

**AAMC 2019**  
**The 13<sup>th</sup> Asian Academy of Management International  
Conference 2019**

**ETHICAL LEADERSHIP ENHANCES WILLINGNESS TO  
REPORT THROUGH MEDIATING EFFECTS**

Phuong V. Nguyen (a)\*, Tham Huy Pham (a), Thi Vu Anh Trinh (a), Khoa T. Tran (a)  
\*Corresponding author

(a) The Center For Public Administration, International University, Vietnam National University-Ho Chi Minh City,  
Vietnam. Quarter 6, Linh Trung Ward, Thu Duc District, Ho Chi Minh City, 700000, Vietnam,  
nvphuong@hcmiu.edu.vn

***Abstract***

This article aims to investigate the extent of public servants' willingness to report ethical issues in the context of the Vietnamese public sector. By using the structural equation model for data analysis, the results highlight ethical leadership as the most critical determinant of willingness to report and significantly enhance public service motivation. Public service motivation (PSM), accordingly, is essential to spur willingness to report via the mediating impact of affective commitment. The findings also highlight the substantial role of affective commitment as consequent of PSM and antecedent of willingness to report. The result calls for future investigation of affective commitment as a potential mediator. Moreover, this article is the first to explore fairness as a significant antecedent and mediator to enhance the reporting behavior of public servants. Overall, the results contribute to the development of the theoretical framework and propose managerial implications for human resource managers in the public sector to create an energetic cohesive and ethical environment by encouraging ethical behaviors among employees.

2357-1330 © 2020 Published by European Publisher.

**Keywords:** Ethical leadership, fairness, affective commitment, public service motivation, willingness to report.



## **1. Introduction**

Government credibility has been questioned because of the widespread unethical conduct reported by several public servant surveys (Kolthoff et al., 2010). More adversely, they reported being unable to report for fear of retaliation and leaders' inability to take corrective actions even if they reported. The concern, therefore, is raised on an interminable problem that has long been in existence in public organizations, but little attention has been paid to the unwillingness to report issues. Considering the current situation in Vietnam, together with drastic policy reforms in recent years, a rising number of unethical conducts in the political system raise the citizens' concern about whether the government is doing for the sake of their interests instead of the collective benefits of the society. It is every public servant the key workforce that can make bottom-up changes in the system. Therefore, it is essential that public servants be motivated to raise their concerns about unethical conduct so that the government can successfully implement their policies towards a more trustworthy and transparent image.

Looking from the role of management view, ethical leadership has been widely investigated in the sector in correlation to organizational commitment and willing to report ethical issues (Hassan et al., 2014), public service motivation (Wright et al., 2016), government employee performance (Hassan, 2015), and ethics-related discussions (Caillier, 2015). Regardless, there are few empirical shreds of evidence regarding the influence of ethical leadership as an antecedent of employee willingness to report. Therefore, following the call of (Hassan et al., 2014) regarding ethics in public organizations, the study aims to bridge this gap by investigating causal the effects among ethical leadership, public service motivation (PSM), commitment, fairness and the underlying mechanisms in encouraging ethical behaviors in the public sector (Caillier, 2015; Kwon, 2012).

This study aims at enriching our knowledge of mechanisms that spur public servants to report problems. The findings illustrate ethical leadership as the most significant factor that stimulates willingness to report both directly and indirectly. Ethical leadership is illustrated to have a positive impact on PSM which is, in turn, statistically evidenced to encourage employees to report, mediated by affective commitment. Moreover, this study is the first to discover fairness as a strong determinant of willingness to report and potential mediators in the ethical leadership-reporting behaviour relationship between. These findings extend the existing literature and suggest some managerial implications for human resource managers to put into practice in the public sector.

### **1.1. Literature Review**

#### **1.1.1. Affective Commitment and Willingness to report**

Affective commitment is considered "core essence of organizational commitment" (Mercurio, 2015) and referred to as "the sense of belonging and emotional attachment" (Meyer et al., 1993). Considering the important role of affective commitment, it has been widely studied in such organizational outcomes as performance, organizational citizenship behavior, and turnover (Meyer et al., 2002), customer loyalty (Markovic et al., 2015). However, in correlation to the willingness to report, there has been little attention paid to the influential impact of affective commitment among employees in public organizations (Hassan et al., 2014). Affective commitment evokes belongingness, which guarantees employees security they need

to feel comfortable about voicing their concerns of ethical issues and reporting them without the fear of their benefits being harmed. Therefore, we suggest the following hypothesis:

H1: Affective commitment has a positive influence on willing to report.

