

ETHICAL LEADERSHIP AND ORGANISATIONAL TRUST IN PUBLIC INSTITUTIONS

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Abstract

Ethical leadership is central to the credibility, internal cohesion, and public legitimacy of government departments, public universities, municipal bodies, hospitals, regulatory agencies, and other public institutions. Unlike many private organisations, public institutions operate under statutory obligations, political oversight, resource constraints, and heightened expectations of fairness. In this setting, employees assess leadership not only through formal rules but also through day-to-day signals of honesty, impartiality, accountability, respectful treatment, and willingness to correct wrongdoing. This paper develops a structured framework explaining how ethical leadership can strengthen organisational trust in public institutions. The framework links leader role-modelling, transparent decision processes, procedural fairness, protected employee voice, responsible use of authority, and consistent follow-through with trust among employees, teams, and service units. Drawing on ethical leadership theory, organisational trust research, public-service values, and integrity scholarship, the study proposes an implementation cycle comprising institutional diagnosis, leadership capability building, ethics-in-practice routines, employee participation, and evidence-based review. The proposed evaluation approach combines perception surveys, structured interviews, document review, issue-resolution records, and indicators of collaboration and speaking-up behaviour. Illustrative prototype results are included only to demonstrate how future field deployments may report change; they are not presented as measured findings. The paper concludes that trust is not created by compliance statements alone. It grows when leaders make principled choices visible, explain decisions, apply standards consistently, invite constructive challenge, and ensure that employees experience fairness in routine organisational interactions. The framework is relevant to public institutions seeking to improve integrity, workplace confidence, service quality, and durable public value.

Keywords: Ethical Leadership, Organisational Trust, Public Institutions, Public Service Values, Procedural Fairness, Accountability, Employee Voice, Integrity Systems, Ethical Climate, Public Administration.

1. INTRODUCTION

Public institutions are expected to exercise authority fairly, deliver services reliably, protect public resources, and act in ways that can withstand scrutiny. These expectations make leadership behaviour especially consequential. Employees and citizens often interpret the integrity of an institution through the decisions, communication, and everyday conduct of those who lead it. A manager who explains decisions, treats people consistently, accepts responsibility for errors, and responds to concerns respectfully can strengthen confidence in the institution. Conversely, favouritism, concealment, arbitrary decision-making, or retaliation against dissent may

erode confidence even when formal policies appear adequate.

Ethical leadership refers to the demonstration and promotion of normatively appropriate conduct through personal action, interpersonal relations, communication, reinforcement, and decision-making. It is both a behavioural and a relational process. Ethical leaders make values visible in practical situations: they disclose relevant reasons, avoid conflicts of interest, recognise the impact of decisions on different groups, and set clear boundaries around unacceptable conduct. In public institutions, these actions carry additional importance because leaders are stewards of public authority rather than owners of organisational resources.

Organisational trust is the willingness of employees to accept vulnerability to organisational actors and systems because they expect competence, benevolence, integrity, and dependable conduct. It affects whether people share information, cooperate across units, seek guidance, raise concerns, accept difficult decisions, and remain committed during periods of change. Trust does not require universal agreement with every outcome. Rather, it depends on the belief that outcomes are reached through fair procedures and that leaders will act consistently with stated principles.

The relationship between ethical leadership and organisational trust is therefore not automatic or symbolic. Trust develops through repeated experiences of fair treatment, credible explanations, ethical consistency, and safe participation. This paper proposes a framework for translating those experiences into institutional practice. It focuses on public-sector contexts in which hierarchy, regulation, political pressure, service obligations, and diverse stakeholder expectations can make ethical judgement difficult but indispensable.

2. LITERATURE REVIEW

Ethical leadership research has consistently emphasised that followers learn from what leaders model, reward, tolerate, and communicate. Brown, Treviño, and Harrison describe ethical leadership as a social-learning process in which employees observe the behaviour of credible role models and infer which forms of conduct are valued. Subsequent studies connect ethical leadership with fairness perceptions, willingness to report concerns, job satisfaction, cooperation, and lower levels of counterproductive behaviour. The literature also distinguishes ethical leadership from general positive leadership by stressing moral judgement, accountability, and the explicit management of ethical standards. Trust scholarship provides a complementary explanation of how leadership becomes embedded in organisational relationships. Trust is commonly associated with perceptions

of ability, benevolence, and integrity, while meta-analytic research shows that trust in leaders is related to attitudes, performance, and risk-taking at work. Within public institutions, trust is influenced not only by interpersonal relationships but also by personnel systems, grievance processes, administrative discretion, transparency norms, and the credibility of oversight arrangements. Ethical leadership can therefore be understood as a mechanism through which institutional values are made observable and trustworthy in practice.

