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Impact of Ethical Leadership on Performance of Government Parastatals in Afghanistan: A Literature Based Review

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Abstract

The study sought to examine the impact of ethical Leadership on the performance of government parastatals in Afghanistan. The study was a literature-based review. The study found that ethical Leadership is key in improving governance. Effective governance is achieved when there is a high practice of Ethical Leadership. Ethical Leadership includes being honest, accountable and transparent. The benefit of accountability is that leaders admit mistakes they make instead of blaming others. Integrity in leaders describes being straightforward, reliable, and also trusted. Leaders with honesty act according to their words and own up to their errors instead of concealing them, condemning their group, or making reasons more successful. The study concluded that leading with transparency helps ensure that both workers, as well as company expectations, are appropriately established and satisfied. The association between transparency, financial, non-financial information board of directors and corporate financial performance is positive. It is concluded that understanding how to improve accountability in the public sector is essential to ensure good governance. Moreover, the study concluded that unethical decisions and immoral management hurt the performance. The study recommended government parastatals in Afghanistan need to work toward ethical Leadership. Those given the mandate to look after the resources of the public need to be accountable. It is also recommended that policymakers need to take the required steps to enhance the employees' accountability and integrity with the parastatals. Ethical Leadership is fundamental in improving performance. The performance is achievable with ethical leaders. Unethical behaviors of the leaders make other employees not be hardworking and be dishonest as well. Corruption is one of the hurdles affecting most government institutions globally, notably to those with porous policies. Ethical Leadership is very crucial for good governance and thus needs to be intensified.

Keywords: *Ethical leadership, integrity, transparency, accountably, Afghanistan*

1.0 BACKGROUND OF THE STUDY

Ethical Leadership is very crucial for good governance (Bolatito, 2018). Ethical Leadership is critical and for instance, in the US, government leaders must always have the best interests of those they have sworn to serve as their priority (Bove, 2017). The government leaders must avoid the pitfall of an attitude of superiority. This attitude is malignance that will further distance them from those they have sworn to serve while in the office. Moreover, government officials are called to uphold a high ethical behavior standard (Shapiro & Stefkovich, 2016). Leaders in the government of the USA are supposed to carry the torch as noble servants of society and must never exploit their obligation to serve the public and also, the fatal distractions of pride and vanity should be highly avoided (Wright, Hassan & Park, 2016).

According to Bukhamsin (2015), the public sector has, over the years, suffered a crisis of Leadership as a result of a lack of ethical practice among the leaders. The lack of ethical practices by public officials makes the achievement of good governance and service delivery difficult, hence building a leadership crisis (Dimitrov & Jain, 2014). Those officials engaged in the corrupt practice of misappropriation of public funds meant for the development and service delivery enhancement at the grassroots government and a lot of funds are siphoned into the private pockets brings a crisis in the service delivery (Hafeez, Malak & Zhang, 2007). The government system's failure to deliver good governance and social services is an issue of concern for the citizenry and leads to the suffering of the people.

Leaders with integrity act per their words and accept their mistakes instead of hiding them, blaming their team, or making excuses (Donkor & Kankam-Kwarteng, 2017). A leader should set a good example and be honest with the other members who contribute significantly to achieve the organizational goals (McKee, 2013). Integrity is one of the top attributes of a great leader. It is a concept of consistency of actions, values, methods, measures, principles, expectations and outcomes (Seaktheng, 2015). It connotes a deep commitment to doing the right thing for the right reason, regardless of the circumstances (Singh, 2015). Every human is born with a conscience and, therefore, the ability to know right from wrong. Therefore, leaders choosing the right thing, regardless of the consequence, are the hallmark of integrity.

Transparency in Leadership consists of keeping employees in the loop, sharing the good and the bad and welcoming honest feedback from your team (Schnackenberg & Tomlinson, 2016). Transparency creates trust and encourages information sharing, critical in the organization (Helfat & Peteraf, 2015). To achieve transparency, an organization needs to provide information about its activities and governance to stakeholders that are accurate, complete and made available in a timely way (Brown & Mitchell, 2010). Transparency of the leaders is significant in building trust and making employees feel that they are working for a higher ethical standard. Transparency, as one of the basic principles of good governance, implies the public insight into the work of Public Administration Bodies (Chintraruck & Walsh, 2016). Accountability eliminates the time and effort spends on distracting activities and other unproductive behavior within an organization (Salim & Sulaiman, 2016). Leaders of the organization are supposed to make people accountable for their actions by teaching them to value their work.

