The Relationship Between Ethical leadership and Corporate Social Responsibility

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Abstract: This study seeks to examine the relationship between ethical leadership and corporate social responsibility. The study was applied to Halliburton Company in Saudi Arabia. Data collected from a sample of 48 managers and 167 employees, the results of the study showed that there is a significant relationship between ethical leadership and corporate social responsibility. The study recommended that in order to increase and improve corporate social responsibly, leaders need to improve themselves in the ethical leadership dimensions that include people orientation, power sharing, and fairness, concern for sustainability, ethical guidance and integrity.

Key Words: Ethical leadership - Corporate social responsibility
1. Introduction

In recent years, the concepts of ethical leadership (EL) and corporate social responsibility (CSR) are acquiring a crucial role for the competitiveness of firms operating in both manufacturing and service industries (Khan et al., & Khan, 2018; Roeck & Farooq, 2018). The globalization of business is one responsible force regularly increasing the social pressures on organizations to enhance the social impact of corporate responsibility, ethical behavior, and ethical leadership (Mishra & Schmidt, 2018). Ethical behaviors help establish a way of doing things and act as a guide for those who prescribe to them, one important setting where ethics matter is the workplace (Mey et al., 2014). Ethical leadership is important for the organization to be effective and successful, the survival and success of organization over the long term depend on ethical leadership (Brown et al., 2005). Every profession will usually have a code of conduct that spells out what the particular profession considers unethical behavior. Ethical leadership is leading in a way that respects the ethical value, right, belief and dignity of others (Brown et al., 2006). Integrity, caring, honesty, openness, trustworthiness, altruism, justice, and collective motivation are some traits the characterized ethical leadership (Brown et al., 2005). Corporate social responsibility has existed in the organizational context for a long time. Addressing the corporate social responsibility annual conference in 2012, (Kotler & Lee, 2013) quote then Hewlett- Packard chief Carly Fiorina alluding to the shift in the thinking of business leaders on the subject of giving among corporate entities. (Schwartz,2014) attempted to bring up the connection between a socially responsible company and its moral- ethical responsibilities, organizations or corporations are moral persons or agents. As such, they have obligations to the society in which they operate. Companies come to existence through the law as legal entities and have rights as granted by the law. Just like human persons have rights and obligations, the author argues that organizations cannot just claim to have rights, but they also have obligations to fulfill. (Kotler& Lee, 2013) brought another dimension to corporate social responsibility by arguing that it is an ethical theory from the beginning, where individuals have the responsibility of fulfilling their civic duty. Therefore, each person must act in a way that ensures their actions are not only of benefit to themselves but to the whole society.

In some instances of businesses conducting corporate social responsibility activities they spend resources and that do not directly add to their top lines. (Schwartz, 2014) argued that a firm stands to draw immense benefits from operating in a socially sustainable way, and these benefits are visible on a firm and employee level (Carroll, 2000). Engaging employees in corporate social
responsibility activities and especially ones that they have a hand in determining could go a long way in motivating them at the workplace. Another benefit for an organization is a positive perception by society, something that could translate into increased sales (Malik, 2015).

2. Literature Review

In this part will examine previous empirical studies and other relevant literature on ethical leadership in the work environment and corporate social responsibilities, it provides what researchers have found through time about the two variables of the study and how they defined them.

2.1. Ethical Leadership

Ethical leadership is the exhibition or demonstration of normatively appropriate behavior through personal actions and interpersonal relationships as well as the promotion of such conduct to followers through two-way communication, decision making, and reinforcement (Brown, et al., 2005; Huang & Paterson, 2014).

Different authors have varied ways of defining and viewing ethical leadership, (Alshammari et al., 2015) looked at ethical leadership as the principles, values, and beliefs concerning the right and wrong that characterize the foundation of organizational behavior. In doing so, they formulate the pedestal or moral high ground upon which the leaders influence and direct the employees towards achieving the goals of the organization. (Tu, & Lu, 2012) defined ethical leadership as the process or means of influencing or changing employees through a set of principles, values, and beliefs that largely border on the accepted norms or the recommended mode of the organizational behaviors. This particular definition points to the need for leaders to set themselves higher standards and to work towards them if they are to have a chance of influencing their followers. (Walumbwa et al., 2014) linked ethical leadership to enhanced employee performance through the mediation of factors such as self-efficacy and leader-member exchange. From the statement above, one sees that ethical leadership is not just a state of being but a situation involving some effort and work from parties involved through their interaction and communication on an everyday basis. (Ruiz-Palomino et al., 2011) explained that there is a need for a moral gradient between the top decision makers and everyone else in the organization and only then will the subordinates look up to their leaders and aspire to get to where they are. Also, the managers, by the positions they occupy in the organizational setup are duty-bound to provide the appropriate example for their juniors.
The tenets or foundations of ethical leadership premise upon the ideals of psychological empowerment and looks at among other things how to influence organizational performance and the employees’ moral identity (Walumbwa et al., 2014). Several authors did extensive research on the subject before and upon whom the latter researchers base their arguments. (Walumbwa et al., 2014) argued that ethical leadership behavior plays a significant role in promoting enhanced employee attitudes and behaviors. The authors further cited works by (Avey et al., 2010) and (Mayer et al., 2009) who have explored the nexus between ethical leadership and prosocial or negatively deviant behavior.

