

HOW ETHICAL LEADERSHIP FOSTER EMPLOYEE BEHAVIORS: ROLE OF ETHICAL CULTURE

TRAN QUANG THANG

Faculty of Business, FPT University, Hanoi, 100000 Vietnam. Email : thangtq27@fe.edu.vn

QUANG VAN NGO*

Faculty of Business Management, Hanoi University of Industry, Vietnam.

*Corresponding Author Email: quangnv@hau.edu.vn

Abstract

This research explores the identification and assessment of the impact of ethical leadership on employee behavior, emphasizing the mediating role of ethical culture. Using a quantitative research approach and a pre-structured questionnaire, the study surveyed 938 participants. Data were collected and analyzed with SPSS 25 and AMOS 24 software. The findings indicate a positive correlation between ethical leadership and ethical culture, with ethical culture negatively influencing employee turnover behavior. Furthermore, the results highlight that ethical leadership indirectly shapes employee commitment and turnover behavior through its impact on ethical culture. In light of these research outcomes, the authors propose managerial implications aimed at enhancing ethical leadership and fostering a robust ethical culture. The ultimate goal is to mitigate employees' turnover behavior, providing valuable insights for organizational leaders seeking to create a healthier and more sustainable work environment. This study contributes to the existing literature by offering a comprehensive model that integrates ethical leadership, ethical culture, and employee behavior. The practical implications underscore the importance of leaders not only exhibiting ethical behavior but also cultivating a culture that sustains these values, ultimately contributing to a healthier organizational climate.

Keywords: Employee Behaviors, Ethical Leadership, Ethical Culture, Turnover Behavior.

1. INTRODUCTION

Historically, the challenges faced by business leaders in meeting shareholder expectations have been evident (Christian Voegtlin, Moritz Patzer, Andreas Georg Scherer, 2012). This historical context has generated increased pressure from shareholders for leaders to address concerns effectively. The inadequacies of business leaders have triggered a recent public outcry over unethical behavior among them, leading scholars and practitioners to intensively examine strategies to prevent future ethical transgressions and safeguard organizational reputation and financial stability (Wendy O'Connell, Michelle Bligh, 2009).

Ethical leadership emerges as a crucial factor in responding to these challenges. It not only shapes the moral framework of an organization but also fosters positive relationships and trust with all stakeholders. Going beyond traditional leader-follower dynamics, ethical leadership emphasizes ethical and relational actions to engage stakeholders, extending considerations to include society and the ecological environment as vital stakeholders. The authenticity of ethical leaders is noted to contribute to fraud prevention within an organization, promoting learning, adaptability, and inclusive decision-making processes.

In the contemporary business landscape, organizations grapple with the need to deliver exceptional customer service while simultaneously nurturing a robust ethical awareness and culture among employees. The ethical culture within an organization is significantly influenced by its leaders, with leadership behavior serving as the cornerstone of the organizational moral framework. Leaders hold the power to either uphold or undermine organizational culture, bearing the responsibility for instigating changes within the organization. Consequently, they deserve recognition for the organization's achievements (Sandra Castro-González, Belén Bande, Pilar Fernández-Ferrín, 2019).

Organizational leadership is currently challenged with cultivating an ethical culture within organizations, not only to enhance the organization's reputation but also to foster employee commitment, ultimately reducing employee turnover. Leaders play a pivotal role in this process by adhering to ethical standards in their daily operations and decision-making. This emphasizes the importance of leaders who radiate a positive influence within the workplace. Ethical leadership, therefore, serves as the cornerstone for establishing and promoting an organization's ethical culture, heightening employee commitment in the process (Thomas A. Wright, Jerry Goodstein, 2007).

Understanding the interplay of ethical leadership, ethical organizational culture, employee commitment, and turnover behavior is crucial for organizations. It empowers them to formulate specific strategies aimed at enhancing the accountability of their leaders, fostering an ethical culture and reputation, strengthening employee engagement, and mitigating personnel losses resulting from employee intentions and turnover behavior. This comprehensive rationale underlines the author's decision to research the influence of ethical leadership on employee behavior under the research topic, "How ethical leadership fosters employee behaviors: Role of ethical culture."

1.1 Theoretical Background and Hypotheses

1.1.1 Theoretical background

Contemporary research places a growing emphasis on the organizational context as a pivotal influencer of behavior within the workplace. Leadership, as a significant organizational element, is especially impactful when it is grounded in ethics and the well-being of its followers. Consequently, ethical leadership has become a focal point of extensive research interest in recent years.

A comprehensive definition, proposed by (Brown et al., 2005), characterizes ethical leadership as the embodiment of behavior that aligns with ethical norms, not only in personal actions but also in interpersonal relationships. Moreover, ethical leadership involves the active promotion of these ethical behaviors among followers through two-way communication and collaborative decision-making. Ethical leaders effectively function as role models for ethical conduct, striving to foster such behavior in their followers through structured communication and a system of rewards (discipline) that reinforce ethical (unethical) conduct.

