

## The Influence of Ethical Leadership on Ethical Behavior Mediated by Ethical Climate

Nurainun<sup>✉1</sup>, Syafruddin Chan<sup>2</sup>, Heriyana<sup>3</sup>, Rasyimah<sup>4</sup>

<sup>1</sup> Faculty of Economics and Business, Universitas Malikussaleh, Aceh, Indonesia [ainunsamka@gmail.com](mailto:ainunsamka@gmail.com)

<sup>2</sup> Faculty of Economics and Business, Syiah Kuala University

<sup>3</sup> Faculty of Economics and Business, Universitas Malikussaleh, Aceh, Indonesia [heriyana@unimal.ac.id](mailto:heriyana@unimal.ac.id)

<sup>4</sup> Faculty of Economics and Business, Universitas Malikussaleh, Aceh, Indonesia [rasyimah@unimal.ac.id](mailto:rasyimah@unimal.ac.id)

✉Corresponding Author: [ainunsamka@gmail.com](mailto:ainunsamka@gmail.com)

### Abstract

The objective of this study is to identify the influence of ethical leadership on the ethical behavior of government officers in Aceh Province that mediated by ethical climate. The ethical leadership variable of moral person and moral manager are employed as exogenous variables, while the ethical leadership is as endogenous variable, then the ethical climate of caring and law and code is employed as both mediation and exogenous variables. The subject of this research is the officers in several government institutions in Aceh Province. The data was collected through a survey method and the hypotheses were tested using Structural Equation Modeling (SEM). The result of this study identified that ethical leadership has positive influence on ethical climate and there is a direct influence of ethical leadership on ethical behavior. However, the influence between ethical leadership and ethical behavior of the officers is not mediated by ethical climate.

**Keywords:** Ethical leadership; ethical climate; ethical behavior

The study of ethics, especially about leadership ethics, has become an interesting study to research. This is due to the increasing cases of unethical behavior carried out by leaders and employees in the organizational environment. A leader should be able to reflect ethical behavior. Because ethical leaders will influence the behavior of their employees in acting. As stated by Langvardt (2021) that ethical leaders are people who are loyal to principles and values and have ethics that serve as guidelines in personal and business life and can influence employees through their ethical attitudes. So when leaders exemplify unethical behavior, it can influence employees to behave unethically. Therefore, every ethical behavior of the leader will create an ethical organizational climate for employees. Mayer et al., (2011) stated that 56% of workers in America have at least one unethical behavior at work. Lying behavior was identified as the most frequent unethical behavior, followed by abusive behavior, misreporting working hours, internet abuse, violating security standards, discrimination, stealing and finally harassing colleagues. This unethical behavior occurs because of not caring and also the result of not being reported because of fear or protecting the perpetrator.

The construct of ethical leadership used in this research is following the ethical leadership proposed by Trevino et al., (2000) that consists of moral person and moral manager. A leader should have a moral person that attached in his/her personality and a moral manager that can be used in carrying out his/her duties properly. Meanwhile, the construct of ethical climate is following the construct of Victor and Cullen (1988) in Wimbush and Shepard (1994) that consists of caring, rules, law and code, independences as well as instrumental dimensions. However, in this study we only use two dimensions of ethical climate proposed by Victor and Cullen, i.e.: caring and law and code.

The scandals that made by most of the leaders have had a big impact on their organizations or institutions. Basically, their behaviors create a condition of an approved and allowed climate, yet it is ethically questionable in practiced. Leaders not only directly influence the behavior of their subordinates but also influence their perceptions that lead to appropriate norms and behavior expectations attached within the organization's climate. Lee (1986) in Grojean *et al.*, (2004) stated that the action of the leaders will directly or indirectly build an ethical tone of an organization.

### Literature Review

#### Ethical Leadership and Ethical Behavior

Ethical leadership is a leadership style that seeks to motivate the ethical behavior within the officers by showing good thoughts, values, attitudes and behavior of their leaders (Martinez et al., 2011 in Derr, 2012). In fact, most people tend to choose a strong ethical leader while selecting a potential leader (Maxwell, 2007 in Derr, 2012). When a leader performs good behaviors morally and he/she is also a good person, then his/her subordinates will try to emulate or even outperform him/her by contributing to an ethical organization and a respect community (Derr, 2012).

Toor *et al.*, (2009) outlined the attribute and characteristic with regard to good leadership, i.e. positive attribute, among others: character, honesty, integrity, altruism, truthworthiness, collective motivation, encouragement and justice. Brown *et al.*, (2005) in Toor *et al.*, (2009) stated that the combination of integrity, ethical standard, and fair treatment to

the officers is the basic of ethical leadership.

