The role of ethical leadership in organizational culture

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ABSTRACT

This paper aims to examine more deeply the role of ethical leadership in organizational culture. This is an interesting study to discuss considering that leadership is a central activity in an organization, with a top leader as a central figure, so that a leader needs leadership ethics, because a leader becomes an uswah or role model for his subordinates and has a significant influence on the performance of their subordinates. In this paper, this research uses a qualitative research type with a library research approach with data collection techniques through various references, then data reduction and conclusions are carried out. The results of the study show that leadership ethics plays a role in organizational culture. Ethical leadership affects performance in the organization, both the performance of leaders and followers. The leader is a determining factor in creating ethical behavior and ethical climate in the organization. The leader develops a strategy for developing ethical behavior which is part of the organizational strategy. The leader compiles an organizational code of ethics and implements it as a guide to the behavior of members of the organization and becomes a role model for ethical behavior.

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1. INTRODUCTION

It is with great sadness that business announces the death of integrity after a long and progressively debilitating illness. Integrity, born in the early days of civilized mankind, has often been known by such names as Honesty, Trust, and Decency. Integrity’s passing went largely unnoticed as her absence became common place and her followers gave up hope. No monument will be erected to Integrity due to lack of popular support.

The statement above is a manifestation of Baun’s concern as quoted by Kristiawan & Yunanto, regarding the emergence of disasters in the field of business and companies that occurred in the United States in the early 2000s (Kristiawan & Kuncono, 2012). Companies such as Arthur Andersen, WorldCom, Rite Aid and others, have tarnished or damaged their reputation due to the corruption committed by their leaders (Jansen, 2021). Likewise with companies and organizations in the UK and European countries, which are widely discussed regarding issues of bribery and corruption (Robbie & Praharjo, 2020). The same concern is felt very strongly among the people. In the United States, these scandals involve business people. In Indonesia, the parties involved are
various elements, ranging from business people to state administrators, both the executive, legislative and judiciary.

The people in Indonesia were once shocked by the arrest of political party figures (leaders) by the KPK. The party is classified as representing a clean party, has cadres who are militant and religious. Likewise with the arrest of a governor by the KPK who was caught in corruption. There were also those who were arrested for corruption as much as 10 billion (Islamiyati, 2020). In another case, a regent was impeached for carrying out a marriage process that was not in accordance with the values of decency in society. There is still another case, a DPRD member was caught in a drug operation while clubbing, even though he had been declared clean. This kind of phenomenon is no longer just an iceberg phenomenon but has become a mushrooming phenomenon among leaders, officials and state officials. Instead of being ashamed of what they have done, many of them are still committing acts of abuse of power after the completion of their prison terms. This fact has brought a crisis of public trust in them (Islamiyati, 2020).

The 2021 Corruption Perception Index released by Transparency International, which states that Indonesia scored 38 out of 100 points, and is ranked 96 out of a total of 180 countries (Pinintasih & Salendu, 2022). The Corruption Perception Index is a survey regarding perceptions of corruption that occurs in a country according to public opinion. These results indicate that opinion regarding the occurrence of corruption, especially in Indonesia, is still relatively high when compared to other countries.

This then raises many questions, why can this happen? aren’t they the people who are elected and trusted to carry out their positions, who of course have been equipped with a set of value systems or procedures for how to carry out their duties. This question can be further explored, what are the procedures and systems of ethical values for these leaders. How does this ethics explain the leader’s relationship with his team members, other parties (stakeholders), or the general public.

Among academics and practitioners recently there has been concern about how organizations choose ways to run their business while still achieving organizational goals, but in a more appropriate way. Included in this is a study of the role of ethical leadership in organizational culture, which until now has been lacking. Studies related to this have been carried out, with general leadership studies, although some of them have studied with specialties, such as leadership ethics related to marketing management (Wibowo, 2016). In addition, some have studied Leaders, Organizational Culture, and ethical behavior with a longer research time (Kristiawan & Kuncono, 2012). Meanwhile Hidayat Hidayat (2019) leads to leadership ethics in communication. Meanwhile, Pinintasih & Salendu (2022) focuses his study on ethical leadership and employee accountability. Researchers also focus attention on ethics and leadership style (Riwukore et al., 2022), as well as linking ethics with Corporate Social (Kim & Thapa, 2018), while there are studies that highlight the decline in public trust in unethical leaders (Islamiyati, 2020).