Following this, (Tu Yidong, Lu Xinxin, 2013) provided a detailed exposition of the various behaviors inherent in ethical leadership. Notably, they delineated seven key behavioral dimensions characterizing ethical leadership: fairness, power sharing, role clarification, ethical guidance, people orientation, concern for sustainability, and integrity. To elaborate, ethical leaders are anticipated to demonstrate fairness in their decision-making processes, encompassing transparency, principled and balanced decisions (Kalshoven et al., 2011), honesty, responsible actions, and equitable treatment of employees. Additionally, ethical leadership entails power sharing, allowing employees to actively participate in decision-making, while also attentively listening to their ideas and perspectives.

Ethical leaders also bring clarity to roles by establishing performance goals, expectations, and responsibilities (Kalshoven et al., 2011). They provide ethical guidance by engaging in conversations about ethics, elucidating ethical issues, and actively promoting ethical conduct. Notably, ethical leaders exert efforts to encourage their followers to adopt ethical norms. They exhibit a people-oriented approach by demonstrating genuine concern and care for individuals, taking a keen interest in their well-being. Furthermore, ethical leaders showcase sensitivity to environmental and sustainability issues, emphasizing their commitment to understanding the impact of their actions on society. Ultimately, ethical leaders uphold integrity by consistently keeping promises, acting in alignment with their words, and maintaining a high standard of word-deed coherence (Kalshoven et al., 2011).

Given these behavioral features, it is unsurprising that through the demonstration of ethical leadership, managers can maximize their impact on employees. Drawing on the norm of reciprocity (Gouldner, 1960), positive treatment in social relationships tends to elicit reciprocation, often manifesting as the exchange of valuable goods or efforts. Consequently, when employees perceive their managers as ethical and genuinely concerned about their well-being, they are likely to develop a stronger commitment to both the leader and the job, feeling compelled to reciprocate, perhaps through increased dedication and extra efforts. As noted by (Blake E Ashforth, Fred A. Mael, 1989), the trustworthiness of leaders contributes to employees' sense of unity with the organization, fostering organizational identification, especially when employees feel highly valued. Therefore, in situations where ethical leaders consistently align their words with deeds, establish trust, and exhibit a people-oriented approach (Kalshoven et al., 2011), employees are more inclined to give their best on behalf of their organizations.

The theoretical framework concerning organizational ethical culture dates back to as early as 1989. As proposed by Hunt, organizational ethical culture comprises the individual ethical values of managers, along with the formal and informal ethical policies within the organization. In practical terms, organizational ethical culture places a significant emphasis on the roles of leadership and managers in instilling and promoting an ethical culture within the organization. According to Barker et al. (2006), the acceptance and adherence to ethical standards and norms by top-level managers, as well as their widespread adoption among all members of the organization, contribute to the enhanced success of the organization.

Sweeney et al (2009), propose that the promotion of an ethical culture within an organization is facilitated by its highest leadership and the organization itself, aiming to encourage employees to make ethical decisions and avoid unethical behavior. This underscores the crucial role of leaders as exemplars of ethical behavior, shaping employees' perceptions of the ethical culture. Ethical culture perception, as defined by (Lamontagne, 2012), reflects the awareness of individuals who have encountered ethical and unethical situations in the workplace. According to Lamontagne, the perception of ethical culture offers insights into how individuals form their values when making ethical decisions, grounded in the organizational ethical culture. In essence, a robust ethical culture in a business leads to employees having a well-defined orientation toward ethical behavior. As individuals align their values with each behavioral decision, their commitment to the organization strengthens.

In 2015, Eisenbeiss et al conducted research on ethical culture in businesses. Similar to previous studies, Eisenbeiss also recognized the significant role of ethical culture in influencing employee activities. However, the key difference lies in Eisenbeiss establishing ethical culture as an intermediate mechanism through which ethical leadership can impact company operations. Thus, ethical leadership behavior creates and reinforces an ethical culture, an environment that reflects the ethical messages and values modeled by leaders. Meanwhile, ethical culture strongly influences the formation of daily employee behavior, including managerial behavior.