Understanding the theories is the first part towards making sense of the phenomenon of ethical leadership and how it bears on the subjects. The theories provide the platform upon which it is possible to develop hypotheses to explain the leader-follower ethical relationship (Khuong & Dung, 2015).

According to (Kim & Brymer, 2013) ethical leaders portray the image of moral persons who are honest, forthright and trustworthy. Further, they are principled decision makers who care more about the greater good of employees, the organization, and society. When employees get the feeling that leaders act in their best interests and are considerate, employees infer that leaders are committed to them. Quoting the works of (Treviño et al., 2006) and (Kim & Brymer, 2013) argued that, “Because ethical leaders are caring and take an interest in their employees welfare, relationships with ethical leaders are built upon social exchange norms of trust and reciprocity.” Ethical leaders inform their followers of the benefits of ethical behavior and the cost of inappropriate behavior and then use fair punishment to hold subjects accountable. Such leaders also concern themselves with building trusting relationships with followers through solicitation of employees ideas without any form of self-censorship (Kim & Brymer, 2013). The authors agreed that moral leadership is a means through which leaders concern themselves with employees welfare which results in enhanced performance. As a result, ethical leaders can foster meaningful interpersonal relationships that go beyond specified economic exchange agreements by encouraging employees.

(Walumbwa et al., 2014) supported the assertion that positive ethical behavior by the leaders aids the employees to put more effort into their work and thus enhances performances.

While there are aspects of ethical leadership are universal and would apply to any situation or context, there is a need for one to ask some fundamental questions. First, do geographical factors
bring about differences in the way people perceive the subject of ethical leadership? Secondly, is the leadership issue and situation specific? (Žemgulienë, 2013) conducted a study to find out the perceived ethical behavior of supervisors and work involvement under varying economic conditions. The different economic conditions came about because the author did his research in some European countries with varying economic realities as well as cultural identities. In conducting the study, the author was keen to isolate the economic-specific impact on ethical leadership so that his results only reflected that particular impact. (Žemgulienë, 2013) agreed that there is a host of factor that influence ethical perceptions and standards, and these could vary from one place to another.

(Alshammari et al., 2015) examined the relationship between ethical leadership and competencies, job satisfaction, determination, and motivation while on the job. The authors concluded that ethical leadership has motivational effects on the employees and contributes to their improved performance. The conclusion from most of the studies is that ethical leadership brings out an element of interdependence between people at different levels of the organizational hierarchy. (Khuong & Hoang, 2015) indicated that moral or ethical leadership is one of the chief sources of motivation for the workers. Other factors contributing to the workers’ motivation include harmony and peaceful co-existence with colleagues, good remuneration, and terms of service, as well as a clearly defined plan of work. Every manager or a leader wants to have employees who are highly motivated working for their organization. According to (Tu et al., 2016) it is not uncommon for prospective employees to mention that they are highly motivated individuals when undergoing interviews for job placements. The reason for this these, people know that motivation is a desirable trait in any worker. Therefore, the leaders have the responsibility of ensuring that they behave and act in a manner that will contribute to the motivation of their subjects for sustained and impressive firm performance. One way they can achieve that is by conducting themselves in a morally irreproachable manner and setting the best example for the followers (Zhu et al., 2004).

(Wu et al., 2014) suggested that organizations in which the founder is the CEO have a higher level of social consciousness than those headed by individuals that did not found them. According to (Wang et al., 2015), the primary function of moral leadership is influencing followers through the construction of value paradigms. The implication then is that one can only examine ethical leadership in a leader-follower setup, without which it would be impossible to
explore the subject. Further, a leader has to develop a level of moral maturity early on before they start interacting with their followers. Without this prior maturity, a leader would be clueless as to how they would influence their subordinates ethical standards. (Wang et al., 2015) raised a concern that there is a growing disconnect between the beliefs that leaders profess and their actions. The one thing about leading ethically is that a leader’s words must match their actions, without which it would be impossible to influence one’s followers (Wang et al., 2015). From this perspective, it is apparent that moral leadership reflects the dimension of organizational leadership, behavior as well as culture with the fundamental role of leading the organization or enterprise through making ethical decisions to influence the attitudes and interactions of employees inherently. The meaning of ethical leadership revolves around the practical level of business practice that links the aspects of culture and ethical business practice. There are some ethical standards that any company or any organization should have at the very minimum, the first among these is justice and fair treatment of people. According to (Boylan, 2014) justice is when people perceive that they receive a fair return for energy and effort expended. There are different forms of justice such as affirmative, restorative, and punitive justice. (Boylan, 2014) provided a guide for ethics that could come in handy for any business. The second ethical consideration according to this author is integrity. Integrity is one of the top requirements in any job or profession. It requires that one does what is right and appropriate for every scenario or situation they find themselves. Employees face an unprecedented number of threats that make them vulnerable to betraying their integrity (Okan, & Akyüz, 2015). The best way to tell that someone upholds integrity is if they have ever faced a situation that made them have to make a choice between two conflicting issues on the extreme ends of the integrity tree. Integrity requires courage and the will to do what is right. Further, it called for a discerning mind to choose is wrong and what is right (Mruthyunjaya, 2013). People will often find themselves facing some situations at work, as in life, that call for them to behave in a manner where they exhibit control and ability to suppress their emotions and inner feelings and to maintain objectivity. This ability comes through self-control (Mruthyunjaya, 2013). Self-control is all about one taking control of their being and managing to suppress particular desires or wants that they may feel the need to indulge in. Like integrity, self-control is all about making a choice between extremes and employees may face situations calling for them to make very hard decisions, another aspect of self-control is one’s ability to resist temptation (Boylan, 2014). According to (Reilly et al., 2014), working at consistently high pace
makes individual who have ethics very productive, he added that this group of people completes their tasks very fast as compared with those who lack a proper ethical conviction, and they do no quit until they have satisfactorily completed their tasks. People of high ethical standing know that it's their obligation to promote to peaceful co-existence with their colleagues (Reilly et al., 2014). One of the attributes of a person rooted in ethics and with a strong work ethics is that they are reliable, these individuals are very dependable, and they try as much not to let themselves or anybody down (Boylan, 2014). It is not easy maintaining a reputation and persons with ethics know that they have to work hard every day and live what they profess as well as distinguishing themselves from everyone else. Regarding Factors necessary for ethical leadership on corporate social responsibility most of the respondents agree that strong moral values are important in having ethical leadership to have social responsibility. In any organization, one finds that many emphasize with respect, professionalism, and integrity as the most important values that people should uphold. There are however very few people that talk about love and kindness, two values that are just as important. In the words of (Boylan, 2014), love in an organizational context is an intensely positive reaction towards a coworker, group, or an individual situationm any organization with a heart will allow for the expression of feelings of kindness, compassion, and love, among and between people, the goodwill that can be drawn upon when one faces ethical challenges (Jen-Wei et al., 2014). According to (Boylan, 2014) it is important that one realizes there is a lot more that is more enduring and influential than the individual, the absence of this value would only make a person self-absorbed. As a leader, it is important that one’s motivation is not their narrow self-interest and selfish desires but a genuine need to excel and succeed. Leaders should motivate and empower their followers to do their best for themselves and their company and not just for the gratification of the leaders. (Boylan, 2014) opines that self-absorbed leaders tend to have limited effectiveness because they spend most of their time obsessing over their interests, which may not always align with those of the enterprise. Further, they lack authenticity or a unique sense of identity because they are so self-absorbed that they often change depending on the scenario they find themselves facing at any given time.