Public-administration scholarship adds a further dimension: public organisations must preserve legality, impartiality, due process, and public value while responding to changing social needs. Ethical conduct in this environment cannot be reduced to avoiding misconduct. It includes the fair use of discretion, responsible management of information, respectful treatment of citizens and employees, protection of dissent, and the ability to justify decisions. Studies of public-sector ethical leadership indicate that leadership influence is shaped by organisational form, public-service motivation, accountability requirements, and the presence of formal integrity systems.

Although the evidence base is strong, several gaps remain. Many studies focus on individual leader-follower relationships rather than the way ethical routines become institutionalised across units. Cross-sectional designs often make it difficult to determine how trust evolves after policy changes or leadership interventions. There is also a need for practical frameworks that connect ethical leadership development with public-sector processes such as grievance handling, committee work, delegated authority, service delivery, procurement, and citizen-facing accountability. The present study addresses these gaps by offering a staged, context-sensitive model for strengthening organisational trust through visible ethical leadership.

2.1 SUMMARY OF PREVIOUS STUDIES

Author(s)	Method / Technique	Major Findings	Research Gap
Brown, Treviño & Harrison (2005)	Scale development and social-learning model	Established ethical leadership as visible moral conduct and ethical reinforcement that followers can observe.	Requires fuller translation into public-institution systems and routines.
Treviño, Brown & Hartman (2003)	Qualitative executive-leadership study	Showed that perceived ethical leadership combines moral person and moral manager dimensions.	Limited guidance on how public agencies can sustain these dimensions under formal constraints.
Dirks & Ferrin (2002)	Meta-analysis of trust in leadership	Identified broad links between trust in leaders and employee attitudes, behaviour, and performance.	Does not focus specifically on ethical leadership practices in public service organisations.
Mayer et al. (2009)	Field study of ethical-leadership trickle-down effects	Demonstrated that ethical leadership can influence lower-level supervisory conduct.	More evidence is needed on cross-unit trust and institutional governance effects.
Heres & Lasthuizen (2012)	Cross-sector comparison	Highlighted differences in ethical leadership across public, hybrid, and private settings.	Calls for context-sensitive implementation tools for public institutions.
Hassan (2015)	Government-employee survey	Linked ethical leadership and personal control with improvement-centred voice among government employees.	Longitudinal evidence on trust outcomes and institutional follow-through remains limited.
Bedi, Alpaslan & Green (2016)	Meta-analytic review	Found consistent associations between ethical leadership and desirable employee outcomes.	Public-sector moderators and operational trust indicators require further testing.
Menzel (2015)	Review of public ethics and integrity research	Argued for stronger connections between integrity research, organisational systems, and public administration practice.	Needs integrated approaches that connect leadership conduct with organisational trust diagnostics.

3. OBJECTIVES OF THE STUDY

The primary objective of this research is to develop an ethical-leadership and

organisational-trust framework suited to public institutions. The framework is designed to help leaders translate public-service values into

transparent decisions, fair workplace practices, protected employee voice, accountable use of authority, and trust-building organisational routines.

3.1 PRIMARY OBJECTIVE

The primary objective of this study is to design and evaluate a structured model through which public-institution leaders can strengthen organisational trust by demonstrating ethical conduct, ensuring procedural fairness, and embedding integrity-based practices in routine management.

PRIMARY OBJECTIVE POINTS

- To develop a public-sector ethical-leadership framework grounded in integrity, accountability, fairness, and respect for public value.
- To explain how ethical role-modelling, transparent communication, and consistent decision-making influence organisational trust.
- To strengthen employee confidence in supervisory decisions, grievance handling, performance management, and use of delegated authority.
- To integrate employee voice, ethical issue reporting, constructive challenge, and non-retaliation safeguards into trust-building practice.
- To provide an evaluation structure that combines staff perceptions, process evidence, and organisational learning indicators.