1.1.2 Hypotheses

In light of prior theoretical foundations and existing research, the author proposes a research model that builds upon the original study by (Eisenbeiss et al, 2015):

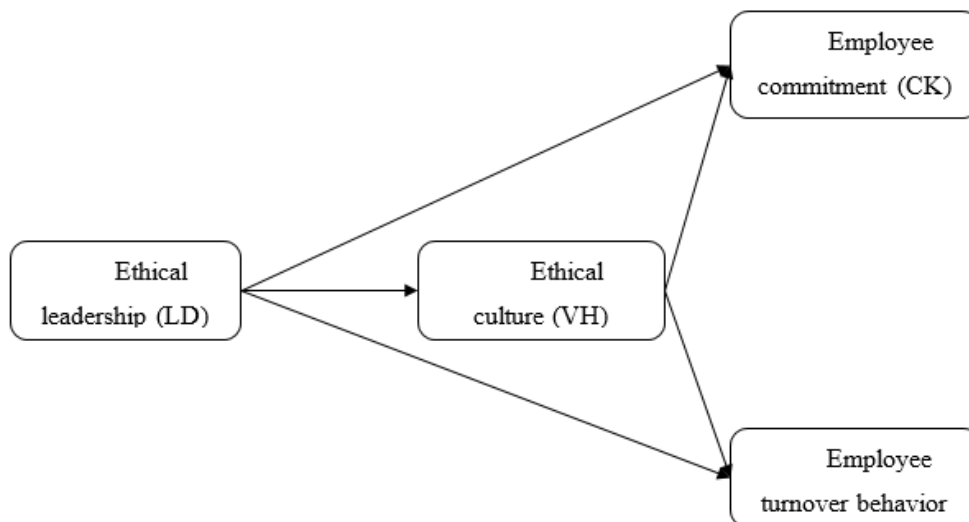


Figure 1: Proposed research model

Source: Proposed by the author

Based on previous research on the relationships between the concepts in the model, the author proposes the following research hypotheses:

Leaders directly or indirectly influence the ethical culture of the organization. Leaders play a role as trainers, conveying the organization's actions related to culture and societal issues while valuing employees' active participation (Castro-González et al., 2019). Leaders wield substantial authority in instituting and upholding an ethical culture by instituting organizational measures for subordinates and exemplifying fair treatment among individuals (Gumusluoglu, 2009). The constructive correlation between ethical leadership and ethical culture supports the assertion that ethical leadership is instrumental in establishing an ethical culture, ultimately contributing to a decrease in employee turnover (Eisenbeiss et al., 2014). The affirmative influence of ethical leadership on ethical culture underscores the commitment of ethical leaders to foster an ethical culture within an organization. The inherent nature of this relationship attracts employees to leaders and the organization, thereby enhancing feelings of familiarity and attachment among employees. These feelings can reduce employee turnover. Therefore, the following hypotheses are proposed:

H1: Ethical leadership has a positive impact on ethical culture

H2: Ethical leadership has a positive impact on employee commitment

H3: Ethical leadership has a negative impact on employee turnover behavior

Previous studies have consistently found a significant negative relationship between ethical culture and employees' intentions to leave the organization across various fields (J. Mulki et al., 2008), (DeConinck, 2010). These studies have indicated that employees who desire an ethical culture are more likely to stay in an organization. Additionally, research conducted by (Huhtala et al., 2015) has confirmed that ethical culture is one of the reasons behind employees leaving their organizations. It can be observed that an organization with a strong ethical culture fosters employee engagement and reduces turnover intentions. Therefore, the following hypotheses are proposed:

H4: Ethical culture positively influences employee commitment

H5: Ethical culture negatively influences employee turnover behavior

2. METHODOLOGY

To gain a comprehensive and precise understanding of the impact of ethical leadership on employee behavior, this research utilizes both secondary and primary data sources. Secondary data are collected and cited from existing works and reports. Primary data are gathered through survey activities using a questionnaire. The survey sample is chosen using a convenience sampling method, targeting individuals who are currently employed. The questionnaire is designed on the Google Forms platform and distributed to participants through online tools such as email and social media. Using this method, the author obtained 938 responses.

The content of the measurement scales is derived from previous research and has been adjusted by the author. Specifically, the Ethical Leadership scale comprises 6 observed variables, the Ethical Culture scale comprises 6 observed variables, the Employee Commitment scale comprises 5 observed variables, and the Employee Turnover Behavior scale comprises 7 observed variables. All scales use a 5-point Likert scale. The survey questionnaire is designed with 29 questions divided into two main sections: (1) Personal Information and (2) Determining the extent of the influence of Ethical Leadership on employee behavior through the role of Ethical Culture.

In this study, data are processed using SPSS 25 and AMOS 24 software. Data processing and analysis activities are carried out sequentially in the following steps: data cleaning and coding, descriptive statistics calculation, reliability testing of the measurement scales, exploratory factor analysis (EFA), confirmatory factor analysis (CFA), and structural equation modeling (SEM) for model testing.

