Mediating Effect of CSR on the Relationship between Ethical Leadership and Organization Citizenship Behavior

Aiman Hayat  
Department of Management Sciences, Qurtuba University of Science and Technology,  
Dera Ismail Khan, Pakistan  
Email: aimanhayat29@gmail.com

Dr. Muhammad Imran  
Associate Professor  
Department of Management Sciences, Qurtuba University of Science and Technology,  
Dera Ismail Khan, Pakistan  
Email: muhammadimran@qurtuba.edu.pk

Muhammad Taous  
Lecturer  
Department of Management Sciences, Qurtuba University of Science and Technology,  
Dera Ismail Khan, Pakistan  
Email: taous@qurtuba.edu.pk

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ABSTRACT:

The primary goal of this study was to determine whether the ethical behavior of top executives in the academic sector of DIKhan has a positive impact on employee behavior and whether corporate social responsibility has any effect on the interim. To retrieve results, a multi-method approach was used. This is a cross-sectional study. This study employed quantitative methodology. To collect primary data from academics at two universities in DIKhan, Pakistan, an adapted questionnaire was used. The findings indicate that there is a positive and significant relationship between Ethical Leadership and Organizational Citizen Behavior, and that Corporate Social Responsibility has a significant effect on the relationship between Ethical Leadership and Organizational Citizen Behavior. Finally, the current research’s conclusions will be critical for department representatives and intellectuals to conduct their institutions in accordance with the research’s recommendations and conclusions.

Keywords: Corporate Social Responsibility, Employee, Ethical Leadership, Organization Citizenship Behavior.
Introduction

The impact of trust on efficiency at both the individual and organizational levels has been emphasized to better grasp contextual elements in the leadership paradigm. Repeated instances of dishonesty and corruption at the highest levels of business and government have left the public feeling disillusioned with their leaders (Mukhtar & Fook, 2020). It was found (Hassan et al., 2018) that Studies by Bin Saeed et al. (2019) on the role of leadership in inducing ethical behavior change provide more evidence of the significance of the ethical dimension of the leadership construct (Asif et al., 2019). Integrity and ethical principles have received more attention in the leadership sphere recently, and as a result, there has been a rise in the number of studies examining the moral behavior of employees across all levels of a business (Qing et al., 2019). Moreover, company crises in which CEOs prioritized shoring up their requirements through unethical corporate ploys have made it more important for ethical leaders to defend and promote strong moral ideals, as need for leaders with transparency, dependability, fairness, equilibrium, and ethics, better choices has resulted from a heightened focus on ethics. Ethical leaders are more likely to foster trusting connections because they treat their subordinates and employees with fairness and empathy, exhibit consistent behavior, and communicate effectively (Kim & Thapa, 2018). There is a direct connection between moral leadership actions and religious convictions (fairness, role definition, and power-sharing). It has been researched and identified that CSR and ethical leadership practices contribute to higher levels of trust in the workplace and more positive employee attitudes and actions (Serrano Archimi et al., 2018; Rivers et al., 2018; Sarwar & Muhammad, 2020). To be specific, (Tourigny et al., 2019). Unfortunately, many businesses have suffered because of the unethical behavior of a few high-up executives. These occurrences, which can range from the actions of inefficient individuals to those of huge firms embroiled in controversy, have a detrimental impact on an organization's goodwill and efficiency and can even lead to financial loss (Bello, 2012). There are close to a billion dollars lost every year due to unethical actions by upper-level management and workers. Most of these horrible examples of unethical behavior by managers and leaders occur at their workplaces (Hansen et al., 2015).

