Ethical Leadership and Perceived Organisational Politics: The Mediating Role of Social Loafing

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ABSTRACT
This study investigates the effect of ethical leadership on positive and negative discretionary behaviours, and management of perceived organisational politics levels. Specifically, the role of ethical leadership in organisational politics through the mediating role of social loafing was examined. Three hundred academics responded and completed the questionnaire. Ethical leadership theory was used alongside group engagement and collective effort models. Structural equation modelling, and regression analyses through bootstrapping techniques were directed to assess the model and the hypotheses. Statistical findings verified that ethical leadership stimulated employees to reduce their tendency to loaf and general social loafing levels, which subsequently enhanced employee ability to deal with perceived organisational politics in the workplace, be it positive or negative. Thus, by mitigating employee social loafing intentions, an ethical leader creates a transparent organisational environment and drastically improves employee efficiency by decreasing costs which would impact the company’s bottom lines. Our findings expand the existing theory on ethical leadership, social loafing, and organisational politics by asserting the mediating effect of social loafing as a consequence of strategies constructed by an ethical leader reflected at the workplace organisational politics levels. Theoretical and practical implications for organisations and managers are discussed.

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Contemporary workplaces aim to establish a positive organisational environment and control members’ Perceived Organisational Politics (POP) levels. By investing in appropriate strategies and resources, they aim to promote positive discretionary behaviours amongst employees and eliminate unethical ones. More specifically, constructing a comprehensive code of ethics, embedding it into the day-to-day business of the company, guided by an ethical leader is the
key to a positive organisational environment. Establishing a code of ethics in workplaces links the work-related principles and the expected employee behaviours. The implemented conduct of rules and regulations alludes to employees, prospective employees, or clients that individual competencies, skills, and knowledge will be considered beyond political communication channels. In this respect, ethical leaders are the role-models (Brown & Trevino, 2006). They define moral standards and demonstrate what is considered ethical and acceptable by their actions. Employees unconsciously adapt to the given codes by observing the role-modelling, which results in job satisfaction, citizenship behaviours, commitment, and enhanced performance.

Organisational politics is an obstacle against defined job descriptions and codes of conduct within departments, leaving a gap for deviant counterproductive work behaviours. Negative organisational politics is a predominant counter-productive behaviour present in workplaces, practised by employees that solely focus on personal welfare rather than the organization's well-being (Gotsis & Kortezi, 2011). On the other hand, some authors defined the positive side of organisational politics as a liberal form contributing to career advancement, easing the achievement of personal and organisational goals, and fulfilling the control, ego, and success triad of employees (Vigoda-Gadot & Kapun, 2005). This contradicts with the implementation of the organisational level code of ethics since it interferes with the natural execution of the workflow, be it virtual or traditional. In practice, the presence of positive politics may indirectly increase the levels of negative politics. Due to positive politics, employees might conclude that compensation and promotion strategies are unequal, benefiting only those who use positive politics, where policies and procedures are insignificant. Such political environments are reflected in the behaviour of employees at an individual level and are a continuous challenge for organisations. Political behaviours are not expected to correspond with organisational goals, primarily to promote self-interest, with no regard to organizational objectives (Valle & Witt, 2001). Providing there is a dilemma between work ethics and organisational politics, power and relationships define rewards, counter to work ethics (Kacmar & Ferris, 1991), that should be an avoided outcome in business ethics. From here on, in this research, POP is referred to from the aspect of negative bias of POP.

Based on different external and internal factors, individuals frequently intend to loaf. Loafer's are anticipated to lower their efforts or feel like the suckers because of perceived loafing at the team level or when negative politics is a dominant organisational environment. Social Loafing (SL) is an unethical counterproductive work behaviour reflected in the behaviours of employees by decreasing effort individually in a team setting. Typically, loafing arises in complex situations in which employees hover between matching the suitable course of action to accommodate the organisational objectives or reach their own goals and fulfil the ego, control, and success needs. Upon his studies, Byun et al. (2020) concluded that lower-level exchange strategies of executives can reduce such social loafing tendencies. Executives shall strengthen task distribution transparency and boost the self-esteem levels of the employees. Byun et al. (2020) attested that constructing clear managerial ethical guidelines eliminates social loafing. As so-called ethical leaders, executives shall build strategies based on ethics, monitor, and actively prevent code of ethics violations. This establishes a workplace unity, where personal and organisational objectives are cohesive, which in return is expected to reduce negative politics in the workplace. Equally, treating a code of ethics as an integral part of the business
inspires employees to develop positive and eliminate negative discretionary behaviours in line with the motivation and recognition acquired from their executives. Ethical leaders yield essential intrinsic and extrinsic conditions by embedding the code of ethics into discretionary employee behaviours and working on the employees' mindfulness.

The concept of professional ethics is considered essential in higher education institutions. Academics are expected to enact university interests above their own and avoid seeking profit from their positions when fulfilling goals and objectives. In higher education institutions, it is necessary to ensure effective communication processes as a basis to enact good terms and relationships between academics. In order to build an environment where academics demonstrate positive and refrain from negative discretionary behaviours, it is critical for university leaders to work on constructing and providing politically transparent organisational environments inspiring equally every member.