3. RESEARCH RESULTS

3.1. Sample description

At the conclusion of the survey, after conducting checks and eliminating erroneous responses, the research obtained 938 valid responses, equivalent to an approximately 82% response rate. The survey sample was distributed across demographic variables as follows:

Table 1: Sample description

	Criteria	Number (people)	Percentage (%)
Gender	Male	458	48.8
	Female	480	51.2
Age	Below 25 years	192	20.5
	25 - 40 years	426	45.4
	Over 40 years	320	34.1
Education level	Secondary – Vocational	63	6.7
	College	211	22.5
	University	508	54.2
	Postgraduate	156	16.6
Income (VND/month)	Below 10 million	46	4.9
	10 - 15 million	194	20.7
	15 - 20 million	483	51.5
	20 - 30 million	157	16.7
	Over 30 million	58	6.2
Tenure	Less than 3 years	97	10.3
	3 - 5 years	276	29.4
	5 - 10 years	386	41.1
	Over 10 years	180	19.2

(Source: Survey results by the author)

In the sample of 938 valid responses, there was relatively equal participation between females (51.2%) and males (48.8%). Individuals in the age group of 25 - 40 years were the most represented, accounting for the highest proportion at 45.4% (426 individuals). Following that were those over 40 years at 34.1% (320 individuals) and those below 25 years at 20.5% (192 individuals). The surveyed population mostly had educational backgrounds at the level of college or higher, with 93.3% equivalent to nearly 875 individuals. The remainder had completed secondary or vocational education, totaling around 63 individuals.

In this study, the majority of respondents had monthly incomes ranging from 15 - 20 million VND, making up 51.5%. The next two groups, those with incomes between 10 - 15 million VND (20.7%) and 20 - 30 million VND (16.7%), had fairly similar percentages. The groups with incomes below 10 million VND and over 30 million VND had the lowest proportions, at 4.9% and 6.2%, respectively. The analysis also revealed that the group with work experience exceeding 5 years had the highest proportion at 60.3% (566 individuals). The majority had work experience between 3 - 5 years at 29.4%, while a smaller proportion had less than 3 years of work experience.

3.2. Reliability assessment using Cronbach's Alpha

Table 2: Cronbach's Alpha results

Measure	Observed variables	Cronbach's Alpha	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Ethical leadership	LD1	0.908	0.752	0.891
	LD2		0.762	0.890
	LD3		0.716	0.897
	LD4		0.758	0.890
	LD5		0.751	0.891
	LD6		0.739	0.893
Ethical culture	VH1	0.901	0.737	0.882
	VH2		0.719	0.885
	VH3		0.723	0.884
	VH4		0.719	0.885
	VH5		0.716	0.885
	VH6		0.760	0.878
Employee commitment	CK1	0.936	0.809	0.926
	CK2		0.846	0.919
	CK3		0.822	0.923
	CK4		0.796	0.928
	CK5		0.878	0.913
Employee turnover behavior	HV1	0.881	0.641	0.867
	HV2		0.701	0.859
	HV3		0.651	0.866
	HV4		0.619	0.869
	HV5		0.630	0.868
	HV6		0.730	0.855
	HV7		0.690	0.860

Source: Data analysis results by SPSS 25

The Cronbach's Alpha results demonstrate strong reliability for all scales, with coefficients exceeding 0.8. The corrected item-total correlations are greater than 0.3 for all observed variables, and Cronbach's Alpha if item deleted is lower than the overall Cronbach's Alpha. Therefore, it can be concluded that these scales are reliable.

3.3. Exploratory factor analysis EFA

- EFA on factors influencing ethical culture: The results of the factor analysis show that the dataset is suitable for EFA: KMO = 0.843 ($0.5 \leq KMO \leq 1$), and the total variance extracted is 68.721%, which is greater than 50%. An eigenvalue of 4.123 (> 1) suggests one factor was extracted. All observed variables exhibit factor loadings surpassing 0.5.
- EFA on factors influencing employee commitment: The KMO measure is 0.880 ($0.5 \leq KMO \leq 1$), indicating that the sample size is suitable for factor analysis. The Bartlett's test of sphericity ($p\text{-value} < 0.05$) confirms the presence of correlations among variables. An eigenvalue of 2.900 (> 1) was extracted, explaining 67.921% ($> 50\%$) of the variance. All observed variables have factor loadings exceeding 0.5. No items were excluded, and two factors were extracted.
- EFA on factors influencing employee turnover behavior: The KMO measure is 0.880 ($0.5 \leq KMO \leq 1$), indicating that the sample size is suitable for factor analysis. The Bartlett's test of sphericity ($p\text{-value} < 0.05$) confirms the presence of correlations among variables. An eigenvalue of 2.900 (> 1) was extracted, explaining 67.921% ($> 50\%$) of the variance. All observed variables have factor loadings exceeding 0.5. No items were excluded, and two factors were extracted.

The factor groups resulting from EFA are as follows: Ethical Leadership (EL) with 6 observed variables, Ethical Culture (EC) with 6 observed variables, Commitment (C) with 5 observed variables, and Turnover Behavior (TB) with 7 observed variables.