Trevino *et al.*, (2000) stated that ethical leadership consist of two main pillars, i.e. moral person and moral manager. Leader as a moral person is characterized to have an honesty traits and integrity. While as a moral manager they are regarded as the chief of ethics officer of their organization who creates a strong ethic message that can attract their subordinates' attention and influence the thinking and behavior of the officers. In order to be perceived as an ethical leader, it is not enough just to be an ethical person but also has to find ways to focus on how to behave properly. An ethical leader also emphasizing on the need of the development of their followers and offer them opportunities to increase their skills and self-confidence in making ethical decisions. At the end, an ethical leader provides a working environment as a role model and treat his/her followers well and accelerate a learning process (Brown *et al.*, 2005; Mayer *et al.*, 2010) so that they can improve their behavior as well (Trevino *et al.*, 2000). Moreover, ethical leadership also has positive influences on employees' awareness in terms of ethic code. Besides, it also increases the employees' involvement in making ethical decisions, improve ethical climate, a greater organizational commitment and working quality (Beerli *et al.*, 2010).

The leader's behavior is a powerful communication mechanism that delivers expectations, values, and assumptions of an organization culture and climate. Leader is a role model of appropriate behaviors and their actions have a strong influence on the ethical conduct of their followers, such as climate that associated with ethic (Andrews, 1989; Water and Bird, 1987 in Grojean *et al.*, 2004). It supports a survey result which reported that leader is a role model who gives main affect on the ethical behavior of their followers, especially the direct behavior of the manager and supervisor (Falkenberg and Herremans, 1995; Posner and Schmidt, 1984 in Wimbush *et al.*, 1997).

The result is also in line with the study conducted by Mayer *et al.*, (2010) which stated that the ethical leadership of CEO has a positive influence on the ethical leadership of supervisor and thus affected the pro-social behavior of their subordinates through a mediation process. Based on the explanation, the hypothesis can be stated as follows:

H1. The ethical leadership will influence the ethical behavior

### **Ethical Climate and Ethical Behavior**

Ethical climate is a popular topic that has attracted many researchers' attentions in business ethic field. Climate is used to be connected with various perceptions of policies, practices and procedures both formally and informally within an organization (Reicher and Schneider, 1990 in Mayer *et al.*, 2010). Ethical climate is considered as a type of organizational climate that reflects the perception of all employees regarding ethical policies, practices and procedures of the organization (Martin and Cullen, 2006). The ethical climate of an organization determines its ethical behavior and values and thus influences the ethic of their employees (Wimbush and Shepard, 1994). Therefore, in ethic terminology, the employees are strongly influenced by organizational climate rather than working group climate (Shin 2011).

Conceptually, ethical climate is a type of organizational work climate. The antecedents and consequences of this work climate have been studied since 1950s. Work climate is arranged widely in organizational norms term and in the behavior shown by the actors within the organization in order to keep exist in the structure and procedure of that organization (Martin and Cullen 2006). Most of the perspective of today's work climate influences the work climate in an organization and receive position from diverse variance of climate that presented both inside and outside the organization. This work climate can have a considerable effect on the behavior of the actors within an organization (Schneider, 1990 in Martin & Cullen, 2006).

Ethical climate or ethic is a type of work climates that is understood as a group prescriptive climate that reflects organizational procedures, policies and practices with moral consequences. This climate arises when the members of organization believe the certain forms of reasonable ethics or expected standard behavior or norms for decision-making within the organization (Cullen *et al.*, 2003 in Martin & Cullen 2006).

Ethical climate is a perception of what form right behavior and therefore become a psychological mechanism through well-managed ethic issues. Ethical climate influences the decision making and behavior in response to various ethical dilemmas. Moreover, ethical climate not only affects the problems of organization members which is considered ethically but also influences the moral criterion of the members that is used to understand, consider and solve those problems (Cullen *et al.*, 1989 in Martin and Cullen, 2006).

There are many factors, both internal and external, those influence the members' perception on organization norms and expected ethical conduct which is linked with ethical climate. Schneider and Reichers (1983) in Mayer (2010) stated that organizational climate, in general, arises through three processes, i.e.: (1) open to structural characteristic; (2) attraction-selection-attrition (ASA) process with the same result that will attracted people; (3) socialization process of the organization that teach their members' to behave properly within a certain environment.

Victor and Cullen (1988) in Tsai and Huang (2008) used moral development from Kohlberg (1984) to investigate different types of ethical climate in an organization. They have developed 36 types of moral climate based on three criteria, i.e.: egoism, benevolence or principle, analysis level or individual, local and cosmopolitan. From that study, Cullen and Victor found five dimensions of ethical climate, those are caring, independent, law and code, and rules and instrumental.

