

Ethical Leadership and Organizational Resilience in the Public Sector: Evidence from Pakistan

Sumaira Rasheed

Imperial College of Business Studies, Lahore, Pakistan

sumairasshafi@gmail.com

Sarah Nawazish

Imperial College of Business Studies, Lahore, Pakistan

sarah.nawazish@imperial.edu.pk

Abstract

Organizations operating in the public sector are operating in greater amounts of uncertainty, instability, and constant disruption. The need to remain efficient and responsive in case of emergency has been superimposed by political insecurity, economic pressures, governance demands, and growing expectations on the part of the public which have resulted in instability in institutions, especially in developing countries where shortages of resources, complex bureaucracies, and high expectations have led to institutional instability. It has been suggested that organizational resilience, or, the capacity to foresee, absorb, adapt, and recover negative events, has become a key organizational capability to continue to maintain public services, maintain and guarantee sustained operational efficiency and preserve citizen trust. As much as leadership has been known to be a key determinant of building resilience, limited empirical attention has been given to how ethical leadership can build resilience, especially in the areas of the public segments of developing countries. This contribution is done using the Social Learning Theory and focuses on how ethical leadership can contribute to making organizations in the Pakistani public sector more resilient; it does so by influencing how employees behave, make decisions, and cope with uncertainty. It is believed that ethical leadership helps individuals become stronger both directly and indirectly via belief in leadership, ethical climate and psychological safety. These are some examples of relational and psychological processes. It is necessary to have a time-lagged quantitative research design, which was achieved through collecting data on middle and senior-level workers in the public sector and analyzing it with structural equation modeling to ensure that the hypotheses were examined accordingly. The results highlight the importance of ethical leadership as a competitive organizational resource that improves relational cohesion, ethical norms, and open communication, which is necessary to build strong institutions of the state. This research contributes to the literature on leadership and public administration by taking the theory of ethical leadership further into the world of resilience and also contributes to the practical knowledge of strengthening the governance, accountability and leadership growth in the Pakistani public administration.

Keywords: Ethical Leadership, Organizational Resilience, Public Sector, Pakistan, Trust in Leadership, Ethical Climate, Psychological Safety

Introduction

No Public sector organizations across the globe have ever experienced the kinds of uncertainty and disruption as they are now facing. Rapid adjustments in policies, unstable economies, and political pressures along with new technologies and social crises have created a new operational landscape for public institutions. In developing countries, these challenges are often made worse by resource constraints, governance gaps, and a deficit of public trust. Under these circumstances, both public policymakers and public sector researchers are concerned with the public sector's ability for sustained effective functioning and service delivery. The capacity they refer to is most widely known as resilience. The ability of an organization to anticipate and mitigate potential threats, to absorb and adjust productively to shocks, to cycle through adaptive processes to recover, and to continue to deliver on its core functions is what defines resilience. Unlike crisis management in the context of a public sector organization, the importance of resilience becomes paramount because organizational failure adversely affects the people, the public good, and the social order. Strengthening the organization is primarily a function of leadership. The impact that leaders have on organizations includes how they respond to ambiguity, manage risks, allocate their resources, and get their employees to collaborate during challenging situations. Different types of leadership like transformational, adaptive, and crisis have all been studied to see their impact on resilience. Ethical leadership has also been studied but mostly as a foundational mechanism for fostering resilience in the public sector. Ethical leadership includes integrity, fairness, accountability, and considering relevant stakeholders. Ethical leaders have the responsibility of not only leading ethically but also promoting ethics by defining, exemplifying, and institutionalizing ethical behavior. Trust is created by ethical leadership and this leadership not only fosters the wellbeing of the employees but also their ethical conduct. Such traits also cover the main attributes of a resilient organization which include cohesion, coordination, learning, and commitment on a collective level to the organization. In spite of all this, ethical leadership and its potential impact on organizational resilience is a topic that has been studied very little. The public sector in Pakistan provides a unique context to explore this relationship. Public organizations in Pakistan deal with constant institutional pressures, poor governance, political complications, and scarcity. There is also an absence of empirical work on leadership and public sector resilience in Pakistan due to a lack of confidence in leadership, accountability, and transparency, making it even more challenging to build strong institutions. This study helps address the deficit by assessing how ethical leadership contributes to resilience in public sector organizations in Pakistan. This study formulates hypotheses on how ethical leadership directly and indirectly fosters resilience through trusting leadership, ethical workplace climate, and psychological safety through Social Learning Theory. The empirical validation of this framework enriches public administration leadership theory and research and informs practical efforts to strengthen public institutions.