2.2. Corporate Social Responsibility

Nowadays, companies and organizations are expected to be efficient participant in solving environmental and social issues, establishing cohesive strategy for CSR plays a vital role in competitiveness of organizations (Herzog, 2017). The success of CSR fosters the reputation of the
organization in relations to placing it as a business, moreover CSR is considered as an attractive field not just for clients but also for partners, stockholders, workers as well as vendors. It can say to organizations who they are and in what they believe and they are conducting business (Rahman et al., 2017). The concept of corporate social responsibility (CSR) is developed in one of the periods that was before World War II. Since that time, there are many formulated definitions (Čerkasov et al., 2017). There are numerous ways of defining corporate social responsibility in the business context. (Piasecki & Gudowski, 2017) defined the (CSR) as the integration between operations of business and social, relation with stakeholders, management and environmental elements that can be conducted by organizations. It is hard to settle on a single definition that authoritatively provides a meaning that everyone agrees with. (Schwartz, 2014) argued that the notion behind corporate social responsibility is the thinking that corporations have not only economic and compliance obligations but also have a responsibility to society beyond these obligations. He also presented another argument that corporate social responsibility is the continued commitment from businesses to act in an ethical manner and to contribute to economic development while improving the lives of their workers and society as a whole. Another way of looking at the subject is that it is the obligation of decision makers to take actions that protect society’s interests alongside their own. (Kotler & Lee, 2013) define corporate social responsibility as a commitment to improving community well- being through open business practices as well as through contribution of their business resources, he added that corporate social responsibility is an ethical framework that requires commercial entities to act for the benefit of the larger society. The long term view of corporate social responsibility remains that of it being a philanthropic venture or as means of giving back to society. Others even think of it as a means of remedy communities for all the harm that companies may cause them in the pursuit of their commercial goals. According to (Kotler & Lee, 2013), organizations need to employ ethical validation in all their activities. In doing so, the decision makers would only pursue a curse of action if it is of benefit to society or it at least does not cause any harm to the same society. The arguments for corporate social responsibility(CSR) point to the need for entities to embrace a wholesome engagement and deliberate effort to entrench business operations in a sustainable manner as opposed to piecemeal actions to improve an organization’s public image. Quoting the work of Business for Social Responsibility, (Kotler & Lee, 2013) define CSR as operating a business in a manner that meets and even exceeds the ethical, legal, commercial, and even the public expectations placed on the
enterprise by the society. As such, companies stand to benefit if they adopt a model where they conduct their activities in a way that meets the requirements of sustainable operations. Corporate social responsibility is characterized as a vital part in the success of any business operations, it is considered as a good opportunity for looking beyond economic earnings with considering social concerns with business (Jamali & Mirshak, 2006). According to (Kotler & Lee, 2013) organizations stand to experience increased sales and revenues, in contrast to what many might believe that CSR activities only bleed the entity’s topline. The ability to attract the best customers and retain their loyalty to the company is one of the key factors to achieve success. Meantime, the company will have a benefit over the competition with establishing policies for promoting corporate social responsibility and contributing in creating good citizenship of corporate culture (Baraibar-Diez & Luna, 2018). When organizations operate in ways, that promote sustainability and associate themselves with certain courses; there is an amount of goodwill that they generate among the populace. Consumers on the other hand overwhelmingly responded that they would buy products from companies associated with a cause that is of interest to them (Doda, 2015). Any company whose name appears in the rankings benefits from an elevated perception by the public, and this helps build their image. Further, (Kotler & Lee, 2013) opine that when businesses engage in socially responsible activities, they attract less scrutiny and may even get a free reign from the government and other regulatory agencies. reputation of companies is one of the main factors that can be supported with committing to CSR. In the other words, having policies and procedures that incorporate the human right, ethical, social and environmental concerns will collaborate in business operations as well as the core strategy (Hapsoro & Fadhilla, 2017). The first set of the theories draws from the works of (Brown and Treviño, 2006) who advanced the social exchange theory and social learning theory.