2.0 LITERATURE REVIEW

2.1 Empirical Review

Khudhair, Norwani, Khalid and Aljaway (2019) examined the relationship between transparency and financial performance in Iraqi corporations. This study was based on a sample of 25 corporations listed on the Iraq stock exchange (ISX). Information related to research variables was collected in 4-year period between 2014 and 2017. To investigate the association between variables of this research, the transparency, financial, non-financial information and board of directors as the independent variable and corporate financial performance based on accounting data, return on assets (ROA), return on equity (ROE) and return on investment (ROI) as the dependent variable. The Ordinary Least Square (OLS) regression test was used. The results of the study revealed that the association between transparency, financial, non-financial information board of directors and corporate financial performance was positive. The study concluded that transparency was the most variables that influenced the performance to a large extent. The study recommended that Iraqi corporations need to emphasize much on transparency to increase their performance.

Abd Aziz, Rahman, Alam and Said (2015) conducted a study to examine the enhancement of the accountability of public sectors through the integrity system, internal control system and leadership practices in Malaysia. The study used primary data obtained from the management in the government institutions. The results of the study revealed that governance in public sectors enhance efficiency when those in charge are held responsible for their actions. Public sectors are under pressure to justify the sources and utilization of public resources as well as improving the performance in their services delivery. The study concluded that understanding the way to improve accountability in the public sector is very essential to ensure good governance. Therefore, to enhance accountability in the public sector, the government in Malaysia needs to enhance the integrity system, internal controls system and leadership qualities. The study recommended the government to establish more accountability among different departments and agencies of government.

Alam, Johari and Said (2018) checked out the impact of employee honesty in Malaysia's public market. Primary information was collected using a questionnaire survey method with 194 heads of divisions in the Malaysian government ministries. Aspect evaluation and descriptive data were used for data analysis. The searchings revealed that 92.6 percent of the participants reported that they practiced integrity within their departments. Nonetheless, the priority for these honesty aspects varied according to the service plans. As a whole, the departments of finance, audits, and administration had an above-average integrity technique degree; nevertheless, the accountancy scheme's practice is below the typical general degree. The research recommended that policymakers need to take the required steps to improve the methods of stability in the public market to produce a more dependable and effective general field in Malaysia.

Abidin, Hashim, and Ariff (2017) researched to explore the impact of moral commitments and economic efficiency on Malaysia's detailed firms. The findings of the study posited that monitoring commitment towards ethics is favorably related to economic performance. Financial efficiency is represented by return on assets (ROA) and return on equity (ROE). The results also showed a positive partnership between commitment in the direction of principles and economic efficiency. Extra especially, the findings suggested that commitment towards moral facets of been truthful,

social obligation and connections in company operations are required to preserve business economic sustainability. The outcomes suggested the value of promoting a higher requirement of business values amongst publicly noted firms in Malaysia. Therefore, other than a legal framework, regulatory authorities may include the perspective of avoiding dishonest conduct by highlighting business dedications in the direction of ethical habits in their organization.

Bowen, Moon and Kim (2017) conducted a study to analyze the influence of ethics in financial communication and investor relations in the USA. The study adopted the descriptive research design and the data was analyzed using descriptive and inferential statistics. The study established that refining the way we view and analyze ethics is specifically essential in public relations and financial communication and investor relations. Moreover, the study showed that ethical management in supporting the financial disclosure is mostly questioned by the stakeholders and responsibilities results which are consistency, knowability, decreased the uncertainty, and more trusting relationships between organizations and stakeholders increase the performance of the companies. Therefore, the study concluded that unethical decisions and the immoral management might hurt the performance because the investors monitor the ethics of the organization and thus, companies have to manage the trusts of the investors so to earn build and sustain the trust persistently.

The association between transparency, financial, non-financial information board of directors and corporate financial performance is positive (Abd Aziz, Rahman, Alam & Said, 2015). It is concluded that understanding how to improve accountability in the public sector is essential to ensure good governance. Moreover, the study concluded that unethical decisions and immoral management hurt the performance because the investors monitor the organization's ethics. Thus, companies have to manage the investors' trusts to earn, build and sustain the conviction persistently. The transparency of the leaders is important and leads to accountability. In this regard, ethical leadership plays an essential function in promoting staff members' mental state and, consequently, influences their in-role actions (Alam, Johari & Said, 2018). Ethical leadership is just one of the sub-branches of the honest actions (Avatefi monfared, Mahdad, & Mir Jafari, 2012), it has been pronouncedly the focus of the interest throughout the very early start of the third millennium in the field of creating a healthy workplace and as a result of the organizational, team and also specific end results it requires. Obviously, this component has not been exercised in an integrated and also organized fashion in the area of research. The moral management as an independent concept was first established based upon the research studies by Brown et al. (2015).