Ethical Leadership (EL) is attested to prevent code of ethics violations and restrain behaviours that could cause reputational damage to the organisation. In this respect, although many studies examine the relationship between ethical leadership, employee ethical behaviours, and deviant conduct, research examining the relationship between ethical leadership, social loafing, and perceived organisational politics is limited. This study aims to enrich the ethical leadership literature by examining the effect of ethical leadership on perceived organisational politics through the mediating role of social loafing. This research used a contemporary model by working on the effect of ethical leadership on perceived organisational politics through the lens of social loafing as a counterproductive work behaviour. The objective was to explain how workplace environments built by an ethical leader can manage employees' unethical behaviours and promote a transparent political environment. This research extends the ethical leadership, social loafing, and POP literature by implementing the mediating effect of social loafing on the relationship between ethical leadership and POP. From an organisational perspective, constructing and executing workplace networks with a transparent political climate has a significant role in understanding and eliminating negative discretionary behaviors and encouraging positive ones.

**Literature Review and Theoretical Development**

**Ethical Leadership and Perceived Organisational Politics**

Ethical leadership was conceptualised by Brown et al. (2005) as the implementation and demonstration of normatively appropriate conduct by engaging employees in the decision-making processes actively using two-way communication both at a strategic and individual level. The theory of ethical leadership is based on the moral manager and individual dimensions, including controlling for wise ethical characteristics (Brown et al., 2005). A workplace environment constructed by an ethical leader is based on the implementation of ethical values, fair compensation, and communication systems that transform the organization's members (Brown & Trevino, 2006). Ethical leaders nurture the employees continuously by effectively constructing efficient processes and ensuring that ethical practices are executed fully in all departments of the organisation. Imposing ethical processes prompts a change in attitudes and values of employees and builds up self-efficacy beliefs, which in turn stimulate and empower the vision and the organization's bottom line. Workplaces executed by an ethical leader demonstrate to employees what specifically comprises ethical and unethical behaviours,
and that organisational practices are based on implemented ethical processes. Ethical leaders define moral standards and contexts, reward ethical conduct, and discipline the unethical (Trevino et al., 2003). Workplace environments contribute to continuous learning processes (Bouckenooghe et al., 2015). Employees unconsciously adapt to given codes by observing, role-modelling, complying with the leader, and following the outcomes of other members. Ethical leaders empower the psychology of the members, employee engagement, job satisfaction, OCBs, commitment, and performance of employees (Avey et al., 2012; Men et al., 2020; Newman et al., 2014). According to Strydom (2021), the ethical leadership of executives can be affected by the cultural value characteristics of the environment. Greenbaum et al. (2021) investigated ethical leadership from the perspective of the perception of executives on a corporate level high Bottom-Line Mentality (BLM). They found that negative perceptions of executives have a negative effect on ethical leadership. Equally, environments constructed by an ethical leader are transparent in terms of policies and practices and are reflected by the employees' positive perceptions. Accordingly, workplace environments constructed and guided by an ethical leader value ethical behaviour, hold employees accountable and discipline unethical ones. On the other hand, leaders who do not invest, communicate ethics, and do not use compensation systems strategically may empower a workplace environment prone to the political behaviours of employees.

Organisational politics is generally categorised as a negative phenomenon by workplaces. In such political environments, individuals use as leverage other members or aim to clout other members using informal methods or other relevant procedures to achieve subjective goals. Such political behaviours do not contemplate the organization's welfare or other employees' rights (Rosen & Hochwarter, 2014; Tziner et al., 2021). Specifically, political behaviours destroy the natural flow of workplace environments by damaging employees' enthusiasm and group identity, leading to a politicised negative environment. In such politicised conflict-based environments, employees define their own perceptions of reality and construct subgroups based on personal welfare rather than the welfare of the organisation when performing their duties (Hochwarter et al., 2020). Vigoda-Gadot & Drory (2016) concluded that politicised environments are based on the misperceptions of the employees. This fact affects the employees' sentiments of how they perceive their managers and other members. Furthermore, Ferris et al. (2019) underlined that negative politics is categorised by organisations as a dysfunctional environment building on barriers to the efficiency and effectiveness of the employees. Employees engaged in such negatively politicised environments face anxiety, stress, commitment, and performance problems (Başar & Basim, 2016; Hochwarter et al., 2020), which decreases their overall satisfaction levels leading to high turnover rates. The lack of ambiguity of ethical codes or failure to embed ethical codes into the behaviour of employees may lead to the generation of negative political environments. When the work ethics is in contradiction with organisational politics, the source of power in groups may be allocated out of the strategic objective of the workplace; hence compensation systems may be reliant on power and personal relationships. Workplace environments prevailed by such obscure performance management systems will fail to communicate strategic processes to employees. As such, employees will be left in the dark due to not receiving the necessary signals about the codes of behaviour and lose motivation which in the long run may shape their general performance.
Positive politics was launched in reply to negative politics and is based on the potential positive consequences of politics on members. Butler et al. (2019) and Hochwarter (2012) pointed out that positive politics supports employee experience via the application of networking processes and setting up coalitions that support the strategic management-related tactics of workplaces. Furthermore, Fedor et al. (2008) and Landells and Albreht (2017) investigated both negative and positive POP and validated they co-exist simultaneously. It is vital for workplaces to work on a strategy to define their approach to politics (Landells & Albreht, 2017).