2.3. Ethical leadership and Corporate social Responsibility

Due to the increasing globalized market competitions, firms are fighting for the customers (Shashi & Singh, 2019). In this line, ethical leadership and CSR are two important factors that can lead firms to seek competitive edge and build clean brand image (Schinzel, 2018). Theoretical explanations of the relationship between ethical leadership and follower conduct, suggested by (Bandura, 1986) followers of ethical leaders are more likely to perceive or see themselves as belonging to a social exchange type of relationship with their leaders. In a similar manner, a social learning view of ethical leadership proposes that ethical leaders will likely influence their followers’ self-efficacy
because they are attractive and legitimate role models that genuinely seek to help employees get to their potential at work (Uhl-Bien et al., 2011). Ethical leaders are likely to influence or affect the follower performance by enhancing greater identification with the group setup or organization. (Raiswa et al., 2019) explained that, personal values have impact on ethical leadership that in turn has direct positive impact on CSR and direct and indirect impact on firm performance. Such leaders epitomize the high ethical standards and values of the organization. For that reason, the juniors will look up to them to provide guidance on the path that they should follow as well as the way they ought to conduct themselves in various scenarios (Kotler & Lee, 2013). While corporate socially responsible operations may improve firm performance by increasing revenue, it is possible that corporate social initiatives could save firms money by reducing their costs. also, governments and other agencies may reward companies that are social-oriented through rebates as well as cash injections (Kotler & Lee, 2013). The ultimate goal for any firm would be creating and growing value for existing as well as potential stakeholders. CSR activities, while not as documented could provide the tools with which the company fulfills this objective. (Kotler & Lee, 2013) argued that potential investors or financiers may find corporate social responsibility attractive and thus have goodwill towards the enterprise just because its operational blueprint emphasizes accountability and sustainability. While every organization tries to strike the public’s conscience as a socially responsible entity, there are several challenges that it could face. The first major problem is settling on the initiative or undertaking in which they should put their money (Amaeshi et al., 2013). Any company that does not engage in corporate social responsibility faces potential problems including negative public perception. It is therefore not uncommon to see a host of enterprises go as far as setting aside a day in the organization when staff do not work but go out and mingle with communities as they help in solving some of the problems. The literature reveals that ethical leadership is integral to effective corporate social responsibility. Moreover, (Mihelic et al., 2010) argued that to effectively participate in CSR activities organizational leaders must embrace ethical standards that endear them to social, environmental and corporate activities.

3. Research Methodology

This section presents the methodology of the research. It will discuss the importance of the research, research question, and the research objectives. It also will discuss the hypothesis of the research, the population and sample of the research, the way of collecting data, and finally the data analysis.
3.1. Importance of the research

This study is based on Halliburton Company, which has a reputation as one of the most ethical organizations in the United States. The company’s core values are founded on integrity. The organization has won numerous accolades due to its commitment to ethical standards and corporate social responsibility issues in its engagement with clients, employees, supplies and other stakeholders. This study sought to establish the nature of leadership at Halliburton and the impact such leadership has on social responsibility. The importance of ethics and ethical leadership remains significant to many scholars who want to understand how such leadership affects various aspects of an organizational context. It is important to understand how ethical leadership influences employee behavior, the level of employee and employer trust as well the organization’s overall performance. While several theories have delved into an in-depth examination of the effect of ethical leadership on other factors such as employee motivation, and effective management, there is a paucity of research on the effect of ethical leadership on work environment. This research will be instrumental in formulating effective policies that ensure that companies take into consideration corporate social responsibility mandate and bring positive change to the surrounding communities and the environment. Such change must be spearheaded by the organization leaders. The research therefore aims to ensure that leaders entrusted with corporate management positively engage in corporate social responsibility affairs and in the process help their respective organizations to win public government goodwill. The research is also important as it seeks to underscore the contribution of ethical leadership to effective engagement in corporate social responsibility affairs. This is crucial as it sets the stage for understanding whether there is need for organizational management to behave ethically in order to foster CSR affairs of their companies.

3.2. Problem of the research

Halliburton Company, which will be the area of study, has been mentioned ever since its development as the world’s most ethical company. The company’s core values in winning lie in integrity. Numerous studies have recognized Halliburton’s commitment in its ethical engagement with clients, supplies and all other parties involved. An exploratory study was conducted on October 2020 on a sample of five managers and twenty employees to examine the company’s social responsibility practices and the employees’ opinion of the prevailing leadership style, the opinions of the employees in their dominant leadership style differed, some of them agreed that there are ethical behaviors for managers, and some others had the opposite opinion, but the sample
of managers agreed that there are many practices of the company’s social responsibility represented in taking into account the environmental dimension and attention to the desires and needs of some stakeholders, he information was needed to determine whether the company was indeed able to balance between leadership ethics and the corporate social responsibility. A thorough understanding of the nexus between ethical leadership behaviors and corporate social responsibility practices will effectively set the stage for advising corporate managers to behave ethically in order to foster CSR affairs of their companies. The study further seeks to discover and effective ways and means of fostering organizational involvement in CSR affairs and this is likely to take place when implementation is bestowed on corporate management. This study, therefore, seeks to examine the nexus between ethical leadership and efficient work environment. Consequently, this research seeks to answer the following questions:

- Is there a relationship between ethical leadership and corporate social responsibility?
- Does ethical leadership affect corporate social responsibility?

