

GAUGING THE INFLUENCE OF ETHICAL LEADERSHIP ON BRIBERY AND FAVORITISM IN NIGERIAN PUBLIC SECTOR

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Abstract

For years, the ethical situations among leaders and followers in Nigeria particularly within the Nigerian public sector organizations had continued to worsen leading to at one time Nigeria been crowned as the most corrupt (Number One) country on earth by Transparency International (TI). In order to minimized and address the problem, several regulatory and enforcement agencies were established but still the issues continue to permeate. This study examined the effect of ethical leadership on bribery and favoritism in the Nigerian public sector organizations. Data for the study was collected from 208 public sector leaders/managers and followers/employees using cross sectional method. Results of the Partial Least Square Structural Equation Modeling (PLS-SEM) revealed that Ethical Leadership has significant negative relationship with both Bribery and Favoritism. The study concluded that promoting ethical leadership style within the public sector organizations will reduces the negative effect of bribery and favoritism. Thus, ethical leadership if encouraged will be an important leadership style capable of fighting bribery and favoritism in the public sector organizations.

Keywords: ethical leadership, bribery, favoritism, Nigeria, public sector

1.0 Introduction

For years, the ethical situations among leaders and followers in Nigeria particularly within the Nigerian public sector organizations had continued to worsen leading to at one time Nigeria been crowned as the most corrupt (Number One) country on earth by Transparency International (TI). Unethical behaviors are multifaceted problems that do not only affect individual(s) alone but also their organizations and even nations or countries reputations (Ko, Ma, Kang, English, & Haney, 2017). In order to minimized and completely address these recurring ethical problems, several regulatory and enforcement agencies were established by successive Nigerian governments, but still the issues is yet to be totally eliminated nor derogated. For instance, on 29th September, 2000 the then President Obasanjo created and inaugurated Independent Corrupt Practices Commission (ICPC) in order to fight against corruption and other related offences. Also in year 2002, another agency called Economic and Financial Crimes Commission (EFCC) was established by an Act of National Assembly 2004. EFCC was established by government in an effort to sanitize the Nigerian business environment. Again, in June, 2003 as a reform measure aimed at promoting transparency and accountability and control within the public sector, government introduced Budget Monitoring and Price Intelligence Unit (BMPIU) now popularly called ‘*Due Process*’. However, despites the establishment of aforementioned agencies and commissions in Nigerian

public sector, Nnabuike (2010) observed that still several unethical conducts were reported in the Nigerian public sector organizations ranging from bribery, corruption, embezzlement, nepotism, self-aggrandizement, favoritism and money laundering among Nigeria leaders at different level of authority (federal, state and local government). For example, currently the Accountant General of the Federation (AGF) was accused of embezzling about ₦170 billion. This same person was also accused of receiving ₦15 billion bribe to fast track payment (EFCC, 2022). Again, many immediate past state governors were also accused and currently standing trials for unethical conducts during their tenure in office. Moreover, many local government chairmen and other officials are almost on daily basis reported to have engaged in one form or another of unethical conducts while in office. These situations, suggested that despite the myriad of legal and administrative mechanisms put in place to fight all forms of unethical behaviors and conducts in the public sector, still more need to be done.

Since independence in 1960, Nigerian government had been attempting to create and maintain effective and efficient public services. This can be seen in almost all the reform agendas since independence in 1960. The major emphases of most reforms agendas in Nigeria is to have a public service that provide goods and services with high transparency, discipline, integrity and loyalty. However, the high increase in corruption and other unethical behaviors indicated that the only possible solution is to have more ethical leaders to manage and encourage ethical behaviors within the public sector. According to Achebe (1983):

‘The trouble with Nigeria is simply and squarely a failure of leadership. There is nothing basically wrong with the Nigeria character. There is nothing wrong with the Nigeria land or climate or water or air or anything else. The Nigerian problem is the unwillingness or inability of its leaders to rise to the responsibility, to the challenge of personal example which are the hallmarks of true leadership. I am saying that Nigeria can change today if she discovers leaders who have the will, the ability and the vision’.

Scholars (Asencio, 2018; Mayer, Kuenzi, & Greenbaum, 2010), in their efforts to minimized corruption, misconducts and other unethical behaviors in organizations considered and emphasize the role of ethical leadership as a critical factor. Nevertheless, empirical studies that looked at the influence of ethical leadership on bribery and favoritism are limited. The few empirical studies found in the literature are the study of Asencio (2018) conducted in USA and the comparative study of Kolthoff, Erakovich, and Lasthuizen (2010). To the best knowledge of the researcher no empirical study tested the influence of ethical leadership on bribery and favoritism within the context of Nigerian public sector.