Ethical leaders work on constructing an ethical climate focusing on the development of formal and informal behavioural control systems (Trevino & Nelson, 2007) by creating positive perceptions of workplace processes and procedures. Ethical leadership sets the tone and enhances the workplace culture to effectively provide signals regarding organisational policies and procedures, empower the members by implementing fair decision-making processes, and guide members that manipulation and misconduct are not accepted, reducing or eliminating the effect of negative politics at the lowest. If allowed, negative POP may damage the balance in the workplace and provoke conflicts blocking the eagerness of employees to act for the common objective of the organisation and enact positive discretionary behaviours.

Based on the Group Engagement Model (GEM) and Collective Effort Model (CEM), the ultimate implementation of the rules and procedures in an organisation is dependent on the identity, resource-based, and procedural justice judgements of members (Blader & Tyler, 2009; Karau & Williams, 2001) which affect thoughts, feelings, and behaviours of individual members in a group context. Eventually, members learn and develop judgments of ethical and unethical behaviours by voicing their opinion and actively participating in decision-making processes (Blader & Tyler, 2009). Such strategic implementations set up a basis for a translucent political environment. Thus, the following hypothesis was constructed:

**Hypothesis 1:** Ethical leadership will be negatively related to employees’ POP.

**Ethical Leadership and Social Loafing**

Contemporary organisations frequently invest in investigating the formal effect of individual effectiveness and performance of employees on team performance and build in accordance with appropriate strategies. In a team setting, both executives and employees are responsible for the relevant skills and knowledge required to fulfil an objective. Some challenging team goals may require an instrumental effort to enhance team performance. Occasionally, teams include members with corrupted and unethical behaviours such as social loafing, often due to not clearly defined organisational processes. Social loafing occurs when members put down less effort while performing in a team and contribute fully individually (Chang et al., 2020). Social loafing is negative discretionary behaviour and is prevalent in negative workplace environments with decreased motivation levels of employees. Such counterproductive behaviours may lead to low productivity and decrease commitment levels to a task and the organisation as well. As such, employees may decide to withhold effort, being sure that other members will contribute to the task, fear being seen as the sucker of the group, or think that individual effort to the task may be taken advantage of by the other members of the workplace.
Kidwell and Valentine (2009) concluded that job satisfaction on an individual level of military personnel has a negative effect on social loafing. Equally, the social loafing levels were reported to decrease when members developed satisfaction with the management (Luo et al., 2013). Khan et al. (2020) pointed out that transformational leadership may increase the self-confidence of employees to achieve positive employee outcomes and reduce loafing. Furthermore, group size, lack of cohesiveness, and identification of the employees with the group and the workplace environment were noted to reduce social loafing (Martin et al., 2017). According to the studies of Mulvey and Klein (1998) and Thompson et al. (2018) perceived social loafing and anticipated lower efforts of employees were proven to increase social loafing. As an ethical matter for organisations originating from the attitude of the members, social loafing affects individual outcomes of free riders and the whole workplace agenda and its bottom line (Mihelič & Culiberg, 2019). Brown et al. (2005) noted that as part of employee discretionary behaviours counterproductive work behaviours and deviant behaviours can be eliminated if executives construct and communicate dialogue with members of the organisation. Following Brown et al.’s (2005) conceptualisation, all studies on ethical leadership approached negative discretionary behaviours from the wider perspective of deviant behaviours (Aryati et al., 2018; Babalola et al., 2019). Focusing on negative discretionary behaviours from the perspective of deviant behaviours is too general and fails to specify which behaviours particularly are considered disruptive for the organisations. This study contributes to the literature with a unique perspective by theorising specifically deviant and unethical behaviours, namely social loafing. Investigating social loafing as unethical may benefit and take the ethical leadership literature further.

Embedding recognition and rewards into organisational settings may increase productivity in teams (Blader & Tyler, 2009; Karau & Williams, 2001). Equally, employees' negative and positive discretionary behaviours are stimulated by how they are treated in the work-group. GEM states that the satisfaction of employees may increase if they are provided with the opportunity to voice and their group membership is ensured psychologically (Tyler & Blader, 2003). In consequence, the embedded ethical conduct and the implementation of two-way communication systems may stimulate and support the belongingness needs of members, reviving a transparent environment and inspiring discretionary behaviours (Blader & Tyler, 2009). Communicating transparent performance management systems may eliminate the uncertainty regarding the compensations of individual outcomes and generate a nurturing environment. Accordingly, unethical discretionary behaviours such as social loafing may be reduced to a minimum. Thus, the following hypothesis was constructed:

**Hypothesis 2:** Ethical leadership is negatively related to the social loafing of employees.

**Social Loafing and Perceived Organisational Politics**

Working in teams has become an inseparable characteristic of modern workplaces. As part of their agenda, employees engage in different processes and networking activities that reflect positively or negatively on the efficiency, productivity, and outcome of the organisation (Monzani et al., 2014; Chang et al., 2020). Social loafing is a negative discretionary behaviour resulting from a reflection of individuals' perceptions that their efforts are not important or less likely to result in significant outcomes as a group than acting individually (Karau & Williams,
Social loafing is a common misconduct and is a predominant behavioural outcome of workplace environments where the individual processes are not defined clearly or blended with a code of ethics. Consequently, the ethical and procedural uncertainty may result in vast unethical behaviours of members as well as blurring or impeding the transparency of the workplace political environments. Such behaviours negatively affect the motivations and outcomes of members, increasing employees' negative POP levels. This happens mainly due to the prevalent individual decisions of members based on personal interests rather than the organization's strategic planning. In this regard, Yildiz and Elibol (2020) concluded that compulsory citizenship behaviours through turnover behaviours reduce social loafing intentions. In addition, Wilhau (2021) investigated the effect of dark triad personality traits on social loafing through the moderating effect of team member exchange. On the other hand, a minority of studies focused on the positive effect of social loafing on POP. For example, Varshney (2019) concluded that POP mediated the relationship between social loafing and self-concept. Uniquely, this study fills an important gap in the social loafing and POP literature by exploring the effect of social loafing behaviour on employees' perceived organisational politics levels.

