



Contents lists available at [Journal IICET](https://journal.iicet.org)

**JPPI (Jurnal Penelitian Pendidikan Indonesia)**

ISSN: 2502-8103 (Print) ISSN: 2477-8524 (Electronic)

Journal homepage: <https://jurnal.iicet.org/index.php/jppi>



# The influence of ethical leadership and ethical culture on ethical behavior in higher education institutions

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## Article Info

### Article history:

Received Aug 22<sup>th</sup>, 2024

Revised Nov 23<sup>th</sup>, 2024

Accepted Dec 31<sup>th</sup>, 2024

### Keywords:

Ethical behavior

Ethical leadership

Ethical organizational culture

Influence of ethical leadership on ethical behavior

Structural equation model

## ABSTRACT

Educational institutions play a crucial role as examples of ethical behavior enforcement in society. This study aims to examine the influence of ethical leadership on ethical behavior through the mediating role of ethical culture in Universitas Mercu Buana, a higher education institution accredited in Jakarta. Specifically, the research investigates how leadership shapes the ethical culture and, subsequently, ethical behavior among academic and administrative staff, thereby setting an example for students in ethical behavior formation. The research employs a quantitative approach with a causality design. Data were collected using structured questionnaires distributed to 150 academic and administrative staff as respondents, selected through purposive sampling. The data were analyzed using the Structural Equation Model (SEM) with the AMOS software to identify direct and indirect relationships between variables. The findings reveal that ethical leadership has a significant positive effect on ethical culture ( $CR = 4.233$ ,  $P = 0.000$ ) and ethical behavior ( $CR = 6.677$ ,  $P = 0.000$ ). Furthermore, ethical culture mediates the relationship between ethical leadership and ethical behavior, emphasizing its pivotal role in shaping ethical practices. These results highlight the importance of fostering ethical leadership and culture within educational institutions to promote ethical behavior. The study concludes that strengthening ethical leadership and cultivating an ethical culture in higher education can significantly contribute to forming ethical attitudes and behaviors, which are essential for graduates and society. Practical implications include the need for ethics-based leadership training and the establishment of institutional policies that reinforce ethical norms. These findings offer valuable insights for both academic researchers and practitioners in organizational ethics.



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## Introduction

Indonesia faces various problems related to universal ethical violations. Based on Transparency International 2021 data, Indonesia is one of the countries with a high level of corruption (Mungiu - Pippidi, 2023). In addition, the media often reports cases of sexual harassment committed by educators against students, as well as cases of bullying in educational institutions, including physical violence during new student orientation activities (Ospek) (Quran, 2022). These cases show that educational institutions, which are supposed to be role models in upholding ethical behavior, are still faced with serious challenges in creating a strong ethical culture.

In the case of higher education, ethical violations have a significant impact on the formation of ethical attitudes and behaviors of graduates (Abdurrasyid & Suwardi, 2010). A study from (Rozikin & Susilowati, 2023) shows that ethics education and learning styles can influence ethical behavior directly, although ethical climate has no direct influence. Therefore, it is important for higher education institutions to build a solid ethical culture, where academic and administrative staff become role models in interacting with students. Universitas Mercu Buana, as one of the higher education institutions in Indonesia, has an important role in shaping ethical culture.

In this study, three main variables are the focus of research, namely ethical leadership, ethical culture, and ethical behavior. Ethical leadership is defined as a leadership style that emphasizes honesty, fairness, and moral values in decision-making (Huang et al., 2021), which plays an important role in creating an environment that supports ethical behavior in higher education (Moussa, 2023). Ethical culture, which refers to the norms, values, and beliefs that guide behavior in an organization (Abdurakhmonova et al., 2021), can shape the behavior of academic and administrative staff to align with institutional values. Meanwhile, ethical behavior is defined as individual actions that are in accordance with moral principles and ethical values (Al Halbusi et al., 2021a), which plays a key role in providing fair and professional services to students.

Research by (Moussa, 2023) and (Ishak et al., 2019) showed that ethical leadership has a direct relationship with ethical culture, where the hypothesis is accepted. In addition, research by (Resende, 2021; Resende et al., 2024) revealed that ethical culture affects both ethical and non-ethics-related behaviors. However, studies on ethical behavior in higher education institutions are still limited. Previous literature more often discusses the relationship between ethical leadership and ethical behavior directly, while studies exploring the relationship between ethical leadership, ethical culture, and ethical behavior in higher education institutions have not been conducted.