Ethics and leadership intersect at a number of points in time. Transformational leadership has ethical implications when these leaders change the way their followers think. Charisma also has an ethical component. Unethical leaders will use their charisma to increase their power over their followers, directed to serve themselves to the end. Leaders who treat their followers with justice, especially by providing honesty, frequent visits, and accurate information, will appear to be more effective (Na‘im, 2022).

Ethics is a trait that has reciprocity which is important for a leader, this is because if leadership is based on good ethics, then many followers will empathize and easily follow directions from their leaders. On the other hand, if the leader does not have ethics, the subordinates tend to lack respect and it is difficult to obey his orders. This implies that ethics is part of creating charismatic leadership and creating a good organizational culture (Na‘im, 2022).

In this case ethics is an integral part of creating effective leadership, so that it will have an impact on the atmosphere of the organization they lead and make the
performance of their subordinates good and optimal. All of this requires a leader with high ethics and integrity, because leadership with high ethics and integrity is able to increase motivation for organizational performance and effectiveness.

Therefore, to better understand the importance of ethical leadership in an organization, this paper seeks to reveal more about the role of ethical leadership in organizational culture.

2. RESEARCH METHOD

In this study the authors used qualitative research with a library research approach and is descriptive in nature, where the authors wish to reveal more deeply about the role of ethical leadership in organizational culture. Through this research library the authors collect documents or data related to leadership ethics in organizational culture, which are sourced from several references, such as books, journals, and others. Data and references are used as reliable sources, and are relevant for use in this study. Sources are selected or prioritized from references and journals with a publication period of the last five years. Data analysis is devoted to the leader’s role and behavior (Miles, Matthew B; and Huberman, 1994). Qualitative data were analyzed through triangulation, categorization, reduction, classification, and interpretation, in-depth study resulting in a conclusion about ethical leadership in organizational culture.

3. RESULTS AND DISCUSSIONS

3.1 Leadership Concept

Organizations that want to achieve success are determined by one factor, namely leadership. The leadership factor is needed to collaborate in a teamwork in order to achieve a specified success of the organization. These factors can form a good team and create an ethical leader. Leadership can be said as a way of a leader in directing, encouraging and managing the elements in it, in a group or organization to achieve a desired organizational goal (Arista Putri et al., 2020).

Leadership is essentially the ability that a person has to foster, guide, direct and move other people so that they can work together to achieve the goals that have been set. To realize these goals, leaders need to carry out a series of activities including directing the people involved in the organization he leads. In other words, the goals of an organization are achieved or not, depending on its leadership.

A good leader is a leader who is able to influence the people he leads so that people in the organization cooperate with one another to achieve goals, in the sense that leaders are also able to influence the people they lead, that the leaders concerned can work with other people. - people who are led to achieve organizational goals. Ideally a leader should be able to plan, give direction and the right orders subordinates, and make important decisions in the organization (Hidayat, 2019).

Leadership is a central activity in an organization, with a top leader as a central figure who has authority and responsibility in making the organization effective in achieving its goals. The leader as a central figure has a strategic role, namely uniting individuals to move in the same direction with all available means. Such authority and responsibility show that the existence of a leader cannot be separated from the organization, both formal and informal, while the organization cannot be separated from its members which consist of individuals (Zaini, M.F. & Siregar, 2021).

Every organization must have a leader, who is ideally obeyed and respected by its members. An organization without a leader would be in chaos. Therefore, there must be a leader who governs and directs his subordinates to achieve individual, group and organizational goals (Budi, 2020).

Leadership is the ability to influence possessed leaders to direct subordinates to be obedient, respectful, loyal and easy to work with. leadership is a process, it can be
equated with the production process in a production management system (Pasaribu, 2021). The leadership production process consists of leadership input, process and output. Process can also be interpreted that the leadership process takes time, not something that happens instantly. A process of influencing interaction in leadership takes a long time depending on the situation in the leadership setting, the quality of the leadership and the quality of the followers (Mukhlasin, 2020).

Leadership is a process that involves a person to influence others by providing motivational power, so that the person enthusiastically strives towards the goal. A leader is those who lead by doing their job every day. Leaders are born not only in managerial hierarchies, but can also be born in non-formal work groups. According to Jaya & Mukhlasin, defines leadership as a series of structuring activities in the form of the ability to influence the behavior of other people in certain situations so that they are willing to work together to achieve the goals that have been set (Jaya & Mukhlasin, 2021). Leadership success is essentially related to the level of concern a leader is involved in for both orientations, namely what has been achieved by the organization (organizational achievement) and coaching for the organization (organizational maintenance) (Zaini, M.F. & Siregar, 2021).