Although different forms of corruption were identified by scholars including bribery, favoritism, fraud, embezzlement, extortion among other, still scholars considered bribery and favoritism as the most common particularly in countries like Nigeria. While, it is a known fact that bribery and favoritism are universal issues, Hill (2013), observed that even at ancient Rome and Greece bribery was not only worst then but also the most ubiquitous. In Nigeria, the prevalence of bribery and favoritism is alarming. Reports of United Nation Office of Drugs and Crime (UNODC) of year 2019 revealed that 30.2 per cent of the citizens that interact with public officials paid bribe or were asked to pay a bribe to public officials. The report further shows that about 63 percent of Nigerians

had one contact with public official. Similarly, favoritism is said to be a common practice in Nigeria. Both leaders and non-leaders tend to unjustly favor their friends, relatives, ethnic or religious groups at the expense of others.

In view of the aforementioned ethical issues and the need for more studies this study aimed at gauging the influence of ethical leadership in reducing bribery and favoritism within the context of Nigerian local governments. To achieve the main objective, the remainder of the article was organized as follows. First, literature was reviewed leading to the development of hypotheses. Second, the methods used in conducting the study were explained. Next, the paper presented and analyzed the results. Lastly, detailed discussion of results, implications and limitations were provided.

2.0 Literature Review and Hypotheses Development

2.1 Bribery and Favoritism

United Nations in (2005) defined bribing or bribery as the practice of accepting or soliciting (directly or indirectly) articles of monetary value or other benefits in exchange for (not) doing something while performing public duties. Therefore, Bribery as a form of corruption, is the practice of offering or accepting something (in form of cash or kind) in order to gain an illicit (undue) advantage.

Favoritism is defined as giving unfair preferential treatment to family, friends, or certain individuals at the expense of others while performing public duties. Favoritism as a dimension of corruption is an inclination to favor some person or group over others. In specific term favoritism is unfair treatment of a person or group on the basis of prejudice.

2.2 Ethical Leadership

Ethical Leadership is defined by Brown, Trevino, and Harrison (2005) as *‘the leaders’ demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making’*. Ethical leadership has been considered to be an important factor that influence employees positive behaviors in organization (Ko *et al.*, 2017). Ethical leaders also promote both employees ethical behaviors and job related performance (Brown & Mitchell, 2010).

2.3 Ethical Leadership and Bribery & Favoritism

Ethical leadership has for years been considered as an important factor that influence employees positive behaviors in organization (Ko *et al.*, 2017). Ethical leaders also promote both employees ethical behaviors (Al Halbusi, Williams, Ramayah, Aldieri, & Vinci, 2019) and job related performance (Brown & Mitchell, 2010). Moreover, apart from creating positive behaviors in organization ethical leadership also reduces unethical behaviors (Mayer, Aquino, Greenbaum, & Kuenzi, 2012), misconducts (Mayer *et al.*, 2010), deviant behaviors (Mayer, Kuenzi, Greenbaum,

Bardes, & Salvador, 2009). Ethical leaders achieved these by setting the ethical tone for their organization and enacting policies, practices and procedures that help facilitate the display of ethical behavior and reduce the likelihood of misconduct (Mayer *et al.*, 2010).

Empirical studies on the relationship between Ethical Leadership and corruption (bribery and favoritism) within the context of public sector are scanty. Among the limited studies are the study of Asencio (2018) that used 108 participant from USA government employees including political office holders. The study found that the more leaders in organization display ethical leadership style (e.g., being trustworthy, honest, caring and fair; role modeling ethical behavior; concern for others; setting standard; communicating ethics & values to employees; holding employee accountable), then the organization will experience a reduction or less bribery and favoritism. Also, Kolthoff *et al.* (2010) conducted a comparative analysis using data from Serbia, Montenegro, USA and Netherland in examining the link between ethical leadership and bribing, gifts, selling of information and favoritism which they called *Integrity violations* in the study. Their findings revealed that ethical leadership is an effective way of combating the frequency (amount) of integrity violations. The study of Huberts, Kaptein, and Lasthuizen (2007) in Dutch police agencies also revealed that all the three dimensions of ethical leadership (role modeling, holding subordinate accountable and openness to discuss ethical problems) have a statistically significant influence in reducing favoritism.