3.3. Research objectives

The research aims to achieve the following objectives:

1) Find the relationship between ethical leadership and corporate social responsibility.
2) Investigate if the ethical leadership affects corporate social responsibility.

3.4. The Model of the Study

The model illustrates the variables of the study which includes ethical leadership (independent variable) which include seven dimensions: people orientation, power sharing, fairness, concern for sustainability, ethical guidance, integrity, and role clarification. And corporate social responsibility (dependent variable) which include four dimensions: customer, employee, community support and environment as shown in figure (1).

![Figure (1) The Model of the study](image)
3.5. Hypotheses

Depending on the study model and based on its objectives, The researcher proposed the following hypothesis:

1) There is a significant relationship between ethical leadership and corporate social responsibility.

2) There is a significant effect of ethical leadership on corporate social responsibility.

3.6. Population and Sample

The study population consists of all employees of Halliburton company which are (1336) employees (48) managers and (1288) regular employee. The simple random sampling was used, and the size of this sample was determined using the sample size calculation program. The study total sample was estimated at (210) employees. The survey was distributed to 48 mangers and 167 regular.

<table>
<thead>
<tr>
<th>No of regular employee</th>
<th>No. of managers</th>
<th>Total No. of employees</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out of 1288 only 167 took the survey</td>
<td>48</td>
<td>1336</td>
<td>210</td>
</tr>
</tbody>
</table>

Source: The Website of the Company

48 managers filled the corporate social responsibility survey and 167 regular employees from all levels filled the ethical leadership survey. Employees were selected randomly and been interviewed. After collecting the data and examining the forms, it was found that the number of valid forms reached (189) with percentage (90%) of the total number of the sample.

3.7. Data Collection

In order to examine the relationship between ethical leadership and corporate social responsibility two research questionnaires were distributed. The company has 1336 employees. The questionnaires were developed to both regular employees and the managers of the Halliburton Company. The sample of 210 respondents 48 mangers and 167 regular employees selected randomly. A survey was distributed to 48 managers to evaluate the corporate social responsibility. The second survey was distributed to 167 regular employees to evaluate the ethical leadership. Analysis of the samples was done by checking Alfa Cronbach's alpha coefficient of validity and reliability. For example, 96% correct meant that the list is reliable and valid. For the purpose of measuring the responses, a Likert scale was used. This scale uses 5-point responses scale ranging
from 1 (very dissatisfied or strongly disagree) to 5 (very satisfied or strongly agree). The survey included two questionnaires in the same form. The first questionnaire was first proposed by (Kalshovan 2011) and it consisted of 38 items to measure ethical leadership. The items of this questionnaire tests seven dimensions of ethical leadership (people orientation, power sharing, fairness, concern for sustainability, ethical guidance, integrity, and role clarification.). On the other hand, the study used (Všechna práva 2012) scale it consisted of 37 items to measure corporate social responsibility questionnaire focused on the following five dimensions: customer, business partners, employee, community support and environment. The ethical leadership questionnaire and CSR questionnaire that were used in this research are commonly and widely used for the purposes of measuring these two variables.

Table 2: Measuring study variables

<table>
<thead>
<tr>
<th>The variable</th>
<th>Statement of measuring the variable</th>
<th>Previous studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical Leadership</td>
<td>1-38 Statements</td>
<td>Kalshovan, 2011, Ethical Leadership Survey</td>
</tr>
<tr>
<td>CSR</td>
<td>39-75 Statements</td>
<td>Všechna práva, 2012, CSR Survey</td>
</tr>
</tbody>
</table>

3.8. Data Analysis

Information gathered from the survey and questionnaires were analyzed using Statistical Package for Social Science (SPSS 18). The researcher used several statistical methods to analyze the study data, which consists of:

- Descriptive Analysis to measure mean, Median and Standard Deviation.
- Pearson correlation to measure the strength and direction of the relationship between the variables of the study in Halliburton Company.
- Multiple regression analysis to measure the effect of independent variable to dependent variable of the study in Halliburton Company.

4. Statistical Analysis

In this part statistical analyzing was applied on both surveys gathered from employees and managers. The sample size of respondent was 210, 48 managers filled the corporate social responsibility survey while 167 employees filled the ethical leadership survey. After gathering the responses by interviewing the managers and employees, SPSS 18 was used to calculate descriptive analysis, Pearson Correlation and multiple regressions.
4.1. Descriptive Analysis

The researcher conducted a descriptive analysis of the data variables of the study. The statistical program (SPSS 18), was used to compute the main concepts for the ethical leader questionnaire, which was filled by 167 employees, and the CSR questionnaire, which was completed by the 48 leaders.