3.2 SECONDARY OBJECTIVES

The secondary objectives address implementation conditions, institutional safeguards, leadership capability, collaborative practice, measurement, and sustainability across diverse public-sector settings.

SECONDARY OBJECTIVE POINTS

- To identify ethical-risk areas affecting trust, including opaque decisions, inconsistent treatment, conflicts of interest, weak communication, and perceived retaliation.
- To define leadership-development modules on ethical reasoning, public-service values, procedural justice, conflict-of-interest management, and respectful communication.
- To establish decision-recording and explanation practices that make the

rationale for important actions understandable to affected employees.

- To create safe channels for employee voice, consultation, complaint resolution, and confidential reporting of ethical concerns.
- To encourage cross-unit dialogue on recurring ethical dilemmas in procurement, personnel decisions, service delivery, data handling, and resource allocation.
- To use mentoring, peer reflection, and ethics case discussions to convert formal principles into practical leadership habits.
- To assess change through trust perceptions, fairness ratings, voice confidence, issue-resolution quality, collaboration, and leadership consistency.
- To identify contextual barriers related to political pressure, resource scarcity, hierarchical distance, legal complexity, workload, and uneven managerial capability.
- To provide a scalable model applicable to public universities, hospitals, local bodies, regulatory agencies, welfare departments, and other public institutions.

4. RESEARCH METHODOLOGY

The proposed study uses a practice-oriented mixed-methods design for examining how ethical leadership influences organisational trust in public institutions. It is designed as a framework for future field deployment rather than as a report of completed data collection. The design begins with an institutional diagnostic that maps trust conditions, ethical-risk areas, communication practices, decision pathways, and the availability of channels for employee voice. The diagnostic may combine anonymous staff questionnaires, small-group discussions, review of policies and case records, and analysis of recurring workplace concerns.

The second stage focuses on leadership capability building. Senior and middle-level managers participate in guided modules that address ethical reasoning, public-service values, conflicts of interest, procedural fairness, respectful communication, decision documentation, handling of dissent, and the responsibilities attached to delegated authority. Each module should use public-sector cases rather than abstract compliance statements.

Participants examine competing duties, identify affected stakeholders, record the reasoning behind possible decisions, and consider how explanations can be communicated without compromising confidentiality or legal obligations.

The third stage is ethics-in-practice implementation. Leaders select a limited number of trust-relevant routines for improvement, such as publishing decision criteria, conducting fair hearing processes, rotating committee membership, clarifying performance expectations, strengthening grievance response, or creating scheduled forums for employee questions. Units document what was changed, why it was changed, who was consulted, and how feedback was considered. This stage treats trust as an outcome of repeated administrative practice rather than a short-term communications campaign.

The final stage is evidence-based review. Quantitative indicators may include ethical-leadership perceptions, trust in supervisory

decisions, confidence in speaking up, perceived fairness, cross-unit cooperation, and perceived reliability of issue resolution. Qualitative evidence may include interviews, reflection notes, anonymised case summaries, and observations of how ethical concerns are handled. Findings should be triangulated so that survey results are not interpreted without reference to organisational context, legal requirements, and the experiences of employees who use institutional procedures.

Research ethics are essential in this type of inquiry. Participation must be voluntary, responses must be anonymised, and no individual should face disadvantage for expressing concerns. Public institutions should clearly separate research or learning activity from disciplinary processes, provide a secure method for storing data, and communicate the limits of confidentiality. Such safeguards are necessary both for participant protection and for the credibility of the trust measures themselves.

FIGURE 4.1: ORGANISATIONAL TRUST STRENGTHENING ACROSS ETHICAL LEADERSHIP CYCLES



5. DATA ANALYSIS

Data analysis evaluates whether the proposed framework improves the conditions through which employees form trust in public institutions. The evaluation compares a conventional compliance-focused approach, in which ethics is mainly communicated through rules and periodic declarations, with an integrated ethical-leadership and organisational-trust model that connects values with visible managerial behaviour, fair

procedures, employee participation, and review of implementation evidence.

The analysis should begin with descriptive statistics for staff perceptions of ethical leadership, procedural fairness, voice safety, and trust in supervisory decisions. Reliability testing can be used for multi-item scales, while comparisons across departments, grades, or service functions may reveal uneven experience. Qualitative responses should be coded for recurring themes such as clarity of

explanation, respectful treatment, confidence in grievance processes, consistency of standards, fear of retaliation, and examples of ethical role-modelling. The integration of numerical and narrative evidence is important because trust can be affected by a small number of high-impact events that may not be fully visible in averages alone.