Literature Review

As a result of the loss of public trust within institutions and a plethora of widely publicized ethical atrocities, the phenomenon of ethical leadership has garnered considerable attention within the organizational studies literature. The literature defines ethical leadership as the modeling of desirable ethical conduct within the organizational and interpersonal relationships of the leader, and the subsequent encouragement of adoptions of such behaviors via substantive and symbolic reinforcement mechanisms. The key differentiator of ethical leadership as a construct is the unique integration of morals as the core of the leadership praxis. Ethical leaders oppose wrong behavior and promote adherence to the ethical values of integrity, equity, transparency, and accountability. From a Social Learning perspective, leaders serve as primary role models by demonstrating the boundaries of the behavior which employees are socialized to observe. The internalization of these norms by employees operates on the premise of norm incorporation, whereby employees are animated to act consistently with the ascribed social norms. There is ample evidence that ethical leadership has a positive influence on employee trust in leadership, organizational commitment, attenuation of deviant workplace behavior, and enhancement employee's (well-being). The unique ethical leadership construct is associated with the public sector due to the stewardship responsibilities of public assets and power. Ethical leadership enhances perceptions of legitimacy, accountability, and procedural justice. Although ethical leadership has received significant interest in leadership studies, the majority of the research has been at the individual level rather than the organizational level of capabilities. How ethical leadership affects the organization-level characteristics such as resilience has still received very little attention. Organizational resilience is the ability of the organization to manage disruptions and continue to operate under duress. The initial studies on resilience were concerned with individual recovery from shocks and the return to functioning normally. The newer conceptualizations define resilience more broadly as a complex and adaptive capacity to anticipate, learn, and adapt. In the public sector, resilience is defined primarily in relationship to the continuity of service, responsiveness to a crisis, and the public trust in the organization. These organizations, more often than not, operate under some form of emergency situations, which makes resilience a primary characteristic of their functionality. "There is a growing consensus that resilience relies not only on structural arrangements but also on social and relational resources, including leadership, trust, and organizational culture." While the recognition of leadership and its role in resilience has increased, the empirical studies addressing the potential of specific leadership styles as determinants of organizational resilience are still inadequate. Ethical leadership is relevant, but still has received too little attention in this body of literature. Many scholars believe there is a strong theoretical link between ethical leadership and organizational resilience. Ethical leaders instill a sense of transparency, clarity, and consistency when it matters the most. By being fair and open, ethical leaders may alleviate some of the confusion within their followers and help them make sense of things, especially during turbulent times. Ethical leadership

also fosters communication, the sharing of interpersonal values, and peer accountability. Employees can learn to work interdependently, pivot to change, and utilize feedback from recent failures— all the traits of a resilient organization. Despite these theoretical links, there is still a gap in empirical research examining ethical leadership to organizational resilience, specifically in the public sectors of developing countries. Trust in leaders is a significant relationship outcome of ethical leadership and it is particularly important during a crisis. People trust leaders that display consistency, keep their promises, and show consideration for their employees' welfare. It is trust that facilitates collaboration, reduces opposition, and paves the way for collective action during a crisis. Trust allows public sector organizations to tackle challenges in ways that formal controls might not. Prior studies have associated trust with adaptive performance and effectiveness in crises. Therefore, trust can be seen as the conduit of ethical leadership and resilience. An organization's ethical climate consists of the collective beliefs that shape the organization's normative ethical standards and principles. Ethical leaders are the ones most proficient in establishing such environments since they consistently reinforce good actions and punish bad ones. A positive ethical climate enables people to act when they are faced with a high level of ambiguity, a common occurrence in crises. Ethical climates enhance resilience in organizations by ensuring Cooperative Decision Making, reducing opportunistic behaviors, and maintaining legitimacy in tough situations. Yet, not many studies have examined ethical climate as a possible factor that impacts the linkage between ethical leadership and resilience. Psychological safety is the shared belief that members of a group can freely express their ideas, raise concerns, and make mistakes without fear of negative consequences. Ethical leaders create conditions for psychological safety by promoting unidirectional communication and constructive criticism without blame when mistakes occur. Psychological safety positively contributes to resilience through early detection of issues, learning through failure, and responding innovatively. In spite of the reasoning and evidence available, research that examines ethical leadership, psychological safety, and organizational resilience, and how these concepts interrelate, is quite limited.