The psychological fulfilment of the group membership through secured group identification, membership, and voice enhances the optimum satisfaction levels of employees (Tyler & Blader, 2003). GEM claims that procedural justice in the workplace environment has a definitive effect on employees' social identity development processes (Blader & Tyler, 2009). Individuals assess the nature of their relations with their team in accordance with the procedural justice levels experienced (Blader & Tyler, 2009). Hence, high social loafing levels may indicate to employees a perception of an unsecured unethical environment where power, personal connections, and disregarding the organisational hierarchy are prevalent. Thus, the following hypothesis was constructed:

**Hypothesis 3:** Social loafing is positively related to POP of employees.

**Social Loafing as a Mediator**

Some workplaces are continuously dominated by negative discretionary behaviours such as social loafing. Individual members of teams are more prone to loaf when the individual outputs in a team are not evaluated or rewarded (Karau & Williams, 2001). This may be mainly due to the fact that some workplaces fail to pass on the meaningfulness of the task or fail to guide individual employees in the performance management details. Such ambiguities negatively affect employees' motivation, mindfulness, and perceptions. The outcome is reflected prominently in the behaviour of the employees by executing their path through vast unethical counter-productive attempts damaging the transparency and the balance of the workplace environment. High social loafing levels may have significant negative consequences on the collective setting of the workplace. Employees enact negative discretionary behaviours when the ethical uncertainty in the environment is reflected in their behaviour as stress and a decrease in confidence. When members perceive that their individual efforts do not have instrumental outcomes, they may fail to convey the message of procedural justice and subsequently decide not to blend their social identities into the group/workplace. Other members may witness or perceive the loafing and anticipate lowering their efforts or feeling like the sucker in the group.
Social loafing decreases group cohesion, collaboration, and satisfaction levels (Shiue et al., 2010; Teng & Luo, 2015). Such environments are complex, based on employees' self-serving behavior, and burden organisations. Consequently, reducing social loafing is a major problem in modern workplaces since it has a negative effect on the affective outcomes of teams. This study focuses on the mediating effect of social loafing on the relationship between ethical leadership and POP. Previous studies investigated the mediating role of social loafing only from the perspective of team feedback and guided reflexivity (Penarroja et al., 2017). Furthermore, Byun et al. (2018) investigated the relationship between the ethical leadership of high-level leaders on the work outcomes of employees through the mediating effect of ethical leadership of low-level leaders. They suggested that high-level leader’s ethical leadership spreads to low-level leaders, decreases the social loafing levels, and increases the task performance of members. The relationship between ethical leadership and POP was never researched from the lens of social loafing. Hence, this research adds to the ethical leadership and perceived organisational politics literature by adding the mediating perspective of social loafing as a counterproductive work behaviour.

Ethical leaders construct an ethical environment by implementing formal and informal behavioural control systems. These control systems are mainly based on downwards communication strategies and performance management of members. Therefore, the implementation of fair procedural systems such as fair decision-making systems, treatments, and fair economic incentives may motivate employees to reduce or eliminate social loafing and enact more positive extra-role behaviours, which will construct the origins of a transparent political environment free of negative behaviours and their unethical outcomes (Brown et al., 2005; Blader & Tyler, 2009).

Based on ethical leadership theory, social loafing was situated as a mediating variable through which ethical leadership affects perceived organisational politics levels in organisations. In line with GEM, employees understand the ethical and unethical behaviours as a result of the given codes and voice opportunities (Blader & Tyler, 2009), leading to a transparent environment. Thus, the following hypothesis was constructed:

**Hypothesis 4**: Social loafing mediates the negative relationship between ethical leadership and POP.

**Method**

**Sample and Procedures**
The study was based on a quantitative and cross-sectional methodological approach. Full-time academics affiliated with the largest education and research-based university in North Cyprus were selected as the sample of the study. As part of the selected sampling strategy university human resources department has provided the total number of full-time affiliated academics. Five hundred thirty academics were recorded as employed full-time by the time of the study.