The concepts of social deals as well as social discovering can be considered as the properties out of which the moral leadership and fans' actions connection has raised (Walumbwa et al., 2011). This form of management has been specified from the point of view of social understanding, management based on the normative rules as well as values which can be shown up through the conducts, acts, decision-making and the honest as well as underhanded habits punishment and also incentive implementation methodologies in business setting. The former mentioned scientist and also the various other theoreticians stress the social understanding point of view since they believe that the leaders and also the supervisors due to their official power and also impact as well as their viewpoints in the job environment (as well as in some casual situations) are subjected to be taken as role-models by the personnel (Mayer, Aquino, Greenbaum, & Kuenzi, 2012; Zhang, Walumbwa, Aryee, & Chen, 2013).

Seaktheng (2015) examined the role of ethical leadership styles on performance of retail supermarket in the United Kingdom. The study adopted descriptive survey research design and data was collected through well designed questionnaires and was analyzed using descriptive and inferential statistics. The study found out that Leadership Involvement had a positive influence on performance. The study also established that leaders working as a team with other staff in the organization are likely to execute their organizational strategies successfully and free flow of all communication between employees in the organization can help in the execution of strategy successfully and lastly motivation of employees helps to achieve successful implementation of the strategy.

In democratic management, a leader invites various other team members to contribute and take part in the decision-making procedure before making the final decision (Bhatti, Maitlo, Shaikh, Hashmi & Shaikh, 2012). This not only enhances work fulfillment by including workers or staff members in what's taking place, yet it likewise aids in developing people's abilities. Staff members and also team members feel in control of their fate and so are motivated to strive by more than just an economic incentive (Iqbal, Anwar & Haider, 2015). Democratic leadership can create high quantity help extended periods. Many staff members like the trust they receive and react with cooperation, team, and high spirits hence helping with strategy implementation.

Those government officials participating in the corrupt technique of misappropriation of public funds meant for the growth brings a predicament in the service delivery (Hafeez, Malak & Zhang, 2007). The government system's failure to provide great administration and social solutions is an issue of concern for the population and brings about the suffering of individuals. A leader needs to set a fine example and be truthful with the various other members who add significantly to achieve the business goals (McKee, 2013). Honesty is just one of the top attributes of a terrific leader. It is an idea of the consistency of activities, values, methods, measures, principles, expectations as well as outcomes (Seaktheng, 2015). It indicates a deep commitment to doing the right thing for the ideal reason, regardless of the situation (Singh, 2015). Every human is born with principles and also, consequently, the capacity to know right from incorrect. For that reason, leaders selecting the best thing, no matter the consequence, is the trademark of honesty.

Transparency in management contains keeping staff members in the loop, sharing the good and the poor, and welcoming straightforward responses from your team (Schnackenberg & Tomlinson, 2016). Transparency develops depend on and urges details sharing, which is vital in the organization (Helfat & Peteraf, 2015). To accomplish transparency, a company needs to supply information regarding its activities and governance to accurate, complete, and offered stakeholders in a rapid method (Brown & Mitchell, 2010). The leaders' openness is substantial in building count on and making workers feel that they help a more excellent moral standard. As one of the fundamental principles of good administration, transparency indicates public insight into Public Administration Bodies' jobs (Chintraruck & Walsh, 2016). Accountability removes the moment and effort invests in distracting tasks and other unproductive actions within a company (Salim & Sulaiman, 2016). Leaders of the organization are meant to make individuals answerable for their activities by showing them to value their job.

Rosli and Sidek (2018) performed research on leadership values and the difficulties of staff members' efficiency. The research study utilized cross-sectional data and the unit of analysis was the elderly supervisors, supervisors, and junior staff members. The research study's findings found

that current happenings have explained management ethics and the obstacles to employees' efficiency both in public and economic sectors. The outcomes likewise revealed a substantial decrease in ethical leadership values, which have developed corruptive social cognition, extend industrial actions, unilateral decision-making in administration, and the alienation of workers, thereby creating several ethical problems in the work environment. The monitoring is that most business organization management has failed to view ethics as a general human issue and not to consider honest questions as required in all locations of life such as office, individual, politics, and administration. Management values have ended up being a primary challenge in managing the labor force and other sources in such a way that organization objectives of survival, development, and profit-making will be fulfilled.

A study conducted by Schnackenberg and Tomlinson (2016) showed that those leaders with integrity act per their words and accept their mistakes instead of hiding them, blaming their team, or making excuses. Good leaders are those who set a good example and are honest with the other members who contribute significantly to achieve the organizational goals. The study also indicated that transparency of the leaders is significant in building trust and making employees feel that they are working for a higher ethical standard. Ethical leadership is defined as management demonstrating and promoting normatively proper conduct with personal activities and interpersonal connections. When you boil it down, this indicates that ethical management is specified as putting people right into monitoring and leadership placements that will advertise as well as be an example of ideal, honest conduct in their activities and partnerships in the office. Transparency, as one of the basic principles of good governance, implies the public insight in the work of Public Administration Bodies. The transparency of the leaders is important and leads to accountability. In this regard, ethical leadership plays an essential function in promoting staff members' mental state and, consequently, influences their in-role actions.