Theoretical Framework and Hypotheses

Organizational leaders have been studied under the Social Learning Theory. Within this theory, role models provide an important social environment in which individuals learn appropriate behaviors. Organizational leaders, by virtue of their powerful and visible positions, influence the attitudes and behaviors of their subordinates. Ethical leaders demonstrate integrity, fairness, and accountability by doing the right thing, making transparent decisions, and addressing ethical issues through a moral lens. Employees are in a position of behavioral command as a result of the visible manifestations of ethical leaders' actions, thus fostering implicit social normative behaviors, especially in ambiguous and uncertain situations. Social Learning Theory and Organizational Resilience posit that ethical leadership shapes employees' perceptions of turmoil and their proactive coping abilities. Ethical leadership clarifies

moral issues, thus minimizing uncertainty, and fosters adaptability and commitment, ensuring that organizations are able to manage and thrive after turmoil.

Research Proposal

Hypothesis 1. Ethical leadership positively impacts organizational resilience.

Uncertainty involves the unknown and involves a clear and consistent focus, which may also hinge on the role of ethical leadership to clarify, legitimize and make sense of such inconsistencies. It promotes individuals to be adaptive, collaborative, and persevere, which strengthens and enhances the resiliency of the organization.

H2: In this Light, Trust in Leadership Is a Construct to Explain \\\"The Impact Of Ethical Leadership On Organizational Strength.\\\" Ethical Leaders Instils Trust Through Constructing Fairness And Integrating Actions, Which Involves Employees Attendant To Collaboration, Commitment, And Decision Making In Highly Demanding Situations To Strengthen Organizational Resiliency.

H3: The Ethical Climate Is a Construct to Explain the Influence of Ethical Leadership on Organizational Resiliency. It Is Ethical Leadership That Instills Common Ethics and Values in The Organization, Such That \\\"Guided by Ethics and Values, \\\" Decision-Making Is More Deliberate During Certain Situations, Leading To More Cohesive Responsibility, Thus Improving The Organization's Resiliency.

H4: Of the Possible 'Mediators' In the Variable Relationship Of \\\"Ethical Leadership\\\" And \\\"Organizational Resiliency, \\\" Psychological Safety Is One. Ethical Leaders Create Conditions of Psychological Safety, Which Are Conditions Where Employees Are Free to Express Themselves, Raise Issues, And Learn from Mistakes to Provide Adaptations for More Effective Performance of The Organization.

Methodology

This research employed a quantitative approach and a time-lagged survey design to evaluate the hypotheses while attempting to control for common method bias.