The data was collected over five months. Total population sampling strategy was implemented to support the distribution process and achieve a satisfactory response. To begin data collection, the link to the questionnaire was sent to the deans of the faculties. On top of that, deans distributed an email with a questionnaire link to all full-time employees. In accordance with the ethical clearance from NEU Scientific Research Ethics Committee, this
email included the purpose of the study, the fact that results would be confidential in line with global general data protection regulations (GDPR), informed consent, and English and Turkish links of the questionnaire. The final sample size was 300 (56% response rate). We arrived at this sample by eliminating surveys with missing data. Table 1 provides sample characteristics. The proportions of female academics were 48.2%, and 50.8% were male. About 12.5% of respondents were between 20 and 29, 28.7% were between 30 and 39, 29% were between 40 and 49, 17.8% were between 50 and 59, and 10.9% were aged 60 and above. In addition, 66.3% of the respondents were married, and 32.7% were recorded as single. The total number of years of work experience in the education sector, respectively, 1.3% had less than 1, 3% had 1 to 2, 18.2% had 3 to 5, 22.4% had 6 to 10, 14.9% had 11 to 14, 10.6% had 15 to 19 and 28.7% had 20 and above years of experience. Regarding work experience in the current university, 4.6% had less than 1, 7.9% had 1 to 2, 29.4% had 3 to 5, 24.1% had 6 to 10, 11.6% had 11 to 14, 9.6% had 15 to 19 and 11.9% had 20 years and above experience.

Table 1

<table>
<thead>
<tr>
<th>Category</th>
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<td>60-above</td>
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<td>1-2</td>
<td>9</td>
<td>3.0</td>
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<tr>
<td></td>
<td>3-5</td>
<td>55</td>
<td>18.3</td>
</tr>
<tr>
<td></td>
<td>6-10</td>
<td>68</td>
<td>22.7</td>
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<td></td>
<td>11-14</td>
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<td>15.0</td>
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<td></td>
<td>15-19</td>
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<td></td>
<td>20-above</td>
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<td>29.0</td>
</tr>
<tr>
<td>Work experience in their current university</td>
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<td>4.7</td>
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</tr>
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</table>

**Instruments**

All survey instruments were responded to on a five-point Likert scale from strongly disagree (1) to strongly agree (5). The survey included two sections. Section one covered the demographic questions. Section two included ethical leadership, social loafing, and POP scales. Measurement scales were originally in English and translated by the authors to Turkish.

*Ethical leadership* was measured by Brown et al.’s (2005) ten-item scale (α = 95%). This scale aimed to measure the level of perceptions of ethical/unethical behaviours of managers. The average response represented the employees’ overall perceptions of an ethical leader. Sample items are ‘when making decisions, my supervisor asks “what is the right thing to do?”’ and ‘my supervisor disciplines employees who violate ethical standards’.
Social loafing was measured by Mulvey and Klein’s (1998) thirteen-item scale (α = 85%). This scale aimed to measure employees’ social loafing levels and whether they acknowledge subordinates withholding efforts. Sample items are ‘members of my group are free riders (individuals work less because they believe that their colleagues will complete the task for them)’ and ‘some members do not try as hard as they can, so others put in less effort’.

Perceived organisational politics was measured by Kacmar and Carlson’s (1997) six-item scale (α = 70%). This scale aimed to measure the POP levels in a workplace environment in terms of ‘perceptions of employees of the general political behaviour’, ‘pay and promotion’, and ‘going along to go ahead’. Sample items are ‘there has always been an influential group of staff in this organization that no one ever crosses.’ and ‘since I have worked in this organization, I have never seen the pay and promotion policies applied politically’.

Analytical Strategy
The statistical outcomes were tested through the Statistical Package for Social Sciences (SPSS, v. 25) and Analysis of Moment Structures (AMOS, v. 24). Before testing the hypotheses, Structural Equation Modelling (SEM) through AMOS was conducted. This approach prioritises Confirmatory Factor Analysis (CFA) through cross-checking the relations between paths of items with reference to individual factors aiming to assess the distinctiveness of the scales and to measure the reliability and validity of the model (Byrne, 2012). The control variables did not meet the significant cutoff criteria; hence the control variables were not included in the statistical analyses (Petersitzke, 2009).

Results
Common Method Variance
To begin with, Exploratory Factor Analysis (EFA) was directed to check the sample adequacy and the retention of the study variables (Kaiser-Meyer-Olkin test > .70, Bartlett’s test p < .01; Kim & Muller, 1978). Cross-loaded items above .40 were retained (Hair et al., 2014).

Common Method Variance (CMV) is considered a barrier for self-reported measurements and may lead to inaccurate internal consistency results among variables. Podsakoff et al. (2011) stated that it is crucial to pinpoint the possible sources of bias and the need to use statistical methods to overcome the detected obstacle. Harman’s one-factor test via EFA (13% < 50%) and CMV via AMOS (1.9% < 3%) were directed. The results exhibited that CMV was not an obstacle to interpreting the study results.

Construct Validity
The validity and reliability, the distinctiveness of the study variables, and the model fit were assessed by implementing several CFAs. In this respect, three alternative models were generated randomly by appointing variables every time in different groups/factors in each model. The items that violated the goodness-of-fit thresholds were removed (Hair et al., 2014). Correspondingly, the proposed three-factor model including the Ethical Leadership (EL), Social Loafing (SL), and Perceived Organisational Politics (POP) in separate factors was examined as successful. Nine items from EL, eight items from SL, and six items from POP scales were retained. Table 2 shows the results of CFAs, including the items retained and their item range.
Table 2
**CFA Results**