In an ethical dilemma that dominated by caring dimension, the employees will be caring on the welfare of other employee inside or outside organization which is influenced by the ethical decision they made. This is because caring is based on utilitarian. The practices and policies from a workgroup will accelerate an attention for them that depend on their own decision. An organization that characterized by rules dimension will consists of workers who tightly follow the rules and policies of the organization. The foundation of deontological for rules climate needs an obedience to follow the rules and principles. In this case, those rules will be the guidance for the employees in making appropriate decisions.

Law and code is a dimension of ethical climate which needs an obedience of those employees to ethic code and regulation of their jobs or government. At an independence dimension, those employees are directed by their own moral beliefs in an ethical climate which emphasizes the independence dimension. Someone, who acts based on his/her moral beliefs, is uses a number of well-considered principles. Those individuals, normally, will make themselves as the guidance for others both inside and outside organization and will not affected by the decision that made. In a based-instrumental-dimension ethical climate, the organization members seek for what is interesting for them. They perceive instrumental ethical climate by seeing that their organization unit has norms and expectations to support the decision making based on egoistic perspective. Moreover, they also perceive it as a direction for self-interest behavior even it may be harmful to others. One thing for sure that the decision is made to serve organizational needs or give personal benefits (Wimbush and Shepard, 1994). Instrumental climate will accelerate unethical behavior because the organization members will take the benefits and opportunities for themselves by using illegal information. This can come about because the ethical climate that is based on the decision making with egoistic criteria will encourage people to promote themselves without regard to laws, rules or impact of their deeds to others (Wimbush and Shepard, 1994). Based on the explanation, the hypotheses can proposed as follow:

H2. The ethical behavior will influence ethical climate

H3. The ethical climate will influence the individual ethical behavior

### **The Relationship between Ethical climate and Ethical Behavior**

In Wimbush and Shepard (1994), it is mentioned that to develop the relationship between ethical climate and ethical behavior, we have to consider empirically on how to identify different ethical climate dimensions. The difference occurs because the basic of each ethical theory is based on the decision making behavior. The useful mechanism in illustrating how the dimension is different in a decision making is by using the example from a study conducted by Cullen *et al.*, (1989) in Wimbush and Shepard (1994), i.e.: A friend of a stock broker needs the inside information of the stock exchange, but it is unethical and illegal. However, the broker has to act objectively to his/her friend that it is not allowed. The dimensions of that ethical climate are caring and independence. He/she wants to see him/her to be successful (caring) but he/she also has to decide and make a decision to refuse the request (independence). Since he/she works for an organization with ethic code and rules, the broker may report this irregularity to the organization, where a clear rules regarding against-law actions and other unethical behavior already established. But if an organization is characterized by instrumental dimension, then the broker may take the advantages by giving the requested information to his/her friend. This can be applied because the ethical climate that is based on decision making and egoistic criteria led people taking advantages to obtain the best for their own.

In a study conducted by Deshpande and Fu (2012) regarding the influencing factors on ethical behavior at a government-owned steel company in China, they argued that among five dimensions of ethical climate, i.e.: caring, rules, law and code, independence dan instrumental, there is only rules that give a considerable impact on ethical behavior at the company. Besides, the ethical leadership behavior is also influencing the employee's ethical behavior. Based on the explanation, the hypotheses propose as follow:

H4. The ethical leadership will influence the individual ethical behavior through ethical climate

### **Material and Methods**

It has been explained previously that there are two dimensions that form ethical leader, i.e.: moral person pillar and moral manager pillar. The indicators for moral person are trait, behavior and decision making. While the indicators for moral manager consist of role modeling through visible action, rewards and discipline as well as communicating about ethics and values (Trevino *et al.*, 2000).

It also has been mentioned that the ethical climate in an organization influences the ethical behavior of individual employee. With the ethical climate the employees can share their perceptions about policies, procedures and standard norms within an organization. Thus, this standard norm will be guidance for employees to act in accordance with ethic. The dimensions of ethical climate are caring, rules, law and code, independence and instrumental. In this study, we only use two dimensions of ethical climate, i.e.: caring and law and code, which are relevant to the organizational climate in Aceh Province. Scandals that hit most of the leaders recently are the results of the weak implementation of rules, ethic code and laws which later become wrong role models for their subordinates.