Public trust in the company has been eroded by widespread scandalous and unethical conduct among its upper management (Khokhar & Zia-ur-Rehman, 2017). Recent events such as corporate-level corruption, terrorism, political scandals, and global conflicts necessitate further study on the development of ethical leadership theory as well as enticing research on ethics and its impact on the administrative and educational environment (Veludo-de-Oliveira et al., 2014; Gama et al., 2013). The necessity to mold the behavior of ethical leaders in corporate and public institutions in developing and developed countries is demonstrated by ethical scandals like fraud and corruption. Due to these factors, ethical leadership has emerged as a significant and pervasive research area in academia and the media (Trevio et al., 2006), serving as a basis for positive and proper employee behavior as well as the promotion of such behaviors by his or her followers (Brown et al., 2005). There has been a significant uptick in the emphasis placed on ethical leadership by both business and academic authorities. Since it concerns effective organizational behavior, more research is required through empirical testing (Walumbwa et al., 2010). (Iqbal et al., 2018). The positive and negative impacts of ethical leadership on managerial actions have contributed to the field's rising popularity in recent years (Ng & Feldman, 2015). Ethical leadership has favorable benefits on corporate employees' civic activity, job satisfaction, organizational loyalty, and employee engagement, in addition to lowering turnover plans and employee deviance (Hoch et al., 2018). Most recent research has focused solely on leaders' perceptions of their performance. To get rid of this bias, (Shin, 2012) devised a method in which subordinates give ratings to their bosses. Existing research employs a multidimensional scale to measure employee participation in data collection and feedback on their direct supervisors (Kalshoven et al., 2011; Kang, 2019).

Even though ethical leadership has been considered for quite some time, these researchers interpreted fields of exploration to identify ethical leadership to work issues like work conduct, turnover intention, organizational deviation, and departmental engagement (Walumbwa et al., 2012; Khasawneh et al., 2016; Walumbwa et al., 2011). Little research has been conducted on the effects of EL (ethical leadership) on organizational citizenship behavior, and only a small number of firms have implemented such a policy (Kim et al., 2018). In addition, scholars have paid little attention to the effects of sustainable leadership on organizational citizenship behavior (OCB), even though this area is still in its infancy and has great potential. This research will add to the growing amount of knowledge about buildings. Furthermore, the provided paradigm leaves a great deal of room for further study. So, the purpose of this
research is to examine the effects of long-term leadership on OCB. The authors also analyze the role of CSR as a moderator between leadership and organizational citizenship behavior. To provide a foundation for our ideas, we focus on the social exchange theory, which states that individuals' extra-role behaviors in social interactions are motivated by a cost-benefit analysis. It also hints that employees' OCB may be influenced by the company's efforts on their behalf. This study will fill in the blanks left by the previous one by analyzing the connection between EL and OCB at public district universities in Pakistan.

Research Questions

1. Do academic institutions' ethical leadership behaviors positively affect organizational citizenship behaviors?
2. Does corporate social responsibility have a mediating role in the effect of ethical leadership on organizational citizenship behavior?

Research Objectives

1. Ethical leadership behaviors positively affect organizational citizenship behaviors.
2. Corporate social responsibility has a mediating role in the effect of ethical leadership on organizational citizenship behavior.

Literature Review

Ethical Leadership

Leadership is a crucial part of the office environment since it has a profound effect on employees’ levels of job satisfaction. The best way to inspire staff to behave ethically is to foster a culture of ethics in the workplace through the promotion of leadership that does so by supporting, rewarding, and encouraging (Bush, 2020). Shakeel et al. (2018) used several methods to investigate EL's conceptual foundations, while Brown et al. (2005) took a more holistic approach. Among academics, the most well-known study on EL is still's. According to Brown et al. (2005), EL is “the encouragement of such behavior to followers through two-way communication, reinforcement, and decision-making, and the display of normatively suitable behavior through one's actions and interpersonal interactions.” According to this definition, ethical leadership may be seen from two different angles: that of the ethical manager and that of the ethical individual.