Theoretically, social learning theory (Bandura, 1977) and social exchange theory (Blau, 1964) can provides the theoretical explanation on how ethical leadership can relate with and reduces bribery and favoritism in organization. In accordance with the social learning theory (Bandura, 1977) perspectives, individuals (employees) in organization learn from their leaders by paying attention to and emulating their attitudes, behaviors and values. As many individuals look outside themselves to other individuals they are attracted and considered as their role model for ethical guidance (Trevino, 1986). Therefore, when leaders chose to behave (being a *moral person*) with utmost honesty, caring and fair to all, the subordinate will regard his/her as a legitimate role model worthy of being imitated. Similarly, when leaders chose to be a *moral manager* and avoid taking or giving bribe, avoid favoritism, be fair to all, communicate ethics openly and accordingly punish bribery and favoritism, such leader(s) will be regarded as legitimate role model that his/her subordinate will be willing to imitate and avoid engaging in bribery and favoritism.

From the perspective of social exchange theory (Blau, 1964), ethical leaders can also reduces bribery and favoritism in organization. For instance, when ethical leaders (being both a moral persons and moral managers) displayed ethical traits and behaviors of being trustworthy, caring, fair to all, communicate ethical values, being open, the employees/subordinates will considered these traits and behaviors as good gesture and accordingly feel obligated to reciprocate with another good behaviors like engaging in actions and ethical behaviors that avoid bribery and favoritism. Thus, reduces bribery and favoritism in the organization. In view of the above theoretical and empirical discussions, it is expected that presence of ethical leadership in public sector organizations will drastically reduces bribery and favoritism. Therefore, the study developed the following hypotheses.

H1: Ethical Leadership will be negatively related to bribery

H2: Ethical Leadership will be negatively related to favoritism

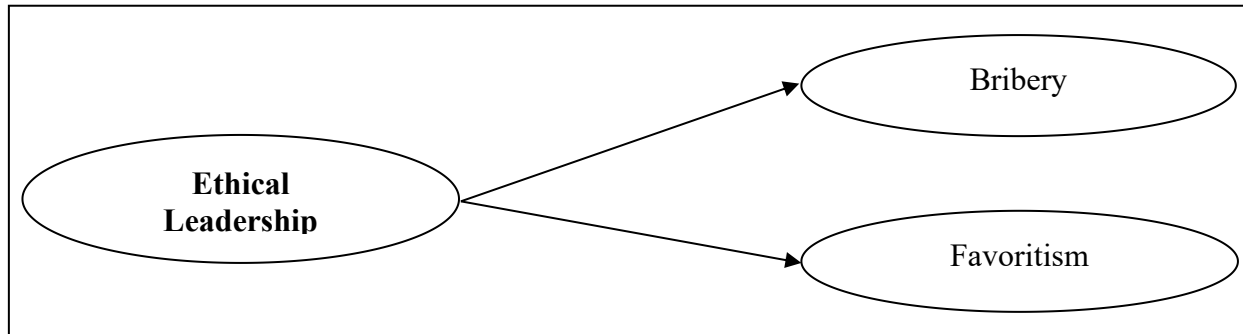


Figure 1: *Research Model*

3.0 Methods

3.1 Participant and Procedure

The participant in this study consisted of 208 public sector leaders/managers and followers/employees. The leaders/managers are head of departments (HODs) in ministries departments and agencies.

2.2 Measures

Both the dependent variables bribery and favoritism and favoritism) and independent variable (ethical leadership) were measured using items that are previously found to be reliable and validated.

3.2.1 Bribery: Bribery was measured with items adapted from Kolthoff *et al.* (2010). Respondents were asked to report/indicate the frequency within which bribery had taken place in their organization in the last 12 month. All the items were rated on 5-points Likert scale (5= often; 4= regularly; 3= sometimes; 2= once; 1= never)

3.2.2 Favoritism: Favoritism was also measured with items adapted from Kolthoff *et al.* (2010). Here also the participants were asked to report/indicate the frequency within which favoritism had taken place in their organization in the last 12 month. 5-points Likert scale (5= often; 4= regularly; 3= sometimes; 2= once; 1= never) was used.

3.2.3 Ethical Leadership: Ethical Leadership was measured in the present study with items adapted from the study of Brown, Jones, and Leigh (2005). The items asked employees to rate their leaders integrity; trustworthiness, honest, caring and fair; role modeling ethical behavior; concern for others; setting standard; communicating ethics & values to employees; holding employee accountable. Based on 5-points Likert scale (5=strongly agree and 1= strongly disagree),

the participants were asked to rate their agreement or otherwise with the items on ethical leadership.