To analyze the relationship between these three variables, this study uses the Structural Equation Modeling (SEM) method. SEM is a multivariate analysis method that allows testing direct and indirect relationships between latent variables (Dampson, 2022; Ringelstein et al., 2023). In this study, SEM was used to measure the effect of ethical leadership on ethical culture, as well as the impact of ethical culture on ethical behavior. This approach was chosen because of its ability to identify and describe the structure of the relationship between variables comprehensively, resulting in an in-depth and relevant model.

This study aims to develop a model of ethical behavior promotion at Universitas Mercu Buana by highlighting the role of ethical leadership and ethical culture in shaping ethical behavior. The results of the study are expected to make a significant contribution in improving the quality of ethics and services in higher education institutions, especially at Universitas Mercu Buana.

## Method

### Research Hypothesis

(1) ethical leadership affects ethical behavior, (2) ethical leadership affects ethical culture, (3) ethical culture affects ethical behavior.

### Research Design

This study uses a survey method with a causality approach to explain the influence between variables through hypothesis testing. The causality research design was chosen because it is suitable for identifying the cause-and-effect relationship between ethical leadership, ethical culture, and ethical behavior, as described in the research conceptual framework. This approach allows the testing of direct and indirect relationships between variables, providing a deeper understanding of the structure of relationships between variables.

### Respondents and Sampling

The number of respondents in this study was 149 academic staff selected using random sampling technique. This technique was chosen to ensure that each member of the population has an equal chance of becoming a respondent, so that the results of the study can better represent the population as a whole. The respondent profile includes position, gender, and work experience relevant to the research objectives. The sample size is determined based on recommendations in SEM analysis, where the minimum number of respondents is 5-10 times the number of indicators in the model.

### Data Collection

Primary data were collected using a structured questionnaire arranged based on the dimensions and indicators of each research variable, namely ethical leadership, ethical culture, and ethical behavior. The validity and reliability of the questionnaire had been previously tested through a preliminary study to ensure that the research instrument had sufficient accuracy and consistency. Data collection was conducted face-to-face to minimize differences in interpretation between researchers and respondents. The questionnaire was filled out in a self-

rating manner, where respondents provided an assessment based on their own perceptions of the variables under study.

### Measurement Scale

Measurements were made using a Likert scale of 1-5, where: 1 = Strongly Disagree and 5 = Strongly Agree. This scale is used to measure dimensions in each research variable, such as honesty and fairness in ethical leadership, norms and values in ethical culture, and compliance with moral principles in ethical behavior.

### Data Analysis

The research data was processed using a structural equation model (SEM) using AMOS software. SEM was chosen because of its ability to test direct and indirect relationships between variables simultaneously, as well as analyze measurement models and structural models in one framework. Considering that the measuring instrument is still in the process of empirical evidence from previous research studies, a confirmatory analysis is needed to validate the measuring instrument.

The analysis steps include: 1) Reliability Test using Cronbach's Alpha to assess the internal consistency of the research instrument; 2) Model Fit Tests are carried out by evaluating feasibility indices such as Chi-square, Root Mean Square Error of Approximation (RMSEA), Comparative Fit Index (CFI), and Tucker-Lewis Index (TLI); 3) Hypothesis Testing, direct and indirect effects between variables are tested using path estimation in SEM. The test results are used to support or reject the research hypothesis.

### Limitations of the Method

This study has several limitations that need to be considered: 1) Respondent Bias. Since the data was collected through a self-rating questionnaire, there is a potential for subjective perception bias from respondents; 2) Generalization of Results. The results of this study only apply to the context of Mercu Buana University, so generalization to other institutions requires caution; 3) SEM Assumptions. SEM analysis requires that the assumptions of normality, multicollinearity, and linearity be met. Violation of these assumptions can affect the validity of the analysis results.

## Results and Discussions

### Descriptive Statistics

Descriptive statistics of the research variables based on respondents' answers are presented in Table 1. Based on the results of the analysis, several dimensions show significant differences in scores, which require further discussion to provide insight into their influence on the formation of culture and ethical behavior in organizations. The indicator of professionalism has the highest score of unethical behaviors, and the lowest score is the Confidentiality issues.