### **1.1.2. Public Service Motivation and Affective Commitment**

Perry and Wise (1990) defined PSM as how an individual in a public organization is inclined to respond to a specific motive. The previous study discovered a significant relationship between PSM and organizational commitment (Hall et al., 2014). However, there has been no studies which focused specifically on the impact of PSM on affective commitment, the core essence of commitment (Mercurio, 2015). Similarly, we expect that PSM is positively correlated to affective commitment in the following ways in regard to each respective type of PSM. First, empowerment and involvement of employees in the process of making organizational policies (rational motivation) triggers sense of self-importance. Second, similarities between organizational norms and personal values to devote oneself to the collective public benefits (normative motivation) triggers sense of consistency. Finally, job meaningfulness to serve the public (affective motivation) triggers sense of belongingness. Therefore, we suggest the following hypothesis:

H2: Public service motivation has a positive influence on affective commitment.

### **1.1.3. Ethical Leadership and Public Service Motivation**

Brown and Treviño (2006), Brown et al. (2005) emphasized the significant impact of ethical leaders in relation to PSM by role modelling, distributing fair treatments, and actively upholding ethical behaviors among subordinates. According to these scholars, as role models, ethical leaders internalize such values as “honesty, integrity, and altruism” into professional identities to clarify the willingness to sacrifice their personal interests to serve for larger benefits of the society. Role modelling is also evidenced by leaders’ daily conducts in conformity with organizational norms as well as their own ethics values, and treating others with consideration and respect (Brown & Treviño, 2006; Brown et al., 2005) which is essential for subordinates to observe and behave as follows (Mayer et al., 2009). Promoting ethical conduct by clear communication of ethical principles, provision of ethical guidance and supervision of ethical and unethical behaviors are considered influential to widespread underlying ethical message (Brown & Treviño, 2006). Therefore, we suggest the following hypothesis:

H3: Ethical leadership has a positive influence on public service motivation.

### **1.1.4. Ethical Leadership and Willingness To Report**

Fear of retaliation can be seen as a major refrain to the reporting of ethical issues. Ethical leadership is proposed to be able to suppress the retaliation fear by creating an organizational climate in which employees feel secure to engage in ethics-related discussions and unethics reporting without fear even if it may harm their personal interests (Hassan et al., 2014; Wright et al., 2016). Internalized characteristics of ethical leaders such as honesty, integrity, and altruism also make it easier for subordinates to approach their leaders since they believe their voice of concerns for ethical issues can be better understood, discussed and consequently, more likely to report those similar issues in the future. In addition, suspicion of whether corrective actions can be taken or not can be another key refrain. The willingness of reporting not only acts

as a means for the discouragement of misconduct but also reflects employee trust in their ethical leaders to take corrective action following their report (Hassan et al., 2014). Moreover, having ethical leaders as role models, subordinates can learn from them to avoid what is considered unethical and report those (Hassan et al., 2014). Therefore, we suggest the following hypothesis:

H4: Ethical leadership has a positive influence on the willingness to report.