3.2 Leadership Ethics

Ethics are normative standards in the form of moral values, norms, and things that are considered good. Ethics functions as a guide/guidance in behaving and behaving towards a better life. Basically the true meaning of ethics is the determination of guidelines to do what is right and not to do anything that is not right. Thus carrying out an ethical life is believed to bring life to a better condition, which does not harm the life around it (Pasricha et al., 2022).

Ethics is the science and standards of what is right and what is wrong; something that can be done; and something not to do. Right behavior is ethical behavior and wrong behavior is unethical behavior. The word ethics is a noun and when paired with the word leadership after it, it turns into an ethical adjective, so that if it is framed into ethical leadership, it means leadership that demonstrates normatively appropriate behavior through personal actions and interpersonal relationships, and promotion of actions. like that to followers through two-way communication, reinforcement, and decision-making (Na'im, 2022).

Ethics is a determining factor for the success of a leadership. In an organization, leadership is considered good if the leadership functions are carried out based on ethical principles according to the values adopted by the organization. Ethical leadership will create a more comfortable working atmosphere in the organization, higher productivity, and resolve conflicts that exist within the organization (Pasricha et al., 2022). In the context of public or government organizations, ethical leadership intersects with macro matters, namely ideology, power hierarchy, control and political culture; and micro issues, namely assignments, personal relationships, political issues and decision making. This affects the constellation of a leader in carrying out duties in moral signs for the benefit of public services (Nugroho, 2018). There are five principles of ethical leadership, namely fairness, transparency, responsibility, efficiency and no conflict of interest.

According to Van den Akker, et al in Na'im that ethical leadership is built on the basis of three concepts (Na'im, 2022), namely: (a) Ethical role models. Ethical leaders actively demonstrate ethical behavior and set good examples at a professional and private level. It is also concerned with the function of managers as role models and guides for their followers, (b) Rewards and punishments. A consistently ethical leader rewards appropriate behavior and punishes deviations to ensure that followers adhere to moral standards and know what is considered moral and immoral behavior, (c) Communicating about ethics and values. Ethical leaders positively influence ethical behavior through communication about ethics and values. This activity includes communicating frequently about the ethical standards and values that should guide organizational decisions and
actions and explicitly discussing the components in the decision-making process. In this case the emphasis is on good communication and the existence of openness between leaders and subordinates regarding ethical values in the organization so as to create more comfortable and family-friendly organizational conditions.

3.3 Leadership Ethics Characteristics

To properly understand leadership ethics, it is necessary to understand its functions and characteristics, as follows (Na’im, 2022):

a. The ethical function of leadership

One of the functions of a leader is to create an ethical climate and culture within the organization. Ethical climate is a positive or negative perception of organizational members regarding the implementation of ethics in the organization. So in this case it is very relevant if as a leader an ethical leader is needed to create an ethical culture in the organization he leads.

Ethics influences the behavior of leaders and the behavior of followers. The process is as follows: (a) Ethical norms. Every well-established organization or social system has ethical norms and values in addition to regulations. These norms and values are part of the organizational culture. Examples of these norms are the norms of codes of ethics and habits that have been accepted, taught, implemented and enforced for a long time by leaders and members of the organization. (b) Leader. Norms and values affect the behavior of all members of the organization including leaders. Especially for leaders, they must lead the application and enforcement of the implementation of these norms and values for members of the organization. He gave examples of the application of norms and values in organizational behavior and personal behavior of members of the organization. (c) Behavior influences ethical leaders. Organizational norms and values are applied in the behavior of influencing leaders. If the leader applies ethical norms and values, then an influence technique is created from an ethical leader. Leaders use influencing techniques that are acceptable to followers who have also adopted organizational norms and values in their behavior, (d) Ethical climate. The leader’s use of organizational norms and values in techniques influences the leader’s acceptance of followers who have adapted his or her behavior to organizational norms and values creating an ethical climate in the organization. Ethical climate is the perception of leaders and followers about what happens routinely in the internal environment of the organization. (e) Follower performance. The ethical climate allows followers to work optimally; increase motivation, work ethic and job satisfaction of followers. Followers' psychological barriers to work are avoided. Thus will create maximum performance of the followers. (f) Vision accomplished. If follower performance is maximized, it can be predicted that organizational performance will be maximized and the leader's vision will be achieved.