According to the reasons that have been discussed previously, then the paradigm in this article is as follow:

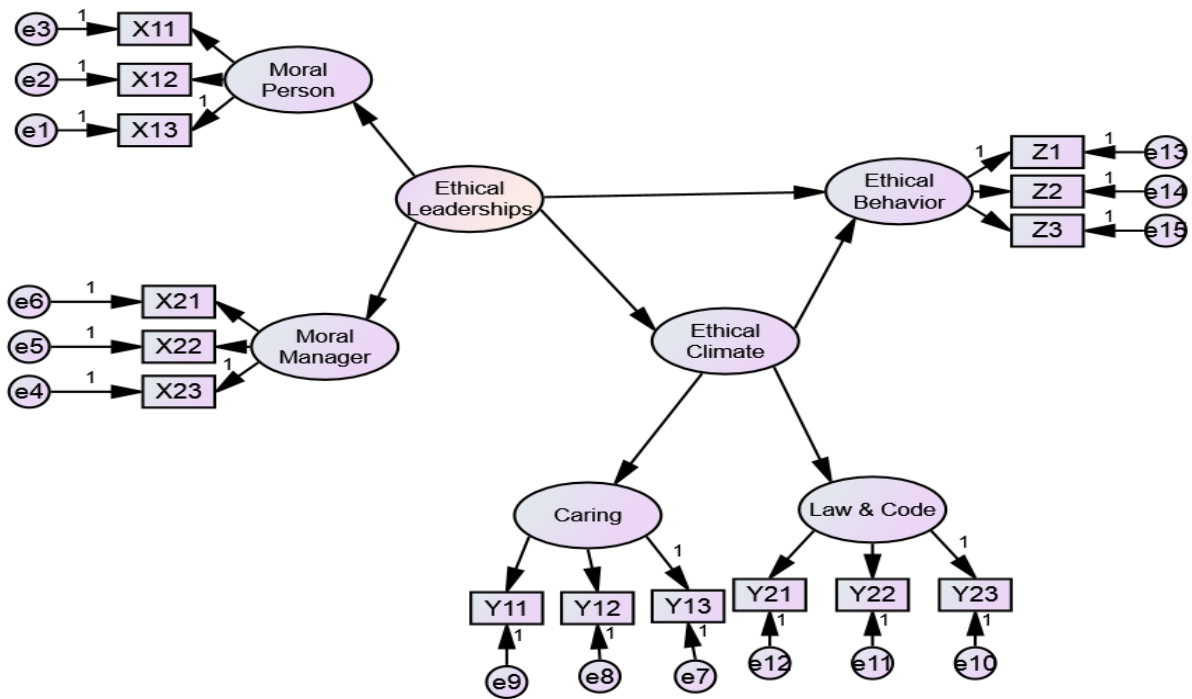


Figure 1. Research model

### Data Collecting and Measurement

The data was collected using a survey method by spreading questionnaires to respondents as the sample in this research. The respondents are those officers who are working in government institutions. The institutions, as the object in this research, among others: governor office, National Land Agency, National Agency for the Placement and Protection of Overseas Labor (BNP2TKI) and Department of Copyrighted Works in Aceh Province. The samples of 120 people were selected using a non-probability sampling. With several considerations like limited cost and time, so we used a non-probability sampling though it has sampling frame. Of 120 questionnaires, we spread 105 of them which thus can be processed as data source.

In this study, there are five variables which consist of two independent variables, two mediation variables and one dependent variable. The independent variables are moral person and moral manager as the pillars of ethical leadership according to Trevino et al., (2000). The moral person thus divided into trait, behavior and decision making. Moral manager consists of role modelling through visible action, rewards and disciplines, and communicating about ethics and values.

The dimensions of ethical climate that used in this research are caring and law and codes which are measured with Likert Scale from Victor and Cullen (1988) and Wimbush et al. (1997) and considered as mediation variable. The employee's ethical behavior is measured using six items of question with Likert Scale from Deshpande and Fu (2012) and considered as dependent variable. To examine the hypotheses of this study, we use the Structural equation modelling (SEM).

Tabel 1. Operationalization of variables

| No | Constructs          | Dimensions   | Indicators   | Scale                    | Source                        |
|----|---------------------|--------------|--|--------------------------|-------------------------------|
| 1  | Ethical Leaderships | Moral Person | - Integrity<br>- Honesty<br>- Trustworthiness<br>- Do the right thing<br>- concern for the people<br>- being open<br>- personal morality | Likert<br><br><br>Likert | Treviano <i>et al.</i> (2000) |