#### **1.1.5. Ethical Leadership and Fairness and Willingness To Report**

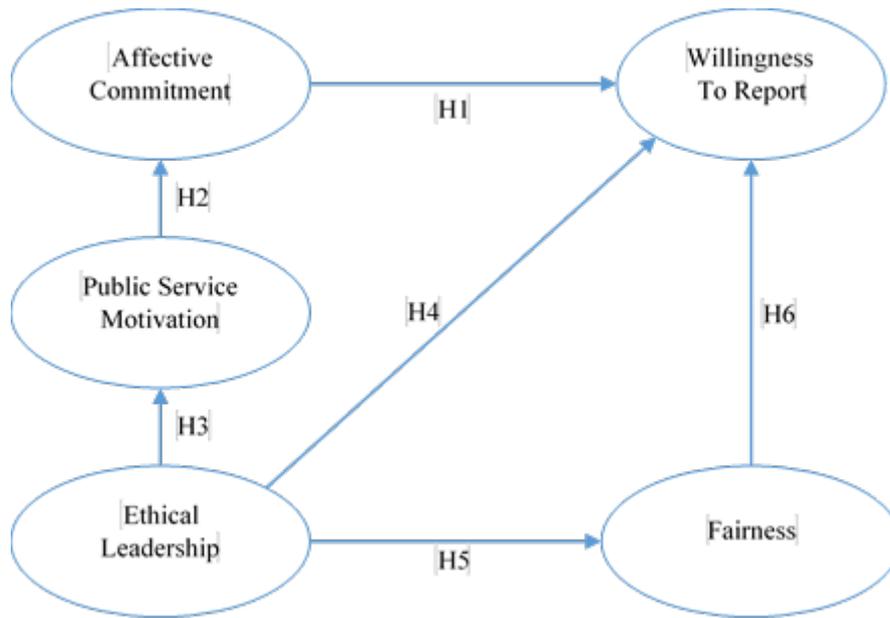
In terms of fairness, ethical leaders are believed to weigh the well-being of employees alongside the impact of their decision-making on the moral scale (Hassan et al., 2014). Ethical misconduct is proposed to have a negative impact on employees because of the distorted image of ethical leaders' identities and antithetical values to what ethical leaders should hold. Additionally, ethics also acts as a compass that constructs the rule of fairness in one organization and provides guidance for rightful behaviors in organizational activities (Pedersen et al., 2017). Leaders' actions of prioritizing the personal interests of some specific members of the organizations and not others can detrimentally influence employees' perception of fairness.

Ethical leaders are shown to be positively related to such public interests as social equity, justice, and fairness (Wright et al., 2016). Specifically, the role of fairness, in the study field of the public sector, is positively associated with ethics (Cecez-kecmanovic & Marjanovic, 2018), self-reported affective commitment (Hassan et al., 2014) and public hiring (Pedersen et al., 2017). Nevertheless, fairness has yet to be examined in enhancing willingness to report that will be covered for the first time in this study. The underlying reason is attributable to leaders' efforts to increase the level of ethics by suppressing special prioritization of personal benefits which implicitly reinforce public servants' courage to convey their thoughts on the issues. In order to maintain a fair working environment, such violation of fairness is unacceptable and should be eliminated by reporting. Moreover, fairness implies no invisible power to prevent employee willingness to protect the rights, which, as a result, enhance their inclination to report ethical issues in the workplace. Therefore, we suggest the following hypotheses:

H5: Ethical leadership has a positive influence on fairness.

H6: Fairness has a positive influence on the willingness to report.

Figure 1 illustrates the research model with hypothesis development.



**Figure 01.** Research model

## 2. Problem Statement

With the drastic change in policy reforms to ensure professionalism, human resource managers in the public sector must take into account a rising number of co-existing ethical problems. Considering the distinct Vietnamese context, it is more problematic for the government to efficiently implement policy reforms with the issue of unwillingness to report. Therefore, it is critical to examine how and to which extent ethical leadership and the underlying mechanisms can make public servants aware and encouraged to report ethical issues.

## 3. Research Questions

Based on the proposed problem, the following questions are raised to find potential solutions:

- What are the factors that encourage public servants to report ethical problems in the workplace?
- Which factors in order have the most influential effect on the reporting behaviors of public servants?
- Considering the order of significance, what are some feasible approaches that HR managers should put forward to encourage ethical behaviors in public organizations?

## 4. Purpose of the Study

This paper is conducted with the purpose of investigating internal and external factors that can influence the willingness to report unethical issues of public servants. Based on the results, possible solutions are suggested to improve the HRM practices of public organizations to enhance ethical behaviors in the workplace.

## **5. Research Methods**

### **5.1. Measures**

Respondents are requested to evaluate the questionnaire on the 5-point Likert-scale ranging from strongly disagree to strongly agree. First, the 8-item scale of ethical leadership is adopted from Wright et al. (2016). Second, affective commitment is evaluated by 5 measurement items from the previous studies of Wright et al. (2016) and Caillier (2017). Third, PSM is evaluated with three original items from Wright et al. (2016) and Pedersen et al. (2017) reflecting internal incentives. We added three self-developed items which concern job promotion as a potential external motivator. Fourth, the 4-item measurement scale of Wright et al. (2016) casts light on the extent of fairness in terms of the decision-making process with an additional item “uphold ethical and moral standards”. Finally, respondents are asked to rate their willingness to report issues on a 3-item measurement scale. The initial scale consists of one item concerning “ethical problems.” After the group discussion with experts, two emblematic issues of the Vietnamese public sector “dubious process” and “personal conflicts” are added to finalize the questionnaire.