For transparency, the numerical values in the following table are illustrative prototype

5.1 PERFORMANCE EVALUATION RESULTS

Evaluation Metric	Conventional Compliance-Focused Approach	Proposed Ethical Leadership and Organisational Trust Framework
Ethical Leadership Visibility	66.8%	88.9%
Procedural Fairness Perception	64.3%	86.7%
Trust in Supervisory Decisions	65.9%	89.4%
Confidence to Raise Ethical Concerns	58.6%	84.2%
Cross-Unit Cooperative Practice	67.1%	87.5%
Respectful Communication Experience	69.5%	90.1%
Confidence in Issue Resolution	61.8%	85.9%
Consistency of Standards Across Units	63.2%	86.3%
Average Time to Close Ethics-Related Queries	12 days	7 days

Note: Values are illustrative prototype results included to show the evaluation format. Replace them with measured field-deployment data before submission as an empirical study.

6. DISCUSSION

The proposed framework addresses a common weakness in public-sector integrity programmes: the distance between formal rules and the everyday experience of employees. Codes of conduct, declarations, audits, and disciplinary procedures remain necessary, but they do not by themselves create confidence. Organisational trust is influenced by how leaders interpret rules, allocate attention, provide explanations, respond to mistakes, and handle disagreement. Ethical leadership makes institutional values credible when staff can see that these values shape ordinary decisions as well as high-profile cases. Procedural fairness is particularly important in public institutions

results that demonstrate how a future ethical-leadership intervention could be evaluated. They are not substitute findings from a completed field study. Before submission as an empirical study, these values should be replaced with measured data from a clearly defined institution, stated sample, validated instruments, data-collection period, and documented analytic procedure.

because many decisions involve scarce resources, competing claims, legal constraints, and public scrutiny. Employees may accept a difficult outcome when they believe the criteria were clear, their perspective was considered, and the decision-maker acted impartially. Ethical leaders should therefore distinguish between confidentiality and opacity. Sensitive information may need protection, but leaders can still communicate the basis, process, and safeguards that guided a decision. This distinction can reduce speculation and strengthen confidence without compromising legal or personal privacy. Protected employee voice is another central pathway. Trust deteriorates when staff assume that raising concerns will result in exclusion, reputational harm, or inaction. A credible ethical-leadership approach establishes multiple channels for input, provides timely acknowledgement, documents follow-up, and

explains what can or cannot be changed. It also recognises that voice is not limited to reporting wrongdoing. Employees should be able to question inefficient practices, identify service-delivery risks, and contribute to improvement without being treated as disloyal. The framework also suggests that ethical leadership must be distributed across the organisation. In large public institutions, employees experience leadership through immediate supervisors, committee chairs, project heads, administrators, and professional service managers. Senior-level commitments will have limited effect when middle-management routines are inconsistent. Leadership development, peer reflection, clear escalation processes, and case-based learning can help create a coherent ethical climate across levels and locations.

At the same time, the framework recognises limitations. Trust-building interventions can be undermined by political interference, sudden policy shifts, staffing shortages, delayed budgets, or legacy grievances. Improvement must therefore be paced realistically and accompanied by clear institutional safeguards. Longitudinal research is needed to determine whether trust gains remain after leadership changes, whether improvements transfer across departments, and which forms of ethical

routine most strongly support service quality and employee wellbeing.

7. CONCLUSION

Ethical Leadership and Organisational Trust in Public Institutions presents a structured approach to strengthening trust through the practical exercise of public authority. The framework brings together ethical role-modelling, transparent explanation, fair procedures, protected employee voice, accountable decision-making, leadership development, and evidence-based review. It treats trust not as a public-relations outcome, but as a judgement employees make after repeated experiences of integrity, competence, respect, and consistency.

The paper emphasises that public institutions can improve trust when leaders make ethical standards visible in routine management, clarify the reasons behind important decisions, respond responsibly to concerns, and ensure that organisational processes are experienced as fair. Future research should test the model through multi-site field studies, compare different public-sector settings, examine the role of organisational culture and political context, and evaluate links between internal trust, employee voice, service reliability, and public confidence.

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