4.0 Analysis of Results

In order to test the model in this study, partial least square structural equation modeling (PLS-SEM) using Smart-PLS (Ringle, Wende, & Will, 2005), was the main statistical packages used. According to Chin (2010) evaluating of PLS-SEM results involved 2 step approach; (1) the assessment of measurement model and (2) the assessment of structural model. But, it depends on whether the construct(s) involved are reflective or formative.

4.1 Assessment of Measurement Model

Since all the latent construct in the present study are reflective, the assessment of measurement model will only involved evaluation of reliabilities (e.g., indicators reliability and internal consistency and reliability) and validity (e.g., convergent and discriminant). For the assessment of internal consistency and reliability this study used composite reliability (CR). Results as shown in Table 1 revealed that items loadings ranged between 0.654-0.945 and items with lower loadings were deleted as recommended. All the three constructs i.e. ethical leadership (0.834), bribery (0.872) and favoritism (0.828) have composite reliabilities values higher than the minimum threshold of .70. Moreover, the average variance extracted (AVE) results on Table 1 showed that ethical leadership (0.508), bribery (0.774) and favoritism (0.706) values were all higher than the minimum threshold of .50. Thus, indicating sufficient degree of convergent validity (Hair, Ringle, & Sarstedt, 2011).

Table 1: Measurement Model showing Loadings, Composite Reliability and AVE

Latent Constructs	Items	Loadings	Composite Reliability	Average Variance Extracted (AVE)
Ethical Leadership	ETL1	0.700	0.834	0.508
	ETL3	0.654		
	ETL6	0.817		
	ETL8	0.833		
	ETL9	0.661		
Bribery	BBR1	0.809	0.872	0.774
	BBR2	0.945		
Favoritism	FVR1	0.812	0.828	0.706
	FVR2	0.868		

In assessing discriminant validity, the traditional way using Fornell and Larcker (1981) criterion was adopted. Results from Table 2 in which the diagonal (bolded and italic) are the square-roots of

AVE and the other values are the correlations suggested that model attained adequate discriminant validity as required.

Table 2: Discriminant Validity

Latent Constructs	Ethical Leader	Bribery	Favoritism
Ethical Leader	0.712		
Bribery	-0.471	0.880	
Favoritism	-0.241	0.647	0.840

4.2 Structural Model

As mentioned earlier that PLS-SEM was the main statistical package applied, the software was used in testing the two hypothesized relationships. As predicted in H1, the results in Table 3 revealed that Ethical Leadership was negatively related with Bribery ($\beta = -0.471$; $t = 9.003$; $p < 0.01$). Thus, H1 was substantiated. Similarly, Ethical Leadership was negatively related with favoritism ($\beta = -0.241$; $t = 2.528$; $p < 0.01$). This also substantiated H2.

Table 3: Structural Model Results

Endogenous Constructs			R ²	Q ²
Bribery			0.222	0.149
Favoritism			0.058	0.041
Relationship	Beta	Std. Error	T- Value	Decision
Ethical Leadership -> Bribery	-0.471	0.052	9.003***	Supported
Ethical Leadership -> Favoritism	-0.241	0.095	2.528**	Supported

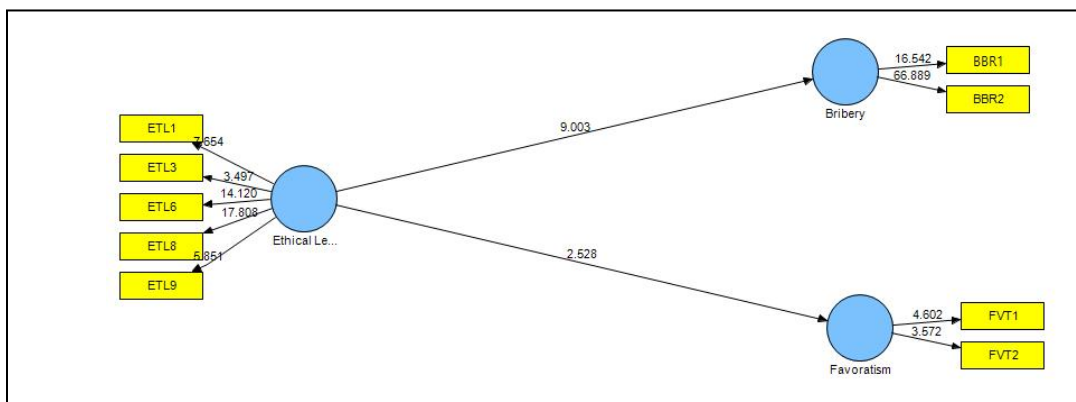


Figure 2: Results of the Structural Model

Moreover, the result of the present study revealed that ethical leadership explained 22 percent variance in bribery and about 06 percent variance in favoritism. Also, the Q^2 values 0.149 and 0.041 for bribery and favoritism all suggested that the model have predictive relevance.