b. Characteristics of ethical leadership

The development of leadership ethics in Indonesia continues to experience dynamics. The community is also looking for a leadership model that is considered good, caring, advanced or productive. The choice can be found in government, private, organizational or community agencies. Certain leaders are idolized and considered ethical, which is different from other unethical leaders. Steven Mintz suggests that the main characteristics of ethical leaders are honest, trustworthy, fair-minded, responsible, accountable, and have integrity. Integrity is the foundation of an ethical person in general, and a leader must be held to the same standard. Ethical leaders have the courage to tackle problems and do the right thing even when there is pressure to do otherwise. Ethical leaders will have the courage of their convictions to practice the truth (Mintz, 2021).

In particular, the characteristics of ethical leadership are described (Nugroho, 2018). As follows: (a) Having knowledge about moral values, being able to explain them
and implementing moral values in his life. It is important for leaders to tell a compelling and morally rich story, but ethical leaders must also embody and live the story. (b) Always focus on organizational success rather than individual interests. The leader understands his position within the organization, in front of members and stakeholders. The leader recognizes the values regarding the success of people towards the ‘dream’ of organizational success. (c) Find people of integrity and develop trust in them. Currently, what matters is people with integrity and responsibility, not just being smart and skilled. They are the ones who can be trusted to develop the organization now and in the future. (d) Maintain, declare and develop the positive values of the organization to society and stakeholders. Leaders need to take this step to build organizational commitment, concern and responsibility to society and stakeholders. (e) Develop a dissent mechanism. This is very necessary to develop innovation, institutional development or alternative organizational solutions. Leaders need to go down to find technical problems and alternative solutions from the field. (f) Seeing positive values from another side or experience. Leaders need to make difficult decisions (including sacrificing their interests) in order to generate benefits for the region, stakeholders or other people.

Steven Mintz argues that the quality of an ethical leader is determined by the core characteristics of the leader, including awareness, inclusiveness, accountability, concern, consistency, and authority. This is a behavioral factor that determines good leadership and them in an organization (Mintz, 2021).

Another view was put forward by Na’im that the characteristics of ethical leadership include (Na’im, 2022): (a) Trustworthy. A leader must be trusted by his followers. He is an honest person in the form of combining what was said, promised with what he did. He seeks to fulfill what he promises and does not seek to deceive others. He has high integrity and is loyal to the vision, mission and goals of his organization (a) Appreciate and respect others. The leader must treat followers as well as he wants to be treated by his followers and others. He must understand and appreciate that everyone has differences in gender, age, cultural differences, differences in education and experience. (b) Be responsible. Leaders must have a sense of responsibility for their duties and roles in the organization to achieve the vision, mission and goals of the organization. He is responsible for his actions, nurturing and developing his followers (c) Fair. A leader must be fair in carrying out the rules not taking advantage of himself, his family and his cronies, (d) Organizational citizenship. Leaders carry out duties to make life better, protect the environment, carry out their duties in accordance with laws and regulations and apply the basic principles of the organization. (f) Use power wisely. Leaders have various types of power that can be used to influence their followers and other people related to their organization. (g) Be honest. Leaders must hold the principle of honesty; he must be true to himself, to his followers and to those associated with his organization.

The characteristics of ethical behavior above show that it is not easy for a leader to create ethical behavior in carrying out his leadership. It takes seriousness and high self-integrity in encouraging the growth of ethical leadership to run the organization, thereby encouraging all followers to improve the maximum work ethic for the realization of the vision, mission and goals of the organization.

3.4 Organizational Culture
The concept of organizational culture has been described from various perspectives in the literature. Consequently, there is no single definition of organizational culture (Nikpour, 2017).

The discussion of organizational culture has been studied from various perspectives and disciplines, such as anthropology, sociology, organizational behavior and organizational leadership, to mention a few. Organizational culture is defined as the values, beliefs and behaviors that distinguish one organization from another. Organizational culture is defined as a dynamic phenomenon that surrounds us all the
time, which is continuously carried out and created through interactions with other parties and is shaped by the behavior of leaders and which consists of structures, routines, rules and norms that guide and limit behavior. Organizational culture is a representation of the collective values, beliefs, and principles of organizational members. If the concept of organizational culture is well understood, besides the direct impact on organizational performance, it can indirectly affect organizational performance through employee organizational commitment (Nikpour, 2017).

