what extent organizational culture can affect leadership effectiveness in communication management and second what possible impact excellent leadership in public relations may generate to reshape organizational culture in a way to further support the value of public relations. Meng (2014) used the design and methodology of an online survey which was distributed to a randomly selected group of 1,000 senior public relations executives in the USA by using PR executive database on Heyman Associates and a PR executive research firm in New York City. A final sample of 222 senior public relations executives was recruited whose characteristics mirrored senior executives in public relations profession in the USA. Meng (2014) findings identified the reciprocal relationship between organizational culture and excellent leadership in public relations. The testing of non-recursive structural model confirmed that organizational culture generates a direct, positive effect on the achievement of excellent leadership public relations.

Garcia, Mendez, Ellis and Guatney (2004) investigated the differences and similarities among cross-cultural, values and ethics between the USA and the Asian countries. The authors, Garcia *et al* (2004), analyzed the degree of cultural distance between USA and Asian countries and the impact it has on companies. Their study aimed at; first, examining the comparison between the USA and China's value system.

Second, assessing how idealism and relativism impact individual ethical decision-making and third, examining the impact that globalization, foreign direct investment (FDI) and trade have in the Chinese culture and other countries. Garcia *et al* (2004) study used the following design and methodology approaches; Ethics position Questionnaire of Forsyth, Rokeach Value Survey, Hofstede Model, GLOBE Model and Wilcoxon test, with the main source of information for research being the Journal of Technology Management in China and the EBSCO database. Garcia *et al* (2016) study found out that Western culture tend to be more individualistic, While Asian countries tend to be very collective. The findings also showed that the type of value system that each culture holds depends of the type of government. Their findings also indicate that researchers had discovered that American managers are more loyal to their ethical beliefs, rather than to their superior's or company's ethical beliefs. While Eastern Asian cultures focus more on the importance of acting in the best interest of the company's superior. Other findings indicate that it is extremely important for the foreigners to build a relationship with Chinese professionals before they do business negotiations. In addition, the study found that globalization, FDI and trade do make significant cultural difference in some cultural dimensions.

Strategic ethical leadership and top management

Northhouse (2007) defined leadership as a process whereby an individual influences a group of individuals to achieve a common goal. Bello (2012) cites Brown, Trevino and Harrison (2005) who defined ethical leadership as the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement and decision making. Freeman and Steward (2006) are remarked by Bello (2012) in their description of an ethical leader as a person with right values and strong character, and sets example for others and withstands temptations. A moral person is related to good character, the leader is honest, and trustworthy, shows concern for employee welfare and is seen as approacher, Trevino and Brown (2004), quoted by Bello, (2012) Many researchers have shown that ethical leadership is the responsibility of the top management. Belak *et al* (2010) argued on the importance of the impact of the enterprise key stakeholders, that is, owners and top management in business ethics planning and implementation. Belak *et al* (2012) cites Hood (2003) who argued that ethical orientation of an enterprise is revealed through the formal and explicit activities of business life on daily basis. A formal statement of the enterprises' ethical stance is a means through which the values and ethical orientation of the enterprise are transmitted to employees. Garcia-Marza (2005) argues that there are interests common to all stakeholders, which in order to be satisfied demand a specific orientation in management decisions and actions. The author proposed basic or core values that represent the corporate constitutional framework, responsible for establishing the basic rules for subsequent definition of relationships and strategies among various groups. Belak *et al* (2012) cites Morris *et al* (2002) who argued that the core values of every organization need to reflect their ethical content. Garcia-Marza (2005) and Hunt *et al* (1989) argues that the right ethical values influence individual's choices and lead to actions which every organization support. When ethical values of an enterprise are widely shared among its members, the enterprise's success will be enhanced. Belak *et al* (2010)