The ethical manager exemplifies the many responsibilities of a manager in any organization, including the promotion of moral and ethical conduct among subordinates, while the ethical leader exemplifies the ethical values that inform the leader's approach to managing both business and people. There are three distinct trajectories represented in this illustration: the decision-making, communication, and reinforcement behaviors of a moral management and moral individual. Others have found that empowering employees is crucial to the work of moral managers as well. Businesses are under increased pressure to adjust to the altered environmental dynamics brought about by technological progress and the globalization of our society. So, our leaders now have heavier burdens. Leadership is different than it used to be. Once upon a time, leaders were viewed as godlike figures who could make anyone submit to their every command. In contrast, the 21st-century ushers in an era where ethical leadership is grounded in moral and ethical virtues and prioritizes the "means" over the "end." this involves behaving in a way that defends the needs of the organization rather than the demands of its members, ensuring the safety and prosperity of society and the places in which we work and live (Ozan, Ozdemir, & Yirci, 2017).

Organization Citizenship Behavior (OCB)

OCB was first defined by pioneering scholar Organ (1988) as the execution and display of extra-role behaviors that are not formally rewarded inside an organization. Work behaviors that contribute to an organization's core values (OCBs) are those that employees are free to engage in if they so choose but that are not formally rewarded in any way (Elche et al., 2020). This would imply that employees exhibit OCBs when they perform tasks that are critical to the success of the firm but are not specified in the employment contract or rewarded through the formal incentive mechanisms in place. What we call "organizational citizenship behavior" (OCB) is any time an employee goes above
and beyond the call of duty without expecting or receiving any sort of reward or recognition for their efforts (Podsakoff et al., 2009). It is shown by the choice of the worker and has nothing to do with legal privileges or company policy (Chun et al., 2013). Employees' OCB is defined as what they bring to the table in terms of the growth and prosperity of the organization (Matta et al., 2015). The author went on to say that a big detriment to an organization's success is caused when employees voluntarily exhibit OCB without due regard for a defined job description or salary scale. Previous studies on organizational culture and behavior (OCB) have demonstrated that firms and institutions that make OCB a top priority in the workplace achieve higher levels of success and efficiency (Podsakoff et al., 2000). Thus, top-level management needs to introduce OCB across the board and inform employees of its merits.

Corporate Social Responsibility (CSR)

One of the most valuable management strategies in today's economy is corporate social responsibility (CSR) (Habek, 2019). According to research (Kim et al., 2019). Scientific studies have proven that corporate social responsibility (CSR) has a positive impact on a business's bottom line, community, and brand (Maqbool et al., 2016). (Maqbool & Zameer, 2018). Corporate social responsibility (CSR) is “the accountability of corporations for its social ramifications and outlines what a firm should do to satisfy that requirement.” (2011) Commission of Europe Corporate social responsibility (CSR) refers to an organization's actions that have a major impact on the community at large (Matte & Moon 2008). The term “corporate social responsibility” (CSR) was coined by Aguinis and defines "context-specific organizational activities and policies that take stakeholder expectations and the triple bottom line of economic, social, and environmental performance into account” (2011). As stated by Sachs, Rühli, & Kern (2009), corporate social responsibility (CSR) is predicated on morality, which directs business actions to avoid harming individuals while benefiting society and the company's shareholders. Previous studies have shown that employees who have a clear sense of who they are at work are more invested in the success of the company. Thus, companies that are committed to doing good in the community provide their employees with tools that boost their confidence. Staff morale and confidence are boosted by an organization's internal CSR initiatives, such as providing equal treatment, investing in their professional growth, and complying with laws and regulations that benefit employees (MaIgnan & Ferrell, 2000). Workers' perspectives on their work have improved because of this shift in awareness (which resulted from organizational ethical considerations).