Table 3: Matrix of EFA

Observed variables	Factor groups			
	1	2	3	4
VH2	0.795			
VH6	0.781			
VH4	0.771			
VH1	0.766			
VH3	0.760			
VH5	0.753			
HV2		0.793		
HV6		0.787		
HV7		0.751		
HV3		0.736		
HV1		0.722		
HV4		0.688		
HV5		0.674		
LD4			0.846	

LD5			0.820	
LD1			0.818	
LD2			0.815	
LD6			0.803	
LD3			0.778	
CK5				0.817
CK3				0.794
CK2				0.788
CK1				0.760
CK4				0.752

Source: Data analysis results by SPSS 25

3.4. Confirmatory factor analysis CFA

To assess the reliability of the measurement scales and perform confirmatory factor analysis (CFA), the study reevaluated the measurement scales using composite reliability coefficients and conducted CFA based on data from the formal study with a sample size of $n = 938$. The CFA results revealed the following statistics: Chi-squared value 770.358 ($p = 0.000$), CFI = 0.964, TLI = 0.954, GFI = 0.938 (CFI, TLI, GFI > 0.9), Chi-squared/df = 3.486, RMSEA = 0.052 (CMIN/df < 3, RMSEA < 0.08). These indices indicate that the model fits well with the market data (Nguyễn Đình Thọ, Nguyễn Thị Mai Trang, 2011).

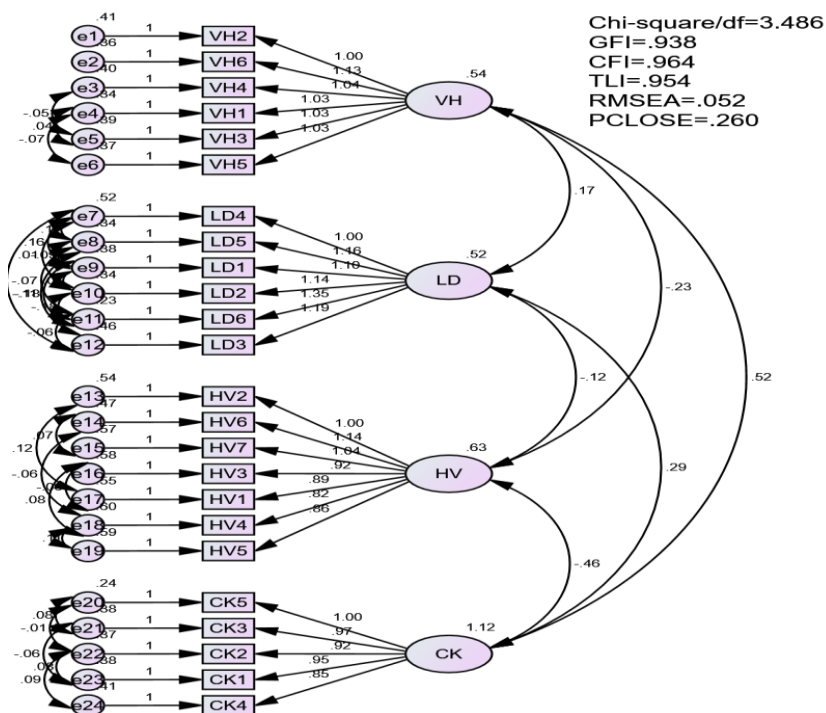


Figure 1: CFA model

Source: Results of data analysis by AMOS 24.0

Table 4: Summary of measurement model assessment

Concept	Observed Variables	Cronbach's Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
LD	6	0.908	0.917	0.648
VH	6	0.901	0.903	0.608
CK	5	0.936	0.933	0.735
HV	7	0.881	0.887	0.505

Source: Results of data analysis by AMOS 24.0

Convergence validity testing: Table 5 displays the standardized loadings of the observed variables on their respective constructs. All these loadings are greater than 0.6, meeting the standard of being higher than 0.5. Consequently, it can be concluded that the measurement model demonstrates high convergence validity.

Table 5: Standardized loadings of the measurement model

Observed variable		Construct	Standardized Loading
VH2	<---	VH	.754
VH6	<---	VH	.811
VH4	<---	VH	.771
VH1	<---	VH	.787
VH3	<---	VH	.768
VH5	<---	VH	.776
LD4	<---	LD	.716
LD5	<---	LD	.816
LD1	<---	LD	.793
LD2	<---	LD	.820
LD6	<---	LD	.886
LD3	<---	LD	.782
HV2	<---	HV	.744
HV6	<---	HV	.819
HV7	<---	HV	.759
HV3	<---	HV	.659
HV1	<---	HV	.692
HV4	<---	HV	.617
HV5	<---	HV	.622
CK5	<---	CK	.915
CK3	<---	CK	.878
CK2	<---	CK	.825
CK1	<---	CK	.848
CK4	<---	CK	.810

Source: Results of data analysis by AMOS 24.0

Discriminant validity testing: As for discriminant validity, Table 6 illustrates that the diagonal values are greater than the absolute values in the respective rows and columns. This pattern signifies that the measurement constructs possess discriminant validity.