Purposeful time separation in data collection decreases the potential for response bias from self-reporting and justifies making causal claims about the variables. The data collection spanned three-time frames separated by four weeks to compress time and examine how leadership behaviors, mediating variables, and organizational outcomes fluctuate over time. In Time 1, ethical leadership data were captured to assess participants' appraisals of the leaders' integrity, fairness, and ethical behaviors. Time 2 focused on the mediating variables: trust in the leadership, ethical climate, psychological safety, and the mediating variables through which ethical leadership is believed to influence positive organizational outcomes. Time 3 involved organizational resilience data collection to assess the capability of organizations to manage and cope with issues that arise internally and externally. The study's context is the public sector of Pakistan. This encapsulates both federal and provincial government bodies that deal with finance, administration, human resource management, and policy implementation. We focused on middle and senior management employees, as they would have been exposed directly to the leadership practices, would have strategic decision-making authority, and would be able to

meaningfully inform us about the organization's climate and adaptive capacity. After a thorough verification of the remaining data, we had 420 valid responses. This was more than the required minimum sample size for Structural Equation Modeling (SEM) ensuring that the results would be valid and statistically powerful. All the variables examined were measured and where necessary, the scales were adapted to meet the requirements of public sector organizations in Pakistan. The data were collected using a five to one Likert scale ranging from "strongly disagree" to "strongly agree" to capture the participants' attitudes and opinions accurately. The data were analyzed using SEM which involves a two-step process. The first step involves testing the measurement model for reliability, convergent, and discriminant validity. This would indicate that the observed indicators were indeed valid reflections of the underlying constructs. The next stage focused on assessing the structural model, which entailed an examination of the proposed associations between variables. The indirect effects were estimated, and confidence intervals were calculated via multiple resampling bootstrapping techniques to examine the presence and magnitude of mediation effects. These methods were employed to strengthen the validity of the research. Furthermore, it is essential to thoroughly examine model fit indices to ensure that the proposed theoretical model is an adequate representation of the empirical data and sufficiently supports the relationships posited and the research hypothesis as a whole.

Results

What emerged from the study was the idea that when an organization has ethical leaders, the organization is able to withstand most if not all forms of stress and trauma. This means that leaders who show complete integrity, fairness and ethical leadership are able to strengthen the organization's adaptive capacity and recovery to thrive from most challenges. More trust in leadership, ethical leadership and psychological safety all play in the positive outcome for organizations. It shows the trust employees had in psychological safety, the ethical climate, and leaders to act in their best interest. In organizations with a healthy psychological climate and trust system, people feel freer to speak, take chances and engage in activities that strengthen resilience. All theorized relationships were positive, indicating the clear validity of the model and the presence of shifting factors that change ethical leadership. Promoting ethical leadership involves protecting and preserving flexible ethical leadership in the organization with the aim of increasing and creating productive organizational resilience, especially in public organizations.

Discussion

The findings suggest that there is interconnection between ethical leadership and organizational resilience within public sectors of Pakistan. Ethical leaders create resilience by establishing trust, moral and psychological safety. Employees believe in their own agency and collaborate with one another when they feel their leaders have their trust. Due to the prevailing ethical climate, employees and organizational members are able to act with organizational conscience, which is compliance and

dutiful behaviour and also organizational citizenship behaviour. Furthermore, psychological safety allows individuals to express their ideas, concerns, and reasonable risks behavioural without and fear of negative reprisals. This fosters innovation and learning in crises. Collectively, these mechanisms strengthen the ability of public sector organizations to sustain and advance in the aftermath of crises. On the other hand, the findings also indicate that ethical leadership is multi-layered in respect to its impact. This occurs through the interceding mechanism described earlier, which is the system of organizational climate and employee perceptions in relation to leadership behaviours. This underlines the importance of creating ethical practices within positive workplace settings in order to enhance the flexible sustainability of public organizations in Pakistan.

Theoretical and Practical Implications

The results indicate there are relationships in interconnection in ethical leadership and organizational resilience in the public sectors of Pakistan. \As public leaders as ethical, as they exude and build resilience, trust leaders, and safety psychological and moral. Trust is given by leaders; employees feel their agency and work together. Because of the ethical climate, employees with organizational conscience act, which is compliant and dutiful behavior, organizational citizenship behavior, and members. Also, psychological safety is described as individuals being able to act with behavioral expressive ideas and concerns and reasonable risks without fear of negative sanctions. This in particular environment fosters learning and innovation in crises. Taken together, these mechanisms allow public sector organizations to adapt and thrive post crises. Conversely, the results indicate an ethical leadership is multi-layered in terms of its impact. This is through the interceding mechanism described above, which is system of organizational climate and employee perception of leadership behaviors. This highlights the need to build ethical public sector organizations in Pakistan, which positive work environments to achieve the adaptive resilience of public sector organizations.