|   |                  |               |   |        |  |
|---|------------------|---------------|---|--------|--|
|   |                  |               | - hold the values   |        |  |
|   |                  |               | - objective/fair  | Likert |  |
|   |                  |               | - concern for society   |        |  |
|   |                  | Moral Manager | - role model with visible action  |        |  |
|   |                  |               | - be a good role model  | Likert | Treviano <i>et al.</i> (2000)                        |
|   |                  |               | - ethical standard  |        |  |
|   |                  |               | - principles  |        |  |
|   |                  |               | - values  | Likert |  |
|   |                  |               | - reward ethical conduct  |        |  |
|   |                  |               | - diciplines unethical conduct  | Likert |  |
| 2 | Ethical climate  | Caring        | - strong responsibility for community   | Likert | Victor & Cullen (1988); Wimbush <i>et al.</i> (1997) |
|   |                  |               | - efficient solution for community  |        |  |
|   |                  |               | - major consideration what's best for all   |        |  |
|   |                  |               | - people protect own interest   |        |  |
|   |                  |               | - people view team spirit as important  |        |  |
|   |                  | Law and code  | - people follow legal standard  | Likert |  |
|   |                  |               | - everyone sticks by rules and procedure  |        |  |
|   |                  |               | - important to strictly follow rules  |        |  |
|   |                  |               | - succesful people obey policies  |        |  |
| 3 | Ethical behavior |               | - It's okay and acceptable for you to make personal calls at work                                       | Likert | Deshpande & Fu (2012)                                |
|   |                  |               | - It's acceptable for you to take office supplies home  |        |  |
|   |                  |               | - It's okay to accept gift from others for preferential treatment at work                               |        |  |
|   |                  |               | - It's okay to bypass established protocols in order to get work done better                            |        |  |
|   |                  |               | - I will not report others' violation of company policies and rules to superiors                        |        |  |
|   |                  |               | - In order to go ahead in your future career you will have to compromise your personal ethical standard |        |  |

## Result and Discussion

There are 120 questionnaires that spread to all respondents in several government institutions, only 110 were returned and 105 questionnaires can be processed as the primary data. The number of samples is still appropriate for the examination using structural equation modelling. It is relevant to the statement of Iacobucci (2010) who said that those variables are reliable, have strong effect and less complicated model so that it is adequate for little amount of samples. With three or bigger the per-factor indicators of 100 samples are sufficient for convergence and of 150 samples are sufficient for convergence and proper solution.

The validity test was successfully produced result by reduce thirteen indicators from each exogenous and endogenous variables using Confirmatory Factor analysis (CFA) with SEM analysis technique. For ethical leadership construct which consists of moral person, there are six indicators were eliminated, i.e.: mp1 (integrity), mp2 (honesty), mp3 (trustworthiness), mp5 (concern for people), mp6 (being open), mp7 (personal morality) because their loading factor is below 0.5. Thus, there are only four indicators left for moral person dimension, i.e.: mp4 (do the right thing), mp8 (hold the values), mp9 (objective/fair) dan mp10 (concern for society). While for moral manager dimension, there

are three indicators that have to be eliminated, those are mm2 (be a good role model), mm5 (reward ethical conduct) dan mm7 (discipline unethical conduct).

For the validity test of ethical climate construct of caring dimension, there is only one indicator was eliminated, i.e.: c5 (people view team spirit as important), while of law and code dimension, there is no indicator was eliminated. Furthermore, for ethical behavior construct, there are three indicators were eliminated, i.e.: eb2 (it's acceptable for you to take office supplies home), eb5 (I will not report others violation of company policies and rules to superiors, and eb6 (In order to go a head in your future career you will have to compromise your personal ethical standard).

The results of the reliability test based on Cronbach  $\alpha$  coefficient for each dimensions of the used constructs are as follow: moral person 0,790; moral manager 0,756; caring 0,797; law and code 0,858 and ethical behavior 0,735.

Tabel 2. Coefficient of Loading Factor (CFA) before and after the reduction of indicators

| Indicator | Loading factor | Loading factor | Cronbach $\alpha$ |
|-----------|----------------|----------------|-------------------|
| MP1       | 0.465          |                |                   |
| MP2       | 0.505          |                |                   |
| MP3       | 0.569          |                |                   |
| MP4       | <b>0.619</b>   | <b>0.527</b>   |                   |
| MP5       | 0.418          |                |                   |
| MP6       | 0.381          |                | 0.790             |
| MP7       | 0.507          |                |                   |
| MP8       | <b>0.699</b>   | <b>0.676</b>   |                   |
| MP9       | <b>0.747</b>   | <b>0.796</b>   |                   |
| MP10      | <b>0.745</b>   | <b>0.822</b>   |                   |
| MM1       | <b>0.661</b>   | <b>0.614</b>   |                   |
| MM2       | 0.582          |                |                   |
| MM3       | <b>0.678</b>   | <b>0.694</b>   |                   |
| MM4       | <b>0.694</b>   | <b>0.707</b>   |                   |
| MM5       | 0.545          |                |                   |
| MM6       | <b>0.641</b>   | <b>0.636</b>   | 0.756             |
| MM7       | 0.447          |                |                   |
| C1        | <b>0.641</b>   | <b>0.630</b>   |                   |
| C2        | <b>0.751</b>   | <b>0.766</b>   |                   |
| C3        | <b>0.701</b>   | <b>0.689</b>   | 0.797             |
| C4        | <b>0.728</b>   | <b>0.741</b>   |                   |
| C5        | 0.525          |                |                   |
| LC1       | <b>0.841</b>   | <b>0.839</b>   |                   |
| LC2       | <b>0.847</b>   | <b>0.857</b>   | 0.858             |
| LC3       | <b>0.730</b>   | <b>0.723</b>   |                   |
| LC4       | <b>0.680</b>   | <b>0.617</b>   |                   |
| EB1       | <b>0.604</b>   | <b>0.568</b>   |                   |
| EB2       | 0.543          |                | 0.735             |
| EB3       | <b>0.699</b>   | <b>0.553</b>   |                   |
| EB4       | <b>0.783</b>   | <b>0.893</b>   |                   |
| EB5       | 0.534          |                |                   |
| EB6       | 0.477          |                |                   |