<table>
<thead>
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<th>Factors</th>
<th>Items</th>
<th>Factor Loading</th>
<th>Cronbach’s Alpha</th>
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<tbody>
<tr>
<td>Ethical Leadership</td>
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<td>.68-.84</td>
<td>.95</td>
</tr>
<tr>
<td>Social Loafing</td>
<td>8</td>
<td>.56-.75</td>
<td>.70</td>
</tr>
<tr>
<td>POP</td>
<td>6</td>
<td>.56-.87</td>
<td>.86</td>
</tr>
</tbody>
</table>

*Note. EL = Ethical Leadership, Social Loafing (SL), POP = Perceived Organisational Politics*

Model fit was assessed via chi-square mean/degree of freedom, the Comparative Fit Index (CFI), the Tucker-Lewis Index (TLI), the Root Mean Square Error of Approximation (RMSEA), and the Standardised Root Mean Square Residual (SRMR). The thresholds for each index were selected as CMIN/df (1-3), CFI and TLI (> .90), RMSEA (< .05), and SRMR (< .09). The statistics showed that the three-factor model hypothesised by the study had good model fit compared to other models (CMIN/df = 2.8, CFI = 1.00, TLI = 1.00, RMSEA = .01, and SRMR = .05). Specifically, through the two-factor model ‘ethical leadership’ and ‘SL and POP were set as factors (CMIN/df = 3.9, CFI = .86, TLI = .88, RMSEA = .09, and SRMR = .07) and through the one-factor model all variables were set together (CMIN/df = 3.9, CFI = .70, TLI = .61, RMSEA = .08, and SRMR = .13). Table 3 shows the details of the SEM results.

Table 3 displays the validity measures of the model. Hu and Bentler’s (1999) criteria to measure convergent validity, reliability, and discriminant validity were used. Consequently, Composite Reliability (CR), Average Variance Extracted (AVE), and Maximum Shared Variance (MSV) values fit the cut-off criteria (AVE > .50, CR > .70, MSV < AVE), and the values for AVE were higher than the squared correlations among the constructs.

Table 4
**Model Validation Measures**

<table>
<thead>
<tr>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
<th>MaxR(H)</th>
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<tr>
<td>SL</td>
<td>.91</td>
<td>.68</td>
<td>.55</td>
<td>.97</td>
<td>-.57***</td>
<td>.82</td>
</tr>
<tr>
<td>POP</td>
<td>.72</td>
<td>.60</td>
<td>.55</td>
<td>.93</td>
<td>-.71***</td>
<td>.74***</td>
</tr>
</tbody>
</table>

*Note. EL = Ethical Leadership, POP = Perceived Organisational Politics, OCB = Organisational Citizenship Behaviour, SL = Social Loafing. Significance of Correlations = p < .01**, p < .05*, p < .001***

**Descriptive Statistics**

Table 5 exhibits the means, standard deviations, and correlation analysis between the study variables. This study has been based on the aspect of positive and negative degree of correlation where positive values were depicted as increasing and negative ones as decreasing the value of variables. EL was negatively correlated with POP (r = -.63, p < .01) and SL (r = -.49, p < .01). Furthermore, EL had the highest mean value confirming the storyline presented via the EL scale. POP and SL had both negative correlations implying that ethical leaders reduced SL and
POP levels mainly through strengthening and helping to blend the employees’ individual personalities to the group which was transformed into a balanced political environment.

### Table 5
**Means, Standard Deviations and Correlations**

<table>
<thead>
<tr>
<th>Scale</th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical Leadership</td>
<td>4.16</td>
<td>.89</td>
<td>-</td>
<td>-.49**</td>
<td>-.63**</td>
</tr>
<tr>
<td>SL</td>
<td>2.05</td>
<td>.86</td>
<td>-.49**</td>
<td>1</td>
<td>.60**</td>
</tr>
<tr>
<td>POP</td>
<td>2.44</td>
<td>.66</td>
<td>-.63**</td>
<td>.60**</td>
<td>1</td>
</tr>
</tbody>
</table>

*Note. **p < .01 (Two-tailed test), N = 300*

### Hypotheses Testing

First, regression analysis was used to check hypotheses 1, 2, and 3. Then, hypothesis 4 was tested by using SPSS PROCESS macro bootstrapping technique. Specifically, Hayes’ (2013, model 4) mediation perspective was applied using 5000 bootstrap samples (Hayes, 2020). Hypothesis 1 proposed that ethical leadership was negatively related to social loafing. The findings support the significant negative influence of ethical leadership on social loafing ($b = -.50$, $t = -10.19$, $p < .01$, $R^2 = .25$%). Hypothesis 2 proposed that ethical leadership was negatively related to POP. The findings support the significant negative influence of ethical leadership on POP ($b = -.62$, $t = -14.61$, $p < .01$, $R^2 = .40$%). Hypothesis 3 proposed that social loafing was positively related to POP. The findings support the significant positive influence of social loafing on social POP ($b = .60$, $t = 13.52$, $p < .01$, $R^2 = .37$%)

Table 6 shows the results of hypothesis 4 and the 95% Confidence Intervals (CIs). Hypothesis 4 proposed that social loafing mediated the negative relationship between ethical leadership and POP. It was found that social loafing had a partially mediating effect on the negative relationship between ethical leadership and POP. Specifically, the negative relationship between ethical leadership and social loafing ($b = -.36$, $t = -10.19$, $p < .01$, CI: -.43, -.29); the positive relationship between social loafing and POP ($b = .50$, $t = 8.51$, $p < .01$, CI: .38, .62), and the negative relationship between ethical leadership and POP ($b = -.43$, $t = -9.81$, $p < .01$, CI: -.51, -.34) were significant (Hayes, 2020). The Variance Accounted For (VAF) value for the relationship was in the span of 20% and 80% (31%), and the CI’s did not contain zero showing that they were in line with the bootstrapping conditions for mediation (BootCI: -.26, -.12). These results indicate that social loafing partially mediated the negative relationship between ethical leadership and POP (Hair et al., 2014).