argues that the manager may be the tool advocated by the enterprise's philosophy as the role model. That is role modeling is one of the roles that managers are expected to perform, since they can set the example for proper desirable behavior for their employees to imitate. The idea of an ethical enterprise strongly depend on enterprise's key stakeholders-owners and top management. The idea of an ethical and credible enterprise should be manifested in the enterprise owners in its policy that is based on the vision of an ethical enterprise Belak *et al.* (2012). This idea is also echoed in (Ruegg-Sturm, 2002, Belak and Duh, 2004) as cited by Belak *et al* (2010). Belak *et al* (2010) argues that authentic moral values are anchored in the process of planning where the strategy of an institution is placed. Bello (2012) argues from a survey conducted in 2010 among UK and some continental European companies whose findings revealed that most significant ethical issues to an organization are bribery, corruption and facilitation payments, whilst blowing/breaking up and discrimination, harassment or bullying (cited from Webley, Basran, Hayward & Harris, 2011). Bello (2012) gives instances of the consequences of unethical practices, that is, Texaco in 1996 made \$ 176 million settlement for racial discrimination, Mitsubishi Motor Corporation settle \$ 34 million in 1998 after government investigation of pervasive sexual harassment and Louisiana Pacific Corporation paid a fine of \$37 million in 1998 for customer and environmental fraud among other unethical practices. Ethics must begin at the top (Bello, 2012). Leaders determine the outcome of organizational goals, and set the tone for employee behavior. The top leaders' ethical actions and behavior should be consistent with what they teach (Brown and Mitchell, 2010)

Aboyassin and Abood (2013) explored how ineffective leadership behaviour affects individual and organizational performance in Jordanian institutions. Multiple regression and correlation analysis were used as the design and methodology. The results indicated that there is a statistically significant impact of ineffective leadership as found using four dimensions namely; lack of shared strategic vision, ineffective leadership characteristics, negative effect on labour relations and ethical violation on individual and organizational performance in Jordanian institutions. Ehrich, Harris, Klenowski, Smeed and Spina (2015) focused on school principals' perceptions of how they understand ethical leadership and how they lead by the ethical use of data. Ehrich *et al* (2015) in their study they used the design and methodology approach which utilized semi-structured interviews with six state school principals to explore their perception of ethical leadership practices and how they balance current competing accountabilities in the context of performance driven accountability. Ehrich *et al* (2015) came up with four key findings; first, principals used data to inform and direct their practices and their conversations with teachers. Second, while ethics was a central consideration in how principals' led, practicing an ethical manner was identified as a complex and challenging current context. Third, Ehrich *et al* (2015) quoting Starratts (1996) ethical framework proved to be relevant for interpreting the principals' practices. Fourth, all the principals referred to dilemmas they faced as a result of a variety of strategies to deal with these dilemmas. In conclusion, Ehrich *et al* (2015) argued that ethical school leadership is imperative in a context of increasing performance driven accountability.

Kalshoven, Van Dijk and Boon (2006) examined whether social exchange or social identity mechanisms drive the

relationship between ethical leadership and unethical pro-social behavior (UPB). The aim of the study was to argue out that the mechanism linking ethical leadership and UPB varies for different levels of job autonomy. Kalshoven *et al* (2016) in their design and methodology they used 225 questionnaires out of which 156 were returned. The authors used the Multi-level path analysis in Mplus to test the hypotheses, which allowed for simultaneous estimation of different regression equations and for testing the significance of indirect effects. The results of the study revealed that there is a direct relationship and unethical pro-organizational behavior when followers have little job autonomy. For followers on high job autonomy, the authors found that ethical leadership relates to UPB via organizational identification. In the review of literature, (Kalshoven *et al*, 2016) found out that previous research had used social learning theory to show that ethical leadership is likely to stimulate and transfer ethical norms and behaviours. While Kalshoven *et al*, (2016) study demonstrated the reciprocal and dark side of ethical leadership when they found that ethical leadership can encourage unethical pro-organizational behavior for followers with low job autonomy. Arel, Beaudoin and Cianci (2012) examined the joint effects of the strength of ethical executive leadership and the internal audit function (IAF). Arel *et al* (2012) used an experiment as the design and methodology of the study. The variable was manipulated at two levels (strong and weak), in an experiment in which accounting professionals decide whether to book a questionable journal entry, that is, a journal entry for which a reasonable business case can be made but there is no supporting documentation. The authors found out that ethical leadership and IAF interact to determine the likelihood that accountants book the entry. They further found that accountants are less likely to book a questionable journal entry when there is a weak ethical leader and a strong IAF compared to all other conditions. Arel *et al* (2012) still found that accountants question the appropriateness and ethicalness of the request to book an undocumented journal entry more in the weak ethical leader and strong IAF condition than in the other conditions. The results suggest that the IAF has a different impact on financial reporting decisions depending on the ethicalness of executive leadership and that a strong IAF may cause accountants to question the appropriateness and ethicalness of undocumented journal entry when combined with weak ethical leadership. The authors also found that the interactive effect of ethical leadership and the IAF on an accountant's decision is fully mediated by his/her perception of the moral intensity of the issue. Arel *et al* (2012) concludes the study that, accountants who perceive greater moral intensity associated with booking the entry are less willing to do so.