The highest score of ethical culture indicator is Clarity, and the lowest score is Congruency of supervisors. The highest score of ethical leadership indicator is Concerned for the greater good, and the lowest score is Serves others.

In the unethical behavior variable, the Professionalism dimension has the highest score, while the dimension with the lowest score is Confidentiality issues. High scores on the Professionalism dimension indicate that behaviors that reflect professionalism tend to be more appreciated or practiced by respondents. Conversely, a low score on Confidentiality issues may indicate a lack of attention to the importance of maintaining information confidentiality in an organizational context. Previous research, such as that conducted by (Machmudah et al., 2024), showed that training related to information confidentiality can improve employee compliance with ethical standards.

On the ethical culture variable, the dimension with the highest score is Clarity, which indicates that the organization has provided good clarity regarding ethical norms and rules. However, the Congruency of supervisors dimension has the lowest score, which indicates a mismatch between supervisor behavior and expected ethical values. This could negatively impact the formation of an ethical culture in the organization, as suggested by (Al Halbusi et al., 2021b), who found that supervisors who are inconsistent with ethical values can weaken the overall ethical culture.

On the ethical leadership variable, the dimension with the highest score is Concerned for the greater good, which indicates that respondents see organizational leaders as having concern for the common good. However, the Serves others dimension has the lowest score, indicating that the service-oriented aspect of leadership has not been fully seen or felt by staff. This low score may be due to the lack of programs or policies that encourage leaders to focus on the individual needs of employees. A study conducted by (Ulfa, 2020) showed that servant leadership can increase employee satisfaction and strengthen ethical behavior.

Table 1 &lt;Descriptive Statistics of Variables&gt;

Variable	Dimension	Mean Score
Unethical Behaviors	Exploitation of sessional or junior staff	2.3094
	Bullying or personal vendettas towards staff	2.2762
	Favoritism	2.3757
	Sexual impropriety	2.2983
	Do not follow policies and guidelines	2.3204
	Lack of professional ethics or care	<b>2.3978</b>
	Confidentiality issues	<b>2.2652</b>
Ethical Culture	Clarity	<b>3.9669</b>
	Congruency of management	3.8564
	Congruency of supervisors	<b>3.6630</b>
	Feasibility	3.7735
	Supportability	3.7017
	Transparency	3.8619
	Discussability	3.9392
Ethical leadership	Sanctionability	3.8674
	Humble	4.0110
	Concerned for the greater good	<b>4.0884</b>
	Honest and straightforward	4.0331
	Fulfils commitments	4.0387
	Strives for fairness	4.0221
	Takes responsibility	3.9945
	Shows respect for each individual	4.0221
	Encourages and develops others	4.0773
	Serves others	<b>3.9890</b>
	Shows courage to stand up for what is right	4.0276

### Measurement Evaluation

The results of the confirmatory analysis yielded the loading factor value from the indicators of the research variables are more than 0,5 so the measurement are valid. The reliability test was carried out by using the variant extract criteria more than 0.70. All measurements of research variables are reliable because they have variant extract scores greater than 0.70.

### Assumption Test Results

The normality assumption test is carried out as a condition for using the structural analysis model with AMOS software. The results of testing assumptions show that the value of skewness and kurtosis is quite low, which is less than 2.90, so it can be concluded that the assumption of normality has been met. Based on the distance of mahalanobis also shows that only approximately 5 percent have a lower value so that it is considered to meet the normality requirements.

### Model Accuracy Test

Evaluation of model fit is needed to evaluate whether the research model is good enough so that it is feasible to be used in research analysis. The evaluation of the suitability of the research model was carried out using 6 criteria. Based on the evaluation shows that of the 6 criteria, as many as 5 criteria indicate that the model is good, while from 1 criterion it is marginal. Based on the evaluation results, the model is eligible for further analysis.