Table 3: Descriptive analysis

<table>
<thead>
<tr>
<th>Items</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Social Responsibility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>3.598</td>
<td>0.775</td>
</tr>
<tr>
<td>Business Partners</td>
<td>3.632</td>
<td>1.042</td>
</tr>
<tr>
<td>Employees</td>
<td>4.026</td>
<td>0.929</td>
</tr>
<tr>
<td>Community Support</td>
<td>3.834</td>
<td>0.940</td>
</tr>
<tr>
<td>Environment</td>
<td>3.944</td>
<td>0.876</td>
</tr>
<tr>
<td>Ethical Leadership</td>
<td></td>
<td></td>
</tr>
<tr>
<td>People Orientation</td>
<td>3.507</td>
<td>1.006</td>
</tr>
<tr>
<td>Fairness</td>
<td>3.773</td>
<td>1.153</td>
</tr>
<tr>
<td>Power Sharing</td>
<td>4.300</td>
<td>1.232</td>
</tr>
<tr>
<td>Concern for Sustainability</td>
<td>4.625</td>
<td>1.049</td>
</tr>
<tr>
<td>Ethical Guidance</td>
<td>3.162</td>
<td>1.052</td>
</tr>
<tr>
<td>Role Clarification</td>
<td>3.727</td>
<td>1.019</td>
</tr>
<tr>
<td>Integrity</td>
<td>3.550</td>
<td>1.090</td>
</tr>
</tbody>
</table>

Mean ranged between of (3.162-4.625) and Std. Deviation ranged between (0.775 - 1.232). All data were gathered after interviewing Halliburton employees and managers by the comprehensive inventory. Table 2 describes Mean and St Std. Deviation. The highest mean is 4.625 under the factor concern for Sustainability in Halliburton Company while the lowest mean is 3.162 in the people orientation factor. Highest Std. Deviation is 1.232 under the factor power sharing while the lowest Std. Deviation is 0.775 which comes under the customer satisfaction.

4.2. Pearson Correlation

The researcher used Pearson Correlation Analysis to measure the strength and direction of the relationship between the variables of the study in Halliburton Company.
Table 4: Pearson Correlation between ethical leadership and corporate social responsibility.

<table>
<thead>
<tr>
<th></th>
<th>customer satisfaction</th>
<th>business partners</th>
<th>Employees</th>
<th>community support</th>
<th>Environment</th>
<th>people orientation</th>
<th>fairness</th>
<th>power sharing</th>
<th>concern for sustainability</th>
<th>ethical guidance</th>
<th>role clarification</th>
<th>integrity</th>
</tr>
</thead>
<tbody>
<tr>
<td>customer satisfaction</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>business partners</td>
<td>.464**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>.374’</td>
<td>.342’</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>community support</td>
<td>-0.168</td>
<td>0.202</td>
<td>-0.123</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Environment</td>
<td>0.179</td>
<td>0.059</td>
<td>-0.026</td>
<td>.349’</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>people orientation</td>
<td>-0.145</td>
<td>-0.227</td>
<td>0.13</td>
<td>-0.021</td>
<td>0.164</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>fairness</td>
<td>-0.056</td>
<td>-0.03</td>
<td>-0.148</td>
<td>-0.004</td>
<td>-0.135</td>
<td>.405**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>power sharing</td>
<td>0.283</td>
<td>.401’</td>
<td>-0.114</td>
<td>-0.149</td>
<td>-0.059</td>
<td>0.144</td>
<td>0.157</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>concern for sustainability</td>
<td>0.22</td>
<td>.372’</td>
<td>.384’</td>
<td>-0.036</td>
<td>-0.223</td>
<td>-0.026</td>
<td>0.175</td>
<td>.607**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ethical guidance</td>
<td>.416**</td>
<td>0.194</td>
<td>-0.112</td>
<td>0.155</td>
<td>0.091</td>
<td>0.044</td>
<td>0.245</td>
<td>0.29</td>
<td>0.129</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>role clarification</td>
<td>.511**</td>
<td>.415’</td>
<td>.451’</td>
<td>0.201</td>
<td>-0.205</td>
<td>0.263</td>
<td>0.176</td>
<td>0.002</td>
<td>-0.065</td>
<td>0.193</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>integrity</td>
<td>.328’</td>
<td>0.057</td>
<td>0.019</td>
<td>-0.073</td>
<td>-0.069</td>
<td>-0.075</td>
<td>0.225</td>
<td>0.23</td>
<td>0.156</td>
<td>-0.087</td>
<td>0.187</td>
<td>1</td>
</tr>
</tbody>
</table>

Correlations

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

To examine the hypothesis: “There is a significant relationship between ethical leadership and corporate social responsibility. For Pearson Correlation the author used SPSS 18. The correlations between the seven dimensions of ethical leadership and the five dimensions of corporate social responsibility are shown in the correlation matrix in Table 4. we can say that there is a significant positive relationship between Ethical leadership and corporate social responsibility.
1. Table 4 showed that correlation factors was (.464**, .405**, .607**, .416**, .511**, 415**, 451**) at the 0.01 level.
2. Table 4 also showed that correlation factors was (.374*, .342*, .349*, .401*, .384*, .328*) at the 0.05 level.

Hypothesis 1 predicted that there is a significant relationship between ethical leadership and corporate social responsibility. The researcher has tested hypothesis 1 by using Pearson’s correlation and found that there is a relationship between ethical leadership dimensions and corporate social responsibility. Consequently, hypothesis 1 is accepted.