### Table 6
**Model Mediation Analysis**

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>95% CI</th>
<th>BootLLCI</th>
<th>BootULCI</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL→SL→POP</td>
<td>-.43</td>
<td>-.26</td>
<td>-.69</td>
<td>-.53</td>
<td></td>
</tr>
<tr>
<td>EL→SL</td>
<td>-.36</td>
<td>-10.19</td>
<td>-</td>
<td>-</td>
<td>-.43</td>
</tr>
<tr>
<td>SL→POP</td>
<td>.50</td>
<td>8.51</td>
<td>-</td>
<td>-</td>
<td>.38</td>
</tr>
<tr>
<td>EL→POP</td>
<td>-.43</td>
<td>-9.81</td>
<td>-</td>
<td>-</td>
<td>-.51</td>
</tr>
</tbody>
</table>

*Note. EL = Ethical Leadership, SL = Social Loafing, POP = Perceived Organisational Politics, VAF = Variance accounted for (IE/TE), CI = Confidence Interval, LLCI = Lower-level confidence interval, ULCI = Upper-level confidence interval, $p < .01$
**Discussion**

Modern organisations invest in formulating strategies to sustain a balance between organisational outcomes and the transparency of their political environment. The purpose of our study was to advance the literature on ethical leadership by investigating the influence of embedded ethical strategies on building a transparent political environment and enacting discretionary behaviours, which eventually will eliminate negative counterproductive behaviours of employees through the mediating role of social loafing. As such, this research is the first to use social loafing as a mediator to explore the effect of strategies conducted by an ethical leader on the workplace political environment. Based on the statistical results, this study concluded that workplace political environment transparency and the perceived organisational politics levels of employees are affected positively by the embedded strategies based on secured group identification and voice leading to optimum satisfaction levels of employees (Tyler & Blader, 2003). Communicating transparent performance management systems may eliminate the uncertainty regarding the compensations and restrain unethical discretionary behaviours such as social loafing. Accordingly, an environment based on two-way communication may be generated. The findings underpin the relevance of ethical leadership working conjointly on the construction of a workplace where the effects of negative discretionary behavioural outcomes are minimized.

To substantiate the proposed reasoning of the model, the effect of ethical leadership on social loafing and POP and the effect of social loafing on POP were tested. The findings revealed that ethical leadership was negatively related to employees’ POP. We base our result on the fact that ethical leaders value and embed ethical behaviour, hold employees accountable, and discipline unethical ones mainly through performance management and behavioural control systems. Ethical leaders work on eliminating uncertainty by constructing strategies based on filling the gaps between policies and practices that affect individual members' thoughts, feelings, and behaviours in a group context. Ultimately, members learn and develop judgements of ethical and unethical behaviours by voicing their opinion and actively participating in decision-making processes (Blader & Tyler, 2009). Such strategic implementations set up a basis for a translucent political environment.

As hypothesised, social loafing mediated the negative relationship between ethical leadership and perceived organisational politics. Based on the theory of ethical leadership and GEM and CEM, our findings confirm that ethical leadership leads to the creation of a positive overarching organisational environment by constructing an ethical environment through the implementation of formal and informal behavioural control systems (Blader & Tyler, 2009; Brown et al., 2005). This is mainly the outcome of the continuous downwards communication strategies, fair procedural systems, and performance management of members. Employees are motivated to reduce or eliminate unethical behaviours such as social loafing, which could damage the ecosystem of the workplace environment in the long run.

**Theoretical Implications**

This study has several implications for theorising the ethical leadership literature. First, our results indicate that the perceived organisational politics levels of workplaces can be controlled by ethical leadership strategies. Balanced employee POP levels support the employees'
psychological well-being and mindfulness, which in turn may be reflected in the individual effectiveness of the members. Basing ethical leadership theory on GEM and CEM, the presence of an ethical leader generates informed employees that subordinate or team results cannot be used to leverage themselves or aim to clout other members using informal methods or procedures to achieve subjective goals. Essentially, this reduces unethical behaviours and negative outcomes as part of employee discretionary behaviours (Blader & Tyler, 2009; Karau & Williams, 2001). The results show that communicating transparent performance management systems through continuously involving members in the decision-making processes may eliminate the uncertainty regarding the compensations of individual outcomes and generate a productive environment.

Second, this study expands the ethical leadership literature by identifying and managing the occurrence and consequences of counterproductive work behaviours in modern organisational settings, especially their effect on the workplace POP levels. Basing ethical leadership theory on GEM and CEM, the satisfaction of employees may increase when they are provided with the opportunity to use their voice and their group membership is ensured psychologically (Blader & Tyler, 2009; Karau & Williams, 2001). The findings show that the embedded ethics strategies, rules, and procedures based on supportive appraisal strategies by an ethical leader assist employees in surpassing group engagement. Specifically, an ethical leader gives directives based on fair treatment of the fundamentals of the departments. In turn, this results in weighing and learning the embedded codes by the employees. As part of the psychological contract signed between the ethical leader and the members, employees may consistently work on improving the welfare of the organisation through involvement in helping activities when needed, performing their duties fully, and fortifying the necessary moves for the benefit and success of the bottom line. Hence, in times of high social loafing levels, power, personal connections, and disregarding the organisational hierarchy, intentions can be eliminated by communicating a secure ethical environment with employees.