Caldwell, Hayes and Long (2010) reviewed literature on leadership, trustworthiness, and ethical stewardship. Caldwell *et al* (2010) empirical results indicate that when leadership behaviours are perceived as trustworthy through the observer's mediating lens, trust increases and leaders are more likely to be viewed as ethical stewards who honour a high level of duties. The authors' conclusions indicate that leaders in today's World face the challenge of earning the trust and commitment of organizational members if they expect to guide their companies to success in a highly competitive global context. Knights and O'Leary (2006) examined leadership, ethics and responsibility to the other. In their design and methodology approach, they reviewed the literature on the Irish organizations; Euron, Worldcom, and Parmalat. They also reviewed two major Irish banks- Allied Irish Bank (AIB) and

the National Irish Bank (NIB). The aim of the paper was a reflection on some scandals that were facing Irish corporations. Examining the ethical leadership, Knights and O'Leary (2006), reached the conclusion that there were dominant individualistic, psychological and deterministic strains that reflect and reproduce the autonomous subject of enlightenment thinking. The ethical leadership literature is concerned with character and draws mostly on virtue ethics rather than the traditional moral philosophies of consequentialism and deontology. The virtue of ethics challenges the autonomous self. Knights and O'Leary (2006) argued that the Irish corporate scandals could be seen as resulting from ethical failures arising from contemporary concerns with material and symbolic success, which reside in an ultimate pre-occupation with the self. The authors were concerned with the challenge of pre-occupation with self and came up with the alternative of focusing on ethics of responsibility. It confronts pre-occupation and offers alternative philosophies of consequentialism, deontology and virtue ethics. Uche (2005) says that bankers are pushed into unethical practices by two major sets of forces: internal and external in addition to national prosperity to corruption. Firstly, in materialist society, like Nigeria, individual attainment is put far ahead of societal achievement in the management of success. Primitive accumulation becomes the driving force for most individuals. Since bankers are part of the society, the internal pressures and internal characteristics- family and greedy pushes them into unethical issues. Sama and Soaf (2008) examined the professions as examples of 'moral community' and explored how professional leaders possessed of moral intelligence can make a contribution to enhance the ethical fabric of their communities. Their study, Sama and Soaf (2008) offered a model of ethical leadership in the professional business sector that will improve the understanding of how ethical behaviour in the professions confer legitimacy and sustainability necessary to achieving the professions' goals. The study also offers a model on how a leadership approach to ethics can serve as an effective tool for the dissemination of moral values in the organization. Millar and Jones (2010) reviewed a number of huge challenges to ethical leadership in the twenty-first century. The study revealed that, the crises of the recent past showed huge, and in some cases criminal failures of both ethics and leadership in finance, business and governance. The authors concluded the study that the need for global ethical leadership is not merely a desirable option, but rather is quite literally a matter of survival. Ruiz, Ruiz and Martinez (2011) conducted an empirical study in which a good performance of leader-follower relationship was reflected which individuals perceive ethical leadership in higher hierarchical managerial levels. Ruiz *et al* (2011) revealed that their finding demonstrated that follower job response is improved through an ethics trickle-down partial effect from the top manager to the immediate supervisor, and also reveal both key aspects and managerial level on which the practice of ethical leadership should rest upon to have a stronger effect on the follower positive job response. Ruiz *et al* (2011) quoting Gini (1997) concludes their study that the most important aspect that any manager should consider in daily managerial tasks is the personal practice of moral virtuosity, which should be perfectly complemented with continuous efforts to communicate the importance of ethics in the group of the organization and make personal ethics perceptible to subordinates. In this way managers may become complete leaders who gain recognized authority from subordinates, inspire them willingly in terms of behavior and attitude and