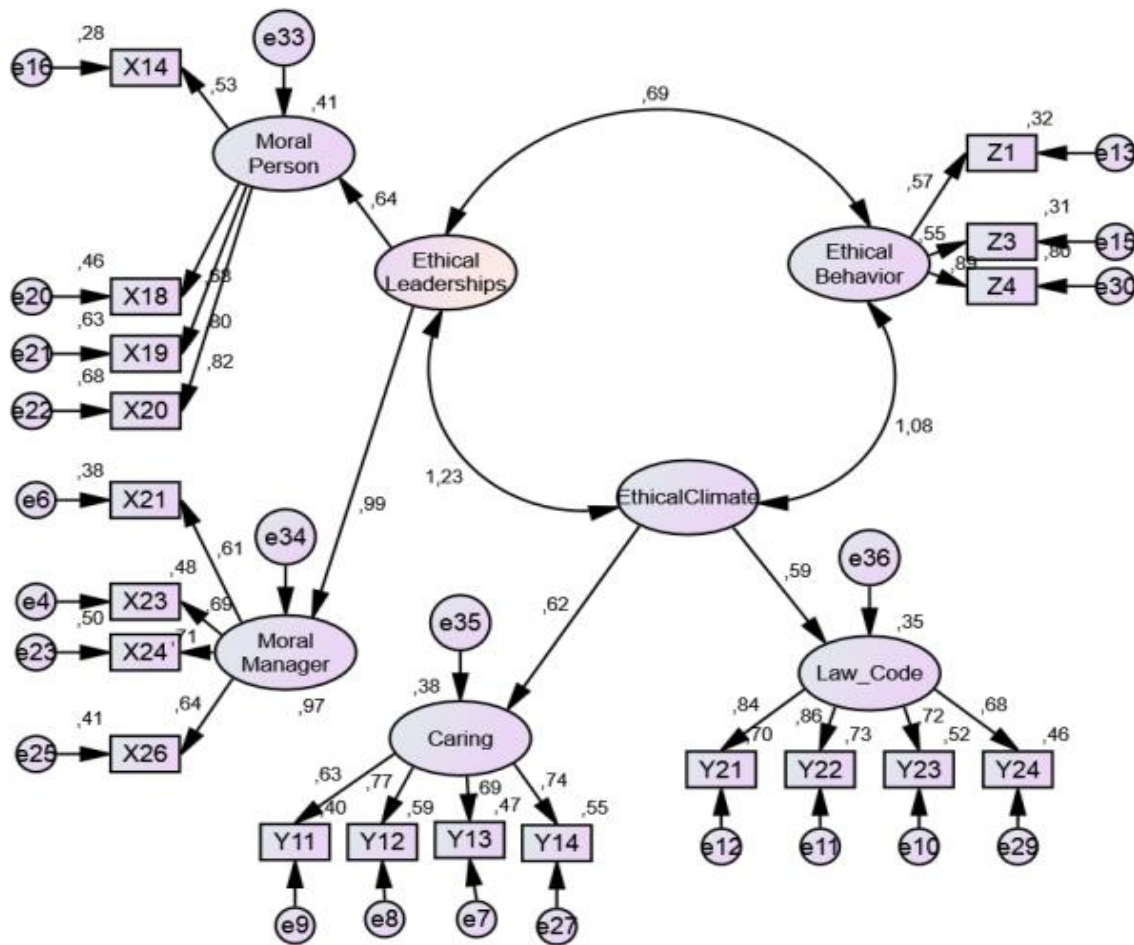


Figure 2. Model CFA after the reduction of 13 indicators

From SEM analysis result to examine the hypotheses, there are only two hypotheses were supported among other four of them, i.e.: ethical leadership that significantly influences the ethical climate at 0.000 of significance and ethical leadership that significantly influence the ethical behavior at 0.016 of significance. The hypothesis which states that ethical climate influence the ethical behavior is not significant (0.497) and the influence coefficient of ethical leadership on ethical behavior is 0.592. Although relatively small, the relationship between ethical climate and ethical behavior has a positive coefficient of 0.12 with goodness of fit coefficient of 2.309 for CMIN/DF (acceptable because the ratio is 5 or less than 5); 0.743 for GFI; 0.765 for TLI; 0.799 for CFI; and 0.700 for NFI. Thus, it can be concluded that the resulted model has a considerably good values of goodness of fit.