Ethical Leadership and OCB

A popular model of leadership, ethical leadership has attracted the attention of academics. There has been a lot written about this topic, yet there are still lots of unexplored territories. Evidence of ethical leadership can be seen in a leader's consistent moral character, as well as in his or her views, words, and deeds. Ethical leadership, as defined by Mayer et al. (2012), is characterized by a leader's self-confidence and a positive influence on the behavior of subordinates because of the leader's mastery of specific psychological skills and a clear organizational direction. Social exchange theory proposes that when workers perceive that their leaders are treating them properly, they are more likely to take actions that benefit the company as a whole. According to Avolio and Gardner (2005), when a legitimate leader creates a fair and innovative culture in a firm, employees are more willing to engage in beneficial business practices. To instill citizenship habits in their employees, ethical leaders emphasize the importance of teamwork and encourage their employees to help one another (Paterson & Huang, 2019). In line with previous research, Walumbwa et al. (2011) discovered that ethical leadership positively affects organizational citizenship behavior (OCB). The performance, productivity, and quality of a business are all improved when people are engaged, as shown by the research of other scholars (Halbusi et al., 2021). According to Aziz et al. (2017) and Elche et al. (2020), employees commonly assume responsibility for or feel morally required to demonstrate, OCBs in compensation for the selfless care they get from, or see exercised by, their superiors (supervisors) (Eva et al., 2019). So, when servant leaders take an interest in their subordinates' professional development, they gain respect and credibility, and their employees may feel compelled to demonstrate their appreciation on occasion by engaging in OCB (Eva et al., 2019). Similarly, (Chon & Zoltan, 2019) discovered that the high levels of integrity displayed by servant leaders elicit a good response from their employees.

H1: Ethical leadership behaviors positively effects' organizational citizenship behaviors.
Mediating effect of CSR on Ethical Leadership and OCB

Managers and companies ought to bear this in mind when thinking about the interaction process (costs and incentives). For example: if employees believe their manager is treating them fairly, they are more likely to work together with management (Blue, 1964). It is through this process of interaction that OCB is formed, as stated by (Organ, 1988). As workers are more willing to go above and above when they believe their leader is acting properly and participating in CSR activities, leaders need to try in these areas. Consequently, if a worker thinks their CEO behaves honestly and engages in CSR initiatives, he or she will go above and beyond the call of duty to work for the welfare of the firm, raising individual OCB. Leaders set the tone for the office and the corporation, so employees model their actions after what they see from their superiors (Bohn, 2002). The development of OCB-related behaviors may be affected by a person's frame of mind, motivational history, and character traits (Luthans et al., 2007).

Further research on the effects of CSR activities on various parties, including consumers, investors, policymakers, and staff, is possible. Workers are the most influential group in shaping the outcomes of any discussion including corporate social responsibility (CSR) (Aguilera et al., 2007). How CSR changes workers' mindsets and actions is becoming an increasing area of study (Mueller et al., 2012). Scientists are also convinced that CSR plays a significant role in shaping employee attitudes and actions (Bridoux et al., 2016). CSR practices have been found to correlate with OCB positively and significantly (Fu et al., 2014), organizational identity (Wang et al., 2017), work engagement (Gao et al., 2017), organizational commitment (Aguilera et al., 2007), and job satisfaction (Valentine & Fleischman, 2008).

Previous research also found a positive correlation between leadership and CSR (Kim & Thapa, 2018; Mazutis, 2014). Several leadership stances have been described in the past, and these include ethical, transformational, laissez-faire, and transactional with CSR. Although few studies have examined the link between EL and CSR, Previous research has also found a link between CSR and OCB (Fu et al., 2014); (Abdullah & Rashid, 2012).

H₂: Corporate social responsibility has a mediating role in the effect of ethical leadership on organizational citizenship behavior.