4.3. Multiple Regression

The researcher used multiple regression analysis to test the statistical implications of the study hypotheses, to examine the hypothesis: “There is a significant effect of ethical leadership on corporate social responsibility”. SPSS Version 18 was used to investigate the effect of ethical leadership on corporate social responsibility.

<p>| Table 5: The results from analyzing people Orientation (EL factor) on CSR |
|------------------|------------------|------------------|------------------|</p>
<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.313*</td>
<td>.098</td>
<td>-.035</td>
<td>1.060</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Environment, Employees, business partners, community support, customer satisfaction
b. Independent Variable: people orientation

Table 5 demonstrates the result of regression analysis for the effect of people orientation (independent variable) on corporate social responsibility (dependent variable), the outputs of above approves that there is an effect of people orientation on corporate social responsibility dimensions. R=0.313 means that there is a weak relationship between people orientation on corporate social responsibility. The coefficient of determination R square=.098, which means that corporate social responsibility describes 9.8% of the strength of the effect of people orientation (the independent variable) on corporate social responsibility (the dependent variable).

<p>| Table 6: The results from analyzing fairness (EL factor) on CSR |
|------------------|------------------|------------------|------------------|</p>
<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.245*</td>
<td>.060</td>
<td>-.078</td>
<td>1.175</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Environment, Employees, business partners, community support, customer satisfaction
b. Independent Variable: fairness
Table 6 demonstrates the result of regression analysis for the effect of fairness (independent variable) on corporate social responsibility dimensions (dependent variable), the outputs of above approves that there is an effect of fairness on corporate social responsibility. $R=0.245$ means that there is a weak relationship between fairness on corporate social responsibility. The coefficient of determination $R^2=0.060$, which means that corporate social responsibility describes 6% of the strength of the effect of fairness (the independent variable) on corporate social responsibility (the dependent variable).

Table 7: The results from analyzing power sharing (EL factor) on CSR

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.503(^a)</td>
<td>.253</td>
<td>.143</td>
<td>1.031</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Environment, Employees, business partners, community support, customer satisfaction
b. Independent Variable: power sharing

Table 7 demonstrates the result of regression analysis for the effect of power sharing (independent variable) on corporate social responsibility dimensions (dependent variable), the outputs of above approves that there is an effect of power sharing on corporate social responsibility. $R=0.503$ means that there is a moderate relationship between power sharing on corporate social responsibility. The coefficient of determination $R^2=0.253$, which means that corporate social responsibility describes 25.3% of the strength of the effect of power sharing (the independent variable) on corporate social responsibility (the dependent variable).

Table 8: The results from analyzing concern for sustainability (EL factor) on CSR

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.577(^a)</td>
<td>.333</td>
<td>.235</td>
<td>.939</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Environment, Employees, business partners, community support, customer satisfaction
b. Independent Variable: concern for sustainability

Table 8 demonstrates the result of regression analysis for the effect of concern for sustainability (independent variable) on corporate social responsibility dimensions (dependent variable), the outputs of above approves that there is an effect of concern for sustainability on corporate social responsibility. $R=0.577$ means that there is a moderate relationship between concern for
sustainability on corporate social responsibility. The coefficient of determination $R^2 = 0.33$, which means that corporate social responsibility describes 33.3% of the strength of the effect of concern for sustainability (the independent variable) on corporate social responsibility (the dependent variable).

Table 9: The results from analyzing Ethical guidance (EL factor) on CSR

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.500*</td>
<td>0.250</td>
<td>0.139</td>
<td>0.515</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Environment, Employees, business partners, community support, customer satisfaction
b. Independent Variable: ethical guidance

Table 9 demonstrates the result of regression analysis for the effect of ethical guidance (independent variable) on corporate social responsibility dimensions (dependent variable), the outputs of above approves that there is an effect of ethical guidance on corporate social responsibility. $R=0.500$ means that there is a moderate relationship between ethical guidance on corporate social responsibility. The coefficient of determination $R^2 = 0.250$, which means that corporate social responsibility describes 25% of the strength of the effect of ethical guidance (the independent variable) on corporate social responsibility (the dependent variable).

Table 10: The results from analyzing role clarification (EL factor) on CSR

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.646*</td>
<td>0.417</td>
<td>0.331</td>
<td>1.177</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Environment, Employees, business partners, community support, customer satisfaction
b. Independent Variable: role clarification

Table 10 demonstrates the result of regression analysis for the effect of role clarification (independent variable) on corporate social responsibility dimensions (dependent variable), the outputs of above approves that there is an effect of role clarification on corporate social responsibility. $R=0.646$ means that there is a strong relationship between role clarification on corporate social responsibility. The coefficient of determination $R^2 = 0.417$, which means that corporate social responsibility describes 41.7% of the strength of the effect of role clarification (the independent variable) on corporate social responsibility (the dependent variable).
Table 11: The results from analyzing integrity (EL factor) on CSR

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.424*</td>
<td>.180</td>
<td>.060</td>
<td>1.029</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Environment, Employees, business partners, community support, customer satisfaction
b. Independent Variable: integrity

Table 11 demonstrates the result of regression analysis for the effect of integrity (independent variable) on corporate social responsibility dimensions (dependent variable), the outputs of above approves that there is an effect of integrity on corporate social responsibility. \(R=0.424\) means that there is a moderate relationship between integrity on corporate social responsibility. The coefficient of determination \(R^2 = 0.180\), which means that corporate social responsibility describes 18% of the strength of the effect of integrity (the independent variable) on corporate social responsibility (the dependent variable).