A practical way to define organizational culture is in the environment in which we work, in this environment the behaviors, attitudes, beliefs, skills, views, habits and prejudices of members of the organization appear. Many of these attributes were shaped by past leaders, whether for good or bad, through years of indoctrination, influence and reinforcement. The reality that remains is that leaders must be responsible for the climate and culture they create in the organization.

According to Schein in Kristiawan & Yunanto organizational culture has three levels. The first level, the level of behavior and artefacts, is the most external and visible element of organizational culture. Reflecting the basic values and assumptions adopted by the organization in the form of behavior and objects around it, such as how to dress, building designs, ceremonies, language, stories, myths and symbols. The second level, beliefs, values and attitudes are elements of organizational culture that underlie behavior. Although these elements are not visible, they influence the behavior of members. Values are related to morals and ethics so that they determine what should be done, while beliefs are more related to what a person thinks is right or wrong. The third level, basic assumptions, is the deepest part of the organizational culture that underlies the values, attitudes and beliefs of members of the organization (Kristiawan & Kuncono, 2012).

Organizational culture is created, maintained and changed by the people in the organization. Organizational culture is also created and maintained by organizational leaders. Organization founders and leaders at the executive level are the main source for the transmission of ideology, core values and organization-specific values. Organizational values describe the behaviors or goals chosen. Organizational norms reflect the behaviors that are accepted by others and as a whole are considered as an accepted way to achieve goals. Leaders also set parameters for communication channels and formal interaction rules for the organization. Values and norms are disseminated to all members of the organization, becoming part of the permanent organizational culture.

3.5 Relationship between Leadership Ethics and Organizational Culture

Leadership ethics and organizational culture are phenomena that are highly interdependent, because every aspect of leadership ultimately shapes organizational culture. For example, when entering an organization’s office space, it will be different from the offices of other organizations. Why is that? Because the leader of each company is different. Phenomena obtained such as employee work ethic, team work, attitude, and integrity. All of these things describe the existing leadership in a company and also describe the culture that exists in the company.

Leadership ethics have a major influence on performance in the organization, both the performance of a leader and followers. The leader is a determining factor in creating ethical behavior and ethical climate in the organization. The leader develops a strategy for developing ethical behavior which is part of the organizational strategy. The leader compiles an organizational code of ethics and implements it as a guide to the behavior of members of the organization. In carrying out the code of ethics, leaders become role models or role models for ethical behavior. Within the organization a commission/body code of ethics is established which enforces the implementation of the code of ethics. So that the realization of ethical behavior in organizations is part of the influence of the figure of a leader and this must be initiated first by the leader in carrying
out his leadership by reflecting ethical leadership and this becomes a role model for his followers and all of this will form a good organizational culture.

This is reinforced by the argumentation of MacGilchrist, et al in Na’im that there are nine leadership intelligences needed to lead their subordinates, one of which is ethical intelligence: among others being fair, respecting others, upholding truth, and being responsible (Na’im, 2022).

Having good leadership ethics will also form a good organizational culture, because leaders know very well that shared values and beliefs throughout their organization will shape how the work of the organization is carried out. Besides that, the elements of good leadership such as vision, performance, perseverance, and principles are important events that are also used by leaders in shaping organizational culture (Na’im, 2022).

4. CONCLUSION

Leadership ethics is part of efforts to create a good organizational culture. Several important points that need to be underlined from the description of this paper are First, ethical leadership is leadership that demonstrates normatively appropriate behavior through personal actions and interpersonal relationships, and promotes such actions to followers through two-way communication, reinforcement, and decision making. Second, Ethics influences the behavior of leaders and the behavior of followers. The process includes: a) Ethical norms. b) Leader. c). Behavior influences ethical leaders. d). Ethical climate. e) Follower performance. F) Vision achieved. Third, the characteristics of an ethical leader include: a) Trustworthy, b) Appreciate and respect others, c) Responsible, d) Fair, e) organizational citizenship, f) Use power wisely, g) Honest. Fourth, there is a relationship between ethical leadership and ethical organizational culture. This good leadership ethic will form a good organizational culture as well. This study uses a qualitative approach with a focus only on the views and thoughts of experts contained in references and articles. In the next period, more in-depth and comprehensive research is needed, and is not limited to references, articles and documents, but interviews and observations are needed to highlight the ethical behavior of leaders in relation to shaping ethical culture in organization.

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