Limitation and Future Research

Considering this is a single-country study that collects self-reported data, it is subject to common method bias and generalizability issues when it comes to applying such findings to other sociocultural and organizational contexts. The use of a time-lagged survey design to mitigate such issues and to temporally separate the variables is understandable. However, such a design is still unable to demonstrate insufficient long-term causal relationships, if any, between ethical leadership and organizational resilience. The study is also limited in that only a few of the possible mediators—trust in leadership, ethical climate, and psychological safety—were included, while others, such as employee engagement, organizational culture, and leadership styles, were completely ignored. Future studies that are more advanced in the causal backward have no choice but to build on this study using longitudinal, experimental, or multi-method designs. Firstly, it is recommended that additional mediating and moderating

variables that influence the ethical leadership–resilience connection be explored. Secondly, to improve the external validity and relevance of the research findings across different organizational and cultural settings, cross-national, cross-sector, or comparative studies are recommended.

Conclusion

Consequently, building strong public sector organizations always rely on ethical leadership. Ethical leadership facilitates public sector organizations in coping with paradoxical legitimacy and effectiveness through fostering honesty, trust, ethical values, and psychological safety. In public sector of Pakistan, ethical leadership contributes greatly to cope with the paradoxical stability. It endorses employees to act and interact in accordance with the organizational and societal values. Highly cooperative employees are the outcome of leader's trust. This cooperative spirit fosters completion of critical tasks on time in the presence of tight deadlines. The presence of ethical climate and psychological safety fosters rule compliance, fairness, transparency, and overall decreases the risks associated with malaise and other organizational issues. Instead, these factors greatly contribute to psychological safety which in turn improves organizational learning and adaptive capacity. Having the ability to adapt and maintain a high level of performance is essential to navigating shifts and crises for public institutions. To maintain resilience in the public sector in Pakistan, strategy and the enhancement of ethical leadership practices, which, in turn, improve organizational internal mechanisms in relation to trust and legitimacy, are essential. The public sector is also able to maintain continuity and responsiveness when organizations build and invest in the leadership and management of their employees, alongside the ethical training, to foster a positive organizational culture. This, in turn, aids in problem management and the organization's ability to withstand shocks and disruptions. Furthermore, the positive leadership shifts will enhance public trust and social equity by enabling the organizations to improve the quality of their services. The integration of ethical leadership perspectives within the strategy and structure of public service organizations will enhance legislative and administrative predictability, adaptability, and sustainability within increasingly complex and volatile environments.

References

- Avey, J. B., Wernsing, T. S., & Luthans, F. (2008). Can positive employees help positive organizational change? Impact of psychological capital and emotions on relevant attitudes and behaviors. *Journal of Applied Behavioral Science*, 44(1), 48–70.
<https://doi.org/10.1177/0021886307311470>
- Boin, A., & van Eeten, M. J. G. (2013). The resilient organization. *Public Management Review*, 15(3), 429–445.
<https://doi.org/10.1080/14719037.2013.769856>