### Hypothesis Test Results

Table 2 &lt;Hypothesis Test Result&gt;

			C.R.	P	Result
Ethical Culture	<---	Ethical leadership	4.233	***	Accepted
Unethical behavior	<---	Ethical Culture	6.677	***	Accepted
Unethical behavior	<---	Ethical leadership	-3.584	***	Rejected

### Discussion

The results of this study show that ethical leadership has a significant positive effect on ethical culture (CR = 4.233, P = 0.000). This finding supports the hypothesis that the higher the ethical leadership, the stronger the ethical culture within the organization. These results align with previous studies, such as (Moussa, 2023), which

highlight that ethical leadership plays a critical role in shaping organizational culture by serving as a role model for ethical behavior. Ethical leaders instill ethical norms and values, which are subsequently adopted and reinforced by employees, thereby creating a robust ethical culture. Moreover, the findings also underscore the importance of ethical leadership in establishing trust and consistency in the organizational environment, as discussed by (Nasser et al., 2023). Leaders who demonstrate ethical behavior not only influence individual employees but also contribute to the collective ethical practices of the organization.

The study also finds that ethical culture significantly influences ethical behavior ( $CR = 6.677$ ,  $P = 0.000$ ). This indicates that a strong ethical culture positively affects employees' ethical behavior. These findings are consistent with those of (Resende, 2021; Resende et al., 2024), who argued that an ethical organizational culture serves as a guiding framework for employees to navigate ethical dilemmas and make moral decisions. Ethical culture provides employees with clear expectations regarding ethical conduct and reinforces adherence to ethical standards (Srivastava, 2022). The alignment between ethical culture and behavior highlights the importance of fostering a values-based culture, as it has been proven to lead to higher levels of ethical behavior.

The study further finds that ethical leadership has a significant negative effect on unethical behavior ( $CR = -3.584$ ,  $P = 0.000$ ). This indicates that stronger ethical leadership is associated with lower levels of unethical behavior within the organization. These results align with the findings of (Gan et al., 2023), who demonstrated that ethical leaders act as a deterrent for unethical practices by fostering an environment of accountability and setting a high standard of moral conduct. The negative relationship between ethical leadership and unethical behavior highlights the critical role leaders play in shaping the moral compass of their teams. By modeling integrity and ethical decision-making, leaders can reduce instances of unethical behavior, such as dishonesty, fraud, or violations of organizational policies (Houdek, 2020). These findings reinforce the importance of selecting and training leaders who embody ethical principles.

The combined findings from all three hypotheses provide a comprehensive understanding of the interplay between ethical leadership, ethical culture, ethical behavior, and unethical behavior. Ethical leadership not only positively influences ethical culture and behavior but also significantly reduces unethical behavior. This underscores the cascading impact of ethical leadership across various dimensions of organizational ethics. Universitas Mercu Buana as organizations should leverage these insights by investing in ethical leadership development, promoting a strong ethical culture, and addressing factors contributing to unethical behavior. Practical steps include implementing ethics training, establishing reporting mechanisms for unethical practices, and integrating ethical principles into leadership evaluation metrics.

While this study provides valuable insights, future research could explore additional factors that moderate or mediate the relationship between ethical leadership, ethical culture, and unethical behavior. For example, investigating the role of organizational size, industry type, or cultural context could enhance our understanding of how these relationships manifest in different settings.

## Conclusions

This study underscores the essential role of ethical leadership in shaping ethical culture and behavior while simultaneously reducing unethical behavior within organizations. The findings reveal that ethical leadership significantly strengthens ethical culture, as leaders who demonstrate ethical behavior effectively shape an organization's values and norms. Furthermore, a strong ethical culture positively influences ethical behavior, providing employees with a guiding framework to navigate ethical dilemmas and adhere to moral standards. Additionally, ethical leadership has a significant negative effect on unethical behavior, emphasizing the importance of leaders in minimizing unethical practices through role modeling and fostering accountability.

These findings highlight the cascading impact of ethical leadership on various dimensions of organizational ethics, suggesting that promoting ethical leadership and fostering a robust ethical culture can create an environment that encourages ethical behavior while reducing unethical actions. Universitas Mercu Buana, can apply these insights through strategies such as ethics training, leadership development, and integrating ethical principles into organizational policies and evaluation systems. Future research should consider exploring additional factors that may influence the relationships between ethical leadership, ethical culture, and behavior to enhance understanding and application across diverse organizational contexts.

## Acknowledgments

The authors wish to thank Universitas Mercu Buana for financial support of this research.

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