Third, this study further found that social loafing mediated the negative relationship between ethical leadership and POP. Basing ethical leadership theory on GEM, employees may understand the ethical and unethical behaviours as a result of the given codes and voice opportunities (Blader & Tyler, 2009), which leads to a transparent environment. Accordingly, this reveals that the presence of an ethical leader through the implementation of fair procedural systems, such as fair decision-making systems, treatments, and fair economic incentives, motivated employees to reduce or eliminate social loafing and enact more positive extra-role behaviours which serve as a basis for constructing the origins of a transparent political environment free of negative behaviours and their unethical outcomes (Blader & Tyler, 2009; Brown et al., 2005). The eliminated or reduced to a minimum POP level serves as a basis for an effective organisational environment.

Lastly, this study uncovered that the effect of ethical leadership on POP through social loafing could be justified better by blending CEM and GEM conjointly to provide the relevant psychological rationale for the analysis of the study findings. GEM and CEM state that employees' professional identity is an active outcome of receiving relevant instrumental codes and secured procedural justice based on decision-making and ethics-based treatments in the workplace. In this respect, the ethics and fairness-based procedural judgements are a product of
the executive that blend employee and organisation identities (Blader & Tyler, 2009; Karau & Williams, 2001).

**Practical Implications**

The findings of this study provide several implications for organisations. Our analysis indicates that ethical leadership behaviours can reduce employees' social loafing and perceived organisational politics levels and improve the organisational environment. Ethical leaders set the tone and enhance the culture of a workplace to effectively provide signals regarding relevant organisational policies and procedures, empower the members by the implementation of fair decision-making processes, and guide members that manipulation and misconduct are not accepted hence reducing or eliminating the effect of negative politics to the lowest. On the other hand, lack of ethical leaders can result in increased organisational politics levels. As a consequence, organisational politics can result in frustration, stress, dissatisfaction, damaged self-worth, and cynicism in an individual level which impede the effective functioning of the strategies by lowering the psychological contact of the employees. At an organisational level, a highly politicised environment may result in conflict and tension, lower productivity, uncertainty, failure to understand the strategic goals, and high turnover levels due to unprofessional behaviours and lacking ethical vision. However, if managers strategically use an ethics-based perspective in their behavioural and managerial style, they can benefit the bottom line by enhancing the psychological contract of employees and hence increasing their efficiency. Managers are suggested to execute based on identity, resource-based, and procedural justice judgements of members (Blader & Tyler, 2009; Karau & Williams, 2001). This may affect the long-run thoughts, feelings, and behaviours of individual members in a group context.

Second, the results highlight the mediating role of social loafing on the relationship between ethical leadership and perceived organisational politics. Ethical leaders focus on embedding recognition and rewards into organisational settings, allowing employees to use their voices. If managers strategically use an ethics-based perspective in their behavioural and managerial style, they can eliminate the uncertainty regarding individual outcomes' compensation and social loafing intentions. Equally, a nurturing environment may be generated based on the embedded ethical conduct and the implementation of two-way communication systems, stimulating and supporting the belongingness needs of members, reviving a transparent environment, and inspiring worthwhile discretionary behaviours.

This study highlights the importance for organisations to work on the perceived organisational politics levels of the workplace environment by controlling and balancing the negative discretionary behaviours of employees. Organisations are suggested to hire ethical leaders and construct ethics-based strategies both at an organisational and individual level. In the long run, embedding ethics-based instructions into employee behaviour may be articulated into reduced loafing levels, leaving a transparent workplace political environment.

**Limitations and Future Research Directions**

As with any empirical study, this study has some limitations. First, the sample used for the study consisted only of one country. Hence, future studies are suggested to generalise the topic by including more than one country. Second, this study was designed as cross-sectional, restricting the authors from making causal inferences. Future studies are suggested to adopt longitudinal
and experimental designs. Third, this study identified only one mediator (social loafing). Identifying additional mediators supporting the relationship may strengthen the generalisability of the topic.

**Conclusion**

Finally, this study provides theoretical support by focusing on the mediating role of social loafing in the relation between ethical leadership and perceived organisational politics. This study demonstrates that strategically managing social loafing as part of negative discretionary behaviours and the perceived organisational politics levels of employees can be balanced by the presence of an ethical leader. Specifically, organisational politics may lead to significant deviant, self-interest-based manipulative behaviours, negatively affecting employee motivation and efficiency. An effective strategic system based on an embedded code of ethics in performance management systems through two-way communication and behavioural control systems may enhance employees' psychological contracts and construct a positive political environment.

**Declarations**

**Acknowledgements**
Not applicable.

**Disclosure Statement**
No potential conflict of interest was reported by the authors.

**Ethics Approval**
Not applicable.

**Funding Acknowledgements**
Not applicable.

**Citation to this article**


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References


Multiple sample.

2013

2017

2020

1991,