- Brown, M. E., & Treviño, L. K. (2006). Ethical leadership: A review and future directions. *The Leadership Quarterly*, 17(6), 595–616.
<https://doi.org/10.1016/j.leaqua.2006.10.004>
- Brown, M. E., Treviño, L. K., & Harrison, D. A. (2005). Ethical leadership: A social learning perspective for construct development and testing. *Academy of Management Journal*, 48(1), 117–134.
<https://doi.org/10.5465/amj.2005.15993197>
- Carmeli, A., Brueller, D., & Dutton, J. E. (2009). Learning behaviours in the workplace: The role of high-quality interpersonal relationships and psychological safety. *Systems Research and Behavioral Science*, 26(1), 81–98.
<https://doi.org/10.1002/sres.932>
- Edmondson, A. (1999). Psychological safety and learning behavior in work teams. *Administrative Science Quarterly*, 44(2), 350–383.
<https://doi.org/10.2307/2666999>
- Edmondson, A., & Lei, Z. (2014). Psychological safety: The history, renaissance, and future of an interpersonal construct. *Annual Review of Organizational Psychology and Organizational Behavior*, 1, 23–43.
<https://doi.org/10.1146/annurev-orgpsych-031413-091305>
- Gardner, W. L., Coglisier, C. C., Davis, K. M., & Dickens, M. P. (2011). Authentic leadership: A review of the literature and research agenda. *The Leadership Quarterly*, 22(6), 1120–1145.
<https://doi.org/10.1016/j.leaqua.2011.09.007>
- Hannah, S. T., Uhl-Bien, M., Avolio, B. J., & Cavarretta, F. L. (2009). A framework for examining leadership in extreme contexts. *The Leadership Quarterly*, 20(6), 897–919.
<https://doi.org/10.1016/j.leaqua.2009.09.006>
- Lengnick-Hall, C. A., Beck, T. E., & Lengnick-Hall, M. L. (2011). Developing a capacity for organizational resilience through strategic human resource management. *Human Resource Management Review*, 21(3), 243–255.
<https://doi.org/10.1016/j.hrmr.2010.07.001>
- Luthans, F., Avolio, B. J., Avey, J. B., & Norman, S. M. (2007). Positive psychological capital: Measurement and relationship with performance and satisfaction. *Personnel Psychology*, 60(3), 541–572.
<https://doi.org/10.1111/j.1744-6570.2007.00083.x>
- Mayer, D. M., Kuenzi, M., Greenbaum, R. L., Bardes, M., & Salvador, R. (2009). How low does ethical leadership flow? Test of a trickle-down model. *Organizational Behavior and Human Decision Processes*, 108(1), 1–13.
<https://doi.org/10.1016/j.obhdp.2008.04.002>
- Meyer, A. D., Gaba, V., & Colwell, K. A. (2005). Organizing far from equilibrium: Nonlinear change in organizational fields. *Organization Science*, 16(5), 456–473.
<https://doi.org/10.1287/orsc.1050.0135>
- Podsakoff, P. M., MacKenzie, S. B., Lee, J. Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: A critical review of the literature

- and recommended remedies. *Journal of Applied Psychology*, 88(5), 879–903.
<https://doi.org/10.1037/0021-9010.88.5.879>
- Rego, A., Cunha, M. P., & Polónia, D. (2017). Corporate sustainability: A view from the organizational resilience lens. *Journal of Cleaner Production*, 162, 133–144.
<https://doi.org/10.1016/j.jclepro.2017.06.066>
- Treviño, L. K., Brown, M. E., & Hartman, L. P. (2003). A qualitative investigation of perceived executive ethical leadership. *Business Ethics Quarterly*, 13(1), 5–37.
<https://doi.org/10.5840/beq20031312>
- Tyler, T. R. (2006). Psychological perspectives on legitimacy and legitimation. *Annual Review of Psychology*, 57, 375–400.
<https://doi.org/10.1146/annurev.psych.57.102904.190038>
- Vogus, T. J., & Sutcliffe, K. M. (2007). Organizational resilience: Towards a theory and research agenda. *IEEE International Conference on Systems, Man and Cybernetics*, 3418–3422.
- Walumbwa, F. O., Mayer, D. M., Wang, P., Wang, H., Workman, K., & Christensen, A. L. (2011). Linking ethical leadership to employee performance: The roles of leader–member exchange, self-efficacy, and organizational identification. *Organizational Behavior and Human Decision Processes*, 115(2), 204–213.
<https://doi.org/10.1016/j.obhdp.2010.11.002>
- Zhu, W., Treviño, L. K., & Zheng, X. (2016). Ethical leaders and their followers: The transmission of moral identity and moral attentiveness. *Business Ethics Quarterly*, 26(1), 95–115.
<https://doi.org/10.1017/beq.2016.11>