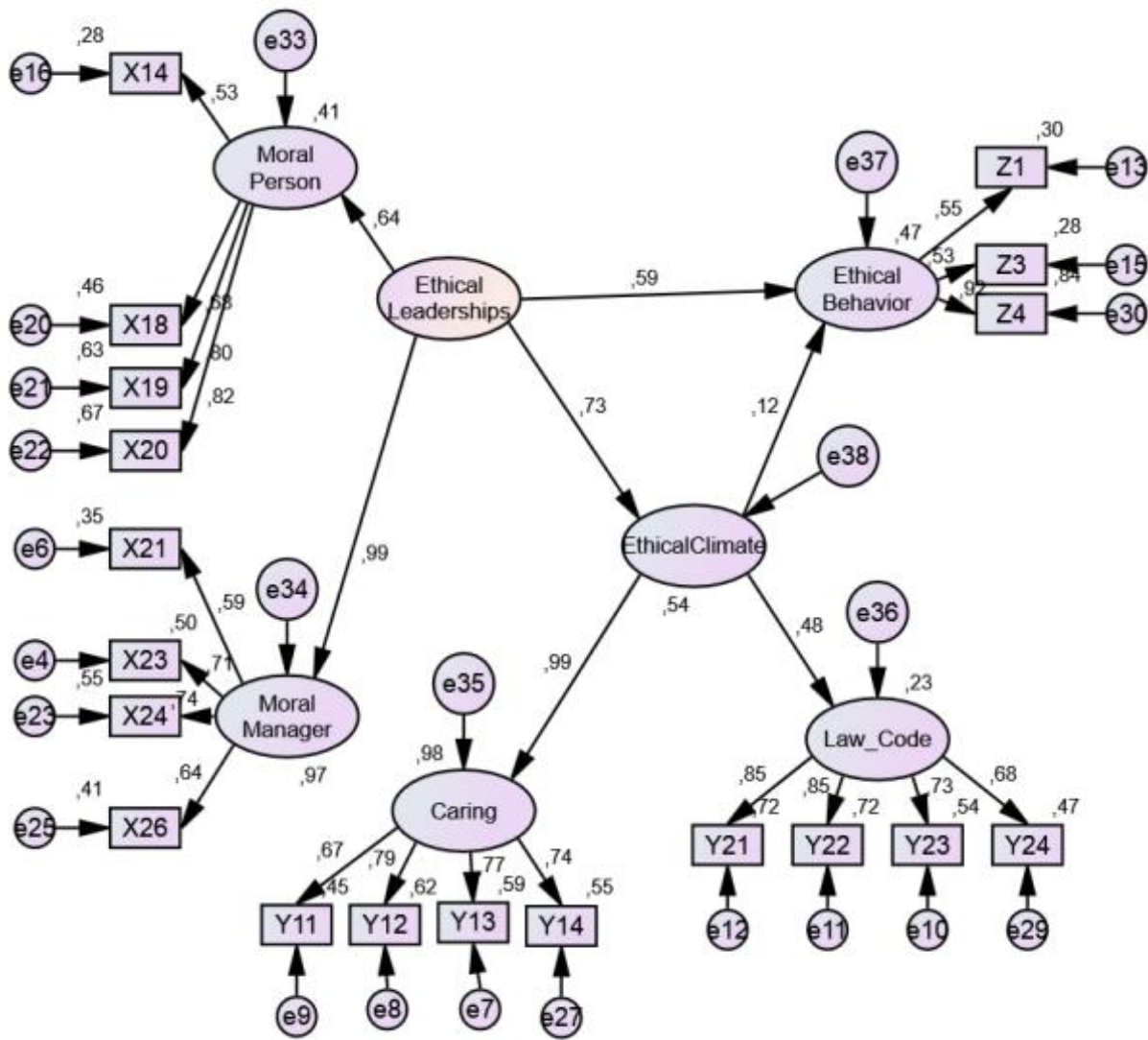


Figure 3. Structural Model for the Measurement of Relationship among Variables

| Tabel 3. The Values of Loading Factor of Structural Model |                |           |                |
|---|----------------|-----------|----------------|
| Indicator   | Loading Factor | Indicator | Loading Factor |
| MP4   | 0.528          | LC1       | 0.846          |
| MP8   | 0.676          | LC2       | 0.849          |
| MP9   | 0.796          | LC3       | 0.735          |
| MP10  | 0.821          | LC4       | 0.683          |
| MM1   | 0.587          | EB1       | 0.551          |
| MM3   | 0.709          | EB3       | 0.533          |
| MM4   | 0.741          | EB4       | 0.918          |
| MM6   | 0.640          |           |                |
| C1  | 0.670          |           |                |
| C2  | 0.787          |           |                |
| C3  | 0.767          |           |                |
| C4  | 0.744          |           |                |