### **5.2. Data collection**

There is a total of 320 surveyed public servants in the area of Ho Chi Minh City, Vietnam. They were asked to complete 2 parts of the questionnaire: (1) demographic information and (2) 27 questions representing five key factors in the theoretical model. In addition, an approach of Brislin, Lonner, & Thorndike (1973) called back-translation was applied during the translation process to minimize the differences in meanings between the two Vietnamese and English versions of the questionnaire.

Finally, 300 collected samples were valid for further analysis which represents an effective observation and meets the required sample size. Specifically, male and female respondents accounted for 39.4% and 60.6% respectively. The majority of the surveyed respondents belong to the working age group (26-45 years old) (84.6%) and earned bachelor's degree (86.6%). Importantly, 64.4% claimed to have been working in the public sector for 1-10 years, while the remaining 35.6% represented experts in the field with 10-30 years of experience, which confirmed the validity of the data.

## **6. Findings**

According to Kline (1998), the Cronbach's Alpha (CA) coefficients of around 0.9 is considered excellent, around 0.8 is very good, from 0.6 to 0.7 is adequate and below 0.5 is unreliable. Exploratory Factor Analysis (EFA) loading of above 0.5 is suggested to be of statistical significance (Hair, Black, Babin, Anderson, & Tatham, 1998). As a result, 3 items (PSM1, PSM2, PSM3) were eliminated because of the underqualified factor loadings. As for Composite Reliability (CR) and Average Variance Extracted (AVE), statistics must be higher than 0.7 and 0.5, respectively, to satisfy the requirement of convergent validity and discriminant validity (Fornell & Larcker, 1981). Table 1 demonstrated the qualified figures of EFA loadings, CA, CR and AVE of the remaining 24 measurement items for further analysis.

**Table 01.** Data description and reliability analysis

Construct	Variable coding	EFA	Alpha	CR	AVE
<b>Ethical Leadership (EL):</b> My supervisor...			0.916	0.917	0.580
“keeps his/her actions consistent with his/her stated values”	EL1	0.641			
“shows a strong concern for ethical and moral values”	EL2	0.711			
“sets an example of ethical behavior in his/her decisions and actions”	EL3	0.637			
“holds employees accountable for using ethical practices in their work”	EL4	0.657			
“insists on doing what is fair and ethical even when it is not easy”	EL5	0.673			
“opposes the use of unethical practices to increase performance”	EL6	0.704			
“regards honesty and integrity as important personal values”	EL7	0.718			
“communicates clear ethical standards for employees”	EL8	0.626			
<b>Affective Commitment (AC)</b>			0.877	0.881	0.599
	AC1	0.565			
“I feel a strong sense of belonging to my unit”	AC2	0.732			
“I feel as if my unit’s problems are my own”	AC3	0.575			
“I am willing to work harder to help the firm succeed”	AC4	0.718			
“I am proud to be working for my firm”	AC5	0.762			
<b>Public Service Motivation (PSM)</b>			0.819	0.819	0.601
“I feel motivated to do well as I want to get to a higher position”	PSM4	0.603			
“I won’t be pleased if there is no work promotion”	PSM5	0.759			
“I’ll be more satisfied to know that job promotion is highly available”	PSM6	0.816			
<b>Fairness (FN):</b> My supervisor/My supervisor’s decisions			0.906	0.906	0.657
“are free of bias or favoritism”	FN1	0.701			
“allow employees to express their views and concerns”	FN2	0.712			
“allow employees to appeal the decisions”	FN3	0.630			
“are based on accurate information”	FN4	0.688			
“uphold ethical and moral standards”	FN5	0.595			
<b>Willingness To Report:</b> I feel comfortable reporting...			0.880	0.881	0.712
“ethical problems to upper management”	WTR1	0.775			
“process problems to upper management”	WTR2	0.678			
“personal conflict problems to upper management”	WTR3	0.651			

Notes: Loading items were extracted from Maximum Likelihood with rotation method of Promax.

Table 2 shows all acceptable indices of CFA and SEM model fit (Hu & Bentler, 1999). Table 3 demonstrates the hypothesis testing statistic results displaying the standardized estimated coefficients and all accepted hypotheses.