Hypothesis 2 has predicted that there is a significant effect of Ethical Leadership dimensions on Corporate Social Responsibility. The researcher has used Multiple Regression Analysis and from all the tables of Multiple Regressions results above, the researcher found that there is a significant effect of Ethical Leadership dimensions on Corporate Social Responsibility. Therefore, hypothesis 2 is accepted.

5. **Summary of Findings**

1. The first objective of the study was to find the relationship between ethical leadership and corporate social responsibility, and the results of the study showed that there is a significant positive relationship between ethical leadership and corporate social responsibility. The correlation factors were \(.464**, .405**, .607**, .416**, .511**, .415**, .451**\) at the 0.01 level, and correlation factors was \(.374*, .342*, .349*, .401*, .384*, .328*\) at the 0.05 level. From the study findings most of the respondents agreed that the company had instilled several aspects of ethical practices in their dealings with staff and customers. Employees that participated in the study agreed that ethical leadership has a correlation to the corporate social responsibility activities that their employers undertake. The employees further indicate that they are more inclined and feel more willing to join their organization’s leadership in activities that promote sustainability in the community when they feel that those at the helm behave in an exemplary manner such as showing fairness and rewarding
excellence. The results are consistent with the findings from a study by (Mihelic et al., 2010; Tian, & Fan, 2015).

2. The second objective of the study was to investigate if there is an effect of ethical leadership on the corporate social responsibility, the results of Regression Analysis for ethical leadership dimensions showed that the t is significant value which meant that there is a significant positive effect of ethical leadership dimensions on corporate social responsibility dimensions, the result is consistent with that of the study by ((Brown & Treviño, 2006; Zhu et al. 2004; Wu et al., 2014; Raiswa et al., 2019). Most of the respondents were in strong agreement that the company had a strong concern for role clarification, and moderate concern for: power sharing, concern for sustainability, ethical guidance and integrity, but low concern for people orientation and fairness.

6. Recommendation

The findings of this study have important implications for organizational managers. When determining how to increase corporate social responsibility practices, managers should consider devoting more effort to cultivating ethical leadership. That is, they should encourage practices and behaviors that emphasize corporate social responsibility as following:

1. Leaders and company managers need to focus on improving themselves on the ethical leadership dimensions, which is power sharing, concern for sustainability, ethical guidance and integrity, and they need to highly focus on improving themselves on people orientation and fairness as they have a significant effect on corporate social responsibility.

2. Leaders in the company should act as moral role models for employees and should design appropriate human resource policies that emphasize high moral standards and promote ethical culture, they must realize that they play a critical role in creating, sustaining, or changing all aspects of an ethical working environment.

3. Top management should develop and apply code of ethics and training on ethics that emphasizing morality in workplace to improve how all employees in all levels of the organization act and conduct ethically to adopt additional CSR practices to fulfill the increased expectations toward organization stakeholders.

4. Managers should exercise their ethical duties and responsibilities by taking stakeholder interests into account, which in the long term will help their company gain and sustain a
competitive advantage. Because short-term cost associated with CSR projects would multiply their profitability in the long run.

5. Leaders and company managers should commit themselves to setting high ethical standards and acting in accordance with them. Consistent with high ethical principles such as honesty, fairness, integrity and trustworthiness, because they not only take responsibility for their own actions, but also use rewards and punishments appropriately to hold subordinates responsible for their actions toward customers satisfaction, co-workers, business partners, community well-being and natural environment.

6. The company leaders should stimulate the employees to collectively support the CSR practices through adopting fostering awareness program of CSR practices to create a more positive reputation among stakeholders.

7. Limitations and Future Research

This research has encountered the following limitations:

1. The study looked only at the ethical behavior of the leaders as the only influence on corporate social responsibility.

2. Data for the study only came from only one company.

3. There is, however, need to analyze critically other factors that impact on a corporate social responsibility and the considerations that businesses make in giving back or investing in the communities.

4. Further, there is a need to investigate what other influences ethical leadership may have at the workplace especially in relation to the employees, the reason for this is because leaders exist for their followers and as such one would better understand their impact from the perspective of their employees.

5. In conducting future studies, researchers should use a bigger sample and more organizations because that would ensure that they get much wider views and a better understanding of the variables under study.

8. Conclusion

The results of this study demonstrate a clear relationship between ethical leadership and corporate social responsibility. There has been a deliberate shift in the business world where firms are more conscious of their surrounding and the communities in which they operate and as such they try to have activities that may not directly lead to an increase in their profitability but are of benefit to
the community. Employees tend to behave according to the example that their seniors set for them, and if that model is positive, then they are more likely to follow. Ethical behavior calls for a socially responsible way of operating for any business, and it follows that when employees behave ethically, they will also get to involve themselves in socially responsible behavior. The indirect way in which the behavior of the leaders affects an organization’s corporate social responsibility is the indirect or mediated way. The mediating factor, in this case, is the organization’s ethical code of conduct or blueprint for the people to behave ethically. Having a set of ethical principles that inform employee behavior means that employees have a roadmap that guides how they act and carry themselves in their work setting. Ethical behavior calls for concern for the surrounding as well as empathy for others, especially the less fortunate in the society. Having a strong emphasis on ethics at the organization sets the stage for socially responsible behavior and as such promotes socially responsible activities.

References


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