Table 6: Discriminant validity of the measurement constructs

Construct	HV	VH	LD	CK
HV	0.711			
VH	-0.387	0.780		
LD	-0.210	0.322	0.805	
CK	-0.547	0.661	0.380	0.857

Source: Results of data analysis by AMOS 24.0

3.5. Model fit testing and hypothesis evaluation

The linear structural equation modeling (SEM) analysis reveals that the model's statistical values are as follows: Chi-square is 857.063 (p = 0.000), GFI = 0.933, TLI = 0.947, CFI = 0.958, and RMSEA = 0.055. All these indices assess the goodness of fit and demonstrate that the model fits the data well. The p-value < 0.1 at a 90% confidence level also indicates statistical significance.

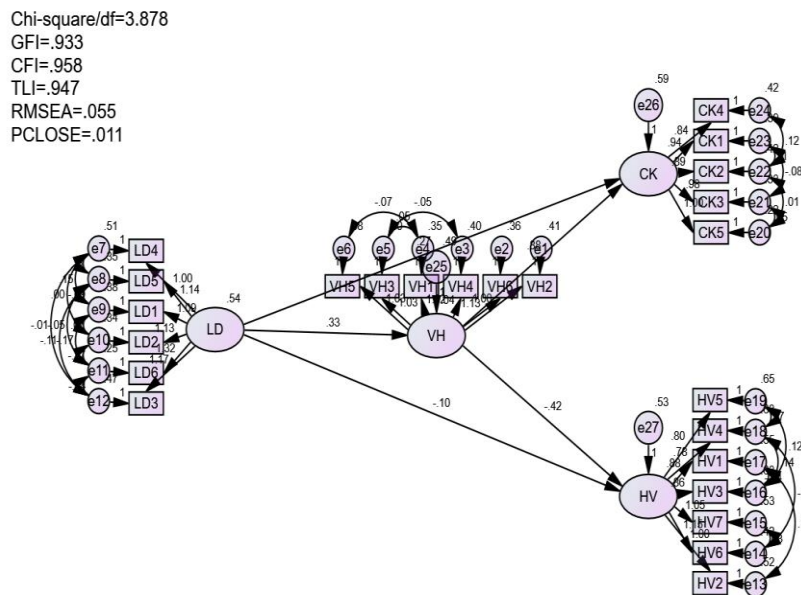


Figure 3: Structural Equation Model (SEM)

Source: Results of data analysis by AMOS 24.0

Based on Table 7, the standardized results of the structural equation model (SEM) show that the factor of ethical leadership has a positive influence on organizational culture and employee commitment but has a negative impact on employee turnover behavior. On the other hand, the ethical culture factor positively affects employee commitment and negatively affects employee turnover behavior. Additionally, the ethical leadership factor has the strongest effect (b = 0.323) on ethical culture, and ethical culture has the most significant impact (b = 0.609) on employee commitment.

Table 7: Results of the standardized causal relationships between concepts (standardized)

	Estimate	SE	CR	P-value
VH <-- LD	0.323	0.037	8.879	0.000
CK <-- VH	0.609	0.050	17.520	0.000
HV <-- VH	-0.386	0.043	-9.751	0.000
HV <-- LD	-0.094	0.038	-2.698	0.007
CK <-- LD	0.187	0.042	6.497	0.000

Source: Results of data analysis by AMOS 24.0

Furthermore, Table 8 also demonstrates that the concept of ethical leadership explains 10.5% of the variance in ethical Culture, while ethical leadership and ethical culture together account for 47.9% of the variance in employee commitment and 18.1% of the variance in employee turnover behavior.

Table 8: Squared multiple correlations

Factor	Estimate
Ethical culture (VH)	0.105
Employee commitment (CK)	0.479
Employee turnover behavior (HV)	0.181

Source: Results of data analysis by AMOS 24.0

The test results indicate that all hypotheses are accepted. The measurement test results show that the measurements are reliable, the model fits the market data, and the p-values are less than 0.1, therefore, the relationships among the factors conform to the model as depicted in the figure 4.