**Table 02.** Model fit indices in CFA and SEM

Model fit indices	Thresholds	CFA	SEM
CMIN/df	$\leq 2^{**}, \leq 3^*$	2.281	2.560
GFI	$\geq 0.9^{**}, \geq 0.8^*$	0.868	0.853
IFI	$\geq 0.9^*$	0.935	0.920
RMSEA	$\leq 0.05^{**}, \leq 0.08^*$	0.065	0.072

Notes: **\*\***excellent; **\***acceptable

**Table 03.** Hypothesis testing

Hypothesis	Estimates	P	Result
H1. AC→WTR	0.268	***	Accepted
H2. PSM→AC	0.796	***	
H3. EL→PSM	0.595	***	
H4. EL→WTR	0.380	***	
H5. EL→FN	0.900	***	
H6. FN→WTR	0.296	***	

Notes: **\*\*\***p < 0.001; **\***p<0.05; ns: non-significant

## 7. Conclusion

### 7.1. Contribution to the literature

This study is conducted for the purpose of investigating potential determinants of employee willingness to report issues in public organizations. Ethical leadership is shown to significantly enhance employee PSM (Wright et al., 2016) and encourage employees to report misconduct (Brown et al., 2005; Hassan et al., 2014). The findings also shed light on the significant role of affective commitment as consequent of PSM and antecedent of willingness to report. The results draw us to a promising future route of studying the significant role of affective commitment in mediating positive outcomes in the study field of the public sector.

In line with the study of (Pedersen et al., 2017), ethical leadership plays an important role in stimulating fairness in public organizations. Previous studies looked into employee willingness to report under the control of procedural fairness (Hassan et al., 2014; Wright et al., 2016). Accordingly, we continue to investigate fairness as an antecedent of reporting behaviour and the result confirmed its significance. The result is attributable to the perception of fairness which showed a high appreciation of equitable benefit distribution among the society. The important stimulating role of fairness can also be reasoned by the distortion of the rule of fairness when ethical norms are violated, for instance, in the case of unethical prioritization of individuals over public benefits. Hence, with the perceptions of fairness in mind, employees are more likely to report unethical conduct to maintain a fair working environment. The findings also extend the existing literature with the mediating role of fairness that enhances the impact of ethical leadership on willingness to report. We warrant for future study of fairness as a mediator in a different context in the public sector.

## 7.2. Implications

This study sheds light on the important determinants of employee willingness to report ethical issues in the public sector. Specifically, ethical leadership is statistically supported to have the strongest impact on the willingness to report. In addition, ethical leadership is the significant antecedent of both fairness and PSM which stimulates public servants to report directly and indirectly through the mediating role of affective commitment. Human resource managers in the public sector, therefore, should put more emphasis on ethical leadership practices that advocate employees voicing their report of the misconducts. It is suggested to list strong ethical convictions as one requisite characteristic during the recruitment process (Mayer et al., 2009). Ethics training and programs to develop ethical leadership should be organized regularly in order for each leader to design, manage, and improvise their practices to match with the current situation of their organizations. Moreover, it is highly advisable that the ethical principles be clarified because of their vital role as a compass for the guidance of rightful behaviors in the organizations. Ethical leaders, as a role model, should actively incorporate and promote such principles in their daily acts to spur their subordinates to follow. Besides, daily interpersonal conversations about ethical issues may be effective in promoting ethics, sending a signal that leaders are willing to listen and discuss employees' concerns about the problems.

This study aims to study the impact of ethical leadership on employee willingness to report issues and the underlying mechanisms. In line with previous studies, ethical leadership is found to be the most influential in enhancing the reporting behavior of unethical conduct compared to other factors in the study. Ethical leadership is evidenced to have a strong impact on fairness and PSM, both of which are significant direct and indirect determinants of ethical behaviors (specifically, willingness to report misconduct). Considering the primary importance of ethical leadership in the context of the Vietnamese public sector, human resource managers should put more attention to leadership practices to raise the collective concerns, promotion, and encouragement of ethical behaviors. Moreover, the results warrant a promising path of investigating the mediating role of affective commitment and fairness in employees' engagement in ethics-related discussions. Fairness, as a newly discovered antecedent of willingness to report, also needs further emphasis in this study field. Eventually, in regard to ethical leadership as a key factor in the framework, feasible practices are recommended for HR managers to establish an ethical and fair working climate where employees can freely raise their voice on the ethical concerns in the public organizations.