obtaining a good performance in the relationship between the manager and the subordinates. In return managers may get from the employee special job outcomes such as job satisfaction, organizational commitment and citizenship behavior that are considered as signs of possible business value generation according the Resource-Based Theory of the Firm (Grant, 1991, Peteraf, 1993, Rumelt, 1991) as recognized by Ruiz *et al* (2011), since such outcomes are a reflection of the well-being of such hard to-imitate business assets as human beings truly are, for example knowledge, ability and know-how. McNutt and Batho (2005) study was two-fold; first to add to the debate on governance and second to describe a value set theory of the firm. The authors' design and methodology was centered on good governance amongst employee-management and workers alike. In the study's findings, it is noted that committees are appointed in firms to ensure that good governance is practiced across arrange of issues to do with audit, remuneration and appointment. The study found that governance at the employee level requires a code of ethics that is not just about right and wrong, but emphasizes a contractual sense of duty of follower employee as stakeholders in the firm. On practical implications and limitations, the authors argue that on practice of good governance at the employee level should begin by asking whether the employees as rational individuals in a state of nature would freely have agreed to the contract or work arrangement within the firm that obligates to do. McNutt and Batho (2005) in their conclusion provided a new approach to understanding governance that, every rational being is in a state of being an end in itself, therefore the firm should teach the people morality.

Gautam (2015) explored the extent of strategic integration between business strategy and human resource policies and their impact on organizational performance of public listed companies in Nepal. Exploratory cum descriptive research design and methodology was used, with the distribution of structured questionnaire to 105 publicly listed individual organizations as a unit of analysis and the secondary source of information was used to verify the performance results of perceptual measurement. The authors' findings show that formulation of explicit mission and business strategies indicate that half of the organizations are doing business without strategy and just one-fourth organizations formulate explicit human resource strategy in order to support business strategies. The findings still indicate that among the respondent organizations, few organizations meet the requirement of high strategic integrating organizations that were performing better than organizations that were low integrating. McManus (2012) explored the challenges faced by corporations in incorporating ethics into their strategic management processes. The authors' design and methodology is based on the issues and the literature published in Europe, North America and Asia. The paper findings indicate a definite gap between the implementation of strategy and the moral and ethical obligations of corporations. The findings still show that given the decline in business ethics and recent corporate scandals it is proposed that ethics be brought back to the forefront of strategic management and integrated into the strategic management process.

Conclusion

In as far as studies (Garcia *et al*, 2014, and Knox and Bowman, 2008) have shown that the type of value system that each country holds depends on the type of government and its

responsibility to set good example in society, the current research study is of a different view. That ethical performance is an individual and collective responsibility and that cultural values must be reshaped for individuals to uphold that which is good, virtuous, justice and trustworthy and shun what is evil, corrupt, wrong and injustice. Greater attention in public institutions' ethical performance should start right from the time the institutions' strategy is conceptualized, conceived, crafted and designed. With the right foundation of strategy formulation, with its intents well understood by all stakeholders, the issues of unethical misconduct may be minimized and overall ethical institutional performance achieved at high levels. Bello (2012) concludes the work by saying that ethical issues are a worldwide phenomenon. They are important issues to corporate organizations and corporate leaders must take proactive measures by rewarding ethical conduct and disciplining unethical conducts. Arulrajah (2015) agrees with Bello (2012) when quoting Thite (2013) who showed that human resource development can play a proactive role in embedding ethics and values throughout the organization and human resource architecture.

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