2.2 Behavioral Theory on Leadership

Rensis Likert established behavioral Theory on Management in the 1950s. The theory is based upon the idea that excellent leaders are made, not birthed. This leadership concept concentrates on leaders' actions, out of high mental qualities or internal states (Gavetti, Greve, Levinthal & Ocasio, 2012). According to this theory, people can learn to end up being leaders via teaching and monitoring. Authoritarian leaders make decisions without input from their juniors; democratic leaders urge juniors to supply points of view and laissez-faire leaders allow juniors to make their own decisions. Reliable leaders make use of each of these leadership designs to make particular job implementation and also performance. Efficient leaders utilize management theories to help them choose the most effective approach for promoting team effort and addressing operational troubles (Westphal & Zajac, 2013). Management attributes concepts allow leaders to exhibit compassion and also assertiveness to improve efficiency from their team members. Leaders make use of power and also impact concepts to apply their authority, persuade bold juniors and reward their staff members by utilizing rewards to encourage efficiency. The behavioral theory will undoubtedly help the research recognize just how authentic management can stimulate performance authority.

3.0 RESEARCH FINDINGS

The study found that ethical Leadership is considered one of the fundamentals for improving the overall governance. The study noted that lack of ethical practices by public officials is making the achievement of good government and service delivery difficult, hence building a leadership crisis. Those officials engaged in the corrupt practice of misappropriation of public funds meant for the development and service delivery enhancement at the grassroots government and a lot of funds are siphoned into the private pockets brings a crisis in the service delivery. A leader needs to set a fine example and be truthful with the various other members who add significantly to achieve the business goals. Honesty is just one of the top attributes of a good leader. The study noted that commitment to doing the right thing for the ideal reason defines a good leader regardless of the situation.

The study revealed that an ethical need to portray transparency, accountability and honesty. The leaders' openness is substantial in building and making workers feel that they are part of the organization. Responsibility removes the moment and effort invests in distracting tasks and other unproductive actions. Leaders with integrity act per their words and accept their mistakes instead of hiding them, blaming their team, or making excuses. A leader should set a good example and be honest with the other members who contribute significantly to achieve the organizational goals. Integrity is one of the top attributes of a great leader. Every human is born with a conscience and, therefore, the ability to know right from wrong. Therefore, leaders choosing the right thing, regardless of the consequence, are the hallmark of integrity.

Thus, ethical Leadership is fundamental in enhancing performance. The performance is achievable with ethical leaders. Unethical behaviors of the leaders make other employees not be hardworking. Corruption is one of the vices affecting most government institutions in the World, notably in those countries with porous policies. Ethical Leadership is very crucial for good governance. The public interest will be difficult to be protected without ethics in government. There is a growing interest in public service ethics both on the national and international levels to ensure good governance.

4.0 CONCLUSION

It is concluded that ethical leadership is key in improving governance. Effective governance is achieved when there is a high practice of ethical leadership. Ethical leadership includes being honest, accountable and transparent. The benefit of accountability is that leaders admit blunders they make; they can more conveniently locate a method to take care of the issue and move forward. On the other hand, a leader who remains in denial about a mistake most likely will not be able to work through it as swiftly. Integrity in leaders describes being straightforward, reliable, and also trusted. Leaders with honesty act according to their words (i.e., they practice what they teach) and own up to their errors instead of concealing them, condemning their group, or making more successful reasons. The study concluded that leading with openness helps ensure that both workers, as well as company expectations, are appropriately established and satisfied. With clear, open, and regular interaction, employees are much less most likely to make false presumptions regarding their job or their organization.

The association between transparency, financial, non-financial information board of directors and corporate financial performance is positive. It is concluded that understanding how to improve accountability in the public sector is essential to ensure good governance. Moreover, the study concluded that unethical decisions and immoral management hurt the performance because the

investors monitor the organization's ethics. Thus, companies have to manage the investors' trusts to earn, build and sustain the conviction persistently. The transparency of the leaders is important and leads to accountability. In this regard, ethical leadership plays an essential function in promoting staff members' mental state and, consequently, influences their in-role actions

5.0 RECOMMENDATION

The study recommended management within the government parastatals in Afghanistan need to work toward ethical Leadership. Those given the mandate to look after the resources of the government need to be accountable. It is also recommended that policymakers need to take the required steps to enhance the accountability and integrity of the employees with the parastatals. Ethical Leadership is fundamental for improving performance. The performance is achievable with ethical leaders. Unethical behaviors of the leaders make other employees not be hardworking and also to be dishonest. Corruption is one of the vices affecting most government institutions in the World, notably in those countries with porous policies. Ethical Leadership is very crucial for good governance. The public interest will be difficult to be protected without ethics in government. There is a growing interest in public service ethics both on the national and international levels to ensure good governance.

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