5.0 Discussion

This study was conducted to examine the influence of ethical leadership in reducing bribery and favoritism within the context of Nigerian public sector organizations (local governments). In line with the first hypothesis (H1), the result of this empirical study substantiated the hypothesis by statistically revealing that ethical leadership significantly exerted negative influence on bribery. This suggested that presence of ethical leadership in public organization is more likely to reduce bribery. This finding is consistent with previous study of Asencio (2018) which found that ethical leadership reduced bribery in the USA public sector.

Relatedly, the second hypothesis (H2) revealed that ethical leadership significantly exerted negative influence on favoritism. This result is also consistent with the finding of Asencio (2018) and Huberts *et al.* (2007) and Asencio (2018). This result implied that when leader(s) in public organizations display ethical leadership behaviors (honesty, fairness, decisions based on ethical principles, trustworthiness, integrity and openness) they drastically reduce favoritism. Consequently, as ethical leaders reward ethical behaviors in organization and discipline unethical behaviors including bribery and favoritism, this minimize the chances of displaying unethical behaviors and accordingly influence their employees to engage more in desired behaviors. In general, these results are consistent with social learning theory (Bandura, 1977) and social exchange theory (Blau, 1964).

5.1 Theoretical and Practical Implications

The present study provides some important theoretical and practical implications for public administrators. From the theoretical aspect, the study empirically substantiated the significant influence of ethical leadership in reducing bribery and favoritism within the context of public sector. This finding is consistent with social learning theory (Bandura, 1977; 1986). As highlighted earlier that when leaders chose to be *moral manager* and avoid taking or giving bribe, avoid favoritism, be fair to all, communicate ethics openly and accordingly punish bribery and favoritism, such leader(s) will be regarded as legitimate role model that his/her subordinate will be willing to imitate and avoid engaging in bribery and favoritism.

Moreover, the study also provide additional empirical support in the domain of social exchange theory (Blau, 1964), by proving that presence of ethical leadership can also reduces bribery and favoritism in organization when the ethical leaders (being both a moral persons and moral managers) displayed ethical traits and behaviors of being trustworthy, caring, fair to all, communicate ethical values, being open, consequently, the employees/subordinates will feel obligated to reciprocate by engaging in ethical behaviors that avoid bribery and favoritism.

From the practical perspectives, as the findings revealed significant negative relationship between ethical leadership and bribery & favoritism it clearly indicates that ethical leadership matters in reducing bribery and favoritism in the public sector organizations. Therefore, management and other leader(s) in organization (particularly public sector) can use rewards and punishments to inculcate appropriate behavior on the part of their subordinates. By rewarding ethical behaviors and punishing those that engage in bribery and favoritism, other employees are less likely to engage in bribery, favoritism and even other unethical behaviors in organization. Again, given the important role of ethical leaders, it will be a good idea for organizations to encourage the utilization of human resource practices so as to increase the level and number of ethical leadership. This can be achieved through selection methods that examine potential administrative/managerial candidates based on their integrity, honesty and morality. Alternatively, adequate provision of administrators or managers with training on ethical behaviors would provide useful ways in ensuring that both leaders and other employees are constantly informed about norms for appropriate behaviors.

5.2 Limitations and Direction for Future Research

Like many empirical studies, this study has some limitations. As the major source of the data used in the study was obtained from leaders and subordinates at local government level, therefore, the findings may not easily be generalizable to other sectors. Thus, future study using data from all sectors will address the issue of generalization. Secondly, cross sectional method of data collection was also used and this method do not allowed causal inferences to be made. Therefore, future studies may apply experimental or longitudinal method so as to detect possible changes over time. Thirdly, ethical leadership in the present study accounted for only 22.2% and less than 1% in the variance of bribery and favoritism respectively. Therefore, further similar studies are needed to ascertain the actual predictive influence of ethical leadership on bribery and favoritism.

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