Figure 1

Theoretical / Research model of the Current Research

Method

The population of this study consists of educators from DIKhan's two top universities and colleges. Two degree-granting colleges have recently opened in DIKhan. These two institutions were chosen for the collection of pertinent data and to satisfy the needs of the study. Members of these institutions' departments who have a history of causing trouble were specifically selected for the data collection. Qurtuba University and Gomal University have a combined total of 689 faculty members, as reported by each institution's registrar's office. This study used a sensible approach to sampling. According to Sekaran, when conducting multivariate research, the sample size should be ten times bigger than the variable being studied. Field (2013) also suggested that a sample size of fewer than 500, but larger than 30, is appropriate. The population to be surveyed for this study consists of 400 working adults. Four hundred
questionnaires were sent out to the respondent pool to gather data. Of the total number of questionnaires sent, 36 had incomplete or inaccurate responses, and 64 were never received. As a result, three hundred questionnaires were considered.

**Findings and Discussion**

**Table 1**

Reliability Analysis

<table>
<thead>
<tr>
<th>S#</th>
<th>Variables</th>
<th>Number of items</th>
<th>Cronbach alpha</th>
<th>Items deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ethical leadership</td>
<td>21</td>
<td>.849</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>CSR</td>
<td>9</td>
<td>.832</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>OCB</td>
<td>9</td>
<td>.814</td>
<td>0</td>
</tr>
</tbody>
</table>

The following table displays the Cronbach alpha for three different variables: ethical leadership, CSR, and OCB. In this case, EL equals .849 and there are 21 elements. The alpha for CSR is .832, and there are 9 items in the set, while the alpha for OCB is .814, again with 9 items. So, we can rely on this variable.

**Table 2**

Correlations

<table>
<thead>
<tr>
<th></th>
<th>EL</th>
<th>OCB</th>
<th>CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.420**</td>
</tr>
<tr>
<td>OCB</td>
<td>Pearson Correlation</td>
<td>.420**</td>
<td>1</td>
</tr>
<tr>
<td>CSR</td>
<td>Pearson Correlation</td>
<td>.392**</td>
<td>.928**</td>
</tr>
</tbody>
</table>

**.** Correlation is significant at the 0.01 level (2-tailed), n=300

The purpose of this study was to investigate the role of ethical leadership (EL), organizational citizenship behavior (OCB), and corporate social responsibility (CSR) in influencing one another (CSR). The above table shows that there is a positive and statistically significant relationship between the independent variable EL and the dependent variable OCB, with \( r = .420 ** \) and \( p = 0.000.01 \). The mediating variable CSR exhibits a positive and statistically significant relationship with the dependent variable \( (r = .928 ** , p = 0.000.01) \) (OCB). As a result, EL has a major impact on its interaction with the OCB, and there is a considerable and positive association between the independent variable EL and the mediating variable CSR \( (r = .392 ** , p = 0.000.01) \). Hence hypothesis#1 is accepted, and the null hypothesis is rejected.

**Regression Analysis Results**

H2: CSR act as a mediator between ethical leadership and OCB

**Table 3**

Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>( R^2 )</th>
<th>Adjusted ( R^2 )</th>
<th>Std co-efficient</th>
<th>Durbin-Watson</th>
<th>T</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.176</td>
<td>.174</td>
<td>.66515</td>
<td>1.393</td>
<td>7.99</td>
<td>.000</td>
</tr>
</tbody>
</table>

b. Dependent Variable: OCB

The accompanying table focuses mostly on a regression analysis of the research variables. The R2 value of .176 indicates that the independent variable EL accounts for 17.6% of the variance in the dependent variable OCB. A positive and statistically significant correlation between AL and OCB was found in the regression analysis \( (t = 7.99, p = .05) \). Durbin-Watson is inside the allowable range with a result of 1.393. Using the regression coefficient of .616, we can say that for every one-unit shift in EL, there will be a corresponding .616-unit shift in OCB.
Mediation Analysis

Table 4
Mediating Results

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficient</th>
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<tbody>
<tr>
<td></td>
<td>model B</td>
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<tr>
<td>1</td>
<td>Constant</td>
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<tr>
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<td>CSR</td>
</tr>
<tr>
<td>2</td>
<td>Constant</td>
</tr>
<tr>
<td></td>
<td>CSR</td>
</tr>
<tr>
<td></td>
<td>EL</td>
</tr>
</tbody>
</table>