## References

- Brislin, R. W., Lonner, W. J., & Thorndike, R. M. (1973). *Cross-cultural research methods*. John Wiley and Sons.
- Brown, M. E., & Treviño, L. K. (2006). Ethical leadership: A review and future directions. *The Leadership Quarterly*, 17(6), 595–616.
- Brown, M. E., Treviño, L. K., & Harrison, D. A. (2005). Ethical leadership: A social learning perspective for construct development and testing. *Organizational Behavior and Human Decision Processes*, 97(2), 117–134.
- Caillier, J. G. (2015). Transformational leadership and whistle-blowing attitudes: Is this relationship mediated by organizational commitment and public service motivation? *The American Review of Public Administration*, 45(4), 458–475.
- Caillier, J. G. (2017). The impact of high-quality workplace relationships in public organizations. *Public Administration*, 95(3), 638–653. <https://doi.org/10.1111/padm.12328>

- Cecez-kecmanovic, D., & Marjanovic, O. (2018). Reconfiguration of Information Flows by Public Sector IT Systems : The Question of Fairness and Ethics. In *Materiality and Managerial Techniques* (pp. 133-164). Palgrave Macmillan.
- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurements error. *Journal of Marketing Research*, 18(4), 39–50.
- Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E., & Tatham, R. L. (1998). *Multivariate Data Analysis* (5th Ed.). Upper Saddle River.
- Hall, D. T., Schneider, B., Nygren, H. T., Hall, D. T., Schneider, B., & Nygren, H. T. (2014). *Personal Factors in Organizational Identification*. 15(2), 176–190.
- Hassan, S. (2015). The importance of ethical leadership and personal control in promoting improvement-centered voice among government employees. *Journal of Public Administration Research and Theory*, 25(3), 697–719.
- Hassan, S., Wright, B. E., & Yukl, G. (2014). Does ethical leadership matter in government? Effects on organizational commitment, absenteeism, and willingness to report ethical problems. *Public Administration Review*, 74(3), 333–343.
- Hu, L., & Bentler, P. M. (1999). Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling: A Multidisciplinary Journal*, 6(1), 1–55. <https://doi.org/10.1080/10705519909540118>
- Kline, R. B. (1998). *Principles and practice of structural equation modeling*. Guilford Press.
- Kolthoff, E., Erakovich, R., & Lasthuizen, K. (2010). Comparative analysis of ethical leadership and ethical culture in local government: The USA, The Netherlands, Montenegro and Serbia. *International Journal of Public Sector Management*, 23(7), 596–612.
- Kwon, I. (2012). Motivation, discretion, and corruption. *Journal of Public Administration Research and Theory*, 24(3), 765–794.
- Markovic, S., Iglesias, O., Jit, J., & Vicenta, S. (2015). How does the Perceived Ethicality of Corporate Services Brands Influence Loyalty and Positive Word-of-Mouth? Analyzing the Roles of Empathy, Affective Commitment, and Perceived Quality. *Journal of Business Ethics*, 154(2), 441–459.
- Mayer, D. M., Kuenzi, M., Greenbaum, R., Bardes, M., & Salvador, R. B. (2009). How low does ethical leadership flow? Test of a trickle-down model. *Organizational Behavior and Human Decision Processes*, 108(1), 1–13.
- Mercurio, Z. A. (2015). Affective commitment as a core essence of organizational commitment: an integrative literature review. *Human Resource Development Review*, 14(4), 389–414.
- Meyer, J. P., Allen, N. J., & Smith, C. A. (1993). Commitment to organizations and occupations: Extension and test of a three-component conceptualization. *Journal of Applied Psychology*, 78(4), 538.
- Meyer, J. P., Stanley, D. J., Herscovitch, L., & Topolnytsky, L. (2002). Affective, continuance, and normative commitment to the organization: A meta-analysis of antecedents, correlates, and consequences. *Journal of Vocational Behavior*, 61(1), 20–52.
- Pedersen, M. J., Stritch, J. M., & Taggart, G. (2017). Citizen perceptions of procedural fairness and the moderating roles of ‘belief in a just world’ and ‘public service motivation’ in public hiring. *Public Administration*, 95(4), 874–894.
- Perry, J. L., & Wise, L. R. (1990). The motivational bases of public service. *Public Administration Review*, 367–373.
- Wright, B. E., Hassan, S., & Park, J. (2016). Does a Public Service Ethic Encourage Ethical Behaviour? Public Service Motivation, Ethical Leadership and the Willingness To Report Ethical Problems. *Public Administration*, 94(3), 647–663. <https://doi.org/10.1111/padm.12248>