Tabel 4. Coefficient of Parameters

|  | $\beta$  | P     |
|--|----------|-------|
| EthicalClimate <--- Ethical Leaderships  | 0.733*** | 0.000 |
| Ethical Behavior <--- Ethical Leadership | 0.592**  | 0.016 |
| Ethical Behavior <--- EthicalClimate     | 0.118    | 0.497 |

Though the assumption of Baron and Kenny (1986) regarding the mediation requirement that there must be a significant relationship between X and Y variable, in this case ethical leadership and ethical climate (0.00), has been met, yet the relationship between X and Y variable is not significant, which means that the influences of ethical climate on ethical behavior is not significant, even there is an influence of ethical climate on ethical behavior with small coefficient of 0.12. So that it can be concluded that the construct of ethical climate is not mediating the relationship between ethical leadership and ethical behavior. Besides, there is also a direct relationship between ethical leadership and ethical behavior.

The results in this study are in line with the result of a study conducted by Shin (2012) which argued that ethical leadership is positively influenced the ethical climate. Moreover, it also supports a study that conducted by Fu and Despande (2012) which found that ethical leadership is positively influenced the ethical behavior of the officers. According to Trevino et al. (2000), a leader with ethical conduct will do the right things, holds the values, objective/fair and concerns of people, role model through visible action, holds ethical standard, holds principles and rewards ethical conduct.

Though the results of this study only answer partly of the proposed hypotheses, but those all can describe the phenomena of why there are many unethical behaviors conducted by most of the people at government institution in Aceh Province. Of two dimensions that form ethical leadership, i.e. moral person and moral manager, there are some indicators were eliminated in which actually the important indicators for ethical leadership that can be a guidance for employees' ethical behavior. Those indicators are integrity, trustworthiness, and concern for people as the eliminated indicators of moral person dimension, and be a good role model, communicate ethical values as well as disciplining the unethical conduct of the officers as the eliminated indicators of moral manager dimension. A leader should be honest, responsible, trusted, good role model and etc, so that he/she can create an ethical climate in his/her working environment. However, if a leader cannot communicate it, then the ethical behavior of the officers will not appear. This is described by some eliminated indicators of ethical behavior of the officers like: it is unethical to bring home office's properties, will not report working colleagues who is deceitful and will not consider personal ethical standard if there is a promotion of level. This is because the officers are not influenced by ethical climate that exists in their working environment like caring and law and code. The officers will behave as their leader, because the ethical climate is not created in the existed working environment. Then, the unethical behavior like lying, thieving, etc will appear. Though reward system is the indicator of moral manager that is used in this study, yet disciplining officers who behave unethically is disregard, thus it becomes a bad model. This is contrary to Trevino et al., (2000) who stated that the leaders have to give rewards and punishments so that their subordinates will responsible to any measures and decision they made. However, the ethical climate theory proposed by Victor and Cullen (1988) in Martin and Cullen (2006) asserted that the types of ethical climate observed in an organization are depended on the nature and context of that organization. The organizational form is the most significant predictor in shaping the perception of the employees on ethical climate.

This study has some limitation because we just use two types of ethical climate, i.e. caring and law and code. For further research, we encourage other researchers to use another types of ethical climate, like rules, independence that has positive influence on ethical behavior and instrumental which theoretically has negative influence on the behavior of the officers. Besides, we also did not divide the level units for each organization. While each sub-units of the organization have different perception on the types of ethical climate prevailed within those sub-units.

## Conclusion

The ethical leadership behavior can create ethical climate in an organization. In this ethical climate, the followers or subordinates may share their perception regarding policies, procedures and standard norms that prevail in an organization. The standard norms, thus be the guidance for employees to act in an ethical conduct. A leader has to possess an ethical leadership so that his/her organization will bring benefits for the organization members and followers as well the community around. Therefore, a leader with ethical leadership should be a moral person and a moral manager in performing his/her tasks, by showing a real model of ethical conducts to their subordinates.

Therefore, with the ethical behavior, a leader can be a good role model for his/her followers or organization members. The ethical behavior of a leader can create an ethical climate in which the followers and subordinates can share their perception about policies, procedures and standard norms prevailed in their organization. At last, that ethical behavior model is expected to create the ethical conduct of those employees and/or subordinates and followers.

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