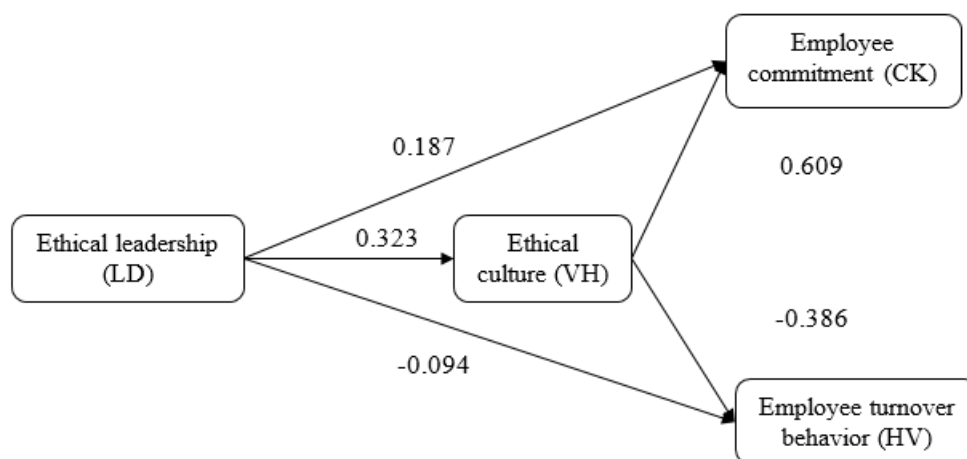


Figure 4: The model of the mediating effect of ethical culture on the relationship between ethical leadership and employee behavior

Source: Results of data analysis by AMOS 24.0

4. DISCUSSION AND CONCLUSIONS

This research has built upon foundational theories and findings from previous studies to develop a model of the influence of ethical leadership on employee behavior through the control and mediation of the ethical culture variable, comprising 4 factors with 24 observed variables. After conducting Cronbach's Alpha reliability analysis, exploratory factor analysis (EFA), and confirmatory factor analysis (CFA), the model retained its 4 factors and 24 observed variables as initially hypothesized.

4.1. Ethical leadership's impact on ethical culture, employee commitment and turnover behavior

The findings affirm the hypotheses, establishing a positive impact of Ethical Leadership on Ethical Culture (H1). Ethical leaders act as exemplars, fostering an environment where ethical values are not just upheld but actively promoted. This aligns with the theory that leadership behaviors, such as fairness, power-sharing, and ethical guidance, contribute to shaping the ethical fabric of an organization. Ethical Leadership also positively influences Employee Commitment (H2), emphasizing the crucial role leaders play in gaining employees' trust and commitment. The study echoes prior research suggesting that when leaders exhibit ethical behaviors, employees reciprocate with heightened dedication and engagement. This, in turn, enhances organizational commitment and employee satisfaction. One of the noteworthy contributions of the study is the identified negative impact of Ethical Leadership on Turnover Behavior (H3). Ethical leaders, by cultivating a culture of trust and commitment, indirectly reduce the likelihood of employees seeking employment elsewhere. This highlights the strategic importance of ethical leadership in talent retention and organizational stability.

4.2. Ethical culture's influence on employee commitment and turnover behavior

Consistent with existing literature, the study confirms that Ethical Culture positively influences Employee Commitment (H4). An organization with a robust ethical culture provides a sense of purpose and belonging, reinforcing employees' commitment to the company's values and goals. This supports the argument that ethical culture is a key driver of employee engagement and commitment. The negative impact of Ethical Culture on Turnover Behavior (H5) emphasizes that employees within an ethical organizational culture are less inclined to leave. This aligns with the idea that a strong ethical culture fosters an environment where employees feel valued, leading to increased job satisfaction and reduced turnover intentions.

4.3. The mediating role of ethical culture

The study further explores the mediating role of Ethical Culture in the relationship between Ethical Leadership and Employee Behavior. The results show that Ethical Culture significantly mediates the relationship between Ethical Leadership and both Employee Commitment and Turnover Behavior. The strong indirect effect of Ethical Leadership on Employee Commitment through Ethical Culture reinforces the argument that a positive ethical culture enhances the impact of ethical leadership on commitment. This suggests that ethical leaders not only directly influence commitment but also do so by shaping the ethical context in which employees

operate. Similarly, the study highlights the mediating effect of Ethical Culture in the relationship between Ethical Leadership and Turnover Behavior. This implies that the influence of ethical leadership on reducing turnover is, in part, channeled through the establishment of a strong ethical culture. Employees who perceive their leaders as ethical are likely to stay in an organization with a positive ethical climate.

5. PROPOSED MANAGEMENT IMPLICATIONS

Based on the results of the research model, the authors propose several management implications aimed at enhancing two key factors: ethical leadership and ethical culture thereby concurrently fostering employee commitment and reducing employee turnover behavior.

Enhancing ethical leadership to cultivate a strong ethical culture: Leaders should demonstrate themselves as role models within the workplace, adhering to corporate policies and legal requirements. Prioritizing the development of leadership responsibility capabilities will contribute to the effective management of employee compliance with ethical policies. Leaders must be genuinely impartial, responsible for establishing and maintaining transparency and fairness, while also providing opportunities for employees to contribute to significant organizational decisions, reinforcing their sense of value within the organization.