Path b: the mediating variable CSR has a significant effect on the dependent variable OCB. The mediation analysis is shown in the table below. CSR, as was previously mentioned, acts as a link between the EL and OCB. The table highlights the direct, indirect, and total consequences. By employing Hayes and Preacher's (2013) PROCESS model for mediation, we ensure that all parties involved are heard and respected. As can be seen, there is a direct correlation between all the factors. According to table 8d, the unstandardized beta value is .831, which means that for every unit of variation in the independent variable, there is a corresponding unit of variance in the dependent variable. When compared to the .01 significance threshold, this number indicates that the variables are. The reduction in beta from .808 to .105 satisfies the partial mediation condition, as shown in the table above, which has a P value of 0.000001. Values of t = .846 and VIF = 1.182 (O'Brien & Robert, 2007) show that the data set is multicollinearity free. The Sobel test was also performed to ascertain whether a mediating variable contributed to the association between the dependent and independent variables. Our mediator, CSR, mediates the link between AL and OCB, as shown by the Sobel test. 7.29 was the t-value, and P = .00001.

Conclusions & Recommendations

The aforementioned discussion leads to the conclusion that for businesses to function in society for a longer period, CEOs must act ethically and adhere to ethical standards. To produce profits and provide benefits to stakeholders, businesses must fulfill certain economic, legal, ethical, and charitable obligations. Businesses must also work to improve the level of living in their communities. From the perspective of all stakeholders, a company's image, reputation, and credibility improve if it conducts business ethically. Long-term employees would want to contribute more and more to help firms reach their objectives. The study’s conclusions indicate that company culture and citizenship behavior are impacted by ethical leadership behavior. The performance of staff members will positively be impacted by school principals who exhibit moral leadership behavior to increase school effectiveness. Particularly by the Ministry of National Education, managers need to be trained to develop ethical leadership qualities. Ethics-related leadership traits including internalized moral awareness, openness, consciousness, and equitable information processing should be considered while creating teaching materials for school principals. The link between the variables could not be thoroughly studied because this study used a quantitative research design. Qualitative studies are a great way to learn more about the profound impact that ethical leadership has on an organization's culture. This allows for an in-depth investigation of the interdependency of the variables without requiring them to be extracted from their natural setting. Analyzing how ethical leadership relates to other aspects of workplace culture is also possible. Instead of focusing on the ethics of leadership, future research may analyze how various leadership philosophies influence company culture and employee citizenship.

Limitations and Future Research Directions

To begin, the suggested model relied solely on survey data; we advise future studies to use additional data sources, such as interviews. Second, showing the causal conclusions of the model across time would increase the scope. The current study used EL as a composite determinant without looking into the effect of specific EL dimensions on OCB. Future research may investigate how each dimension of EL affects OCB to find a solution to the current impasse. Due to the potential for bias introduced by the study's chosen method of data compilation, it is suggested that mixed methodologies be employed in future studies. The study's tiny sample size is another flaw. Hence, it's suggested that in the future, the sample size be increased, and the population widened to include businesses, factories, and service
providers in industries including the textile and cement industries, the leather industry, the food industry, financial institutions, and educational institutions. In the future, we may make use of moderators such as trust, incentive, and environmentally responsible corporate citizenship. Researchers would be able to compare study outcomes if additional context factors were included.

Significance of the Study

The purpose of this research is to examine the link between sustained leadership and organizational culture and behavior (OCB). The authors additionally investigate the impact of CSR on ethical leadership and the bonding of OCBs. To develop a foundation for our concepts, the ongoing research will investigate the correlation between EL and OCB. The study's analysis of the unexpected consequences of EL on OCB due to CSR is also a useful contribution. The concluding remark illustrates the assumptions made by DIKhan universities in Pakistan. Department heads and intellectuals alike will find the findings and suggestions of this study helpful as they direct their respective organizations.

References