Strengthening ethical culture to increase employee commitment and reduce turnover behavior: Managers should focus on constructing an ethical culture through specific behaviors within the organization, such as establishing clear regulations and implementing consequences for unhealthy competition among employees. This will help employees perceive that they are working in an environment with a healthy competitive culture, thereby increasing their sense of attachment and reducing turnover intentions. Ensuring employees feel secure in an organization with a well-established ethical culture is crucial. Moreover, it is necessary to create an ethical culture based on the principle of balancing business interests with the expectations of employees, customers, and other stakeholders.

Enhancing ethical leadership competencies to mitigate turnover behavior by establishing a robust ethical culture: Regularly training leadership teams in soft skills is essential, helping them recognize their role in the organization's development. Ethical leaders should embody both professional competence and ethical conduct in their interactions with colleagues and subordinates. Ethical leaders should be proactive, accountable for all activities within their unit's scope, and consistently adhere to ethical standards. Leaders should serve as moral exemplars, encourage subordinates, and protect employees' rights. They should take responsibility for being role models and exhibit cultural behavior both inside and outside the organization, as the leader's conduct beyond the workplace also influences employees' perceptions positively or negatively.

References

- 1) Blake E Ashforth, Fred A. Mael. (1989). Social Identity Theory and Organization. *The Academy of Management Review*, 20-39.

- 2) Brown et al. (2005). Ethical Leadership: A Social Learning Perspective for Construct Development and Testing. *Organizational Behavior and Human Decision Processes*, 117-134.
- 3) Castro-González et al. (2019). Employees' Perceptions of CSR, Work Engagement, and Organizational Citizenship Behavior: The Mediating Effects of Organizational Justice. *International Journal of Environmental Research and Public Health*.
- 4) Christian Voegtlin, Moritz Patzer, Andreas Georg Scherer . (2012). Responsible Leadership in Global Business: A New Approach to Leadership and Its Multi-Level Outcomes. *Journal of Business Ethics* volume, 1-16.
- 5) Chu-Mei Liu, Chieh-Peng Lin . (2017). Assessing the effects of responsible leadership and ethical conflict on behavioral intention. *Review of Managerial Science*, 1003–1024.
- 6) DeConinck. (2010). The effect of organizational justice, perceived organizational support, and perceived supervisor support on marketing employees' level of trust. *Journal of Business Research*, 1349–1355.
- 7) Eisenbeiss et al. (2015). Doing Well by Doing Good? Analyzing the Relationship Between CEO Ethical Leadership and Firm Performance. *Journal of Business Ethics*, 635–651.
- 8) Eisenbeiss et al. (2014). On ethical leadership impact: The role of follower mindfulness and moral emotions. *Journal of Organizational Behavior*.
- 9) Gouldner, A. W. (1960). The Norm of Reciprocity: A Preliminary Statement. *American Sociological Review*, 161-178.
- 10) Gumusluoglu, L. (2009). Transformational Leadership, Creativity, and Organizational Innovation (Excellence of Citation Award). *SSRN Electronic Journal*.
- 11) Huhtala et al. (2015). The associations between ethical organizational culture, burnout, and engagement: A multilevel study. *Journal of Business and Psychology*, 30(2), 399–414. <https://doi.org/10.1007/s10869-014-9369-2>, 399–414.
- 12) J. Mulki et al. (2008). Effect of Ethical Climate on Turnover Intention: Linking Attitudinal- and Stress Theory. *Journal of Business Ethics*, 559-574.
- 13) Kalshoven et al. (2011). Ethical Leader Behavior and Big Five Factors of Personality. *Journal of Business Ethics*, 349-366.
- 14) Melé, D. (2009). Corporate Social Responsibility Theories.
- 15) Michael E. Brown, Linda K. Treviño, David A. Harrison. (2005). Ethical Leadership: A Social Learning Perspective for Construct Development and Testing. *Organizational Behavior and Human Decision Processes*, 117–134.
- 16) Nguyễn Đình Thọ, Nguyễn Thị Mai Trang. (2011). Nghiên cứu khoa học marketing - Ứng dụng mô hình cấu trúc. *Nhà xuất bản Lao động – Xã hội*.
- 17) Sandra Castro-González, Belén Bande, Pilar Fernández-Ferrín. (2019). Responsible leadership and salespeople's creativity: the mediating effects of CSR perceptions. *Sustainability*, 2053.
- 18) Srithongrungrung, A. (2011). The Causal Relationships among Transformational Leadership, Organizational Commitment, and Employee Effectiveness. *International Journal of Public Administration*, 376-388.
- 19) Thomas A. Wright, Jerry Goodstein. (2007). Character is not 'dead' in management research: a review of individual character and organizational-level virtue. *Journal of Management*, 928-958.
- 20) Tu Yidong, Lu Xinxin. (2013). How Ethical Leadership Influence Employees' Innovative Work Behavior: A Perspective of Intrinsic Motivation. *Journal of Business Ethics*.
- 21) Wendy O'Connell, Michelle Bligh. (2009). Emerging from ethical scandal: can corruption really have a happy ending. *Leadership*, 213-235.